

2017 SAMSUNG LIFE INSURANCE INTEGRATED REPORT

SAMSUNG LIFE INSURANCE

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Cover Story

Trustworthy Life Financial Partner

Samsung Life is the lifelong trusted partner in the financial lives of our customers. The cover conveys the image of Samsung Life as “Life Financial Partners”, always standing by our customers' sides like a trusted friend or a family member in the pursuit of establishing their life finance.

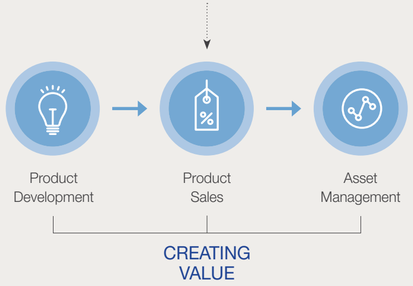
Life Finance Story (10~11p)

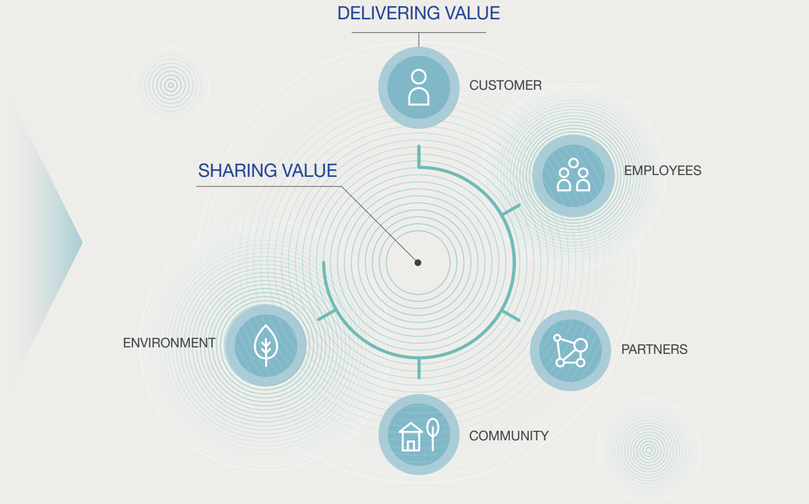
Sustainability Reporting

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

- Grow 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	2015	2016	2017
Economy	Creating Value	Total assets	KRW trillion	230	265	283
		Customers	10,000 people	823	823	810
		Credit rating of insurer's solvency margin	-	AAA	AAA	AAA
		Sales volume of protection products (based on premium income)	KRW trillion	12.0	12.7	12.8
		Annual Premium Equivalent (APE)	KRW trillion	3.56	3.22	2.80
		RBC (solvency) ratio 1)	%	336	302	318
		Operating ratio of Samsung Life agents 2)	%	90.3	88.1	87.7
Society	Customer Satisfaction	National Customer Satisfaction Index (NCSI)	-	Ranked No.1	Ranked No.1	Ranked No.1
		13th month persistency rate	%	89.6	89.2	88.0
		Claims payment within 24 hours	%	76.4	77.3	71.4
		Total amount of claims paid	KRW trillion	12.7	13.4	14.9
		Mis-selling ratio 4)	%	0.20	0.18	0.10
	Shared/ Win-win Management	Amount of social contribution donation and activity	KRW billion	77.7	72.4	41.9
		Employees' voluntary activity participation rate	%	95.4	92.6	91.7
		Volunteer hours per employee	Hours	11.9	11.8	9.8
		Accumulated number of trainees completing the Junior CEO program	Persons	777	930	1,048
Environment	Environmental Preservation	New investment agreement for green business	KRW trillion	1.1	1.4	1.6
		Greenhouse gas emissions per unit area	$tCO_2eq/1,000m^2$	75.2	73.1	65
		Amount of paper usage 5)	Ton	1,128	1,158	638
		Amount of eco-friendly products purchased 6)	KRW billion	3.1	4.2	3.6

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.

3) Total amount of claims paid: Based on payment to claims on insurance contract

4) Mis-selling ratio: Based on consultants, life insurance industry average is 0.29%

5) Amount of paper usage: Calculated by the terms and conditions issued

6) 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 sustainable management activities, and giving back the love that we have received from our customers.

SAMSUNG LIFE INSURANCE

CEO Message

Samsung Life will continue innovating and accepting challenges to become the “Trustworthy Life Financial Partner.”



Dear esteemed stakeholders,

I convey my deepest gratitude for your unwavering support and trust in Samsung Life Insurance.

Since its establishment in 1957, Samsung Life has led the development of the Korean insurance industry. Over the past six decades, we have overcome countless challenges to uphold the noble value of insurance, as a result of which we have steadfastly maintained the No.1 position in the industry. Celebrating our 61st anniversary in 2018, we find ourselves standing at a new starting point as we prepare to take another bold leap toward the future. In this report, I wish to share with you our mid- and long-term strategies to take us beyond the past 60 years of achievements and help us grow into a sustainable company built to last beyond our 100th anniversary.

With rising trade protectionism and the North Korean nuclear threat, uncertainties continued to dominate domestic and international politics, economy and security throughout 2017. We also witnessed a contraction of the Korean insurance industry as well as accelerating changes in product and channel structures, causing concerns over management crisis and fierce competition for corporate survival. Notwithstanding such hardships, Samsung Life worked relentlessly to strengthen its competitiveness throughout all value chains and improve its organizations, systems and work processes in order to increase the value of new business and strengthen the basis for its profitability. As a result, we achieved KRW 283 trillion in assets and KRW 1.2 trillion in profit for the year, while being rated No.1 in the life insurance field in the National Customer Satisfaction Index (NCSI) for 14 consecutive years backed by consistent efforts in implementing customer-centric management.

The domestic insurance industry faces a major paradigm shift as it confronts new regulatory requirements, changes in the demographic structure, the onset of the 4th Industrial Revolution and competition against other industries armed with IT and digital technologies. We know for certain, however, that companies preferred by customers can withstand any challenge or obstacle that may get in their way. In order to become a “Trustworthy Life Financial Partner”, we will devote ourselves in 2018 to achieving sustainable growth in pursuit of the following goals:

Securing Unrivaled Competitiveness in the Insurance Business

Samsung Life will secure unrivaled competitiveness in the insurance business based on customer-centric management. First of all, we will reorganize our customer service system to provide upgraded customer service and focus on developing new products that align with varying customer needs and sales channels. We will also enhance our market dominance by establishing a multi-channel system considering the characteristics of different channels including the FC channel, which is where our core competitiveness lies, the agency channel and other specialized channels. Furthermore, we will strengthen our business management system so that it is performance- and efficiency-based, while establishing a stable basis for profitability by advancing our Asset Liability Management (ALM) system that enables optimal asset management and cost structure innovation.

Securing Future Growth Engines

To push through the limits of the domestic insurance market that is now in its maturity stage, we will secure growth engines to prepare for the future. In terms of our overseas business, we will continue pursuing profit-based growth of our businesses in Thailand and China, while exploring new business opportunities. With regard to our asset management business, we will secure our competitiveness and new profit source in the global market as well as seek opportunities for new businesses by applying the latest digital technologies.

Establishing a Practical, Reasonable and Distinguished Organizational Culture

In order to fulfill our social responsibilities, Samsung Life will carry out social contribution activities with a sincere heart and build a respected company through CSV activities with active participation from our employees, consultants, families and customers. We will create a work environment in which our employees can deeply focus on their work and reach their fullest potential by eliminating unnecessary formalities and establishing a practical and reasonable organizational culture so that we, as a company, and our employees can grow together.

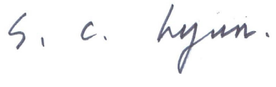
Respected stakeholders,

Notwithstanding the hardships that lie ahead, Samsung Life will continue innovating and accepting challenges without fear or doubt to become the “Trustworthy Life Financial Partner”. We will also faithfully fulfill our roles as a responsible corporate citizen by communicating and sharing with society.

I once again extend my sincere gratitude to all our stakeholders and ask for your continued support.

Thank you.

August 2018
Sung-Chul Hyun President & CEO



2017 Highlights

Samsung Life's key sustainable management activities and outcomes in 2017



Celebrating Samsung Life's 60th Anniversary

Since its establishment in May 1957, Samsung Life has maintained its position as Korea's leading insurance company based on the support of its customers who have shown their confidence and trust for the past 60 years and pursues sustainable growth to advance as a company with higher values.

06p



Expanding Labor-Management Joint Family Programs

Samsung Life's labor and management made joint efforts in expanding family programs, such as weekend glamping for employees' families, overseas trips for their parents, safety education and training program and English camps for children, offering opportunities for employees and their families to make unforgettable memories together.

46p



Promoting the Three Major Assets Campaign

Samsung Life carried out the Three Major Assets Campaign to share the importance of and propose solutions for managing the three most important assets in life – health, old age and family.

51p



Launching of the FC Brand "Life Financial Partners"

Samsung Life launched its consultant brand "Life Financial Partners, Samsung Life FCs (Financial Consultants)", emphasizing the strength and competence of its FCs in financial products and financial consulting. "Life Financial Partners" refer to professionals who stand by our customers as a lifelong partner throughout their financial lives.

53p



Introducing the Mobile Policy System

By introducing the mobile insurance policy system, Samsung Life provided more convenience to customers and FCs by eliminating the need to physically carry policy books and enabling easy access to information contained in insurance policies.

27p



Maintaining the First Place in the National Customer Satisfaction Index for 14 Consecutive Years

With its unrivaled customer services and unremitting efforts to provide more convenience to customers, Samsung Life was once again ranked no.1 in the 2017 National Customer Satisfaction Index (NCSI) in the life insurance field, maintaining first place for 14 consecutive years.

87p



Strengthening Sales Channel Innovation in Response to Changing Customer and Market Needs

In an effort to respond to the rapidly-changing needs of customers and market environment, Samsung Life strengthened its support toward exclusive FC channels and continued its sales channel innovation efforts by expanding "Ligel (Life+Angel)" branches consisting of female FCs between the ages of 30 and 45.

40p



Advertising through the "Samsung Life Works" Slogan

Under the slogan of "Insurance works. Samsung Life works," Samsung Life showcased three TV ads emphasizing how it works relentlessly to create a better life and a brighter future for its customers.

50p

Establishing a Comprehensive Industry-Academia Joint Education System for Consultants

By newly opening the Yonsei-Samsung Financial Leader Program for outstanding FCs possessing ten or more years of experience, Samsung Life has completed establishing a comprehensive industry-academia joint education system for FCs with differing levels of experience consisting of the Ewha-Samsung Academy and the Sungkyunkwan-Samsung MBA Program.

52p





Strengthening Social Contribution Activities

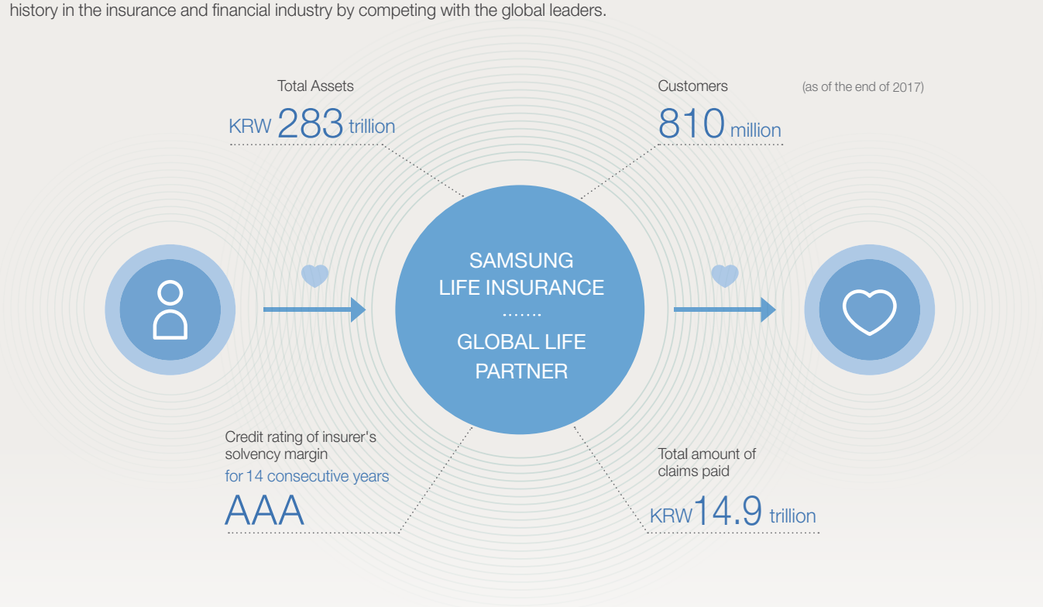
Samsung Life's employees and consultants engaged in a variety of volunteer activities nationwide to share their sincere hearts with neighbors in need.

60p, 61p

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.

Name	Samsung Life Insurance Co., Ltd.
Head Office	11, Seocho-daero 74-gil, Seocho-gu, Seoul, Republic of Korea
CEO	Sung-Chul Hyun
Date of Establishment	May 5, 1957
Key Businesses	Insurance, Retirement Pension, Loan, Fund, Trust
Global Network	Korea, United States, Myanmar, Vietnam, UK, Japan, China, Thailand

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.

Global Network*

6 countries

13 bases

* Joint Ventures(2): Thailand, China
Invested Corporations(5): Beijing Real Estate Corporation, New York, London, Hong Kong and Beijing Investment Corporation
Offices(6): New York, Americas, London, Beijing, Tokyo and Hanoi Office

Vison 2023

In June 2018, Samsung Life established a new vision entitled “Trustworthy Life Financial Partner.” Based on five major strategic directions, we are making every effort to reach the goals of servicing 8.5 million customers and attaining KRW 2 trillion in profits by 2023.

Vison 2023

Trustworthy Life Financial Partner

Slogan and Strategy

TRANSFORM 2023

- **T**hrough Customer Centric on Products & Services
- **F**ortify Competitive Edge in Distribution Channel
- **O**rganize biz for Value-oriented Management
- **R**einforce Future Growth Engine

Make New Corporate Culture

Goals

- 8.5 million customers
- KRW 2 trillion in profit



Sound Corporate Governance

To secure transparency in the decision-making process and achieve efficiency via checks and balances, Samsung Life has established an independent corporate governance structure. Samsung Life's Board of Directors (BOD) consists of three internal directors and four independent directors for a total of seven directors. All independent directors satisfy Samsung Life's requirements for independence and expertise. In addition, Samsung Life has separated the positions of the Chairman of the Board and the CEO to improve our objective decision making.

Independent Director(4)

❶ Jun-Young Kim, Chairman of the Board
❷ Yoon-Koo Kang, Independent Director
❸ Doo-Cheol Kim, Independent Director
❹ Kyung-Wook Hur, Independent Director

Internal Director(3)

❺ Sung-Chul Hyun, President & CEO
❻ Dae-Hwan Kim, Internal Director
❼ Jong-Geuk Shim, Internal Director



Our History

Writing a New History of Insurance and Finance as a Strong Competitor in the Global Market

The path that Samsung Life has taken consists of a history of challenges and pioneering achievements made possible by facing countless tests. At the same time, it reflects the footprints of the Korean insurance industry. We will continue to make unrelenting efforts to create a living history of the Korean life insurance industry by delivering the noble value of insurance to customers and society as a whole.

> “Moving beyond our 60-year history of never-ending challenges and achievements, Samsung Life will open up a new history of insurance and finance as a strong competitor in the global market”







1957-1967

1957 Founded Dongbang Life Insurance
1958 Ranked among the top in the life insurance industry
1959 Published the first issue of “Dongbang News”
1963 Merged with Samsung Group
1964 Holding contract amount exceeded KRW10 billion
1965 1st Annual Awards Ceremony

1968-1978

1968 Established long-term management plan and started Zero Defects Campaign
1973 Completed operation digitalization
1976 Completed head office building (head office of Samsung Group) and introduced headquarters system
1978 Restructured organization, revised company motto and introduced general administration office system

1979-1989

1982 Started New Wind 82 Campaign
1983 Introduced external marketing system
Asset amount exceeded KRW 1 trillion as the first in the industry, introduced electronic transfer system
1984 Completed Taepyeong-ro office building
1988 Declared the second foundation
1989 Changed company name to Samsung Life Insurance







1990-2000

1991 Introduced insurance quality assurance system
1993 Samsung Group declared new management
1994 Introduced insurance quality assurance system
1997 Launched collaborative company in Thailand
1999 Started DREAM PLAN 21 promotion

2001-2011

2003 Started Customer Service Management
Opened general call center
2005 Launched collaborative company in China
2006 Asset amount reached KRW 100 trillion
2007 Started Guaranteed Asset Awareness Campaign
2008 Launched “Perfect Comprehensive Insurance,” the first comprehensive insurance in the industry
2010 Listed on the Korea Stock Exchange
2011 Reestablished business concept
Opened Retirement Research Center

2012-2017

2012 Opened Samsung Family Office
2013 Selected as Global 500 Company by Fortune
2014 Asset amount reached KRW 200 trillion
2015 Launched BOC - Samsung Life Insurance Company Limited
2016 Head office relocated to Seocho-dong
2017 The 60th anniversary celebration ceremony
Listed on DJSI World for 6 consecutive years
Selected as No. 1 in NCSI (National Customer Satisfaction Index) Life Insurance Service Category for 14 consecutive years
Launching of the FC Brand “Life Financial Partners”

Exceeded KRW 10 billion
Holding contract amount
1964

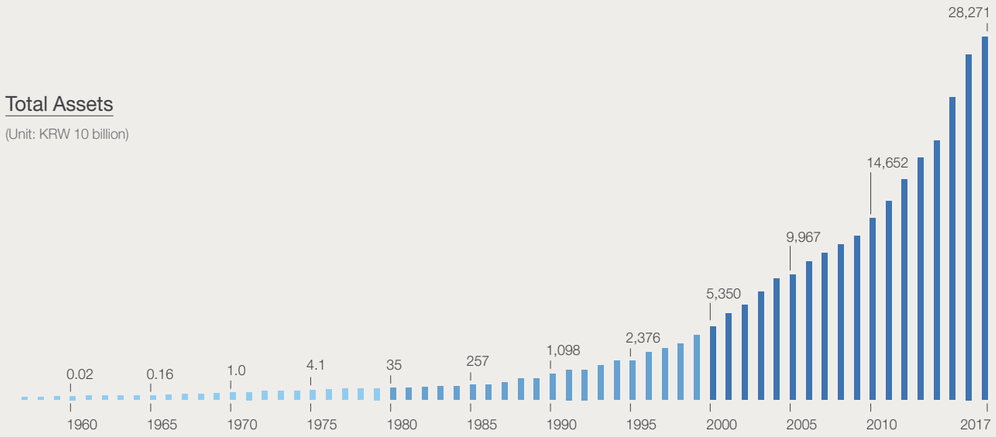
Exceeded KRW 1 trillion as the first in the industry
Asset amount
1983

Exceeded 8 million
Customers
2009

No. 1 for 14 consecutive years
National Customer Satisfaction Index (NCSI)
2017

Total Assets

(Unit: KRW 10 billion)





Life Finance Story

Samsung Life Insurance maintains a long-term perspective in preparing its customers for life events such as marriage, housing purchases and education for children and protecting them from various risks such as diseases and accidents, while readying them for implications concerning aging and inheritance. We will faithfully play our role of extending a helping hand and providing guidance during all of the important moments of one's life.

Samsung Life, A Worthy Partner in Your Long Journey of Life

We are living in an era in which a 100-year life expectancy is a reality. When walking the long journey of life, you need a stable partner. Based on our financial soundness and long-term stability, Samsung Life will work relentlessly to serve as your reliable partner throughout your life's journey. Life Financial Partner, Samsung Life FCs will always be at the heart of our efforts.

Core Values of Our Life Financial Partner, Samsung Life FCs

Solid Instilling a firm sense of trust

Competent Possessing high proficiency in personal finance

Companionate Becoming your lifelong financial companion

Understanding Deeply understanding customer needs according to life cycle

Beneficent Beneficent to ensuring secure, stable finance

What Is Life Finance?

Who is the love of your life? What is the movie of your life? We associate the word “life” with people or things that matter the most to us. Then what is life finance? Life is like climbing up the stairs - going from being a daughter to becoming a wife, from a wife to a mother - and taking on the responsibilities that come with these changes. We believe insurance should extend a helping hand and provide answers during those important phases of life and that is where we find the essence of the term “life finance.” With this belief, we present life finance to our customers.

Finance that Follows Your Life Path

In the course of our lives, we come across life events such as marriage, housing purchases and education for children as well as risks including diseases, accidents, old age and inheritance. It is crucial to prepare for these events and risks from a long-term perspective. You can save up to pay for a wedding, buy a house and educate your children. Risks associated with accidents, deaths and old age, however, are unfore-seeable and therefore require insurance. If you are unprepared for the risks that transpire, you and your family may have to bear serious financial burdens. That is why you need life finance, a form of insurance that stands by your side each step of the way.

Life Financial Partner, Samsung Life FCs(Financial Consultants)

Samsung Life FCs stand on the front lines to provide you with “life finance.” They stand by your side through your ups and downs like a trusted friend, a family member or a humble advisor. Just a simple call away from wherever you are, Samsung Life FCs will help you to feel safe and secure whether you are experiencing times of happiness or sadness.

Insurance for Your Family

Whole Life Insurance Plans that Provides Death Benefits, Guarantees Living Income and Covers Illnesses

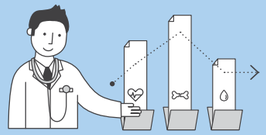


Whole Life Insurance Plans

Samsung Life provides a variety of whole life insurance products that protect the family of the insured by covering death benefits regardless of the cause of death, whether it is the result of disease, accident or aging. “Universal Insurance for Living Income,” one of our most well-known whole life insurance products, is built on the new concept of providing living expense support after retirement in addition to guaranteeing death benefits during one's economically active years which would be the original purpose of whole life insurance.

Insurance for Your Health

Protection-type Insurance that Mitigates the Risk of Diseases, Injuries and Other Family Risks



Protection Plans

Samsung Life offers various insurance products that align with rapidly-changing customer needs and respond to changes in the social structure such as a low fertility rate and an aging population. Our most well-known products include “Simplified Issue Insurance” for people with pre-existing medical history and senior citizens and “Insurance for Healthy Life” covering three major illnesses, i.e., cancer, brain hemorrhages and heart attacks.

Comprehensive Insurance with Advanced Convenience and Flexibility



Integrated Insurance Plans

Samsung Life offers integrated insurance products that enable integrated management of insurance benefits for all family members with a single insurance and allow changes in the benefit package as customers go through different phases in their lives. Our most well-known product in this category is the “Integrated Universal Living Care Whole Life Insurance” which covers death, critical illnesses and surgeries.

Insurance for Your Old Age

Annuity Insurance for Customers' Happier and More Beautiful Future



Annuity Plans

Samsung Life offers annuity insurance products with stable profitability and diverse features, helping customers to save up and prepare for retirement. Our “Big Bonus Variable Annuity Insurance” provides a larger annuity payments for long-term policyholders by improving the payment rate of policy contracts maintained over a long term. Our annuity insurance products, with the possibility of excess profits through investment in bonds or stocks, are popular alternatives for retirement planning in a time of low-interest rates hovering around 1%.

Our Products in Your Life

Samsung Life's integrated insurance products offer advanced convenience and flexibility for your family, while our whole life insurance products guarantee death benefits for life. Our protection-plans and annuity plans prepare you to stay happy and healthy in your later years. As such, you can count on Samsung Life to take care of your financial life throughout all stages of your life journey.

Our Products for Each Life Cycle

Life insurance pursues higher ideals and values than any other types of finance in that it helps you cherish and protect the most important values in your life from birth to death. By developing customer-oriented insurance products, Samsung Life stands beside our customers as their trusted partner and helps them to enhance the value of their lives.

Samsung Life's Insurance Products for Each Stage of Our Customers' Lives



GROWTH AND EDUCATION
(0-24 years)

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



START OF ONE'S CAREER
(25-34 years)

- All-in-one Cancer Insurance
- Total Healthy Insurance
- Your Own Choice, Protection Insurance
- "Strong and Healthy" Dental Insurance
- Smart Savings Insurance
- Tax Qualified Annuity



BUILDING A FAMILY
(35-44 years)

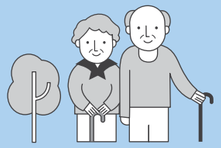
- Variable Universal Whole Life Insurance for Living Income
- Universal Whole Life Insurance for Living Income
- "Practical and Reliable" Whole Life Insurance (low cash surrender value type)
- Integrated All-in-one CI Insurance
- Integrated Variable Universal CI Whole Life Insurance
- Variable Annuity Insurance with Guaranteed Lifetime Withdrawal Benefits



GROWING A FAMILY
(45– 54 years)

- Integrated Universal Whole Life Insurance
- Platinum · VVIP Universal Whole Life Insurance
- Heritage Universal Whole Life Insurance
- Platinum · VVIP Variable Universal Whole Life Insurance
- Integrated Universal LTC Whole Life Insurance
- Big Bonus Variable Annuity Insurance

RETIREMENT, GOLDEN YEARS
(55 years and older)



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

Sustainable Value Chain

Samsung Life places customers at the center of all its operating processes from product development to sales and premium payout, increasing the value of their assets through professional asset management.

Material Issues by Value Chain

18 Sustainability Report: Material Issues

20 Develop Customer-Centric Products

24 Pioneer Digital Platform Innovation

28 Pursue Socially Responsible Investment

32 Protect Consumers' Rights and Interests



Sustainability Report: Material Issues

Materiality Issue Selection Process

Samsung Life identifies and actively manages materiality issues in each value chain of its business operations.

01 Issue Pool

In order to identify materiality issues, we created an issue pool of 36 issues by conducting an analysis of international standards, global benchmarking, stakeholder interviews and media research.

Analysis of International Standards	Global Benchmarking
· Analysis of international standard requirements and selection of issues	· Study of sustainability management issues and trends in the same industry
Review of Internal Materials and Interviews of Stakeholders	**Media Research**
· Review of key articles in company newsletters published in 2017 · Interviews of officers in relevant departments	· Review of articles with most media exposure in 2017 · Subjects under review: 15 daily and business newspapers nationwide

In identifying major issues, we defined major stakeholders as individuals or groups who either directly or indirectly influence or are influenced by our business activities.

Major Stakeholder Groups	Employees and Consultants	Business Partners	Government and Local Community	Shareholders and Investors
Key Issues of Interest	· Field-oriented management · Work-life balance · Competence-building for employees	· Support for competence-building · Communication on a regular basis	· Official business disclosures in a transparent manner · Efforts to minimize mis-selling · Contribution to local communities	· Strengthening of shareholder-friendly policies · Enhancement of the company's qualitative value · Securing sustainable growth engines
Key Communication Channels	· Labor-management council · Corporate webzine and broadcasting · Labor-management joint events	· Joint growth workshop · Regular surveys	· Employees' voluntary service activities · Social contribution programs · Integrated report	· General shareholders' meeting, IR · Annual report and Integrated report

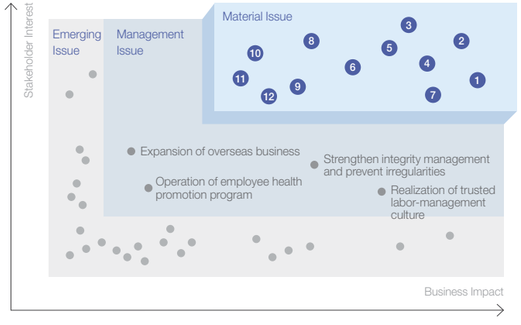
02 Materiality Test

Based on the 36 issues identified in the issue pool, we conducted a materiality test in consideration of their "Business Impact" and the "Stakeholder Interest"

· Business Impact: Identification of management foundations through a review of internal materials including global benchmarking, Samsung Life's vision and company newsletter
· Stakeholder Interest: Online and offline surveys of employees, investors, expert groups and opinion leaders in each stakeholder group

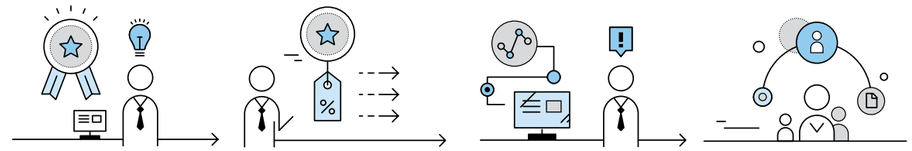
03 Selection of Material Issues

By associating issues identified in the materiality test with economic, environmental and social indices defined by the GRI Standards, we derived 12 material issues and 4 management issues that have a high impact on our business.



TOP ISSUE 12	GRI TOPICS
1 Deliver differentiated customer communication	GRI 417: Marketing and Labeling
2 Foster global and financial human resources	GRI 404: Training and Education
3 Expand InsurTech	--
4 Promote eco-friendly industry investments and provide eco-friendly loan products	GRI 203: Indirect Economic Impacts
5 Carry out social contribution activities associated with the insurance industry	GRI 413: Local Communities
6 Administer preemptive risk management	--
7 Develop products and services customized to customer needs	--
8 Strengthen protection of customers' personal and credit information	GRI 418: Customer Privacy
9 Monitor trends following social and environmental changes	--
10 Respect human rights and ban discrimination	GRI 412: Human Rights Assessment
11 Eliminate exaggerated and false advertising of products	GRI 417: Marketing and Labeling
12 Promote a culture of having insurance coverage	--

Value Chain-centered Management of Material Issues



Value Chain	Product Development	Product Sales	Asset Management	Post-Sales Relationship Management
Approach	Our products are developed on the basis of a customer-oriented management foundation. In particular, we maximize customer satisfaction by taking an integrated approach to Customer-Product-Channel.	We promote convenience for our customers to approach and utilize our products by operating various sales channels.	We increase the value of our customers' assets by establishing professional operating systems for each type of asset based on the globalization of asset management and alternative investments.	We provide strengthened customer experience by reinforcing customer communication, providing convenient services during each stage of transaction while ensuring the prompt payment of insurance benefits.
Material Issue Mapping	1 Deliver differentiated customer communication 7 Develop products and services customized to customer needs 9 Monitor trends following social and environmental changes	3 Expand InsurTech	4 Promote eco-friendly industry investments and provide eco-friendly loan products	8 Strengthen protection of customers' personal and credit information 11 Eliminate exaggerated and false advertising of products 12 Promote a culture of having insurance coverage
Reporting of Material Issues	ISSUE -1- Development of Products According to Customer Needs	ISSUE -2- Leading the Digital Platform	ISSUE -3- Implementation of Responsible Investment	ISSUE -4- Promotion of Consumers' Rights and Interests
Business Impact	○ Cost ● Revenue ○ Risk	○ Cost ● Revenue ○ Risk	● Cost ○ Revenue ○ Risk	○ Cost ○ Revenue ● Risk
Life Insurance Industry Affiliates		SAMSUNG LIFE FINANCIAL SERVICE	SAMSUNG ASSET MANAGEMENT SAMSUNG SRA ASSET MANAGEMENT	SAMSUNG LIFE SERVICE

Product Development

Develop Customer-Centric Products

MATERIALITY

The importance of developing products that align with customer needs and market trends is highlighted more than ever in the face of the saturation of the domestic insurance industry and anticipated periods of prolonged sluggish economic growth. For the sustainability of Samsung Life, it is essential that we analyze rapidly-changing customer needs and develop products that meet their expectations. In this regard, we embrace product development that responds to customer needs as our fundamental and important duty.

RISK & OPPORTUNITY

Saturation of the Insurance Industry: In Korea, the life insurance market is continuing to grow at a slow pace, with the insurance penetration rate, an indicator of the insurance industry's level of maturity, amounting to 12.1%* in 2016 and was the world's fifth highest at the time.

*Resource: Insurance Statistical Yearbook, Korea Insurance Research Institute (KIRI)

Positive Changes in External Environments: Recent developments in digital technologies and the deregulation of the insurance market are providing a basis on which a wide range of new products, such as insurance products for health promotion, may be supplied in the market.

MANAGEMENT APPROACH

Taking an integrated approach on customer-product-channel (CPC), we analyze the needs of our customers from their perspectives and develop products and services that meet and exceed those needs. In particular, we provide diversified products in response to various customer needs, including health security, retirement income and variable life insurance. In addition, we collect and analyze a wide range of data (e.g., information on insurance contracts and payment of insurance benefits, etc.) in determining affordable and competitive insurance premiums.



IMPACT

Samsung Life — Life Insurance Industry Affiliates — Customers

PERFORMANCE



KRW 231 billion

Average Monthly APE* per Product
(APE: Annualized Premium Equivalent)



6,201 Cases

Gomduri Comprehensive Insurance Cumulative Performance in Support

Integrated Approach on Customers-Products-Channels

Operation of a Customer-oriented Organization

Samsung Life operates the Customer-Product-Channel (CPC) Strategic Division which manages CPC analyses and strategies to ensure that all work processes are carried out in a customer-oriented manner. The CPC Strategic Division is the control tower overseeing all processes from product development to delivery, including customer data analysis based on Market Intelligence (MI), customer-centered product development and strategy planning, and execution of channel strategies.

Internal Reinforcement of Product Development Processes

By taking a CPC approach, we create synergy throughout the entire process of product development, from market opportunity analysis to sales performance analysis and feedback. In each stage of work, business matters are executed and recorded through our Product Lifecycle Management (PLM) system. In the product development stage, we work in close cooperation with the Consumer Protection Team and the Compliance Management Department by examining insurance fraud and compliance issues in order to prevent potential risks such as the infringement of personal information and mis-selling.

In 2017, we have newly established and are operating the Launching Committee to distinguish between development and launching as well as to clarify R&R. The Launching Committee is responsible for deciding whether to prepare for the contents and strategies regarding products approved by the Product Committee and examining any changes that may arise in the launching preparation process.

Samsung Life provides insurance policy documents, terms and conditions and other policy-related information to customers, so that they can easily access information on their coverage, policy duration, insurance premium and the amount of cash surrender value.

Product Development Process

Product Development

01 **Market opportunity analysis**
Gather ideas and analyze marketability

02 **Feasibility studies**
Examine product concretization and commercialization

03 **Feasibility tests**
Undertake review and concept tests in relevant departments

04 **Commercialization**
Hold part leader -level meetings, submit B/C and refer to the Product Committee for review

05 **Strategy review**
Examine alignment with business strategies

Undertake multidimensional analysis and feasibility tests for product development regarding market, risks, target consumers and concepts

Preparation for Launch

06 **Internal and external product approval**
Prepare policy documents and get approval from financial regulators

07 **Preparation for launch**
Prepare for product sales and establish launching strategies

Convene the Launching Committee
Examine specific launching strategies and sales preparation-related matters **

08 **Final inspection before launch**
Distribute educational materials and pre-open product sales guide

Convene the Launching Committee
Establish launching strategies and grant final approval of sales-related matters (Submit Q-sign checklist for consideration)**

Undergo product sales authorization process, review legal requirements and establish sales and marketing plans

Product Launch

09 **Launch**
Complete preparation and commerce product sales

Undertake mutual verification/final confirmation and add checklist items**

10 **Examine executability**
Analyze performance regarding sales volume and profitability

**Newly added processes in 2017

Approve and launch product, analyze marketing and asset management performance and identify areas for improvement in product sales

139 persons

Number of Actuaries
(As of the end of 2017)

Optimized Insurance Products that Meet Customer Needs

Product Development Based on Customer Needs

Samsung Life possesses the largest number of actuaries in the industry and conducts research on a regular basis to analyze customer needs for product development. We categorize customers into six segments to execute marketing that satisfies their varying needs, while developing and launching customized products based on segment-specific strategies.

Major Customer Segments and Customized Products

Single	Customers who are single, divorced, widowed or have no dependents	Total Health Insurance, Dental Insurance, Smart Savings Insurance
Family Building	Customers in the family-building phase with preschool-aged children or no children	"Practical and Reliable" Whole Life Insurance (low cash surrender value type), My Kids' Comprehensive Coverage Insurance
Family Expansion	Customers in the family-expansion phase with children under 20 years of age	Variable Universal·Universal Whole Life Insurance for Living Income, Integrated All-in-one CI Insurance
Launching Children	Customers with grown children 20 years of age or older	Integrated Universal Whole Life Insurance, Big Bonus Variable Annuity Insurance
Gray (Retirement/ Golden Years)	Customers who are 60 years of age or older, facing retirement and their golden years	Simplified Issue Universal Whole Life Insurance, Naeri Sarang Annuity Insurance
High Net Worth Individuals (HNWI)	Customers with financial assets of at least KRW 1 billion	VVIP Variable Universal·Universal Whole Life Insurance, Heritage Universal Whole Life Insurance

Expansion of the Consumer Panel System

Since introducing the online and offline consumer panel system in 2004 for the first time in the financial industry as a means of strengthening communication with our customers, we expanded the previously online-based system to offline in 2018. Through the system, we allow consumer panels from various age groups nationwide to experience our products and services and provide us with feedback on where and how we can improve. In the first half of 2018, we plan to have consumer panels experience a variety of health insurance products offered by other life insurance and indemnity insurance companies and ascertain their opinions on the strengths and weaknesses of each product. Based on such feedback, we will upgrade our products and services to satisfy customer expectations.

VOICE OF STAKEHOLDERS

"I look forward to Samsung Life's continued efforts in developing products and services that reflect customer opinions."

As a member of a customer panel, I participated in experiencing products and customer services offered by Samsung Life and other financial companies and made proposals on areas in which Samsung Life can improve its products and services. The customer panel system introduced in 2004 is one of Samsung Life's most iconic customer-centric business activities for strengthening customer communication. In contrast to other companies, some of which use customer panel activities as a means to promote their own products, Samsung Life not only pays attention to both the positive and negative opinions of its panels but actively reflects those opinions through meetings with the management. I look forward to Samsung Life's continued efforts in customer communication to upgrade its products and services and strengthen customer trust.



△ Samsung Life Customer Panel

Financial Products that Fulfill Social Responsibility and Promote Sharing

Provision of Financial Products with Social Values

Samsung Life faithfully fulfills its role as a social safety net by offering financial support and insurance products to socially vulnerable groups.

Support for Low-income Groups

By supporting the "Hope & Love Insurance," a key part of the Korea Inclusive Finance Agency's micro-insurance program, we support children under the age of 12 from single-parent, grandparent-headed and multicultural families by providing the minimum coverage necessary to protect them from various threats. In 2017, we supported KRW 8.8 billion of insurance benefits in helping 11,212 children become policyholders.

Support for Inclusive Finance

In order to support the self-reliance of financially-excluded individuals, we provide self-support loans of up to KRW 70 million to be used as, for instance, business startup funds or operating funds, by those with an individual credit rating of 6 or lower through the Korea Inclusive Finance Agency. We also provide opportunities for financial independence by offering business management consulting and support for living stability.

Products for Individuals with Disabilities

We offer Gomduri total Coverage Insurance at a lower-than-average premium to individuals with disabilities in order to protect them from various accidents, damages and diseases, and guarantee stable living. As of 2017, we have 6,201 policyholders, recording approximately KRW 690 million in aggregate premiums.

Product Development Performance in 2017

Samsung Life develops a wide range of products that respond to various customer needs such as health coverage, retirement income and variable products. In particular, we offer competitive products that satisfy the needs of each customer by accumulating and analyzing a wealth of information on insurance contracts and the payment of benefits.

In 2017, we developed seven new products: two coverage insurance products, three health insurance products and two financial insurance products. Notably, we added healthcare and cancer care services in our CI insurance and cancer insurance products, thereby strengthening their product competitiveness. In 2018, with a view to responding to highly specific customer needs, we plan to diversify our product portfolio and develop new products such as non-renewal type health insurance, preferred-risk dental insurance and life insurance for persons with pre-existing medical history.

BUSINESS CASE

Acquisition of Exclusive Licenses for the Development of Unique and Advanced Products

With life and indemnity insurance companies facing fierce competition in product development, the exclusive license system was introduced to encourage the development of new products. By granting exclusive licenses to companies that have developed new products, other companies are prohibited from selling similar products for a given period of time.

In 2017, Samsung Life acquired an exclusive license on the sale of "Secure for Life," a variable annuity insurance with guaranteed Lifetime Withdrawal Benefits(non-participating). The product has been highly evaluated for its uniqueness, usefulness and sophistication in terms of increasing the amount of guaranteed income benefits for long-term policyholders by adopting a new calculation method for contract cancellation fees. We will continue to strengthen the competitiveness of our products by developing new products that satisfy different customer needs.



"Secure for Life"
Variable Annuity Insurance with Guaranteed Lifetime Withdrawal Benefits (non-participating)

Product Sales

Pioneer Digital Platform Innovation

MATERIALITY

The development of digital technologies is expected to alter not only the industrial landscape and competition structure but also the business schemes and operating models of insurance companies. We believe that achieving technological innovation through digital technologies and uncovering and inducing the momentum for sustainable growth will be among the most important factors in corporate management in the 21st-century digital world. In this context, we work toward digital innovation from a sustainability point of view.



RISK & OPPORTUNITY

Intensifying Digital Competition: Competition in the insurance industry is becoming increasingly intense for multiple reasons, including the development of the online insurance market, entry into the financial market by ICT companies and expansion of convergence between the financial industry and other industries. We are also facing accelerating changes in the business environment, including the emergence of digital technologies as an area of core competitiveness in financial institutions.

Opportunities through the Application of Digital Technologies in the Insurance Industry: The development of digital technologies allows for possibilities to evolve business operations, such as service innovation through AI technologies, the reduction of financial risks, customized services and individualized marketing through data analysis, elaboration of credit evaluation and prevention of financial accidents.

MANAGEMENT APPROACH

We identify and proactively respond to the rapidly-changing digital business environment and customer needs. In 2017, we established our vision for digital innovation, i.e., completion of building a digital platform in the insurance business model, based on which we are carrying out our mid- to long-term digital innovation efforts.

IMPACT

Samsung Life — Customers — Investors

PERFORMANCE



Development of a Deep Learning-based **Chatbot**



37.9%

Market Share in the Online Insurance Market

Strategies for Leading the Digital Platform

Digital Innovation Strategies

In order to effectively respond to changes in the digital environment and ensure continuity and consistency in our digital innovation efforts, we have established five major strategies to help realize our mid- to long-term vision of "Complete Building a Digital Platform in the Insurance Business Model". Based on these strategies, we develop innovation tasks in each value chain throughout the company and affirm our position as a globally competitive leader in digital innovation by implementing those tasks.

VISION

Complete Building a Digital Platform in the Insurance Business Model by 2023

Five Key Promotion Strategies

Innovation of the Value Chain

Advance Data-based Business Operations
- Mass → Individuals
- People/Experience → System/Data

Support Digital Sales Channels
- Multichannel → Omnichannel
- Paper-based Contents → Digitally-based Contents

Enhance Operational Efficiency by Applying New Technologies
- Manual Tasks → Automation
- Service by Employees → Self-service by Customers

Development of New Businesses

Develop New Products and Services
- Develop new products and services for future customers

Innovate Business Models
- Innovate business models by applying new digital technologies

Innovation Base

ERP (Standard Process + Data Linkage/Integration)

Digital Innovation Organization

In 2016, Samsung Life established the Digital Innovation Team to act as a control tower overseeing our digital technology-based innovation efforts. Consisting of the Digital Planning Part, the DA Lab, the CX Lab and the Mobile Innovation Part, the Digital Innovation Team is responsible for establishing the company's vision and major directions for achieving digital innovation and implementing tasks to enhance customer values, maximize productivity and secure future growth engines.

Digital Innovation Team: Organization and Key Operations

❶ Digital Planning Part
Lead digital innovation at the company level by establishing strategies and developing innovation tasks

❷ DA Lab
Prepare the basis for digital innovation by internalizing AI technologies and undertaking ongoing R&D efforts

❸ CX Lab
Secure distinct competitiveness through digital customer channels

❹ Mobile Innovation Part
Support mobile-based sales activities

BUSINESS CASE

Establishment of the Digital Innovation Master Plan

In 2017, Samsung Life established the Digital Innovation Master Plan to implement specific tasks in alignment with the company's mid- to long-term digital innovation strategies. Setting 2018 as our first year of digital innovation, we will ensure a consistent strategic direction in undertaking various digital innovation tasks.

2016
Building the Basis for Digital Innovation
- Established the Digital Innovation Team
- Secured base technologies, including AI and big data analysis technology
- Improved UX/UI and upgraded the sales support system

2017 1st to 3rd Quarter
Setting the Strategic Direction for Digital Innovation
- Analyzed the status of each value chain
- Explored opportunities for digital technology-based improvements
- Undertook research on cases of digital innovation in domestic and foreign companies

2017 4th Quarter
Establishing the Digital Innovation Master Plan
- Established digital innovation vision and five key strategies
- Identified tasks for innovation in each value chain and the development of new businesses
- Established roadmaps for the implementation of each innovation task

Creation of an Environment for Digital Innovation

In order to solidify the foundation for its mid- to long-term digital innovation efforts, Samsung Life focuses on strengthening its internal competence and securing core technologies. Our professional human resources and continuous investment in R&D enable us to apply digital technologies in reinforcing our internal competence. At the same time, we internalize core technologies, establish the right infrastructure and carry out major tasks to create our own unique environment for pursuing digital innovation.

Internalization of AI Technologies

- Developed a Natural Language Processing (NLP)[1]-based chatbot engine as the first stage in realizing a conversational service platform, expected to be commercialized in the first half of 2018 → Plans to further expand AI technology-based customer services applicable without limitations on time or space
- Secured deep learning Optical Character Recognition (OCR)[2] technology and is building an environment for data-based automation through Proof of Concept (PoC)[3]

Establishment of a Big Data Platform

- In the process of creating an environment for hybrid big data platform analysis combining internally-built systems and cloud computing

Establishment of an Integrated Governance System for Digital Channels

- Developed a comprehensive governance system of digital channels previously operated independently by each business unit
- Enhanced the efficiency of web & mobile operations by securing professional human resources
- Strengthened marketing and services through micro-analysis of consumer behavior on digital channels enabled by advancing web analysis solutions

Enhancement of Competitiveness in Tablet-based Mobile Sales

- Continuously improved tablet UI/UX to increase customer- and field-orientedness
- In the process of developing a next-generation tablet sales support system
- In the process of building a culture of paperless sales operation by, for instance, developing a mobile terms and conditions system as the first domestic life insurance company

1) NLP: Natural Language Processing
2) OCR: Optical Character Reader
3) PoC: Proof of Concept

VOICE OF STAKEHOLDERS

"Samsung Life Leads Digital Finance with Its Digital Competence and Technologies."

To affirm fundamental competitiveness in our insurance business model, the Digital Innovation Team assumes the role of a control tower overseeing digital innovation efforts throughout the company based on a thorough understanding of new digital technologies and the insurance industry. In pursuit of the following three strategic directions under the slogan "Think Big, Start Small, Act Fast," we have taken measures to bolster our execution capabilities through selection and concentration.

First, we will innovate digital experiences for our customers. The Millennial Generation expects personalized experiences on omni-channels combining online with offline. In response, we will provide differentiated digital experiences by innovating our digital channels.

Second, we will automate our value chains by applying new technologies such as Artificial Intelligence (AI), deep learning algorithm and Robotics Process Automation (RPA) solutions. We will build a future-oriented business operation model by automating low value-added work.

Finally, we will internalize our digital competence. In order to do so, we continue to hire and foster talents to ensure that we have the core competence to successfully carry out our digital innovation efforts regarding data science, UX/UI design and software development. In 2018, we succeeded in commercializing a conversational service platform based on a chatbot engine which we independently developed, in addition to developing a deep learning-based OCR technology. As such, we are continuing our efforts in technology-based innovation by internalizing our core competence.

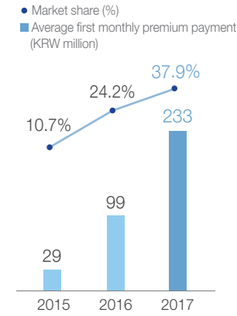


△Sang-Ho Lee, Managing Director, Digital Innovation Team, Samsung Life

Strengthening the Competitiveness of Online Channels

Samsung Life reinforces channels which customers can purchase insurance products and claim insurance benefits through online. In 2016, we fully renovated "Samsung Life Direct," our website for online insurance, and established a new mobile system which enables customers to plan and purchase insurance products on mobile devices, offering convenience and a seamless customer experience regardless of face-to-face interaction. At the same time, we are solidifying our market dominance of online channels by focusing on the sale of financial products that can easily be purchased online and promoting marketing through advertising.

First monthly premium payments of online insurance products and market share



Innovative Digital Products and Services

Provision of Digital Technology-based Products

Samsung Life utilizes digital technologies such as wearable devices and mobile apps in offering insurance products tailored to the health status of each customer. For instance, Integrated All-in-One CI Insurance that was launched in 2017 introduced a "walking bonus" system providing rewards to customers who reach the goal of walking 3 million steps in a year. We will continue to apply digital technologies in providing individualized health management coaching services appropriate for each customer's age, environment and life cycle, while expanding our lineup of products so that our customers are able to choose the best-suited policy at a more reasonable cost.

Digitalization of Call Center Services

In order to provide stable services in a mobile environment, we fully renovated our call center system in April 2017, providing "visible ARS" and "consultant Push Notification" services. Using the visual ARS system, customers can read the voice instructions on their smartphone screen, helping them better understand the services they are receiving and reduce their time on the phone. The consultant push system allows consultants to send information to the customers' smartphones during consultation to facilitate their understanding. We will make further efforts in 2018 to diversify our contents and improve convenience for our customers.

BUSINESS CASE

More Convenience for Customers and FCs through the Mobile Terms and Conditions System

In July 2017, Samsung Life introduced the mobile terms and conditions system for the first time in the life insurance industry, given the difficulties customers experience in reading and storing their terms and conditions booklets as they are written in small letters and are heavy to carry. The mobile terms and conditions are sent directly to the customer's mobile phone via long message service (LMS) using the FC's tablet immediately upon signing an insurance contract. The terms and conditions can be easily received and saved on the customer's mobile phone without the need to download any mobile apps. Using search and text size enlargement functions, customers can also conveniently look up information. The mobile terms and conditions system has been very well-received both by customers and FCs for its convenience. In 2018, we will begin providing other documents via the mobile system, including the customers' copy of their insurance contract.

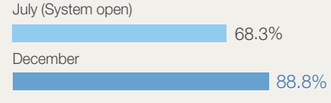
Merits of the Mobile T&C System

- Easy to look up information
- Can be saved on mobile phones
- Better readability
- No risk of loss or damage

Expected Results



Use of Mobile T&C in the Field
(Based on FC, SFP channels in 2017)



Material Issue 3

Asset Management

Pursue Socially Responsible Investment

MATERIALITY

Given that life insurance is a long-term business spanning several decades, financial stability is extremely important to us in ensuring stable business operations. Moreover, we feel the strong need to implement responsible investments as we carry out roles of serving the public good as a large institutional investor engaging in large-scale asset management. In particular, enhancing the soundness of asset management and strengthening value investment through efficient cooperation and management of value chains directly relate to our sustainable growth.

RISK & OPPORTUNITY

Less Investment Opportunities: Less investment opportunities due to control on household loans and reduction of large-scale SOC businesses and real estate PF businesses

Stronger Legal and Institutional Support: Licensing, deregulation and other policy support for promoting alternative investments, including establishment of the Socially Responsible Investment Committee under the National Pension Service

MANAGEMENT APPROACH

The importance of efficiency in asset management is emphasized more than ever, as forecasts of prolonged low-interest rates will likely lead to lower profitability. In this regard, we continue to invest in traditional assets such as stocks, bonds and cash, while actively engaging in alternative investments in roads/railways/harbors, power generation/renewable energy and public facilities. In 2017, we sought to achieve both stability and profitability through regional, currency and sector diversification.



IMPACT

Samsung Life — Customers — Investors

PERFORMANCE

KRW 1,617 billion
New infrastructure investment commitment in 2017

22 Cases
Number of New Project Contracts in 2017

Responsible Investment

Principles of Responsible Investment

Pursuant to Section 1, Article 104 of the Insurance Business Act which states that "An insurance company shall ensure stability, liquidity, profitability and public interests in managing its assets" as a principle of asset management, we avoid engaging in speculative investments and make investments that promote public interests and social values. In particular, we carefully consider environmental factors when deciding whether to invest in green energy (e.g., renewable energy, community energy) development businesses, while collecting and registering information on loan borrowers to ensure the soundness of financial transactions.

Investment Risk Management

In an effort to engage in socially responsible investments and promote social finance, we are expanding investments in green businesses, renewable energy, fuel cells and public infrastructure. At the same time, we minimize risks in asset management by building a joint investment platform with global banks and making investment decisions through professional asset managers, while diversifying risks based on mid- to long-term portfolios for each country and its credit rating.

Diversification of Investments

In 2017, we sought to achieve both stability and profitability by increasing overseas investments and pursuing regional, currency and sector diversification.

Diversification of Investment Assets

❶ Regional Diversification
Investments in new regions including the United States, Turkey, Ireland and Australia

❷ Currency Diversification
Diversification of currency portfolios primarily based on USD and JPY by securing new currency exposure including EUR and CAD

❸ Sector Diversification
Investments in new sectors such as offshore wind power, waste-to-energy, desalination and hospital PPP projects

BUSINESS CASE

Promotion of Responsible Investment

Through sustainable investments, Samsung Life generates social values while securing new sources of profit. In 2017, we began making investments in the United States, Turkey, Ireland, Canada and Australia, in addition to diversifying investment sectors including offshore wind power, waste-to-energy and desalination. Most notably, we achieved marked performance by participating in first-priority loans related to the construction and operation project for a 573MW offshore wind power plant in Norfolk, considered to be an optimal location for offshore wind power generation in England. The project, accredited under the Renewables Obligation (RO) scheme, a support mechanism for renewable electricity projects in the United Kingdom, is expected to generate stable cash flow.



△Offshore Wind Power Plant in Norfolk located in Northeast England

Securing Investment Competence

Study Groups

Samsung Life utilizes study groups to effectively share various investment issues and derive measures for improvement. Employees voluntarily participate in these study groups to learn about and acquire information on the markets and sectors in which the company plans to make investments. Furthermore, study groups enable not only investment-related personnel but the organization as a whole to share information and strengthen investment competence.

Major Study Group Topics (2017)

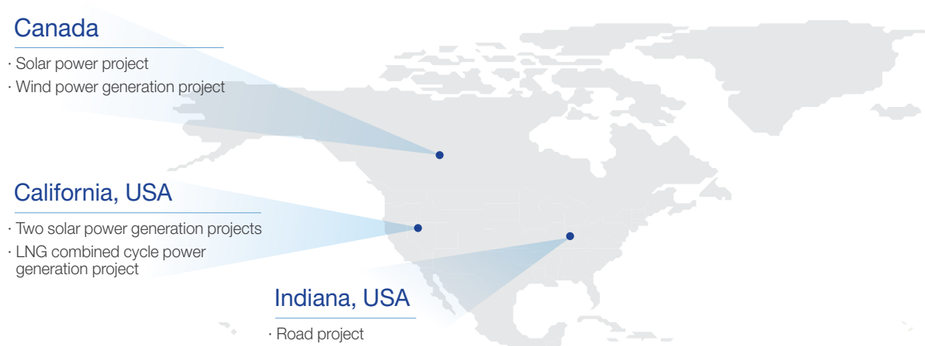
- Understanding the road infrastructure business in the United States
- Discussions on improving investment processes
- Sharing the evaluation standards of global infrastructure management companies
- Case studies on the refinancing of domestic private sector investments
- Seminars on the global economic outlook

Training

Given the increasing volume of transactions using virtual currency in recent years, we recognize the importance of understanding the anti-money laundering system. Accordingly, we provide education on related laws and regulations to emphasize the adherence to compliance and the importance of responsible investments.

New Investments in 2017

9 countries	22 projects	12 overseas projects	10 domestic projects



VOICE OF STAKEHOLDERS

"I hope Samsung Life will play a leading role in creating a virtuous circle of capital through socially responsible investments."

The Korea Sustainability Investing Forum (KoSIF) is Korea's only non-profit private organization that focuses on the roles of finance in building a sustainable society and promotes activities for sustainable finance. Given my position at an organization pursuing these missions, I propose the following activities to be taken under consideration by Samsung Life to continue making sound and stable investments.

First of all, I propose that Samsung Life endorse the Principles for Sustainable Insurance and the Principles for Responsible Investment, developed to promote responsible investing by financial institutions, while exercising its shareholder's rights as an active investor in the management of companies it invests in and engaging in active communication with policyholders. Through these efforts, I hope that Samsung Life will clearly assert how the company considers ESG factors in its investment decisions and why it is different from other life insurance companies. The most essential condition for the sustainable management of a company is transparency in governance and full disclosure of information to shareholders and other stakeholders. In this context, I recommend disclosing not only Samsung Life's financial information but also the contents of its BOD meetings and ESG-related information.



△ Chun-Seung Yang, Executive Director, Korea Sustainability Investing Forum

Key Performances

As of the end of 2017, investment balance for the infrastructure sector was approximately KRW 4.8 trillion and the capital commitment for new investments in 2017 was approximately KRW 1.6 trillion. Notable performance in 2017 includes investing 33% of the agreed amount for new investments (approximately KRW 530 billion) in renewable energy businesses such as solar power and wind power. As of the end of 2017, investment balances for projects accredited by REC[1], FIT[2], RO[3] and other renewable energy certifications were approximately KRW 780 billion, accounting for roughly 16% of our assets in the infrastructure sector.

1) REC: Renewable Energy Certificate
2) FIT: Feed-in-Tariff (Support mechanism for the cost difference between base price of power generation and traded power prices)
3) RO: Renewable Obligation (Renewable energy certification system)

Agreed Amount in New Investments by year

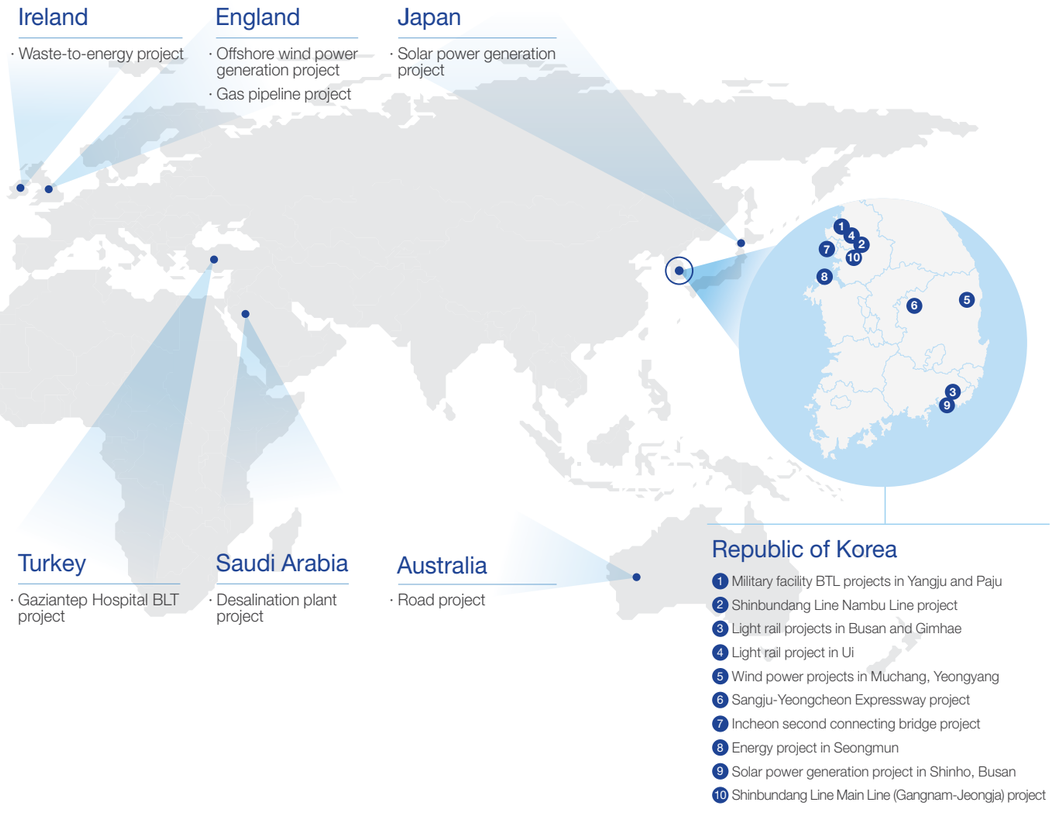
(Unit: KRW billion)



Ratio of Domestic SOC Investment by Industry Sector-Holding Balance

(Unit: %)

	2015	2016	2017
Sewage, Schools, Military Facilities (BTL)	41	38	35
Power Generation, Energy	27	32	33
Roads, Railways, Harbors (BTO)	32	30	32



Material Issue 4

Post-Sales Relationship Management

Protect Consumers' Rights and Interests

MATERIALITY

As competition within the insurance industry becomes ever more intense as it matures, it is becoming increasingly important to secure new businesses as well as to manage existing customers. In recent times, regulations on financial security and the protection of financial customers have been bolstered, demanding innovation in the management of the insurance industry as a whole. In particular, companies are required to take the perspective of protecting financial consumers in undertaking their business activities and adjusting all management processes, from purchasing and retaining insurance plans to paying claims at which stage the true meaning of insurance is realized.

RISK & OPPORTUNITY

Stronger Policies on the Protection of Financial Consumers: Financial authorities are strengthening their inspection efforts to protect financial consumers and stabilize the financial system, with rapid legal and institutional developments including efforts by the Financial Supervisory Service to enact the Financial Consumer Protection Act.

Securing Consumer Trust: Samsung Life can strengthen consumer trust and the growth of its businesses by offering various services for consumers from financially vulnerable groups, preventing mis-selling and undertaking activities to protect consumer information.

MANAGEMENT APPROACH

Samsung Life has 8.1 million customers, the largest in the industry. In order to enhance the promptness and accuracy of our customer services, the company operates a subsidiary exclusively in charge of consultation services by Call center or visits to sales offices. Furthermore, we provide a wider range of services for customers from financially vulnerable groups, such as individuals with disabilities and senior citizens, while promoting customer satisfaction through strict protection of customer information and execution of complete selling.



IMPACT

Samsung Life — Life Insurance Industry Affiliates — Customers

PERFORMANCE

88% — 13th Month Persistency Rate

1st Place for 14 Consecutive Years — National Customer Satisfaction Index (NCSI)

Establishing a Consumer Protection System

Consumer Protection Organization

In order to promote consumer rights, Samsung Life appoints the Chief Consumer Officer (CCO) to work under the direct supervision of the CEO and operates eight regional customer centers nationwide which promptly handling consumer complaints. In 2017, we reorganized the Consumer Protection Team from a consumer protection point-of-view in an effort to take our customer-centered management to the next level and earn greater trust from our customers. The Consumer Protection Team ensures that consumer protection is considered to be the top priority in all our management activities, from product development to sales and post-sales management.

Providing Convenience Services to Financially Vulnerable Customers

Services for Customers with Visual or Hearing Impairment

Samsung Life ensures that customers with disabilities can have the same access to our financial services as their non-disabled counterparts. In January 2018, we launched the'Communications Relay Consulting Service' to offer more convenience to customers with hearing impairments. This new service supports communication between a hearing-impaired customer and a consultant by having the Relay Call Center relay the customer's sign language or text to the consultant. For visually-impaired customers, we provide security cards in braille, the use of which has been made mandatory for electronic financial transactions since 2012. Notably, we improved access to financial information by visually-impaired customers by introducing a text-to-speech code in 2017, which means that when they open emails with forgery and falsification prevention functions, thus they can have access to the services the email intends to provide irrespective of the said functions.

Telecommunications Relay Consultation Service



BUSINESS CASE

Convenience Services for Senior Customers

Samsung Life offers “Customer-love Senior Service,” a senior-friendly customer service package reflecting the needs of senior customers in each stage of the value chain.

	Entry	Retention	Exit
Value Chain Concept	Customized re-explanation Improve Verification of Complete Sales in a Customer-centered Manner	Convenient Contract Management Redesign the Contract Management Environment to Ensure Customer Convenience	Prompt Annuity Payment Actively Realize the Value of Insurance
	[Senior Happy Call Service] · Repeat instruction on the salient features of products (e.g., coverage) for new customers aged 65+ · Follow a senior-focused script and adjust the speed or volume of consultation depending on how well each customer follows the consultation	[Senior Instruction Service] · Introduce senior-exclusive instruction documents · Redesign layout adjusting font size and space between letters [Senior Consultation Service] · Connect calls from customers aged 65+ directly to consultants without going through ARS by automatic recognition of their registered phone numbers · Respond to calls by professionally-trained consultants in charge of senior customers	[Senior Annuity Service] · Carry out monthly outbound call campaign for customers who have not applied for annuity payments after the annuity start date

Providing Financial Support Services for Customers Suffering from Damages

Samsung Life offers financial support services for customers suffering from severe damage to their assets due to disasters or accidents, which may cause temporary difficulties in paying their premiums or interest. In 2017, we delayed the payment due dates of premiums, loans and loan interest by six months to alleviate the financial burden on customers who were affected by the flooding in Cheongju and the earthquake in Pohang, the forest fires in Gangwon, Gyeongbuk.

Offering Insurance to More People

We open our doors to more people by continuously lowering the eligibility criteria for those with pre-existing medical conditions. In 2016, we launched the "Simplified Issue Life Insurance" accepting individuals with pre-existing conditions and senior citizens as policyholders, as long as they do not meet the three conditions set by the company that limit access to the policy. In 2018, we plan to launch the "Simplified Issue Whole Life Insurance" by applying the same policy to whole life insurance plans. In addition, we have expanded coverage through reinsurance for individuals with diabetes and chronic hepatitis B who are frequently rejected for insurance coverage. We will continue our efforts to further expand coverage for more people.

Strengthening Information Security Management

Our Approach to Customer Information Management

Information breaches not only cause material and psychological damage to customers but economic loss on a company by damaging its reliability and causing loss of revenue. In this regard, Samsung Life carries out a variety of activities to prevent information breaches and ensure security breach or violations were made in 2017.

Strengthening Information Protection Across the Company

Samsung Life ensures better information security by providing security training to all employees and consultants, sharing the latest security issues and holding security inspections on a regular basis. In 2017, in order to manage security vulnerabilities in a cloud environment, which the 4th Industrial Revolution and related issues such as FinTech, we focused on detecting and removing external security threats by following the Guidelines on Financial Companies Using Cloud Services and the Guidelines on the Anonymization of Personal Information.

	Performance in 2017	Plans in 2018
Security Training	· Provided personal information protection training to all consultants · Provided offline training to all employees (At least 6 hours)	· Expand offline security training for field employees
Sharing of Security Issues	· Shared the latest security issues and breach cases through monthly email alert "Information Security Notifier" (e.g., warnings against phishing emails and ransomware)	· Continue to share information on the latest security issues and trends
Security Inspections	· Inspected control of access passwords, unauthorized searches of customer information, etc. · Made monthly reports on inspection results to the CEO	· Add inspection items to monthly on-site inspections



Establishing Customer-centered Sales Practices

Minimizing Mis-selling

In our product sales, we place the highest priority on complete selling and strictly implement integrity sales in the field. In particular, we minimize mis-selling by operating a compliance management organization at the Head Office and assigning compliance managers in each regional office.

In 2017, we launched an online course on our FC Training Portal (Training ON) on the importance of complete selling and relevant laws and regulation. In 2017, 94.4% of our FCs completed online training on complete selling. At the same time, we receive customer complaints arising in the course of purchasing insurance plans through our call center and consultants, which are followed up by prompt response by relevant departments.

Education and Self-inspection	· Online Education: Maximize convenience for consultants and increase efficiency and participation through online education programs on complete selling · Offline Education: Provide systematic education on integrity sales to employees and consultants each month (Complete selling programs in training institutes and sales offices, variable policy programs, mis-selling prevention programs, etc.)
Integrity Pledge	· Receive integrity pledges from exclusive consultants (Renewed each year)
Self-inspection	· Undertake self-diagnoses and self-inspections on customer information management and observation of sales processes in sales offices
Contract Monitoring	· Monitor new businesses through service calls by professional consultants confirming that customers were fully informed of the salient terms of their insurance plans
Sales Qualification System	· Grant sales qualification to individuals who have passed qualification exams for each insurance product and completed additional educational programs
Sales Quality Analysis	· Analyze the quality of sales by sales offices and consultants
Implement improvement programs	· Implement improvement programs in areas with high rates of mis-selling

Mis-selling Ratio by Channel
(Unit: %)

	2015	2016	2017
Consultants	0.20	0.18	0.10
Individual agencies	0.31	0.23	0.30
TMs	0.14	0.27	0.03
Direct stores	0.07	-	0.02



△Consultant complete selling guidelines

VOICE OF STAKEHOLDERS

"I hope Samsung Life will continue to strengthen consumer trust by implementing sustainable consumer protection policies."

The Korea Life Insurance Association is a non-profit organization committed to the development of the life insurance industry. More specifically, our work is focused on protecting the rights of policyholders, promoting a sound culture of life insurance and supporting the establishment of reasonable insurance policies. Recently, financial authorities in Korea have been making various efforts to ensure that the rights of financial consumers are protected. Such efforts include restructuring the complaint management system, modifying the financial consumer protection evaluation system and providing more services to consumers from socially vulnerable groups such as individuals with disabilities. Against this backdrop, I believe Samsung Life has set an example in the industry by taking proactive measures such as reorganizing its consumer protection organization and implementing customer services that prioritize consumer protection. Most notably, its "Customer-love Payment Service" is being implemented in a stable manner, achieving 74.1% of payment within 24 hours in 2017. Samsung Life also offers other exemplary services for the protection of customers from socially vulnerable groups, including the "Customer-love Senior Service" for senior customers and the "Telecommunications Relay Consultation Service" for individuals with hearing impairment. Given the broad scope of its insurance contracts in force, however, Samsung Life does face the higher possibility of customer complaints which will require a prompt and active response. I hope that Samsung Life, as a leader in the Korean insurance industry, will continue to hold its place as a trusted and respected company by actively implementing financial consumer protection policies to reduce mis-selling and customer complaints regarding insurance benefit payments.



△Director Bae-cheol Park,
Korea Life Insurance Association

Special Page

Introduction of Life Insurance Industry Affiliates

"Samsung Life Financial Service," Specializing in Insurance Sales

Samsung Life Financial Service is a company specializing in financial sales seeking mutual growth of customers and consultants and actively responding to rapidly-changing financial environments.



Implementing Integrity Management

Carry out sales activities from the customer's point of view

Operate a compliance management organization

·Carry out compliance activities and minimize mis-selling by operating a compliance management organization

Advance the integrity management system

·Implement integrity management from the customer's point of view by, for instance, prohibiting unsound sales practices, banning the production and use of unauthorized materials and protecting customer information

Creating a Sales Structure Based on Virtuous Cycles

Establish a sales structure enabling mutual growth of the company and consultants

Strengthen communication with consultants

·Promote consultantship, provide individual product coaching, accompany for support, etc.

Differentiate the sales base through integrated income management

·Set clear visions and individual income targets for each consultant and provide integrated income management from consultants' viewpoint including hybrid financial services to cover not only life insurance, but also indemnity

Strengthening the Sales Base

Strengthen sales through differentiated marketing strategies and channel operation

Offer customized training

·Establish a training system for consultants offering customized learning and coaching

Secure competitiveness of sales organizations

·Secure competitiveness of sales organizations by implementing a variety of product strategies and enhancing sales expertise

"Samsung Life Service," Dedicated to Customer Satisfaction

Samsung Life Service specializes in providing customer satisfaction services and promoting a sound insurance culture through prompt and accurate claims evaluation, so that customers can feel the true value and utility of insurance.



Strengthening Customer Satisfaction

Pay insurance claims in a prompt and accurate manner and offer customer satisfaction services

Establish an expedient payment system

·Operate a system that automatically categorizes insurance claims to reduce the claims payment period

Improve the quality of customer services

·Operate a system that accurately predicts the number of calls and most effectively distributes incoming calls

·Improved customer convenience of using the call center by introducing a visual ARS system

Securing Job Expertise

Strengthen job expertise in all employees through systematic training programs

Provide systematic training to new employees

·Provide systematic training to help adapt to new organization and strengthen work skills with the goal of providing one-stop service to customers

Provide support to obtain professional financial certifications

·Support educational materials for obtaining professional certifications to strengthen employees' financial expertise

·Encourage employees to obtain certifications through training (169 claims adjusters as of April 2018, the largest number in life insurance industry)

Establishing an Advanced Management System

Innovate efficiency-oriented processes and establish an advanced culture

Increase work efficiency through BPR

·Improve work efficiency by selecting improvement tasks reflecting on-site feedback and completing tasks regarding processes, systems, training, etc.

Seek a sense of family-friendliness

·Motivated employees and increased their job satisfaction by holding a family event inviting employees' children entering elementary school

"Samsung Asset Management," Becoming a Global Asset Manager

Samsung Asset Management secures its place as Korea's leading asset manager by focusing its efforts on earning excess returns on a stable and consistent basis.



Securing Expertise in Asset Management

Provide differentiated products and services through investor education and operation of subsidiaries

Offer investor education to make everyone winners

·Provide education on investment strategies to customers and employees to enable them to make the right investment decisions according to investment purposes and financial situations

Create synergy through subsidiaries

·Enhance expertise and efficiency in asset management operating subsidiaries, i.e., Samsung Active Asset Management and Samsung Hedge Asset Management

Strengthening Social Responsibility

Prepare the basis for ESG investments and implement the Stewardship Code

Launched a fund with completed ESG assessment

·Promoted investment in socially responsible companies by launching the "Socially Responsible Investment Fund"[1] which has undergone an ESG evaluation process

Implement the Stewardship Code[2]

·Respond proactively to government policies by establishing relevant divisions and internal processes and reinforce transparency in long-term returns and asset management

Expanding Global Infrastructures

Establish a global network through cooperation with global companies

Launched a TDF fund (annuity fund)

·Secured the largest market share in the retirement pension fund market by launching a TDF fund in cooperation with Capital Group (USA)

Operate education programs

·Provided investor education programs on marketing by working together with Dimensional Fund Advisors, a global asset management company headquartered in the U.S.

1) Socially Responsible Investment Fund: Investment in approximately 50 companies based on the Korea Corporate Governance Service (KCGS) evaluation scores regarding cash flow, dividend yield, shareholder composition, etc.
2) Stewardship Code: A set of guidelines on the exercise of voting rights by institutional investors aimed at strengthening their social responsibilities

"Samsung SRA Asset Management," Growing into a Global Real Estate Asset Manager

As a professional real estate management company that places its utmost priority on customer profits, Samsung SRA Asset Management has outstanding research capacity and extensive know-how on real estate investment, development and management.



Strengthening Risk Management Capacity

Establish an organized and systematic risk management system

Strengthen compliance

·Strengthen ethical compliance process and enhance employees' integrity values by newly establishing the Ethical Management Team

Strengthen checks and balances among divisions

·Strengthen checks and balances by separating investment section and asset management section as well as "instructions" and "settlements"

Enhancing Management Returns

Strengthen investment stability through competence-centered investments

Investments centered on safe assets

·Primarily invest in office buildings which are safe assets and establish a domestic office market forecast model to be reflected in future investment strategies

Increase the value of existing real estate investments

·Secure research competence in office value-added investments

·Increase the value of real estate through various methods such as changing real estate for office use to retail use

Implementing Future-oriented Asset Management

Establish strategies for advancement of business model and expand business areas

Establish six major mid- to long-term strategies

·Increase corporate value by establishing mid- to long-term strategic directions such as strengthening business systems, enhancing expertise and efficiency of investment processes, etc.

Expand business areas

·Expansion of discretionary investment business

·Preparation of real estate public offering fund business

Business Activities Report

Samsung Life pursues sustainable growth. To that end, we greatly value our customers, the field, local communities and partners. We will continue to share social values with our stakeholders including customers, employees, consultants and partners.



Key Management Activities

40 Creating Value
45 Talent Management
50 Customer-Centric Initiatives
52 Field Management
54 Win-win Strategy
56 Social Contribution

Creating Value

Management Approach

In order to respond to a rapidly-changing market environment and customer needs in a timely manner, Samsung Life seeks to strengthen its competence by promoting sales activities and diversifying channels. In particular, we are focusing on advancing our sales strategies and reorganizing our profit structure in preparation for the IFRS17, an International Financial Reporting Standard scheduled to be introduced in 2021. We are also maintaining our qualitative superiority in the retirement market, the HNWI (high-net-worth individual) market, overseas businesses and other growing markets based on our unparalleled competence and competitiveness.



Promoting Sales Activities

Directions for Strengthening Sales Competitiveness

At Samsung Life, we are transitioning to a new frame of perception that is strictly centered on customers and FCs, while strengthening our sales competitiveness by establishing improvement measures in all sales-related areas.

- Transitioning the Frame of Perception
- Reinforcing Substantial Support

1. Securing Product Competitiveness: Launch a new sales concept for whole life, expand provision of product marketing materials, etc.
2. New Business Evaluation: Extend issue limit/multiplier, expand acceptance of individuals with pre-existing medical conditions, computerize information on claims payments from other insurance companies, etc.
3. Commission Evaluation and Compensation: Secure a clear competitive edge, restore income competitiveness, improve incentive resources and payment standards, etc.
4. Marketing Support: Solidify a culture of prioritizing recruitment, strengthen customer discovery campaigns, enhance convenience for FCs by launching a mobile policy, etc.

Innovating the Channel Platform

Exclusive Channels

We innovate our sales channels to facilitate continued growth. In particular, we concentrate on strengthening the competence and competitiveness of our FCs, thereby boosting the EEV (European Embedded Value) of new business by expanding protection products and expanding the FC organization through the recruitment and fostering of new talent. Simultaneously, in the current trend of walls between different types of financial services breaking down, we are establishing a flexible smart organizational structure and culture and playing a leading role as a dominant channel.

FC: Financial Consultant
The main channel that helps customers secure a stable financial future by analyzing their current financial status and setting future plans

GFC: Group Financial Consultant
A channel specializing in coverage and retirement planning for employees through employee group insurance and other group insurance consulting

SFP: Special Financial Planner
A channel consisting of young talents in their 20s and 30s who aim to provide comprehensive financial services through their experience in consulting and financial knowledge

AFC: Agency Financial Consultant
A channel consisting of exclusive corporate agencies composed of consultants and representatives who are former Samsung Life employees, individual agencies, AM branches and SFAs

Ligel: Life Angel
A channel consisting of consultants who are women in their 30s and 40s undergoing a career break

Growth Strategies for Specialized Channels

	Performance in 2017	Strategic Directions in 2018
GFC	Focused on building the basis to expand recruiting (re-established the new talent fostering system, launched image advertising for GFC jobs, etc.)	Maintain the current market position as a professional channel for corporate management consulting by expanding the GFC organization and differentiating products and marketing
SFP	Established the SFP growth roadmap (launched the new team leader system, established the SFP-exclusive talent fostering center, re-established the SFP career path, etc.)	Develop into a growth channel for customers in their 20s and 30s by recruiting more SFPs through recruit programs for individuals with prior job experience and work-study programs
AFC	Clarified the division of channels and supported recruiting	Secure autonomy and momentum for growth through differentiated education and support
Ligel	Provided intensive training following the adoption of the “education-fist, sales-second” method and guaranteed a stable source of income	strengthen the market base by differentiating commission, education and marketing specifically for women in their 30s and 40s undergoing a career break

Non-exclusive Channels

We are actively responding to the recent growth of non-exclusive channels (BA, GA) by improving our work systems and processes. In line with the recent surge of FinTech within the insurance industry, we are developing a mobile system that will enable customers to purchase plans and claim insurance benefits on mobile devices, in addition to introducing various new processes to provide customer convenience.

Strengthening Competitiveness in Asset Management

1)ALM (Asset Liability Management): Refers to the management of assets and liabilities of institutional investors and companies from a risk point of view
2)SOC: Social Overhead Capital

Directions for Asset Management

In the face of global forecasts anticipating prolonged low-interest rates, we seek to strengthen a stable revenue base centered on interest-bearing assets, while simultaneously pursuing stability and profitability by discovering high-yield assets to enhance our performance and diversifying global investments.

Goal	Generate stable investment margin and strengthen competitiveness in asset management based on ALM[1]		
Strategic Direction	Increase asset profitability in the management of insurance assets	Enhance competitiveness in retirement businesses	Expand asset management businesses through asset management subsidiaries
Major Activities	· Diversify and dynamically allocate Assets under Management (AuM) based on a global financial market analysis · Strengthen expertise in each type of asset - Build customized asset portfolios to match insurance liabilities and generate stable investment margin - Strengthen competence through research and discover high-yield assets such as domestic and overseas SOC[2] and infrastructure through asset management subsidiaries	· Develop investment products in preparation for an expanding retirement market - Reorganize systems to develop products based on customer needs and reinforce global management capabilities · Increase competitiveness in variable insurance sales - Concentrate on generating values from the customer's point of view by increasing the profitability of long-term funds and providing information on diversified investment directly to customers	· Select global business areas with high potential and expand third-party fee businesses through asset management subsidiaries - Reorganize systems to develop products based on customer needs and reinforce global management capabilities

Implementing Sound Asset Management

Largest Total Assets and Highest RBC Ratio in the Insurance Industry

Based on our robust profit structure and financial soundness, our total assets grew to KRW 282.7138 trillion with KRW 1.1661 trillion in profit for the year of 2017. The RBC[3] ratio is 318%, the highest in the industry.

Management of Investment Returns on AuM and Interest Income

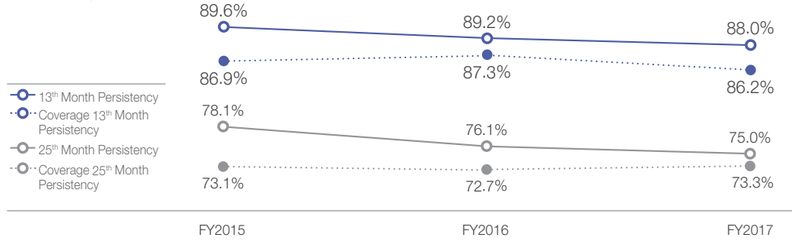
Samsung Life adheres to the Asset Liability Management (ALM) investment strategy in asset management. In 2017, 75.6% of our invested assets was allocated into interest-bearing assets such as bonds and loans. As of the end of 2017, KRW 93 trillion out of our total bond assets valued at KRW 111.8 trillion are government bonds and special bonds issued by public organizations. Corporate bonds are also managed in a stable manner by investing primarily in corporate bonds rated single A or higher.

Debt Structure, Industry Ratio, Loss Ratio and Persistency Rate

The portion of fixed rate reserves fell below 50% and recorded 41.3% as of the end of 2017. Samsung Life will reduce the risk in debt structure based on the growth of floating-rate reserves. Our expense and loss ratios were maintained at a stable level, while the 13th month persistency rate was 88.0%, showing a slight decrease due to the expansion of protection polices within our new business. In 2017, our annual expense rate[4] and loss rate[5] was 7.3% and 78.5%, respectively, both maintaining a stable level.

3) RBC (Risk Based Capital): Index illustrating an insurance company’s ability to pay
4) Expense rate: Maintenance costs / Adjusted income insurance premium
5) Loss rate: (Accident claims – Reserve at the time + Waivered premium + Reinsurance costs) / Risk premium

Persistency Rate (Unit: %)



Targeting the Retirement Market

Operating an Organization of Professionals with Expertise and Competence

Samsung Life's retirement pension experts with extensive competence and expertise provide differentiated services such as customized consulting and annuity actuarial services based on financial planning according to the characteristics of each company, while enhancing customer satisfaction by offering substantial solutions for retirement planning.

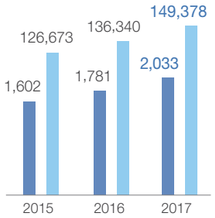
Providing Customized Products and Services

Recently, there has been a stronger demand for annuity insurance as more people prepare for financial stability in their post-retirement years. With our competitive products and services, Samsung Life stands as a strong competitor in the retirement market. We offer a variety of annuity products such as variable annuity with a guaranteed minimum accumulation benefit, qualified annuity with tax benefits and Individual Retirement Pension (IRP). At the same time, we diversify the means of receiving an ordinary annuity that ensures stable income by applying the official rate.

Conducting Research and Training on Retirement Design

Samsung Life's Retirement Insurance Research Center, the first and the largest of its kind in Korea, is committed to fulfilling our social responsibility in helping Koreans prepare for stability in old age. The Center carries out various research projects and training activities to help establish a desirable retirement culture in our society and change the way in which people think about retirement. At the same time, it engages in efforts to reflect government policies to facilitate institutional support at the government level.

Accumulated Performance in Training on Lifetime Planning



Retirement Preparation Index

- Developed Korea's first retirement preparation index encompassing both financial and non-financial aspects
- Evaluates people's awareness of and the level of retirement preparation in four areas: finance, health, activities and relationships

Retirement Report

- Studies the methods of retirement preparation by finding a balance between financial and non-financial areas
- Proposes social alternatives and specific solutions to various issues on retirement

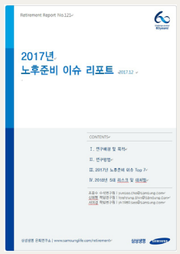
Training on Lifetime Planning

- Developed the only customized training in Korea that helps trainees change their perception and take actions
- Developed various forms of training programs for each institution/company and held lectures

BUSINESS CASE

Issue Report on Old Age Planning

In preparing for old age, people are exposed to a higher longevity risk due to the steadily increasing life expectancy enabled by breakthrough developments in science and technology. In this context, we published 'The 2017 Issue Report on Old Age Planning', examining various issues and major risks that will have an impact on planning for old age. The Report was based on a survey of 1,000 economically active people in their 30s to 50s, which revealed the "increase in medical costs for the elderly" as the most important issue in preparing for old age. To help readers respond to old age-related risks, we emphasized the importance of investing in health insurance that will prepare them against rising medical costs and annuity insurance that will ensure stability in old age. Our Retirement Research Center will continue to study trends on the financial and non-financial aspects of old age planning and publish reports on a regular basis.



△Old Age Planning Report

Leading the HNWI Market

Beyond Wealth Management

In a time of sluggish growth and low-interest rates, Samsung Life expands its business areas with a focus on providing integrated asset management to securely increase customer assets and hand them down to the next generation. The WM Business Division, responsible for our HNWI customers, operates the Samsung Family Office (a group of asset management experts), the FP Center and the Heritage Sales Group, rapidly growing into the most reputable asset manager based on customer trust.

Strategies for HNWI

Since being launched in 2002 as the first HNWI-exclusive consulting organization in the life insurance industry, the WM Business Division has built a nationwide network and operates the Samsung Family Office for super HNWIs, the FP Center for HNWIs and the Heritage Center offering integrated asset management through various insurance and investment products. The Family Office, in particular, is expanding its operations in Busan area in April 2018 with the establishment of Family Office in Busan.

Categorization	Unparalleled Competitiveness
Family-centered Integrated Asset Management Service	Provides integrated asset management solutions encompassing investments, tax affairs, real estate, inheritance, transfer and risk management from a long-term perspective for our customers, their families and descendants.
Differentiated Products and Services	· Offers differentiated products for HNWIs, including Heritage Whole Life Insurance and hedge funds. · Provides educational programs and services for our customers' spouses and children for the efficient transfer of wealth
Professional Consulting Organization	· Samsung Family Office: A consulting organization for super HNWIs specializing in family management · FP Center: A consulting organization for HNWIs · Heritage Sales Group: A HNWI-exclusive organization consisting of high-efficiency consultants



△Family Office in Busan

BUSINESS CASE

Exclusive Seminars and Products for HNWIs

Samsung Life secures HNWI customers and the momentum for its future growth by offering a variety of exclusive services and products. In addition to launching HNWI-exclusive products, we hold various cultural events and seminars for our HNWI customers.

Seminar

The Samsung Family Office Seminar

- Sharing of information on revised tax laws, directions on and major issues in family business succession, etc.

Products

Customized Products According to Insured Amount

- Platinum Universal Whole Life (Over KRW 300 million)
- VVIP Universal Whole Life (Over KRW 1 billion)
- Heritage Universal Whole Life (Over KRW 3 billion)

Expanding Overseas Businesses

Direction of Overseas Businesses

In addition to strengthening the competitiveness of our overseas offices in Thailand and China, Samsung Life has been pursuing new market entry initiatives to grow its global footprint. The company focuses its efforts on emerging SEA markets with high growth potential. Efforts include extensive market research and engagements with top management and executives to build a soldbase for new market entry. Thanks to these efforts, both Thailand and China offices were able to achieve turnaround in 2017. Going forward, Samsung Life will focus its efforts to continue this growth momentum from a mid to long-term perspective.

Overseas Business Strategies

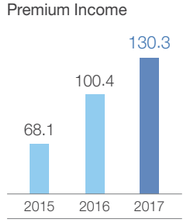
Korea and Thailand Office Exchange Programs

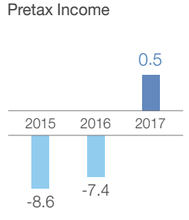
- Invite Thai-base employees to Korea for training programs and award ceremonies to motivate and instill a sense of pride
- Employees from Korea HQ participate in mangrove-planting activities in Thailand

Thailand

Since 2014, Thai Samsung Life has focused on strengthening individual channels and core competitiveness in each value chain. As a result, its revenue and profit have improved significantly. The company will accelerate its growth based on individual channels and launch new products in line with market changes, with the aim of growing into a midsize market player.

(Unit: KRW billion)

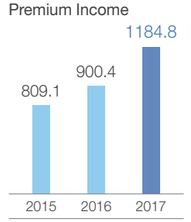


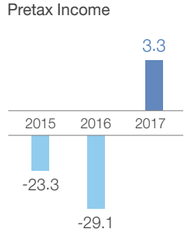


China

BOC-Samsung Life Insurance Company Limited has grown at a rapid pace since its establishment in 2015 as a joint venture with Bank of China, the country's fourth-largest bank. The company aims to become a top 10 life insurer in China within the next 10 years. The company will expand its sales network nationwide and pursue profit-oriented growth.

(Unit: KRW billion)





Emerging Markets in Asia

Based on our Master Plan for Emerging Asian Markets, Samsung Life has completed years' worth of extensive market research on key target regions. Currently, we are now engaging with global life insurers and financial institutions to discuss various approaches for business strategy implementation in new markets.

BUSINESS CASE

MOU Signing with the ministry of Finance in Vietnam

In 2017, Samsung Life signed an MOU with the Insurance Research and Training Center (IRT), an organization under the Ministry of Finance who is responsible for Vietnam insurance industry's research and training development. This MOU aims to contribute to the development of the Vietnam's insurance industry through knowledge-sharing, benchmarking opportunities and training support.

Samsung Life will continue to focus our efforts to strengthen competitiveness by building stronger networks to support our entry into new markets.



Talent Management

Management Approach

A company's organizational culture provides the psychological basis for its employees to determine their value sets and standards of conduct, while employees are the most important subjects that realize a company's sustainability. With this understanding, Samsung Life provides various training programs to foster financial expertise and leadership in its employees and carries out activities to create a safe work environment.



Strengthening Organizational Values

Building a Communicative Organizational Culture

Samsung Life builds a sense of unity among its employees by creating a communicative organizational culture. We also carry out various activities to encourage positive changes and boost dynamism within the company. In 2018, we will promote a challenging spirit among our employees and nurture loyalty by implementing field-oriented sales support, active employee communication and other key tasks.

	Communication and Cooperation	Goals
Directions	Build a sense of unity throughout the company through communication and cooperation	Strengthen sales support system to attain management goals
Key Tasks	· Operate various communication programs · Improve and invigorate the online community for communication with the field	· Support autonomous/responsible sales by setting independent target goals for each department · Introduce and expand the application of a criterion-referenced evaluation system

Sharing a Culture of Learning and Growth

Through its “Fair” series, Samsung Life promotes learning and growth among its employees and builds an organizational culture of communication and cooperation. The Knowledge Fair, a company-wide platform of knowledge-sharing, shares best practice cases of achieving innovation and notable performance by breaking away from existing business practices and mindsets. In 2017, we selected eight hidden champions with outstanding achievements and rewarded them individual prizes. The Challenge Fair, a congratulatory event for new employees marking their first year of employment, provides an opportunity to share their vision and passion as well as dedicate themselves to their work.

BUSINESS CASE

Discovering Growth Momentum through Performance-yielding Study Groups

Samsung Life draws business strategies and directions for corporate growth through study groups of various forms at the Head Office level and in the field.

Asset Management Division Study Group

The Asset Management Division holds study groups to share information on the current business status and discuss directions in which to operate business models. In 2017, the Division ran four study groups, two groups in the first half year and two groups in the second half year to diagnose issues and discuss measures on the topic of change and innovation. Ideas proposed by the study groups have been reflected in our business activities.

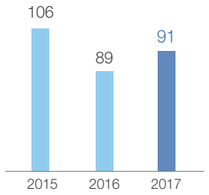


“Study groups help employees attain knowledge and know-how, strengthen their job competence and contribute to solving various business issues.”

Supporting the Continued Growth of Talent

Training Hours per Employee

(Unit: Hours)



Strengthening Job Expertise

Samsung Life operates a highly specified job training system in consideration of the differing job responsibilities and each employee's level of job expertise. Our job certification support program covers the expenses required for acquiring certifications categorized into 16 core and 12 professional certifications. As of the end of 2017, 1,169 employees have acquired core certifications and training expenses per employee is KRW 1.4 million.

Fair and Transparent Management of Performance

In line with the needs of our employees and performance management trends both domestic and overseas, we facilitate year-round mutual feedback on peer performance through the Review Talk system and regular management of job performance through the Review On system. Going beyond simply measuring and ranking performance, these systems help generate substantial performance and create a culture of praise and encouragement throughout the company.

Performance Management System

Review Talk (Peer Feedback)	Review On (Regular Management)
Deliver objective opinions on the strengths and weaknesses of a peer's actions in the work process	Share progress and performance on major business targets approved by the department head and receive real-time feedback

Subject	Anticipated Effects	Description
Head of Department	Support staff coaching, counseling and evaluation	· Provide coaching on the strengths and weaknesses of staff based on actual cases · Increase fairness in staff evaluation by using as a reference
Staff Members	Motivate and support each other's competence development	· Benefit from opportunities of indirect coaching · Understand one's own strengths and weaknesses
Organizational Culture	Spread a culture of support for and acceptance of one's colleagues	· Pay more attention to each other to provide constructive feedback · Become motivated by receiving positive feedback from colleagues

Work-Life Balance

525 Persons

Total Number of Participants in Family-oriented Programs

△Best Family-friendly Management Certified Company since 2013

Creating a Healthy Work Environment

In order to increase work efficiency and help employees find a balance between work and life, Samsung Life implemented preemptive work hour reduction system before maximum work hours were legally reduced in Korea. In particular, we improved the existing PC Off system to help improve concentration, reduce overtime and keep employees from leaving work late. We have also designated every Wednesday and Friday as Plus Day.

Family-oriented Programs

In a joint effort between labor and management, we run various family-oriented programs for our employees to make long-lasting memories with their families. In 2017, we divided the programs for parents, children and other family relatives, offering a more abundant variety of programs.

Family-oriented Programs

overseas trips for parents	· Overseas tour (Thailand, Vietnam, etc.) for employees' parents · Held seven times with 150 participants in 2017	
English camps for children	· English camp for employees' children to help increase their global competence and creativity · Held 11 times with 60 participants in 2017	
weekend glamping for employees' families	· Glamping and playtime in nature for employees' families · Held 11 times with 315 participants in 2017	

Strengthening Human Rights Management

Labor Rights Policy

Samsung Life recognizes the importance of human rights management and faithfully carries out related activities based on a set of principles that will guarantee our sustainability. In all countries and regions in which we carry out our businesses, we strictly comply with the regulations and standards regarding labor, human rights and work conditions. Our human rights policy applies not only to our employees but equally to all stakeholders such as our consultants, partners and local communities. Activities and performances relating to our human rights management are provided on our website and Integrated Report in a transparent manner.

Diagnosis of the Level of Human Rights Management

Based on a human rights management diagnosis process, we regularly inspect the status of human rights management and minimize related risks by removing in advance all factors that may cause a violation of human rights.

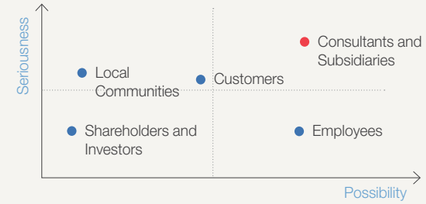
STEP 1. Assess Human Rights-related Risks

Identify Potential Human Rights-related Issues and Risks

Corporate Aspects	Industrial Aspects
· 44% of all employees are female employees	· Nature of the insurance business requires face-to-face interactions with customers to provide products/services and respond to complaints
· The majority of employees have face-to-face interactions with customers in the field	· The government carries out activities to ensure human rights protection, including passing the bill on the Act on Protection of Emotional Labor in Financial Institutions

STEP 2. Identify Vulnerable Groups

Assess High Priority Factors and Select Vulnerable Groups



Human Rights Impact Evaluation Results: A human rights risk assessment on five major stakeholder groups identified (i) consultants, selling intangible products through face-to-face communication, (ii) call center employees of subsidiaries, providing customer services via phone or face-to-face, and (iii) plaza consultants as groups vulnerable to human rights violations

STEP 3. Diagnosis of the Level of Human Rights Management

Undertake Diagnoses of Subsidiaries with the Highest Human Rights Risks

Establish Diagnosis Plans	· From 2018, perform diagnoses on four subsidiaries* in the first half of each year based on the human rights management diagnosis process established in 2017 *Samsung Life Service, Samsung Life Financial Service, Samsung Asset Management, Samsung SRA Asset Management
Perform Diagnosis	· As the first year of introducing human rights diagnosis, focus on identifying the current status, providing education on human rights and sharing information on diagnosis process and evaluation items in 2018, rather than on the diagnosis itself
Review Results and Follow Up with Monitoring	· Continuously strengthen analysis on its human rights management and reflect the results in enhancing the level of human rights management in its subsidiaries

STEP 4. Implementation of Activities to Improve Human Rights

Undertake Activities to Improve Human Rights According to Diagnosis Results

Employees	· Provide counseling, stress measurement services and meditation/relaxation training through the Mental Health Center with full-time professional counselors · Establish implementation plans and manage follow-up measures based on the Guidelines for Protection of Customer Response Employees established in 2016 · Designate and organize grievance settlement channels and committee
Consultants and Subsidiaries	· Subsidiary Employees: Provide customer response manuals by situation and organize Healing Camp where consultants receive 1:1 personal counseling, meditation and relaxation training · Consultants: Offer the Healing Camp for Consultants who need to recharge, providing lectures on mental health and opportunities to participate in musical meditation and camps

Reinforcing Employee Safety and Health

Establishing a Safety Management System

Samsung Life has established a safety management system to create a safe work environment and operates an independent system to manage related matters. Our Industrial Safety and Health Committee under the Board of Directors shares safety-related issues and discusses measures to improve risk factors. Our Safety Management Center, responsible for overseeing company-wide safety and health management, carries out safety inspections, training and education in accordance with internal regulations on safety and health management.

Major Issues of the Industrial Safety and Health Committee (2017)

- Response to accidents and disasters (e.g., Earthquake in Pohang, false bomb threat in the Head Office)
- Safety inspection and improvement status regarding employee workspaces
- Safety training and results

*The issues discussed and decided at the Committee apply to all employees

Safety and Health Management Governance

BOD — Industrial Safety and Health Committee
Safety Management Center

Company Representative
Head of the HR Team / Head of Actuarial & Risk Management
Director of the Alternative Investment Business Division / Head of the Corporate Culture Management Part

Employee Representative
Chairman of the Labor Union / Female Vice Chairman / Union Head of Planning / Union Head of General Affairs

Safety Environment Management System

Samsung Life's Safety Environment Management System (SEMS), enabling real-time monitoring of safety information and records of all buildings on PCs and mobile phones, allows us to systematically and efficiently manage inspection data and actively carry out accident prevention activities.

Field-centered Safety Inspections

In 2017, we elevated our safety inspection activities by supporting inspections on Life Insurance Industry Affiliates and conducting inspections on four occasions at Samsung Noble County. In 2018, in order to create a safe work space for our employees, we will administer safety inspections not only on the facilities in the blind spot of management as we currently do but also on our regional divisions each quarter.

Major Activities in 2017

Examination of Automated External Defibrillators (AED)	Inspection of Electric Safety
· Overview: Examined the proper functioning of company-owned automated external defibrillators (AED) and exchanged non-durable parts	· Overview: Conducted an inspection to strengthen the safety of electrical equipment
· Measures: Exchanged and repaired parts in 16 AEDs and provided a notification of the location of the nearest AED to each place of work	· Measures: Examined screw terminals on chargers and isolators, installed protection covers on chargers, tested isolators and examined locks on panel boards

374 Cases
Number of Abnormalities Detected and Handled in Operating Sites

Safety Inspection Performance

Safety Inspections By Season	· Inspected seasonal risk factors such as the winter season, thawing season, flood and storm season, etc.
Safety Inspections By Theme	· Inspected risk factors of in-house daycare centers, summer event facilities and the hygiene status of in-house cafeterias · Established plans for regular hygiene inspections to be conducted by Wellstory Hygiene Safety Group to prevent food poisoning
Support for Life Insurance Industry Affiliates Safety Inspections	· Supported safety inspections in buildings with Life Insurance Industry Affiliates · Conducted Life Insurance Industry Affiliates safety inspections at all sales facilities and offices in the case of Samsung SRA Asset Management
Safety Management in Noble County	· Held joint safety inspections and safety accident prevention workshops · Conducted an intensive inspection on the facility management status and operation of emergency situation scenarios
Safety Inspection in Construction Sites	· Operated a status report system in construction sites within company-owned buildings · Provided on-site safety guidance through spot checks

Managing the Physical and Mental Health of Our Employees

Samsung Life engages in a variety of activities to keep our employees healthy, both physically and mentally. In addition to operating a fitness center and an in-house cafeteria offering nutritionally-balanced meals, we encourage the use of ergonomic office supplies. We also try to create the most pleasant work environment possible by adjusting the lighting, noise, air quality, humidity and temperature to optimal levels. Moreover, we provide stress measurement services, 1:1 personal counseling and meditation/relaxation training through professional counselors at the Mental Health Counseling Center. The Center is also responsible for running the Healing Camp for customer service staff, regularly conducting stress tests for field employees or in division units and offering group counseling. In 2018, we will expand our mental health programs, strengthening role-based training for division heads and staff to raise awareness of the importance of maintaining mental health.

Establishing a Safety Culture

Expanding Safety Education

By joining hands with Seoul Metropolitan Fire and Disaster Headquarters, Samsung Life provides professional safety training to its employees through safety experts and state-of-the-art facilities. In 2017, we provided highly-effective experiential training not only to our employees but also to their families, teaching them how to effectively and swiftly handle emergencies or disasters. In 2018, we will expand the CPR training, previously offered only at the Head Office, to our offices nationwide and offer safety leader training to more employees.

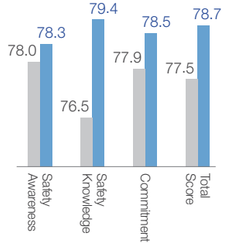


△Family safety experience training



△Employee safety leader training

Safety Awareness Survey Results



Distributing Safety and Health Materials for Raising Safety Awareness

In order to create a safe work environment, Samsung Life distributes safety and health materials to all employees on a bi-weekly basis. In 2017, we distributed posters on a variety of subjects on preventing and responding to safety accidents, including fire prevention, how to use an AED and where it is located in each work site and earthquake evacuation procedures. From August 2017, we began offering such materials to dispatched employees in an effort to raise safety awareness and promote a safety culture throughout the company.

Safety Awareness Survey

Each year, Samsung Life conducts a safety awareness survey of its employees to identify their level of safety awareness and establish safety plans based on the findings. In 2017, the overall safety awareness score was 78.7 points, continuously increasing since 2015. In particular, our employees demonstrated the highest score in safety knowledge, scoring 79.4 points which is a 2.9-point increase since the previous year. In 2018, we will consider these results in continuing to implement various safety management and awareness-raising activities for our employees.

BUSINESS CASE

Swift Response to a Bomb Threat

On April 14, 2017, a report was made that a bomb had been installed in the Samsung Seocho Tower. According to Disaster Response Guidelines, we swiftly and effectively handled the situation by evacuating 3,300 workers and shutting down the building.

The terror threat was found to be a false bomb scare. Nevertheless, we strengthened inspections and security checks on individuals entering the building to prevent similar events. We also conducted disaster evacuation drills, enhancing our employees' safety awareness.

Detailed Action Response to a Bomb Threat

Report of a Bomb Threat
- Received a report of a bomb in Samsung Seocho Tower in which Samsung Life is located

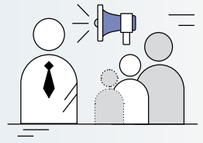
Evacuation and Search
- Completed the evacuation of all employees and resident companies in 15 minutes according to the Guidelines
- Shut down and searched the building in cooperation with the police

Completion of Event and Follow-up Measures
- Strengthened building entry inspections
- Conducted disaster evacuation drills for employees

Customer-Centric Initiatives

Management Approach

The essence of customer management is based on our management platform of customer-oriented thinking and reflection of customer opinions. As the foundation of our existence, customers come first and we carry out customer-centered management activities to earn customer trust and satisfaction.



Invigorating Customer Communication

Customer Appreciation Activities

In celebration of our 60th anniversary, the CEO and employees of Samsung Life visited the homes of our customers to show appreciation and practice customer-centered management. It provided a meaningful opportunity for us to hear directly from our customers about their thoughts on the value of insurance, confidence in Samsung Life and areas of improvement, proving to us once again the importance of customers in our business. We also held the Thanks & Talks Concert for female customers in their 30s to 50s and FCs to convey our gratitude and share a time of bonding.



△Customer visit



△Thanks & Talks Concert

Promoting Customer Communication

Samsung Life utilizes various channels to promote communication with customers. Our employees listen to customer opinions and try to resolve complaints through the VOC (Voice of Customer) Center, while providing finance and insurance-related information and communicating with customers through online channels such as blogs and Facebook. In recognition of these efforts, we were honored with the Social Media Grand Prize at the 9th Korea Internet Communication Awards for four consecutive years, rewarding companies that are committed to communicating with customers through social media.



Customer Communication Through Adverising

In 2017, Samsung Life showcased three ads under the slogan of "Insurance works. Samsung Life works.", emphasizing how it works relentlessly to create a better life and a brighter future for its customers.

Customer Communication through Social Network Services (SNS)

Company Website
Introduce Samsung Life and Latest News

Revised font size/color and menu layout to facilitate easier web access by individuals with disabilities and the elderly

Blog
Post Insurance and Finance-related Information and News on Samsung Life

Contents	2,177 contents
Cumulative Number of Blog Visitors	19.7 million people

Facebook & Twitter
Communicate with Customers in Real Time

Facebook Fans	180,468 persons
Twitter Followers	52,232 persons

(As of December 2017)

Strengthening Customer Satisfaction Services

Introduction of the On-Demand Instruction Service

Given that instruction documents are sent out via different channels depending on their type, Samsung Life's customer-centered instruction service aims to resolve the inconvenience caused by limitations in selecting the means of receiving instruction papers. In the near future, we will offer all customers the choice to select their own means of receiving instruction papers, through which we anticipate a higher instruction delivery rate and customer satisfaction.



Promoting the Three Major Assets Campaign

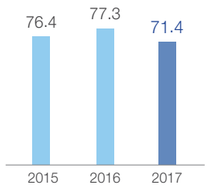
- Provide consulting on the three most important assets in life – health, old age and family.
- Share the importance of managing the three most important assets in life-health, old age and family-through TV ads, Webtoon, a "Find My three major asset" service, etc.

Providing Step-by-Step Services for Customer Satisfaction

Samsung Life is committed to providing differentiated customer service from the stage of insurance purchase to claims payment. Our Automatic Evaluation System has not only strengthened the pre-assessment but enabled our FCs to receive assessment results in real time through their tablet PCs and promptly provide a detailed explanation to customers at the insurance-purchasing stage. Through our Premium Customer-love Service, our FCs visit customers once a year to explain coverage details and how to claim insurance benefits, update customer information and assist with planning for old age, as part of post-sales management. At the benefit-claiming stage, our call center and mobile app made exclusively for benefit claims provide customers with enhanced convenience, while our Death Benefit Emergency Payment Service automatically wire transfers partial payments of death benefits in advance to provide death benefits as soon as possible.

Payment of Insurance Benefits within 24 Hours

(Unit: %)



Insurance-purchasing Stage	Policy-retaining Stage	Benefit-claiming Stage
Automatic Assessment System	Premium Customer-love Service	Customer-love Payment Service
· Strengthened pre-assessment · Enabled receipt of assessment results in real time through tablet PCs and provide detailed explanations to customers	· Provided explanations of coverage details and benefit claim support to customers on an annual basis through a visit by FCs · Improved convenience in insurance management and strengthened customer trust	· Improved convenience in claiming insurance benefits through a emergency call center and other means · Expanded benefit payments made within 24 hours

BUSINESS CASE

Minimizing Inconvenience for Senior Customers Through 'Application for Benefit Payment by Designated Proxy Service'

In response to the rising demand for the social protection of senior customers in an aging society, Samsung Life has introduced the Application of Benefit Payment by Designated Proxy Service to provide more convenience to our senior customers.

The service allows a pre-designated proxy of the insured to apply for and claim insurance benefits in the event the insured cannot apply for his/her insurance benefits due to dementia, a coma or similar conditions. The insured can designate a proxy not only at the time of but any time after purchasing a policy, in preparation for any situation that prevents the insured from claiming his/her benefits.

Designated Proxy Service Overview

Designated Proxy Service
A system by which the policyholder of a policy contract in which the policyholder is the same as the insured person and the beneficiary designates one person as his/her proxy at the time of or after purchasing the policy, in preparation for a specific situation that prevents the policyholder from being able to apply for his/her accident benefits (excluding death benefits) covered by the main contract and special contract(s)

Scope of Designated Proxy
- The spouse as stated under the family registry or resident registration that currently lives or cohabits with the policyholder (insured)
- The lineal relative of up to siblings of the policyholder's parents currently living or sharing a livelihood with the policyholder (insured)

Designation Process
- Upon Purchasing a Policy: Fill out an application form for designation of proxy
- After Purchasing a Policy: Submit an application form by visiting the plaza, an office or through FC (but not through the call center)

Field Management

Management Approach

Samsung Life recognizes the importance of understanding the field, the point of contact between the company and our customers. We believe that without an understanding of the field, we do not have an understanding of our customers, without which we cannot attain customer satisfaction. In this context, we seek to strengthen competence in the field and create a field-centered organizational culture.



Strengthening Field Sales Competitiveness

Strengthening the Training System for Consultants and Sales Managers

Samsung Life seeks to establish solid and growth-oriented sales and innovate education by strengthening the field and sales competitiveness of our consultants and sales managers. To this end, we carry out 12 strategic activities under the three major directions of "strengthening the field competitiveness of new employees," "enhancing medium- and high-efficiency competence" and "securing the expertise of trainees."

Goal	Enhance field competitiveness for solid and growth-oriented sales		
Strategies	Consultants	Trainees	Sales Managers
	· Strengthen initial training for new employees · Expand the R/P certification system · Launch medium- and high-efficiency programs · Advance high-efficiency training	· Conduct military academy style CM training · Strengthen junior-level CM competence · Enhance the competence of team heads/teams · Strengthen the competence of training staff	· Maximize the sales competence of new branch managers · Strengthen the competence of junior-level branch managers · Motivate sales managers · Enhance in-field competence for talent-fostering training

Sharing Knowhow for Autonomous and Responsible Sales

Samsung Life compiles a wide range of information from philosophy, knowhow and skills on insurance sales to best practice cases into in-house publications. In 2017, we published "A Guide to Branch Managers' Pil-Sal-Gi (meaning 'killer skills')," a compilation of customized solutions and contents for branch manager-initiated autonomous sales. In 2018, we will continue our efforts to develop contents for regional managers and FCs.



△A Guide to Branch Managers' Pil-Sal-Gi

必 (Pil: Standard guidelines that must be observed)	· Matters that must be understood and practiced by branch managers Statistics ▶ Basic Knowledge ▶ Standard Guidelines (G/L) ▶ Checklist
殺 (Sal: Best practice cases)	· Common cases and actions practiced by exemplary branch managers Statistics ▶ Action G/L, Process ▶ Best Practice Cases and Applications
技 (Gi: Other useful tips)	· Useful tips applicable by each branch and branch manager My Success Knowhow ▶ Secret Notes of the Sales Master (Managers/Executives)

BUSINESS CASE

Industry-Academia Joint Programs for Consultants

Samsung Life reinforces the competence of its consultants through its systematic internal training programs as well as professional training from outside the company. In 2017, we newly opened the Yonsei-Samsung Financial Leader Program for consultants with ten or more years in service. With this new program, we now offer the Industry-Academia Integrated Training Program for each number of years in service along with the Ewha-Samsung Academy for outstanding consultants with less than 3 years in service and the Sungkyunkwan-Samsung Master MBA Program for outstanding consultants with between three and ten years in service.

Ewha-Samsung Academy
- Foster financial professionals with expertise
- Subject: Less than 3 years in service
- Completion by 45 consultants in 2017
- Total Completion: 1,941consultants

Sungkyunkwan-Samsung Master MBA
- Intensive marketing program studying markets and customers
- Subject: 3 to 10 years in service
- Completed by 42 consultants in 2017
- Total Completion: 167consultants*

* Chung Ang-Samsung Master MBA (2006~2013, 437 consultants)

Yonsei-Samsung Financial Leader
- Advanced global leadership program for high-efficiency consultants
- Subject: More than 10 years in service
- Completed by 32 consultants in 2017*

* Newly opened in 2017

70.7 %
Tablet PC daily usage of FCs (2017)

Launching of a Consultant Brand

By launching a consultant brand, namely "Life Financial Partner, Samsung Life FCs" we instill an understanding in our consultants that their job is not simply to sell insurance products but to play the role of a financial patner responsible for financial planning throughout their customers' lives. By carrying out consultant brand activities, we not only strengthen a sense of pride among our consultants but expect to be able to prevent offboarding.





Establishing a Tablet System to Strengthen Sales Competence

By making innovative improvements to its tablet system, Samsung Life not only reinforces the sales competence of its consultants but provides greater convenience to customers by reducing the time required for executing a policy contract. Such improvements include newly developing the one-device system which does not require the use of laptop computers for executing contracts, introducing a product planning comparative analysis system and adopting a complete sales mobile verification system, enabling faster and easier execution of new policy contracts for consultants. Through these efforts, 70.7% of our consultants daily use tablet PCs and 62.4% of new businesses using tablet PCs were executed as of the end of 2017.

Upward Leveling of FCs' Sales Competence				
Four Major Directions	SIMPLE	EASY	SEAMLESS	INTERACTIVE
Major Functions	Common for All FCs	Securing of Customers	Activities/Needs	Product Planning	Contract
	- One-Device system - Fingerprint log-in - System integration	- Customer participation events - Relief consent policy	- Noteless schedule management - Automatic outgoing calls	- Use of three-tier comparison hypothesis - Reflects the difference between contractors and insured persons	- Database of electronic signatures - On-site wire transfer of first premium payment - Complete sales mobile verification system

Strengthening Field Support and Communication

"Time to Change" Campaign

In order to establish a culture of mutual respect and consideration between the Head Office and the field, we carry out the "Time to Change" campaign. In 2017, we set the campaign goal as building a Head Office-field consensus through field support. Our employees selected the main themes for field-oriented communication and carried out programs on a quarterly basis with branch managers and consultant managers. In 2018, we will offer an awareness-raising program on consumer protection for our employees and consultants.

"Time to Change" Field Communication Themes in 2017

March	May	July
New business acceptance standards and competitiveness	Importance of reducing the assessment period	Explaining the functions of universal policies

36 times
CEO Field Visit

278 times
Number of Field Visits Made by Head Office Employees

Strengthening Field Communication

In order to promote field-oriented communication and create a dynamic sales culture, the CEO and executives visit operating sites to encourage and communicate with regional managers, branch managers and consultants. In addition, we provide support for on-site sales by linking our Head Office and regional divisions through one-on-one department-to-department sisterhood, holding regional division meetings and special lectures for consultants and operating a consultation desk. Furthermore, we receive grievances and proposals from the field and actively reflect them when improving our work processes.

Win-win Strategy

Management Approach

In order to convey the noble value of insurance to customers, efforts must be made not only in Samsung Life Insurance but also in each partners. Therefore Samsung Life works towards sustainable growth while recognizing its partners as companions for developing competitiveness and values.



Fair and Transparent Partner Selection

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. Inaddition, 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	Business operation	Labor environment	Safety and health	Environmental regulations for products and services
Child labor, forced labor, inhumane treatment	Business policy/ procedures, management system	Working hours, vacation, wages, rewards	Safety inspections, emergency countermeasures, industrial accidents, workplace hygiene	Product environment, energy management, waste/ wastewater treatment

Managing Major Partners

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.

Strengthen Win-win Cooperation

Green Purchase Activation

Samsung Life is exempt from the bond deposit for the green company designated by the government. Also, the company prefer environmental certification products when bidding suppliers of fixtures and considers environmentally-friendliness as an important factor when purchasing products. 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.

Improving Competencies of Partners

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 2017, it trained all employees of computerized equipment maintenance partners on security and ethical management, which amounted to 523 people. It also provides a variety of learning and experience activities through “Junior CEO” and “Samsung Life CEO Academy” courses. As of 2017, the Junior CEO course was held 26 times in the short term and 13 times in the long term. A total of 1,048 people completed the training. Samsung Life CEO Academy was run 3 times and 100 people completed the education.

Junior CEO course

Provide diverse learning and experience activities such as business philosophy, management knowledge, and leadership lectures for children of SMEs



△Junior CEO course

Samsung Life CEO Academy

Provide Samsung's management know-how to SME CEOs, who are customers of Samsung Life, and provide leadership and learning opportunities for the latest management trends.



△Samsung Life CEO Academy

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. 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. The items purchased from partners such as office furniture, electronic products and printed materials, amount to approximately KRW 6 billion. Through the direct purchases, Samsung Life reduces its purchase costs at the same time while providing a stable sales channel to its partners.

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

Social Contribution

Our Approach to Shared Management

Given that the insurance business plays the role of a social safety net, we actively make use of such nature of the business in carrying out social contribution activities. In order to give back to society what we have received from our customers, Samsung Life participates in various activities to prevent suicide and disease, provide financial and insurance education and solve other social problems, as well as operate Serotonin Drum Clubs nationwide, and our employees and consultants engage in volunteering and donations.



Strategic Social Contribution Activities

Directions for Social Contribution

At Samsung Life, we perceive social contribution not as a matter of choice but as an essential part of our management activities. Considering the nature and characteristics of the insurance business, we engage in a wide range of social contribution activities through which we can both fulfill our social responsibilities and enhance our corporate value.

Slogan	Happy Family, Happy Life		
Directions and Activities	Social Contribution for Solving Social Issues	Education for Promoting a Desirable Insurance Culture	Global Social Contribution Activities
	· Fostering healthy youth development · Supporting child care in local communities · Preventing suicide and diseases	· Financial and insurance education for youth · Supporting family business succession of SMEs and CEO training	· Supporting educational tools and materials in Thailand and Vietnam · Supporting children from multicultural families with Vietnamese mothers to visit their homes in Vietnam · Mangrove planting volunteer activities in Thailand

Activities for Solving Social Problems

230 schools
3,500 students
Supporting the Serotonin Drum Clubs

Serotonin Drum Clubs

Samsung Life's "Serotonin Drum Clubs" support the physical and emotional health of young students by helping them relieve stress and improve concentration by playing drums. The Drum Clubs, operated through the Employees Heart Fund which is a voluntary donation fund created by Samsung Life employees, compete in the annual Drum Festival where winning schools are granted scholarships.

Saesalmaeul Program

In an effort to help solve declining fertility rate in Korea, Samsung Life runs the Saesalmaeul (meaning "village of three-year-olds") program, which includes a variety of child care services for children from prenatal to three years of age. For example, through the child care coaching service, child care experts visit the homes of parents having difficulties in raising their children and offer mentoring. In 2017, we provided parenting classes to 2,924 expectant parents and 1,342 grandparents and visited 1,135 homes to offer child care coaching.

Joint Childcare Centers

In cooperation with the Ministry of Gender Equality and Family, Samsung Life supports Joint Childcare Centers to relieve the burden of child care on parents and provide quality education to preschool children. Joint Childcare Centers offer a place in the local community where parents can come together to share information and rent toys and books for free. Through the Consultants Heart Fund, a fund created by a certain amount of donations made by consultants for each new contract signed, Samsung Life provides financial support for renovating old facilities of Joint Childcare and purchasing toys and books.

Activities Promoting a Proper Insurance Culture

33 times
Number of Health Lectures Held

Suicide Prevention Education

Samsung Life recognizes suicide not as a personal problem but a complex social issue that needs to be considered from various angles. With this understanding, we carry out a variety of activities to promote a culture of respect for life and prevent suicide in our society. In 2017, we carried out suicide prevention education in 270 middle schools nationwide and promoted campaigns in the form of webtoons and EBS documentary films emphasizing the importance of showing a greater respect for life.

Disease Prevention Activities

Samsung Life carries out disease prevention activities that align with the insurance business. Since 2012, we have joined hands with the Life Insurance Social Contribution Committee and the Korea Medical Assistance Foundation in improving the health of Koreans through disease prevention activities. Most notably, we visit regions with low access to medical information and provide local residents with informative lectures offering useful health information. In 2017, we held 33 lectures on various types of diseases for 5,272 people nationwide.

Green Activities for Youth

Samsung Life offers forest experience programs for students to help them cultivate an awareness of preserving and protecting the natural environment. In 2017, 1,420 students participated in our forest experience programs held on seven occasions and a group of outstanding students was given the opportunity to take part in the Baekdu Mountain Environment Camp.

Financial and Insurance Education

Samsung Life provides financial and insurance education to students to help them acquire a proper understanding of finance and insurance as well as encourage them to make rational financial decisions. In 2017, we developed a new financial education program using tablet PCs and NFC functionality so that students can better approach finance and insurance. Our financial and insurance education takes the form of talent donation by having undergraduate student volunteers and our employees with professional financial knowledge participate as lecturers. In 2017, we visited 218 schools, offering lectures to 14,400 of their students.







△Financial and Insurance Education for Youth

Global Social Contribution Activities

Supporting IT Education Equipment

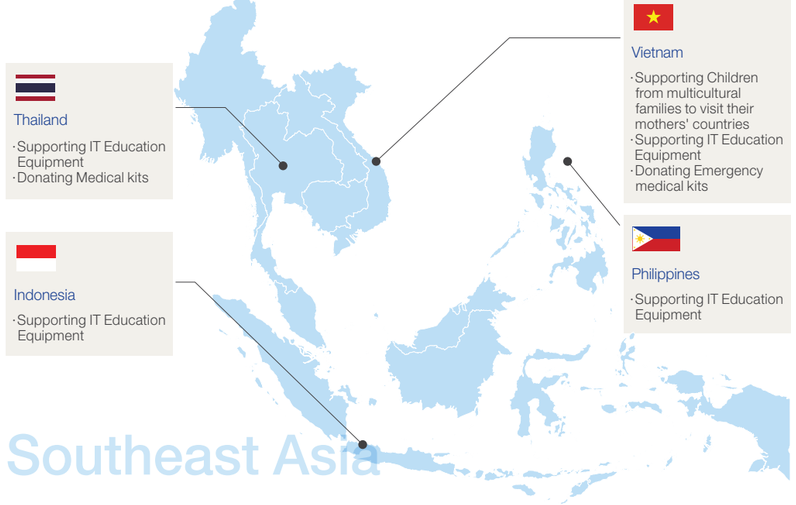
Samsung Life donates tools and materials for IT education to schools in areas with a substandard educational environment in Southeast Asian countries. With a view to enabling more underprivileged children to receive IT education in a better environment, we expanded our donation programs in 2017 from elementary schools in Thailand and middle schools in Vietnam to schools in Indonesia and the Philippines.

Supporting Children from Multicultural Families

Since 2007, Samsung Life has supported children from multicultural families in cooperation with the Korea Foundation for Women and the Life Insurance Social Contribution Committee by funding their trips to the homelands of their mothers. Through this program, we have helped members of multicultural families improve relationships, find emotional stability and settle into their lives in Korean society by providing their children with opportunities to experience the culture of their mothers' homelands and meet their relatives. In 2017, we funded 154 people from 43 families to travel to their mothers' homelands. In the past 11 years, 1,196 people (327 families) have visited their mothers' countries through the program.

Donating Emergency Medical Kits

Beginning in 2018, Samsung Life will cooperate with Korea Food for the Hungry International (KFHI) and Global Civic Sharing in providing emergency home kits, medical kits and motorcycle helmets in select regions in Thailand and Vietnam.







△Global Social Contribution Activities

Spreading a Culture of Sharing

Volunteering by Employees and Consultants

Samsung Life's employees and consultants engage in a variety of volunteer activities, making sincere efforts to contribute to society. A total of 255 volunteer teams across the country have implemented 68,785 hours of sharing in 2017. All performances and funds relating to volunteer activities are systematically managed through a computerized system named Nanum Station. In addition, the CSV Center which is in charge of our social contribution activities supports our employees and consultants to more actively participate in social contribution activities.

Sharing Through Talent Donations

Samsung Life holds the Youth Painting Contest each year to foster young artists. For over 30 years since the first contest held in 1981, the Youth Painting Contest has grown into the largest painting contest for youth in Korea with over 5.41 million participants. In 2017, we held a mural painting event participated by former winners of the Youth Painting Contest, undergraduate student volunteers and Samsung Life employees, donating their talents to brighten up the streets around schools and the minds of students through mural painting.

Social Contribution Funds

In addition to the Heart Fund, a fund created by our employees' and consultants' voluntary donation of a portion of their salary, we also operate the Matching Grant whereby every donation is matched by the company. Each fund is used to support the “Serotonin Drum Clubs” and the “Joint Child Care Centers,” respectively. In 2017, we spent KRW 41.9 billion in social contribution activities, the largest amount in the industry, including the donations accumulated in the Heart Fund and our donations made to the Joint Social Contribution Fund of the Korean Life Insurance Industry.

KRW 41.9 billion
Expenses for social contribution activities

KRW 790 million
Donations accumulated in the Heart Fund (KRW 540 million by employees and KRW 250 million by consultants)

9.8 hours
Volunteer hours per employee





△Global Social Contribution Activities

Special Page
Volunteer Activities by Samsung Life Family

In 2017, our employees made a commitment to help their neighbors by carrying out a variety of volunteer activities across the nation. Not only our employees but their families also took part in volunteer activities, delivering love and warmth to their neighbors in need and spreading a culture of sharing with one another. Samsung Life will continue to engage our employees and their families in further expanding volunteering work for our local communities and neighbors.



Great Items on Sale for Senior Citizens

A senior citizen bargaining at a bazaar hosted by Samsung Life employees at the Daegu Namsan Social Welfare Center

Daegu Family Volunteer Team



Appreciation for Korean War Veterans

Visiting the homes of Korean War veterans in celebration of Memorial Day to exchange gifts and receive words of wisdom

Reserve Forces



Making Natural Cosmetics for Senior Citizens Living Alone

Head Office Lunch Volunteering



A Special Concert at the Eden Social Welfare Foundation

Seoul Regional Office FC Choir



Wall Painting with Our Families

The wall of the entrance to Chungju Mokgye Naru Village was covered with beautiful paintings by Samsung Life employees and their families

Gangnam Sarangnuri Volunteer Team



Wishing a Healthy Summer for Senior Citizens

Employees and their children visiting senior citizens living alone on a hot summer day to deliver Samgyetang (ginseng chicken soup), wishing them a healthy summer

Daegu Family Volunteer Teams



Delivering Side Dishes for Neighbors in Low-income Areas

Employees delivering side dishes for residents in low-income areas with warm hearts in the freezing cold

Alliance Volunteering



Sustainable Management System

Samsung Life operates a sound corporate governance. We are now establishing a sustainable management system based on an advanced ethical management and proactive risk management.



81
cases
BOD Agendas Discussed (2017)

4,845
employees
Number of Employees Completed Company-wide Compliance Training (2017)

Sustainable Management System

64 Sound Corporate Governance
68 Compliance Management
70 Preemptive Risk Management

Sound governance

Governance

Pursuant to the Act on Corporate Governance of Financial Institutions enforced in August 2016, Samsung Life faithfully complies with the principles of corporate governance based on relevant regulations by reflecting the relevant provisions in our Articles of Incorporation.

The Role and Status of the BOD

Samsung Life's highest decision-making body, the Board of Directors (BOD) is responsible for deliberating and deciding on matters stipulated by law and the Articles of Incorporation, agendas delegated by the Annual General Shareholders' Meeting and the basic principles and important matters relating to corporate management. As of March 2018, the BOD consists of seven individuals, including four independent directors and three internal directors. Independent directors are experts on insurance and finance in general, appointed by the Candidate Recommendation Committee in a transparent manner without any discrimination based on gender, race, ethnicity, nationality or place of origin. In order to ensure the board's independence from management and balanced decision-making, we appoint an independent director to serve as the Chairman of the Board. Furthermore, the Board efficiently resolves various tasks and challenges of the company by holding meetings both on a regular and non-regular basis, utilizing each member's expertise to the fullest and supplementing areas that need improvement.

BOD Status (As of March 2018)

Categorization	Name	Position	Major Career Experience	Tenure
Internal Director	Sung-Chul Hyun	President & CEO	Current President & CEO, Samsung Life Former Vice President & Head-Strategic Sales, Samsung Fire & Marine Insurance	March 2018 – March 2021
	Jong-Geuk Shim	Internal director	Current Vice President & Head-Agency Sales Division, Samsung Life Former Vice President & Head-Strategic Sales, Samsung Life	March 2018 – March 2021
	Dae-Hwan Kim	Internal director	Current Senior Managing Director & Head-Management Support, Samsung Life Former Managing Director of Marketing Strategy Group, Samsung Life	March 2016 – March 2019
Independent Directors	Jun-Young Kim	Chairman of the Board	Current President Emeritus, Sungkyunkwan University Former Chairman, National Research Council for Economics, Humanities and Social Sciences	March 2015 – March 2021
	Yoon-Koo Kang	Independent director	Current Adjunct Professor, Korea University Law School Former President, Health Insurance Review and Assessment Service	March 2018 – March 2021
	Doo-Cheol Kim	Independent director	Current Professor of Global Financial Management, Sangmyung University Cheonan Campus Former Chair of the Insurance Division, Advisory Committee of the Financial Supervisory Service	June 2013 – March 2019
	Kyung-Wook Hur	Independent director	Current Advisor, Bae, Kim & Lee LLC Former Ambassador Extraordinary and Plenipotentiary of Korea to the OECD	March 2016 – March 2019

Samsung Life operates six subcommittees under the BOD. To ensure prompt and efficient decision-making, some functions of the Board are assigned to the subcommittees. Major activities and the status of their business affairs are disclosed through our website on a monthly or regular basis.

Subcommittees under the BOD (As of March 2018)

Category	Functions	Composition		
		Chairman of the Board	Independent Directors	Internal Directors
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	Sung-Chul Hyun (Internal Director)	-	Dae-Hwan Kim
Audit Committee	Assesses the appropriateness and suggests improvements of the company-wide internal control system and requests reports on company information required for audits	Doo-Cheol Kim (Independent Director)	Yoon-Koo Kang Kyung-Wook Hur	-
Related Party Transactions Committee	Manages important internal transactions between affiliates in order to improve the transparency of company management	Doo-Cheol Kim (Independent Director)	Yoon-Koo Kang Kyung-Wook Hur	-
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	Dae-Hwan Kim
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)	Yoon-Koo Kang	Dae-Hwan Kim
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	Sung-Chul Hyun

Operation of the BOD

In principle, BOD meetings are held on a regular basis once every quarter, in addition to ad extraordinary meetings convened as necessary. We define the independence of the Board through the resolution methods specified in the BOD's regulations. In the case where a director misappropriates a corporate opportunity or there is a transaction between a director and the company, decisions are made by resolution of at least two-thirds of the directors. Credit exposure of at least KRW 1 billion with major shareholders or acquisition of shares or bonds requires a unanimous decision by all directors. In 2017, 98.2% of the incumbent directors participated in 14 BOD meetings, where the Board members decided on 81 reporting and resolution items through extensive deliberation and discussion.

Expertise of the BOD

- In accordance with the Act on Corporate Governance of Financial Institutions 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.

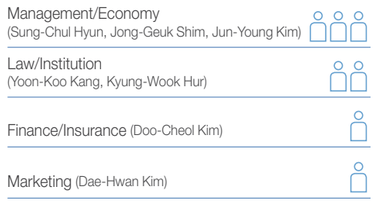
Transparency of Electing Directors

- Considering diversity without discrimination based 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

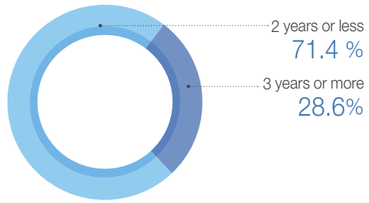
Independence of the BOD

- 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 Institutions'

Expertise of the BOD (Unit: Persons)



Term in Office (Unit: Ratio against All BOD Members)



*Qualifications for Outside Directors (Article 6 of the Act on Corporate Governance of Financial Institutions)

① The following persons shall be disqualified from being an outside director of a financial company: Provided, That a person may be qualified as an outside director, if the person becomes a specially related person of the largest shareholder under subparagraph 1 when he/she becomes an outside director.
1. The largest shareholder or a specially related person of the largest shareholder
2. A major shareholder or the spouse or a lineal ascendant or descendant of a major shareholder
3. A person who serves as a full-time executive officer or employee or a non-standing director of the relevant financial company or its subsidiary or who served as a full-time executive officer or employee or a non-standing director during the preceding three years
4. The spouse or a lineal ascendant or descendant of an executive officer of the relevant financial company
5. A full-time executive officer or employee of the company for which an executive officer or employee of the relevant financial company serves as a non-standing director
6. A person who serves as a full-time executive officer or employee of a corporation that has an important business relationship defined by Presidential Decree or a competitive or cooperative business relationship with the relevant financial company or who served as a full-time executive officer or employee of such corporation during the preceding two years
7. A person who has served as an outside director of the relevant financial company for at least six years or who has served as an outside director of the relevant financial company or its subsidiaries for at least nine years in total
8. A person specified by Presidential Decree, on any other ground, as a person who has difficulties in performing his/her duties faithfully as an outside director of the financial company or who is likely to influence the management of the relevant financial company

② If a person who has become an outside director of a financial company falls within any category of paragraph (1), the person shall forfeit his/her position.

③ An outside director of a financial company shall be a person specified by Presidential Decree, from among persons who have abundant expertise or practical experience in finance, economy, business administration, law, accounting, etc.

14 BOD Meetings Held

81 Agendas Discussed

BOD Performance (2017)

Major Resolutions of the BOD in 2017

January 2017	· Resolution on measures to handle payments for accident and death benefits · Report on evaluation results regarding the operation of the internal control system in 2016 · Participation in a capital increase for the joint venture in China, etc.
February 2017	· Report on the current status and evaluation of the internal financial management system · Report on the 2016 audit results
March 2017	· Resolution on measures to handle payments for death caused by suicide · Establishment of operating standards regarding external donations · Appointment of the Chairman of the Board, CEO, subcommittee members, etc.
April 2017	· Report on the ERP progress schedule · Report on management performance in 1Q 2017, etc.
June 2017	· Report on 2016 Financial Supervisory Service examination results · Acquisition of shares in the Thailand Office, Thanachart Bank, etc.
July/September 2017	· Report on management performance in 2Q 2017 · Withdrawal of approval on changing Samsung Securities' scope of business
October 2017	· Current status regarding management of the independent director candidate pool · Review on CEO succession plans and management of the candidate pool
November 2017	· Foundation of the labor welfare fund · Donation to the Pyeongchang Winter Olympic Games, etc.
December 2017	· Report on management performance in 2017 and plans for 2018 · Donation of funds to recipients under the Life Insurance Social Contribution Committee, etc.

Supporting Independent Directors' Participation in Management

Samsung Life supports independent directors' participation in management activities to ensure and increase their participation. We provide regular reports on important managerial matters in a timely manner, hold workshops to share information on strategies, products and management performance and provide briefings on the insurance and financial industry.

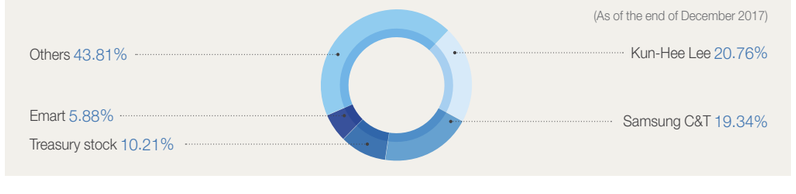
Evaluation and Compensation of the BOD

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 2017 meeting, the limit was set at KRW 20 billion (due to a freeze on increments), out of which KRW 4.6 billion was actually paid to BOD members. Since 2013, we have publicly disclosed the compensation of registered directors earning an annual salary exceeding KRW 500 million, calculated in accordance with our executive compensation regulations. More specifically, the base salary is calculated according to the standard amount decided by the BOD for each job position, in addition to individual performance as determined by the BOD, while incentives are paid depending on business management performance. Our long-term incentive system is based on the Standard Guidelines on the Performance and Compensation System in Insurance Companies to ensure that the performance of BOD members is properly reflected in their compensation.

Category	Number of Persons	Total Compensation (KRW million)	Average Compensation per person (KRW milion)
Registered Directors	2	4,164	1,851
Independent Directors	1	100	81
Auditor	3	290	96

* Number of directors is based on December 31, 2017; Average compensation per person is calculated by dividing the total compensation by the average number of persons

Shareholder Composition



Sustainability Management Governance Structure

Samsung Life operates the Sustainability Management Committee and the Working Council under the BOD to improve autonomous operation and promotion of fulfillment of the corporate social responsibilities. In April 2012, we reorganized and expanded the former Management Committee into the current Sustainability Management Committee to approach major issues of the company from the standpoints of sustainable business and social aspects.

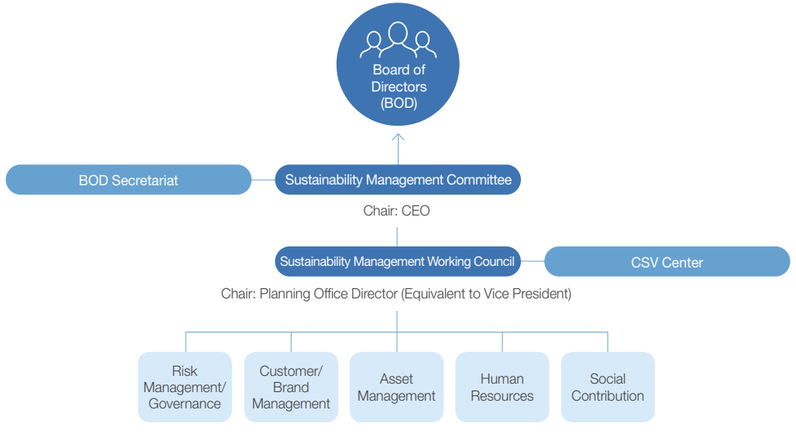
Sustainability Management Committee

The Sustainability Management Committee, our highest decision-making body regarding sustainability management, consists of two internal directors including the CEO. It is responsible for deliberating and resolving sustainability management-related issues delegated by the BOD and general managerial issues such as the company's mid- to long-term business strategies. The Committee also monitors and supervises matters relating to the company's general business operations. In 2017, we held meetings to discuss the revision of personnel regulations, organizational restructuring, and the decision of the contractor dividend rate.

Economic Sector	Social Sector	Environmental Sector
· Discuss matters relating to asset management, such as important investment decisions and real estate purchases	· Share issues relating to customers and employees · Participate and endorse initiatives regarding CSR and sustainability management	· Review important investment activities relating to the environment · Set reduction targets regarding greenhouse gas emissions and energy consumption

Sustainability Management Working Council

Under the supervision of the Sustainability Management Committee, the Sustainability Management Working Council deliberates various issues related to our financial and non-financial business activities. Consisting of six working-level departments on HR, asset management and brand management the Working Council evaluates material issues provided in our sustainability report and participates in its publication process, in addition to undertaking discussions on general sustainability management-related issues.



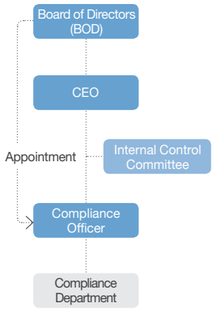
Compliance Management

Compliance Management

Organization for the Implementation of Compliance Management

Samsung Life creates an ethical corporate culture based on “action-oriented principles” that provide the standards of judgment and conduct in implementing integrity management. In December 2016, we newly established the Internal Control Committee, securing the expertise and independence of the internal control organization and strengthening its functions and roles to strictly examine violations of internal control regulations. In addition, each team is required to appoint an executive-level employee as its Compliance Manager, for whom we hold training and workshops to provide knowledge and regulatory trends on integrity management.

Organization



Performance of the Internal Control Committee (In 2017)

Deliberation and Report Agenda

- Revision of Internal Control Standards: Revision of internal control standards in line with the need to strengthen internal control as a financial investor
- Report on the Operation of the Internal Control System: Report on examination results regarding the state of operation of the internal control system

Compliance Management Infrastructure

In 2017, Samsung Life undertook a complete restructuring of its compliance portal system in order to strengthen information security management, improve work inefficiency and support fieldwork. The system-based internal control structure not only increases work efficiency but strengthens our execution ability to implement compliance management.

Direction of Compliance Portal Restructuring

Increase Work Efficiency Through a System-based Internal Control Structure

Increase Work Efficiency	Strengthen Support for Field Work	Integrate Systems
· Systematize compliance training/ inspection records · Systematize management of improvement requests · Automatize statistical data such as KPI, training completion rate, etc.	· Elaborate the autonomous management screen for each organization · Add functions regarding reporting lines and file attachments, etc. · Create a user-friendly UI environment	· Increase management efficiency by integrating internal control systems · Integrate management of the complete sales management index

Customized Training

In order to establish a culture of integrity management, Samsung Life provides various training programs to all employees depending on their job responsibilities and positions, including the “Required Compliance Training Program” which is our core integrity management program, the “Sales Manager Training Program” educating our employees on legal compliance regarding insurance sales, and the “Compliance Plus Training Program” which deals with specific themes on integrity management requested by each division.

Compliance Training Performance (2017)

Company-wide Compliance Training	· Subject: All employees · Contents: Definition of compliance (CP), fair trade and public disclosure, financial accidents and response measures, Improper Solicitation and Graft Act, anti-money laundering system, etc.	1 Session Completed by 4,845 employees
Introductory Training for New/Career Employee	· Subject: Graduates/Desk jobs/New employees with prior experience · Contents: Basic idea and necessity of CP, current status of Samsung Life's integrity management, implementation of integrity management, etc.	2 Sessions Completed by 75 employees
Sales Manager Training	· Subject: Branch manager candidates/Newly appointed branch managers · Contents: Importance of CP management in the field, cases on insurance sales risks, compliance with laws and regulations and implementation measures, etc.	6 Sessions Completed by 238 employees
Compliance Plus Training	· Subject: Employees of the requesting division · Contents: Understanding the Capital Markets Act, matters of consideration when engaging in work related to anti-money laundering, etc.	11 Sessions Completed by 409 employees
Complete Selling Training	· Subject: Sales managers/Consultant managers · Contents: Importance of CP management on the field, cases related to insurance sales risks, etc.	216 Sessions Completed by 2,512 employees

Building a Culture of Compliance Management

We carry out a variety of activities in order to expand a culture of compliance management and establish an ethical organizational culture.

Spreading a Culture of Compliance Management

Distributing Compliance Reports	Strengthening Incentives	Operating the Cyber Ombudsman System
Share knowledge and case studies on compliance with all employees by publishing a newsletter named “Compliance News”	Reward divisions with outstanding autonomous compliance management at workshops for compliance managers	Operate the Cyber Ombudsman system, a reporting channel for stakeholders, to prevent illegal or unethical conduct in violation of integrity management

Operating Compliance Program

Through our compliance program (CP), we prevent unfair trade practices among employees and unfair competition that disturbs a fair market order, while our compliance manual provides guidelines on business conduct. We carry out on-site compliance inspections in accordance with our annual inspection plans, focusing on the prevention of unfair trade practices, illegal conduct and mis-selling in the course of contract execution and sales, observance of production standards regarding insurance guide materials, prevention of unsound business practices, and adherence to customer attraction processes and procedures.

35 Cases
Inspection Results on Advertisements for Online Insurance Products (2017)

Regular Inspection on Compliance Management

We take the viewpoint of communicating with our operating sites in carrying out inspection activities, focusing on spreading a compliance culture throughout the company by guiding our employees and FCs to build a consensus on complying with laws and regulations, rather than aiming to detect violations. Based on this understanding, we inspect the production and use of promotional materials, status of public disclosure-related work and fair-trade management. In 2017, in response to increasing sales through online channels, we examined online advertisements on the Samsung Life Product Mall and our Direct website. The vulnerabilities requiring improvements or corrections were reported to relevant departments and compiled into a casebook which was used in training our employees to prevent the recurrence of similar events.

BUSINESS CASE

Local Inspection of an Overseas Subsidiary (Thai Samsung)

In response to burgeoning demands for companies to strengthen supervision of anti-money laundering (AML) systems in their overseas offices, Samsung Life conducted an inspection in Thai Samsung, its joint venture in Thailand. The inspection consisted of a pre-inspection based on materials on its system and activities and a local on-site inspection for a detailed examination of related matters. The inspection found that Thai Samsung's internal regulations and IT systems were operated in accordance with all relevant laws and regulations. However, the inspection also identified shortcomings, for which improvement measures were proposed. We will continue to monitor the AML status in Thai Samsung and devise various measures to improve its system.

Major Inspection Items

Know Your Customer (KYC)
· The process of financial institutions identifying and verifying the identity of customers, beneficial owners and the purpose of transactions

Currency Transaction Report (CTR)
· A report automatically filed with the Korea Financial Intelligence Unit for each transaction made by a financial institution withdrawing or depositing KRW 20 million or more

Suspicious Transaction Report (STR)
· A report made by a financial institution to the Korea Financial Intelligence Unit if it suspects that a certain financial transaction is related to money laundering or other illegal activities

Anti-Money Laundering Activities
· The process of detecting and preventing the laundering of illegal proceeds from crime or corruption into clean money

Preemptive Risk Management

Risk Management

1) BCP (Business Continuity Plan): A plan to guarantee a smooth implementation of core tasks in case of emergency such as disasters

Major Responsibilities of the Risk Management Committee

1. Conducting risk assessment and managing incidents
2. Analyzing business impacts
3. Establishing the resumption of work strategies
4. Establishing alternative business sites
5. Conducting mock training
6. Monitoring (internal/external) BCP management activities and reporting to executives/BOD
7. Assigning and fostering personnel exclusively in charge of BCP
8. Maintaining and managing all of the above

2) ERM: Enterprise Risk Management
3) EC: Economic Capital

Advancing Risk Management

Risk Management Organization

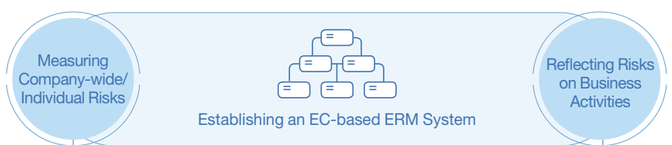
Under the BOD, Samsung Life operates the Risk Management Committee, the highest decision-making body in terms of risk management which consists of one internal director and two independent directors. The Committee is responsible for the monitoring and management of risks, including enacting and revising relevant regulations, establishing procedures, setting permissible limits and guidelines by risk type and revising the BCP[1]. In 2017, we reformed our risk management organization so that it is a function-oriented horizontally structured organization and expanded the former IFRS T/F into a regular organization called the IFRS Part to more actively respond to new policies such as the IFRS17 and K-ICS.

Major Functions of the Subcommittees under the Risk Management Committee



Risk Management Considering EC

Samsung Life balances profitability and risk through its ERM[2] system which calculates and manages the RBC ratio by considering corporate value and the total amount of corporate risk. EC[3], a tool for measuring the total amount of corporate risk, categorizes risk into five major types – risks related to ALM, insurance, credit, market and operations – and provides the basis for our business activities including asset management and product development considering risk. In addition to measuring the total limit on risks, we consider risks in reviewing returns on investment when making investment decisions and in examining product profitability when launching new products. In 2017, we strengthened the confidence level in measuring individual risks to match that of other advanced companies, in addition to upgrading our computation system for measuring corporate value and risk level so that it aligns with Solvency II, ICS (Insurance Capital Standard) and other global standards. Furthermore, our ERP system enables an integrated management of data on assets and liabilities that had previously been separately managed in individual systems. In particular, advancements in the automation level of risk computation and analysis enables us to reduce the computation period and make prompt responses to any changes in risk. In 2018, we will further strengthen the asset-product structure and develop internal models.



Measuring Company -wide/Individual Risks

- Arriving at worst case scenarios based on all assumptions
- Measure company-wide and individual risks
- Develop profitability indicators considering the sensitivity analysis of EC

Reflecting risks on business activities such as limit management

- Set a target RBC ratio
- Set and manage risk limits
- Systematize the risk measuring system
- Re-establishing an ALM system

4) VaR: Value at Risk
5) ALM: Asset Liability Management

Risk Management Systemization

For systematic risk management, Samsung Life categorizes risks into several types – risks related to insurance, ALM, credit, market, liquidity and operations – and sets permissible limits and guidelines on measuring each type of risk. In particular, we operate a VaR[4]-based measurement system for quantitative risk management and carry out risk situation analysis on a regular basis. Moreover, we detect and actively respond to potential risks in advance.

Managing Core Risks

Insurance Risk

Reducing insurance risk by managing the loss ratio (paid insurance claims/risk premium), issue limit, underwriting, reinsurance management, etc.

ALM[5] Risk

Reducing ALM risk by managing the margin in the average reserve interest rate and yield on interest bearing assets, duration gap, and asset/liability matching

Credit Risk

Granting/Managing limits on counterparty and changes in credit by follow-up evaluations

Market Risk

Managing losses under worst-case scenarios, limiting capital distribution on shares, reducing risk by adhering to principles on foreign exchange hedge regarding foreign exchange exposure

Managing Emerging Risks

Risk Factors	Risk Impacts
Increase in One-person Households	·As of 2017, the number of one-person households is approximately 5.56 million, accounting for 28.5% of the entire households. While the increase in one-person households is expected to result in the dismantling of family communities, the low birth rate and population aging are likely to accelerate. In response to these social changes, insurance companies are required to develop new products targeting one-person households. ·Mitigating actions: p.15, 22

Risk Factors	Risk Impacts
Dilemma Associated with Utilizing Big Data	·Acceleration of the digital transition enables the use of big data in marketing, contract retention and customized customer services. In turn, we face the higher possibility of leakage and misappropriation of personal information such as financial information and health records. Accordingly, we are required to take strict information security management, including the regular deletion and anonymization of customers' personal information. ·Mitigating actions: p. 34

BUSINESS CASE

Our Preparations for the IFRS 17

In preparation for the IFRS17, the new International Financial Reporting Standard scheduled to be applied in 2021, we are taking various response measures based on a thorough and accurate analysis of risks and opportunities. Compared to the currently-applied IFRS 4 which permits local accounting in each country, the IFRS 17 is expected to bring about a paradigm change throughout the overall management of insurance companies by requiring consistent accounting standards in all countries.

Accordingly, we will ensure a soft landing of the new policy by establishing systems relating to market valuation of insurance liabilities and reorganizing our risk management system. More specifically, we will establish specific standards and systems required for the application of the IFRS 17 and undertake relevant business tasks by 2020, followed by further plans to successfully stabilize the new system.

Major Tasks

- Establishing specific standards for practical application
- Establishing a response system
- Undertaking Business Transition Tasks

Strengthening Financial Information Security Management

Directions for Financial Information Security

To strengthen Financial Information security, Samsung Life implements various tasks in line with three major strategic directions.

Target	Prepare a Solid Ground for New Growth Through Convergence Security		
Strategic Directions	Respond to reputational risks	Strengthen policy governance	Secure a new information security paradigm
Major Tasks	· Identify weaknesses of applications suitable for use in a convergence security environment · Provide information security training and raise awareness	· Strengthen IT internal security control · Establish a work-based server and an environment of DB access and control · Secure and support the competence of personnel for customer information management	· Improve the PC operation environment for all employees · Proactively support new business models · Strengthen big data-based customer information protection and management systems

Information Security System

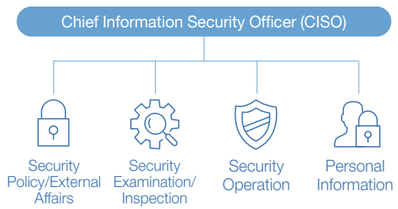
Information Security Management Certification

Samsung Life's information security management system has been certified by the ISO 27001 (2013), an international standard on information security management which assesses risk management, security policies and asset categorization. Certification is renewed each year through assessments on the latest security threats and regulatory matters.

The 2017 assessment found no inconsistencies and identified our rule-based, big data-based abnormality monitoring activities as being good points. Based on the certification, we will continue our security management efforts, raise employee awareness and competence on information security, promote customer confidence, while further strengthening our compliance activities in finance IT and security.

Information Security Management Organization

In order to strengthen our responsibilities and roles in information security, we appoint a CISO (Chief Information Security Officer)[1] to take charge of planning, coordinating and reviewing our overall information security management.



1) CISO : Chief Information Security Officer

Information Security Committee

As part of efforts to protect customer information and comply with relevant laws and regulations, we convene the Company-wide Security Committee and the Information Security Committee each month. The former, led by the CSO (Chief Security Officer)[2], is our highest decision-making and deliberation body regarding information security, while the latter, led by the CISO (Chief Information Security Officer) discusses and resolves matters relating to information technology and protection of personal information including credit information.

2) CSO : Chief Security Officer

Company-wide Security Committee led by the CSO	Information Security Committee led by the CISO
· Deliberates on matters not agreed on at the Information Security Committee · Discusses and resolves security-related matters · Committee members: executives of IT security and facility security divisions	· Discusses agenda specifically related to personal information and IT security · IT officers participate in discussing and resolving related matters · Participants: CISO, Compliance, Information Strategy Team, Digital Innovation Team, etc.

Financial Security Institute Assessment in 2017

96.7 Points

(Excellent, Grade 1)

Strengthening Financial Information

In order to strengthen information security, we engage in a variety of activities to prevent security incidents, immediately respond to accidents and enhance the security level throughout the company. In 2017, we joined hands with the Financial Security Institute to analyze and assess the vulnerabilities of our website and electronic financial infrastructure. More specifically, the assessment was conducted in six areas including the information security management system, servers, networks and web/mobile applications. Notably, we completed 100% of the on-site measures identified in the web/mobile application area during the assessment period. We will continue to strengthen our information security level by managing and upgrading related work processes.

Strengthening Financial Information Security

Preventing Security Incidents	Swiftly Responding to Accidents	Enhancing the Company-wide Security Level
· Implement stage-by-stage processes to designate a system for anonymizing personal information and processing non-critical information - Limit access to and separately store each type of customer information for each customer type	· Establish security control system and policies covering cloud access control, encryption and monitoring in response to the widespread use of cloud services	· Devise alternative measures to substitute the accredited certificate of authentication in response to FinTech, FIDO[3] and other similar technological developments
· Conduct mock training on malicious emails - Strengthen prevention of malicious codes through mock training on malicious emails resembling everyday emails	· Conduct data center disaster recovery mock training - Examine the amount of disaster recovery time in a hypothetical disaster situation	· Minimize impact on work by improving PC functions
		· Conduct offline training for security officers and each department

3) FIDO (Fast Identity Online): A new user verification system using fingerprint, iris, facial, voice or vein recognition, instead of an ID-password combination

Measuring the Security Level

In order to strengthen our security level, we have conducted security inspections, including at our subsidiaries, on a regular basis since 2015. In 2017, we carried out inspections at four of our subsidiaries, examining seven items, including information security policies and organization, security awareness, response to security incidents and physical security, to measure the level of information protection in each company. The results revealed where each subsidiary was vulnerable and make improvements in terms of information security in comparison to the 2016 inspection results. Through regular inspections, we will continue to enhance the security level in subsidiaries and strengthen information security management by taking actions to improve shortcomings.

Security Inspection Items

Information Security Policy · Information Security Organization · Security Awareness · Response to Security Incidents · Physical Security · IT Security · Personal Information Security

■ Activities for protecting customer information: p.34

Appendix

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ESG Data Disclosure

Financial Performance

In 2017, we were challenged by a series of political, economic and security uncertainties both domestically and internationally, including rising protectionism worldwide and the North Korea's nuclear threat. Even in the face of such adversities, Samsung Life accelerated its business innovation efforts centering on quality and value, achieving meaningful results. In 2017, our net income amounted to KRW 1.2632 trillion on a consolidated basis, which is a +30% increase from the previous year excluding non-recurring income from the additional acquisition of shares in Samsung Card and Samsung Securities. Our total assets were KRW 282.7138 trillion, growing by +6.8% compared to the previous year. Such outcomes can be attributed to improved profits due to a stable premium income and an increase in dividend income and interest rates, under the consistent goal of maximizing corporate value through quality- and value-centric management. In 2018, we seek to achieve more tangible performance by expanding our sales base and launching competitive new products in a favorable interest rate environment.

New Business APE and APE by Product

Samsung Life's total new business APE for 2017 was down year-on-year by -13.8% to KRW 2.774 trillion, which can be attributed to a -26% decrease in protection APE due to a -37% decrease in the Whole Life new business APE resulting from the company's decision to focus on health new business sales in accordance with its profit-oriented sales strategy. In 2017, our health new business APE increased by +12.7% year-on-year. In 2018, we seek to expand the market power of our health new business by launching a variety of new products. We also forecast an increase in protection new business APE in 2018 with expectations of new product launches and increased sales in whole life products. Meanwhile, annuity and saving APE increased by +20%, explained by a temporary increase in demand from an upcoming revision in tax laws. We will expand our market power in this area by strengthening our product lineup focusing on Bancassurance and online channels and reinforcing the competitiveness of our variable products.

(Unit: KRW trillion)

	FY2015	FY2016	FY2017
New Business APE	3.6	3.2	2.8
Protection New Business APE	2.2	2.1	1.6

Value of New Business

The value of new business generated in 2017 decreased year-on-year by -6% to KRW 1.134 trillion due to a decrease in protection APE and an increase in corporate tax rate. New business margin recorded 40.9%, a +3.1%p year-on-year increase due to changes in product mix and a rise in interest rate. In 2018, we expect growth in new business value of over +10% due to an increase in protection APE.

	Unit	FY2015	FY2016	FY2017
EV	KRW trillion	25	29	39
Value of New Business (VoNB)	KRW trillion	1.2	1.2	1.1
New Business Margin (NBM)	%	33.2	37.8	40.9

Generation and Distribution of Economic Performance

Samsung Life is committed to a fair distribution of its economic returns to its stakeholders, including shareholders, customers, employees and suppliers, through various means such as dividend payouts, claims payments, social contribution initiatives and tax payments.

(Unit: KRW 100 million)

	Operating Expenses (Excluding allocation to full-time employees)	Government (Income taxes)	Shareholders (Dividends)*	Customers (Claims paid, policy reserves)	Local Communities (Social contribution donation and expenses)	Employees (Wages, bonuses, employee benefits, severance pay)
Economic Value Distribution	9,941	4,196	3,592	195,359	419	7,701

* based on separate figures

1) Consolidated Statement of Financial Position

62nd Term : From January 1 to December 31, 2017
61st Term : From January 1 to December 31, 2016
60th Term : From January 1 to December 31, 2015

(Unit: KRW million)

Account	62th term	61st term	60th term
Ⅰ. Cash and cash equivalents	4,055,552	4,723,503	2,276,606
Ⅱ. Financial assets at fair value through profit or loss	2,861,654	2,094,584	2,337,133
Ⅲ. Available-for-sale financial assets	146,042,900	138,214,702	131,894,930
Ⅳ. Gain on financial assets at fair value through profit or loss	297,696	328,992	421,906
V. Realized gains on available-for-sale financial assets	67,072,166	60,503,788	36,462,636
Ⅵ. Derivative financial assets for hedge accounting	689,402	314,897	82,796
Ⅶ. Investments in associates and joint ventures	1,629,010	1,490,325	2,603,098
Ⅷ. Financial lease-backed bonds	559,238	792,448	-
IX. Assets held for sale	49,691	260,415	6,530
X. Investment property	6,812,422	6,854,774	7,555,922
XI. Tangible assets	1,065,818	1,454,095	1,756,873
XII. Intangible assets	1,004,315	876,511	520,765
XIII. Current tax assets	543,749	198,549	171,289
XIV. Deferred tax assets	765	5,322	-
XV. Other assets	4,705,774	5,035,748	4,686,714
XVI. Separate account assets	45,323,665	41,505,148	39,585,698
Total assets	282,713,817	264,653,801	230,362,896
Ⅰ. Insurance contract liabilities	166,897,872	158,729,147	149,118,213
Ⅱ. Policyholders' equity adjustment	9,599,619	8,075,517	6,969,288
Ⅲ. Financial liabilities at fair value through profit or loss	15,441	71,468	47,981
Ⅳ. Other financial liabilities	19,663,333	18,546,201	4,202,160
Ⅴ. Derivative financial liabilities for hedge accounting	239,429	721,269	620,184
Ⅵ. Current income tax liabilities	78,715	69,599	15,174
Ⅶ. Deferred income tax liabilities	6,668,710	4,976,383	4,427,612
Ⅷ. Provisions	239,350	309,532	162,282
Ⅸ. Other liabilities	1,009,339	988,811	500,307
X. Separate account liabilities	47,180,437	43,857,426	40,577,950
Total liabilities	251,592,245	236,345,353	206,641,151
Ⅰ. Equity of parent company	29,358,947	26,644,237	23,645,836
1. Capital stock	100,000	100,000	100,000
2. Capital surplus	63,084	63,084	6,131
3. Capital adjustments	(2,116,955)	(2,117,768)	(1,575,774)
4. Accumulated other comprehensive income	17,073,526	15,310,260	13,548,291
5. Retained earnings	14,239,292	13,288,661	11,567,188
Ⅱ. Non-controlling interests	1,762,625	1,664,211	75 ,909
Total equity	31,121,572	28,308,448	23,721,745
Total liabilities and equity	282,713,817	264,653,801	230,362,896
No. of subsidiaries for consolidation	102	86	61

※ Drafted according to the consolidated financial statements of K-IFRS (Korean International Financial Reporting Standards)

2) Consolidated Statement of Comprehensive Income

62nd Term : From January 1 to December 31, 2017
61st Term : From January 1 to December 31, 2016
60th Term : From January 1 to December 31, 2015

(Unit: KRW million)

Account	62th term	61st term	60th term
[Operating revenue]	31,959,034	30,428,633	27,705,927
[Operating expenses]	30,268,428	29,442,112	26,557,433
[Operating income]	1,690,606	986,521	1,148,494
[Non-operating revenue]	178,496	2,645,582	344,046
[Non-operating expenses]	186,330	1,024,627	121,027
[Consolidated earnings before taxes]	1,682,772	2,607,476	1,371,513
[Income tax expenses]	419,565	457,520	161,940
[Profit for the year]	1,263,207	2,149,956	1,209,573
[Other comprehensive income (loss), net of tax]	1,781,097	1,772,784	1,060,247
[Total comprehensive income for the year]	3,044,304	3,922,740	2,269,820
1. Profit attributable to:	1,263,207	2,149,956	1,209,573
Ownership equity of parent company	1,166,121	2,054,267	1,211,233
Non-controlling interests	97,086	95,689	(1,660)
2.Total comprehensive income attributable to:	3,044,304	3,922,740	2,269,820
Ownership equity of parent company	2,929,387	3,816,236	2,271,193
Non-controlling interests	114,917	106,504	(1,373)
[Earnings per share (Unit: KRW)]	6,494	11,407	6,418
No. of companies included in consolidation	102	86	61
Domestic	89	74	49
Overseas	13	12	12
No. of subsidiaries listed in Korea	1	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

Tax Policy

As one of the three major principals of the national economy, the company must fulfill its duty of taxation in order to maintain national and cooperative groups. Samsung Life is the parent of the consolidated financial statements. Owing to this fact, Samsung Life is obliged to watch over its subsidiaries, both domestic and overseas, and manages to fulfill their tax obligations according to domestic and international tax laws.

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

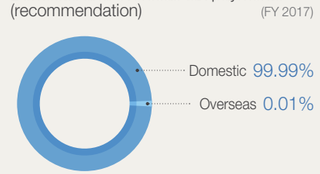
In order to identify and manage various tax risks, Samsung Life constantly monitors domestic and overseas tax-related regulations and government policies. In addition, the internal control system enhances the reliability and accuracy of the tax reconciliation and accounting process. To minimize tax risk,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

	FY2015	FY2016	FY2017
Income tax paid[1)]	412,457	480,076	122,120
Deferred tax[2)] changes due to a temporary difference	232,362	543,449	1,696,884
Income tax expenses directly included in capital	(354,108)	(601,600)	(1,374,542)
Income tax expenses[3)]	161,940	457,520	419,565

(Unit: KRW million)

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 payments (recommendation) (FY 2017)



3) Statement of Changes in Equity

62nd Term : From January 1 to December 31, 2017
61st Term : From January 1 to December 31, 2016
60th Term : From January 1 to December 31, 2015

Samsung Life and Samsung Life's subsidiaries

(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, 2015 (beginning 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
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 year before 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 prior 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)	(96,878)
8. Remeasurements of net defined benefit plans	-	-	-	(19,821)	-	(19,821)	1,628	(19,821)
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 prior year)	100,000	63,084	(2,117,768)	15,310,260	13,288,661	26,644,237	1,664,211	28,308,448
January 1, 2017 (beginning 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
Ⅰ. Total comprehensive income for the year								
1. Profit for the year	-	-	-	-	1,166,121	1,166,121	97,086	1,263,207
2. Change in value of available-for-sale financial assets	-	-	-	1,826,723	-	1,826,723	13,736	1,840,459
3. Change in value of held-to-maturity financial assets	-	-	-	(186)	-	(186)	-	(186)
4. Change in value of derivative financial instruments for hedge accounting	-	-	-	(32,331)	-	(32,331)	4,453	(32,331)
5. Shares of other comprehensive income (loss) of associated and joint ventures	-	-	-	3,918	-	3,918	-	3,918
6. Other comprehensive income of separate accounts	-	-	-	(36,173)	-	(36,173)	-	(36,173)
7. Profit and loss in conversion from overseas business	-	-	-	(11,353)	-	(11,353)	(1,422)	(12,775)
8. Remeasurements of net defined benefit plans	-	-	-	12,668	-	12,668	1,064	13,732
Ⅱ. Dividends paid to shareholders								
1. Annual dividends	-	-	-	-	(215,490)	(215,490)	(39,528)	(255,018)
2. Paid-in capital increase	-	-	813	-	-	813	23,025	23,838
December 31, 2017 (end of current year)	100,000	63,084	(2,116,955)	17,073,526	14,239,292	29,358,947	1,762,625	31,121,572

4) Consolidated Cash Flow Statement

62nd Term : From January 1 to December 31, 2017
61st Term : From January 1 to December 31, 2016
60th Term : From January 1 to December 31, 2015

Samsung Life and Samsung Life's subsidiaries

(Unit: KRW million)

Account	62th term	61st term	60th term
Ⅰ. Cash flow from operating activities	1,608,186	4,834,400	5,288,088
1. Cash generated from operations	(5,063,975)	(1,452,282)	(719,502)
A. Profit for the year	1,263,207	2,149,956	1,209,573
B. Adjustments in expenses and revenues (Footnote 37)	3,447,084	4,123,921	5,971,002
C. Changes in operating assets and liabilities (Footnote 37)	(9,774,266)	(7,726,159)	(7,900,077)
2. Interests received	6,678,669	6,666,585	5,832,101
3. Interests paid	(346,715)	(333,251)	(100,376)
4. Dividends received	773,515	448,334	367,057
5. Income taxes paid	(433,308)	(494,986)	(91,192)
Ⅱ. Cash flow from investing activities	(3,835,319)	(2,934,095)	(7,176,636)
1. Proceeds from disposal of available-for-sale financial assets	8,471,322	11,222,559	13,912,184
2. Payment for acquisition of available-for-sale financial assets	(12,506,795)	(13,504,092)	(19,751,363)
3. Proceeds from disposal of held-to-maturity financial assets	31,713	94,548	328,039
4. Settlement of derivative financial instruments for hedge accounting	(68,383)	(140,929)	(217,392)
5. Proceeds from disposal of investments in associated and joint ventures	15,820	26,441	27,507
6. Payment for acquisition of investments in associates and joint ventures	(91,537)	(502,533)	(9,666)
7. Payment for acquisition of investment properties	855,826	786,999	273,814
8. Proceeds from disposal of investment properties	(270,064)	(694,132)	(1,606,914)
9. Payment for acquisition of property and equipment	-	679,823	51,655
10. Proceeds from disposal of property and equipment	(68,765)	(131,107)	(67,604)
11. Payment for acquisition of intangible assets	11,195	342,517	20,456
12. Proceeds from disposal of intangible assets	(286,261)	(176,213)	(117,536)
13. Proceeds from disposal of assets held for sale	89,787	48,930	7,389
14. Increase (decrease) due to changes in consolidated coverage	-	(983,438)	675
15. Increase (decrease) due to business merge	(26,007)	20,445	(41,840)
16. Others	6,830	(23,913)	13,960
Ⅲ. Cash flow from financial activities	1,558,230	552,932	(52,634)
1. Payment of dividends	(255,018)	(446,095)	(340,335)
2. Payment for acquisition of treasury stocks	-	(541,994)	(488,097)
3. Increase in loans	(10,575,000)	(14,187,116)	-
4. Decrease in borrowings	10,637,000	15,165,434	532,815
5. Issue of bonds	39,536,584	38,544,260	-
6. Redemption of bonds	(38,232,267)	(37,624,400)	-
7. Increase (decrease) in non-controlling interests	446,931	(357,157)	242,983
Ⅳ. Net increase in cash and cash equivalents	(668,903)	2,453,237	(1,941,182)
Ⅴ. Cash and cash equivalents at the beginning of the year	4,723,503	2,276,606	4,216,720
Ⅵ. Effects of change in foreign currency exchange rates on cash and cash equivalents	952	(6,340)	1,068
Ⅶ. Cash and cash equivalents at the end of the year	4,055,552	4,723,503	2,276,606

Social Performance

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 2017, Samsung Life had no cases of such violations.

Status of Employees

Category				Unit	2015	2016	2017
Employee status	Total number of employees[1]			Persons	5,339	5,311	5,264
	By employment type	Full-time employment	Male		2,809	2,856	2,865
			Female		2,328	2,300	2,248
		Indefinite contract employment	Male		6	6	6
			Female		0	5	3
		Specialized general contract employment	Male		130	90	77
			Female		66	54	65
	By age	Less than 30 years old	Male		332	347	318
			Female		893	764	647
		30 - 50 years old	Male		2,478	2,433	2,399
			Female		1,470	1,552	1,614
		Over 50 years old	Male		135	172	231
			Female		31	43	55
	No. of new recruits				196	208	190
	No. of disabled employees				1.6	1.4	1.5
	Turnover rate[2]			%	0.6	0.4	0.4
	Retirement rate[3]				2.0	1.9	1.6
Retirement pension plan[4]	Defined benefit-based (DB)			KRW billion	302.8	348.1	344.0
	Defined contribution-based (DC)				32.4	42.8	59.8
Maternity Protection[5]	Ratio of employees using parental leave			%	8.3	7.9	8.6
	Ratio of return to work after parental leave				93.1	92.5	93.5
	Ratio of Employees working more than one year after returning from parental leave[6]				-	-	85.5

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) DB: every year, Calculate the retirement allowance at the current level based on the employees at the end of the year, and earn the amount at the end of the year considering the average wage, working years, the retirement allowance

DC: once a year, the 1-year retirement allowance is transferred to the DC retirement annuity, and the estimated amount varies depending on the investment returns of the employee.

5) For the Maternity protection of female employees working hour reduction during childcare period, parental leave (max. 2 years through application), counseling/ childcare item rental service through Maternity Protection Center, production of maternity name placard, provision of maternity protection goods, support for the work assistants to adjust the workload of maternity

6) Data Management from 2017 and continue to report in the future

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.

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. The issues resolved in the collective bargaining agreement are applied to all employees except executives.

Status of Labor Union

Category	FY2015	FY2016	FY2017
Labor union status (Persons)	3,365	3,405	3,379
Labor union membership rate (%)	63.0	64.1	64.3

Environment Performance

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. Also, 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 Management

Samsung Life has reduced amount of energy use by 400TJ through 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, insulation of external walls of office buildings by applying insulating films, controlling indoor temperatures and changing old energy consuming facilities (boilers).

* Estimation of energy and greenhouse gas emissions is based on the 'Guidelines for Greenhouse Gas & Energy Target Management System'

Category	Unit	2015	2016	2017	2017 Goal	2018 Goal
Fuel	TJ	521	384	341	-	-
Electricity	TJ	2,011	1,705	1,323	-	-
Steam	TJ	20	20	21	-	-
Total amount of energy use	TJ	2,552	2,109	1,685	2,051	1,631
Amount of energy use per square meter	TJ/ 1,000m^2	1.3	1.3	1.1	-	-

Greenhouse gas Management

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).

Category	Unit	2015	2016	2017	2017 Goal	2018 Goal
Direct emissions (Scope 1)	tCO_2eq	46,132	40,484	37,027	35,909	32,843
Indirect emissions (Scope 2)	tCO_2eq	98,499	83,533	65,043	74,094	57,693
Total emissions	tCO_2eq	144,631	124,017	102,070	110,003	90,536
Amount of greenhouse gas emissions Per unit area	tCO_2eq/ 1,000m^2	75	73	76	-	-

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 2017 amounts to 638 tons.

Category		Unit	2015	2016	2017	2017 Goal
General waste	Recycled	TON	1,221	835	2,293	-
	Outsourced	TON	1089	1,341	546	-
Designated waste	Outsourced	TON	3	94	2	-
Total output		TON	2,313	2,270	2,841	2,247

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.

Category	Unit	2015	2016*	2017	2017 Goal	2018 Goal
Tap water	m^3	1,444,366	1,287,366	1,161,701	-	1,045,531
Reusable wastewater	m^3	17,347	6,987	22,175	-	19,958
Total amount of use	m^3	1,461,713	1,294,353	1,183,876	1,284,857	1,065,489

* Data in 2016 modified by change in collection method

Independent Assurance Statement

LRQA Independent Assurance Statement

Relating to Samsung Life Insurance Co., Ltd.'s Integrated Report for the 2017 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 '2017 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 practise, 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 Standards[1]: Core option
· Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  · GRI 200 (Economic): 201-1, 201-3, 203-1, 203-2, 205-2
  · GRI 300 (Environmental): 301-1, 302-1, 302-3, 302-4, 305-1, 305-2, 305-4, 305-5
  · GRI 400 (Social): 401-3, 402-1, 403-1, 403-4, 404-1, 404-2, 405-1, 405-2, 408-1, 409-1, 412-1, 412-2, 413-1, 417-1, 417-2, 417-3, 418-1, 419-1

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 SLI's 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 is material and that these criteria are not biased to the company's management.

· Responsiveness:
SLI has reported its sustainability performance in the report. As part of a due diligence on human rights, SLI assessed the level of management of human rights for some of its subsidiaries for the first time and reported the results in the report. In the future, we expect more advanced status of SLI's approaches on human rights including human rights impact assessments, establishment of goals and effective measures, etc.

· Reliability:
SLI has reliable data management systems.

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.

Lloyd's Register LRQA

Signed Signed Dated: 23rd May 2018

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

LRQA reference: SEO6023825

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1) https://www.globalreporting.org

GRI Content Index

General Disclosures

Classification	Disclosure	Indicators	Page	Note
GRI 102: General Disclosure 2016	102-1	Name of the organization	6	
	102-2	Activities, brands, products, and services	10-15	
	102-3	Location of headquarters	6	
	102-4	Location of operations	6	
	102-5	Ownership and legal form	6, 66	
	102-6	Markets served	6	
	102-7	Scale of the organization	6, 75~79	
	102-8	Information on employees and other workers	80	
	102-9	Supply chain	19, 36, 37, 54	
	102-10	Significant changes to the organization and its supply chain	-	Business Report 9~10 page
	102-11	Precautionary Principle or approach	70, 71, 81	Environmental Management System(ISO14001)
	102-12	External initiatives	86	
	102-13	Membership of associations	88	
	102-14	Statement from senior decision-maker	2, 3	
	102-16	Values, principles, standards, and norms of behavior	68	
	102-17	Mechanisms for advice and concerns about ethics	68, 69	
	102-18	Governance structure	7, 64~67	
	102-40	List of stakeholder groups	18	
	102-41	Collective bargaining agreements	80	
	102-42	Identifying and selecting stakeholders	18	
	102-43	Approach to stakeholder engagement	18	
	102-44	Key topics and concerns raised	18	
	102-45	Entities included in the consolidated financial statements	-	Business Report 3~10 page
	102-46	Defining report content and topic Boundaries	18	
	102-47	List of material topics	18	
	102-48	Restatements of information	-	Included relevant information
	102-49	Changes in reporting	The back cover	About this report
	102-50	Reporting period	The back cover	About this report
	102-51	Date of most recent report	The back cover	About this report
	102-52	Reporting cycle	The back cover	About this report
	102-53	Contact point for questions regarding the report	The back cover	About this report
	102-54	Claims of reporting in accordance with the GRI Standards	The back cover	About this report
	102-55	GRI content index	84,85	
	102-56	External assurance	82,83	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18	
	103-2	The management approach and its components	85	
	103-3	Evaluation of the management approach	85	

Material Topics

Economic Performance(GRI 200)

Classification	Disclosure	Indicators	Page	Note
GRI 201: Economic Performance 2016	103-1, 2, 3	Management Approach	75	
	201-1	Direct economic value generated and distributed	75	
	201-3	Defined benefit plan obligations and other retirement plans	80	
GRI 203: Indirect Economic Impacts 2016	103-1, 2, 3	Management Approach	28, 56	
	203-1	Infrastructure investments and services supported	28~31	Investment in SOC, renewable energy
	203-2	Significant indirect economic impacts	56~61	Financial Education
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	68, 69	Not for Board of Directors

Environmental Performance(GRI 300)

Classification	Disclosure	Indicators	Page	Note
GRI 301 Materials 2016	103-1, 2, 3	Management Approach	81	
	301-1	Materials used by weight or volume	81	
GRI 302 Energy 2016	103-1, 2, 3	Management Approach	81	
	302-1	Energy consumption within the organization	81	
	302-3	Energy intensity	81	
	302-4	Reduction of energy consumption	81	
GRI 305 Emissions 2016	103-1, 2, 3	Management Approach	81	
	305-1	Direct (Scope 1) GHG emissions	81	
	305-2	Energy indirect (Scope 2) GHG emissions	81	
	305-4	GHG emissions intensity	81	
	305-5	Reduction of GHG emissions	81	569.89tCO_2e

Social Performance(GRI 400)

Classification	Disclosure	Indicators	Page	Note
GRI 401 Employment 2016	103-1, 2, 3	Management Approach	80	
	401-3	Parental leave	80	No data on parental leave subjects
GRI 402 Labor/Management Relations 2016	103-1, 2, 3	Management Approach	80	
	402-1	Minimum notice periods regarding operational changes	-	Article 30 of personnel policies, 30 days specified
GRI 403 Occupational Health and Safety 2016	103-1, 2, 3	Management Approach	48	
	403-1	Workers representation in formal joint management–worker health and safety committees	48	
	403-4	Health and safety topics covered in formal agreements with trade unions	48	
GRI 404 Training and Education 2016	103-1, 2, 3	Management Approach	46	
	404-1	Average hours of training per year per employee	46	Not managed by gender
	404-2	Programs for upgrading employee skills and transition assistance programs	45, 46	
GRI 405 Diversity and Equal Opportunity 2016	103-1, 2, 3	Management Approach	80	
	405-1	Diversity of governance bodies and employees	64, 80	Board of Directors consists of men over 50 years old
	405-2	Ratio of basic salary and remuneration of women to men		Not impose any pay discrimination for new employees based on gender.
GRI 408 Child Labor 2016	103-1, 2, 3	Management Approach	47	
	408-1	Operations and suppliers at significant risk for incidents of child labor	-	Results of human rights reviews for four Life Insurance Industry Affiliates , no cases
GRI 409 Forced or Compulsory Labor 2016	103-1, 2, 3	Management Approach	47	
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	Results of human rights reviews for four Life Insurance Industry Affiliates , no cases
GRI 412 Human Rights Assessment 2016	103-1, 2, 3	Management Approach	47	
	412-1	Operations that have been subject to human rights reviews or impact assessments	47	
	412-2	Employee training on human rights policies or procedures	47	Sexual harassment prevention Education: 5,323 employees
GRI 413 Local Communities 2016	103-1, 2, 3	Management Approach	56	
	413-1	Operations with local community engagement, impact assessments, and development programs	56~61	
	FS14*	Activities providing financial services to the socially underprivileged, including low income groups and the disabled, etc.	23, 33	
GRI 417 Marketing and Labeling 2016	103-1, 2, 3	Management Approach	21, 35	
	417-1	Requirements for product and service information and labeling	21	
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	2cases (Business Report 475 page)
	417-3	Incidents of non-compliance concerning marketing communications	-	1case (Business Report 475 page)
GRI 418 Customer Privacy 2016	103-1, 2, 3	Management Approach	34	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	34	
GRI 419 Socioeconomic Compliance 2016	103-1, 2, 3	Management Approach	68	
	419-1	Non-compliance with laws and regulations in the social and economic area	-	3cases (Business Report 475 page)
Product portfolio	FS8*	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	31	

* The Financial Services Sector Supplement (FSSS) was excluded from Independent Assurance.

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

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 SME CEOs
- Samsung Life CEO Academy to offer leadership and business trend for SME CEOs

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

- Financial and Insurance education to provide financial and economic knowledge so as to acquire a proper understanding of finance and insurance
- Support to elementary school in Thailand and middle school in Vietnam by providing them with educational materials and equipment

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 5.
Achieve gender equality and empower all women and girls

- Provide parenting classes to expectant parents and offer child care coaching
- Support children from multicultural families to visit their homelands so as to help them achieve emotional stability and settle down in Korean society

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

Awards and Memberships

Awards

Listed on the Dow Jones Sustainability Index (DJSI) World for 6 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 2017, Samsung Life was listed on the DJSI World for six 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 14 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 2017, Samsung Life has topped the surveys life insurance category for the 14th year.

Ranked as the No. 1 Insurance Company in the Korea Standard Service Quality Index (KS-SQI) for 15 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 15 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 13 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 13 consecutive years in recognition of its continuous implementation of customer- oriented management practices.

Received Grand Prize at the 10th 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 industry 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

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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, 2017 and December 31, 2017. In the case of changes in the method of data collection from the previous report, it was amended according to the 2017 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 2018 were included.
- In some cases, data from the past three years were also included to highlight certain trends.

Reporting Scope

- Financial Data: We reported with consolidated earnings from 2017 (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 complies with Standards Sustainability Reporting Guidelines of GRI(Global Reporting Initiatives), and fulfills the conditions in accordance with the 'Core' grade

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.

Contact Information

CSV Center, Samsung Life Insurance
Tel +82-2-2259-7627
E-mail doheonlife.kim@samsung.com


2017


2016


2015


2014


2013


2012



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