2018-2019 Samsung Life Insurance Integrated Report

SAMSUNG LIFE INSURANCE

CONTENTS

COVER STORY

Responsible Life Finance

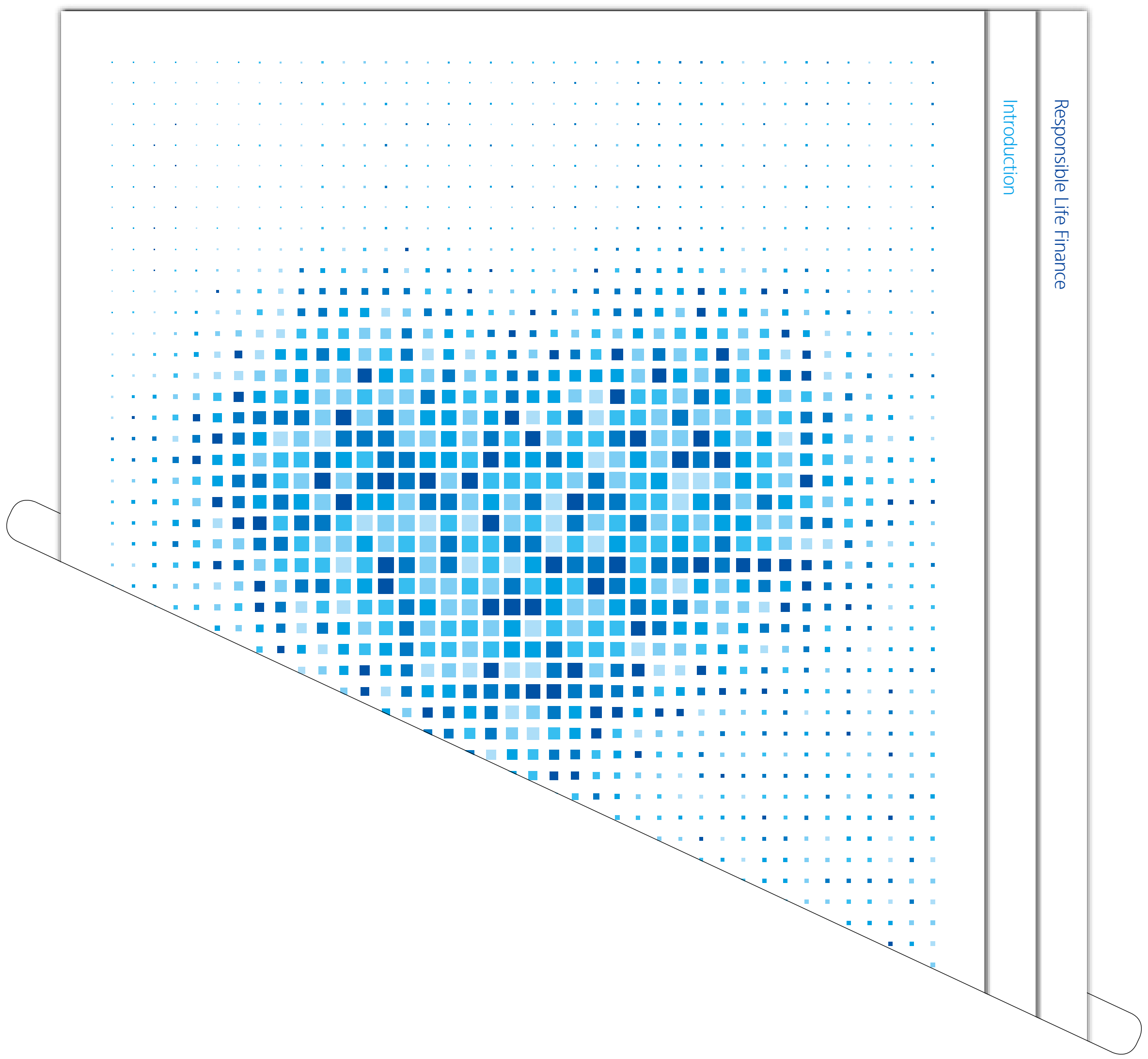
At Samsung Life, we take responsibility for the finances for our customers' lives. Our customers will find us by their side through any ups and downs in their lives. The cover image of this report represents the dynamics of the continuous innovation that enables us to give back the love we have received from our customers with even greater love.

A description of Samsung Life starts after the cover page.

SAMSUNG LIFE INSURANCE

This report represents Samsung Life's commitment and promise to our customers for the next 100 years.

As the most respected life insurance company in Korea for the past half century, Samsung Life aims to develop into a world-class company. Based on its strong commitment to deliver the noble value of life insurance, Samsung Life continues to engage in a wide-range of sustainability management activities, while returning the support and appreciation of its customers back to society.



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CEO's Message

Samsung Life will stand firm in our commitment to our role as a corporate citizen through consistent devotion to sustainable management and by paying forward the love we received from our customers to our society.

Dear Stakeholders,

First and foremost, we deeply appreciate your unwavering support and the trust you have shown to Samsung Life Insurance.

Thanks to your encouragement, we are fulfilling our business values despite the harsh business environment with unprecedented challenges such as staggered economic growth and intense competition in a saturated insurance market. Particularly in 2019, the situation of global and domestic life insurance markets appears to be just as formidable as the previous years. There are increasing concerns of a global recession, especially among major economic players such as the European Union and China. The prolonged trade dispute between China and USA is another critical factor that may affect the global market situation. Domestically, it is urgently required for companies to make fundamental changes in preparation of with low economic growth, with new accounting standards and strengthened customer-related regulations.

Since 2018, Samsung Life has strived to secure its leadership as a life financial partner to customers and a social value creator through superior business innovation. By publishing our accomplishments and mid- to long-term strategies in this 2018-2019 Integrated Report, we promise to contribute to the development of the life insurance industry and the establishment of a sound culture of life insurance.

Reinforcing Competitiveness in Customer-oriented Products/Services

By providing life insurance products and services based on a truly customer-oriented paradigm, Samsung Life will continue its leadership in the industry and drive the market with ethical management. In addition, we will innovate distribution channel platforms and improve consultants' professional competence to sensitively respond to changes in customer demands and market trends, leading to market expansion. In accordance with the government's emphasis on customer protection, we will be increasingly proactive in ensuring customer satisfaction through improved convenience. This includes improving the customer service system and delivering authentic services.

Enhancing Capability to Manage Assets and Risks

Given the long-term nature of the life insurance industry, financial stability is crucial. The advancement of risk management competence is particularly significant in achieving improved asset management efficiency and financial soundness when return in asset management is low due to prolonged low interest rates. To prepare against changes in the account system and improve the immediacy of decision-making and our responsiveness, Samsung Life will apply global risk models and reform the organization in addition to securing the integrated risk management system that has been established on a company-wide level.

Strengthening New Technology, New Business Items and Overseas Business

We will break through the limitations of the saturated domestic life insurance market by developing new business items and reinforcing overseas business. To preoccupy new markets, we plan to develop new technologies and explore new business items that reflect changes in lifestyle and demographic structure caused by low birthrates and the aging population. Furthermore, we will advance the management system for joint ventures in Thailand and China and reinforce the competitiveness of distribution channels for superior customer service. Beginning in 2019, which marks the first year of Digital Innovation, we will do our best to recruit digital talents, develop new technologies and innovate our operations as well as our insurance and customer service systems that are tailored to the digital era in order to offer highly-efficient management and competitive customer experiences.

Invigorating an Interactive, Innovative Organization Culture, and Creating Social Value

By authentically communicating "One Mind, One Way", Samsung Life aims to create an engaging work environment to solidify an organization culture that is healthy and sophisticated. Through self-directed learning, we will cultivate a culture where employees approach their tasks with a sense of responsibility and seek innovative opportunities to stabilize an operation-oriented culture. By creating and expanding inventive social values, we will devote ourselves to the sound growth and development of the Korean society. Under the motto of 'Volunteering with sincerity, Volunteering with authenticity', all Samsung Life employees, consultants, and their families will extend their hearts to the society through the act of sharing and serving. Moreover, we will be proactive in uncovering solutions for life-related issues including youth education, low birthrate and suicide.

Respected Stakeholders,

Since the establishment of Samsung Life Insurance in 1957, the business environment has been harsh. However, Samsung Life has grown into a Trustworthy Life Financial Partner by constantly innovating and tackling challenges, powered by your trust and support. Keeping this in mind, we will consistently strive for sustainable management, fulfilling our role as a corporate citizen and a compassionate company that pays forward the love we received from our customers to our society. I extend my sincere gratitude to all of you and ask for your steadfast love and support.

Thank you.

June 2019

Sung-Chul Hyun President & CEO

S. C. hyun.

2018-2019 Highlights

Samsung Life's Key Sustainability Management Activities and Performance in 2018

Establishing Vision 2023

Since its foundation in May 1957, Samsung Life has maintained its position as a leading company in the life insurance industry thanks to our customers' support and trust for over the past 60 years.
In 2018, we established a new mid- to long-term vision entitled "Trustworthy Life Financial Partner" in pursuit of sustainable growth.

7p

New Biz Idea Contest

New Biz Idea Contest, an in-house idea contest, was held in order to explore new business items for future growth and to drive a creative culture. Out of the 213 proposals submitted, 6 ideas were selected for the main contest, where they will be explored in depth, tested, and analyzed for their feasibility as a business model.

35p

Ranking No. 1 in NCSI for 15 Consecutive Years

For unrivaled customer service and convenience, we have been ranked No. 1 in the life insurance sector of the National Consumer Satisfaction Index(NCSI) for 15 consecutive years.

91p

Fortifying Innovation of Distribution Channels

To promptly response to customers' needs and market changes, Samsung Life improves Affiliated Agents that allows business growth, and consistently innovates the Independent Agents including GA(General Agency) and BA(Bancasurance).

25p

Colleagues We Like to Work with, A Workplace We Like to Work for

In accordance with the 52-hours policy regulated by the government and increased perception of work-life balance, Samsung Life is proactively changing the work environment and organization culture. Practices such as PC On/Off policy, Double Plus Week(vacation policy), Work Diet, have positive impacts on work engagement. In addition, culture of self-directed learning enables Samsung Life to be competitive in creativity and innovation.

32p~35p

Building an Interactive Culture through Town Hall Business Meetings

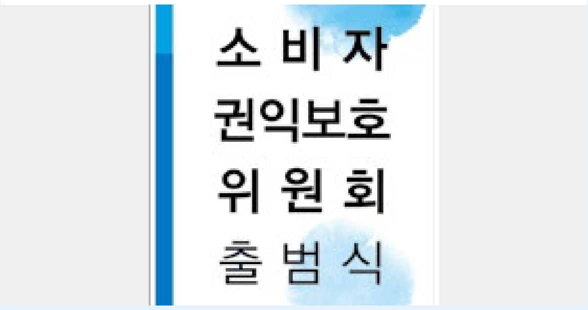
Company-wide Town Hall Business Meeting between executives and employees were held to share business-related information, such as management policies, strategies, their outcomes and so on. Led by the invigorated communication activities, a culture of trust has been renewed, which is a driving force that will fulfill the vision of Life Financial Partner for our customers.

34p

Establishing the Consumer Rights Protection Committee

We established the Consumer Rights Protection Committee as part of our efforts to strengthen customer-centered business. The committee is leading the protection of consumer rights, by reviewing conflicts between the company and customers and offering advice on consumer rights protection policies.

22p



Accelerating Digital Innovation through RPA

Adoption of RPA(Robotic Process Automation) allows us to promptly respond to the changes of digital technologies, and create environments for work efficiency. From October 2018 to April 2019, not only efficiency but also employee satisfaction improved by reducing a total of 24,000 working hours from approximately 50 jobs.

30p, 33p

Producing the Commercial Series, "Responsible Life Finance"

We showcased three advertisements describing Samsung Life as a "Life Financial Partner", standing by the customers' side through their ups and downs for a better and happier future.

10p~15p

Strengthening Social Contribution Activities

We execute a variety of social contribution activities related to the insurance industry, including education for youth, confronting low fertility rates and suicide prevention. In a spirit of 'Volunteering with Sincerity, Volunteering with authenticity', employees and consultants actively engaged in the activities across the country to help the neighbors in need.

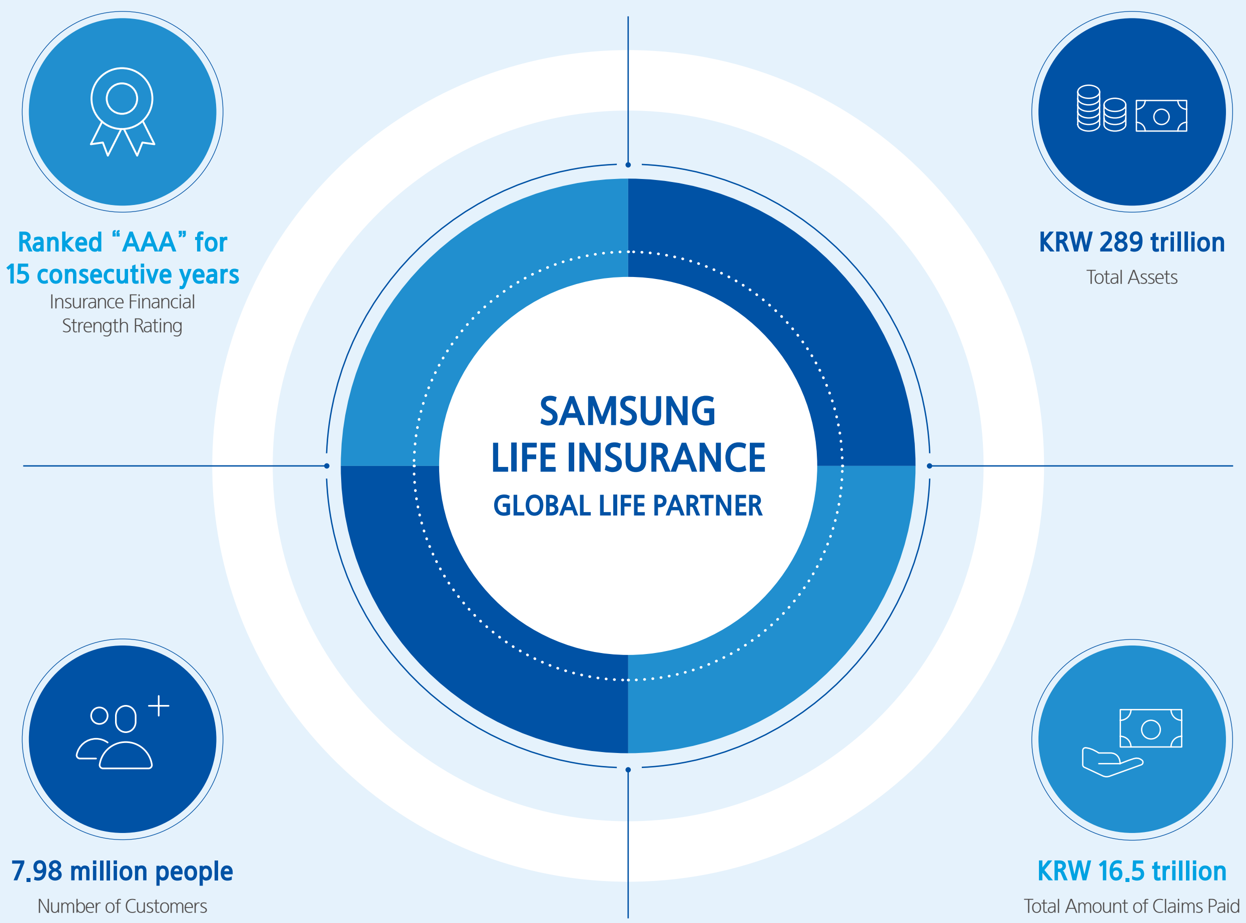
54p~59p

Our Company at a Glance

A Global Life Partner Focused on Customers, Nurturing with Greater Love to Strengthen Financial Security

Since its establishment in 1957, Samsung Life has shared the sacred value of life insurance with its customers and society, making history in the life insurance sector in Korea. With 60 years of challenging and trailblazing at its side, Samsung Life will move forward to open a new chapter in Life Insurance and Finance.

(as of late 2018)



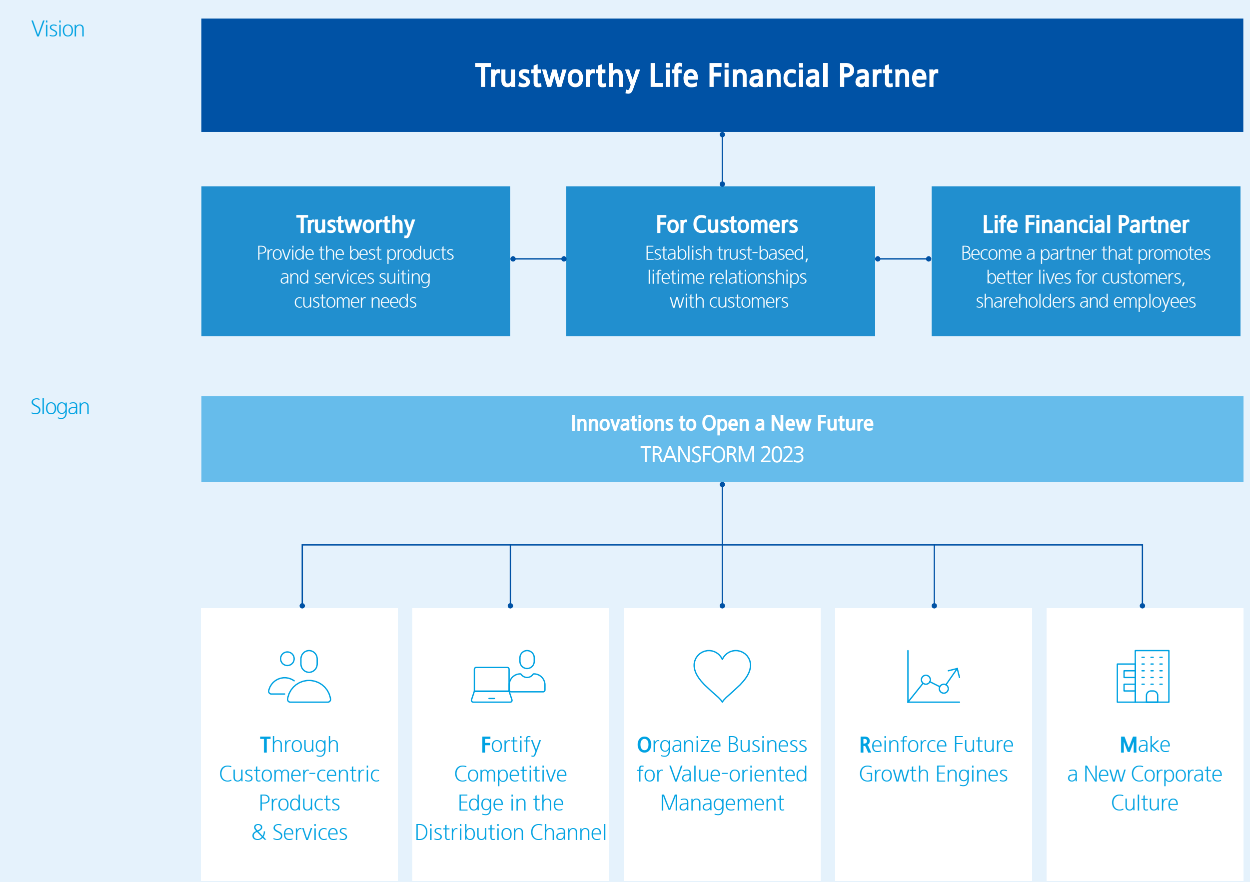
Nurturing with Greater Love to Strengthen Financial Security

Samsung Life cultivates its customer base by providing them with excellent customer care. Based on our belief that the root of the insurance industry lies in caring for the customers, and the true value of insurance ensures the prolongation of protection, we will continue to improve our ability to provide our customers with excellent services.

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 Pensions, Loans, Funds, Trusts
Global Network	Korea, United States, Vietnam, UK, Japan, China, Thailand

Vision 2023

In 2018, Samsung Life established a new mid- to long-term corporate vision: "Trustworthy Life Financial Partner". This vision exemplifies that we focus all our energy on strengthening our business competitiveness and securing growth engines for the future through meaningful change and innovation.

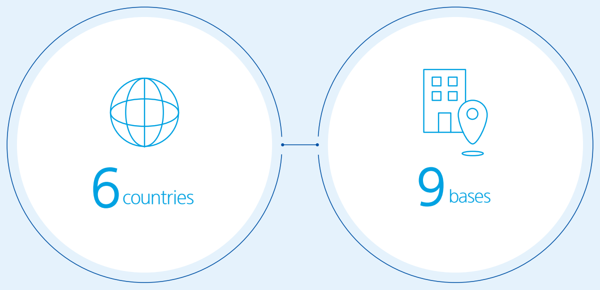


A Global Life Partner Focused on Customers

Samsung Life is a leading global life insurance company that always puts the customer first. We strive to become a trusted life partner for our customers to ensure their financial security.

Global Network*

(as of late 2018)



* Joint Ventures(2): Thailand, China
Corporations Invested In(1): Beijing Real Estate Corporation
Offices(6): New York, U.S., London, Beijing, Tokyo and Hanoi

Our History

Competing Globally and Creating New History in the Insurance and Financial Industry

Since its founding, Samsung Life has encountered endless challenges that have made its name as a trailblazer in Korea's insurance industry. We will continue to ensure that our customers and society receive excellent insurance services and promise to lead the industry in innovation.

1957-1967

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

1968-1978

1968 Established a long-term management plan and launched the Zero Defects Campaign
1973 Completed the digitalization of the company's operations
1976 Completed the construction of head office building(Samsung Group Headquarters) and introduced the headquarters system
1978 Restructured the organization, changed the company motto and established a general administration office system

1979-1990

1982 Launched the New Wind 82 Campaign
1983 Introduced the external marketing system
Assets exceeded KRW 1 trillion for the first time in the industry and established the electronic transfer system
1984 Completed the construction of the Taepyeong-ro office building
1988 Declared the "Second Founding" of the company
1989 Changed the company name to "Samsung Life Insurance"

1991-2000

1991 Introduced a self-supporting accounting system
1993 Samsung Group announced a new system of management
1994 Introduced an insurance quality assurance system
1997 Established the Siam Samsung Life Insurance Co., Ltd. in Thailand
1999 Launched the DREAM PLAN 21

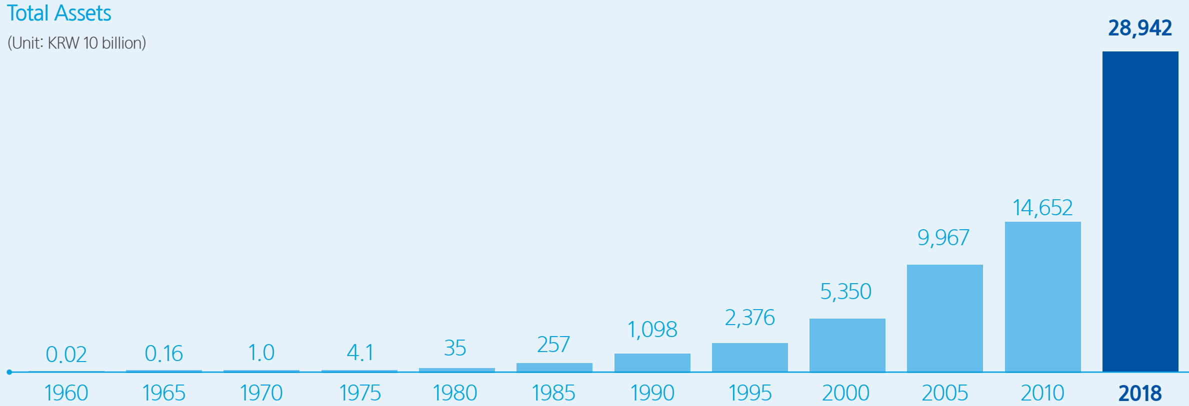
2001-2010

2003 Launched customer service management
Opened general call center
2005 Established Samsung Air China Life Insurance Co., Ltd.
2006 Total Assets reached KRW 100 trillion
2007 Launched the Guaranteed Asset Awareness Campaign
2008 Launched "Perfect Comprehensive Insurance," the first comprehensive insurance in the industry
2010 Listed on the Korea Stock Exchange

2011-2018

2011 Reestablished the company's business concept
Opened the Retirement Research Center
2012 Opened the Samsung Family Office
2013 Selected as a Global 500 Company by Fortune Magazine
2014 Total Assets reached KRW 200 trillion
2015 Launched BOC- Samsung Life Insurance Co., Ltd.
2016 Head Office relocated to the Samsung Seocho Office
2017 Held ceremony celebrating the company's 60th anniversary
Launched the FC Brand "Life Financial Partners"
2018 Proclaimed VISION 2023
Ranked 1st in KS-SQI(Korean Standard-Service Quality Index) for 16 consecutive years
Ranked 1st in the life insurance segment of KCSI(Korean Customer Satisfaction Index) for 14 consecutive years

Total Assets
(Unit: KRW 10 billion)



KRW 10 billion Exceeded (1964)
Holding contract amount

KRW 1 trillion Exceeded (1983)
The first Company in the Industry to Hold Total Assets

8 million people Exceeded (2009)
Number of Customers

No.1 for 15 consecutive years (2018)
National Customer Satisfaction Index(NCSI)

Your Life Financial Partner through All Ups and Downs in Your Lifetime

We are living in an age of change.
A long life, full of uncertainties, requires a reliable and stable partner.
Samsung Life will stand by our customers and support them with our company's financial strength and long-term stability. We will endeavor to implement "Life Finance" at every moment of need in the lives of our customers by pointing them in the right direction and helping them plan out a stable future.

Trustworthy Life Financial Partner

Designing Life Finance

Samsung Life's Coverage Insurance Aligned to with Lifestyle Changes

Designing Life Finance that meets varying customer needs is becoming increasingly important to respond to changes in people's lifestyles, such as living in an era where people live to more than 100 years-old and face an increase in one-person households. Samsung Life offers customers the ability to design their Life Finance that covers both themselves and their families so they can prepare for the financial and healthcare assets they need in the future.

Life Finance Design is a Plan for "My Family" and "Me" for the "What if" in Life

What is Life Finance?

Life Finance is preparing financial and healthcare assets for the future filled with uncertainties and potential risks.

Financial Assets for Future

Securing retirement life +
Using purpose-specific funds

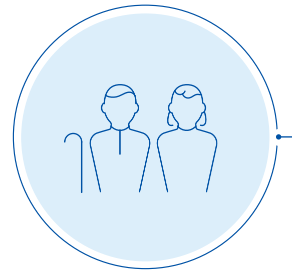
+

Healthcare Assets

Securing a healthy life

Whole Life Insurance as Living Income

Solutions for Golden Years

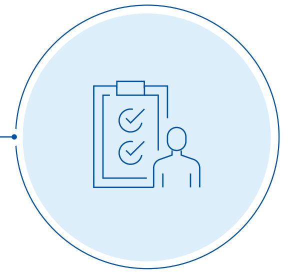


Prepare financial assets for future by being entitled to death benefits while economically active and receiving living expenses in their retirement years

Solutions for Purpose-specific Funds

Prepare for financial assets for future by utilizing funds for specific financial issues(vacation, retirement, children's weddings) based on the liability in the event of death

Solutions for Securing a Healthy Life



Secure funds for medical costs in an era when people live 100 years or more

* Find Out More - Samsung Life's "Responsible Life Finance" Advertisement

Life Financial Partner, Samsung Life Financial Consultants(FCs)

Samsung Life FCs stand at the forefront to provide you with "Life Finance." They stand by your side through your ups and downs like a friend, a family member or a humble advisor. Only one call away from wherever you are, Samsung Life FCs will make you feel safe and secure in times of happiness and sadness.

Life Financial Partner, The Core Values of Samsung Life FCs

1. **Solid** – Instilling a firm sense of trust
2. **Competent** – Possessing high proficiency in personal nance
3. **Companionate** – Becoming your lifelong nancial companion
4. **Understanding** – Deeply understanding customer needs according to life cycle
5. **Beneficent** – Benecent to ensuring secure, stable finance

Insurance for Each Life Cycle

Samsung Life's Insurance Products for the Life Cycle of Our Customers

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

① Single

Customers who are single, divorced, widowed or have no dependents

· Total Health Insurance
· Dental Insurance
· Smart Savings Insurance

② Family Building

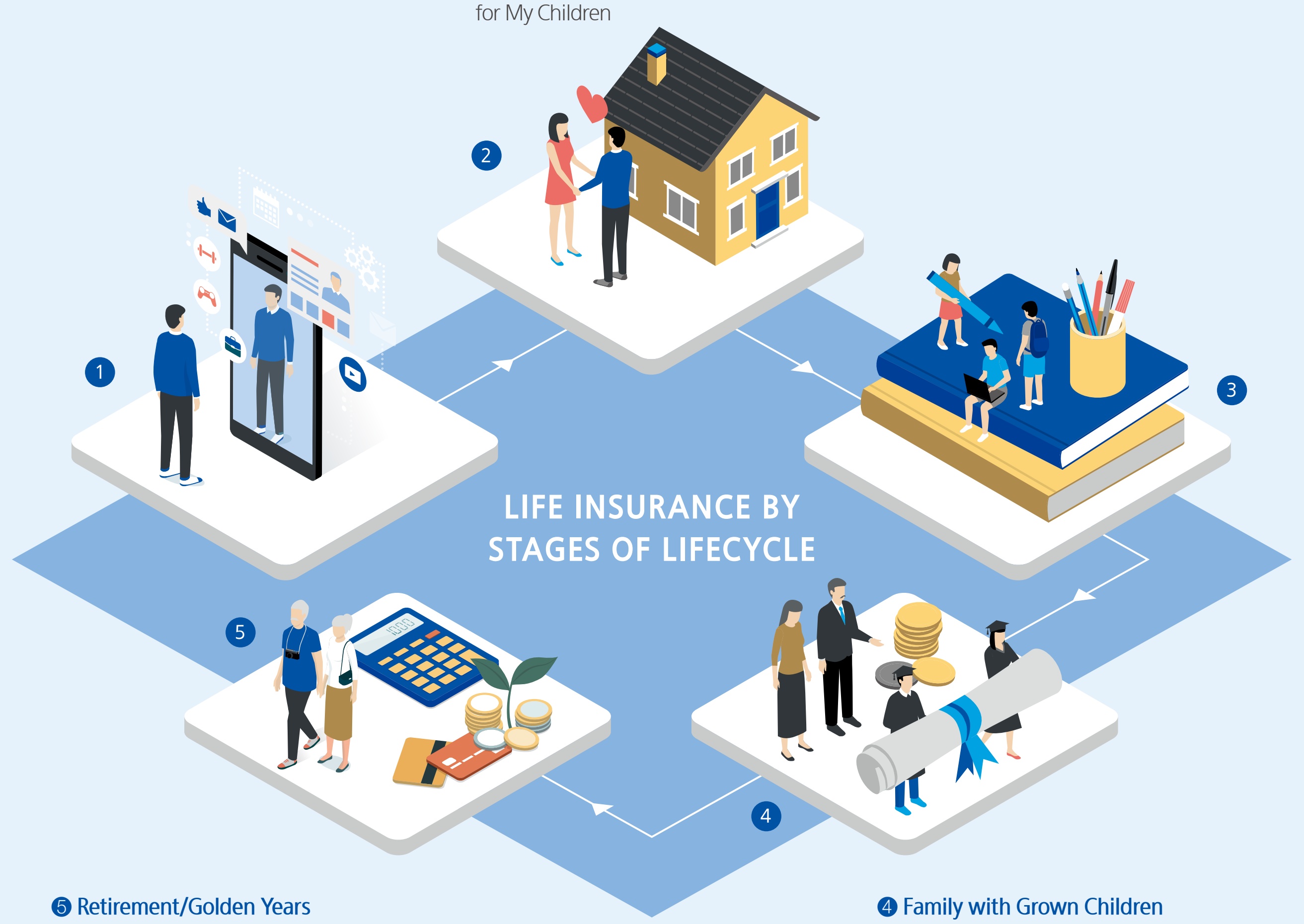
Customers in the family-building phase with preschool-aged children or no children

· "Practical and Reliable" Whole Life Insurance(Type of Low Cash Surrender Value)
· Comprehensive Coverage Insurance for My Children

③ Family Expansion

Customers in the family-expansion phase with children under 20 years of age

· Life Design Variable Universal Whole Life Insurance
· Comprehensive All-in-One CI Insurance



⑤ Retirement/Golden Years

Customers who are 60 years of age or older, facing their retirement and golden years

· Simplified Issue Universal Whole Life Insurance
· Naeri Sarang Annuity Insurance

④ Family with Grown Children

Customers with grown children 20 years of age or older

· Integrated Universal Whole Life Insurance
· Big Bonus Variable Annuity Insurance

TRUSTWORTHY LIFE FINANCIAL PARTNER

Material Issue 1

Through Customer-centric Products & Services

Performance

KRW 2.65 trillion
Annualized Premium Equivalent(APE)

No.1 for 15 consecutive years
National Customer Satisfaction Index(NCSI)

0.09%
Ratio of Mis-selling by Consultants

Materiality

The importance of product development, aligning with customer needs as well as market trends, is highlighted more than ever in the face of the saturated domestic life insurance industry and the expected slowly-growing economies. The life insurance industry needs to revolutionize its management in line with the strengthened financial security and regulations for financial consumer protection.

Risk & Opportunity

Economic and Demographic Changes: Continued slow growth of the global economy, maturity of the domestic life insurance market, increased needs for health insurance due to longer life expectancies and a rise in one-to-two person households, and for post-retirement incomes caused by Korea's rapidly aging population

Strengthening Financial Consumer Protection Policy: Financial authorities are swiftly enacting policy and law revisions, including the establishment of the Financial Consumer Protection Act by the Financial Supervisory Service, which is aimed at protecting consumers and stabilizing the financial system.

Management Approach

We analyze rapidly changing customer needs and market conditions to secure customer satisfaction and trust based on the belief that our most fundamental responsibility is to meet customers' needs. Furthermore, we are engaging in various activities to protect customers throughout all of our management processes, such as fortifying security systems for customer information and implementing complete selling.

An Integrated Approach Aimed at Customers-Products-Channels

An Organization Centered on the Customer

Samsung Life operates the CPC(Customer-Product-Channel) Strategy Department to provide customer-oriented products and services. Based on sophisticated Market Intelligence(MI), the CPC Strategy Department serves as the control tower leading all of the activities and processes from product development to delivery. To be specific, it includes customer data analysis based on Market Intelligence(MI), customer-centered product development and strategy planning, and execution of distribution channel strategies. In 2018, we established the CRM(Customer Relationship Management) Team under the CPC Strategy Department in order to respond to demographic changes and the decline in the number of consumers due to economic slowdown, while upgrading our customer management system, attracting new customers, and strengthening relationships with existing customers.

Furthermore, we expanded the responsibilities of the Customer Support Department in 2018 to better protect our customers and respond to their complaints. In recent years, customers have become major stakeholders through their efforts to make their needs known and their influence on our corporate activities. Recognizing that the changes are significant, Samsung Life seeks to achieve customer values during customer-centered insurance transaction processes, furthermore to stabilize our profit-and-loss base in a mid- to long-term perspective.

Internal Reinforcement of the 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, as well as feedback. By operating the Product Lifecycle Management(PLM) system, we manage the history of product in all stages of the development process. In the stage of product development, in order to identify potential risks, we closely collaborate with the Consumer Protection Team and the Compliance Management Part on the examination of insurance fraud and compliance-related issues, for instance the infringement of personal information and mis-selling.

In 2018, we newly administered Meetings for Product-Monitoring that enables the profit and performance analysis of new products to be conducted immediately, in addition to the intensified monitoring of market activities. We also applied the E2E test[1] and checklists to the product development process to align with the overall operation of the ERP system. At the same time, we provide our customers with the highest quality products and services by ensuring that all systems operate in a stable manner through the application of contract simulation prior to the launch of new products.

Product Development Process

Product Development
Undertake multidimensional analysis and feasibility tests for product development regarding the market, risks, target consumers and concepts; undergo product sales-related authorization processes

Preparation for Launch
Establish and examine(through E2E tests) various systems; establish launching strategies, sales and marketing plans

Product Launch
Approve and launch product sales; analyze marketing and management performance; identify areas for improvement in product sales

1. Market Opportunity Analysis
   - Production ideation
   - Analyze marketability
2. Feasibility Test
   - Define product
   - Examine commercialization of product
3. Product Development Feasibility Tests
   - Undertake product review and concept tests in relevant departments
4. Final Confirmation of Product Development
   - Calculate EEV and submit business case
   - Convene Product Committee for product naming
   - Prepare product specifications
   - Obtain approval of expected risk rates
5. Final Review of relevant departments
   - Examine alignment with business strategies
6. Internal and External Product Approval
   - Prepare policy documents
   - Confirm and report basic product documents
7. Preparation for product launch
   - Examine launching strategies
   - Establish and examine various systems
   - Perform E2E(End-to-end) test
   - Prepare product and operation manuals

   Convene Launch Committee
   - Establish specific launching strategies
   - Examine sales preparation-related matters
8. Final Inspection Before Launch
   - Distribute educational marketing materials and information for customers
   - Pre-open product information guide
   - Operate educational and qualification systems
   - Check CS system
9. Launch
   - Complete preparation and receive approval for launch

   Undertake product verification/final confirmation and add checklist items
10. Performance Analysis and Feedback
   - Analyze performance regarding sales volume and profitability

   Hold Meetings for Product-Monitoring
   (Newly added process in 2018)

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.

1) E2E(End-to-end) Test: A test performed at the point of a simulated contract prior to the sale of the product and aimed at examining the entire system from establishing a contract to conducting payment

Customized Product Development

Lifecycle-based Product Development

Samsung Life possesses the largest number of actuaries in the industry and analyzes customers' needs on a regular basis for product development and marketing. We categorize customers into six segments based on their lifecycles and then we customize products reflecting specific needs found in each category.

155 persons
Number of Actuaries credentialed in Korea and the U.S.(As of late 2018)

Major Customer Segments and Customized Insurance Plans & Policies

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 (Type of Low Cash Surrender Value), Comprehensive Coverage Insurance for My Children

Family Expansion
Customers in the family expansion phase with children under 20 years of age
Life Design Variable Universal Whole Life Insurance, Comprehensive 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

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 Whole Life Insurance, Heritage Universal Whole Life Insurance

Lifecycle-based Life Finance 2.0

Through "Life Finance 2.0," we encourage our customers to recognize the importance of preparing both their financial and healthcare assets for the future. In an era of 100-year lifespan or more, Life Finance 2.0 emphasizes that customers should carefully analyze and systematically prepare their finances against various risks and issues not only for themselves but also for their families. Samsung Life proposes various solutions for solid and sound financial and healthcare assets. Samsung Life enables customers to live the life they desire even in uncertain times.

Solutions for Golden Years	Prepare financial assets for future by being entitled to death benefits while economically active and receiving living expenses in their retirement years
Solutions for Purpose-specific Funds	Prepare for financial assets for future by utilizing funds for specific financial issues(vacation, retirement, children's weddings) based on the liability in the event of death
Solutions for Securing a Healthy Life	Secure funds for medical costs in an era when people live 100 years or more

Voice of Stakeholders

"I hope Samsung Life continues to provide products and services suitable for the customers' journey of life"

As a member of the Consumer Panel for Samsung Life, I am participating in several activities to improve products and services, including experiencing products and services provided by Samsung Life and other companies, call center, Customer Plaza, website, consultants, etc. Since 2004, the Panel has been operating as a representative example of customer-oriented business reflecting various customers' perspectives. Some companies use Consumer Panel to promote sales, on purpose. However, Samsung Life takes the panels' opinions and suggestions seriously for its products and services. For instance, it was rewarding to see how much products and services were improved, including the Mini Cancer Insurance launched last year, and the service of Customer Plaza. I hope Samsung Life ensures competitiveness in customer-centered products and services and strengthens customer trust, continuously cooperating with the Consumer Panel on the basis of reliability.

Samsung Life Customer Panel

Strengthening R&D from a Customer-centered Perspective

Operating the Institute of Insurance Research

Our former Retirement Research Center, which helped our customers prepare for their post-retirement years, has been reorganized as the "Institute of Insurance Research" to provide our customers with even more in-depth support for the financial lives. Samsung Life continuously develops and provides products and services that align with different stages of life, by strengthening research on different financial plans reflecting characteristics of each stage.

Providing a Wide-range of Customer Content Services

Based on the research findings of the Institute of Insurance Research, we offer a variety of content including "Money in Life" and "Weekly Smart." "Money in Life" is a monthly magazine providing useful information on aging, insurance, health and financial/non-financial issues. The magazine has been published since 2011 and has over 70,000 subscribers. "Weekly Smart" is a mobile news brief sent out to subscribers every Monday morning. Customers can sign up for this free service by becoming friends with the Institute of Insurance Research on KakaoTalk and receive useful visual tips and information on post-retirement life.

Money in Life

A monthly magazine offering useful information to customers on aging, insurance, health and financial/non-financial issues

Customers can make a request to their consultants for a subscription

Weekly Smart

Mobile news brief that provides customers with visual tips and other information on the post-retirement years

Samsung Life Insurance Institute of Insurance Research

❶ Click on the search box located at the top of the KakaoTalk app.
❷ Type in and search for "Samsung Life Insurance Institute of Insurance Research"
❸ Click on the "Add as a Friend" button located on the right side of the Institute of Insurance Research

Product Development Performance

By providing diversified products such as their health benefits, retirement income and variable products, Samsung Life meets the customers' needs. Notably, we analyze accumulated information of insurance contracts and payments to provide products that are optimized for market conditions and the different needs of consumers. In 2018, Samsung Life developed 10 new products: 4 coverage insurance, 5 health/accident insurance and 1 financial product. In January 2019, we launched: "Comprehensive Long-term Care Policy," which offers dementia protection with added long term care(LTC grade 1-4) protection and expanded the scope of protection. This reflects high consumer demand for dementia care and growth in the market. When the Experience Life Table is revised after April 2019, we aim to secure the competitiveness of our product by widening the scope of protection guaranteed by existing products such as cancer, children and CI insurance. In addition, as part of our efforts to expand the insurance market to persons with pre-existing medical conditions, we plan to launch a new product which offers more protection than the existing Simple Whole Life and Simple Health Insurance products during the first half of 2019. Furthermore, Samsung Life plans to develop specialized products to better respond to the growing GA and group insurance market.

Business Case

Introduction of Disclosure Preferred Risk Policy

For the first time in the industry, Samsung Life has introduced the Disclosure and Diagnosis preferred risk policy. This allows policy holders to receive discounts on their premiums by disclosing minimal health information such as their body mass indexes(BMI) and smoking preferences. Furthermore, policy holders are entitled to discounts on their premiums even after fulfilling the preferred risk requirements if they take care of their health after purchasing the policy. The Disclosure Preferred Risk Policy not only lessens the burden placed on policy holders but contributes to promoting the overall health of the Korean people.

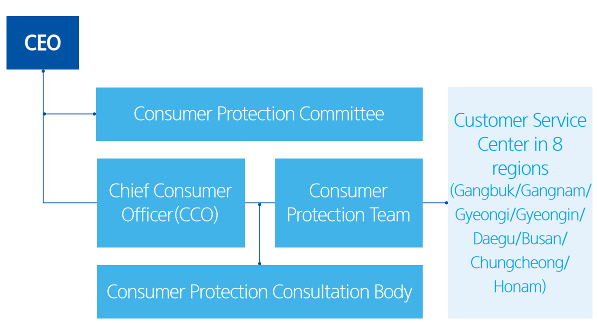
Disclosure Preferred Risk Policy	Discount benefits without undergoing a medical examination for non-smokers who meet certain BMI criteria
Diagnosis Preferred Risk Policy	Discount benefits after undergoing a medical examination for non-smokers who meet certain criteria concerning BMI, blood pressure and blood sugar levels

Establishing a Consumer Protection System

Consumer Protection Organization

To protect consumers' rights, Samsung Life's Chief Consumer Officer(CCO) works under the direct supervision of the CEO and operates the Consumer Protection Team. The team places the highest priority on consumer protection in all business activities, including product development, sales and after-sales management. Also, we continuously amend and strengthen regulatory measures for customer-centered decision-making, for example, the expansion of the consumer panel system. In 2019, we established the Consumer Rights Protection Committee to assist medical, legal and consumer experts in decision-making on insurance-related conflicts from the perspective of consumers' rights. Under the Consumer Protection Team, the consumer service centers located nation-wide promptly handle consumers' complaints and damages. Samsung Life will continue to prioritize protection of consumers' rights in all our business activities.

Consumer Protection Organization



Consumer Rights Protection Committee

We operate the Consumer Rights Protection Committee to handle insurance conflicts from an objective and neutral standpoint. Consisting of eight insurance experts including professors, attorneys and medical doctors, the Committee meets once a month to discuss insurance conflicts arising between the company and customers due to conflicts of interest and gathers advice on consumer rights protection policies to protect consumer rights through conflict resolution.

Roles of the Consumer Rights Protection Committee

① Provides solutions and mediation advice upon discussing matters of conflict
② Offers balanced solutions on matters raised by the company in relation to consumer rights protection

Deliberation Agenda

① Conflicts between the company and consumers caused by conflicts of interest
② Matters requested by the company that require balanced and objective viewpoints from a consumer's perspective
③ Other matters that require the advice of consumer experts

Expanding the Customer Panel System

Since 2004, we have operated the Customer Panel System as part of efforts to listen to our customers' voices and to identify items to be improved. Customer panels communicate both with customers and the company, sharing issues found from the discussions with the executives. Since 2018, we have expanded panel activities to both online and offline areas, while undertaking various activities, such as in-depth experiential activities regarding customer-related matters on a monthly or semi-monthly basis, and ideation on products and services. In 2018, we were able to enhance customer convenience at the Plaza by using an idea suggested by a member of the Customer Panel, who had experience with the Call Center and the Plaza. In addition, new insurance plans were launched such as new health insurance and cancer insurance policies after studying a variety of customer needs.

Fortifying Customer's Personal Information Security

Strengthening the Information Leakage Prevention System

As part of our efforts to protect and prevent the wrongful disclosure of customer's personal information, we strictly prohibit unauthorized users from accessing our customer information processing system, which holds a myriad of customer information. We check the status of entitlement on a regular basis. In 2018, we reviewed total 418,298 entitlements and found that 7% of them were involved in the granting of unnecessary authority. Furthermore, we undertake regular inspections of companies we outsource customer information to examine the status of information to be managed. In 2018, we completed security inspections in 43 companies in the first half and 42 companies in the second half of the year, respectively. With these efforts, we have strengthened the security level of the companies handling our customers' personal information. Consequently, we experienced no privacy violations or information disclosures in 2018.

Items of Inspection for Companies Handling Customer Information

Management 13 Items	Technology 42 Items
Internal management plans, management of personal information managers, authority management, physical protection measures, destruction of personal information	Password management, access control measures, encryption of personal information, access log, security programs, output protection measures, protection of management terminals, vulnerabilities assessment

Strengthening Company-wide Information Protection

Samsung Life ensures better information security by providing security training to all its employees, partner companies and consultants, while sharing the latest security issues and holding security inspections on a regular basis. In 2018, as part of our efforts to manage new security vulnerabilities in the cloud environment and deal with issues that concern 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 2018	Plans for 2019
Security Education	• Held personal information protection education for all its employees, partner companies and consultants • Raised employees' security awareness through in-house broadcasting	• Expand in-house communication on information security • Expand offline education for on-site personnel and security officers in each division
Sharing of Security Issues	• Distributed monthly email "Information Protection Alert" sharing latest security-related issues and security breach cases(e.g., phishing emails and ransomware)	• Continue to distribute latest information on security issues and trends • Distribute case studies on security incidents and security inspection results

Establishing Customer-centered Sales Practices

Minimizing Mis-selling

Regarding our product sales, we place the highest priority on complete selling for the protection of financial consumers and strictly implement ethical sales in the field. We systematically manage complete selling of insurance products by operating a compliance management organization at our head office and assigning compliance managers at each regional office. At the same time, we hold educational sessions on complete selling on a regular basis to raise compliance awareness among consultants and employees as well as prevent mis-selling. We also conduct regular on-site inspections to ensure that there are no problems with the sales processes and take immediate actions to correct any deviation. We inspect the status of insurance sales by consultants and take necessary measures for improvement by employing undercover shoppers at least twice a year. Samsung Life reacts immediately to issues regarding any non-compliance in the complete selling process and offers training on complete selling to all consultants to prevent the reoccurrence of similar issues.

Mis-selling Rate by Distribution Channel (Unit: %, per year)

Category	2016	2017	2018
Consultants	0.18	0.10	0.09
Individual agencies	0.23	0.30	0.44
Telemarketing(TM)	0.27	0.03	0.06
Direct stores	0.00	0.02	0.00

Creating a Healthy Insurance Culture

Insurance fraud is a social problem and may lead to an increase in premiums for many customers through no fault of their own. With the complexity of insurance fraud techniques becoming more intricate by the day, customers and consultants are increasingly exposed to dangers involving insurance fraud. Samsung Life endeavors to create a healthy insurance culture by not only detecting insurance fraud after it has occurred but by also taking measures to prevent insurance fraud in the first place.

In 2018, we conducted various campaigns and educational sessions involving actual sales between customers and consultants. We held campaigns and 93 educational sessions for consultants on the topic of "Preventing Insurance Fraud and Fraudulent Claims" in addition to three sessions on "Special Education on Preventing Insurance Fraud" for office works in all our sales offices. In Seoul, Busan and Gwangju we held street campaigns promoting ways to prevent insurance fraud for the general public, and distributed leaflets on "Knowing Indemnity Insurance Right" in all sales offices and Plazas nationwide to prevent indemnity insurance fraud. Samsung Life will continue its efforts toward building a healthy insurance culture in Korea through various insurance fraud prevention activities.

Efforts to Carry Out Complete Selling

Compliance Education
• Company-wide Compliance Education: Compliance education for all employees and consultants
• Complete Selling Guidelines: Preparation and distribution of guidelines on compliance-related matters to be fully understood by all consultants

Pledge of Compliance
• Employees and consultants take the Pledge of Compliance, which includes matters relating to "compliance with relevant laws and regulations" and "protection of financial consumers"(renewed each year)

Self-inspection of Sales Offices
• Supports self-inspections on a regular basis to strengthen autonomous management by sales offices and prevent compliance risks

Contract Monitoring
• Monitors 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
• Grants and manages sales qualifications to consultants who pass qualification tests for each product group and completing additional educational sessions

Sales Quality Analysis
• Analyzes sales quality of sales offices and consultants through monitoring

Implement Improvement Programs
• Operates improvement programs in regions with high mis-selling rates

Material Issue 2

Fortify Competitive Edge in the Distribution Channel

Performance

90%
Operating ratio of Samsung Life Agents (Affiliated)

77.6%
Tablet contract agreement rate (based on FCs as of April 2019, 46.6%, based on FCs as of April 2018)

Mobile insurance application confirmation service launched

Materiality

As consumer consumption trends change and competition within the insurance industry deepens, it is becoming more important to secure customers through innovation. Without utilizing our distribution channels through which we encounter our customers, we cannot understand them. Without understanding our customers, we cannot achieve customer satisfaction. Samsung Life endeavors to strengthen the competitiveness of our distribution channels to further solidify our organization.

Risk & Opportunity

Fierce competition in the insurance industry: Intensifying competition to preemptively lead the GA channel which has grown into a major market, increased competition between top-ranking companies following M&A deals by the Financial Group, and accelerated competition in different product groups such as health insurance and children's insurance

Increases in Smart Consumption: Increasing need for different sales strategies for each channel due to retirement of major client segments; increasing emphasis on cost effectiveness; preference for micro-insurance and comparison shopping is becoming common among consumers

Management Approach

Samsung Life strengthens its business competitiveness through ethical management and innovating fundamental management. At the same time, we have supported balanced growth of our distribution channels by reorganizing the previous three-unit system(FC, GA and Specialized Channels) into a two-unit system(FC and Strategic Sales Unit). Furthermore, we have reinforced our sales competitiveness by establishing differentiated strategies for each channel.

Innovating the Distribution Channel Platform

In order to enhance sales effectiveness, we reorganized our sales unit structure from a three-unit to a two-unit system. The Financial Consultant[1] Unit, mainly consisting of Affiliated Agents consultants, is divided into the FC Department which is the core channel and the GFC[2](group insurance market), SFP[3](customers in their 20's and 30's) and WM Departments which are specialized channels. While the Financial Consultant Unit drives the growth of our overall sales, the Strategic Sales Unit expands the Independent Agents market through GA(General Agency), AFC[4] and BA(Bancassurance) channels, and supports balanced growth of B2B channels through its Corporate Business Department in charge of B2B sales.

Affiliated Agents

In order to ensure responsible sales practices of Affiliated Agents, we have reorganized the exclusive channel structure by reducing the number of regional sales offices from eight to four. Through this arrangement, we have improved the excitability of each regional office by implementing differentiated strategies attuned to the characteristics of each regional market, while establishing clear lines of responsibility for sales performance.

At the same time, we are expanding the scope of our Affiliated Agents by introducing the outstanding consultant policy and systematically developing new talent, while our strong educational system helps strengthen the competency of our consultants. In addition, we are expanding protection products through continued efforts to strengthen product competitiveness, thereby boosting the EEV(European Embedded Value) of new business. Simultaneously, we implement flexible management strategies in order to respond to changing market conditions and play a leading role as a dominant channel.

Independent Agents

We are rapidly responding to the fast-growing, Independent Agents market. Following the recent growth of the Independent Agents(BA, GA) market, we are focusing on expanding our sales organization and strengthening our product competitiveness. The number of consultants working at GA(General Agency) is continuously growing and the proportion of their work in our company is gradually increasing. The channel is concentrating on securing a greater share of the market by expanding its sales support organization and launching new health/injury protection products. Samsung Life will continue to lead the growth of non-exclusive channels by developing products and implementing marketing strategies that meet the different needs of customers.

Voice of Stakeholders

"As a working mother, I am growing into a financial expert through the outstanding program of Samsung Life."

As a Life Angel(Ligel), I wish to become a life financial partner responsible for my customers who need custom-designed finance for their lives, beyond simply selling insurance products. Ligel office is operated in a flexible way for consultants between the age of 30 and 45 so they can create a balance between childrearing and working. To foster insurance/finance-specialized agents especially targeting young customers, the company provides three-month intensive programs. For me, it was very attractive to work flexibly and to develop financial expertise, while taking care of children. Because my primary customers are ladies of my age, it is easy to cultivate relationships with them in the early stage of sales. Also, Samsung Life has a good sales-supportive mobile system, offering diverse sales tools and sources, so I was able to smoothly adjust.

Samsung Life FC
Seon-hui Park

Strategies for the Growth of Specialized Distribution Channel	Performance in 2018	Strategic Directions in 2019
GFC	Established the basis for expanding organizations and markets (Master organization policy, office club system, seminars, etc.)	Strengthen the current market position as a professional channel of corporate management consulting by expanding the GFC market and organization
SFP	Established the SFP growth roadmap(Launched SM/Office leader CDP system, expanded industry-academia affiliations, introduced job change/career consultant system)	Achieve a second advancement forward and develop into a growth channel for customers in their 20s and 30s by establishing a solid organization
AFC	Supported sales promotion for stable growth	Secure momentum for growth through differentiated education and support
Ligel[5]	Established a market base through differentiation in commission and marketing	Renew the company's training system and strengthen the competency of women between ages of 30 to 45 who experienced breaks in their careers

1) Financial Consultant: The main channel that helps customers secure a stable financial future by analyzing their current financial status and setting future plans
2) GFC(Group Financial Consultant): A channel specializing in coverage and retirement planning for employees through employee group insurance and other group insurance consulting
3) 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
4) 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
5) Ligel(Life Angel): A channel consisting of consultants who are women in their 30s up to 45 undergoing a career break

Strengthening Competitiveness in Field Sales

Establishing an Educational System for Consultants and Sales Managers

Through systematic educational programs, we seek to enhance the sales competitiveness of our consultants and sales managers. To this end, Samsung Life conducts 12 strategic activities under the three major goals of "strengthening the high-efficiency competence of new employees," "enhancing medium- and high-efficiency competence," and "raising trainer's expertise."

Goals: **Enhancing the Competitiveness of Consultants in the Field**

Strategies

Consultants	Trainers	Sales Managers
① Reinforce on-board trainings for new consultants ② Expand the Role Play(R/P) certificate system ③ Launch training programs for mid- and high-performers ④ Specialize trainings for high performers	⑤ Implement military style trainings for Coaching Master(CM) ⑥ Strengthen junior-level CM competence ⑦ Enhance the competence of teams and team leaders ⑧ Develop the competence of training staff	⑨ Maximize the sales competence of new branch managers ⑩ Strengthen the competence of junior-level branch managers ⑪ Motivate sales managers ⑫ Enhance in-field competence for talent-fostering training

Industry-Academia Joint Programs for Consultants

Samsung Life offers professional in-house programs as well as the Industry-Academia integrated Training Program for outstanding consultants to help them develop into "Life Financial Partners." In association with Ewha Woman's University, Sungkyunkwan University and Yonsei University, we offer high-quality education for professional knowledge in finance, marketing and financial leadership, thereby strengthening the expertise of our consultants.

Program	Description	Completed in 2018
Ewha-Samsung Academy	• Foster financial professionals with expertise in finance • Subject: Employees with less than 3 years in service	41 consultants Accumulated Number of Graduates: 1,982
Sungkyunkwan-Samsung Master MBA	• Intensive marketing program studying markets and customers • Subject: 3 to 10 years in service * Chung-Ang-Samsung Master MBA (2006~2013, 437 consultants)	40 consultants Accumulated Number of Graduates: 209
Yonsei-Samsung Financial Leaders	• Advanced global leadership program for high-efficiency consultants • Subject: More than 10 years in service * Newly launched in 2017	33 consultants Accumulated Number of Graduates: 65

Yonsei-Samsung Financial Leaders Program

Business Case

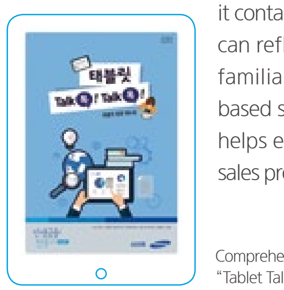
Developing New Consultants by Introducing a Certification System based on Three Core Competencies

Samsung Life operates a certification system based on three core competencies defined in the areas of mobile, consulting, and products to strengthen the sales competitiveness of new consultants with less than one year in service. Trainees undergo intensive training and testing, which allows them to develop a sense of pride as consultants and acquire financial expertise and skills for making sales.

Qualifications	Contents/Tests	Outcomes
Mobile	Skills to use sales system installed in tablets	One-stop customer service, enhanced professional image
Consulting	Role-play type oral tests on knowledge and skills required for finance/insurance consulting	Stronger confidence in conducting consulting activities with customers
Products	Written tests on knowledge of insurance plans provided by Samsung Life	Self-examination of one's own knowledge

Strengthening Skills to Strengthening the Tablet-based Sales Competence

To ensure that tablet-based sales activities firmly take root, Samsung Life developed a completely new tablet-based training program for new consultants. By providing e-books as educational materials and offering more opportunities to practice using tablets for consultants' proficient use of various sales support tools, we are focusing on strengthening the tablet-based sales competence of new consultants. In 2018, Samsung Life developed and distributed a comprehensive tablet manual to help consultants utilize tablets in their everyday business routines. "Tablet Talk! Talk!" supports efficient customer consulting by providing helpful examples of conversing with customers on their insurance needs and useful tips on using various applications in their sales activities. Furthermore, it contains content with which consultants can reflect on and improve their level of familiarity and proficiency with tablet-based sales. Ultimately, all of this training helps enhance their use of tablets in the sales process.



Comprehensive Tablet Manual "Tablet Talk! Talk!"

Developing a Mobile Sales System to Enhance Sales Competitiveness

We are continually upgrading our tablet-based sales support system to encourage consultants' efficient sales activities and enhance customer convenience. In May 2018, we opened the "Mobile Confirmation Service of an Insurance Purchase" which enables customers to check their insurance subscriptions on their smart phones with a simple click of their insurance policy. In 2019, we developed a tablet based mobile sales support system to enhance the convenience of consultants through all stages from customer discovery to registration, consulting and contract signing. In addition, by expanding some of the tablet functions to smart phones, we have improved not only the efficiency of sales and customer management of consultants but also the convenience to our customers. With such efforts, the rate of signing a contract utilizing the tablet is increasing each year; we achieved the rate of 77.6%[1] as of April 2019.

1) 46.6% based on FCs as of April 2018

Promoting Field Support and Communication

Time to Change Campaign

We are currently conducting the "Time to Change" campaign with the aim of raising consumer protection awareness and building a consensus among employees and consultants. In 2018, we chose field-oriented topics such as documents for claiming accident compensation and designated claim agents as major campaign themes. Going forward, we will hold various other campaigns to further raise consumer protection awareness among our employees and consultants.

Dr. Lee Insurance Research Center

We have recently introduced the Dr. Lee Insurance Research Center(Dr. Lee Center) in our in-house webzine to distribute further information and knowledge on insurance products, in addition to sharing VOC cases and experiences. Once a month, we create and upload broadcasting content on themes such as consumer protection and other salient topics in the field. The webzine is used as a communication channel where viewers leave comments and questions after watching the broadcast, which are answered by the relevant person in charge. As part of our efforts to raise awareness and familiarity with the Dr. Lee Center, we have created a mascot named "Insurance Doctor, Dr. Lee" as an icon of our insurance products and knowledge-sharing, and have introduced the mascot to our educational materials as well. In the future, we will introduce the Dr. Lee Center on our official website to provide useful information on insurance products and knowledge to both our consultants and customers.

Dr. Lee Insurance Research Center Mascot

Improving Work Efficiency through Digital Signage

As part of our digitalization efforts, Samsung Life has started to use digital signage[2] at our sales offices. As a result, we have improved work efficiency by having the field workforce focus on high-value tasks instead of simple tasks such as production and management of PR materials. At the same time, we have been able to reduce the environmental impact by reducing paper and ink consumption involved in producing printed materials. Furthermore, we improved customer and consultant satisfaction with outstanding real-time content delivery and readability compared to printed materials, especially in terms of screen switching function, color and design.

2) Digital Signage: Digital display to allow remote operation by network

Expanding On-site Communication

To invigorate the dynamics of the sales culture, there has been a proactive initiative from the CEO and other executives to directly visit with sales managers and consultants. The counterpart meetings and Counseling Desk/Special lectures for consultants are operated by head office departments help to promote unity among the employees. In particular, a new program called "Visiting HR Service" launched in 2018 and provides opportunities for employees in different fields to ask questions on practices/policies, to reveal difficulties they are encountering and furthermore propose ideas for the company. By taking the voices of employees into practice immediately, the psychological distance between head office and the field can be narrowed.

29 times — On-site Visit by the CEO

21 times — Visiting HR Service

Material Issue 3

Lead Digital Finance

Performance

Saved about 24,000 hours

Efficiency in work by adopting the RPA (as of April 2019)

38.1%

Market share in online insurance

Materiality

Digital technology is emerging as a core area of competitiveness in insurance companies and is expected to trigger fundamental changes in their business methods and operating models in the future. Leading insurance companies are investing efforts toward strengthening their digital infrastructure with a long-term view and finding momentum for sustainable growth through innovation based on digital technology.

Risk & Opportunity

Paradigm Change in the Insurance Business: Competition in the insurance market is intensifying due to entry into the financial market by ICT companies as well as convergence and integration of finance with other industries. At the same time, changes in the business environment are accelerating, including the rise of digital technologies as a core asset for financial institutions

Opportunity by Integrating Digital Technology and Insurance: Insurance companies can advance their business operations using digital technologies, such as innovation in service by using artificial intelligence(AI) technologies, offering customized services and individualized marketing through data analysis, and increasing work efficiency using intelligent work automation.

Management Approach

As part of our efforts to rapidly respond to uncertainties in the changing digital environment, we established our digital innovation vision in 2018 entitled "Digitally Intelligent Company by 2023." As the year of 2019 is the beginning of digital innovation, Samsung Life will integrate digital technologies in our consumer services and on-site sales to generate meaningful changes and values, while continuously implementing mid- to long-term digital revolutionary activities.

Digital Innovation Strategies

Directions of Digital Innovation

As part of our efforts to respond to various changes in the business environment such as the rapidly-changing digital environment and developments in technology, Samsung Life has established a digital innovation vision entitled "Digitally Intelligent Company by 2023" for systematic and consistent implementation of digital innovation. To that end, we seek to secure digital intelligence including Data Intelligence, AI competence and Tech Intelligence by establishing digital infrastructure, while offering our consumers differentiated digital experiences.

Digital Innovation Organization

As part of our efforts to accelerate the promotion of business innovation throughout the company and digital innovation of our insurance systems, we expanded and reorganized the former Digital Innovation Team into the Digital Innovation Department in 2018. The Digital Innovation Department consists of three teams: the Process Innovation Team, which has led the company's innovation efforts; the Digital Innovation Team dedicated to integrating digital technologies and our business models; and the Information Technology Team, which is in charge of system operations management. This office is similar to a control tower and oversees our digital innovation efforts aimed for future growth.

The Organizational Makeup and Key Operational Areas of the Digital Innovation Department

① Process Innovation Team
- Plan company-wide directions of work process innovation
- Implement innovation-related tasks
- Develop management information systems and other relevant systems

② Digital Innovation Team
- Establish digital technology-based innovation strategies
- Develop chat bots and other AI-based solutions
- Implement UX strategies from the customers' viewpoint
- Strengthen the mobility of sales channels

③ Information Technology Team
- Oversee company-wide stable operation of IT infrastructures, applications and systems
- Manage investments in and implementation of IT projects

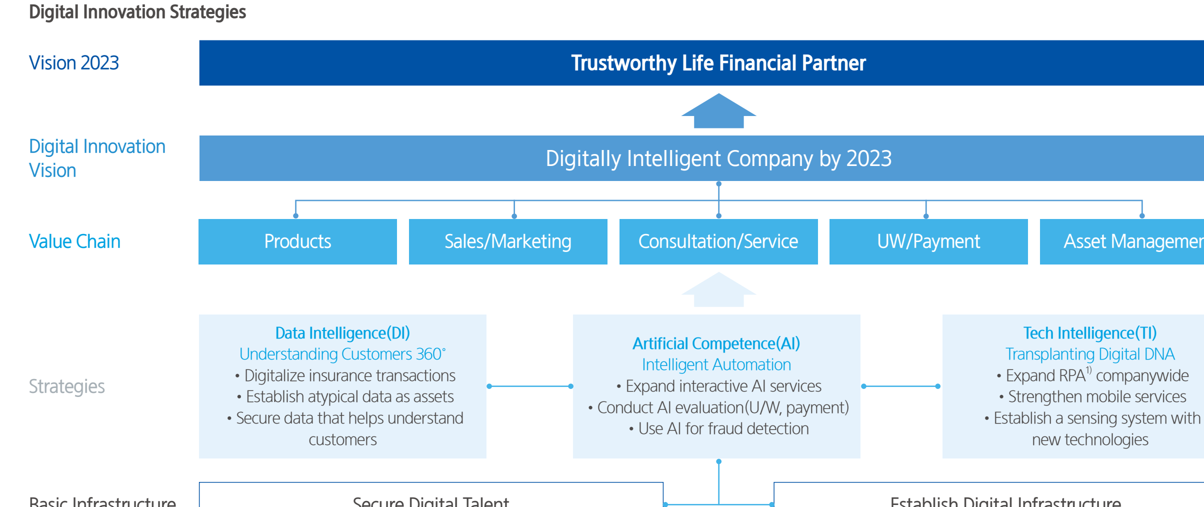
Voice of Stakeholders

"Samsung Life is carrying out digital conversion based on the internalization of digital capability."

The Samsung Life Digital Innovation Department supervises company-wide digital innovation to reinforce essential competitiveness by combining an insurance business model with new digital technology based on the understanding of life insurance business. In 2018, we internalized digital technology and strengthened our digital capability by establishing digital infrastructure and securing talented employees with the capability to develop AI engine. We have established a interactive service platform by launching an independently developed AI-based chatbot to enhance customer convenience and created working environment to allow prompt response to digital changes by implementing work automation with OCR technology based on deep learning and applying RPA. As the year of 2019 is the beginning of digital innovation, we will digitalize insurance transactions by combining digital technology with customer contact points and sales sites and establish a system to allow customers and business sites to experience the change in person by making a mobile process for on-site sales and new contracts.

Samsung Life Digital Innovation Department
Vice President Sang-ho Lee

Digital Innovation Strategies



1) RPA(Robotic Process Automation): Technology application enabling automation of simple and repetitive tasks

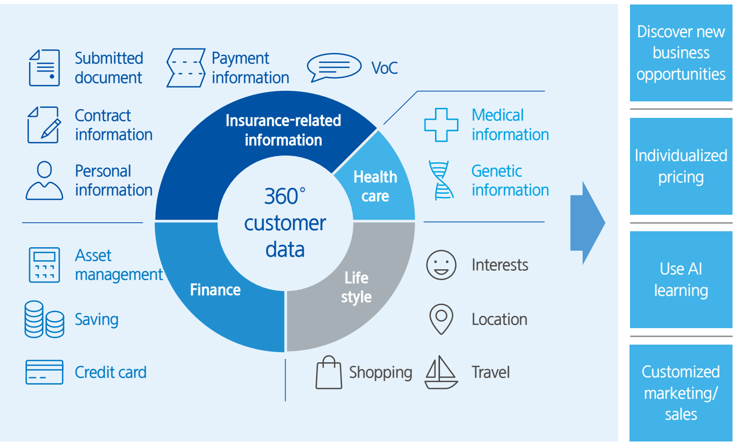
Building the Basis for Digital Innovation

Samsung Life focuses on internalizing digital capability and establishing a digital infrastructure to create new value by combining digital technology with the insurance business. We create our unique environment for pursuing digital innovation by securing core technologies such as AI technologies and establishing a data analysis system to to understand our customers from multiple angles, as well as implementing various strategic tasks such as automation of work processes.

Securing Data Intelligence

Digitalizing data for comprehensive understanding of our customers

- Renovating digital channels to enhance customer experience in both online and mobile realms
- Advancing new mobile sales support systems through tablets and smart phones to enhance convenience of sales
- Expanding data-based work processing by building a paperless sales culture such as the development of the mobile terms and conditions system for the first time in the Korean life insurance industry
- Establishing an atypical data accumulation and utilization system using OCR[1] and STT[2]
- Promoting marketing and services related to customers' health and lifestyles by analyzing their needs and behaviors through digital channels

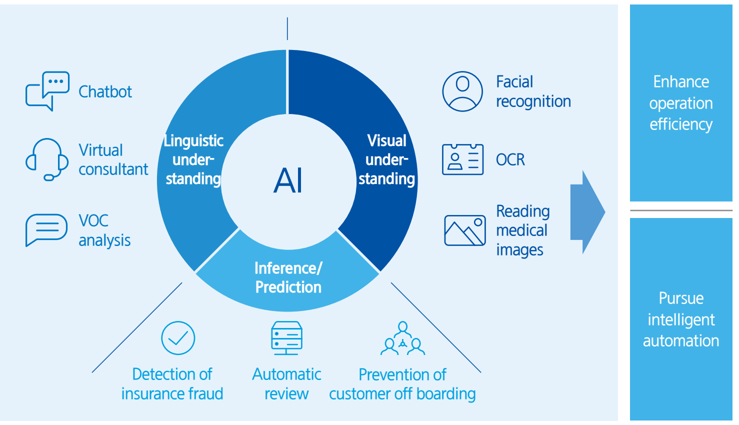


1) OCR(Optical Character Recognition): Optical character recognition technology that converts printed or handwritten text characters into text data
2) STT(Speech to Text): Conversion of speech to text data

Securing AI Competence

Strengthening competence to develop core AI technologies to achieve intelligent automation

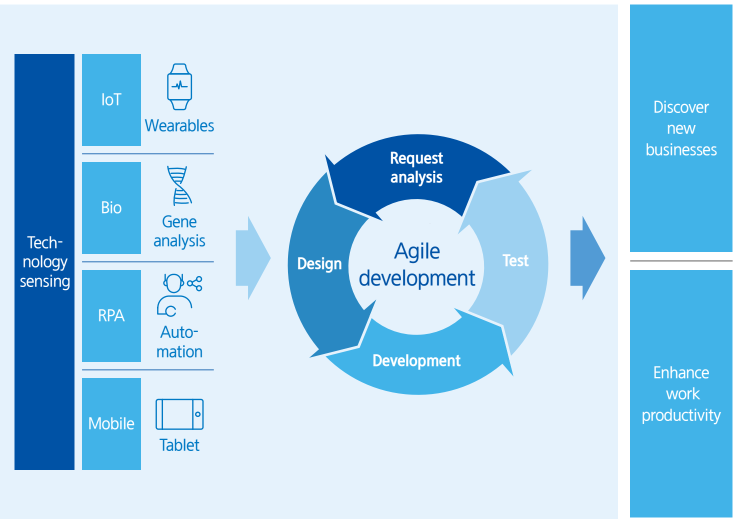
- Advancing the functions of self-developed Chatbot(Tabot) to further develop into an interactive service platform and strengthening R&D
- Improving automatic recognition of atypical data such as evaluation of images and establishing an AI-based evaluation (for underwriting and claims) process
- Detecting insurance fraud by using AI-based inference/ prediction models and pursuing intelligent work processing to prevent customer offboarding



Securing Technology Intelligence

Securing new technologies to develop digital based products and services from the perspective of the customer and strengthening integration of technologies from a business perspective

- Establishing a sensing system for new digital technology trends including bio-tech, wearables, block-chain and AR[3]/ VR[4], and finding opportunities to integrate new technologies with business aspects
- Integrating new technologies based on a test-and-learn approach through affiliation and collaboration with start-ups and ICT companies, and accelerating technology-based innovation by focusing on introducing and developing new solutions
- Introducing and expanding company-wide RPA from the second half of 2018 through technological verification with an aim to automate simple and repetitive tasks, with the expectation to complete 100 tasks by the end of 2019 and reduce time spent in performing simple and repetitive tasks by 40,000 hours



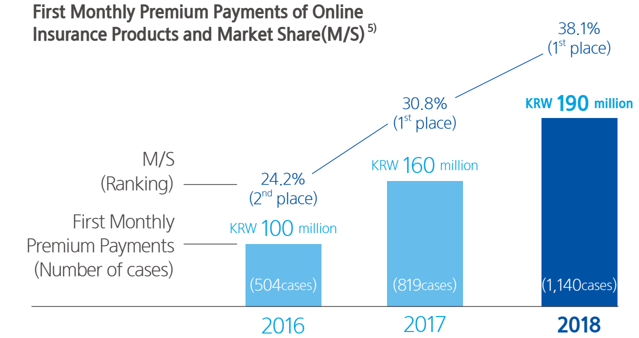
3) AR(Augmented Reality): Superimposition of computer-generated images over a real situation
4) VR(Virtual Reality): A computer-generated environment to provide an experience similar to reality

Strengthening the Competitiveness of Online Channels

We are accelerating our customer-centered innovation efforts in digital channels and strengthening our business competitiveness to reinforce our dominance in the digital channel market.

Expanding Customized Digital Products	• Improving accessibility to Samsung Life's insurance products by providing a digital-exclusive customized channel • Launched the Mini Cancer Insurance in 2018; Planned launch of policies offering fine dust and food poisoning coverage
Offering New Services through Market and Trend Analysis	• Strengthening the competitiveness of digital channels by analyzing top insurance companies overseas and studying insurtech cases • Promoting services related to domestic Fintech and insurtech • Offering health and asset management services
Publishing the Renewed Homepage	• Offering a website with a focus on contracts - Offering calculation/contract functions that are simple to use and accessible from any page • Encouraging insurance needs through the "Check My Coverage" function - Enabling website users to look up their own insurance policies • Resolving inconvenience experienced by customers who purchased their policies online - Facilitating understanding through guidelines and statistical data - Expanding non-face-to-face consultation by promoting online chat - Strengthening regular customer management

First Monthly Premium Payments of Online Insurance Products and Market Share(M/S)[5]

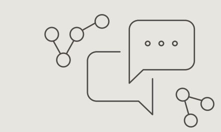


5) Market Share(M/S): Data for 2017 changed due to the change in calculation standard

Offering Services Using Digital Technologies

We have launched a "Mobile Confirmation Service of an Insurance Purchase" to resolve the inconvenience experienced by our customers when going through the policy purchase verification process. Previously, customers had to go through a call center agent in the verification process, which introduced several complications, including the inability to answer phone calls due to time constraints and difficulties in understanding and answering a long line of questions required by recently introduced consumer protection regulations. Samsung Life launched a digital verification service via its homepage and mobile application in May 2018, enabling customers who have purchased insurance policies with electronic signatures to look up the terms and conditions, find contract documents of their policies as well as purchase other policies. This service has enabled customers to directly verify complete selling and enhanced convenience for both customers and consultants, which is demonstrated by the fact that over 30% of new contracts(based on FCs as of December 2018) were signed using the mobile service.

Business Case



Expanding Interactive AI Service through the Development of a Chatbot

In May 2018, Samsung Life launched its internally-developed AI chatbot named "Tabot(meaning "Warm-hearted Robot" in Korean)" to offer customer services without limitations of time or space. Customers can use Tabot by adding Samsung Life as a "Plus Friend" on KakaoTalk or using the Samsung Life mobile application. The available services are: checking the status of their insurance contracts; requesting policy loans or making repayments; and receiving a list of recommended insurance products. Samsung Life will continue to enhance customer convenience by expanding the service areas covered by chatbot and further utilizing interactive service platforms.

Chatbot Service

- **Policy Loans** Payment/Repayment
- **Insurance FAQ** Products/Documents

Chatbot-compatible Platforms

- Samsung Life Mobile App
- KakaoTalk
- Galaxy RCS

Tabot Service Screen

Material Issue 4

Make a New Corporate Culture

Performance

PC On/Off, Double Plus Week implemented (Support for work life balance)

New Biz Idea Contest held

Materiality

Corporate culture, a core competence unique to every company, defines the company's psychological basis on which its constituents' values, ways of thinking and behaviors are determined. Building a healthy and flexible organizational culture is an essential factor of a company's sustainable development. Samsung Life fully recognizes that providing an environment in which its employees can focus on their work and increase their competencies, along with spreading a culture of mutual respect and active communication, are indispensable to improving employee satisfaction and securing corporate competitiveness.

Risk & Opportunity

Changes in Labor Environment: Strict implementation of government policies on human rights, such as the increase of minimum wage and the reduction of work hours

Advent of the Work Smart Age Emphasizing Efficiency and Creativity: Increased work efficiency through the automation of work processes, establishment of a horizontal organizational culture based on communication and cooperation, and increased attention to mobile learning content due to digital innovations and the reduction of work hours

Management Approach

As global competition intensifies, it is becoming increasingly important for companies to innovate their organizational cultures so that they can respond to changes in market conditions in a timely manner. In this regard, Samsung Life has established three major strategic directions that include "practical, rational and respectable human resources management," and undertakes various activities to enhance employee pride and generate synergy between cooperation and innovation among our employees.

Strengthening Organizational Values

Strategies for Innovation of Organizational Culture

Under the three major strategic directions of "practical, rational and respectable human resources management," Samsung Life intends to build a healthy and flexible organizational culture. More specifically, we create a work environment where our employees can focus on their work, achieve shared growth with the company, feel a sense of pride in their organization, and secure competitiveness by being creative and innovative. Furthermore, we use the Organizational Health Index[1] and the Samsung Culture Index(SCI)[2] to continuously innovate our organizational culture and make it part of our daily work life.

The Best Company to Work for
Colleagues We Like to Work with, A Workplace We Like to Work for

Practical HR Build a work environment to improve employees' work engagement	Rational HR Strengthen the competitiveness of human resources	Respectable HR Enhance a sense of pride in employees
Manage regular working-hours (52 hours per week)	Promote self-directed CDP through internal hiring system	Encourage observing of guidelines of work ethics(5 To-Dos[3] vs. 5 Not To-Dos[4])
Simplify job titles	Encourage self-directed learning	Reinforce communication with authenticity
Implement employee-friendly vacation policy for work-life balance	Revamp the HR system (Fair competition and reasonable compensation)	Persist CSR activities

1) Organizational Health Index: An index to monitor results of five items(work hours, vacation, volunteering, donations and security) to help employees find work-life balance and create a work environment in which they can focus on their work
2) Samsung Culture Index(SCI): An organizational culture diagnosis tool taken every year by employees of Samsung affiliates, evaluating five areas(enjoyable work, associable colleagues, pride toward company, managers' roles and roles of executive management and HR) and drawing areas of improvement
3) 5 To-Dos: work hours, vacation, volunteering, donations, security
4) 5 Not To-Dos: drunken violence, verbal abuse, assault, sexual harassment, defamation

Work-Life Balance

Creating a Work Environment to Improve employees' Work Engagement

Samsung Life undertakes multiple activities in order to proactively respond to the policy regarding reduction of work hours and help employees find a balance between work and life. We implement the PC On/Off system to help improve concentration, reduce overtime and keep employees from leaving work late, as part of our effort to implement stricter management of work hours. Also, we have introduced the Double Plus-Week. By introducing Double Plus Week policy(meaning two-weeks-long vacation), Samsung Life has encouraged work-life balance and self-development as well.

Achieving Work Efficiency through the RPA System

In October 2018, we launched the Robotics Process Automation(RPA) system to improve the work efficiency of our employees and create an environment where they can focus on value-added work. As of April 2019, we have applied RPA to 50 top-priority tasks out of approximately 340. As a result, 24,000 working hours has been reduced, which were mostly spent on simple and repetitive tasks. In the future, we will continue to expand RPA to enhance work efficiency and employee satisfaction.

Expanding Family-oriented Program

We have launched a variety of seasonal family-oriented programs jointly operated with Labor-management, which can improve employees' family dynamics and elevate pride toward the company.

Family-oriented Programs

Spring Love-parents Overseas Trips	• Invited employees' parents to an overseas trip, thereby enhancing employees' trust in the company and satisfaction • Held twice in 2018 with the participation of 62 families(124 persons)
Summer Love-kids English Camp	• Ran English summer camps for employees' children, enhancing trust between the company and employees(and their families) • Held once in 2018 with 40 participants
Fall Love-family Fall Camping	• Enhanced pride in the company and a sense of unity among employees by experiencing love for their families, the essential value of the insurance business • Held once in 2018 with the participation of 80 families(315 persons)
Winter Love-kids Ski Camp	• Ran winter ski camp for employees' children to instill a sense of pride • Newly introduced in January 2018 and participated by 50 participants

Building an Interactive Organization Culture

Organization-wide Town Hall Business Meetings

Samsung Life holds organization-wide Town Hall Business Meetings(the Meetings) for communication between executives and employees, to share business-related information, such as management policies, strategies, their outcomes and so on. Through the invigorated communications, a culture of trust has been renewed, which is a driving force that may fulfill the vision, "Trustworthy Life Financial Partner". In 2018, there were 10 meetings in each of the first and the second half of the year with a total of 4,794 attendants. Not only the CEO shared management policies, but the executives presented critically handled business strategies such as Digitalization. Starting in 2018, we will continuously hold the Meetings so that we could become a trustworthy financial partner for our customers.

Organization-wide Town Hall Business Meetings

The 1st Samsung Life Ping-pong Match

In 2018, we hosted the 1st Samsung Life Ping-pong match as a way to promote healthy and natural communication between employees, consultants, and their families. Throughout the preliminary matches to the final match in October, all company members were tightly united and motivated, followed by improved engagement to work and invigorated dynamics of sales in the field.

Samsung Life Ping-pong Match

Creating a Horizontal Organization Culture by Simplifying Job Titles

The unified job title "Pro", replacing the varied titles by level, has been applied for more parallel and mutually respectful culture among employees considering that flexible and prompt communication at work is essential in a fast-moving market situation. Through the policy, we anticipate an elevated collaborative atmosphere and strengthened job responsibility, and ultimately, a highly work-engaged culture.

Promoting Online Communication Channels

In order to boost workplace communication, Samsung Life operates online bulletin boards covering various topics, including job-related ideas and grievances at work. Particularly in case of job-related items, the relevant person in charge immediately responds to the questions/suggestions, while taking a process to handle them. Furthermore, we will optimize the channels for more active communication.

Online Communication Channels

"Develop" Talk	"Open" Talk
Proposing ideas to improve work processes and systems	Openly stating grievances and opinions anonymously

Voice of Stakeholders

"I hope the culture of promoting challenges and sharing creative ideas can expand."

I made the finals in the New Biz Idea Contest with an idea of a health insurance policy with premium and coverage desired by customers in their 20s to 30s. In the two-month-long process, I concretized and examined whether it would be commercialized as a revenue-generating model. Although I couldn't make a revenue model, I was proud that Samsung Life was moving forward to create a culture of creativity, where employees had opportunities to explore and conceptualize new business items. I hope programs like New Biz Idea Contest be implemented continuously for a culture of communication allowing employees to take on challenges with creativity, not terrified by fear.

Participant of the 1st New Biz Idea Contest
Samsung Life, Alternative Channel Support Team,
Actuary, Gyo-seong Chu

Establishing a Culture of Self-directed Learning

Creating the culture of self-directed leaning, Samsung Life provides opportunities to enhance competencies for professional growth in the midst of the intense global competition. To be specific, employees are recommended to focus on the three themes: foreign languages, professional certificates, and book reading, which are basics of individuals' learning engine to improve competencies. Also, on the basis of the curated-learning perspective, we offer diverse learning materials, such as on/off line learning, mobile learning, study groups focused on work performance, and weekend family classes. In particular, thanks to the company-wide boom for learning foreign languages, the number of certificate holders of Oral Proficiency Interview-computer(OPIc) in 2018 has been increased by 9%p compared to 2017.

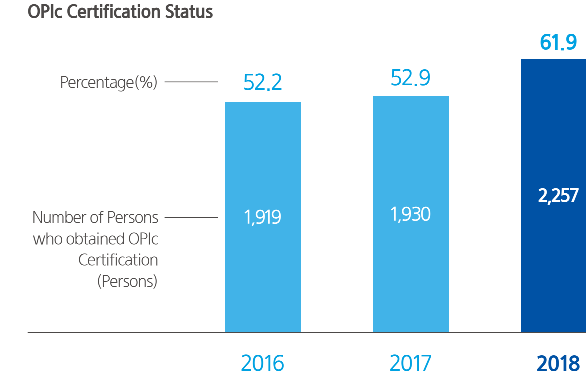
Directions for Promoting a Culture of self-directed Learning

Establish a Culture of Self-directed Learning

Support pull-type learning	Strengthen learning engines	Invigorate knowledge-sharing at work
Learning contents Intensify learning curation	**Individual-level learning** 3 themes[1] to strengthen the learning engine	**Organization-level learning** Promote Study Groups

1) Three main self-development themes: foreign language/certifications/reading

OPIc Certification Status



Business Case

Building a Creative Organizational Culture through New Biz Idea Contest

In order to find future growth engines and build a creative organizational culture, we held the "New Biz Idea Contest" in September 2018. In the contest, 213 business ideas were received, 6 of which were selected by the Evaluation Committee and employee votes to move onto the next round. The 6 teams went through the Startup Accelerating Program, learning about startups in terms of their work processes and organizational culture then concretized their initial ideas by applying what they have learned. For business ideas selected for final presentation attended by the CEO and management members, their feasibility, viability and profit model were examined and further developed. We expect the New Biz Idea Contest which promoted a sense of challenge for innovation and new businesses, help spread and reinforce a creative organizational culture within Samsung Life.

Selection Process

Collection of Ideas	1st Round Result Announcement	Building on Ideas	Final Presentation
213 ideas between September and October 2018	Assessment by relevant departments and the holding of an employee vote on November 16, 2018	Building on ideas between December 2018 and January 2019	Presentation and assessment by executive management on February 7, 2019

6 Business Ideas that Made the Final Cut

- Comprehensive platform for everyday sports
- Health insurance policy with premium and coverage desired by customers in their 20s to 30s
- Life convenience service platform connecting small business owners, consultants and individual customers
- Comprehensive insurance purchasing platform with an avatar containing health information that can make predictions on future health
- High-end asset management consulting business for active senior customers over the age of 50
- Shared office business using extra space

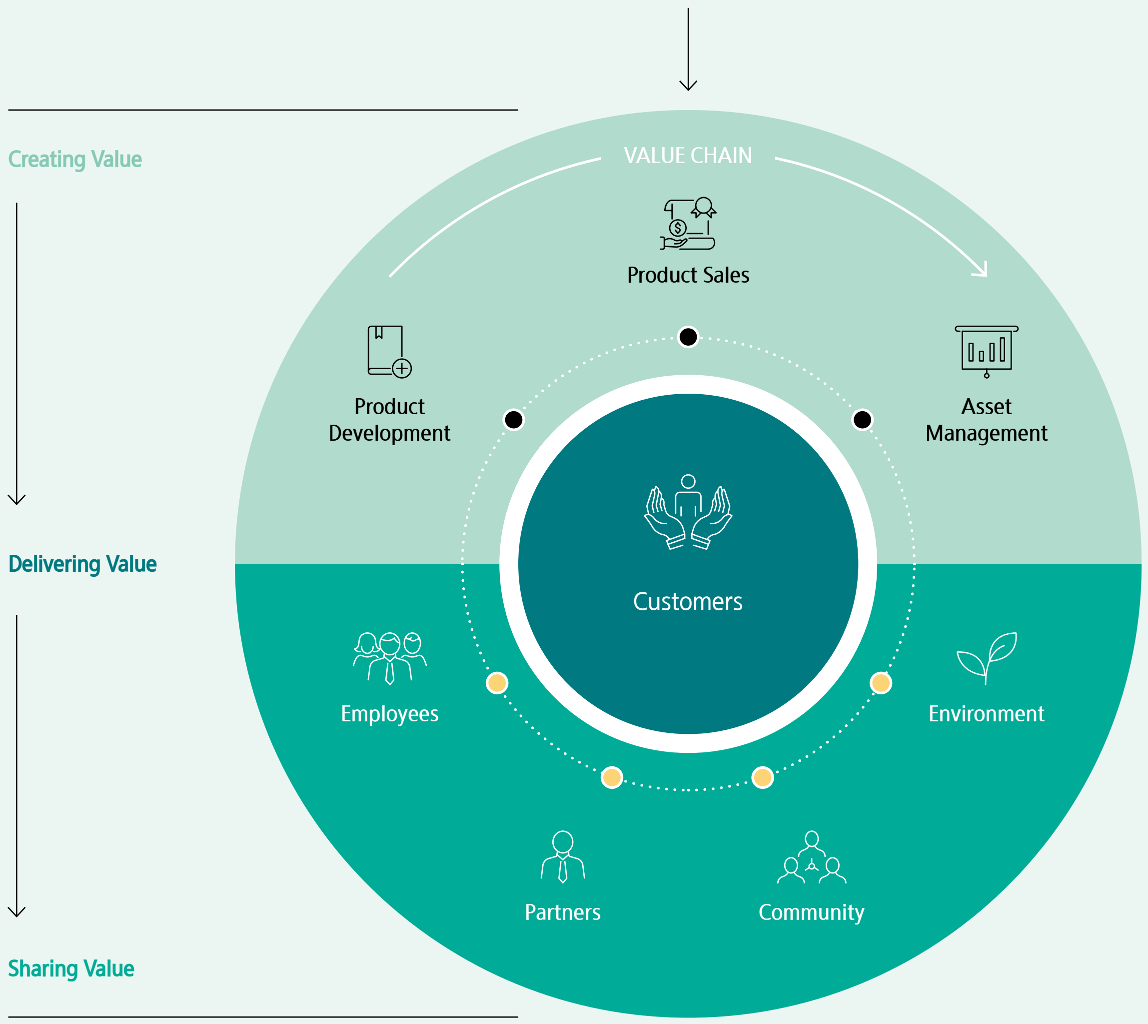
SUSTAINABILITY ISSUE

Sustainability Management Performance

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

Creating and Sharing Value of Samsung Life

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



Make New Corporate Culture

Sustainability Indicators

KRW 289 trillion
Total Assets

No.1 for 15 consecutive years
National Customer Satisfaction Index(NCSI)

KRW 2.1 trillion
New Investment Agreement for Green Business

Sustainability Indicators

			Unit	2016	2017	2018
Economy	Creating Value	Total assets	KRW trillion	265	283	289
		Customers	10,000 people	823	810	798
		Credit rating of insurer's solvency margin	-	AAA	AAA	AAA
		Sales volume of protection products (based on premium income)	KRW trillion	12.7	12.8	12.8
		Annual Premium Equivalent(APE)	KRW trillion	3.22	2.77[1)]	2.65
		RBC(solvency) ratio[2)]	%	302	318	314
		Operating ratio of Samsung Life Agents(Affiliated)[3)]	%	88.1	87.7	90.0
Society	Customer Satisfaction	National Customer Satisfaction Index(NCSI)	-	Ranked No. 1	Ranked No. 1	Ranked No. 1
		13th month persistency rate	%	89.2	88.0	87.2
		Claims payment within 24 hours	%	77.3	71.4	71.2
		Total amount of claims paid[4)]	KRW trillion	13.4	14.9	16.5
		Mis-selling ratio[5)]	%	0.18	0.10	0.09
	Shared/ Win-win Management	Amount of social contribution donation and activity	KRW 100 million	724	419	168
		Employees' voluntary activity participation rate	%	92.6	91.7	98.2
		Volunteer hours per employee	Hours	11.8	9.8	15.5
		Accumulated number of trainees completing the Junior CEO program	Persons	930	1,048	1,256
Environment	Environmental Preservation	New investment agreement for green business	KRW trillion	1.4	1.6	2.1
		Greenhouse gas emissions per unit area	$tCO_2eq/1,000m^2$	73.1	65.0	74.0
		Amount of paper usage[6)]	Ton	1,158	638	284
		Amount of eco-friendly products purchased[7)]	KRW 100 million	42	36	25

1) Data for 2017 was changed based on the IR report 2018.
2) RBC(Risk Based Capital): Calculated by applying solvency guidelines(Article 7-2 of the Regulation on Insurance Supervision) implemented since April 1, 2009
3) Operating ratio of Samsung Life Agents(Affiliated): This refers to the ratio of consultants who sold more than one insurance product per month.
4) Total amount of claims paid: Based on payment to claims on insurance contract
5) Mis-selling ratio: Based on FCs, life insurance industry average is 0.21% in 2018
6) Amount of paper usage: Calculated by the terms and conditions issued
7) Amount of eco-friendly products purchased: Amount of equipment purchased under eco-friendly conditions

Economic Value

Capital burdens have increased with the introduction of the new International Financial Reporting Standards(IFRS) and reinforcement of the K-Insurance Capital Standards(K-ICS). Therefore, it is becoming more important than ever for insurance companies to secure a basis for profit-or-loss. Samsung Life achieves financial stability by reducing capital volatility, strengthening investment on global assets with higher returns, and investing responsibly. Furthermore, we are laying the foundation for our future growth by not only focusing on the HNWI market but expanding our businesses overseas.

Enhancing Competitiveness in Asset Management

Directions for Asset Management

With prolonged low global interest rates, Samsung Life strengthens its earnings from interest-bearing assets. We, striving to achieve both stability and profitability, enhances its performance by identifying high-return assets and diversifying its global investments.

Goal	Generate stable investment and strengthen competitiveness in asset management based on ALM[1]		
Strategic Direction	Increase profitability 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 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 point of view of a customer 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 - Use the increase in demand for diversified investment by individuals and institutions at home and abroad as business opportunities

1) ALM(Asset Liability Management): It refers to the management of assets and liabilities owned by institutional investors and companies from a perspective of risk.
2) SOC(Social Overhead Capital): It refers to privately invested social overhead capital.

Implementing Sound Asset Management

The Largest Total Assets and Highest RBC Ratio in the Life Insurance Industry

Samsung Life has established a robust profit structure and conducts financially-sound practices. As of late 2018, our total assets were close to KRW 289 trillion, along with KRW 1.7337 trillion in net profit. The RBC ratio is 314%, the highest in the life insurance industry.

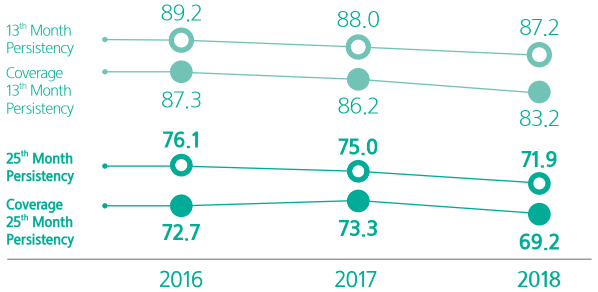
Debt Structure, Industry Ratio, Loss Ratio and Persistency Rate

The portion of fixed rate reserves fell below 50% for the first time in 2013 and recorded 40.3% as of the end of 2018. Samsung Life will reduce the risk in debt structure based on the growth of floating-rate reserves. The annual business ratio in 2018[3] is 7.6%, maintaining a stable level at 7%. The loss ratio[4] increased to 82.1% due to the increased indemnity loss ratio and reinforced policy to protect consumers by the regulatory authorities, but will gradually improve each year by strengthening on-site management and conducting activities to prevent unfair claim. The 13th month persistency rate was 87.2%, showing a slight decrease due to the expansion of protection policies within our new business.

Management of Investment Returns on AuM and Interest Income

Samsung Life adheres to the Asset Liability Management(ALM) investment strategy in asset management. In 2018, 79.3% of our invested assets was allocated into interest-bearing assets, such as bonds and loans. As of late 2018, a total of KRW 98.4 trillion of our total bond assets, which are valued at KRW 120.1 trillion, are government bonds and special bonds issued by public organizations. Corporate bonds are also managed in a stable manner through investment in corporate bonds rated A or higher.

Persistency Rate (Unit: %)



3) Business ratio: Maintenance cost/Adjusted premiums
4) Loss ratio: (Accident claims - Reserve + Waived premium + Reinsurance cost)/Risk premium

Expanding Sustainable Investment

Implementation of 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 guiding principle of asset management, we avoid engaging in speculative investments and make investments that promote the public interest and social values. Samsung Life has established and operates collection and registration processes regarding information on loan borrowers to ensure the soundness of financial transactions. In 2019, we will promote social finance and socially responsible investment by increasing the ratio of alternative investment in environmentally-friendly and renewable energy businesses and public infrastructure.

Investment in Risk Management

Samsung Life minimizes risks in asset management by building joint investment platforms with global banks and making investment decisions through professional asset managers, while diversifying risks based on mid- to long-term portfolios for each sector, country and its credit rating. We also engage in socially responsible investment by carefully considering the environmental impact of our investments in green energy businesses such as renewable energy and community energy.

Diversification of Investments

In 2018, we increased overseas investments and sought both stability and profitability through regional, currency and sector diversification.

Diversification of Investment Assets

Regional Diversification	Investments in new regions including France, the Netherlands, Finland, Spain, Chile and Mexico
Currency Diversification	Diversification of currency portfolios primarily based on USD and JPY by securing new currency, including the Euro(EUR) and the Canadian Dollar(CAD)
Sector Diversification	Investments in new sectors such as distribution networks, solar power, +ESS, LNG terminals and high-speed railways

Securing Investment Competence

Samsung Life endeavors to strengthen its investment competence through continuous learning and research. In 2018, we managed study groups to discuss various investment issues and draw improvement measures, focusing on the actual application of project financial modeling and the understanding of project financing contracts. In addition, with the rise of virtual currency and interest in the importance of efforts to prevent money laundering, Samsung Life offers education on the legal system and relevant regulations. Through these activities, we teach our employees the importance of responsible investment and ensure full compliance across all our businesses.

Study Group Topics(2018)

- Acquisition finance
- The European distribution channel business
- Infrastructure funds
- Project financial modeling
- Financial contracts

Business Case

Promoting Sustainable Investment

Through sustainable investments, Samsung Life generates social values while securing new sources of profit. In 2018, we began making investments in France, the Netherlands, Finland, Spain, Chile and Mexico, in addition to diversifying investment sectors including distribution networks, solar power + ESS, LNG terminal and high-speed railway. For instance, in 2018, we participated in the 34MW photovoltaic generation project in Ontario, Canada and generated remarkable performance. With the FIT(Feed-in-Tariff)[1], renewable energy support system in Canada, this project is likely to generate stable cash flow and contribute to spreading renewable energy.

1) FIT(Feed-in-Tariff): A system to support the purchase of electricity supplied by renewable energy at a fixed price

Photovoltaic Generation Project in Ontario, Canada

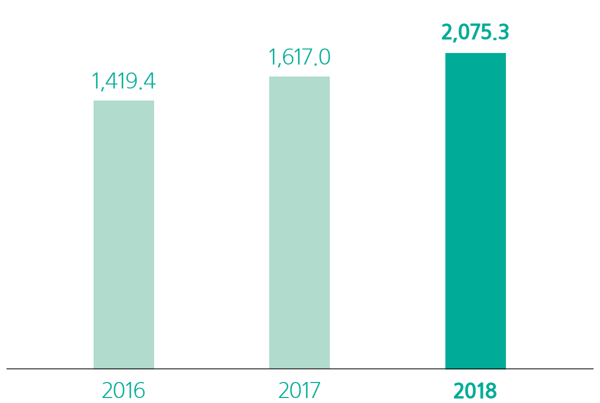
Key Performances

As of 2018, Samsung Life's investment balance for new investment was approximately KRW 2.1 trillion, 21% of which we invested in renewable energy businesses, such as solar and wind power. As of late 2018, investment balances for projects in the infrastructure sector and renewable energy projects were approximately KRW 5.9 trillion and KRW 1,040.8 billion, respectively, which accounted for approximately 17.7% of our assets in the infrastructure sector.

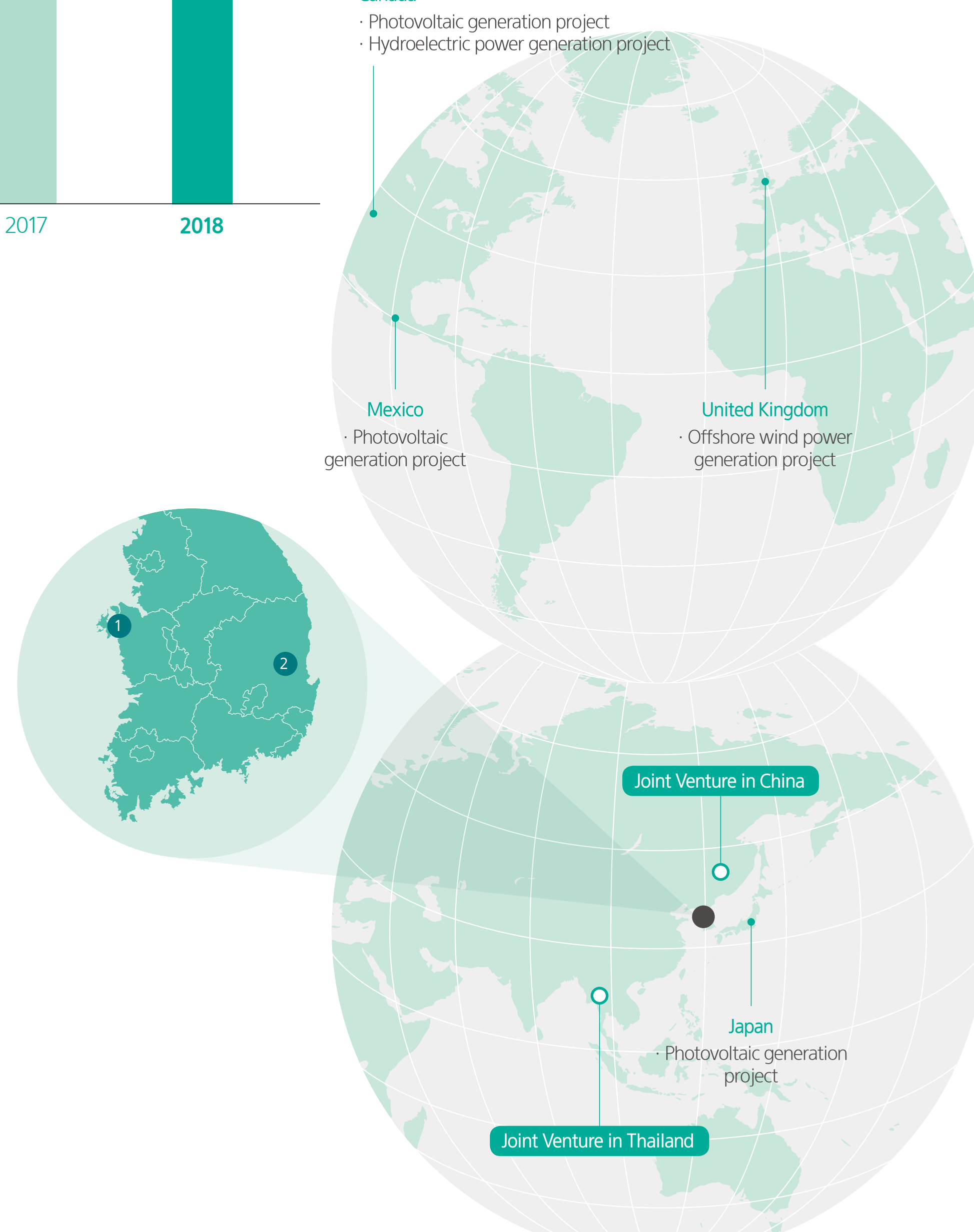
Ratio of Domestic SOC Investments by Industry - Holding Balance (Unit: %)

Category	2016	2017	2018
Sewage, Schools, Military Facilities(BTL)	38	35	32
Power Generation, Energy(BOO)	32	33	34
Roads, Railways, Harbors(BTO)	30	32	34

Contracted Amount in New Investment by Year (Unit: KRW billion)



New Investment in Renewable Energy in 2018



Expanding Overseas Businesses

Direction of Overseas Businesses

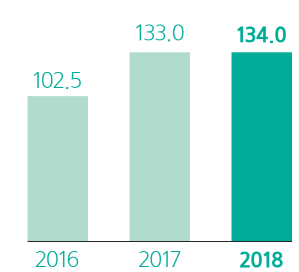
In addition to strengthening the competitiveness of its overseas offices in Thailand and China, Samsung Life is considering expanding its overseas businesses into new markets with high growth potential over the mid- to long-term.

Overseas Business Strategies

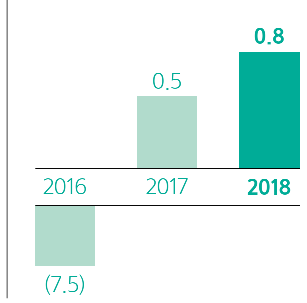
Thailand[1]

By applying a growth strategy centered on Affiliated Agents, our Thailand subsidiary is continuously increasing in premium income and achieving notable growth. For two consecutive years since 2017, it has been running a surplus by continuously increasing the number of contracts it holds. We will continue our growth strategies in Thailand to leap forward into the middle rank in the industry.

Premium Income (Unit: KRW billion)



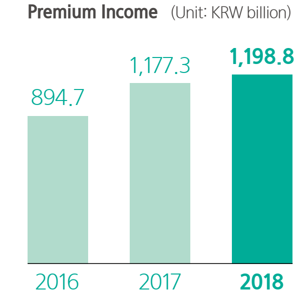
Pretax Income (Unit: KRW billion)



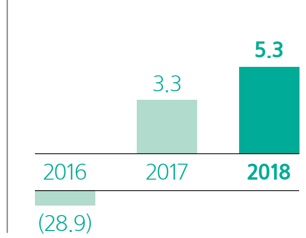
China[1]

Samsung Life's Chinese subsidiary has been growing at a rapid pace since its establishment as a joint venture with the Bank of China(BOC), China's fourth-largest bank. Our Chinese subsidiary's strong performance in bancassurance due to BOC's sales network led to a turnaround in 2017 and a gradual improvement in profits and losses. By establishing a nationwide sales network and applying profit-oriented growth strategies, BOC-Samsung Co., Ltd. aims to become a strong, mid-size market player in the Chinese market.

Premium Income (Unit: KRW billion)



Pretax Income (Unit: KRW billion)



1) Data for 2016 and 2017 were changed due to fluctuated exchange rate, while data for 2018 applies the average exchange rate.(Thailand: 34.03(KRW/THB), China: 166.4(KRW/RMB)

Business Case

Expanding Exchange Activities with Overseas Subsidiaries: The "Green Global Project"

Together with our joint venture in Thailand, Samsung Life organizes the Green Global Project where employees of both companies participate in planting mangrove trees and conducting volunteer activities in Thailand's local communities. Between 2010 and 2018, 639 participants(including 344 Samsung Life and 295 Thai Samsung Life employees) planted a total of 29,000 trees over the course of 11 gatherings. In 2018, we raised social awareness of Samsung Life among the Thai by contributing to the needs of their local communities, such as handing out lunches in a local elementary school for children with mental illnesses and painting the exterior walls of the school building.


Mangrove Planting


Volunteering in Local Communities

Leading the HNWI Market

Sharing Values Beyond Wealth Management

Samsung Life focuses on integrated asset management and expands a range of business to increase customer's assets stably in order to transfer assets to the next generation in the era of low growth and low interest rate. The WM Department, a department in charge of Our HNWI customers, offers values beyond wealth management based on its professional systems and unparalleled group of asset management experts to grow into a distinguished asset management department based on robust trust with customers.

Category	Differentiated Competitiveness
Family-centered Integrated Asset Management Service	• Offers asset management service for our customers, their families and generations to come • Provides integrated asset management solutions encompassing investments, tax affairs, real estate, inheritance, donation and risk management
Customized Products and Services	• Offers differentiated products for HNWIs, including Heritage Whole Life Insurance and hedge funds, foreign bonds and Pre-IPO • Supports a wise transfer of wealth through educational programs and services that include the second generation and their families
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: An HNWI-exclusive organization consisting of high-efficiency consultants

Strategies for HNWI

Since being launched in 2002 as the first HNWI exclusive consulting organization in the life insurance industry, the WM Department has built a nationwide network and operates the Samsung Family Office for super HNWIs, the FP Center for HNWIs, and the Heritage Sales Group offering integrated asset management through various insurance and investment products. Recently, we have established another Family Office in Busan(April 2018) and relocated the Family Office in Seoul to the Samsung Seocho Tower(February 2019), to enhance accessibility and convenience for HNWI customers and focus on super HNWI sales more intensively.

Family Office in Seoul

Business Case

Exclusive Seminars and Products for HNWI

Samsung Life secures HNWI clients and the momentum for its future growth by offering a variety of exclusive services and products.

Seminars

WM CEO
Breakfast Seminar

Held seminars for VIP clients with useful information on management, economy, industrial trends, asset management, organizational management and the humanities with a goal to promote their confidence in Samsung Life's expertise.

Content Development

Publication of "One-stop Asset Management Know-how"

Published the book "One-stop Asset Management Know-how" for use by customers in real-life situations. The book reflected tax law amendments made in 2018 and offered key asset management tips and financial strategies using insurance.

Customers

As uncertainties increase in the global management environment and competition in the insurance industry intensifies, companies need to secure their engines for growth by improving their customer-centered management. Samsung Life places the highest priority on its customers and works hard to ensure their continued trust. In this regard, we are expanding convenient services for financially vulnerable customers such as disabled and senior customers, offering differentiated services throughout the entire process of insurance purchases, and maintaining contracts and insurance payouts. Furthermore, Samsung Life promotes communication with our customers for customer satisfaction.

Invigorating Customer Communication

Communicating with Customers through SNS

We utilize various channels to promote communication with our customers. We offer useful information on insurance/finance and communicate with customers in real-time through online channels such as Kakao Plus Friends and Facebook.

Customer Communication Channels (As of late 2018)

Company Website
Introduces Samsung Life and the Latest Company News
Web accessibility is provided by supplementing color, font size and menu composition to allow senior customers to conveniently use the service.

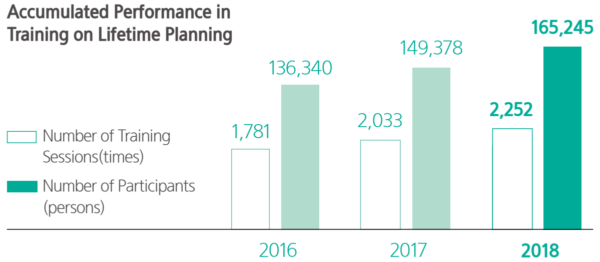
Kakao Plus Friends
Shares News with Customers on Mobile Platform
Kakao Plus Friends 300,843 people

Facebook
Communicates with Customers in Real-time
Facebook Friends 174,380 people

Implementing Research on Customers and Trainings on Lifetime Planning

In an effort to understand the varying needs of our customers, the Institute of Insurance Research studies life design solutions from multiple angles such as gender, age and household type. We also offer customized programs to institutions and companies that sign up for our training for lifetime planning to help them prepare for their post-retirement years through new perspectives on old age planning.

Accumulated Performance in Training on Lifetime Planning

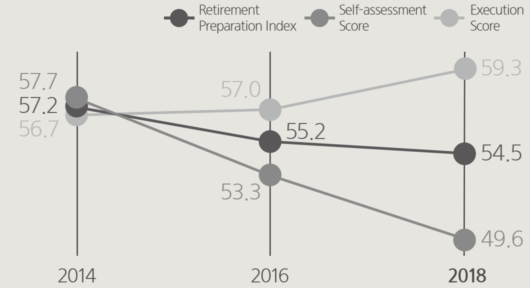


Business Case

[Digital White Paper on Retirement] The 2018 Issue Report on Old Age Planning

Living in an age of the 100-year life span, it is becoming increasingly important for people to plan their post-retirement years and prepare for various risks. Since 2012, Samsung Life has measured the Retirement Preparation Index biennially and published the White Paper on Retirement, as a means to raise public awareness on post-retirement planning and suggest measures to make improvements. The Retirement Preparation Index measures how well people are prepared to enjoy their joyful post-retirement years. It is composed of a subjective self-assessment score measuring how well one is preparing for retirement and an excution score on how those plans are actually executed. The latter is further divided into scoring finance, health, activities and relationships, which are areas that form the basis of one's golden years. In 2018, the average Retirement Preparation Index score was 54.5, continuously declining since 2014. The low index score results from the continuously declining self-assessment scores on retirement preparation, demonstrating that Koreans are feeling less confident about retirement planning and more anxious about old age due to living in an aging society with an increase in life expectancy. Thus, Samsung Life reduces financial uncertainty in later years by promoting annuity and coverage insurance and puts an emphasis on the needs for balanced preparation for retirement, considering non-financial sectors such as health, work-and-life balance, social exchange, etc.

Retirement Preparation Index by Year



Advancing Products and Services for Financially Vulnerable Customers

Socially Responsible Financial Products

Samsung Life plays an important part of Korea's social safety net by offering financial support and insurance products for minorities and the socially disadvantaged.

Support for Low-income Groups

Since 2008, we have supported "Hope & Love Insurance," a micro-insurance program supervised by the Korea Inclusive Finance Agency. Children under the age of 12, from families of a single parent, raised by grandparents, or from a multicultural back ground, have been provided the minimum coverage to protect them from various threats. In 2018, Samsung Life helped 949 children to become insurance policyholders, KRW 670 million in insurance premiums.

Support for Inclusive Finance

In order to support the self-reliance of financially-excluded individuals, Samsung Life provides self-support loans of up to KRW 70 million through the Korea Inclusive Finance Agency. These loans can be used as funds to start or operate a business by those with an individual credit rating of six or lower. We also provide opportunities for people to become financially independent by offering business management consulting and help to keep them self-sufficient.

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/diseases, and to maintain their lives financially stable. As of 2018, we have 6,683 policyholders, approximately KRW 540 million in aggregate premiums.

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 July 2018, we became the first life insurance company to launch an indemnity insurance policy for people with pre-existing medical histories[1], "Simplified Issue Indemnity Insurance." This new policy is part of our efforts to protect people who fail to receive indemnity medical insurance, one of the ten major aims of our "customer-centered financial reforms." We have expanded coverage for individuals with pre-existing medical conditions by simplifying eligibility criteria, such as reducing the need for a complete medical history and narrowing the scope of unacceptable critical illnesses, as well as allowing customers to sign-up for insurance plans through more convenient means.

1) Indemnity insurance policy for people with pre-existing medical histories
: A separate indemnity medical insurance for chronic patients only having administration of medicine and for fully recovered persons with pre-existing medical histories

Designated Proxy Service

In light of Korea's rapidly aging population, the number of patients with dementia who suffer from amnesia or difficulty making decisions is increasing. This situation has led to a growing interest in providing social protection for senior customers. Samsung Life has introduced the Designated Proxy Service to ensure our senior customers have convenient access to our insurance programs. The service allows the insured senior customer to pre-designate a proxy who can apply for and claim insurance benefits in the event the insured cannot apply for his/her own insurance benefits due to dementia, a coma or similar conditions. The insured can designate a proxy while signing up for an insurance plan and even after a policy has been signed. This allows the insured to claim his/her benefits in any circumstances they may face.

Overview of Designated Proxy Service

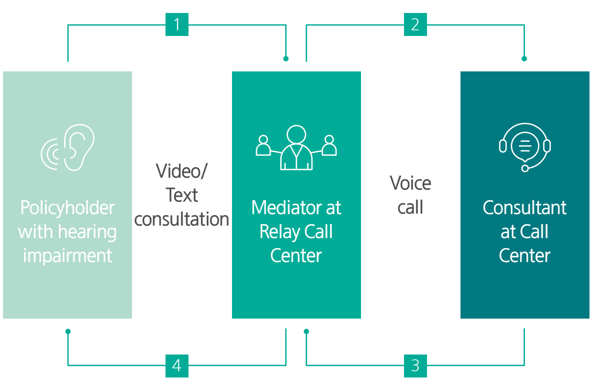
Subjects	Policyholder = Insured person = Beneficiary
Designation Scope	The spouse as stated under the family registry or resident registration that currently lives or cohabits with the policyholder(insured) or lineal relative up to siblings of the policyholder's parents
Application Method	By visiting the Plaza, an office or through a FC ※ Applications through call centers are not accepted
Required Documents	• Designated proxy application form • Identification of the policyholder(※ In case of "Not able to visit": personal seal, power of attorney and/or a phone call are acceptable to confirm the policyholder's identity) • Identification of the designated proxy(※ In case of "Not able to visit": personal seal, power of attorney and/or a phone call are acceptable to confirm the policyholder's identity) • Consent form for Personal Information signed by the designate proxy • Document to verify the relationship of the policyholder with the designated proxy(Either a family registry or a copy of resident registration)

Services for Customers with Visual or Hearing Impairments

Samsung Life ensures that customers with disabilities can have the same access to our financial services as their non-disabled counterparts. From January 2018, we have been offering the "Communications Relay Consulting Service" through the Relay Call Center, supporting communication between a hearing-impaired customer and a consultant by having the center relay the customer's sign language or text to the consultant.

For visually-impaired customers, we have been offering the "Direct Connection to Call Center Consultant Service" from April 2018, which connects any customer who has received insurance benefits relating to visual impairments directly to a call center consultant without having to press any keys on the keypad. From February 2019, we have opened the "Exclusive Call Center for People with Disabilities(Tel.+82-1899-3311)" to make our services more convenient and professional.

Communications Relay Consultation Service



Business Case

"A Home-consulting Service" for Financially-vulnerable Individuals

An outstanding "A Home-consulting Service" for financially-vulnerable individuals including senior customers to enhance convenience. Through the call center, customers with mobility difficulties can apply for a home-consulting service to handle claim benefits, and other payments. With a consultants' visiting, customers can take care of their request without any physical movement for the Plaza. On top of this service, we will design a variety of practices for the marginalized people so that they would enjoy safe and convenient financial services.

Category	Services
Payments	Group payments, maturity/dividend/installment benefits, prescription/lapse/termination, withdrawals, policy loans, children's tuition fees, annuity(initial application), annuity payments(from the second payment onward), payment tax, cancellation/suspension of dormant insurance benefits, manual payments/cancellation, automatic wire transfers, application for information protection
Accident Benefits	Minors, installment payment of accident benefits, indemnity, conventional insurance, waiver of partial/full premium, designated proxy visitation

Convenience Services for Senior Customers

Samsung Life offers "Customer-love Senior Service", a package of services to be embedded in the each stage of value chains, reflecting the needs found from senior customers.

Customer-love Senior Service

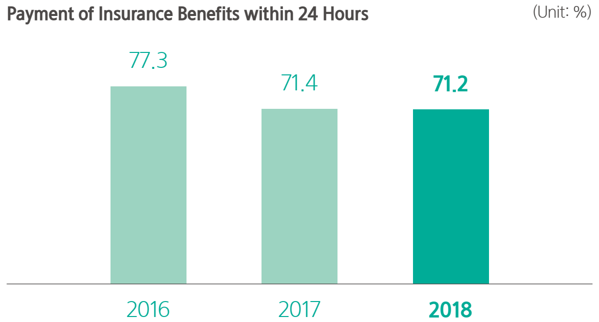
Concept of Services by Value Chain		
Entry	Retention	Exit
Customized Re-verification Improve a Customer-centered Service to Verify Complete Insurance Transaction	**Convenient Contract Management** Redesign the Contract Management Environment to Ensure Customer Convenience	**Prompt Annuity Payment** Actively Realize the Value of Insurance
[Senior Happy Call Service] • Repeat instructions on the salient features of policies(e.g., coverage) for new customers aged 65+ • Use a tailored script and adjust speed and/or volume of speaking depending on the customer's understanding	[Senior Instruction Service] • Provide contract-related documents for seniors • New layouts of the documents with bigger font and increased space for better readability [Senior Consultation Service] • Connect calls from customers aged 65+ directly to consultants without going through ARS through automatic recognition of their registered phone numbers • Respond to calls by professionally-trained consultants in charge of senior customers	[Senior Annuity Service] • Carry out a monthly out-bound call campaign for customers who have not applied for annuity payments after their annuity starting date

Strengthening Customer Satisfaction

Providing Step-by-Step Services for Customer Satisfaction

Samsung Life is committed to providing differentiated customer services from the stages of insurance policy purchases to claims payment, and facilitates convenience in insurance management for our customers to earn their trust. 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 stage of purchasing a policy. Through our Premium Customer Love Service and as part of our post-sales management efforts, 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. At the stage of claiming benefits, our call center and benefit claims-focused mobile app provide customers with enhanced convenience, while our Death Benefit Emergency Payment Service automatically initiates bank wire transfers of some post-death benefits in advance to provide these benefits as soon as possible.

Payment of Insurance Benefits within 24 Hours (Unit: %)



Mobile-Based Customer Information Service

Samsung Life strives to improve the information reception service for customers by diversifying channels to send letters and allowing customers to select preferred channels. In July 2018, we changed the existing SMS/LMS into the KakaoTalk Notice for information-type text messages for customers. With this change, we successfully enhanced customer convenience and rate of information identification, and reduced cost by addressing inconvenience in using SMS/LMS services. In addition, with the popularity of smartphones, customer needs for mobile information are on the increase, and supervisory authorities also require strengthened customer information service by utilizing mobile channels. Accordingly, Samsung Life will send mobile letters from 2019. With the new channel, customers can receive letters such as the policy by mail or mobile channels depending on their preference. Utilizing mobile letters is expected to increase customer satisfaction by improving the process of delivering policy and reducing approximately KRW 1.4 billion of annual environmental cost spent for using paper and postage. Starting with information for comprehensive and variable insurance, we will gradually expand customized mobile information service.

Step-by-step Service

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

Employees

Innovative and creative employees are the driving force for the company's continued growth in the rapidly-changing business environment. To develop and secure talent, Samsung Life establishes a self-directed learning culture and operates a fair performance assessment and a compensation system. Furthermore, we prevent work-related accidents and problems due to excessive stress through the protection of the human rights of our employees and build a healthy corporate culture by strengthening our company's safety and health management system.

Human Rights Management

Principles of Human Rights Management

Samsung Life recognizes the importance of human rights management and faithfully carries out related activities by strictly complying with the regulations and standards regarding labor, human rights and work conditions in all countries in which our business operations take place. Our human rights policy applies not only to our employees but equally to all stakeholders such as consultants, subsidiaries and local communities. Activities and performances relating to our human rights management are provided on our website and sustainability reports in a transparent manner.

Analyzing 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 violation of human rights.

Corporate Aspects

- 44% of all employees are female employees
- 48% of employees have face-to-face interactions with customers in the field

Industrial Aspects

- The insurance business requires face-to-face interactions with customers to provide products and services and to respond to complaints
- The government carries out activities to ensure human rights protection, including the establishment of the Third National Basic Plan on Human Rights Policies and amending the Occupational Safety and Health Act

Step 1. Assess Human Rights-related Risks
Identify Potential Human Rights-related Issues and Risks

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 products through face-to-face communication with customers and (ii) call center employees of subsidiaries/Plaza consultants, providing customer services via phone or face-to-face communication as groups vulnerable to human rights violations

* Employees, Customers, Shareholders and Investors, Consultants and Subsidiaries, Local Communities

Step 3. Diagnosis the Level of Human Rights Management
Undertake Assessments of Subsidiaries with the Highest Human Rights-related Risks

Step 4. Implement Activities to Improve Human Rights
Undertake Activities to Improve Human Rights According to Diagnosis Results

Employees

- Establish a system to deal with malicious customers
  - Establish implementation plans and manage follow-up measures based on the "Guidelines for Protection of Customer Response Employees"
  - Prepared and distributed the "Manual for Responding to Consumers with Malicious Complaints" in 2018
  - Devise further plans to protect employees by providing education on ways to respond to unreasonable customers
- Appoint responsible grievance settlement channels and committee members and operate the committee
- Provide counseling, stress measurement services and meditation/relaxation training through the Mental Health Counseling Center, helping to relieve work-related stress and anxiety

Subsidiary Employees

- Provide a manual for handling each situation to deal with customers, hold the "Healing Camp for counselors" and provide one-on-one personal counseling and training service for meditation/relaxation
- Reinforce customer response training through the Industrial Safety and Health Institute and offer sexual harassment prevention training to all employees

Consultants

- Operate the "Healing Camp for Consultants" for those in need of refreshing, hold a special lecture on mental health and provide the opportunity to experience meditation with music and participate in the camp

Establish Diagnosis Plans

- Conduct assessments on four subsidiaries* in the first half of each year based on the human rights management diagnosis process

* Samsung Life Service, Samsung Life Financial Service, Samsung Asset Management, Samsung SRA Asset Management

Perform Diagnosis

- Focus on identifying the current status, providing education on human rights and sharing information on diagnosis process and evaluation items

Review Results and Follow Up with Monitoring

- Continuously strengthen analysis on human rights management and reflect the results in enhancing human rights management in subsidiaries

Developing Talent

Samsung Life ensures our organization and individuals heighten their competitiveness by strengthening their job expertise and knowledge in insurance and finance. To this end, we have established and operate high-quality educational programs focused on financial trends, global market-reading abilities and job expertise development. As of late 2018, our educational expenses and training hours per employee were KRW 1.55 million and 84 hours, respectively. In response to higher demands from our employees for financial leadership development, we plan to create more programs and offer more opportunities to participate by easing program selection criteria in 2019.

Fostering Experts and Leaders in Finance

The expertise of our employees directly reflects our competitiveness as a company. In this regard, Samsung Life encourages our employees to strengthen their job expertise through various programs, including the "Job Qualification Support Program," which covers expenses required for acquiring certifications categorized into 16 core and 12 professional certifications. For financial leadership development, we not only offer in-house programs but also industry-academia joint programs with Sungkyunkwan University(Masters in Insurance and Finance), Masters in Finance and Ewha Womans University(W Leadership Program).

1,242 persons
Including Korea/U.S. Actuaries 155 persons, 422 CFPs and 60 CFAs
Core Certification Holders
(As of late 2018)

Self-directed Job Change Program

Samsung Life supports self-directed career development of our employees through the job change program. Employees can plan their own career development by referring to the selection criteria(including qualifications, language skills, job experience) announced in internal job postings. General job postings are aimed at allocating the right people to the right department where they are strategically needed to conduct new business, fill new departments or respond to internal/external issues. Regular job postings, on the other hand, are used to select talented employees in digital innovation who can best respond to the latest financial trends. In 2018, a total of 113 employees were selected for 44 job positions in the areas of digital technology, product development, sales branch management, new business, and Financial Planning.

Cultivating Talent in Digital Finance

In the era of Digital Transformation(Industry 4.0), Samsung Life operates a two-track program combining mandatory and elective courses(requiring applications and selection) to cultivate talent in digital finance. Mandatory courses cover financial market trends, financial knowledge and business skills required for all employees with different job types and levels. Elective programs, consisting of regional expert training, global job training and global digital training, offer opportunities to develop into global leaders by learning about perceiving new global trends, new technologies and benchmarking work processes at advanced companies.

Major Programs

Category	Purpose and Content
Regional Experts (566 applicants between 1991 and 2018)	• One-year, selective enrollment program that helps trainees develop competence for overseas business and understand global trend
Global Job Training (57 applicants between 2012 and 2018)	• Three-months, selective enrollment program that offers job training at advanced global financial companies, helping trainees to enhance job expertise by learning about global trends, new technologies, advanced systems and work processes
Global Digital Training (Launched in March 2019, 9 persons in the first/second half, respectively)	• Trainees are required to undertake business benchmarking tasks and innovation projects to acquire new business exploration skills and spread a culture of creativity and innovation. • Three-months, selective enrollment on semi-annual basis

Educational Results by Employee

Category	Unit	2016	2017	2018
Educational Expenses per Employee	KRW million	1.83	1.4	1.55
Training Hours per Employee	Hours	100[1]	91	84

1) Data of training hours for each person in 2016 have changed due to the changed method of data collection.

Organizational Culture of Learning and Growing

Study groups not only facilitate growth at the individual and organizational levels but also form the basis of our organizational culture, which is built on communication and cooperation. Study groups are organized at the Head Office and sales field levels where participants communicate with and learn from each other. They discuss measures to implement sales strategies and other issues. At the Knowledge Fair, we share best practice cases from study groups throughout the company to identify, share and spread outstanding cases from individuals and groups on a wide-range of topics, from securing future growth engines to strengthening the quality and quantity of sales. At the Challenge Fair, employees celebrate their one-year anniversary of joining the company and have the opportunity to re-commit themselves to the organization and solidify their future goal to become financial experts. In 2018, we launched a monthly lunchtime study group named "C-Lunch(Creative Lunch)" to facilitate communication and learning between employees and departments at our Head Office.

Major Study Groups

C-Lunch(Creative Lunch) (Company-wide study group) — Monthly
- Share strategies and work-related issues by inviting employees as lecturers
- Facilitate communication and learning among departments

Knowledge Fair — Annually
- Share know-how and best practice cases from individuals and groups on preparing for future growth and strengthening the quality and quantity of sales

Challenge Fair — Annually
- Held for newly-hired and career employees
- Enhance employee commitment to their organization and share their career visions as financial experts

Status of Study Groups by Division

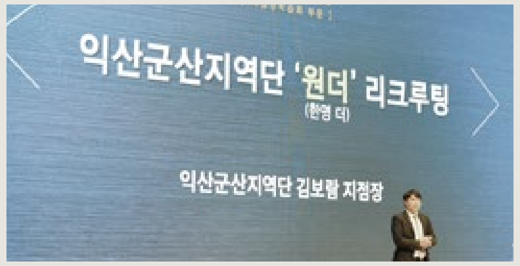
	2016	2017	2018
Total Number of Study Groups (Groups)	108	136	148
Total Number of Participants (Persons)	1,785	2,169	2,286

Business Case

Recruiting Solutions by Study Groups Led by Head of Iksan-Gunsan Regional Office

At Knowledge Fair 2018, the study group led by the head of Iksan-Gunsan Regional Office won the grand prize by handling the long-standing problem of recruiting and retaining consultants through the "One Doe Club"* strategy. This study group closely analyzed external and internal environments related to recruiting, drew up and strictly implemented strategies through joint ideation, reflected the implications resulting from such implementation and followed up with actions. By showing it could solve a problem in the field with a creative solution optimized for the field, this study group proved the effectiveness of integrating a repetition of this Plan-Do-Check-Act approach and collective intelligence.

* Organizational Growth: Increase in incumbency per sales office from 1.4 persons at the beginning of 2018(ranked 28th out of all regional offices) to 3.4 persons at the end of the same year(ranked 1st)
* Share of achievements by new consultants: 2017(17.6%) → 2018(31.4%)
* The term 'One Doe' is a combination of English "One" and Korean "Doe" meaning "more".



"Iksan-Gunsan Regional Team's One Doe Recruiting" at Knowledge Fair 2018

Fair and Transparent Performance Management

Samsung Life continually improves the performance management system. In 2018, we revamped the system for unity between staff at head office and sales managers in the field, because the prior system did not adequately reflect the uniqueness from each one. First of all, several key indicators were applied as common evaluation base, selected in accordance with representativeness of a department, achievability as a short-term challenge, and an acceptability as a strategic target. In addition, the flexible distribution ratio was taken to determine high and low performers. Finally, we added two different implementations reflecting employees' attributes. For sales managers, we applied relative and absolute appraisals simultaneously, so that they would be motivated to set and achieve ambitious goals. For staff, a regular-based performance management system "Review On" was employed, which enabled managers to coach and supervise the entire work process .

Reinforcing Employee Safety and Health

Establishing a Safety Management System

As part of our efforts to create a safe work environment, Samsung Life has established a safety management system consisting of the Industrial Safety and Health Committee and the Safety Management Center under the Board of Directors. An organization with equal representation of members from both the company's management and labor force, the Industrial Safety and Health Committee convenes to share safety-related issues and make agreements about measures to deal with risk factors. The Safety Management Center, which is 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.

Safety and Health Management Governance

BoD

Industrial Safety and Health Committee
- Composition: Four representatives each from management and labor
- Role: Deliberation and decision-making body in the safety and health management sector

Safety Management Center
- Role: Oversees company-wide safety and health management

Major Agenda of the Industrial Safety and Health Committee(2018)

- Safety inspection of sales field centering on offices vulnerable to industrial safety and health issues
- Expansion of CPR training among employees

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

Field-centered Safety Inspections

We are strengthening our activities to secure the safety of our employees in a changing work environment by establishing innovation offices.

Major Activities in 2018

Categorized Safety Inspections

Preliminary inspection of risk factors during the winter and thawing seasons, damage due to storms and floods, the sanitation of in-house cafeterias, among other risk factors.
- Eliminated risk factors for each category, inspected and improved various facilities and equipment

Safety Inspection of Sales Offices

Intensive inspection of electricity and fire-related facilities by selecting offices vulnerable to safety issues, such as those in peripheral areas of the country
- Changed 9,041 electric strips in sales offices operated by the company
- Conducted on-site inspections of 129 offices and employee safety education on disaster-response action plans

Managing the Physical and Mental Health of Our Employees

Mental Health Counseling Center

Samsung Life engages in a variety of activities, such as Smile Day, the Healing Together Program, stress assessments and one-on-one personal counseling programs through the Mental Health Counseling Center to keep our employees healthy both physically and mentally. We have also introduced many programs to meet the needs of different groups of employees. In 2018, we held meditation sessions and healing camps for sales managers, regional heads and office heads to promote their mental health and leadership, as well as role training for division heads and members. In the future, Samsung Life will seek to build a stress-free work environment and enhance work productivity by restoring employee mental health and stability through various meditation programs.

Healing Camp

Maternity Protection

We have operated the Maternity Protection Center since 2011 to encourage a family and female-friendly work environment. As part of our efforts to protect expectant mothers, we provide counseling, protective equipment and separate nameplates for pregnant employees as well as offer rental services for baby products and books, a resting room and breast pumps within the Center, and lunch breaks extended by one hour. In 2019, the company's labor and management agreed that pregnant employees performing emotional labor could be excluded from certain types of work upon request.

Establishing a Culture of Safety

Expanding Safety Education

By joining hands with the Seoul Metropolitan Fire and Disaster Headquarters, Samsung Life provides professional safety training to its employees through safety experts and state-of-the-art facilities. We also provide highly-effective, hands-on training not only to our employees but also to their families by teaching them how to effectively and swiftly handle emergencies or disasters. In 2018, we expanded CPR training to all our offices nationwide as part of our efforts to raise safety awareness among employees working in regions outside the Seoul metropolitan area.

Safety Hands-on Training for Families of Employees

Employee Safety Education

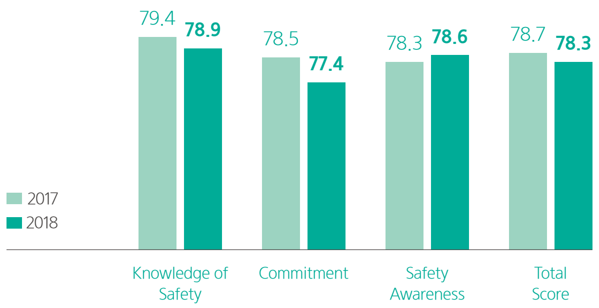
Distributing Safety and Health Materials for Raising Safety Awareness

In order to create a safe work environment, Samsung Life distributes safety and health materials to all employees on a bi-monthly basis via a company-wide system. In 2018, we distributed posters on a variety of subjects on strengthening safety management for fire prevention and actions plans for earthquakes and fires. Samsung Life also introduced digital signage to continuously promote awareness among our employees toward safety-related issues.

Conducting a Safety Awareness Survey

Each year, we conduct a safety awareness survey on our employees to identify their levels of safety awareness and establish safety plans based on the findings. The survey is organized into three parts: knowledge of safety, commitment and safety awareness. We assess our employees' level of awareness in each part and draw out what measures need to be taken to improve their awareness.

Results of Safety Awareness Survey (Unit: Points)



Business Case

Regional CPR Training for Employees

In 2018, we expanded CPR training to cover more regions across the country(i.e., Suwon, Incheon, Daejeon, Daegu, Busan and Gwangju) so that employees working in regions outside the Metropolitan area can develop their safety awareness and be trained to respond to emergency situations both accurately and promptly. CPR training is a practical program certified by the Korean Association of Cardiopulmonary Resuscitation. The 118 employees who completed training in 2018 can take action in emergency situations near their workplace and in their local communities. Regional CPR training will also continue throughout 2019 and help support local communities nationwide.

CPR Training for Employees

Social Contribution

Our promise to accompany our customers as their life financial partners throughout their life journeys is also a promise to our society. In order to give back to society and generate social values that reflect the nature of our business, Samsung Life participates in various social contribution activities. We take part in solving a range of social issues such as providing education for young people, confronting low fertility rates and suicide prevention as part of our efforts to build a healthier society and a better tomorrow.

Strategic Social Contribution Activities

Establishing New Directions for Social Contribution

Based on the value of "People, Love", we cherish life as a company whose business is built around life insurance and make various efforts to stand by our customers from birth to old age, through their ups and downs. Our social contribution activities are centered on low fertility rate, suicide prevention and education for youth. All of which are social issues of high importance. We also operate a donation system participated by our customers and seek to build a culture of social contribution based on communication among us as the company, our customers and the society.

Strategic Directions for Social Contribution

Together to the Future! Enabling People

Education for Youth	Improving Low Fertility Rate	Suicide Prevention
• Financial and Personality Education for Youth • Serotonin Drum Club	• Medical Expense Support for Children • Saesalmaeul • Joint Childcare Centers	• Respect-for-life Education for Youth • Love Life Campaign

Education for Youth

"People, Love" Financial and Personality Education for Youth

Since 2016, Samsung Life held the "Financial and personality education for Youth" to help students develop a proper understanding of economics and encourage them to make rational financial decisions. By selecting university students to participate in our financial education volunteer groups, we provide opportunities for the participants to virtually experience economic activities throughout their entire lives using tablet PCs and NFC functionality. Through this program, Samsung Life helps students acquire a better understanding of finance and insurance and contribute to spreading a proper culture and awareness of finance and insurance. In 2018, we visited 161 schools and 13,368 students took part in our program.

"People, Love" Serotonin Drum Clubs

Samsung Life's "Serotonin Drum Clubs" support the emotional health and character development of young students. Playing drums produces a lot of serotonin, a hormone that helps to regulate mood and emotions, and this helps to relieve stress and improve concentration. Serotonin 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. Winning schools are granted scholarships. In 2018, we provided support to approximately 3,500 students in 230 schools across the country.

"People, Love" Financial and Personality Education for Youth

"People, Love" Serotonin Drum Club - Drum Festival

Improving Low Fertility Rate

"People, Love" Medical Expense Support for Children

As a life insurance company that greatly values the lives of its customers, Samsung Life runs the Medical Expense Support Project for children from socially-disadvantaged families. This project is funded by the "Heart Fund," which is partially supported by contributions from the donations of Samsung Life employees and consultants. Every time a Samsung Life insurance policy is purchased, the company, our employees and our consultants each donate KRW 500. Funds raised by this matching grant program are used to give back the love we have received from our customers to society and to generate new social value.

"People, Love" Saesalmaeul

In an effort to help relieve the difficulties of child care and establish a healthy family culture, we have joined hands with the Ministry of Gender Equality and Family and Gachon University in running the "Saesalmaeul(meaning "village of three-year-olds")" program. Offering a variety of systematic and scientifically-based child care services for children from prenatal to three years of age, the program includes education for expectant mothers, child care coaching for grandparents and home visits to celebrate the birth of babies. In 2018, we provided parenting classes to 2,900 expectant parents and 1,300 grandparents and visited 1,100 homes to offer childcare coaching.

"People, Love" 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. The centers are operated by funds raised by the "Consultants Heart Fund," which was created by donations from each new contract consultants closed. The centers provide financial support for renovating dilapidated Joint Childcare Centers and purchasing toys and books. The centers also invite child care experts to provide lectures to parents lacking information on child care, and offers a place in the local community where parents can come together to share information and communicate with each other. As of 2018, we have financially supported the building of 47 Joint Childcare Centers and will continue to help reduce the burden of childcare among families to solve the issue of Korea's low fertility rate.

"People, Love" Support for Joint Childcare Centers

Suicide Prevention

"People, Love" Respect-for-life Education for Youth

Samsung Life recognizes suicide as a very serious social problem and conducts a range of activities to promote a culture of respect for life and suicide prevention. We focus on adolescent students who experience major psychological changes and offer them respect-for-life education to instill respect for their own lives. In 2018, we carried out respect-for-life education programs among approximately 37,000 students in over 200 middle schools nationwide. Since 2015, over 300,000 students in a total of 1,763 middle schools have benefitted from this program. In 2019, we plan to offer the program to schools in small provincial cities where demand for such education programs is high.

"People, Love" Respect-for-life Education for Youth

"People, Love" for Love Life Campaign

In an effort to promote social awareness on suicide, we participated in the Love Life Night Walking Campaign held on November 10, in celebration of the Suicide Prevention Day. In 2018, roughly 1,700 of our employees, customers and consultants took part in the campaign held in eight cities across the nation(Seoul, Suwon, Jeonju, Daegu, Incheon, Busan, Gwangju and Daejeon). In 2019, we will further expand our support and participation in this campaign promoting the meaning of love for life.

"People, Love" Love Life Campaign

Donating Medical Kits to Thailand

Global Social Contribution Activities

Supporting Children from Multicultural Families

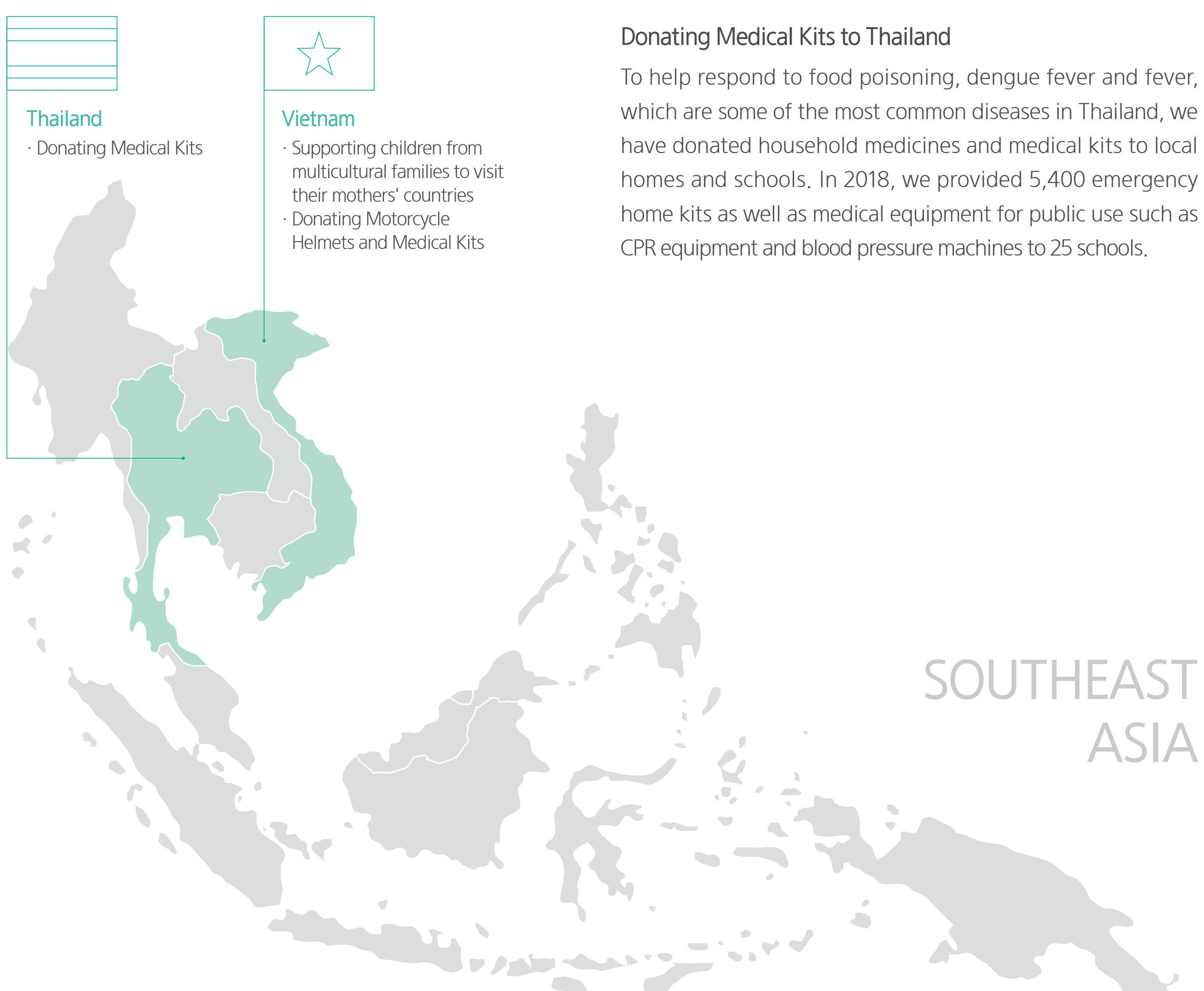
Samsung Life supports children with low-income multicultural families by funding their trips to the homelands of their mothers. Through this program, we have helped members of multicultural families improve relationships, find emotional stability and settle into their lives in Korean society by funding round-trip airfares for their children and involving them in family programs. In 2018, we funded 130 children from 35 families to travel to their mothers' homelands. In the past 12 years since the program was first launched in 2007, 1,326 children from 362 families have visited the countries their mothers reside.

Donating Helmets and Emergency Medical Kits in Vietnam

Motorcycles are the primary means of transportation in Vietnam, which means there is a high risk of motorcycle accidents. To help deal with this issue, Samsung Life donated motorcycle helmets and emergency medical kits. In 2018, a total of 6,400 helmets and medical kits were distributed to students and motorcycle workers in Vietnam.

Donating Medical Kits to Thailand

To help respond to food poisoning, dengue fever and fever, which are some of the most common diseases in Thailand, we have donated household medicines and medical kits to local homes and schools. In 2018, we provided 5,400 emergency home kits as well as medical equipment for public use such as CPR equipment and blood pressure machines to 25 schools.



Spreading a Culture of Sharing

Expanding Employee Participation in Social Contribution

Our employees and consultants have organized approximately 260 volunteer teams across the country to conduct various activities in their local communities. Every month, they visit social welfare institutions near their workplaces to help with cleaning and offer educational support. They have also held blood donation campaigns in times of blood shortage, delivered briquettes, helped make kimchi during the kimchi-making season and donated traditional foods on national holidays, and reached out to those in need when they need it the most. A total of 9,247 employees and consultants have contributed 98,019 volunteer hours in 2018, which was an increase of 1.5 times compared to the previous year. As a responsible member of the society, Samsung Life will continue to play a leading role in sharing with our neighbors in need.

Social Contribution Funds

In addition to the Heart Fund, which is a fund created by the voluntary donations of our employees and consultants from their salaries, we also operate the Matching Grant Fund where every donation is matched by the company. In 2018, the Heart Fund was used to fully finance the "Serotonin Drum Clubs" and the "Joint Child Care Centers," while the matching funds were used as volunteering expenses for employees and consultants. In 2019, we introduced a new matching fund to support medical expenses for children from socially-vulnerable families, whereby for every new policy contract signed, the company, employees and consultants each donate KRW 500. This fund requires the participation of our customers and their purchase of our policies help socially-disadvantaged people. Samsung Life will initiate new projects to fund that align with the nature of our business and expand our social contribution activities, which focus on increasing value and showing respect toward life.

Expanding Support for Promoting Public Health

Samsung Life takes the lead in promoting sports and public health through talent donations by its sports teams. Our Ping-pong Team provides online ping-pong coaching twice a week through its own YouTube channel and runs various offline training programs such as the "Children's Ping-pong Camp" and "A Day in the Life of a National Ping-pong Team Player". Our Wrestling Team has launched the "Healthy Play Gym", a community-based play-oriented sports program that contributes to balanced physical development and physical strength of young students through their participation and interest. In 2019, we will host the 1st Samsung Life National Ping-pong Club Festival for ping-pong clubs in four regions across the country, including Seoul, Busan, Daejeon and Suwon, to promote sports and health.

Sharing through Talent Donation

Samsung Life holds the "Youth Painting Contest" each year to help young artists develop their hopes and dreams. 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 5.46 million participants. In 2018, we held a mural painting event participated in by former winners of the Youth Painting Contest, volunteers and Samsung Life employees, who donated their talents to brighten up the streets for local neighbors and cultivate the feelings of young people.

KRW 16.8 billion
Expenses for Social Contribution Activities

15.5 hours
Volunteer Hours per Employee

KRW 1.12 billion
Donations Accumulated in the Heart Fund
(840 million by employees and 280 million by consultants)

Love Sharing Wall Painting

Special Page

Our Stories of Sharing

"People, Love" Volunteer Group

Our employees took time out of their busy lives and participated in various volunteer activities in the spirit of sharing. Throughout 2018, in addition to their voluntary participation on an individual level, their families and colleagues also took part in volunteering in their local communities, sharing love and fulfilling their social responsibilities. Samsung Life will continue to spread the culture of sharing through a variety of individual, alliance and family volunteering programs.

Painting the Space Children Dream About

Mural painting program for families, transforming everyday spaces into fun and creative spaces through murals

Samsung Life Weekend Family Volunteer Teams

Samsung Life Weekend Family Volunteer Teams

Sharing Warmth with Residents of the Poorest Areas of Korea on a National Holiday

Delivering holiday food to 800 homes in the poorest neighborhoods around Seoul Station on Chuseok(Korean Thanksgiving)

Group volunteering activity on Volunteer Day

Group volunteering activity on Volunteer Day

Volunteering at the National Cemetery to Commemorate Veterans

Cleaning up the environment and polishing tombstones at the National Cemetery as an alliance volunteer activity on Volunteer Day

Group volunteering activity on Volunteer Day

Group volunteering activity on Volunteer Day

Cooking on Volunteer Day of August

Cooking, packing and delivering tasty jangjorim(soy-braised beef) for socially-disadvantaged families

Group volunteering by the FC1 Support

Group volunteering by the FC1 Support

Briquette Delivery Relay

Briquette Delivery for Low-income Neighbors in the Winter Season!

Strategic Sales Department, Seongbuk-gu
Group volunteering for briquette delivery

Strategic Sales Department, Seongbuk-gu Group volunteering for briquette delivery

Strengthening Joint Volunteering Activities in Local Communities

Replacing chairs and redecorating study rooms for local children's centers, while communicating with fellow colleagues

Group volunteering by the FC2 Support

Group volunteering by the FC2 Support

Making Kimchi with Family

Family volunteer groups make gimjang kimchi for children in local orphanages!

Kimchi-making volunteering by
Daegu Family Volunteer Group

Kimchi-making volunteering by Daegu Family Volunteer Group

Participating in the Love Life Night Walking Campaign

Samsung Life employees participating in the Love Life Night Walking Campaign

Volunteer Team of New Channel Business Division, Digital Sales

New Channel Business Division, Digital Sales

Win-win Cooperation

In recent years, the government's stance on social responsibility management has strengthened, in addition to the widespread social consensus on the need for it. Amid such social circumstances, Samsung Life recognizes the significance of its suppliers and SMEs as partners growing together, and carries out various win-win activities to enhance its corporate competitiveness and value.

Establishing a Culture of Fair Trade

Selecting Partners through a Fair Process

Aiming to achieve "zero purchasing accidents," Samsung Life restricts the participation of partners with potential risks in accordance with its Contract Administration Guidelines. We prevent unqualified partners from joining the e-procurement system by linking it with the Audit Team's system. In addition, Samsung Life grants authority to employees in charge of electronic bidding so that any employee can use the e-bidding system when undertaking contract-related duties, thereby enhancing the fairness of the contract procedures.

Managing and Assessing Partners

All of Samsung Life's partners are asked to sign the "Pledge of Fair Trade and Compliance with Integrity Management" and autonomously assign a manager to ensure full compliance. In accordance with the Contract Administration Guidelines, we frequently hold briefing sessions to support contract-related work. At the same time, Samsung Life evaluates all partners every two years based on their human rights management status, business operations, labor environment, and safety and health management status.

Partner Evaluation Criteria

Human Rights	Child labor, forced labor, inhumane treatment
Business Operation	Business policy/procedures, management system
Labor Environment	Working hours, vacations, wages, compensation
Safety and Health	Safety inspections, emergency countermeasures, industrial accidents, workplace hygiene
Environmental Regulations for Products and Services	Product environment, energy management, waste/wastewater treatment

Managing Major Partners

External Sales Organizations

Samsung Life's external sales organizations, including sales offices and consultants, are our most important partners. For proactive risk management, we establish annual compliance plans and conduct regular on-site inspections. Inspections are focused on the mis-selling and non-compliance of insurance guide materials as well as illegal acts, including non-compliance with solicitation procedures and processes.

Office Supply Providers

All agencies across the country purchase critical office supplies in required quantities through an electronic purchase system called e-PASS. To prevent deeply-rooted, wrong trade practices, we purchase services and products only during the period of the contract and always announce a new tender after the contract expires.

Computerized Equipment Maintenance Companies

Samsung Life conducts risk management inspections which target the employees of our partner companies that handle maintenance of computerized equipment in the organization. We establish annual compliance plans and conduct regular inspections to detect illegal use of equipment and data.

Building Maintenance Service Providers

Samsung Life conducts audits from security service providers and building maintenance companies twice a year in order to detect and reduce potential risks through on-site inspections.

Strengthening Win-win Cooperation

Improving Competencies of SMEs and Partners

Samsung Life provides annual security training to all partners once a year, in addition to non-periodic training as needed. In 2018, we provided security training in system operations to all 663 employees affiliated with our computerized equipment maintenance partners as part of our efforts to support the smooth operation of their businesses.

We also pursue win-win cooperation with SMEs through annual programs called "Junior CEO Program" and "Samsung Life CEO Academy." In 2018, we held a seminar entitled the "Samsung Life & SME Consulting Fair" that promoted the businesses of SMEs. Samsung Life organized a variety of programs, including lectures on changes in the human resources and labor environment as well as tax law amendments, along with meetings for participating CEOs to provide platforms for mutual communication.

Junior CEO Program

We offer diverse educational programs for children of our SME clients, including various learning and hands-on activities such as business philosophy, management knowledge and leadership lectures. As of 2018, the programs have been held 45 times and have involved the education of 1,256 trainees.

Junior CEO Program

Samsung Life CEO Academy

To help the CEOs of our SME clients build up their competence, we share management know-how, the latest management trends and other learning opportunities through Samsung Life CEO Academy. As of 2018, the Academy has been held 5 times and 169 trainees have completed the program.

Samsung Life CEO Academy

Open Communication for Mutual Growth

Through various activities, Samsung Life seeks to communicate and develop a cooperative relationship with its partners. We meet with our partners at least once every quarter to examine areas of discontent as well as improvement, come up with solutions, and share information on the status of their businesses. In addition, we conduct yearly surveys to confirm the satisfaction levels of our partners.

Promoting Green Purchases

In an effort to play our part in environmental protection, Samsung Life promotes green purchasing to our partners by, for instance, exempting green companies designated by the government from bid deposits. We also engage in priority purchase of products with high-energy efficiency and minimum environmental impact, while giving preference to environmentally certified products at equipment vendor bids. In addition, in case of new construction, we use high-efficiency and eco-friendly equipment to reduce energy from the design stage.

Business Case

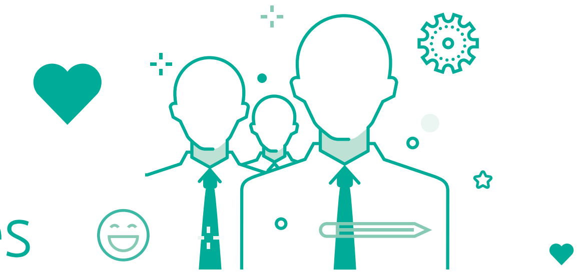
Supporting Shared Growth with SMEs through Direct Purchasing

Samsung Life makes purchases directly from its partners rather than through MROs[1] from large enterprises in an effort to support SME market expansion. To ensure the fair selection of vendors, we directly conduct a competitive bidding process. Direct purchasing not only provides a stable sales channel to our partners without the need to pay commissions to third parties, but also results in cost reductions for Samsung Life. In 2018, approximately KRW 9.6 billion was spent in direct purchases of printed materials, office supplies and electronic products from SMEs.

1) MRO(Maintenance, Repair, Operation): An agency that executes the purchase of consumable materials and the maintenance/repair of equipment

Value Chain Story

Life Insurance Affiliates



Domestic

The "Samsung Life Financial Service": Seeking Mutual Growth for Our Customers and Consultants

Samsung Life Financial Service is a company specializing in financial sales seeking mutual growth for our customers and consultants and actively responding to the rapidly changing financial environment.

Strengthening the Sales Management System

Providing Customer-centered Products and Services & Establishing the Consumer Protection System

Establishing a Differentiated Marketing Strategy	· Implementing various product strategies attuned to customer needs and securing the competitiveness of our sales organization by enhancing sales expertise
Implementing Integrity Management	· Systematically preventing mis-selling through compliance, and advancing the integrity sales management by strengthening personal information security

Establishing a Stable Sales Base

Operating a Sales System that Facilitates the Mutual Growth of our Company and Consultants

Expanding Responsible Sales	· Encouraging consultantship by promoting the autonomy of office heads; laying the foundation for performance generation through individual product coaching; mentorships
Differentiating the Sales Base through Integrated Income Management	· Setting individual income targets for each consultant and providing integrated income management through hybrid financial services covering indemnity and cards

"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 surplus returns on a stable and consistent basis.

Expanding a Culture of Making the Right Investment

Providing Differentiated Services through Investor Training and a Financial Planning Platform

Offering Investor Education to Make Everyone Winners	· Establishing a culture of making the right investments by offering investment strategies that enable customers to make the right investment decisions according to their investment aims and financial situations
Offering Online Financial Planning Platform	· Providing an online customized asset management service through purpose-based investment simulation in response to increased public interest in securing post-retirement assets

Enhancing Global Competitiveness

Introducing Innovative Products through a Global Network

Expanding the TDF Fund Lineup	· Securing the largest market share in the retirement pension fund market by continuously strengthening products since launching a TDF fund[1] in cooperation with Capital Group(U.S.)
Operating Funds of Advanced Countries Worldwide	· Strengthening the operation of funds of Global Advanced Countries Fund[2] by working together with Dimensional Fund Advisors, a global asset management company headquartered in the U.S.

1) TDF Fund: A product to automatically make global diversified investments based on the lifecycle when a point of retirement for investors is determined
2) Global Advanced Countries Fund: Fund for diversified investments in advanced countries such as the U.S., Europe, Japan, Switzerland, etc.

Overseas

Thai Samsung Life Insurance PCL.

Thai Samsung Life is a representative insurance company in Thailand, delivering the sincere value of insurance to Thai consumers through better products and services.

Leap into a Mid-sized Insurance Company Based on Affiliated Agents

Thai Samsung Life has grown into a mid-sized insurance company in the Thai life insurance market based on the capability to operate Affiliated Agents, one of the strengths of Samsung Life.

Localization of Consultant Education/ Cultivation System	· Advance the cultivation system by establishing consultant-customized education system and operating a cultivation program for sales capability.
Differentiated Marketing Based on the Strength of Samsung Life	· Develop and provide various products meeting the insurance needs of Thai customers and implement differentiated marketing such as guarantee analysis/mobile sales

"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 of real-estate investment, development and management.

Increasing Management Returns

Guaranteeing Returns by Investing in Safe Assets and Expanding Business Areas

Focusing on Core Investment	· Diversifying new investments in retail by primarily investing in office buildings which are safe assets · Implementing value-added investment in real estate by enhancing asset values
Launching Fund of Funds Investing in Overseas REITs	· Creating new fund of funds investing in overseas real-estate investment trusts(REITs)

Systematizing Risk Management

Operating an Organizational and Systematic Risk Management System

Strengthening the Risk Management Organization	· Newly establishing the Ethical Management Team to advance the risk management system in specific areas such as ethics/compliance process management, legal issues and the market
Establishing the Principles of Responsible Investment	· Complying with global standards regarding environmental inspections and minimizing risks

"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 Services

Providing Prompt and Accurate Services and Quickly Handling Complaints

Systematizing Customer Satisfaction Services	· Establishing a prompt and systematic customer complaint management process through a VOC system · Improving the insurance claims application form and introducing the waiting system, thereby reducing waiting time for customers visiting the Customer Service Center resulting in increased convenience
Paying Insurance Claims in a Prompt and Accurate Manner	· Reducing the claims payment period by operating a system that automatically categorizes insurance claims

Strengthening Job Expertise

Strengthening Employees' Job Expertise through Education and Support

Establishing a Systematic Education System	· Establishing a customized educational system by advancing educational programs for new employees, offering advanced programs for each job level by utilizing cyber education, and newly establishing leadership programs · Certified by the Ministry of Employment and Labor in 2018 as an outstanding HR development institution
Encouraging Employees to Acquire Professional Financial Certifications	· Offering education for acquiring professional certifications to cultivate financial experts and encouraging employees to acquire certifications through financial support and offering vacations

BOC-Samsung Life Insurance Co., Ltd.

With accelerated growth from the point of turning into surplus in 2017, BOC-Samsung Life[3] is preparing for a secondary leap through value-based growth.

Continuous Expansion of Scale Based on Value Growth

Continuous growth by realizing the essence of insurance business with long-term savings and protection products based on need for lifecycle

Laying the Foundation for Growth by Expanding Sales Network and Diversifying Channels	· Continue to establish new branches to expand nationwide sales network and ensure balanced growth by diversifying sales channels in addition to the bancassurance channel based on the Bank of China
Improvement of Process and Reinforcement of Business Management	· Improve an asset portfolio and work process and reinforce budget management such as cost management and control to enhance the efficiency of business management

3) Joint company of three shareholder companies, including the Bank of China, Samsung Life and Air China

SUSTAINABLE MANAGEMENT SYSTEM

Governance

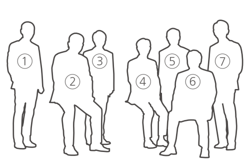
The Role and Status of the BoD

As Samsung Life's highest decision-making body, the Board of Directors(BoD), is responsible for deliberating and deciding on matters stipulated by law and our Articles of Incorporation, agenda items delegated by the Annual General Shareholders' Meeting and the basic principles and important matters relating to corporate management. As of March 2019, the BoD consisted 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 birth. 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, using each member's expertise to the fullest and supplementing areas that need improvement.

Status of the BoD

(Based on the March 2019 General Shareholders Meeting)

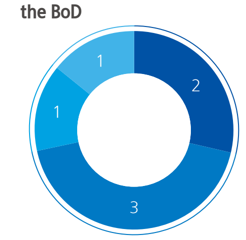
Category	Name	Position	Major Career Experience	Tenure
Internal Directors	Sung-Chul Hyun	President & CEO	Current President & CEO, Samsung Life Former Executive Vice President & Head-Strategic Sales, Samsung Fire & Marine Insurance	March 2018 ~March 2021
	Jong-Geuk Shim	Internal director	Current Executive Vice President & Head-Financial Consultant Unit, Samsung Life Former Executive Vice President & Head-Agency Sales Division, Samsung Life	March 2018 ~March 2021
	Dae-Hwan Kim	Internal director	Current Executive Vice President & Head-Management Support, Samsung Life Former Senior Managing Director of Management Support, Samsung Life	March 2016 ~March 2022
Independent Directors	Yoon-Koo Kang	Chairman of the Board	Current Adjunct Professor, Korea University Law School Former President, Health Insurance Review and Assessment Service	March 2018 ~March 2021
	Kyung-Wook Hur	Independent director	Current Advisor, Bae, Kim & Lee LLC Former Ambassador Extraordinary and Plenipotentiary of Korea to the OECD	March 2016 ~March 2022
	Keun-Chang Lee	Independent director	Current Professor, College of Trade, Yeungnam University Former President, Korean Insurance Academic Society	March 2019 ~March 2022
	Chang-Jae Lee	Independent director	Current Managing Partner, Amicus Former 59th Vice Minister of Justice	March 2019 ~March 2022



Independent director(4)
① Keun-Chang Lee, Independent director
⑤ Kyung-Wook Hur, Independent director
⑥ Yoon-Koo Kang, Chairman of the Board
⑦ Chang-Jae Lee, Independent director

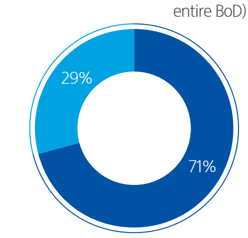
Internal director(3)
② Sung-Chul Hyun, President & CEO
③ Dae-Hwan Kim, Internal director
④ Jong-Geuk Shim, Internal director

Expertise of the BoD (Unit: Persons)



■ Management/Economy
■ Legal System/Institutions
■ Finance/Insurance
■ Marketing

Tenure (Unit: Ratio against entire BoD)



■ Two years or less
■ Three years or more

Subcommittees under the BoD

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 regular basis.

(Based on the March 2019 General Shareholders Meeting)

Category	Functions	Composition		
		Chairperson	Internal Directors	Independent Directors
Sustainability Management Committee	Manages and supervises general business operations including sustainability management issues, deliberates and resolves general management issues assigned by the BoD	Sung-Chul Hyun	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	Kyung-Wook Hur		Keun-Chang Lee Chang-Jae Lee
Internal Transactions Committee	Manages important internal transactions between affiliates in order to improve transparency of corporate management by establishing a compliance system	Yoon-Koo Kang		Keun-Chang Lee Chang-Jae Lee
Risk Management Committee	Establishes risk management guidelines in line with business strategies, decides key management strategies based on risk, and develops mid- to long-term management plans for establishing a risk management system	Kyung-Wook Hur	Dae-Hwan Kim	Keun-Chang Lee
Compensation Committee	Evaluates the compensation system each year independently from management, designs the performance-based compensation system for key officers, assesses and deliberates on the appropriateness of how the system is operated, and decides assessment criteria for independent directors	Yoon-Koo Kang	Dae-Hwan Kim	Chang-Jae Lee
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	Yoon-Koo Kang	Sung-Chul Hyun	Kyung-Wook Hur

Operation of the BoD

In principle, BoD meetings are held on a regular basis once every quarter, in addition to ad hoc extraordinary meetings convened as necessary. We define the independence of the Board through the resolution methods specified in the BoD's regulations. In accordance with the Commercial Act, for a transaction between a director and the company, decisions are made by resolution of at least two-thirds of the directors. In accordance with the Insurance Business Act, 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 2018, 98.7% of the incumbent directors participated in 12 BoD meetings, where the Board members decided on 71 reported and resolution items through extensive deliberation and discussion.

Expertise of the BoD	Transparency in Electing Directors	Independence of the BoD
• Candidates with in-depth knowledge and abundant experience in relevant fields, such as finance, economy, management and accounting, are selected as the BoD members in accordance with the Act on Corporate Governance of Financial Institutions • Major management issues and the latest business trends are provided in order to improve the expertise of the BoD	• Diversity is considered without discrimination based on gender, religion, and race, among other factors, in electing a member of the BoD • 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	• An independent director serves as chairman of the BoD to act as a liaison between independent directors and management • Independent directors are selected and appointed in accordance with Article 6 of the Act on Corporate Governance of Financial Institutions*

* 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.

BoD Performance (2018)

12 BoD meetings held

71 Agenda issues discussed and resolved

Major Resolutions of the Board in 2018

January 2018	Approval of the 62nd financial statement and sales report	
February 2018	Appointment of Chief Risk Management Officer and Officer in Charge of Major Businesses	Convention of the 62nd GSM and decision of agenda
March 2018	Appointment of the Chair of BoD	Participation in the paid-in capital increase of Samsung Heavy Industries, Co., Ltd.
April 2018	Lease contract with Samsung Electronics, Co., Ltd.	Revision of the Internal Control Standards
May 2018	Partial disposition of Samsung Electronics shares	
July 2018	Resolution on revising measures to handle immediate annuity	
August 2018	Lease contract with Samsung C&T Co., Ltd.	
September 2018	Transfer of shares regarding disposition of real-estate property in London	Revision of regulations decided arbitrarily by the BoD
October 2018	Internal transactions with persons of special interest	
November 2018	Appointment of Chief Compliance Officer and Chief Risk Management Officer	Donation to the Community Chest of Korea
December 2018	Appointment of senior actuaries	Reporting of management performance in 2018 and establishment of management plans for 2019

Supporting Independent Directors' Participation in Management

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

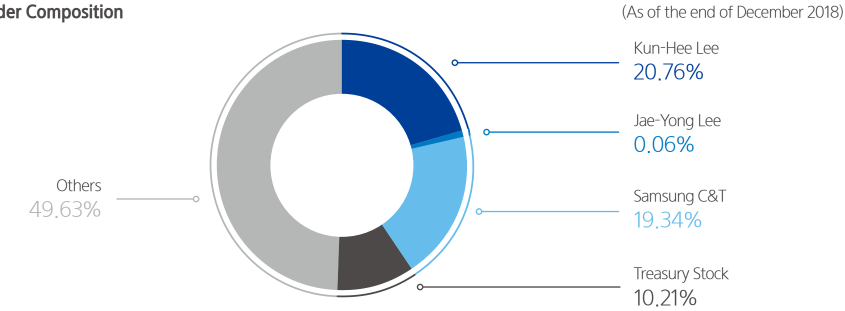
Evaluation and Compensation of the BoD

The compensation received by BoD members is made up of an annual base salary and a performance-based compensation that is paid within the limits approved at the annual GSM. At the 2018 meeting, the limit was set at KRW 20 billion(the same as the previous year), of which KRW 10 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 million)
Internal Directors	3	10,013	3,433
Independent Directors	1	82	82
Auditors	3	257	86

* Based on the number of directors present on December 31, 2018; Average compensation per person is calculated by dividing the total compensation by the average number of persons

Shareholder Composition (As of the end of December 2018)

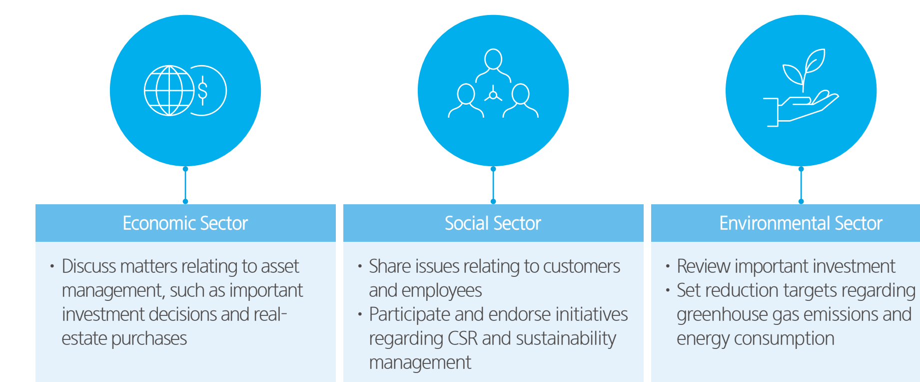


Governance Structure for Sustainability Management

Samsung Life operates the Sustainability Management Committee and the Working Council under the BoD to improve autonomous operation and to promote the fulfillment of our corporate social responsibilities. In April 2012, we reorganized and expanded the Management Committee into the current Sustainability Management Committee to deal with major issues faced by the company from the standpoints of sustainable business and social issues.

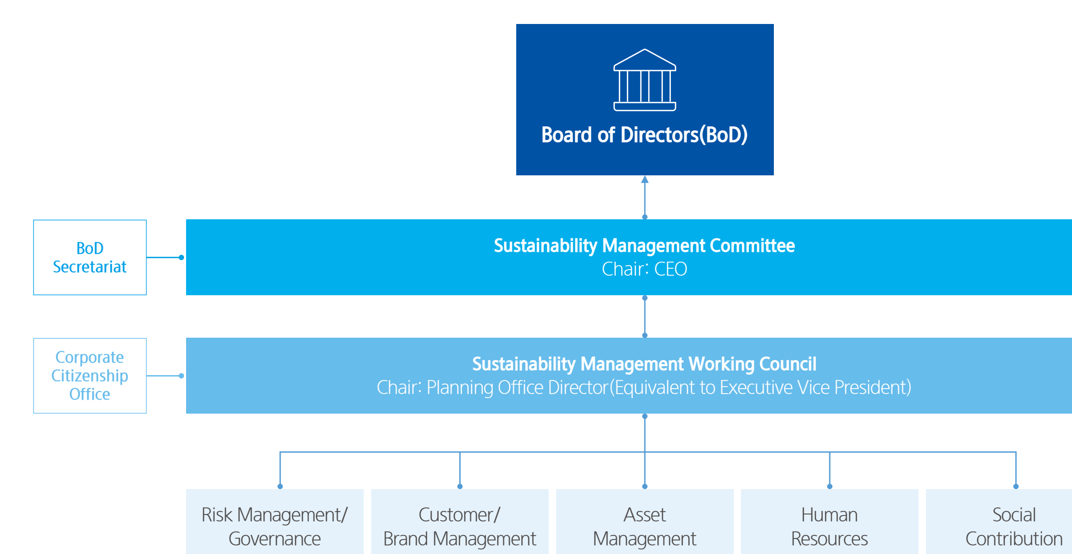
Sustainability Management Committee

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 2018, we held meetings to discuss the revision of personnel regulations, organizational restructuring, and to determine the contractor dividend rate.



Working Council for Sustainability Management

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, including HR, asset management and brand management, the Working Council evaluates issues present in our sustainability report and participates in the publication process and manages discussions on general sustainability management-related issues.



Compliance Management

Organization for the Implementation of Compliance Management

Since establishing the "Internal Control Committee" in December 2016 to strengthen integrity and ethical management, Samsung Life has secured the expertise and independence of its internal control organizations, while ensuring the practice of integrity-based sales and ethical management through various internal control inspections. In addition, each team is required to appoint an executive-level employee as its Compliance Manager. This manager is provided with training and workshops to acquire knowledge about regulatory trends concerning integrity management.

Performance of the Internal Control Committee(2018)
- Shared results of internal control inspections and reported improvement measures
- Reported outcomes of ethical and compliance awareness-raising program for employees and consultants
- Reported activities for preventing internal control risks(Compliance program, daily monitoring system, anti-money laundering system)

Organization for the Implementation of Compliance Management

Organization

Board of Directors(BoD)
CEO
Appointment
Internal Control Committee
Compliance Officer
Compliance Department

Compliance Management Infrastructure

Through a compliance portal system, Samsung Life conducts a range of activities 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 ability to implement compliance management.

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 • Create a user-friendly UI environment such as adding functions regarding reporting lines and file attachments, etc.	• Increase management efficiency by integrating internal control systems • Integrate management of the complete sales management index

Customized Training

In order to raise general awareness of ethics and compliance, we provide various integrity management programs to all our employees and consultants. Samsung Life's programs are tailored to different job responsibilities and positions, and include the "Company-wide Compliance Training Program," which is our core integrity management training for all employees, and "Complete Sales Training in the Field," which educates our employees about regulations concerning insurance sales. We also offer the "Compliance Plus Training Program" which deals with specific themes on integrity management requested by each division.

Compliance Training Performance (2018)

Training	Content	Performance
Company-wide Compliance Training	• Targets: All employees • Details: Definition of compliance, fair trade and public disclosure, financial accidents and response measures, Improper Solicitation and Graft Act, anti-money laundering system, similar deposit-taking	1 Session, Completed by 5,026 employees
Complete Sales Training in the Field	• Targets: Employees in the sales field • Details: Importance of compliance management in the field, cases related to insurance sales risks	1 Session, Completed by 2,353 employees
Anti-money Laundering Training	• Targets: All employees • Details: Understanding the anti-money laundering system	165 Session, Completed by 11,446 employees
Compliance Plus Training	• Targets: Employees of the requesting division • Details: Understanding the Capital Markets Act, matters of consideration when engaging in work relating to anti-money laundering, etc.	8 Session, Completed by 145 employees

Building a Culture of Compliance Management

Samsung Life carries out a variety of activities to expand a culture of compliance management and to establish an ethical organizational culture.

Spreading a Culture of Compliance Management

Operating the Regulation Improvement Desk	Distributing Compliance Reports	Strengthening Incentives	Operating the Cyber Ombudsman System
• Communicate with the field and improve unreasonable regulations within and outside the company	• Share knowledge and case studies on compliance with all employees by publishing a newsletter called "Compliance News"	• Operate workshops for compliance managers • Reward divisions with outstanding autonomous compliance management	• Operate the Cyber Ombudsman system, a reporting channel for stakeholders to prevent illegal or unethical conduct in violation of integrity management

Operating the Compliance Program

Through our compliance program(CP), Samsung Life prevents unfair trade practices among employees and unfair competition that disturbs the order of a fair market, while our compliance manual provides guidelines on proper 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, mis-selling and unsound sales activities in the course of contract execution and sales, observance of production standards regarding insurance guide materials, and adherence to processes and procedures focused on attracting customers.

Local Inspection of Foreign Subsidiaries

In 2018, Samsung Life carried out a second local inspection of our overseas subsidiary(Thai Samsung Life Insurance PCL.) regarding its anti-money laundering(AML) system. Through the inspection, we confirmed its compliance with proposals made in 2017 and made additional suggestions on how to improve AML training for, and identification of employees.

Monitoring of Compliance Management

In terms of inspection activities, our goal is to spread a culture of compliance through building a consensus on adhering to relevant laws and regulations. For the purpose, rather than detecting and punishing unsound business practices, we focus more on providing guidance and regular monitoring. In 2018, we undertook a thorough inspection of company regulations by division, which was followed by the establishment and revision of key regulations reflecting current legal issues as well as the business system, in order to prevent internal control risks.

Business Case

Regulation Improvement Desk for Better Regulation

In 2018, we launched the "Regulation Improvement Desk" in order to improve work efficiency and secure corporate competitiveness by revising unnecessary regulations. Through this measure, we communicate with our field employees to identify areas that require reform, review their ideas, and reflect proposals in regulations. We also hold weekly compliance study groups to learn about newly-applied internal and external regulations, and draw out ideas to improve regulations. In 2019, we will continue to actively promote these activities to encourage more employees to participate and identify areas for improving unnecessary internal and external regulations.

Proposal
Submit a proposal (electronically)
〈Regulation Improvement Desk within the Compliance Portal〉

Review
Register and Review
Link with study groups
Consult with relevant divisions as required
Decline → Provide reasons for decline
Pass → Provide a schedule of improvement measures

Measures
Internal → Revision of relevant company regulations
External → Authoritative interpretations /Response to regulations

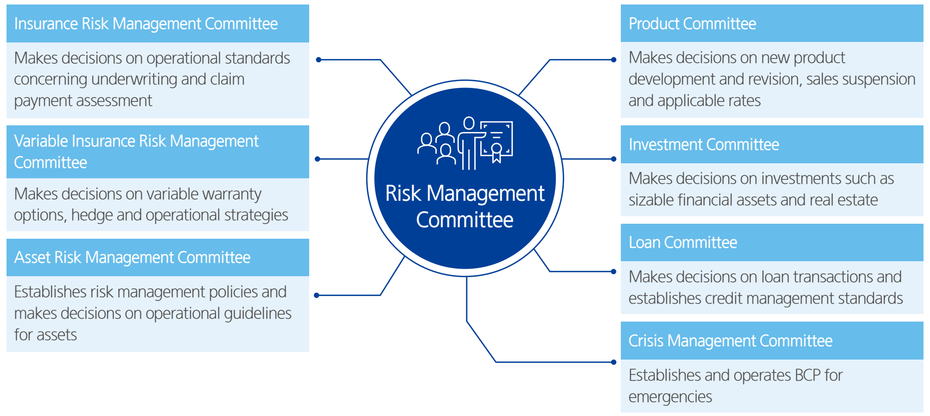
Risk Management

Risk Management Organization

Under the BoD, Samsung Life operates the Risk Management Committee, the highest decision-making body in terms of risk management. The committee is made up of one internal director and two independent directors. It is responsible for 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 expanded the former IFRS T/F into a regular department called the IFRS Part to more actively respond to the new accounting standards and regulations such as the IFRS17 and K-ICS. In 2018, we established the Financial Group Risk Management Support Part for smooth operation of the comprehensive financial group supervision system implemented by the financial authorities.

1) BCP: Business Continuity Plan

Major Functions of Risk Management Committees by Sector



Major Responsibilities of the Business Continuity Plan(BCP)

① Conducting risk assessments and managing incidents
② Analyzing the impact of our business
③ Establishing work resumption strategies
④ Establishing alternative business sites
⑤ Conducting mock training
⑥ Conducting internal/external monitoring on 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

Business Continuity Plan(BCP) Management

Samsung Life has established and operates the Business Continuity Plan(BCP) to safely manage our customers' assets and financial information and provide them with services. We operate a backup system and ensure that it is managed in a stable manner so that customers' financial information stored in our system stays intact even in the outbreak of unforeseen disasters or catastrophes. In addition, we verify the stable operation of the backup system through an annual mock training. Furthermore, every year since 2018, we have been undergoing the international certification process to verify the propriety of our BCP. At the same time, our management system not only covers core business activities in the face of a constantly-changing business environment but also areas relating to our subsidiaries, such as data centers and call centers.

Business Case

Our Preparations for Successful Implementation of the IFRS17

Major Tasks

- Complete implementing the IFRS17 System
- Stabilize the System
- Ensure the Firm Establishment of the IFRS17 System

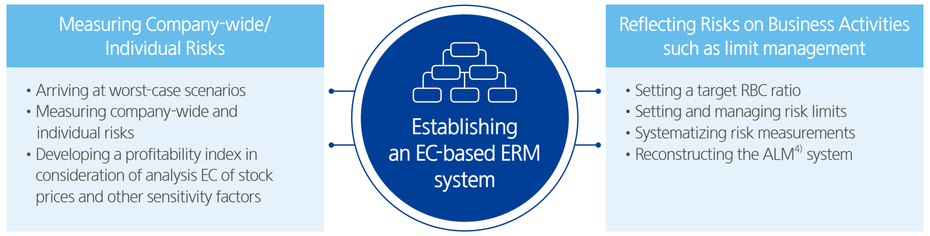
With the new International Financial Reporting Standard(IFRS17) to take effect in 2022 ahead, Samsung Life is taking various response measures based on a thorough and accurate analysis of risks and opportunities. Compared to IFRS4, which allows entities to apply local accounting practices, the IFRS17 is expected to change the paradigm of the overall management of insurance companies, including insurance products, sales, business management and asset management, by requiring consistent accounting standards across all countries. Accordingly, we will ensure a smooth transition to IFRS17 by successfully implementing the system and re-managing risks in response to the new business environment. In 2017, we established specific standards and a master plan for the adoption of IFRS17. In the first half of 2018, we launched a project to establish the IFRS17 system to be completed by the end of 2019. Recently, the International Accounting Standards Board(IASB) decided to defer the implementation of the IFRS17 to 2022. Nonetheless, according to our initial plan, we will complete the project by the end of 2019 so that we would be able to successfully adopt and stabilize the IFRS17 system.

2) ERM: Enterprise Risk Management
3) EC: Economic Capital
4) ALM: Asset Liability Management
5) VaR: Value at Risk

Risk Management Considering Economic Capital

Samsung Life balances profitability and risk through its ERM[2] system, which calculates and manages the RBC ratio in line with corporate values and the total amount of corporate risks. EC,[3] a tool for measuring the total amount of corporate risks, 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 that are made in consideration of risks. In addition to determining 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 2018, we upgraded 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 2019, we will revise computation standards and methods to ensure that our internal models regarding ALM and market/credit risks conform to international standards.



Systematizing Risk Management

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[5]-based measurement system for quantitative risk management and carry out risk situation analyses on a regular basis. Moreover, we detect and actively respond to potential risks in advance.

Managing Core Risks

Insurance Risk	ALM Risk
Reducing insurance risk by managing, the loss ratio(paid insurance claims/risk premium), maximum amount of claims payable, underwriting, and reinsurance management	Reducing interest rate risk by managing the differences in interest rates of asset and liability, by reducing the duration gap, and by matching asset and liability
Credit Risk	**Market Risk**
Granting/Managing limits on counterparty and reducing risk by managing changes in credit by following-up on trend review on a regular basis	Managing losses under worst-case scenarios, managing capital distribution to shareholders, reducing foreign currency risks by adhering to principles on hedging for foreign currency risks

Managing Emerging Risks

Threats and Opportunities from Rapid Demographic Changes

Korean society's aging and low fertility rate is occurring at a globally unprecedented rate and pose risks for economic growth and the society. In terms of the insurance industry, a major decline in demand negatively affects the growth of the insurance market but also creates opportunities for new markets such as retirement asset management, asset transfer, and health care. Samsung Life plans to strengthen its asset management capabilities and provide comprehensive risk management solutions that link health management services for senior and HNWI customers and asset management to reduce risks and take advantage of opportunities.

Collapse of Inter-industry Boundaries Due to the Development of Digital Technologies

Digital- and platform-based companies are actively attempting to tap into the financial industry by offering new services and products. After a year of preparation in 2018, Samsung Life publicly declared 2019 as the year of "Digital Transformation" and is thoroughly implementing various strategies to that end. By applying digital technologies to our products and services, we will strengthen our business competitiveness while exploring new business opportunities. We will form partnerships with and invest in up-and-coming start-ups using new technologies, and strengthen our role in the digital platform ecosystem.

Directions for Financial Information Security

To strengthen financial information security, Samsung Life implements various tasks in line with three major strategic aims.

Target: Prepare a Solid Foundation for New Growth based on Convergence Security

Strategic Directions	Expand areas of information security inspections	Strengthen security control using new technologies	Reinforce monitoring based on threat analysis
Major Tasks	• Strengthen security control of new e-financial services such as Kakao certification • Expand areas of on-site security inspections and promote relevant activities • Strengthen compliance in companies handling customer information	• Analyze and respond to threats associated with new technologies such as open API, open source and new programming languages • Establish a big data-based authority adjustment system • Strengthen protection of the rights of customers as holders of information	• Establish an analysis system for AI- and behavior-based threats • Automatize monitoring of violations of security policies, etc. • Standardize the customer information control process (from collection to destruction)

Information Security System

Information Security Management Certification

In the face of rising cyber threats, Samsung Life operates a proactive information security system to ensure safe protection of our customers' information. Our information security management system has acquired the ISO 27001:2013 certification, an international standard on information security management which assesses risk management, security policies and asset categorization. Certification is renewed each year through assessments of the latest security threats and regulatory matters. In the 2018 assessment, which was conducted as part of the certification renewal evaluation held every three years, no inconsistencies were found. 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.

Chief Information Security Officer(CISO)

- Security Planning
- Security Examination/Inspection
- Security Operation
- Personal Information

Information Security Committee

For the purpose of protection of customer information and compliance with relevant laws/regulations, we convene two committees: the Company-wide Security committee, the highest decision-making body regarding information security, led by the CSO(Chief Security Office); the Information Security Committee, taking a role of consideration and decision on IT and personal information, led by the CISO(Chief Information Security Office). Through these two bodies, we protect key information belonging to our customers, the company as well.

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 on a quarterly basis • Discusses and resolves security-related matters • Participants: Executives of IT and facility management departments and Compliance Manager as Committee members	• Discusses agenda items specifically related to personal information protection and IT security on a monthly basis • IT officers participate in discussing and resolving relevant matters • Participants: CISO, Compliance, Information Strategy Team, development and operation departments

1) CISO: Chief Information Security Officer
2) CSO: Chief Security Officer

Activities to Reinforce Information Security

97.8 Points (Excellent, Grade 1)
2018 Score by the Financial Security Institute

In order to strengthen information security, Samsung Life conducts company-wide security inspections every month, as opposed to twice a year in the past. This enables us to strengthen security awareness in our employees and consultants, as well as employees hired by our partners. At the same time, we frequently examine our website for vulnerabilities, in addition to maintaining security monitoring 24-hours a day, 365 days a year through a professional security company. Samsung Life also conducts self-monitoring to detect abnormal signs as part of our system to respond to information disclosures. In 2018, an analysis and evaluation of our website and the e-finance infrastructure was conducted by the Financial Security Institute, and we received "Excellent" grade(grade 1).

Strengthening Financial Information Security

Preventing Security Incidents	Reinforcing Security Inspection	Strengthening Security with New Technologies
• Conduct mock training to respond to customer information leakage from DDos or APT attacks • Provide information protection training to employees and partners • Establish security architecture such as clouds and RPA • Store customer information separately and establish standards for deletion/destruction of customer information	• Conduct frequent monitoring of abnormal signs • Conduct company-wide security inspections on a monthly basis • Conduct security inspections of companies handling personal information • Examine the propriety of authorities granted to personal information manager • Ensure security control of new technologies, e.g., establish solutions for information leakage through mobile terminals	• Establish processes for new certification systems including Kakao certification and non-face-to-face identification • Examine the legality of personal information collection using new technologies such as scraping • Establish control processes for RPA

Measuring Security Levels

In order to strengthen our level of security, Samsung Life conducts company-wide security inspections of our employees and consultants on a monthly basis. We also carry out security inspections at our partners and companies handling personal information, in addition to thematic inspections to identify the impact of domestic and global security issues on the company. In the future, we will continue to implement security inspections in various forms to further enhance our security level, while improving information protection management by detecting problems and devising solutions.

Name of Inspection	Targets	Inspection Items
Company-wide Security Inspection	Head Office and field offices (Divisions/regional offices)	Status of compliance with general security regulations for personal information, neglect of information assets
Security Inspection of Partners	Including IT development and operations, projects, and IT centers	PC security management status, access management regarding assets and personnel
Security Inspection of Companies Handling Personal Information	Including law offices, designated hospitals, and appraisers	Fifty-five items, including information security policies, physical storage and destruction
Thematic Inspection	Virtual currency mining, inspection of key terminals	Virtual currency mining, inspection of key terminals

Business Case

Designated as a Pilot Institution for Self-evaluation of Information Security Levels

The Financial Supervisory Service announced "Measures for Self-evaluation of Information Security Levels" in order to promote autonomous reinforcement of information security in financial companies. Financial companies face various forms of digital risks such as disclosures of personal information and hacking led by ICT development and the expansion of electronic financial transactions. Designated as a pilot institution, Samsung Life conducted a self-evaluation of its information security levels ranging from one to three, and received the A("safe") rating in all levels.

Security Level Diagnosis

Level 1	Level 2	Level 3
215 items Compliance with financial security-related laws and regulations (Compliance)	102 items Competence for autonomous security and resilience to recover from infringement incidents(Risk & Resilience)	50 items Security culture throughout the company associated with businesses (Business-aligned)

Materiality Assessment

In order to identify material topics to achieve sustainability management, we have conducted an analysis of international standards, global benchmarking, media research, and interviews with internal and external stakeholders. In this report, we have transparently described our activities, performance and future plans regarding the material topics selected.

Material Issue Selection Process

Step 1. Compose a Topic Pool

Based on the economic, environmental and social impact of our business activities in general as well as stakeholder interest, we have created a pool of 40 potential topics by conducting an analysis of international standards, global benchmarking, an internal document review, stakeholder interviews and media research.

Analysis of International Standards	• Analysis of international standard requirements such as the GRI Standards, DJSI, ISO 26000 and UN SDGs, and other selected issues
Review of Internal Materials	• Review of key articles in company newsletters published in 2018 • Interviews with key employees in relevant divisions
Global Benchmarking	• Study on companies with outstanding performance in sustainability management • Examination of issues and trends in the same industry
Media Research	• Review of articles with the most media exposure in 2018 • Subject: fifteen different kinds of daily and business newspapers nation-widely published
Stakeholder Interviews	• Period: January 28 - February 1, 2019 • Interviewees: Customers, employees, partners, investors, sustainability management experts(82 respondents)

Key Stakeholder Groups	Employees and Consultants	Partners	Government and Local Communities	Shareholders and Investors
Issues of Interest	• Field-centered management • Work-life balance • Employee competence-building	• Support for competence-building • Communicating on a regular basis	• Disclosing official business in a transparent manner • Fulfilling compete selling • Contributing to local communities	• Strengthening shareholder-friendly policies • Enhancing the qualitative corporate value • Securing the engine for sustainable growth
Key Communication Channels	• Labor-management Council • Corporate webzine and broadcasting • Labor-management joint events	• Shared Growth Workshop • Regular surveys	• Employee volunteering • Social contribution program • Sustainability Report	• GSM, IR • Business Report and Sustainability Report

Step 2. Conduct Materiality Assessment

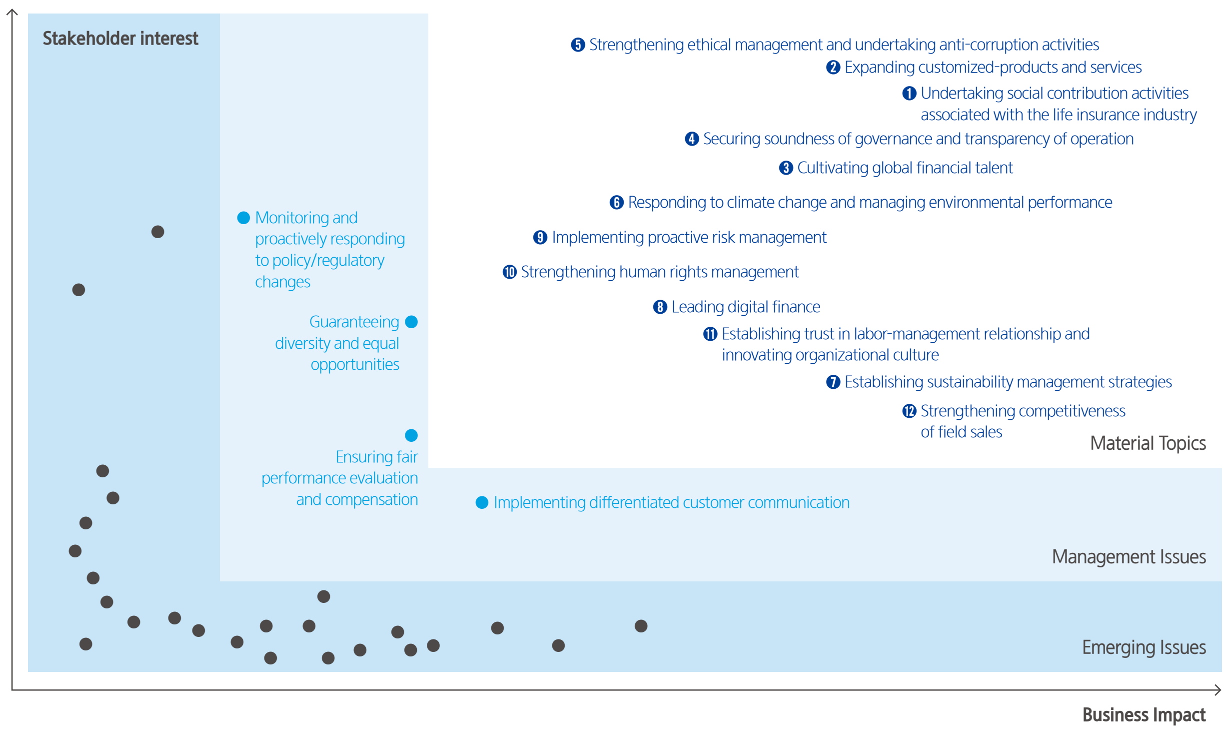
Based on the 40 topics identified, we conducted a materiality assessment in consideration of their "business impact" and "internal/external stakeholder interest."

Business Impact	Stakeholder Interest
Identification of management basis through reviewing internal materials including company letters/magazines	On/offline surveys targeting employees, investors, expert groups and opinion leaders in each stakeholder group

Step 3. Select Material Topics

By associating topics identified in the materiality assessment with economic, environmental and social indices defined by the GRI Standards, we derived 12 material topics and 4 management issues that highly impacted our business. Material topics were selected in consideration of their significance, scope, impact, reporting period and limitations. The topic boundary was set in consideration of the scope of organizational impact, results of human rights inspections and surveys, and value chains.

Materiality Map



No	Material Topic	GRI Topic	Pages
1	Undertaking social contribution activities associated with the life insurance industry	GRI 413: Local Communities	54-59p
2	Expanding customized-products and services	-	10-15p, 18-23p, 45-48p
3	Cultivating global financial talent	GRI 404: Training and Education	35p, 50-51p
4	Securing soundness of governance and transparency of operation	-	66-69p
5	Strengthening ethical management and undertaking anti-corruption activities	GRI 205: Anti-corruption GRI 419: Socioeconomic Compliance	23p, 70-71p
6	Responding to climate change and managing environmental performance	GRI 302: Energy GRI 305: Emissions	85p
7	Establishing sustainability management strategies	GRI 203: Indirect Economic Impacts	69p
8	Leading digital finance	-	28-31p
9	Implementing proactive risk management	-	22-23p, 72-75p
10	Strengthening human rights management	GRI 412: Human Rights Assessment	49p
11	Establishing trust in labor-management relationship and innovating organizational culture	GRI 402: Labor Management Relations	32-35p, 84p
12	Strengthening competitiveness of field sales	-	24-27p

APPENDIX

Sustainability Management Performance

Financial Performance

In 2018, we were challenged by a series of economic uncertainties both domestically and internationally, including the U.S.-China trade war, increases in interest rates, and employment insecurity. Even in the face of such adversities, Samsung Life accelerated its business innovation efforts and enhanced its competitiveness on all fronts including products, channels, customers and production cost, resulting in meaningful achievements. In 2018, our net income amounted to KRW 1.664 trillion on a consolidated basis. It is a +3.8% increase over the previous year excluding KRW 790 billion of non-recurring income from the disposition of our shares in Samsung Securities and excluding the KRW -336 billion of impairment losses, our net income is KRW 1.21 trillion. Our total assets were KRW 289 trillion, which had grown by +2.4% compared to the previous year. In 2019, we will continue our efforts shift our savings from mortality and reduce costs to enable a stable increase of net income.

New Business APE and APE by Product

Samsung Life's total new business APE for 2018 was down year-on-year by -4.5% to KRW 2.649 trillion, of which protection APE accounted for KRW 1.742 trillion, which was a +12.0% increase from the previous year. The increase was due to stronger market dominance enabled by increasing protection new sales and, in particular, health product new sales due to the launch of new products and the enhancement of our channel competitiveness. The decline in total new business APE is attributed to a decline in annuity and savings APE, which was caused by prolonged low interest rates. In 2019, Samsung Life will continue to launch new products and reinforce channel competitiveness to accelerate our entry into health insurance market and increase protection APE.

	Unit	FY 2016	FY 2017	FY 2018
New Business APE	KRW trillion	3.2	2.8	2.6
Protection APE	KRW trillion	2.1	1.6	1.7

Value of New Business

The value of new business generated in 2018 decreased year-on-year by -2.9% to KRW 1.01 trillion due to the lowering of the NIER(Net Interest Earnings Rate), which was caused by a decrease in market interest rates. The new business margin was 41.6%, a +0.7% year-on-year increase due to better sales of high-profitability health APE. Despite the expected decline in our new business margin in 2019 due to the life table reform, we will endeavor to increase our value of new business through health product new sales.

	Unit	FY 2016	FY 2017	FY 2018
EV	KRW trillion	29	39	32
Value of New Business	KRW trillion	1.2	1.1	1.1
New Business Margin	%	37.8	40.9	41.6

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 fulltime 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 Performance Distribution	14,610	6,320	4,759	199,579	168	7,709

1) Consolidated Statement of Financial Position

63rd Term: From January 1 to December 31, 2018
62nd Term: From January 1 to December 31, 2017
61st Term: From January 1 to December 31, 2016

(Unit: KRW million)

Category	63rd term	62nd term	61st term
I. Cash and cash equivalents	3,434,345	4,055,552	4,723,503
II. Financial assets at fair value through profit or loss	3,488,145	2,861,654	2,094,584
III. Available-for-sale financial assets	147,638,963	146,042,900	138,214,702
IV. Gain on financial assets at fair value through profit or loss	280,873	297,696	328,992
V. Realized gains on available-for-sale financial assets	73,182,513	67,072,166	60,503,788
VI. Derivative financial assets for hedge accounting	710,094	689,402	314,897
VII. Investments in associates and joint ventures	1,346,611	1,629,010	1,490,325
VIII. Financial lease-backed bonds	376,524	559,238	792,448
IX. Assets held for sale	-	49,691	260,415
X. Investment property	7,297,969	6,812,422	6,854,774
XI. Tangible assets	822,577	1,065,818	1,454,095
XII. Intangible assets	850,605	1,004,315	876,511
XIII. Current tax assets	1,187	543,749	198,549
XIV. Deferred tax assets	991	765	5,322
XV. Other assets	4,062,368	4,705,774	5,035,748
XVI. Separate account assets	45,933,890	45,323,665	41,505,148
Total assets	289,427,655	282,713,817	264,653,801
I. Insurance contract liabilities	173,943,448	166,897,872	158,729,147
II. Policyholders' equity adjustment	8,208,565	9,599,619	8,075,517
III. Financial liabilities at fair value through profit or loss	19,419	15,441	71,468
IV. Other financial liabilities	22,484,393	19,663,333	18,546,201
V. Derivative financial liabilities for hedge accounting	266,692	239,429	721,269
VI. Current income tax liabilities	363,813	78,715	69,599
VII. Deferred income tax liabilities	5,293,854	6,668,710	4,976,383
VIII. Provisions	335,416	239,350	309,532
IX. Other liabilities	1,029,980	1,009,339	988,811
X. Separate account liabilities	46,976,616	47,180,437	43,857,426
Total liabilities	258,922,196	251,592,245	236,345,353
I. Equity of parent company	28,902,094	29,358,947	26,644,237
1. Capital stock	100,000	100,000	100,000
2. Capital surplus	125,115	63,084	63,084
3. Capital adjustments	(2,116,955)	(2,116,955)	(2,117,768)
4. Accumulated other comprehensive income	15,245,998	17,073,526	15,310,260
5. Retained earnings	15,547,936	14,239,292	13,288,661
II. Non-controlling interests	1,603,365	1,762,625	1,664,211
Total equity	30,505,459	31,121,572	28,308,448
Total liabilities and equity	289,427,655	282,713,817	264,653,801
No. of subsidiaries for consolidation	103	102	86

2) Consolidated Statement of Comprehensive Income

63rd Term: From January 1 to December 31, 2018
62nd Term: From January 1 to December 31, 2017
61st Term: From January 1 to December 31, 2016

(Unit: KRW million)

Category	63rd term	62nd term	61st term
[Operating revenue]	32,240,885	31,959,034	30,428,633
[Operating expenses]	29,657,574	30,268,428	29,442,112
[Operating income]	2,583,311	1,690,606	986,521
[Non-operating revenue]	364,121	178,496	2,645,582
[Non-operating expenses]	581,731	186,330	1,024,627
[Consolidated earnings before taxes]	2,365,701	1,682,772	2,607,476
[Income tax expenses]	631,991	419,565	457,520
[Profit for the year]	1,733,710	1,263,207	2,149,956
[Other comprehensive income(loss), net of tax]	(1,849,565)	1,781,097	1,772,784
[Total comprehensive income for the year]	(115,855)	3,044,304	3,922,740
1. Profit attributable to:	1,733,710	1,263,207	2,149,956
Ownership equity of parent company	1,664,382	1,166,121	2,054,267
Non-controlling interests	69,328	97,086	95,689
2. Total comprehensive income attributable to:	(115,855)	3,044,304	3,922,740
Ownership equity of parent company	(163,146)	2,929,387	3,816,236
Non-controlling interests	47,291	114,917	106,504
[Earnings per share(Unit: KRW)]	9,268	6,494	11,407
No. of companies included in consolidation	103	102	86
Domestic	94	89	74
Overseas	9	13	12
No. of subsidiaries listed in Korea	1	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 entities of Korea's national economy, companies are required to fulfill their duty to pay taxes in order to maintain the central government and public organizations. As a parent company obliged to produce consolidated financial statements, Samsung Life fulfills its duty to pay taxes in accordance with domestic and international tax laws and ensures that its subsidiaries located in Korea and overseas do the same.

Disclosure of Tax Information

In order to fulfill its duty to pay taxes, Samsung Life ensures the transparency and objectivity of its tax information through external audits and discloses the same in a transparent manner. Information disclosed via http://dart.fss.or.kr/ provides detailed items including income tax expense calculation standards, deferred tax assets and liabilities, as well as the composition and the tax rate of income tax expenses.

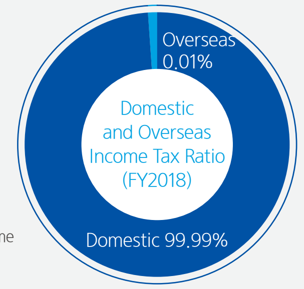
Tax Risk Management

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-related risks, we receive tax consultations from external experts when there are discrepancies or disagreements regarding interpretations of tax law.

(Unit: KRW million)

Category	FY 2016	FY 2017	FY 2018
Income tax paid[1)]	480,076	122,120	1,336,228
Deferred tax[2)] changes due to temporary difference	543,449	1,696,884	(1,375,082)
Income tax expense directly included in capital	(601,600)	(1,374,542)	676,904
Income tax expense[3)]	457,520	419,565	631,991

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



3) Statement of Changes in Equity

63rd Term: From January 1 to December 31, 2018
62nd Term: From January 1 to December 31, 2017
61st Term: From January 1 to December 31, 2016

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, 2016(beginning 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
I. Total comprehensive income for the year								
1. Profit for the year	-	-	-	-	2,054,267	2,054,267	95,689	2,149,956
2. Change in value of available-for-sale financial assets	-	-	-	1,787,045	-	1,787,045	9,529	1,796,574
3. Change in value of held-to-maturity financial assets	-	-	-	(293)	-	(293)	-	(293)
4. Change in value of derivative financial instruments for hedge accounting	-	-	-	75,860	-	75,860	1,134	76,994
5. Shares of other comprehensive income(loss) of associated and joint ventures	-	-	-	42,041	-	42,041	-	42,041
6. Other comprehensive income of separate accounts	-	-	-	(25,985)	-	(25,985)	-	(25,985)
7. Profit and loss in conversion from overseas business	-	-	-	(96,878)	-	(96,878)	(1,476)	(98,354)
8. Remeasurements of net defined benefit plans	-	-	-	(19,821)	-	(19,821)	1,628	(18,193)
II. Dividends paid to shareholders								
1. Annual dividends	-	-	-	-	(332,794)	(332,794)	(113,302)	(446,096)
2. Acquisition of treasury stock	-	-	(541,994)	-	-	(541,994)	-	(541,994)
3. Paid-in capital increase	-	-	-	-	-	-	12,176	12,176
4. Changes in consolidated coverage	-	-	-	-	-	-	1,871,916	1,871,916
5. Others	-	56,953	-	-	-	56,953	(288,992)	(232,039)
December 31 2016(end of year before 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 prior 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	(27,878)
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 prior year)	100,000	63,084	(2,116,955)	17,073,526	14,239,292	29,358,947	1,762,625	31,121,572
January 1, 2018(beginning 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
Effect of change in accounting policy	-	-	-	-	2,949	2,949	-	2,949
Amount after modification	100,000	63,084	(2,116,955)	17,073,526	14,242,241	29,361,896	1,762,625	31,121,521
I. Total comprehensive income for the year								
1. Profit for the year	-	-	-	-	1,664,382	1,664,382	69,328	1,733,710
2. Change in value of available-for-sale financial assets	-	-	-	(2,031,781)	-	(2,031,781)	(7,753)	(2,039,534)
3. Change in value of held-to-maturity financial assets	-	-	-	(16)	-	(16)	-	(16)
4. Change in value of derivative financial instruments for hedge accounting	-	-	-	160,142	-	160,142	(13,467)	146,675
5. Shares of other comprehensive income(loss) of associated and joint ventures	-	-	-	2,387	-	2,387	-	2,387
6. Other comprehensive income of separate accounts	-	-	-	45,544	-	45,544	-	45,544
7. Profit and loss in conversion from overseas business	-	-	-	14,683	-	14,683	419	15,102
8. Remeasurements of net defined benefit plans	-	-	-	(18,487)	-	(18,487)	(1,236)	(19,723)
II. Dividends paid to shareholders								
1. Annual dividends	-	-	-	-	(359,150)	(359,150)	(39,528)	(398,678)
2. Changes in retained earnings by applying equity method	-	-	-	-	463	463	-	463
3. Others	-		-	-	-	62,031	(167,023)	(104,992)
December 31, 2018(end of current year)	100,000	125,115	(2,116,955)	15,245,998	15,547,936	28,902,094	1,603,365	30,505,459

4) Consolidated Cash Flow Statement

63rd Term: From January 1 to December 31, 2018
62nd Term: From January 1 to December 31, 2017
61st Term: From January 1 to December 31, 2016

Samsung Life and Samsung Life's subsidiaries

(Unit: KRW million)

Account	63rd term		62nd term		61st term	
I. Cash flow from operating activities		1,956,123		1,608,186		4,834,400
1. Cash generated from operations	(5,225,451)		(5,063,975)		(1,452,282)	
A. Profit for the year	1,733,710		1,263,207		2,149,956	
B. Adjustments in expenses and revenues	595,344		3,447,084		4,123,921	
C. Changes in operating assets and liabilities	(7,554,505)		(9,774,266)		(7,726,159)	
2. Interests received	7,051,418		6,678,669		6,666,585	
3. Interests paid	(421,230)		(346,715)		(333,251)	
4. Dividends received	1,077,663		773,515		448,334	
5. Income taxes paid	(526,277)		(433,308)		(494,986)	
II. Cash flow from investing activities		(4,411,023)		(3,835,319)		(2,934,095)
1. Proceeds from disposal of available-for-sale financial assets	10,934,657		8,471,322		11,222,559	
2. Payment for acquisition of available-for-sale financial assets	(15,149,903)		(12,506,795)		(13,504,092)	
3. Decrease in disposal of held-to-maturity financial assets	16,315		31,713		94,548	
4. Settlement of derivative financial instruments for hedge accounting	36,612		(68,383)		(140,929)	
5. Proceeds from disposal of investments in associated and joint ventures	(10,151)		(91,537)		(502,533)	
6. Payment for acquisition of investments in associates and joint ventures	3,592		15,820		26,441	
7. Payment for acquisition of investment properties/property and equipment	(1,443,356)		(338,829)		(825,239)	
8. Proceeds from disposal of investment properties/property and equipment	2,067		11,195		1,022,340	
9. Payment for acquisition of intangible assets	(154,289)		(286,261)		(176,213)	
10. Proceeds from disposal of intangible assets	5,369		89,787		48,930	
11. Proceeds from disposal of assets held for sale	994,043		855,826		786,999	
12. Others	354,021		(19,177)		(986,906)	
III. Cash flow from nancial activities		1,832,879		1,558,230		552,932
1. Payment of dividends	(448,514)		(255,018)		(988,089)	
2. Increase in loans	6,793,699		10,637,000		15,165,434	
3. Decrease in borrowings	(5,705,800)		(10,575,000)		(14,187,116)	
4. Issue of bonds	12,150,787		39,536,584		38,544,260	
5. Redemption of bonds	(11,548,693)		(38,232,267)		(37,624,400)	
6. Increase(decrease) in non-controlling interests	591,400		446,931		(357,157)	
IV. Net increase in cash and cash equivalents		(622,021)		(668,903)		2,453,237
V. Cash and cash equivalents at the beginning of the year		4,055,552		4,723,503		2,276,606
VI. Effects of change in foreign currency exchange rates on cash and cash equivalents		814		952		(6,340)
VII. Cash and cash equivalents at the end of the year		3,434,345		4,055,552		4,723,503

Social Data

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, we strictly prohibit all forms of child labor and forced labor at our business locations 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 Labor Convention. In 2018, we had no cases of such violations.

Employee Status

	Category			Unit	2016	2017	2018
Employee Status	Total Number of Persons[1]			Persons	5,311	5,264	5,306
	By Type of Employment	Full-time employment	Male		2,856	2,865	2,834
			Female		2,300	2,248	2,288
		Indefinite contract employment	Male		6	6	6
			Female		5	3	2
		Expert/Special/ General contract employment	Male		90	77	111
			Female		54	65	65
	By Age	Under 30 years	Male		347	318	266
			Female		764	647	615
		30-50 years	Male		2,433	2,399	2,358
			Female		1,552	1,614	1,661
		Over 50 years	Male		172	231	327
			Female		43	55	79
	New Employment				208	190	303
	Employees with Disabilities			%	1.4	1.5	2.9
	Turnover Rate[2]				0.4	0.4	0.4
	Retirement Rate[3]				1.9	1.6	1.7
Retirement Pension System Status	Defined Benefit-based			KRW 100 million	3,481	3,440	3,305
	Defined Contribution-based				428	598	707
Maternity and Childcare Leave Status[4]	Maternity and Parental Leave Utilization Rate			%	7.93	8.64	8.45
	Return-to-work Rate After Maternity and Parental Leave				92.5	93.5	97.4

1) Excluding insurance consultants, part-timers and employees under the flexible working hours system
2) Those who have changed careers among those retired from full-time positions
3) Those who have entered the company for full-time positions and retired
4) To protect expectant mothers and caregivers, Samsung Life reduces working hours during periods requiring childcare, parental leave(maximum of two years), counseling/ childcare item rental service through the Maternity Protection Center, production of expectant mother name placards, provision of goods to protect expectant mothers, support for work assistants to adjust the workload of expectant mothers

Talent Recruitment

We recruit talented people with extensive expertise in their respective areas(sales and marketing, product development actuary, asset management, digital finance, etc.) by hiring talent for each job category. We also endeavor to fulfill our social responsibilities by opening job opportunities all year round for persons with disabilities. In 2018, with the continued efforts, the hiring rate of the disabled exceeded the mandatory hiring rate(2.9%).

Labor-Management Relationship

In order to establish harmonious labor and management relations based on a relationship of mutual trust and respect, we guarantee the right of Samsung Life's labor union to conduct autonomous activities and constantly share opinions about working environments and the conditions of our employees. This allows labor unions to collect requests for improvement to reach amicable agreements between labor and management on related issues. Since the establishment Samsung Life's 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 apply to all employees, except executives.

Labor Union Status

Category	Unit	2016	2017	2018
Labor Union Members	Persons	3,405	3,379	3,370
Membership Rate	%	64.1	64.3	64

Environmental Data

Samsung Life is set to become one of the top global life insurers due to our efforts to adopt green management. We perform activities in three ways, which includes green infrastructure, green business, and green activities. To improve the efficiency of energy and resource consumption throughout the company, we established a green management system.

Energy Management

Samsung Life has reduced the amount of energy use by 263TJ by implementing thirteen tasks such as operating the Building Energy Management System(BEMS) in our Seocho office; replacing lighting devices with high-efficiency LED lighting; installing power-saving; controlling indoor temperatures; and changing old energy-consuming facilities(including refrigerators and boilers).

Category	Unit	2016	2017	2018	2018 Target	2019 Target
Fuel	TJ	384	341	292	-	-
Electricity	TJ	1,705	1,323	1,063	-	-
Steam	TJ	20	21	13	-	-
Total	TJ	2,109	1,685	1,368	1,631	1,341
Amount of energy use per square meter	$TJ/1,000m^2$	1.3	1.1	1.1	-	-

Greenhouse Gas Management

Samsung Life's main source of greenhouse gas emissions is electricity and gas consumption for the air conditioning, heating and lighting of our buildings. Accordingly, we monitor and manage 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	2016	2017	2018	2018 Target	2019 Target
Direct emissions(Scope1)	tCO_2eq	40,484	37,027	38,560	32,843	33,491
Indirect emissions(Scope2)	tCO_2eq	83,533	65,043	52,055	57,693	45,210
Total emissions	tCO_2eq	124,017	102,070	90,616	90,536	78,701
Amount of GHG emissions per unit area	$tCO_2eq/1,000m^2$	73	65	74	-	-

Paper and Waste Management

Samsung Life promotes the use of electronic subscriptions because the insurance business consumes a large amount of paper documents. We are reducing the amount of printed materials by adopting digital signage in field offices, increasing the sending rate of customer information via mobile phones, as well as encouraging consultants to use their tablet PC instead of print-out materials during meetings with customers. In 2018, Samsung Life used 284 tons of paper in total.

Category		Unit	2016	2017	2018	2019 Target
General waste	Recycled	TON	835	2,293	1,127	-
	Outsourced	TON	1,341	546	223	-
Designated waste	Outsourced	TON	94	2	0.4	-
Total output		TON	2,270	2,841	1,350	1,323

Water Use Management

Given that most of our water use takes place in offices, we encourage employees to elevate their awareness of water-shortage so as to change their behaviors on water use by emphasizing water-saving. All wastewater generated by the company is safely treated by a professional treatment company operated by local governments.

Category	Unit	2016	2017	2018	2019 Target
Tap water	m^3	1,287,366	1,161,701	1,019,217	917,300
Reusable wastewater	m^3	6,987	22,175	3,986	3,588
Total amount of use	m^3	1,294,353	1,183,876	1,023,203	920,888

GRI Index

Universal Standards(GRI 100)

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Economic Performance(GRI 200)

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	203-1	Infrastructure investments and services supported	41, 42	Investment in SOC, renewable energy
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Topic-specific Standards

Environmental Performance(GRI 300)

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	305-1	Direct(Scope 1) GHG emissions	85	
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	402-1	Minimum notice periods regarding operational changes	84	Article 30 of personnel policies, 30 days specied
Occupational Health and Safety	103-1,2,3	Management Approach	52	
	403-1	Workers representation in formal joint management-worker health and safety committees	52	
	403-4	Health and safety topics covered in formal agreements with trade unions	52	
Training and Education	103-1,2,3	Management Approach	49	
	404-1	Average hours of training per year per employee	50	Not managed by gender
	404-2	Programs for upgrading employee skills and transition assistance programs	35, 50, 51	
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	405-1	Diversity of governance bodies and employees	66, 84	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.
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	409-1	Operations and suppliers at signicant risk for incidents of forced or compulsory labor	-	Results of human rights reviews for four Life Insurance Industry Afliates, no cases
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Independent Assurance Statement

Independent Assurance Statement on the '2018-2019 Samsung Life Insurance Integrated Report'

Responsibility and Independence

KFQ was engaged by Samsung Life Insurance to provide limited assurance on the SAMSUNG LIFE INSURANCE REPORT 2018(further 'the Report'). Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted its assurance based on completeness of the data and information that Samsung Life Insurance provided. Samsung Life Insurance is responsible for all contents within the Report including the reporting principles and standards. KFQ does not have any other interest in Samsung Life Insurance business activities, nor does it take any responsibility for stakeholders other than Samsung Life Insurance in its assurance conclusions. We have also no biased opinion on stakeholders of Samsung Life Insurance.

Assurance Standards

This assurance was planned and performed based on AA1000 AS(2008), AA1000 APS(2008) and GRI Standards. KFQ identified the followings as its scope:

- Sustainable activities and achievements for Samsung Life Insurance headquarters and all domestic sites described in the Report
- Compliance with the guidelines according to GRI Standards 'Core Option'
- GRI Standards compliance assessment regarding contents of the Report and assurance principles of reporting quality
- Application of Type 1 assurance approach according to AA1000APS 2008 and AA1000AS 2008 to assess compliance with inclusiveness, materiality and responsiveness principles and reliability of sustainability performance information.

Assurance Procedures

KFQ designed procedures to have reasonable assurance of the Report's critical errors or inappropriate information. We verified the reliability of the contents, processes and systems of data generation and report preparation.

Ⅰ. Document Review
We reviewed the reliability of non-financial data in respect of the 'Sustainability' by cross-checking the Report with GRI Standards, quantitative data of Samsung Life Insurance, and internet & media research information. We also confirmed that the financial information has been appropriately extracted from the internal documents and the financial statements of the business report of the following system(http://dart.fss.or.kr).

Ⅱ. On-site Verification
We visited Samsung Life Insurance headquarters and conducted on-site verification to confirm reliability of the sustainability activities and performance data contained in the Report and to evaluate the effectiveness of the reporting process. We performed verification in the accuracy topic of the aggregated data from Samsung Life Insurance. These procedures included the following:

- Materiality assessment process, stakeholders inclusiveness, key issues, internal response procedures, and etc.
- Assessment of data analysis and descriptions and sustainable management performance in the Report
- Consistency between the financial data contained in the Report and the audited financial statements 2018
- Interviews with relevant staff responsible for providing information in the Report

Ⅲ. Resolution of Findings
We confirmed that some errors, inappropriate information, and ambiguous expressions found during on-site visit were properly reflected in the final Report.

Ⅳ. Limitations
The Report has been prepared solely for Samsung Life Insurance in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Samsung Life Insurance for our conclusions we have reached in the statement. Completeness and responsiveness of sustainability performance information presented in the Report have inherent limitation due to their nature and the methodology used for determining, calculating and estimating such data.

Conclusion

Based on the assurance activities stated herein, KFQ confirmed that the Report meets the GRI Standards 'Core Option'. According to the principles of AA1000APS 2008 and AA1000AS 2008, inclusiveness, materiality and responsiveness, sustainability performance information were assessed and we could secure reasonable grounds to provide Type 1 level of assurance with the following confirmation:

- **Stakeholders Inclusiveness**: Samsung Life Insurance subdivided seven stakeholders into four groups related to the major issues of sustainable management. To hear any concerns and opinions from them, Samsung Life Insurance had a customized communication strategy for each stakeholder group and reflected their responses and opinions to its sustainable management activities.
- **Sustainability Context**: In terms of sustainability, Samsung Life Insurance has continuously and actively responded to the economic and social impacts of stakeholders, such as strengthening customer-oriented services, innovating organizational culture, growing overseas business, expanding services for vulnerable financial services, and consolidating risk management system.
- **Materiality**: Samsung Life Insurance established issue pools and reviewed by internal guidelines and external assessment criteria(internal standards, GRI Standards, UN SDGs, media coverage and benchmark) incompliance with the materiality assessment process. As a result, Samsung Life Insurance appropriately reflected that four key topics and ten potential issues derived from the process along with key performance in 2018.
- **Completeness**: Samsung Life Insurance applied reporting scope, boundary and temporal criteria. KFQ confirms that the Report is suitable for stakeholders to assess sustainability performance.

Recommendation

For further advanced sustainable management, Samsung Life Insurance needs to review the sustainable management vision, strategy and execution of the sustainable management in a long-term perspective, and the result should be reflected on its management activities. In addition, it is necessary to strengthen the systematic management system for responding to important issues raised by stakeholders and responding to risks. Ethical management systems are being strengthened around the world. We recommend that Samsung Life Insurance establish a global-level ethical management system and raise ethical awareness among its employees to further strengthen its social sustainability management system.

June 2019
Seoul, Korea
CEO Yoon Seok Un
Korean Foundation for Quality(KFQ)

kfq Korean Foundation for Quality

AA1000 Licensed Assurance Provider 000-80

Endorsement of Global Initiatives

Sustainable Development Goals(SDGs)

Samsung Life is developing solutions to achieve the goals enshrined in the United Nations' announcement of the Sustainable Development Goals(SDGs) to be fulfilled by international society after the completion of the Millennium Development Goals(MDGs). Of the 17 goals, Samsung Life has selected seven priority goals that it can implement and are related to the insurance industry.

Samsung Life's Priority Response Target

Goal 3. Ensure healthy lives and promote well-being for all Pages: 55p, 57p	• Activities to spread a culture of respect for life and prevent suicide • Talent donation by Samsung Life's sports teams to promote sports and public health
Goal 4. Ensure inclusive and quality education for all and promote lifelong learning Pages: 54p	• Operate "Financial and Insurance Education for Youth" program to provide financial and economic knowledge to help youth acquire a proper understanding of finance and insurance
Goal 5. Achieve gender equality and empower all women and girls Pages: 55p, 56p	• Parenting classes for expectant parents and childcare coaching • Support for children from multicultural families to visit the homelands of their mothers so as to help them achieve emotional stability and settle in Korean society
Goal 8. Promote inclusive and sustainable economic growth, employment and decent work for all Pages: 61p, 84p	• Continuous and fair recruitment • Junior CEO program to foster future CEOs of SMEs • Samsung Life CEO Academy to offer information about leadership and business trends for SME CEOs
Goal 10. Reduce inequality within and among countries Pages: 46p	• Achieving public good through insurance products for low-income families • Rehabilitation fund loans, business consulting and marketing experts' talent donation to support the independent living of the financially neglected • Insurance products that are cheaper than, but have the same coverage as, general insurance products aimed at protecting the disabled from various accidents and diseases and ensuring stability in their lives
Goal 13. Take urgent action to combat climate change and its impact on the environment Pages: 41p, 42p	• Expansion of investment in renewable energy businesses, such as solar, wind and biomass power generation • Discounts on interest rates for a loan with a house certified as an eco-friendly building as collateral • Discounts on loan interest rates for customers who have accumulated points by applying and implementing the carbon points system

Awards and Memberships

Awards

Ranked as the No. 1 Insurance Company in the National Customer Satisfaction Index (NCSI) for 15 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 2018, Samsung Life topped the survey's life insurance category for the 15th year.

Ranked as the No. 1 Insurance Company in the Korea Standard Service Quality Index(KS-SQI) for 16 Consecutive Years

Korea Standards Association

The Korea Standard Association's KS-SQI surveys are conducted on customers in person and online to evaluate quality of service by industry. It then hands out awards for best practices based on these results. Samsung Life has ranked 1st for 16 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 14 Consecutive Years

Korea Management Association Consulting

To aid in the qualitative development of Korean industries and enhance 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 1st in the survey's life insurance category for 14 consecutive years in recognition of its continuous implementation of customer-oriented management practices.

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
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 the pension system and policies for post-retirement income guarantees
Korean Risk Management Society(KRMS)	Conducts work that facilitates research on the theory and practices of risk management
Korea Listed Companies Association	Handles work that contributes to the protection of investors and the development of capital markets
Financial Information Security Association	Conducts work that contributes to the creation of a safe and convenient environment for electronic financial transactions
Korea HR Portal	Support and cooperation for effective management, development, fostering and utilization of human resources
Fair Competition Federation	Handles work for the promotion of competition principles, support for reinforcing fair trade capabilities of companies, and acting as a bridge between the government and industries
Korea Life Insurance Managers Association	Consulting on life insurance services, global insurance market survey, various seminars and training programs

About This Report

Report Overview

This is Samsung Life Insurance's Integrated Report, which represents our aim to create economic, social and environmental value with our stakeholders throughout our business performance, as well as a pledge to our commitment to achieve mutual prosperity. This report will be published on an annual basis and we intend to use it as a platform to share information about our sustainability management activities, results, and future plans with our stakeholders, while also using it as a communication channel that reflects the opinions of internal and external stakeholders.

Reporting Period

This report covers the period between January 1, 2018 and December 31, 2018. Some changes in data collection differs from the previous report due the 2019 standards. These changes were footnoted.

- Financial information has been drafted in accordance with the Korean International Financial Reporting Standards(K-IFRS).
- Qualitative activities relating to core issues up until June 2019 were included in this report.
- In some cases, data from the past three years were also included in the report to highlight meaningful trends.

Scope of Reporting

- Financial Data: We reported the consolidated earnings from 2018(the adoption of other standards have been footnoted.)
- Social Data: This includes data on Samsung Life's headquarters, the 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 relevant subsidiaries are specified.

Reporting Standards

This report complies with the Sustainability Reporting Guidelines of GRI(Global Reporting Initiatives), and fulfills the conditions in accordance with the "Core" option.

Reporting Verification

The financial information contained in this report was prepared through an accounting audit by an independent auditor and the non-financial information was verified by the Korean Foundation for Quality, an independent specialist.

Contact Information

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2018-2019


2017


2016


2015


2014


2013


2012

Samsung Life Website
www.samsunglife.com

Samsung Life YouTube
www.youtube.com/user/SamsunglifeBlogs

Samsung Life Facebook
www.facebook.com/samsunglife

Samsung Life NAVER post
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Kakao Plus Friend "Samsung Life"

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Paper from responsible sources
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