

*50 years together, 100 more years to come!
Happy partner to a family of educators.*



2017-2018 The Korean Teachers' Credit Union Sustainability Report



**2017-2018
The Korean Teachers'
Credit Union
Sustainability Report**



ABOUT THIS REPORT

The Korean Teachers' Credit Union (here in after, "KTCU") has published its sustainability report every other year since 2008. This report is the sixth sustainability report which discloses to the stakeholders the activities and achievements for sustainability management for two years in 2017 and 2018.

In this report, we report major social values created by the KTCU and its major efforts and achievements according to the issues of importance. The KTCU will continue to contribute to the creation of sustainable values by endeavoring towards steady growth.

Reporting Criteria

This report has been prepared in accordance with the core options of the Global Reporting Initiative (GRI) Standards. In addition, the financial information included in the report applies, mutatis mutandis, The Korean Teachers' Credit Union Act and general accounting standards.

Report Assurance

Third party's independent assurance

Reporting Period and Scope

This report focuses on the sustainability management activities of the KTCU from January 2017 to December 2018. It also includes some of the activities of the first half of 2019 that are considered important. The reporting scope includes the headquarters of the KTCU and domestic regional headquarters.

Additional Information of the Report

The Korean Teachers' Credit Union provides its stakeholders with the information on its sustainability management activities in economic, social and environmental aspects. For further information about this report, or for any questions or requests, please contact us via the below contact information.

Corporate Strategy Department, The-K Bldg., The Korean Teachers' Credit Union, 50 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Korea (07328)
 Tel: +82-2-767-0022
 Fax: +82-2-767-0039
 Website: www.ktcu.or.kr
 Email: csv@ktcu.or.kr

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Message from the Chairman



Chairman, The Korean Teachers' Credit Union
Cha Sung-Soo

Dear stakeholders,

It is a pleasure to meet our stakeholders through the Korean Teachers' Credit Union's sixth report on sustainable management achievements during 2017-2018.

Despite various domestic and international fluctuations during the past year, KTCU achieved KRW 34.6099 trillion in assets, an increase of KRW 2.1520 trillion from the previous year, and recorded a 4.1% return on fund management, thereby achieving 100% of the reserve ratio. Such performance is especially outstanding given the significant declines across the global stock markets last year and negative returns recorded for major domestic pension funds.

KTCU has been able to achieve an average return on investment of 5.9% over the last 5 years, thanks to the democratic and horizontal decision-making methods. In addition, the proportion of corporate finance and alternative investments increased up to 56.7% in 2018, and we achieved asset management goals through flexible asset allocation, such as expanding the proportion of overseas assets.

Since its establishment, KTCU has grown in tandem with the growth and development of the national economy. Currently, we are exposed to an environment in which only the companies that seek to lead the future with innovative technologies can survive as the new paradigm of the Fourth Industrial Revolution. Amidst such changes, KTCU will achieve innovation by making persistent endeavors internally and externally.

Ernest Hemingway, a world-renowned novelist, recalls that he wrote the ending of his masterpiece, "A Farewell to Arms," dozens of times. Through publishing our sustainable management reports, we will continue to reflect on ourselves and create an organization that strives for perfection.

Moving forward as a "reliable lifetime companion for families of educators" KTCU will endeavor to provide financial and cultural welfare services that empower educator families in their lives while managing valuable assets of the members. In addition, we will fulfill our responsibilities as a national enterprise by carrying out practical social contribution activities to help create an "inclusive and happy society" -the ultimate goal of education.

Thank you.

Introduction of the Korean Teachers' Credit Union

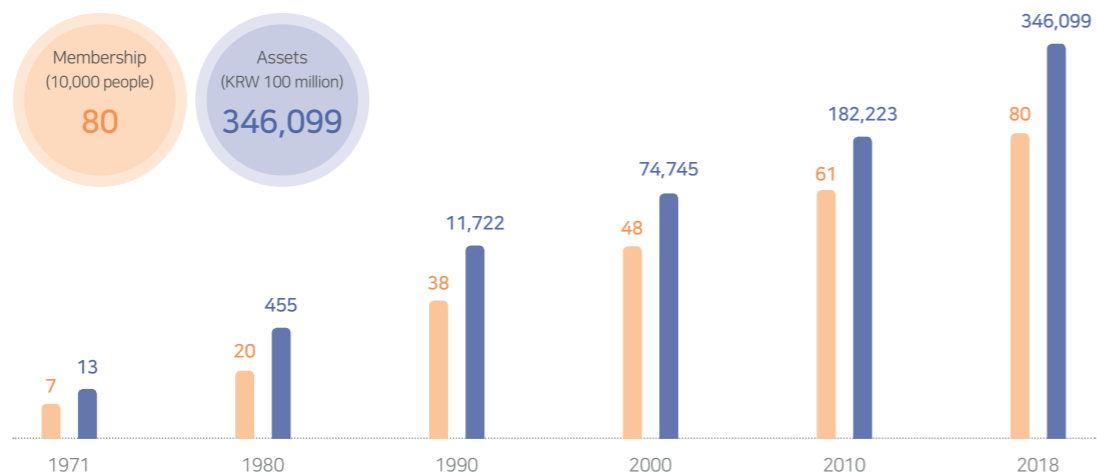
The Korean Teachers' Credit Union is the only Korean teachers' welfare institution established under the Special Law (Law No. 2296) to ensure that all Korean families of educators enjoy the reward of teaching and the richness of life after retirement. KTCU, which had merely 70,000 members and KRW 1.3 billion in assets at the time of its establishment, has grown rapidly and now serves 800,000 members and manages KRW 35 trillion in assets as of the end of 2018. We are operating deduction systems such as savings, insurance, and loans and membership welfare services, while contributing to Korea's economic development via stocks, bonds, alternative investments, and overseas investments.

Overview of the Company

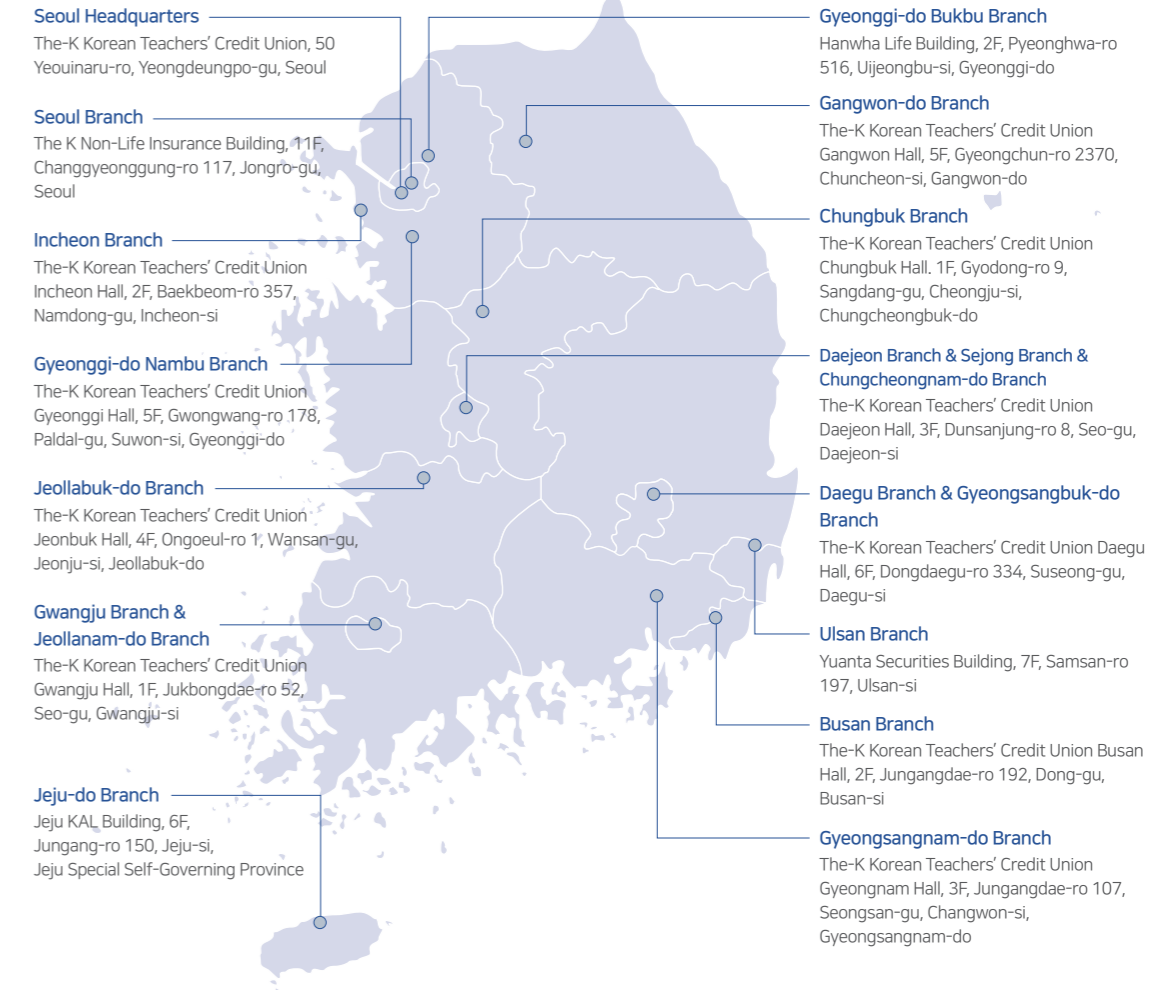
Company's Name	The Korean Teachers' Credit Union	Chairman	Cha Sung-Soo
Location	50 Yeouinaru-ro, Yeongdeungpo-gu, Seoul	Industry	Services (financial and insurance), real estate lease
Organization	[Headquarters] 15 departments (offices) 37 teams [Regional Headquarters] 18 cities and provincial branches [Investment Company] 8 companies	No of Employees	539 people (including non-permanent employees)

※ As of the end of 2018

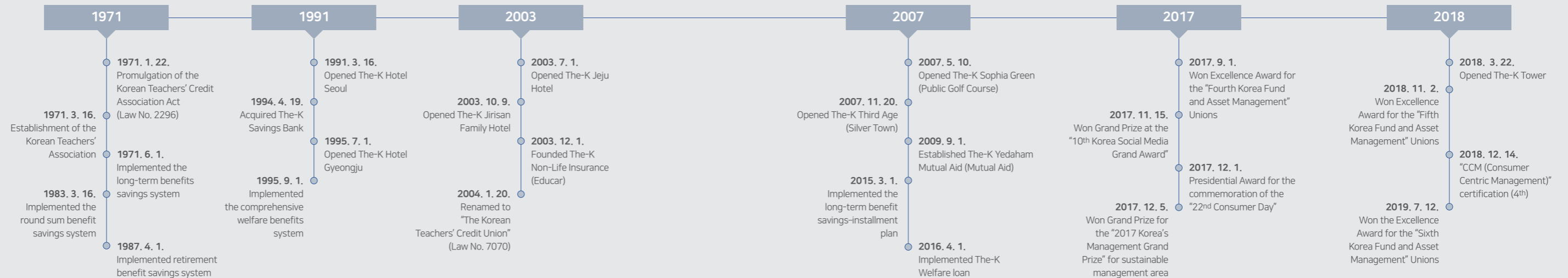
Membership & Assets



Head Office and branches



History



Business Overview

KTCU improves the quality of life of teachers and staff and prepares them for a stable retirement through deductions such as savings, insurance, and loans and various member welfare systems. In addition, eight investment companies, which are entirely owned by the union, are committed to providing a wider range of benefits to the families of educators.

Long-term benefits savings

It is a longest term savings product in Korea designed to apply high benefits rates (interest rate) for the purpose of raising the retirement living fund, and provides various welfare services for subscribers while they subscribe to long-term benefits savings.

Long-term benefit savings-installment plan

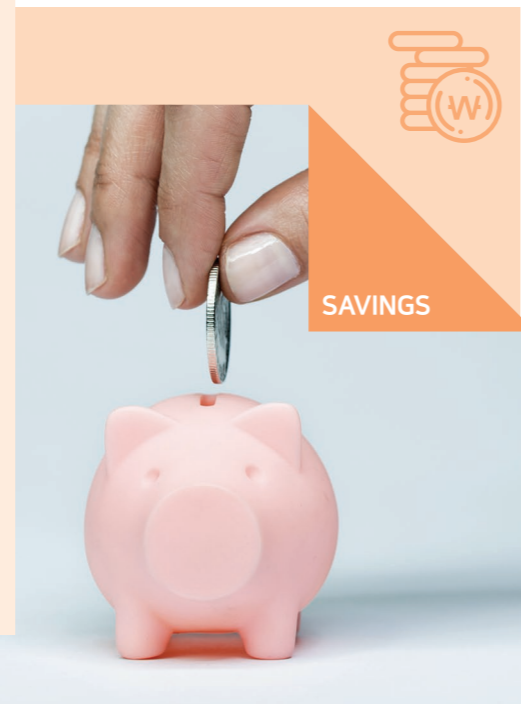
A new retirement guarantee system which allows one to divide and receive a certain amount of retirement benefits for a fixed period of time when one retires to ensure a stable retirement.

A round sum benefit savings

A system which assists with raising lump sum funds by managing the surplus funds of incumbent members at high benefits rates (interest rates).

Retirement benefit savings

A retirement living guarantee system which is entrusted with various pensions received from members when they retire, or retirement benefits from the Union, and operates at a high benefits rate.



General loan

It is a loan system for stability in the daily lives of members by which loans can be extended for the amount combining the long-term benefits savings retirement household benefits (or the withdrawal household benefits for the subscribers on or after January 1, 2017) and the guaranty insurance loan limit.

Interest-free loan


This is for the health care or disaster recovery of the member.

The-K welfare loan

In order to provide various welfare benefits to members, loans are extended at interest rates lower than the general loan rate for the first loan such as for marriage, childbirth, housing purchase and rental.

Installment plan loan

The system guarantees a stable retirement life of the retired members by allowing them to subscribe for the long-term benefits savings and pay the loan at the same time without repaying the loan balance upon retirement.



Life/term insurance

Comprehensive insurance which reflects the teachers' lifestyle and insurance service which can be doubled against the rising medical expenses after retirement.

- ◆ Type: Comprehensive benefit, Double-up comprehensive benefit

Disease insurance

A range of insurance services are offered to cover various diseases which can occur across different ages, and complete coverage is provided for heart health-related treatment.

- ◆ Type: Double cancer benefit, Reasonable cancer deduction, Health benefit for member's life, Senior cancer benefit, Teacher's life perfect benefit, Mental fitness security benefit, Senior benefit, Dementia deduction, Simple register benefit for member's life, Simple register dementia deduction

Child insurance

Insurance services are provided to help prepare for child safety accidents and various diseases that increase every year, and educational funds are provided for children.

- ◆ Type: Child benefit, Premium child benefit

Accident insurance

Accident insurance which can provide two times more compensation during a break period in preparation for a safety accident during times of increased external activities.

- ◆ Type: Accident benefit

Welfare benefits

A service conveying congratulations and consolations by providing free benefits or souvenirs for the members' various events such as marriage and childbirth.

- ◆ Type: Childbirth benefit, The high-ranking account benefit, Marriage benefit, New member benefit, etc.

Affiliate services


Members are provided with discounts or free access to partnering facilities with their families by signing business agreements with institutions with various convenience facilities nationwide, such as recreation, leisure, medical care, and ceremonies.

- ◆ Type: Hotel, Resort, Condominium, Wedding hall, Medical institution, Funeral hall, Legal-tax counsel, etc.

The-K happiness service

High quality cultural welfare events are held throughout the year, including culture and art sports, as KTCU's cultural welfare service brand.

- ◆ Type: Visiting happiness excursion, Happiness concert, Korean Teachers' Art Exhibition, Book&JOY, Silver companion, etc.



Business Overview

The Korean Teachers' Credit Union's savings system

LONG-TERM BENEFITS SAVINGS



It is a longest savings product in Korea designed with high benefits rate for the purpose of raising funds for retirement, and by signing up for long-term benefits savings, one can qualify for membership and receive a range of welfare services.

Guide on subscription

Eligibility for subscription

- Public officials at public schools, educational training institutions, educational administrative institutions and research institutes
- Teachers and office staff at private schools across all levels
- Officers and staff of university hospitals
- Teachers and office staff at school or remote universities' continuing education facilities (acknowledgement of academic history)
- Officers and employees of school management institutions (school corporations) which establish and manage private schools
- Employees who have no fixed duration of employment directly at an organization that can join the Union (non-permanent positions without term), employees of industry-academic cooperation center

Amount of subscription

- Minimum of 50 accounts (KRW 30,000) to maximum of 1,500 accounts (KRW 900,000)

Advantage

- Various benefits are offered for acquiring general membership (use of loan and various welfare service benefits)
- Guaranteed stability pursuant to Article 13 of the Korean Teachers' Credit Union Act
- No fees for remuneration, business expenses, fees, etc.
- Easy to manage savings since dues are deducted from monthly benefits
- Interest income tax exempted or low tax rate
- Excluding comprehensive tax on financial income

LONG-TERM BENEFIT SAVINGS-INSTALLMENT PLAN



As a retirement living guarantee system, when one retires, for a stable retirement, one can receive a certain amount of retirement benefits for a fixed period of time.

Guide on subscription

Eligibility for subscription

- A member subscribed to long-term benefits savings who is retired at retirement age, honor and term's expiration
- A member subscribed to long-term benefits savings who over 50 years of age and retired
- A member subscribed to long-term benefits savings who is retiring as a sick person

Amount of subscription

- Unit of a minimum of KRW 5 million to KRW 1 million within retirement benefits after tax for long-term benefits savings as of the retirement date

Advantage

- Receipt of special membership (subscription souvenirs, various affiliated facilities discounts, etc.)
- Guaranteed stability pursuant to Article 13 of the Korean Teachers' Credit Union Act
- No fees such as cancellation fees
- Easy to manage savings since dues are deducted from monthly benefits
- Low-interest income tax
- Excluding comprehensive tax on financial income

A ROUND SUM BENEFIT SAVINGS



It is a system which helps to raise lump-sum funds by managing the surplus funds of incumbent members at high benefits rate.

Guide on subscription

Eligibility for subscription

- Members subscribed to long-term benefits savings

Type of subscription

- Additional money type:** When lump sum payment is made, the additional payment (interest) is paid in installments during the subscription period, and the contribution (principal) is paid when claiming benefits (principal)
- Deposit type:** When lump-sum payment is made, and when benefits are claimed (principal), additional money (principal) and additional funds (interest) are paid
- Accumulation type:** A certain amount is paid each month during the subscription period, and additional money (principal) and additional money (interest) are paid on maturity

Amount of subscription

- Additional money type:** 1 account (KRW 1 million) ~ 100 accounts (KRW 100 million)
- Deposit type:** 1 account (KRW 1 million) ~ 100 accounts (KRW 100 million)
- Accumulation type:** Minimum of KRW 10,000 ~ maximum of KRW 100 million (unit of KRW 10,000)

Advantage

- Guaranteed stability pursuant to Article 13 of the Korean Teachers' Credit Union Act
- Various types of subscription are offered as optional products
- Additional benefits are provided such as death and accident benefits

RETIREMENT BENEFIT SAVINGS



It is a retirement life guarantee system which manages various pensions that members receive upon retirement at high benefits rates such as the Union's retirement benefits under consignment.

Guide on subscription

Eligibility for subscription

- A member subscribed to long-term benefits savings who is retired at retirement age, honor and term's expiration
- A member subscribed to long-term benefits savings who has retired due to illness
- A member subscribed to long-term benefits savings who is retired over 50 years of age
- A member subscribed to long-term benefits savings for over 10 years and reached 50 years of age after retirement

Type of subscription

- Additional money type:** If a lump-sum payment is made, additional funds (interest) are paid during the subscription period and additional funds (principal) are paid when benefits (principal) are claimed.
- Definitive pension type:** If a lump-sum payment is made, monthly or yearly installments are paid for additional money (principal) and additional money (interest) during the subscription period.
- Accumulation type:** A certain amount is paid every month during the subscription period, and additional funds (principal) and additional funds (interest) are paid upon maturity.

Amount of subscription

- Additional funds type:** 1 account (KRW 5 million) ~ 60 accounts (KRW 300 million)
- Definitive pension type:** 1 account (KRW 5 million) ~ 60 accounts (KRW 300 million)
- Accumulation type:** A minimum of KRW 50,000 ~ a maximum of KRW 100 million (unit of KRW 10,000)


Advantage

- Guaranteed stability pursuant to Article 13 of the Korean Teachers' Credit Union Act
- Various types of subscription are offered as optional products

Business Overview

The Korean Teachers' Credit Union's loan system

GENERAL LOAN



It is a loan system for the members subscribing to the long-term benefits savings, and the loans are extended at a low interest rate for the amount adding the guarantee insurance loan by securing the long-term benefits savings retirement household benefits (or the withdrawal household benefits for the subscribers on or after January 1, 2017).

Guide on application

 **Eligibility for application**

- Members subscribed to long-term benefits savings


 **Type of loan**

- Single loan: loan extended within the member's long-term benefits savings retirement household benefits' limit (the withdrawal household benefits for the subscribers on or after January 1, 2017)
- Guaranteed loan: loan exceeding the member's long-term saving limit

Advantage

- High limit via guaranty insurance
- Various repayment methods available to choose from

INSTALLMENT PLAN LOAN



It is a loan system which guarantees a stable retirement life by not repaying the loan balance upon retirement immediately but by allowing the loan to be secured simultaneously for subscribing to long-term benefit savings-installment plan.

Guide on application


 **Eligibility for application**

- Members who are applying for long-term benefit savings-installment plan when claiming for the long-term benefits savings retirement
- Members whose loan balance is KRW 3 million before retirement date ~ 70% of the long-term benefits savings retirement benefits after tax
- Available only once as a retired regular member

Advantage

- Easy funding plan after retirement is available
- No interim repayment fees

INTEREST-FREE LOAN



It is a loan system where loan is extended interest free, if a member is diagnosed with pulmonary tuberculosis, is hospitalized for over a week due to illness or injury, or has sustained damage to housing or accessories due to a disaster.

Guide on application

 **Health care fund**

- When a member is diagnosed with pulmonary tuberculosis or when hospitalized for more than 1 week due to illness or injury
- Illness and injury hospitalization: Apply within 180 days of discharge date
- Pulmonary tuberculosis: Apply within 180 days from the date of cure


 **Disaster recovery fund**

- If a member resides in the housing of the member him or herself, spouse, parents, or jeonse (large deposit, no rent) or rented housing, and when the housing and property is damaged by a disaster
- Apply within 180 days from the date of disaster.

Advantage

- Interest free loan
- Repayment of principal in equal installments

THE-K WELFARE LOAN



It is a loan system by which loans are extended at lower rates than the general loan rate when taking out the first loan, marriage, childbirth, housing purchase and rental to provide various welfare benefits to members.

Guide on application

 **Smile-The First Loan**

- For the members who take out their first loan after joining the long-term benefits savings

 **Happiness-Marriage Loan**

- For the members who are within 6 months before and after their own marriage or their children's marriage

 **Hopeful-Childbirth Loan**

- For the members and their spouses who are 3 years or less after childbirth or adoption

 **Reliable Mortgage**

- For the members and their spouses who are 3 months or less after the balance payment date when purchasing or renting a house

Advantage

- High limit via guaranty insurance
- Repayment of principal in equal installments

Business Overview

Investment Companies

Tourism & Accommodation



The-K Hotel & Resort Co., Ltd.

Date founded: 1990. 4. 21. / Capital: KRW 22.8 bn (Union's equity interest: 100%)

Operating the ultimate luxury hotel of The-K Hotel Seoul and The-K Hotel Gyeongju, The-K Seoraksan Family Hotel, and The-K Jirisan Family Hotel, we are endeavoring to ensure that the families of educators enjoy a peaceful rest at nice facilities.



The-K Jeju Hotel Co., Ltd.

Date founded: 2001. 3. 29. / Capital: KRW 21 bn (Union's equity interest: 100%)

Ramada Plaza Jeju Hotel is a ultimate luxury hotel located on the waterfront of Tap-dong, Jeju-shi. It also has a best location near Jeju Airport, with 400 guest rooms while offering 6 auxiliary facilities such as beverages, foods, and gym as well as a convention hall which can accommodate 1,500 people.

Golf Course



The-K Sophia Green Co., Ltd.

Date founded: 2001. 10. 9. / Capital: KRW 74.5 bn (Union's equity interest: 100%)

The-K Sophia Green Co., Ltd. is a 27 hole public golf course built in Yeosu-si, Gyeonggi-do to help promote the high level of recreation life of the teachers. We will create a pleasant rounding memory with natural environment where one can take shots with all her might.

Silver Town



The-K Third Age Co., Ltd.

Date founded: 2006. 3. 16. / Capital: KRW 7.6 bn (Union's equity interest: 100%)

The-K Third Age Co., Ltd. is a high quality silver town located in Changnyeong-gun, Gyeongnam, with 222 households in its residential facilities and auxiliary facilities (sauna, swimming pool, karaoke, and gym, etc.). The-K Third Age has created an optimal environment considering the physical and mental characteristics of residents, spanning from medical to cultural facilities.

Insurance



The-K Non-Life Insurance Co., Ltd.

Date founded: 2003. 12. 1. / Capital: KRW 160 bn (Union's equity interest: 100%)

The-K Non-Life Insurance Co., Ltd. 'Educar' is the only comprehensive non-life insurance company established by KTCU for high-net-worth customers such as teachers, civil servants, and professionals. In addition to auto insurance, The-K Non-Life Insurance is expanding into the long-term insurance and general insurance markets, and is also growing into a super performing general insurance company.

Finance



The-K Savings Bank Co., Ltd.

Date founded: 1994. 4. 19. / Capital: KRW 35.2 bn (Union's equity interest: 100%)

The-K Savings Bank Co., Ltd. is assisting teachers nationwide and the growth of their assets under the auspices of the parent company of Saehan Mutual Credit Union, which has been acquired to provide various financial services. The-K Savings Bank has developed an Internet banking system network and is also growing into a bank for teachers which can be easily accessed anywhere in the country.

Mutual aid



The-K Yedaham Mutual Aid Co., Ltd.

Date founded: 2009. 9. 1. / Capital: KRW 50 bn (Union's equity interest: 100%)

The-K Yedaham Mutual Aid Co., Ltd. creates a healthy mutual aid culture with honesty and trust as its primary value. Yedaham Mutual Aid has entered into a payment guarantee agreement with six banks, and offers advanced and distinguished mutual aid services such as the mutual aid payment safety liability system guaranteeing the full payment of customers and the pay-back system refunding 100% of unused items.

Welfare portal&electronic procurement system



The-K Teachi World Co., Ltd.

Date founded: 2000. 11. 28. / Capital: KRW 16 bn (Union's equity interest: 100%)

The-K Teachi World Co., Ltd. provides accommodations and travel services to help improve the welfare of teachers through 'TeacherWel,' a welfare portal dedicated to teachers, and is operating the 'Education institutes' electronic procurement system S2B' designated and officially announced by the Ministry of Public Administration and Security, thereby enabling electronic contracting tasks to work for public agencies.

Vision & Strategy



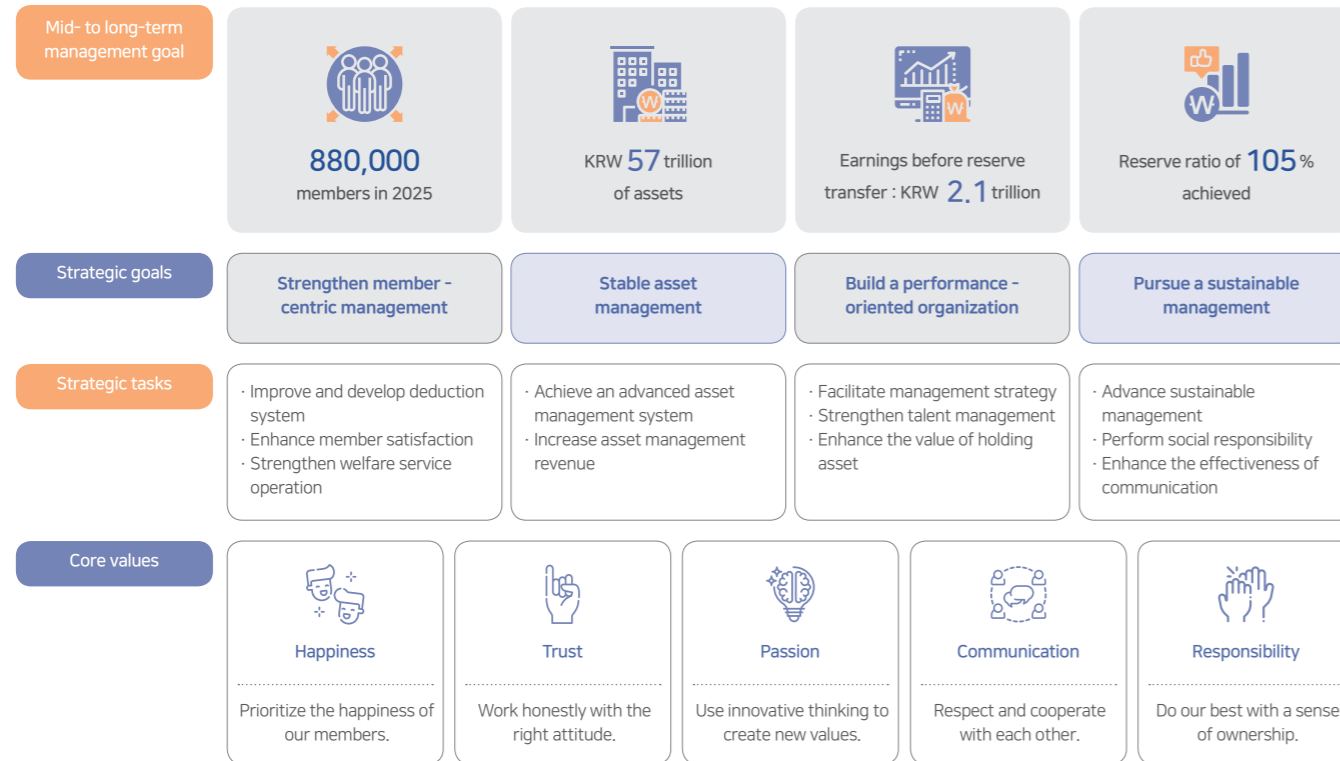
Mission
Contribute to the happy life of families of educators with reliable financial and welfare services.



Vision
A reliable partner of families of educators growing together with families of educators

Mid- to Long-term management strategy for 2025

(*As of October 2019)



KTCU is pursuing a mid- to long-term management strategy of 2025 under the vision of 'a reliable partner of families of educators growing together with families of educators' to provide best services for the happiness of the families of educators by stably operating valuable assets of the members. In particular, for systematic sustainability management, 'pursue a sustainable management' is one of our mid- to long-term strategic goals. We have also established and managed a separate strategic system, through which we seek to become a company which creates values across the economic, social and environmental aspects and fulfills our responsibilities for people and society.

(Mid- to long-term management index)

Strategic goal	Management index	Unit	Performance			Target
			2016	2017	2018	2025
Strengthen member centric management	Total number of members ¹⁾	people	750,471	770,664	796,501	885,000
	Membership subscription rate ²⁾	%	86.7	86.3	86.9	90.0
	Average number of accounts for long-term benefits savings	units	455	472	486	679
	Insurance contribution revenue	KRW 100 mn	2,662	2,641	2,773	3,150
	Proportion of assets in loan	%	17.4	17.2	19.1	20.0
	Online business processing rate ³⁾	%	59.3	64.5	66.9	80.0
	Number of members using welfare services ⁴⁾	People	709,646	751,927	744,789	835,400
Stable asset management	The-K happiness service satisfaction	Points	96.2	96.5	96.4	97.0
	Asset size	KRW tn	29.2	32.5	34.6	57.0
	Return on investment management	%	4.2	5.3	4.3	3.8
Build a performance oriented organization	Reserve rate	%	96.9	99.6	100.2	105.0
	Implementation rate of information service strategy plan ⁵⁾	%	-	7	26	95
	The-K brand competitiveness index ⁶⁾	Points	55.2	60.0	60.0	66.2
	Labor productivity ⁷⁾	KRW 100 mn	26.7	35.1	29.2	35.3
Pursue a sustainable management	Investment companies' net income ⁸⁾	KRW 100 mn	153	145	41	114
	Employee satisfaction (out of 5 points)	Points	3.74	3.80	3.73	4.00
	Ethics index ⁹⁾ (out of 5 points)	Points	3.99	4.14	4.14	4.50
	Integrity assessment (Anti-Corruption & Civil Rights Commission, out of 10 points)	Points	8.61	8.56	8.83	9.50

1) Number of members Long-term benefits savings, Long-term benefit savings-installment plan, Retirement benefit savings, Comprehensive welfare benefits 2) Long-term benefits savings enrollment rate vis-a-vis number of regular teachers 3) Online business processing rate (Target: online available services such as system subscription, claim and increasing and decreasing accounts) 4) Number of members using Cultural welfare service, Living welfare service, Welfare subsidies 5) Completion rate for 42 implementation tasks according to the mid- and long-term(2017~2021) informatization strategy and plan (ISP) service report 6) Index converted the brand competitiveness level to 100 points (Average index of members and the public, biennial survey) 7) Value-added [Profit and loss before reserve transfer + Personnel expenses (excluding performance-related pay) + Retirement benefits + Welfare benefit + Public charge and tax + Depreciation cost + rent] ÷ Average number of people 8) 2019~2020: Objectives of a budget, After 2021: Total investment (capital, building, etc.) × Lump sum benefit rate - Contributions (rent, etc.) ※ Lump sum benefit rate: 2.7% (as of June 2019), Total Investment and Contributions: Considering the changes in operating losses and investment due to the reconstruction of The-K Hotel Seoul 9) Biennial survey ※ Total number of members, average number of accounts for long-term benefits savings and asset management related indicators: 2019~2020 - A basic operational plan and budget for 2020, After 2021: Partially applied mid- to long-term financial estimate report (as of June 2019)

Sustainable management strategy

(*As of October 2019)

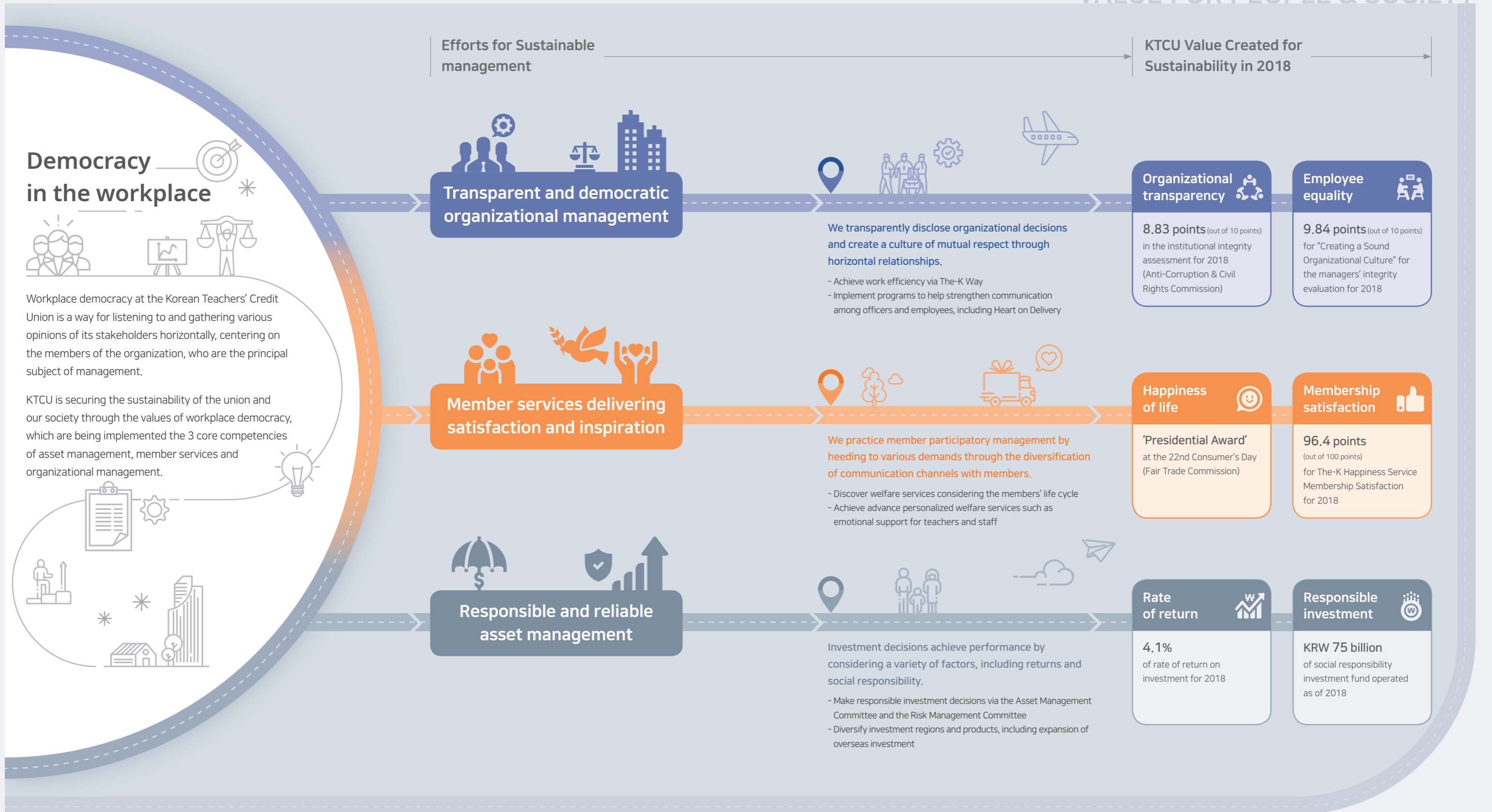


(Implementation goals)

Classification	Name of index	Unit	Performance			Target
			2016	2017	2018	2019
Ethical management	Ethics index(out of 5 points)	Points	3.99	4.14	-	4.25
	Institutional integrity assessment (out of 10 points, Anti-Corruption & Civil Rights Commission)	Points	8.61	8.56	8.83	8.75
	Comprehensive score of the manager's integrity evaluation(out of 10 points)	Points	9.42	9.49	9.76	9.77
Social contribution	Total social contribution project expenses	KRW 100 mn	675	879	1,397	2,600
	Employment rate of those with disabilities (mandatory employment rate announced by the Ministry of Employment and Labor)	%	2.0(2.7)	2.6(2.9)	3.1(2.9)	3.1(3.1)
	Participation rate in social contribution activities	%	64	65	71	72
Environmental management	Status of the use of multifunctional devices (reduction rate year on year)	%	-	▲4	▲8	▲4
Knowledge management	Number of proposals (per capita)	Cases	0.58	0.46	0.43	0.55
	Rate of use of electronic library	%	41	49	54	55
Organizational culture	Employee satisfaction score (out of 5 points)	Points	3.72	3.80	3.73	3.85

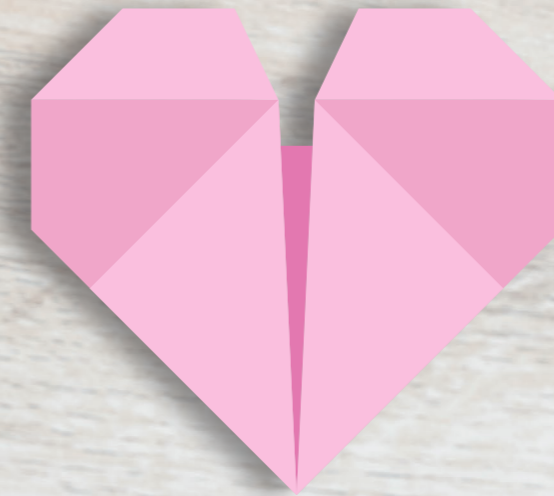
The Sustainable Executive Mechanism of the KTCU

VALUE FOR PEOPLE & SOCIETY





Taking Responsibility for People and Society



KTCU is not only creating economic values through its stable asset management, but is also endeavoring to create a better future by practicing sustainable management.


22	Reliable Financial Services
30	Satisfactory Membership Management
40	Happy Society through Sharing
48	Culture of Mutual Respect
56	Responsible Ethical Management

Reliable Financial Services

Sustainability Context

As volatility has increased, including the global economic slowdown, the launch of the era of low interest rates and trade disputes, the importance of a stable asset management is highly stressed. The increasing life expectancy also contributes to growing interest in financial management for retirement. Meanwhile, expanding access to financial products, creating economic opportunities, and contributing to a stable life are recognized as major social responsibilities. Consequently, responsible investing considering various product development and ESG items has emerged as a major issue.

8 DECENT WORK AND ECONOMIC GROWTH [Linked UN SDGs]
Decent work and economic growth




The · K Approach

Stable asset management

KTCU seeks and explores diversified investment opportunities such as by undertaking thorough risk analysis, diversification and alternative investments to ensure a stable management of customer assets. Through which, we are generating stable profits and contributing to the growth of the customer assets.

Won the 'Grand Prize' for the 5th Korea Funds and Asset Management for Unions



Socially responsible investment

KTCU pursues profitability and create social values by expanding the proportion of responsible investing across eco-friendly and venture companies based on ESG items and corporate potential to contribute to the sustainable development of society.

KRW 75 billion of socially responsible investment fund under management



Reliable deduction / insurance system

KTCU provides financial products according to the main needs of customers such as helping the subscribing members raise large funds and purchasing a house, and also provides various insurance products to provide support so that subscribers can have peace of mind in their daily lives. In addition, we are strengthening the capabilities of our sales and consulting personnel to ensure the rights of our customers.

KRW 2.274 trillion paid for long-term benefits savings for 2018



Interview

KTCU considers the rate of return and risks when investing in order to ensure the stable and efficient asset management. In addition, KTCU fulfills its social responsibilities by implementing responsible investments considering the non-financial factors of the companies it targets for investment.

In 2017, KTCU became the first union in Korea to introduce the stewardship code. Also, we have been striving to establish a system related to making responsible investments by revising its asset management policy (IPS) and relating regulations, and evaluating ESG elements of the companies it targets for investment.

Currently, we are promoting socially responsible financing through an agreement with the Korea Social Value and Solidarity Foundation, while actively promoting socially responsible investments internally such as raising awareness to encourage employees to consider responsible investments in the investment process. Moving forward, KTCU will continue to act as a responsible institutional investor so that socially responsible investments can be expanded throughout society.



Wee Sung-Kyu,
Deputy General Manager of the Investment Strategy Department, KTCU

Stable Asset Management

Efficient asset management

Advanced asset management system

KTCU is improving the overall management system for its fund management by expanding and reorganizing its asset management organizations, and adjusting each asset group, strengthening the organization's capabilities, and continuously advancing the risk management system. Currently, KTCU's Fund Management Department is composed of the Investment Strategy Department, and the three main asset management departments - the Financial Investment Department, the Corporate Finance Department, and the Alternative Investment Department. We also respond to risks that may occur in the fund management process through management teams. In addition, we support and supervise the work of each working team by organizing decision-making bodies based on the asset management process.

(Committee on asset management)

Name of Body	Role
Corporate Officer Committee	Reviews and makes decisions on matters concerning the strategic asset allocation
Asset Management Committee	Makes decisions concerning optimal asset allocation and investment policy directions, etc.
Risk Management Committee	Makes decisions concerning overall risk management
Investment Review Committee	Makes decisions concerning new alternative investments, etc.
Asset Allocation Council	Makes decisions concerning tactical asset allocation and fund supply management
Investment Strategy Council	Makes decisions concerning allocation of assets under management
Investment Management Council	Makes decisions concerning asset management and management of the asset management department
Investment Practice Council	Makes decisions concerning new alternative investments, etc.
Fair Value Council	Makes decisions concerning assessment and verification and evaluation of fair value of alternative investment assets
Voting Right Exercise Council	Makes decisions concerning the exercise of voting rights for stocks, etc.

Won 'Grand Prize' for the 5th Korea Funds and Asset Management for Unions (The Korea Economic Daily)




△ The 2nd Asset Management Committee in 2018

Strengthened investment review

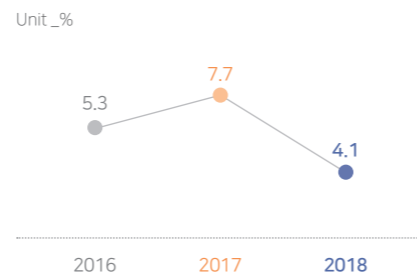
KTCU is strengthening its investment review to manage the risks which arise from alternative investments and enhance the stability of asset management. Preliminary audits are conducted to check various investment risks anticipated for new alternative investments. In 2018, a total of 45 risk review opinions were prepared, 33 field visits were conducted in parallel to check on the risk factors for investments, while the stability of project execution was enhanced. In addition, quarterly follow-up monitoring is conducted to determine the operation status of the existing investment assets and compliance with investment conditions to minimize losses.

Asset management performance

Despite uncertain financial market conditions such as the global stock market decline and continued low interest rates in Korea, KTCU achieved excellent earnings by adjusting its portfolio, including through preemptive investments in high-quality assets. The overall performance was KRW 1.0417 trillion of real gross profits and a 4.1% operating return (excluding short-term funds), exceeding the weighted average BM* by more than 3.8%p.

* BM(Bench Mark): Criteria to compare the operational performance of the Fund

(Average return on investment assets)



Stable Asset Management

Enhanced Return on Investment Assets

Financial investment

KTCU secures high-quality investment opportunities through continuous financial market monitoring and invests in financial assets such as domestic and international stocks and bonds. As of the end of 2018, we hold KRW 3.8248 trillion in stocks and KRW 7.5352 trillion in bonds. The stock market declined largely due to the US' tightening monetary policy and the domestic economic slowdown, yet the losses in the equity sector were mitigated by diversified investments, and the bond sector, thereby exceeding the target yield through the management of high-yield corporate bonds.

Corporate finance

KTCU has proactively identified and made new projects and joint investments for outstanding high performing companies at home and abroad, and achieved excellent performances exceeding its asset and profit targets even in a competitive market. As of the end of 2018, we hold KRW 4.9848 trillion in corporate finance assets, and in the future, will focus on identifying high quality assets and building a stable portfolio, and by minimizing risks by monitoring and responding to major macroeconomic environments such as interest rates and exchange rates.

Alternative investment

KTCU invests in real assets such as domestic and international infrastructure and real estate in order to secure a good profit base and reduce investment risks over the mid-to-long term. As of the end of 2018, the company holds KRW 9.8649 trillion, selective investment has yielded excellent returns compared to the long-term benefits savings rate over the past few years. KTCU will endeavor to minimize risks and increase profitability by selectively investing in high-quality assets with stable profitability and real estate assets with superior business locations.



△ SK Securities Building in Yeouido (Investment amount of KRW 40 billion, IRR 69.8 percent)

(Status of investment assets)

Classification	2016		2017		2018			
	Amount	Ratio	Amount	Ratio	Amount	Ratio		
Stocks	Domestic	Direct	9,865	4.3%	14,035	5.5%	11,105	4.2%
	Overseas	Consigned	21,395	9.3%	24,437	9.6%	17,883	6.7%
		Consigned	6,586	2.9%	9,856	3.9%	9,260	3.5%
	Subtotal		37,846	16.5%	48,328	19.0%	38,248	14.4%
Bonds	Domestic	Direct	37,773	16.5%	41,559	16.3%	39,982	15.1%
	Overseas	Consigned	13,534	5.9%	12,753	5.0%	9,092	3.4%
		Consigned	22,816	10.0%	23,268	9.1%	26,278	9.9%
	Subtotal		74,123	32.4%	77,580	30.4%	75,352	28.4%
Alternative investments	Domestic	Commodity	40,985	17.9%	43,385	17.0%	43,731	16.5%
		Finance	20,114	8.8%	20,508	8.0%	30,133	11.4%
	Overseas	Commodity	40,113	17.5%	44,931	17.5%	54,918	20.7%
		Finance	11,037	4.8%	15,445	6.1%	19,715	7.4%
Subtotal		112,249	49.0%	124,269	48.6%	148,497	56.0%	
Sum		224,218	97.9%	250,177	98.0%	262,097	98.8%	
Short term funds		4,638	2.1%	4,979	2.0%	3,215	1.2%	
Total		228,856	100.0%	255,156	100.0%	265,312	100.0%	

Unit_KRW 100 mn

Socially Responsible Investment

Creating social values through investment

Systematization and internalization of Stewardship Code

KTCU introduced stewardship code for the first time among the Korean unions in 2017 to exercise voting rights in a transparent and responsible manner. To this end, we revised the IPS and related regulations, and established the provisions for introducing stewardship codes. In 2019, we participated in relevant forums to share stewardship codes in order to systematically introduce them, and drafted voting rights guidelines for detailed guidance from April. During the second half of 2019, we aim to implement voting rights guidelines, thereby contributing to the activation of responsible investing.

Expansion of the socially responsible investment

The corporate social responsibility is emphasized, and in the case of institutional investors, the demand for socially responsible investment (SRI), which reflects the non-financial performance of the investment target companies, is also rising. KTCU conducts socially responsible investments which take into consideration the elements of environment, social responsibility, and governance. To this end, we continuously monitor the managers' performance analysis and market trends, and currently invest KRW 75 billion in 4 funds, including KRW 15 billion in new funds in 2019.

*See page 75 of this report for a list of socially responsible investment projects.

Discovery and investment of new growth business

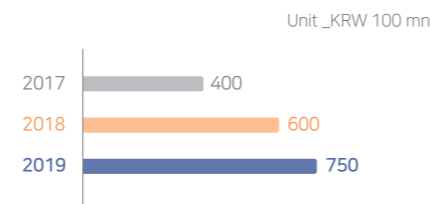
KTCU is also focusing on exploring and investing in new growth businesses in order to secure the stable long-term revenue sources that can overcome low interest rates and low growth. Through blind funds, we invested in new types of companies such as Blue Hole and Fast Five, and preemptively invested in overseas blind funds specialized in the software sector. In addition, we are expanding our investment base and securing future revenue sources by investing in similar infrastructure assets such as waste recycling business, private parking tower, and small and medium-sized retail facilities.

Building eco-friendly infrastructures through investment

KTCU invests across eco-friendly industries such as sewage treatment facilities, waste treatment facilities, and renewable energy to fulfill our social responsibilities as an institutional investor. Starting with investing KRW 9.9 billion in Dongbu Sewage Treatment Facility in Busan in 2002, we are contributing to the creation of eco-friendly values by investing in eco-friendly infrastructures such as LNG combined cycle power generation and renewable energy supply companies such as solar power and cogeneration.

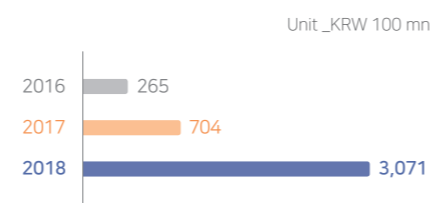
*See page 75 of this report for a list of eco-friendly investment projects.

(Size of socially responsible investment)



△ Gongpyeong-dong Centropolis Investment Project

(Size of new eco-friendly investments)



Reliable Deduction/Insurance System

Creating values by each deduction project

KTCU operates savings, insurance, and rental systems in accordance with the laws and articles of incorporation to stabilize the welfare of its members and to promote welfare, and promotes the interests of its members with favorable interest rates and welfare benefits. In the case of long-term benefits savings (including installment benefits payments), we paid KRW 2.0274 trillion in 2018 and KRW 115.8 billion in comprehensive welfare benefits (insurance). Member loans are managed in the amount of KRW 7.0605 trillion.

(Status of Member Value Allocation)

Unit_KRW 100 mn

Classification	2016	2017	2018
Long-term benefits savings(including installment benefits)	14,307	16,596	20,274
Retirement benefit savings	9,952	10,487	11,106
Comprehensive welfare benefits(insurance)	900	979	1,158
Member loans	52,338	58,355	70,605

(Deduction benefits)

Unit_KRW 100 mn

Classification	Details	2016	2017	2018	
Bereaved family benefits	If a member dies during service, in addition to retirement benefits, KRW 1-2 million are paid separately.	No. of cases	299	275	268
	Amount	2.99	2.77	2.68	
Illness benefits	For a member who acquired membership over 2 years ago and retires due to unrecoverable illness, in addition to retirement benefits, KRW 1-5 million is paid separately.	No. of cases	34	34	26
	Amount	0.52	0.5	0.3	
Death and accident benefits	If a subscriber of round sum benefit savings retires due to death or accident, up to KRW 5 million is paid separately (except for the accumulation type subscribers).	No. of cases	22	36	13
	Amount	0.05	0.06	0.02	
Total		No. of cases	355	345	307
		Amount	3.56	3.33	3.00

Improving the savings system

Launched long-term savings system installment benefits

Interest in retirement and life thereafter is growing due to the development and aging of medical technology. KTCU has launched a new product, Long-term benefit savings-installment plan, to help support the stable retirement of the families of educators. This product collects long-term benefits savings paid while in office, in the form of post-retirement pension. As of December 2018, the number of subscribers exceeded 18,000. The long-term benefit savings-installment plan are characterized by a high benefits rate of 2.99% annual interest rate and a low interest income tax of up to 3%. In addition, there are no fees, including interim termination fees and management fees, and the principal is guaranteed pursuant to Article 13 of the Korean Teachers' Credit Union Act.

No. of members paid installment benefits in September 2019

25,247 people



Reliable Deduction/Insurance System

Improving the loan system

Launch of a new installment plan loan

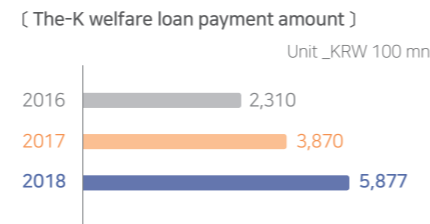
KTCU launched a new installation benefit loan in 2018. An installment plan loan is a system which does not immediately repay the loan balance when a member retires, but joins the long-term benefit savings-installment plan and maintains the loan for up to 10 years. This allows the installment plan loan to be repaid on a monthly basis. This product was developed to help support a long-term stable retirement and can be applied only once when converting retirement benefits into partial benefits upon retirement.

Launch of Reliable mortgage

In 2018, KTCU launched Reliable mortgage, which allows members with less than KRW 50 million in annual income subscribing to KTCU's long-term benefits savings to borrow up to KRW 30 million at an annual interest rate of 2.99% when purchasing or renting a house. The purchase and sales amount is less than KRW 600 million and the deposit is less than KRW 450 million, which is a part of The-K welfare loan (first time, marriage, childbirth loan), which was developed by analyzing the life cycle and loan demand of the members in 2016.

[Key details of the new loan system]

Classification	Installment plan loan	Reliable mortgage
Details	A loan system which guarantees a stable life in retirement as the member does not have to repay the loan balance upon retirement, but by ensuring that the loan is maintained as a collateral at the time of joining long-term benefit savings-installment plan	A loan system by which loans are extended at lower rates than general loans for the members or their spouses who make purchase or rent and are 3 months before or after the date of balance payment
Eligibility for application	Members expected to subscribe for installment benefits whose loan has not been repaid	Members subscribed to long-term benefits savings with an annual income of KRW 50 million or less
Application period	Up to 10 years (term cannot be set)	Within 3 months before and after the date of purchase of house or payment of the lease contract balance
Loan limit	<p>Depending on the amount of subscription for the long-term benefit savings-installment plan, amount to apply for the installment plan loan is decided</p> <p>Maximum possible amount = Loan balance upon retirement OR Amount applied for 70% of installment of long-term benefits savings (Lesser amount of the two on the left)</p> <p>Minimum amount possible = Amount applied for installment of long-term benefits savings - Post tax retirement benefits - Loan balance</p>	<p>Up to KRW 30 million (purchase and sale amount when purchasing a house, and within the limit of rental guarantee when renting)</p> <p>Up to KRW 30 million can be applied for = Benefits for the households retired (withdrawn) for long-term benefits savings + Within the limit of the use of guaranty insurance + Within Class 6 of the credit rating</p>
Repayment method	Repayment of equal installment for the principal (term cannot be set)	Repayment of equal installment for the principal
Repayment period	Up to 10 years (one can apply for less than the period of subscription for installment benefits)	Up to 10 years
Lending rate	2.99% / year (variable)	2.99% / year (variable)
Interim termination fee	None	None



Reliable Deduction/Insurance System

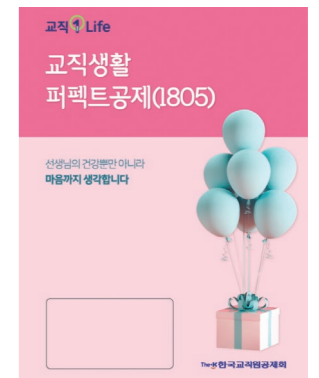
Improving the insurance system

Developing teacher-specific insurance products

Teachers have inherent risks caused by the uniqueness of the working environment. KTCU launched the Teacher's Life Perfect Benefit, a teacher-specific product, to protect its members from against the dangers that arise during teaching. This product provides benefits such as guaranteeing certain income in case of sick leave and public retirement and death, providing compensation for infringement of authority, and providing health care for the first time in the industry. KTCU is launching a separate 'Mental Fitness Security Benefit,' which allows teachers to join their spouses or immediate and non-immediate families.

Launch of new products using the KTCU Life Insurance Brand

KTCU developed and launched a variety of new products through the KTCU's life insurance brand. Unlike existing insurance products, the Simple Register Benefit for Member's Life, which was launched in 2017, allows the customers, who were denied for having illness or being senior citizen, to easily subscribe by reducing to the 3 items of notification. Health Benefit for Member's Life is a renewable health insurance product for seniors. The renewal period of this contract is set to 15 years for the initial contract and 10 years for the renewal contracts, thereby reducing the burden of contract renewal for middle-aged customers.



△ Teacher's Life Perfect Benefit



Implementation of separate insurance accounting

KTCU has enhanced the financial soundness of insurance business by implementing separate accounting for insurance business. As insurance accounting income became clearer through separate accounting of insurance, the standard of interest rate calculation standard was upgraded and the ratio of payout ratio was increased. We expect to contribute to the stable asset management and protection of the rights of insured members.

Strengthening manpower for conducting the insurance business

KTCU conducts on-the-job training to reinforce professional counseling capabilities and to deliver accurate information to sales personnel. KTCU's curriculum consists of a variety of training courses, ranging from collective theory and insurance related basic education to call center counselor training at 18 metropolitan and provincial offices and 7 regional sales offices for financial consultants (FCs).



△ Insurance business personnel training

[Status of insurance personnel training]

Name of training course	Training details	Target	No. of session
Collective education	Increasing understanding of insurance business in general and enhancing the sense of affiliation	Municipal and Provincial Branch, FC	Twice per year
New finance specialist training	After appointment by the Union, acquisition of basic theory education and business processing procedures and sharing of KTCU's life insurance values by the 5th month	FC	Every month
Branch officer training	Basic theory training on insurance management and sales capability reinforcement, and acquisition of business processing procedures	Municipal and Provincial Branch	Twice per year
Branch circuit training	Small scale customized training and sales coaching	Municipal and Provincial Branch, FC	Twice per year
Dedicated staff training	Strengthening of organizational management competency, Q&As, listening to difficulties, and taking suggestions	Municipal and Provincial Branch	Twice per year
Insurance call center counselor training	Strengthening of counseling capacity through in-depth training	Call Center Consultants	7 times per year

Satisfactory Membership Management

Sustainability Context

Achieving customer happiness is a core value for companies. Therefore, it is necessary to meet the needs and expectations of customers in corporate activities and to provide satisfactory services. To this end, we have established a consumer centric management system to gather opinions from various channels and provide services that meet the needs of members.

3 GOOD HEALTH AND WELL-BEING [Linked UN SDGs]
Good health and well-being




The · K Approach

Reliable member welfare services

In order to provide high-quality welfare services, we organize and operate customized cultural events. In addition, we contribute to the abundant life of our members by closely related welfares for daily living such as welfare subsidies and alliance with various convenience facilities.

The-K Happiness Service
Member Satisfaction for 2018
96.4 points
(out of 100 points)



Consumer Centered Management to elevate members' value

In order to provide a service that inspires our members, The-K Group has established a customer centric management (CCM) system. In addition, CCM related events are held to create a member-centered culture.

Won the
Presidential Award
at the 22nd Consumer's Day
in 2017



Improving member satisfaction

We listen to our members through the systematic VOC channel management. We communicate with our members through various channels such as The-K Magazine and SNS to improve service satisfaction.

Member Satisfaction in 2018
94.6 points
(out of 100 points)

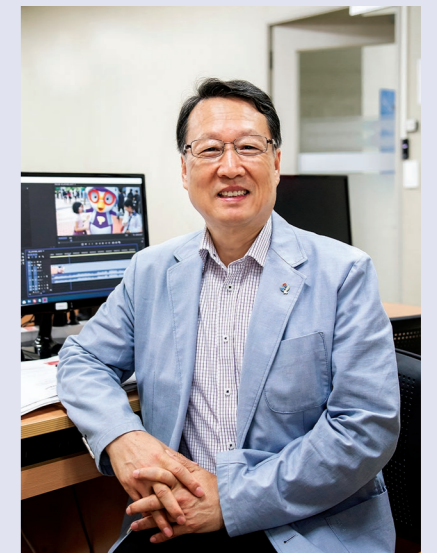


Interview

For a while, I taught physics to students and now I am retired. Before retiring, I was looking for what to do to live a rewarding life after retirement, at which time, I learned about the programs KTCU was running for retired members.

I have participated in Angkor Youth Academy and Youth Media Academy among other programs. At Angkor Youth Academy, I had a great time listening to lectures on retired life and planning the direction of life after retirement. I'm currently participating in the Youth Media Academy, through which I'm taking video production classes, and I'm happy to work till dawn making videos using the skills I've learned.

After retirement, there aren't many opportunities to try new things, so I sincerely appreciate the fact that KTCU offers a variety of programs for the retired. I hope that the program will be filled with real-life contents in the future, and that more members will be able to live meaningful lives after retirement.



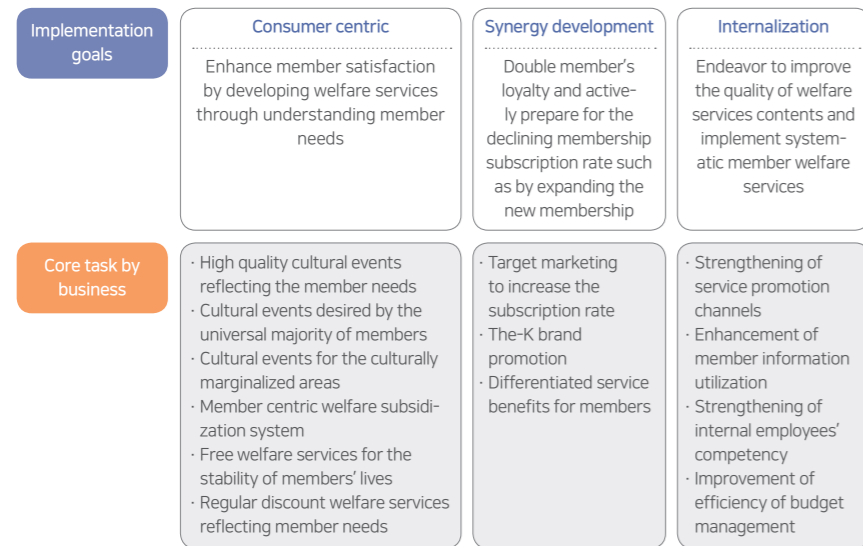
Ahn Jeong-Seon,
Member of KTCU

Reliable Member Welfare Services

Member welfare strategic and system

KTCU is the only teacher welfare institution in Korea that provides customized welfare services reflecting the characteristics and life cycle of its members. The Union established a member welfare strategy system for 2019-2021 based on its own analysis of the status and performance of member welfare services provided for continuous service satisfaction for 2019 through 2021.

[Member welfare strategic system]



Living welfare services

Providing various discount alliances and amenities and facilities

KTCU provides welfare services with various themes such as culture, travel and medical care. In particular, we purchased an additional Hanwha Resort membership in 2018 and secured 14,640 guest rooms annually to expand the accommodation welfare service, which has a high demand for members. In addition, we are expanding various services such as providing discounts for high-quality cultural performances in partnership with Interpark, providing support for stays in Jeju-do, and a psychological counseling program via The-K Mind Relaxation, for the current members.

[Status on the use of major partnering services]

Status of use	Medical institutions	Funeral halls	Accommodation facilities	Recreation and transportation facilities	Wedding halls
	78	15	108	30	7
2016	11,451 people	217 people	316,852 nights	53,800 people	1,076 cases
2017	9,172 people	185 people	303,308 nights	75,324 people	824 cases
2018	8,179 people	283 people	283,019 nights	79,558 people	674 cases



△ The-K Jirisan Family Hotel

Reliable Member Welfare Services

Operating a welfare benefits system

KTCU realizes the universal welfare service values by operating the welfare benefits system, which offers free welfare benefits and souvenir benefits for all age groups. In 2018, a total of KRW 4.98 billion was paid out to 89,533 members. In order to increase the rate of payments by allowing members to recognize the welfare benefits system and apply within a 3-year period of the claim, we have enhanced the promotion of welfare service guides through the publication of online publicity activities and a publication titled 'Full of Fun, Full of Happiness'. KTCU conducts annual surveys on satisfaction and preferences for welfare assistance souvenirs to provide better welfare services, and will also continue to develop and improve welfare assistance funds that meet the needs of members.

[Performance of implementing daily living welfare services]

Unit : cases, KRW 100mn

Classification	Details	2016	2017	2018	
Childbirth benefit	If a member or the member's spouse delivers child, KRW 100,000 is paid.	No. of cases	20,234	19,509	18,612
	- KRW 100,000 for the first and second child - KRW 300,000 for the third child and more	Amount	23.42	22.46	21.25
The high-ranking account benefit	As of the end of December of the previous year, members who have over 25 years of membership subscription have long-term benefits savings totaling the top 1% of the number of accounts (excluding the paid), KRW 200,000 are paid per person once (once).	No. of cases	2,068	4,742	3,140
		Amount	4.29	11.61	6.3
Marriage benefit	Paid for the member's marriage	No. of cases	10,013	11,457	13,690
		Amount	4.55	5.32	6.53
New member benefit	Paid to the general member subscribing for the first time for the long-term benefits savings	No. of cases	35,400	37,991	41,499
		Amount	9.17	10.31	10.35
Rejoined member benefit	Paid to those re-subscribing after withdrawal among the subscribers of over 5 years and under 20 years for the long-term benefits savings	No. of cases	3,714	4,016	4,385
		Amount	1.10	1.0	1.28
Special member benefit	Souvenir offered to the new subscribers for the retirement benefit savings and long-term benefit savings-installment plan (limited to the subscribers of additional money type and defined pension type, but excluding accumulation type)	No. of cases	6,493	7,600	8,207
		Amount	2.29	3.7	4.09
Total		No. of cases	78,606	85,471	89,533
		Amount	45.29	54.51	49.80

* No. of cases and amount reflected due to the expiration of claim (December 31, 2017) period for subsidies for the death of family and retirement souvenirs repealed on January 1, 2015.

Free legal and tax counseling services

KTCU currently operates 22 free legal and tax consultation centers across 13 cities and provinces nationwide. In order to provide stable counseling services to our members, we select and commission lawyers and tax accountants who are highly skilled and renowned in each region. In 2018, we provided 2,167 legal counseling services and 1,137 tax counseling services, and are continuously improving service usage rates and satisfaction through feedback from members. In particular, the tax consultation center in the metropolitan area shows a high usage rate of 65.5% of the total utilization rate, and we are planning to install the Gyeonggi Regional Tax Consultation Center in 2020 toward providing high-quality legal and tax consultation services.



△ Full of Fun, Full of Happiness publication

[No. of cases of the use of free legal and tax consultation services for members]



Reliable Member Welfare Services

Cultural welfare services

The-K happiness service ensures that every moment of everyday life is happier

KTCU conducts customized events that actively reflect members' preferences such as movies, books, concerts, musicals, classics, and experiences, while endeavoring to offer benefits to even more members such as by diversifying the planning of new cultural welfare services and regions for holding events. KTCU will do its best to improve the overall quality of the program, improve work efficiency and membership satisfaction.

[The-K happiness service performance]

Unit _people, KRW 100 mn

Classification	Details		2016	2017	2018
Culture & art	Cultural Lounge, Happiness Concert, Visiting Happiness Excursion I / II, Korean Teacher's Art Exhibitions, etc.	Attendee	22,315	25,297	38,901
		Amount	9.74	17.43	30.88
Books	Book&JOY Book Presentation & Celebrity Lectures	Attendee	6,712	6,672	12,328
		Amount	1.23	1.14	2.01
Avocation	Cinema&JOY, Sports&JOY, Culture&JOY, Silver Companion, etc.	Attendee	211,912	240,848	229,010
		Amount	13.99	17.79	30.93
Total		Attendee	240,939	272,817	280,239
		Amount	24.96	36.36	63.82

Enhancing member satisfaction with new cultural welfare services

In addition to the existing welfare services, KTCU provides new cultural welfare services for continuous service improvement. In 2018, to expand membership-oriented cultural events centered on 2030 generations, we provided 4 different themes of "Art, healing, DJing, and picnics," which reflect the appetites of younger generations. Through which, we were able to provide more welfare benefits, such as providing a forum for members of the same age group and promoting "The-K happiness service" to the participating members.

[The-K happiness service for those in their 20s and 30s]

Date	Event	Cast and Program	Attendance Rate	Level of Satisfaction
2018.7.12.	Moonlight Travel of Painting	Coloring therapy of Kim Hyun-Jeong, a Korean artist	100%	96.3
2018.7.14. ~15.	2 days and 1 night at a mountain temple	Temple Stay at Hwaeomsa	97%	97.6
2018.8.11.	Summer Night DJ Party	DJ KOO's (Koo Jun-Yeop's) Club DJing Party	100%	96.4
2018.9.15.	Joy Ol Park Festival	Fall Vacation Concept Picnic Concert by a Famous Artist	100%	97.3

[The-K Happiness Service member satisfaction]

Unit _points, out of 100 points



△ Coloring therapy of Kim Hyun-Jeong, a Korean artist

Reliable Member Welfare Services

Operating high-quality cultural events reflecting the needs of members

KTCU members consist of a wide range of age groups and also require customized services that reflect generational needs. Therefore, we are trying to meet various needs by providing events by age group. Special members who have been contributing to the Union for a long time are provided with the 'Silver Companion' service specialized in the lifestyle of retired members, and a family-oriented experience event of 'Education&JOY' is held for the members in their 30s and 40s, who account for the highest proportion of members. In addition, we provide various welfare services to enhance the satisfaction of each age group.

[Status of cultural events customized for members]

Silver Companion	Education&JOY
Customized cultural welfare specialized for the retirees' lifestyles	Family experiential events for the members in their 30s and 40s
As the first implementation in 2015, various projects for special members are performed (season specific cultural events, Cheong.Ba.Gi concert, autobiographical publication projects, silver special lectures by celebrities, etc.).	An experiential family events that combine various fields such as travel and experience, which has become a leisure life trend, we have discovered and provided new contents continuously since the first implementation in 2016.
<p>[Invited]</p> <p>Unit _people</p> <p>2016 2017 2018</p> <p>1,891 1,880 3,011</p>	<p>[Invited]</p> <p>Unit _people(including companions)</p> <p>2016 2017 2018</p> <p>320 1,520 1,540</p>



△ Education&JOY train traveling with KTCU

Providing cultural services for the culturally marginalized regions

KTCU finds culturally marginalized areas and provides cultural services to fulfill its social responsibilities in terms of member welfare. The 'Visiting Happiness Excursion I,' a cultural sharing event is held for teachers, students, and local residents in regions where performance arts are difficult to access. In addition, 'Culture&JOY,' which is run by the municipal and provincial offices nationwide, provides film and cultural performances. KTCU will endeavor to provide equal benefits to all members by providing cultural welfare services considering local equity.

[Status of holding events targeting culturally marginalized areas]

Visiting Happiness Excursion I	Culture&JOY
<p>[Target schools]</p> <p>Unit _schools</p> <p>2016 2017 2018</p> <p>19 8 24</p>	<p>[No. of sessions]</p> <p>Unit _numbers</p> <p>2016 2017 2018</p> <p>35 44 45</p>
<p>[Attendee]</p> <p>Unit _people</p> <p>2016 2017 2018</p> <p>3,973 1,760 6,880</p>	<p>[Attendee]</p> <p>Unit _people</p> <p>2016 2017 2018</p> <p>8,599 10,065 12,847</p>



△ Visiting Happiness Excursion

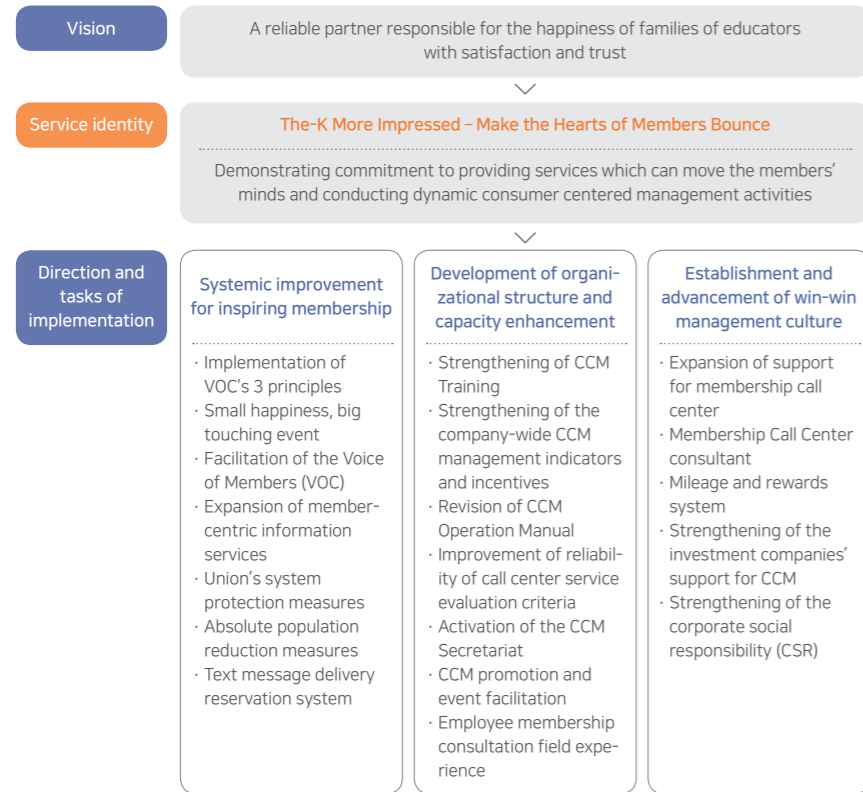
CCM to Elevate Members' Value

Consumer centered management (CCM)

Building The-K Group wide CCM system

All KTCU's management activities are focused on the happiness of the families of educators, and we practice consumer centered management (CCM) to enhance customer satisfaction and reliability. We are promoting company-wide tasks for customer satisfaction, centered on the member welfare department and the CCM's general manager. We have established the CCM mid-to-long-term strategy (for 2018 through 2020) system and derived and are performing detailed tasks accordingly.

[Long-term strategy and system for CCM (2018~2020)]



Leading consumer centered management by acquiring CCM's 4th certification

KTCU is making great efforts to build a corporate culture, improve processes, and establish a system centering on its members. In particular, we are promoting exemplary consumer centered management activities such as preventing member complaints in advance and prompt follow-up. We have strengthened our competitiveness in consumer centered management by actively conducting in-house training and investment companies' CCM training to maintain excellent membership service quality. In recognition of these efforts, we secured our position as a leading CCM organization by acquiring the Consumer Centered Management Certification of the Fair Trade Commission for 8 consecutive years, from the new certification in 2012 through to the 4th certification in 2018.



△ The 2018 consumer centered management certificate awarding ceremony

CCM to Elevate Members' Value

Expanding the CCM culture

Forming the company-wide CCM consensus

KTCU strives to form a company-wide consensus on CCM and strengthen the awareness of officers and employees. By operating various reward programs such as excellent branch offices, excellent employees, and CCM mileage, we are strengthening their awareness of consumer centered management (CCM), while contributing to the formation of consensus across the employees of the Union, investment companies, and the Membership Call Center.

[CCM events and activities]

Date	Target	Details
2018. 3.	Employees of the Union and investment companies	[Warm like a spring breeze! Four character idiom quiz] - An event to expand "Jeopinchungung," a CCM theme the chairman selected, company-wide for The-K Group.
2018. 6.	Union's employees and Membership Call Center	[My work is CCM! CCM "Introduce yourself"] - By connecting the meaning of CCM with one's own work, one can increase personal rewards and motivation for work. - Promote win-win management with partnering companies, including members of the Membership Call Center for the first time for the CCM event. - Produce excellent posters and use them to promote CCM.
2018. 12.	Union's employees (by team)	[Introduce our team (branch) to the new employees] - Each team can introduce their team from the CCM's perspective, giving them the opportunity to think about how their team contributes company-wide and to be rewarded for their work.



△ CCM event

Promoting internal and external awareness through active promotion

KTCU strives to strengthen the internal and external awareness of the CCM and the Service Identity (SI) every year. In order to enhance the awareness of CCM among the Union's employees, CCM and SI are promoted to groupware and branch offices. In the Membership Call Center, the CCM PR design is produced and distributed on the screen of the call counseling system used by the counselors, contributing to the spread of CCM culture of suppliers. CCM marks have been placed on external distributions such as business cards, promotional videos, and The-K magazine to express CCM's commitment to various channels.

Disseminating the CCM culture by sharing best practices

KTCU is spreading its consumer centered management culture even to other companies by sharing the Union's CCM operational know-how. Every month, we participate in CCM seminars hosted by the Korea Chamber of Commerce and Industry to continuously study theories and cases for the advancement of CCM operation. In May 2018, we held a lecture on sharing and disseminating the best practices of CCM. In addition, we were selected as one of the Top 10 CCM Public Relations Companies in 2018 by acquiring the latest CCM-related information and disseminating the Union's CCM operation know-how by attending regular consumer education and information sessions.



△ Announcement of best practices of CCM

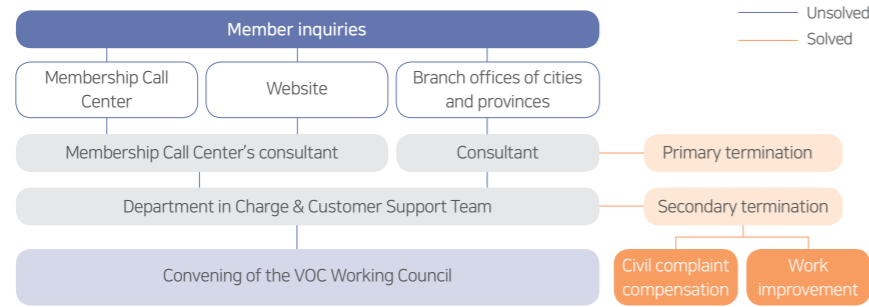
Improving Member Satisfaction

VOC, managing complaints

Improve service satisfaction via VOC management

KTCU strives to identify and actively improve based on members' complaints and suggestions through various channels. We operate a systematic VOC system for prompt processing and integrated management of member complaints, and we continuously receive and process the voices of members through the Membership Call Center, the one-on-one bulletin board on the website and the voices of customers. In particular, in the case of telephone counseling, we are constantly striving to improve the satisfaction of VOC processing by checking the status of consultation reception, processing and response rate.

[Members' complaint handling process]



Conducting CS training for member satisfaction

KTCU conducts employee training for member satisfaction. In 2018, a total of 53 training sessions were held for 1,647 people. Training is provided not only to the Union, but also to investment companies and partnering companies, thereby contributing to building the company-wide mindset. In particular, we are organizing and training to develop K.S.A (Knowledge, Skill, and Attitude) competencies for membership service. As a result of our efforts to improve member service quality, we achieved 94.6 points in 2018 in the members' CS evaluation.

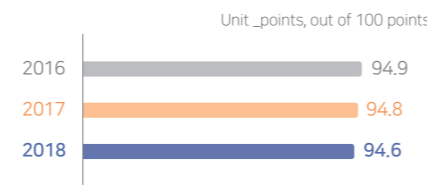
[Status of CS training]

Classification	2017		2018	
	No. of sessions	Trained personnel	No. of sessions	Trained personnel
Insurance CS Call Center CCM training	-	-	2	12 people
Membership service improvement process and training	2	126 people	2	130 people
CCM webzine operation and publication	8	513 people	11	528 people
CCM training by grade (Level 1)	-	-	1	19 people
Counselor CCM collective training	2	31 people	2	28 people
Membership service department's CS training	-	-	2	30 people
CCM training for new employees	-	-	2	26 people
Group training CCM education	2	321 people	2	336 people
CCM field clinic	15	122 people	20	126 people
Investment companies CCM training support	9	383 people	9	412 people
Membership contact department one-on-one coaching training	1	1 person	-	-
Total	39	1,497 people	53	1,647 people

[Membership Call Center's phone response rate]



[Members' CS evaluation]



△ Membership service improvement process and training in 2019

Improving Member Satisfaction

Enhanced communication with membership

Publishing The-K Magazine

KTCU launched The-K Magazine in September 2017 to ensure continuing communication with its members. We provide content that is specific to the lifestyle of teachers, our main client base, guidance on the deduction system and welfare services, and the performance of the Union and investment companies through monthly magazines. In addition, in accordance with the rapidly changing era of video media, the main content is selected and provided via YouTube videos every month.

Facilitating communication through various channels

KTCU is focusing on communicating with its members through blogs, Instagram and YouTube, etc. Considering the characteristics of members, we are developing content that is of high interest to teachers, and creating ways to induce interest in card news and videos. In particular, we operate the The-K SNS Press Group consisting of Union members, striving to communicate with our member more closely, and forming a consensus with members through various contents such as seasonal issue planning and member participation events.



△ The-K Magazine

Reorganizing mobile and online websites

KTCU reorganized its website in 2018 and expanded its mobile service for customer satisfaction and convenience. In particular, we have improved the ability to process services that were available only by visiting or by mail, such as applying for installment plan loans and claiming reimbursement for damages. In addition, we have enhanced convenience for our customers by enabling most financial affairs such as signing up for savings products and applying for loans through mobile. In addition, various events such as The-K happiness service and The-K hotel and condominium reservations are supported, making it easy to use most of KTCU's services.



△ The-K website's main page

Privacy and information security

KTCU has established and posts a personal information processing policy on the website, including the purpose of processing, items, and information subject's rights, and subscribes to the Personal Information Protection Insurance every year to enhance the safety of personal information management. In addition, we operate the personal information protection organization (personal information protection council, personal information protection working council) and conduct self-inspection of the personal information processing system to help promote systematic management of personal information. There were no incidents of customer information leakage or related complaints filed between 2017 and 2018.

KTCU has developed a state-certified Information Security Management System (ISMS) and is carrying out information security work in accordance with the verified management system. Technically, we secure the safety of member information by establishing physical network separation and a multi-level attack defense system, strengthening safety measures, and strengthening the preparation against cyber attacks through regular security control by a government-designated security control company, while doing out our best to this end.

Happy Society through Sharing

Sustainability Context

In addition to economic profit-oriented activities, we must comply with the social obligations demanded and expected by our stakeholders in order to achieve sustainable growth. To this end, we are carrying out responsible activities to bring a positive impact to various aspects of society, including sharing through social contribution, creating an eco-friendly culture through environmental management, and shared growth with suppliers. KTCU is also doing its best to fulfill its social responsibilities.

17 PARTNERSHIPS FOR THE GOALS [Linked UN SDGs]
Partnerships for the goals




The · K Approach

Social contribution bringing hope

KTCU is establishing a strategic social contribution system centering on education-related social contribution projects that are in line with the KTCU's mission. We carry out various activities such as mentoring programs for vulnerable groups to share educational opportunities and funeral support programs for the grandparent-headed families to spread the culture of sharing.

Social contribution expenses in 2018
KRW 1,556 million



Environmental management for the future

KTCU establishes an eco-friendly culture through certification of the new eco-friendly corporate building, run environmental campaigns to save energy and resources in-house, and actively introduce new and renewable energy such as solar panels.

KTCU's new building was **LEED Gold** certified.



Coexistence with the community

KTCU is developing and practicing ways to grow together with local communities, such as creating a fair and transparent trading culture, strengthening the mutual growth with business partners, and expanding business with social enterprises.

Achieved **10.1%** purchase rate for the products for persons with disabilities in 2018



Interview

Currently, I teach architecture interior to students of Eunpyeong School of Cultural Arts & Information, and serve as the head of school affairs, handling various administrative tasks of the school. Even though my vision was poor, I became the Academic Director, and so I needed a reading magnifier to review a large amount of documents and also communicate with other teachers.

I contacted a lot of places to seek support for educational aids and equipment, but it was not easy. At the end of the endeavor, I learned about the support project for educational aids for disabled teachers conducted by KTCU, and received a reading magnifier. This enabled me to communicate more smoothly when meeting with other teachers, thereby significantly increasing work efficiency.

Through this opportunity, I felt that KTCU provides the necessary support for those in need, and so I would like to express my gratitude. I hope that KTCU will continue to be a union which shares hope in the right places for education.



Koo Man-Ho,
Teacher, Eunpyeong School of Cultural Arts & Information

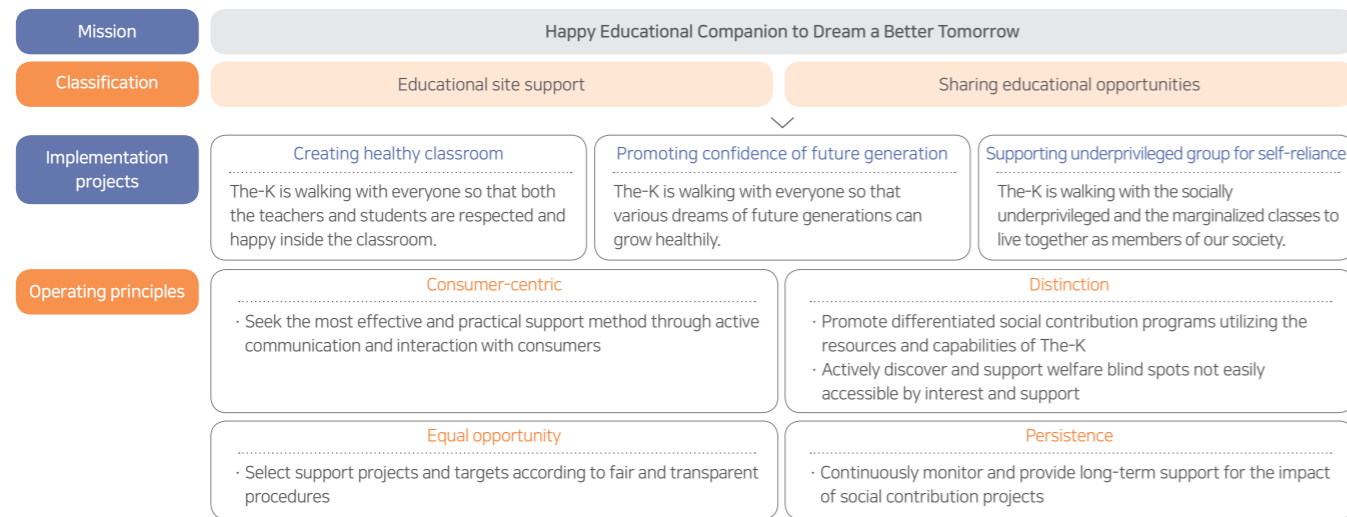
Social Contribution Bringing Hope

Shared social contribution

Promoting continuous and systematic social contributions

KTCU has established a social contribution mission under the slogan "Happy Educational Companion to Dream a Better Tomorrow," and is implementing systematic social contributions using our own educational resources and wealth. KTCU established the Social Contribution Committee, which is the highest decision-making body for social contribution, and also laid the foundation for strategic social contribution. In addition, the CHARM Sharing Volunteer Group, which is dedicated to social contribution activities, is active in each region and conducts various activities to meet the needs of each local community every year.

[Social contribution system chart]

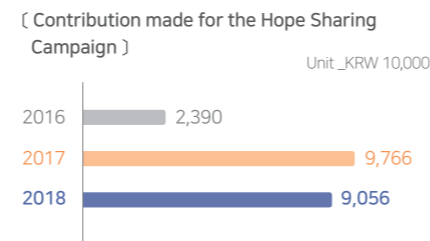
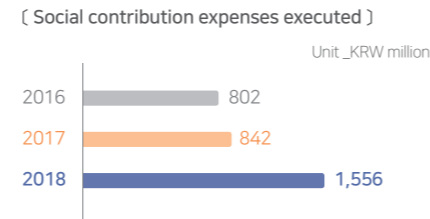


Running the Hope Sharing Campaign

KTCU implements the Hope Sharing Campaign to raise donations through voluntary donations made by officers and employees and the matching grant of the Union. Through this annual campaign, we set the personal goals of individual employees linked to the 5 core values of the Union, which are happiness, trust, passion, communication, and responsibility at the beginning of the year. In 2018, 174 officers and employees participated and donated KRW 11.32 million, and KTCU donated KRW 79.24 million, totaling KRW 90.56 million handed over to the organizations of the Green Umbrella Children's Foundation and Save the Children.

Sharing warmth by The-K Happiness Donation

KTCU is forming The-K Happiness Donation in combination with the member welfare service of The-K happiness service. All donations accumulated through the participation-type donation programs, such as participation in cultural events and donations at the event sites, are donated to social contribution organizations. Through this, we support cultural and physical activities for children and young people who have less opportunities to participate in cultural events. In 2018, we provided approximately KRW 200 million in support for 7 organizations, including the Small Library Makers.



△ 2018 The-K Happiness Donation ceremony

Social Contribution Bringing Hope

Expanding the culture of sharing

Supporting teaching aids for the teachers with disabilities

Since 2017, KTCU has been supporting customized educational aids in cooperation with the Korea Foundation for Persons with Disabilities to improve the educational environment and strengthen the capabilities of teachers teaching persons with disabilities, the core stakeholders of the Union. The educational aids are mainly braille information terminals (visual), posture assisting devices (physical disabilities), sound amplification devices (hearing), etc., supporting the necessary auxiliary devices according to the type of disability and leading the improvement of the front-line education environment. In 2018, a total of KRW 82.55 million worth of assistive devices was provided to 22 teachers, and in 2019, we expanded our business to provide support in the way of KRW 200 million for a total of 45 people for assistive devices. KTCU will continue to provide educational aids to create an obstacle-free classroom, and through which, KTCU will take the lead in creating an environment where everyone can have a happy class.

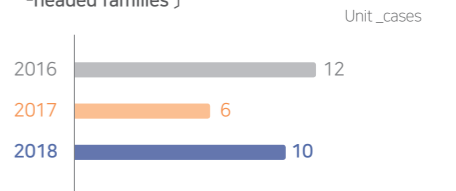


△ Donations to the Korea Foundation for the disabled

Providing support for funerals in grandparent-headed families

KTCU provides support for funeral services and expenses for the children in elementary, middle and high schools who are financially challenged in connection with The-K Yedaham Mutual Aid. We select beneficiaries from grandparent-headed families in which the grandparents are 70 years of age or older for their children in elementary through high school. In 2018, 932 beneficiaries are selected. A total of KRW 37.3 million was provided for a total of 10 families in 2018, and moving forward, KTCU will continue its strategic social contribution activities with investment companies.

[Support for the funeral services of grandparent-headed families]



Sharing educational opportunities

Supporting youth mentoring for the vulnerable class

Since 2009, KTCU has conducted mentoring programs to help middle and high school students and college students who have difficulty at home concentrating on their studies. This program matches one or two middle and high school students with one college student mentor at each local university in each of the 18 municipalities across the country to provide in-depth mentoring from academic to career counseling. Participating mentors and mentees receive scholarships every month, and KTCU has taken the lead in sharing educational opportunities by donating approximately KRW 456.39 million to 125 students for two years from 2017 to 2018.



△ Youth Mentoring Hope Camp

Sponsoring adult literacy and night schools

Since 2014, KTCU has been contributing to revitalizing literacy education and increasing literacy rates by signing working agreements with the National Institute for Lifelong Education to promote literacy education. In addition, we support the operation of literacy education facilities such as night schools, expanding educational opportunities and expanding beneficiaries. KTCU will continue to support the marginalized neighbors with the enthusiasm for learning to realize the value of "a Happy Educational Companion to Dream a Better Tomorrow."



△ Received a Certificate of Appreciation for facilitating cultural education

A Happy Companion Dreaming of a Better Tomorrow

The-K Pre-Teachers' Overseas Expedition



We provide students with opportunities to directly experience overseas education systems and cultures at the College of Education, who are future teachers, so that the dreams of future generations can grow healthily.

Support for children struggling with childhood cancer



We provide donations to the children who are struggling with sickness through related institutions, support campaigns for members to post comments, and support the emotional and psychological stability of patient children and share the warmth of society.

School village library construction project for farming and fishing areas



The-K Happiness Donation is a small contribution to the culturally marginalized local youths and residents who are vulnerable to receiving cultural benefits by sponsoring projects to build village libraries in remote rural areas.

CHARM Sharing Volunteer Group sharing together



We are fulfilling our social responsibilities as community volunteers through the CHARM Sharing Volunteer Group a KTCU social contribution organization. We practice heartfelt service and express our sharing heart for the local community every year, including officer and employee volunteering, support for facility operation, and donation to the underprivileged neighbors.

Environmental Management for the Future

Creating an eco-friendly culture

Acquired eco-friendly building certification for the Union's new corporate building
KTCU promoted the new corporate building's eco-friendly building certification as a part of the company-wide environmental management and eco-friendly policy. The new corporate building in Yeouido, completed in 2018, has introduced a 117.72kW photovoltaic facility and 35kW fuel cells to reduce carbon dioxides generated in the building maintenance process. As a result, we have obtained the LEED (Leader in Energy and Environmental Design) Gold certification, building energy efficiency rating of 1+, and green building best certification. In addition, the Green Building Certification reduced exemptions of KRW 1,059,738,549, or 15% of the total acquisitions tax. As such, KTCU has endeavored in a variety of ways to help reduce our environmental impact and has also realized cost savings.



△ Roof garden inside the new corporate building

Eco-friendly campaign to minimize the office environmental impact

KTCU conducts various in-house eco-friendly campaigns to protect the environment. We are striving to reduce environmental impacts in our daily lives, such as the Nop. Nop. Day Campaign, which activates the use of individual cups to reduce the use of disposable products, lights out during lunch hour for energy savings, and the computer standby power saving campaign. In addition, in order to take the lead in protecting the environment through paper saving, we are carrying out meeting and reporting culture improvement campaigns to reduce unnecessary output of meeting materials. We will continue to strive for these environmental campaigns not to end with short, one-off events, but to settle these initiatives into our daily lives to produce practical results.



△ Nop. Nop. Day Campaign for the use of personal cup

Investment companies expanding eco-friendly management

KTCU, which has continued direct and indirect investment in eco-friendly business, has completed the construction of solar and photovoltaic facilities for the investment companies to pursue eco-friendly management and reduce costs. With the construction of solar thermal and photovoltaic facilities, the annual solar heat collection area and solar power at the 853.0kW-sized facilities have an annual economic effect KRW 338.5 million in the last three years.

[Status of photovoltaic & solar facilities operation]



Unit_KRW 1,000

Classification	2016	2017	2018
Photovoltaic power sales	233,306	236,535	226,207
Economic effect via photovoltaic facilities	387,497	324,774	303,223

Coexistence with the Community

Forming a fair trade culture

Implementing transparent contracts without corruption

KTCU strives to create a fair trading culture. In order to reinforce the fairness of contract work, we use standard contracts such as service contracts, product purchase contracts, and construction contracts. In addition, a dedicated contract organization was formed to support professional and transparent contract work. Through which, the overall management of all contracts at and by the Union was made possible, and the review of the contract review committee and the Audit Department was also strengthened to enhance the fairness and transparency of the contract work.

Establishing a fair trade culture by activating the use of S2B

KTCU operates S2B ("Hakkyo Jangtoe" or "School Market"), a designated information processing device, and also provides support for the prioritized procurement of public institutions within the system. When using S2B, all the contracting process from request for a quotation to the execution of contracts is made open to the public. KTCU conducts annual system education and training (annual average over 30,000 people) to use the system for the contracting officers of educational institution. Through such efforts, we are expanding the use of the S2B system to contribute to improving fairness and integrity of accounting operations in educational institution.



△ 2018 S2B Integrity Contract Excellent Institution Award ceremony

Facilitating the economy via cooperation for coexistence

Strengthening mutual growth with suppliers

KTCU believes that building a win-win partnership with suppliers in a transparent management environment is the foundation for sustainable growth. We have partnerships with various companies in relation to the survey of deposit and withdrawals for membership affairs as well as stock and bond trading, IT development, building maintenance, cleaning, and security, etc. KTCU has established a cooperative system of transparent and fair trade and win-win cooperation for true win-win growth with business partners.

Activation of the purchase of products for persons with disabilities

KTCU is promoting the purchase of products for persons with disabilities to fulfill its corporate social responsibility. We encourage to purchase products for persons with disabilities, such as office pantry supplies, and we aim to purchase at least 3% of the total annual purchase. In 2018, a total of 10.1% of total purchases were made with the products for persons with disabilities, and we will continue to implement these efforts to contribute to job creation and income for persons with disabilities.

Purchase of goods workplaces that hire persons with disabilities in 2018

KRW 134.41 million



Fund Management Partners' Day for Building Continuing Partnerships



While many pension funds posted very low returns due to global economic uncertainties, KTCU has actively utilized partnerships with various fund managers, thereby achieving a stable return of 4.1%. This achievement was made possible through coexistence and cooperation with various fund managers.

In March 2019, KTCU held the "2018 The Korean Teachers' Credit Union Fund Management Partners' Day" to thank the fund managing partners and to strengthen partnerships. The Partner of the Year Award, which is the Best Partner Award, was evaluated through the 3 stages of quantitative evaluation of earnings performance, satisfaction of related employees, and performance evaluation council for fund management. A total of 8 companies were selected, including 3 companies for financial investment, 2 companies for corporate finance, and 3 companies for alternative investment.

[List of Partners of the Year]

Financial Investment Sector

Must Asset Management Co., Ltd.
NH Investment & Securities Co., Ltd.
Kyobo Securities Co., Ltd.

Corporate Finance Sector

IMM PE Co., Ltd.
Vogo Fund Asset Management Co., Ltd.

Alternative Investment Sector

Mirae Asset Asset Management Co., Ltd.
Pine Tree Asset Management Co., Ltd.
MERITZ Alternative Investment Management Co., Ltd.

In 2019, we created a blind fund worth KRW 890 billion and selected a consigned manager. In addition, we will establish more diverse partnerships and pursue diversified accompanied growth with venture companies, start-ups and investment partners.

KTCU is a large institutional investor which invests approximately KRW 26 trillion out of its total assets of 34.6099 trillion across domestic and overseas stocks, bonds and alternative investments. Therefore, close cooperation and trust-based partnerships with fund managers are essential for stable and efficient operation. KTCU will strive to achieve stable returns by actively seeking mutual growth and coexistence with partners.

Culture of Mutual Respect

Sustainability Context

Recently, addressing employment inequalities such as securing transparency in the hiring process, hiring socially vulnerable persons, and minimizing non-permanent workers has emerged as a major challenge for companies. The main task is to cultivate human resources to cope with changes in the industrial environment and structure caused by the Fourth Industrial Revolution. Meanwhile, as the balance of work and life and the enhancement of women's human rights are emerging as social issues, family-friendly management within the company and gender equality within the organization are stressed. In addition, occupational safety and employee health protection are also key elements of a sound corporate culture.



10 REDUCED INEQUALITIES
 [Linked UN SDGs]
 Reduced inequalities

The · K Approach

Talent management

KTCU is improving the organizational culture by setting the principles of action and the way of working according to the 5 core values of the Union. In addition, we are eliminating discrimination by practicing a blind hiring policy and improving the treatment of non-permanent workers, and actively supporting the development of competencies necessary for employees to perform their duties.

Individual competency building training in 2018
460 cases



Creating a happy workplace

KTCU is operating flexible working hours and a special parental leave system to support the balance of work and family. We also support individual leisure life through various welfare programs. In addition, we are creating a happy workplace with a culture that respects human rights.

Employee satisfaction for 2018
3.73 points
 (out of 5 points)



Forming a healthy working environment

KTCU is building its own crisis response system to prepare for various crisis situations. In addition, we provide immunization and health screening support programs for a healthy working environment in which employees can work safely.

Disaster response training participation rate for 2018
97%



Interview

KTCU is striving to form a horizontal organizational culture by strengthening communication and collaboration within the organization. To this end, we have established The-K Way, a manual which defines the values and behavior of the mutual aid system, with the intention of creating a standard that everyone can relate to, regardless of generation or position.

We gathered diverse opinions through the employee meetings and surveys to create The-K Way, expressed in the hues and language of our union, which contains detailed practical and working tips such as “How to prepare reports to receive compliments” and “Nurturing new hires well.”

In addition, to create a better working environment, we use various channels such as the employee suggestion system and satisfaction survey to find and resolve areas that need improvements. We will strive to establish the horizontal organizational culture so that all employee can work with pride as members of KTCU.



Kang Ji-In,
 Manager of Vision 55TF Team, KTCU

Talent Management

Strengthening the competencies of officers and employees

Strengthening individual job expertise

In addition to the common training for each position, such as leadership and communication, KTCU operates a customized human resource development program that enables all officers and employees to enhance their expertise by enhancing their capabilities. In particular, to strengthen our asset management capabilities, we conducted benchmark training at global high performing companies such as those in the US and Europe in 2018 and acquired advanced financial techniques. Beyond this, we have conducted 460 individual capability building training sessions for 182 officers and employees across finance, accounting, insurance, real estate, and IT. In addition, we offer short-term professional human resource development courses such as graduate school subsidization and financial information and asset management strategy courses to strengthen job competencies.

Enhancing global competency

KTCU operates a cyber training center to provide active and regular educational opportunities through online learning. In order to strengthen our global competency, we also offer a variety of foreign language education programs, including language school tuition support, phone English, and in-house language classes.

Facilitating knowledge management

To cope with changes brought about by the Fourth Industrial Revolution and to activate company-wide knowledge management, KTCU distributed blockchain-related books and shared video lectures (SERI Pro contents) by promoting blockchain-related learning programs. We also held reading events and organized learning teams of 11 teams (8 teams at headquarters and 3 teams at branches). Through which, we conducted group-based learning activities such as discussions and education, held a presentation on evaluation of learning results, selected excellent learning organizations, and reviewed the practical use of the learning results.

Implementing innovation promotion leader system

KTCU strives to increase work efficiency and create new values through innovative thinking. In order to strengthen the innovation capacity of our employees, we implemented the innovation promotion leader system in 2018, forming a total of 20 innovation promotion leaders in each department and providing training on capacity building. In addition, we were awarded for a total of 37 management innovation cases and presented 7 best practices such as "discovering members for membership," and shared them with all officers and employees to take the lead in encouraging and promoting the innovation activities of officers and employees.

[Status of completion of training by officers and employees]

Unit_people

Classification	2016	2017	2018
Common training	1,301	2,010	2,300
Rank-related training	410	554	572
Duty-related training	190	132	277
Courses consigned to professional institutions	285	158	467
Cyber training institute's courses	1,593	1,088	852
Foreign language courses	1,156	1,199	1,086



△ Job training on the improvement of the calculation method for the payment of the long-term benefits savings



△ Innovation Workshop

Talent Management

Fair and non-discriminatory HR management practices

Performance-based HR evaluation system

KTCU established an integrated evaluation system to establish performance and competence-oriented organizational culture through fair performance evaluation, and conducts capacity evaluation and performance evaluation at the same time. In 2018, we evaluated the achievement of our work objectives through an annual employee evaluation in June and a regular evaluation in December. In addition, promotion competency evaluations are conducted 3 times in February, November, and December for candidates of the 1st and 2nd class promotions to ensure fair and objective promotion evaluation.

Improved treatment of contracted workers

KTCU has implemented a system for assigning external job titles to contracted workers to promote morale of the employees and prevent discrimination and alienation which may occur during communication within the organization. In addition, by applying for and approving executive performance workers as intermittent workers, we have clarified the regulations on treatment and prevention of labor-management conflicts that may arise from unclear regulations.

Finding talented people by adopting the blind hiring practice

KTCU has announced plans for creating jobs for youths in 2018, and suggesting specific employment goals, contributing to job creation. In particular, to expand recruitment opportunities for those entering society for the first time, we offer integrated recruitment without any job classification, and provide opportunities for job search and voluntary career development that are suitable for one's aptitude after recruitment. In 2017, we have adopted a blind hiring practice, eliminating items that are unreasonable in the process of selecting talents, and recruiting talents based on one's skills and abilities.

Practicing social equity recruitment

KTCU strives to realize socially equitable personnel practices without discrimination. In order to achieve the mandatory employment rate for the persons with disabilities and veterans specified by the state, we are making efforts to achieve the mandatory employment rate. In 2018, we achieved a mandatory employment rate for persons with disabilities, and we will continue to do our best to achieve the mandatory employment rates for both persons with disabilities and for veterans.

[Status of achieving the mandatory hiring rate]

Unit_%, people

Classification		2016	2017	2018
Person with Disabilities	Mandatory hiring rate	2.7	2.9	2.9
	No. of people hired (cumulative)	10	13	16
	Union's hiring rate	2.0	2.6	3.1
Veterans and others eligible	Mandatory hiring rate	8.0	8.0	8.0
	No. of people hired (cumulative)	36	38	41
	Union's hiring rate	7.3	7.7	8.0

[New hires]

Unit_people



Korea Employment Agency for Persons with Disabilities chose KTCU as "an excellent business operator hiring people with disabilities" in 2018



Creating a Happy Workplace

Pursuing the balance of work and life

Systemic implementation for the balance of work and family

KTCU operates flexible working hours and maternity protection hours based on the recognition that healthy and harmonious families are the driving force for corporate competitiveness. In 2018, we established a paid parenting time and implemented a childcare leave system that provides special leave of 2 to 3 days per year for the employees with high school children or younger. In addition, we are contributing to the creation of a family-friendly organizational culture by improving related systems such as the expansion of maternity leave for spouses, extension of paid periods before and after maternity leave, and the treatment of infertility.

[Status of the use of flexible working system]

Classification		2016	2017	2018
Flexible working system	Childcare period working hours reduction system	1	0	0
	Flexible working system	127	172	237
Paid maternity protection hours	Reduced working hours for pregnant women	8	12	10
	Pre- and post-natal leave for pregnant women	10	9	12
Vacation system	Spouse delivery leave	13	10	17
	Childcare leave	-	0	127
	Childcare hours	-	0	1

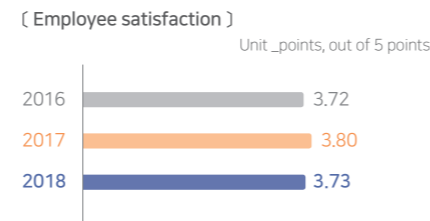
※ If the period of use is 2 years, it must be marked as duplicated.

Expanding employees' welfare benefits

KTCU implements various welfare programs to enhance employee satisfaction and improve work motivation and work efficiency. KTCU provides childbirth and childcare support subsidies in addition to the flexible working system to help with achieving the balance of work and family, and operates education and health support programs for the employees' self-development and recreation. In addition, we provide various benefits that can be enjoyed with the family by utilizing the services of the Union's investment companies, such as the use of recreational facilities, living expense loans, and support for family events and accidents.

[Status of the full-time employees' welfare benefits]

Classification	Key Details
Childbirth and childcare support	Encouragement of childbirth Childbirth celebration gift (KRW 500,000 for the 1st child; KRW 700,000 for the 2nd child; KRW 2 million for the 3rd child and more)
	Child scholarship support Support for the early childhood education and high school tuition support, support for scholarship for college student children
Education and health support	Retirement program Preparation for social adaptation for those expected to retire (retirement upon reaching retirement age and employees who have served for over 15 years)
	Club support In-house club operation support
	Medical expense support Employee medical expense support
Family-friendly cultural support	Selective welfare Welfare points are paid according to years of continued service, number of children, rank, etc.
	Family events of joy and sorrow, funeral support Payment for family events of joy and sorrow, and related leave
	Operation of recreational facilities 3 nights per person at a hotel invested in by KTCU



△ In-house club activities

Creating a Happy Workplace

Labor-management culture based on trust and harmony

Creating a working environment with respect for human rights

KTCU operates the Grievance Counseling Office at the General Affairs Department to guarantee the human rights of the officers and employees and create a healthy working environment. In particular, based on the opinions gathered at the employee council meeting to prevent and eradicate sexual harassment, we expanded the workforce for sexual harassment grievance counselors and included in-house lawyers and external experts as members of the Grievance Review Committee. In addition, we have systematically reorganized sexual harassment prevention systems and incident handling systems by strengthening disciplinary actions for the sexual harassment victims and strengthening measures to help protect sexual harassment victims.

Spreading positive corporate culture of communication and care

KTCU implements various programs to build a culture of mutual communication and harmony among employees. "Heart On Delivery," which began in May 2018, is a campaign through which employees send and receive messages they want to convey to their colleagues through the groupware. As of the end of July 2019, 766 messages were delivered. In addition, we have conducted the cooking team building program of The-K TEAMCOOK to improve communication and collaboration between teams. While cooking, they were able to develop natural communication such as role sharing and recipe discussions. KTCU is establishing a culture of understanding and caring for each other through such activities.



△ The-K TEAMCOOK

Building the labor-management relations of harmony

The KTCU Labor Union is a member of the Korean Finance & Service Workers' Union, to which a total of 423 people (85.1%) subscribe, including 2 predecessors, 312 people at the headquarters and 111 people from the branch offices. The union executive department is consisted of 8 executives (branch manager, senior vice branch manager, 2 vice branch managers, secretary general, and 3 auditors), 16 departmental heads, and 45 delegates (including 21 central council officers). KTCU's labor union shares various ideas and pending issues and collects opinions on current issues through its website, newsletters, and member meetings. Employees also regularly participate in the officer committees and business reports, etc., at least twice a month to represent the workers' opinions concerning the overall management. In addition, we are sharing the outcome of labor-management harmony through meetings by organization (executive department, central executive committee, and collective bargaining committee members), and strengthening the communication between labor and management by holding a festival for the labor-management partnership every year.

[Status of labor union]

Classification	Current Status
Name of union	The Korean Teachers' Credit Union Chapter of the Korean Finance & Service Workers' Union (Date founded: 08/27/1988)
Scope of union membership subscription	All employees excluding officers (excluding employees with employer status and those agreed to or upon by the Union and the labor union)
Labor union membership subscription rate (number of members / number of workers)	85.1% (423 people / 497 people) ※ The number of workers includes only those subscribing to the labor union.



△ Festival for the labor-management partnership

※ As of the end of June 2019

The-K Way for innovating ways to work



In March 2018, KTCU declared 'The-K Way' which organized the core values, principles of conduct, and the way of working in line with the opening ceremony of Yeouido's new corporate building and the 47th anniversary. The-K Way is a value system and action manual which includes KTCU's purpose and direction of existence and common thinking and behavioral standards of the organization's members, while including working guidelines.

In order to form a company-wide consensus on the The-K Way, we are running 'The K-Way TALK N DO' campaign, and develop the promotional character by developing its own character of 'Mr. Donggle,' among many ways of promoting internalization. As such, KTCU is making efforts to increase work productivity and promote communication among employees by innovating the way we work, and will do our best to create a positive organizational culture based on mutual trust.

[The-K Way's principles of action and ways of working]



[The-K Way Action Declaration]

- (Member-centric) We consider the happiness of the members first.**
 - ▶ We listen to the voices of the members and think in terms of the members to set priorities.
 - ▶ We provide more values than expected so that our members can be inspired beyond satisfaction.
- (Compliance of regulations) We work honestly with the right attitude.**
 - ▶ We do not deceive our conscience for our own benefit and convenience, and we work with the mindset and attitude so that we will not be ashamed of ourselves.
 - ▶ We follow the procedures and regulations, and do not take unfair advantage or apply pressure.
- (Management innovation) We use innovative thinking to create new values.**
 - ▶ We are wary of inertia, constantly thinking about issues and applying what is better to our work.
 - ▶ We do not fear failure, instead we challenge ourselves, we learn from our mistakes, and this leads to opportunities for growth.
- (Mutual cooperation) We respect each other and cooperate.**
 - ▶ We present opinions based on facts and communicate with each other with respect.
 - ▶ We break away from individual or departmental egoism and seek solutions from the point of view of public interest and actively cooperate with each other.
- (Performance achievement) We do our best with a sense of ownership.**
 - ▶ We perform our work with a sense of mission and do not pass responsibility on to others.
 - ▶ We make decisions with the idea that we are the best organization in Korea, and we do our best to produce a high level of performance that everyone recognizes.



Forming a Healthy Working Environment

A safe workplace centered on the workers

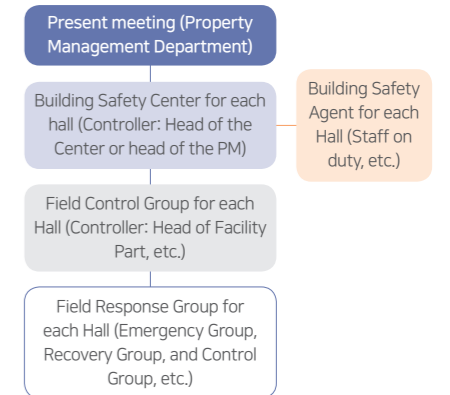
Health support program

KTCU offers a variety of health support programs to ensure a safe working environment for the officers and employees. In particular, we support vaccinations to prevent infectious diseases, including pandemic epidemics in the office, and introduce the Employee Assistance Program (EAP) to help relieve stress and problems arising from work relationships, interpersonal relationships and family life through the consultations provided.

Classification	Key Details
Health examination	Comprehensive health examination, flu vaccinations, and hepatitis A vaccination support
Medical expense support	Employee medical expenses support
Group insurance	Guarantee for death, hospitalization, surgery, etc., in the event of illness or disaster

Building a systematic crisis response system

KTCU is preparing a crisis response system for disaster and safety accidents. By establishing a general control organization centering on the Union's Property Management Department, we have formed an organic organization that can immediately respond to various crisis issues. In addition, we have established a crisis situation manual based on The-K Tower and applied it to the situation of each district. In this manual, 9 ways of prevention and countermeasures are presented and organized by the safety officer. KTCU contributes to minimizing property and casualties through the systematic crisis response system.



Training for establishing a safety culture

KTCU established training schedules and provided training on statutory mandatory training. In 2018, we learned ways to respond in case of emergency through safe national training in disaster response. The training recorded 97% participation rate, with 342 of the 351 employees participating. In addition, CPR training was provided to 34 departmentally assigned personnel to provide first aid training. KTCU plans to improve its crisis response capabilities and establish a practical crisis response system through continuous training.

[Training schedule of The-K Tower]

Date & Time	Key Details
2018	March: Fire drills (lifesaving, evacuation, firefighting, etc.)
	April, June, September, October: Training on the Civil Defense Day (preparation for earthquakes, fire suppression, etc.)
	May: Safe Korea Training for disaster response (CPR, earthquake evacuation, fire evacuation, etc.)
	May: Malicious mail reception training
2019	March, April, May, August: Training on the Civil Defense Day
	May: Execution of Eulji Taegeuk Practice
	December: Safe Korea Training for disaster response



△ Training on the Civil Defense Day

Responsible Ethical Management

Sustainability Context

Ethical management means business activities which comply with social norms and regulations through compliance with laws and systems, and is also one directly related to corporate sustainability. In particular, transparency in management activities and corporate governance is emerging as one of the company's major social responsibilities. In addition, securing trust through transparent and ethical management is one of the main factors for maintaining relationships with customers and communities.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
 [Linked UN SDGs]
 Peace, justice and strong institutions



The · K Approach

Advancing the ethical management

KTCU has organized a dedicated organization and set an ethical brand, vision and goals to internalize the corporate culture of ethics management. In addition, the Code of Conduct specifies ethical standards that employees must follow.

2017 Ethics Index
4.14 points
 (out of 5 points)



Strengthening ethical practice

KTCU holds events for officers and employees to make a pledge to practice the code of ethics so that the union's ethical management goals can be realized in the workplace. In addition, we have raised awareness of ethics through training and workshops, and have established a system to promptly report on corruption.

Manager's Integrity Assessment in 2018
9.76 points
 (out of 10 points)



Forming a preventive ethical environment

KTCU has established a system for preventing corruption all the time through self-auditing of the Union, branches and investment companies. We also share best practices for anti-corruption so that employees can prevent corruption in advance.

The Anti-Corruption & Civil Rights Commission's overall integrity assessment in 2018
8.83 points
 (out of 10 points)



Interview

KTCU has consistently promoted internal innovations with ethical management as the No. 1 corporate value so that anti-corruption and integrity awareness can take root in our corporate culture.

In order to create an honest corporate culture, we have made various efforts, including departmental ethics workshops and integrity evaluations for managers. Furthermore, we are operating The-K Anti-Corruption Report Center, which is an anonymous reporting system, and are also raising the integrity of the organization by allowing our members to request audits for illegal and unfair matters regarding the overall work of the union through the "member audit request system." As a result of these efforts, every year, we are leading the way in ethical management by greatly exceeding the average level of integrity among all public institutions in the Integrity Survey of the Anti-Corruption & Civil Rights Commission.

Moving forward, KTCU will continue to establish an upright organizational culture to meet the expectations of our stakeholders with high standards of ethics. We will also actively support our employees to change and innovate through voluntary implementation and will grow into a company trusted by all.



Sim Yeon-Mi,
 Standing Auditor, KTCU

Advancing the Ethical Management

Strengthening the ethical management system

Ethical management system

In order to fulfill our social responsibilities and solidify our sustainable management foundation, KTCU proclaimed 'ethical management' in 2009 and has since strived to establish a right and honest corporate culture. We have in operation the Compliance Office (Compliance Department) responsible for receiving and handling grievances, reports, complaints, and investigations of violations centered on the Ethical Management Committee, an ethics management decision-making body, and the department responsible for ethics management, selecting overall management, planning, and implementation tasks (Corporate Strategy Department). In addition, the Social Contribution Unit (General Affairs Department), Ethics Practice Unit (Leader of Practice), and Ethics Promotion Unit (PR & Marketing Department) perform each of their roles and responsibilities and promote systematic ethical management.



Code of ethical management

KTCU enacted the Code of Conduct for Officers and Employees in 2004 and the Code of Ethics in 2009 as the standards for determining ethical values and behaviors the officers and employees should comply with. The Code of Conduct specifies the matters to be followed by employees in order to carry out fair and transparent work such as fair job performance, prohibition of unfair profits, creation of a sound public service climate, and measures for violations. Ethical standards to be followed for business partners, employees and the country are also specified.

[Roles and functions by each ethical management organization]

Classification	Role
Chairman	Declare commitment to ethical management activities and principles
Ethical Management Committee	Review, decide, and oversee ethics related key issues and interpret regulations
Department in charge of ethical management (Corporate Strategy Department)	Supervise ethical management, such as planning, implementation, and education (advance preventive function)
Compliance Group (Compliance Department)	Investigate and report on compliance with the Code of Ethics and Conduct (A follow-up function)
Social Contribution Unit (General Affairs Department)	Organize volunteer corps and implement social contribution activities
Ethics Practice Unit (Leader of Practice)	Implementation of ethical tasks for each department and branch office, and expansion of the ethical mindset
Ethics Promotion Unit (PR & Marketing Department)	External promotion of social contribution activities



Strengthening Ethical Practice

Internalization of the ethical culture

Ethical management brand (CHARM Management)

'CHARM Management,' which shows KTCU's will for ethical management, means 'true and right.' CHARM is a word made up using the first letters of Clean, Honest, Active, Reliable, and Modest, which also means that we intend to be a company that is fair and reliable like a bamboo tree.



Pledge to the Code of Ethics

All KTCU employees make a pledge to practice the Code of Ethics every year. We are doing our best to faithfully fulfill our ethical obligations at the workplace based on transparent and fair work process and integrity based service attitude. We also disclose all ethical management related regulations and activities on our website.



△ Pledge to Practice the Code of Ethics in 2018

[The Korean Teachers' Credit Union Code of Ethics for officers and employees]

All officers and employees of the Korean Teachers' Credit Union are committed to setting an example as people of the Korean Teachers' Credit Union that fulfills ethical obligations to ensure the stability and welfare of teachers nationwide based on transparent and fair work and integrity. We renew our resolution and use it as an indicator for all employees.

One, we pursue common prosperity by adhering to laws and regulations, while respecting the market order of the free economy, and establishing a cooperative relationship with all stakeholders.

One, as members of the society, we actively participate in public service activities and constantly establish new values to establish a climate that contributes to national and social development.

One, we contribute to the development of education by improving the member's life stability and welfare through continuous development of advanced deduction system and substantial management system.

One, we respect the rights of our members and do our best to meet our members' needs and expectations.

One, we will pursue common prosperity based on trust and harmony between labor and management, and develop a future-oriented partnership.

One, we do our best to respect life, protect the nature, and pass down the beautiful mountains and rivers.

Strengthening Ethical Practice

Internalization of ethical culture

Practicing ethical management with the sustainable management mileage system

KTCU strives to induce the interest of officers and employees and their voluntary participation in ethical management activities. To this end, we have implemented a mileage system that quantifies ethical and integrity activities since 2013 to promote ethical management. In 2018, we expanded our mileage awards to not only ethical management, but also core values, to encourage the voluntary participation of officers and employees in overall sustainability management. Participants, especially those with excellent participation, are rewarded for their ethical mindsets in the organization.

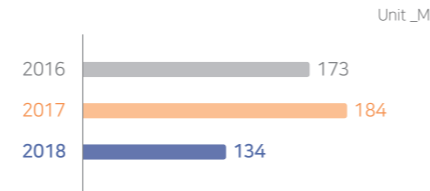
Establishing the ethical culture via ethics workshops

KTCU designated an action leader among employees of each department and branch and conducted departmental ethics workshops to spread the ethical vision. For the company-wide improvements represented in the Ethics Index and Employee Satisfaction Survey, we provide detailed plans for improvement based on ethical practice leaders and help them to implement such plans. We calculate the outcomes via external and internal evaluations by conducting ethics workshops, and encourage employees to actively participate in ethical activities by selecting and awarding excellent departments and branches.

Elevating ethics awareness through education

KTCU conducts annual ethical management training by online and offline for all employees in order to promote the ethics awareness and encourage action among officers and employees. Every year, new employees receive collective training on ethical management and anti-corruption, and employees within 3 years from joining the company must have this training by online. In addition, we provide anti-corruption education to employees at different positions or in group training so that all employees can raise their awareness of anti-corruption and ethics.

[Status of average sustainable management mileage accumulated per person]



△ Ethical Practice Leaders Workshop

[Status the ethical management training]

	Date	Educational subject	Target	Time
2018	July -December	Anti-Solicitation Act and Ethical Management (Online) (Course title: Ethical Management Newsroom)	459 people	8 hours
	May - June	Corporate Ethics Management and Anti-Corruption Education	405 people	1.5 hours
	October - November	Re-recognition of Principles and Case Studies to Elevate the Anti-Corruption Awareness	339 people	1 hours
	December	New Employee Anti-Corruption Training	New hires of 20 people	2 hours
2017	April - December	Anti-Solicitation Act and Ethical Management (Online) (Course title: Understanding and Practice of Strategic Ethical Management)	53 people	11 hours
		Anti-Solicitation Act and Ethical Management (Online) (Course title: You Will be Disadvantaged if You Don't Know about the Anti-Solicitation Act (Kim Young-Ran Act))	423 people	4 hours
	June, December	New Employee Anti-Corruption Training	New hires of 23 people	2 hours
	August - September	Ethical Practice Leader Training	24 ethical practice leaders	5 hours 20 minutes

Forming a Preventive Ethical Environment

Creating a culture of integrity through audit

Reporting and handling of non-ethical conducts

The KTCU's Audit Department operates various anti-corruption reporting systems. In particular, in order to facilitate reports on corruption and misconduct and also to ensure the integrity of informants, the 'KTCU Anti-Corruption Report Center' (anonymous reporting system) is operated under consignment. In addition, we are striving to spread a culture of integrity and establish ethical management by operating the member audit request system through which they can request audits for illegal and unfair matters related to the work across the union with joint signatures of over 100 people.

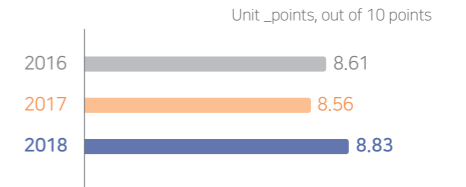
Strengthening of preventive audit activities

The KTCU's Audit Department continues to revise related regulations to comply with the Board of Audit and Inspection's Guidelines to strengthen audit effectiveness and ethics. In addition, we are striving to establish transparent business processes by improving the preventive daily audits, such as disseminating cases which enhance the adequacy of work execution during daily audits.

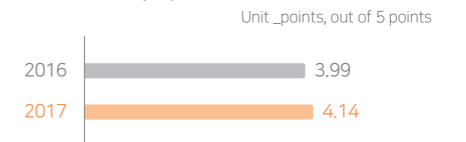
Improvement of the ethical Culture via continuous monitoring

KTCU conducts ethical index surveys and integrity evaluations for managers every other year. The ethical index, which consists of 35 items, including the willingness to implement ethical management and strategies, ethical standards, education and communication, and ethical management organizations and systems, is steadily increasing, and in 2017, it reached 4.14 points (out of 5 points). The integrity evaluation of managers consists of 20 items, including fair job performance and prohibition of unfair profits. KTCU will continue to make efforts to improve the overall level of ethics management and identify vulnerabilities through continuous monitoring.

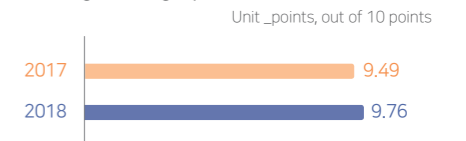
[Anti-Corruption & Civil Rights Commission's overall integrity evaluation]



[Officer & Employee Ethics Index result]



[Managers' Integrity Assessment result]



	Date	Educational subject	Target	Time
2016	June	Raising Awareness of Integrity via Cases of Ethical Dilemma within the Organization	All employees	2 hours
	October	Introduction of Anti-Solicitation Act and Countermeasures of Companies	200 people	2 hours
	November	Toegye Lee Hwang's Historic Sites	Union and investment companies' ethical practice leader	2 days and 1 night
	October -December	Ethical Management and Integrity Corporate Culture (Online) (Course title: Practicing Ethical Management, Promise of Millennial Company)	42 people (Less than one year since joining the company)	8 hours
		Ethical Management and Integrity Corporate Culture (Online) (Course title: Promise of Sustainable Management Millennium Company)	55 people (1-2 years since joining the company)	8 hours
		Ethical Management and Integrity Corporate Culture (Online) (Course title: Integrity of Developed Countries! You Are the Protagonist)	19 people (3 years since joining the company)	11 hours
	December	New Employee Anti-Corruption Training	New hires of 18 people	1.5 hours



Building the Foundation for Sustainability Management

64	Governance
66	Risk Management
68	Stakeholder Communication
70	Materiality Assessment

KTCU will build a sustainable growth system, constantly communicate with our stakeholders, and establish ourselves as a socially responsible organization.

Governance

KTCU conducts transparent management activities and member centered business activities that maximize the welfare of its members grounded on a sound governance structure with two main pillars: the decision-making body that is consisted of representative conference and steering committee and the executive body which is centered around the officers and officer committee.

Decision-making body

Representative Conference

The Representative Conference is the highest voting organization representing the interests of its members. It consists of 82 members who are elected by the Representative Election Committee, which is made up of members from cities and provinces across the nation, and has a three-year term. Changes of KTCU's articles of incorporation, business plan and budget & settlement deliberation, and other matters proposed by the chairman or the Steering Committee are also voted on, and subcommittees for detailed review are operated prior to the review and resolution of the entire Representative Conference.

(Sub committees of Representative Conference)

Classification	Purpose of installation
Budget & Settlement Subcommittee	Review of matters concerning budget and settlement of accounts
Institutional Committee	Review of credit union system and articles of incorporation

Steering Committee

The Steering Committee is an agency organization which partially acts as a representative of the Representative Conference, and it consists of 7 members, 3 of whom are nominated by the Chairman and the Minister of Education and 3 of whom are nominated by the Representative Conference. And It has two-year term.

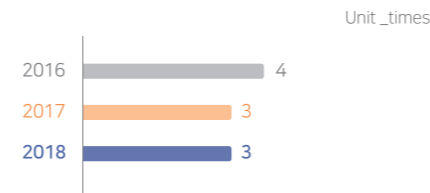
(Formation of voting organization)

Classification	Representative Conference	Steering Committee
Composition	Fixed number : 82 people (78 general members, 4 special members)	Fixed number : 7 people (1 chairman, 3 people appointed by the Minister of Education, 3 people appointed by Representative Conference among members of the delegates)
Function	Change of articles of incorporation, deliberation of basic plan and budget of business, report on settlement of accounts, etc.	Voting on the election of officers, enactment, amendment or abolition of regulations, detailed plans for business operation, etc.

Strengthening transparency in the operation of each meeting

KTCU values communicating with the members throughout the preliminary stages of the conference, including the regular reporting on the results and follow-ups of the matters resolved as the main agenda at each meeting (Representative Conference, Steering Committee, etc.). In addition, they present major management issues as topics for discussions and meetings, and listen to the opinions of delegates for each region on major issues and reflect them in the management practices. The results of the Representative Conference and Steering Committee are disclosed to all members of the public as well as members and related organizations through the KTCU's Website of management information to enhance management transparency and reliability.

(Operational status of Representative Conference)



(Operational Status of Steering Committee)



△ The 312th Steering Committee

Organization

Status of the organization and executive body

The organization which manages and operates KTCU's affairs practically consists of 5 offices, 10 departments, and 37 teams, centered on officers and officer committee. The branch consists of 5 regional headquarters and 18 cities and province branches. The officers currently are consisted of 1 chairman, 1 standing auditor, and 3 directors, and the term of their office is 3 years.

(Status of officers)

Position	Name	Gender	Term of Office	Major Background
Chairman	Cha Sung-Soo	Male	2018.10.01.~ 2021.09.30.	<ul style="list-style-type: none"> Mayor of Geumcheon-gu District Office, Seoul Chief Secretary, Civil Society Chief's Office, Office of Secretary for the President
Standing auditor	Sim Yeon-Mi	Female	2018.05.23.~ 2021.05.22.	<ul style="list-style-type: none"> Senior Educational Member, Policy Committee, Democratic Party Professional Member, Educational Vision Special Committee and Higher Education Subcommittee, National Education Committee of the President
Director (Business for Member)	Jeon Hee-Doo	Male	2017.03.03.~ 2020.03.02.	<ul style="list-style-type: none"> Deputy Superintendent of Education of Gyeongsangnam-do Deputy Superintendent of Education of Busan-si
Director (Management Support)	Cho Kyung-Jae	Male	2019.01.17.~ 2022.01.16.	<ul style="list-style-type: none"> Head of Corporate Strategy Department, KTCU Head of Development Business Department, KTCU
Director (General Fund Operation)	Kim Ho-Hyun	Male	2019.01.17.~ 2022.01.16.	<ul style="list-style-type: none"> Head of Corporate Finance Department, KTCU Head of Financial Investment Department, KTCU

Officers' compensation

KTCU decides on the officers' compensation in compliance with the employee compensation regulations and related enforcement regulations. The executive salary is paid by combining the base salary paid according to the position and the fixed allowance paid regardless of performance. In addition, we announce the annual salary of officer and employees on the KTCU's website once a year to enhance the transparency of payments.

(Status of Officers' Compensation for 2018)

Classification	No. of people	Average compensation per
		Unit_KRW 1,000
Head of institution	1	227,502
Standing auditor	1	188,848
Director	3	182,848

※ If officers are replaced during the year, it must be prepared based on the officers whose term of service is long.

Operation and role of each committee

KTCU operates various committees to support transparent and professional decision-making. To ensure optimal asset management, representatives work as members of 10 decision-making organizations, and also participate in the Corporate Officer Nomination Committee and the Social Contribution Committee to ensure the members' participation in management. In 2019, the Commission amended its regulations to expand the participation rate of outside committee members and appoint outside members to the position of chairman in order to enhance fairness and transparency.

(Status of each committee)

Internal and External	Internal
Corporate Officer Nomination Committee	Proposal Review Committee
Management Evaluation Committee on Investment Companies	Proposal Evaluation Committee
Corporate Officer Candidate Qualification Review Committee	Payroll Review Committee
Payroll Dispute Review Committee	Brand Management Committee
Proposal Evaluation Committee	Contract Review Committee
Re-review Committee	Bylaw Review Council
Social Contribution Committee	Personnel Committee
Member Audit Claim and Review Committee	Promotion Review Committee
	Management Evaluation Committee

* Personnel Committee: External members will participate in matters subject to disciplinary action, demotion, reward, special promotion, and dismissal and exemption from office

** See page 24 of this report for committee on asset management

Risk Management

Risk management system

KTCU operates a comprehensive risk management and risk management system via the Risk Management Committee, which consists of 8 internal and external committee members. In addition, the Risk Management Team and the Investment Risk Analysis Team are responsible for the regular risk management and preliminary review of alternative investments. The Risk Management Team performs overall risk management tasks, while the Investment Risk Analysis Team is responsible for advance investment review and ex post monitoring for domestic and overseas alternative investments, and provides support for fair value assessment.

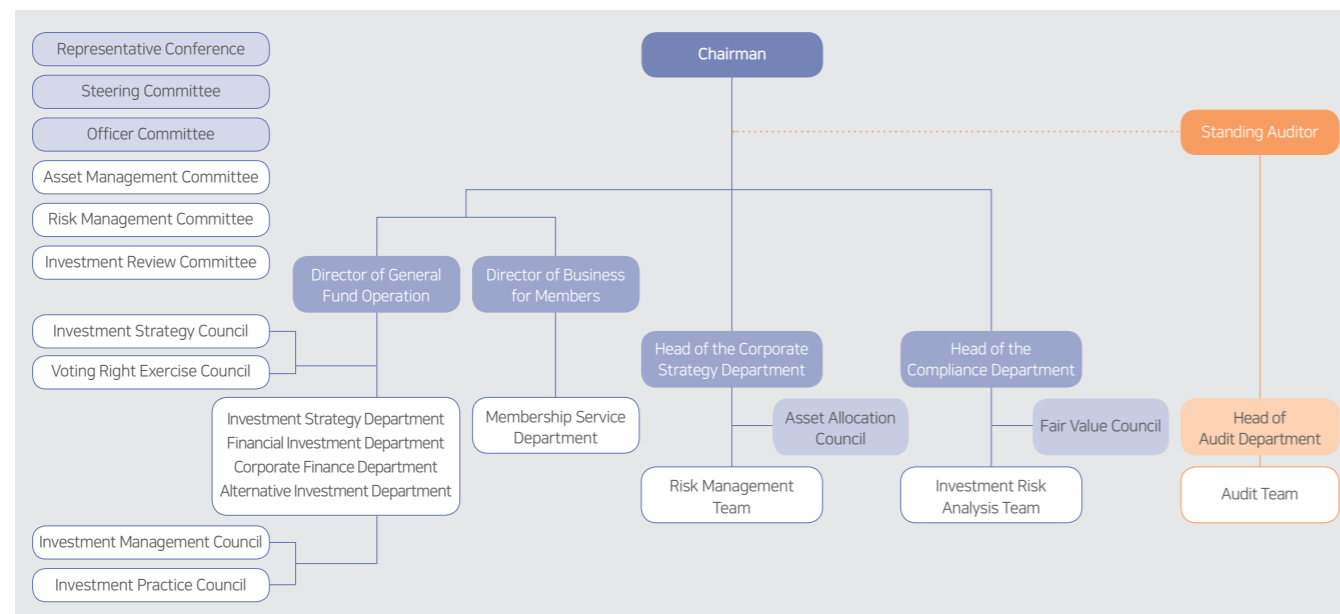
(Status of the Risk Management Committee)

Structure	Key function
5 external committee members (including Chairman)	<ul style="list-style-type: none"> Makes periodic report on the asset management performance and the status of risk management Reviews the risk management process and major policy-related matters Sets and manages risk limits, etc.
3 internal committee members	

Principle of risk management

KTCU classifies and defines risks related to asset management and the total allowable annual risk is managed by combining the market and credit risks by asset class in line with the asset allocation plan each year. Since May 2017, a direct and indirect exposure aggregation system for all asset classes has been developed to prevent the centralization of KTCU's investment assets, which brings with it the potential for large losses. In July 2018, the centralized investment prevention process was also further strengthened by inducing diversified investments through additionally setting an investment limit criteria for every new alternative investment made.

(Organizational chart for risk management)



(Definition of the type of risk)

Market risk

Risk of the asset value declining due to changes in the market price such as stock prices, interest rates and exchange rates in asset management

Credit risk

Risk of default on a contract such as a default of the bond issuer and counterparty such as borrower

Liquidity risk

Risk of failing to respond to the demand for funds, such as unexpected withdrawal of funds and declining liquidity of the assets held

Insurance risk

Risk of loss in excess of the expected level caused by an abnormal situation or changes in the economic environment, etc.

Operational risk

Risk arising across the entire management such as strategy, law, computing and reputation which may cause other losses

Risk Management

Risk management activities

Major risks are monitored from time to time, taking into account the characteristics of each asset class, and the risk value of all asset classes (market / credit / foreign exchange risk, etc.) is regularly reported every month along with regular checks for compliance with the allowable range of the medium- and long-term asset allocation plan. Since 2015, the Risk Management Committee has conducted analysis of assumptions about past major crisis situations (currency crisis in 1997, global financial crisis in 2008, etc.) and reviewed KTCU's countermeasures in each situation. In addition, in order to prevent losses due to a crisis, the VaR (Value at Risk) limit management process and the Sales Loss Management Standards for each investment sector are provided and managed.



△ 2018 The 2nd Risk Management Committee

(Status of convening each committee related to risk management)

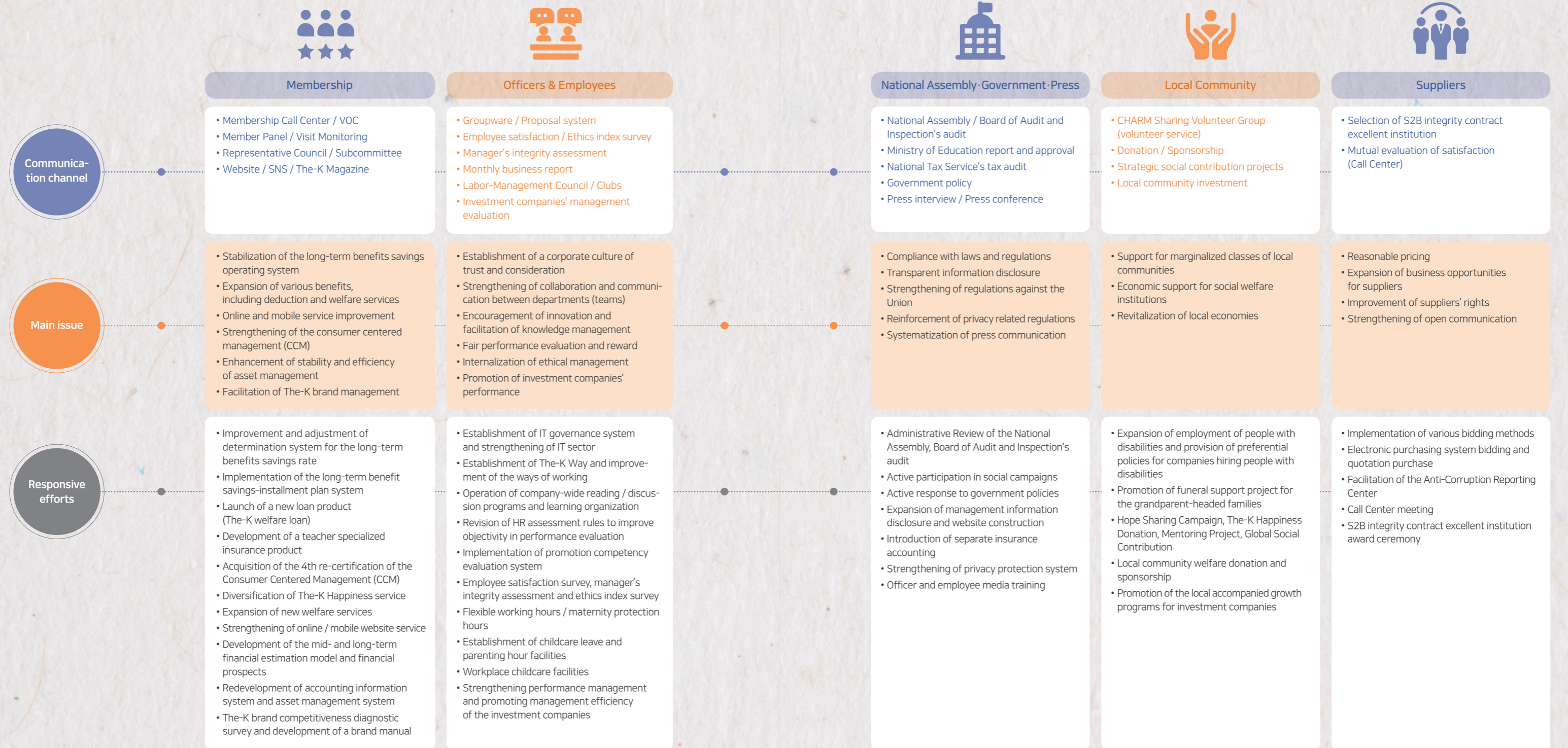
Date Convened	Name of Meeting	Key Details
2018.04.10.	The 1st Asset Management Committee	<ul style="list-style-type: none"> Report on the status of reorganization of asset management organization in 2018 Review of mid- and long-term asset allocation plan (2018~2022) Review of adjustment plan for the long-term benefits savings retirement benefits rate in 2018
2018.07.12.	The 1st Risk Management Committee	<ul style="list-style-type: none"> Report on the long-term benefits savings retirement benefits rate for 2018 Report on the status of reorganization of asset management organization in 2018 Review and discussion of major risk factors domestic and abroad in 2H 2018
2018.10.11.	The 2nd Asset Management Committee	<ul style="list-style-type: none"> Report on the adjustment plan for the mid-to-long-term asset allocation variance Review of asset allocation plan for 2019
2018.12.19.	The 2nd Risk Management Committee	<ul style="list-style-type: none"> Report on the asset management plan for 2019 Report on the major crisis scenarios' analytical results Review of setting plan for risk allowance for 2019 Review and discussion of major risk factors for 2019
2019.04.17.	The 1st Asset Management Committee	<ul style="list-style-type: none"> Review of the mid- and long-term asset allocation plan (2019~2023) Review of the adjustment plan for the long-term benefits savings retirement benefits rate in 2019
2019.07.25.	The 1st Risk Management Committee	<ul style="list-style-type: none"> Report on the status of management performance and risk Review of major risk factors domestic and abroad in 2H 2019
2019.09.18.	The 2nd Asset Management Committee	<ul style="list-style-type: none"> Report on the status of reorganization in 2019 Review of asset allocation plan for 2020

Non-financial risk management

The emphasis on corporate social responsibility has also increased the demand for non-financial risk management. As an institutional investor, KTCU carries out socially responsible investments that reflect the non-financial performance (ESG) of the companies to be invested in. KTCU considers ESG factors for new investments and added compliance with socially responsible investment (ESG) as the basis for selecting new blind fund consignment managers in 2019. To this end, the Blind Fund Proposal proactively describes managers and the existing investment companies' policies, practices, violations and future plans. Through which, we are systematically responding to risks such as spreading awareness of socially responsible investments and reminding ourselves of the importance of the non-financial risk management.

Stakeholder Communication

KTCU is making efforts to actively reflect the opinions of its internal and external stakeholders in order to actively communicate with them and also to reflect them in management activities for each sector. Stakeholder groups such as members, officers and employees, government, local communities, and suppliers are classified to establish various communication channels and continuously reflect stakeholder opinions in management strategies.

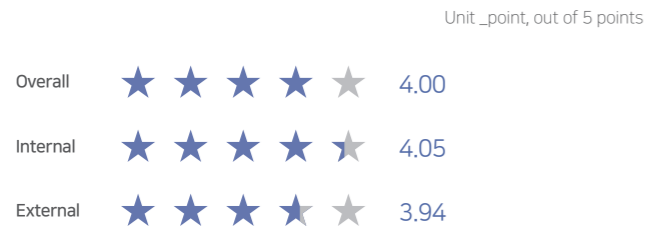


Materiality Assessment

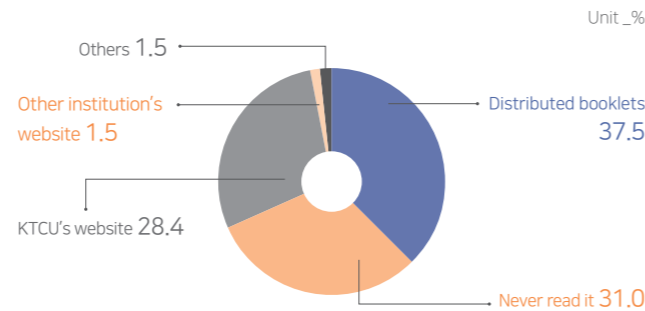
KTCU identifies and manages material issues through systematic materiality assessment processes. KTCU identifies major issues in sustainability management through external environment analysis such as media analysis and benchmarking, and conducts stakeholder surveys and interviews to identify the needs of various stakeholders.

Awareness of stakeholders on sustainability management

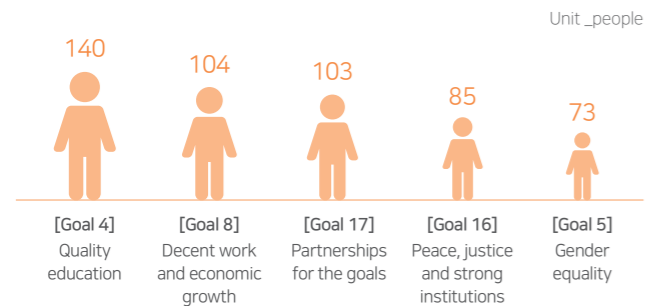
Do you think that KTCU is a "company which fulfills its responsibility overall in the environment and society together with management growth?"



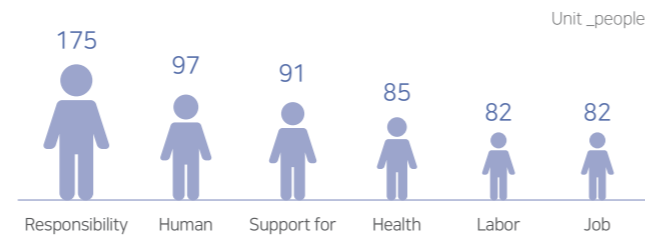
Have you read KTCU's Sustainability Report? If so, which route did you take to read it?



What do you think are the international community issues (UN SDGs*) which KTCU can effectively help resolve? (Answers may be duplicated.)

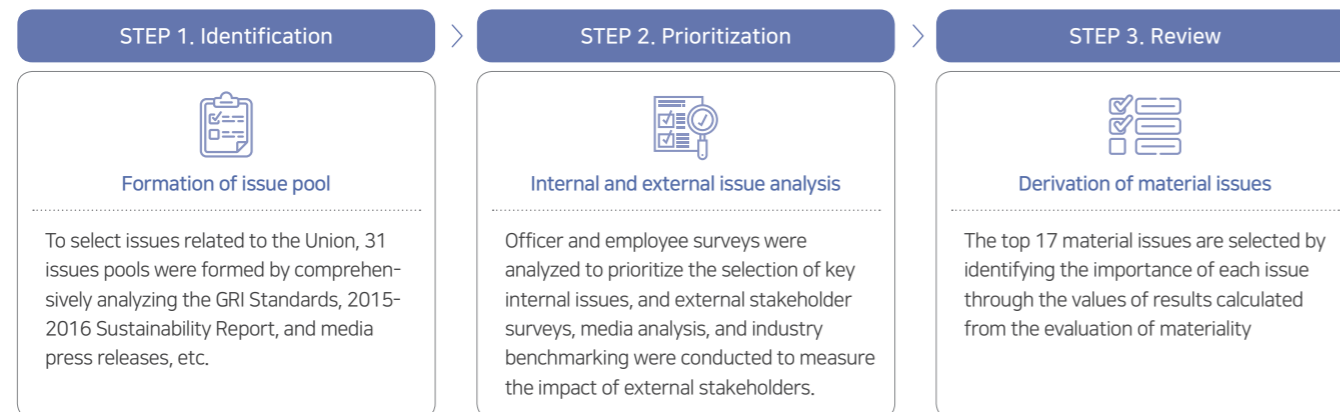


What areas of social value do you think KTCU can effectively create? (Answers may be duplicated.)



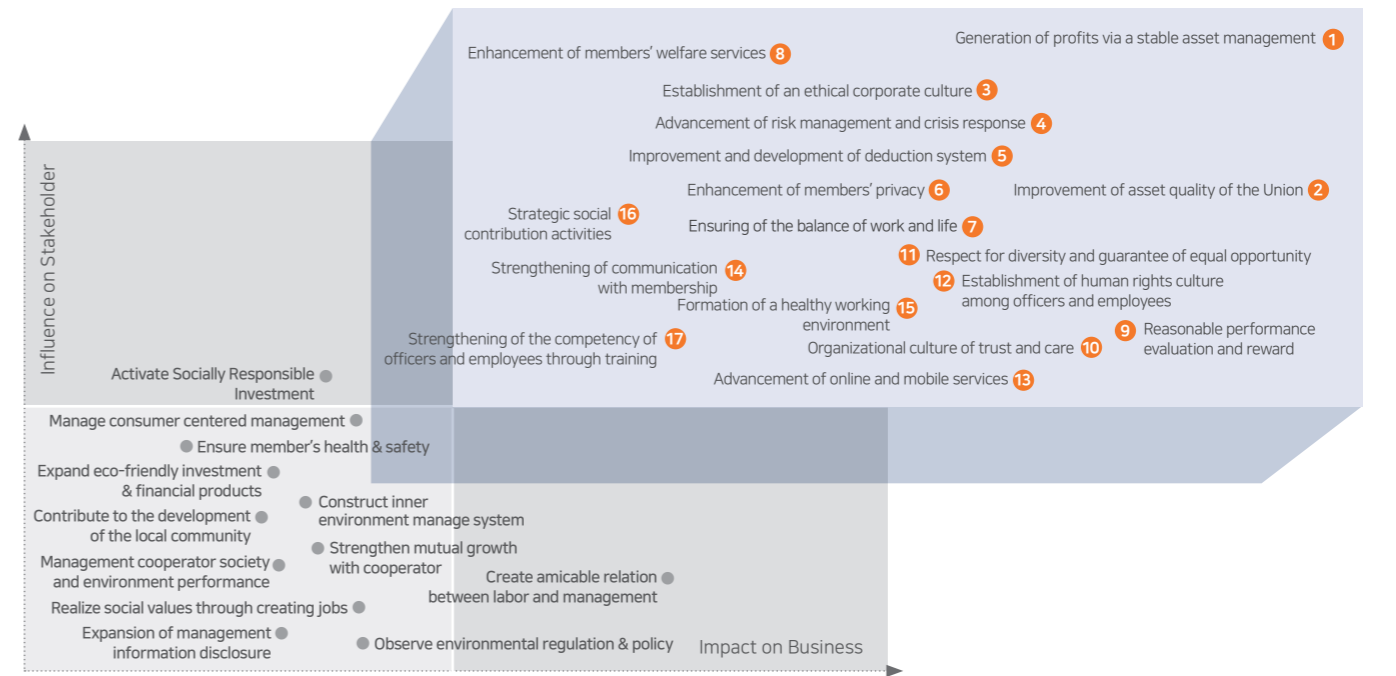
* United Nations Sustainable Development Goals (UN SDGs): Common goals for the international community to achieve by 2030 to realize a sustainable development around the world

Materiality assessment processes



Results of materiality assessment

Through the evaluation of materiality processes, KTCU's material issues were selected for 2017-2018 regarding 31 issues across the economic, environmental and social sectors. The 17 selected material issues reveal specific performances and activities in various channels including reports.



(Scope of the stakeholders' impact by material issue)

Rank	Material issues	Strategy	Officers & Employees	Membership	National Assembly, Government,	Local Community	Suppliers
1	Generation of profits via a stable asset management	Reliable Financial Services	●	●			
2	Improvement of asset quality of the Union	Reliable Financial Services	●	●			●
3	Establishment of an ethical corporate culture	Responsible Ethical Management	●	●	●	●	●
4	Advancement of risk management and crisis response	Reliable Financial Services	●	●	●	●	●
5	Improvement and development of deduction system	Reliable Financial Services	●	●			
6	Enhancement of members' privacy	Satisfactory Membership Management	●	●			
7	Ensuring of the balance of work and life	Culture of Mutual Respect	●				
8	Enhancement of members' welfare services	Satisfactory Membership Management	●	●			
9	Reasonable performance evaluation and reward	Culture of Mutual Respect	●				
10	Organizational culture of trust and care	Culture of Mutual Respect	●				
11	Respect for diversity and guarantee of equal opportunity	Culture of Mutual Respect	●			●	
12	Establishment of human rights culture among officers and employees	Culture of Mutual Respect	●				
13	Advancement of online and mobile services	Satisfactory Membership Management		●			
14	Strengthening of communication with membership	Satisfactory Membership Management		●			●
15	Formation of a healthy working environment	Culture of Mutual Respect	●				●
16	Strategic social contribution activities	Happy Society through Sharing	●	●	●	●	
17	Strengthening of the competency of officers and employees through training	Culture of Mutual Respect	●				

Appendix



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Sustainability Management Performance

Economic performance

Major economic performance and allocation

Classification		2016	2017	2018
Sales		18,546	21,535	21,735
Net income		1,723	4,452	2,850
Government	Corporate tax	△449	1,276	73
Officers & employees	Salary and welfare	395	503	520
Membership	Reserve money transfer and membership welfares	10,641	10,763	11,498
Local community	Social contribution expenses	5	6	12

(Unit: KRW 100 million)

Summarized statement of financial position

Classification		2016	2017	2018
Assets				
	Current assets	39,737	45,979	45,628
	Non-current assets	252,468	278,600	300,471
	Total assets	292,205	324,579	346,099
Liabilities				
	Current liabilities	795	1,262	1,172
	Non-current liabilities	81,088	86,533	90,406
	Total liabilities	81,883	87,795	91,578
Equity	Total stockholders' equity	210,322	236,784	254,521

(Unit: KRW 100 million)

Summarized comprehensive income statement

Classification		2016	2017	2018
Total		18,546	21,535	21,735
Business revenue (sales)	Fund management & securities business revenue	12,840	15,995	15,675
	Loan business revenue	2,470	2,337	2,522
	Rental and insurance business revenue, etc.	3,236	3,203	3,538
	Total	4,382	4,568	7,432
Business expenses	Fund management & securities business expenses	1,625	1,731	4,397
	Insurance & rental business expenses, etc.	1,460	1,533	1,879
	Sales and administrative expenses	1,297	1,304	1,156
Non-business income	220	239	805	
Non-business expenses	2,524	808	806	
Profit and loss before reserve transfer	11,860	16,398	14,302	
Reserve transfer	10,586	10,670	11,379	
Income tax expenses	△449	1,276	73	
Net income	1,723	4,452	2,850	

(Unit: KRW 100 million)

Economic performance

Asset analysis

Classification		2016	2017	2018	3 years' average
Growth	Total asset growth rate	9.6	11.1	6.6	9.1
	Tangible asset growth rate	2.1	18.9	9.1	10.0
	Equity growth rate	11.2	12.6	7.5	10.4
	Business revenue growth rate	4.3	16.1	0.9	7.1
Profitability	Profit and loss before reserve transfer	4.2	5.3	4.3	4.6
	Net income to total assets ratio	0.6	1.4	0.9	1.0
	Income ratio	36.8	24.7	36.5	32.7
Stability	Non-current ratio	120.0	117.7	118.1	118.6
	Non-current assets to stockholders' equity and non-current liabilities	86.6	86.2	87.1	86.6

(Unit: %)

(Status of Socially Responsible Investment)

(As of end June 2019, Unit: KRW million)

Date Purchased	Name of Fund	Amount Invested	BM Excess Return on Investment (cf. investment)
11/2017	NH-Amundi Social Responsibility 1	20,000	2.9%
07/2018	NH-Amundi Social Responsibility 2	20,000	0.1%
01/2019	NH-Amundi Korea Social Responsibility 1	20,000	0.9%
03/2019	NH-Amundi Social Responsibility 3	15,000	-1.5%

(Status of Eco-Friendly investment)

(As of end June 2019, Unit: KRW 100 mn)

Investing Period	Investment Project	Size of Investment	Project Details
02/2017	Saehan Environment	97	Waste treatment and steam sales as a waste energy business operator located in Cheonan
04/2017	DS Power	300	Heat / steam supply and power generation company in Osan area, Gyeonggi-do, which uses LNG as a fuel
06/2017	Koentec	404	Korea's largest waste energy business located in Ulsan and a KOSDAQ listed company
07/2018	Gongpyeong-dong Centropolis Investment Project	1,900	Office building investment project located at 5-1 Gongpyeong-dong, Jongro-gu, Seoul. Proceeded as a Seoul urban redevelopment project (Gongpyeong districts #1, 2, and 4, restoration of urban functions and revitalization of commercial area), and acquired LEED NC-GOLD rating for the first time in Korea as a rental office, not for the use of corporate building.
08/2018	Loan for US Frontera Gas Power Plant	1,171	Loan for Frontera Gas Combined Cycle Power Plant located in Texas, US, which uses LNG as a fuel
01/2019	Project Amarreto	15	10 photovoltaic power plants operating in Italy
01/2019	Project Giraffe	18	Wind power plants in 4 locations in the UK
01/2019	Project Knight	39	Wind farms in 4 regions of the UK and photovoltaic power plant in 1 region
01/2019	Eco Green Holdings	357	General waste and medical waste treatment (sale, incineration, power generation, etc.)
02/2019	EMC Holdings	318	Management of subsidiaries conducting sewage treatment and waste treatment businesses (landfill, incineration, etc.)
02/2019	Tunnel Hill Partners	41	Provision of waste collection, transportation and disposal services for the northeastern market in the US
02/2019	Wheelabrator Technologies	126	Owns and operates waste energy conversion facilities in North America (15 regions) and the UK (1 region)
03/2019	Centaurus Energia	11	Five solar energy generation facilities for a total of 322MW in northern Mexico
04/2019	Glennmont European Renewable Energy Loan Fund	195	Loan portfolio for new renewable energy (wind, solar, etc.) power generation business in Europe

* Indirect investments via blind funds included. * In case of overseas assets: \$1 = KRW 1,200 and £1 = KRW 1,500



Sustainability Management Performance

Social performance

Status of officers and employees

Classification		Unit	2016	2017	2018
All officers and employees (include executives)		people	496	518	539
Form of employment (Exclude executives)	Permanent	All (Headquarters / branch)	420(315/105)	436(330/106)	452(354/98)
	Non-permanent	All (Headquarters / branch)	71(41/30)	77(46/31)	82(54/28)

Diversity of governance bodies and employees

Classification		Unit	2016	2017	2018
Percentage of workers in each officer and employee category by each diversity category	Gender	Male	304(62%)	311(61%)	327(61%)
		Female	187(38%)	202(39%)	207(39%)
		Female manager (Class 3 or higher)	35(7%)	35(7%)	40(7%)
	Age*	Less than 30 years of age	94	99	86
		aged 30-50	341	350	383
Over 50		56	64	65	
Percentage of the board of director's composition by diversity category	Gender	All	5	5	5
		Male	5(100%)	5(100%)	4(80%)
		Female	0	0	1(20%)
	Age*	Less than 30 years of age	0	0	0
		aged 30-50	0	0	0
Over 50	5	5	5		

* End of each year

New hires and turnover*

Classification		Unit	2016	2017	2018
Newly hired	All	People	34	34	33
	Gender	Male	15(44.1%)	14(41.2%)	24(72.7%)
		Female	19(55.9%)	20(58.8%)	9(27.3%)
	Age**	Less than 30 years of age	25(73.5%)	26(76.5%)	20(60.6%)
		aged 30-50	9(26.5%)	8(23.5%)	13(39.4%)
		Over 50	0	0	0
	Social equity manpower	Disabled	2(5.9%)	4(11.8%)	2(6.1%)
		Veterans	5(14.7%)	3(8.8%)	3(9.1%)
		High school graduates	2(5.9%)	0	0
		Local talents	3(8.8%)	0	9(27.3%)
Turnover	All	People(%)	18(3.7%)	12(2.3%)	12(2.2%)
	Gender	Male	14(77.8%)	7(58.3%)	8(66.7%)
		Female	4(22.2%)	5(41.7%)	4(33.3%)
	Age**	Less than 30 years of age	3(16.7%)	3(25.0%)	2(16.6%)
		aged 30-50	3(16.7%)	5(41.7%)	5(41.7%)
Over 50		12(66.6%)	4(33.3%)	5(41.7%)	

* Corporate officers excluded.

** End of each year

Social performance

Occupational safety and health

Classification		Unit	2016	2017	2018
Injury rate (IR)*		%	0(0/496)	0(0/518)	0.6(3/539)

* Number of personnel incurred for officers and employees in service at the end of each year. (No work-related fatalities)

Parental Leave

Classification		Unit	2016	2017	2018
No. of users	All	People	13	15	18
	Male	People	0	0	1
	Female	People	13	15	17
Those reinstated after taking parental leave	All	People	10	7	7
	Male	People	0	0	0
	Female	People	10	7	7
No. of those serving continuously for 1 year or longer after reinstatement following parental leave	All	People	13	10	7
	Male	People	0	0	0
	Female	People	13	10	7
Reinstatement rate*	All	%	100	100	100
	Male	%	-	-	-
	Female	%	100	100	100
Continued service rate for 12 months or longer**	All	%	100	100	100
	Male	%	-	-	-
	Female	%	100	100	100

* Reinstatement rate: No. of workers reinstated at work after parental leave / No. of workers expected to be reinstated at work after parental leave x 100

** Continued service rate for 12 months or longer: No. of workers continuing service for 12 months since reinstatement at work after parental leave / No. of workers reinstated at work after parental leave during the previous reporting period x 100

Status of labor union membership subscription

Classification		Unit	2016	2017	2018
Labor union subscribers	All	People	395	413	423
	Headquarters	People	279	295	312
	Branch	People	116	118	111
Labor union subscription rate*		%	85.3	86.2	85.1

* Labor union subscription rate: No. of labor union members / No. of workers (in the case of the number of workers, only those subscribing to the labor union are included (including non-permanent workers without term, and excluding general short term non-permanent workers, etc.))

Cases of anti-corruption prevention and violation

Classification		Unit	2016	2017	2018
No. of cases of anti-corruption report*	Total	Cases	7	6	12
	Union	Cases	2	4	1
	Investment companies	Cases	5	2	11

* No. of cases reported via the anti-corruption anonymous reporting system (red whistle)



Sustainability Management Performance

Social performance

Satisfaction of officers and employees

Classification		Unit	2016	2017	2018
Average of employee satisfaction		Points	3.72	3.8	3.73
Personal sector	Duty management	Points	3.9	3.97	3.99
	HR management	Points	3.51	3.62	3.53
	Education & training	Points	3.73	3.86	3.84
	Employee fraud	Points	3.89	4.01	3.92
Organization sector	Organizational vision	Points	3.87	3.99	3.72
	Organizational culture	Points	3.52	3.56	3.49

Officer and employee training hours

Classification		Unit	2016	2017	2018
Common training	People	1,301	2,010	2,300	
	Hours	8,828	15,011	13,380	
Rank-related training	People	410	554	572	
	Hours	11,021	12,506	11,797	
Duty-related training	People	190	132	277	
	Hours	5,533	4,581	7,065	
Courses consigned to professional institutions	People	285	158	467	
	Hours	5,298	2,528	6,994	
Cyber training institute's courses	People	1,593	1,088	852	
	Hours	55,755	33,293	20,779	
Foreign language courses	People	1,156	1,199	1,086	
	Hours	9,248	18,345	11,526	
Total	People	4,935	5,141	5,554	
	Hours	95,683	86,263	71,541	

Statutory mandatory education

Classification		Unit	2016	2017	2018
Sexual harassment and violence prevention education		People(Hours)	484(2,357)	836(3,133)	946(2,626)
Anti-corruption training		People(Hours)	334(1,412)	499(2,321)	1,223(4,659)
Privacy protection education		People(Hours)	481(2,832)	498(4,351)	324(972)
Disability awareness improvement education		People(Hours)	-	-	517(1,511)

※ The statutory mandatory training is conducted among the online training for all employees via the cyber training institute and collective training such as for new employees and group training.

Social contribution activities

Classification		Unit	2016	2017	2018
Total volunteer service hours		Hours	2,114.5	1,893.5	1,831
Volunteer service hours per person		Hours	6.24	5.75	5.61
Social contribution investment		KRW million	802	842	1,556

Environmental performance

Use of energy

Classification		Unit	2018
Energy consumption	Power	kWh	9,970,296
	Others	Gcal	1,841

Greenhouse gas emissions

Classification		Unit	2018
Indirect emissions (Scope2)*		tCO ₂ e	4,619,029

* Inferred by reverse operation based on power consumption.

Use of water

Classification		Unit	2018
All water consumption		m ³	76,690
Water supply		m ³	38,345
Sewage		m ³	38,345

Discharge of environmental pollutants

Classification		Unit	2018
Waste	Recycled	Tons	48
	Incinerated	Tons	98
	Waste recycling rate of waste	%	33
	Sum	Tons	146
Paper consumption	Black and white	Pages	1,901,867
	Color	Pages	190,398
	Total	Pages	2,092,265

Violation of environmental laws and regulations

Classification		Unit	2018
Statutory obligation / regulatory violation		Counts	0
Amount of penalty		KRW	0

Third Party Assurance Statement

This Assurance Statement has been prepared for the Korean Teachers' Credit Union in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

Lloyd's Register Quality Assurance (LRQA) was commissioned by the Korean Teachers' Credit Union (KTCU) to provide independent assurance on its '2017-2018 The Korean Teachers' Credit Union Sustainability Report' ("the report") against the assurance criteria below to a moderate level of assurance using AA1000AS (2008), where the scope was a Type 2 engagement.

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

- ◆ Evaluating adherence to AA1000 Account Ability Principles of Inclusivity, Materiality and Responsiveness
- ◆ Confirming that the report is in accordance with:
 - ◆ GRI Standards : Core option
 - ◆ Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
 - ◆ GRI 200 (Economic): GRI 201-1, GRI 205-2
 - ◆ GRI 400 (Social): GRI 401-1, GRI 401-2, GRI 401-3, GRI 402-1, GRI 403-2, GRI 404-1 , GRI 405-1, GRI 412-2, GRI 413-1, GRI 418-1

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

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

LRQA's Opinion

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

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

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

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

LRQA's approach

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

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

- ◆ Auditing KTCU's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- ◆ Reviewing supporting evidence made available by KTCU at their head office at 50, Yeounaru-ro, Yeongdeungpo-gu, Seoul in Korea.
- ◆ Checking that the GRI Content Index allows stakeholders to access sustainability indicators.

Observations

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

- ◆ **Further observations and findings, made during the assurance engagement, are** | We are not aware of any key stakeholder groups that have been excluded from KTCU's stakeholder engagement process.
- ◆ **Materiality** | We are not aware of any material issues concerning KTCU's sustainability performance that have been excluded from the report. It should be noted that KTCU has established extensive criteria for determining which issue/topic is material and that these criteria are not biased to the company's management.
- ◆ **Responsiveness** | KTCU set up and reported its key economic, environmental, and social performance indicators. KTCU has increased its environmental responsiveness by reporting highly increased investment in environmentally friendly technology. KTCU enhanced its responsiveness by reporting UN Sustainable Development Goals.
- ◆ **Reliability** | KTCU has reliable data management systems for the indicators in the report.

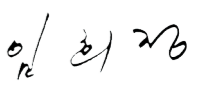
LRQA's standards, competence and independence

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

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

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

Dated: 12th October 2019



Hee-Jeong Yim | LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited

17th Floor, Sinsong Building, 67 Yeounaru-ro, Yeongdeungpo-gu, Seoul, Korea

LRQA reference: SE000000531



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GRI Standards Index

General Disclosures 2016

GRI Standard	Disclosure	Reporting Page & Details	Assurance	ISO 26000	UN SDGs	
	102-1 Name of the organization	6	●			
	102-2 Activities, brands, products, and services	8-13	●			
	102-3 Location of headquarters	7	●			
	102-4 Location of operations	7	●			
	102-5 Ownership and legal form	6	●			
Organizational Profile	102-6 Markets served	6-7, 14-15, 68-69	●	6.3.10/		
	102-7 Scale of the organization	6-7, 74	●	6.4.1-6.4.2/ 6.4.3/6.4.4/		
	102-8 Information on employees and other workers	76	●	6.4.5/6.8.5/7.8		
	102-9 Supply chain	6-7, 14-15, 68-69	●			
	102-10 Significant changes to the organization and its supply chain	N/A	●			
	102-11 Precautionary Principle or approach	66-67	●			
	102-12 External initiatives	UN SDGs	●			
	102-13 Membership of associations	85	●			
	Strategy	102-14 Statement from senior decision-maker	4	●	4.7/6.2/7.4.2	
	Ethics and integrity	102-16 Governance structure	64-65	●	4.4/6.6.3	
102-18 Composition of the highest governance body and its committees		64-65	●	6.2/7.4.3/7.7.5		
Governance	102-22 Chair of the highest governance body	64-65	●		 	
	102-23 Evaluating the highest governance body's performance	64-65	●			
	102-28 Effectiveness of risk management processes	64-65	●			
	102-30 List of stakeholder groups	66-67	●			
Stakeholder engagement	102-40 Collective bargaining agreements	68-69	●			
	102-41 Identifying and selecting stakeholders	53	●	5.3		
	102-42 Approach to stakeholder engagement	68-69	●			
	102-43 Key topics and concerns raised	68-69	●			
	102-44 Entities included in the consolidated financial statements	68-69	●			
	102-45 Entities included in the consolidated financial statements	74-75	●			
Reporting Practice	102-46 Defining report content and topic Boundaries	70-71	●			
	102-47 List of material topics	70-71	●	5.2/7.3.2/ 7.3.3/ 7.3.4		
	102-48 Restatements of information	N/A	●			
	102-49 Changes in reporting	About this report	●			
	102-50 Reporting period	About this report	●			
	102-51 Date of most recent report	About this report	●			
	102-52 Reporting cycle	About this report	●			
	102-53 Contact point for questions regarding the report	About this report	●	7.5.3/7.6.2		
	102-54 Claims of reporting in accordance with the GRI Standards	About this report	●			
	102-55 GRI Content Index	82-84	●			
	102-56 External assurance	80-81	●			

Topic Specific Disclosures

GRI Standard	Disclosure	Reporting Page & Details	Assurance	ISO 26000	UN SDGs
Top Topics of the Result of the materiality assessment					
Topic 1: Generating Profits via a Stable Asset Management					
GRI 103:	103-1 Explanation of the material topic and its Boundary		●		
Management	103-2 The management approach and its components	22	●	6.8.1/6.8.2/	
Approach	103-3 Evaluation of the management approach		●	6.8.3/6.8.7/	
Economic Performance	201-1 Direct economic value generated and distributed	25, 27	●	6.8.9	
Topic 2: Improvement of asset quality of the Union					
GRI 103:	103-1 Explanation of the material topic and its Boundary		●		
Management	103-2 The management approach and its components	22	●		
Approach	103-3 Evaluation of the management approach		●		
-	- Improving return on investment assets	25	●		
Topic 3: Establishment of an ethical corporate culture					
GRI 103:	103-1 Explanation of the material topic and its Boundary		●		
Management	103-2 The management approach and its components	56	●	6.6.1/6.6.2/	
Approach	103-3 Evaluation of the management approach		●	6.6.3	
Anti-corruption	205-2 Communication and training about anti-corruption policies	60	●		
Topic 4: Advancement of risk management and crisis response					
GRI 103:	103-1 Explanation of the material topic and its Boundary		●		
Management	103-2 The management approach and its components	66-67	●		
Approach	103-3 Evaluation of the management approach		●		
-	- Risk management activities	66-67	●		
Topic 5: Improvement and development of deduction system					
GRI 103:	103-1 Explanation of the material topic and its Boundary		●		
Management	103-2 The management approach and its components	22	●		
Approach	103-3 Evaluation of the management approach		●		
-	- Improving savings, loan, and insurance systems	27-29	●		
Topic 6: Enhancement of members' privacy					
GRI 103:	103-1 Explanation of the material topic and its Boundary		●		
Management	103-2 The management approach and its components	39	●	6.7.1/6.7.2/	
Approach	103-3 Evaluation of the management approach		●	6.7.7	
Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	39	●		
Topic 7: Ensuring of the balance of work and life					
GRI 103:	103-1 Explanation of the material topic and its Boundary		●		
Management	103-2 The management approach and its components	48	●		
Approach	103-3 Evaluation of the management approach		●	6.4.4/6.8.7	
Employment	401-3 Parental leave	52, 77	●		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	52	●		
Topic 8: Enhancement of members' welfare services					
GRI 103:	103-1 Explanation of the material topic and its Boundary		●		
Management	103-2 The management approach and its components	30	●		
Approach	103-3 Evaluation of the management approach		●		
-	- Cultural welfare, daily living welfare service	32-35	●		

GRI Standards Index

Topic Specific Disclosures

GRI Standard	Disclosure	Reporting Page & Details	Assurance	ISO 26000	UN SDGs
Topic 9: Reasonable performance evaluation and reward					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	48	●		
	103-2 The management approach and its components		●		
	103-3 Evaluation of the management approach		●		
-	- Performance centric HR evaluation system	51	●		
Topic 10: Reasonable performance evaluation and reward					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	48	●	6.4.3/6.4.5	
	103-2 The management approach and its components		●		
	103-3 Evaluation of the management approach		●		
Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	53	●		
Topic 11: Respect for diversity and guarantee of equal opportunity					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	48	●		
	103-2 The management approach and its components		●		
	103-3 Evaluation of the management approach		●		
Employment	401-1 New employee hires and employee turnover	76	●	6.4.3	
Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	51, 76	●	6.2.3/6.3.7/ 6.3.10/6.4.3	
Topic 12: Establishment of human rights culture among officers and employees					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	48	●		
	103-2 The management approach and its components		●		
	103-3 Evaluation of the management approach		●		
Human Rights Assessment	412-2 Employee training on human rights policies or procedures	53, 78	●	6.3.5	
Topic 13: Establishment of human rights culture among officers and employees					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	30	●		
	103-2 The management approach and its components		●		
	103-3 Evaluation of the management approach		●		
-	- Mobile and online websites' reorganization	39	●		
Topic 14: Strengthening of communication with membership					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	30	●		
	103-2 The management approach and its components		●		
	103-3 Evaluation of the management approach		●		
-	- Publication of The-K Magazine	39	●		
Topic 15: Formation of a healthy working environment					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	48	●	6.4.6/6.8.8	
	103-2 The management approach and its components		●		
	103-3 Evaluation of the management approach		●		
Occupational Health and Safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	55, 77	●		
Topic 16: Strategic social contribution activities					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	40	●	6.3.9/6.5.1/ 6.5.2/6.5.3/	
	103-2 The management approach and its components		●		
	103-3 Evaluation of the management approach		●		
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Topic 17: Strengthening of the competency of officers and employees through training					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	48	●	6.4.7	
	103-2 The management approach and its components		●		
	103-3 Evaluation of the management approach		●		
Training and Education	404-1 Average hours of training per year per employee	50, 78	●		

Awards & Membership

Major Awards and Certifications

Date & Time of Award	Supervised and Sponsored by	Details of Award or Certification
2019.07.	Korea Economic Daily	Won the Grand Prize at the 6th Korea Fund & Asset Management for Unions
2018.12.	Fair Trade Commission, Korea Consumer Agency	Acquired the 4th certification of Consumer Centric Management (CCM)
2018.11.	Korea Economic Daily	Won the Grand Prize at the 5th Korea Fund & Asset Management for Unions
2017.12.	Korean Newspaper Association	Won the Grand Prize for Corporate Newsletter Section at the 2017 Korea Communications Awards
2017.12.	Korea Management Association Consulting	Won the Grand Prize for the 2017 Korea Management Award for Sustainable Management
2017.12.	Fair Trade Commission, Korea Consumer Agency	Won the Presidential Award on the 22nd Consumer's Day
2017.11.	Korea Internet Communication Association	Won the Grand Prize in Other Public Enterprises Section at the 10th Republic of Korea Social Media Awards
2017.08.	Korea Economic Daily	Won the Grand Prize at the 4th Korea Fund & Asset Management for Unions
2016.12.	Fair Trade Commission, Korea Consumer Agency	Acquired the 3rd certification of Consumer Centric Management (CCM)
2016.06.	Korean Journalists Association, Korean Society of Management Studies, Korea Sustainability Assessment Institute	Won the Grand Prize at the 10th National Sustainable Management Awards
2016.01.	Ministry of Science, ICT and Future Planning / Korea Internet & Security Agency	Acquired Information Security Management System (ISMS) certification
2015.09.	Maeil Business Newspaper	Acquired 'very good' rating for public enterprise asset management evaluation
2015.06.	Association of Korean Journalists	Won the Grand Prize at the 9th National Sustainable Management Awards for Sustainable Finance
2015.06.	Korea Economic Daily	Won the Grand Prize at the 2nd Korea Fund & Asset Management for Unions

Status of Membership Subscription with Organizations and Associations

Year and Month of Subscription	Subscribed with	Purpose of Subscription
2017.09.	Human Development Institute	Specialized training for enhanced executive management leadership and management competencies
2017.02.	Korean Chamber of Commerce	Use of educational services to improve CCM management skills
2014.04.	Korea Institute of Financial Investment	Use of specialized financial education service
2014.02.	Korea Software Industry Association	Expert consultation on software development and latest technical information
2013.01.	Korea Productivity Center	Use of educational services related to job and position
2009.06.	Korea Management Association	Use of educational services related to job and position
1986.01.	Korea Audit Association	Mutual cooperation and professional training for audit work
1983.06.	Korea Professional Newspaper Association	Joint response and securing of public confidence in newspaper publishing business

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