

KOTRA Integrated Sustainability Report 2013

Global Business Platform

KOTRA INTEGRATED SUSTAINABILITY REPORT 2013

kotra
Korea Trade-Investment
Promotion Agency



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About This Report

As a global business platform, Korea Trade-Investment Promotion Agency (KOTRA) promotes international trade and corporate investments at home and abroad while contributing to job creation worldwide. KOTRA has published this third sustainability report for the purpose of securing long-term growth and development with all of its stakeholders. KOTRA hopes that this direct reporting of its sustainability performance to the stakeholders will serve as a significant opportunity to boost stakeholder engagement in its material issues.

Characteristics

KOTRA has included the details of its strategies in this report; hence the name "KOTRA Integrated Sustainability Report 2013." The report also contains a full explanation of the efforts of KOTRA to realize its values and all of its relevant activities, hoping for even better communication with its stakeholders.

Criteria

This report is prepared in accordance with comprehensive option of GRI G4 Guidelines and IIRC <IR> Framework with major aspect – specific reporting boundaries set as enumerated on page 25. This report includes recalculated GHG emissions and electricity and water consumption during the previous year. It has revised the financial data for 2012 in accordance with the International Financial Reporting Standards (IFRS).

Assurance

As per the assurance requirement of GRI G4 and AA1000AS(2008), this report has been verified by an assurance provider: Korea Management Association Registration, Inc. (KMAR), which has assured that all the information in the report is true and that this report has satisfied all the requirements of the GRI G4 Guidelines - Comprehensive option.

Reporting Period, Scope, and Boundaries

The reporting period of this report is January 1 to December 31, 2013. For comparison purposes, however, data for the latest three years have been used for major quantitative accomplishments. For any uncollectible data, the reason has been mentioned. The scope of this report is KOTRA's head office and all overseas branch offices. For environmental achievements, the head office data is used. The last sustainability report was issued in April 2013. We plan to publish sustainability report annually.

Additional Information

This report is published in Korean and English. Most of the contents are also available at the KOTRA website (<http://www.kotra.or.kr>). KOTRA welcomes your input. For opinions and inquiries, please contact us at the following address:

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Global Business Platform KOTRA

KOTRA Integrated Sustainability Report 2013

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CEO's Message

Thoroughly committed to working hard to achieve the country's long-term goal of becoming 'the Fifth-largest Trading Power in the World with US\$2 trillion in International Trade by 2020,' through the implementation of sustainable trade and investment practices.



Dear Stakeholders,

KOTRA (Korea Trade-Investment Promotion Agency) was established in 1962 as the Korea Trade Promotion Corporation, a state-funded trade promotion organization operated by the Government of the Republic of Korea, with the goal of helping the nation to achieve export-driven economic development. The country's exports increased a hundredfold over the fifteen years between 1962 and 1977, from US\$100 million to US\$10 billion. In 2011, Korea became the ninth country to join the One-Trillion-Dollar Trade Club. In 2013, the country maintained this status for the third year in a row, exporting US\$559.6 billion worth of goods and services or 5,596 times as much as it had exported when the agency was launched 51 years earlier.

To mark its 50th anniversary in 2012, KOTRA set itself a new vision, namely, to serve as a Global Business Platform for exporters and investors both at home and abroad. In 2013, KOTRA undertook various organizational reforms and enhanced its role as a platform to ensure that local SME exporters equipped with product quality and price edges, foreign buyers, and both foreign and domestic investors could conduct their business much more comfortably and safely.

KOTRA carries out its business matchmaking role between local SMEs and overseas buyers most effectively through the Global Partnering Initiative, the branch office service for SMEs, and supports SMEs in overseas trade shows as well as in trade fairs between local exporters and foreign buyers in Korea. In 2013,

KOTRA also introduced the Global Competence Level (GCL) assessment to provide SMEs with more systematic support through tailored service packages. KOTRA also achieved positive results through its Export Gateway Program, which is designed to help SMEs with a meager or non-existent export record to enhance their global market competitiveness through its intense one-on-one consulting services as a fundamental approach to increasing their overseas presence.

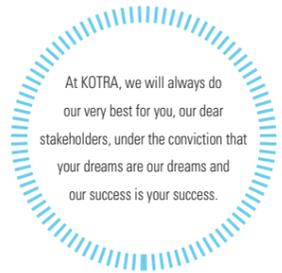
In 2013, KOTRA also restored its regional branch offices, called 'Regional Support Centers', which had been closed five years earlier according to the government's policy to integrate its SME support channels. Their restoration was intended to make its export marketing support services easily accessible by many SMEs based outside the Seoul Metropolitan Area. KOTRA also launched Mobile KOTRA in 2013 to help SME exporters in regions solve their various export-related problems at their business sites. Mobile KOTRA comes to their aid immediately upon request, wherever they are, as part of the agency's efforts to foster local SMEs as globally competitive export companies.

In 2013, KOTRA strived to promote shared growth between large enterprises and SMEs through a number of collaborative projects between them, so that the results of increased exports by the former, including Samsung Electronics and Hyundai Motor Company, for instance, could be shared with SMEs more fairly. KOTRA also strongly pushed ahead with its World Champ project which is designed to foster selected mid-sized businesses and assist their emergence as global hidden champions, and as top-tier suppliers in the world, in their respective niche markets in 2013.

The other important function of KOTRA is the attraction of foreign investment. Through Invest Korea, the country's one-stop FDI support organization, KOTRA provides foreign investors with a full range of services from investment planning to aftercare in one location. It attracts potential investors through its intense investor relations (IR) activities conducted by nation and by industry. KOTRA also solves foreign investors' difficulties and offers them efficient follow-up services through its Office of the Foreign Investment Ombudsman, a very powerful organization that is authorized to take immediate action on foreign investors' requests and needs.



To mark its 50th anniversary in 2012, KOTRA set itself a new vision, namely, to serve as a Global Business Platform for exporters and investors both at home and abroad.



At KOTRA, we will always do our very best for you, our dear stakeholders, under the conviction that your dreams are our dreams and our success is your success.

FDI related agencies in a number of countries have benchmarked the KOTRA ombudsman model. As a result of its hard work, Invest Korea attracted US\$11.9 billion worth of foreign investments in 2013 - a 11.3% increase over 2012- and thereby created a total of 11,788 new jobs.

In 2013, KOTRA actively supported local SMEs' presence overseas in their implementation of CSR activities in their host communities in the areas related to their business. KOTRA believes that corporate Korea must contribute to the global village more through CSR programs in line with the country's rising economic status within the international community. KOTRA does its utmost to encourage the companies it supports to step up their CSR efforts, convincing them that their CSR initiatives will end up helping them to secure business growth while making significant improvements in the local residents' quality of life.

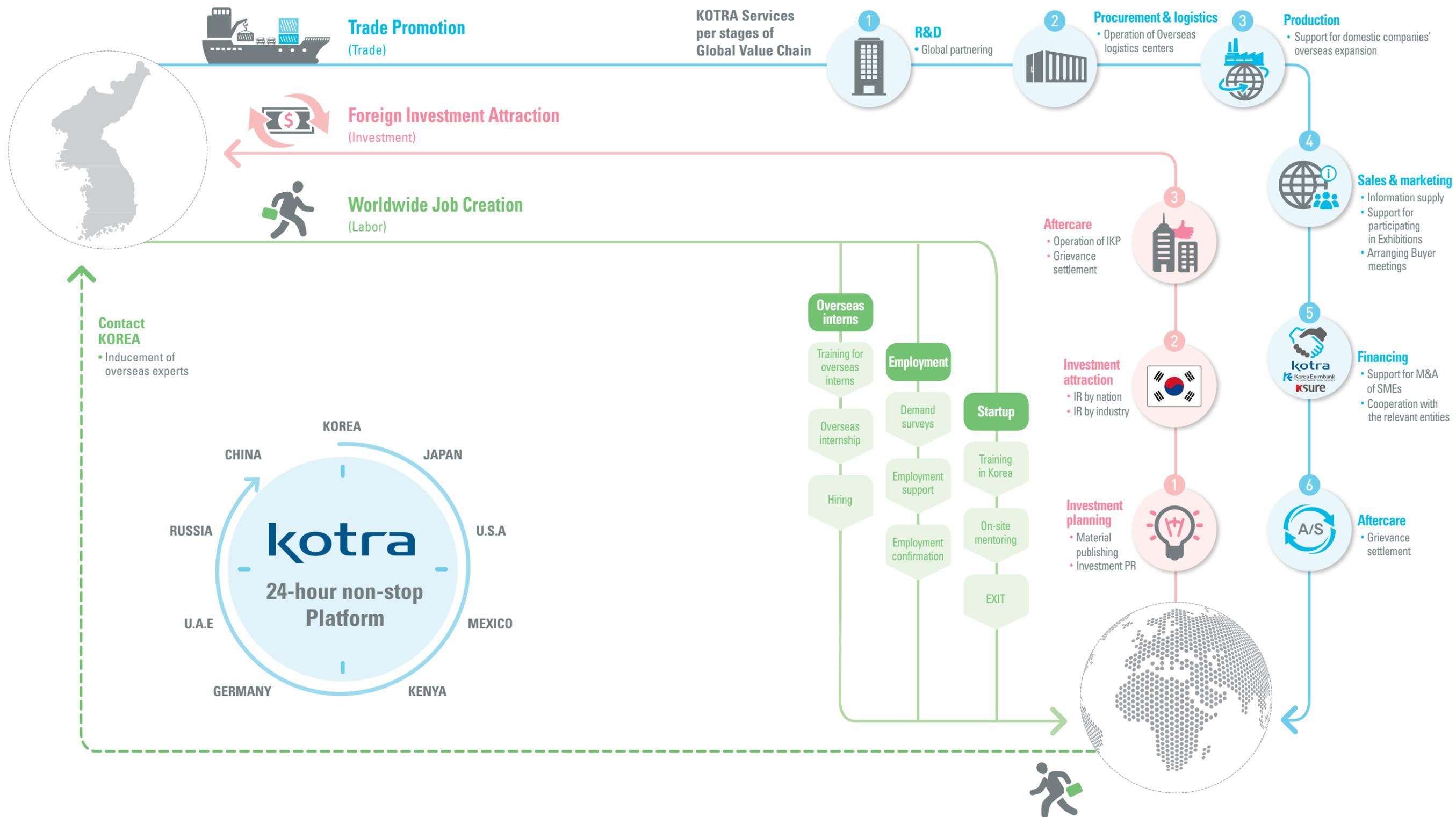
Finally, let me assure you that all KOTRA employees - myself included - are armed with the four core values of the agency: 'Customer,' 'Contribution,' 'Challenge' and 'Global.' They are fully ready to accomplish the agency's purposes, which are well summed up in its mission statement, and are thoroughly committed to working hard to achieve the country's long-term goal of becoming 'the Fifth-largest Trading Power in the World with US\$2 trillion in International Trade by 2020,' through the implementation of sustainable trade and investment practices.

KOTRA will always be right beside you through its global network of 122 Korea Business Centers (KBCs) in 84 countries around the world. At KOTRA, we will always do our very best for you, our dear stakeholders, under the conviction that your dreams are our dreams and our success is your success.

2014. 4

KOTRA CEO | Young Ho Oh

KOTRA Business at a glance



About KOTRA

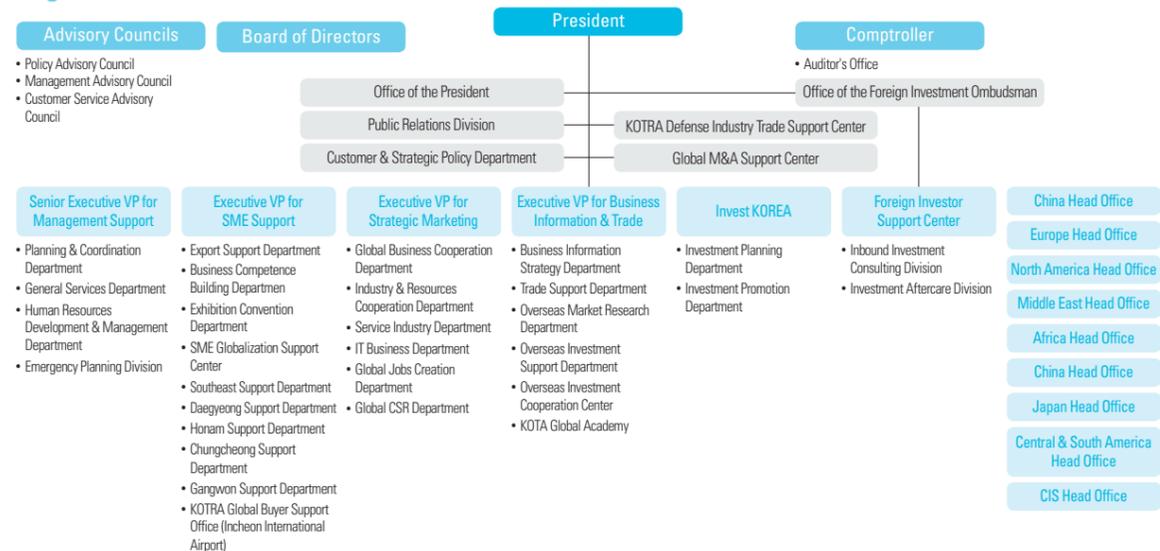
Corporate Profile

KOTRA was established in 1962 for the purpose of promoting international trade and inbound and outbound investments. Through its global business support measures, KOTRA has boosted global competitiveness of Korean businesses and contributed to the development of the national economy and improvement of the nation's standing in the international community.

Corporate summary

Name	Korea Trade-Investment Promotion Agency (KOTRA)	Employees	681 persons
Location	13, Heolleung-ro, Seocho-gu, Seoul, Korea	Sales	326.6 Billion
President	Young Ho Oh	Total equity	107.5 billion
Goals	Contributing to the development of the national economy through : support for trade, investments by domestic and foreign companies, industrial and technical cooperation, inducement of overseas experts, and export contracts between governments. (Article 1 of the Korea Trade-Investment Promotion Agency Act)	Net profit	13.3 billion
Established on	June 21, 1962		
Ownership	100% owned by the Korean government		
Affiliated companies	KINTEX (33.14%) and BEXCO (26%)		

Organizational Chart



The KOTRA Timeline (1962~Present)

<p>1960's</p> <p>Nation building through exports - launch of five-year economic development plans</p> <ul style="list-style-type: none"> KOTRA founded (June 1962) New York KBC opened (Nov. 1962) Inaugural Export Day (Dec. 1964) <ul style="list-style-type: none"> Korea recorded \$100M in exports 1st Korea Trade Expo (Sept. 1968) 	<p>1970's</p> <p>Export promotion - emergence of Korea as an exporter in the world arena</p> <ul style="list-style-type: none"> Export Information Center opened (Feb. 1970) Started to participate in overseas EXPO & overseas exhibitions (Mar. 1970) Regular "Expanded Meetings for Trade Promotion" presided over by the President of Korea (May 1972) Middle East KBCs opened to overcome the oil crises (1972-1977) Export Day (Dec. 22, 1977) - Korea posted \$10B in exports 	<p>1980's</p> <p>Export expansion - export-led economic growth</p> <ul style="list-style-type: none"> Foundation laid for the domestic exhibition industry Korea International Food Tech Exhibition (Mar. 1983) Dubai General Korean Merchandise Show (Oct. 1984) Nordpolitik & new markets: East Europe KBCs opened (1981-1990) 	<p>1990's</p> <p>Market opening era & economic crisis - WTO launched, Korea faced an economic crisis and overcame it</p> <ul style="list-style-type: none"> KOTRA renamed Korea Trade-Investment Promotion Agency (Aug. 1995): FDI attraction added to its major functions <ul style="list-style-type: none"> Foreign Investment Support Center opened (July 1998) 1st APEC Investment Expo (June 1999) Office of the Foreign Investment Ombudsman opened (Oct. 1999) Korea's first large scale export fair (Feb. 1997) SETEC (Seoul Trade Exhibition & Convention) opened (May 1999) 	<p>2000's</p> <p>Global competition era - Korean companies' globalization and the global financial crisis</p> <ul style="list-style-type: none"> KOTRA awarded the best of the best TPO Award by WTO/ITC (Oct. 2004) Invest Korea launched (Dec. 2003) 1st Job Fair for Foreign-Invested Companies (Oct. 2006) KINTEX(Korea International Exhibition Center) opened (Apr. 2005) Participation in World Expo 2010 Shanghai (May 2010) Support for U-turn firms and global M&A added to KOTRA's major functions (Dec. 2012)
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Distribution of Economic Value to Stakeholders

(Unit: ₩1 million)

Category	Distributed through	2011	2012	2013
Government	Taxes & charges	1,378	1,407	1,470
Shareholders	Dividends	6,859	2,844	-
Creditors	Interest costs	26	0.6	-
Employees	Wages, benefits, allowances, and severance payments	87,435	97,523	103,252
Local communities	Donations	21	21	-

* Figures for 2011 followed the K-GAAP (Korean Generally Accepted Accounting Principles).

KOTRA's Performance in 2013

KOTRA 2013 in figures

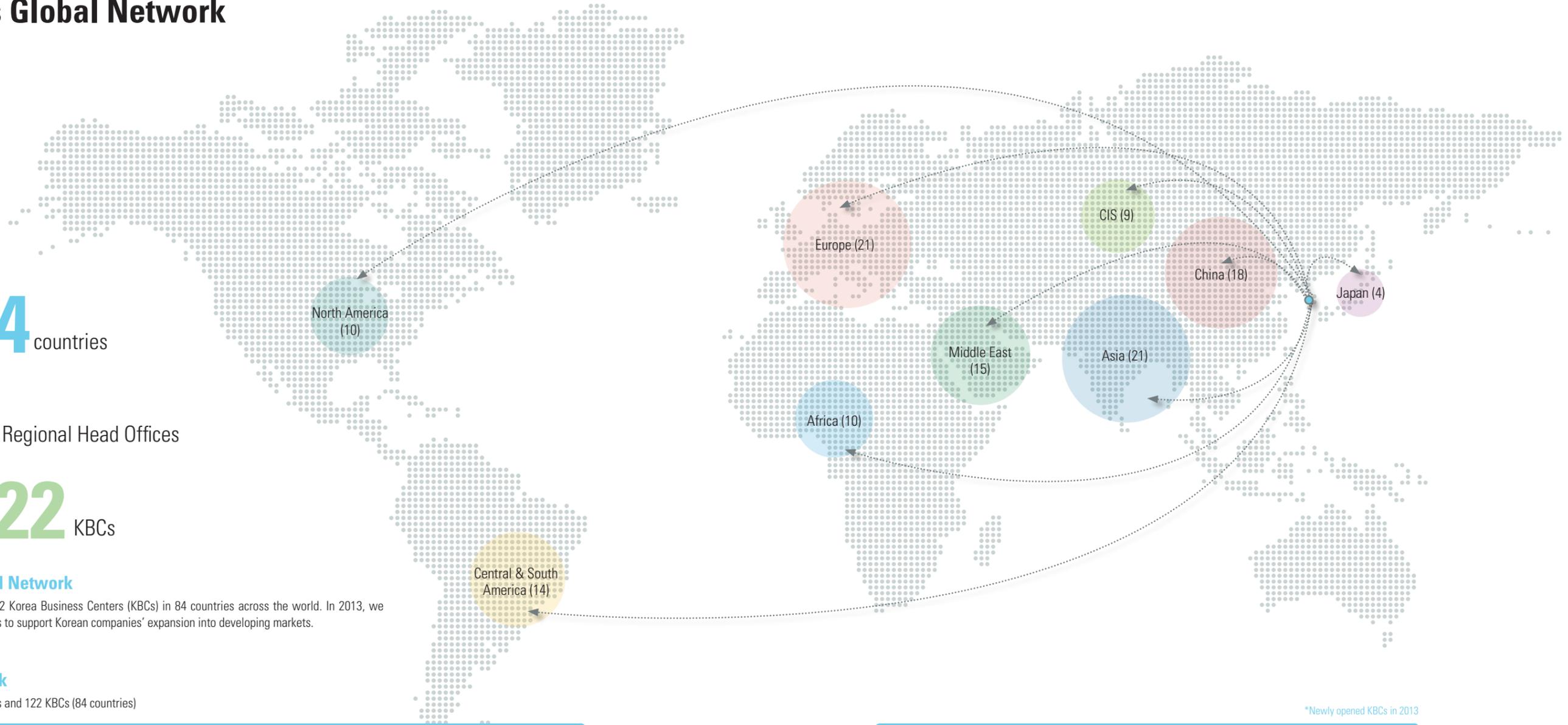
- Exports of KOTRA client companies (US\$): +7.5% over 2012 **36,984,982,553**
- FDI attracted by KOTRA (US\$): +11.3% over 2012 **11,859,437,060**
- Jobs created by KOTRA's FDI successes (persons): +15.3% over 2012 **11,788**
- Potential buyers (companies with \$10 million+ sales) secured through KOTRA marketing efforts **8,191**
- Settlement of grievances at the export frontlines (cases) **2,048**
- Investment projects discovered and managed by KOTRA (projects): +18.8% over 2012 **1,783**

KOTRA's Global Network

-  **84** countries
-  **9** Regional Head Offices
-  **122** KBCs

KOTRA's Global Network

KOTRA is operating 122 Korea Business Centers (KBCs) in 84 countries across the world. In 2013, we opened three new KBCs to support Korean companies' expansion into developing markets.



Global Network

9 Regional Head Offices and 122 KBCs (84 countries)

*Newly opened KBCs in 2013

China (18)	Europe (21)	North America (10)	Middle East (15)	Africa (10)
Beijing (China)	Frankfurt (Germany)	New York (USA)	Dubai (UAE)	Johannesburg (South Africa)
Shanghai (China)	Hamburg (Germany)	Los Angeles (USA)	Cairo (Egypt)	Lagos (Nigeria)
Guangzhou (China)	Munich (Germany)	Chicago (USA)	Tehran (Iran)	Nairobi (Kenya)
Dalian (China)	Paris (France)	Dallas (USA)	Tel Aviv (Israel)	Khartoum (Sudan)
Chengdu (China)	London (UK)	Washington DC (USA)	Riyadh (Saudi Arabia)	Douala (Cameroon)
Qingdao (China)	Stockholm (Sweden)	Silicon Valley (USA)	Amman (Jordan)	Addis Ababa (Ethiopia)
Wuhan (China)	Copenhagen (Denmark)	Miami (USA)	Tripoli (Libya)	Accra (Ghana)
Xian (China)	Amsterdam (Netherlands)	Detroit (USA)	Casa Blanca (Morocco)	Dar es Salaam (Tanzania)
Shenyang (China)	Brussels (Belgium)	Toronto (Canada)	Kuwait (Kuwait)	Kinshasa (Congo)
Nanjing (China)	Milano (Italy)	Vancouver (Canada)	Muscat (Oman)	Maputo (Mozambique)*
Chongqing (China)	Zurich (Switzerland)		Baghdad (Iraq)	
Changsha (China)	Madrid (Spain)		Alger (Algeria)	
Zhengzhou (China)	Vienna (Austria)		Damascus (Syria)	
Hangzhou (China)	Athens (Greece)		Istanbul (Turkey)	
Xiamen (China)	Helsinki (Finland)		Doha (Qatar)	
Hong Kong (Hong Kong)	Budapest (Hungary)			
Taipei (Taiwan)	Warsaw (Poland)			
Ulan Bator (Mongolia)*	Prague (Czech Republic)			
	Bucharest (Romania)			
	Zagreb (Croatia)			
	Sofia (Bulgaria)			

Japan (4)	Asia (21)	Central & South America (14)	CIS (9)
Tokyo (Japan)	Singapore (Singapore)	Mexico City (Mexico)	Moscow (Russia)
Osaka (Japan)	Manila (Philippines)	Panama (Panama)	Vladivostok (Russia)
Fukuoka (Japan)	Bangkok (Thailand)	Guatemala (Guatemala)	Novosibirsk (Russia)
Nagoya (Japan)	Kuala Lumpur (Malaysia)	Havana (Cuba)	St. Petersburg (Russia)
	Yangon (Myanmar)	Santo Domingo (Dominican Republic)	Kiev (Ukraine)
	Jakarta (Indonesia)	Sao Paulo (Brazil)	Almaty (Kazakhstan)
	Surabaya (Indonesia)	Rio de Janeiro (Brazil)	Baku (Azerbaijan)
	Ho Chi Minh (Vietnam)	Lima (Peru)	Tashkent (Uzbekistan)
	Hanoi (Vietnam)	Bogota (Colombia)	Minsk (Belarus)*
	Phnom Penh (Cambodia)	Buenos Aires (Argentina)	
	Vientiane (Laos)	Santiago (Chile)	
	Sydney (Australia)	Caracas (Venezuela)	
	Melbourne (Australia)	Asuncion (Paraguay)	
	Auckland (New Zealand)	Quito (Ecuador)	
	New Delhi (India)		
	Mumbai (India)		
	Chennai (India)		
	Bangalore (India)		
	Karachi (Pakistan)		
	Dhaka (Bangladesh)		
	Colombo (Sri Lanka)		

Risks & Opportunities

KOTRA believes that it is crucial to detect future changes in the world economy and global trends and take preemptive measures to address them. KOTRA conducted an analysis of our internal and external management environments in connection with its missions to support Korean SMEs' exports and overseas expansion and its commitments to improving the efficiency of its various projects. Specifically, we observed the policy, economic, and customer environments and trends we are facing to identify new paradigms for trade and investments and carefully looked into strengths and weaknesses in terms of organization and manpower, business and finance, and operation systems before coming up with our new mid- to long-term strategies.

External environments

Government policies

The current Korean government cherishes the values of "openness, collaboration, communication, and sharing" in its efforts to deliver tailored services to the public based on Government 3.0. The creative economy being advocated by the administration emphasizes the creation of new markets and employment opportunities through "Convergence." Most notably, it views SMEs as the leaders in the creative economy and helps them to build global competence. There are heavy emphasis on the normalization of public companies' irregular management practices for social issues. The new government strongly urges public institutions to improve their efficiency, accountability, and transparency.

Economy and Society

Amid the world economy's slow growth patterns affected by the sluggish performance of developing economies, the Korean economy is expected to see a growing imbalance between exports and domestic consumption on the one hand and between big businesses and SMEs on the other. In line with the worldwide mandate for economic democratization represented by the opposition to the overconcentration of economic power by big businesses, Korea will also be asked constantly to increase the proportion of SMEs in exports. CSR is being stressed worldwide, too. Youth unemployment is emerging as a major social issue in Korea, which has entered a stage of lower economic growth.

Trends & Competition

As various public institutions in Korea seek to export their public services, KOTRA is receiving increasing requests for cooperation. On the other hand, some public entities that could offer services similar to those of KOTRA – due to the rapidly increasing convergence in industry, technology, business, and culture – have emerged.

Customers

Since 2009, exports have increased while the proportion of SMEs has declined. More than 50 percent of SME exporters ship less than US\$ 100,000 worth of goods a year. Korea needs to step up its efforts to help SMEs develop into globally competitive companies. While SMEs suffer from shortage of financial and human resources, their overseas buyers' demand for services is becoming more intense, diverse, and complicated.

Internal environments

Business and finance

The worldwide business and finance environments are undergoing dramatic changes. Business entities are faced with management risks that are more diverse than ever. While KOTRA's organization is thinly spread across the entire globe, we are receiving more requests for collaboration from various government agencies for potential synergy effects.

Organization, manpower, and organizational culture

KOTRA is equipped with unique global network – both tangible and intangible – along with a pool of high-caliber human resources to support SMEs' global business. Nonetheless, the employees are required to enhance their expertise further to meet the demands of the agency for the development of new functions and new markets as well as the increasingly diverse needs of its customers. They get transferred quite often between domestic departments and overseas branch offices due to the relevant personnel policy of the agency. Employees hired overseas have fewer opportunities to internalize the agency's value systems. Therefore, the possibility of discord among staff members remains.

SWOT Analysis

Internal Factors



External Factors



Strengths (S)

- Human resources of excellent caliber
- Possession of unique global tangible and intangible network as needed for global business support
- Possession of vision based on customized openness/collaboration
- Institutional support for its new features including international cooperation and development, defense trade, and national image improvement

Weaknesses (W)

- Shortage of expertise for new business and diverse customer needs
- Diversification of management risks following increased SME presence in emerging markets
- Business portfolio centered on traditional marketing business and general services
- Shortage of opportunities for local employees in KOTRA overseas branch offices to internalize the corporate value systems

Opportunities (O)

- (Government 3.0) Increasing demands for customer-tailored openness, collaboration, communication, and sharing
- (Creative economy) Creation of new markets and new jobs through convergence
- Increasing demand for cooperation from government agencies and relevant entities in their new overseas business
- SMEs' shortage of competence compared to SMEs' commitments to globalization

Threats (T)

- Enhanced competition due to other agencies' expansion of service areas
- Continuous addition of new KOTRA features and increasingly sophisticated customer demand
- Stagnant manpower and budget support from the government due to increases in welfare budgets
- Existence of some negative views on public institutions

SO

Competence expansion

- Comprehensive support for the globalization of SMEs depending on three development stages: startups, small, and medium
- Contribution to worldwide mutual prosperity through trade and investment convergence business
- Invigoration of domestic and international collaboration platform

ST

Enhanced management and selection and concentration

- Support for advance into overseas markets through strategic market opening
- Enhancing its new features to help with the vitalization of the national economy
- Reinforced management of core intangible asset systems

WO

Opportunity capturing & recovery strategies

- Strengthening its competence to promote the new features in preparation for the creative economy-oriented future
- Expanding customer- and site-tailored services
- Establishing a "happy" organizational culture based on its core values

WT

Getting over the weaknesses

- New personnel policies and new organizational management based on merits and efficiency
- Expanding stable financial abilities through risk management
- Business restructuring based on the selection and concentration strategy

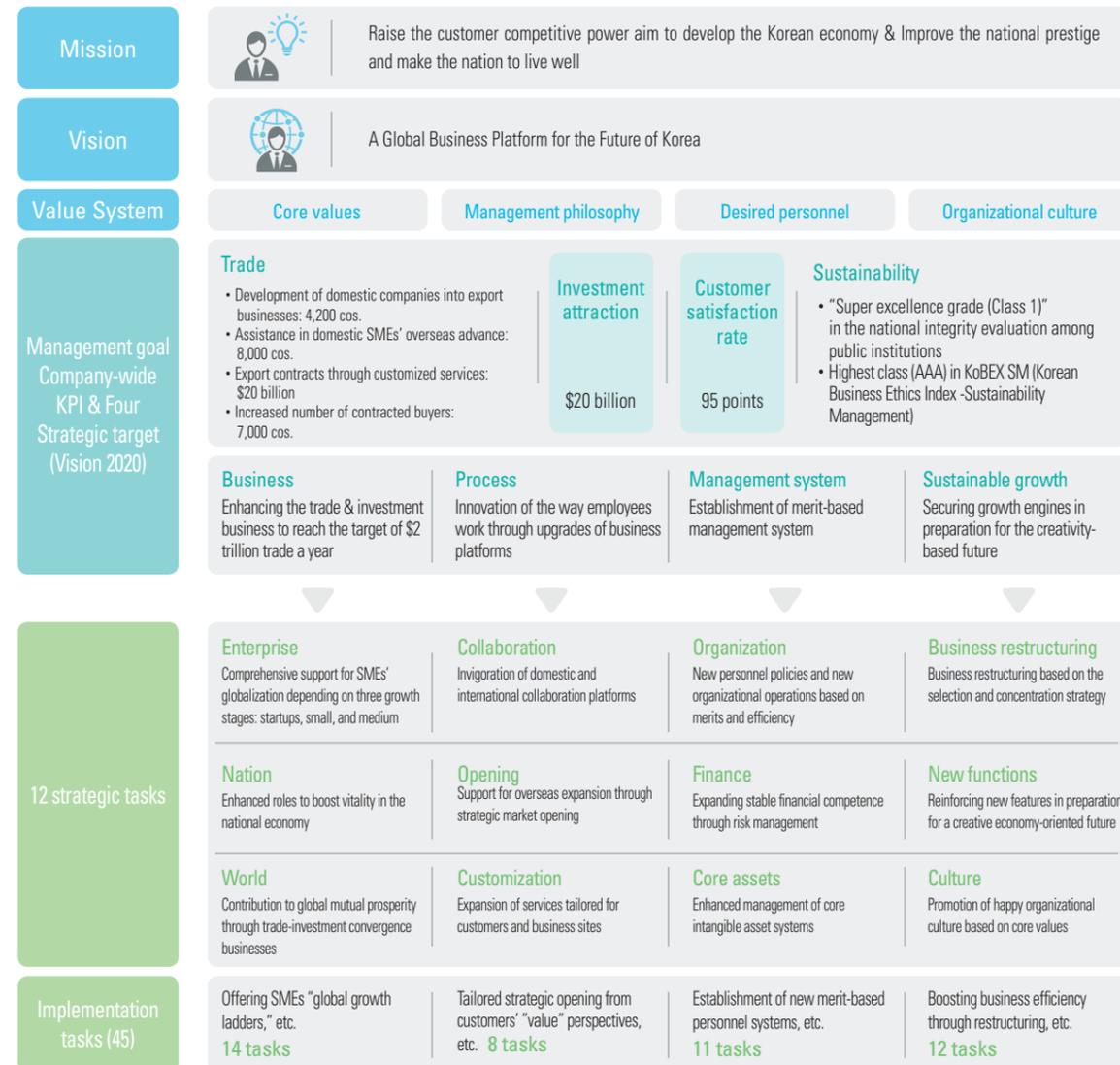
KOTRA Strategies

KOTRA has set up its vision and strategies after identifying opportunities and threats through the analysis of our internal and external environments and defining the strengths and weaknesses of internal environment. KOTRA's strategies – based on its four cores values of “customer,” “contribution,” “challenge,” and “global” – are designed to help KOTRA play the role of a global business forum based on social trust. KOTRA will faithfully implement management strategies to pave a new path in the country's overseas expansion as we have done for the past 50 years. We will continue to create new economic, social, and environmental values as a responsible, innovative public institution.

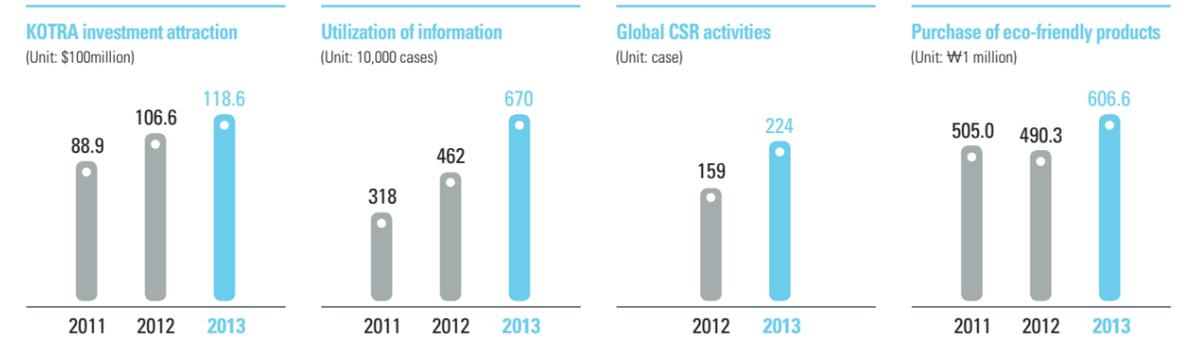
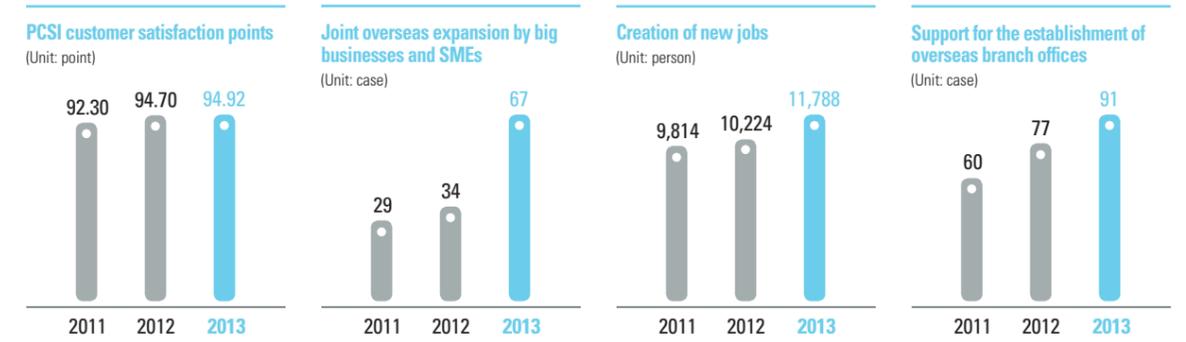
Strategy system

KOTRA is implementing its management strategies to realize its vision of “a global business platform opening up the future of the Republic of Korea.” While reinforcing the original features of its support for trade and investments, KOTRA works hard to contribute to the creation of environments for a sustainable global economic ecosystem so that it can secure the foundation for continuous growth and Korea can reach its target of \$2 trillion in trade volume. KOTRA upgrades its strategies every year to reflect the rapidly changing global management environments and economic trends on the strategies. It also works out strategy implementation plans and resources distribution plans to implement its strategies most efficiently.

KOTRA's Mid- to Long-term Management Strategy



KOTRA is implementing mid- to long-term management strategies through the management of our KPIs (Key Performance Indicators).



Major Financial Indicators*

(Unit: ₩1 million)

Category	2011	2012	2013
Sales	277,928	297,459	326,648
Operating profits	4,564	899	1,933
Net Profit	39,877	9,862	13,357
Assets	150,316	155,655	173,960
Debts	51,713	58,288	66,385
Capital	98,603	97,367	107,575

* See Appendix for the detailed financial statement and comprehensive profit and loss statement.

Corporate Governance

Board of Directors

The Board of Directors (BoD) consists of six standing directors including the CEO and seven non-standing directors who are experts in their respective fields such as management, law, etc. Accounting for majority of the BoD are non-standing directors who efficiently provide consultation for and check against internal management. In addition, a comptroller and a commissioner from Invest KOREA participate in board meetings as observers. As per Article 18-4 of the Act on the Management of Public Institutions, the CEO serves as chairman of the BoD.

Category	Name	Current position
Standing directors	Young Ho Oh	President and Chairman of the Board
	Jin Hyung Park	Senior Executive Vice President
	Hwan-Sup Shin	Executive Vice President for SME Support
	Byung-Kwon Kim	Executive Vice President for Strategic Marketing
	Seong-Soo Kim	Executive Vice President for Information & Trade Support
	Jeong-Oh Ham	Executive Vice President for China
Non-standing directors	Chang-Gyu Choi	Professor of Economics, Myongji University
	Dong-Jin Won	Director General for Trade at the Ministry of Trade, Industry, & Energy
	Seok-Hyeon Jeong	Chairman of Soosan Heavy Industries Co., Ltd.
	Seok-Hyeong Song	Non-standing director of Gachon educational institute
	Eun-Jeong Lee	CEO of Korea Mcnulty Co., Ltd.
	Jae-Guk Lee	Former non-standing director of K-sure, director of Hopedoremi corporation
	Jin-Dae Jeong	Former CEO of Songdo Global University, representative patent attorney of Licensing corporation Friends
Comptroller	Hyun Guk Yoo	Auditor
Commissioner of Invest KOREA	Ki-Won Han	Commissioner of Invest KOREA

BOD Members by gender and age

	Male	Female	Proportion of women	Age			Total
				50s	60s	70s	
Standing directors	8	0	0%	7	1	0	8
Non-standing Directors	6	1	14%	3	3	1	7

BOD Member Selection Process

Pursuant to the Act on the Management of Public Institutions, KOTRA selects candidates for president and non-standing directors through open invitation and recommends them to the government through the Executive Nomination Committee. KOTRA's President is appointed by the President of Korea at the request of the Minister of Trade, Industry, and Energy, whereas its non-standing directors are appointed by the Minister of Trade, Industry, and Energy. Standing directors are appointed by the president of KOTRA.

Executive Recommendation Procedures

Procedures	Actions
Formation of council composed of representatives of each rank	Council meetings held for recommendations
Majority taken by non-standing directors	Four of five councilors from non-standing directors
Chairman elected from non-standing directors	Non-standing directors electing the chairman among themselves
Spokesperson appointment	Outside expert appointed as spokesperson

Operation of the BOD

Ordinary BOD meetings are held once a month, with ad hoc meetings conducted upon the occurrence of matters for deliberation and decision. According to the relevant laws and articles of incorporation, directors with conflicts of interest with respect to any of the agenda items at a meeting cannot attend the related board meeting. The proceedings are disclosed on the website of KOTRA; thus, major decisions on management are disclosed immediately to shareholders and stakeholders.

Results of BOD Operations

Category	Unit	2011	2012	2013
Number of meetings	meetings	18	17	14
Number of agenda items	items	32	32	25
Directors' pre-review ratio	%	100	100	100
Ratio of modified decisions	revisions, %	0	2(6%)	2(8%)
Reported items	items	11	13	11
Attendance ratio	%	89.4	92.2	95.1
Attendance ratio of non-standing directors	%	92.9	90.9	93.8
Utterance of non-standing directors	%	78.8	83.1	91.3

BOD Meeting Monitoring System

KOTRA has established an effective BOD operations system. It has worked out three monitoring indicators – BOD composition, BOD activeness, and BOD utilization of expertise – together with 10 detailed indicators to measure the activeness of the BOD.

Monitoring contents	BOD composition	BOD activeness	Utilization of expertise
	<p>Is the BOD running independently?</p> <ul style="list-style-type: none"> Measuring the proportion of non-standing directors, proportion of neutral directors, and diversification of non-standing directors' expertise Measuring the independence of the BOD as the top decision-making body 	<p>Is the BOD active? Are non-standing directors actively participating?</p> <ul style="list-style-type: none"> Measuring quantitative performance records such as the number of meetings, attendance of non-standing directors, ratio of settled agenda items, and number of utterances per item Measuring the non-standing directors' participation rate 	<p>Is the non-standing directors' expertise being used sufficiently?</p> <ul style="list-style-type: none"> Proportion of advisory committee meetings per business area Appropriateness of the BOD's work assignment system
	Weight: 30%	Weight: 60%	Weight: 10%

Indicators of BOD's Activeness

Indicators	2011	2012	2013	Ten indicators of BOD activeness	
Composition	27	29	27	01. Proportion of non-standing directors	06. Rate of agenda items properly processed
Activeness	37	37	43	02. Proportion of neutral directors	07. Number of utterances per item
Expertise	8	9	10	03. Diversification of non-standing directors' expertise	08. Proportion of resolution in writing
Total	72	75	80	04. Number of BOD meetings	09. Degree of utterance concentration
				05. Non-standing directors' attendance rate	10. Proportion of advisory committee meetings

In addition, KOTRA strives to compose the BOD with local industrial and regional experts matching the purposes of KOTRA. The areas of expertise of non-standing directors have expanded to trade finance, administration, patents, business, and shared growth.

Corporate Governance

Expertise of Non-Standing Directors and Support for their Work

KOTRA does its best to make the best use of its non-standing directors' expertise. KOTRA provides them with management information and major publications and encourages them to participate in its major undertaking to enable them to familiarize themselves with its management practices. It also helps them with preparations for their proposals at board meetings. KOTRA holds workshops to teach them how to participate actively in BOD operations. KOTRA has realized paperless board meetings through the implementation of an IT-based mobile work reporting system. For new non-standing board members, KOTRA has also made it a point to brief them on the current state of its operations and provide them with work manuals. KOTRA has expanded its pool of non-standing experts to 169 (an increase of 27 over 2012) including those engaged in its core business areas such as international trade and industry as well as experts in CSR, which is drawing plenty of attention worldwide.

Category	Int'l trade	Industry	Environment	Banking	Law	Finance	Policy	Education & PR	CSR	Others	Total
2012	30	20	12	12	22	12	12	12	-	10	142
2013	35	25	14	14	24	14	14	14	5	10	169

Increased cases of non-standing directors' management consulting and proposition

Category	Unit	2011	2012	2013	Year-on-year increase/decrease
Non-standing directors' management consulting services	session	1	4	4	-
Non-standing directors' management proposals	case	5	7	18	11cases ↑
Number of their proposals reflected on KOTRA management	case	6	11	19	8cases ↑

Non-standing directors' participation in management

Topics	Actions
Implementation of follow-up measures of foreign exchange risks	Foreign Exchange Risk Management Committee meetings held: issue reported to the following board meeting
Reexamination of career development proposal for high school graduate professionals	Briefing for directors: preparation for proposition at the next board meeting again
Opinions on CSR activities	Streamlining CSR activities and adopting new approaches
Increased flexibility in welfare funds operations	Post-reporting on the operations of welfare funds
Implementation of orientations for new executives	Briefings for new directors upon their appointment
Opinions on the Government 3.0 promotion plans	Resetting the goals related to the promotion of Government 3.0



Clean KOTRA Committee

Roles of the highest governance body with respect to sustainability issues

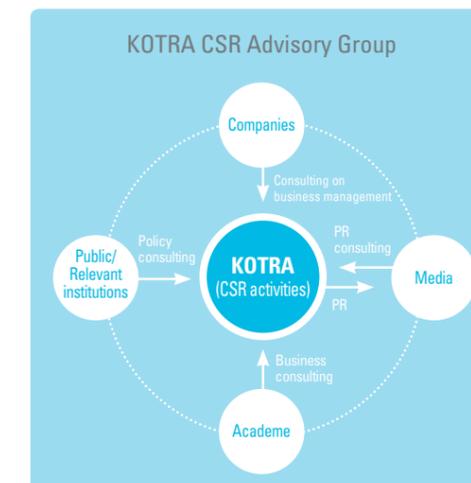
The top managers of KOTRA take charge of its economic, environmental, and social issues in the Ethical Management Committee and Clean KOTRA Committee, with the head of the Global CSR Department responsible for social issues; the leader of the Climate Change Business Team takes care of environmental issues, and the leaders of the FTA Business Team, Overseas Exhibition Team, etc., take charge of various economic issues. On top of that, KOTRA has formed the CSR Advisory Group, which holds regular meetings on economic, environmental, and social issues with various stakeholder groups composed of representatives of academe, public institutions, media, and relevant entities.

The BOD sets the agency's policies, goals, and value systems with regard to KOTRA's economic, environmental, and social impacts. It regularly reviews the relevant issues including the associated risks, risk management needs, and opportunity elements. Materiality matters for this report are handled by the chief of the Management Team and the head of the Planning & Coordination Department.

KOTRA has established procedures to improve the efficiency of its board meetings. The agenda of a board meeting is finalized 12 days prior to the meeting, with the agenda items collected by the head of the Planning & Coordination Department and approved by the president. The board does not get outside consulting service with respect to its decisions on compensation. Neither does it seek opinions from its stakeholders regarding remuneration. Employees' remuneration – consisting of basic pay and performance-related bonus – gets determined through labor-management conferences. The president's management performance remuneration is determined through the president's employment contract, whereas the pay of the auditor is decided by his/her performance evaluation results. The management performance pay for standing directors is determined by the president according to the relevant rules. Non-standing directors are not qualified to receive compensation. In 2013, the top earner's pay rose 3.33%, whereas the employees' median pay raise stood at 4.70%.

CSR Advisory Group

In line with the increasing importance of CSR, KOTRA implements its companywide CSR commitments through the Global CSR Department, a CSR-exclusive organization. It receives advice from the CSR Advisory Group composed of experts. Overseas, it supports Korean companies' CSR activities through its KBCs and Overseas CSR Council.



Composed of 12 experts in CSR from business, academe, government, media, and relevant entities



Composed of local government officials, representatives of economic and social organizations, NGOs, Korean expat organizations under the leadership of KBCs

Ethical Management

Context

KOTRA intends to take part proactively in the new government's comprehensive policy efforts to promote responsible corporate management – including the normalization of public companies ('irregular practices?') and prevention of lax management domestically – while preemptively dealing with the international trend toward calls for corporate transparency and growing significance of ethical management as an essential part of sustainable management, with the ultimate goal of becoming a global institution trusted by customers, relevant authorities, public, and international community. Keenly aware that ethical management is a critical element in supporting the accomplishment of its management goals, promoting the happiness of its members, and enhancing the organization's sustainability, KOTRA continues to exert its best efforts to build consensus among its domestic and international stakeholders regarding the improvement of its ethical management systems, dissemination of a clean, ethical corporate culture, and promotion of ethical management.

Progress & Achievement

Improvements in Ethical Management Systems

KOTRA runs both the Ethical Management Committee (chairman: the President) as the top decision-making body on issues related to ethical management and the Clean KOTRA Committee (chairman: Auditor), an exclusive body dedicated to the establishment of anti-corruption integrity policies, independently from each other to ensure that they cooperate with each other while holding each other in check when necessary. For each department to promote smoothly the decisions made by the decision-making body, employees in middle management positions, with experience working in one of KOTRA's overseas branch offices, and who are currently responsible for planning and budgeting will be selected as Ethical Management Officers tasked with controlling and taking charge of all of their respective department's ethical activities besides their regular duties.

KOTRA also strives to eliminate concerns over the possible lax management as a public company by supporting ethical decision making by its staff and executives in accordance with the fully revised version of its "Employee Code of Conduct," which provides specific judgment criteria for ethical acts, while enhancing its control of asset management and budget implementation through the revision of guidelines related to budgets, organizations, and manpower, such as guidelines on corporate card management, overseas business travel, and company vehicle management.

<Ethical Code System>

Value declaration	Codes of conduct
Systems	Rules for the practice of ethical management Stipulations concerning executives' integrity agreements Guidelines for the protection of internal whistleblowers concerning corruption and public interest
	Employee Code of Conduct Guidelines for actions by work-related people Guidelines for the prevention of sexual harassment Other relevant guidelines for accounting, organizational operations, contracts, or information security
Code of Conduct	

Enhancement of Ethical Risk Prevention and Management

The number of KOTRA's overseas branch offices is on the rise due to KOTRA's expanded presence in the developing world and forays into new business areas, among others. Nonetheless, the offices are experiencing difficulties with finances, organizational operations, and attendance management due to the shortage of resources including manpower, their distance from the headquarters, and the different local circumstances of the countries where they are situated. KOTRA does its very best to prevent ethical risks in advance by enhancing its ethics education and revising and improving the relevant rules and regulations in order to overcome the limitations of its physical control, ensure that its employees maintain a strictly professional public service mindset, and prevent incidents of lax management. KOTRA regularly performs risk evaluations of overdue audits, accounting risks, accomplishment risks, and reputation risks. In 2013, it carried out audits of eight branch offices.

KOTRA also does its best to boost the effects of its ethics education by offering customized training programs to new recruits and entry-level employees (Grade 5), middle managers (Grades 3 & 4), and managers (Grades 1 & 2). Overall, for entry-level employees susceptible to accounting incidents due to unfamiliarity with their duties, focus is placed on enhancing their work skills and enhancing their understanding of the company's rules and regulations; for middle managers, since KOTRA has a vast overseas network, priority is placed on upgrading their ability to adapt to the rotation of services between the headquarters and overseas branch offices and rules related to asset operations and settlement of accounts at the respective overseas branch offices. With regard to managers and executives, KOTRA focuses on maximizing their management potential by supporting their efforts to overcome generational and cultural gaps with younger employees and foreign staff members.

Classification	Training Contents
New/Entry-level employees	Operation of an online board to promote proper understanding of the company's code of conduct (explanation of the company's code of conduct and support measures for resolving ethical dilemmas), publication of a summary of the company's regulations (FAQs on major company rules)
Middle managers	Integrity education prescribed by Korea's Anti-Corruption & Civil Rights Commission for those assigned to overseas posts or ordered to return to the headquarters Publication and distribution to overseas branch offices of a leaflet on "Clear Answers to Hazy Issues" (compilation of actual cases related to accounting, settlement of accounts, and organizational operations)
Managers and executives	Leadership education (online, all-year-round), managers' workshop presided over by the company president, Vice President's teleconferencing with the heads of overseas branch offices for educational purposes; education for the heads of branch offices in each region by the relevant regional KOTRA director; education by the Integrity Ombudsman



Workshop for managers & executives

KOTRA has set and implemented the top 10 tasks for the normalization of its management in line with the new Korean government's campaigns to "normalize public institutions' operations."

Category	Management rationalization/normalization tasks
Efficient budget implementation	<ul style="list-style-type: none"> Prevention of wasteful operations of company vehicles Boosting transparency of the usage of clean cards
Prevention of moral hazards	<ul style="list-style-type: none"> Improved transparency in selecting legal advisers or lawsuit attorneys Preventing pursuit of personal interest using work-related information Prevention of unfair profits through the establishment of rules on outside lecture compensation
Improved policy transparency	<ul style="list-style-type: none"> Prevention of corrupt relationship with stakeholders during overseas business trips Boosting contract fairness for the establishment of fair trade
Efficient personnel/organization operations	<ul style="list-style-type: none"> Fostering local employees as key personnel through improved personnel policies and labor relations at overseas KBCs Reducing management risks through enhanced management of short-term workers Improved efficiency in the operations of overseas networks

Spread of Ethical leadership-followership

KOTRA has produced a video (with English and Chinese subtitles) containing the message of the CEO about his commitments to ethical management and distributed copies to all the departments at home and abroad to disseminate the importance of ethical management. It has secured its labor union's full cooperation for ethical management through a joint declaration of commitments to making KOTRA a global leader in ethical corporate management. Recently, KOTRA held a public contest among its employees for new ideas for ethical management for the purpose of accelerating their acceptance of the agency's new ethical management policies and awarded four excellent ideas.

Monitoring and level diagnosis of ethical management

KOTRA motivates its employees to practice self-discipline through various measures such as all employees' pledges for integrity, surveys of managers' level of integrity, execution of integrity contract with executives, and online self-diagnosis of integrity. In addition, KOTRA regularly checks if employees comply with the KOTRA employees' code of conduct through ordinary, special, and comprehensive audits. It encourages whistleblowing through various reporting channels. In 2013, the internal reporting of irregularities increased from three to nine cases.

<Internal counseling and reporting channels>

Category	Channels	Major features
Counseling	EAP(Employee Assistance Program)	Counseling to settle employees' work-related/personal grievances
	Counseling about reporting on corruption cases	Connecting the reports to the Corruption Filing & Counseling Channel in Anti-Corruption & Civil Right Commission
	Connecting the reports to the Corruption Filing & Counseling Channel in Anti-Corruption & Civil Right Commission	Filing sexual harassment to external counselors (lawyers) with reporters' anonymity guaranteed
Reporting	Clean Contract Report Center	A channel to file reports on those engaged in contract business
	Clean Report Center	KOTRA's official reporting channel: Report by phone, fax or e-mail.
	Anonymous Report Center	An Intranet report channel for employees
	Audit Hotline	Directly linked to the auditor without going through a telephone operator
	Favor-request Registration Center	Filing reports by employees being asked to give favor

KOTRA conducts its own KOTEX (KOTRA Ethics Index) Evaluation every year to measure the results of its annual ethical management efforts. It reflects the analysis results of the evaluation on its ethical management plan for the following year.

Dissemination of fair trade culture

Through various surveys, meetings, and workshops, KOTRA listens to its partner companies for any and all complaints or grievances. In keeping with the government's policies, it continuously expands employment of the vulnerable and purchase of environment-friendly products. KOTRA does its best to increase the proportion of environment-friendly goods in its procurement. KOTRA expands its preferential selection of SMEs in its contract execution; it has banned big companies from participating in bids for feasibility studies worth less than 100 million won. Through the "Online Payment Monitoring System," it checks in real time whether subcontractors get paid as soon KOTRA makes payments to the primary contractors.

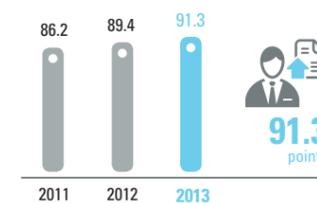
Strategic Direction

In 2014, according to its mid- to long-term ethical management roadmap, KOTRA will continue to work on the creation of an optimized ethical management ecosystem within its organization, share its outcomes instantly with its shareholders, and enhance cooperation with international communities in ethical management.

<KOTEX>

Areas of measurement	CEO, management philosophy and strategies, governance, employees' satisfaction, ethical management system, fair trade, customer satisfaction, local communities, and environment
Methods of measurement	Surveys (60%) and quantitative outcome measurement (40%)

KOTEX points



Interviews with KOTRA stakeholders

To boost its management results through the participation of and communication with its stakeholders, KOTRA has analyzed its stakeholders' characteristics and worked out a collaboration & sharing system. KOTRA has defined as its internal stakeholders its staff (domestic and overseas) and their families as well as its partner companies. As for its external stakeholders, it has chosen five groups: SMEs and their overseas buyers (KOTRA customers), relevant agencies at home and abroad, government and National Assembly, academe and media, and people and local communities. KOTRA steps up its collaboration with its stakeholder groups through its exclusive organization for each of them. Its stakeholders' support for and trust in KOTRA underpin all of the agency's successful management efforts. They are KOTRA's invaluable social assets. KOTRA discusses its future directions with its stakeholders at the planning stage of its various management activities to reflect their needs as much as possible and maximize the synergy effects of the collaboration with them. KOTRA continues to strive to share its major management policies and plans through the most efficient means of communication.

Establishment of model for collaboration with stakeholders

Recently, KOTRA analyzed the strengths and weaknesses of 95 projects being promoted jointly with 13 related agencies and came up with a collaboration model based on the principle of convergence, openness, and customization for the purpose of maximizing the efficiency of its support measures for customers. Likewise, it has opened up some of its "information, space, and features" to local companies to enhance collaboration with them further. To facilitate its trade-investment convergent support, KOTRA has diversified its communication channels with its present and potential customers to official and unofficial, bottom-up and top-down, regular and irregular, and on and offline.

KOTRA stakeholders: definition, characteristics, and approach directions

Category	Stakeholder characteristics (cooperation/sharing objectives/value)	Approach directions	Collaboration/Sharing tools	Collaboration/Sharing tools	Department in charge	
Internal	Labor union	<ul style="list-style-type: none"> Motivation and individual and organizational development Value systems, strategies, and management issues 	<ul style="list-style-type: none"> Establishment of cooperative relations through open communication 	Hotline between the CEO and union chairman TF meetings for Labor-management Cooperative Organizational Culture Labor-management conferences Labor-management meetings	52 times (weekly) 43 times (weekly) 4 times 4 times	Planning & Coordination Dept. General Services Dept. Human Resources Management Dept.
	Partner companies	<ul style="list-style-type: none"> Win-win cooperation Business plans 	<ul style="list-style-type: none"> Grievance settlement Mutual development 	Regular meetings and surveys	Twice	General Services Dept.
External	SMEs	<ul style="list-style-type: none"> Improved outcome creation and satisfaction Strategies, customer demand, and information 	<ul style="list-style-type: none"> Opinion collection - reflection - feedback 	Regional SME meetings, service advisory group meetings, and voices from business sites of the relevant partner customers	Once for each of the 11 regions: site meetings 26 times	Customer & Strategic Policy Dept.
	Related institutions	<ul style="list-style-type: none"> Business plans (for collaboration areas) Overseas business information 	<ul style="list-style-type: none"> Activation of collaboration based on workflow and strength & weakness analysis 	Councils per industry, joint work, and joint business promotion	When needed	Planning & Coordination Dept. Dept. in charge for each business
	Government & National Assembly	<ul style="list-style-type: none"> Policy realization and business to promote public interest Strategies, outcomes, management issues 	<ul style="list-style-type: none"> Strategies, outcomes, management issues Sharing various issues 	Government: Trade & Investment Promotion Conferences, policy consultation meetings, etc. National Assembly: work progress reports, briefings at the assembly, and meetings	Three times, Twice	Planning & Coordination Dept.
	Academe & media	<ul style="list-style-type: none"> Counseling and PR Strategies, outcomes, information 	<ul style="list-style-type: none"> Sharing strategies Performance PR 	Networking through activities in societies, press releases, and press briefings	When needed	Planning & Coordination Dept. Public Relations Division
	People and local communities	<ul style="list-style-type: none"> Social contributions and branding Value systems and information 	<ul style="list-style-type: none"> Information disclosure Contribution to local communities 	Operation of Open Gallery, lectures, social contributions, and media publicity	When needed	General Services Dept. Public Relations Division Business Information Strategy Dept.

Sharing and communication with stakeholders and reflection of their opinions

In addition to the PCSI (Public Customer Satisfaction Index) operated by the Ministry of Strategy and Finance every year, KOTRA conducts its own survey (Happy Call, a telephone survey) among its customers to evaluate its service quality. KOTRA carries out surveys on the degree of satisfaction among its more than 20,000 customers within three months of the end of its service contracts with them and notifies them of its follow-up measures within a month of completion of the surveys. KOTRA reflects the results of its customer satisfaction surveys and the follow-up actions on customer feedback on its employee evaluation in a bid to improve its communication with customers and reflect the voice of the customer (VOC) in the whole range of its business areas and the contents and operations of its management system.

Interviews with KOTRA stakeholders



[Overseas related entity] Christoph Heider, secretary general of the European Chamber of Commerce in Korea (ECCK)

KOTRA is a public entity. It can engage in mid- to long-term CSR-related projects. KOTRA can also help Korean businesses working overseas with their CSR activities; it can carry out research on foreign countries' current situations and social circumstances through its KBCs. KOTRA can guide Korean businesses toward desirable CSR programs. Indeed, KOTRA can become an excellent platform for such endeavors.



[National Assembly] Song Ji-won, secretary to Kang Chang-il, chairman of the Trade, Industry, & Energy Committee of the National Assembly

KOTRA is a public institution tasked with assisting Korean companies in making inroads into overseas markets. It must be more active in contributing to local communities at home and abroad through the invigoration of economies and alleviation of youth unemployment at the community level. KOTRA enjoys global recognition. It must fulfill its social responsibility and contribute to sustainable development at the global level, too. KOTRA must work harder to blend with local communities in its overseas business sites and play a leading role in realizing economic, cultural, and social development of the communities. Some domestic companies are beginning to return home – due to their failure to overcome the cultural and social differences with the local workforce they employed – to pursue win-win situations and mutual prosperity. It is KOTRA that can solve such problems. KOTRA should do a better job in helping Korean companies succeed overseas and improving the brand image of the Republic of Korea.



[Domestic relevant entity] Lee Eun-su, head of the Market Development Team, Korea Association of Machinery Industry

KOTRA should refocus on its original duties and help SMEs advance into overseas markets. Instead of leaning toward short-term outcomes, it should be faithful to its mission and help SMEs that draw upon exports as their last resort. KOTRA can also share more of its data collected worldwide through its KBCs. KOTRA can also share more of its data collected worldwide through its KBCs.



[Customer] Go Yeong-gon, CEO of ECCO Watch Co., Ltd.

KOTRA has expanded its business areas to M&A and dissemination of overseas information. Its employees have become more passionate and dedicated to their work. Unfortunately, KOTRA is better known overseas: There are many local companies that do not know about KOTRA; hence the low accessibility to KOTRA services of many SMEs. KOTRA employees get transferred more often than those in other government agencies because of the agency's rotation policy on employees' overseas duties. Such turns out to be a problem for its customer companies. The employees might lose opportunities to become experts in a specific field. I think KOTRA could be more flexible in its personnel policies from longer-term perspectives.



[Media] Kim Dong-eun, reporter at MK Business News

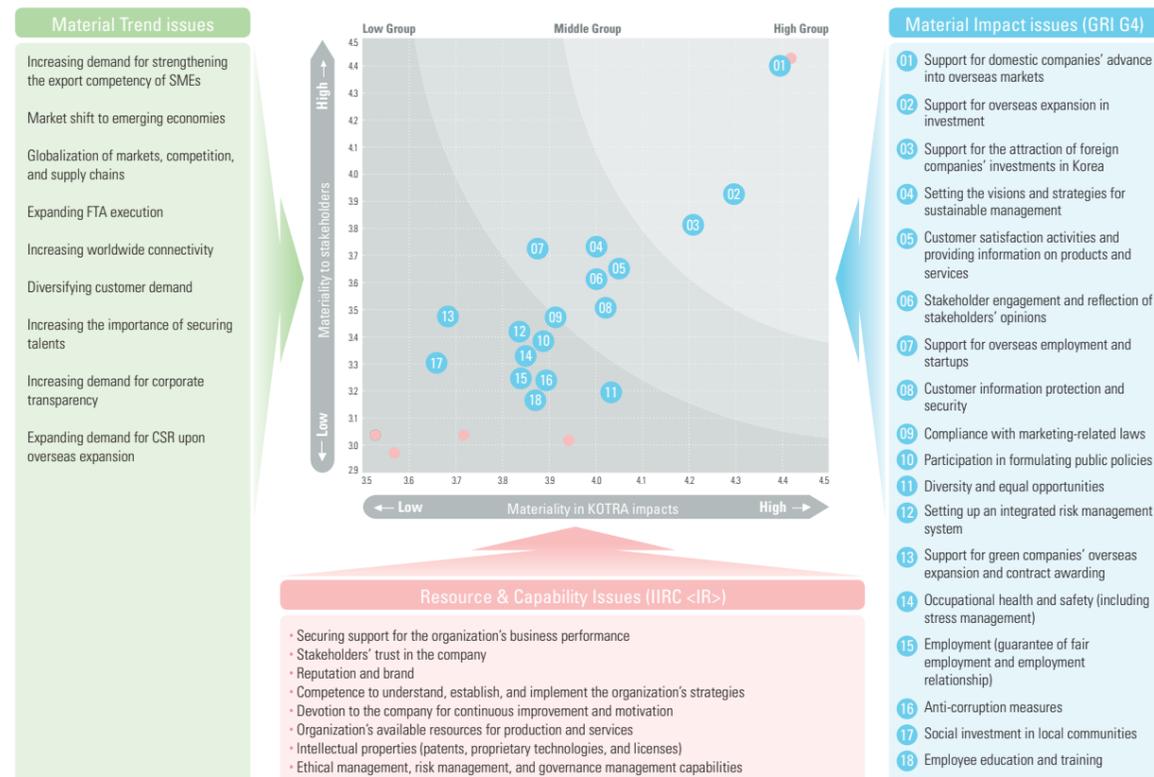
Emerging economies are expanding. It presents both crisis and opportunity to Korean companies. Those that have gotten ready will succeed, but those that have not could face a huge loss. Those that have gotten ready will succeed, but those that have not could face a huge loss. KOTRA should be evaluated for its indirect economic contributions including assisting in SMEs' enhanced international competitiveness or contributing to the overall national economic vitalization instead of short-term financial results like turnover and profits.

Materiality Test Process

For this integrated sustainability report, KOTRA has performed materiality assessment to reflect not only its economic impacts but also the social and environmental impacts of its various activities.

Materiality Test processes

KOTRA has identified its material sustainability issues based on the materiality evaluation criteria set forth in GRI G4 Guidelines and the methods presented by the IR Framework of IIRC (International Integrated Reporting Council). KOTRA has identified its material sustainability issues based on the materiality evaluation criteria set forth in GRI G4 Guidelines and the methods presented by the IR Framework of IIRC (International Integrated Reporting Council). The contents of the material issues selected have been tailored to meet KOTRA's strategies in terms of connectivity and appropriateness as well as the agency's efforts toward sustainability.



Material issues and reporting boundaries

The material issues, aspects, and boundaries determined through KOTRA's materiality test are as follows:

Material Impact issues	2012 ranking	Relevant GRI G4 aspects	Boundaries		Relevant page
			Internal	External	
1. Support for domestic companies' advance into overseas markets	1	Indirect Economic Impacts	●		34, 35
2. Support for overseas expansion in investments	3	Indirect Economic Impacts	●		26 ~ 35
3. Support for the attraction of foreign companies' investments in Korea	11	Indirect Economic Impacts	●		38 ~ 40
4. Setting the vision and strategies for sustainable management	2	Strategy and Analysis	●		12, 42
5. Customer satisfaction activities and providing information on products and services	-	Product and Service Labeling	●		13, 20, 25
6. Stakeholder engagement and reflection of stakeholders' opinions	6	Stakeholder Engagement	●		20, 21
7. Support for overseas employment and startups	19	Indirect Economic Impacts	●		43
8. Customer information protection and security	24	Customer Privacy	●		48
9. Compliance with marketing-related laws	8	Marketing Communications	●		30 ~ 32
10. Participation in formulating public policies	-	Public Policy	●		26 ~ 41
11. Diversity and equal opportunities (respect for diversity and prevention of discrimination)	13	Diversity and Equal Opportunity	●		64
12. Setting up an integrated risk management system	7	Report Profile	●		18, 53
13. Support for green companies' overseas expansion and contract awarding (impacts of products and services on the environment)	14	Indirect Economic Impacts	●		54
14. Occupational health and safety (including stress management)	27	Occupational Health and Safety	●		65
15. Employment (guarantee of fair employment and employment relationship)	17	Employment	●		59
16. Anti-corruption measures (enhanced internal control and protection of whistleblowers)	-	Anti-corruption	●		19
17. Social investment in local communities (global social contributions)	5	Local Communities	●	●	42 ~ 45
18. Employee education and training	13	Training and Education	●		58, 59

※This materiality assessment has been planned through careful considerations of the Trends, Impacts, and internal capabilities. Material issues are elaborated on in terms of Impacts.





KOTRA employees

01 Business

Contributions to the country's achievement of US\$ 2 trillion in trade and expansion of the foundation for national economic growth through upgrades and diversification of business

Key Issues

- Support for domestic companies' expansion into overseas markets
- Support for overseas expansion in investments
- Support for the attraction of foreign companies' investments in Korea
- Support for overseas employment and startups
- Social investment in local communities (global social contributions)
- Participation in formulating of public policies

Our Strategy and Management Approach

Given the characteristics of its business, indirect economic effects and local community investment effects are material to KOTRA as well as its participation in public policymaking. As such, KOTRA places emphasis on helping the country achieve its target of US\$ 2 trillion in international trade through its business upgrades and diversification through diverse activities such as support for domestic SMEs' overseas expansion, foreign investment attraction and necessary follow-up measures as an Investment Promotion Agency(IPO), production and dissemination of customer-oriented information, job creation, and global CSR activities.

Key Performance

Category	KPI	Unit	2011	2012	2013
Increasing SMEs' global competence	Number of support cases for domestic startup companies' overseas expansion	Number of companies	-	-	581
Support for export companies' overseas marketing	PCSI customer satisfaction scores	Points	92.3	94.7	94.92
	Joint overseas expansion of big businesses and SMEs	Cases	29	34	67
Support for domestic companies' overseas expansion	Number of cases of support for the establishment of overseas offices	Cases	60	77	91
Playing the role of trade & investment information center	Use of KOTRA information	10,000 cases	318	462	670
Attracting and following up on Foreign Investment investments	Amount of KOTRA-attracted investments	US\$ 100million	88.9	106.6	118.6
	Job creation	Persons	9,814	10,224	11,788
Expanding global job creation	Successful overseas employment	Cases	-	79	187
	Cases of overseas manpower demand identification	Cases	-	614	1,111
Leading Global CSR activities	Global CSR activities	Cases	-	159	224

Increasing the Global Competence of SMEs

Assistance in climbing up “a Ladder for Global Growth”

Context

The Korean government is making diverse efforts to become one of the world's top five traders and achieve a total trade volume of US\$ 2 trillion. It expects SMEs to make significant contributions to the realization of such a goal. With a plan to foster up to 400 enterprises each shipping more than US\$ 100 million worth of goods and services, Korea does its best to help SMEs in a range of fields such as finance, personnel and marketing as well as counseling for strategies. In line with such endeavors by the government, KOTRA has established a “Global Growth Ladder” support system that provides SMEs with three-stage support measures: helping startup SMEs grow into promising SMEs, develop into strong medium-sized companies, and then become global hidden champions.

Progress & Achievement

After selecting SMEs that have qualified for support, KOTRA offers them support that is suitable to their level and holds in-depth follow-up consultation meetings with them after providing support at each stage.



Export Gateway Services

STEP 1

Support for domestic startup companies to evolve into exporters

- Export gateway services
- Education & training and talent inducement

• Export gateway services

KOTRA selects promising companies from those that have not exported their goods or services or those that have just started their export business (shipping less than US\$ 500,000 worth of goods or services). It offers them the most efficient 1:1 consulting services based on its expansive domestic and international networks. Our export counselors find the most appropriate solutions for customers' needs, making the best use of its interactive communication channels with our overseas KBCs. KOTRA dispatches its export counselors to the business sites of SMEs based in regions to help them easily participate in KOTRA's support programs. Most notably, KOTRA has used retired experts in international trade to support SMEs in the first stage from KOTRA's perspective. This has been lauded as an excellent example of job creation for the elderly. So far, KOTRA has supported a total of 581 SMEs through the export gateway project. At least 71 of the 266 companies that had not shipped their goods overseas succeeded in making their initial export deals, and 275 of the 315 companies with export records were able to increase their exports through KOTRA's support programs. KOTRA plans to support a total of 5,000 companies that concentrate on domestic markets or remain at the initial export stage by 2017.

• Education & training and talent inducement

KOTRA offers a diverse set of educational and training programs to companies concentrating on domestic markets to help them acquire global competence.

Name of educational program	Outcomes
Opening and operating Daejeon Global Competence Enhancement Support Center	1,460 trainees completing 43 training sessions in first year of training
Offering online courses about strategies for global emerging markets	Producing and disseminating training programs for regional experts in the Middle East, ASEAN and Central & South America
Offering courses in conjunction with associations and universities	50 professionals completing industry-academia collaboration training programs
Dispatching training delegations for on-site benchmarking for competence enhancement	Discovering and using the big & small business win-win cooperation models of POSCO and EXIM Bank's partner companies

KOTRA also supports the companies in their efforts to hire overseas talents with appropriate qualifications and abilities. In 2013, KOTRA helped Korean SMEs hire 645 overseas professionals including engineers and researchers. We added 8,214 personnel files to personnel database during the year.

Business

Increasing the Global Competence of SMEs

- Supporting export companies' overseas marketing
- Supporting domestic companies' overseas expansion
- Operation of the Trade-Investment Information Center
- Attraction of foreign investments and aftercare
- Expanding global job creation
- Global CSR leadership
- KOTRA's global CSR activities for 2013

Support for small businesses and strong medium-sized enterprises, for them to develop into global hidden champions through services tailored to their growth stages



STEP 2

Elimination of prospective SMEs' gap in global competence

- Global Partnering Project
- Export SMEs' Branch Office Project

• Global Partnering Project

KOTRA is implementing the Global Partnering policy, which helps promising SMEs enter the global value chain through eliminating the gap between their competence and the demands of global enterprises. KOTRA helps SMEs supply the developed technologies or parts to global businesses or open overseas markets on their own through joint marketing efforts with KOTRA. For instance, Hando-Thyssenkrupp Presta contacted a German automaker and signed a contract worth US\$ 50 million to supply its steering wheels to the Audi and Volkswagen production lines through KOTRA's one-on-one consulting services. In 2013, the Global Partnering Project succeeded in discovering overseas partners for local SMEs in 70 cases worth US\$ 41 million, seeing an increase of 90% and 310%, respectively, over the previous year. During the same year, KOTRA provided KRW 6.82 billion in R&D funds to 21 companies and offered 146 companies six sessions of educational programs designed to enhance global competitiveness through the Global Partnering Project.



• Export SMEs' Branch Office Project

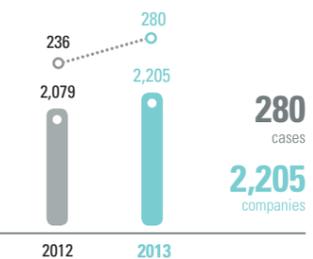
KOTRA's 122 Korea Business Centers (KBCs) in 84 countries serve as overseas branch offices for Korea's export businesses; KBCs are used to help export companies succeed in the execution of contracts with their buyers. Depending on the specific needs of each of the export companies drawing upon the Export SMEs' Branch Office Project, KOTRA offers them full one-one-one consulting services ranging from market surveys to finding buyers and contract execution. For instance, a local automobile interior parts company unfamiliar with the Japanese market knocked on the doors of the Export SMEs' Branch Office Project provided by the Fukuoka KBC in Japan. It succeeded in getting itself registered as one of the first vendor companies for Nissan Motor Company, and its initial export contract amounted to US\$ 1.64 million. In 2013, 2,205 companies participated in the Export SMEs' Branch Office Project, with 280 succeeding in signing their first export contracts through the project.



Global Partnering China

Export SMEs' Branch Office Project

- Number of companies that participated in the project
- Number of companies that succeeded in signing export contracts



Interview with stakeholder



Hyun Moon-sik, CEO
[Customer]
Korbi Co., Ltd.

KOTRA helps SMEs without overseas marketing resources advance into overseas markets. KOTRA offers SMEs credible information on various foreign companies in terms of credit and risks. KOTRA also finds them easily accessible consulting businesses. Service needs vary from market to market, yet KOTRA plays a compelling role in helping Korean SMEs advance overseas successfully. KOTRA offers fast, dedicated and reliable services.

Increasing the Global Competence of SMEs

STEP 3 Developing strong SMEs into global specialized enterprises

- World Champ Project
- Global M&A Support Project
- Global Product Branding and Protection of Intellectual Properties

• World Champ Project

KOTRA is implementing the World Champ Project, which fosters strong world-class SMEs – namely Global Hidden Champions – among SMEs with the potential to become globally competitive companies. KOTRA's special counselors and overseas KBCs and the enterprises participating in the project join forces to set up an organic collaborative and supportive system, produce roadmaps for SMEs to enter their target markets, and implement supportive measures tailored for the companies to help them secure engines of future growth as well as a competitive edge in their current business. Through the project, 90 Korean companies signed 172 export contracts – their first ever – in 2013.

• Global M&A Support Project

KOTRA also helps strong local SMEs pursuing international M&A deals secure their desired global management resources more efficiently. We have opened a center devoted to providing strong local SMEs with full support for their small-scale M&A deals in the global market. SMEs can enhance their technical competitiveness and improve their brand power as well as expand their overseas markets through such M&A. The center continues to expand its services. So far, KOTRA has discovered 250 companies interested in M&As, supported 47 M&A deals, and succeeded in having 6 M&A contracts concluded successfully through the project. KOTRA plans to discover a total of 360 companies interested in M&A by 2015 and increase the number by 15% each year thereafter.

Support for securing core competence in a short period of time through overseas M&A



• Global product branding and protection of intellectual properties

Competition is becoming severe in the global arena and demand for improvements in corporate image and protection of intellectual properties is on the rise. KOTRA has implemented various projects designed to support local companies' brand strategies, address infringements on their intellectual properties, and set up systems to prevent such infringements. KOTRA has assumed the leading role in protecting domestic companies' proprietary technologies and know-how worldwide. As a result, the local companies that have participated in KOTRA's Common Brand Project have seen their exports grow at an average annual growth rate of four percentage points higher than the national average (5%) over the past five years.

Strategic Direction

KOTRA will expand the strategic target group eligible for Global Growth Ladder Support in stages. We will also expand the infrastructure necessary for its support of SMEs throughout their life cycles ranging from global startups to overseas advancement to U-turn and to liquidation when necessary.



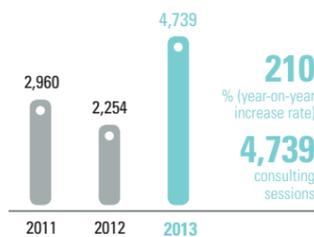
World Champ Project

Business

Increasing the Global Competence of SMEs

- Supporting export companies' overseas marketing
- Supporting domestic companies' overseas expansion
- Operation of the Trade-Investment Information Center
- Attraction of foreign investments and aftercare
- Expanding global job creation
- Global CSR leadership
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Number of consulting sessions regarding export difficulties



Regional support center meeting



Mobile KOTRA

Aftercare and settlement of difficulties

Context

For SMEs to lay the groundwork for their sustainable growth in exports, KOTRA needs to provide systematic aftercare that can solve the difficulties faced by SMEs in their implementation of export contracts and secure customers' feedback on its policies. There is a growing need to support SMEs in regions left in a blind spot of the country's globalization initiatives.

Progress & Achievement

• Export Difficulty Settlement Support Center

KOTRA has established a comprehensive online and offline support system to help resolve the difficulties encountered by local companies in their export of goods to overseas markets. Support measures differ depending on the level of familiarity with relevant markets. In 2013, KOTRA offered 4,739 consulting sessions – for a year-on-year increase of 210% – to solve local SMEs' export difficulties. Such a sharp increase is attributable to the expansion of the service to the online arena and SMEs based in regions.

• Regional Support Centers

In August 2012, KOTRA set up five regional support centers at its head office to improve communication with and support for regional enterprises. The five regions covered by the centers are Gangwon, Chungcheong, Honam, Daegyong (Daegu and Gyeongbuk), and Dongnam (Busan and Gyeongnam). Through the regional support centers, KOTRA dispatched 35 trade delegations overseas and held 7 export conferences with overseas buyers in Korea in 2013.

Category	Unit	Chungcheong	Honam	Dongnam	Daegyong	Gangwon	Total
Consulting tailored to SME competence	Case	79	103	183	114	58	537
Joint services with related entities	Case	7	6	179	18	–	210

• Mobile KOTRA

KOTRA offers mobile KOTRA services to SMEs in rural areas outside the reach of KOTRA's regular offline export services. We dispatches its consultants directly to SMEs in regions to enhance its on-site consulting services for SMEs nationwide. To create a "virtuous circle ecosystem" for regional SMEs drawing upon exports, KOTRA is developing a "fleet-type export support system" wherein mobile KOTRA mobilizes the resources of KOTRA's regional support centers and industrial complexes located in many regions around the country. KOTRA has solved 2,048 export-related problems through mobile KOTRA services. At least 95% of SMEs that have received the services have been able to get back on track in their export deals.

Examples of mobile KOTRA services per service type

Support for export contract conclusion	A local manufacturer of disposable blood collection devices found a buyer in Riyadh, Saudi Arabia through mobile KOTRA services, obtained certification approval in May of 2013, and shipped US\$ 15,539 worth of goods overseas for the first time.
Supply of export information	A Nigerian buyer asked a local manufacturer of portable fire extinguishers to send him US\$ 550 as a tender bond, claiming that he will import US\$ 550,000 worth of fire extinguishers if the Korean company abides by the one percent tender bond requirement. Suspicious of the contract procedures, the local company asked mobile KOTRA to check the Nigerian firm. The Lagos KBC confirmed that the offer was a fraud.
Guidance in the execution of export contracts	A local producer of teargas canisters was concerned about the commission he was asked to pay to an importer in Bahrain. Teargas canisters belong to the category of strategic goods in Korea. Mobile KOTRA helped the company deal with the issue within Korea's legal constraints. The company is now awaiting the government's final approval.

Strategic Direction

To achieve its most important goal of supporting SMEs in their export business, KOTRA will continue to help domestic export SMEs succeed in their competence building through comprehensive aftercare services in cooperation with the relevant agencies.

Supporting export companies' overseas marketing

Marketing for Shared Growth

Context

The global competition paradigm is shifting from competition between companies to that between corporate networks (value chains). Big businesses can help SMEs in information and networks. Demand for shared growth continues to rise in Korea.

Progress & Achievement

KOTRA has promoted alliances alliance between big and small businesses to deal with their practical needs. The alliance boosted the overseas marketing effects for SMEs. KOTRA has also conducted surveys on SME demand for big business cooperation. Thanks to KOTRA's efforts, the number of big businesses and public institutions that joined collaboration efforts in 2013 increased to 19, up by 3 compared to 2012; the number of SMEs that succeeded in advancing overseas with big businesses during the same year increased by 42 to 317. The number of export contracts jumped to 67, a year-on-year increase of 33 export contracts.



Supporting export companies' overseas marketing

Category	Joint overseas marketing type				Foreign investor cooperation type		
	Distribution	Electricity	Auto parts	ICT solutions	Shipbuilding tools and parts	Auto parts	Distribution
Big businesses	4 homeshopping companies	Public electric power co.	Hyundai Motor Co.	Samsung SDS and Hyundai Information Technology	STX Corporation and STX Marine Service	GM Korea and Renault Samsung	Homeplus and TESCO



Strategic Direction

KOTRA will fulfill its social responsibility as a public institution by contributing to the country's sustainable growth through joint overseas advance marketing efforts between big and small businesses.

FTA-based marketing efforts

Context

Through 10 FTAs, Korea's economic territory has expanded (third in the world; FTAs with 46 countries in effect; total GDP of US\$ 40 trillion, 57.7% of the world's total GDP). Many Korean businesses want to make the best use of the trade deals but do not know how to go about it. KOTRA needs to take the lead in expanding FTA-based marketing efforts.

Progress & Achievement

KOTRA promotes exports by SMEs taking advantage of the country's expanded FTA territory. While supporting the exports of those items eligible for preferential treatment through FTAs, KOTRA also helps Korean industries affected by FTA deals – like textile and fashion industries – find alternative markets.

Strategic Direction

In 2014, KOTRA held an export conference on agricultural goods and food with a delegation from Guangzhou, China, in Korea in February to promote the export of local agricultural products affected by the country's FTA deals. It plans to stage K-Food fairs in four global cities including Shanghai, China in 2014.

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Support for summit diplomacy and promotion of associated marketing

Context

With its merits, KOTRA can promote overseas marketing for local SMEs while supporting the president's "sales diplomacy" around the world. Such efforts can maximize quality assurance effects with regard to Korean SMEs' products and services for local buyers.

Progress & Achievement

KOTRA has proactively promoted the overseas marketing of local SMEs while supporting the new president's "sales diplomacy" across the globe. For instance, through the Korea-China Future Partnership and Cooperation Plaza (June 28, 2013; Beijing), KOTRA expanded opportunities for technical cooperation between the companies of the two countries. It has taken various follow-up measures while launching new policies aimed at developing bilateral technical cooperation in the areas of cutting-edge technologies. Through the 2013 Korea Brand & Entertainment Expo - London (Nov. 4-6), KOTRA publicized Korea's creative economy. KOTRA arranged for Korea and Indonesia to sign an MOU for bilateral cooperation on the occasion of the bilateral summit talks in October. It has produced diverse achievements for local SMEs through its active support for and utilization of the summit diplomacy of the country's new president throughout 2013.

※ KOTRA opened the "summit diplomacy - economic utilization portal" (<http://president.globalwindow.org>)

Strategic Direction

KOTRA will continue striving to maximize the effects of summit diplomacy through the promotion of diverse follow-up overseas marketing projects.

Developing public procurement markets

Context

The worldwide public procurement market accounts for 15% of the global GDP. Korean companies' overseas expansion in this area is minimal. The market must be participated in by local SMEs if Korea wants to post US\$ 2 trillion in annual international trade. KOTRA has to play a significant role in helping SMEs advance into developing countries' public procurement markets.

Progress & Achievement

For local SMEs to enter international public procurement markets by winning contracts through bids, KOTRA extends to them full support in collaboration with the Korea Trade Insurance Corporation and Korea EXIM Bank. As a result, Korean companies won contracts for public procurement worth US\$ 210 million for 68 projects in 2013, which is an increase of US\$ 70 million and 29 projects, compared to 2012. KOTRA has succeeded in advancing into the public procurement markets of emerging economies – which were closed to Korean companies due to their policies – through a G2G method based on a tripartite export model involving KOTRA, foreign governments, and Korean companies. KOTRA successfully carried out its first G2G deal in Peru. KOTRA is expanding its G2G procurement deals to African countries as well as other Latin American nations.

Strategic Direction

KOTRA expects Korea's international G2G procurement business to expand from Latin America to many other parts of the world including Africa and the Middle East. It plans to expand the areas of public procurement to information technology, medicine, shipbuilding and security.



UN Procurement Plaza

Supporting export companies' overseas marketing

Support for overseas marketing of creative new industries

Context

To overcome the limits in growth through the manufacturing sector and foster new export industries, KOTRA focuses its support on helping creative new industries – including IT convergence industry and knowledge service industries like contents and bio-medical business – develop into export industries.

Progress & Achievement

• ICT industry

KOTRA discovers promising local startups and helps them advance into global markets through its integrated trade-investment support measures. It holds world-class exhibitions and trade conferences for local mobile and software convergence industries so that they can advance overseas successfully. KOTRA also assists them in their efforts to win international IT contracts through its endeavors to discover foreign countries' plans for future ICT bids and helps local SMEs participate and succeed in the bids.

• Knowledge service

To enhance its support for the overseas expansion of the local knowledge service industry, KOTRA has set its mid- to long-term strategic assistance direction for local service industries such that they can evolve into export industries. It also discovers and supports creative export models realized through the convergence of culture and industries. KOTRA has worked out a business characteristics enhancement project for each of its major service areas, making notable progress in developing local bio-medical industries into export industries.

Strategic Direction

KOTRA will realize successes through its performance-oriented marketing support for creative new industries. It will promote the early development of the industries into export industries through the expanded application of its successful cases. Through the expansion of business reflecting the characteristics of diverse industries underpinning industrial convergence, KOTRA will present successful models for creative new industries and do its best to disseminate them.

Support for the overseas marketing of key industries

Context

KOTRA provides support for the overseas marketing of key industries in accordance with the government's policies to foster local parts and materials industries and to support the overseas marketing of domestic textile and fashion and consumer goods, the key export items of local SMEs.

Progress & Achievement

To expand the country's export basis through the diversification of export items and increased contribution of SMEs to total export volumes by SMEs, KOTRA places an emphasis on the overseas marketing of local parts and materials, consumer goods, and textile and fashion, the key SME business areas in Korea. In the area of textile and fashion, KOTRA has helped garment makers in Dongdaemun grow into exporters. In 2013, it succeeded in arranging the signing of 12 export contracts worth US\$ 200,000 for them. In the shipbuilding and marine equipment and supplies industry, KOTRA dispatched the Asia Marine Plant Delegation to Asian countries and a delegation to China and Brazil to identify demand for cooperation with Korean SMEs. It established a collaborative platform to advance into the Malaysian market and won contracts worth US\$ 1.7 million for a total of 24 Korean SMEs.

Strategic Direction

KOTRA will continue to work hard to maximize the impact of its SME export support measures through the expansion of new frontiers for local SMEs and establishment of diverse collaborative systems with various export-related entities.

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CSR activities – A donation ceremony for a Hope School

Support for participating exhibitions

Context

Overseas exhibitions give local exporters opportunities not only to contact potential overseas buyers but also to check the latest global industrial trends. Through its KBC network, KOTRA supports local export companies in their participation in world-renowned exhibitions held in the developed world and new overseas exhibitions being held in emerging countries. It also helps local exporters win export contracts in prestigious exhibitions held in Korea – like Seoul Food – by inviting potential overseas buyers to Korea.

Progress & Achievement

A successful marketing story in Henan Province, China

Henan Province was relatively late in opening its import doors. Demand for imported goods is high, but supply from overseas is far from sufficient. Preference for Korean goods is solid, yet Korean companies' interest is low. Therefore, there were limits to creating a boom for Korean products in Henan. To solve this problem, KOTRA invited 51 Korean companies with great potential to advance into a specific Chinese market to participate in the Central Region Expo held in Zhengzhou, China with their consumer goods including cosmetics, food, and kitchen appliances. The participating Korean SMEs won contracts worth US\$ 11.13 million in addition to the US\$ 2.15 million in MOUs and US\$ 6.90 million (for 7 Korean companies) in provisional contracts.

KOTRA has also used various exhibitions as a platform for its CSR activities. In 2013, KOTRA helped ECOJUN, a social venture company, promote its eco-friendly cups in the Korean booth during the Los Angeles International Textile Show. At the PLMA annual international trade show, it helped four potential job creators build their booths and publicize their products, indirectly supporting the vulnerable.

Strategic Direction

KOTRA will expand its collaboration with the Small and Medium Business Administration(SMBA), local governments, and collaborative entities and increase its support for SME participation in overseas exhibitions. It will also make the best use of its key KBCs to find the best solutions for the issues faced by Korean SMEs in each overseas exhibition.

Trade missions

Context

Demand by local governments and relevant entities for the discovery of overseas buyers keeps rising. The idea of organizing trade missions for export SMEs as a means of supporting their overseas marketing efforts is drawing plenty of attention.

Progress & Achievement

For the purpose of promoting the overseas advancement of domestic companies, KOTRA cooperates with local governments and related entities to organize and dispatch overseas sales missions for small and medium venture firms wishing to expand their business abroad, with its overseas KBCs helping the companies with their export deals. Furthermore, KOTRA donates part of the revenues from the project to charities, connecting its business directly to CSR activities.

Strategic Direction

KOTRA will expand its trade mission service in keeping with the increasing demand of regional export companies for the service.

Supporting domestic companies' overseas expansion

Public orientations on overseas investment environments

Context

The world is being connected closely through FTAs, yet protectionists' voices are gaining traction in many countries due to their economic doldrums. To ensure sustainable growth in this economical era Korea should keep expanding its international trade with strong Korean SMEs making successful overseas investments. For SMEs to minimize trial and error in their first commitments to overseas investments due to their lack of know-how, information, manpower, and marketing abilities, KOTRA offers public orientations on overseas investment environments.

Progress & Achievement

To help with overseas investments, KOTRA provides local SMEs with information on investment environments, investment procedures, and successful investment cases in major markets as collected from officials of relevant agencies, experts, and employees of Korean companies doing business in the foreign countries concerned. Most notably, KOTRA investigates customer demand for information in advance and offers tailored information depending on the areas and investment types customers are considering. KOTRA increases its dissemination of successful investment cases through Korean SMEs in various overseas markets. In 2013, the "Forum on Risks and Opportunities for Investments in Emerging Economies" was attended by 179 persons from 130 firms, marking a 35.6% year-on-year increase in attendance.

Strategic Direction

In 2014, KOTRA plans to hold two overseas investment orientation sessions to present local SME representatives with a comparison study of the investment environments in different promising countries in terms of overseas investments as well as general overseas investment-related information. KOTRA is also working hard to integrate all the information on overseas investments – currently under the control of a total of 24 government agencies and related entities – into the Overseas Investment Information System (OIS), a portal devoted to information related to the overseas advancement of Korean businesses, to realize a one-stop service for overseas investment information.

Support for U-turn firms

Context

As management environments are deteriorating in host investment countries, demand for "U-turn" keeps rising. KOTRA is making diverse efforts to help the companies come back, settle down successfully and contribute to the expansion of investments in local markets, job creation, and the invigoration of regional economies in Korea in particular.

Progress & Achievement

KOTRA arranged for the law on the support of U-turn firms and its enforcement decree to go into effect in December of 2013 in collaboration with the Ministry of Trade, Industry, and Energy. It has also established a comprehensive service system designed to support the companies through full-fledged cooperation rendered by all government ministries and related entities under its leadership. To allow the companies to leave their overseas business sites without much trouble, KOTRA has worked out liquidation models, and it provides liquidation consulting services to the companies. KOTRA has identified 51 U-turn firms through a project designed to help them. It has arranged for the U-turn firms and ten local governments in Korea to sign MOUs. U-turn companies are expected to invest KRW323.5 billion and hire 10,086 people in Korea.

Strategic Direction

In 2014, KOTRA will take a variety of actions in the area through collaboration with local governments. The planned actions include: dispatch of a delegation to identify U-turn firms based on the demand of local governments; discovery of companies considering U-turns through small-scale, on-site consulting sessions from six overseas U-turn support desks; briefings on U-turn company support systems, with KOTRA's regional support centers serving as a co-host, and; the signing of MOUs between U-turn firms and local governments in Korea. Moreover, through the liquidation consulting support project launched in 2013, KOTRA will continue to support the establishment of liquidation models and help with the liquidation consulting expenses so that companies willing to come back can liquidate their companies without difficulties.

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Support for overseas project development and winning contracts

Context

As the domestic market becomes saturated, the demand of domestic contractors for overseas construction, plant, and engineering projects is increasing. Support is necessary for SMEs that cannot advance into overseas construction markets on their own.

Progress & Achievement

By promoting new target projects for local SMEs and analyzing the potential of emerging markets (Iraq, Far East Russia, Middle East and North Africa), KOTRA continues to write its success story. To expand the foundation for winning mid- to long-term contracts, KOTRA "develops" projects in areas deemed promising to Korean businesses in a bid to expand Korea's overseas business, going beyond performing simple tasks of finding new project information and delivering it to potential bidders. KOTRA is enhancing its role as the nation's exclusive window of support for the overseas advancement of local companies through the establishment and implementation of a life cycle support system for winning overseas contracts.

• Discovering overseas projects

KOTRA is discovering projects that match domestic companies' demand in collaboration with relevant entities at home and abroad. In 2013, the company identified 270 new promising projects (year-on-year increase of 27%) through 80 overseas KBCs relevant to construction projects. The information was delivered to the "KOTRA Project Award Council." Through its active support for local companies' new contract awards, KOTRA helped local SMEs win 12 new construction contracts worth US\$ 185 million in 2013.

• Project development through cooperation with international bodies

KOTRA develops projects in areas that Korean companies can engage in and helps local companies participate in the projects through strategic collaboration with the Multilateral Development Bank (MDB). To allow local SMEs to participate in projects related to climate change, KOTRA established platforms for the companies long-term contract awards in the relevant areas in collaboration with the United Nations Industrial Development Organization (UNIDO) and the Global Climate Fund (GCF).

• Support for feasibility studies and consulting fees

To ease the financial burdens on local green SMEs at the beginning of construction projects, KOTRA provides them financial assistance for their economic feasibility studies – which are conducted to decide whether a given project is profitable enough for them to participate in – and for their consulting fees incurred in connection with their establishment of joint ventures and/or acquisition of product certification. So far, KOTRA has helped five companies with their feasibility studies and four companies with consulting fees.

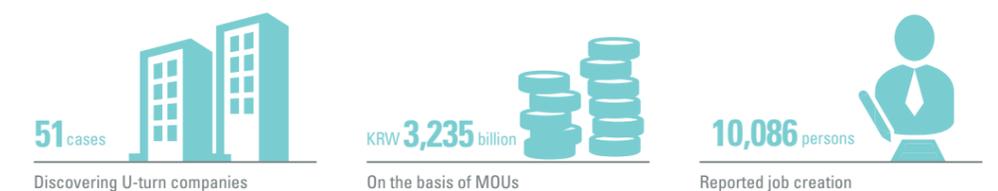
Strategic Direction

KOTRA will expand local SMEs' participation in overseas construction projects through the development of new overseas projects, collaboration with the relevant companies, and enhanced efforts to win new contracts as a means of improving local companies' competitiveness and fostering many local enterprises as global corporations in the long run.



KOTRA-UNIDO MOU signing ceremony for the operations of GCF

KOTRA-UNIDO MOU signing ceremony for the operations of GCF



Operation of the Trade-Investment Information Center

Information production / Information dissemination / International cooperation / Promotion of Government 3.0

Context

In keeping with government policy directions seeking to settle the grievances of customers regarding the shortage of information on overseas markets and improve the delivery system of overseas market information to SMEs, KOTRA offers overseas business information tailored for its customers through customer demand analysis and collaboration with various relevant entities. Most notably, KOTRA has set as its Government 3.0 goal the customized provision of overseas market information required by its customers through the principles of openness, sharing, communication, and cooperation. It is implementing all the tasks involved systematically.

Progress & Achievement

Information production

KOTRA is producing information customized for its customers by identifying its customers' needs and analyzing the patterns involved through the Voice of the Customer (VOC) on its Customer Relationship Management (CRM). Through such information production activities, KOTRA produced 7,726 pieces of information, up 4% compared to its target (7,431 pieces of information) in 2013. The user information satisfaction score rose to 8.58 in 2013 from 8.50 in 2012.

Information dissemination

The information produced by KOTRA is provided to users through various channels.

KOTRA	Management information	www.kotra.or.kr
Global Window	National information/Overseas market information	www.globalwindow.org
Portal for the Utilization of Summit Diplomacy for Economic Interests	Summit diplomacy achievements and their successful utilization cases	president.globalwindow.org
ME & Africa Portal	Provision of information on the Middle East and Africa	meka.kotra.or.kr
GEP	Information on exhibitions at home and abroad	www.gep.or.kr
OIS	Information on overseas investments	www.ois.org
Invest KOREA	Information on FDI in Korea	www.investkorea.org
Buy KOREA	Information on Korean products	www.buykorea.org
KOTRA Academy	Information on KOTRA's educational programs	www.kotraacademy.com
Contact KOREA	Information on careers in Korea for global talents	www.contactkorea.go.kr

International cooperation

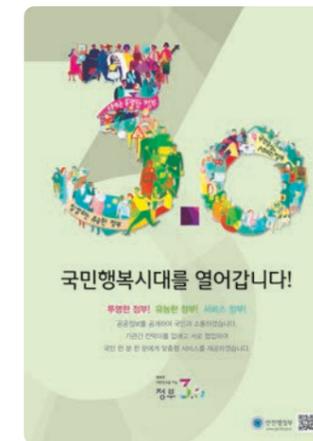
KOTRA engages in international cooperation for the purpose of sharing its development experiences with other countries through various measures, including counseling on the establishment of a trade-investment promotion agency. It has counseled Myanmar on agency establishment, and it is spreading the agency model to other countries like Laos, Vietnam, and Colombia. Moreover, through its Middle East & Africa portal (<http://meka.kotra.or.kr>), KOTRA provides tailored information on regions activating "Internet communities" among numerous local SMEs interested in the areas.

Expansion of customer demand-based information



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Government 3.0 poster

Promotion of Government 3.0

For Government 3.0, KOTRA has set as its goal the "tailored provision of overseas market information that customers want." It is implementing the detailed tasks involved according to the following 3-stage strategies:

1 A communicating, transparent government: Expanded information disclosures and active information use by the public

- Information expansion and disclosure based on customer demand
- Active use of public information by the public

KOTRA is taking various measures to motivate the private sector to use its public data more actively: continuous expansion of popular information, such as information on overseas companies, products, buying offers and nations; disclosure of "useful information kept in drawers" like tips on overseas trips provided by KOTRA KBCs; data disclosure through Open API including the national information DB, and; public fair for the commercialization of information assets.

2 Competent, efficient government: Elimination of partitions and promotion of collaboration

- Expansion and elaboration of collaboration at each level
 - Low level (collaboration between departments) → Medium level (collaboration between agencies) → High level (collaboration between public and private sectors)

KOTRA has set up the "portal for the utilization of summit diplomacy for economic interests" through collaboration with 36 government agencies and related entities. It opened a portal devoted to overseas regional information in collaboration with the relevant institutions and enhanced its ability to disseminate online information more powerfully through collaboration with Naver, the largest search portal in Korea. KOTRA also published a national information POD in cooperation with the Kyobo Book Centre, the largest book store chain in Korea, as part of its efforts to enhance close collaboration with both the public and private sectors. The project – designed to set up the Overseas Regional Portal – was selected by the Ministry of Strategy and Finance as an excellent undertaking realized through cooperation by the ministry. KOTRA was designated as an excellent agency by the ministry in that area as well.

3 Government providing people-centered services: Provision of customized services

- Customized provision of information based on corporate demand
- Tailored counseling on companies' inquiries

KOTRA has enabled its customers to search for the information they need directly on its overseas business information portal. The information collected by KOTRA reflects its customers' needs. Through the Trade Doctor, an on/offline trade consulting center, KOTRA provides one-on-one solutions for its customers' diverse issues. The Trade-Investment Consulting Center has been selected as an excellent case of the Public Institution Government 3.0 by the Ministry of Trade, Industry, & Energy.

Strategic Direction

KOTRA will continue to do its utmost to provide customers with the information they need while enhancing information production capabilities through collaboration with other government agencies and private institutions. It will continue to upgrade its integrated overseas business portal to meet increasing customer demand for quality information for the purpose of providing them with big data-based, tailored information service. KOTRA will develop the Trade Doctor into an open, collective knowledge-based trade information system so that not just experts, but also any customer can post opinions or answer questions. KOTRA will expand the service for emerging economies such as Latin America and CIS, where Korean companies would like to significantly expand their presence. By 2017, it will have completed building Trade Doctor systems for eight regions across the globe.

Attraction of foreign investments and aftercare

Planning for investment attraction

Context

As a result of the active promotion of foreign investment attraction policies due to the 1997-98 Korean financial crisis, foreign investments have now become an important axis of the wheels driving the Korean economy. Still, the size of foreign investments in Korea is minimal compared to that in other developed countries. Preemptive measures are required since other advanced or emerging countries such as the USA, Japan, China, Singapore, and Taiwan are competing with Korea to attract foreign investments as a means of shaking off their respective economic recessions.

Progress & Achievement

As Korea's investment promotion agency (IPA), KOTRA promotes investment attraction planning designed to expand the foundation for foreign investment attraction as one of its major tasks. KOTRA enhances the country's expertise in foreign investment attraction, supports national investment policies as the national IPA, engages in the effective publicity of national investment attraction efforts, works to fight anti-foreign capital sentiment, and supports investment attraction efforts by local governments and FEZs* across the country through various collaborative measures.

*FEZs: Free Economic Zones

KOTRA has set as basic direction required to enhance its platform functions as the country's investment attraction hub and worked for quantitative and qualitative improvements in its investment attraction results. KOTRA has crafted ways to realize sustainable growth in foreign investment attraction by seeking increases in foreign investment – through support for foreign investment policies and the establishment of efficient strategies to implement them as the nation's think tank for foreign investment attraction – and by laying the foundation for improvements in the foreign investment environment of Korea. In 2013, KOTRA discovered 752 potential investors through national investment attraction IR activities, recording 96.8 points in customer satisfaction with its investment attraction consulting services. Through a collaborative network composed of Invest KOREA, the Ministry of Trade, Industry, & Energy, local governments, FEZs, and professional service providers, KOTRA helped regions (outside the Seoul Metropolitan Area) increase their foreign investments by 24% in 2013 compared to the previous year.

Strategic Direction

In 2014, KOTRA will further enhance the foundation for foreign investment attraction as the nation's IPA to contribute to national economic development through the attraction of good-quality foreign investment. KOTRA will also step up its conducting of surveys and research on the direction of the nation's foreign investment attraction including the advantages offered by local industries and local governments and strategies based on industrial value chains. It will also stage the 10th Foreign Investment Week, produce a video on the nation's investment environment, and generate investment attraction contents customized for Government 3.0 while strengthening collaborative relations among IK, local governments, FEZs, and corporations for more efficient investment attraction outcomes in 2014.

Business

Increasing the Global Competence of SMEs
Supporting export companies' overseas marketing
Supporting domestic companies' overseas expansion
Operation of the Trade-Investment Information Center
Attraction of foreign investments and aftercare
Expanding global job creation
Global CSR leadership
KOTRA's global CSR activities for 2013



Foreign Investment Week

Investment attraction activities

Context

Korea's outbound foreign direct investment exceeds its inbound foreign direct investment. As such, there are worries of deindustrialization and structural unemployment in the long run. KOTRA identifies potential investors through its investment attraction activities and attracts new or additional investments by offering various support measures for investment projects for which plans have been set.

Progress & Achievement

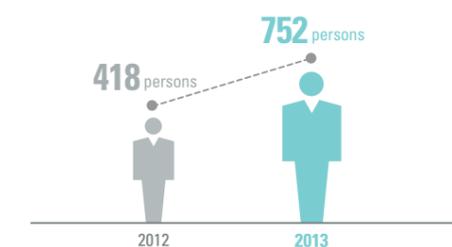
KOTRA runs Foreign Investment Week (FIW), which invites foreign investors, publicizes the Korea's economy and investment environment through various events, and expands the foundation for foreign investments. A total of 819 people from 567 local and international companies participated in the 2013 FIW event, now widely recognized as one of the most significant national IR events. An investment reporting ceremony was held for two projects worth US\$130 million and which are scheduled to be launched in 2014.

In addition, KOTRA held Korea Night during the World Energy Convention. It launched an investment attraction investor relations (IR) event during the Korea Regional Hope EXPO 2013. It also invited foreign investors and briefed them on the domestic investment environment in 2013. In addition to IR events in Korea, KOTRA held numerous IR events overseas as well in a variety of areas: cutting-edge industries, logistics and distribution, regional development, tourism and leisure, industrial value chains, private equity, venture capital, and M&A. In connection with the events, KOTRA met potentially powerful investors before and after the occasions as part of its efforts to launch target-oriented investment attraction activities, addressing individual investors' specific needs. KOTRA designates a project manager (PM) for each newly identified project for effective one-on-one support measures. KOTRA also guides foreign investors to regions whose demand matches the investors' plans. Regional investments rose more in 2013 than did investments in the Seoul Metropolitan Area. In 2013, KOTRA discovered 1,783 investment projects, up by 19% over 2012: 1,178 projects designed to secure a future growth foundation (key manufacturing & cutting-edge industries); 337 projects related to job creation and regional development (tourism & leisure and logistics and distribution), and; 268 projects that can contribute to the globalization of domestic companies (finance).

Strategic Direction

In 2014, KOTRA will work hard to attract more foreign investment as a means of enabling Korea to enhance its global competitive edge and helping the country leap forward as the Asian business hub by 2015. Most notably, KOTRA will reinforce its strategic investment attraction business based on industrial value chains to increase foreign investments effectively.

Discovery of potential investors through national IR



Pursuit of balanced development of non-metropolitan regions

Increases in foreign investments in non-metropolitan regions through support for investment attraction based on regional demands



Attraction of foreign investments and aftercare

Aftercare

Context

The successful settlement of foreign investors in Korea requires support for professional services like accounting, law, and taxes as well as guide for their everyday lives and facility startup help for instance. KOTRA offers extensive aftercare services. It proactively discovers and settles problems faced by foreign investors to continue to improve the local foreign investment environment.

Progress & Achievement

• One-stop investment administration

In collaboration with 20 staff members dispatched from 15 government agencies, KOTRA provides one-stop foreign investment services that foreign investors need at the outset, particularly in 10 areas including investment consulting, investment reporting, incorporation, businessperson registration, visa issuance, and settlement.

One-stop services provided in 2013

Area	Accounting & taxes	Labor management	Law	Biz location	Life	Foreign investment reporting	Visa	Tariff	Tax	Court	Total
Number of cases	1,705	71	642	396	1,910	2,320	13,163	336	770	83	21,396

For instance, KOTRA provided one-stop service to Abengoa Bioenergia, a Spanish bioethanol supplier, in cooperation with the Ministry of Environment and Ministry of Trade, Industry, & Energy. KOTRA helped the company settle issues related to the presentation of complicated data related to bioethanol production and usage as well as its own waste treatment plans. The company has registered a plan to invest a total of US\$100 million in the Korea project. Through KOTRA's support for the early settlement of foreign investors as well as business assistance for them, the number of foreign investors increased by 5.6% to 15,598 in 2013 compared to 2012 (14,764).

• Foreign investment ombudsman

KOTRA operates the foreign investment ombudsman system to help resolve foreign investors' grievances and provide efficient aftercare. Foreign investors, be they current or potential, or officials of a relevant country's chamber of commerce or embassy can meet the ombudsman at any time and ask him/her for assistance with the immediate resolution of their issues. Issues solved by the KOTRA ombudsman in 2013 include: a grievance regarding the modification of the special taxation provisions for migrant workers stipulated in the Restriction of Special Taxation Act; lack of English translation of some relevant laws, and the establishment of a global R&D center of Solvay Korea and the headquarters of the Global Business Unit Special Chemicals at Ewha Womans University, Seoul. The World Bank has praised the foreign investment ombudsman system as an internationally exemplary case. KOTRA is trying to disseminate the system worldwide; in fact, it offered training on the system to officials of Egypt's foreign investment attraction agency.

※ Website of the foreign investment ombudsman: <http://www.i-ombudsman.or.kr>

• Operation of Invest Korea Plaza

KOTRA operates Invest Korea Plaza (IKP), which offers a wide range of services from accounting to law and taxation, for the purpose of supporting foreign investors' startups (incubating) and successful settlement in the country as early as possible. KOTRA will operate IKP with a greater focus on quality service for qualified companies than quantitative service expansion.

※ IKP website: <http://www.ikp.or.kr>

Strategic Direction

KOTRA will enhance institutional services designed to aid in investment attraction, shift the focus of on-site grievance settlement meetings to those in need of the service, and step up publicity for the Investment Consulting Center, which helps attract foreign investment through collaboration with several relevant entities. On the other hand, through careful aftercare services for foreign investors, KOTRA will do its best to help solve their major concerns like hiring local employees, increasing their exports, and procuring from local companies more quickly and efficiently as a means of facilitating the country's trade and investments at the same time.

Business

Increasing the Global Competence of SMEs

Supporting export companies' overseas marketing

Supporting domestic companies' overseas expansion

Operation of the Trade-Investment Information Center

Attraction of foreign investments and aftercare

Expanding global job creation

Global CSR leadership

KOTRA's global CSR activities for 2013

Expanding global job creation

Global job creation: Overseas employment, overseas startup, and overseas intern dispatch

Context

The creation of quality jobs draws keen attention from the public and the government. KOTRA intends to fulfill its social responsibility by upgrading its own type of job creation models and enhancing its job creation performance, making the best use of its characteristics.

Progress & Achievement

• Overseas employment

In 2013, KOTRA included "support for domestic manpower's overseas employment and startup" in its business category as specified in the relevant law. It has worked hard to create jobs in the process of its trade and investment promotion activities. KOTRA has designated key KBCs for its promotion of overseas employment and startups. It has opened K-Move Centers in three locations – Jakarta, Indonesia, Tokyo, Japan, and Silicon Valley, USA – to support the recruitment of young Koreans.

• Overseas startup

KOTRA is promoting young Koreans' overseas startups in two directions: for emerging markets, it recommends shared growth-based startups for the developed world, it supports IT-centered, technology-oriented startups. For instance, KOTRA has operated a WIT Plaza in a developing country, producing 56 Global Young Businessmen, while running "a startup incubation center" in a developed country (Silicon Valley, USA). It held a startup competition in Silicon Valley as well.

• Overseas intern dispatch

KOTRA runs an internship system designed to promote overseas employment. The system seeks to train regional experts who meet local companies' needs at the site. Through the program, KOTRA succeeded in getting 187 Koreans employed overseas in 2013; this number represents a 137% increase compared to 2012. The employment rate of its overseas interns in 2013 was pegged at 24.2%, which was higher than the rate of any other public institution in Korea. The number of new jobs created through foreign investments in Korea stood at 11,695 people in 2013, a 14% increase compared to 2012. In recognition of its contribution to job creation as a public institution, KOTRA was given a Prime Minister's award.

• Discovering overseas experts

Through its overseas KBCs, KOTRA offers SMEs one-stop services including regarding the search for global talents in various technologies and R&D, interview arrangements, resume verification, visa recommendations, employment, and support for settlement in Korea. Furthermore, to induce overseas experts, KOTRA offers candidates tailored employment counseling and holds startup competitions in cooperation with the Human Resources Development Service of Korea, World Federation of Overseas Korean Traders Association, and Korea Venture Business Association. It also provides Global Tech-Train, a job training program linked to the actual demand of global corporations. KOTRA has introduced global enterprises' vendor training programs and global standard educational programs for different business categories to enhance the global competence of its existing staff members and improve their job security. In 2013, KOTRA offered such training programs in collaboration with world-renowned companies like Toyota, Honda Motors, and Nissan.

Strategic Direction

KOTRA will serve as a bridge between local and foreign companies through the enhancement of its overseas job creation programs and support programs designed for inducing overseas experts in cooperation with relevant entities.

Interview with stakeholder



Park Jae-jeong,
director
[related entity - MOTIE]
International Trade
Promotion Division

KOTRA is the country's backbone when it comes to supporting SMEs in their export efforts. Korea's exports are dominated by big businesses, with SMEs accounting for only a third of the total export volume. With a sense of duty and responsibility KOTRA can make SMEs play a central role in the country's exports, KOTRA can do a better job in the discovery of new buyers and provision of customized services for local SMEs. In addition, I hope it can tighten its internal discipline and ethical operations through the encouragement of whistle blowing and serve as an exemplary public institution in Korea.



Overseas startup



Job fair for foreign invested companies during Foreign Investment Week 2013

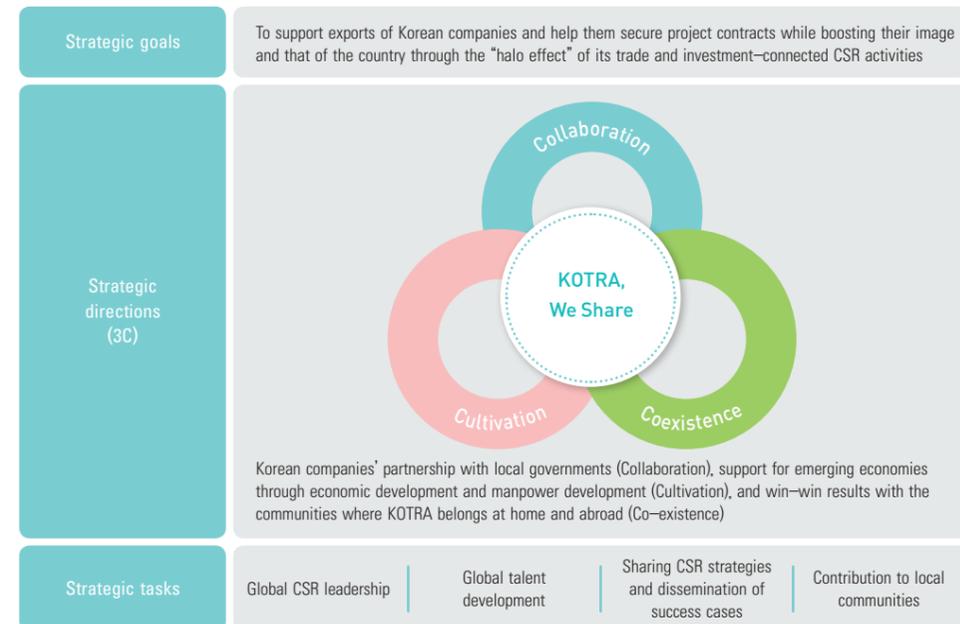
Global CSR leadership

Context

In global trade, corporate social responsibility (CSR) is emerging as a non-tariff barrier and a new type of trade restriction. Mutually beneficial cooperation with partner countries is becoming a must. Today, businesses must carry out their CSR activities wholeheartedly even as they pursue profits. Due to a shortage of funds or expertise in the area, however, many companies are carrying out their CSR activities in a very limited way. In this context, KOTRA's role in the dissemination of the latest global CSR trends – and the implementation of sustainable global CSR activities in partnership with Korean companies – is becoming increasingly crucial.

Progress & Achievement

KOTRA is promoting its own CSR model. It restructured its CSR-related organization and set three directions and four implementation tasks to proceed with its CSR efforts more systematically.



• Donation of Korean companies' own products and services

As Korea's global business platform, KOTRA carries out its overseas CSR activities in partnership with Korean companies by connecting their CSR abilities to actual overseas CSR demands. KOTRA identifies overseas CSR demands. It finds the relevant Korean companies, takes the lead in the implementation of charitable projects and publicizes the companies' services at home and abroad through various events. Specifically, KOTRA arranges for Korean companies to donate their products and services to local governments, related entities, and buyers in a bid to help local communities solve serious issues in the areas of healthcare, medicine, environment, and manpower training. So far, KOTRA has arranged for 137 Korean companies to participate in 61 CSR projects in 39 countries.

• Operation of overseas infrastructure (technology) schools

KOTRA is operating overseas infrastructure schools to share Korea's successful infrastructure construction and operations experiences with the institutions of many developing countries. Based on its commitment, KOTRA helps a number of Korean companies join forces to share their practical know-how with young people from developing countries through education and training; thus helping the companies consolidate their relationship with local customers and project clients. KOTRA has helped 46 Korean companies train more than 1,800 people in 16 technical areas such as water resources, railway, electrical power generation, information communications technologies, environmental technologies, and various areas of construction and engineering in 14 countries.

Business

- Increasing the Global Competence of SMEs
- Supporting export companies' overseas marketing
- Supporting domestic companies' overseas expansion
- Operation of the Trade-Investment Information Center
- Attracting and following up on foreigners' investments
- Expanding global job creation
- Global CSR leadership**
- KOTRA's global CSR activities for 2013

• Support for appropriate tech startup

KOTRA implements an "appropriate tech" startup support system through which Korean companies transfer their appropriate technologies to developing countries and help local talents start up their own business. This not only contributes to developing countries' industrial development but also creates jobs in developing countries and Korea. KOTRA has set up a platform for identifying developing countries' demand for appropriate technologies and figuring out proper business models based on the results. With its relevant programs, KOTRA launched startup contests in Phnom Penh, Cambodia and Jakarta, Indonesia, and it is now promoting the commercialization of awarded ideas by the relevant teams.



Awardees at tech startup contest in Cambodia



Awardees at tech startup contest in Indonesia

• Export support for social venture businesses

Through its export gateway services, KOTRA helps Korean social venture businesses – which contribute to solving various social issues while pursuing corporate profits – advance overseas. Eligible companies are social businesses wishing to export their goods, those with potential to increase their exports, or social ventures equipped with appropriate technologies. KOTRA connects these businesses to local buyers or institutions in foreign countries. So far, it has assisted 30 Korean social businesses in their export marketing efforts in 6 foreign countries.

• Fostering multicultural global marketers

KOTRA trains people from multicultural families to be next-generation specialists in trade marketing through education on trade business and business startup. In 2013, KOTRA trained 129 people in three occasions in the areas of employment, startups, and interpretation in collaboration with the Multicultural Education Center of Hankuk University of Foreign Studies, Multicultural Family Support Centers under the Ministry of Gender Equality & Family, National Institute for International Education under the Ministry of Education, foreign language centers in various colleges and universities, and immigrant women communities.



Multicultural global marketer club



Reti Kim Yung, Vietnamese immigrant

Employment	Twelve people from Vietnam, China, Mongolia, Uzbekistan and Colombia are employed by 10 companies.
Startup	A Japanese person set up the 'Japan Trade Center.'
Interpretation	Interpretation for Green Hub Korea and Overseas CSR Commercialization Forum
Others	Assistance in interviews at Global Startup & Job Fair and Foreigner Job Fair

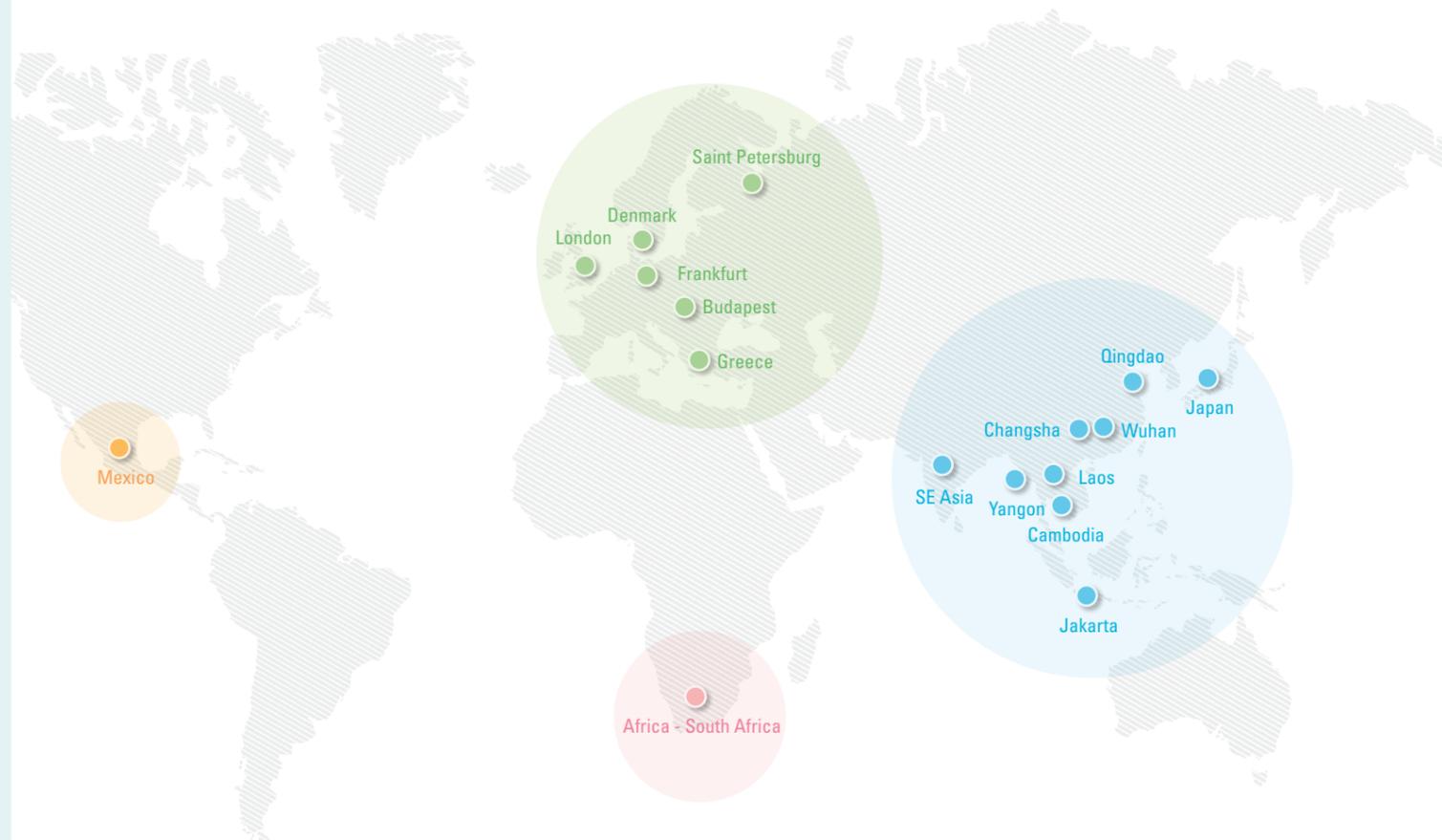
Strategic Direction

In 2014, KOTRA is focusing on projects that recorded relatively high satisfaction rates in 2013 among Korean companies and service recipient countries, such as the donation of relevant Korean companies' own products and services, operation of overseas infrastructure schools, and training of multicultural global marketers. It is also proactively promoting the transfer of idle equipment and fire trucks to developing countries as well as various regional development projects there as part of its efforts to promote Creating Shared Value (CSV) with the developing world.

2013 KOTRA Global CSR Activities

KOTRA launched its CSR programs in 2013 to help improve local companies' marketing competitiveness and boost national brand images, contribute to achieving the country's target of US\$2 trillion in annual trade, and realize its four core values of "customers," "contributions," "challenges," and "global." KOTRA is carrying out most of its CSR activities overseas. They meet the international demand for Korea to contribute to the global village through CSR activities in line with its improved standing in the world. They also aid in Korean companies' overseas expansion. They are instrumental to boosting national image in the international community.

Young Ho Oh, President of KOTRA



Russia - Saint Petersburg

Seminar on Korean Oriental Medicine and medical treatment demonstration by MOMSTA (Korean Oriental Medicine Overseas Service Team Abroad)

Image upgrades of local medical brands through Korean Oriental Medicine-based medical services

The UK - London

Introduction of export models based on Korean-type creative economy and implementation of global CSR activities

Presentation of Korean products to British Korean War veterans on the occasion of the 60th anniversary of the Korean War armistice

Germany - Frankfurt

Support for former Korean miners and nurses and recognition of German benefactors on the occasion of the 130th anniversary of bilateral diplomatic relations

KOTRA held a Korean product PR event for two joint venture companies (Lock & Lock & i-SENS) and 10 companies using KBCs as their branches; it hosted a reception for local buyers and donated the proceeds from the sales to former miners and nurses including revenues from the event. KOTRA also presented plaques of appreciation to the Germans who helped the former miners and nurses (June and August 2013).

Hungary - Budapest

Repairs of kindergartens in Miskolc, Hungary

Repairs of nursery schools in Miskolc in collaboration with Miskolc major, public servants, and Miskolc Holdings officials as well as donation of products

Denmark

A Korean food festival to publicize Korean food in cooperation with a local food company

Joint CSR with Korean and Danish food companies

Greece

Donation of boilers to the impoverished

Installation of boilers for the underprivileged

SE Asia - Pakistan, Sri Lanka, Myanmar, Bangladesh, etc.

Donation of foggers by IZ-FOG, a company using KOTRA KBCs as its overseas branches

Donation of foggers to help fight dengue fever in Southeast Asia

China - Changsha

Free medical services by a Korean company for the vulnerable

Contribution to a Korean company's participation in China's medical tours to Korea through KOTRA's arrangement of medical CSR services with the company and the Korean National Association - Hunan Branch

China - Qingdao

Joint CSR with local buyers of health food

Introduction of Mugeuk Dietary Treatment, education on carotid artery diagnosis, donation of health food and free medical diagnosis services, expansion of cultural exchanges, and free presentation of Korean products to publicize Korea

China - Wuhan

Joint CSR in cooperation with a local home shopping company

CSR collaboration and network enhancement between a Korean SME, Guangdong Home Shopping Company, and the Wuhan municipal government

Laos

Support for companies using KBCs as their branch offices

Sharing Korea's electric power management experiences including operation of transmission and distributions systems with Laos Electricity Schools and EDL (Electricity du Laos)

Indonesia - Jakarta

Promotion of "Collaboration with Indonesia 3.0" through the operation of the KOREA-Indonesia Win-Win Cooperation Center

Establishment of a creative business platform to meet the demand for increases in win-win cooperation in areas such as new convergence business, resolution of problem of youth unemployment, and CSR

Myanmar - Yangon

Donation of LED lamps by Asiana Airlines - Yangon Branch

Installation of LED street lights at Shwedagon Pagoda, a world-renowned Buddhist pilgrimage site

Myanmar

KD POWER Co., Ltd.

Company's donation of solar power facilities and LED street lights to a pilot solar power village

Cambodia

Awards to local social businesses

2013 Cambodia CSR Awards given to Aju Corporation, Kumho Industrial, and CSC Security Services

Japan

CSR to support the areas affected by the Great East Japan Earthquake

Operation of a booth at festival in Iwate Prefecture and marketing the products (Kimchi and cookies) of a Korean company doing business in Japan

Africa - South Africa

Market development through the donation of insect-repellent LED lamps

Distribution of insect-repellent LED lamps in cooperation with the Ministry of Health (Malaria Prevention & Planning Dept.)

Mexico

Donation of dental equipment to a university in Mexico

Donation of digital dental X-ray equipment to a state university in Mexico and provision of volunteer medical services



02 Management systems

Establishment of customer-centered, environment-friendly management systems

Key Issues

- Protection and security of customer information
- Support for green companies' overseas advance and project contract awarding (Environmental impacts of products and services)
- Customer satisfaction activities and provision of product/service information

Our Strategy and Management Approach

The broad range of KOTRA's clientele includes domestic companies seeking exports, overseas buyers wanting to make foreign investments in Korea, and domestic talents looking for opportunities for employment or startup overseas. KOTRA considers to be a material aspect the protection of information of its diverse customers. In the long run, KOTRA plans to establish core assets and stable financial foundation to realize customer delight and maximize indirect economic effects as well as implement sustainable management by enhancing its environmental considerations.

Key Performance

Category	Core performance indicators	Unit	2011	2012	2013
Customer management	Number of sessions of information security education	Session	0	2	6
Establishment and management of core assets	Types of KBCs at key (central) locations	Number of KBCs	18	22	25
Financial management	Sales	KRW 100 million	2,779	2,975	3,266
	Total direct GHG emissions	tCO ₂ e	637	564	637
	Total indirect GHG emissions	tCO ₂ e	2,544	2,582	2,450
	Purchase amount for eco-friendly goods	KRW 1 million	505.0	490.3	606.6
Environmental management	Proportion of eco-friendly goods purchase	%	85.4	90.0	90.6
	LNG consumption	TJ	9.8	7.8	9.0
	Electricity consumption	TJ	49.0	49.8	47.3
	Water consumption	ton	26,601	27,791	27,831
	Water recycling rate	%	11.9	12.6	12.2

Upgrade of customer management systems

Enhanced protection of personal information

Context

Amid increasing concerns over leak of personal information, KOTRA is taking various measures to protect its customers' personal information.

Progress & Achievement

• Protection of customers' personal information

KOTRA has revised and implemented its guidelines for the handling of customers' personal information to manage the risks involved in the leak of customer information during its business operations. When recruiting business participants, KOTRA obtains their agreement on the use of personal information to reduce risks of violations of personal privacy. When disclosing information on buyers, KOTRA reviews laws related to the protection of personal information in advance. It deletes or codifies the personal information stored on its employees' computers to eliminate any possibility of leak of personal information. Besides, it reviews all the relevant foreign countries' laws on personal information protection and gets rid of any and all legal risks beforehand.

Establishment of a three-layer defense system to protect personal information

Establishment of personal information management systems	Codification and monitoring of personal information	Systems to prevent personal information leak
<ul style="list-style-type: none"> Establishment and implementation of internal management procedures Designating a person in charge of personal information in each department Regular inspections of personal information management practices Planning and implementing education on personal information protection 	<ul style="list-style-type: none"> Completion of codification of proprietary identification information Completion of codification of passwords for all systems Management and control of PC personal information 	<ul style="list-style-type: none"> Complete prevention of Internet usage by out sourcing persons Operation of systems designed to prevent leak of PC personal information

Establishment of ways to protect personal and corporate information at each business level

Stage	Planning	Production	Dissemination	Management
Implementation plans	<ul style="list-style-type: none"> Setting the protection degree of key information in each information category Production of inspection profiles on the security risks involved in information collection and dissemination Review of domestic laws prior to implementation Launch of overseas legal reviews at the same time 	<ul style="list-style-type: none"> Promotion of institutionalization of the procedures involved in personal information collection 	<ul style="list-style-type: none"> Finding out whether information is open and, if so, to what degree 	<ul style="list-style-type: none"> Codification of personal information in its possession for inevitable reason(s) Inspections and evaluations by the National Intelligence Service and related entities

• Enhanced cyber security education

KOTRA has modified its guidelines on the countermeasures against cyber terror and carried out drills to upgrade its ability to fight back. For one, it has hired cyber security experts. It is also reinforcing its information security education. KOTRA has provided education on information security six times to all its employees including those assigned to overseas posts to ensure that all of them have internalized security awareness. On top of that, it has offered specialized education to those who have been designated as persons responsible for personal information management in each department in Korea or overseas KBC. As a result, KOTRA has seen no cyber infringement incident or invasion of privacy and won a cyber security award from Korea's Minister of Trade, Industry, and Energy.

Strategic Direction

To enhance its online security further, KOTRA plans to apply network partition in stages, step up security at its overseas KBCs, and obtain certification for its information network management systems. In addition, starting April 2014, KOTRA will ban the collection of resident registration numbers altogether when people subscribe to the KOTRA website to eliminate a blind spot in its personal information protection efforts.

Management systems

Upgrade of customer management systems

Establishment and management of core assets

Expansion of stable financial foundation

Countering climate change and eco-friendly operations

Realization of a companywide CRM system reflecting customer demands

Context

Amid customers' increasing accessibility to diverse information, there is a need to identify their needs and offer them tailored information to provide its customers with genuinely valuable information. KOTRA is upgrading its customer management system to be able to provide demand-tailored information to its customers by analyzing the basic data in CRM (Customer Relationship Management) – its internal customer management system – and reflecting the results on its production of demand-tailored information so that its customers can get the information they need most efficiently.

Progress & Achievement

• Upgrade of the smart CRM system

KOTRA continues to upgrade its smart SRM system to be able to integrate its dispersed customer management functions, promote improvements in its business performance efficiency based on its customer analysis results, and reflect its customers' opinions on its management better while boosting its business efficiency. Furthermore, KOTRA is using its customers' feedback as management resources through the integrated management and use of voice of the customer (VOC) to make improvements in its business practices. Thus, KOTRA is realizing constant, integrated customer management that gets feedback from multiple customers instantly and making upgrades in its management, instead of engaging in impromptu interaction with its customers.

• Establishment of Trade Doctor, an on/offline integrated export consulting center

KOTRA has boosted customers' accessibility to its information by first establishing Trade Doctor as an online integrated export consulting center and subsequently combining the features of its previous offline export consulting center with the new online services. KOTRA employees with expertise in a variety of fields directly engage in handling customers' diverse difficulties with regard to the implementation of their export obligations – received in person, over the phone, or online – from beginning (receipt) to end (reply).

Strategic Direction

KOTRA will do its best to continue to upgrade its customer management systems to offer its customers the information they need on time, reflect their feedback on its business operations effectively, and ultimately maximize customer satisfaction.



<http://tradedoctor.kotra.or.kr>

Establishment and management of core assets

Upgrade of the management system of core intangible assets

Context

KOTRA was faced with the necessity of implementing the systematic management of its core intangible assets including its various portal sites – each of which was being managed separately – in line with Government 3.0 policies advocating expanded collaboration and information disclosures. Thus, KOTRA has established the Core Assets Management Committee, which has set up the systems needed for the establishment, management, and utilization of core intangible assets from the users’ perspective, to promote system-based coherent asset management.

Progress & Achievement

• Classification and definition of core intangible assets

The know-how accumulated by KOTRA for half a century through its global network is its core intangible assets as summed up in its various databases. KOTRA has defined its top 10 core intangible assets in collaboration with its internal and external stakeholders: SME customer DB, buyer DB, core network DB, nations’ comprehensive business information, overseas regional expert DB, overseas industry DB, overseas product DB, business success/failure cases per country, successful KOTRA support cases, and related entities’ export support service DB.

• Establishment and utilization of core intangible assets

Among the newly defined core intangible assets, KOTRA is building databases on its core intangible assets that are highly demanded and can be serviced externally through short-term upgrades ahead of others. Most notably, KOTRA will strive to maximize the utilization of resources by establishing systems from the users’ perspective, enhancing the relevant staff’s expertise, and conducting various publicity activities through diverse media. KOTRA will boost the use of its core intangible assets and realize Government 3.0.

Strategic Direction

KOTRA plans to begin services for its SME customer DB, buyer DB, core network DB, and nations’ comprehensive business information by the end of 2014. Others will become operational externally in stages depending on the progress of the relevant contents establishment by the end of 2015.

Integration of Intranet and upgrades

Context

KOTRA is promoting the upgrade of its internal management information system to produce excellent contents and improve its system-based organizational competence through the establishment of systematic trade & investment-related information databases.

Progress & Achievement

• System upgrades

KOTRA is upgrading its internal systems to manage its performance and customers more systematically. KOTRA uses its S-CRM system in various stages including business planning, dissemination, management, and feedback, since the system enables it to engage in customer analysis, service history management, and customer feedback collection in a highly systematic manner. KOTRA is also working on the upgrade of its ERP system to enhance its systematic management of business, budgets, and evaluations. Its internal portal site, WINK, is being reinforced in the aspect of sharing of and communication on “knowledge,” namely the agency’s know-how on various work procedures and best practices (BP).

Strategic Direction

KOTRA will strengthen the connectivity between its organization, internal business, and external customers by continuously integrating its information systems with focus on its customers.

Management systems

- Upgrade of customer management systems
- Establishment and management of core assets
- Expansion of stable financial foundation
- Countering climate change and eco-friendly operations



Teleconference (CEO - overseas networks)

To manage its widespread overseas networks efficiently, the KOTRA head office regularly checks the progress in its mid- to long-term strategic business with its overseas head offices by teleconference.

Improvements in the utility of core tangible assets (overseas networks): operation of hub KBCs

Context

KOTRA’s most essential assets are its 122 overseas KBCs located in 84 countries. To carry out its diverse business more effectively, KOTRA is running hub/center KBCs chosen through careful considerations of the various characteristics of each region.

Progress & Achievement

As of 2013, KOTRA is operating 25 types of hub/center KBCs.

Center/Hub	Grounds for setup	KBCs	Center/Hub	Grounds for setup	KBCs
Investment hubs	Internal demand (investment attraction activities)	Nagoya/Dallas/Dubai/Detroit/Madrid/Melbourne/Munich/Milano/Vancouver/Beijing/Brussels/Vienna/Shanghai/Stockholm/Sydney/Amsterdam/Washington/Zurich/Qingdao/Copenhagen/Taipei/Hamburg/Fukuoka (23 KBCs)	Talent inducement hub	Internal demand (KOTRA’s new legal functions)	Guangzhou/Dallas/Dubai/Detroit/Madrid/Melbourne/Munich/Milano/Vancouver/Beijing/Brussels/Vienna/Shanghai/Stockholm/Sydney/Amsterdam/Washington/Zurich/Qingdao/Copenhagen/Taipei/Hamburg/Fukuoka (23 KBCs)
IP Desk (overseas knowledge property center)	Invention Promotion Act & KIPO directive	LA/Guangzhou/Beijing/Shanghai/Qingdao / Ho Chi Minh (6 KBCs)	Green project contract awarding hub	Agreement between KOTRA & SMBA	LA/Rio de Janeiro/Manila/Beijing/Shanghai/Dalian/London/Warsaw/Tokyo/Osaka/Johannesburg (11 KBCs)
Plant contract awarding support center	MOTIE approval	LA/Guangzhou/Beijing/Shanghai/Qingdao / Ho Chi Minh (6 KBCs)	GP (Global Partnering) hub	GP business plan (MOTIE & KIAT)	Tokyo/Chicago/Silicon Valley/Osaka/Zurich/Nagoya/Beijing/Shanghai/Kuala Lumpur (9 KBCs)
IT support center	Plans to stream-line SME support systems	Tokyo/Beijing/Silicon Valley (3 KBCs)	K-MOVE centers	National agenda	Tokyo/Silicon Valley/Jakarta (3 KBCs)
Export Incubation Center	Plans to streamline SME support systems	Guangzhou/New Delhi/New York/ Tokyo/ Dubai/LA/Mexico City/Moscow/Beijing/ Sao Paulo/Shanghai/Chicago/Singapore/Washington/Qingdao/ Frankfurt/Ho Chi Minh (17 KBCs)	Global M&A hub KBCs	Business Plan for M&A Support Center	London/Frankfurt/Amsterdam/Zurich/Warsaw/Milano/Prague/Brussels/New York/Chicago/LA/Silicon Valley/Detroit/Tokyo/Osaka/Singapore/Bangkok/Kuala Lumpur/Jakarta/Ho Chi Minh/Hanoi/Sydney/Melbourne/Mumbai (24 KBCs)

Strategic Direction

KOTRA will further enhance the utilization of its hub/center KBCs considering the characteristics of the business involved and policies and region of each of the KBCs for purposes of boosting its business performance and implementing the Korean government’s policies more effectively.

Expansion of a stable financial foundation

Enhancement of financial competence in keeping with its expanded functions

Context

In 2013, KOTRA secured the legal framework needed to perform its new functions the amendment of the Korea Trade Investment Promotion Agency Act. KOTRA has to secure a stable financial foundation has emerged as a critical task for its effective business performance.

Progress & Achievement

KOTRA is striving to increase the size of its capital base through increases in its legal capital to step up its financial competence to carry out its new functions like GtoG and M&A business effectively while securing financial stability. With its top four tasks (use of KBCs as SME branch offices, World Champ, overseas exhibitions, and global marketing interns) designated as national agenda items, KOTRA was able to secure a stable budget in 2013 with an annual increase of 3.2 percent.

2014 budgets for new KOTRA projects

Project	Amount (KRW 100 million)	Project	Amount (KRW 100 million)	Total (KRW 100 million)
Export Gateway	16	Ocean Plant Marketing	5	144
One-stop Export Service	3	Shoes Industry Marketing	5	
Upgrade of brand values of globally specialized enterprises	5	Milan Expo	67	
Development of overseas construction machinery markets	3	Global Local Expert	8	

In addition, KOTRA returned its business-related accounts payable early to improve its liability ratio and reduced the bad debt allowance reserves for next year through the evaluation of its performance with regard to its allowance for severance liability.

Strategic Direction

KOTRA will manage its current ratio on a stable basis and comply with its debt ratio according to its mid- to long-term financial management plan. In connection with its introduction of IFRS (International Financial Reporting Standards) in 2014, its asset and liability amounts will change; thus, it will prepare for potential reductions in capital surplus and earned surplus.

Improvements in the financial independence rate through the diversification of revenue sources

Context

To secure a stable foundation for development, KOTRA must secure its own revenue sources apart from subsidies from the government. Thus it has added its own revenue growth rate as a core change factor, and it is exerting efforts to improve its financial independence rate.

Progress & Achievement

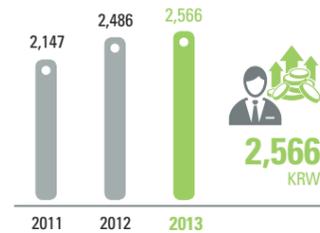
KOTRA calculates and manages the appropriate level of charges through the cost analysis of the major business being promoted by its overseas KBCs. KOTRA invests in profit-making assets and infrastructure, an example of which is the income from leasing its Korea Business Plazas. In October 2013, it shared its plan to make improvements in its financial independence rate for all the employees to reach a consensus on the necessity.

Strategic Direction

KOTRA will continue to improve its financial independence rate through efficient asset operations and reasonable budget preparation and implementation, among others. KOTRA will also improve its liquidity system. It will present plans to upgrade its financial structure and build KBPs.

Increases in KOTRA budgets

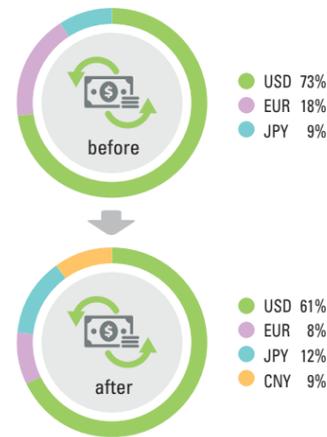
(Unit: KRW 100 million)



Management systems

- Upgrade of customer management systems
- Establishment and management of core assets
- Expansion of stable financial foundation
- Countering climate change and eco-friendly operations

Expansion of transfer currencies



Enhancement of exchange risk management

Context

The basic directions of KOTRA's financial management plans are as follows: management of exchange risks; enhanced financial stability through increased legal capital, and; efficient management of reserve funds through the operation of the Financial Operation Committee. As KOTRA's budget has increased, the agency's volume exposed to exchange risks has soared from 136 billion won in 2010 to 183.8 billion won in 2012; hence the increasing importance of systematic management of exchange risks.

Progress & Achievement

In line with the expansion of KOTRA's overseas KBCs, exchange risks have emerged as a material issue. Active response is required. In 2013, KOTRA set up the Financial Operation Committee, which also performs the functions of an Exchange Risk Management Committee, to implement the systematic management of exchange risks. KOTRA has charted a CFaR* considering its own characteristics and set ceilings for its exchange risk management. It has designated exchange risk management plans as an agenda item in its board meetings.

*CFaR (Cash Flow at Risk): a technique used for risk management in the financial market and a tool to measure the effects of hedging strategies with due considerations to the effects of changes in interest rates, exchange rates, capital, and debts together with items included in an income statement

Management tools available to management in relation to exchange risks



Moreover, KOTRA has added the renminbi to the list of its transfer currencies in a bid to reduce transaction risks by diversifying transfer currencies. As a result, the proportion of the dollar among transfer currencies has dropped to 60%. Risks associated with foreign currency transactions have been reduced.

Strategic Direction

KOTRA will assign financial experts and exchange risk experts to the Financial Operation Committee and cope with exchange risks preemptively. It will place top priority on the management of risks caused by exchange rate fluctuations in its financial planning to improve its cash flows.

Efficient management of reserve funds

Context

Requests for ways of reasonable and systematic operation of its reserve funds have increased internally. Through the Financial Operation Committee, KOTRA reviews its reserve funds and makes plans to use them most efficiently.

Progress & Achievement

KOTRA's analysis of management of reserve funds (surplus) revealed the necessity of an inclusive, systematic operation system. Thus, KOTRA established the Financial Operation Committee. Effective management of reserve funds will gain more importance over time as the agency's budget operation is predicted to expand and capital investments in KBP (Korea Business Plaza), for example, are most likely to increase. Thus, KOTRA will take a careful look at its capital expenditure and investment plans, cash management plans, financial state, and business-related risk management activities through the committee.

Strategic Direction

KOTRA will give full authority to its Financial Operation Committee so that it can carry out overall reviews of the agency's capital expenditure and investment plans as the agency's exclusive organization responsible for the efficient management of KOTRA's reserve funds.

Countering climate change and eco-friendly operations

Countering climate change / Eco-friendly management activities

Context

Across the globe, environmental regulations and standards are being tightened, and enterprises are required to assume bigger responsibility for environmental protection. Even though its services do not impact the environment as much as companies in many other industries do, KOTRA must manage its resources effectively and continue to strive to reduce its GHG emissions to do its share in slowing down climate change.

Progress & Achievement

• Implementation of projects designed to counter climate change

To counter climate change actively, KOTRA has established the Climate Change Project Team and added GCF (Green Climate Fund) projects to the list of its major functions. In addition, KOTRA co-hosted "Global Green Hub Korea 2013," launched the Global Green Forum, and held orientations on its projects, consulting sessions, and exhibitions. The Ministry of Environment of Korea signed an MoU on exchanges and cooperation with the Ministry of Environment and Water of Bulgaria, with Hankuk Fiber Group signing a pipe supply contract worth US\$10 million for the water treatment facilities run by Mufen Tirta Indonesia PT.

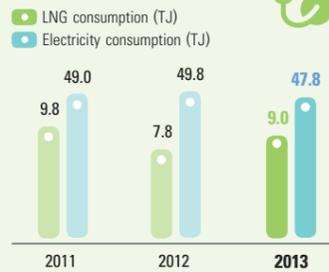
• Support for green companies' overseas expansion

The Climate Change Project Team holds semiannually the "Internationalization Support for Green SMEs" event, which is designed to enable KOTRA to find new overseas projects to counter climate change, which cannot be implemented by local SMEs on their own because of the shortage of information and networks and heavy burden of initial investments, and to help them to secure contracts and execute them successfully.

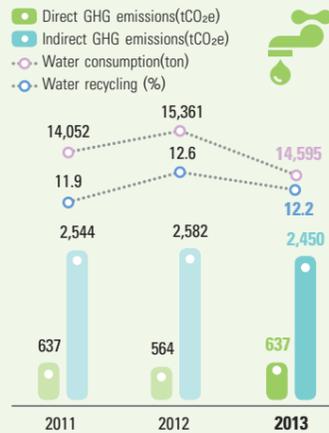


Global Green Forum
Green Project Consulting Session

Energy consumption



Direct & indirect GHG emissions



A KOTRA-type platform for the support of green companies' overseas advance



• Energy conservation efforts

KOTRA spends energy mostly on IT systems, heating and cooling, and lighting. It reduces its direct and indirect GHG emissions through various efforts to maximize energy conservation and improve efficiency in its energy use, including replacing decrepit boilers and switching to LED light bulbs. In 2013, KOTRA's direct and indirect GHG emissions decreased by 1.8% to 3,087tCO₂e. KOTRA replaced 332 lights with LED bulbs and applied heat preventive window films in its offices and consulting rooms exclusive for foreign investors; thus achieving the government-recommended goal (40%) and saving 3 million won in conserved energy. To reduce its energy use and consequent GHG emissions further, KOTRA implements a "no-driving on a weekday (one day per week)" scheme for all its employees while urging them to commute by public transport as much as possible. In addition, KOTRA motivates its employees to save energy in their everyday lives at work, particularly through diverse arrangements as well as the publication of guidelines for energy conservation. KOTRA works hard to minimize its paper use by running all its major meetings and training sessions for new recruits as paperless events and to increase the proportion of digital business reports in an effort to conserve resources. KOTRA holds about 200 teleconferences a year in its videoconference room, which has the systems needed for teleconferencing domestically or internationally. In addition, KOTRA limits the maximum heating and cooling temperatures in offices, prevents the use of individual heating and cooling devices, installs energy saving sensors, has unused lights turned off, and operates elevators in the most energy-efficient manner.

• Water conservation and recycling

The KOTRA head office uses groundwater for most of its water demand, with the rest supplied from the city. Its total water consumption in 2013 was 14,595 tons, with recycling ratio of 12.2%. Since 2010, KOTRA has increased its greywater production of its own groundwater through its own facility to minimize water consumption. It has all its used water treated prior to final disposal.

Management systems

- Upgrade of customer management systems
- Establishment and management of core assets
- Expansion of stable financial foundation
- Countering climate change and eco-friendly operations

• Waste recycling

Most of its waste from its business activities is general waste. Employees strictly separate disposables from general waste when throwing things away. KOTRA has a professional business collect the recyclables – paper, cans, bottles, scrap metal, and electronic devices – to maximize the use of resources.

• Cleanup service for local communities

KOTRA offers cleanup service to its communities at home and abroad. Domestically, it wages a cleanup campaign in communities around the head office like Yangjae IC, Yangjaecheon Stream, and Cheonggyesang Mountain. Overseas, KBCs in Japan, Paris, Brussels, Kuwait participate in such campaign.

Strategic Direction

KOTRA will expand cooperation with UN organizations (GCF, GEF, and UNEP*) for a variety of projects designed to slow down climate change and maximize its efforts to reduce GHG emissions. It will continue its cleanup campaign around its business sites at home and abroad.

*GCF: Global Climate Fund, GEF: Global Environment Facility, UNEP: United Nations Environment Programme

Green purchasing and environmental investments

Context

KOTRA accelerates its green purchasing to reduce wastage of resources and prevent environmental pollution in keeping with the government's low-carbon, green growth policies. As a responsible public institution, KOTRA intends to boost green purchasing and minimize environmental impacts through various environmental protection activities and investments.

Progress & Achievement

• Expansion of green purchasing

KOTRA gives priority to green products in its procurement bids by requesting bidders to submit proofs of their green certification and eco-labeling. It mandates green purchasing in its procurement contracts by specifying the requirements in its procurement guidelines. Upon purchase of office supplies, it adds a special clause regarding the procurement of eco-friendly products to its procurement contract. Furthermore, to encourage its various departments to increase their green purchasing, KOTRA has introduced the relevant internal evaluation indicator. KOTRA has replaced six of its worn-out business cars with hybrid cars since 2011. It has replaced 85.7% (6,429 lights) of its total lights (7,518 lights) at its head office with eco-friendly LED light bulbs. In 2013, KOTRA spent 606 million won – or 90.6% of its total purchase during the year – on green purchasing.

Strategic Direction

To minimize its environmental impact, KOTRA will increase its environmental investments including increased budget allocation for waste treatment for stricter environmental protection. KOTRA will further enhance its green purchasing and environmental investments companywide through improvements in its systems and processes.

Green purchase and environmental investments



*No change in the number of LED lights in 2013

LED replacement - KOTRA surpassed the government recommendation (42%)

Category	Replacement (cumulative total)	Rate
사옥	6,439	86%
IKP	2,192	43%

Energy conservation

Energy consumption (kWh/y)		Energy conservation effects	
before	after	kW	kWh/year
85,217	59,112	4.8	26,105



03 Organizational operations

Fostering an innovative, strong organization

Key Issues

- Employment (guarantee of fair employment and employment relations)
- Workplace health and safety (including stress management)
- Employee education and training
- Diversity and equal opportunities (respect for diversity and prevention of discrimination)

Our Strategy and Management Approach

Since talents are its greatest assets, KOTRA recognizes fair employment, expert training, employees' health and safety, and respect for diversity as its material aspects. KOTRA fosters global experts; overall, it runs its organization with focus on its business sites including its overseas KBCs. KOTRA has introduced an IT-based performance management system and a reasonable evaluation system to carry out its functions and roles more effectively. It strives to build a creative organizational culture based on its four core values: "customer," "contribution," "challenge," and "global."

Key Performance

Category	Key performance indicators	Unit	2011	2012	2013
Fostering global experts	Satisfaction with education & training	Score	4.13	4.14	4.17
Efficiency-centered organizational operations	Satisfaction with the grievance settlement system for overseas staff	%	-	75	79
Introduction of an objective, reasonable evaluation system	(Performance management system) Satisfaction with evaluation results	Point	57.2	68.5	70.5
	Internalization index of internal value systems	Point	-	85.0	87.9
Establishment of a creative organizational culture	Satisfaction with GWP/grievance settlement	%	98/70	98/75	99/79
	Employment of regional talents	Person(%)	2/85(5.2%)	6/33(18.2%)	10/33(30.3%)
	Employment of female talents	%	50	48	54
	Completion of education on sexual harassment	%	95	99	100

Fostering global experts

Establishing a strategic talent fostering & manpower operation system

Context

Talents are the core resources for KOTRA to realize its vision of serving as a global business platform. Thus, it has established and operated a strategic human resources development system for the purpose of fostering global experts as a means of accomplishing its vision and bringing its core values to life.

Progress & Achievement

- **Upgrading the human resources development system**

To foster global experts, KOTRA has upgraded its human resources development system by redefining the values required of its personnel (openness, communication, and respect), designing a new personnel system based on the competence models of each management level, and making improvements in its education and training systems. Through such measures, KOTRA has perfected its institutional arrangements to discover and foster KOTRA-type global talents who can cope with external environmental changes preemptively and deal with customer needs strategically.

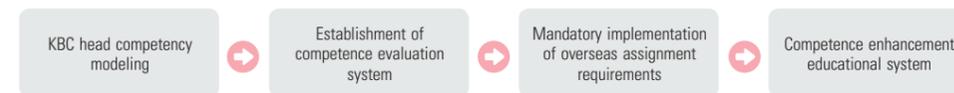
- **Analysis of demand for human resources development**

KOTRA has identified implications for the discovery of needs for human resources development in various areas such as creative economy, customer, Government 3.0, economy, and internal competence; it has identified demand for human resources development and worked out ways to enhance its employees' core competence systematically. KOTRA is operating a system that can train regional experts worldwide through internal and external demand analysis, enhance expertise in new functions and new business, develop competence on organizational and individual bases, and intensify performance-centered personnel management. KOTRA specifies demand for manpower in each category and continues to develop qualified human resources for the implementation of core functions involved.

- **Upgrade of competence of the heads of overseas KBCs**

To enhance the global competitiveness of its overseas KBCs, KOTRA has established special competence models exclusive for the heads of its overseas KBCs and introduced their competence evaluation system and educational systems. The 122 overseas KBCs across the globe are KOTRA's core component for the realization of KOTRA's vision: the establishment of a global business platform. KOTRA has set the competence model for the heads of its overseas KBCs for the purpose of stepping up the competitiveness of the organizations they head, i.e., overseas KOTRA KBCs. The competence model includes specific qualities such as integrative thinking, leadership, and network management. The KBC heads' overall competence level is evaluated through PT, situation simulation, group discussion, role playing, mock evaluation, and acceptance surveys. KOTRA uses the competence assessment results for its decision making on the appointment of its employees to its overseas posts as part of its efforts to select the most appropriate person for each of its vacant posts in its overseas KBCs at any time.

Competence evaluation system and competence enhancement educational system



- **Implementation of an open internal and external competitive system**

To strengthen the competitiveness of its overseas network, KOTRA has established an open competition system for its key positions at home and abroad for anyone possessing language proficiency and related competitiveness. In 2013, it set up a mid- to long-term plan for the implementation of an open competition-based hiring system and employed two managers including the head of the Central & South America Head Office through the new procedures. KOTRA will open a total of 12 managerial posts in stages by 2020.

Organizational operations

Fostering global talents

- Efficiency-centered organizational operations
- Introduction of an objective, reasonable evaluation system
- Establishment of a creative organizational culture

Interview with stakeholder

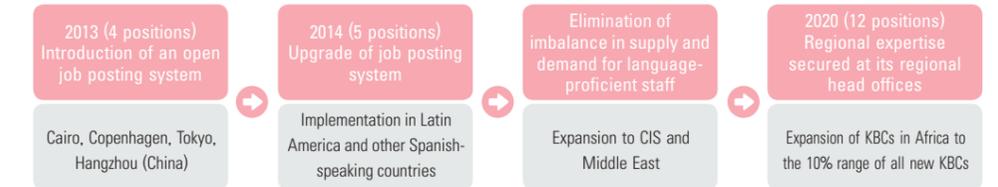


Yoon Hyun-cheol,
union chairman
(union) KOTRA

Korea has signed FTAs with more than 50 countries worldwide including the European Union.

KOTRA is proud to have played a leading role in the country's globalization, having set its sights on the global arena in the 1960s and followed the worldwide "internalization" trends since then. If local governments and related entities are to create synergy effects through the use of KOTRA's infrastructure – the nation's overseas assets – their precise demand must be identified; culture and systems that enable them to collaborate with each other and produce practical results must be established as well. Internally, the labor and management of KOTRA should join hands to overcome employees' difficulties in family life due to frequent overseas assignments. On the other hand, employees have to be able to embrace diverse races, cultures, and religions to mingle with local staff and adapt to cultures in foreign countries. They must respect diversity and human rights instead of getting involved in any type of discrimination and prejudice.

Mid- to long-term plan to open key KOTRA posts externally



- **Developing local staff into key personnel**

Given its business characteristic of supporting SMEs' advance into global markets, local employees' competence has considerable impact on the entire organization. Thus, KOTRA needs to come up with strategic ways to help local employees develop their competence. In 2013, KOTRA published KOTRA Global HR Standards and established an integrated management system of local staff's personnel data. To enhance the performance-centered personnel management system, KOTRA overhauled its existing evaluation and remuneration systems including incentives associated with employees' performance evaluation results.

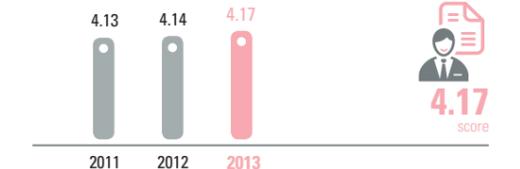
- **Establishment and implementation of systems to enhance employees' job competency**

KOTRA is implementing the intensive system it has established to upgrade its employees' job competency. In 2013, KOTRA expanded "KOTRA College," a collection of courses tailored to its employees' needs. The college now offers four courses including global commercialization of technologies and course on consulting on SMEs' overseas advance. A total of 47 employees have completed KOTRA college courses. At least 370 employees have completed 778 department-based specialized training sessions, for a 98.2% in-house training record. Employees' satisfaction with education and training has risen for the third consecutive year.

Budget for education and training (unit: ₩1 million)

Category	2011	2012	2013	
Out of the total budget	Internal	386	402	420
	External	990	1,775	1,712
	Online	186	128	224
Total	1,562	2,305	2,356	

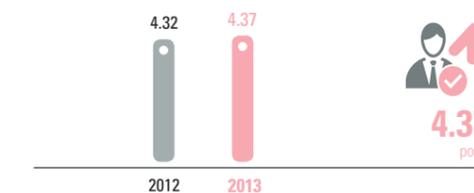
Satisfaction with education and training (unit: score)



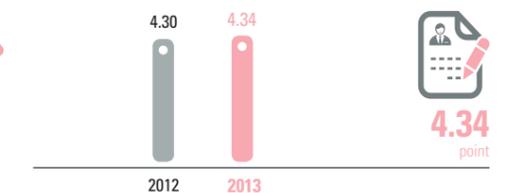
- **Operation of fair, transparent personnel systems**

KOTRA implements an open recruitment system for its key positions to hire talented personnel either from inside or outside. For the operation of a transparent, fair personnel system, it has eliminated the process of primary screening of job applicants through the review of their credentials on paper and focused instead on their actual ability to perform at the site. Through this, KOTRA seeks improvements in its productivity. As a result, both employee engagement and employee satisfaction with the operation of personnel systems have improved.

Increased employee engagement due to expanded hiring through open recruitment (unit: points)



Satisfaction with the operation of personnel systems (unit: points)



Efficiency-centered organizational operation

Site-centered organizational operation

Context

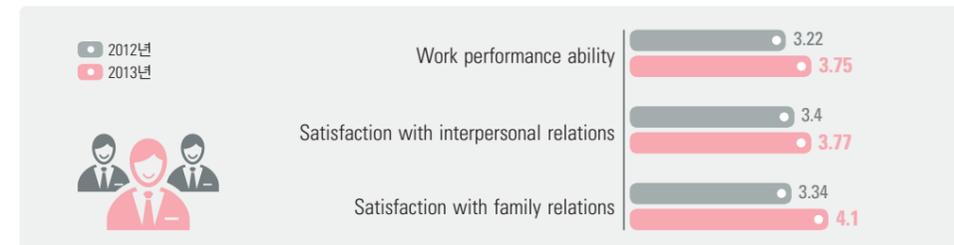
KOTRA's strategy with respect to organizational operations is running its entire organization under the principle of site orientation in an effort to expand its interaction with customers. KOTRA has also eliminated the "partition" between different departments for closer collaboration between them.

Progress & Achievement

• Reorganization

In August 2013, in an effort to help promote the new government's core policies, focus more on its business sites, and help regional companies globalize, KOTRA established five new regional metropolitan support centers. It also organized the Global Employment & Startup Support Team and K-Move Support Team within the head office. Moreover, to enhance synergy effects between different tasks, the Global CSR Department was integrated into the Marketing Head Office, and consulting centers in various head offices were combined into one. As a result, employees' satisfaction with the reorganization in 2013 rose by 0.76 points to 4.1 points compared to that in 2012.

Rate of employees' satisfaction with the reorganization



• Organic integration through the elimination of partition between departments

To boost collaboration internally and externally, KOTRA has enhanced organic links with its external related entities, between teams at the head office, between domestic departments and overseas KBCs, and between overseas head offices. KOTRA has signed MoUs with the Ministry of Trade, Industry, & Energy, SMBA (Small and Medium Business Association), and Export-Import Bank of Korea for closer collaboration. It has organized the Trends Research Club and Organizational Culture TF to create new communication channels between different teams at the head office. Given the characteristics of the organization, i.e., higher proportion of overseas staff, the KOTRA management holds a meeting with each of its overseas head offices in the first half of the year and a working-level workshop with its key overseas KBC staff members to share the head office's review results for the discussions at the meeting in the second half of the year. KOTRA also urges the heads of its overseas regional head offices to maintain efficient communication channels for enhanced collaboration between them and solve employees' difficulties immediately. Across the globe, KOTRA employees share their valuable overseas experiences through the internal newsletter.

• Efficient management of overseas KBCs

For KOTRA, labor management in its business locations is more important due to its characteristics as a global organization. Opening three new KBCs in developing countries in 2013, KOTRA published "Overseas Labor Management," a guidebook containing an overview of global labor markets, implications of hiring and discharging manpower, personnel management, labor laws, and examples of difficulties. Used for labor management and education, the publication has been translated for ten key countries including China, USA, and India. Translation and distribution to KBCs in other countries will continue. KOTRA has expanded its GWP (Great Work Place) campaign to its overseas workplaces. In addition, for KBCs in China, which is suffering from yellow dust, for instance, air-purifying plants and special masks are distributed. For staff in the Amman KBC, gas masks are distributed for employees' personal safety. Thanks to such support measures, overseas KBC employees' satisfaction with support from the head office has reached 98%.

Strategic Direction

KOTRA will continue to strive to enhance its global competitiveness through efficient organizational management with focus on its business sites and efficient management of its KBCs through labor management practices optimized for the local conditions.

Regional Support Centers in five regional metropolitan areas

Dongnam area (Busan)
Daegyong area (Daegu)
Honam area (Gwangju)
Chungcheong area (Daejeon)
Gangwon area (Chuncheon)



Organizational operations

Fostering global talents

Efficiency-centered organizational operations

Introduction of an objective, reasonable evaluation system

Establishment of a creative organizational culture

KINTEX/BEXCO management

Context

The exhibition and convention industry not only offers opportunities for export creation; it is also a highly valued industry that drives the economic development of the regions involved. Its importance is drawing more attention worldwide. KOTRA is running KINTEX (Korea International Exhibition Center) in Goyang, Gyeonggi and BEXCO (Busan Exhibition and Convention Center) in Busan, South Korea as its subsidiaries for the purpose of "contributing to trade promotion and national economic development through enhanced competitiveness of the country's exhibition industry and industry's sustainable development."

Progress & Achievement

• Monitoring the subsidiaries' management performance

To ensure the appropriate and efficient operations of its subsidiaries and boost their earnings rates, KOTRA runs a real-time management system. KOTRA monitors and evaluates the management of subsidiaries by sharing their major issues on a weekly basis and comparing and measuring subsidiaries' management performance and remuneration with the previous year's figures.

• Support for improvements in subsidiaries' operation results

KINTEX and BEXCO are estimated to generate more than 1.8 trillion won worth of direct and indirect economic ripple effects in areas such as production, employment, income, added values, and import inducement through their exhibitions and conventions. For the effective implementation of its establishment goal of contributing to the development of the national economy, KOTRA supports exhibitions in KINTEX and BEXCO in terms of internationalization and expansion of the events in particular. Specifically, KOTRA attracts overseas participants and buyers to the exhibitions being held in KINTEX and BEXCO through its overseas KBC network, boosts the participating companies' financial outcomes from exhibitions, and helps associated conventions succeed as international events.

*Source: "Research on the Economic Ripple Effects of Korea's Exhibition and Convention Centers" by the Association of Korea Exhibition Industry, February 2012

Major accomplishments in 2013

Category	Turnover	Attendees	Operation rate	Operation area	Exhibition number
KINTEX	KRW 51.04 billion	5.2 million	50.0%	19.73 million m ²	109
BEXCO	KRW 21.52 billion	2.79 million	47.0%	4.19 million m ²	91

Strategic Direction

KOTRA's subsidiaries KINTEX and BEXCO are leading the country's exhibition industry recognized as the core tools for export marketing. KOTRA will continue to strengthen its control and supervision of subsidiaries so that they can produce transparent and efficient management results that can be trusted by all Koreans.



KINTEX



BEXCO

Introduction of an objective, reasonable evaluation system

Objectification of performance measurements and enhanced reasonableness in performance management

Context

Appropriate remuneration commensurate to employees' accomplishments and performance plays a central role in making efficiency improvements in an organization. The development of a system that ensures objective performance measurement and payment of corresponding remuneration is becoming increasingly important. KOTRA increases employees' job satisfaction and work efficiency through the operation of an advanced remuneration system built on upgraded methods to measure employees' performance.

Progress & Achievement

• Operation of IT-based, real-time performance management system

KOTRA's new system is based on SEM (Strategy Enterprise Management) and BSC (Balanced Score Card) for all of its performance management processes. It enables integrated performance management for diverse areas such as business, finance, evaluation, and personnel, going beyond being a mere performance evaluation system. By running an IT-based performance management system, KOTRA has been able to systemize its performance management. Through the connection to WINK, an intranet, people can check the evaluation results, performance management, and even detailed evaluation guidelines with a single click. Thus, feedback for each of its employees has been strengthened.

Strategic Direction

KOTRA will enhance the credibility of its evaluation systems through the involvement of outside experts while continuing to develop its performance indicators through a number of surveys among its staff and executives. KOTRA will strengthen the connectivity between organizational and individual performances, develop new performance indicators, and promote a performance management-based organizational culture.

Enhanced, reasonable connectivity between performance and remuneration

Context

KOTRA wants to foster a performance-oriented organizational culture through objective performance evaluation and corresponding compensation. To this end, it works hard not only for the development of its remuneration system but also for the management and operation of a fair, reasonable remuneration system.

Operation results

• Operation of a performance-centered, reasonable personnel and remuneration management system

KOTRA reflects the organizational and individual evaluation results on its diverse monetary and non-monetary compensation packages including bonus, changes in basic pay, promotion, education, and incentives. Evaluations are divided into competence evaluation and performance evaluation, with the results reflected on the decisions on employees' annual basic pay and annual performance pay at the respective pre-determined reflection ratios. Remuneration also includes selection as trainees for overseas education, participation in professional competency enhancement programs, and merit-based position assignments.

Strategic Direction

KOTRA will run a world-class performance remuneration system to improve its organizational efficiency and set an example for many other public institutions in Korea.

Establishment of a creative organizational culture

Internalization of core value-based organizational culture

Context

The establishment purposes of KOTRA are to invigorate the national economy and boost the national stature in the international community through the realization of its vision of "global business platform that opens up the future of the Republic of Korea." To realize the vision, KOTRA encourages its employees to engage actively in the internalization of its organizational culture. It also promotes the sharing and dissemination of values so that the agency's four core values – customer, contribution, challenge, and global – will be integrated into its organizational culture, and its staff and executives can put the core values into practice.

Progress & Achievement

• Operation of "Core Values Implementation Month"

In 2013, KOTRA conducted workshops for its employees at home and abroad for three months from August to October. In Korea, all employees participated in experience- and practice-based workshops for a month. Overseas, each KBC held a workshop for all its employees including customer service representatives; this became a chance for the core values of KOTRA to be spread worldwide.

• Implementation of value system education by rank

KOTRA offers differentiated value system education to its employees depending on their ranks, such as new recruits, entry-level employees, deputy managers, and managers and executives. The KOTRA president and standing directors participate in the value system education as lecturers and emphasize the importance of the agency's core value implementation as a means of realizing the agency's vision. Heads of the relevant public institutions are invited as lecturers, too. Watching the CEO's video lecture on the agency's ethical management efforts is part of the education for all employees.

• Distribution of the core value guidebook and dissemination of internal cases

Furthermore, KOTRA invites employees designated as KOTRA core value champions to the education as lecturers delivering the agency's core value strategies and sharing their actual experiences with the audience. KOTRA has published and distributed a guidebook on its core values together with its internal educational materials in five foreign languages aside from Korean so that all of its staff can put its core values into action on a daily basis.

• Organizational culture movement for staff and executives

To help the four core values permeate the organizational culture, KOTRA holds weekly organizational culture TF meetings, public competition, and in-house public contest. It recognizes excellent cases as well. KOTRA also holds public contests to seek new ideas for its ethical management and promotion of integrity and for the efficient implementation of its new business. In addition, KOTRA wages campaigns to raise awareness of the core values with the participation of all of its employees.

• Diagnosis and feedback

KOTRA effectively measures the results of its diverse value internalization activities through additional detailed diagnosis and feedback by department, establishment of "degree of core value implementation efforts" indicator, and diagnosis of the efficacy of its various internalization tools. Most notably, in 2013, it made improvements in the diagnosis method for the core value sharing index, which resulted in the intensification of feedback. Through such continuous emphasis and education on the agency's vision and core values, employees' job satisfaction has risen. KOTRA's efforts have been recognized internationally including Gold Award at the Vision Awards hosted by LACP (League of American Communications Professionals), USA.

Strategic Direction

KOTRA will further enhance its education on value systems, increase the distribution of its guidebook on overseas labor management, facilitate its organizational culture movement, and strengthen its diagnosis and feedback functions. Through more active internalization activities, KOTRA will do its best to make sure that all of its employees and customers familiarize themselves with the KOTRA values to implement them on a daily basis, and that it will be able to realize its vision.

Organizational operations

Fostering global talents

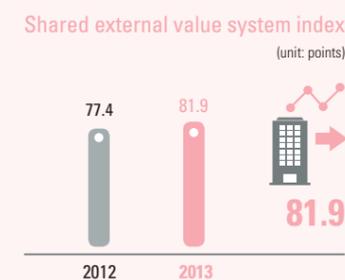
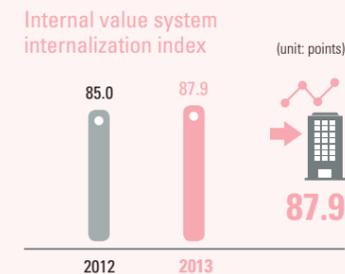
Efficiency-centered organizational operations

Introduction of an objective, reasonable evaluation system

Establishment of a creative organizational culture



CEO's video lecture on ethical management



SEM/ERP

- Strategy establishment & planning
- Business management



CRM

- Business implementation & management
- Customer management



BSC/MBO

- Organizational & individual performance evaluation
- Evaluation results



I - HR

- Reflection on personnel management

- Systemization of performance management through the operation of an IT-based performance management system
- Leading public institutions' performance management systems through the constant evolution of its performance management system

Establishment of a creative organizational culture

Promoting a culture of caring and respect

Context

KOTRA promotes an organizational culture that respects diversity in its workforce through a diverse set of systems and programs including equal opportunity employment, operation of labor-management dialog channels, and expanded grievance settlement systems while striving to expand its protection of employees' rights.

Progress & Achievement

• Respect for employee diversity and expansion of equal-opportunity employment

Except for performance-related pay with diverse backgrounds, KOTRA pays the same basic pay to male and female employees. Female employees receive fair treatment in promotion and compensation, too. The proportion of female full-time employees is 22.2% (150 persons). Female employees in managerial positions (team leaders or above) account for about 1% (7 persons). KOTRA tries to hire people with diverse backgrounds, including high school graduates and graduates of colleges in rural areas as well as female talents to contribute to efforts to promote social justice and ease social polarization. KOTRA hired three high school graduates through a special hiring process in 2012 and 2012. It offers extra points to rural college graduates.

Current employment status

Category	2011	2012	2013	
T/O	659	690	722	
Acknowledged current employees	666	—	—	
Current employees	663	660	681	
Retirees	8	2	9	
Recommended or honorary retirees	1	2	1	
New recruits (full-time)	Females	19	16	20
	Disabled	3	1	—
	Regional talents	2	5	10
	High school graduates	—	3	3
	Vocational school graduates	—	—	3
	Graduates in science & engineering	5	5	6
New recruits (temporary)	Total	38	33	33
	(Domestic) Youth internship	357	273	244
	(Overseas) Youth internship	380	328	601
Number of females (percentage)/	125 (18.8%)	138 (20.7%)	150 (22.02%)	
Number of female team leaders or above (percentage)	5 (0.76%)	7 (1.06%)	7 (1.03%)	
Proportion of the disabled	2.45%	2.9%	2.57%	



Selection as an excellent equal-opportunity employer

Organizational operations

- Fostering global talents
- Efficiency-centered organizational operations
- Introduction of an objective, reasonable evaluation system
- Establishment of a creative organizational culture



Quarterly labor-management council meeting
Joint labor-management seminar

• Holding regular labor-management council meetings

KOTRA maintains diverse regular communication channels between labor and management. Most notably, the CEO and the union chairman meet every week at a "Hotline" meeting and discuss major labor issues and ways to improve labor relations. In 2013, the labor-management council dealt with the issue of improving the remuneration of staff working overseas. In March 2014, it discussed specific ways to secure the safety of KOTRA employees working overseas in less safe countries. The health and safety issues resolved at the council affect the entire organization of KOTRA.

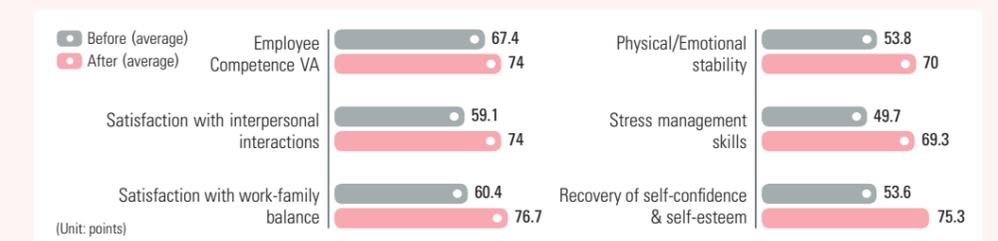
Category	Attendees	Major issues	Number of meetings
Labor-management council	14 including CEO and union chairman	Matters for council discussions	4
Labor-management roundtable meeting	CEO and union chairman / union officials	Post-council follow-up discussions to improve labor-management relations and share key information	4
Labor welfare fund council	Three from labor and management each	Operation of labor welfare fund and revisions of the relevant guidelines	3
Dialog between management and union chairman	Management and union chairman	Sharing management issues and addressing improvements in labor-management relations	52(weekly)
Labor-management workshop	Management, labor officials, union chairman, and other union officials	Postponing retirement, employee protection measures	4회
TF for labor-management cooperation-oriented organizational culture	24 including the head of the General Services Department and union chairman	Improving the organizational culture and sharing labor-management issues	43(weekly)
Working-level labor-management council	Head of General Affairs Team, labor officials, and union officials	Collection and pre-review of agenda items for the Labor-Management Council and ongoing monitoring of labor issues	Daily

• Expansion of the grievance settlement system/Enhanced education on the prevention of sexual harassment

KOTRA runs EAP (Employee Assistance Program), which helps solve work-related concerns or grievances to create a stress-free environment in KOTRA. In 2013, KOTRA expanded the recipients of the program benefits to its local staff overseas and its temporary employees at home. It provided 163 counseling sessions during the year. KOTRA published a publication on cases of preventing workplace sexual harassment. It also provided on/offline education on ethical management and prevention of sexual harassment to all of its employees.

Category	Unit	2011	2012	2013
Sexual harassment	%(person/person)	95(728/764)	99(765/770)	100(900/901)
Ethical education	person	739	737	804

Effects of EAP services by area



Strategic Direction

To spread a corporate culture that respects diversity, KOTRA will play a leading role in areas such as employment of regional university graduates, females, and high school graduates. Likewise, through its various communication channels between labor and management, it will further expand interaction between labor and management and solve its employees' grievances immediately.

Establishment of a creative organizational culture

Promotion of an organizational culture respecting work-life balance

Context

KOTRA boosts its employees' morale and improves employees' productivity through family-friendly management. Through various institutional arrangements and programs, KOTRA promotes an organizational culture that respects work-life balance.

Progress & Achievement

• Expansion of flextime working system

KOTRA has expanded its flextime working, as a result of which its employees' welfare has improved and the organization's productivity has increased. In 2013, it expanded the application of the flextime working system to its overseas KBCs; 98 persons benefitted from the arrangement during the year, up by 53% compared to 2012. Domestically, KOTRA further solidified its reputation as a family-friendly workplace and a leader in the implementation of flextime. It received various recognitions including the grand prize from the Ministry of Gender Equality & Family for its family-friendly management, grand prize again after 2012 in the "100 Great Work Places in Korea" together with the GWP Best Manager Award, selection by the Ministry of Strategy and Finance as an excellently managed public institution in Korea, and Family-friendly Management Award from the Seoul Metropolitan Government.

• Employee welfare systems

KOTRA implements diverse welfare systems for its employees to help them balance their work and family life. Its Vacation Promotion System ensures that employees can go on leave whenever necessary by reflecting the status of employees' vacation use on the team leaders' performance evaluation. Through the Employee Grievance Consulting Program, KOTRA solves employees' issues on the ground immediately and helps employees maintain healthy working lives. Besides, through various GWP (Great Work Place) programs and benefits such as Marriage Support Program, Fathers' Class, and Baby Congratulations Cards, KOTRA works hard to disseminate a warm, family-friendly corporate culture.

• Operation of an organization devoted to developing the organizational culture

Besides institutional arrangements like flextime, KOTRA strives to improve its corporate culture through the operation of an organization devoted to making improvements in the corporate culture on a constant basis. To enable family-friendly management to take root as part of KOTRA's organizational culture, the department takes specific measures and launches various campaigns such as campaigns to change the organizational culture in the direction of excellent work-family balance, ten commandments for employees' dining out and drinking together in the evening, ten commandments for the culture of business meetings, and campaigns against the overtime work culture.

• Promotion of a culture that respects childbirth and childcare

KOTRA implements the "Employment of Career-disrupted Women" policy designed for those women whose careers have been disrupted because of childbirth and childrearing. It encourages its employees to make the best use of parental leave. In 2013, 13 employees used parental leave, and 16 employees returned to work after parental leave.

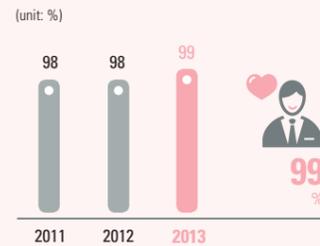
Stats related to employees' use of parental leave

Category	Unit	2011	2012	2013
Employees who started their parental leave	person	8	15	13
Employees who returned to work after their parental leave	person	12	7	16
Employees working for over a year after their parental leave	males	0	1	0
	females	8	6	10

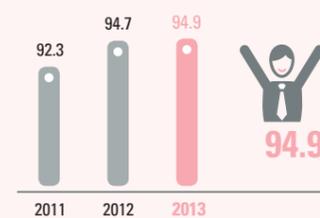
Strategic Direction

KOTRA's family-friendly management, aimed at making improvements in employees' lives, have not only led to employees' increased satisfaction with the organization internally but also drawn widespread external recognition of KOTRA's excellence in the area. KOTRA will continue to strive to promote a sustainable organizational culture throughout its entire organization both at home and abroad through further enhanced family-friendly management.

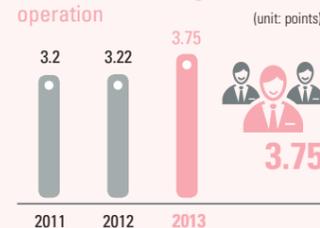
Satisfaction of GWP criteria



Customer satisfaction



Satisfaction with organizational operation



Appendix

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Data on sustainability management performance

Economic impacts

	Unit	2011	2012	2013
Status of fund operations				
Operation amount	KRW 1 million	16,837	18,712	20,855
Subscribers(fixed pay type & fixed contribution type)	Person	772	776	857
Comparison of new employee's wage against the legal minimum wage				
Legal minimum wage	KRW 1,000	10,836	11,488	12,188
New employee's wage (annual basic pay)	KRW 1,000	24,504	27,037	28,317
Employment of local staff overseas				
Number of local employees	Person	217	243	265
Number of managers overseas	Person	17	17	20
Proportion of local managers	%	2.56%	2.58%	2.59%

Social impacts

	Unit	2011	2012	2013	
Ethical education					
Ethical education	Online	Session	2	2	2
	Offline	Session	5	3	6
Education	Online	Hour	9,440	11,600	13,431
	Offline	Hour	982	1,007	1,155
Educated employees	Employees	Person	678	683	714
Composition of staff (except officials in special service: data uncollectable)					
By rank	Employees	Person	7	7	7
	Rank 1	Person	54	56	51
	Rank 2	Person	136	141	150
	Rank 3	Person	148	156	161
	Rank 4-6	Person	310	300	312
	Others	Person	8	-	-
By gender	Male employee	Person	536	531	531
	Female employees	Person	127	129	150
By age	Below 35	Person	216	211	216
	36~45	Person	220	206	215
	46~55	Person	212	218	223
	Over 56	Person	15	25	27
New employees	Females	Person	19	16	20
	Disabled	Person	3	1	-
	Regional talents	Person	2	5	10
	Science & engineering majors	Person	5	5	6
Female employment	Total	Person	38	33	33
	Females & proportion	Person(%)	127(19.2%)	129(19.5%)	150(22%)
	Team leader or above and proportion	Person(%)	5(0.76%)	7(1.05%)	7(1.03%)
Employee Turnover	Male employees	Person(%)	18(3.4%)	15(2.8%)	20(3.8%)
	Female employees	Person(%)	1(0.8%)	5(3.9%)	3(2%)
Work-related injury ratio	Male employees	Person(%)	0	0	0
	Female employees	Person(%)	0	0	0
Composition of employees					
By job	Executives	Person	7	7	7
	Trade experts & professionals	Person	656	653	674
	Officials in special service	Person	104	111	124
	Full-time	Person	663	660	681
Employment form	Indefinite-duration	Person	0	1	0
	contractual employees				
	Contractual employees	Person	27	31	39
	Others	Person	-	-	85
	Males	Person	26	32	48
Dispatched employees (as of year-end)	Females	Person	77	89	93
	Total	Person	103	121	141
	Domestic	Person	345	384	338
By region (except officials in special service)	Overseas	Person	318	276	343

	Unit	2011	2012	2013
Employees entitled to join the labor union and collective bargaining				
Number of eligible employees	Person	488	485	489
Number of union members	Person	436	424	430
Proportion of union membership	%	89.3	87.4	87.90
Employee training				
Number of employees	Person	767	771	805
Number of training sessions	Session	840	884	898
Total training expenses	KRW 1,000	2,305,000	2,356,000	2,356,000
Training expenses per person	Won/person	3,005,215	3,055,772	3,263,158
Total training hours	Hours	139,517	142,250	144,174
Training hours per person	Hours/person	181.9	184.5	199.7
Foreign language training hours per person	Hours/person	62	72	63
Satisfaction with training	Full score: 5	4.13	4.14	4.17
Employees subject to performance evaluation and career development reviews				
Total number of employees	Person	772	776	805
Employees subject to performance evaluation	Person	728	737	759
Proportion of employees subject to performance evaluation	%	94.3	95.0	94.10
Education on human rights policies				
Education on sexual harassment	Session	5	4	4
Attendance in education on sexual harassment	Person	728	765	900
Complaints about human rights violations				
Complaints registered	Case	16	7	0
Complaints settled	Case	16	7	0
Surveys on customer satisfaction				
Number of surveys	Survey	1	1	1
Customer satisfaction scores	Point	92.3	94.7	94.9
Privacy invasion and lost items				
Number of lost items	Case	0	0	0

Environmental impacts

	Unit	2011	2012	2013
Rate of (raw) materials recycling				
Quantity of used materials (copy paper)	KRW 1 million	21.5	17.7	18.4
Rate of recycling of (raw) materials	%	100	100	100
Water usage and recycling rate				
Use of water (groundwater)	ton	12,549	12,430	13,236
Total annual water use	ton	26,571	27,791	27,831
Water recycling (greywater)	ton	1,494	1,565	1,780
Water recycling ratio	%	11.9	12.6	12.2
Total direct & indirect GHG emissions				
Scope 1 Total direct GHG emissions	tCO ₂ e	637	564	638
(fixed) city gas	tCO ₂ e	497	399	457
(mobile) gasoline	tCO ₂ e	109	136	145
(mobile) diesel	tCO ₂ e	31	29	36
Scope 2 Total indirect GHG emissions	tCO ₂ e	2,544	2,581	2,450
Electricity	tCO ₂ e	2,544	2,581	2,450
Total direct and indirect GHG emissions	tCO ₂ e	3,181	2,301	3,088
Total expenditures for and investments in environmental protection				
Emissions treatment costs	KRW 1 million	8.4	16.8	21.4
Sewage treatment costs	KRW 1 million	13.6	18.2	20.9
Purchase of eco-friendly products	KRW 1 million	505.0	490.8	606.6
Total purchase	KRW 1 million	591.0	544.5	669.5
Proportion of green purchasing	%	85.4	90.0	90.6

Financial Performance Data

KOTRA Statement of Financial Position

52nd term ending December 31, 201351st term ending December 31, 2012

Category	52 nd (current) term amounts	51 st (previous) term amounts
Assets		
Current assets	74,189,338,035	92,692,151,108
Cash and cashable assets	25,924,694,607	80,591,417,902
Current financial assets	40,812,700,291	1,874,926,660
Accounts receivable and other receivables	720,494,127	1,717,548,269
Deferred tax assets	392,370,897	498,472,138
Current non-financial assets	6,339,078,113	8,009,786,139
Non-current assets	99,771,156,029	62,962,818,667
Non-current financial assets	6,098,069,801	6,071,751,092
Long-term trade receivables and other receivables	8,690,856,789	6,604,995,110
Tangible assets	15,286,834,220	14,272,888,183
Investment properties	2,475,193,007	2,668,103,202
Intangible assets except goodwill	3,747,617,737	3,343,014,518
Investments in subsidiaries	37,405,475,441	29,888,900,728
Non-current, non-financial assets	26,067,109,034	113,165,834
Total assets	173,960,494,064	155,654,969,775
Liabilities		
Current liabilities	43,162,312,233	36,117,905,065
Trade payables and other payables	15,771,504,971	10,767,730,352
Current non-financial liabilities	11,616,706,599	9,963,401,495
Current estimated liabilities	15,774,100,663	15,386,773,218
Non-current liabilities	23,222,774,958	22,169,724,727
Long-term trade payables and other payables	790,302,311	894,332,176
Non-current, non-financial liabilities	371,765,239	327,374,150
Employee payroll liabilities	22,060,707,408	20,948,018,401
Total liabilities	66,385,087,191	58,287,629,792
Capital		
Paid-in capital	50,000,000,000	50,000,000,000
Earned surplus	55,674,925,496	45,466,858,606
Other elements of capital structure	1,900,481,377	1,900,481,377
Total equity	107,575,406,873	97,367,339,983
Total liabilities and equity	173,960,494,064	155,654,969,775

KOTRA Income Statement

52nd term ending December 31, 201351st term ending December 31, 2012

Category	52 nd (current) term amounts	51 st (previous) term amounts
Revenue	406,855,172,203	314,883,558,400
Sales	326,647,702,667	297,459,153,975
Revenue from provision of services	61,634,048,833	65,571,964,208
Previous revenue (sales)	262,950,062,225	229,621,457,691
Other revenue (sales)	2,063,591,609	2,265,732,076
Expenses	393,497,951,983	305,021,074,967
Cost of sales	213,735,501,448	192,216,087,582
Cost of sales for revenues from provision of services	211,322,568,349	190,397,929,787
Cost of sales for other revenues	2,412,933,099	1,818,157,795
Gross profit	112,912,201,219	105,243,066,393
Selling and administrative expenses	110,978,987,793	104,344,301,635
Labor cost	97,239,669,583	92,008,840,340
Public expenditures	13,739,318,210	12,335,461,295
Operating income	1,933,213,426	898,764,758
Other revenue	74,911,158,490	11,284,969,343
Government subsidy revenue	74,911,158,490	11,283,486,013
Revenue from compensation and damages	—	1,483,330
Other expenses	34,820,869	56,435,041
Depreciation of investment property	34,820,869	35,435,041
Donations	—	21,000,000
Other income (loss)	1,236,776,476	1,234,274,998
Gain on disposition of tangible assets	196,027,643	88,214,100
Foreign currency translation gain	27,376,600	51,820,092
Foreign exchange gain	393,743,192	147,692,394
Non-operating income	1,866,894,261	2,276,179,194
Loss on disposition of tangible assets	(11,099,177)	(25,635,953)
Loss on disposition of intangible assets	—	(2,182,000)
Foreign currency translation loss	(614,754,126)	(788,846,432)
Foreign exchange loss	(621,411,917)	(512,473,742)
Non-operating expense	—	(492,655)
Financial revenue	2,679,766,542	3,487,766,477
Interest income	2,679,766,542	3,487,766,477
Financial cost	—	601,809
Interest expense	—	601,809
Profit (loss) related to affiliate companies and joint ventures	(67,368,873,845)	(6,986,255,293)
Paper profit from investment shares in affiliate companies and joint ventures	132,502,808	87,762,825
Paper loss from investment shares in affiliate companies and joint ventures	(67,501,376,653)	(7,074,018,118)
Net income before income taxes	13,357,220,220	9,862,483,433
Corporation tax	—	—
Net income	13,357,220,220	9,862,483,433
Other comprehensive income	(279,013,398)	(4,225,654,244)
Re-measurement elements for defined benefit scheme	(279,013,398)	(4,225,654,244)
Total comprehensive income	13,078,206,822	5,636,829,189

Business Performance Data

KOTRA Main Business Performance

Business	Category	Unit	2011	2012	2013
Use of KBCs as corporate branches	No. of branches	Branch office	2,074	2,079	2,205
	Contracted amount	US\$ 1million	1,296	1,350	1,420
Trade delegations	No. of participating companies	Company	2,426	2,673	2,753
	Amounts under negotiation	US\$ 1million	13,035	20,309	34,711
Support for overseas business trips	No. of trips	Trip	271	346	321
Market survey contracts	No. of contracts	Contract	6,803	9,531	9,381
Export consultation meetings	No. of meetings held by KOTRA	Meeting	58	66	105
	No. of buyers	buyer	2,552	2,804	3,178
	No. of companies	company	7,728	8,541	8,778
	Amount under consultation	US\$ 1million	119,130	396,639	472,879
Overseas exhibitions	No. of meetings participated by KOTRA	Meeting	104	112	118
	Amount under negotiation	US\$ 1million	1,806	1,344	1,951
Mobile KOTRA	No. of consulted companies	Company	—	—	2,048
World Champ	No. of applying companies	Company	40	69	90
	Exports to target markets	US\$ 1million	633	1,127	1,266
Global top-tier products	No. of companies	company	659	710	727
KOTRA Export gateway	No. of mentees	company	—	—	581
	Contracted amount	US\$ 1million	—	—	15
Seoul Food 2013	Total exhibition area	m ²	53,541	64,766	64,831
	No. of participating companies	Company	1,102	1,155	1,210
	No. of visitors	Person	44,093	49,156	51,974
Co-hosted exhibitions co	No. of exhibitions	Exhibition	21	20	20
	Overseas participating companies	Company	72	74	62
	Visiting buyers	Person	1,619	1,906	2,072
Establishment of overseas expert DB		Person	7,497	8,117	8,214
Supporting performance for employment of overseas expert		Company, person	272/534	346/616	356/645
Foreign direct investments	Registered amount (increase rate)	US\$ 1million, %	13,673(4.6)	16,286(19.1)	14,548(△10.7)
	Arrival amount (increase rate)	US\$ 1million, %	6,592(21.6)	10,689(62.2)	9,682(△9.4)
IK grievance settlement	Institutional improvements	Case	13	6	5
	Administrative handling	Case	63	104	98
	Home Doctor handling	Case	327	238	280

GRI G4 Contents Index

GENERAL STANDARD DISCLOSURES

General Standard Disclosure	Page	External Assurance
Strategy and Analysis		
G4-1 Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	2,3	p78,79
G4-2 Provide a description of key impacts, risks, and opportunities.	10,11	p78,79
Organizational Profile		
G4-3 Report the name of the organization	6	p78,79
G4-4 Report the primary brands, products, and services.	6	p78,79
G4-5 Report the location of the organization's headquarters.	6	p78,79
G4-6 Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	8,9	p78,79
G4-7 Report the nature of ownership and legal form.	4	p78,79
G4-8 Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	8,9	p78,79
G4-9 Report the scale of the organization, including: - Total number of employees - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided w	6,13	p78,79
G4-10 a. Report the total number of employees by and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	70	p78,79
G4-11 Report the percentage of total employees covered by collective bargaining agreements.	100%	p78,79
G4-12 Describe the organization's supply chain.	N/A	p78,79
G4-13 Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: - Changes in the location of, or changes in, operations, including facility openings, closings, and expansions - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) - Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	-	p78,79
Organizational Profile: Commitments to External Initiative		
G4-14 Report whether and how the precautionary approach or principle is addressed by the organization.	55	p78,79
G4-15 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	76	p78,79
G4-16 List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: - Holds a position on the governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views membership as strategic	76	p78,79
Identified Material Aspects and Boundaries		
G4-17 *List all entities included in the organization's consolidated financial statements or equivalent documents. *Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	N/A	p78,79
G4-18 a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	24	p78,79
G4-19 List all the material Aspects identified in the process for defining report content.	25	p78,79
G4-20 For each material Aspect, report the Aspect Boundary within the organization, as follows: * Report whether the Aspect is material within the organization * If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: - The list of entities or groups of entities included in G4-17 for which the Aspect is not material or - The list of entities or groups of entities included in G4-17 for which the Aspects is material * Report any specific limitation regarding the Aspect Boundary within the organization	25	p78,79
G4-21 For each material Aspect, report the Aspect Boundary outside the organization, as follows: - Report whether the Aspect is material outside of the organization - If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified - Report any specific limitation regarding the Aspect Boundary outside the organization	25	p78,79
G4-22 Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	About this report	p78,79
G4-23 Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	N/A	p78,79
Stakeholder Engagement		
G4-24 Provide a list of stakeholder groups engaged by the organization.	22	p78,79
G4-25 Report the basis for identification and selection of stakeholders with whom to engage.	22	p78,79
G4-26 Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	22	p78,79
G4-27 Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	22,23	p78,79
Report Profile		
G4-28 Reporting period (such as fiscal or calendar year) for information provided.	About this report	p78,79
G4-29 Date of most recent previous report (if any).	About this report	p78,79
G4-30 Reporting cycle (such as annual, biennial).	About this report	p78,79
G4-31 Provide the contact point for questions regarding the report or its contents.	About this report	p78,79

GRI G4 Contents Index

GENERAL STANDARD DISCLOSURES

General Standard Disclosure		Page	External Assurance
Report Profile: GRI Content Index			
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured, GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines	About this report	p78,79
Report Profile: Assurance			
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	About this report	p78,79
Governance			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	18	p78,79
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	18	p78,79
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	18	p78,79
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	18,19	p78,79
G4-38	Report the composition of the highest governance body and its committees by: - Executive or non-executive - Number of each individual's other significant positions and commitments, and the nature of the commitments - Gender - Competences relating to economic, environmental and social impacts - Independence - Tenure on the governance body - Stakeholder representation	18	p78,79
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	18	p78,79
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: - Whether and how diversity is considered - Whether and how expertise and experience relating to economic, environmental and social topics are considered - Whether and how stakeholders (including shareholders) are involved	19	p78,79
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: - Cross-board membership - Existence of controlling shareholder - Cross-shareholding with suppliers and other stakeholders - Related party disclosures	16	p78,79
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	12	p78,79
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	19	p78,79
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	N/A, Will be reported later	p78,79
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	N/A, Will be reported later	p78,79
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	N/A, Will be reported later	p78,79
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	16	p78,79
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	19	p78,79
G4-49	Report the process for communicating critical concerns to the highest governance body.	19	p78,79
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	www.kotra.or.kr	p78,79
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: * Fixed pay and variable pay: - Performance-based pay - Sign-on bonuses or recruitment incentive payments - Equity-based pay - Bonuses - Termination payments - Deferred or vested shares - Clawbacks * Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	19	p78,79
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	19	p78,79
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	19	p78,79
G4-54	"Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country."	19	p78,79
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	19	p78,79
Ethics and Integrity			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	20,80	p78,79
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	21	p78,79
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	21	p78,79

SPECIFIC STANDARD DISCLOSURES

Material Aspect	DMA and Indicators	Page	Omissions	External Assurance
Economic				
Generic DMA		26,27		p78,79
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	26-45	p78,79
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	26-45, 61	p78,79
Social				
Labor Practice and Decent Work				
Generic DMA		56,57		p78,79
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	70	p78,79
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	67	p78,79
	G4-LA3	Return to work and retention rates after parental leave, by gender	70	p78,79
Generic DMA		56,57		p78,79
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management - worker health and safety committees that help monitor and advise on occupational health and safety programs	66	p78,79
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	N/A	p78,79
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	60	p78,79
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	66	p78,79
Generic DMA		56,57		p78,79
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	71	p78,79
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	29	p78,79
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	71	p78,79
Generic DMA		56,57		p78,79
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	16,17,70	p78,79
Society				
Generic DMA		24		p78,79
Local Communities	G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	14,15,44,45	p78,79
	G4-S02	Operations with significant actual and potential negative impacts on local communities	N/A	p78,79
Generic DMA		20,21		p78,79
Anti-corruption	G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	20	p78,79
	G4-S04	Communication and training on anti-corruption policies and procedures	20,21	p78,79
	G4-S05	Confirmed incidents of corruption and actions taken	21	p78,79
Generic DMA		27		p78,79
Public Policy(Lobby, Political Contributions)	G4-S06	Total value of political contributions by country and recipient/beneficiary	N/A	Material Aspect but not available index p78,79
Product Responsibility				
Generic DMA		26,27		p78,79
Product and Service Labeling (Customer Satisfaction)	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant Product and service categories subject to such information requirements	N/A	Not available due to business features p78,79
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	N/A	No violations p78,79
	G4-PR5	Results of surveys measuring customer satisfaction	26,27,71	p78,79
Generic DMA		27		p78,79
Marketing Communications	G4-PR6	Sale of banned or disputed products	N/A	Material Aspect but not available index p78,79
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	-	p78,79
Generic DMA		46,47		p78,79
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	-	p78,79

Awards and memberships to initiatives

Awards

Awards	Hosts	Year	Remarks
Award for contributions to developing a creative industry into an export industry	MSIP, Korea	Dec. 2013	
Plaque of appreciation for regional water supply work in Vietnam	Ministry of Planning and Investment, Vietnam	Dec. 2013	
Korea's Top 100 Workplaces Award to KOTRA and KOTRA President	GWP KOREA	Oct. 2013	
NCCP President's Award at Korea SME Innovation Awards	NCCP, Korea	Oct. 2013	
Global Contributions Award at Forbes Korea Social Contributions Awards	Forbes Korea	Sep. 2013	
Gold Award at the LACP Vision Awards	美 LACP (League of American Communications Professionals) LACP, USA	July 2013	
Prime Minister's Award for Equal Employment Opportunities	MOEL, Korea	May 2013	
Outstanding Family-friendly Management Award	SMG, Korea	May 2013	
Family-friendly Management Grand Prize	MOGEF, Korea	May 2013	
Plaque of appreciation for improvements in FDI environments	Presidential Council on National Competitiveness	Feb. 2013	

Current state of organization/memberships to initiatives

Organization	Major activities
Korea International Trade Association	Round-the-clock use of trade information DB on the website at the KOTRA head office and KBCs
Institute of Internal Auditors Korea	Participation in major forums held by the institute, networking among institutions
Auditors' Forum for Progress	Sharing information on auditing, enhancing the innovative mindset, and promoting friendship among members
Korea Society of Public Enterprise	Information sharing with related agencies
Korea Accounting Association	Improving transparency in financial budget management
Korea Management Association	Exchanging information on training programs among training institutions, KOTRA president having KOTRA PR opportunities at breakfast forums as an invited speaker
Korean Red Cross	Participation in social settlement programs
Seoul Foreign Correspondents' Club	Orientations on FDI in Korea for invited foreign correspondents stationed in Korea, meetings with invited major overseas media personnel on FDI in Korea
Korea HR Club	Finding out the situations of HR and labor management of foreign-invested companies, co-hosting a seminar on labor management by foreign-invested companies with Korea HR Club
UN Global Compact	Submitting a Communication on Progress (COP) annually, annual posting of COP by the CEO
Quality Leaders' Forum	Sharing quality information, networking with experts in quality; presenting a quality roadmap for national and industrial development
BEST (Business Ethics is the Source of Top Performance) Forum	Sharing and disseminating outstanding ethical management cases, benchmarking excellent ethical management practices
World Association of Investment Promotion Agencies (WAIPA)	Sharing information promoting cooperation with world investment promotion agencies in 174 countries through regular conferences
UFI (Global Association of the Exhibition Industry)	Participating in top global tradeshows and government-subsidized exhibitions

Implementation of the UN Global Compact's ten principles

Implementation of the UN Global Compact's ten principles	Principles
 <p>KOTRA has joined the United Nations Global Compact, the world's largest voluntary corporate responsibility initiative; it abides by the ten principles in four areas: human rights, labor, environment, and anti-corruption.</p>	Human Rights
	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
	Labor Standards
	Principle 3: Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining;
	Principle 4: elimination of all forms of forced and compulsory labor;
	Principle 5: effective abolition of child labor; and
	Principle 6: elimination of discrimination with respect to employment and occupation.
	Environment
	Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and	
Principle 9: encourage the development and diffusion of environment-friendly technologies.	
Anti-Corruption	
Principle 10: Businesses should work against corruption in all forms, including extortion and bribery.	

Third Party's Assurance Report

To the Readers of Korea Trade-Investment Promotion Agency Sustainability Report 2013:

Foreword

Korea Management Association Registration and Assessments (KMAR) has been requested by Korea Trade-Investment Promotion Agency (KOTRA) to verify the contents of its Sustainability Report 2013 (the Report). KOTRA is responsible for the collection and presentation of information included in the Report. Our responsibility is to carry out assurance engagement on specific information in the assurance scope stipulated below.

Our independence

With the exception of providing third party assurance services, KMAR is not involved in any other KOTRA business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

Scope and standard

KOTRA describes its efforts and achievements of the sustainability activities in the Report. KMAR performed a type 2, moderate level of assurance using AA1000AS (2008) as an assurance standard. That is, the assurance team assessed whether inclusivity, materiality, and responsiveness were observed, and verified the followings to assess the reliability of the assertions and performances specified in the report.

- **Assurance of the economic section:**

Reviews whether the financial performance data has been extracted appropriately from KOTRA's 2013 financial statements and public notification data

- **Assurance of the environmental and social section:**

Reviews whether the environmental and social information included in the Report is presented appropriately

"Appropriately presented" means that the original data and information are reported appropriately in the Report with consistency and reliability. The team checked whether the Report has been prepared in accordance with the requirements of the 'Comprehensive Option' of GRI G4.

Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, KMAR's assurance team visited the KOTRA's headquarter, and carried out an assurance engagement as follows:

- **Reviewed data management systems and reporting processes**

- **Assessed internal documents and materials**

- **Interviewed people in charge of disclosed activities and performances**

- **Interviewed people in charge of preparing the Report**

Conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with KOTRA on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents related to the compliance with the principles in the Report.

- **Inclusivity**

Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

- KOTRA is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder group left out during this procedure.

- **Materiality**

Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

- KOTRA is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

- **Responsiveness**

Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

- The assurance team could not find any evidence that KOTRA's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We also checked whether the report was prepared in accordance with the 'Comprehensive Option' of GRI G4, and could not find any evidence that the Report did not meet the reporting principles and requirements.

- **General Standard Disclosures**

We could not find any evidence that the report did not meet the Comprehensive Option requirements of General Standard Disclosures.

- **Specific Standard Disclosures**

We reviewed Material Aspects, DMAs and Indicators like listed below, decided through the process for defining report content by KOTRA, and could not find any evidence that the report did not meet the Comprehensive Option requirements of Specific Standard Disclosures.

- Generic DMA of each of following material aspects

- Indirect Economic Performance: G4-EC7, G4-EC8

- Employment: G4-LA1, G4-LA2, G4-LA3

- Occupational Health and Safety: G4-LA5, G4-LA6, G4-LA7, G4-LA8

- Training and Education: G4-LA9, G4-LA10, G4-LA11

- Diversity and Equal Opportunity: G4-LA12

- Local Communities: G4-SO1, G4-SO2

- Anti-corruption: G4-SO3, G4-SO4, G4-SO5

- Public Policy: G4-SO6

- Product and Service Labeling: G4-PR3, G4-PR4, G4-PR5

- Marketing Communication: G4-PR6, G4-PR7

- Customer Privacy: G4-PR8

Recommendation for improvement

We hope KOTRA's publication of the Report is actively used as a communication tool with stakeholders and recommend the following for improvements.

- **More reliable process for data management and documentation should be made for consistency and transparency.**

- **KOTRA is required to improve the currently applied process for defining report content into an original process according to the circumstances and characteristics of KOTRA. In addition, the sustainability context related to significant operations, for example overseas offices, should be taken into consideration.**

7 April 2014



K. H. Park

Space reserved for gluing

kotra

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