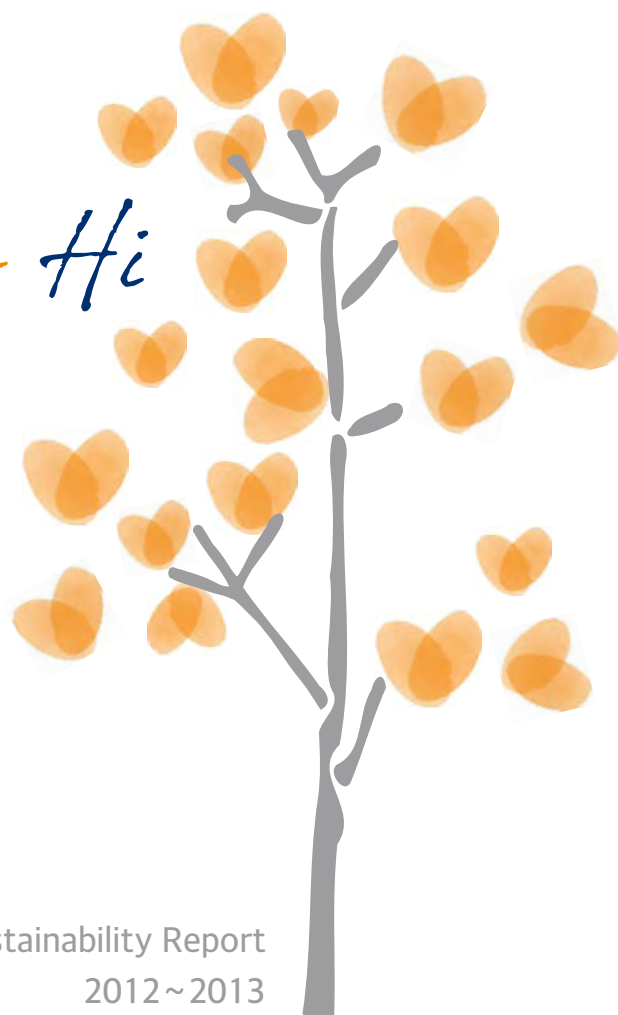


*Life is Hi*



Hyundai Insurance Sustainability Report  
2012~2013

## About This Report

### Report Overview

This is the fifth report that has been published to provide information regarding the business performance of Hyundai Insurance Company during 2012-2013, in terms of sustainability, for the company's stakeholders including shareholders, customers, employees, partners and the general public. The report focuses on the facts that affect the stakeholders' decision-making and describes the company's performance in all aspects, including financial performance, innovation in business operation, and impact on society and environment.

### Reporting Guidelines & Assurance

The report was prepared based on the G3.1 guideline, the GRI<sup>1)</sup>(Global Reporting Initiative) and the GRI Financial Service Sector Supplement. All financial data is presented in accordance with the corporate accounting standards of the Republic of Korea. Please refer to pages 87-89 for these guidelines. The report was reviewed and verified by an independent third party, Korean Standards Association, as described in the appendix.

### Period and Scope

The report covers fiscal years of 2012-2013, dating from April 1, 2012 to December 31, 2013. The report content is applicable for the company's Seoul headquarters and branch offices and services centers located in Korea. Performance data from branches and Subsidiaries outside Korea is partially included as needed. The report does not include data from affiliated companies, unless noted otherwise. The currency used for all figures is Korean Won, unless noted otherwise. The company releases sustainability reports on a bi-annual basis, starting from 2005.

### Additional Information

For further information or inquiries about this report, please contact us using the information provided below.

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163 Sejong-daero, Jongno-gu, Seoul, Korea  
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1) GRI(Global Reporting Initiative):  
A guideline for a sustainability report,  
provided by CERES, an international  
environment association,  
and UNEP in 1997]



# CEO Message

To our loyal customers, shareholders, officers and employees, and other stakeholders who care and support Hyundai Insurance: It is my pleasure to present Sustainability Report 2012-2013 to you. This is our fifth sustainability report since we published the first one in 2005 to commemorate the company's 50th anniversary.

The local insurance market has experienced a continued setback in the past two years. The industry experienced a very difficult business environment where financial soundness was threatened by an overall decrease in the insurance demand due to a worsening business recession while asset operating earnings decreased due to a low interest rate. During such crisis, Hyundai Insurance had maintained a steady growth by attaining 10 trillion won in sales, 20 trillion won in assets, and a net worth of two trillion won in 2012. It obtained a stable 'A-' in credit rating in 2013, which is one step higher than before, from S&P, the world's leading international credit rating agency.

Such achievements are believed to be attributable to the continuous efforts by Hyundai Insurance to maintain a socially responsible management. Its management approach contributed to its sustainable growth and development during the economic crisis by performing business activities based on principles. The efforts of Hyundai Insurance for socially responsible management may be summarized into three main types:

First, it strives to provide innovative services by listening to the customers.

Hyundai Insurance provides superior services that are specialized by customer contact point after declaring "7 Heart Service," the industry's first service brand, which motivates it to provide upgraded services based on a management ideal that places customer satisfaction at the hub of its activities. It was awarded the best prize in the field of non-life insurance in the 2013 Korea Financial Consumer Protection Award for its differentiated service systems, including its customer consultant system that reflects diverse customer ideas for improvement by examining goods and services from the customer viewpoint, Hi-VOC system, and Thanks VOC Honor System.

Second, Hyundai Insurance strives to support vulnerable groups while performing its role as an insurance carrier serving as part of the social safety network.

Hyundai Insurance led the market by thoroughly analyzing the needs of its customers related to children's insurance, cancer insurance and nursing insurance.



President & CEO  
Cheol-Young Lee

A stylized, handwritten signature of Cheol-Young Lee in black ink.

It continues its R&D efforts to provide new insurance services and develop products for people alienated from insurance, such as patients and senior citizens. All of its officers and employees have participated in various volunteer service activities that help approximately 20 welfare facilities across the country for children, the disabled and senior citizens. They have staged programs specially designed for alienated groups by organizing CSR task teams, including those that prevent school violence, promote traffic safety and animated education of children and teenagers. In particular, the company expands its strategic CSR activities in diverse areas, including participation in the Ashoka Korea branch that implements projects for exploring social entrepreneurs.

Third, it has led the industry in eco-friendly management fields.

Hyundai Insurance observes the globally established eco-friendly business guidelines by participating in United Nations Environment Program Finance Initiative (UNEP FI) and Carbon Disclosure Project (CDP) for the first time in the insurance industry. It actively promotes its “Hicar Eco Auto Insurance” that encourages the use of recycled parts and “Power Eco Drivers Insurance” that reduces the consumption of paper by replacing hard-copy files of standard terms and conditions with e-mail messages. In addition, it has continued its diverse research and external promotion activities by founding its Hyundai Insurance Research Center(HIRC) in order to perform its social responsibility through research of transportation safety, while developing proactive measures to respond to the climate change by recognizing it as both a threat and an opportunity. Hyundai Insurance was recently awarded the ISO 14001 Environmental Management Certificate for its eco-friendly business operations.

Dear honorable stakeholders of Hyundai Insurance,

We promise we will make further efforts to perform responsible management for the society and environment by listening to your advice and guidance. We look forward to your continued attention and patronage of Hyundai Insurance.

Thank you.

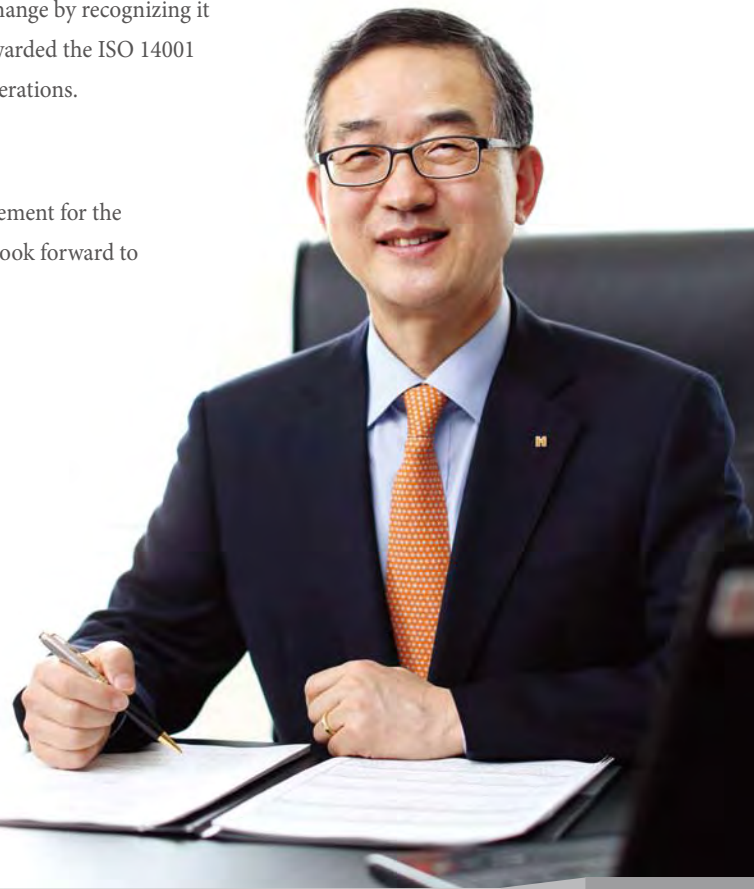
Apr. 2014

Hyundai Insurance CEOs Cheol-Young Lee and Chan-Jong Park

Vice President & CEO

Chan-Jong Park

*Chan J. Park*







Good insurance for a happy life!  
That is the tomorrow that Hyundai Insurance dreams of.

On top of 50 years of tradition, Hyundai Insurance looks ahead to  
100 years with the vision of a beautiful life for customers.









You need  Hyundai Insurance.







**Recognition and trust from our customers!  
That is the most valuable asset of Hyundai Insurance.**

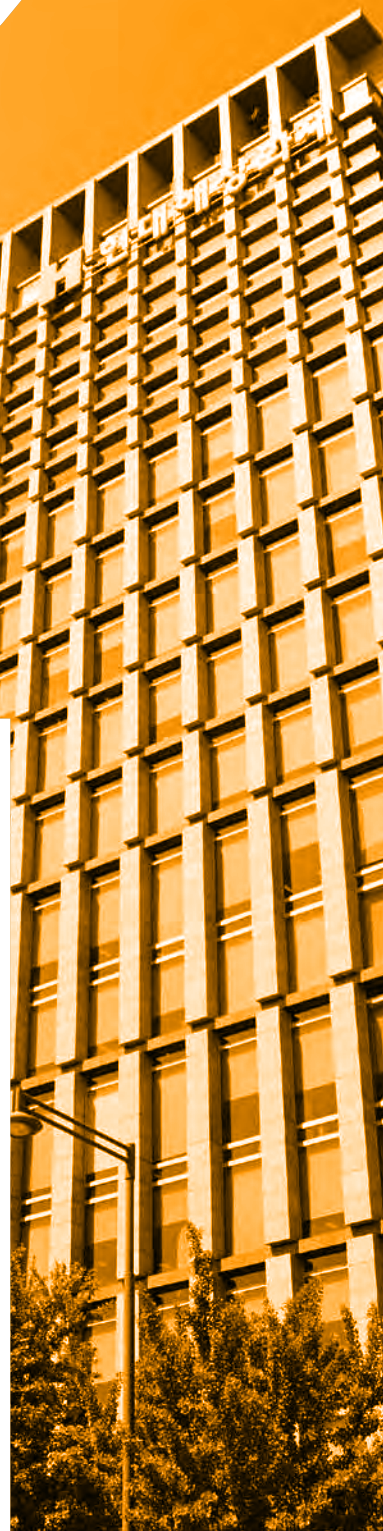
Creative products and follow-up services to meet customer needs –  
this is how Hyundai Insurance realizes true customer satisfaction.





## Leading the future of insurance! We always do our best at Hyundai Insurance.

Hyundai Insurance employees work hard to improve themselves, in order to grow to become the global leader of the insurance and financial services industry.





Hyundai Insurance  
cares for your needs.

Insurance provided by good people



# 2012-2013 Highlight



## Best Prize in Non-life Insurance Division, 2<sup>nd</sup> Korea Financial Consumer Protection Awards

Hyundai Insurance was awarded Best Prize in the sector of Non-life Insurance (by Governor of Korea Financial Supervisory Service) in the 2<sup>nd</sup> Financial Consumer Protection Awards hosted by The Korea Economic Daily and sponsored by Financial Supervisory Commission and Financial Supervisory Service. It is the most prestigious prize that was planned to raise the general public interest in financial consumer protection by assessing the efforts of individual financial service companies in Korea. The efforts by Hyundai Insurance to protect the consumers, were highly assessed after it had introduced and operated a more advanced system for protecting the consumers.



## 2012 Customer Satisfaction Award inducted into Hall of Fame

Hyundai Insurance received KMAC Customer Satisfaction Award for five consecutive years, and had the honor of being inducted into the Hall of Fame. Korea's most recognized award of its kind since being initiated in 1993, the KMAC Customer Satisfaction awards are given to companies demonstrating customer-centric business practices based on a customer satisfaction philosophy. Hyundai Insurance was selected as a recipient for this award in recognition for its focus on customer satisfaction, by both the industry and customers.



## Hyundai Insurance Ranks Highest in 2013 Korea Sustainability Index for 4 Consecutive Years

Hyundai Insurance was ranked the highest in the 2013 Korea Sustainability Index (KSI) Evaluation for 4 consecutive years. 'KSI Evaluation' objectively evaluates the ability of a business to strategically and sustainably address the global trends by understanding them properly and by aggressively controlling or improving the impact of its business decisions on the community and environment.



## Awarded Korea's Top 100 Great Workplaces in 2013, for 6 Consecutive Years

Hyundai Insurance received a 2013 Great Workplace award from GWP (Great Workplace) Korea. The company has received the award for six consecutive years. Korea's Top 100 Great Workplaces are selected based on a comprehensive survey and analysis, using the same tools and method as for thirty countries around the world. Hyundai Insurance scored especially high in the areas of culture of verbal compliments, communication channels, and employees' participation in community service activities.



### 2012 Korea Financial Innovation Award in non-life insurance division

Hyundai Insurance's '100 Years Age Nursing Insurance' was given the 2012 Korea Financial Service Innovation Award in its non-life division hosted by Money Today. Hyundai Insurance's creation of a new market was highly evaluated as it introduced the industry's first independent nursing insurance after reflecting the needs of the consumers in the upcoming aging era. To develop this product, Hyundai Insurance timely reflected the needs of its customers by analyzing the market trends and existing insurance policies in the aging society. The company was praised for enhancing the public function of the insurance carriers by developing a product that assures nursing expenses that are not fully covered by the government.



### Top Rank on 2013 GCSI in Long-Term and Auto Insurance Categories

Hyundai Insurance was ranked number one in the 2013 GCSI (Global Customer Satisfaction Competency Index) published by JMAC, in the long-term and auto insurance categories. Beginning from 2005, annual GCSI results are based on survey data collected from 100,000 consumers, in nine industries covering 705 product categories. Hyundai Insurance is a five-consecutive-year first-place winner in the long-term insurance category and nine-consecutive-year first-place winner in the auto insurance category.



### ISO 14001 Environmental Certificate Awarded

Hyundai Insurance was awarded the ISO 14001 Environmental Certificate through Korea Productivity Center for the company's eco-friendly management activities in response to climate change. ISO 14001 is an international standards certification system the International Standards Organization enacted on environmental business systems that objectively assesses the overall environmental business management activities of a business or other entities. Hyundai Insurance founded the Hyundai Insurance Research Center(HIRC) for the first time in the insurance industry, and has implemented enterprise-wide environmental programs through its Eco-Friendly Management Committee. It has also been awarded the ISO 14001 Environmental Certificate for its external efforts, including participation in UNEP FI and CDP.



### S&P 'A-' Stable Credit Rating

Hyundai Insurance was given the stable 'A-' credit rating by Standard & Poor's (S&P), a world-leading credit rating agency based in the U.S.A. The company's external credit rating has improved significantly from the rating of 'BBB+', which was maintained since 2005, to 'A-' in 2013. S&P rated Hyundai Insurance with 'A-' for its strong market position based on having a competitive advantage in long-term protection insurance and stable earnings. S&P further foresees a stable future as Hyundai Insurance is likely to maintain its current market position and capital strength. Hyundai Insurance will continue its sustainable growth in the coming years based on its stable earnings, investment strategies and risk management.



## Sustainability Management

Hyundai Insurance strives to achieve sustainable growth and development based on its ethical business management faithful to principles, especially, in tough times. We have maintained this mind intact in our sustainable business system.



# Company Overview

## Company Features and Role

Since established as the nation's first exclusive marine insurance company in 1955, Hyundai Insurance Co., Ltd. ("Hyundai Insurance") has been leading non-life insurance industry in Korea by providing the best value for customers. Hyundai Insurance has worked to increase its corporate value through sales growth based on diversified industry-leading products and its extensive sales channels, along with having the industry's lowest management of loss rates, a stable asset management, and an effective management of operating expenses. As the industry leader, Hyundai Insurance focuses on developing products that can accommodate the social and environmental needs of its stakeholders, reflecting opinions from customers, employees, planners, shareholders, partnering companies, and local communities. The results are the company's contributions to society and the natural environment, as well as its remarkable financial performances. In line with its long-term growth strategy, the company is also expanding its business in the global financial markets. Hyundai Insurance will accomplish its vision of "Leading insurance company creating best service for customers" to be achieved by 2015, its 60<sup>th</sup> anniversary year and it will maintain its position of a first class financial service company that grows together with all its stakeholders.

<b>Company Name</b>	Hyundai Insurance Co., Ltd.	<b>Year of Establishment</b>	1955
<b>Type of Business</b>	Non-life Insurance	<b>Major Products</b>	Automobile insurance, long-term insurance, general insurance, retirement insurance, etc.
<b>Location</b>	163 Sejong-daero, Jongno-gu, Seoul, Korea	<b>Number of Hi Planners</b>	22,650 planners / 9,761 agents
<b>CEO</b>	Cheol-Young Lee · Chan-Jong Park	<b>Number of Employees</b>	3,200 (as of December 2012)
<b>Capital / Sales</b>	44.7 billion won / 10,600 billion won (As of CY 2013)		

## Organization and Subsidiaries

Hyundai Insurance is a large and stable non-life insurance company, ranking second in the industry in terms of sales that maintains a systematic organization for effective business operations. Located in Seoul, the headquarters consists of 60 departments, 1 center and 2 teams. Nationwide there are 8 district divisions, 58 business offices, 366 branch offices, and 39 customer service centers. In addition, with 136 claims service centers/claims teams, we are further widening our contact points with customers. Overseas, we operate branch and representative offices in Japan, the U.S., the U.K. (London), Vietnam (Ho Chi Minh City), and China (Beijing and Shanghai). As for overseas corporations, there are Hyundai Insurance (China) Co., Ltd., Hyundai Investment America, Ltd., Hyundai U.K. Underwriting Ltd., and Cosmos Risk Solutions Asia.

[Organization subordinate to CEO]



## [Subsidiaries]

Subsidiary	Business Type	Paid-in Capital	Stockholding
Hyundai C&R Co., Ltd.	Educational Business, facility management, call center management	1 billion won	100%
Hyundai Hicar Claims Service Co., Ltd.	Automobile claims service, emergency road service	1 billion won	100%
Hyundai Investments Co., Ltd.	Asset management	30 billion won	100%
Hyundai Hilife Claims Service Co., Ltd.	Long-term & Commercial claims service, risk management service	2.5 billion won	100%
Hyundai Hicardirect Insurance Co., Ltd.	Non-life insurance(Auto insurance, Driver insurance)	170 billion won	100%
Hyundai U.K. Underwriting, Ltd.	Insurance	GBP 3,450,000	100%
Hyundai Investment (America), Ltd.	Investment	USD 25,000,000	100%
Hyundai Insurance (China) Co., Ltd.	Insurance	RMB 300,000,000	100%
Cosmos Risk Solutions Asia Pte. LTD	Reinsurance broker	USD 1,000,000	49%

\*GBP – U.K. Pound, USD – U.S. Dollar, RMB – Chinese Yuan

## Corporate Governance

Hyundai Insurance maximizes its corporate value by practicing transparent management based on an advanced corporate governance structure centered on the board of directors as well as actively supporting the activities of the management team.

### Board of Directors and Committees

The Board of Directors (BOD) is the highest decision-making organization in the company and consists of 9 members (including the Chairman) in accordance with the provisions in Commercial Law, the Act on the Capital Market and Financial Investment Business and Insurance Business Law, etc. Five members of the BOD are independent outside directors, comprising the majority. The internal directors are composed of 3 management team members; the CEO and an audit committee member. All of the outside directors possess extensive experience and specialized expertise in management, economics and law, and are appointed following a qualification review of candidates after recommendations by the Outside Director Recommendation Committee. Outside directors are selected after following all relevant regulations and the independence of them has been enhanced through work segregation with 4 committees under the BOD.

## [BOD Structure]



Classification	Name	Works in Charge	Major Careers
Standing Director	Mong-Yoon Chung	Chairman of the BOD	(Current) Chairman of Hyundai Insurance
	Cheol-Young Lee	President & CEO	(Current) CEO of Hyundai Insurance
	Chan-Jong Park	CEO & Vice-president	(Current) CEO of Hyundai Insurance
	Meong-Heon Na	Standing Audit Committee Member	(Current) Standing Auditor at Hyundai Insurance
Outside Director	Hyun-Myung Cho	Audit Committee Chairman Chief Outside Director	(Current) Deputy Secretary General 1, The Board of Audit and Inspection of Korea
	Ho-Young Kim	Outside Director	(Current) CEO of The-K YedhamCo., Ltd.
	Dong-Hoon Kim	Outside Director	(Current) Prof. Business management, Kookmin University
	Eugene Song	Outside Director	(Current) Prof. Business management, Hanyang University
	Hi-Dong Kim	Audit Committee Member	(Current) Prof. College of Law, Sookmyung Women's University

**Sub-Committees** Sub-committees support the management of the BOD and perform important roles in the company's decision making by evaluating important matters and providing specialized views in a timely manner. There are four sub-committees: the Audit Committee, Risk Management Committee, Outside Director Recommendation Committee, and Compensation Committee, each of which is composed of three members. In accordance with related laws and regulations, more than two thirds of committee members are outside directors, thereby securing independent decision making.

**Audit Committee** The Audit Committee conducts audits for corporate management and accounting based on the company's Articles of Incorporation. The Audit Committee carries out regular audits on a quarterly basis in accordance with related regulations and in special cases conducts extraordinary audits in order to improve transparent corporate management and secure sound financial activities. Furthermore, the Audit Committee supports the BOD's management supervision activities through evaluations regarding the company's work and operation activities.

## Roles and Activities of BOD

**Overview of Roles and Activities** The BOD resolves important corporate matters such as those stipulated by law or in the company's Articles of Incorporation, matters assigned during shareholders' meetings, and other important corporate developments regarding basic policies and the execution of corporate matters. In addition, the BOD elects its CEO and Chairperson as well as supervises the work of directors.

### [Major Activities 2012]

Date	Agendas	Participation of Outside Directors
Jan.18	Purchase of Hyundai Steel bonds	100%
Mar.30	Extension of overdraft contract and 4 others	100%
Apr.25	Approval of FY 2011 financial statements and business report and 3 other agendas	75%
May.17	Summon of the 58 <sup>th</sup> shareholders' meeting and 9 others	100%
Jun.07	Election of BOD chairperson and 4 others	100%
Jul.13	Corporate reorganization, replacement of Officers members, and 2 other agendas	100%
Sep.21	FY 2012 Q1 performance report and another agenda	100%
Oct.22	Renewal of directors and officers (D&O) liability insurance and 2 other	75%
Dec.11	Closing of shareholders' roster and 2 other agendas	100%



## [Major Activities 2013]

Date	Agendas	Participation of Outside Directors
Jan.16	Convocation of 2013 extraordinary shareholders meeting and 3 other agenda	75%
Feb.04	Election of CEO and 4 other agendas	100%
Mar.29	Election of acutaries and 4 other agendas	100%
Apr.25	Approval of FY 2012 or 59 <sup>th</sup> term financial statements and business report, and 3 other agendas	100%
May.15	Summon of the 59 <sup>th</sup> shareholders' meeting and 6 others	100%
June.07	Election of BOD chairperson and 6 others	100%
June.28	Replacement of officers' meeting members	80%
Aug.30	Investment into Hyundai Hi-Car Direct and 3 other agendas	100%
Oct.28	Amendment to regulations of Investment and Loan Review Committee and 5 other agendas	100%
Dec.26	Organizational restructuring and 7 others	100%

## Evaluation and Compensation for Directors and Executives

Directors are evaluated for their activities, including participation rates, while executives are evaluated for their achievements, including the work-based Key Performance Index (KPI) and achievements including social, environmental performances such as CS evaluation and individual capabilities, with compensation decided on the basis of the results. The compensation limit is decided and executed through a resolution at the shareholders' meeting and the compensation limit of executives in 2012 and 2013 was 5 billion won. The amount paid as BOD compensation was 3.43 billion won in FY 2012 and 2.43 billion won in FY 2013. (FY 2013 figures are based on nine months only (April to December)).

## Corporate Governance Soundness

To form a transparent management environment, Hyundai Insurance operates an independent Board of Directors and auditing organization, and strives to protect and improve the rights of all stakeholders, including shareholders, through accurate public disclosures. Hyundai Insurance has continuously been rated 'A' grade by Korea Corporate Governance Service even after the assessment system was reshuffled in 2011, as the Service highly evaluated the company's inducement of shareholders participation and its active provision of information through investor relations. Hyundai Insurance is assessed to have little risk for its shareholders value to be degraded, as the company's efforts for improving its governance structure have been rated higher than the industry average (106.32).

## [Corporate Governance Evaluation Score]

Classification	2011	2012	2013
Shareholder right protection(90)	52	49	54
Board of Directors(90)	33	29	29
Public disclosure(60)	38	44	34
Auditing organization(50)	39	25	35
Management results distribution(10)	6	4	5
Grand total(300)	168	151	157
Corporate governance grade	GOOD (A)	GOOD (A)	GOOD (A)

# Sustainability Management System

## Management Philosophy

Based on our highest value of customer satisfaction, Hyundai Insurance's management philosophy is to become a business that faithfully fulfills its economic, social and environmental responsibilities to stakeholders: customers, shareholders, employees, planners, local society, and country. Hence, under such as philosophy, Hyundai Insurance is promoting balanced development in economic, social and environmental areas through corporate activities and value creation.

### [Management Philosophy]

Hyundai Insurance will play a leading role in the financial business sector with creativity and powerful energy, place priority on customer satisfaction, and contribute to the making of a more affluent society and the development of the national economy.

## Vision System

'Vision Hi 2015' represents Hyundai Insurance's vision and resolve to achieve sustainable business operation through best quality, customer satisfaction, and contribution to society.

### Hi 2015

Leading insurance company creating best service for customers

#### Best service

- Best quality insurance products
- Unique, back-to-basics insurance services
- Improve quality of life for customers through various additional services



#### For customers

- Customers as business partners
- Provide security for society
- Fulfill responsibilities to the community



#### Leading insurance company

- Growth strategy based on principles
- Explore new growth opportunities



## Sustainability Management System

Hyundai Insurance's sustainability management system focuses on the practical implementation of the company's long-term vision and core values.

**First, we think of "doing the right thing."** Since the insurance business provides assurance against possible risks in the future, the company's long-term risk management is more important than immediate profitability. Also, ethics and integrity are the foundation of our business operations.

**Second, we focus on efficiency.** A company cannot maintain growth without consistent efforts at innovation and improvement. Efficiency is the tool to achieve effective innovation, and ultimately to secure maximum value creation for shareholders.

**Third, we put customers first.** Customers are the most influential stakeholder for a company. Sustainability only can be achieved when customers are satisfied, and the company continues to produce new products and services that accommodate customers' ever-changing needs.

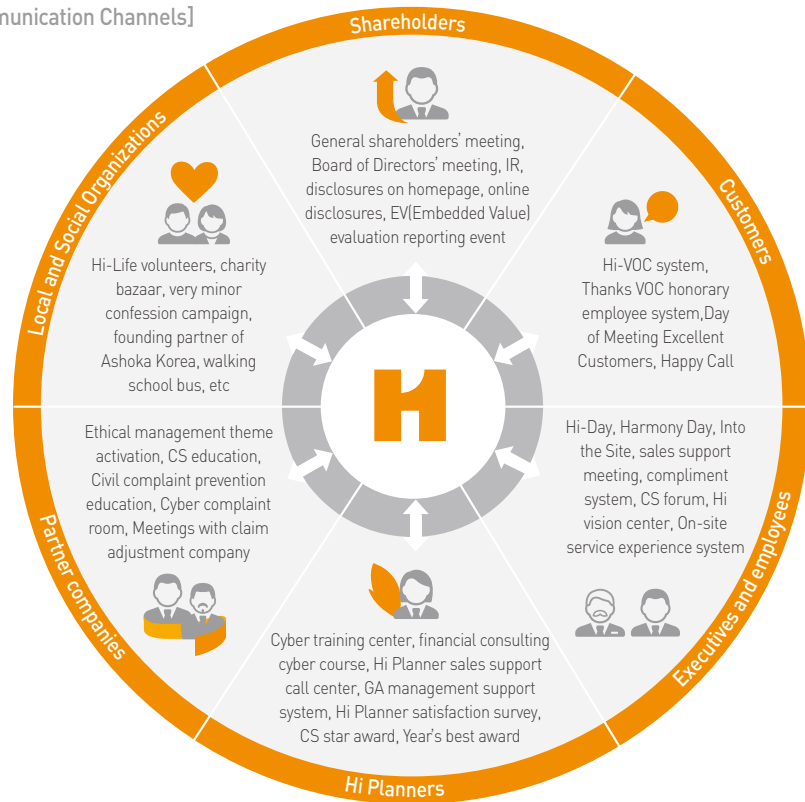
**Fourth, we support our local community and environment.** A company is like a tree that grows on the land of the local community, with its roots deep in the soil to absorb all kinds of essential nutrients. In order to sustain itself, the company must recognize the local community as an important stakeholder and do its best to support the community's growth and development. Such efforts include activities for environmental protection.

**Fifth, we believe in our people.** Human resources development is very important for a company's creative business operation. Our management principles are based on the best practices of talent recruitment and management.

## Stakeholder Communications

Hyundai Insurance provides various channels of communication with the company's stakeholders, including customer satisfaction surveys, meetings with partner companies, Hi Planner satisfaction surveys, and various employee questionnaires. We do our best to make sure each communication format best accommodates the characteristics of the stakeholder, and reflect various opinions in our decision making. The directions of Hyundai Insurance's sustainability management are formed based on opinions gathered through these communication channels.

[Stakeholder Communication Channels]



[Stakeholder Communication Definition]

Classification	Definition
Customers	<ul style="list-style-type: none"> <li>Insurance policy holding individual and company</li> <li>Everyone with an interest in the health and safety of individuals and businesses</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Holders of stocks issued by Hyundai Insurance</li> <li>Constituents of the general shareholders' meeting, the highest decision making body</li> </ul>
Executives and employees	<ul style="list-style-type: none"> <li>Internal executives and employees</li> <li>Groups that try to improve the company's reliability and credibility</li> </ul>
Hi Planners	<ul style="list-style-type: none"> <li>Persons in charge who play the important role of linking Hyundai Insurance with customers at the point of contact</li> <li>Non-life insurance consulting experts handling customized insurance services, financial analysis, and risk consulting, etc.</li> </ul>
Partner companies	<ul style="list-style-type: none"> <li>Claim Adjustment Companies, hospitals and auto maintenance companies that handle accidents, and damage inspections in relation to claims payments</li> <li>Companies related to support operations, such as purchasing and IT, etc</li> </ul>
Local and Social Organizations	<ul style="list-style-type: none"> <li>Groups that share in social activities in connection with Hyundai Insurance</li> <li>Social &amp; environmental organizations and government &amp; public institutions in local communities</li> </ul>

### Materiality Test

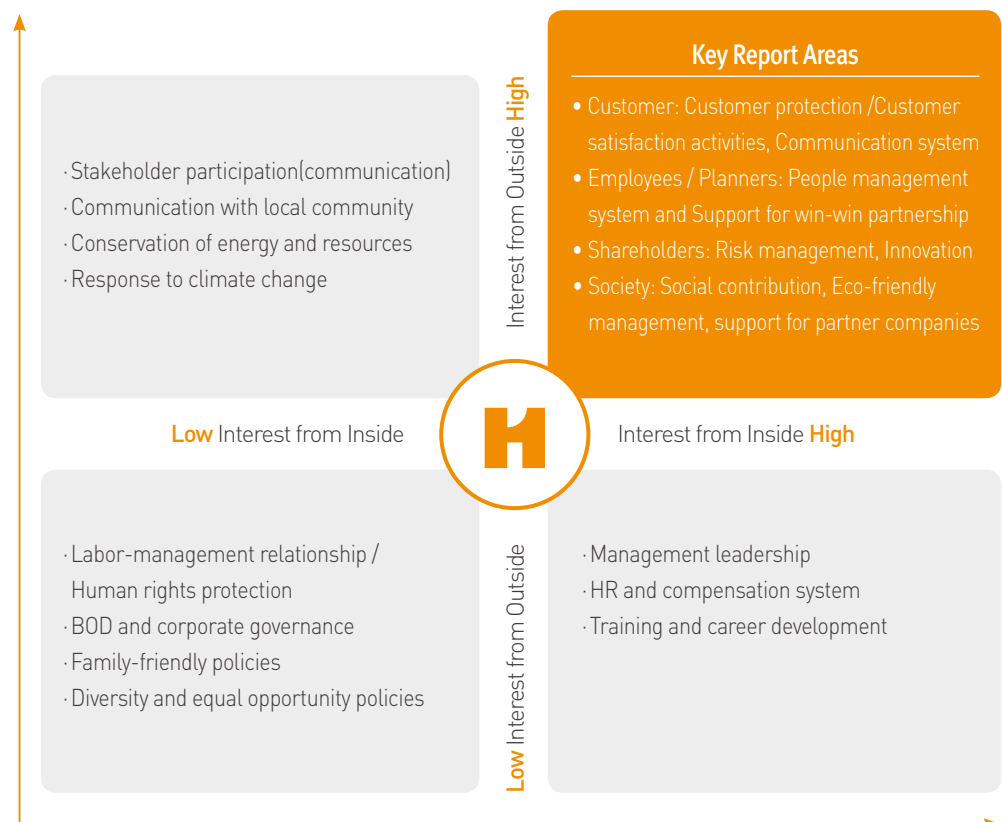
This report was prepared based on the result of a materiality test to determine important issues that have significant impact on the company's business management and are of interest from a stakeholder point of view. The key issues were selected based on an assessment of significance, from a pool of issues related to sustainability management.

#### [Issue Derivation Process]

1st stage	Survey of related issues	2nd stage	Review of priority of crucial issues	3rd stage	Survey of related issues
	<ul style="list-style-type: none"> <li>· Review of prior year issues</li> <li>· Review of GRI guidelines</li> <li>· Review of corporate strategies</li> <li>· Media analysis or benchmarking of advanced cases</li> </ul>		<ul style="list-style-type: none"> <li>· Evaluation of importance</li> <li>· Collection of stakeholder opinion</li> </ul>		<ul style="list-style-type: none"> <li>· Preparation of importance or materiality matrix</li> <li>· Selection of crucial issues by stakeholder</li> </ul>

The major issues in 2012-2013 report includes higher-ranking issues derived through such evaluation. In addition, the report deals with global business expansion, deployment of a new corporate culture and CSR as special issues that require a greater attention among many cases the company performed for a sustainable business.

#### [Significance Matrix]

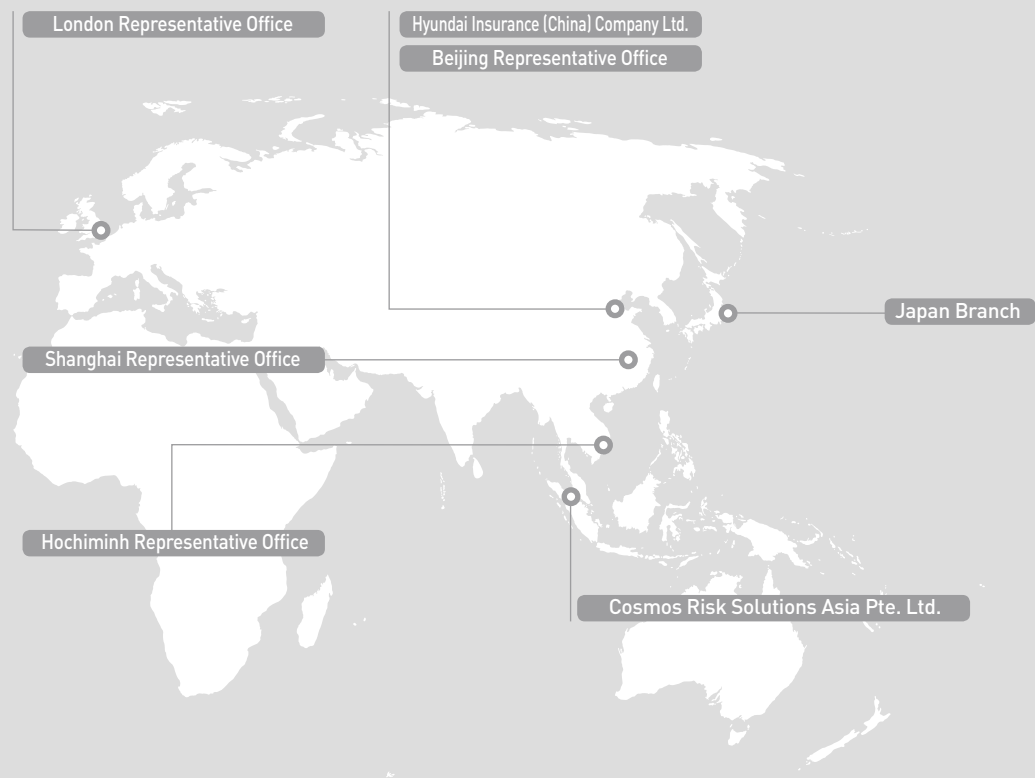




# SPECIAL ISSUE

## Global Business Expansion

Hyundai Insurance is systematically expanding business in the global market to overcome the limitations of the domestic market and develop new growth opportunity. The company currently operates sales offices in Japan, China, and U.S.A., with the revenues totaling 150.3 billion won in FY 2013 (Apr.-Dec.), growing more than fourfold in five years, compared to 2006 (39.1 billion won). The company expects its overseas premium revenue, including the receipt of overseas reinsurance premiums, to exceed 200 billion won in 2014 based on its overseas business basis that has been secured so far.



### U.S.A.

Established in 1994, Hyundai Insurance U.S.A. Branch is located in New Jersey, adjacent to the country's financial capital of New York City. Hyundai Insurance has exerted to provide the best insurance service to local Korean companies, including Hyundai and Kia Motors. Hyundai Insurance also established Hyundai Investment America Ltd., in September 2006, to promote growth opportunities in the global market in the asset management industry. Beginning February 2012, the U.S.A. Branch markets its own product, home owners' policies and dwelling property policies in New York State. In 2014, it expanded its sales territory to New Jersey. The Branch will continue operation and sales activities to grow as an independent firm in the area.

### China

Hyundai Insurance founded its Beijing office in 1997 in order to enter the China market. In March 2007, it founded Hyundai Insurance (China) Ltd. in Beijing to start its sales in the Chinese local market. Hyundai Insurance China provides insurance products for individual and corporate customers, including property, accident, and cargo insurance policies. The company also began the sales of voluntary automobile insurance in May 2008. In September 2013, the company further started its sales of automobile liability insurance in the Beijing and Qingdao regions after obtaining approval from the Chinese government. Its first branch office was established in October 2011, in Qingdao City, covering the Shandong region. The company plans to expand business in China with more branch offices in major cities.

#### U.S. Branch

Hyundai Investment (America), Ltd.

### Overseas Offices

Classification	Title	Country / City	Established in
Subsidiaries (4)	Hyundai U.K. Underwriting Ltd. U.K.	U.K. / London	June 1997
	Hyundai Investment America Ltd.	U.S.A. / New Jersey	September 2006
	Hyundai Insurance (China) Co., Ltd.	China / Beijing	March 2007
	Cosmos Risk Solutions Asia	Singapore	February 2011
Branch Offices (2)	Japan Branch	Japan / Tokyo	October 1976
	U.S.A. Branch	U.S.A. / New Jersey	February 1994
Representative Offices (4)	London Representative Office	U.K. / London	July 1979
	Hochiminh Representative Office	Vietnam / Hochiminh	March 1997
	Beijing Representative Office	China / Beijing	August 1997
	Shanghai Representative Office	China / Shanghai	February 2009

\* Singapore : a joint corporation with a Hong Kong firm

### Revenues from Overseas Branches / Subsidiaries

(Figures in million won)

Classification	2008	2009	2010	2011	2012	2013
Japan Branch	56,231	89,893	98,732	110,429	113,913	82,140
U.S.A. Branch	15,354	17,625	21,382	25,414	27,146	19,602
China Subsidiary	10,898	20,096	28,836	35,606	43,468	48,562
Total	82,484	127,615	148,950	171,449	184,527	150,304

\* The figures are converted from local exchanges using average exchange rate for each year

\* Received premium of Japan branch converted into Korean won, which decreased sharply due to a drastic devaluation of the Japanese yen currency in 2013.

\* 2013 revenues for Japan and U.S.A. Branches are based on Apr. 2013 – Dec. 2013

\* Revenues for China Branch are based on CY (Jan.-Dec.)

#### Japan

Located in Tokyo, Hyundai Insurance Japan Branch is the only Korean non-life insurance company with a sales office in Japan. The company has another sales office in Osaka. Established in 1976, the Japan Branch has maintained stable growth, with the revenues 82.1 billion won for FY 2013. The Branch is the most prominent and successful among the overseas offices of Hyundai Insurance.

#### Singapore

Hyundai Insurance established a reinsurance broker firm in Singapore, the center of Asia's financial industry, in February 2011 to expand businesses in the Southeastern Asia market. Hyundai Insurance and Hong Kong's Cosmos Services jointly established Cosmos Risk Solutions Asia Pte Ltd to provide insurance services to Korea corporations in Asia and the Middle East region. The firm will also act as a bridge for Hyundai Insurance's business expansion to Southeastern Asia markets in the future.

#### Other Areas

Hyundai Insurance currently operates representative offices in London, Ho Chi Minh City, Beijing, and Shanghai, to collect market information and build the foundations for future business expansion in these areas. The company also has a representative working in India, as the starting point for future business in this high potential market.

# Customer



## Customer

Hyundai Insurance has applied all of its resources to enhance customer satisfaction, including protecting the important values of customers, while working to improve business processes that focus on the customers. This is the mind of Hyundai Insurance trying to communicate with its customers.



# Customer Protection Activities

## Customer Rights Protection

Hyundai Insurance enforces regulations to protect customers' rights in all transactions regarding the company's insurance policy sales. Regarding product sales and advertising, Hyundai Insurance has created clear guidelines for actions regarding fair transactions, including the prohibition of unfair joint actions such as price-fixing, the prohibition of unfair transactions such as customer induction through unjustified profits and deceptive schemes, the prohibition of discrimination of disabled people's insurance subscriptions, etc., thereby realizing fair competition and transparent management.

## Complete Sales on Insurance Product

With the aim of maintaining three complete sales principles for customer protection, Hyundai Insurance puts an emphasis on the compliance of procedures for signatures, the delivery of application copies and provisions, and the explanation of important matters, etc. By strengthening education regarding such matters, Hyundai Insurance has systemized specific action plans for the protection of customer rights from the contract making stage. Furthermore, to comprehensively evaluate the implementation of complete sales, Hyundai Insurance has systemized the sanctions and measures for incomplete sales by including complete sales monitoring and physical inspection of subscription documents, enhancing Hi Planner, implementing officer and employee education and policy enforcement for underwriting, including the reflection of the complete sales rate in organization evaluation, as well as separately establishing and operating the Sanction and Review Committee.

## Management Principle of Insurance Product Introduction Data and Sales Advertisement

In order to prevent using false information or making exaggerated claims in marketing literature and advertisements, Hyundai Insurance enforces the "Management Principles of Insurance Product Introduction Data and Insurance Product Sales Advertisement" that is fully compliant with the Insurance Business Act, the Supervision Regulation of the Insurance Business, the GIAK (General Insurance Association of Korea) regulation on insurance product advertising and promotion and guidelines for information disclosure regarding non-life insurance products, and guidelines for comparative disclosures and terms of understanding evaluation standards. The principles are composed of regulations regarding production, review and approval procedures, check-ups, management responsibilities, etc. In order to ensure compliance, the company amended the "Management Principle of Insurance Product Introduction Data and Sales Advertisement" and constructed computerized IAMS (Insurance Advertisement Management System) to review marketing literature. Starting from August 2011, all advertising materials and marketing literature are filtered through IAMS before release.

## Customer Information Protection

To systematically manage customer information and prevent customer information illegally/unjustifiably being released, regulations were made regarding customer information management as well as the establishment of a customer information management system. Important data is protected through separate security functions, and we make full security preparations through a Secure Sockets Layer (SSL), a security system that can send individual information across the network. Furthermore, we periodically educate employees about information on laws regarding customer information protection and examine examples of disputes, etc., select customer information protection as a theme for ethical management and improve the mindset of employees to ensure customer information protection. By implementing a "Clean Day", the company systemized its customer information protection and security management activities. In addition, we established a policy regarding personal information handling that is fully compliant with the new Personal Information Protection Act, as disclosed on the company website, in Sep. 30, 2011 and implemented training of the new law and policy for all employees. The policy is enforced in all external and internal transactions across all departments within the company to ensure personal information protection for our customers.



## Expansion of organizations responsible for information security

Hyundai Insurance performs activities for securing information protection by augmenting dedicated personnel while implementing task forces for IT information security to operate responsible e-commerce financial transactions.

Classification		ICT personnel	Information security personnel
Levels recommended by Digital Financial Service Supervision Regulations		5% (165 persons) of total officers and employees	5% (nine persons) of ICT personnel
Current status (2013.12)	Satisfied or not	Satisfied	Satisfied
	Ratio of persons	5.4%	10.1%
	Number of persons	178 persons (89 persons)	18 persons (18 persons)
	(regular employees)	CIO home office and IT subsidiary	Information Security Department

## Enhanced control of personal information protection activities

The company performs daily inspection in order to detect and prevent the leakage of customer information and attempts of intrusion from external sources by its employees responsible for ICT services. Only those employees who are authorized in advanced can access customer information. The history of access to customer information by authorized employees is recorded by the system and checked by another employee. Furthermore, diverse activities of inspection are performed to protect personal information; key identification numbers, like the resident registration number of the customers, are hidden on inquiry screens, the PC screen capture by employees is restricted, files on PCs are encrypted, and decrypted files are checked.

## Implementation of information security campaigns

The company has implemented educational sessions to enhance their knowledge of information security so that key information may not be leaked due to the negligence of its officers or employees. The company has further worked to help its officers and employees develop an awareness of information security and form a consensus by steadily conducting information security campaigns and internal broadcasting programs to help them remember key rules in daily routine operations.

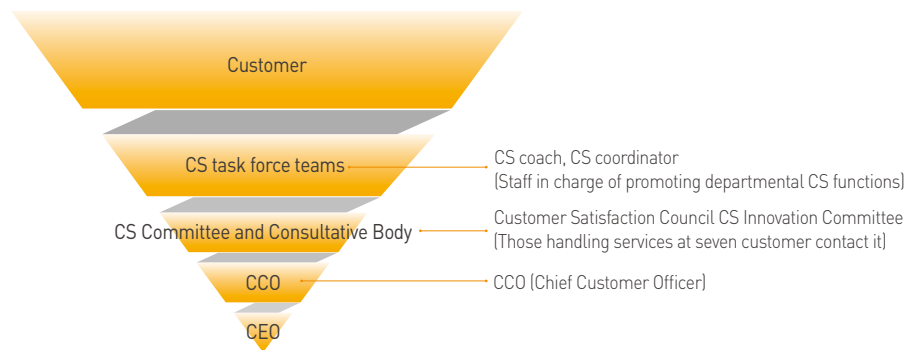
[Information security campaigns: Groupware popup]



# Customer Satisfaction Activities

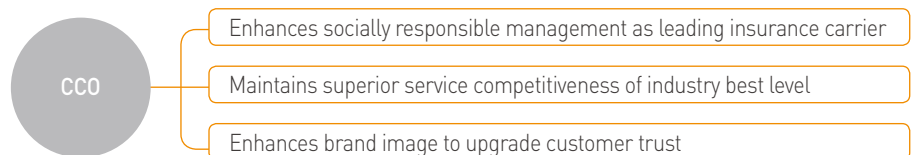
## Customer-oriented Management Organization System

Hyundai Insurance has established a customer satisfaction oriented organization system. The company has placed customer satisfaction at the core of its operations by putting its customers first. By posting CS coaches and CS coordinators at each department and sales office, Hyundai Insurance establishes a customer satisfaction mindset among all its executives and employees. In addition, the CCO (Chief Customer Officer) directs the CS Council and other consultative bodies for decision making regarding CS management and innovation. Lastly, the Chief Customer Officer (CCO) of the company was appointed for the first time among the local insurance companies. The CCO reports to the CEO directly to handle all customer-related matters. The CCO also performs an enterprise-wide management in customer satisfaction by aligning all the related entities in a uniform direction: Customer → CS task force teams → CS consultative body → CCO (Chief Customer Officer) → CEO.



## Industry's first Chief Customer Officer (CCO) appointed

Hyundai Insurance appointed a Chief Customer Officer (CCO) to report directly to the CEO for the first time in the industry in 2005. In order to accomplish its customer service vision of, "Hyundai Insurance, providing the best service with a warm heart towards our customers," the company innovated and provided efficient customer services by re-establishing the customer-satisfaction business system. The goal of the re-establishment was to be rated as a No. 1 insurance company in customer satisfaction. Hyundai Insurance has enhanced its customers' trust by strengthening its brand while developing the industry best service competitiveness by increasing the value provided to the customers through exploration of new goods and services desired by the customers while creating social values through diverse CSR activities as a leading insurance carrier.



## Operating CS-Related Consultative Group

Hyundai Insurance operating diverse CS-related consultative groups in addition to the Customer Satisfaction Council that decides important matters concerning customer satisfaction management. The company exerts its best to become an insurance carrier that grows and develops steadily, while placing its top priority on the values of its customer-centric management.

## Customer Protection Activities

Efforts for Customer Satisfaction

Communication System with Customers

## [CS Committee and Consultative Groups]

Organization	Functions
Customer Satisfaction Council	Conduct decision making regarding major CS policies, evaluate CS activities, implement CS improvement projects
VOC Review Committee	Review major customer complaints, establish/amend policies regarding customer complaints
Complete Sales Sanction and Review Committee	Enforce sanctions regarding violation of complete sales regulations (Hi Planner, sales branch manager)
CS Joint Conference	Communicate CSI survey results, discuss improvement measures, establish CS strategy
VOC Review and Handling Task Force	Prompt handling of urgent VOC cases

## CS Activities Compensation

Hyundai Insurance has established and been operating a CS compensation system to improve the participation of internal executives and employees in order to establish a company-wide customer satisfaction culture and customer satisfaction improvement activities. With CS points, Hyundai Insurance regularly evaluates the performances of employees who make efforts for customer satisfaction and reflects this in their personnel evaluations. By providing special benefits to employees with excellent results, CS points provide motivation for company-wide customer satisfaction activities. Hyundai Insurance also selects CS stars every year through its Excellent Customer Satisfaction Employee Award, providing various benefits and opportunities such as financial rewards, additional points in personnel evaluations and overseas field training opportunities.

[Hyundai Insurance CS Star]



[Training of Superior CS Employees]



## Process management for customer satisfaction

## Product and Service Quality Monitoring

The company conducts various surveys at customer contact points to correctly identify customer needs and assess how products and services are received. The survey results are analyzed to derive specific measures in order to further make improvements and this is in line with the company's consistent efforts to enhance quality. Customer satisfaction is measured using systematic methods and tools, and the results are followed through with feedback and follow-up activities to ensure service improvement.

## [Product and Service Quality Monitoring]

Classification	Participants	Survey content and follow-up activities
Call center service quality survey	Call center service reps	Call reception, greetings, service rep attitude, job handling, closing
Satisfaction for emergency roadside assistance	Customers using emergency roadside assistance	Response within 10 minutes, service staff appearance, business card presentation, explanations on services
Phone monitoring	All employees	Attitude, manners, job fulfillment, closing
Customer center monitoring	Customers visiting customer centers	include in CS evaluation, implement clinic program for 3 affiliated departments
Customer management monitoring	Insurance policy holders	Customer touch, satisfaction
Complete sales monitoring	Customers signing new policies	3 basics, explanation of product description
Claims satisfaction monitoring	Customers filing claims	Courtesy, promptness, explanation on processes
VOC handling satisfaction monitoring	Customers filing VOC	Explanation on VOC handling results, satisfaction

## Customer Satisfaction Surveys

Hyundai Insurance conducts yearly customer surveys and monitoring to identify problems in customer services and take improvement measures accordingly. The company also participates in customer satisfaction surveys conducted by independent organizations to collect objective data to incorporate into customer policies. Our companywide CS activities resulted in improvements at major customer contact points of claims handling, call centers, and face-to-face customer transactions. The result has been recognized by the industry and customers, with the company gaining first place for all categories in the GCSI evaluation in 2013.

## [Hyundai Insurance Customer Satisfaction Index- long-term insurance category] (Unit : Points)

Classification	Hyundai	Company A	Company B
2013	79.5	78.4	-
2012	80.3	79.7	78.9
2011	80.9	78.1	77.7

## [Hyundai Insurance Customer Satisfaction Index-Auto insurance category] (Unit : Points)

Classification	Hyundai	Company A	Company B
2013	80.4	77.3	-
2012	78.9	79.5	78.4
2011	80.4	77.9	77.5

## [GCSI(Global Customer Satisfaction Competency Index) score - long-term insurance category] (Unit : Points)

Classification	Hyundai	Company A	Company B
2013	71.17	69.79	70.02
2012	70.76	69.47	69.76
2011	70.51	69.44	69.74



[GCSI(Global Customer Satisfaction Competency Index) score - Auto insurance category] (Unit : Points)

Classification	Hyundai	Company A	Company B
2013	71.38	70.39	70.16
2012	71.01	69.73	69.74
2011	70.75	69.72	69.71

### Key achievements in CS improvement

#### [Improve internal complaints]

Existing | **Insufficient customer protection due to poor support by home office** Customer protection is insufficient as the home office only distributes complaints filed with the company to a complaint handling department that



Improvement | **Customer protection enhanced with stronger function of home office** Customer protection is enhanced as the home office directly investigates and judges on behalf of the customers in handling complaints filed with the company when there is a room they are

#### [Subscription review documents simplified]

Existing | **Inconveniences, including demand for unnecessary documents** When a customer informs his diseases before his subscription, inconveniences were experienced as the customer had to incur expenses as the company requested him to submit their medical records or additional documents.



Improvement | **Customer convenience enhanced by reviewing more subscriptions without documents** For diseases whose degree can be easily measured as disease insurance is often subscribed for them, customer convenience is enhanced while expenses for obtaining documents are reduced as their subscription is examined without documents or based on simple opinion only.

#### [Improvement of mobile accident inquiry system for customers]

Existing | **Information that can be checked by phone inquiry only** Information concerning a traffic accident including its handling progress or related information can be checked by making a phone call to the call center or employee in charge of compensation.



Improvement | **Accident details can be checked by mobile phone** Customer convenience is enhanced by allowing the customers to participate in various compensation services by accessing the information displayed on their mobile phone screen by SMS Hyundai Insurance transmits when an accident occurs to the

### Social diffusion of customer-centered management

#### CS Leaders Club Activities

The CEO and executives of Hyundai Insurance have regularly and actively participated in the committee and council of the CS Leaders Club operated by the Korea Management Association. Through the CS Leaders Club, we share various kinds of CS-related surveys and academic research activities and further expand exchanges with various parties, including the government and regional governments so that a customer-oriented service culture takes root throughout society as well as in the industry.

#### CS Win-Win Service Agreement

CS Win-Win Service is a mentoring agreement program implemented as a part of the CS Leaders Club community service activities. Hyundai Insurance consistently participates in the CS Win-Win program to transfer CS competency and knowhow to NGOs and SMEs wishing to improve customer service.

# Communication System with Customers

## Operation of systematic VOC portfolio

Hyundai Insurance actively yields to the changes and trends of its customers in order to provide differentiated and updated products and services to them. It operates a VOC portfolio in a systematic manner, including the Hi-VOC system that was deployed for the first time in Korea, Thanks VOC system, and a customer consultant system. In addition, the company focuses in maximizing VOC management resources by actively reflecting the outcome of its process improvement.

## Customer consultant system

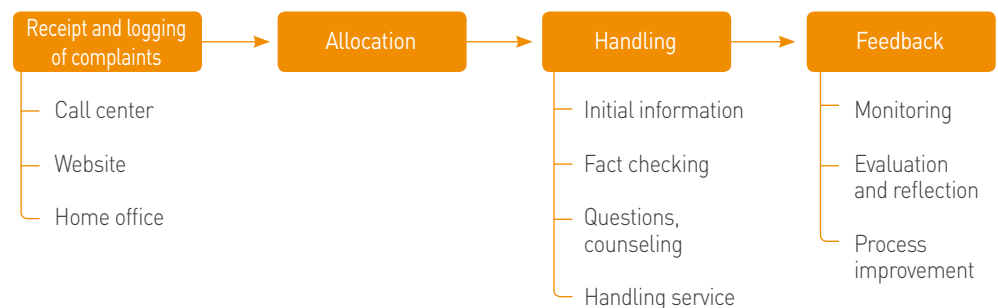
The company appoints its customers as consultants, who provide diverse ideas for process improvement, which allows them to examine its products and services and express their viewpoints. By operating such a system, Hyundai Insurance exerts to improve its business processes while listening to the customers' requirements.



## Hi-VOC system

Hyundai Insurance is the industry's first to implement an integrated VOC (Voice of Customer) handling system, titled Hi-VOC. The system enables us to integrate VOCs gathered through various customer channels and respond to them in a prompt and effective manner to be later reflected in the company's actual business policy. VOCs are received via postal mail, telephone, in-person, or the Internet, and then categorized and relayed to employees in charge via MMS and email. All VOCs are handled within 24-72 hours as specified by the company's internal guidelines. Collected VOCs are processed into reports in various forms, delivered to the management and Customer Satisfaction Council, and reflected in decision making regarding the company's management policy. The company operates the VOC system as a two-way communication channel to gather important data regarding customer needs that can be utilized in developing CS strategy, new products, and marketing and training materials.

### [VOC Handling Process]



[Thanks VOC honorary employee system]



### Thanks VOC honorary employee system

The company expresses its appreciation to the customers whose complaints and feedback have been accounted for to improve its service quality [how does the company express its appreciation? through the Thanks VOC honorary employee system?]. This system has contributed to the creation of a corporate culture where the management carefully listens to the customers who file complaints.

#### [Improvement Systems]

Classification	Details
VOC Alchemy System	·Purpose To improve business process based on VOC data to respond to and remedy inconveniences experienced by customers and reduce repeat complaints
	·Description Use VOC content to identify hidden customer needs and derive improvement tasks to be incorporated into business policy, utilize VOC as a business asset
CS Improvement Tasks	·Purpose To reduce customer complaints and increase customer satisfaction through continuous, systematic management of major CS improvement tasks
	·Process Task force team formation → identify improvement tasks → reviewed by related departments → establish improvement plans → preliminary evaluation on implementation → final evaluation on implementation
On-Site Service Experience Field for Employees	·Purpose To evaluate and improve service quality for emergency roadside assistance, call centers, in-person customer transactions, auto services, and long-term compensation
	·Participants Hyundai Insurance's service staff










### Industry first service identity: '7 Heart Service'

#### Delivering Warm Hearts towards Hyundai Insurance Customers

Hyundai Insurance exerts to provide heart-felt warm customer service by developing 7 Heart Service, a service brand developed for the first time in the local insurance industry. Representing a creative service delivery with a warm heart towards customers, 7 Heart Service is based on an analysis of service elements that earned customer praise, and defines how we can impress our customers in the seven major customer contact points of emergency roadside assistance, Hi Planner, call centers, site visits, long-term compensation, auto claims handling, and customer plaza.

7 Heart Service was developed as a manifestation of Hyundai Insurance's vivid service image that approaches customers at an emotional level, through service staff at customer contact points delivering appropriate services to accommodate specific customer needs in different circumstances. It is our first step towards becoming the World's Top Service Provider satisfying all needs of every customer and winning all competitions. Just like 7 Hearts filled with seven colors, Hyundai Insurance will fill our customers' hearts with seven warm colors.

## 7 Heart Service at Customer Contact Points

Contact points	7Heart Promise
Urgent or rush dispatch (Plus Heart Service)	Heart to speedily address your emergency situation. <b>Everything</b>  <b>From the Heart</b>
Hi-Planner (Care Heart Service)	Heart to design your future just like mine. <b>Everything</b>  <b>From the Heart</b>
Call center (Sence Heart Service)	Heart to resolve your request by the first call. <b>Everything</b>  <b>From the Heart</b>
Dispatch to scene (Speed Heart Service)	Heart to relieve you embarrassed by an accident. <b>Everything</b>  <b>From the Heart</b>
Long-term protection (Smart Heart Service)	Heart to carefully sort out your insurance money. <b>Everything</b>  <b>From the Heart</b>
Automobile indemnity (Family Heart Service)	Heart to handle your accident just like my own family. <b>Everything</b>  <b>From the Heart</b>
Customer window (VIP Heart Service)	Heart to consider your inconvenience to visit us. <b>Everything</b>  <b>From the Heart</b>

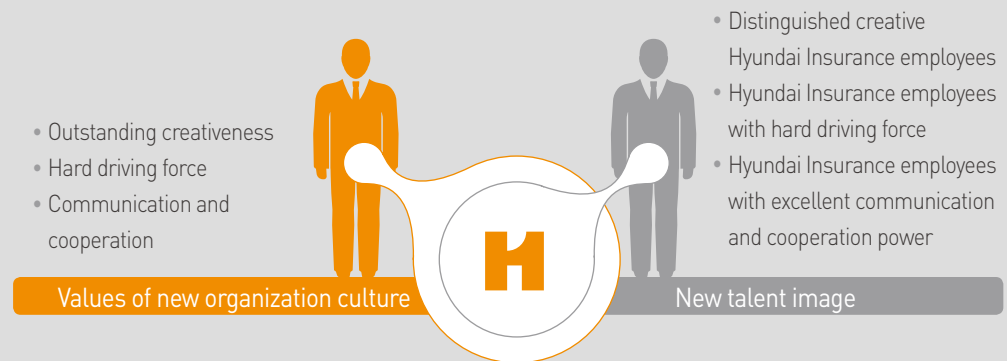




# SPECIAL ISSUE

## Hi-Way, New Corporate Culture

In May 2012, Hyundai Insurance declared a new corporate culture based on three values of outstanding creativity, durable driving force, and communication and cooperation in order to achieve the Vision Hi 2015 of being an "insurance carrier that grows together with customers through quality service." The company also aims to concentrate its resources on executing an efficient response to the rapidly changing business conditions. In order to execute the new corporate culture values, the company reinforced the existing systems, developed new programs, and induced an enterprise-wide consensus through education and publicity.



### [Key programs]

**Outstanding creativity** • Deploying a corporate culture that accommodates to changes and innovations

#### <Knowledge-friendly concerts: Having an open mind to expand knowledge>

Target: Home office employees

Contents: Once a quarter, lunch time Special lectures by instructors in human studies, social and art fields

#### [History]

- 1st: How to lead a happy life by maintaining a healthy brain
- 2nd: Learn from a war god or a war hero
- 3rd: Sharing design
- 4th: Read desire from big data
- 5th: Extreme leadership that protected Sejong Antarctic Base
- 6th: Omnipotent communication
- 7th: Have human studies been started? What should we do?



## Strong Resolve • deployment of a culture that practices initiation



### 〈Establishment of Hi Way, action guidelines for Hyundai Insurance officers and employees〉

'Hi Way'(Hyundai Insurance Way) : Guidelines for Hyundai Insurance members to pursue (45 contents)

#### Law that should always be observed

- [Information security] careless remarks
- [Safe driving] Drive defensively
- [Banned internal trading] Beware of money transactions between employees
- [Prevention of sexual harassment] Respect work colleague
- [Ethical business] Trustworthy business management
- [Protection of customer information] Promise with customers
- [Eradication of collusion] Download all the contents

#### Etiquette that makes workplace pleasant

- [CS] Customer centered
- [Manners] Correct greetings
- [Elevator manners] Manners that need be maintained in elevators
- [Business manners] Basic etiquette for workers
- [Phone manners] Importance of phone etiquette
- [Look] Tidy clothing and wearing badge
- [Language] Words caring others as they represent your personality
- [Collaboration] My job + your job = our jobs
- [Drinking culture] Drinking adhering to 119 rule
- [Praise and encouragement] Warm cheering
- [Hierarchy] Complementary relations, good seniors, followership
- [Work hours] Enhance work concentration
- [Modesty] Modesty and caring
- [Online manners] Precautions for using e-mail or messenger service
- [Passion] Energy of all thoughts and acts
- [Win-win co-prosperity] Refined partnership

#### Skills that enhance business achievements

- [Planning] Plan in advance with responsibility
- [Time management] Observance of lead time
- [Reports] Core contents, focusing on the recipient
- [Reporting] Diverse means of reporting
- [Learning] Steady learning/reading
- [Meeting culture] Prepare meetings in advance, duration within an hour, and participation and listening
- [Process improvement] Purpose of duties, prepare for changes
- [Sorting] Start of all work
- [Sharing job skills] Knowledge for all when shared
- [Practicing power] Done is better than perfect



## Have Good Communication Skills and an Open Mind •

Code of conduct for officers and employees to deploy a solid culture of trust between individuals and organizations

### 〈Code of conduct for Hyundai Insurance officers and employees〉

#### Acts prohibited in work hours

The below-listed acts are prohibited in work hours which need be used efficiently to enhance work efficiency

1. Access to Internet, messenger or SNS service for purposes not related to work
2. Frequently leaving seat or post for personal conversation, calls or smoking
3. Drowsing or sleeping in work hours
4. Drinking in work hours, including lunch recess
5. Fooling or goofing around hurting work atmosphere
6. Doing things that are not related to work without advance authorization

#### Acts prohibited between officers and employees

All officers and employees should perform only ethically acceptable acts under mutual trust. The below-listed acts are prohibited between officers or employees

1. Cursing, sneering or other linguistic violence abusing others
2. Sexual harassment causing sense of sexual shame
3. Illegitimate instruction violating law or damaging company benefits
4. Refusing or neglecting legitimate orders by superiors
5. Discrimination based on irrational reasons, including kinship, school or regional background, gender, religion or appearance
6. Distributing malicious rumors or causing conflict in organization

7. Obstructing work performance by other employees or having a third party obstruct work performance by other employees
8. Inappropriate dating with work colleagues that may degrade organization atmosphere
9. Requesting for errand or service for personal purposes
10. Illegitimate soliciting for HR administrative actions or handling of insurance accidents
11. Monetary transactions, including loans or joint endorsement or guarantee
12. Exchange of gifts or congratulating or condolences money exceeding socially accepted norms

#### Acts prohibited against assets or information

The below-listed acts are prohibited in using tangible or intangible corporate assets or information

1. Use, lease or export of tangible or intangible corporate assets for purposes not related to work
2. Disclosure of all company information to outside without authorization
3. Disclosing or using original or duplicate copy of company information after leaving company or work hours without authorization

#### Acts prohibited in connection with partner companies

Transactions with partner companies should be based on fairness and rationality. The below-listed acts are prohibited

1. Unfair acts exploiting superior position
2. Response to others with improper words or behavior
3. Discriminatory provision of advance information related to contracting
4. Publishing personal family events to officers, employees or those of partner companies
5. Demanding or accepting money or gifts directly or indirectly
6. Illegal retaliation against vendors who filed complaints

#### Acts prohibited in connection with company parties or drinking

Company parties or meals should be conducted smoothly to enhance morale or harmony. The below-listed acts are prohibited

1. Excessive drinking that may affect work performance on next day
2. Violation of 1\*1\*9 rule (one kind of liquor, once only till nine pm)
3. Drunk driving
4. Causing violence or sexual problems



# Employees

## Employees and Planners

All of Hyundai Insurance employees and Hi planners strive to operate systematic skill enhancing programs and to provide advanced welfare and benefits with a conception that their skills determine the company's competitiveness.

# Employees

## Fair hiring and systematic HR management

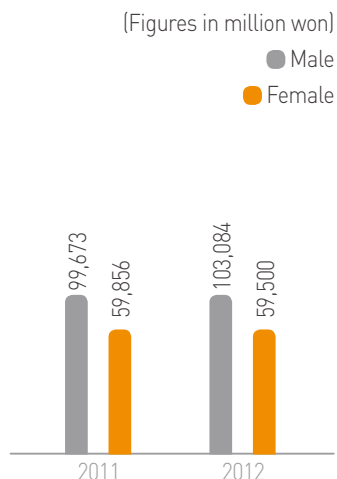
### Equal Employment Opportunity

As of December 2013, Hyundai Insurance employs 3,200 people, including 53 people in overseas offices and 3,147 people in Korea, with 93.6% as regular full-time staff. The workforce includes 74 women in management positions, and 134 employees from minority groups such as the disabled, family members of war veterans, and foreigners, with the number increasing every year. The company newly hired 230 in 2013 through regular and irregular recruitment programs, contributing to job creation in Korea. Turnover rate is maintained at a very low level of 3.1%.

[Employment Status] [As of December 2013]

Classification	Item	2010	2011	2012	2013
Employment	Total number of employees	2,969	3,041	3,053	3,200
	Employees in Korea	2,926	2,995	3,004	3,147
	Employees in other countries	43	46	49	53
	Full-time positions	2,802	2,869	2,863	2,996
	Part-time positions	167	172	190	204
	Turnover of non-regular workers (%)	5.6	5.7	6.2	6.4
	Women in management positions	45	50	62	74
	Minority groups	112	125	134	134
	Average service duration (years)	11.6	12.1	12.6	12.6
	Male employees Average service duration (years)	12.3	13.0	13.5	13.7
	Female employees Average service duration (years)	10.4	10.8	11.1	11.0
Turnover	Turnover rate (%)	4.2	3.2	3.7	3.1

[Average employee wage by gender (including managerial or administrative positions)]



### Protection of Human Rights

**Equal Opportunity** Hyundai Insurance's Codes of Ethics upholds the human rights of its employees and eliminates discrimination of any kind. All employees of Hyundai Insurance enjoy human rights and labor rights, and are entitled to fair treatment and equal opportunities. Recruitment and personnel management procedures are implemented in an objective and rational manner, prohibiting discrimination based on gender, academic and regional backgrounds, as well as religion, age, political orientation and disability. The total amount of pay is 261,665,320,000 won in 2012 and the pay difference between male and female employees is 43,584,000 won on average, which is mostly attributed to the differences in job grades or positions rather than in gender. There exists no pay difference between male and female employees who service in same job grades or positions. During 2012-2013, there were no incidences of discrimination in any form occurred in the company.

#### [Prohibition of Discriminatory Acts based on the Employee Ethics Code]

- All employees must be treated fairly and with respect and be placed in an environment in which he or she is given the opportunity to show his or her ability. All recruitment and promotion must be made objectively and rationally in consideration of individual ability and performance.
- Personnel management and procedures (hiring, promotion, and assignment) must take place rationally and without discrimination, and employees must not suffer from discrimination, oppression, harassment or bullying.

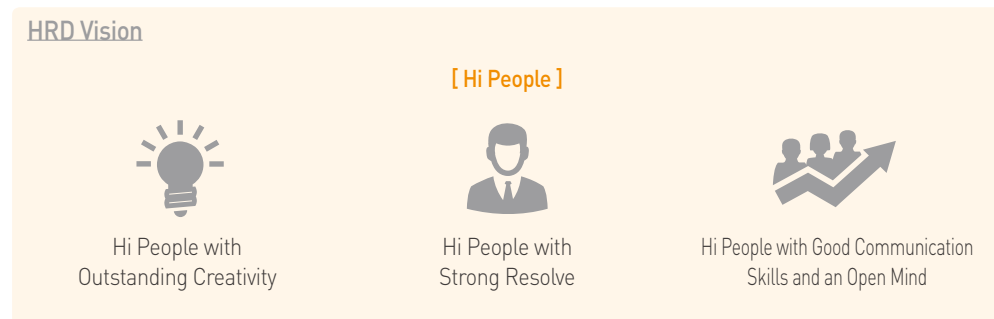


**Respecting Human Rights** Hyundai Insurance observes domestic and international labor regulations, including the Standard Labor Act and the ILO (International Labour Organization) Provisions, which prohibit child labor and forced labor. We also follow human rights and working conditions regulations, as well as procedures for reporting and punishing illegal labor practices, in order to eliminate forced labor practices. As part of our human rights protection training program, we conduct annual complaint prevention programs for the entire workforce in an attempt to prevent discrimination and protect customers and employees rights. Based on the Gender Equality Act, we operate annual cyber courses regarding sexual harassment prevention training. Furthermore, our security guards at the main office receive weekly check-ups with regard to their customer service and human rights protection practices as well as attending regular training sessions.

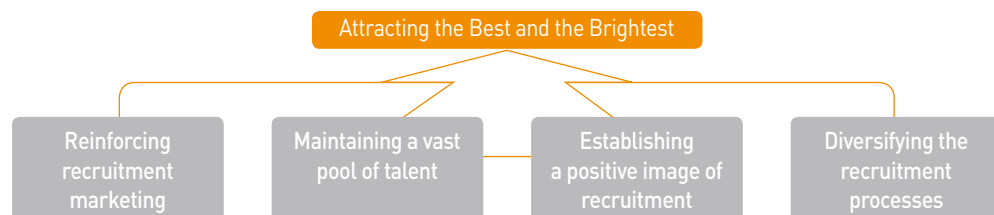
In order to prevent any infringement of human rights within the workplace, we operate a whistleblower system, a direct communication channel with the CEO, a bulletin board on the Labor Union Web site and the Grievance Handling Committee. These programs help protect human rights and promote democracy within and outside the workplace. The Code of Ethics stipulates the protection of customer rights and interests. The Hi Planner Satisfaction Survey also includes employees' attitude in order to protect the human rights of our customers and Hi Planners. Through these activities, we aim to spread human rights protection practices to our partners, customers, local communities and the public in general.

## Employee Competency Improvement

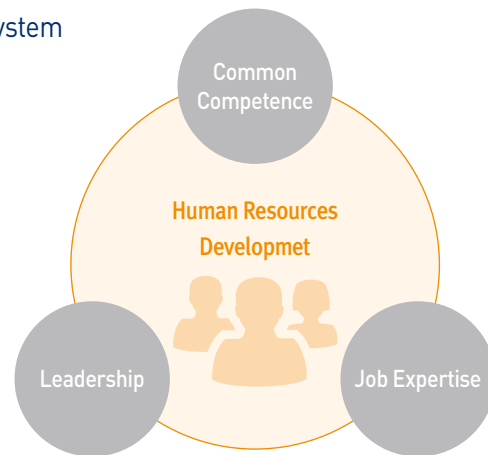
### Human Resource Development System



**Recruiting the Best and the Brightest** Hyundai Insurance runs various recruitment procedures to attract talented future leaders who can contribute to the company's growth and help it develop into a leading global financial group. All application procedures are implemented online. In addition, we attract talented people through campus recruiting activities and job fairs. Flexibly responding to changes in recruitment and business trends, we adopt various new evaluation mechanisms, such as role-playing, presentations, and aptitude tests to sift out the best and brightest talent.



## Employee Training System

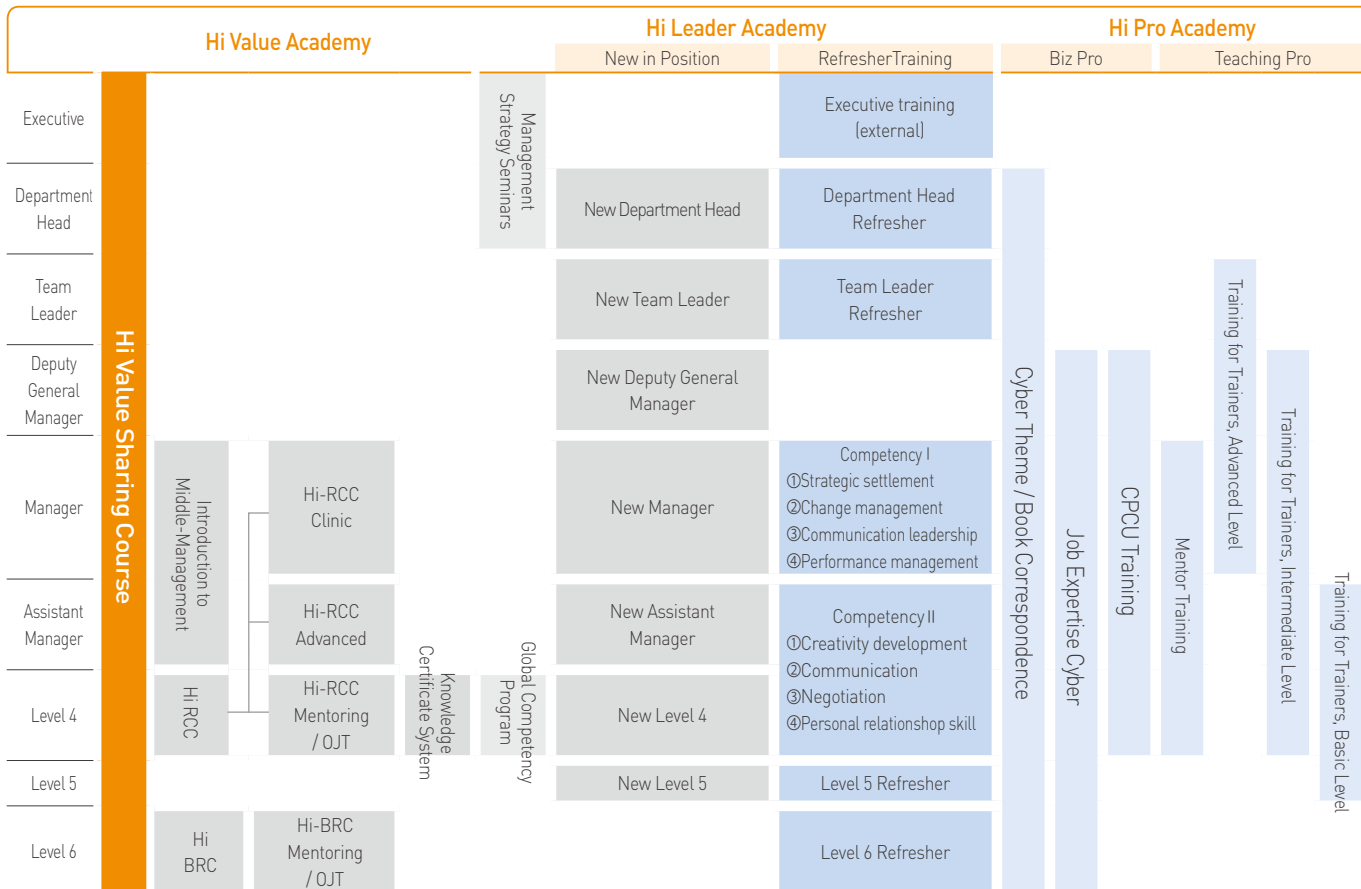


**Hi Value Academy: An education in value** The value education allows all officers and employees to share and practice the new corporate culture values that were established in 2012. The “Go! Hi” enterprise-wide educational courses are provided to maintain sustainable growth through the deployment of a value-based corporate culture in low growth and interest rate market conditions. The orientation and mentorship programs are implemented for newly hired employees to let them understand and practice “Hi Way,” corporate culture values and action guidelines. Furthermore, the company works to enhance a communication based on trust between the officers and employees by regularly providing “Knowledge-Friendly Concerts.”

**Leadership Training Hi Leader Academy** Leadership training courses are customized to each job position, including Management Strategy Seminars for executive officers above department manager level and Leadership Pipeline programs for newly promoted individuals and refresher training courses for employees at each level. In addition, the Global Competency program at overseas locations is offered to third-year level 4 employees.

**Job Expertise Training Hi Pro Academy** Featuring job training, claims training, field experts training and sales training courses, it aims to cultivate the expertise, skills and competences of our employees. Customized to work procedures and different levels of insurance practicalities, the course helps employees develop expertise in their job duties. In addition, the company has concentrated its resources on various career-related courses for insurance expert development, including CPCU, AIU and loss surveyor and actuary courses. To help upgrade the employees’ job skills, the company also offers Cyber Theme Courses, and Foreign Language Presentation Contest (FLPC) to explore or train their global business talents. The company also implements in-house instructor training and educational courses for effective delivery of expertise and know-how.

## [Training Framework]



## Human Resource Development Strategy

We adopt a competence-building HRD strategy in order for our employees to become future global leaders. The competence-building HRD system is programmed to reinforce common job competences and cultivate leadership in our employees. Through continued training programs we support our employees to enhance their job skills and expertise and grow as competent global leaders. By implementing systematic and efficient training customized to individual job grades and duties, we aim to establish a future-oriented corporate culture and reinforce global competence.

**HRD Training Program Implementation** Employee education programs for both Hyundai Insurance and its subsidiaries are inclusively implemented by an education service unit set up at a subsidiary, while existing programs were transferred in 2009. As a result, we established a training system, increased training opportunities and improved the efficiency of the training system. In 2012, we established the Knowledge Certificate program for level 4 employees to improve job performance, and implemented programs to train mentors in advance, who will educate new entry-level recruits in the future. The mentor program helps new employees to settle into their jobs in the company and promote organizational loyalty. In addition, the company implements enterprise-wide courses in value sharing to deploy a new and innovative corporate culture. It also offers a course for department managers and team leaders to upgrade their skills in order to enhance their leadership and managerial skills.

## [Training Directives]

- I . Diffusion and settlement of new organizational culture values to overcome business difficulties
- II . Strengthen manager education and improve layer-based education
- III . Training newly hired employees equipped with upright personality and job skills
- IV . Development of strategic personnel for securing future competitiveness

**Human Resource Development System** The Learning Point (LP) program motivates our employees to actively pursue self-development and self-learning, encouraging CoP activities that can lead to superior performances. By reflecting the educational performance evaluation in the personnel management evaluation, the education and personnel management systems are closely connected. This will help individuals to ensure expertise in their duties and develop their future careers, while contributing to improved business results for the company. To that effect, we offer various training opportunities and encourage our employees to keep studying.

**Evaluation Management** The company adopted the evaluation audit program, under which the evaluations of employee performances are subject to a preliminary audit by the HR Department in 2009. Giving employees the opportunity to raise objections to the evaluation results, the program enhanced fairness in evaluation and minimized errors. In order to motivate our employees, we reflect regular performance evaluations and competence evaluations in the merit rating, promoting employees on the basis of their competence. Excellent performers are granted special favors to further encourage employee engagement at work.

**Evaluation  
Management**

- |  |  |
|--|--|
| Operating a fair and objective evaluation system in order to achieve corporate goals and strategies<br>- Evaluation : performance evaluation, competence evaluation<br>- Period : semiannually (1H/2H) | · Performance-based compensation schemes<br>· Various special favors granted to excellent performers, including promotion, rewards, training and support for education at overseas schools |
|--|--|

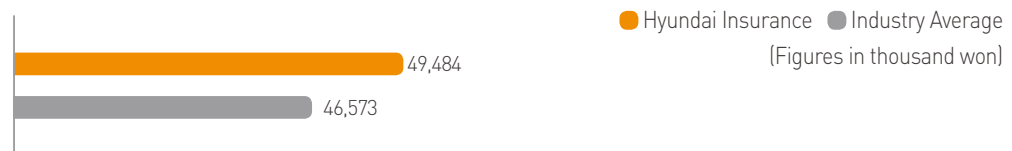
## Balancing Work and Life

### Employee Welfare Policy

**Employee Benefit Programs** Customer satisfaction originates from employee satisfaction. With this knowledge, we strive for the best possible quality of life for our employees and offer industry leading payment schemes. In addition to legal welfare programs, such as the four basic forms of insurance coverage, we run various welfare programs, such as medical support for our employees' families and maternity leave. For the female employees, in particular, we faithfully abide by the maternity protection regulations through our generous maternity leave policy. Furthermore, Hyundai Insurance supports individual insurances for all employees within a range of 3% of monthly salary (within 50% of monthly premiums) and introduced a retirement pension system as of December 31, 2010, based on the Corporate Employee Retirement Compensation Act. The company operates a retirement pension system to pay stable severance benefits at the time of retirement, maintaining a high ratio of external accumulation of pension. In addition to financial aid, we also offer subsidies and family-friendly welfare benefits for our employees' self-development and leisure time, helping them to achieve a work-life balance.



[Salary Comparison with Other Companies in the Industry(College-graduate, entry-level employees as of 2012)]



[Family-Friendly Welfare Policies]

Welfare policy	Description
Family Day	Encourage all employees to leave work early to spend more time with family at home on Wednesday
Leaving work early on birthdays	Encourage employees to leave work early on their birthdays
Maternity leave	Paid leave for up to 105 days before and after childbirth
Childcare leave	Guaranteeing freedom of childcare leave without any disadvantage attached, including counting the period as time served
Optional benefits	Employees can choose benefits in various categories, such as education, leisure and medical subsidies
Medical support	Medical support for employees and their families
New Employee Family Night	Event for the families of new employees
Kids Camp	Culture camp for the children of employees and Hi Planners

**Employee Health & Safety** The company offers annual physical checkups for employees based on the ILO Conventions and the related laws of Korea. Beginning in 2011, an endoscopy of the large intestines is included in the checkups for employees over 40 years of age and their spouses. We are also implementing hygiene programs to help protect employees against H1N1 flu virus and Yellow Dust contaminants, including distribution of masks and hand sanitizers and related training programs. Matters regarding employee health and safety are handled by multiple departments with each taking responsibilities for related functions.

[Health & Safety Responsibilities by Department]

Personnel Department	General Affairs Department	Emergency Planning Department
health check-ups, medical support and other medical/health benefits, protection of employees and incident reporting	countermeasures in case of disasters and damage, safety and maintenance of office buildings and facilities	emergency planning, fire drills, disaster/terror drills and other safety management

## Communication with Employees

**Communication Systems** We encourage active communication among our employees by operating various communication channels, thereby establishing a trust-based corporate culture. For a pleasant work environment, we host various regular programs to help our employees socialize with each other, thus fostering better understanding between them.

## [Employee Society Program]

Channel	Description	Period
Hi -Day	<ul style="list-style-type: none"> <li>Objective : A venue for exchanges through cultural events between employees and officers in charge of their respective divisions</li> <li>Participants : All employees below team leader-level</li> </ul>	annually
Harmony Day	<ul style="list-style-type: none"> <li>Objective : A venue for free talking between the employees of two or more divisions</li> <li>Participants : All employees above team leader level at the headquarters</li> </ul>	semi-annually
Into the Field I	<ul style="list-style-type: none"> <li>Objective : Hyundai Insurance executives visit business departments to communicate the company vision and management status, and hear the voices of field staff</li> <li>Participants : business departments and Claims Service Center</li> </ul>	semi-annually
Into the Field II	<ul style="list-style-type: none"> <li>Objective : executives from field offices visit the headquarters to talk about issues and the management status of their locations, and help employees at headquarters to better understand the circumstances in the field</li> <li>Participants : departments at headquarters that are unrelated to field offices</li> </ul>	semi-annually
Sales Support Gatherings	<ul style="list-style-type: none"> <li>Objective : hearing the voices of sales agents and reflecting their opinions in management policies</li> <li>Participants : CEO, department managers, branch managers, heads of business offices, facilitators</li> </ul>	monthly

## [Online Communities]

Channel	Description
CS Praise Plaza	<ul style="list-style-type: none"> <li>Objective : Forum for employees' participation in enterprise-wide praising culture and CS activities</li> <li>Participants : All employees</li> </ul>
Hi-Opinion	<ul style="list-style-type: none"> <li>Objective : Forum for sharing corporate vision and policies and enhancing trust and closeness among officers and employees</li> <li>Participants : All employees</li> </ul>

## Labor Union

**Labor Union Membership** Hyundai Insurance Labor Union was established to improve working conditions, ensure fair personnel management and rational management practices and improve the quality of life for our employees. Employees can join or secede from the union anytime of their own free will. The company does not discriminate against union members and protects the freedom of association of all our employees. Excluding managerial staff and others excluded in the labor management agreement, 2,528, or 91.0% of the total 2,778 employees hold union membership as of December 2013. Major changes to the union's operations are disclosed to the union members for consultation.

**Labor Union Performance** Since the establishment of the labor union, we have maintained a cooperative labor management relationship free of labor disputes for the past 20 years as of 2011. The union and the management transparently disclose management issues and brief our employees on management issues that require their cooperation and understanding. Maintaining a cooperative labor-management relationship, the company and employees refrain from inappropriate demands when consulting with each other. During 2012-2013, labor and management reached an agreement to improve welfare benefits, including health check-ups, optional benefits, medical support, residential support and transportation support for those returning home for national holidays.

# Hi Planners

## Insurance designers delivering happiness – Hi Planners

Hi Planners, consultants responsible for insurance sales and customer management, are core partners who contribute to the economic, social and environmental achievements of Hyundai Insurance. Hyundai Insurance supports Hi Planners to secure competitiveness to lead the non-life insurance industry while actively responding to a constantly changing financial service environment. The insurance service has evolved into a total asset management service in step with developments in regulations, fierce market competition and diversification of customer needs. Consequently, the role of Hi Planners has expanded from providing insurance policies and consulting services to that of comprehensive asset management consulting throughout the entire life cycle of our customers.

## Mutual Growth with Competence Building

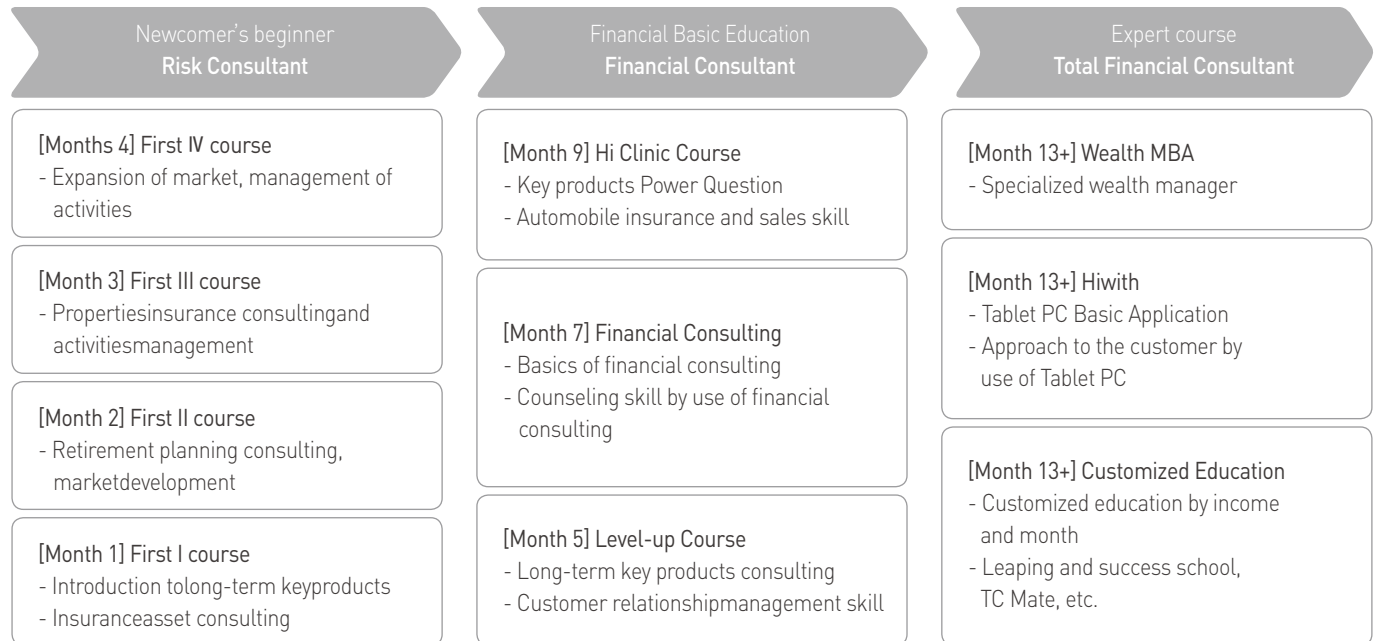
Hyundai Insurance provides systematic education programs for Hi Planners competence building and ultimately to foster Hi Planners as total asset management experts capable of providing comprehensive financial consulting services. The training programs are customized to accommodate Hi Planners at all levels, and the Cyber Training Center is utilized to provide fundamental training regarding product information and basic sales skills. In addition to the previous consulting education on insurance benefits, purpose funds and investment capital formation, and tax designing, the company has, since 2011, newly implemented Hi Dream Consulting training using tablet PCs, focusing on skills for providing a comprehensive financial consulting service.

### [Hi Planner Growth Roadmap]



## Core Competence building

The expanding scope of insurance coverage has evolved the insurance service into a total asset management service. Consequently, we implement core competence-building programs in order to reinforce expertise in insurance consulting service. In addition to the training courses designed to cultivate advanced financial consulting competences in our financial consultants, the "Financial Consulting Cyber Course" helps them develop professional skills and acquire financial expertise. As they are at the forefront of contact with our customers, the CS course is another basic course. Setting our training goals at reinforcing the CS course for newcomers to enhance our customer service and enhancing the CS competence of future leaders, we implement the "Successful Business Academy" for Hi Planners at high performance levels and CS courses for sales team managers.

**[Training Courses]**

### Training and Support for Specialized Certifications

Hyundai Insurance encourages Hi Planners to develop the skills of total asset management and acquire specialized certifications in financial consulting. The company provides preparation courses for AFPK, CFP and insurance actuary certifications, for Hi Planners and employees since 2009. A growing number of Hi Planners are trained to get certified, and the company has more insurance experts than any other company in the industry. As proved by specialized certificates, Hi Planners maintain skills and capabilities to provide high quality total financial consulting services, as well as customized products and services to accommodate customer needs.

### Improving Training Courses

The company conducted surveys with participants in training programs, and used the results to improve training courses. The company improved its training courses using the outcome of questionnaire surveys of those who completed the training courses. The survey included questionnaires on required competences, prospective customers, suggestions for improving training programs and satisfaction regarding the courses. The survey revealed trainee needs, which were then reflected in our reinforcement of practical sales skill training exercises and the improvement of education systems and programs.

#### Improvement in 2013

- Sales training courses strengthened for newly hired planner focusing on hands-on training
- Education programs standardized or strengthened
- Refresher courses customized to income levels newly introduced
- Comprehensive life insurance consulting planners trained
- Enhanced training programs for sales team managers

#### Expected improvements in 2014

- Training period extended for newly hired planners (from 3 to 4 months)
- Training strengthened to enhance skills to develop market and increase sales activities
- Intensive refresher courses introduced for planners with 2 to 3 years experience
- Refresher courses customized to income levels strengthened and expertise development training increased
- Skills strengthened to respond to changes in conditions through active theme-based training



## Communication with Hi Planners

### Communication Channels

Hi Planners participate in developing new products and services, improving systems and processes and setting CS management strategies by making suggestions through work systems. They can also make suggestions to improve products and services through the Hi Planner Suggestion Plaza and Product Development Pre-Hearing, as well as discuss the directions of CS management strategies at the Customer Satisfaction Council and CS Hall Meetings. The Hi Planner Suggestion Plaza receives an average of 156 suggestions every quarter. These suggestions are reflected in our development of products and services and improvement of systems and processes. The Hi Planner Satisfaction Survey on back-office support and training systems helps us improve our partner collaboration systems.

#### [Communication Channels for Hi Planners]

Channel	Description
Customer Satisfaction Council	Meetings between representatives of Hyundai Insurance and partners to develop CS policies and improve CS operations in support of CS management practices
Hi Planner Suggestion Plaza	Delivering the opinions of those in the field with regard to improvements and demands, building communities with Hi Planners and improving work efficiency Motivating CS practices and improving overall CS practices by publicizing praise
Hi Planner Praise Plaza	Motivating CS practices and improving overall CS practices by publicizing praise
CS Star System	Instilling the importance of CS and pride in Hi Planners through incentives
Smart Sales Support System	Improving sales performance with mobile sales environment Providing convenient access to sales support functions and contract database
Hi Planner Sales Support Call Center	Enhancing customer convenience by providing Hi Planner Field Support services and speedy support for sales activities

## Support System for Mutual Growth

### Sales Support

To prevent accidents in the course of business activities by Hi Planners, we have adopted the industrial disaster compensation insurance for Hi Planners under the governing laws since 2008. In addition, we have established support systems in order to provide a convenient work environment. Direct e-mail, e-mail, SMS and various channels are in operation for systematic customer relationship management. The total consulting system enables customized planning according to the lifecycles of our customers. We also have constructed a mobile infrastructure in order to improve the working environment and work process speed. The Hi-Learn system provides online preparation courses for product, claim and certificate tests. The Knowledge Center accumulates and provides work information, facilitating all work processes, while Hi-cast, the in-house broadcasting system, is a communication channel for sharing sales know-how, benchmarking information and updates with financial and taxation information. In addition, the company provides information regarding high-potential customers to assist Hi Planners in new market development. In 2011, the company constructed the "Application Virtual System" that enables Hi Planners to replace laptop computers with light-weight and compact tablet devices to use mobile sales functions.

[Hi-cast broadcasting screen]



## Support for Agencies

General agents<sup>1)</sup> have demonstrated a growth trend recently. Therefore, we provide them with exclusive products that allow customized planning with the largest portion of collateral, such as the Non Dividend Hi Life Perfect Star Total Insurance. We also created an exclusive system that provides total solutions for insurance policy portfolios for the individual, as well as sales track records, statistics, commissions and customer relationship management. We also run separate training courses for customers.

[Kids Camp]

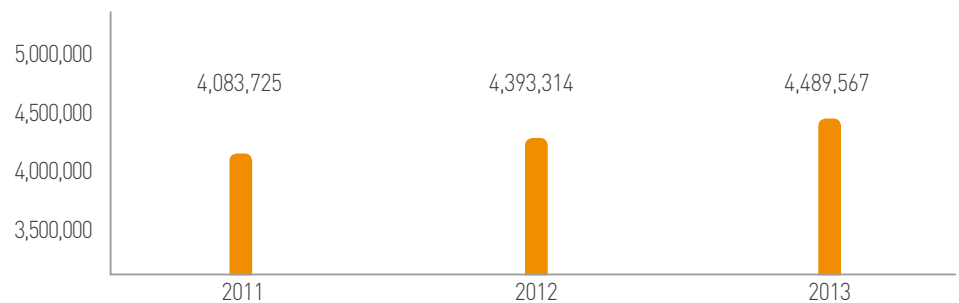


## Hi Planner Benefits

We offer various benefits for Hi Planners to support the improvement of the work environment and enhance quality of life. The company has provided funds to newly hired planners to purchase personal notebooks or tablet PCs. It has also encouraged them to participate in self-development or expertise training courses to pass insurance financial planner examinations. Other benefits include cash gifts for special occasions and family celebrations, support for children's school tuition fees, and annual health checkups. As a part of the company's policy supporting the right work-life balance for Hi Planners, we operate Kids Camp programs, a special learning opportunity for Hi Planners' children to learn foreign languages and global cultures.

[Hi Planner Benefit Amount]

(Unit : thousand won)



1) General Agent(GA) While not belonging to a certain insurance company, a general agent offers professional advice based on his or her own comparison analysis of products sold by various companies, mainly focusing on life insurance and long-term insurance and sells those products.



## Shareholders

Hyundai Insurance increases its shareholder values through thorough risk management and incessant management reform. In the future, we will work to enhance shareholder values based on steady management efficiency.

# Economic Achievements

## Growth Potential / Profitability / Stability

In 2012 and 2013, the insurance industry experienced greater uncertainty due to changes in its competitive structure, including M&A, the RBC regime change and increase of auto loss ratio, while the domestic economy has continued at low growth due to the persisting global economic recession. Due to the slow growth of long-term insurance, the non-life insurance industry tried to discover a new breakthrough by exploring insurance market for senior citizens, including nursing insurance. The overall industry profit decreased as underwriting loss deepened due to rise of auto loss ratio while the investment yield was dropped due to the persisting low-interest rate environment. Despite the market uncertainty, Hyundai Insurance continued its efforts of risk management, customer protection, focusing profitability and growth at the same time. As a result, we posted 10,157.7 billion won in direct premium and net profit of 351.9 billion won in FY2012. Due to the change in fiscal-year end, FY2013 figures are based on nine month results that 8,028.4 billion won in direct premium, 191.5 billion won in net profit, and total assets stood at 23,334.5 billion won.

(Unit: million won)

Classification	FY2010	FY2011	FY2012	FY2013
Direct Premium	7,610,424	9,316,657	10,157,664	8,028,387
Market share	16.1%	16.8%	16.1% (16.6%)	16.4% (17.0%)
Net Income	159,485	392,756	351,907	191,516
Total Asset	13,005,845	17,571,241	20,887,875	23,334,547

Note) FY 2013 figures based on nine month results(Apr. – Dec. 2013)

Note) Market share in parentheses. based on excluding NH Insurance

## Loss Ratio

The loss ratio steadily rose to 83.1% in FY 2012 and 84.4% in FY 2013. Auto insurance was the main factor which drove total loss ratio to go up. Auto loss ratio climbed up due to decrease of per-unit earned premium along with increase of claims. We are trying to improve auto loss ratio through advanced techniques for accident investigation and efficient compensation system.

(Unit : %)

Classification	FY2010	FY2011	FY2012	FY2013
Total	79.8	82.2	83.1	84.4
Commercial	58.8	69.2	69.8	65.2
Auto	79.0	80.8	83.4	86.9
Long-Term Risk	81.0	81.9	83.2	85.7

Note) FY 2013 figures based on nine month results(Apr. – Dec. 2013)

Note) FY2010 figures based on K-GAAP, while FY2011 and later based on K-IFRS.

## Capital

**Solvency Ratio** The solvency ratio is a barometer of the company's financial soundness. Hyundai Insurance's solvency ratio remained stable level.

(Unit: million won)

Classification	FY2010	FY2011	FY2012	FY2013
Available Capital	1,660,711	1,893,405	2,146,596	2,088,216
Required Capital	828,827	904,190	1,036,174	1,143,817
Solvency ratio	200.4%	209.4%	207.2%	182.6%
Excess	847,884	989,215	1,110,421	944,399

Note) FY 2013 figures based on nine month results(Apr. – Dec. 2013)

**Catastrophe Reserve** Catastrophe reserve is for cases which have to pay exceptionally large amount of claims that exceeds the policy reserve, such as in the event of unexpected disasters: Earthquake, Typhoon, Fire, Aircraft accident, and etc. Hyundai Insurance's catastrophe reserve has been increasing every year to secure risk.

(Unit: million won)

Classification	FY2010	FY2011	FY2012	FY2013
Catastrophe reserve for the year	46,558	47,278	49,698	39,178
Catastrophe reserve	404,430	451,708	501,406	540,584

Note) FY 2013 figures based on nine month results(Apr. – Dec. 2013)

## Credit Rating

In 2012, A.M. Best, a leading US-based insurance rating agency, raised our credit rating to A(Excellent) with an outlook of 'stable'. This reflects favorable operating performance, highly liquid investment portfolio and improved capitalization. Standard & Poor's (S&P) upgraded credit rating to A- based on 2013, revised insurance criteria considering strong market position and adequate capital and earnings.

[Credit Rating]

Classification	FY2010	FY2011	FY2012	FY2013
A.M.Best	A- (Stable)	A- (Positive)	A (Stable)	A (Stable)
S&P	BBB+ (Stable)	BBB+ (Stable)	BBB+ (Positive)	A- (Stable)



## Financial Report

### [Balance Sheets]

(Unit: million won)

Classification	FY2010	FY2011	FY2012	FY2013
Invested Assets	10,313,054	13,422,220	16,310,051	18,618,611
Non-operating Assets	2,116,720	3,270,901	3,498,627	3,478,796
Separate Account Assets	576,071	878,121	1,079,197	1,237,140
<b>Total Assets</b>	<b>13,005,845</b>	<b>17,571,242</b>	<b>20,887,875</b>	<b>23,334,547</b>
Policy Reserve	10,617,287	13,966,712	16,672,092	18,977,282
Other Liabilities	658,454	961,339	1,048,439	850,853
Separate Account Liabilities	577,285	898,958	1,060,085	1,525,814
<b>Total Liabilities</b>	<b>11,853,027</b>	<b>15,827,009</b>	<b>18,780,616</b>	<b>21,353,948</b>
Capital Stock	44,700	44,700	44,700	44,700
Capital Surplus	121,047	114,223	114,223	114,223
Retained Earnings	761,633	1,355,108	1,619,077	1,726,157
Capital Adjustment	-21,433	-20,044	-20,044	-20,044
Other Comprehensive Income	246,872	250,247	349,303	115,562
<b>Total Shareholders' Equity</b>	<b>1,152,818</b>	<b>1,744,234</b>	<b>2,107,258</b>	<b>1,980,598</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>13,005,845</b>	<b>17,571,242</b>	<b>20,887,875</b>	<b>23,334,547</b>

Note) FY 2013 figures based on nine month results(Apr. – Dec. 2013)

Note) FY2010 figures based on K-GAAP, while FY2011 and later based on K-IFRS.

### [Income Statements]

(Unit : million won)

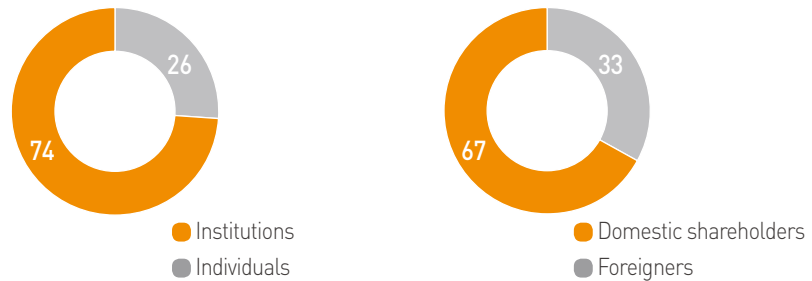
Classification	FY2010	FY2011	FY2012	FY2013
Earned premium	6,634,219	8,357,856	9,212,849	7,250,896
Underwriting Income	-204,486	30,465	-182,684	-201,514
Net Investment Income	440,670	520,718	679,336	486,614
Total Gain from Operating	236,184	551,183	496,652	285,100
Net Income before Income Taxes	215,126	527,168	466,846	258,138
Income Tax Expense	55,641	134,412	114,939	66,622
Net Income	159,485	392,756	351,906	191,516

Note) FY 2013 figures based on nine month results(Apr. – Dec. 2013)

## Shareholder Value

### Shareholder Composition

The total number of issued Hyundai Insurance shares is 89,400,000 common shares, with the shareholder composition as follows:



(Unit: person, %)

Classification	Shareholder		Holding shares	
	Number	Composition	Number	Composition
Government-controlled companies	3	0.03	1,831	0.00
Pension fund	2	0.02	26,510	0.02
Bank	8	0.08	3,635,600	4.06
Insurance company	14	0.14	484,878	0.54
Securities company	30	0.31	253,290	0.28
Investment trust company	498	5.17	20,551,877	22.98
Investment/banking/mutual savings	2	0.02	206,730	0.23
Other corporations	660	6.86	40,687,924	45.51
Individuals and others	8,398	87.34	23,551,360	26.34
Total	9,615	100.00	89,400,000	100.00
Foreigners	598	6.21	29,702,114	33.22

Note) As of December 2013

### Communication with Shareholders

Hyundai Insurance discloses company information in accordance with internal regulations and related laws for related information users as well as shareholders and investors, thus enabling easy access to appropriate information. We are holding quarterly IR with investors and annual general shareholders' meetings. We also improve access for investor information by disclosing monthly financial reports and other management related information through online homepage. We will try to actively communicate with shareholders through disclosures, IR and etc.

### Value Distribution to Shareholders

Through sustainable growth and profit-oriented management, Hyundai Insurance has been increasing the shares of all stakeholders, including shareholders. Even though dividend per share decreased over the previous year reflecting shortened period as the change in fiscal year-end, payout ratio still remained similar to before. Going forward, we will try to achieve sustainable growth and profit so that we can share our achievement with stakeholders including shareholders and customers.

#### [Dividends]

Classification	2010	2011	2012	2013
Net income (million Won)	159,485	392,756	351,906	191,516
Total dividend (million Won)	56,290	108,560	84,435	44,228
Dividends per share (won)	700	1,350	1,050	550
Payout ratio	35.3%	27.6%	24.0%	23.1%
Dividend yield	2.4%	4.0%	3.3%	1.7%(2.3%)

Note) FY2013 figures are based on nine month results(Apr. – Dec. 2013)

Note) FY 2013 dividend yield (2.3%) based on annual conversion.

# Risk Management

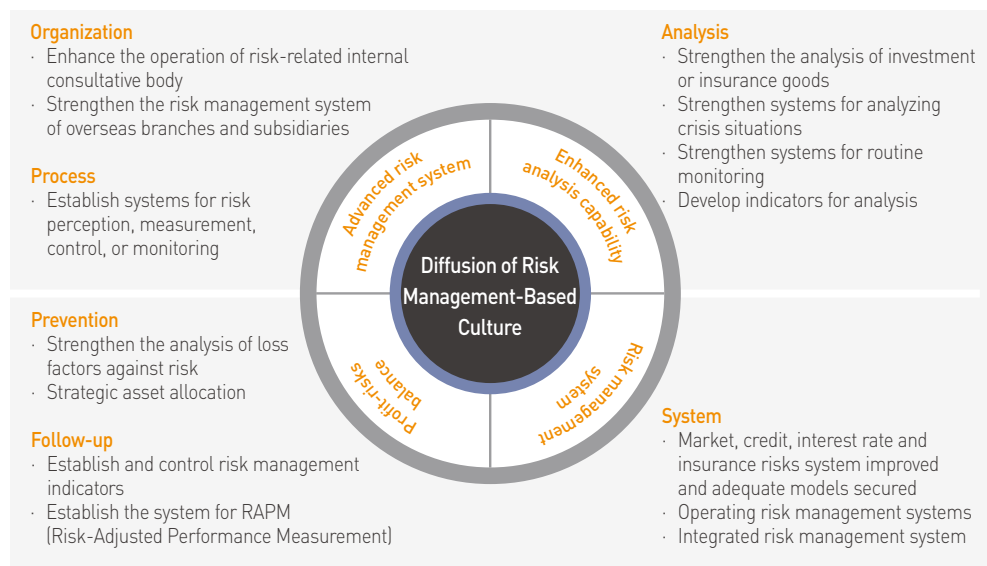
## Enterprise Risk Management

Hyundai Insurance exerts efforts to control or manage risks liable to be experienced in business activities in order to protect its policyholders and shareholders from possible risks from inside and outside, including those related to rapidly changing financial service conditions and institutions. The company strives to secure its sustainable growth while minimizing losses through its risk management activities and improving its growth potential and profitability.

## Risk Management Strategy

Hyundai Insurance maintains a balance of risks and profitability by implementing a risk management strategy across all business divisions and departments within the company. The risk management system is based on an advanced and effective infrastructure, team organization, and policy.

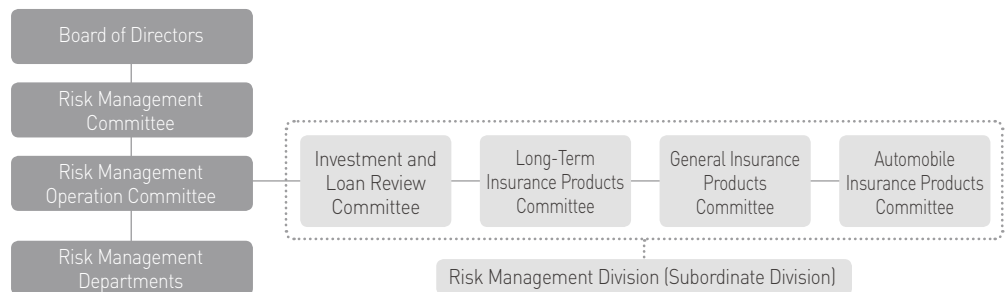
### [Risk Management Strategy Framework]



## Risk Management Organization

Hyundai Insurance has enacted risk management regulations in order to efficiently control risks existing inside and outside the company, and has founded a risk management sub-committee under its board of directors in order to establish a risk-centered management system. The risk management committee is held once a quarter (11 times in 2012 and 2013) and regularly monitors the company's risks while determining its strategies for risk management, including levels of risk that can be taken by the company. The committee has operated a subordinate operation committee for risk management in order to enhance its operational efficiency. The risk management steering sub-committee consists of divisional executive officers and certified senior actuary, and reviews agendas submitted to the risk management committee in advance, performing follow-up administration of resolutions adopted by the committee. The risk management steering sub-committee members who concurrently serve as chairs of various investment or product related committees of the company consider risk factors when they make crucial decisions. In so doing, the company maintains a system in which the risk management committee decisions and the company's policies are systematically interlinked. On the other hand, an independent risk management department is operated to plan or control the enterprise-wide risk

management while assisting the risk management committee and its operation committee. To efficiently manage divisional or organizational risks, a risk management department is designated and operated. In order to strengthen consultation or coordination between the departments responsible for risk management, meeting of risk inspection is held regularly by unit department heads to share and consult about improvement plans for key issues related to risk management.



### Risk Management Processes

Hyundai Insurance's risk management processes include enterprise risk management planning, risk measurement and analysis, risk management reporting, and evaluation and utilization (action and feedback). It analyzes risks recognized in all its business activities by quantifying them, including insurance sales and asset management, in accordance with its annual risk management plan that is developed in consideration of changes in financial service markets based on the mid- and long-term plans established for enterprise-wide risk management. Risk management or means of control are derived through consultation among the related departments in order to control or reduce the measured risks. The department responsible for risk management inspects actions taken using the risk control means, and operates procedures for feedback on their outcome.



### Risk measurement and control

Hyundai Insurance controls all financial risks and non-financial risks that may arise while an insurance company operates business activities. It measures and controls financial risks by classifying them based on their causes into insurance risk, interest rate risk, market risk, credit risk, and liquidity risk. The risks by type are measured based on the financial supervisory solvency control system and internal criteria for risk management systems. They are controlled by developing or monitoring levels that may be taken by type and developing or implementing countermeasures. Hyundai Insurance operates an internal criteria-based risk management system to be prepared for the full-fledged enforcement of a new system for approving internal models while calculating the company's risk levels more accurately. The company measures market, credit, insurance, interest rate and liquidity risks through its internal criteria-based risk management system and analyzes crises based on scenarios by analyzing the impact its insurance and asset portfolio has on its risks and earnings structure. Meanwhile, the appropriateness of the company's risk management systems and procedures is evaluated through internal and external audit.



The appropriateness of the company's risk management is evaluated and improved through internal audit of individual cases (conducted twice in 2012 to 2013), regular inspection by the Financial Supervisory Service (conducted biannually, once in 2012 to 2013), or divisional inspection of individual cases (conducted twice in 2012 to 2013).

[Risks to be Managed]

Sector	Contents
Insurance Risk	<ul style="list-style-type: none"> <li>• Potential loss of paying out more claims than the expected level of risk ratio at the time of calculating the premium due to unexpected incidents or changes in the economic environment</li> <li>• Inspection of risk impact of new insurance products, and development and administration of possession limits of risks that can be taken</li> </ul>
Interest Risk	<ul style="list-style-type: none"> <li>• Potential loss that can occur as the net interest income and net asset value decreases at the time of an interest rate change due to mismatching maturity of assets and liabilities.</li> <li>• Control indicators are employed and assets are distributed to match the assets and liabilities, including management of asset and liability duration to reduce their duration gap, earnings from asset management, and payable interest rates.</li> </ul>
Market Risk	<ul style="list-style-type: none"> <li>• Potential loss that could occur due to changes in portfolio values, which in turn occur due to changes in market indicators such as interest rates, stock prices and exchange rates</li> <li>• Setup and management of investment goods operation limits considering risk and profitability, and daily risk reporting and crisis analysis to check rapidly changing market conditions</li> </ul>
Credit Risk	<ul style="list-style-type: none"> <li>• Potential loss from the nonperformance of contractual duties regarding savings, loans, securities, etc. that could occur from the default or degraded credit of the counterparty</li> <li>• Inspection of credit risk related to credit rating of business partners, and distribution of credit risk through management of investment goods portfolio and limits</li> </ul>
Liquidity Risk	<ul style="list-style-type: none"> <li>• Potential loss that could occur when demands for payment of funds cannot be met due to inconsistencies in investment, procured period and amount</li> <li>• Setup and management of limits and guidelines for controlling short- and long-term liquidity risks</li> </ul>
Non-financial Risk	<ul style="list-style-type: none"> <li>• Potential loss that could occur when demands for payment of funds cannot be met due to inconsistencies in investment, procured period and amount</li> <li>• Setup and management of limits and guidelines for controlling short- and long-term liquidity risks</li> </ul>
Non-financial Risk	<ul style="list-style-type: none"> <li>• Potential loss that could occur from inadequate internal procedures, personnel, systems and external incidents</li> <li>• Provision of systems for analyzing business processes or inspecting checklists to detect operational risk factors</li> </ul>

## Prevention and detection of insurance crimes

### Special Investigation Unit (SIU) Operated for Investigating Insurance Frauds

To prevent the insurance frauds that have emerged as social issues, Hyundai Insurance protects valuable assets of its customers by operating the industry-largest scale special investigation unit or Insurance Investigation Department, consisting of expert fraud investigators with police service background, exclusively responsible for investigating insurance frauds.

### Programs to Minimize Possible Insurance Frauds

By operating the insurance investigation department, the company minimizes the risk of insurance frauds in all directions, including provision of a service of evaluating insurance fraud impact from the stage of insurance products development, tighter review of contract acceptance to prevent inflow of fraudulent insurance contracts in the contracting stage, thorough investigation of possible frauds before and after payment of insurance money, and recovery of insurance benefit illegally obtained by fraud when frauds are detected. The company augments its media promotion activities to arouse public caution against insurance-related fraud crimes. It has also strengthened its capability to investigate or respond to insurance frauds by enhancing the quality and the system accuracy of insurance fraud investigation by introducing, in 2010 FDS(Fraud Detection System), a system for proactively detecting risk factors of insurance frauds and in 2013, an automobile collision engineering analysis system for the first time in the local insurance industry. The company steadily strives to protect the rights and benefits of its customers, including contribution to prevention of insurance frauds by actively operating its insurance crime reporting center through amendment to its industry-best system for reporting such crimes and commending those who made distinguished merits in 2013. The company also manages internal insurance fraud related risk factors by steadily conducting education on prevention of insurance frauds from sales to compensation departments in connection with its internal control of insurance frauds. With such efforts, the company protected approximately 159 billion won worth of customer assets in 2012 and 2013.

[Yearly detection of insurance frauds]

(Unit: million won)

Classification	2010	2011	2012	2013
First half	32,667	36,537	40,034	48,312
Latter half	35,658	36,134	44,154	26,476
Yearly total	68,325	72,671	84,188	74,788

\* In the latter half of 2013, performance during three months only (October to December) due to a change in fiscal year

# Management Innovations

## Innovation to Improve Efficiency

At Hyundai Insurance, all activities with regard to innovating management processes are implemented with one ultimate goal in mind: to earn the love and trust of our customers. Results of such innovation include customer-centric business processes and efficiency-driven management practices, consequently enabling the company to maintain the industry leader position. Another important aspect of innovation activities is to establish a corporate culture where every employee shares the core value of innovation and efficiency as the code to live by.

## Value Creation and Human Resources Development through 6 Sigma

6 Sigma, which met its 10th anniversary in 2013, has created achievements through steady enhancement of efficiency.

[Operational structure of Hyundai Insurance 6 Sigma]

Classification	BB(Black Belt) Project	RB(Red Belt) Project
Purposes	Value Creation > Human Resources Development	Value Creation < Human Resources Development
Project duration	4 months	2 months
Project scale	Officer-based strategic tasks	Working-level departmental projects
Implementation management	1 year after project completion	6 months after project completion

Employees of Hyundai Insurance and partner companies apply 6 Sigma to create tangible outcomes in terms of customer satisfaction, cost control, and business process improvement. Now 6 Sigma methods are applied to every aspect of work processes. In order to ensure all 6 Sigma projects are followed through with specific outcomes in terms of improvement, the company monitors post-project activities for one year after the project completion. As a result, over 95% of recommendations are successfully implemented to produce tangible performance outcomes.

### Hyundai Insurance 6 Sigma History

Introduction ▶	Embedding ▶	Diversifying ▶	Diffusion
Aug.2003 - Aug. 2004	Nov.2004 - Apr.2006	Apr.2006 - Feb.2010	Apr.2010 - Present
1st and 2nd Wave	3rd and 4th Wave	5th ~10th Wave	11th ~17th Wave
<ul style="list-style-type: none"> <li>External consulting hired</li> <li>Pilot project implemented</li> <li>Task force organized</li> </ul>	<ul style="list-style-type: none"> <li>Methodology developed in house</li> <li>Coaching performed on internal tasks and manual developed</li> <li>Extended to field sales</li> </ul>	<ul style="list-style-type: none"> <li>Projects promoted by theme</li> <li>Tasks promoted to save project costs</li> <li>Tasks for improving CS</li> </ul>	<ul style="list-style-type: none"> <li>BB (Black Belt) projects steadily promoted (10th year)</li> <li>Education programs developed for working level (Red Belt Projects)</li> </ul>

## Results of 6 Sigma Activities

A total of 512 6 Sigma projects were implemented during 2003-2013, generating financial outcomes equaling to 127.7 billion won. The company now has 469 innovation experts including 9 Master Black Belts (in-house task consultants), 246 Black Belts (6 Sigma task performing specialists), and 223 Red Belts (on-site workers). The 6 Sigma program will be steadily implemented to generate business achievements and develop human resources, playing a pivotal role in Hyundai Insurancere form culture.

[Results of 6 Sigma]

(Unit: task, person, 100 million won)

Year	Project duration	Number of tasks	Number of trainees	Financial outcome
FY2003	2003.4~2004.3	8	8	13
FY2004	2004.4~2005.3	51	39	85
FY2005	2005.4~2006.3	17	14	-
FY2006	2006.4~2007.3	61	41	27
FY2007	2007.4~2008.3	25	33	42
FY2008	2008.4~2009.3	57	53	100
FY2009	2009.4~2010.3	19	16	64
FY2010	2010.4~2011.3	51	47	117
FY2011	2011.4~2012.3	69	66	282
FY2012	2012.4~2013.3	79	79	443(E)
FY2013	2013.4~2013.12	75	73	104(E)
Total		512	469	1,277(E)

## Successful Example of 6 Sigma Activities

### Loss Amount Reduced in 2012 by Tightening Control over Lease Rates of Foreign-Made Cars

In order to improve control over rapidly growing loss amounts from automobile insurance for foreign-made cars, a project was implemented to efficiently control the lease rates of those cars (replacement car rental and transportation rates). Tighter lease rate standards were developed for foreign-made cars in order to replace the indiscriminate rates used in the market. The replacement car rental period was also minimized by having parts supplied more speedily under an alliance contract with importers of foreign-car parts. As the result, the rent rates for foreign-made cars decreased from 914,000 won to 763,000 won, reducing the annual loss by four billion won.

**Incidental Expenses Reduced for Personal or Consumer Loan in 2013** In order to improve profitability of personal or consumer loans secured by real property collateral, a project was carried out to reduce overall incidental expenses by analyzing the individual expense items related to loans. Various different improvement schemes were derived by analyzing expense items that remained the same without any change for a long period and that were taken as reasonable. As a result, the expenses per loan secured by real properties could be reduced from 760,000 won to 680,000 won (by 10%), reducing the annual expenses by 530 million won.

## Sustainable Innovation Initiatives to Accommodate Different Circumstances

In addition to 6 Sigma, Hyundai Insurance employs various innovation initiatives in a flexible manner to accommodate specific circumstances. Hyundai Insurance succeeded in eliminating unnecessary or inefficient processes by implementing various innovation programs starting with Proposal Program in 1993, including 'Ten Innovations in Management', '1 Best in Each Department', 'Compensation and Store BPR', 'Cut Out 30%', and 'Research Groups.' Hyundai Insurance continues incessant efforts to get ahead in rapidly changing business conditions by deploying enterprise-wide service efficiency systems or other innovation infrastructure.

### Proposal Program

The proposal program is one of the oldest innovation programs implemented in Hyundai Insurance. Introduced in 1993, the program is a part of the company's consistent effort for improvement with regard to customer satisfaction, cost control, and productivity. The company also utilizes 'communication channels' to improve inconvenient parts at the field sales and compensation sites. It also encourages employees to improve their services voluntarily by promoting their proposal system. It operates a 'system for reviewing outstanding proposals' to share and commend outstanding proposals under the auspices of the Management Planning Unit Director half yearly. Proposals are selected and displayed on internal groupware pages and elevators to create a business reform culture shared by the employees.

[Results of Proposal Program]

(Unit: case, million won)

Year	Proposals submitted	% selected	Estimated financial outcome
FY2009	7,415	39.3%	750
FY2010	2,559	44.9%	7,319
FY2011	1,835	41.0%	3,775
FY2012	1,238	36.7%	6,994
FY2013	3,895	52.3%	6,581

### Cases of Selected Proposals

**Integrated Refund of Automobile Insurance Premium in 2012** Part of the automobile insurance premium is returned to customers for reconciliation based on mileage or week-day abstention from using personal cars. In the past, the premium was returned by call centers or customer service teams across the country by accepting a written request case by case. As the system was improved to have all eligible cases refunded automatically in a batch, customers are no longer required to submit any written request, while the customer service teams and call centers are relieved from an unnecessary work load, including phone calls and facsimile transmission.

**Card Fees Reduced by Installing Dedicated Circuits with Card Companies in 2013** Customers need to pay the card companies fees at a given rate when they pay their premium by card. The fee burden has increased steadily along with growth of card payments. The fees included a VAN service fee of 90 won per case, which is responsible for maintaining and administering network services. As Hyundai Insurance installed a 'dedicated circuit' with card companies bypassing the VAN, it could save 330 million won card fees a year.



## Innovation infrastructure deployed to get ahead of the era

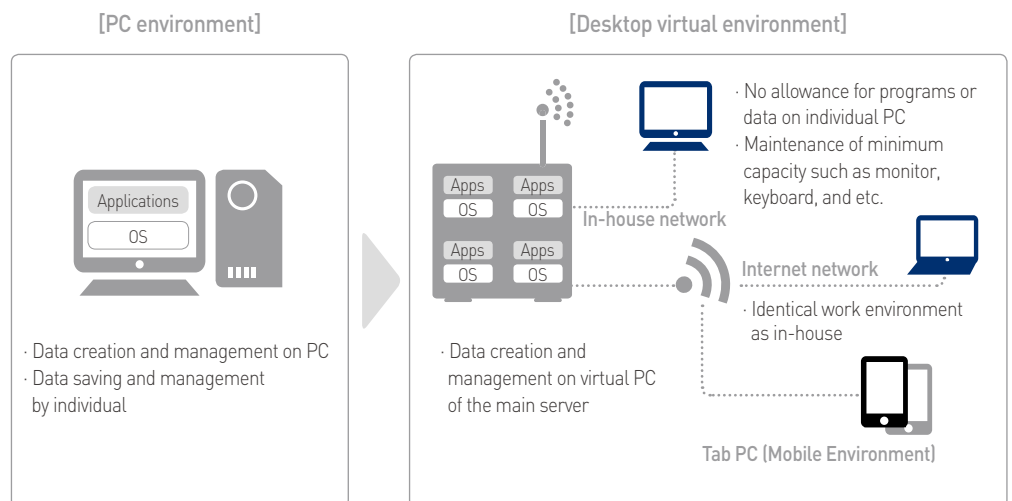
### Hi-Smart E-signature System Deployed (Nov. 2012)



The e-signature system is eco-friendly as it enables customers to sign a policy or contract using a tablet PC instead of hardcopy subscription forms. It can enhance sales competitiveness by using a smart corporate image and enhancing customer convenience in signing contracts. It also significantly reduces time and money costs incurred for outputting or storing subscription forms. In addition, it is a revolutionary system that can realize a perfect sale based on a thorough user authentication. It was steadily improved to enhance user convenience since it was developed in November 2012. As of December 2013, approximately 1,700 long-term contracts are signed each month using the system.

### VDI system deployed in December 2012

Virtual Desktop Infrastructure (VDI) system refers to a technology platform that can fundamentally block leaks of any customer information using only programs or data securely stored on a main server. Hyundai Insurance first applied the VDI system to its computer and statistics service personnel that need to handle large volumes of customer information because of the nature of their duties. Not a single case of leaking has occurred with Insurance although the local market has experienced a serious social issue concerning leaking of customer information by financial service companies. Further, the company expects the efficiency and cost of human resources will be enhanced as the secure VDI platform was employed for review of medical bills at home as it provides an ideal home working environment.



# SPECIAL ISSUE

## Strategic Extension of Corporate Social Responsibilities (CSR)

Hyundai Insurance truly hopes for a society which will be filled with warm and beautiful values. It intends to stage sustainable truthful social responsibility programs rather than passively responding to external pressure for its CSR, or offering vague promises that it will do good things. Hyundai Insurance explores and practices practical solutions it may contribute to society while pursuing fundamental solutions to key social issues or problems in order to create better social values through strategic access. In this context, the company launched new strategic CSR programs for raising upright children and teens such as 'Very Minor Confession', 'T-um' Class, and 'Run Girls'. It has also attempted advanced Society contribution activities, including support to the birth of Korean Ashoka Fellows by becoming a founding partner of Ashoka Foundation Korea. Hyundai Insurance's efforts to discharge its CSRs have been passed down to its subsidiaries, which now perform various Society contribution activities matching their size and conditions.

### [Portfolio of Hyundai Insurance's Society Contribution Activities]

Classification	Key activities
Raising upright children and teens	'Very Minor Confession', 'T-um' Class, and 'Run Girls'
Transportation and safety	Hicar Women Drivers' School, Hi Mom 119 Class, Walking School Bus, Kids' Traffic Safety Music Contest
Participation in social benefit areas	Partnership for founding Ashoka Korea
Employees participation	Enterprise-wide volunteer services, charity bazaar, Rice donation and food serving, Helping Bereaved Children of Traffic Accidents

Charity bazaar



Very Minor Confession



[Current status of Society Contribution Activities by Subsidiaries]

Company name	Key activities
Hyundai C&R	Charity bazaar, charcoal briquette delivery, blood donation, fund-raising to help needy neighbors etc.
Hyundai Hicar Claims Service	Volunteer service at welfare institutions, delivery of charcoal briquette
Hyundai HDS	Volunteer service at welfare institutions, rice donation and food serving
Hyundai Hilife Claims Service	Volunteer service at welfare institutions, delivery of charcoal briquette
Hyundai Hicardirect Insurance	Traffic safety campaign (elementary schools), volunteer service at welfare institutions, delivery of charcoal briquette

Rice donation and food serving



T-um Class



Run Girls



Hi Mom 119 Class



Hi-Life Voluntary Activities





## Society

Discharging its role of a social safety network an insurance carrier should cherish is the mind of Hyundai Insurance that intends to perform its social responsibility. We will become the leader of hope that can embrace the society and environment together.

# Social Contribution

## Social Contribution Activities Promotion systems

Hyundai Insurance's society contribution activities are promoted based on four principles: presenting fundamental solutions to social issues, contributing to the enhancement and development of social benefit capabilities, reflecting the properties of its main service and exploiting organizational capabilities to the maximum, and active participation based on consensus formed among its managements and employees. The company does its best to stage sustainable Society contribution activities based on truthfulness.

## Principles for Promoting Social Contribution Activities

- Promotion of programs that contribute to fundamental resolution of social issues
- Connecting CSR programs to essential elements of main business service and exploiting organizational capabilities and resources to the maximum
- Contributing to the enhancement and development of social service areas
- Strengthening volunteer service based on participation by and consensus formed among officers and employees

## Portfolio of Society Contribution Activities

Resolution of social issues	Utilization of organization resources of main business	Participation by officers and employees	Support to social service
· Programs targeting children or teens	· Traffic/safety accident prevention activities	· Hi-Life voluntary activities · Other programs	· Support to social entrepreneurs and enhancement of social service capabilities

[Expenditures for Society Contribution Activities]

(Unit: Million won)

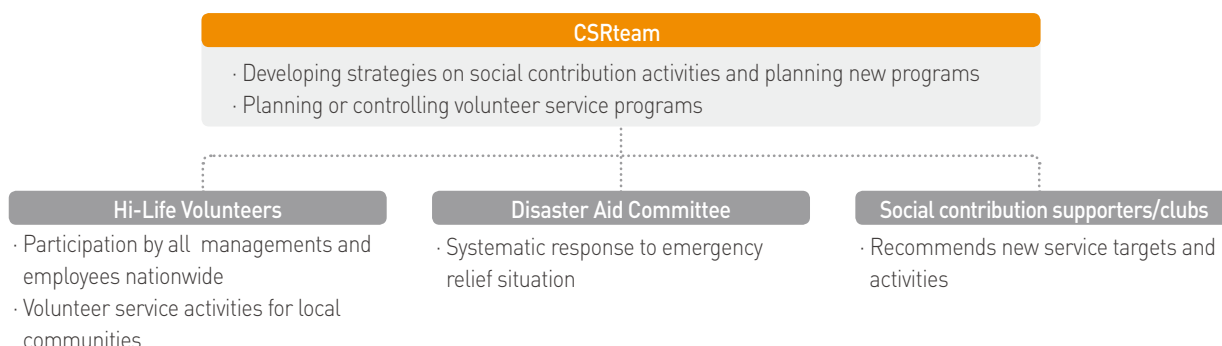
Classification	2012	2013
Joint projects hosted by Non-Life Insurance Association	-	179
Overseas support projects	-	112
Support to or sponsorship for culture, art or sports events	1,302	946
Support to petty loans	69	106
Local community or social service programs	2,571	1,253
Academic or education support	582	291
Protection of environment	31	31
Total	4,555	2,918

\* 2013 is nine months from April to December 2013

## Organizations for promoting society contribution activities

'Hi-Life volunteer corps' was organized in 2005 and is currently participated in by all Hyundai Insurance managements and employees. It stages continuing service activities to grow together by helping needy neighbors in local communities. Further, Hyundai Insurance does its best to discharge its roles and responsibilities by organizing a 'Disaster Aid Committee' so that it may provide emergency rescue activities for victims of floods or other natural disasters. In 2012, for the first time in the local insurance industry, it organized a dedicated CSR body to stage more active and systematic Society contribution activities.





## History of Society contribution activities

Year started	Details	Year started	Details
2013	<ul style="list-style-type: none"> <li>· 'Run Girls' personality development through running</li> <li>· 'T-um' Class for children or teens personality development</li> <li>· Founding partner of Ashoka Korea</li> <li>· Delivery of relief items to victims of typhoon in the Philippines</li> </ul>	2009 ~ 2006	<ul style="list-style-type: none"> <li>· Held Kids traffic safety music contest</li> <li>· Support to Community Chest Of Korea</li> <li>· Support to lunch boxes of love for children from needy families</li> <li>· Support to charcoal briquettes for needy people</li> <li>· Participation in Female Drivers' School</li> <li>· Support to recovery from oil spill at Taea</li> </ul>
2012	<ul style="list-style-type: none"> <li>· 'Very Minor Confession' for training communication among children or teens</li> <li>· Partnership signed with Korean National Park Service</li> <li>· Support to World Vision Korea child rights campaign</li> </ul>	2005	<ul style="list-style-type: none"> <li>· Foundation of Hi Life Volunteer Service Corps</li> <li>· Enterprise-wide support to welfare institutions</li> <li>· Foundation of 'Disaster Relief Committee'</li> </ul>
2011	<ul style="list-style-type: none"> <li>· Consulting on traffic safety around schools</li> <li>· Support to Sejong Dream Tree Harmony Orchestra</li> <li>· Support to World vision children rights campaign</li> <li>· Support to recovery from flood on the Han river</li> </ul>	1997	<ul style="list-style-type: none"> <li>· Helping Bereaved Children of Traffic Accidents</li> <li>· Activities for preventing traffic accidents</li> </ul>
2010	<ul style="list-style-type: none"> <li>· Participation in Walking School Bus</li> <li>· Held charity bazaar</li> <li>· Support to bereaved families of victims of Cheonanham navalship incident</li> <li>· Support to Haiti victims</li> </ul>		

## Key Society Contribution Activities

### Raising Upright Children and Teenagers

**Very Minor Confession** Hyundai Insurance designed the 'Very Minor Confession' program to enhance communication among children and teens in order to fundamentally address the school violence that recently became one of the greatest social issues in Korea. The program is a Hyundai Insurance CSR project that is designed to heal diverse worries of children and teens, including those related to school violence, career paths, friends, and relations with their parents, by having them disclose their problems and receive consolation or encouragement from someone else. The program includes programs called 'confession postcards', counseling concerts' and 'confession camps' where the children or teens may disclose their mind frankly on- or off-line. The program had a very active response from the children and teens, 987 children or teens participated in counseling concerts that were held on two occasions. 12,000 confession cards have been received, and 210,000 children or teens have read 'Very Minor Confession' Kakao SNS stories.





**T-um Class** While depression and suicide among children and teens have emerged as serious problems, many experts say we need education that enhances 'sense of self-respect' rather than 'pride' to fundamentally resolve the problems that lead to depression and suicide. 'T-um' Class is a program designed to develop the personalities of children or teens who are more alienated from opportunities for personality education than those from other families. Personality education experts from various sectors provide customized personality education to help them recover a sense of self esteem, develop social emotions, and enhance their relations with others. Through diverse programs, including aptitude study and personality training camps, they help the children and teens to maintain upright values and a sense of self esteem.



**Run Girls** Personality education through sports has emerged as a hot topic in the circles of educators of children or teens. 'Run Girls' is a new-concept CSR activity. Hyundai Insurance carries out to help 4<sup>th</sup> to 6<sup>th</sup> grade girls to grow up well through running or jogging. By participating in the 'Run Girls' program, the elementary school students may develop an upright personality to contribute to society while forming harmonious relations with others based on proper etiquette while they develop fitness and skills to complete long races. 759 students participated in the program while 558 participated in race festivals.



## Support to Growth of Social Reform/Non-Profit Service Areas

**Founding Partner of Ashoka Korea** Ashoka has gained a world-wide reputation by exploring or fostering social entrepreneurs. The company selects and firmly supports 'Ashoka Fellows' who create innovation or reform by changing social systems as well as practicing ideas. Over 3,000 Ashoka Fellows currently work in 73 different countries. In 2013, the first Korean Ashoka Fellow was appointed with the support of Hyundai Insurance. Hyundai Insurance will provide the utmost support so that more social entrepreneurs will be developed and the Ashoka spirit may take roots in Korean society.

## Development of Traffic/Safety Culture



**Hicar Women Drivers' School** This is a leading safety education program run by Hyundai Marine and Fire with the participation of approximately 4,000 female drivers on a total 100 occasions from its inception in 1997 to 2013. This program has been implemented to provide practical help for women drivers to get rid of their fear of driving by providing hands-on training on how to park a car as well as theoretical instruction on safe driving.

**Hi-Mom 119 Class** Hi-mom 119 class is a safety education program provided to young moms who are still unskilled in ensuring safety for their children. It enables them to perform first-aid treatment personally when a child is injured in an accident. It teaches detailed methods to protect kids from accidents, including simple first-aid treatment, CPR and respiratory obstruction treatment, and other emergency actions.



**Support for Walking School Bus and Kids' traffic safety music contest** Walking School Bus is a group walking program in which kids walk to and from their school to under the protection of a well-trained traffic safety expert. Just like a school bus, the guardian takes the kids to and from their school, picking them up at a pre-set time and place. Hyundai Insurance continues its support for the smooth operation and growth of the 'Walking School Bus' program. In addition, the company hosts a creative music contest on 'traffic safety' among elementary school kids each year in order to enhance their traffic safety awareness.

[Safety programs of Traffic Climate and Environment Research Center]

Classification	Project name	Project period	Targets	Effects expected
Projects hosted by the Institute	School zone safety guidance and consulting	2010 ~ onwards	Elementary schools	Enhanced safety on commuting roads in school zones
	System for detecting road flood	2012 ~ onwards	Hyundai Insurance customers	Prevention of car flooding
	Weather information system	2010 ~ onwards	Hyundai Insurance customers	Prevention of safety accidents
Support to projects by other agencies	Walking School Bus project	2010 ~ onwards	Kids safety schools	Enhanced safety of walking kids
	Kids safety school workshop	2011 ~ onwards	Kids safety schools	Promotion of service for providing walking safety guidance
	Kids traffic safety music contest	2010 ~ onwards	Kindergarten and elementary school kids	Enhanced traffic safety mind among kids
	Safety experience class for kids	2013 ~ onwards	Elementary schools	Cultivate kids' safety mind
	Certification service for kids safety education	2013 ~ onwards	Preschool kids	Promotion of kids safety education
	Zero kids traffic accident campaign	2012 ~ onwards	Citizens	Prevention of kids traffic accidents
	Bicycle safety experience class	2013 ~ onwards	Citizens	Enhancing bicycle safety mind

## Participation of Employees

**Hi-Life Voluntary Activities** All officers and employees of Hyundai Insurance perform voluntary service at local community welfare institutions at least once a year. The enterprise-wide volunteer service, which has continued at 30 or so welfare facilities across the country for nearly 10 years from 2005, has become a part of the corporate organizational culture. Recently, the company has gradually expanded such volunteer service targets to nature protection activities by signing a partnership agreement with Korean National Park Service.

**Charity bazaar** This is an event for donating funds to needy neighbors, which are raised by selling goods donated by all Hyundai Marine and Fire officers and employees and Hi Planners. It is implemented to practice environmental protection through reducing carbon discharge by recycling waste articles, while helping needy neighbors with the funds raised by selling them.

**Rice of Love Donation and Food Serving Service** Hyundai Marine and Fire officers and employees donate rice to Love Rice Sharing Campaign Headquarters to help needy families who experience hardship during winter. They also provide a volunteer service of serving at free food centers.

**Helping Bereaved Children by Traffic Accidents** Hyundai Marine and Fire officers and employees donate up to 2,000 won out of their monthly pay to help bereaved children of parents who were killed in traffic accidents. With this help that has continued from 1997, 50 children can lead a social life that fits their aptitude by successfully completing their schooling.

## Socially Responsible Products & Services

### Developing Socially Responsible Products

**Auto Policy for Shallow Pockets, 'Nanum Clause'** Hyundai Insurance offers 'Nanum (Sharing) Clause' that discounts premiums by 8 to 17% on the average for people in the lowest income brackets. The company has extended this special agreement to those who are eligible, and simplified the subscription procedure (income certifying document no longer required for subscribers 65 or more years old) in April 2011. Two-wheeled vehicles are eligible, and requirements eased for subscription by physically handicapped people. Approximately 20,000 people have subscribed to this favorable automobile insurance to date as it has been improved to let more people enjoy the premium discount.

Policy available to	Documents required
Recipients of government basic welfare program for the needy	- Documented proof of government basic welfare program participation
Driver with a used car necessary to make a living - 30 years of age or older, with less than 40 million won in combined family income, with dependents who are 19 years of age or younger - Owning a 5+ years old vehicle, less than 1,600cc (passenger cars) or less than 1 ton (trucks), with no other cars	- Documents to prove income (Exemption for 65 years of age or older) - Family registration document
1 <sup>st</sup> to 3 <sup>rd</sup> grade handicapped people (including their household members) - Those whose total household income is 40 million won or less, and - Those who own a five or more years old passenger car with 1,600 cc or smaller engine or only one cargo truck of one ton or smaller	- Documents to prove income - Disabled certificate

**Automobile Insurance Offering Premium Discounts to Senior Citizens** Amid a situation where more senior citizens drive a car along with the overall aging of society, Hyundai Insurance offers a 5% discount of its automobile insurance premium to senior citizens of 65 years or more who complete three hour safe driving education provided by Korea Expressway Corporation, from September 2013. They need to pass visual perception tests offered by the same program. They are eligible for the premium discount for two years from their completing the education.

**Good & Good Children's CI Insurance** In response to growing uncertainties in society, we introduced the Good & Good Children CI Insurance' for parents uneasy about their children's safety. Parents can insure against death or injuries that might result from crimes committed against children through a special Child Security option.

**Hilife Fire Insurance** As the Special Act on Safety Management of Public Service Providers was amended in February 2013, this is a product that has added the fire compensation liability the public service providers are required to carry.

**Hi-Diabetes CI Insurance** Hi Diabetes CI Insurance was released in May 2012 to protect diabetics who were previously excluded from insurance coverage. It covers various diseases caused by diabetes or its complications (blindness, foot amputation, end-stage renal failure etc.).

## Development of insurance that reflect the needs of customers

**One Hundred Age Long Term Care Insurance** A product that intensively indemnifies the patient care that is essential in an aging society. Insurance money is paid when a patient is determined by the government to fall under 1<sup>st</sup> to 3<sup>rd</sup> grade under Long-term Care Insurance.

**Monthly Paid Livelihood Insurance** An insurance that pays a monthly living allowance in order to continuously stabilize family income in the case of death, impairment or disease of the family head. Diverse periods may be opted based on the customer's lifecycle or age.

**Continuous Payment Cancer Insurance** Korea's first insurance to continuously cover cancer diagnosed again up to 100 years of age. For the first time in the industry it reduces the customer's burden of premium by providing the benefit of premium exemption even after the policy is renewed when eligible causes arise, while eliminating economic loss or lack of coverage caused by a recurring cancer. This insurance was granted an exclusive use right for six months for its creativeness and enhanced consumer benefit.

# Eco-friendly Management

## Promotion of eco-friendly business

### Vision and strategies of eco-friendly business

Based on its ideal of an eco-friendly business that 'loves the environment and respects its value', Hyundai Insurance has performed eco-friendly activities by setting up 10 strategies in four directions in order to attain its vision of a 'Respected Eco-Friendly Insurance Carrier'.



[Strategy directions and promotion strategies]

Strategy directions	Promotion strategies
Performance of enterprise eco-friendly business	Deployment of eco-friendly management system Development of corporate culture for eco-friendly business
Minimizing greenhouse gas emission or environment pollutants	Participate in Society contribution activities to preserve environment Efficient use of resources or energy generated from business activities Reduction of greenhouse gas by 20% compared to BAU(Business As Usual)in 2020
Leading eco-friendly financial service	Increase of eco-friendly investment into new or renewable energy and social overhead infrastructure Development of insurance products for reducing greenhouse gas or supporting green industries
Enhanced management of environment risks	Strengthening means for managing environment risks, including natural disaster Support to natural disaster risk management by customers or partners Deployment of systems for cooperation with other agencies

### Operation of Eco-Friendly Management Committee

In September 2012, Hyundai Insurance founded its eco-friendly management committee, a consultative body, to discuss and address key environment-related issues while developing eco-friendly policies. The committee is chaired by the company's senior vice president of Corporate Planning & Management Group, with the participation of managers and working-level team leaders of departments related to environment-related management, including the Hyundai Insurance Research Center.

[Organization and Roles of Committee]

Classification	Operation committee	Handling Task Force
Organization	Director of Traffic Climate and Environment Research Center, Planning Office Director, Specialty Business Manager, Automobile Insurance Manager, Finance or Treasury Planning Manager, Office Services Manager, CS Support Manager	Team leaders belonging to the Committee
Roles	Review of agenda related to eco-friendly management	Consultation on eco-friendly management and referring agenda to the Steering Committee



## Hyundai Insurance Research Center

Hyundai Insurance Research Center is an in-house research center that was founded to develop proactive countermeasures against climate change through research on traffic safety, a traditional area of non-life insurance, by understanding climate change both as a threat and an opportunity, to practice corporate social responsibility, and to support growth of the insurance industry through mid- and long-term research on market conditions where competition is intensified. It will actively create differentiated performance by Hyundai Insurance through convergence research among different research units as well as research specialized in such key insurance industry sectors as climate and environment, traffic, and finance. It will grow into a professional research institute that can drive the company's mid- and long-term growth.

**Mission** Contribution to customers' safe and happy life through valuable research and application

**Vision** A research organization proactively addressing future changes to help the continued growth of Hyundai Insurance Professional research agency and contributes to the development of the insurance industry with differentiated research on climate change and traffic safety

### [Organization]

Traffic safety	Climate and environment	Market conditions
<ul style="list-style-type: none"> <li>· Research of means for improving traffic safety</li> <li>· Research on prevention of accidents and future transportation</li> <li>· Customer service</li> </ul>	<ul style="list-style-type: none"> <li>· Risk analysis/management</li> <li>· Exploration of new products/businesses</li> <li>· Education, publicity, consulting</li> </ul>	<ul style="list-style-type: none"> <li>· Research of market changes</li> <li>· Research of means for enhancing market competitiveness</li> <li>· Inspection and presentation of mid- and long-term directions</li> </ul>

**Traffic safety area** Transportation is an element essential to our life, like the blood vessels of the human body. Losses caused by traffic accidents have long been a social issue, though transportation plays a crucial role of providing a social infrastructure. To protect customers' safe and happy life and to resolve many transportation related problems of society, the company intends to present its vision on future transportation through creative and innovative research and customer service, including research on ways of reducing traffic accidents, presenting countermeasures against changes in the traffic environment, and effective provision of traffic information.

### [Research Subjects]

Subjects	Details
Future transportation	· Advanced vehicles, bicycles, pedestrian safety Prediction and responding to risks
Prevention of accidents	· Inclusive analysis of traffic accidents Improvement of accident rates in regions and of customers
The mobility handicapped	· Traffic safety of kids Decrease accidents of senior citizens and women drivers
Policies and institutions	· Law and institutions related to transportation Changes in traffic environment
Customer service	· Consulting of traffic safety (corporations, individuals) Provision of traffic risk maps

**Climate and Environment Area** Climate changes resulting from global warming cause natural disasters such as storms, heavy snow falls, droughts, and floods, and lead to severe losses in terms of human life and financial properties. These changes also affect the ecosystem and human life, often causing outbreaks of infectious diseases that are hard to control. Hyundai Insurance recognizes this as a crisis and an opportunity at the same time, and is taking proactive measures through its newly established Hyundai Insurance Research Center. The company is the industry's first to operate such a research facility.

[Research Subjects]

Subjects	Details
Risk management regarding natural disasters	<ul style="list-style-type: none"> <li>· Establish hazard map and CAT model</li> <li>· Analyze present and future risks</li> </ul>
Response measures to climate change	<ul style="list-style-type: none"> <li>· Analyze related laws and regulations</li> <li>· Research trends and collect data</li> </ul>
Customer service	<ul style="list-style-type: none"> <li>· Develop training and consulting programs</li> <li>· Support of customized weather services</li> </ul>
New business opportunities	<ul style="list-style-type: none"> <li>· Research products related to climate change</li> <li>· Research financial reinsurances</li> </ul>

**Market Conditions Area** The Korean non-life insurance industry needs a new marketing strategy to address rapidly changing financial market conditions, including a rising loss rate on automobile insurance, disappearing competitiveness of actual loss coverage, medical insurance, and saturation of markets. Competition in the overall insurance industry is being further intensified against other financial services and it is forecast that steady growth will be hard due to changes in demographic structure from low birth rate and aging. To address such changes, Hyundai Insurance will play a leading role to help the insurance industry to grow further in a rapidly changing financial market conditions at home and abroad by presenting an appropriatedirection for development through mid- and long-term research on overall financial marketing.

[Research Subjects]

Subjects	Details
Research of financial service markets	<ul style="list-style-type: none"> <li>· Research of changes in financial service markets home and abroad</li> <li>· Research of roles of insurance industry in financial service markets</li> </ul>
Research of domestic insurance markets	<ul style="list-style-type: none"> <li>· Analysis of trends in local life and non-life insurance markets</li> <li>· Research of changes in insurance markets and policies</li> </ul>
Research of overseas insurance markets	<ul style="list-style-type: none"> <li>· Analysis of trends in overseas life and non-life insurance markets</li> <li>· Survey and research of overseas cases of advanced services</li> </ul>

### Seminar Held on 'Climate Change And The Insurance Industry'

Hyundai Insurance held a seminar on the theme of 'Impact of climate change on the insurance industry and countermeasures' at International Conference Hall, Korea Chamber of Commerce and Industry on 10 October 2013. The seminar was organized to ensure a steady growth of the insurance industry by actively responding to the world issue of climate change. Experts representing various different sectors had an in-depth discussion on the status of climate change, impact on insurance products and asset management, and countermeasures, and the social responsibility of the insurance industry. The insurance industry is affected by climate change more than other industries as it inherently covers damages caused by climate phenomena. Hyundai Insurance strives to help steady growth of the industry by exploring countermeasures by predicting damages and analyzing impact and opportunities for developing new products and markets.



## [Certificate]



## Certification of an Eco-Friendly Business

**ISO 14001 Eco-Friendly Management Certificate Obtained** Hyundai Insurance obtained ISO 14001 eco-friendly management system certificate for its eco-friendly business activities to address climate change. ISO 14001 is an international standards certification system the International Standards Organization enacted on environmental business systems that objectively assesses the overall environmental business management activities of a business or other entity.

**Weather Management Certification** Hyundai Insurance has obtained a weather management certification from Korea Meteorological Administration for the first time in the financial service sector for its active activities against climate change and meteorological disasters.

### [Weather Management Certification]

**Overview:** A system that certifies the recipient has created added value and obtained safety from meteorological disasters by utilizing weather information in its management for diverse purposes

**Hosted by:** Korea Meteorological Administration

**Certification details:** Qualified business for weather management certification (for the first time in the local financial industry)

**Certification validity:** 2012.10.26 ~ 2015.10.25 (3 years)

## Status of Energy Consumption Management and Reduction

As part of its strategic efforts for eco-friendly management, Hyundai Insurance performs diverse activities to save energy in an eco-friendly manner while preventing unnecessary use of energy. Hyundai Insurance has thoroughly complied with environmental policies and guidelines on the basis of our code of ethics and environmental laws and regulations. Therefore, we have not breached any of those policies, guidelines, laws and regulations.

## Energy Consumption

Hyundai Insurance implements proactive measures to monitor and reduce energy consumption and its related impact on the environment. It has steadily striven to save energy in its office building according to the government guidelines for energy management from 2010. It reduced power use by 19.94TJ and city gas by 1.51TJ by controlling room temperature (26oC or higher in summer, 20oC or lower in winter season) and actively participating in campaigns for power saving at peak hours. This is based on a comparison of energy consumed in April to December 2012 and 2013 (exclusive of energy consumed atBupyeong and Busanoffice buildings). Only small quantities were applied for LPG and boiler kerosene which are heavily consumed in the winter season). LPG and boiler kerosene are purchased as required in the winter season, not on a monthly basis. Though LPG and boiler kerosene increased, respectively, this is attributable to changes in purchase time, not because their consumption actually increased.

Classification	2012	2013
Electricity(TJ)	254.17	234.23
City gas(TJ)	17.54	16.03
LPG(TJ)	7.02	7.69
Boiler lamp oil(TJ)	0.45	1.13
Water sewage(m³)	133,347	126,042

## Energy Saving Guidelines

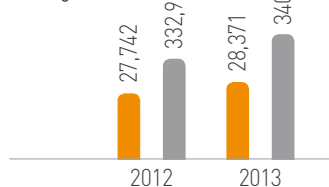
In line with national efforts to conserve energy in this time of high oil prices and dwindling supplies, Hyundai Insurance enforces energy saving guidelines each year. The guidelines provide instructions on measures to minimize the waste of energy within the company and conserve energy to help protect the environment. The company will continue implementing the guidelines, along with additional energy-related policies in the future.

Classification	Details	Note
Employee Participation	Turn off computers and other power consuming products	Including when absent from work for a long time
	Remove power plugs when charging is complete	
	Refrain from using personal air conditioners and heaters	
	Use the stairs for the 3rd floor and below	
	Close blinds during the sunlight	35% increase in blocking external heat
Supplies Management	Encourage the use of reusable paper	Use reusable paper for meeting data and short reports
	Refrain from using paper cups	Disposable hygiene cups and personal cups
	Reduce the use of color printers	Use black and white printers
	Save various supplies	
Building Management	Reduce building lightening time	Keep the lights off at all times
	Adjust automatic lights-out time at offices	Current interval: 30 minutes
	Reduce billboard lights-on time for buildings and rented offices	From sunset to 23:00
	Maintain appropriate temperature inside the office (including rented offices)	26 degrees (Celsius) in summer, 20 degrees in winter
Vehicle Management	Restrict use of cars for business purposes in Seoul	Use subways and public transport
	Review of compact cars with priority when office cars are purchased	
	Educate on how to save oil while driving	Person who makes operation intervals for business-use cars, room for drivers

### [Paper Consumption]

(Unit : box, kg)

Consumption  
Weight



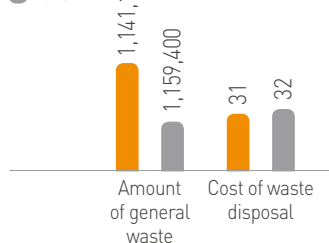
## Management of Paper Consumption

Paper is mainly used as a raw material in the insurance business except other necessary raw materials such as water. In 2013 (Apr.-Dec.), the usage of paper slightly increased from the previous year in twelve district divisions nationwide. It is because the consumption increased due to growing contracts and strengthened provision of information to the customers. In this respect, Hyundai Insurance has reduced paper usage by providing e-documents to customers to minimize the reckless consumption of paper. To actively practice such activities, we have developed and sold environment-oriented products in which we offer insurance premium discounts to customers who are provided with terms and policy in e-document form. Furthermore, internally, we strive to reduce paper usage and encourage the use of reusable paper.

### [Waste Disposal Cost]

(Unit : ₩, million won)

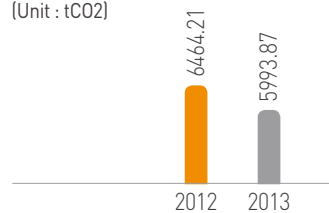
2012  
2013



## Waste Management

**Waste Disposal Cost** Hyundai Insurance effectively treats waste through a specialized company in order to reduce treatment volume and related costs. Despite the company's efforts to encourage recycling and use of professional services, the waste generated from company facilities in 2013 (Apr.-Dec.) slightly increased from the previous year, by 18,300ℓ.

## [TOE emission]

(Unit : tCO<sub>2</sub>)

\* TOE(Tonnage of Oil Equivalent) :

A unit of energy used at International Energy Agency, TOE is calculated by standardizing each of different energy sources based on a caloric value of 1 ton crude oil.



## Control of Greenhouse Gas Emission

Hyundai Insurance has endeavored to reduce TOE\* from 2010 to control energy demand according to enhanced energy management by the government. Main energy sources used at office buildings, including power, city gas, kerosene and LPG were saved by 470.33tCO<sub>2</sub> in April to December 2013 over April to December 2012. This is mainly because power consumption decreased at the computing and information center of Gangseooffice and Sejong Telecom of Gangnam office, which consumed energy heavily (2,000 TOE or more a year), were relocated.

## Products and Services Contributing to Environmental Protection

### Development of Insurance Products Related To Environment Management

**“Eco Mobile DM System” Introduced into Auto Insurance** “Hicar Green clauses” that provides a premium discount to policyholders who receive insurance contract data like terms and conditions and policies by e-mail has been steadily subscribed to since its sales started in 2010. Hyundai Insurance also introduced a further advanced “Eco Mobile DM System” for automobile insurance for the first time in the industry, in 2013, which enables policyholders to receive contract details by their smart phone. So, the policyholders can check their contract details speedily and more conveniently, contributing to environment protection as well as cost saving to the extent paper consumption is reduced.

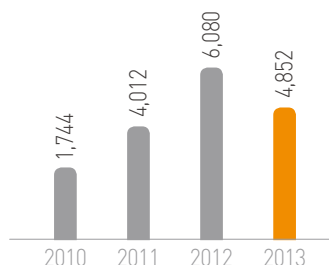
**Sales Promotion of “Eco Mileage Clauses”** Hyundai Insurance has offered an “Eco Mileage clauses” product since December 2011, which encourages the policyholder with a limited yearly mileage to reduce their vehicle mileage by discounting their premium. In 2013, to let more customers participate in this scheme, the method for transmitting the mileage data was simplified while the eligible targets were expanded (7,000km or less mileage a year was raised to 10,000km or less a year).

**“Korea Eco-Label” Certificate Obtained for the First Time among Financial Products** Hyundai Insurance’s Hicar personal automobile insurance, for the first time among financial products, was awarded the “Korea Eco-Label” by the Ministry of Environment and Korea Environmental Industry and Technology Institute, which certifies eco-friendly products that contribute to reduction of pollution and to saving of resources. It can be seen from this that the government has recognized Hyundai Insurance’s efforts for development of diverse eco-friendly products and systems like those mentioned above, including the “Hicar Green Service” rider and “Eco Mobile DM system”.

**Non Dividend Power ECO Driver’s Insurance** This insurance introduces various green discount programs so as to actively encourage environmental protection. If an insurance contractor receives terms/policy, formerly provided in paper form, via e-mail, he or she receives a 9% discount for the initial premium. In addition, we also classify policy holders such as bicycle riders and drivers who have not had an accident for seven years as eco drivers who participate in carbon dioxide emission reduction activities, offering them a 1% discount for their insurance premiums for the first year. Furthermore, we have various kinds of bicycle-related riders to encourage the use of bicycles.

**Digital Signature System Rider** When a policyholder agrees to e-mail-based receipt of insurance contract information, including product description, insurance terms and conditions, and policyholder copy of subscription form, 1% of the first month premium is discounted. This system has been applied to long-term insurance products from October 2012, enhancing customer convenience while saving paper.

[Sales of Storm and Flood Insurance Policies]  
(Figures in million won)



Note) 2013 figures are based on nine months only (April to December).

**Storm and Flood Insurance** Hyundai Insurance's storm and flood insurance is an insurance product launched in April 2008 in order to protect customers from natural disasters, such as typhoons, floods. The product is marketed in conjunction with the National Emergency Management Agency, and only available through five companies including Hyundai Insurance. When a house, greenhouse or similar structure is damaged by a typhoon or flood, insurance money is paid up to 90% of the standard amount required for recovery. A pilot project is planned to include shopping arcades, factories etc. later in addition to a house and greenhouse. Based on the Natural Disaster Response Act regulation, insurance premiums are partially subsidized by the government (55-87% of the full premium), providing an affordable coverage to protect customer rights. Based on the Natural Disaster Response Act, insurance premiums are partially subsidized by the central or local municipal government (55-87% of the full premium, up to 87% or 77% is subsidized to the lowest or second lowest income earners) to protect customer rights at affordable premium rates.

## Eco-friendly Investment

**Wind power Investment** Wind power is currently highlighted as an attractive energy source in many countries, including advanced countries, as its source is abundant and renewable and it does not cause any greenhouse effect since power is generated by using wind turbines. Hyundai Insurance invested 7.5 billion won in the Taegi-san wind power project in 2009 and committed 10.6 billion won investment in the Gyeongju wind power project in 2012. Power that can be used by a total of 43,000 households is generated. Hyundai Insurance has posted approximately 6.4%, a rate of return. Hyundai Insurance will continue to invest in the green growth industry.

**Indirect Eco-friendly Investment** Hyundai Insurance is actively participating in eco-friendly fields through various investments, such as participating in funds. We are increasing our investment in the social overhead capital (SOC) investment sector, including Certified Emission Reduction, solar power industry, wind power, sewage treatment and road refurbishment, with the amount totaling 694.5 billion won in Dec. 2012, and 796.2 billion won in Dec. 2013. The company will continue to actively promote eco-friendly investment by getting involved in various industries as an indirect investor.

[Indirect Eco-friendly Investment]

(Figures in 100 million won)

Classification	2012	2013
Wind power	66	43
Solar power	605	547
Certified Emission Reduction	60	44
SOC	6,214	7,328
Total	6,945	7,962



### Weather Advisory Service

Beginning in December 2010, Hyundai Insurance provides a weather advisory service to help reduce traffic and other accidents related to severe weather conditions such as heavy rain or snow and cold snaps. The company periodically sends emails regarding weather information near customer locations, and sends out weather advisories via SMS in case of severe weather conditions, so that customers can prepare for any eventuality ahead of time. The company also works with the Hyundai Insurance Research Center to identify areas that are highly vulnerable to floods, and installs water level sensors in these areas. Based on results, we offer flood alerts and advisory information to our customers to help reduce damages and losses from floods.



### International Cooperation for Eco-friendly Activities

#### Participation in CDP and Award for Outstanding Business Responding to Climate Change

Hyundai Insurance was selected as an outstanding CDP business in 2013 for efficiently responding to climate change as its eco-friendly business activities to address climate change were recognized. The CDP (Carbon Disclosure Project) is a global project by which the CDP foundation, founded in April 2000 to promote business activities to respond to climate change, publicly discloses the carbon dioxide emission by a business and its methods of responding to climate change on behalf of its investors. In 2013, a total 722 financial institutions across the world (including 30 Korean financial institutions) participated as CDP signatory agencies to obtain information concerning businesses' response to climate change. CDP has disclosed greenhouse gas emission volume, activities and strategies related to climate change by 4,000 or more businesses across the world. In 2005, Hyundai Insurance became the first in the industry to participate in CDP (Carbon Disclosure Project). The company is proactively enforcing policies to reduce carbon emissions. The Korea CDP Committee requested 250 top-ranking businesses in terms of market value to disclose information concerning their response to climate change. Hyundai Insurance was recognized as the leader in the sector of carbon disclosure among financial service providers.

#### Participation in UNEP FI

Hyundai Insurance participated in the United Nations Environment Programme Financial Initiative (UNEP FI) in 1995 for the first time among the local insurance companies. UNEP FI is a public-private organization between UNEP and financial service companies. 200 or more financial institutions have registered themselves as members, including world-leading banks, insurance carriers, and investment funds. The initiative was started in 1991 when some commercial banks and UNEP recognized that they should be responsible for the environmental impact caused by business operations. In 1992, UNEP FI was started, and in 1995, the UNEP Insurance Industry Initiative was started. The two initiatives were united into one in 2003. UNEP FI performs diverse corporate socially responsible activities and promotes sustainable business among financial service companies related to environmental issues.

# Partner Companies

## Win-Win Business with Partners

### Composition of Partner Companies

Hyundai Insurance's partner companies include claims partners, customer support partners and business support partners reflecting its business characteristics. First, its claims partners include customer call centers that receive accident calls and perform case distribution, loss appraisal professionals that investigate and adjust claims, and law firms that support litigation. Its customer support partners include Hicar Plaza which provides primary services to customers in connection with insurance accidents, medical institutions, medical equipment vendors, and car maintenance and rental companies. Its business support partners include ones that provide IT products and services, and ones which supply, install and maintain furniture and fixtures. Hyundai Insurance actively seeks win-win growth based on communication rather than advocating authority and market logic in dealing with its partners. It makes incessant efforts along with its partners to get rid of the so-called hierarchical business culture where the stronger excessively dominates the weaker.

### Communication with Partners

We have more than one conference session per year with our partner loss appraiser, where two parties exchange opinions and jointly establish strategy to improve efficiency. Hyundai Insurance does not spare support to them so that they may adhere to related statutes while relaying the policy directions of the regulatory government agencies. We also implement quarterly preview sessions with our partner legal service provider, to communicate business information and discuss growth strategy. With Hicar Plaza, we jointly host annual the "Hicar Family Festival" to recognize and reward employee contributions with an award ceremony, and conduct conferences by local region.

### Support for Win-Win Partnership

Hyundai Insurance places top priority on the value of win-win growth through collaboration with its partners while eliminating the so-called hierarchical business culture.



**Customer Call Center** The customer call center, the frontline contact point with customers, provides customers with a speedy and accurate counseling service. To that end, Hyundai Insurance provides theme-based education programs to enhance the counseling skills of the call center workers. As a result, Hyundai Insurance call centers were awarded the Outstanding Call Center certificate for six consecutive years in Korean Service Quality Index (KSQI) hosted by KMAC Consulting.

**Auto Repair and Maintenance Shops** Hicar Plaza, a good partner providing automobile repair and maintenance services, provides the best quality services for emergency roadside assistance to Hyundai auto insurance customers. In return, Hyundai Insurance provides HiCar with expertise in customer complaint handling, ethical management theme activities, and CS training.

Hyundai Insurance used fair and objective criteria to select its partnering auto repair service providers, which provide non-emergency services such as auto-repair training and free safety checkups, and emergency services including towing and warranty repairs. Hyundai Insurance periodically conducts workshops for Hicar Plaza diagnosis store workers in order they may successfully perform emergency call services. Further, it supports them so that they may efficiently perform their duties by deploying a mobile application. Hyundai Insurance conducts a workshop a year for HiCar alliance partner car centers. During the workshop, the operation and assessment methods of alliance partners by Hyundai HiCar Claim Adjustment are shared to promote win-win growth with the alliance partner car centers.

Information is also shared with them concerning the use of PRM (Partner Relationship Management) and the interpretation of standard work repair guidelines.

**Healthcare Providers** Hyundai Insurance has provided various value-added services by signing win-win success agreements with institutions that provide quality medical services. Hyundai Insurance also makes incessant efforts to provide convenience to users by steadily improving the PRM (Partner Relationship Management) system.

## Ethical Management

### Ethical Management Policy and Strategy

Hyundai Insurance practices business ethics to provide prosperity and stability to the customers and to society while promoting a reasonable business culture through fair and free competition based on its ethical business policies. Hyundai Insurance has put in place a company philosophy that ensures customer satisfaction and has established a foundation for sustainable management by instilling belief and trust in customers through transparent management and the fair handling of work. In addition to its ethics charter and code of ethics, Hyundai Insurance developed its code of conduct and behavior guidelines for its officers and employees. As such, Hyundai Insurance has realized the genuine meaning of ethical management that entails fulfilling its responsibilities and obligations to all stakeholders, including customers, employees, shareholders, partner companies, the nation and society. A compliance auditor who is appointed by the board of directors supervises ethical performance of business activities and operates the overall control system so that the company follows the necessary statutes to have ethical business performed in a specific and practical manner. The ethical business management is supervised by the compliance auditor and controlled by the compliance audit department. 139 compliance officers, consisting of department managers and their immediate subordinates, perform internal control of ethical business and law compliance.

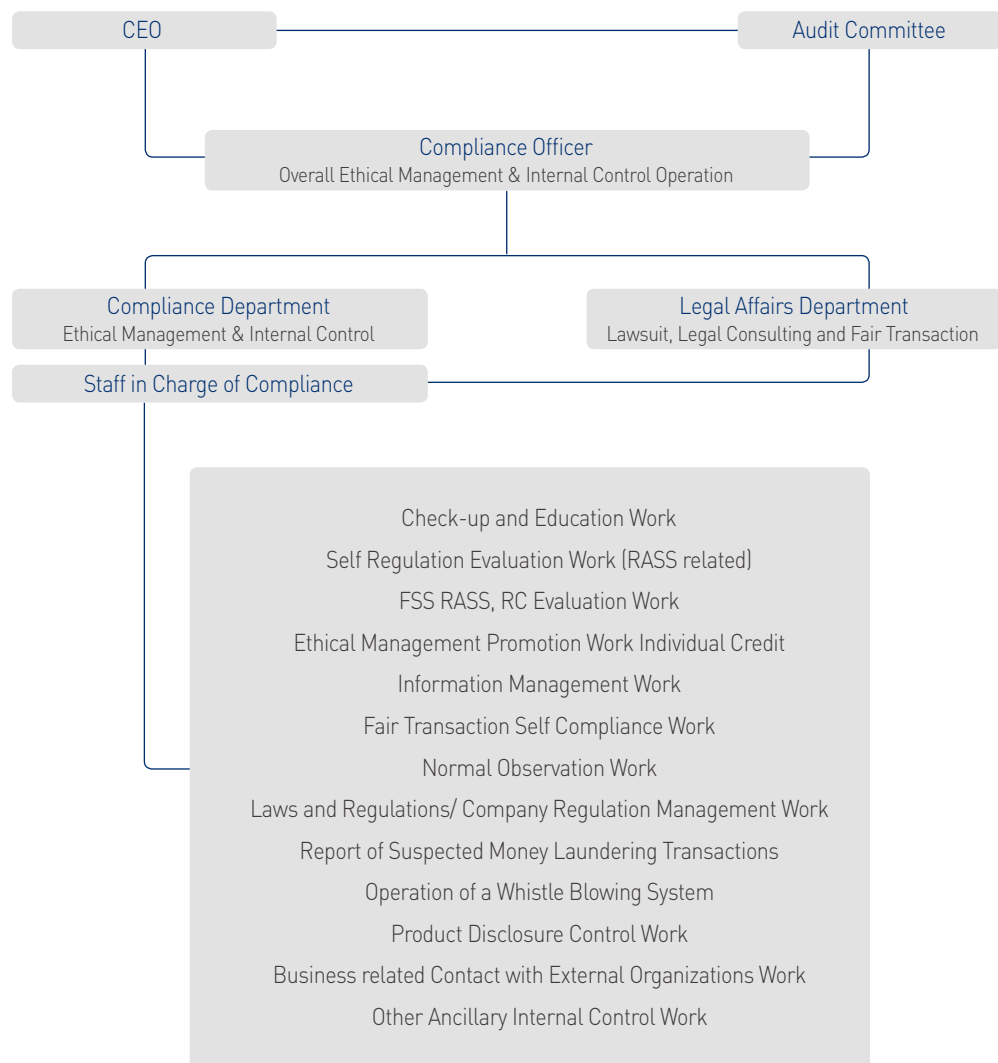
#### [Ethics and Law Compliance Programs]

- To steadily promote ethical business, Hyundai Insurance implements periodic campaigns by selecting practical themes (enjoy frugal holidays, prevention of financial service incidents etc.).
- Hyundai Insurance actively introduces and enforces voluntary fair trade programs so that business success can be achieved through fair and free competition. Hyundai Insurance follows the competition law pursuant to regulations for voluntary compliance of fair trade and the voluntary compliance handbook by appointing a compliance auditor as the administrator of voluntary compliance of fair trade. In addition, corporate regulations are enacted by appointing the compliance auditor as guardian of personal information. The Act on Protection of Personal Information is followed through inspection and system improvement activities. Hyundai Insurance also enforces a system for preventing money laundering in order to prevent illegal funds from being laundered into legitimate funds through a financial service company.
- Hyundai Insurance implements enterprise-wide programs related to ethics, compliance and prevention of accidents through its periodic Hi-Compliance Day event (internal control activities by department). It also operates a system for evaluating internal control of voluntary regulations.
- Hyundai Insurance ensures ethical business and compliance are practically reflected by operating a department-based compliance auditor system to control law compliance within the department. It enhances the consciousness on the part of employees for ethical business and compliance.

## Ethical Management Organization

The Compliance Department oversees the overall ethical management of Hyundai Insurance. The Compliance Officer, is in overall charge of all ethical management operations. In each department, 1 employee working under the head of the department is appointed as being in charge of compliance and takes charge of self-regulated internal controls. As of the end of December 2012, 139 compliance managers were in charge of internal control and ethical management activities.

### [Ethical Management Organization and Work]



## Ethical Management Program

**Hi-Compliance Day** Hi-Compliance Day is a company-wide periodic education and check-up system related to ethics, compliance and corruption incident prevention policy, etc. which has been implemented since 2008. It is conducted on a quarterly basis for all executives and employees in departments. The education and check-up procedures are operated by a "Compliance staff" system established in each department. The theme is selected from among major current policies and issues, and can refer to subjects such as ethical management and compliance, internal control and corruption prevention, etc., while textbooks and practice tasks are prepared and distributed company-wide. In addition, Hi-Compliance Day is systemized and a report is submitted on the final results of the education, self check-up activities of staff in charge of compliance, etc. with the Compliance Department taking appropriate action for any anomalies.

**Fair Trade Self-Compliance** To efficiently operate a fair trade self-compliance system, the Board of Directors appointed a Compliance Officer as a self compliance officer. In addition, Hyundai Insurance established regulations (and a manual) to regulate and operate general fair trade self-compliance. We continuously offer education (or operation of company-wide sharing channel regarding internally and externally collected related information) to employees for over two hours every six months who are in areas that carry a high risk of misconduct, such as sales, etc. The compliance mind was enhanced by conducting education by compliance managers appointed for subsidiary companies. In the meantime, it is specified in related company regulations, such as the regulations on the Fair Trade Act and personnel regulations, etc., that an employee who violates the Fair Trade Act can be subject to corresponding sanctions or penalties. The company had no cases of fair trade law violation in 2012 and 2013, and as a preventive measure against any possible future incidences, Hyundai Insurance held discussions with a supervisory organization and related industries, provided education for related departments, and newly established a monitoring system.

**Ethical Management Theme Activities** Hyundai Insurance selects an ethical management practice theme that is connected to normal work processes and operates it in a campaign system. Representative themes include having health Chuseok/Lunar New Year's day holidays, a Fair Trade Compliance Program, enhancing the prevention of financial mishaps, the protection of individual credit information, and spending the year end and New Year's day holidays in a simple and healthy manner.

## Results of Ethical Management

Internal employee education programs include those provided around Hi-Compliance Day and visiting or rotating education, collective education, and periodic theme-based activities for promoting ethical management. Education for diffusing ethical business practices to partner companies is also provided. Hyundai Insurance has developed a win-win and cooperative culture with partner companies while enhancing compliance awareness among its officers and employees by enacting and enforcing work guidelines. In addition, Hyundai Insurance has striven to have an ethical business culture spread over to broader society by conducting education to diffuse within the company messages which it obtained by participating in external educational events hosted by General Insurance Association of Korea and the Financial Supervisory Service.

2012	<p>Education on internal control of compliance of statutes by compliance audit representatives</p> <p>FY 2012 campaign for streamlining corporate regulations</p> <p>Education on prevention of money laundry for Customer Support Team</p> <p>CY 2012 first half Evaluation of voluntary regulation (internal control part)</p> <p>Opening a system for evaluating voluntary regulation internal control part</p> <p>Hi-Compliance Day internal control programs by department compliance managers</p> <p>Education on compliance with fair trade statutes</p> <p>FY 2012 first half Outstanding Compliance Officer award</p> <p>Evaluation of understanding of fair trade statutes</p> <p>Enactment and enforcement of guidelines for handling personal information database alliance processes</p> <p>Distribution and pasting posters promoting money laundry prevention system (KoFIU)</p> <p>Information on amendment to the Act on Reporting Specified Financial Trading Information related to money laundry prevention system</p> <p>System for HiPlanners to pledging on statute compliance as required</p> <p>Education on enactment of core guidelines for compliance of fair trade statutes</p>
2013	<p>Education on internal control of compliance of statutes by head office compliance audit representatives</p> <p>Education of compliance audit representatives at stores (home office support department, business unit, compensation/BA)</p> <p>Hi-Compliance Day internal control programs by department compliance managers</p> <p>Evaluation of adequacy of monitoring of mail sales of insurance</p> <p>Award of Outstanding Compliance Managers</p> <p>System for pledging on compliance of fair trade statute</p> <p>CEO message on ethical business and compliance e-mailed to all employees</p> <p>Field inspection of personal information protection</p> <p>Preparation of measures to strengthen compliance with fair trade statutes</p> <p>Section of compliance managers of subsidiary companies and education on statute compliance</p> <p>Inspection to detect unfair acts against partner companies</p> <p>Ethical business theme activities, including prohibition of gift exchange on Chuseok holiday</p> <p>Education on protection of personal information</p>



# Appendix



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# Independent Assurance Statement



## Dear Hyundai Insurance Management and Stakeholders

The Korean Standards Association ("KSA") was commissioned by Hyundai Marine & Fire Insurance ("Hyundai Insurance") to perform this assurance engagement of the '2012~2013 Sustainability Report' (the "Report"). KSA presents its opinions as follows as a result of its verification of the evidence and feasibility of the data, performance and related systems contained in this Report.

### ■ Responsibility and Independence

KSA does not have any kinds of commercial interest in businesses of Hyundai Insurance apart from undertaking a 3rd-party assurance on the Report. KSA also does not hold any commercial interest that may undermine its credibility and integrity as an independent assurance agency.

### ■ Assurance Standards and Level

We have performed the assurance on the basis of AA1000AS 2008 standards along with the GRI G3.1 guidelines and ISO 26000. In accordance with the AA1000AS (2008) assurance requirements, the areas subjected to the three principles of inclusivity, materiality, and responsiveness, in combination with information credibility of the 2012~2013 report have been checked. The information credibility of the Hyundai Insurance Sustainability Report was verified with 'a moderate level' of assurance.

### ■ Assurance Type and Scope

We performed a Type 2 assurance engagement in accordance with AA1000AS. This implies that we verified the accuracy and quality of the statements made by Hyundai Insurance and the sustainability performance data included in this Report. The scope of this assurance engagement primarily includes the systems and initiatives undertaken by Hyundai Insurance including its sustainability management policies, goals, projects, standards and performance during the reporting period defined in the Report. While the company's environmental and social data as well as financial data was verified, the scope of review concerning stakeholder engagement was limited to the materiality test process.

### ■ Assurance Methods

We used the following methods to gather information, documents and evidence with respect to the assurance scope and to perform the assurance engagement.

- Review of the issues that interest Hyundai Insurance stakeholders as well as sustainability issues
- Interview of Hyundai Insurance employees in charge of major performance data in respective sectors and review of collection systems
- Verification of internal documents and the sampling of basic materials that support the key statements in the Report
- Review of the consistency between the financial data contained in the Report and the company's audit financial reports respectively

### ■ Assurance Results and Opinions [On an assurance principle/process level]

KSA reviewed the draft version of this Report to present our opinions as an assurance provider. Modifications were made of the report content if deemed necessary. We were not aware of any significant errors or inappropriate descriptions in this Report as a result of our assurance engagement. As such, we present our opinions of the Hyundai Insurance Sustainability Report as follows.

#### • Inclusivity

#### Has Hyundai Insurance engaged its stakeholders in strategically responding to sustainability?

We believe that Hyundai Insurance identified its major stakeholders as well as the issues that interest them in a bid to comply with the principle of inclusivity. Hyundai Insurance defined its stakeholders as customers, shareholders, employees, insurance planners (Hi Planners), and the local community while using various communication channels with stakeholders in the form of a questionnaire-based survey, informal meetings, suggestion system, complaint handling channel, etc. We recommend that Hyundai Insurance reports clearly stakeholders' interest and expectation by assessing concrete contents of stakeholder's participation results.

#### • Materiality

##### Has Hyundai Insurance included material information in the Report to help stakeholders make informed decisions?

We are not aware of any significant omissions or exclusions of data that is material to stakeholders. We verified that sustainability-related issues that are raised by stakeholders through company's self-defined material issue identification process are duly reported to this report. We believe that Hyundai Insurance's sustainability reports would further improve through more systematic and quantitative materiality evaluation process so that it identify internal and external impact in the context of sustainability and its sustainability report may reflect performance results, responses, and desirable directions properly.

#### • Responsiveness

##### Has Hyundai Insurance appropriately responded to stakeholder requirements and interest in this Report?

Hyundai Insurance focuses on sustainable management based on its management philosophy that integrity management, efficiency management, customers management, win-win relations management, and talented employees management. We verified that Hyundai Insurance responded sustainability issues with stakeholders about how to respond to prevent issues and responded to them properly through communication with them. It is expected that Hyundai Insurance will include matters concerning establishment of strategic objectives relating to sustainable management in its future sustainability reports, along with its plan for improvement of sustainable management.

#### ■ GRI Application Standard

We confirmed that this report conforms to all the requirements for the "A+" level of GRI G3.1 Guideline.

#### ■ Opinions and Recommendations by Sector [On a performance/issue level]

We present the following recommendations to help Hyundai Insurance enhance its sustainability performance and contribute to the sustainable development of humankind.

• **Economic** The insurance industry can enjoy many opportunities but is exposed to risks, amid changes in internal and external management conditions, such as low birth rate, aging of population, low economic growth, youth unemployment, ever-fiercer competition, etc. Stakeholders take a higher interest in insurance that will remain stable, that they can trust on a long-term basis, and that can contribute to social sustainability amid the rapid economic, social, and environmental changes. We suggest that Hyundai Insurance include its strategies for coping with such a situation in its sustainability report, along with a forecast on future sustainability concerning the insurance industry.

• **Environmental** We have a positive view of the efforts made by Hyundai Insurance to contribute to minimization of environmental impact through the development of environmentally-friendly products and to carry out professional research through its Traffic Climate and Environment Research Center, the first of its kind established in the country. We would like to suggest that the said company continue to improve its execution of relevant plans through the establishment of detailed tasks for execution, Key Performance Indicator, and mid and long-term objectives for more strategic promotion of environmental management.

• **Social** Hyundai Insurance appears to strive to fulfill its social responsibilities by offering goods and services, such as a special grassroots-friendly vehicle insurance policy, an insurance policy for senior citizens that offers discount in premiums, and a critical illness insurance for diabetes patients (Hi-Deun Deun Diabetes CI Insurance) in step with the government policy for providing support for socially less privileged people. It is expected that the company will attain its desired economic results, while contributing to people's convenience and benefits, through the positive development of goods and services conducive to the creation of social values.

March 2014 Kim, Chang-ryong  
KSA Chairman & CEO

*Chang Ryong Kim*



**AA1000**  
Licensed Assurance Provider  
000-70



Korean Standards Association(KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, is serving as a knowledge service provider who distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, certified GRI training partner, AA1000 assurance provider, KSI(Korea Sustainability Index) operator, UN CDM DOE(development operational entity), and assurance provider of the Korean government's greenhouse gas energy target management system

# GRI Statement



## Statement GRI Application Level Check

GRI hereby states that **Hyundai Marine & Fire Insurance** has presented its report "Life is HI" (2014) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 17 April 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir  
Director Services  
Global Reporting Initiative



The "+" has been added to this Application Level because Hyundai Marine & Fire Insurance has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 10 April 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

# GRI G3.1 Index

●: Fully    ◐: Partly    ○: Not reported    ◇: Not applicable

GRI	Detailed contents	Reported	Remarks
<b>Strategy and Analysis</b>			
1.1	Statement from the most senior decision-maker (e.g., CEO, chairman or equivalent officers) of the organization	●	4-5
1.2	Description of key impacts, risk factors or opportunities	●	4-5, 15, 54-55
<b>Organizational Profile</b>			
2.1	Name of the organization	●	15
2.2	Primary brands, products, and/or services	●	15
2.3	Structure of the reporting organization, including main divisions, operating companies, subsidiaries, and joint ventures	●	15-16
2.4	Location of organization's headquarters	●	15
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	●	15, 22-23
2.6	Nature of ownership and legal form	●	15-16, 52
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	15, 22-23
2.8	Scale of the reporting organization	●	15-16
2.9	Significant changes during the reporting period regarding size, structure, or ownership during report period	●	15-16
2.10	Awards received in the reporting period	●	12-13
<b>Report Parameters</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	●	About this report
3.2	Date of most recent previous report (if any)	●	About this report
3.3	Reporting cycle (annual, biennial, etc.)	●	About this report
3.4	Contact point for questions	●	About this report
3.5	Process for defining report content	●	21
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	●	About this report
3.7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope)	●	About this report
3.8	Report criteria for objectives that may significantly affect comparability between periods or between organizations, including joint venture companies, subsidiaries, lease facilities, and outsourced business or services	●	About this report
3.9	Data measurement techniques and calculation criteria, including assumptions and techniques that support predictions applied to processes of collecting other information, including performance indicators	●	About this report
3.10	"Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods,	●	About this report
3.11	nature of business, measurement methods)"	●	About this report
3.12	Significant changes in scope of report, boundary or measurement methods compared with the preceding reporting periods	●	About this report
3.13	Table indicating the location of standard disclosure items within the report	●	About this report Independent Assurance Statement
<b>Governance, Commitments, and Engagement</b>			
4.1	Governance structure of organizations – including committees subordinate to the board, which are responsible for development of strategies and enterprise-wide supervision	●	16-17
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	●	16-17
4.3	Number and gender of members independent from the board or who are not officers, in the case of organizations that have a unitary board of directors	●	16-17
4.4	Mechanisms for shareholders or employees to advise or present directions to the board of directors	●	20, 52
4.5	Linkage between compensation for members of the board, senior managers, and officers (including departmental structure) and the organization's performance (including social and environmental performance)	●	18
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	16-17
4.7	Process for determining the organization of the board, and the qualifications and expertise of its members, to assist the organization's strategy on economic, environmental, and social topics	●	16-17
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	●	Code of ethics, Hyundai Marine and Fire website, 19
4.9	Procedures of the board for overseeing the identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence to or compliance with internationally agreed standards, codes of conduct, and principles	●	17
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	16-28
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	54-55
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	77
4.13	Membership in associations (such as industry associations) or in national/international policy or advocacy organizations	●	82
4.14	List of stakeholder groups engaged by the organization	●	20
4.15	Basis for identification and selection of stakeholders with whom to engage	●	20
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	20, 42-43, 46, 52
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	●	20-21

●: Fully    ◐: Partly    ○: Not reported    ◇: Not applicable

GRI	Detailed contents	Reported	Remarks
Disclosure on Management Approach in the Economic Area			49-53
EC1	Direct economic value generated and distributed - e.g. revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	●	49-53
EC2	Financial implications, and other risks and opportunities for the organization's activities due to climate change	●	71-73
EC3	Scope of annuity support	●	41
EC4	Benefit of subsidies from the government	○	Not received
EC5	Range of ratios of standard entry level wage to local minimum wage at significant locations of operation	●	37, 42
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	●	37
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	●	37
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit (including classification of support types)	●	65-66
EC9	Understanding and description of significant indirect economic impacts (including the extent of those impacts)	○	
Disclosure on Management Approach in the Environment Area			70
EN1	Materials used by weight or volume	●	74
EN2	Percentage of materials used that are recycled input materials	●	74
EN3	Direct energy consumption by primary energy source	●	73
EN4	Indirect energy consumption by primary energy source	●	73
EN5	Energy saved due to conservation and efficiency improvements		73-74
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	75-76
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	73-74
EN8	Total water withdrawal by source	◇	73
EN9	Water sources significantly affected by withdrawal of water	◇	-
EN10	Percentage and total volume of water recycled and reused	◇	-
EN11	Location and size of land owned, leased, or managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas	◇	-
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	◇	-
EN13	Habitats protected or restored	◇	-
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	◇	-
EN15	Numbers of IUCN (International Union for Conservation of Nature) Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	◇	-
EN16	Total direct and indirect greenhouse gas emissions by weight	●	75
EN17	Other relevant indirect greenhouse gas emissions	◇	-
EN18	Initiatives to reduce greenhouse gas emissions, and reductions achieved	●	75-76
EN19	Emissions of ozone-depleting substances	◇	-
EN20	NO, SO, and other significant air emissions	◇	-
EN21	Total water discharge by quality and destination	◇	-
EN22	Total weight of waste by type, and disposal method	◇	-
EN23	Total number and volume of significant spills	◇	-
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	◇	-
EN25	Identity (name), size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	◇	-
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	◇	-
EN27	Percentage of products sold and their packaging materials that are reclaimed, by category	◇	-
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	◇	-
EN29	Significant environmental impacts of transporting products and raw materials, and transporting officers and employees	◇	-
EN30	Total environmental protection expenditures and investments	●	76
Disclosure on Management Approach in the Labor Area			37-39, 44
LA1	Total workforce by gender, employment type, employment contract, and region	●	37
LA2	Total number of newly hired employees and rate of employee turnover (by age group, gender, and region)	◐	37
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees (by major operations region)	●	41-42
LA4	Percentage of employees covered by collective bargaining agreements	●	
LA5	Minimum notice period(s) regarding operational changes (including whether it is specified in collective agreements)	●	43
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	●	42-43
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	◐	42-43
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist employees, their families, or community members regarding serious diseases	●	42
LA9	Health and safety topics covered in formal agreements with trade unions	●	42-43
LA10	Average hours of training per year per employee by employee category	●	38-41
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	38-41



●: Fully    ◐: Partly    ○: Not reported    ◇: Not available

GRI	Detailed contents	Reported	Remarks
LA12	Percentage of employees by gender receiving regular performance and career development reviews	●	41
LA13	Composition of the board and breakdown of employees per category (according to gender, age group, minority group membership, and other indicators of diversity)	●	37
LA14	Ratio of basic salary and compensation of men to women by employee category at significant operations locations	●	37, 42
LA15	Ratio of reinstatement or maintenance of employment by gender following parental leave	●	42
Disclosure on Management Approach to Human Rights			37–38
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	○	-
HR2	Percentage of significant suppliers, contractors, and other partner companies that have undergone screening on human rights	○	-
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations (including the percentage of employees trained)	●	38
HR4	Total number of incidents of discrimination, and actions taken	◐	37
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	●	38
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	●	38
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	●	38
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	◐	38
HR9	Total number of incidents of violations involving rights of indigenous people, and actions taken	○	-
HR10	Percentage and number of operations that undergo review of human rights and/or assessment of human rights impact	○	-
HR11	Number of complaints related to human rights that have been received, raised or settled by official complaint-handling procedure	◐	38
Disclosure on Management Approach in social areas			79–80
S01	Ratio of operations that included programs for participation in the local community, assessment of impact, and development programs	●	56–57
S02	Percentage and total number of business units analyzed for risks related to corruption	◐	81
S03	Percentage of employees trained in anti-corruption policies and procedures	◐	81
S04	Actions taken in response to incidents of corruption	◐	79–81
S05	Public policy positions and participation in public policy development and lobbying	○	-
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions, by country	○	-
S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices, and their outcomes	●	80–81
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	●	80–81
S09	Operations that have a significant potential or actually negative impact on the local community	○	-
S010	Actions to prevent or alleviate significant potential or actual negative impact on local community in operations	○	-
Disclosure on Management Approach in the Product Area			25–27
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	●	25
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle (by type of outcomes)	○	-
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	25
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling (and types of outcome)	○	-
PR5	Practices or activities related to customer satisfaction, including results of surveys measuring customer satisfaction	●	29
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	●	25
PR7	Total number of incidents of non-compliance with regulations, standards and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	●	25
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	25
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	○	-
Value added indicators in the financial industry			
FS1	Environmental/social policies for core operations	●	68–69, 75–77
FS2	Procedure for assessing or reviewing acceptability of environmental/social risks in core operations	◐	54–55
FS3	Procedure for monitoring environmental/social risk management or improvement by customers	●	28–29
FS4	Procedure for training employees to help awareness of environmental/social risk and opportunity factors	●	38–40, 44–45
FS5	Interaction with customers, investors, and business partners in connection with environmental risk and opportunity factors	●	68–69, 75–77
FS6	Percentage of portfolio by core operation related to given regions or industries	●	68–69, 75–77
FS7	Total monetary value of goods related to social issues among goods or services of core operations	◐	68–69
FS8	Total monetary value of goods related to environmental issues among goods or services of core operations	●	68–69
FS9	Frequency and number of audits, including assessment of systems and procedures for controlling environmental/social risks of core operations	◐	17
FS10	Percentage and number of businesses that manage and report environmental/social issues among those included in portfolio of financial institutions	○	-
FS11	Ratio of investment assets whose acceptability is reviewed as using positive, negative and best-in-class methodologies	◐	68–69, 75–77
FS12	Policies related to decision-making by shareholders concerning environmental/social issues, with the extent the reporting organization has influence on their decision making	◐	17–18
FS13	Access points by type, of regions that have a limited population or do not receive economic benefits	●	68–69
FS14	Initiatives for providing financial services to social minorities, including low-income earners or physically handicapped people	●	68–69
FS15	Fair transaction policies for financial products	●	25, 80
FS16	Initiatives for enhancing financial knowledge, by type of beneficiary	●	30, 67

# Membership

## Korean Organizations

Associated Organizations	Admission Date	Service Offered
General Insurance Association of Korea	Oct. 1955	Service Offered
Korean Insurance Academic Society	Dec. 1964	Respond to general insurance policies
Korean Fire Protection Association	May. 1973	Issue journals and hold seminars & academic sessions
The Federation of Korean Industries	Feb. 1981	Carry out joint underwriting (ex: fire insurance for defense industry, etc.)
Korea Economic Research Institute	Mar. 1981	Hold Friday breakfast meetings & other various seminars
Korea Insurance Development Institute	Dec. 1983	Hold breakfast meetings and send various materials
The Institute of Actuaries of Korea	1984	Research of actuary service, education and training of actuaries
Korea Securities Depository	Aug. 1989	Calculate and verify insurance permission-related premium rates
Korea Exchange	Aug. 1989	Handle stock transfer, etc.
Korea Listed Companies Association	Sep. 1989	Handle stock listing, business support, stock-related tax, legal training
The Korea Fair Competition Federation	Jun. 1995	Cover stock handling, dividend, BOD meeting & general stockholders' meeting, legal advice, etc
Korea Risk Management Society	Jun. 1996	Periodic academic seminars, journal publishing, joint seminars between life and non-life insurance associations
Korea Human Resource Development	Sep. 1996	Develop human resources and share training cases
Korea Investors Relation Association	Nov. 1999	Provide IR work training, monthly meetings with investors and book materials
Korean Personnel Improvement Associate (HR general managers' exchange meeting)	May. 2000	Hold monthly meetings, share HR-related materials and provide association materials
Korean Personnel Improvement Associate (HR managers' monthly meeting)	May. 2000	Provide monthly meetings, monthly HR journal and training discount
Korean Personnel Improvement Associate (Training managers' monthly meeting)	Jan. 2000	Allow access to HR Bank (HR material search site)
Korea Management Association Consulting (CS Leaders Club)	Apr. 2002	Hold public trainings, conferences, working-level seminars, etc.
Contents Media	Jan. 2003	Provide free email information, seminars and conferences
Korea Advertisers Association	Apr. 2004	Provide advertisers'trend reports and seminars
Korea Actuary Society	Dec. 2010	Academic and policy seminars, operating working-level committee for insurance actuary standards

## International Organizations

Associated Organizations	Admission Date	Service Offered
International Insurance Society	1987	Hold seminar and send various materials
UNEP	1995	Hold seminars to improve environmental awareness and practice
UNEP FI	Dec. 1995	Provide regular membership in UNEP Financial Initiative
Asia Pacific Satellite Communications Council	2005	Hold seminars and lectures, and send journals and other materials
CDP	Jan. 2005	Analysis of information on carbon emission related data and corporate management strategies, etc. from major

**Please contact us at the following address for any suggestions or inquiries regarding Hyundai Insurance's sustainability management.**

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