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Global State-run Enterprise Building Happy Rural Communities

KRC 2014 Sustainability Report

GLOBAL STATE-RUN ENTERPRISE
BUILDING HAPPY RURAL COMMUNITIES

KRC 2014 Sustainability Report

KRC
Korea Rural Community
Corporation

KRC Korea Rural Community
Corporation

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KRC Korea Rural Community
Corporation

Sustainable Management

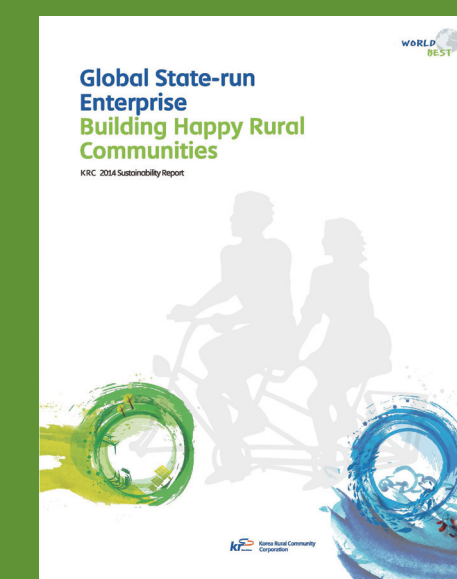
Sustainable Management involves business management activities that aim to pursue sustainable development by seeking economic, social and environmental sustainability of an enterprise. The Korea Rural Community Corporation (KRC) has been pushing ahead with a sustainable management system in line with its missions to fulfill its economic, social and environmental responsibilities and to effectively create sustainable values.

Significance of Sustainability Report

KRC discloses its sustainable management activities and performances in accordance with reporting principles based on stakeholder engagement to enhance transparency of its business activities and to reinforce its social responsibility as a public institution that communicates with its stakeholders.

Cover Story

KRC has been serving the needs of its customers for more than a century. The cover represents KRC's commitment to being "happy together" with rural communities creating a new future.



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KRC Headquarters in the Gwangju-Jeonnang Bitgaram Innovation City

KRC 2014 Sustainability Report

| | |
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About This Report

Significance of This Report

The Korea Rural Community Corporation (KRC) has published its Sustainability Report since 2009 in an effort to disclose economic, environmental and social values that the company creates through its sustainability management for its stakeholders in a transparent manner and to promote brisk communication with them. This report is the fourth Sustainability Report issued by KRC. The most recent Sustainability Report prior to this report is the 2012 Sustainability Report "Clean & Green." KRC publishes its Sustainability Report biennially. The 2014 Sustainability Report included not only KRC's past achievements but also its future plan on sustainable development to share its future strategies with stakeholders, broadening the scope of communication.

Reporting Period, Scope and Boundary

This report was prepared based on the performances of KRC's headquarters, four institutes, nine regional headquarters, 93 branches and seven project offices with a portion of data reflecting performances of only the headquarters and some branch offices. The reporting boundary was decided by identifying impacts by each material aspect, which is indicated on page 27. The reporting scope is from January 2012 to December 2013, and quantitative performances are reported on a three-year basis in order to show the recent development trends. For some performances deemed significant, this report covers information up to 2014. Due to change in accounting policies since the 2012 Sustainability Report, some information including economic performance data has been modified. Even some performances and information with no changes made have been produced again to help understanding. The reporting scope and boundary remain unchanged, compared to the reporting period of the 2012 report.

Reporting Principles and Assurance

This report was prepared according to the G4 Core Guidelines of the GRI (Global Reporting Initiative), an international standard for sustainability reporting, as well as the ISO 26000 international standards on social responsibility. To ensure accuracy and credibility of the report's content, this report received a third-party independent assurance. The detailed assurance statement can be found in the Appendix.

Contact Information for Further Information and Inquiries

For more information on this report, please visit the website (www.ekr.or.kr). For further inquiries or opinions, please use the survey in the Appendix or contact us using the details below.

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CEO Message



“ We Will Become a Global State - run Enterprise, Creating Happy Rural Communities ”

Since its foundation in 1908, KRC has remained committed to safeguarding farming and fishing communities in the nation. Despite rapid urbanization and declining farming population, it has laid the foundation for self-sufficiency of rice, the nation's staple food, while expanding the national land through reclamation projects as large as 2.5 times the area of Seoul City. KRC has faithfully fulfilled its main roles of building the foundation for agricultural production and conducting water resource management, while undertaking policy projects such as regional development for farming and fishing villages and farmland banks at the same time. However, farming and fishing communities in the nation are currently faced with a complex crisis situation characterized by an ageing society, hollowing-out and a deepening income gap between cities and rural areas. The country's agricultural and fishing industry is also faced with the inevitable pressure of mark-opening amid expanded FTAs and rice tariffication. In order to actively respond to such crisis situation, KRC established a new vision and innovation strategies last year and has made ceaseless efforts to overhaul itself to instill hope among the nation's farming and rural villages, agricultural and fisheries industry and farming and fisheries population. The corporation announced its new vision of becoming a "global public corporation creating happy farming and fishing communities" in December 2013, marking the 105th anniversary of its foundation. In order to realize the vision, it has been expanding its main roles and pushing ahead with internal innovation, while enhancing its global competitiveness to lead the globalization of the agricultural industry.

KRC, which places its top priority on the happiness of farming and fishing communities, aims to boost agricultural competitiveness and to contribute to economic and social development of farming and fishing villages by implementing farming and fishing village improvement projects and the farmland banking system, providing comprehensive management for agriculture infrastructure facilities, and helping the farming population maintain their farming business on an appropriate scale. It will also play a key role in providing safe agricultural services for farmers and fishermen by adopting advanced farming and fishing infrastructure such as improvement of farming production bases and modernization of irrigation facilities. In addition, KRC will reinforce projects designed to provide assistance for agricultural income stabilization such as a farmland scale improvement proj-

ect, farm-debt reduction support, and the farmland pension system, which are aimed to increase income of farming and fishing population and to stabilize old-age income, thereby offering practical benefits to farming and fishing households.

KRC also strives to develop new policies and growth-engine projects that meet new demands in order to ensure management stability and sustainable development. The corporation exports agricultural development technologies to developing countries in Southeast Asia and Africa by building organization and systems that can systematically support overseas agricultural development projects, while helping private companies advance into overseas agricultural sectors. It is also building the management foundation for stable growth by steadily strengthening capabilities to export agricultural SOC (Social Overhead Capital) technologies. In addition, KRC plans to vigorously push ahead with low-carbon, green growth projects including photovoltaic, wind, and geothermal power projects utilizing unused sites.

Based on its experience and expertise accumulated while developing the world's top-tier agricultural technologies and cultivating advanced farming and fishing villages, KRC is reaping tangible outcomes on the global stage. The Yeongsan River Comprehensive Agricultural Development Project, which had been launched with foreign aid, is now considered one of the most successful agricultural development models in the world. KRC is committed to enhancing competitiveness of farming and fishing villages in Korea on the global level and elevating global standing of the Korean agricultural industry by spreading such success models for agricultural and farming village development.

In September 2014, KRC's headquarters were relocated to Naju Bitgaram City, an innovation city in the Gwangju/Jeollanam-do region, opening new horizons for creating a brighter future. In an effort to create a corporate culture of promoting creativity and efficiency by overhauling the way of doing business at a new workplace, the corporation has established a future-oriented work environment, while realizing a sustainable smart work culture. In addition, it strives to handle all activities by placing top priority on ensuring the safety of citizens and to improve institutional systems to build an organizational culture characterized by transparency and integrity, moving towards becoming a public corporation trusted by the public.

Meanwhile, KRC will move closer to its customers through its management customized to communities where it communicates with farmers and fishers through on-site management and promotes co-prosperity with local governments. It will push ahead with the "farm, mountain, fishing village happiness-charging project," its customized social contribution activity reflecting its characteristics, while creating jobs to ensure economic stability for farming and fishing villages and working-class livelihood, and promoting shared growth through partnerships with small and medium-sized enterprises (SMEs), thereby contributing to enhancing the happiness of our customers.

KRC will continue to pursue sustainable growth based on its economic, social and environmental responsibilities and to listen to voices of our stakeholders to respond to crises threatening sustainability of farming and fishing villages such as climate change and water shortages. It will do its utmost to ensure happiness of farming and fishing villages, communities and industries by combining the wisdom and capabilities of its 6,000 employees. KRC will also comply more strictly with the principles of the UN Global Compact on corporate social responsibility, which it joined in 2007. Your continued interest in the efforts of KRC, a global public corporation leading sustainability management, shall be greatly appreciated.

Thank you.

Sang-Mu Lee
President and CEO of Korea Rural Community Corporation

Highlights

ECONOMY



Establishing Safe Farming Infrastructure

Drainage improvement rate **53.0%**, irrigated paddy field rate (10-year return period) **59.3%**
Establishing safe farming infrastructure by supplying agricultural water in a timely manner and installing and managing irrigation facilities in drought and flooding-prone areas

Enhancing Agricultural Competitiveness

Expansion of average rice paddy management scale for farming households supported by Farmland Bank by **3.1** ha and their increase in income from rice cultivation by KRW **23** million
Contributing to improving agricultural competitiveness by fostering skilled rice farmers with scale and expertise

Developing Rural Communities

803 farm-stay villages, **1,052** million visitors, and KRW **98.5** billion in revenue
Boosting vitality of rural communities by promoting regional development and urban-rural exchanges

Exporting Social Overhead Capital (SOC) Technology in the Agricultural Sector

Winning orders worth KRW **526** billion and offering technology service for **110** districts in **27** countries around the world
Promoting cooperation among countries and regional development through a new growth-engine project of technology transfer on rural community development

SOCIETY



Smart Work

Leading other public institutions
Performing work without any restraints of time and space and innovating the way of doing work through institutional system/ space/ ICT/ and culture to ensure sustainable growth of individuals, institutions and society

Realizing Customer Satisfaction

Public-Service Customer Satisfaction Index **97.7** points
KRC selected as an excellent organization in the Public-Service Customer Satisfaction Index for seven consecutive years through its efforts to improve customer satisfaction such as transparent disclosure of information and on-site briefing sessions

Rural Community Happiness Recharging Activities

Rural housing repair for **223** households; participation of **50,000** employees in skills donation for rural communities; and organizing joint wedding ceremonies for multicultural families, etc.
KRC's unique, customized social contribution activities aimed to improve the quality of life for socially underprivileged rural residents

ENVIRONMENT



GHG Emissions Year-On-Year Reduction by 10%

17,303 tCO₂eq reduction
Cutting back on GHG emissions through high-efficiency energy facilities, increased use of renewable energy, efficient business operation and promotion of eco-friendly activities

Winning Renewable Energy Awards

56,985 MWh in electricity generation, KRW **8.1** billion in power generation profit
Realizing low-carbon, green growth by generating renewable energy (22 photovoltaic plants and 25 small hydropower plants) through the utilization of rural resources

Company Profile



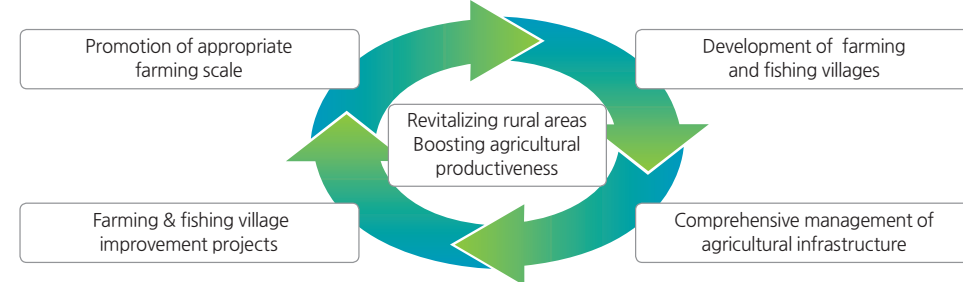
KRC Headquarters in the Gwangju-Jeonnam Innovation City

KRC is a public organization with a history of 100 years responsible for managing "land" and "water." It specializes in farming and fishing communities, contributing to the economic and social development of farming and fishing villages and taking responsibility for food production for the 50 million population in Korea by creating and supply farming land and supplying water to farming and fishing villages through reservoir management.

KRC was established with an aim of boosting agricultural productivity and contributing to the economic and social development of farming and fishing villages by performing the following duties: Farming and fishing village improvement projects in an environmentally friendly manner; the Farmland Banking project; comprehensive management of agricultural infrastructure; and promotion of appropriate farming scale for farmers. Over the past century since its foundation in 1908, KRC has been in charge of development, improvement, and maintenance of agricultural production bases centering on rice, the nation's staple food. It has fulfilled its duty as a public corporation by taking the lead in large-scale state-run projects such as the Saemangeum Reclamation Project and comprehensive farming and fishing village development projects. It also relocated its headquarters to Naju City, South Jeolla Province in September 2014, contributing to balanced regional development. In recent years, KRC has been actively tapping into overseas markets based on its human resource capabilities and technological excellence in the form of overseas agricultural industry and farming village development projects, overseas technology service contracts, etc. Through such initiatives, KRC is realizing "glocalization," excelling not only in Korea, but also in becoming a public corporation symbol for global farming and fishing village development with global competitiveness.

Purpose of Establishment

Contributing to Economic & Social Development of Farming and Fishing Villages



Main Functions and Roles

| Eco-friendly improvement of rural communities | Comprehensive management of agricultural infrastructure | Income increase for farming and fishing communities & Competitiveness enhancement |
|---|--|---|
| Improvement of agricultural production bases <ul style="list-style-type: none"> Development, management, and conservation of water for rural communities and groundwater resources Farming land arrangement & drainage improvement Conservation of natural and living environment for rural communities <ul style="list-style-type: none"> Prevention of water pollution, sewage facilities Sewage, night soil, and waste water treatment Ground water soil environment surveys & purification Development of rural areas & promotion of welfare for agricultural villages <ul style="list-style-type: none"> Creation of rural villages and housing sale for rural communities Overseas projects & eco-friendly education and research | Agricultural water management Maintenance and improvement of irrigation facilities Facility safety diagnosis Automation of agricultural water management Prevention of agricultural water pollution | Cultivation of specialized full-time farmers with appropriate farming scale <ul style="list-style-type: none"> Farmland transactions, long-term lease, exchange of agricultural land Support for business recovery of farmers Trust management of Farmland Management Fund Provision of information on prices and transactions of farmland |

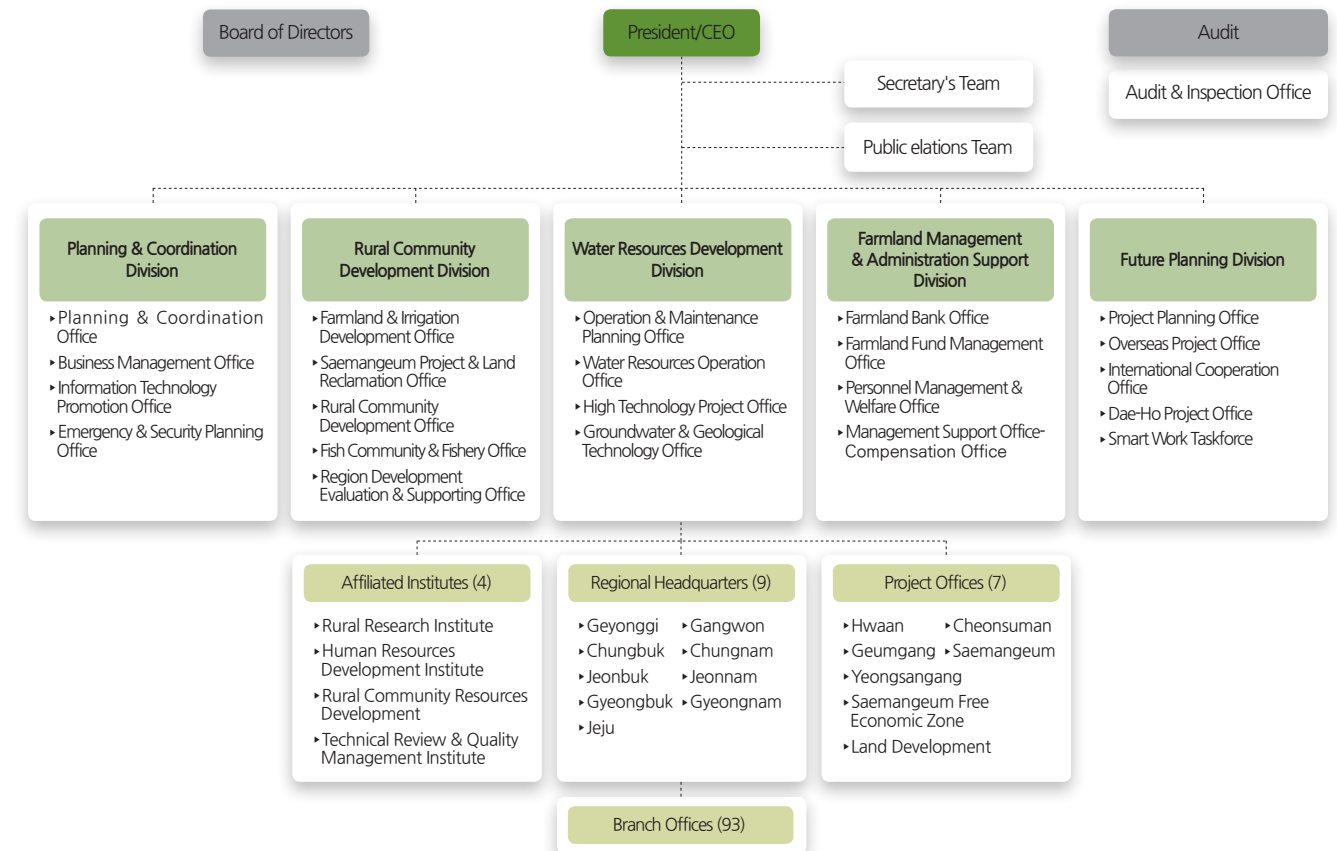
Company Facts (As of 2013)

| | |
|--|---|
| | Company Name Korea Rural Community Corporation |
| | CEO Sang-Mu Lee |
| | Date of Establishment December 8, 1908 |
| | Legal Ground Korea Rural Community Corporation and Farmland Management Fund Act |
| | Capital KRW 1,835.3 billion |
| | Revenue KRW 3,621.2 billion |
| | Operating Profit KRW 23.4 billion |
| | No. of Employees 4,948 |
| | Location of Headquarters 20 Geurin-ro (Bitgaram-dong), Naju-si, Jeollanam-do, Republic of Korea |

Organization

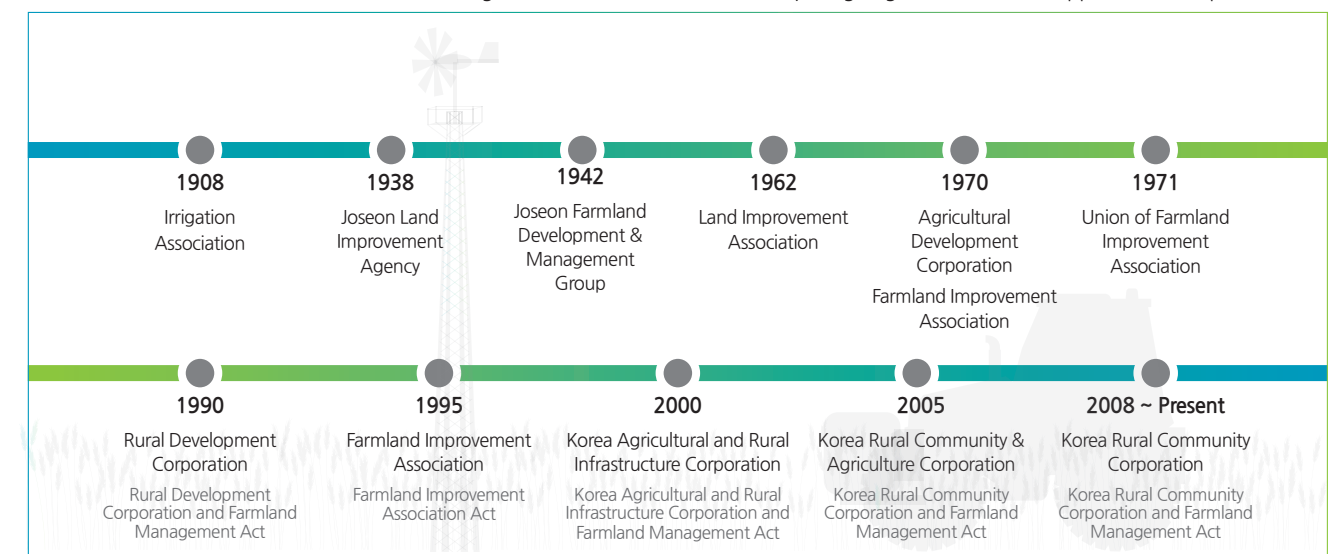
KRC's headquarters have five divisions - Planning and Coordination Division, Rural Community Development Division, Water Resources Development Division, Farmland Management and Administration Support Division, and Future Planning Division - and 18 offices. Its' regional organization consists of four affiliated institutes, nine regional headquarters (93 branch offices) and seven project offices.

Organization



History

KRC started as the Okgu West Irrigation Association in Jeollabuk-do in 1908. It has evolved through several consolidation- and renaming-processes. It was renamed as Korea Agricultural and Rural Infrastructure Corporation in 2000 and underwent another name change to Korea Rural Community Corporation in 2008 which has continued to date. KRC leads the development of rural communities through efficient use and management of rural resources and creation of new values for agricultural and fisheries industries, designing a future full of happiness and hope.



KRC at a Glance

Korea Rural Community Corporation is carrying out domestic and overseas projects aiming at development of safe and happy rural communities

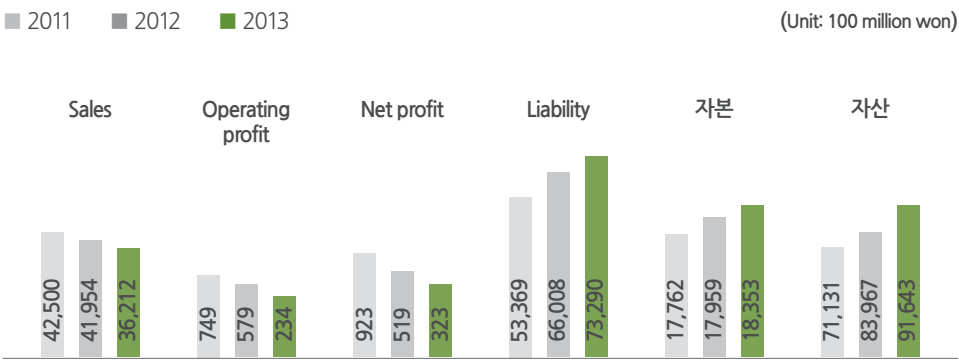


Economic Performance

Importance of Creating Economic Value

KRC has a business structure highly dependent on the government budget with the government budget accounting for 89.4% of its total budget. In order to overcome such problems as vulnerability to external shocks including policy changes and huge variability in operating profits, KRC needs to increase management independence from the mid-to-long term perspective. Its creation of economic value will act as an important financial source to boost management independence. To this end, the corporation is continuously exploring new businesses and expanding its own projects such as overseas projects to become a global public corporation, fostering future-growth engines.

Summarized Financial Information



※ Korea-International Financial Reporting Standards (K-IFRS) have been applied to data for 2012 and 2013.

KRC's sales in 2013 stood at KRW 3.6212 trillion, a decrease by 13.7% or KRW 574.2 billion from KRW 4.1954 trillion of the previous year. This is attributable to the fact that sales in Yeongsan River Estuary Dyke Improvement Project and embankment heightening for agricultural reservoirs decreased compared to the previous year. Decrease in sales led to decrease in income from project supervision and project management fees, resulting in reduction in operating profit. Non-operating profit such as interest income also declined, resulting in decreased net profit from a year ago. Under the circumstances, KRC endeavors to increase sales by invigorating initiatives to tap into overseas agricultural projects in Southeast Asia and Africa, expanding independent internal projects such as renewable energy development, and steadily increasing project orders placed by local governments. In addition, it tries to improve management balance through budget reduction by minimizing unnecessary spending, striving to create economic value.

Financial Ratios

(Unit : %)

| | Item | 2011 | 2012 | 2013 |
|---------------|--|--------|--------|-------|
| Stability | Debt ratio | 309.23 | 367.54 | 399.3 |
| | Net debt ratio | 21.38 | 27.4 | 29.9 |
| Growth | Sales growth ratio | 11.38 | -1.28 | 13.7 |
| Profitability | Ratio of operating profit to net sales | 1.8 | 1.4 | 0.6 |
| | Return on equity | 5.2 | 2.9 | 1.8 |

※ Korea-International Financial Reporting Standards (K-IFRS) have been applied to data for 2012 and 2013.



Vision and Strategy
Corporate Governance
Risk and Opportunity Management
Stakeholder Engagement
Material Sustainability Issues

KRC Sustainability Promoting Sustainability Management



Vision and Strategy

In a bid to realize its mission and vision, KRC has formulated Vision 2018 as its management strategy and has strived to actively implement it. In addition, it shares sustainable values with various stakeholders including rural communities through its sustainability management strategies which are closely linked to its Vision

Management Strategies

Strategy Map

KRC's vision is to become "a global public corporation that creates happy rural communities" in order to boost competitiveness of the agricultural and fisheries industries and to contribute to economic and social development of rural communities. The corporation has selected strategic goals and strategic tasks to achieve the vision. More specifically, KRC has set four strategic directions and implemented ten subsequent company-wide strategies to realize its mission and vision. It plans to achieve these strategic goals by 2018 by concentrating on its capabilities.

| Management Strategy Map | | | | | | |
|-------------------------|--|--|--|--|-----------------------------------|--|
| Mission | KRC contributes to enhancement of competitiveness of the agricultural and fisheries industries and economic and social development of rural communities through efficient use and management of rural resources and promotion of values. | | | | | |
| Vision | A global public corporation creating happy rural communities | | | | | |
| Strategic goals | Increase income of farming households | Build foundation for stable farming | Lead the development of rural areas | Enhance global competitiveness | Realize sustainability management | Establish customer-oriented management system |
| Performance indicators | Full-time rice farming household income: KRW66 million | Stable farming foundation establishment rate: 62% | Expansion of rural area development projects: KRW 620 billion | Number of skilled workforce for overseas projects: 300 Overseas technology service contracts: 60 districts | KoBEX AAA Highest grade | Public-service Customer Satisfaction Index (PSCI): 95 out of 100 |
| Strategic directions | Upgrade existing policy projects | Expand future growth-engine projects | Advance management system | Promote customer satisfaction | | |
| Performance indicators | · Establishment of stable foundation for food supply · Efficient rural agricultural water management · Enhancement of agricultural management competitiveness | · Establishment of a smart management system · Enhancement of global capabilities | · Development of regional rural community policies · Taking the lead in implementation · Expansion of overseas projects · Establishment of foundation for self-reliant management | · Establishment of an organizational culture of sharing happiness · Realization of customer satisfaction management | | |

Core Values

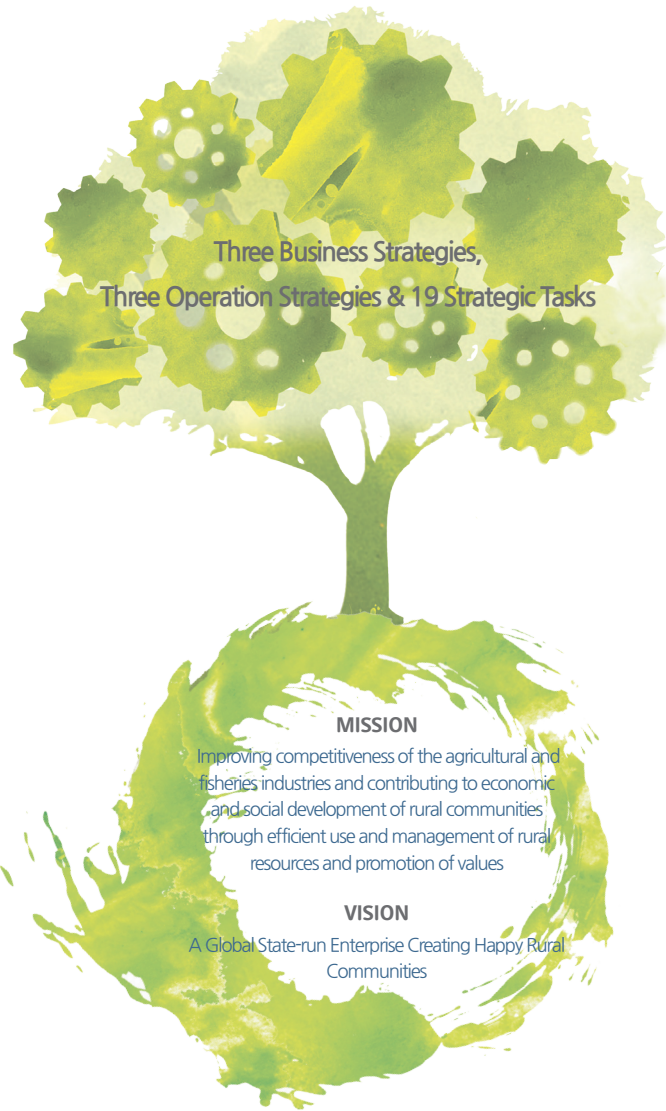
KRC has established core values as its guiding philosophy to achieve its mission and vision. The four core values of creativity, communication, principles, and trust serve as important criteria and values for all decision-making through sharing among its employees.

| Core Values | | | |
|---|--|--|--|
| Creativity | Communication | Principles | Trust |
| Creating new value with open-minded attitude unbound by any predetermined rules | Building cooperative partnership through smooth communication with internal and external customers | Making decisions and taking action based on universal standards and values applied equally to all the people | Building strong trust into relations between members of the organization and customers through fair and transparent business handling and practice of ethics and integrity |

Sustainability Management Strategy

KRC, a public enterprise that has ceaselessly sought the development of agricultural and fisheries industries and rural communities as its core objective over the past decade, has experienced drastic change in the external environment. Prior to the year 2000, the focus was placed on development of "economic aspects" such as rice self-sufficiency, expansion of farming scales and enhancement of agricultural competitiveness. Since the year 2000, however, the importance of social and environmental growth has been highlighted. The whole world has already witnessed a shift toward a "sustainability paradigm" which prioritizes the multi-functionality of agriculture, environmental conservation, and food safety. KRC has established and implemented the Sustainability Management System to fulfill its economic, social and environmental responsibilities and to effectively promote sustainable values.

Sustainability Management Strategies



Sustainable Business Strategies

| Sustainable Water Management |
|--|
| · Expanding capabilities for sustainable water resource services |
| · Enhanced responses to climate change |
| · Providing high-quality water resource services |

| Realizing Creative Rural Communities |
|---|
| · Securing future growth engines for rural communities |
| · Leading the effort to create multi-purpose farming spaces |
| · Creating values by realizing safe rural communities |

| Value-Oriented Human Resource Management |
|--|
| · Increasing income of farmers and fishermen (H/W, S/W) |
| · Realizing an ecosystem promoting urban-rural cooperation |
| · Reinforcing PR activities to promote the value of eco-friendliness |

Sustainable Operation Strategies

| Establishment of Sustainability Management |
|---|
| · Internalizing capabilities for sustainability management (H/W, S/W) |
| · Managing sustainability management performance |
| · Realizing a trusted KRC |

| Establishment of an Environmental Management System |
|--|
| · Building the eco-value chain |
| · Operating environmental management organizational structure |
| · Developing rural communities in harmony with the environment |

| Shared Growth with Stakeholders |
|--|
| · Expanding local community collaboration models |
| · Improving employee values |
| · Promoting sustainable development of partner companies |
| · Refurbishing communication channels with stakeholders |

Corporate Governance



KRC Board of Directors

KRC adopts a transparent decision-making structure by ensuring independence of the Board of Directors (BOD). It discloses decisions made by the Board in a transparent manner and makes multifaceted efforts to facilitate the operation of the Board of Directors.

Composition and Roles of the Board of Directors

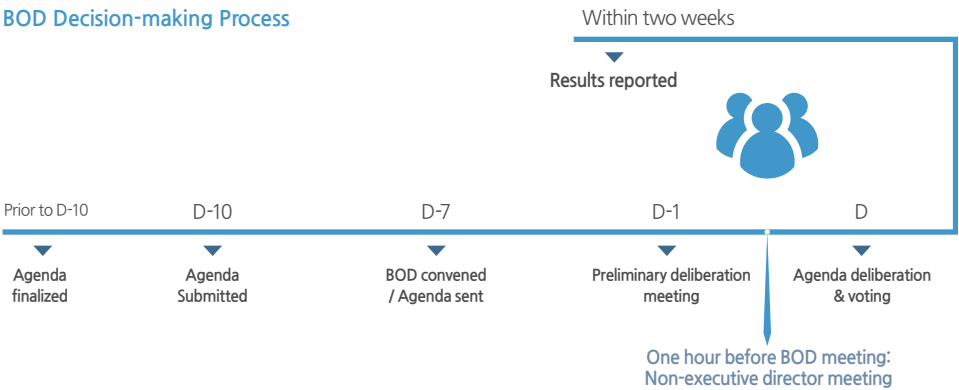
The Board of Directors, KRC's supreme decision-making body, makes decisions on management activities through a responsible decision-making process, while performing productive check and balance functions. The BOD is comprised of six executive directors and seven independent directors. The Board has the authority to deliberate and to decide management issues pursuant to the BOD regulations including management decisions encompassing economic, environmental and social sectors, budget and settlement, business projects and operation plans. KRC president/CEO and independent directors are appointed through recommendations by the Nominating Committee and pursuant to the Act on the Management of Public Institutions to enhance qualifications and expertise of a CEO and to secure impartiality of the appointment procedure. Executive directors are selected by the KRC president among candidates who meet standards for rational decision-making and expertise on KRC's major businesses and its management. In particular, independent, non-executive directors are selected from various fields of expertise to make practical contributions to the management of KRC. They support and offer advice on rational decision-making in line with the corporation's management directions and action plans. The non-executive directors also maintain independence by verifying whether they have any stake in KRC.

BOD Status

(As of September 2014)

| Category | Name | Current Position | Field of Expertise |
|-------------------------|-----------------|---|-----------------------------|
| Executive Directors | Sang-Mu Lee | KRC president & CEO , BOD Chairman | |
| | Eun Yang | KRC director of Farmland Management & Administration Support Division | |
| | Yong-su Kim | KRC director of Planning and Coordination Division | |
| | Jwa-Geun Shim | KRC director of Rural Community Development Division | |
| | Gwan-ho Lee | KRC director of Water Resources Management Division | |
| | Hyeon-guk Shin | KRC director of Future Planning Division | |
| Non-executive Directors | Dae-Sik Kim | Professor of Japanese Language at Dongseo University | Anti-corruption, integrity |
| | Sun-ho Shin | Professor of Land Management at Mokpo National University | Regional development |
| | Byeong-Gi Lee | Professor of Urban Administration at Hyupsung University | Regional development |
| | Cheon-Yeong Yun | President of Korea Advanced Farmers Association | Agricultural management |
| | Hyeong-Gyu Park | KRC non-executive director | Agricultural administration |
| | Hyo-Yong Seong | President of Korean Advanced Farmers Federation | Agricultural management |
| | Sang-Gon Lee | KRC non-executive director | Organizational culture |

BOD Decision-making Process



Operation of the Board of Directors

The operation goal of KRC's Board of Directors is to "secure soundness and accountability as a supreme decision-making body." To this end, KRC has enhanced the roles of non-executive directors, has invigorated the operation of the Board, while securing transparency and accountability of the Nominating Committee. The Board holds regular monthly meetings 12 times a year, while non-regular meetings are held when the Board chairperson recognizes their necessity, or when there is a demand by more than the majority of the Board. In order to ensure fairness and transparency of decisions made, directors who have any stake in agenda items under deliberation are excluded from participation in the meetings concerned and decisions are made when the majority of registered members vote for certain agenda items. The result of Board meetings is disclosed in a transparent manner on the homepage. The preliminary notice system on the next Boarding meeting helps appropriate distribution of agenda items to be handled per meeting.

| Category | 2011 | 2012 | 2013 |
|---|----------|----------|----------|
| No. of BOD meetings held | 13 | 12 | 15 |
| BOD attendance rate | 95.1% | 89.0% | 95.6% |
| Attendance rate by non-executive directors | 95.5% | 97.6% | 99.0% |
| Management consultations/ advice offered by non-executive directors | 88 cases | 90 cases | 92 cases |

Operation of Subcommittees

KRC's Board of Directors has formed subcommittees to enhance the rational decision-making system. The subcommittees are classified into the planning and management field where members discuss ways to promote institutional improvements such as enactment and revision of laws and to enhance management efficiency; the production base and regional development field where members discuss ways to substantiate internal businesses and to build future growth engines; and the maintenance field where members discuss ways to achieve goals of the existing policy projects and to secure new budgets. In 2013, subcommittee meetings were held seven times and the attendance rate was 100%.

Communication of the Board of Directors

In order to promote site-oriented operation of the Board and to depart from document-oriented, fragmentary decision-making, KRC's Board of Directors places emphasis on on-site operation through on-site inspections and workshops. Through such efforts, the Board gains understanding of overall management information on different regions and actively listens to voices from the field. In addition, KRC has expanded the participation of the Board in various policy project briefing sessions, project briefings, business report meetings and discussion meetings to share management issues and to promote rational decision-making. It also operates a homepage dedicated only to the Board to enable two-way communication between Board members and working-level staff.

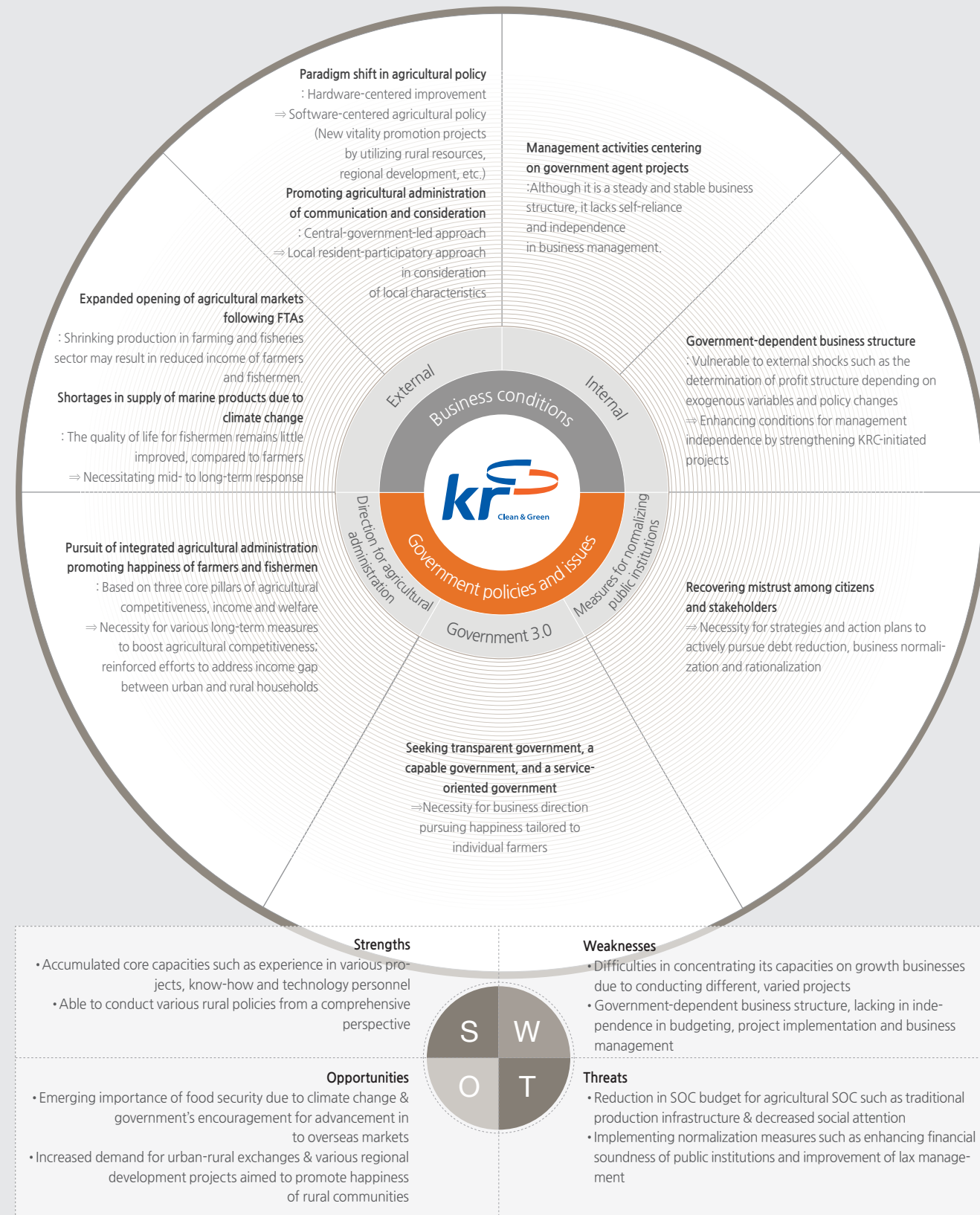
Feedback and Performance Management

KRC evaluates the performance of the Board of Directors in an impartial manner and externally communicates the result in a transparent fashion. Based on the Board operation goals, KRC has set performance goals and evaluated Board performance through monthly monitoring, analysis of operation performance, and surveys on Board operation. The Board performance evaluation is conducted twice a year in three categories of Board activity, job performance of non-executive directors, and management check/balance performance. As for non-executive directors, individual job performance evaluation is also conducted.

| Average number of agenda items handled per meeting | Attendance rates by non-executive directors | Management consultations/advice offered by non-executive directors |
|---|---|--|
| Less than 2-4 agenda items | More than 95% | More than 84 cases |
| Preliminary briefings and subcommittee attendance rates | Rate of approved agenda items | Rate of remarks made by non-executive directors |
| More than 90% | More than 65% | More than 70% |

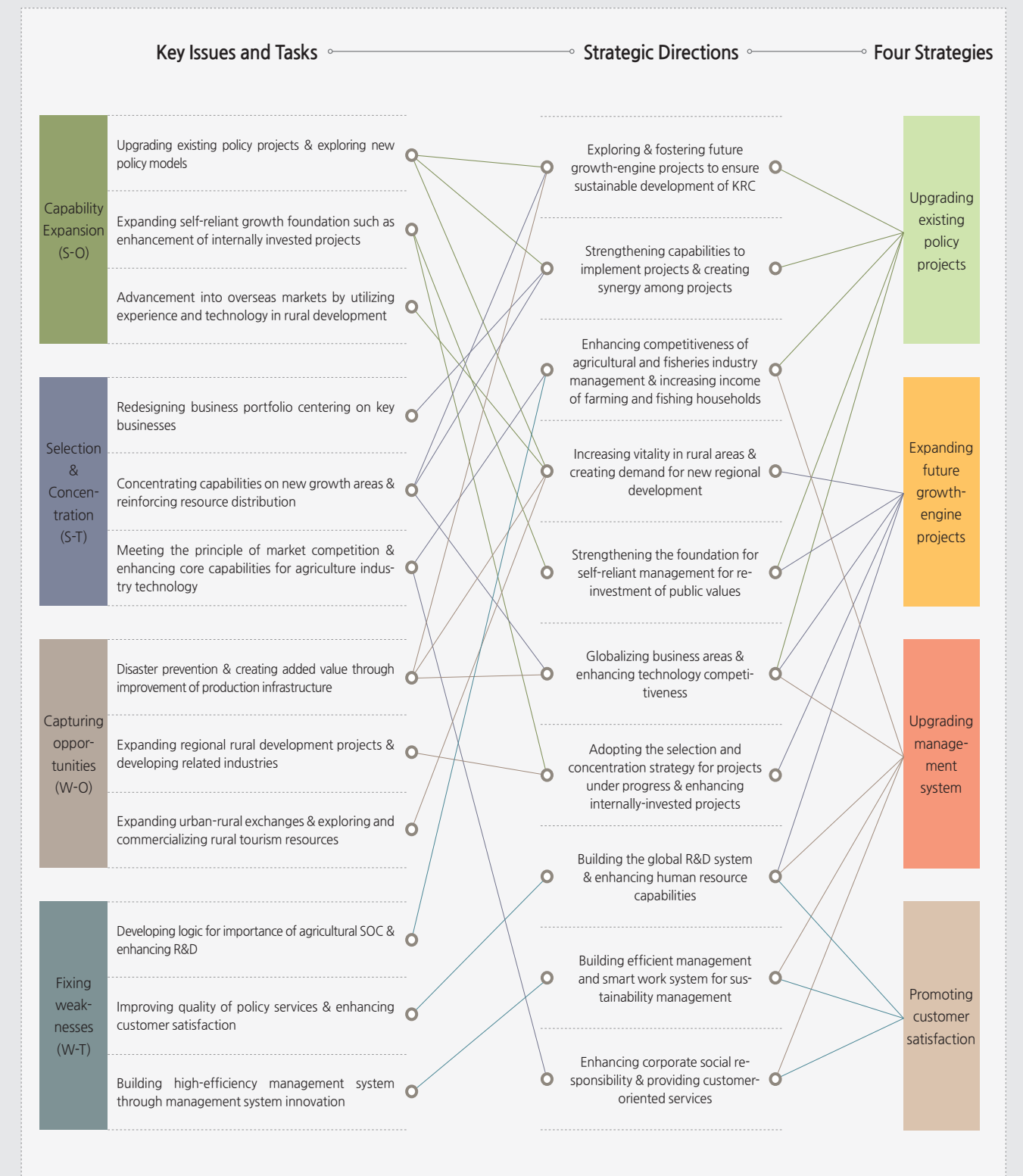
Risk and Opportunity Management

KRC promptly responds to risks and maximizes opportunities by analyzing internal and external risks associated with its business activities and reflecting them in its management strategies. It has come up with countermeasure strategies on opportunities and risks and reflected them in Vision 2018, its company-wide mid- to long-term management strategy.



Risk and Opportunity Response Strategies

KRC has carefully analyzed not only risk and opportunity factors, but also its strengths and weaknesses and has come up with strategies to respond to them. The corporation has reflected the strategies in its company-wide mid-to-long-term strategy, "Vision 2018," to reinforce implementation capabilities and to further solidify its response commitment.



Stakeholder Engagement

KRC carefully listens to the voices of its stakeholders. It strives to help its stakeholders present their opinions in a convenient manner by developing various communication channels and to reflect or refer to their valued opinions in its management activities.

Creation of Values

| Definition | Stakeholder Groups | Material Issues | Communication Channels | Frequency |
|----------------------------------|---|---|---|---|
| Production of goods and services | <ul style="list-style-type: none"> Employees Labor unions | <ul style="list-style-type: none"> Sense of belongingness & pride Forming consensus Development of rural communities | <ul style="list-style-type: none"> On-site management Management meetings Business reporting Labor-management council | Held frequently / If necessary |
| | <ul style="list-style-type: none"> Partner companies | <ul style="list-style-type: none"> Shared growth | <ul style="list-style-type: none"> Meetings with partner companies Integrity survey Public whistle-blower system | Held frequently By half-year Case-by-case basis |

| Definition | Stakeholder Groups | Material Issues | Communication Channels | Frequency |
|---|---|---|--|--|
| Recipients who are provided with KRC's goods and services | <ul style="list-style-type: none"> Farmers/Fishers (business) Local residents in rural areas Local governments | <ul style="list-style-type: none"> Increasing income of farming and fishing householders & increasing the value of rural communities | <ul style="list-style-type: none"> Meetings Customer visit Business briefings VOC collection | <ul style="list-style-type: none"> If necessary Held frequently If necessary Held frequently |

Purchase of Values

Stakeholder Groups and Communication Channels

KRC's stakeholders refer to individuals, organizations or companies affected by KRC in business activities. The corporation has reclassified its stakeholder groups by introducing the concept of "value-sharing customers" and communicates with them by actively developing communication methods. KRC recognizes that stakeholder engagement activities are crucial in fulfilling its social responsibility and proactively utilizes them in its sustainability management activities.

| Definition | Stakeholder Groups | Material Issues | Communication Channels | Frequency |
|--|--|--|--|----------------|
| Direct/indirect impact on production of goods and services | <ul style="list-style-type: none"> National Assembly, Government Academia/experts Farmers and fishermen's associations and groups | <ul style="list-style-type: none"> Government policy implementation and cooperation Expectations for a role of promoting public interest | <ul style="list-style-type: none"> Government meetings External business report Dispatch of staff MOUs | When necessary |

Impact of Values

| Definition | Stakeholder Groups | Material Issues | Communication Channels | Frequency |
|--|---|---|---|--|
| Potential customer of goods and services | <ul style="list-style-type: none"> General public Local communities Schools & NGOs | <ul style="list-style-type: none"> Regional development Shared growth Social contribution Ethics management | <ul style="list-style-type: none"> Management disclosure PR activities through public media Social contribution activities | <ul style="list-style-type: none"> Frequently/Quarterly Frequently Frequently |

Sharing of Values

Interviews with Stakeholders

KRC conducted one-on-one interviews with stakeholders representing each stakeholder group to collect and to reflect opinions of stakeholders in an in-depth manner.



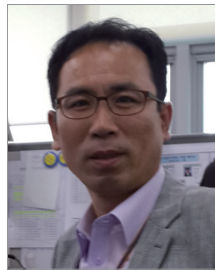
Stakeholders

KRC viewed by stakeholders

Q&A on improvements which KRC should make

Suggestions for KRC's Sustainability Management

Government



Hyeon-Soo Kim
Deputy director
Ministry of Agriculture,
Food and Rural Affairs

"I believe that prime responsibilities of KRC, the nation's leading public corporation in charge of agriculture, are to increase income of farming households and to prevent agricultural disasters through management of farming water to ensure safe agricultural production."

Q. What improvements is KRC making or enhancing in terms of on-site management to increase communication with farmers and fishermen and to enhance effectiveness of policies?

A. In order to make KRC's policies effective, they should reflect various needs of farmers and fishermen. To this end, communication with them is of prime importance. In order to promote communication with farmers and fishermen, KRC operates various channels including a mobile customer center, the operation committee consisting of representatives of regional farmers, regional farming government, and meetings with farmers and fishermen. All staff at KRC led by CEO will continue to recognize the importance of field management and implement our principle that "answers to our problems can be found in the field" in our everyday life.

"Droughts and floods take place in a repetitive and localized manner within a year due to increased abnormal climate patterns caused by climate change. I believe that now is the time to make management improvement in terms of management of farming water by adopting more scientific, detailed, and specialized approach. Meanwhile, the government implements policies by focusing on addressing problems of citizens by easing regulations. However, in the field, it is commonly witnessed that people are faced with difficulties in resolving their problems due to lack of dialogue and understanding, leaving much to be desired. I think that field-oriented farming is necessary where KRC listens to difficulties in the field and works hard to find solutions to get closer to farmers.

In order to gain recognition for its expertise and take pride in the fact that KRC is a representative organization for the agricultural industry and farming villages, I believe that the quality of services should be improved through communication between the general public and farmers. I believe that in order for KRC to achieve sustainable growth, it is necessary for it to come up with strategies to respond to climate change and to improve services putting more emphasis on field-oriented management, while fulfilling its fundamental duties."

Academia (experts)



Jin-Yong Choi
Professor
College of Agriculture
& Life Sciences, Seoul
National University

"KRC is one of the nation's oldest public corporations and has laid the foundation for agriculture to lead the country's modernization through land reclamation projects and large-scale agricultural production infrastructure improvement projects. In particular, employees at KRC have contributed to national development by faithfully conducting projects despite difficult circumstances, based on their commitment to farming communities/ agricultural industry/farmers and their philosophy that agriculture is the foundation of a country."

Q. Amid global climate change and expanded FTAs through marking opening, how does KRC establish the direction for improving the next-generation agricultural production infrastructure to strengthen competitiveness of the agricultural industry and to ensure food sovereignty owned by countries moving towards developed countries?

A. In order to respond to internal and external environmental changes such as climate change and marking opening, KRC focuses on increasing food self-sufficiency and building the foundation for stable production infrastructure. First of all, we plan to refurbish farmland mainly producing rice into universal farmland where various crops can grow, while expanding field-based improvement to enhance competitiveness of field farming. In addition, KRC plans to improve functions of large-scale agriculture development districts, to strengthen the safety of irrigation facilities against disasters, and to build the foundation for a safe farming to create future-oriented multi-purpose agricultural space suitable for changing agricultural environment such as promoting diversity of crops which are safe for climate change.

"KRC has made great contribution to improving agricultural productivity and self-sufficiency of main staple production by improving agricultural production infrastructure including large-scale reclamation land projects and water resources development projects. Since the 1970s, it has exported agricultural civil engineering technology overseas by conducting design supervision for development and management of overseas agricultural water resources. However, given economic and social changes, I believe that now is the time for KRC to establish long-term vision and implementation strategies for sustainability management and put them into action. KRC needs to expand its area to include not only domestic projects, but also projects around the world and actively apply its agricultural civil engineering technology, which has developed for over the past half century to international cooperation projects, thereby elevating its standing and brand value. As some scholars point out that growth in the future will be inevitably based on agriculture, maintenance and management of farmland and water resource undertaken by KRC should not be neglected. Only when KRC comes up with long-term visions for next generations to ensure national green space and resource management that will guarantee agricultural competitiveness even amid climate change and market opening and establishes and implements plans to refurbish agricultural production infrastructure that can accommodate all conditions, KRC will be able to fulfill its corporate social responsibility and lay the cornerstone for another 100-year national development."

Stakeholders

KRC viewed by stakeholders

Q&A on improvements which KRC should make

Suggestions for KRC's Sustainability Management

Agricultural association (farmers & fishermen)



Jae-Hong Roh
President
Gyeonggi-do Rice Farmer Association

“KRC whose predecessor was the Farmland Improvement Association has contributed to the development of the agricultural industry by implementing the farmland scale improvement project in the long term. It is a key organization that performs activities essential for farmers and fishermen such as water management, farm revival funding, and farmland pension.”

Q. The farmland scale improvement project is one of the most important projects which KRC has undertaken to boost agricultural competitiveness of Korean farming households. What efforts are KRC making to continue the project?

A. It is necessary to push ahead with the farmland scale improvement project on a continual basis to strengthen agricultural competitiveness in response to market opening such as rice tariffication. To this end, KRC plans to increase the number of full-time farmers with farmland of more than 6ha to 30,000 households by 2024, thereby accounting for 40% of the total rice cultivation areas. In addition, in response to the ageing rural population, KRC plans to make multi-faceted efforts to enhance competitiveness of the agricultural industry by expanding farmland scale improvement support for young farmers in their 20s and 30s.

“At present, in farming villages non-cultivated land is on the rise due to ageing and large-scale farmland is likely to decrease. The farmland scale improvement project is one of the most important projects which KRC has undertaken to boost agricultural competitiveness of farming households. KRC's effort to continue the project is necessary. KRC should make an effort to secure competitiveness of the Korean agricultural industry by continuing the farmland scale improvement project through consultations with government agencies concerned such as fostering young farmers in their 20s and 30s. KRC operates a nationwide organization with branch offices across the country and has conducted business working together with farmers and fishermen. Based on its experience, I hope that KRC will expand communication channels with farmers and fishermen to publicize its projects better and continue to work for rural communities.”

Academia (experts)



Dong-Wuk Kim
Chief deputy
chairman of KRC Labor Union

“With a history of 100 years, KRC fulfills a fundamental duty of managing infrastructure aimed to create food for the Korean people. It is a field-oriented organization with 93 branch offices across the nation. It carries out field-oriented activities at the forefront of farming sites, collecting civil petitions lodged by farmers and fishermen and explaining the purpose of public projects.”

Q. There are concerns that moves to improve external environment, particularly, lax management may affect minimum welfare of employees. What are the ways to minimize undermining of employee morale and to enhance employee capabilities?

A. Boosting employee morale and strengthening capabilities are important to promote the development of rural communities and agricultural and fisheries industries, as well as to enhance services for farmers and fishermen. The Smart Work system pursued by KRC aims to enhance productivity and quality of life for employees such as maintaining balance between work and life by improving the way of doing business by eliminating unnecessary work and effectively changing ways of doing work such as adopting the flexible working system. Through harmony between work and life, employees can invest more time in self-development, thereby enhancing their capabilities.

“I believe that creating happier rural communities is KRC's corporate social responsibility and to this end labor union and management should work together. First of all, the irrigation facility management, which is currently divided into KRC and local governments, should be gradually integrated to enhance efficiency, while efforts should be made to help beneficiaries receive balanced benefits. In addition, KRC should increase its financial independence to prepare for possible reduction in government budget and to make proactive investments in projects. Also, in preparation for reunification, research on improvement of agricultural production infrastructure in North Korea should be conducted. If project implementation systems can be integrated to enable KRC to be directly assigned the government budget to improve business efficiency, it will not only enhance KRC's standing, but also realize sustainability management from the long-term perspective.”

Labor union



Ju-Hyeong Seo
Assistant manager
SM Power Tech

“KRC is a company related to rural communities, so it may have a more familiar image than other public institutions. At the same time, it may look somewhat outdated. However, KRC has shown a good response as a business partner and has adopted a prompt transition to smart office, so I think KRC is playing a leading role in innovation of public institutions.”

Q. I think KRC places importance on shared growth with partner companies as indicated by the fact that it operates shared growth unit. Would it be possible to further expand contact points for cooperation under the recently introduced smart work system?

A. The smart work system introduced by KRC aims to strengthen communication and collaboration and promote ongoing innovation through ICT-based work environment. This will enable smooth communication with partner companies and collaborative handling of business, boosting competitiveness and realizing shared growth through innovation and cooperation. KRC will continue to seek ways to identify markets for companies based in rural communities, to support their effort to advance into overseas markets, and to promote partnership for shared growth with small and medium-sized companies.

“I think that, unlike private companies, public corporations have special responsibilities as social corporations. Among them, KRC is a public corporation dedicated to rural communities which had formed the foundation of Korea for a long time. In a reality where rural areas receive less attention compared to urban areas, I believe that KRC's social responsibility has become even more important. KRC implements various projects to achieve development of rural communities and is evaluated according to project results. Therefore, I believe that the most important factor in the development of KRC is to strengthen capabilities of human capital to successfully implement projects. Furthermore, if KRC collects opinions of stakeholders in its project operation and promotes shared growth management, it will increase its value in the long term.”

Material Sustainability Issues

Materiality Test Process

KRC's stakeholders refer to individuals, organizations or companies affected by KRC in business activities. The corporation has reclassified its stakeholder groups by introducing the concept of "value-sharing customers" and communicates with them by actively developing communication methods. KRC recognizes that stakeholder engagement activities are crucial in fulfilling its social responsibility and proactively utilizes them in its sustainability management activities.

STEP 1. Identifying sustainability management issues

| | |
|------------------------------------|--|
| Trend & impact analysis | KRC-related Material issues related to sustainability management were identified through a survey conducted among 26 employees in terms of trends, impacts, and internal capabilities. |
| Benchmarking | Sustainability performances of companies with good sustainability management records at home and abroad were analyzed through their sustainability reports based on the GRI reporting principles. |
| Media analysis | In order to objectively understand external perceptions on material issues related to KRC's sustainability management, 23,059 media articles for the past three years between January 2011 and December 2013 were analyzed and related issues were identified including negative issues. |
| Interviews with stakeholders | Interviewees consisted of four external experts who can represent KRC's stakeholder groups and an internal expert. Through the interviews, requests by stakeholders and their shared values were carefully identified and reflected in deriving material issues. |
| ISO 26000 implementation diagnosis | Based on the ISO 26000 diagnosis tool developed by the Ministry of Trade, Industry and Energy, KRC's level of implementing corporate social responsibility was diagnosed and related issues mainly vulnerable areas were identified. |

STEP 2. Prioritizing material issues

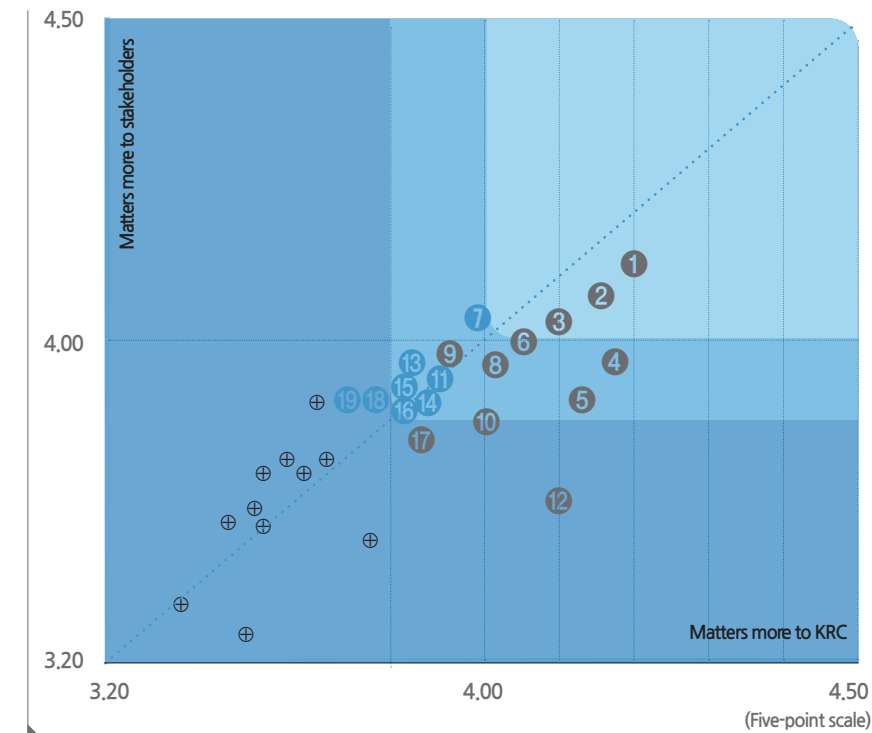
| | |
|----------------------------|--|
| Surveys among stakeholders | In order to identify stakeholder impact on sustainability management issues related to KRC, surveys were conducted among employees, labor unions, the central and local governments, the National Assembly, farmers and fishermen's associations, academia and research institutions, NGOs, the general public, the media and partner companies in consideration of legal, financial, operational responsibility for and impact on KRC's management. The results of surveys conducted among 800 internal and external stakeholders from August 26 to September 3, 2013 were used as data to identify material issues for materiality test. |
| Materiality test result | Among 30 relevant issues identified through the trend and impact analysis, benchmarking, media analysis and stakeholder engagement, 19 issues with average score of 3.8 or higher in terms of materiality (11 issues for trends and eight issues for impacts) were identified as material issues. KRC planned the contents of its sustainability report centering on the 19 material issues and made more intensive report on issues with higher materiality average score. |

STEP 3. Reviewing validity and appropriateness

| | |
|---------------------------------|---|
| Review by internal stakeholders | KRC held a briefing session to disclose the analysis process and result aimed to identify material aspects of its sustainability management and to discuss material issues related to sustainability management on October 2, 2014. In addition to the official briefing session, KRC completed its review on appropriateness of the reporting scope, boundary, and period through frequent meetings with internal staff in charge. |
| Review by external stakeholders | KRC conducted a review by an external stakeholder by engaging Korea Management Association Registration Inc., an external third-party assurance provider, to provide assurance of the appropriateness of reporting process such as selection of material issues and validity of data. |

Identification of Material Issues

(Five-point scale)



I. KRC's Sustainability Management

③ ⑮

II. KRC's Strategic Direction/ Building Happiness

Creating happy farming and fishing villages

① ④ ⑦ ⑩ ⑮

Leading global rural development projects ①

Realizing advanced management system ⑮

III. KRC's Shared Values/ Furthering Happiness

+1 Customers ② ⑮

+2 Employees ⑤ ⑫

+3 Partner companies ⑨

+4 Local communities ⑬ ⑰

+5 Future generations ⑥ ⑧ ⑩

● Trend : Increased demand for safety in management of rural infrastructure

● Impact : Water supply and management in rural areas

| No. | MATERIAL ISSUES | MATERIAL ASPECTS (GRI G4) | BOUNDARIES | | Boundaries |
|-----|--|--------------------------------------|------------|-----------------------|------------|
| | | | Internal | External | |
| ① | Increased demand for safety in management of rural infrastructure | Local Community | ○ | | 36~37 |
| ② | Farmers and fishermen' s various demands towards KRC | | ○ | | 32~37 |
| ③ | Increased demand for transparent management at public institutions | | ○ | | 18~19 |
| ④ | Increased numbers of customers who place importance on clean and safe production facilities and food | | ○ | | 32~33, 37 |
| ⑤ | Increased importance of securing human resources | Employment Training and Education | ○ | | 54~57 |
| ⑥ | Prevention of environmental pollution (air, water, soil pollution) | | ○ | | 68~73 |
| ⑦ | Water supply and management in rural areas | Water | ○ | | 32, 36 |
| ⑧ | Climate change (abnormal temperatures, flooding and droughts) | Emissions | ○ | | 68~71 |
| ⑨ | Increased importance of shared growth with partner companies | | ○ | ○ (Partner companies) | 60~62 |
| ⑩ | Change in population (ageing, increased trend of low birth rates) | | ○ | ○ (Partner companies) | 34~35 |
| ⑪ | Public projects (pursuing public interest) | | ○ | | 32~41 |
| ⑫ | Increased demand for employee welfare and rights (balance between work and life) | | ○ | | 43, 58~59 |
| ⑬ | Enhancement of health and safety for farmers and fishermen through management of agricultural infrastructure (drainage channel improvement, facility repair) | Customer Health & Safety | ○ | | 36~37 |
| ⑭ | Anti-corruption (fair trade, elimination of bribery and entertainment, etc.) | Anti-Corruption | ○ | | 44~45 |
| ⑮ | Stakeholder engagement and reflection of their opinions (building communication channels, etc.) | | ○ | | 22~27 |
| ⑯ | Potential impact on local communities (relocation to non-metropolitan regions, participation in regional development, etc.) | Local Community | ○ | | 63~66 |
| ⑰ | Deepening conflict between urban and rural areas and intensifying gap between them in terms of development | | ○ | ○ (Partner companies) | 67 |
| ⑱ | Compliance with environmental regulations | Compliance | ○ | | 68, 70 |
| ⑲ | Customer satisfaction with financial products and services (farmland pension, farmland bank, etc.) | Product and Service Labeling | ○ | | 48~53 |

※ KRC conducted the external stakeholder review by engaging the Korea Management Association Registration Inc., an external third-party assurance provider, to provide assurance of the appropriateness of reporting process such as selection of material issues and validity of data.

KRC Strategic Direction

Building Happiness

1. Creating Happy Rural Communities
2. Leading Global Rural Development Projects
3. Realizing an Advanced Management System



Creating Happier Rural Communities

KRC reinforces the foundation for food production and helps prepare new generations in their 20s and 30s for the future. Through such effort, it will enhance competitiveness of the nation's agriculture and fishing industry and create a safe farming infrastructure, thereby building happier rural communities.

Strengthening food production infrastructure

Q: What is the project about?

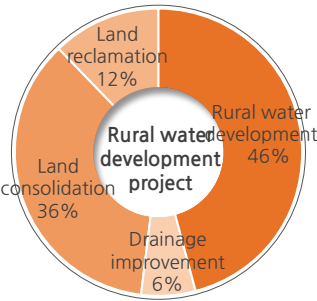
KRC is pursuing projects aimed to enhance the food production foundation to actively respond to the future farming environment. It aims to create a foundation for self-sufficiency in staple foods by expanding the scope of food production from rice-centered food production to include field farming, while comprehensively improving and managing the agricultural production foundation. Related projects include a water development project for farming and fishing villages and an agricultural production foundation improvement project.

Q: How is the project implemented?

[Rural water development]

The rural water development project is designed to build a stable farming foundation by installing irrigation facilities such as reservoirs, water pumping stations and irrigation ditches in drought-prone areas to supply water for farming and fishing villages. It not only prepares for drought due to frequent abnormal weather conditions in recent years, but also secures international competitiveness of the nation's agriculture amid opening of agricultural produce markets, and contributes to producing environmentally friendly, high-quality agricultural produce by securing clean water for farming and fishing villages.

Composition of Revenue



After developing multi-purpose agricultural water



Production infrastructure improvement project (drainage improvement project)



After implementing large-sized land readjustment project



Dry-field improvement project

Direction for Rural Water Development Project

Building the foundation for food self-sufficiency

- Expanding irrigated paddies through completion-oriented project implementation
- Development of sustainable rural water



Paradigm shift for rural water

- Integration and reorganization of water resources by utilizing the existing facilities and abundant stream water



Efficient utilization of rural water

- Rural water rationalization plan
- Establishment of the DB-GIS system
- Enhanced collaboration between central and local governments

[Improvement of farming production infrastructure]

The farming production infrastructure improvement project aims to prepare against disasters and to enhance farming conveniences by modernizing agricultural infrastructure. It includes a land consolidation project that enhances farming conveniences and productivity by consolidating irregular farmland to suit mechanized farming; the irrigation improvement project which prevents flooding and promotes safe farming by installing irrigation facilities in flood-prone farmland; and the field-based consolidation project that enhances agricultural competitiveness by improving productivity and quality through water development and farm road improvement for vegetable field complexes and collective fields.

Direction for Agricultural Production Infrastructure Improvement Project

Addressing flood-prone areas

- Increasing drainage improvement rate and laying the groundwork for new growth



Increasing disaster preparedness

- Repairing obsolete or sub-standard facilities in preparation for climate change



Enhancing competitiveness of dry-field farming

- Promoting multiple land use to increase income of farming households and self-sufficiency rate



Introducing advanced technology

- Improving agricultural production infrastructure in consideration of technological evolution and environment

Q: What outcomes have been produced?

[Development of large-scale farming production complexes]

The project contributed to realizing self-sufficient production of staple food (rice self-sufficiency rate: 89.2% as of 2013) by building and managing a systematic rice production infrastructure. In order to reinforce the food production foundation, KRC expanded new national land of 135,000 ha through land reclamation projects and pushed ahead with the development of 263,000 ha land in 23 districts mainly in stream waterfront areas. As of now, KRC has completed the development of large-scale modernized agricultural production complexes spanning 166,000 ha in 16 districts.

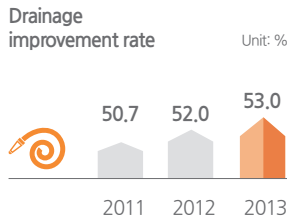
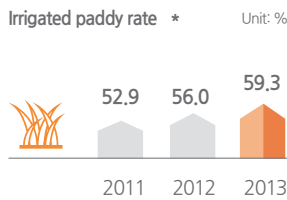
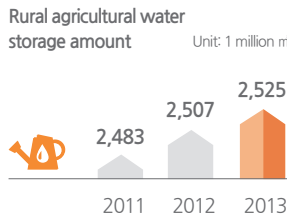


Saemangeum tide embankment

[Establishment of the foundation for multiple-purpose farming]

In order to establish the foundation for multi-purpose farming which is suitable for diverse demands of the future agriculture, KRC has facilitated the supply of multi-purpose rural agricultural water involving facility horticulture, dry-field crops, livestock, and environmental water, departing from supply water mainly for agricultural purposes, while building the foundation for safe farming in preparation for drought. It strategically implemented the multi-purpose agricultural and fisheries water development project, expanding the irrigated paddy rate and rural agricultural and fisheries reservoir capacities. The water storage of agricultural and fisheries water increased by 18 millionm³ from a year ago, while the irrigated paddy rate increased by 3.3 percentage point. In addition, concerning cities and counties with below-than-average irrigated paddy rate, KRC has selected new districts in consideration of regional disparity to expand water development through continued development.

* Irrigated paddy rate: The rice paddy which is supplied with water on a stable basis against drought with a frequency of ten years



[Reinforcement of disaster prevention function]

KRC reinforced disaster prevention functions in response to climate change, while striving to facilitate the improvement of eco-friendly farming infrastructure. As part of a drainage improvement project in preparation for disasters, it took measures to protect flooding-prone areas at an early date and adopted stricter design standards for drainage improvement to block any flooding damage to dry-field crop cultivation areas. The drainage improvement rate increased by 1.1 percentage points from 52% in 2012 to 53.1% in 2013.

[Enhancement of dry-field farming competitiveness]

In order to boost the food self-sufficiency rate and boost the income of farming households, KRC enhanced the competitiveness of dry-field farming. In an effort to expand the dry field-based consolidation project through systematic support, KRC completed the status analysis of the dry field-based consolidation project. In 2013, it formed a taskforce aimed to promote mechanization for dry-field farming to build farming infrastructure such as expansion and pavement of farm roads, agricultural water development, and land readjustment, while focusing on institutional improvement and suggestion for policy tasks to develop customized improvement models reflecting local farming conditions such as chief cultivation areas for specific crops.

Q: What is the future development direction?

KRC has come up with permanent water supply measures in response to climate change by expanding the establishment of a multi-purpose rural agricultural water supply foundation and has established production infrastructure by giving comprehensive consideration of such factors as the environment, flood control and landscape when setting up installations. Moving further from these basic functions, KRC seeks environmentally friendly development of the waterfront areas and local communities. In addition, it is improving the irrigation system that can be utilized for a variety of crops such as those for special use and greenhouse vegetables, as well as expansion of the observation management system, while creating the foundation for increased income of farmers and fishermen by meeting various demands for water in rural areas.

In response to the era of market opening such as FTAs, KRC will contribute to securing agricultural competitiveness and improving the food self-sufficiency rate by creating collective multi-purpose farming space which can cut back on production costs. It will also foster large-scale farming and fishing companies with global competitiveness to expand exports of farming and fishing products and to revive regional economies.

Fostering Young Generations in their 20s and 30s

Q: What is the project about?

The necessity for providing farmland support for young farmers has intensified with the paradigm shift of young generations and increasingly aging rural population. In response, KRC is engaged in the 2030 Generation Farmland Support Project in which it selects farmers in their 20s and 30s who experience difficulties in securing farmland needed for agricultural business and sells or leases farmland to them through the Farmland Bank Project (farmland scale improvement project*, farmland purchase and procurement project**, and farmland lease project***)

* Farmland Scale Improvement Project*

Farmland Transaction Project

KRC purchases farmland from non-farmers (including corporations) and those who change their careers from farming to other occupations, and retired farmers and sells it to full-time rice farmers

Farmland Long-term Lease Project

KRC rents farmland from retired farmers and those who change their careers from farming to other occupations and leases it out to full-time rice farmers in their 20s and 30s.

** Farmland Purchase & Procurement Project**

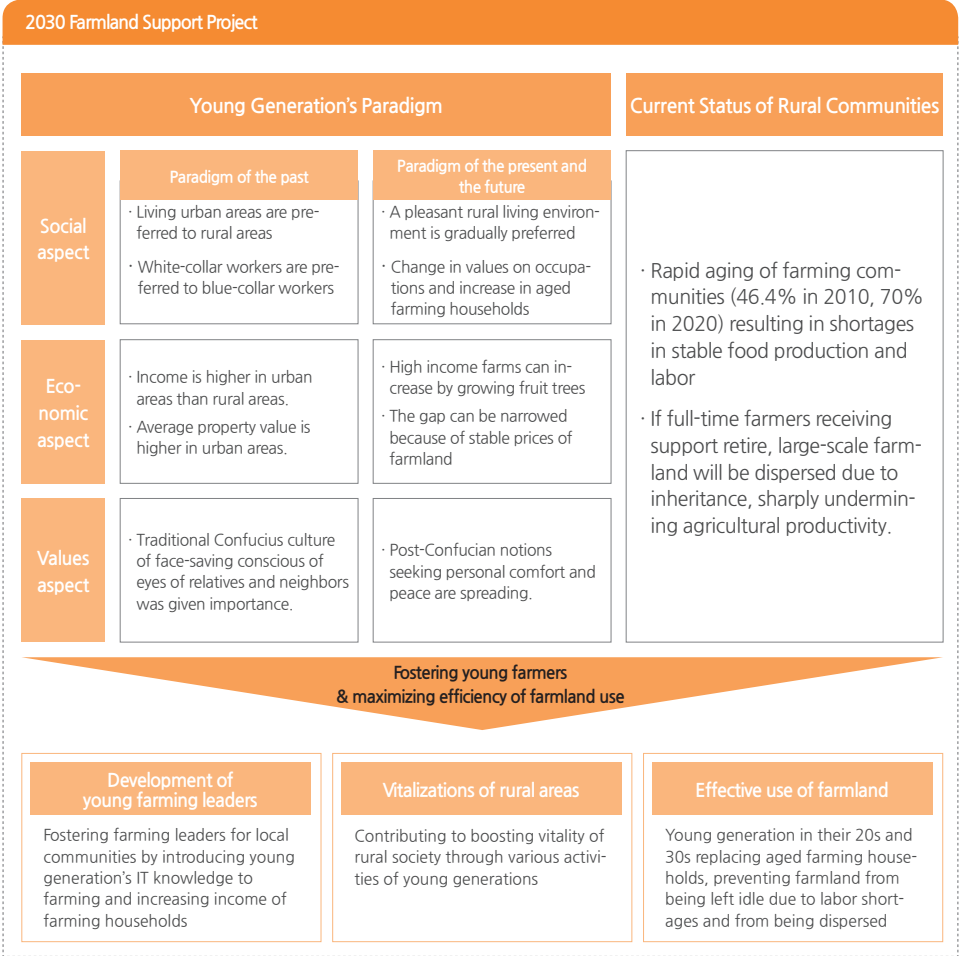
The Farmland Bank purchases farmland owned by farmers wishing to retire or change jobs due to old age and diseases, contributing to improvement of agricultural structure and stabilization of the farmland market. Efficiency of using the farmland is promoted through long-term lease to full-time rice farmers in their 20s and 30s.

Farmland Lease Project

KRC leases out farmland, which has been leased or requested for commissioned service to KRC, to young farmers in their 20s and 30s and full-time farmers, promoting efficient use of farmland and its stable management and contributing to promoting farming scale improvement such as expansion of full-time farmers.



Farmland Bank Project (field survey)



Q: How is the project implemented?

The 2030 Generation Farmland Support Project aims to provide up to 5ha farmland to selected young farmers for five years (interest rate of 1~2% for farmland transactions and no interest for farmland lease) and to foster them into full-time farmers. KRC has established a structure and goal to implement the project. It plans to help greater numbers of young people receive benefits by making institutional improvements to facilitate the project, while cultivating young farming leaders for local communities and promoting vitality of rural communities by attracting the younger generation to rural areas.

Q: What outcomes have been produced?

[Project facilitation through institutional improvements]

KRC has improved several institutional systems to make the project more systematic and firmly take root, thereby facilitating the project. KRC has made such institutional improvements as clearly stating the grounds for application and selection of project candidates, expansion of preferred support and farmland subject to project support, improvement of lease periods, lowering of interest rates and fees, and expansion of the scope of project candidates, thereby contributing to early establishment of the project.



Farmland Bank Project (Farmland pension)

Details of the 2030 Generation Farmland Support Project

Applicant qualifications

- Persons aged between 20 and 39 (For those who majored in agricultural engineering, applicants aged 44 or under are also eligible.
- Yet, in the case of farmers, they should possess farmland of no more than 3ha.

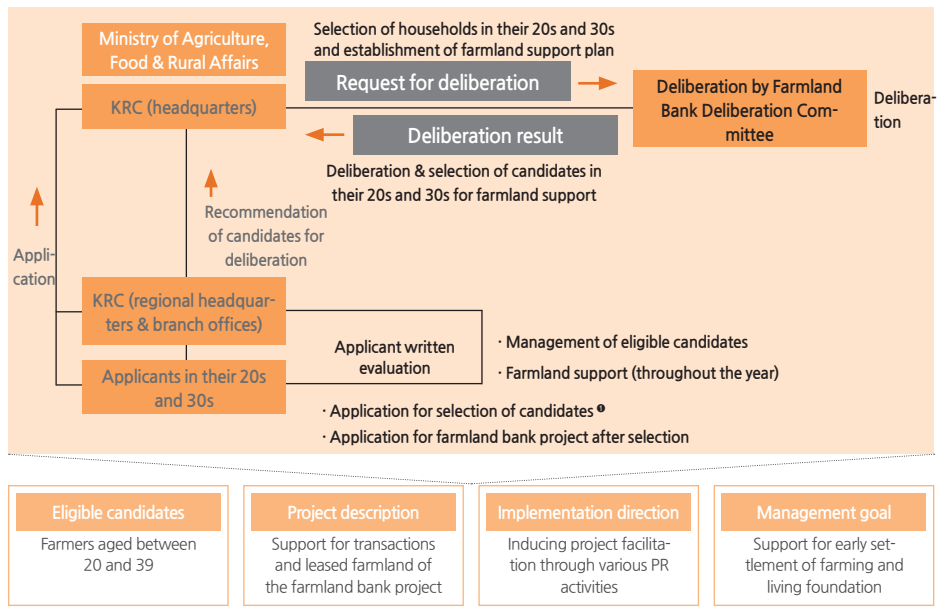
Support description

- After selection of eligible applicants, farmland up to 5ha is supported for 5 years (Interest rate of 1~2% for farmland transactions and no interest for farmland lease)
- Thereafter, the candidates are fostered into full-time farmers

Types of support projects

- Farmland scale improvement project
- Orchard scale improvement project
- Farmland long-term lease project
- Orchard scale improvement and lease project
- Farmland lease project
- Farmland purchase & procurement lease project

2030 Generation Farmland Support Project Map



[Support for farmland-related information]

KRC is expanding the project by providing support for farmland-related information. It disclosed the results of a complete enumeration survey on unused farmland at the farmland bank portal (www.fbo.or.kr) and placed the available 52ha-unused land either for the farmland lease program or for supporting returning farmers. In addition, KRC provided the farmland transaction price information service, disclosing 34 categories including transaction prices at the farmland bank project, easing the cost burden of young people preparing for returning to farms in collecting relevant information.

[Enhancement of perceptions on the project]

KRC increased the public's perceptions on the project through customized PR activities by different targets, striving to drawing attention of the public. In order to offer opportunities for farmland support to students majoring in agriculture and wishing to become farmers, it signed an MOU with the Korea National College of Agriculture and Fisheries, while carrying out project promotional activities at other institutions. It promoted success stories in the media targeting farmers and returning farmers, while promoting the project through various fairs and programs. It also focused on PR activities through the media, branches of the National Agricultural Cooperative Federation nationwide, local governments, railway stations, bus terminals and KRC homepage.

In 2013, KRC offered a total of 2,602ha of farmland to 2,565 persons, who accounted for 70% of the 3,677 persons in their 20s and 30s who were selected as eligible farmland support recipients. It will conduct analysis on the outcomes of the past two years and collect opinions to seek more constructive ways, thereby establishing the project as one that can instill hope for young persons who are preparing for returning to farms.

Q: What is the future development direction?

KRC plans to expand the farmland support rate for young people in their 20s and 30s up to 23% of the total support area of the farmland bank project by 2016. Through the effort, it will continue to support the inflow of new farmers to farming communities and their settlement in response to decreased agricultural productivity amid ageing population in farming communities. Furthermore, KRC will ensure effective support through institutional improvements and advancement of the management system to accelerate farmland support through the farmland bank project, as the general public's awareness of the project is extremely low at the moment. KRC plans to implement strategic customized PR activities differentiated by age targeting young farmers, students aspiring to become farmers, and young people who wish to return to farms, thereby cultivating them into the foundation for a new growth engine of the Korean agriculture and farming communities.

Modernizing rural village infrastructure and enhancing safety



Safety diagnosis for sea dike sluice



Safety diagnosis for retaining walls of discharge channel

Repair of irrigation facilities



Obsolescence and damage of a spillway channel



Repair of discharge channels and spillways



Agricultural water management automation project-Seocheon Branch

Q: What is the project about?

This project aims to prevent disasters and to provide support for convenient farming activities through appropriate maintenance and repair of agricultural infrastructure managed by KRC including reservoirs and pumping stations nationwide. KRC aims to achieve its primary goal of supplying agricultural water on a stable basis and to realize safe management in preparation for disasters at the same time.

Q: How is the project implemented?

[Irrigation facility maintenance]

The irrigation facility maintenance project aims to maintain functions of agricultural infrastructure such as reservoirs, pumping stations and weirs and to conduct inspection and maintenance on a daily basis at the same time to supply high-quality, right amount of agricultural water needed for farming in a stable manner, thereby contributing to improving agricultural productivity and efficiently responding to natural disasters to protect installations and agricultural crops from various disasters. KRC focuses on scientific low-cost, high-efficiency facility maintenance through modernization of facilities. During the rice planting season and rice harvesting season (April~October), KRC hires officers for monitoring water quality and water management to be mobilized for water supply management.

Direction for the irrigation facility maintenance project

| Stable water supply | Response to changes in the water resource environment | Scientific agricultural water management |
|---|---|--|
| <ul style="list-style-type: none">Development of drought decision indicatorsEstablishment of measures to secure agricultural water | <ul style="list-style-type: none">Establishment of a comprehensive water resource management systemImprovement of the water management school system | <ul style="list-style-type: none">Expansion of agricultural water management automationEnhancement of reservoir water level measurement |

[Irrigation facility repair]

The irrigation facility repair project aims to improve and repair vulnerable irrigation facilities such as reservoirs and pumping stations that are too obsolete or damaged to function properly, and thus are in danger of being affected by disasters such as torrential rains and typhoons. KRC reinforces facilities, which are likely to be affected by torrential rains due to lack of flood control ability as they had been installed based on past design standards, to strengthen their ability to prepare for disasters, while remodeling obsolete facilities that undermine the landscape, to blend well with neighboring landscapes.

Direction for the irrigation facility repair project

| Recovery of functions of vulnerable facilities | Establishment of the crisis response system | Enhancement of capabilities for safety management |
|---|--|--|
| <ul style="list-style-type: none">Enhancement of safety inspection and safety diagnosisRecovery of functions of obsolete irrigation facilities | <ul style="list-style-type: none">Operation and management of the crisis response manualIntroduction of the emergency support system for dangerous facilities | <ul style="list-style-type: none">Reinforcement of responsible facility managementReinforcement of education and fortification of specialized equipment |

[Agricultural water management automation]

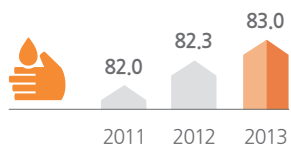
The agricultural water management automation project (Tele-Metering/Tele-Control) aims to rationally control water amounts, as well as water quality and facility management by adopting scientific water management technology and to promote efficient management of agricultural water by linking high technology to the information management system. The project enables a scientific and systematic facility management by converting on-site management of irrigation facilities to tele-metering/tele-control, thereby saving water and facilitating more proactive responses to natural disasters to provide an optimal water management service.

Direction for the agricultural water management automation project

| Phase 1 (2001~2016) | Phase 2 (2017~2021) |
|--|---|
| <ul style="list-style-type: none">Foundation establishment mainly centering on central management office and major facilitiesAround 60% of the management area (321,000ha, KRW 164.1 billion) | <ul style="list-style-type: none">Expansion into building small facility automation systemAround 80% of the management area (425,000ha, KRW 345.7 billion) |

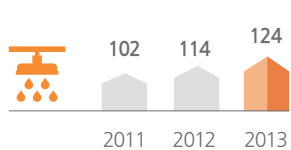
Farmers' satisfaction with agricultural water supply management

Unit: Point



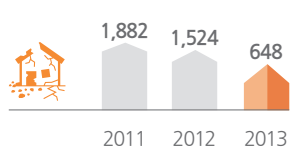
Rural agricultural water automation project Water saving

Unit: 1 million m³



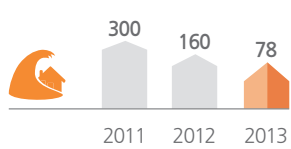
Damage from storm and flood Damaged facilities

Unit: Number of locations



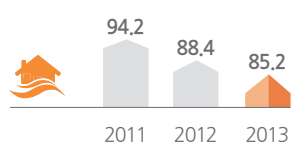
Scale of damage

Unit: KRW 100 million



Disaster-prone reservoirs' disaster risk

Unit: %



Q: What outcomes have been produced?

[Support for safe farming]

KRC supplied agricultural water of 7,625 million m³ to 524,000ha through proper management of 13,588 facilities under its management including 3,372 reservoirs and 4,201 pumping stations and 99,000km-long irrigation and drainage canals, providing support for safe farming. It immediately implemented measures to secure agricultural water by setting up a round-the-clock reporting system and offering emergency water supply (212 locations), limited water supply (248 locations) and implementing reservoir dredging (74 reservoirs) and conducted thorough post-management activities. Through such efforts, KRC wisely overcame various natural disasters including drought, which was one of the severest in 104 years, typhoons and torrential rain. Based on this experience, KRC developed drought decision indicators and in 2013 drought situation monitoring was made possible by utilizing these indicators.

In 2014, KRC utilizes drought decision indicators by region for systematic drought management, establishing agricultural water supply measures in a pre-emptive manner and implementing emergency service against drought.

[Enhanced efficiency of water resource management system]

KRC established a scientific agricultural water management system by implementing water management automation. It installed agricultural water management automation facilities at water supply points such as reservoirs, pumping stations, weirs, and tube wells and irrigation and drainage canals of main lines and branch lines such as diversion gates, check gates, flood gates and watertight gates, thereby saving rural agricultural water through scientific water management and proactively responding to agricultural disasters such as drought and flood. Through the water management automation project which covered 48 districts with a spending of KRW 93.1 billion, KRC saved water by 13.4% and cut back on cost such as labor cost and electricity cost by 13.6%. It installed automatic water level measurement meters at 1,587 reservoirs and 1,261 irrigation canals. It also established an IT-based scientific water resource management system, promoting efficiency of the management system.

[Reinforcement of facility management safety system]

KRC carried out activities to reinforce the safety system of facility management. It improved its crisis response system such as safety accident-related manual improvement, designation of a department in charge of emergency response, and introduction of plural in-charge system, while conducting obligatory safety training for facility management personnel. It completed specialized disaster management education through the Korea BCP Association under the National Emergency Management Agency, receiving qualification verification. In addition, KRC conducted field simulation training designed to promptly respond to disasters. Meanwhile, it deployed survey equipment in regional headquarters to enable quantitative evaluation at the time of safety inspections, while solidifying its safety system by introducing the approval line system through the improvement of management system (RIMS, FMS) and making the headquarters directly manage it.

Q: What is the future development direction?

In order to supply rural agricultural water on a stable basis and to respond to drought, KRC has expanded application of drought indicators from regional headquarters to branch offices, reducing the regional gap. In addition, it established measures to secure rural agricultural water by utilizing long-term weather forecasts by the Korea Meteorological Administration and seasonal weather forecast information by the APEC Climate Center, realizing pre-emptive responses to drought.

Meanwhile, the KRC water management situation room operation system, which is an action task for the comprehensive water resource management system, will be further developed into a climate change response decision-making system by building a disaster response decision-making system and the one-stop integrated water resource decision-making system that manages demand and supply of rural agricultural water.

Leading Global Rural Community Development Projects

KRC improves food self-sufficiency rate and reinforces food security by exporting its agricultural SOC technology overseas, supporting private companies to advance into overseas markets, and enhancing international cooperation, while realizing a self-reliant corporation through independent overseas projects.

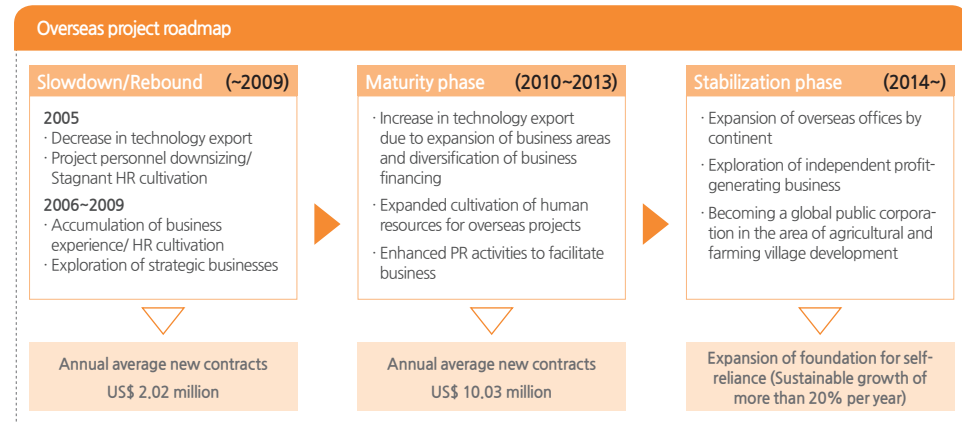
Disseminating advanced rural community development technology and experience

Q: What is the project about?

KRC is creating alternative income by expanding agriculture and farming village development projects in developing countries based on its technology, thereby creating the foundation for fulfilling its duty as a public corporation to promote public interest on a stable basis and realizing a self-reliant corporation. KRC's expansion of overseas projects aims to respond to the volatile international grain market and to secure long-term, stable overseas customers by supporting private companies to tap into overseas markets. In addition, KRC intends to contribute to agricultural development and food security of developing countries by exporting agricultural SOC technology to developing countries.

Q: How is the project implemented?

KRC disseminates Korean technology overseas through overseas technology contract projects which export KRC's specialized technology in the areas of development of agriculture, farming villages and water resources for developing countries; technology transfer through human exchanges such as foreigner training courses; international cooperation project aimed to promote international cooperation; and the overseas farm development project which develops and operates overseas crop production bases. KRC promotes technology export overseas through business financing and diversification of export destination countries, while supporting overseas agricultural development aimed to accelerate private companies' advancement into overseas markets. It also pursues the development of overseas farms to expand the foundation for becoming a self-reliant corporation. In addition, it carries out a range of action tasks to expand overseas projects, including international agricultural cooperation projects with developing countries designed to promote agricultural advancements.



New project orders in 2013

| Project Title | Financing | Contract amount (KRW 100 million) |
|------------------------------------|-----------|-----------------------------------|
| Philippines Jaluar River project | EDCF | 53 |
| India water resources development | WB | 29 |
| Sri Lanka dam feasibility | KOICA | 7 |
| Cote d'Ivoire New Village Movement | AIDB | 10 |
| Myanmar agricultural mechanization | KOICA | 19 |
| Five project total | | 118 |



Completion ceremony for good agricultural produce cultivation technology transfer project in Myanmar



Groundbreaking ceremony for the Pass Dam in the Philippines

Q: What outcomes have been produced?

[Reinforcement of overseas project implementation organization and cooperation foundation]

In order to reinforce the foundation for implementing overseas projects, KRC conducted organizational expansion and opened additional overseas offices. It enhanced capabilities of experts and cultivated customized experts, while promoting efficient human resource operation by running the skilled contract-based worker system for overseas projects. Furthermore, KRC established partnership with governments and relevant organizations in developing countries to solidify competitiveness in winning orders as indicated by 57 technology support agreements such as MOUs, five cases of joint overseas advancement with private companies, and foreigner invitation training program (99 invited foreigners from 10 countries). KRC management's efforts to aggressively explore business were also made as shown by the fact that the management visited strategic countries (four times to Thailand, and once each to Vietnam and Myanmar) to present partnership models and ways for commercialization. The management also consolidated the foundation for mutual collaboration by building human network through invitation of overseas leading personnel.

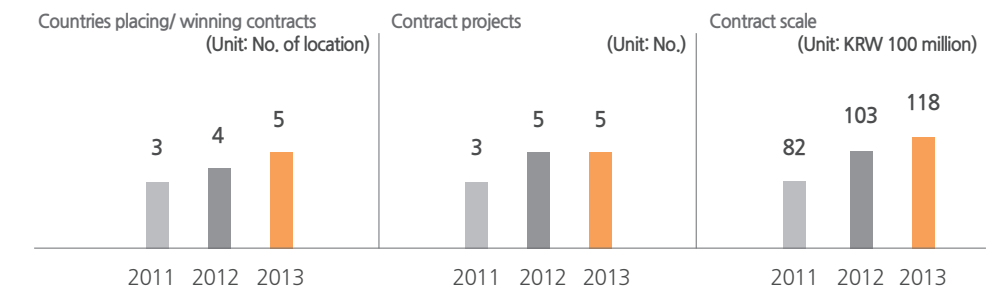
[Exploration of new overseas business models]

KRC secured future businesses by exploring new business models. It explored its ICT-based smart water management technology as a new business model and established tele-metering management system in six areas in Thailand and five areas in Vietnam on a pilot basis, expanding the foundation for business expansion. It also carried out a package-type (public + profit) overseas farm development project in partnership with private companies to operate pilot farms of 10,000 ha in Madagascar and Equatorial Guinea. It plans to expand the overseas farm development project as a new growth engine project that can generate profits by independently developing overseas farms in the future.

[Enhancement of international cooperation]

As a global public corporation, KRC carried out a wide range of activities aimed to strengthen international cooperation. It attended international symposiums and forums such as the ICID and the Asia-Pacific Water Forum, while facilitating technology exchange with overseas organizations concerned including Vietnam and Royal Irrigation Department of Thailand. Human exchanges were also briskly made through expansion of foreigner training programs and establishment of human information database to dispatch newsletters on a continuous basis. KRC also strengthens synergistic effect through business linkage such as exporting agricultural technology in connection with international agricultural cooperation projects (ODA).

Mid- to long-term overseas project plan



Q: What is the future development direction?

KRC plans to successfully implement new business models based on stable profit generation achieved through the existing implementation system, thereby making overseas projects established as sustainable business. It will come up with the foundation for mutual cooperation through ongoing human and technology exchanges and reinforce systems to facilitate more thorough preliminary preparations to implement the new system. In addition, in an effort to serve as a springboard for encouraging private companies in Korea to tap into overseas markets, KRC will identify strengths at home and abroad and further develop them.

Global rural community leader

KRC actively carries out overseas projects to share its values with the global community. It is expanding various overseas projects based on its outstanding human capabilities and advanced technology in the agricultural SOC sector, while taking the lead in international agricultural cooperation such as joint collaboration projects aimed to promote the development of agriculture and farming villages and education and training programs on agriculture and farming village development, thereby become a global state-run enterprise with global competitiveness specializing in rural community development.

- Cote d'Ivoire New Village Movement pilot project
- Invitation training program, enhancement of resident capabilities, improvement of the living environment, and increase of residents' incomes



③ Cote d'Ivoire

- DR Congo Remba Imbu water treatment project
- Construction of a water treatment plant for supply of rural agricultural water



④ Congo

- Ethiopia phase-2 rural agricultural water development project
- Ground water survey, establishment of small irrigation facilities, local education and equipment support



⑦ Ethiopia

⑫ Thailand

- Opening of a resident office (Oct. 2013)
- External cooperation related to Thailand's water management projects, project support for neighboring countries



⑩ Vietnam

- Opening of a resident office (Oct. 2013)
- External cooperation including Vietnam's farming village development project, project support for neighboring countries

⑭ Philippines

- Opening of a resident office (Mar. 2014)
- Establishment of agricultural and irrigation/ drainage infrastructure
- Expansion of external cooperation in the agricultural sector including farming village regional development
- Small water retention construction project
- Dam (4,830,000 tons, H=36.7m, L=194m) and plain (covered area: 1,040 ha) design and construction supervision
- Watershed management, local workshops and invitation training programs
- Jajaur River multi-purpose development project (Jajaur River)
- Dam construction (3 locations), irrigation and drainage canal construction (960km), irrigation development and modernization (32,140ha)

⑬ Indonesia

- Opening of a resident office (Oct. 2013)
- External cooperation related to the country's water management projects, project support for neighboring countries
- Indonesia Karian Dam project
- Design and construction supervision for Karian Dam
- Indonesia West Tarum repair project
- Design and construction supervision for Jakarta water supply canal repair project
- Indonesia water resource and irrigation management phase-2 project management
- Project management and financing management for water resource and irrigation phase-2 project
- Indonesia Citurum watershed stream river project
- Integrated water resource management to improve river water quality



- El Salvador irrigation development project
- Irrigation sector design, construction supervision, construction, solar energy power generation facility



① El Salvador

② Bolivia

- Bolivia Chuquisaca state irrigation dam construction project



- Bolivia Santa Cruz state ground water development project



⑤ Angola

- Angola phase 2 agriculture modernization project
- Drainage improvement for the 196km water supply piping system, land consolidation, farmer support facilities, and farming support consultation service



⑥ Tanzania

- Tanzania Zanzibar irrigation facility construction project
- Water sources (5 reservoir locations, 1 collecting well location (3))
- Irrigation and drainage canals (Irrigation canal: 100km, drainage canal: 88km)
- Land consolidation (2,000ha)

⑧ India

- India Uttar Pradesh State water resource project
- Irrigation area (432,00ha, main road:368km, branch road: 2,800km)
- Detailed measurement of branch road canal (Production of detailed topography map and cadastral map)
- Repair and modernization of irrigation and drainage facilities/ Automation detail design



⑨ Myanmar

- Myanmar agricultural mechanization land consolidation project
- Land consolidation design, construction supervision, capability enhancement, invitation training program, and equipment support



⑪ Sri Lanka

- Sri Lanka Digiliya multi-purpose dam feasibility survey and working design

Realizing Advanced Management

KRC has introduced the smart work system for the first time as a public institution to realize advanced management. It is becoming a state-run enterprise respected and trusted by the public through management innovation and clean management.

Management Innovation

Q: What is Management Innovation?

Management Innovation refers to shifting a crisis-causing old paradigm to suit environmental change. It involves activities to analyze overall management ranging from business and financial structures, market domains, and management styles and to move them in an innovative direction.

Q: How is Management Innovation implemented?

KRC analyzed the limitations of the old management paradigm to create a new management paradigm and set its status as a “representative state-run enterprise for global rural community development” and a “leading institution to develop and implement regional rural community policies” to suit the era of globalization. In addition, it reflected requirements for improving its existing functions and roles amid environmental change and re-established its value system involving missions, vision, core values and CEO’s management policy in line with its mid- to long-term future vision and management directions. KRC is pushing ahead with management innovation through 59 action plans in 17 areas under the five management directions of “expanding growth engine businesses,” “advancing the existing policy projects,” “rationalizing the management system,” “building an organizational culture of sharing happiness and promoting welfare,” and “increasing synergy following the headquarters relocation and realizing smart work.”

Q: What is the future development direction?

KRC is moving towards ultimately becoming a “global state-run enterprise building happy rural communities” by faithfully fulfilling action plans under the five management directions.



Talk Concert aimed at seeking ways to revitalize rural communities



Discussion meetings on human resources management system

[Expansion of future growth-engine businesses]

KRC plans to expand overseas projects including overseas SOC investment frontier project and overseas farm development, to build the foundation for improving agricultural production infrastructure in North Korea and to push for inter-Korean agriculture cooperation projects. In order to explore rural community policies and take the lead in implementing them, it strives to reinforce its capabilities for rural community regional development and to expand and consolidate the foundation for business areas in the fisheries sector by utilizing unused reclamation land.

[Upgrading the existing policy projects]

KRC plans to make improvements on multi-purpose agriculture complexes and to build the farming foundation in response to climate change. Also, it pushes for efficient agricultural water management by building the comprehensive water resource management system and to improve water quality. KRC will also expand the functions of the farmland bank, facilitating the farmland pension scheme and the management recovery support project.

[Rationalization of the management system]

KRC endeavors to rationally operate organization and personnel through such efforts as organizational reshuffles conducive to strategy implementation and efficient human resource operation, to realize advanced human resources management by rationalizing human resource systems, and to foster future-oriented human resources. In addition, it firmly established decentralized responsibility management system, while facilitating collaboration and expanding information disclosure.

[Establishment of an organizational culture of sharing happiness and promotion of welfare]

KRC pushes ahead with the establishment of premium organizational culture characterized by ability and performance-based organizational culture and realization of integrity and ethics management. It promotes practical welfare by operating a family-friendly, productive welfare system, while exploring its representative social contribution brands, enhancing field-centered customer satisfaction activities.



Knowledge creation meetings in Smart Work space



Water Management Center via Smart Work

[Expansion of synergistic effects of headquarters relocation and realization of Smart Work]

KRC is building a successful model of “Smart Work” by refurbishing the organizational system for Smart Work, creating a happy working environment at the new headquarters building, and building the ICT infrastructure. It will strengthen relocation support supported by employees such as creating settlement conditions and economic benefits and establish a cluster for the agricultural-bio sector, thereby coming up with ways to contribute to regional specialization development.

Smart Work

Q: What is “Smart Work?”

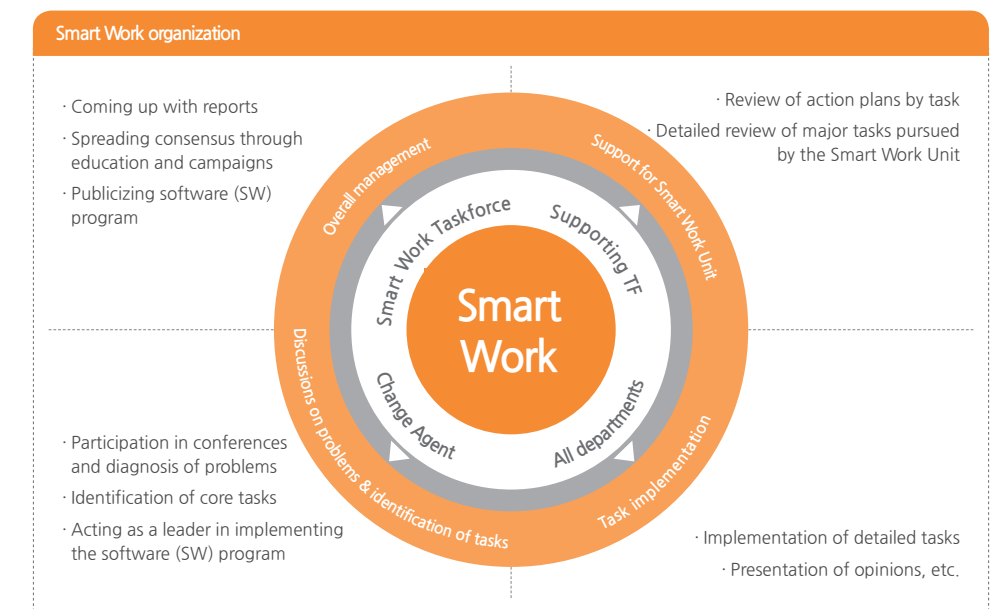
“Smart Work” refers to a work environment where people can work efficiently anywhere and at any time unbound by time and space restraints, departing from the fixed and physically limited office environment. Smart Work includes the mobile office, distance work which utilizes IT devices such as electronic and tele-conferencing systems, and work-at-home.

Q: How is Smart Work implemented?

With the relocation of its headquarters serving as a turning point, KRC introduced the Smart Work in September 2013 under the CEO’s firm commitment to overall innovation of the way of doing business including work-life balance, family-friendly management, enhancement of work productivity, and organizational culture. It has launched a unit dedicated to company-wide implementation of Smart Work-related activities tasked with reviewing its major work processes from the mid-to-long term perspective and ensuring successful settlement of a future-oriented Smart Work system.

Q: What is the future development plan?

In an effort to identify Smart Work models suitable for KRC, the company has formed internal consensus and diagnosed its problems based on employee surveys, discussion meetings by positions, labor union meetings and case studies of other organizations. In order to systematically implement the Smart Work system from introduction to establishment, KRC has formulated a roadmap by identifying core tasks by four fields of institutional systems/space/ICT and culture and has classified them into short-term, mid-term, and long-term tasks and implemented them on a company-wide level. In addition, in an effort to ensure stable establishment and development, KRC plans to expand the Smart Work system to include regional headquarters, starting from the Gyeonggi Headquarters. The ultimate goal of KRC’s Smart Work system is to become a reliable and respected public enterprise by providing the best service to the public through ongoing and practical innovation and become a happy workplace for all employees.



※ The taskforce team has been converted into a support organization and roles of conference participants have been re-established as Change Agents (CA) who act as leaders in software development.

Ethics Management

Q: What is Ethics Management?

Clean Management refers to management activities that place top priority on ethics, which must be abided by when doing business activities, and fulfill not only legal and economic responsibility, but also ethical responsibility as expected under social norms.

How is Ethics Management implemented?

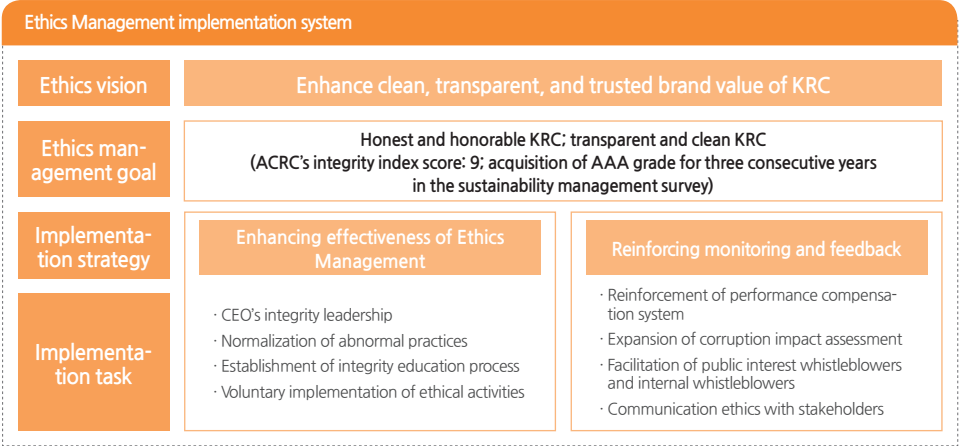
At KRC, all employees actively carry out Ethics Management by following the “Three C (Compliance, Check organization, Consensus)” system and spreading clean culture. It aims to become a global state-run enterprise trusted by stakeholders by pursuing transparent and clean management on an ongoing basis.



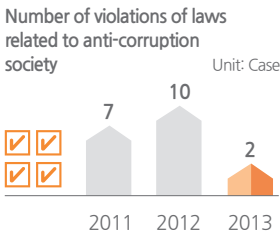
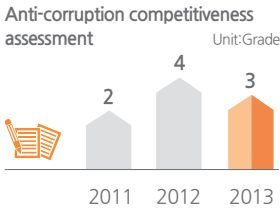
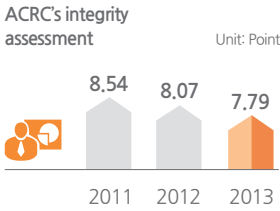
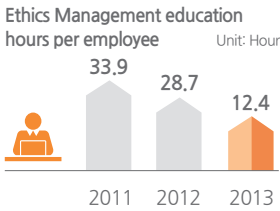
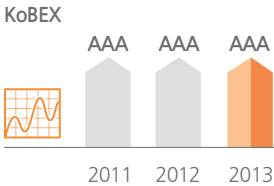
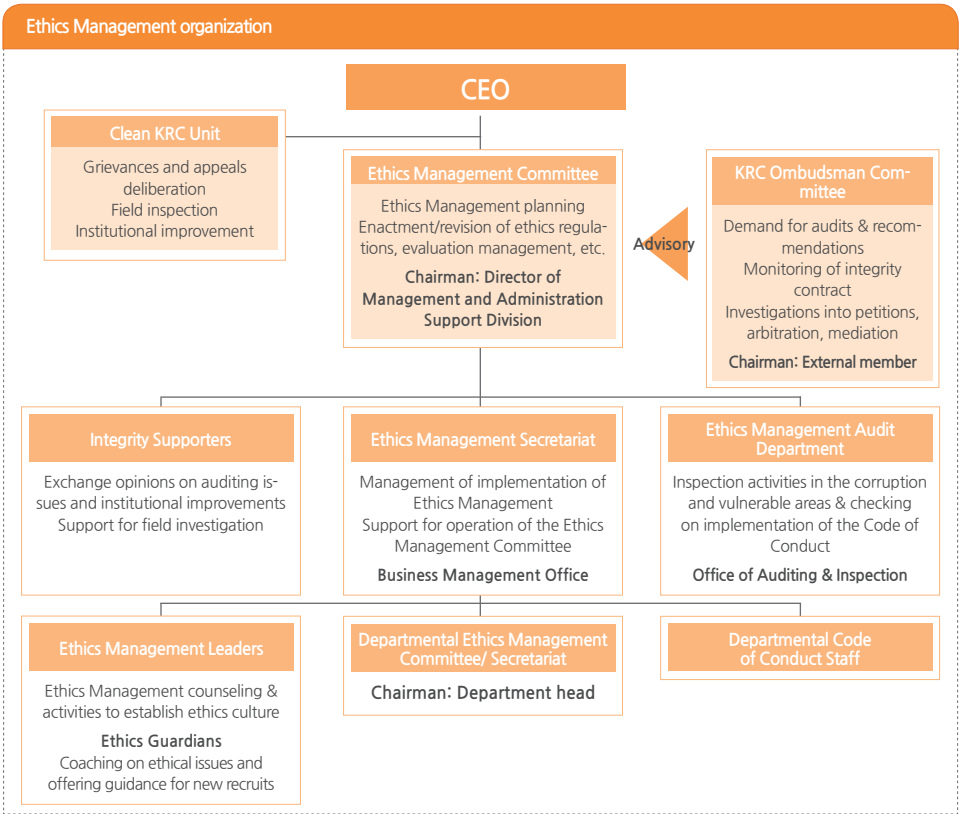
A resolution rally to promote ethics and integrity



Oath to ethics and integrity



The organizational structure for Ethics Management consists of the Ethics Management Committee under the CEO, Ethics Management Secretariat, and Office of Auditing and Inspection, which oversee enterprise-wide implementation and management of Ethics Management. Led by the Ethics Management Commission, departments carry out ethics tasks and activity programs.



Q: What activities were implemented?

[Operation of Integrity Ethics DNA]

KRC operates the “Integrity Ethics DNA,” delivering integrity-related messages such as the Code of Conduct once a week via the Intranet. Employees present their opinions on integrity and post replies via the channel which serves as a forum for ethics discussion among employees. In 2013, a total of 2,803 opinions and 2,102 replies were posted via the Integrity Ethics DNA.

[Integrity Mileage System]

KRC introduced the Integrity Mileage System which grants mileages to departments with good integrity performance, which in turn distribute the integrity mileages to individuals depending on their contribution. KRC offers extra points through integrity education, the Integrity Ethics DNA, etc, while deducting points concerning employees' violation of the Code of Conduct, which are used for personnel evaluation.

[Integrity communication]

KRC promotes Ethics Management which communicates with stakeholders. It listens to KRC's integrity level and factors causing corruption from the standpoint of customers through mobile customer centers and electronic surveys conducted among field agents. In the case of signing contracts, KRC carries out ethics collaboration activities through the integrity oath, while directly mediating integrity activities through the KRC Ombudsman system designed to monitor and investigate legal protection of citizens' rights, salvaging rights and interests of the public. In addition, it operates the honorary monitoring system in which KRC staff along with local residents inspect project sites to prevent corruption and conduct monitoring.

Q: What is the future development plan?

[Dissemination and education of ethics culture]

KRC is expanding overall education to help employees recognize and reflect anti-corruption and ethics management in their everyday work. It offers major compulsory subject courses, while providing diverse ethics education through online and offline channels. All employees are obligated to take integrity education through the life-cycle integrity education completion system. Also, based on the CEO's integrity leadership, KRC engages in company-wide anti-corruption campaigns such as the “no giving, no receiving gifts” campaign and sends integrity messages on a regular basis to implement ethics management in a more fun way.

[Ethics Management violation whistle-blowing system]

All corruption behaviors related to the work of KRC employees can be reported through various channels including helpline, red whistle, corruption report center, and report channel through the Anti-Corruption and Civil Rights Commission. The identity and confidentiality of public interest whistleblowers are protected in accordance with whistleblower protection guidelines and they receive protection support.

[Ethics Management monitoring activities]

In order to secure soundness of all of its management activities, KRC operates a strict internal inspection system. It not only conducts post-inspection, but also explores corruption-vulnerable areas in consideration of work-site project departments and project characteristics and rectifies inappropriate work handling in a timely manner through around-the-clock monitoring. In 2013, KRC diagnosed corruption risk factors in advance and conducted systematic inspection and monitoring activities to suit characteristics of each factor. After conducting inspection activities, the inspection advisory committee was held participated by external experts to impose fair inspection dispositions. It discloses implementation and management of areas pinpointed by internal and external audit and inspection and inspection dispositions on its homepage in a transparent manner, striving to prevent their recurrences.

[Internal and external assessments]

KRC acquired the AAA grade, the highest grade in the KoBEX SM, a sustainability management survey, for three consecutive years. It also received Grade 3 in 2013, a grade higher than that of 2012 in anti-corruption competitiveness assessment conducted by Anti-Corruption and Civil Rights Commission. However, integrity measurement survey for public institutions shows downward trends every year with KRC receiving 7.79 point. KRC is committed to improving integrity by actively identifying factors causing corruption and reinforcing ethics education, thereby becoming a more transparent enterprise by internalizing ethics culture.

+1 Customers +2 Employees +3 Partner Companies +4 Local Communities +5 . Future Generations

KRC Shared Value Furthering Happiness



+1 Customers

Importance of Customers

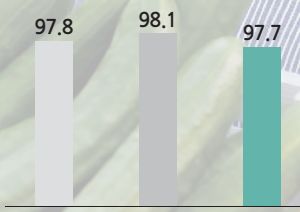
KRC has adopted an expanded and more detailed definition of “customers,” and the scope of customers includes not only farmers and fishermen and local residents in rural areas, who are the target of its projects, but also the general public, who are potential customers. It places top priority on its Customer Satisfaction Management for shared growth of customers and KRC by providing optimal tailored services through identification of the needs of customer groups.

KRC's Approach and Strategy

KRC has established an implementation system to realize customer satisfaction management. Under its vision of becoming “supporters of hope creating future values for rural communities,” it strives to increase satisfaction of internal and external stakeholders through dedicated departments based on its three strategies of “reinforcing the Customer Satisfaction (CS) implementation system,” “improving customer service,” and “enhancing CS capabilities.” In order to enhance the quality of services at customer contact points, KRC strengthens employee capabilities and is completing its customer-oriented management strategy by disseminating customer-oriented organizational culture.

| Customer Satisfaction Vision and Strategies | | | |
|---|---|--|---|
| Vision | Supporters of hope creating future values for rural communities | | |
| Goals (2020) | Provide optimal customized services to meet the needs of customers More than 95 points in public-service customer satisfaction index, more than 85 points in internal satisfaction customer index | | |
| Strategies | Reinforce the CS implementation system (Infrastructure) | Strengthen customer service (Service) | Enhance CS capabilities (People) |
| | <ul style="list-style-type: none"> Systemizing the implementation organization; Building the CRM system; Operating the CS point system; Reinforcing compliance with the Service Charter | <ul style="list-style-type: none"> Implementing field management; Operating regional agricultural governance; Managing target customers; Exploring CS areas for improvements | <ul style="list-style-type: none"> Signing MOUs on exchanges with specialized institutions; Conducting the CS Thermometer self-diagnosis; Conducting internal customer satisfaction surveys; Monitoring telephone communication |

Major Achievements and Evaluation

| | |
|--|--|
| Maintaining the best institution position in customer satisfaction for 7 consecutive years | Major Achievements |
| Public-service Customer Satisfaction Index (PCSI) (Unit: Point) | <ul style="list-style-type: none"> Integrated customer service through the operation of the CRM system; Exploration and implementation of action tasks for CS management by departments to realize customer satisfaction service; Enhancement of customer satisfaction through MOUs on exchanges with CS-specializing organizations |
|  | |
| 2011 2012 2013 | |

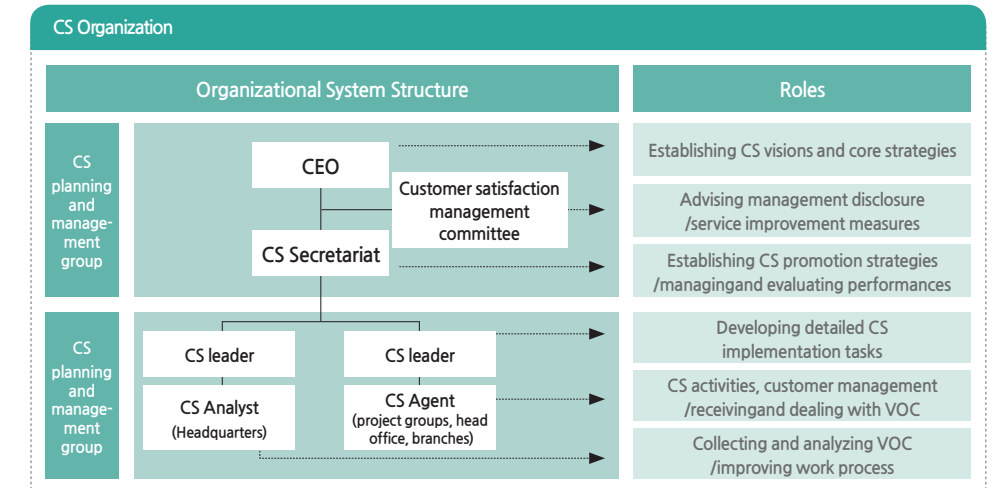
Future Plans

- Establishment of a real-time monitoring system by conducting mobile web-based customer satisfaction surveys
- Enhancement of customer response service by reinforcing field-oriented CS activities
- Providing services customized to customers by facilitating the operation of the CRM system.

Customer Satisfaction Management

Organization

In an effort to maximize satisfaction of customers by proactively implementing customer satisfaction management, KRC operates a department dedicated to customer satisfaction based on the CEO's firm commitment. In addition, KRC holds customer satisfaction management committee meetings to re-establish the direction for implementing its customer satisfaction services, while conducting performance management and assessment through the CS Secretariat. Respective CS leaders in the field are responsible for checking whether standards stipulated in its Customer Service Charter are observed properly.



VOC Collection and Handling Results

| Period | No. of VOC Handling | Average Handling Time |
|--------------|---------------------|-----------------------|
| 2013 | 2,236cases | 6.9 days |
| Types of VOC | | Types of VOC |
| Praise | | 45cases |
| Inquiries | | 991cases |
| Complaints | | 285cases |
| Requests | | 874cases |
| Others | | 41cases |

VOC Process

| Stage | Activities |
|--------------------------|---|
| Collection | Utilization of online and offline VOC collection channels - Online: Actively collecting VOC via KRC's homepage - Offline: Collecting customer opinions at field contact points (branches, project groups) |
| Classification/ Handling | Classification: Classification by work and by cause - Operating designated staff in charge of VOC by department Handling: The department in charge deals with VOC and enters the information into the system. |
| Analysis | VOC statistical analysis - Identifying problems through classification by type and business |
| Sharing/ Utilization | Serving as basic data for service and institutional improvements |

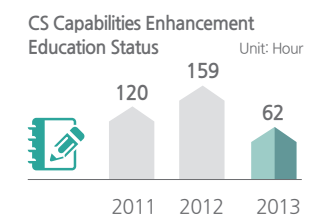
Enhancement of Customer Satisfaction Management Capabilities

KRC is spreading company-wide consensus on customer satisfaction management, while enhancing customer satisfaction management capabilities through education and training.

- Implementation of “DA-Win” service by signing an MOU on exchanges with Kyobo Life Insurance, a CS-specialized company
- Offering customized education programs: Tips on telephone service and customer reception, etc.

| Period | Description | Result |
|---------------------------|---|--|
| Aug.8, 2012 ~Aug. 7, 2013 | Tips on friendly telephone service and customer reception, etc. | Two sessions by branch (3,159 employees) |

- KRC Academy for team leaders and branch heads aimed to enhance capabilities of management staff and department heads
- Enhancing capabilities of managers by cultivating leadership skills required for successful managers: Branch heads (34) and team leaders (158)
- Efficient operation through the B/L course (cyber education + collective education)
 - Collective education to enhance CS leaders' mindset/ capabilities
- Enhancing expertise by increasing specialized education for CS staff
- Formulating customer satisfaction management strategies, producing a service manual, etc.



Customer Satisfaction Management Activities and Achievements

[Public-Service Customer Satisfaction Index]

KRC is committed to improving services at customer contact points through feedback activities on the Public-Service Customer Satisfaction Index. It selects a category whose satisfaction is low, or which shows greatest improvements among quality assessment categories of departments with lower-than-average points by business area, identifies problems on major needs and fundamental causes to derive possible improvement tasks and makes improvements to them. As a result of such efforts, KRC recorded 97.7 point in the 2013 Public-Service Customer Satisfaction Index, maintaining its status as the highest-scoring public organization for seven consecutive years.

[Customer Satisfaction Evaluation by Operation Areas]

KRC surveys its customers by operation areas on their satisfaction level through phone calls and mail. Based on possible improvements

shown in the survey result, it identifies and performs implementation tasks to increase customer satisfaction. In particular, according to the result of a survey on satisfaction level on water resource management, KRC showed high satisfaction level in the areas of supply of appropriate water amount in a time manner and irrigation facility management, contributing to improving customer satisfaction.

[Efforts to Improve Customer Service Quality]

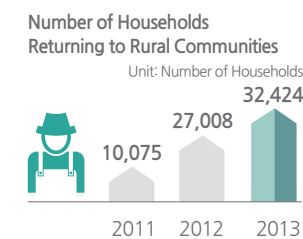
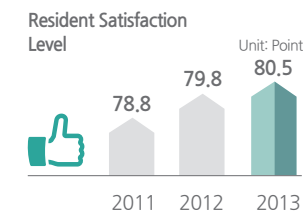
KRC is endeavoring to make its business operations more customer-oriented based on operation improvements that are brought about through the feedback activities of the Public-Service Customer Satisfaction Index surveys and the outcomes of customer satisfaction surveys conducted by business areas. Thanks to such efforts, there were no violations of laws or regulations reported concerning customer service activities offered by KRC over the past three years.



Exemplary Case Studies
on CS Management
Implementation Tasks by Field



Mobile Customer Center-introducing farming-related support systems



Realizing Customer Satisfaction Management

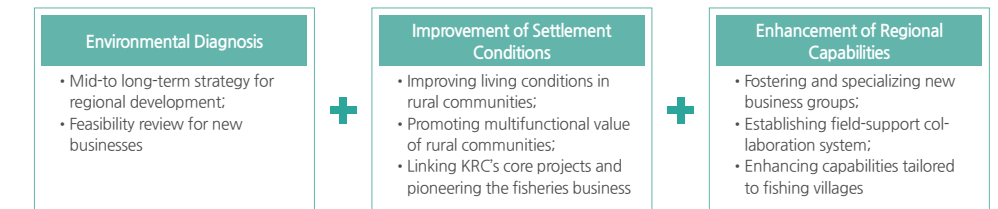
Support for a Happy Rural Life

KRC provides support for a happy rural life through rural development projects. Comprehensive rural community development projects in harmony with the environment aim to improve the living conditions and to expand income bases for farming and fishing households, promoting a balanced development between urban and rural communities.

[Rural Community Regional Development and Policy Support Project]

This project is designed to improve settlement conditions through environmental diagnosis and to enhance regional capabilities to improve the quality of life in rural communities, thereby increase resident satisfaction.

Rural Community Regional Development Project



Achievements in 2013

<Environmental Diagnosis>

■ In order to ensure systematic implementation of the project, KRC formulated the mid-to long-term term strategies for the regional development project by analyzing the project environment, while allocating budget by conducting preliminary review of business feasibility for 474 projects for 117 cities and counties (Budget for 2014-KRW 776.2 billion)

<Improvement of Settlement Conditions>

■ KRC provided support for settlement of those who wish to return to rural communities by refurbishing old houses in villages and developed and distributed a standard housing design for rural communities customized to the needs of customers. Through such effort to create pleasant villages to live in, it attracted urban citizens to rural communities, addressing the problem of declining population in rural areas.

■ In a bid to promote social and economic revitalization in rural communities and to cultivate a positive and creative thinking and personality in school setting, KRC has designated "rural schools" in rural districts. Meanwhile, KRC signed an MOU with the Ministry of Education to come up with an institutional system and ground for recognizing experience in farming and fishing villages as learning hours. It also expanded opportunities for indirectly experiencing life in rural communities.

■ In an effort to prevent any area from being marginalized due to the implementation of regional development projects centering on farming and fishing villages, KRC explored new policy project items such as a mountain village specialization project model and other projects to be promoted in connection with its main projects.

<Enhancement of Regional Capabilities>

■ Although KRC needed to implement various projects for 36,496 farming villages which account for 18% of the total population, it was faced with problems associated with poor industrial foundations such as lack of expertise of those who are involved in the projects and excessive numbers of small enterprises without specialties. Under the circumstances, KRC created and fostered new industry groups for the regional development project, inducing their specialization.

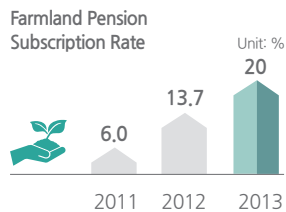
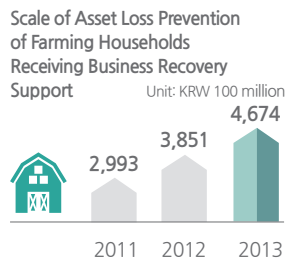
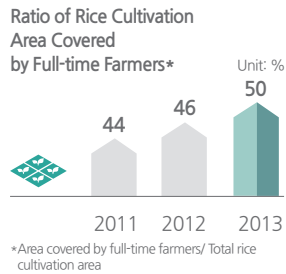
The "rural community development consultant" obtained the nation's first national certification in the field of rural community development, while the "rural community facilitator" was registered as a private qualified expert.

| Rural Community Development Consultants | Rural Community Facilitators |
|--|--|
| 165 consultants were trained (including the private sector) | 59 facilitators were trained (including the private sector) |

■ KRC supported the creation of fishing villages with specialties through resident capability enhancement projects by encouraging residents of fishing villages to take the lead in the development of their villages, assisting the project to be established as a "New Saemaeul (New Village) Movement" for fishing villages.

Support for a Happy Old Age

In an effort to stabilize farming household businesses and to provide support for a happy old age for elderly farmers, KRC presses ahead with such projects as Farmland Scale Improvement Project, Farmland Purchase for Business Recovery Support, and Farmland Pension Project. It provides support for expansion of farmland scale to foster full-time farmers with a competitive edge, while promoting efficient use and management of farmland and supporting continuity of the farming business and recovery for farming households which experience temporary business difficulties due to natural disasters such as drought and flooding. In addition, KRC provides support for a stable old age for the elderly farming population by offering monthly farmland pension.



Farmland Pension

Farmland Pension aims to boost productivity, to increase annual income of farming households, and to enhance agricultural competitiveness by expanding farming scale and accelerating farmland collectivization through farmland transactions, long-term lease, administrative give-and-take and division-and-junction of farmland.

Farmland Scale Improvement Project

The project purchases the farmland owned by farming households experiencing business difficulties due to natural disasters and increased debt and liquidates their debts and leases the farmland to the farming households with debt for a long time at low interest rate, supporting their business normalization.

Farmland Purchase for Business Recovery Support

The project supports a stable old age for elderly farmers by offering old-age livelihood stabilization fund in the form of monthly pension with the farmland owned by elderly farmers used as security.

[Farmland Scale Improvement Project]

Launched in 1990, the Farmland Scale Improvement Project aims to foster an efficient and stable specialized agricultural business community by improving farmland scale and collectivizing it to make 70,000 full-time rice farming households account for 50% of the entire rice cultivation areas. The Farmland Scale Improvement Project is classified into the farmland transaction program in which KRC purchases farmland owned by non-farmers (including corporations), those who changed their jobs from farming to other businesses, and retired farmers and sells it to full-time farmers; the farmland long-term lease program in which KRC leases the farmland owned by those who are retired farmers or have changed their business and leases it to full-time farmers under long-term contracts (5~10 years); and the administrative give-and-take and division-and-junction of farmland program in which KRC provides funding necessary for administrative give-and-take and division-and-junction of farmland among farmers.

[Achievements in 2013]

- The cultivation area covered by full-time rice farmers accounted for mere 3% of the total area in 1995. The figure increased to 50% in 2013 with full-time rice farmers covering 416,000 ha out of the total of 830,000ha.

| 1995 | 2000 | 2012 | 2013 |
|------|------|------|------|
| 3% | 18% | 46% | 50% |

- The average farmland area covered by each full-time rice farming household increased from 2.5ha in 1995 to 5.9ha in 2013 with 70,000 households cultivating the area of 416,000ha.

| 1995 | 2000 | 2012 | 2013 |
|------|------|------|------|
| 2.5% | 3.6% | 5.6% | 5.9% |

[Farmland Purchase for Business Recovery Support]

The Farmland Purchase project aims to improve the financial structure of farming households by purchasing farmland owned by farming households which experience temporary business difficulties due to debt or natural disasters and helping them liquidate their debts. Under the project, KRC guarantees long-term lease and right of repurchase of the farming households involved to support stable farming business.

Farming Household Workout Method



[Achievements in 2013]

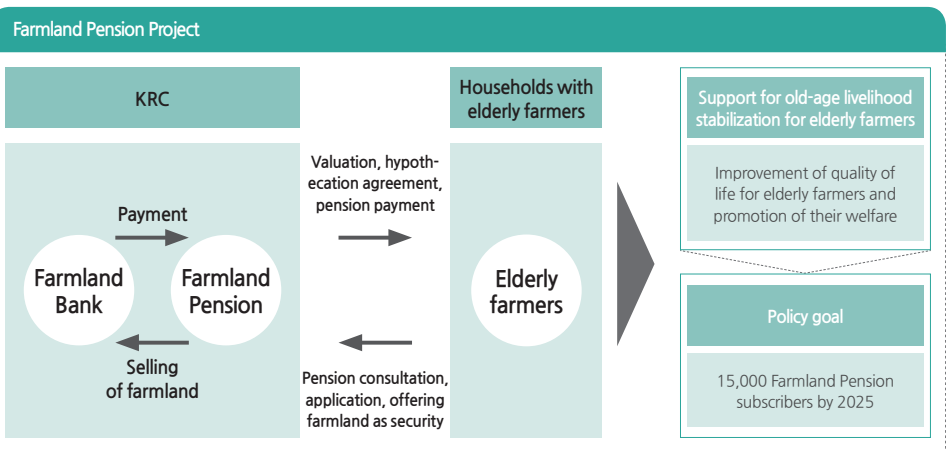
- KRC responds to rising demand by farming households by continuously increasing the budget for the project whose demand is on the rise each year. In 2013, it provided assistance for 99.4% of applications made by farming households.

| Application Status | | Support Status | | Farming Household Support Rate |
|----------------------|--------------------|----------------------|-------------------|--------------------------------|
| Number of households | Application amount | Number of households | Support amount | |
| 1,027 households | KRW 268.8 billion | 1,021 households | KRW 256.5 billion | 99.4% |

- In an effort to improve business capabilities of farming households, KRC offers business consultation service by identifying the level of farming technology and financial soundness through business diagnosis of farming households and figuring out business recovery capabilities through business analysis.

[Farmland Pension Project]

The Farmland Pension Project aims to offer the old-age livelihood stabilization fund to elderly farmers in the form of monthly pension with farmland owned by farmers aged 65 or older holding as security. It supports old-age livelihood stabilization for elderly farmers with insufficient living expenses by liquidating their farmland asset, thereby expanding social security network of farming communities and maintaining the function.



Achievements in 2013

- KRC increased perceptions of the Farmland Pension Project by conducting customized PR activities through analysis of surveys taken among pension subscribers. In order to increase awareness of the project among the general public and to shed off its negative image, it conducted PR activities via the media including broadcasting and MOUs with relevant organizations. It reinforced field PR activities targeting farmers to enhance the understanding of the project and to increase the number of subscribers.

| TV | Radio | Newspaper | LED display | Direct PR activities such as fairs | Mobile customer center | Field-tailored PR activities |
|-----------|-----------|-----------|--------------|------------------------------------|------------------------|------------------------------|
| 246 times | 146 times | 20 times | 13,115 times | 5 times | 3,153 times | 15,429 times |

- KRC proactively accepted reasons for customers' dissatisfaction and improved the Farmland Pension System to pay appropriate amount of pension. According to a survey conducted among subscribers, the biggest reason for satisfaction was small amount of pension relative to living costs, followed by small pension amount relative to farmland prices. KRC improved the security farmland valuation method and increased monthly average pension amount by 14%, while eliminating membership fee, reducing membership fee of KRW 2 million per farming household with farmland price valued at KRW 100 million. In addition, it lowered load interest rate to 1%, easing the burden of paying monthly average interest KRW 110,000 won.

- Furthermore, exemption of property tax on farmland security for Farmland Pension was enforced, easing the burden of paying property tax of KRW 66,000 per pension subscriber, relieving the burden of farmers.



Collecting customer opinions- operating mobile branch offices

+2 Employees

Importance of Employees

KRC treats its employees as partners who achieve its missions and vision together. It respects the diversity of individual employees, while building an organizational culture which helps them exert their potential to the fullest, assisting them to achieve optimal performances. KRC's top priority in terms of human resources (HR) management is to promote joint growth and development between individuals and the company through trust and unity between labor and management.

KRC's Approach and Strategy

At KRC, personnel reshuffling, recruitment, evaluation and compensation are carried out through non-discriminatory, fair, and transparent procedures. Based on characteristics of its projects, KRC introduced the "special recruitment for children of farmers and fishermen" for the first time as a public institution and expanded job opportunities for children of farmers and fishermen, fulfilling its social responsibility, while attracting talents through open recruitment. It enhances capabilities of its employees who will create and share the values of the future through expanded employee education, and also provides support for creating synergy to ensure balance between work, life and family. Labor and management communicate with each other through diverse communication channels, creating a labor-management culture of shared growth based on trust and cooperation.

Major Achievements and Evaluation



Future Plans

Drawing up improvement measures for the overall personnel management system such as Grade 3 promotion system to establish a rational personnel management system;

Improving employee welfare system and coming up with programs to improve working conditions on the occasion of headquarter relocation to Naju City.

Employee Status

(Unit: No. of persons)

| Category | | 2011 | | 2012 | | 2013 | | Category | | 2011 | 2012 | 2013 |
|---------------------------|----------------------------------|--------------|----------|---------|----------|----------|---------|--|----------------------------|-----------|-------|-------|
| | | Male | Female | Male | Female | Male | Female | | | | | |
| By Type of Employment | Executives | 7 | - | 7 | - | 7 | - | The Socially Marginalized | Female | 446 | 444 | 461 |
| | Regular workers* | 4,802 | 446 | 4,605 | 444 | 4,487 | 461 | | Disabled persons | 257 | 272 | 271 |
| | Indefinite-term contract workers | 333 | 214 | 309 | 220 | 536 | 308 | | Patriots and veterans | 325 | 348 | 347 |
| | Non-regular workers | 251 | 21 | 287 | 75 | 311 | 63 | By Age Group (based on regular workers) | In their 20s and under | 111 | 116 | 123 |
| By Position | Executives | 7 | - | 7 | - | 7 | - | | In their 30s | 1,001 | 1,001 | 962 |
| | Specialists | 3 | - | 3 | - | 3 | - | | In their 40s | 2,099 | 2,086 | 2,049 |
| | Grade 1 | 104 | - | 81 | - | 63 | - | | In their 50s | 2,037 | 1,847 | 1,814 |
| | Grade 2 | 397 | 5 | 346 | 5 | 313 | 5 | Recruitment | (Based on regular workers) | 96 | 25 | 135 |
| | Grade 3 | 1316 | 29 | 1269 | 28 | 1211 | 28 | Retirement | (Based on regular workers) | 121 | 221 | 245 |
| | Grade 4~5 | 2174 | 245 | 2128 | 243 | 2089 | 255 | Average service years (year) (Based on regular workers) | 18.4 | 19.0 | 19.0 | |
| | Grade 6 | 801 | 167 | 772 | 168 | 801 | 173 | | | | | |
| | Others | 584 | 235 | 596 | 295 | 847 | 371 | | | | | |
| By Region (As of 2013) | | Headquarters | Gyeonggi | Gangwon | Chungbuk | Chungnam | Jeonbuk | Jeonnam | Gyeongbuk | Gyeongnam | Jeju | |
| | | 14.9% | 12.7% | 3.5% | 5.5% | 14.5% | 14.0% | 13.4% | 10.4% | 9.8% | 1.4% | |

* Among regular workers, 24 of them (7 males and 17 females) work in

Open Recruitment

Open Recruitment

KRC recruits talented people who can achieve its missions and vision together and create new engines of growth including development of fishing villages and overseas agricultural development in fair manner. When recruiting people, KRC respects diversity and human rights of individuals. It prohibits discrimination based on gender, age, religion, education background, and physical disabilities and complies with provisions on prohibition of forced labor stipulated in Korea's Labor Standards Acts and the International Labor Organization (ILO).

In addition, KRC has expanded socially-equitable recruitment, fulfilling its social responsibility in the field of employment. It has promoted socially-equitable recruitment by expanding employment opportunities for children of farmers and fishermen by adopting the "special recruitment system for children of farmers and fishermen" for the first time as a public institution and introducing a special recruitment process for disabled persons, which is separate from the general recruitment process to guarantee job opportunities for disabled persons, taking the lead in realizing an equitable and fair society. It also operates "Youth Intern" program to address the youth unemployment issue, to provide youth with opportunities to gain workplace experience, and to enhance their work capacity.

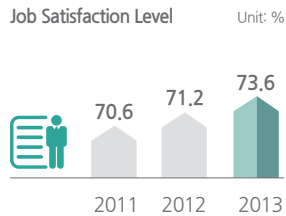
Meanwhile, in an effort to secure talented people, KRC pursues recruitment without excessively relying on job seekers' academic backgrounds and credentials. It has eliminated a practice of considering unnecessary academic backgrounds and credits unrelated to work duties. Instead, it recruits customized talents by evaluating work-related licenses and certificates, career, experience, and problem-solving ability. It offers opportunities for written tests to greater number of job seekers, realizing non-discriminatory employment through transparent and fair procedures.



Open Recruitment Status

(Unit: No. of persons)

| | | 2011 | 2012 | 2013 |
|----------------------------------|--|-----------|-----------|-----------|
| New Regular Worker Recruitment | Females | 15 | 1 | 21 |
| | Disabled persons | 2 | 1 | 7 |
| | Regional talents | 73 | 19 | 104 |
| | High school graduates | - | 5 | 27 |
| | Specialized high school graduates | - | 4 | 17 |
| | Science and engineering majors | 83 | 17 | 93 |
| Indefinite-term contract workers | | 547 | 529 | 844 |
| Non-regular Workers | Youth interns | 60 | 201 | 165 |
| | Contract workers | 272 | 362 | 374 |
| Out of Total Employees | Number of female employees with team leader or high position | 4 | 6 | 6 |
| | Disabled persons | 257(4.2%) | 272(4.6%) | 271(4.4%) |



Fair HR Management

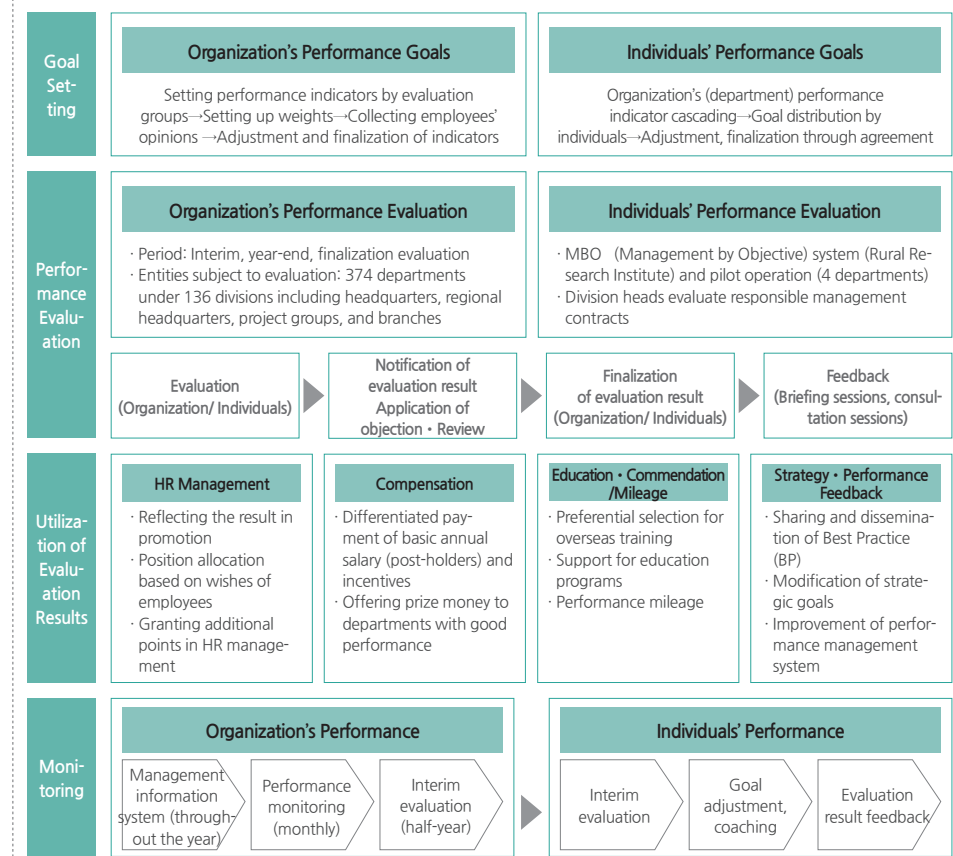
KRC applies performance and capacity-centered human resources management for all employees regardless of gender and physical disabilities based on employment rules and human resources management regulations. All employees are guaranteed equal opportunities and all wages and welfare benefits are identically applied to the same positions without any discrimination based on gender. In addition, KRC ensures that female employees occupy a certain percentage of the Promotion Committee to prevent any disadvantages against female employees in terms of promotion.

KRC secures objectivity and fairness by conducting multi-faceted evaluation that minimizes any possibilities of evaluating a few employees favorably or unfavorably. It evaluates performance by developing differentiated evaluation indicators based on job duties, responsibilities and roles, by individuals. Evaluation results are utilized to determine promotion, compensation, job assignment, and transference, operating a fair and rational human resources management system.

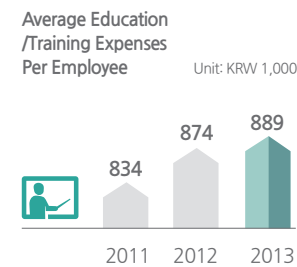
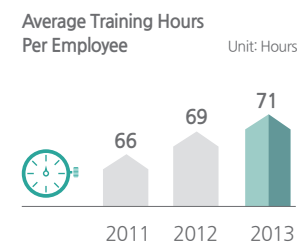
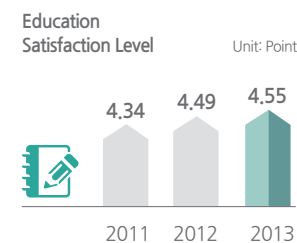
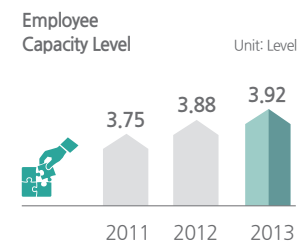
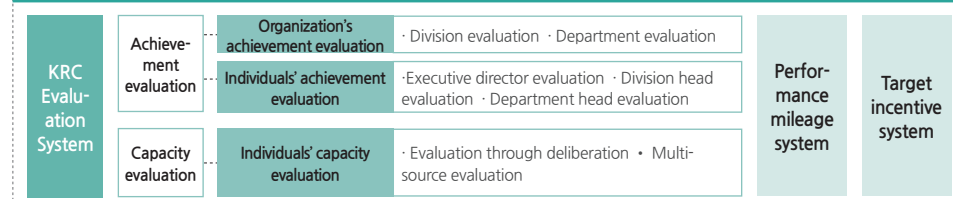
Management Principles



Performance Evaluation System



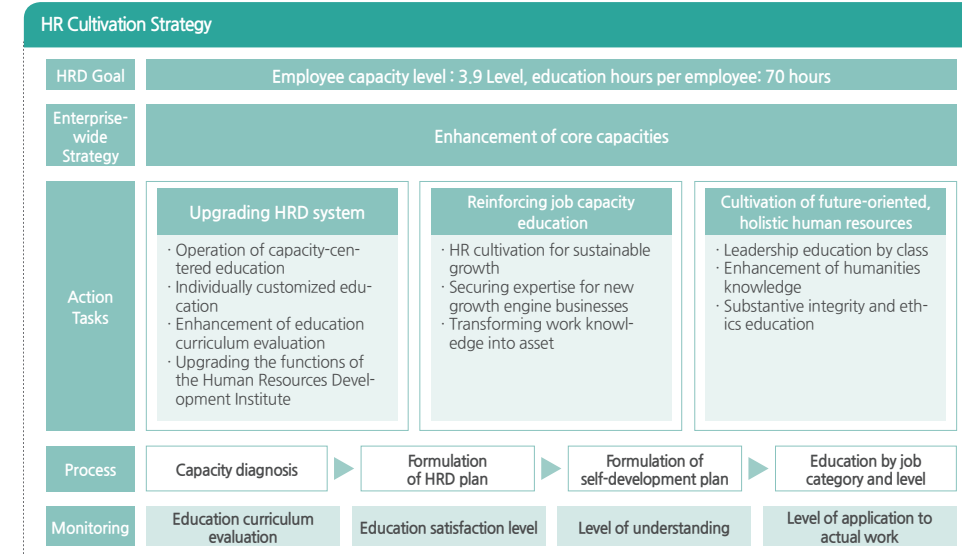
Composition of Evaluation System



Cultivation of Future-oriented Talents

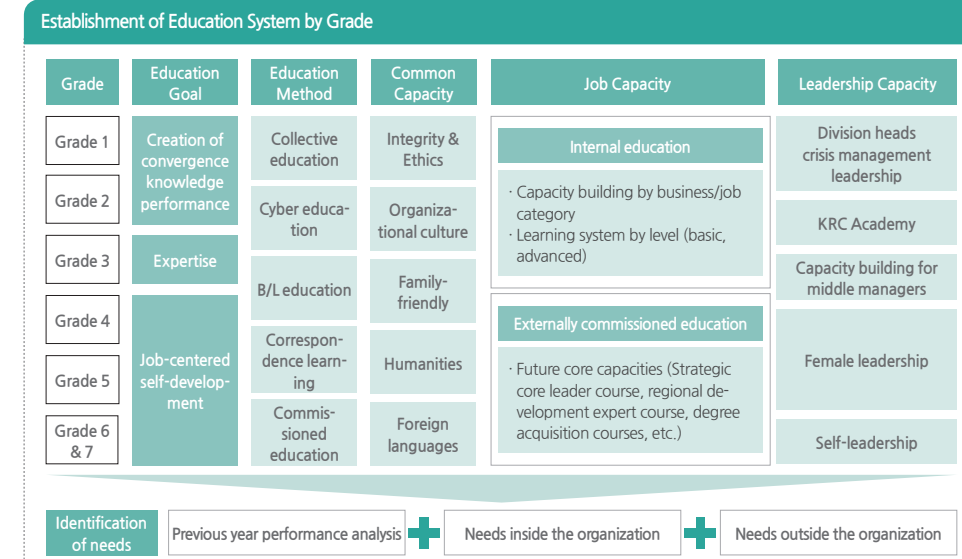
HR Cultivation Strategy

KRC enhances expertise of its human resources based on its HR cultivation strategies and operates capacity-centered, customized education. It makes multi-faceted efforts to increase education effects by setting capacity-building goals for all employees and coming up with measurable key performance indicators. It not only fosters human resources, but also provides an environment where the right people can exert their abilities in the right place, thereby achieving its missions and vision. KRC's HR cultivation strategy has been recognized externally as indicated by its winning of "HRD Management Grand Prize" at the 2013 Korea HRD Awards and its Best HRD certification implemented by the Ministry of Employment and Labor, the Ministry of Education, the Ministry of Trade, Industry and Energy, and the Small and Medium Business Administration.



Development of Education Curriculum Meeting the Needs of Employees

KRC redesigns its education curriculum through performance analysis for education conducted in the previous year. It also newly opened education courses that can enhance expertise by job groups such as production bases, real estate and asset management education through capacity diagnosis of employees and analysis of the needs of members via internal VOC. Meanwhile, KRC expanded specialized commissioned education courses by analyzing the needs of executives, enhancing cultivation of core personnel. It also operates education courses meeting social needs including the ethics management leader course and compulsory cyber integrity education for all employees.

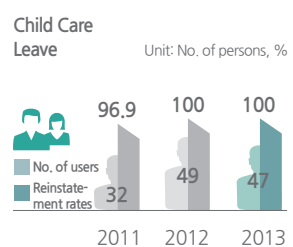
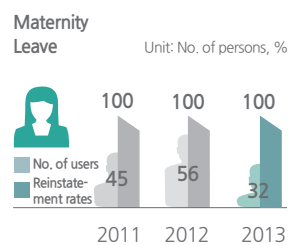
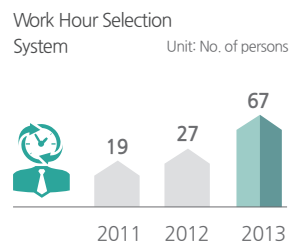
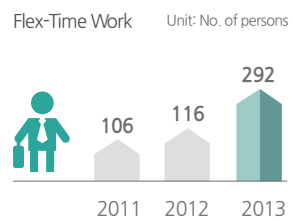
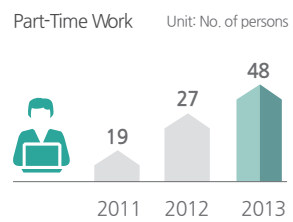
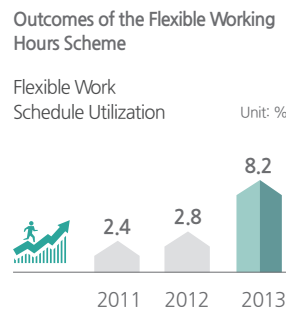


Building an Organizational Culture of Sharing Happiness

Balance between Work and Life

[Promoting Flexible Working Hours Scheme]

In an effort to build a culture of balancing work and family by promoting the flexible working hours scheme, KRC came up with guidelines on the flexible working hours scheme in September 2013 and has been expanding the implementation of the scheme by publicizing positive aspects of the flexible working hours scheme. It completed making institutional improvements by eliminating restrictions on part-time work utilization period and expanding the scope of applications for part-time work and working hour selection system to include the entire workforce. The management encouraged employees to utilize the flexible working hours scheme to create a company-wide organizational culture. As a result, the flexible working hours scheme utilization rate increased by 284% from a year ago.



[Support for Childbirth and Child Care]

KRC is improving working conditions for female employees by creating a family-friendly working environment which takes into account childbirth and child care. It offers resting time for pregnant employees and also operates internal resting rooms. It also improved the maternity leave system, thereby excluding public holidays when calculating the maternity leave period and automatically enabling child care leave when employees apply for maternity leave. KRC extended the child care leave period for female employees from one year to three years and increased the age ceiling of children subject to child care leave from six-year-old pre-school children to eight-year-old children who are in the second grade of elementary school. It also operates workplace child care centers, as well as resting areas for female employees which also serve as nursing rooms.

[Employee Health and Safety]

KRC ensures reliability on safety through the labor-management council and collective agreements and operates workplace nurse's office to ensure employee health. It offers more stable working conditions through employee residence for employees who work in areas far from their hometowns (When employee residence is not available, KRC provides support for rental fee for studio apartment, while operating a mobile non-smoking clinic to promote employee health. It also offers specialized counseling program to address individual employees' stress problems through Employment Assistance Program (EAP) involving legal, financial and psychological counseling services.

Given its business characteristics involving repair of installations in rural communities and large-scale land reclamation projects, KRC formulates comprehensive plans on safety-related accidents to minimize the possibility of human or physical damages to its employees or related local residents and the possibility of safety-related accidents involving its employees. In addition, in cases where any union member incurs an injury or a disease due to occupational accidents, KRC pays compensation based on the Industrial Accident Compensation Insurance Act, as well as medical expenses that exceed the covered amount. It also separately pays wages to employees experiencing occupational accident based on relevant regulations for the period when they are unable to work, thereby ensuring the livelihood of their families.

[Creating a Family-Friendly Culture]

KRC creates a family-friendly workplace atmosphere by designating Tuesdays and Thursdays as "Hwa-Mok Day (meaning "Happy Family Day")" in which employees are encouraged to leave office on time. It also provides cyber language course contents to families of employees to promote self-development not only for employees but also for their families, while offering various family programs to experience cultural facilities. KRC introduced the annual leave advance system to enhance flexibility and effectiveness of using leave, while encouraging various family-friendly leave such as Kimjang leave (making large quantities of kimchi for the winter) and winter leave. KRC acquired family-friendly certification granted by the Ministry of Gender Equality and Family for the first time in 2010. It acquired the certification again in 2013, consolidating its status as a leading family-friendly institution.

[Retiree Support Program]

KRC supports prospective retirees' participation in such activities as life strategy, re-employment strategy, startup education programs and social participation activities to help them respond to change after retirement and plan their second life. In 2013, it offered education for 113 prospective retirees.



Labor-management relations based on shared growth and cooperation

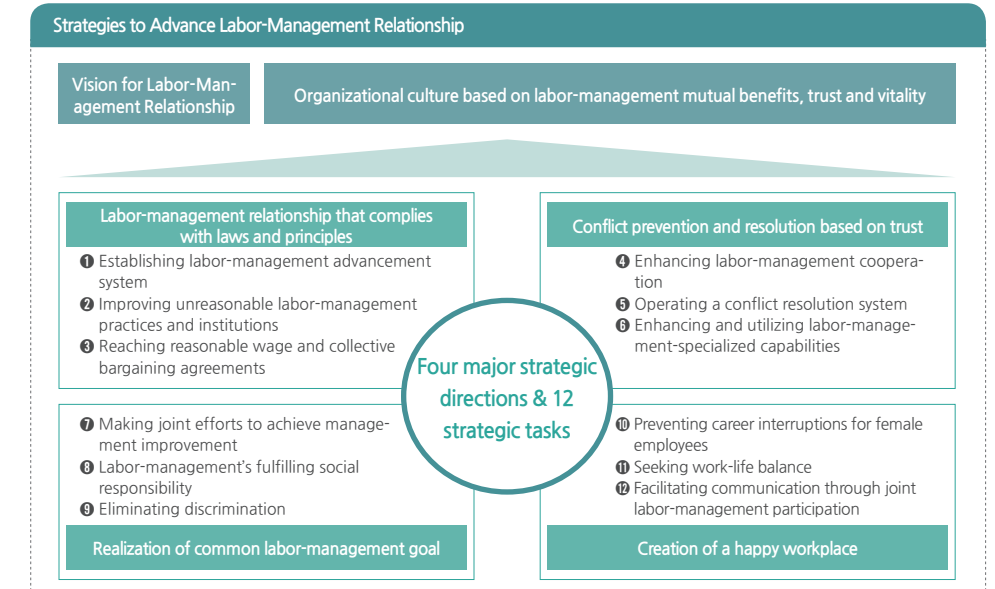
Labor-Management Culture Based on Mutual Benefits and Cooperation

[KRC's Labor Union]

KRC's labor union was launched as a single union in December 2001 and all employees other than those in manager positions at Grade 2 and above and in specific positions such as HR-related positions or secretaries are eligible for union membership. As of the end of 2013, there were 99% of all KRC employees unionized and collective agreements reached by the labor union are applied to all KRC employees.

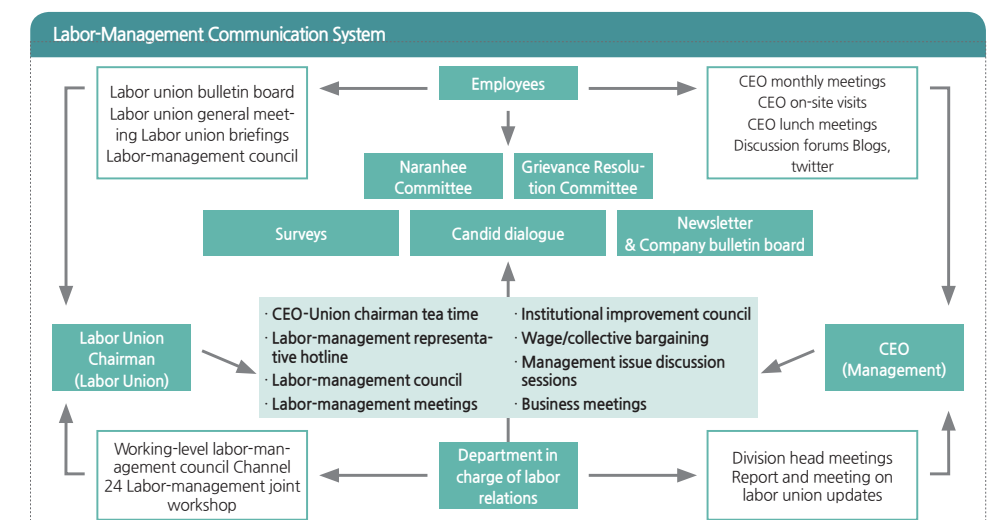
[Strategies to Advance Labor-Management Relationship]

KRC established strategies to advance the labor-management relationship to build a labor-management relationship based on cooperation and mutual benefits through consultations between the two sides.



[Labor-Management Communication]

Labor union and management at KRC communicates with each other through diverse two-way communication channels. KRC resolves conflicts through communication and builds a culture where the growth of the company and individuals' development are achieved simultaneously. It shares the company's latest news with employees through the 15-minute KRC morning broadcasting, while offering opportunities for communication and emotional bonding such as expressing gratitude, praising other employees, and celebrating birthdays. It also allocates a section in its newsletter for employee participation, inducing employees to take constant interest in its organizational culture of communication and empathy. KRC's communication channels were externally recognized, winning Grand Prize in the communication management category at the 2013 Forbes CEO Award.



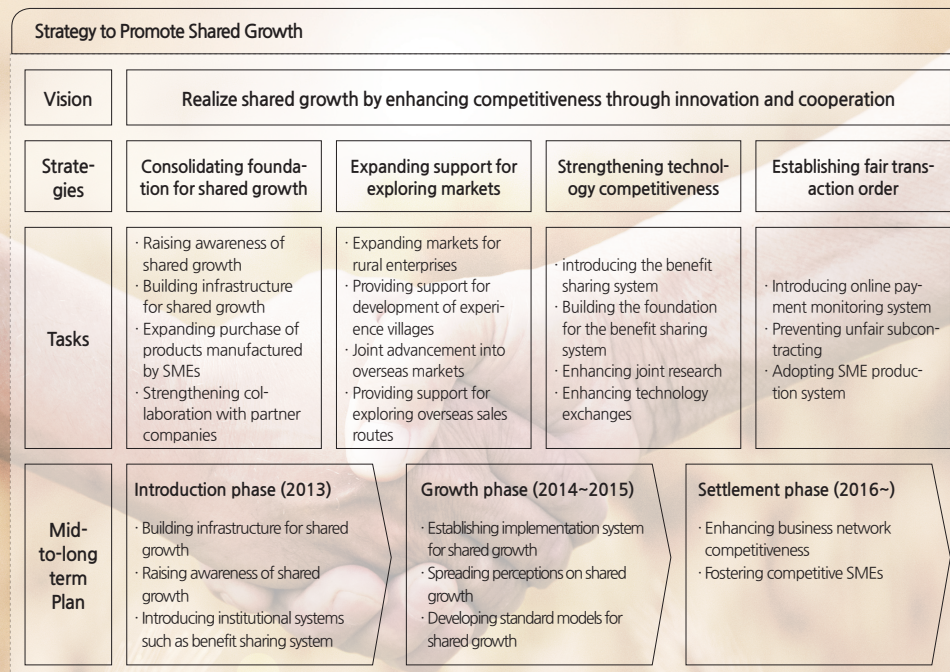
+3 Partner Companies

Importance of Partner Companies

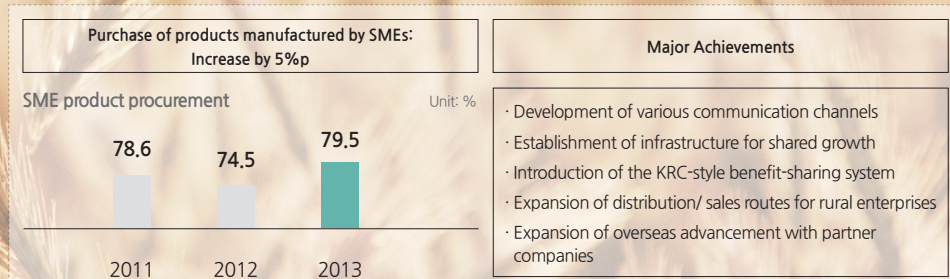
In order to achieve economic democratization and create ongoing growth engines, shared growth with partner companies and small and medium-sized enterprises (SMEs) is of paramount importance in realizing a fair society. KRC should play a leading role as a state-run enterprise by providing support in the areas of technology, funding, and markets, while partner companies should take advantage of them to promote shared growth. One of KRC's responsibilities is to establish a fair transaction order by improving unfair practices and institutional systems with partner companies and to take the lead in ensuring equal opportunities and fair competition.

KRC's Approach and Strategy

In a bid to realize "shared growth by enhancing competitiveness through innovation and cooperation," KRC came up with strategies of "consolidating the foundation for shared growth," "expanding support for exploring markets," "strengthening technology competitiveness," and "establishing fair transaction order." In order to ensure more proactive and systematic operation, KRC formed the Shared Growth Team dedicated to shared growth, achieving shared growth through partnership with partner companies.



Major Achievements and Evaluation



Future Plans

- Establishing KRC-type shared growth
- Promoting technology development and disseminating the sales route support-type benefit sharing system
- Expanding markets for rural enterprises and joint advancement into overseas markets with partner companies

Creating a Culture of Shared Growth

Support for Expanding Distribution and Sales Routes for Rural Enterprises

[Agro-Fisheries Industry Expos]

KRC organizes agro-fisheries industry expos to spread consumer perceptions, to explore sales routes, and to disseminate best practices through display, promotion, and marketing of outstanding products manufactured by rural enterprises. It displays, promotes, and sells good products manufactured by rural enterprises (B2C), while supporting entry contracts between distributors and rural enterprises (B2B). All types of rural enterprises including enterprises, which are beneficiaries of the local industry promotion project and the rural resource multi-industry development project, and resident companies in agro-industrial complexes can participate in the expos.

The agro-fisheries industry expo participated by 163 rural companies recorded 85,910 visitors, 464 buyer consultations, MOUs and residency contract worth KRW 1 billion, on-site sales of KRW 2,542 million, and 244 PR activities including the TV coverage.



[Support for Exploring Domestic and Overseas Sales Routes for Rural Enterprises]

KRC provides support for exploring relatively poorly developed distribution and sales routes for rural enterprises. It offers support through various channels including distribution capacity building consulting service which analyzes strengths and weaknesses of products via distribution exhibitions attended by experts and offers consultations on ways for commercialization and PR activities; and domestic sales route support which helps distributors and rural enterprises sign entry contracts through Buyers' Day at expos and distribution exhibitions. In particular, in order to explore overseas sales routes, KRC sought overseas advancement of Korean local products through aggressive marketing activities such as overseas local exhibitions in the USA, China and Vietnam. As a result, export contracts with USA worth US\$1.1 million involving 30 rural enterprises, with China worth US\$ 2.24 million with 20 rural enterprises, and with Vietnam worth US\$980,000 involving 15 rural enterprises were signed in 2013.

Support for Overseas Agricultural Development Projects

In an effort to provide support for private enterprises tapping into overseas markets, KRC established a channel for offering and sharing accessible information on overseas agriculture to individuals and companies interested in overseas agriculture by establishing a portal system for overseas agricultural development service (<http://www.oads.or.kr>). It established highly-reliable information network on agricultural environment by country and region by investigating agriculture status and investment systems of the world's major farming areas, providing support for environment survey projects to help Korean companies utilize the information when entering overseas markets. It also provides financial support by offering loans to overseas agriculture developers when they develop farming and livestock products overseas.



KRC signing an MOU with Small & Medium Business Corporation



Consultation session on public institutions' purchase of SME products

| Support for Overseas Agricultural Development Service | | |
|---|---|--|
| Category | Description | Result |
| Overseas agricultural investment environment survey | Support for local surveys conducted by experts on agricultural investment environment such as farming environment and infrastructure | 5 companies in 4 countries; KRW 135 million |
| Loan support for overseas agricultural development service | Support for long-term, low-interest loans to overseas agriculture developers for overseas local projects | 3 projects in 3 countries; KRW 3,490 million |
| Consulting service for overseas agricultural development service settlement | Providing local consulting service by dispatching experts in the fields of storage drying and distribution, which are obstacles experienced during overseas projects | 3 enterprises in 3 countries; KRW 14 million |
| HR cultivation for overseas projects | Fostering overseas interns and transferring them to companies seeking advancement into overseas markets Large-scale farming education by inviting experts overseas | Recruitment transfer: 2 persons No. of educated personnel: 21 |

Introduction of Benefit Sharing System

KRC operates the benefit sharing system in which it conducts joint research on new technology and new products requiring development with SMEs, explores sales routes in collaboration with SMEs, and shares the benefits with them. It designated a relevant organization in charge and came up with operation guidelines, while hosting briefing sessions and discussion forums to promote early settlement of the system. In 2013, KRC hosted a contest to explore new projects and selected five projects including localization of hydraulic oil which are currently under development. KRC will strive to make the benefit sharing system successfully take root, promoting shared growth with SMEs and fair distribution of benefits.

Technology Support

KRC conducted joint R&D projects with 20 SMEs including “Development of a system dredging sedimentary soil from irrigating channels and culverts” by investing KRW 2 billion in research spending. It performed technology transfer after technology development with five SMEs through joint investment, while transferring technology on intellectual property right to 10 SMEs to help them manufacture products and perform construction using the technology. In 2013, KRC signed 127 contracts worth KRW 5.487 billion through technology support for SMEs.

Diverse Communication Channels

KRC listens to difficulties experienced by SMEs utilizing various communication channels. It collects opinions of SMEs through various channels including nationwide discussion tours with the invitation of CEOs of SMEs, shared growth MOU signing ceremonies, meetings with SME CEOs, SME product purchase consultations, briefing sessions, seminars, and workshops and reflects them in institutional systems, making improvements.

Meeting with CEOs of partner companies & MOU ceremony on shared growth



Creating a Fair Transaction Environment

Improving Unfair Business Transactions with Subcontractors

KRC endeavors to improve unfair business transactions with subcontractors. It induced increase in the amounts of direct payments to subcontractors by granting additional scores according to “Subcontractor Direct Payment Plan” when screening qualifications for KRC bids, while increasing the prepaid amounts to subcontractors to facilitate flow of funds to subcontractors. In addition, KRC introduced online payment monitoring system to monitor payments to subcontractors and to send SMS notifications according to the flow of funds. Meanwhile, the company introduced report and prize-awarding system concerning any illegal subcontracting activities for all construction projects. Depending on the result, it offers prize money of up to KRW 5 million, striving to establish a fair transaction culture. In 2013, direct payments made by KRC to subcontractors amounted to KRW 232.6 billion up by 3% from a year ago.

Establishing a Fair and Transparent Contract System

KRC notifies its quarterly order-placement plans through its homepage and makes sure that document submission and making payments can be made through a system to minimize contract with bidders, thereby ensuring fair and transparent contracts. Moreover, in an effort to encourage fair contracts between original contractors and subcontractors, KRC recommends the use of the standard contract form which includes protection provisions for subcontractors by granting additional points in KRC biddings when using the standard contract form.

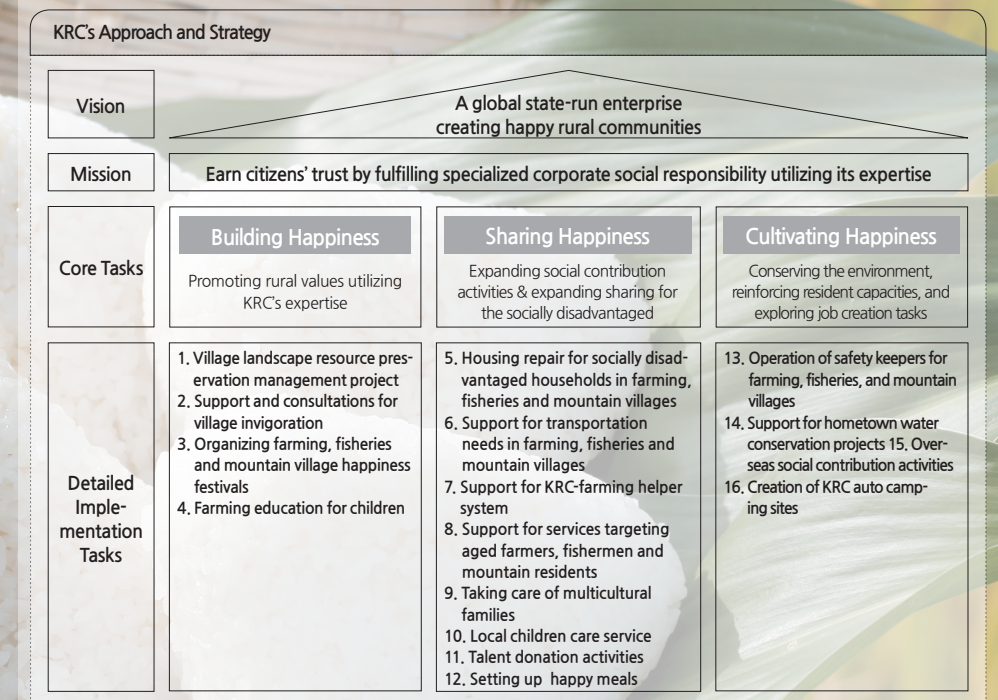
+4 Local Communities

Importance of Local Communities

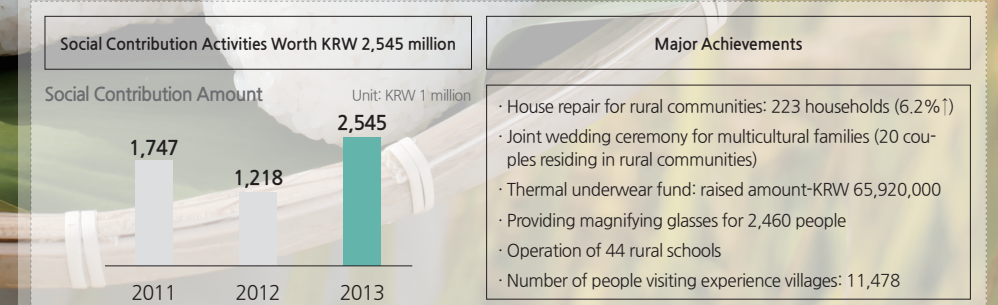
As a frontrunner in promoting the agro-fisheries industry, rural communities and local sites, KRC regards making contribution to the development of rural communities, which are placed under relatively disadvantaged positions compared to urban areas, as its mission. KRC perceives expanding the scope of welfare programs for disadvantaged rural communities and socially marginalized neighbors through ongoing social contribution activities and pursuing happiness together as proper roles of a corporate citizen.

KRC's Approach and Strategy

In a bid to realize its vision of becoming a “global state-run enterprise creating happy rural communities” and to be transformed into a respected public enterprise that fulfills its corporate social responsibility, KRC has re-established the concept of its social contribution activities as activities to “recharge happiness.” Happiness recharging activities strategically fulfill social responsibility in consideration of KRC's business characteristics and the needs of local communities. The headquarters and 93 branches at KRC are briskly engaged in local community participation activities and will continue to increase happiness index for residents of rural communities through happiness recharging activities.



Major Achievements and Evaluation



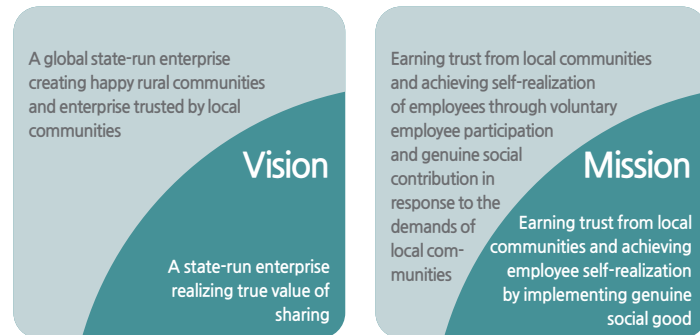
Future Plans

- Exploring new social contribution programs that meet diverse needs of socially disadvantaged groups in rural communities
- Reinforcing happiness recharging activities through collaboration with organizations concerned
- Implementing a system of granting additional social volunteer service points in deciding promotions to facilitate employee participation in happiness recharging

System for Sharing Happiness with Local Communities

Vision and Mission of KRC's Social Contribution Activities

KRC presents a clear vision for social contribution as a top-tier state-run enterprise and sets mission to effectively achieve the vision. It has set a state-run enterprise realizing the true value of sharing as its vision for its corporate social responsibility (CSR) and promotes the growth of local communities by conducting social good, building mutual trust.



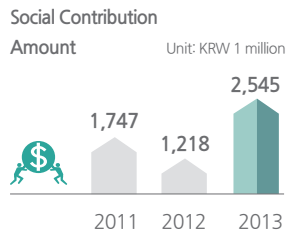
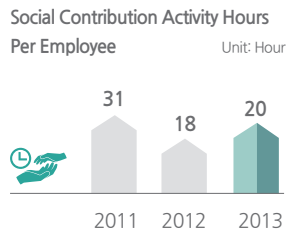
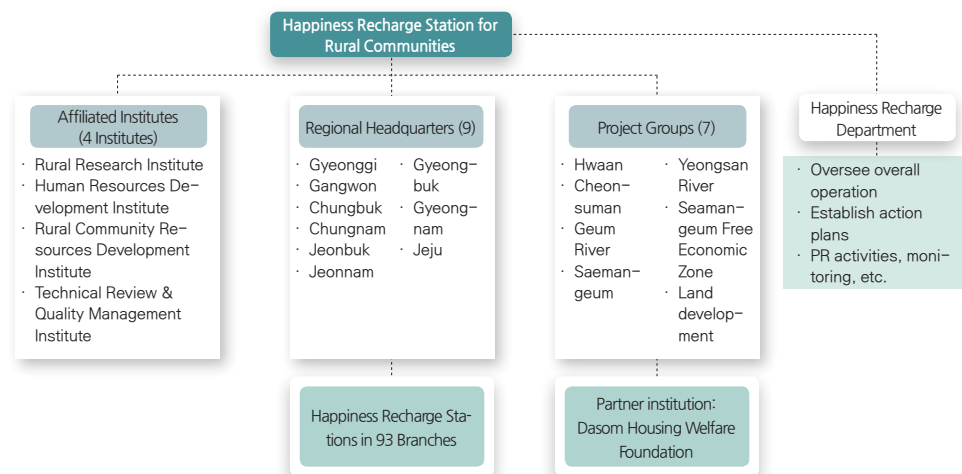
Development of Integrated CSR Brand

KRC has developed integrated CSR brand to externally deliver its CSR effort and to increase its perceptions among the public and customer recognition.

- Meaning: KRC, which brings happiness to rural communities, is described as a three-color rainbow (KRC's CI colors), expressing core values of happiness recharging - building, cultivating, and sharing happiness
- Name: "Go, Happy (denoting "together," "continuous," "heighten") - indicating that all employees at KRC work together ("let's go") and carry out continuous activities ("go on action") to heighten the level of happiness in rural communities

KRC Happiness Recharge Volunteer Corps

In a bid to strategically implement CSR activities, KRC established "Happiness Recharge Department" dedicated to CSR activities, while designating 113 on-site units including its nationwide branches and project groups as "Happiness Recharge Stations for Rural Communities," thereby operating the Happiness Recharge Volunteer Corps. Headed by the CEO, the KRC Happiness Recharge Volunteer Corps is composed of nine regional headquarters and 130 unit volunteer groups (as of 2014). Each volunteering team designates a volunteer service leader to reflect opinions of team members and to promote voluntary program development and implementation.



KRC's integrated CSR brand



Happiness Recharge Volunteer Corps

Happiness Recharging Activities for Local Communities

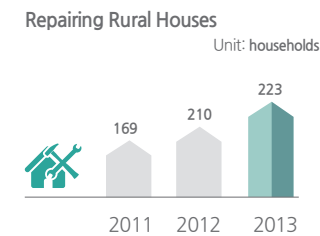
Rural Community Welfare

[Repairing Rural Houses]

In order to improve the quality of life of underprivileged groups that are on the rise in rural communities such as single-parent families, poor low-income families, and elderly people living alone, KRC is engaged in various support projects including repairing old houses, improving residential environment, and arranging volunteers for them. In an effort to carry out such activities in more systematic and efficient manner, KRC established the non-profit Dasom Housing Welfare Foundation which is sponsored by KRC employees. Since the inaugural year of 2007 when it repaired a total of 37 houses, the project underwent gradual expansion. In 2013, a total of 223 houses were repaired through funding by Community Chest of Korea (KRW 300 million) and sponsorship by KRC employees. KRC will continue to develop this project into its specialized volunteer service project, making concerted efforts to ensure practical improvement of the quality of life for farmers and fishermen.



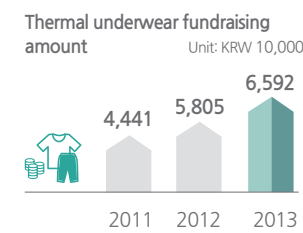
Rural house repair volunteer service



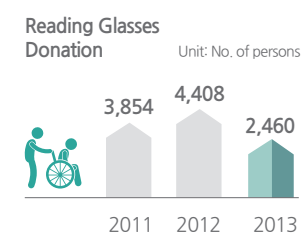
Joint wedding ceremony for multi-cultural families



Thermal underwear fund



Presenting custom-made reading glasses



[Support for Multi-cultural Families]

In order to support early settlement of steadily increasing migrant women who come to Korea's rural communities to marry Korean men, KRC is engaged in various support activities by regional unit volunteer teams such as support for their visit to hometown, support for child care expenses for migrant women who gave birth to babies, the Korean language and computer education, and Korean food making.

In October 2013, KRC organized a joint wedding ceremony for 20 multi-cultural couples who experience financial difficulties among those who reside in rural communities or those who are engaged in farming and fishing. KRC plans to organize the joint wedding ceremony, which marked the second anniversary in 2013 following 2012 on a regular basis. It also makes utmost effort to ensure post-service, sending CEO messages and delivering care packages to households receiving KRC's support. KRC will refrain from one-time events and provide systematic and continuous support to help multi-cultural families successfully settle down in Korea.

[Thermal Underwear Campaign (Thermal Underwear Fund)]

Since 2006, KRC has delivered thermal underwear to elderly people living alone in rural communities during the winter by forming the Thermal Underwear Fund. In 2013, the CEO took the initiative by sending 1,000 pieces of thermal underwear to North Gyeongsang Province and a total of 5,993 pieces of thermal underwear were sent to aged farmers residing in rural areas. KRC promotes its campaign through advertising and featured news articles to encourage external participation. The thermal underwear campaign is spreading into a social campaign of sharing participated not only by KRC but also people from all walks of life including lawmakers, public officials, and elementary school students.

Medical Care and Health Sector

[Donation of Custom-made Reading Glasses ("Bright Service")]

KRC donates free custom-made reading glasses and repair them for farmers and fishermen. The cost is paid by matching grant, a voluntary donation made by KRC employees. Local opticians and health-related universities offer their expertise for the volunteer service. The custom-made reading glass service received government recognition as an exemplary case for volunteer services for rural communities. In 2013, KRC donated reading glasses for a total of 2,460 persons.

[Support for Medical Service]

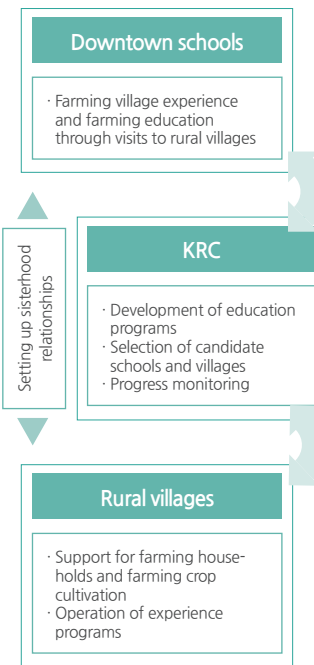
In an effort to provide support for high-quality medical service to disabled persons and elderly persons living along in rural areas, which are medically underserved areas, KRC has signed MOUs with medical institutions to visit rural areas and provide basic medical services such as blood pressure measurement, diabetes, bone density measurement, and X-ray test, as well as various medical volunteer services for elderly people such as oriental acupuncture and cupping glass therapy, thereby taking the lead in creating healthy rural communities. It also actively engages in volunteer activities to share the embers of precious life such as regular blood donation campaign.

Education Sector

[Green Environmental Classes]

KRC has developed various education programs such as creating vegetable gardens inside classrooms and an experiment to make clear water by using plural values and resources of rural communities as learning contents. The programs are funded by public contests in partnership with the Ministry of Education and Science. KRC plans to expand the project and diversify programs, while linking talent donor education with after-school activities.

Rural School Operation System



[Rural Character Schools]

KRC revitalizes rural communities and promotes character development of Korean youths by organizing various rural community experience programs held in rural villages. KRC provides support for urban schools and rural villages to form sisterhood relationships and provides youths living in urban areas with opportunities to visit rural villages to help them better understand rural villages and cultivate character. In 2013, it operated rural character schools in 44 locations featuring the participation of a total of 7,600 youths.

[Supporters for Rural Schools]

KRC offers school meal expenses and scholarships to students who find it difficult to continue their education due to financial difficulties such as students living with custodial grandparents and students from single-parent families to provide financial assistance and offer psychological support. It faithfully fulfills its role as a supporter for rural schools by offering support for school meal service, classroom cleaning, and sports day and school outing activities.

Environment Sector

In order to raise awareness of conserving water quality environment in rural areas, KRC has designated third Wednesdays of each month as environmental cleanup day in which KRC employees, local residents, students and local governments carry out environmental cleanup and environmental protection activities mainly around agricultural water facilities such as reservoirs and water pumping stations. Meanwhile, KRC creates clear water, clean air and livable rural communities by publicizing to the public that clean water is the source of life by awarding prizes at student essay contests themed on reviving water in hometowns. In addition to hometown water revival campaign, KRC also engages in activities instilling the meaning of environmental conservation and sharing through environmental cleanup at hiking trails, release of young fish, and tree planting at welfare facilities

Disaster Prevention and Disaster Relief Sector

[Operation of Farming Support Group for Disaster Prevention and Emergency Relief Activities]

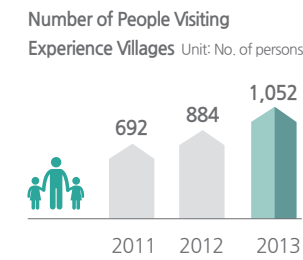
As an institution in charge of disaster prevention for facilities in rural areas, KRC voluntarily operates farming support group to prevent disasters that take place in rural areas and to provide emergency recovery support by utilizing its capabilities and resources. The farming support group is operated at regional headquarter and branch level. It participates in national disaster relief activities, provides support for disaster recovery for facilities in rural areas such as reservoirs, irrigation and drainage canals, and conducts advance facility inspection to ensure disaster prevention.



Farming support group's disaster relief activities

International Relief and Exchange Sector

KRC strives to facilitate private exchanges by donating unused PCs to developing countries and organizing home visiting programs for foreign trainees to allow them to experience everyday life in Korean families. It motivates children with financial difficulties to study and delivers messages of hope by supplying school supplies, snack and sports goods (soccer balls) to children at overseas project sites. It also contributes to improving village environment by removing domestic waste and weed in the vicinity of health centers and repairing water pumps, acting as a private ambassador at overseas locations.



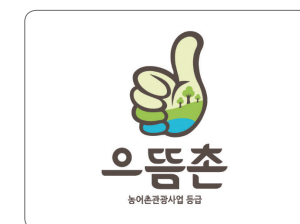
Conducting Geum Nanse's skills donation for rural communities



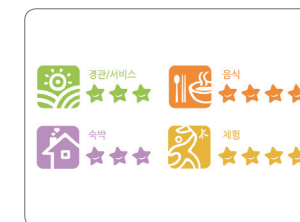
Urban-rural exchanges

* ROI Analysis *

Ratio of education cost to education effect one year after completion of education
 ROK1: Cost is greater than gain
 ROI=1: Cost is equal to gain
 ROI>1: Gain is greater than cost



BI & naming for excellent farm-stay villages

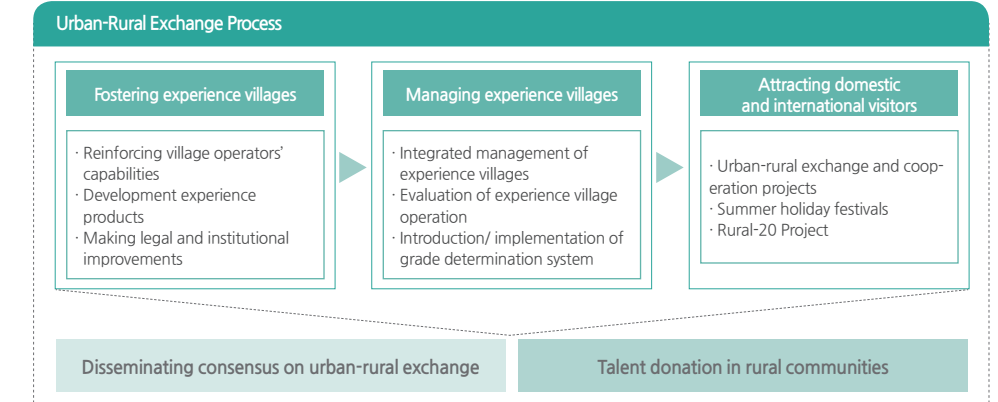


Farm-stay village evaluation categories & grading example

Activities to Recharge Vitality in Rural Communities

Support for Urban-Rural Exchange Facilitation

This project aims to promote vitality of rural areas and to improve the quality of life for local residents by increasing urban-rural exchanges and invigorating tourism and investment in rural communities. It promotes brisk exchanges between urban and rural areas, advances the farming and fishing industry and seeks to revitalize the local economy by fostering and supporting rural experience/ recreation villages, cultivating local talents in rural areas, supporting rural schooling centers, providing business consulting service for rural enterprises, and fostering local industries. KRC promotes urban-rural exchanges and revitalizes rural communities by organizing various programs such as annual rural summer festivals, rural industry expos, IR presentation sessions for rural villages. It also strives to coordinated joint development among rural areas through the oriental herb coordination collaboration project and the sun-dried salt wide-area coordination collaboration project, while operating a store specializing in oriental herbs called "Mok-Hwa-To-Geum-Su" in Myeongdong, Jung-gu, Seoul.



Achievements in 2013

<Support for facilitating urban-rural exchanges>

- Developing farm-stay villages: In order to enhance capacities of village leaders through systematic and specialized education, KRC has fostered 42,000 rural human resources since 2005. It systematically manages performance through the ROI analysis*. According to analysis result, the average stood at 12.66, indicating that education makes significant contributions to management performance.
- Management of farm-stay villages: KRC has integrated the management system for farm-stay villages, which had been conducted by departments, for integrated management, and has differentiated project support year by year, normalizing their operation. In addition, KRC introduced the rural community tourism business rating system in 2013 to induce voluntary improvement of service levels, while developing BI and village naming (Euddeumchon) and promoting villages with good grades and disclosing villages' grades, offering reliability to visitors and a wide range of selections.
- Attracting domestic and foreign visitors: In order to increase visits by urban citizens to rural communities, KRC is striving to expand the foundation for urban-rural exchanges through rural summer holiday festivals, development and distribution of contents targeting foreign visitors, and various online/offline PR activities.

<Support for revitalizing rural communities>

- KRC has come up with a wide range of support measures to contribute to revitalization of the rural economy by establishing policy project management systems to enhance the efficiency of supporting rural industry policies, exploring resources to build the foundation for self-reliance for enterprises based in rural areas, conducting promotional marketing activities and exploring sales routes, and building regional networks to foster municipal and provincial councils and regional consortium groups to promote sustainable development.

<Support for facilitating rural communities>

- KRC has gathered 50,000 members for skills donation to get various forms of expertise from urban citizens such as business management, distribution, construction, education, and PR activities, which are insufficiently accessible for rural residents, as part of a "rural community promotion campaign," one of the government's major policy tasks. It has connected talent donation participants with rural villages which require specific talents and expertise, thus contributing to sustainable development of rural villages.

+5 Future Generations

Importance of Future Generations

Creating environmentally friendly values through KRC's management activities and other operation activities is KRC's mission not only for the current generation, but also for future generations. The values created by KRC over the past century are efforts to prepare for the upcoming century. At KRC, we believe that the development and operation of sustainable rural projects that can reduce environmental load is the key to creating shared values.

KRC's Approach and Strategy

In an effort to reinforce enterprise-wide environmental management, KRC has established the Environmental Management System and has expanded the scope of environmental data management, which had been managed mainly by the headquarters, to include entire regional headquarters and branches. Also, it has expanded data management not only for environmental data used for its operation, but also data on energy used for business operations and transport of its employees. It also implemented the environmental management system based on ISO14001, applying environmental standards to all business activities including management activities, investigation and design, construction and maintenance. KRC also complies with environment-related laws and regulations including the Framework Act on Environmental Policy, the Clean Air Conservation Act, the Natural Environment Conservation Act, and the Water Quality and Eco-system Conservation Act, minimizing environmental risks and environmental load in all business operations.

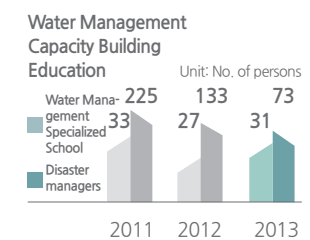
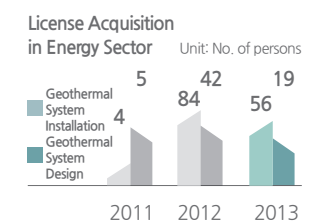
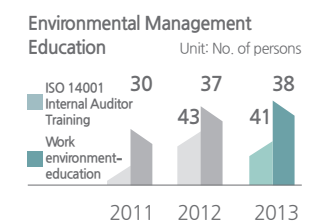
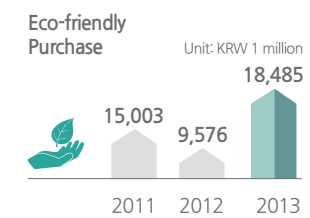
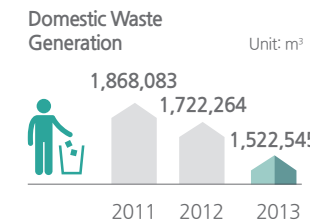
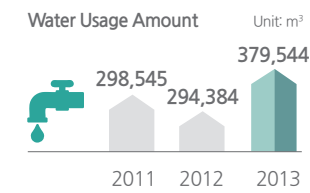
| Environment Management System | | | |
|----------------------------------|--|--|--|
| Vision | A state-run enterprise leading sustainable development of rural communities | | |
| Sustainable Operation Strategies | Settlement of sustainability management | Establishment of Environment Management System | Promotion of mutual benefits with stakeholders |
| Strategic Tasks | Establishing eco-value chain | | Operating environmental management organizational system |
| Strategic Tasks | <ul style="list-style-type: none"> Strengthening eco-friendly activities at business sites Eco-friendly performance management at business sites Strengthening internal environmental management performance and data management Reinforcing efforts to respond to climate change through the CDM scheme | | <ul style="list-style-type: none"> Establishing direction for environmental management Establishing organizational system in charge of environmental management Reinforcing employee participation to promote environmental management Regional specialization |

Major Achievements and Evaluation

| Reduction of greenhouse gas emissions by 10% point from a year ago | Major achievements |
|--|--|
| <p>GHG emissions Unit: tCO₂-eq</p> <p>166,997 198,997 180,773</p> <p>2011 2012 2013</p> | <ul style="list-style-type: none"> Development of green tide prediction automatic monitoring system Development of core technology for floating photovoltaic power generation system Completion of development of floating photovoltaic power generation stations (2 locations, 410kW) Acquisition of certified emission reduction (CER) through |

Future Plans

- Establishing a monitoring system in areas with possible contamination or depletion of ground water by installing ground water monitoring network
- Providing technology support in the areas of ground water and soil environment through technology support MOUs with local governments
- Producing clean energy and reducing greenhouse gas emissions by construction 83 renewable energy power stations by 2016.



Eco-friendly Management Activities

Water Usage Management

As an organization that manages and supplies rural agricultural water, KRC monitors annual water usage to promote efficient use of water. Water supply tends to increase during droughts as supply amount continuously changes depending on precipitation of the year. In 2013, water usage increased by about 28% compared to the previous year.

Waste Reduction

Waste from KRC is classified into daily living waste discharged from KRC buildings and construction waste discharged through the rural village development projects. Most of the construction waste is concrete materials which require professional waste processing. KRC processes the construction waste via a professional waste processing company to prevent environmental pollution.

Eco-friendly Purchasing

KRC actively utilizes eco-friendly and recycled products. In 2013, its purchase of eco-friendly and recycled products doubled from a year ago. KRC strives to utilize eco-friendly and recycled products on the policy dimension by adding the green certification category to the screening categories and bid score ceiling and toughening up the score ceiling when companies vie for KRC bidding for product manufacturing. As such, KRC will continue to increase the use of eco-friendly and recycled products year by year.

Eco-Friendly Capacity Building

Environmental Management Training

KRC offers environmental training to enhance the environmental awareness of all employees, to ensure eco-friendliness in business-related survey designs, and to develop theoretical and practical capacity to evaluate the environmental impacts caused by its business operations. It also provides training on ISO 14001 and environmental audits for field staff in charge of environmental performance evaluation and in-house examiners.

Cultivation of Green Talents to Respond to Climate Change

KRC is engaged in the Green Board and the Green Idea Bank activities to reinforce the implementation of its green projects and raise awareness of them. Furthermore, It benchmarks best practices of leading companies overseas to better understand and acquire advanced green technology, while identifying energy loss factors and enhancing capacity to present improvement measures by support in-house staff to acquire licenses in the energy sector.

Nurturing Experts on Water Resource Management

In response to rapidly changing water resource management environment, KRC is endeavoring to secure differentiated capacity suitable for rural agricultural water management for the future. It offers water management capacity-building training for its employees via the human resources development center or external professional training agencies.

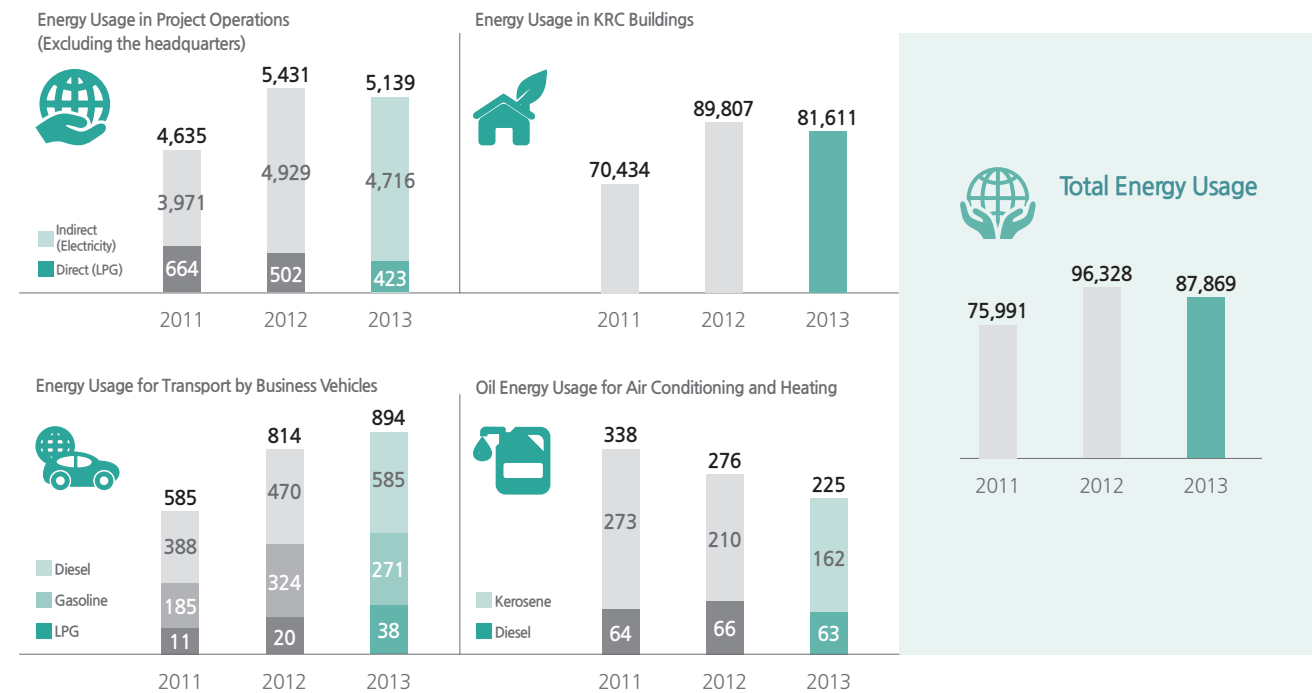
Responding to Climate Change

Reduction of Energy Consumption and GHG Emissions

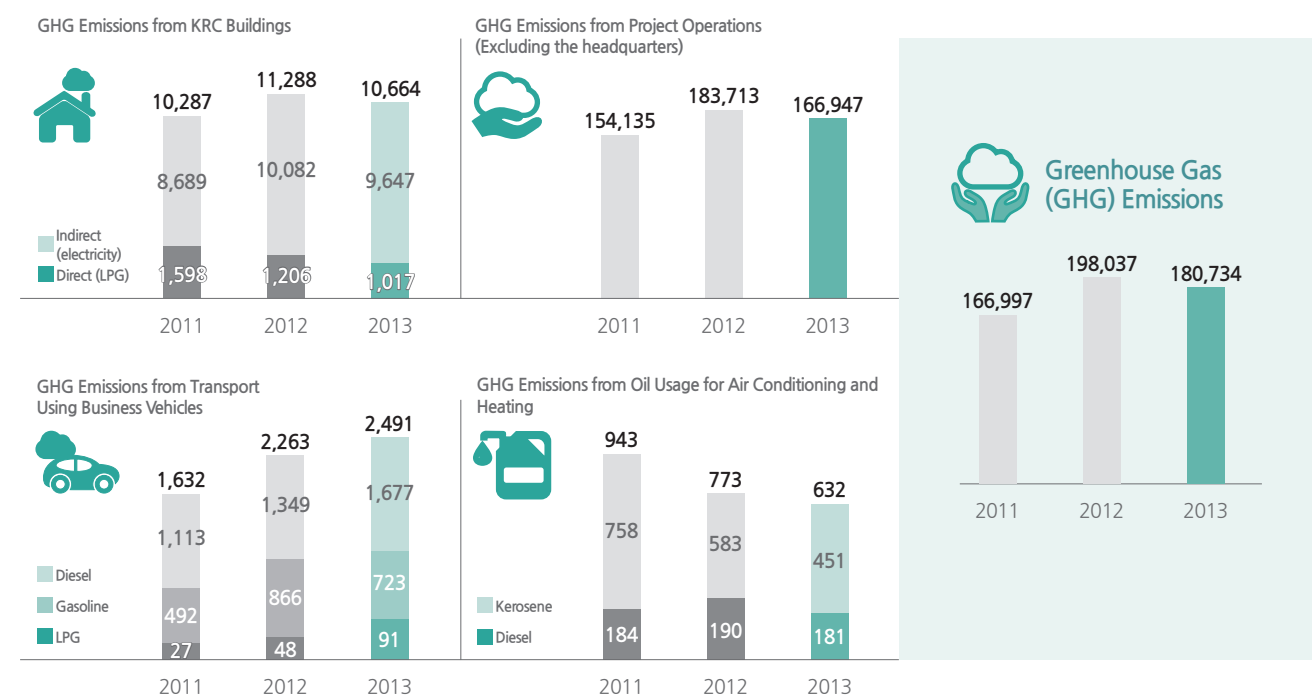
KRC complies with the Target Management Scheme as an enterprise subject to greenhouse gas (GHG) emissions and energy target management scheme in the public sector. It reduces energy consumption through investments in high-efficiency energy facilities and employees' efforts to use energy more efficiently, while cutting back on GHG emissions through the use of renewable energy instead of fossil fuels with the year 2010 as a base year. KRC is taking energy saving initiatives through efficient business operations, investments in high-efficiency energy facilities, enhancement of employees' awareness of energy conservation and promotion of eco-friendly activities.

Energy Consumption

Unit: TOE



Greenhouse Gas(GHG) Emissions

Unit: tCO₂-eq

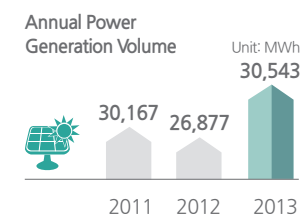
Renewable Energy Projects

KRC is engaged in small hydro power, wind power and photovoltaic power generation projects by utilizing reservoirs which are possible to generate power with high dams and high head; breakwaters which are able to generate power with constant wind speed and direction; and facility sites which enables photovoltaic power generation due to long duration of sunshine. In 2013, it generated power of 56,985MWh worth KRW 8.1 billion in profit by operating 22 photovoltaic power stations (7MW) and 25 small hydropower stations (14MW).

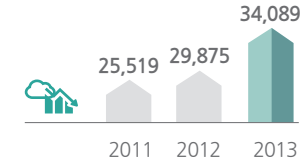


Hwaseong Photovoltaic Power Plant

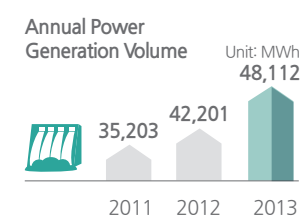
Photovoltaic Power Generation



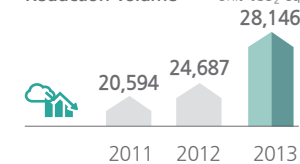
GHG Emissions Reduction Volume



Small Hydropower Generation



GHG Emissions Reduction Volume



[Photovoltaic Power Generation]

Photovoltaic power generation generates electricity by converting light energy to electric energy by using photovoltaic modules. It is eco-friendly and easy to develop as it has a wide selection of power generation scales. In order to address the secondary environmental damage caused by the installation of photovoltaic power generation facilities such as land encroachment and environmental damages, KRC has pursued photovoltaic power generation by utilizing idle land and rooftop space of agricultural water pumping and drainage stations. With photovoltaic power generation using water surface given increased REC (Renewable Energy Certificate) weight, KRC plans to expand floating photovoltaic power generation utilizing water surface of reservoirs it owns. As of 2013, KRC constructed 6,602kW photovoltaic power generation systems in 22 locations by investing KRW 43.8 billion for commercial power generation. It plans to complete the construction of 35 photovoltaic power stations with power generation capacity of 22,907kW in 35 locations by 2018.

[Small Hydropower Generation]

Small hydropower generation produces electricity through turbines and generators by using the head of water flown from reservoirs or small dams. In addition to power generation, it has additional functions such as supply of agricultural water and flood control in the summer. KRC conducts small hydro power generation by utilizing irrigation water from agricultural reservoirs, river water and surplus water, and intends to maximize efficient and multi-lateral use of water resources in connection with the dam heightening project for the four major rivers. In addition to KRC-initiated development projects, KRC shares its small hydropower generation technology and knowhow with local governments, contributing to the independent development of small hydropower generation of local communities. As of 2013, KRC constructed 25 small hydropower stations with the power generation capacity of 14,205kW by investing KRW 43.4 billion for commercial power generation. It plans to complete the construction of a total of 45 small hydropower plants with the power generation capacity of 22,574kW by 2018.

[Wind Power Generation]

Wind power generation is an ideal project for utilizing abundant wind and land in the Southwestern since it has relatively high power generation volume per unit of area compared to other alternative energy sources. In 2013, the Saemangeum Garyeok district (3MW) was under construction and KRC completed preliminary review and preliminary feasibility study on wind power generation project in the Hongseong district. Based on the review result, KRC plans to complete the construction of three wind power plants with the power generation capacity of 9,000kW, which are candidates for the Renewable Energy Award, by 2018 by securing economical and objectivity.

Receiving Renewable Energy Award

KRC received a commendation of the Ministry of Trade, Industry and Energy in recognition of its contribution to distribution and dissemination of renewable energy as well as industrial development by promoting successful settlement and smooth operation of the Renewable Portfolio Standard (RPS) system.



Winning the 2013 Renewable Energy Award

Saving Rural Energy by Utilizing Geothermal Air Conditioning/Heating System

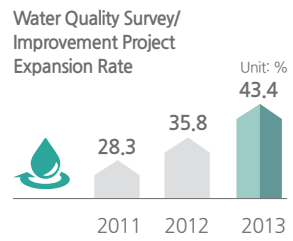
KRC provides geothermal and air heat systems utilizing heat pumps to greenhouses, inland aqua-farms, mushroom cultivation farms and farrowing pens. The geothermal air conditioning/heating system installation project acquired green certification from the Ministry of Agriculture, Food and Rural Affairs in 2011. Farming households which introduced the facilities not only reduced heating costs by 70~80%, but also enjoyed yield increase by about 15% by managing business sites at appropriate temperature and reduced GHG emissions. A total of 230 rural households installed the heat pump air conditioning/heating system in 2012 and a total of 168 rural households in 2013, reducing operation cost worth KRW 108 million per farming household on annual average.

Creation of Eco-Friendly Values

Water Resource Management

[Water Quality Surveys and Improvement]

With increasing number of facilities exceeding water quality standards being constructed in rural communities, KRC keeps track of water quality status and causes of pollution by conducting agricultural water quality measuring networks and water quality situation surveys for comprehensive water quality management. The water quality measuring networks examine 16 categories such as BOD, COD, TN, and TP, and heavy metal every quarter in 800 major reservoirs and freshwater lakes. And the water surveys are conducted every two years on 17,000 agricultural reservoirs across the nation and the results are used to develop agricultural water quality management policies. In 2013, KRC developed green algal bloom prediction automatic monitoring system, departing from the old practice of relying on on-site patrolling and weather forecast, enabling advance prediction. With respect to agricultural reservoirs exceeding water quality standards, KRC purifies pollutants by applying eco-friendly water quality improvement techniques such as artificial wetlands, sedimentation basins, water circulation devices and water detention basins, while promoting comprehensive water quality improvement in connection with environmental infrastructure such as sewage systems in rural communities. It also endeavors to improve water quality of reservoirs whose pollution level temporarily worsens during the summer, green algae blooming period and dry seasons.



Otter habitat

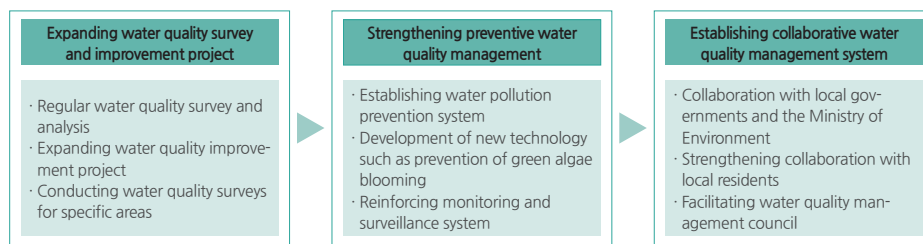


Ecological channel



Sedimentation basin locking up pollutants

Water Quality Study/ Improvement Project Implementation Strategies



[Reservoir Waterfront Development]

In connection with repair and reinforcement of reservoirs whose functions are weakening due to deteriorating and their water quality preservation, KRC enhances fundamental functions of agricultural infrastructure through such activities as establishment of ecological channels, eco-friendly remodeling of pumping and drainage stations, and improvement of waterfront space and at the same time transforms the vicinity of reservoirs. It installs vegetating facilities on channels and slopes, while jointly developing waterfront roads, walkways, observatory towers, and recreational forests in the case of areas with good accessibility and beautiful scenery to expand visits by city dwellers.

Preservation of Biodiversity

In order to preserve biodiversity values in rural communities, KRC is expanding efforts to conduct research projects on wetland preservation and to create wetlands. Concerning facilities that fail to meet the water quality criteria (Grade 4), it seeks to make eco-friendly water quality improvement by creating artificial wetlands, water retention basins and artificial vegetating islands. When improving antiquated irrigation and drainage canals, it takes into account not only functions of water supply, but also conservation of surrounding ecosystem including wetland protection. In addition, KRC plans to embark on a large-scale fishing village ecosystem remediation project to expand efforts to conserve the ecosystem in fishing villages. KRC is well aware that reclamation may lead to significant changes in ecosystems and thus it continues monitoring ecological environments in the wetlands of the Daeho Reclaimed Tidal Land, Ansan Reclaimed Wetlands and other large-scale reclaimed areas to restore their ecosystems. In particular, biodiversity values in Ansan Reclaimed Wetlands are steadily improving, indicating that wetlands created through reclamation can be transformed into a healthy wetland ecosystem that is capable of supporting biodiversity.

Meanwhile, KRC has installed routes, habitats and shelters to prevent the discontinuation of wildlife ecosystems, as well as ice harbor fishway blocks to provide resting space for fish, taking the lead in protecting the rural environment and ecosystem.



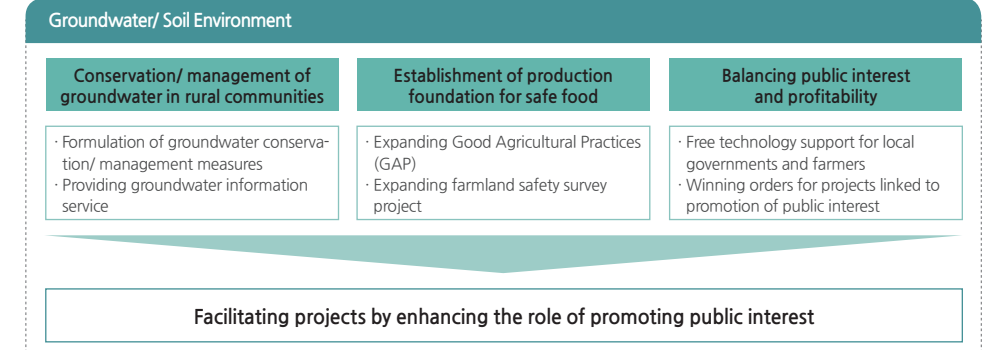
Groundwater management system "Rural Groundwater Net"



Purification of oil-polluted soil

Groundwater/ Soil Management

In order to systematically manage groundwater and soil, which are major resources of rural communities, KRC conducts investigation into whether groundwater or soil is polluted and comes up with purification measures for polluted areas. As a government-recognized institution specializing in groundwater and soil such as a ground water investigation institution, soil pollution investigation institution, soil environmental assessment institution, and soil risk assessment institution stipulated in relevant laws, KRC enhances environmental values through various pollution investigation and purification projects.



[Rural Groundwater Resource Conservation and Management]

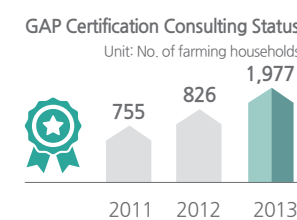
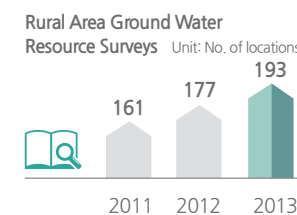
Rural areas account for 95% of the nation's total groundwater usage. Once groundwater is contaminated, it is difficult to restore it into original conditions and it requires tremendous costs for recovery, and thus it is extremely important to make efforts to conserve groundwater. KRC is aware of depletion of groundwater and increased contamination. In order to come up with countermeasures, KRC conducted resource surveys on rural groundwater. Based on the survey result, KRC established measures on systematic and efficient use and management of groundwater, while making multi-faceted efforts to reflect them in policies such as organizing discussion sessions. In addition, in an effort to come up with ways to secure water in response to climate change such as drought, it has installed groundwater monitoring network in areas with depleted groundwater and potential contamination, establishing a real-time monitoring system. In an effort to conserve clean rural groundwater, KRC will continue efficient management by coming up with management measures suitable for characteristics of respective groundwater resources.

[Creating a Farmland Environment for Production of Safe Food]

Consumer demand for high-quality, eco-friendly agricultural products is increasingly on the rise. KRC plays a pivotal role in enhancing reliability of Korean agricultural products by blocking the production of contaminated agricultural products by investigating farmland in the vicinity of areas with possible contamination. In addition, it conducts contamination investigation into soil and water in areas that push for Good Agricultural Practices (GAP) certification and provides GAP certification consultations, doing its utmost to expand the production of eco-friendly and safe agricultural products. Meanwhile, KRC conducts researches to secure technology competitiveness such as a research aimed to identify the causal relationship between soil pollution and pollution of agricultural products. It is also enhancing its technological capacity by obtaining qualifications as an institution to inspect food safety of agricultural products and to assess soil risk to pioneer future green agricultural markets in a pre-emptive manner.

[Eco-Friendly Land Preservation through Remediation of Polluted Soil]

The frequency of soil and ground water pollution in rural communities is on the rise and more than 80% of the facilities that may cause soil pollution are located in rural areas. It is imperative to systematically manage soil pollution factors (heavy metal and agricultural chemicals) to prevent the production and distribution of polluted agricultural products in the first place. As an organization specializing in soil environment remediation, KRC plays a leading role in establishing policy directions for the nation's soil environment and developing purification technology through various soil-related projects ranging from pollution surveys to purification and remediation. It seeks the advancement of soil purification technology via technical advisory meetings and technology development discussion sessions. It also nurtures technicians by offering working-level soil environment training to unemployed young people, while providing emergency disaster prevention support such as customer technology support and emergency oil leakage accidents.



Appendix

Facts and Figures

Third-Party Assurance Statement

ISO 26000 Compliance Diagnosis Report

GRI G4 Content Index

Joining and Supporting UN Global Compact

Awards and Memberships

Reader Opinion Survey



Facts and Figures

Economic Performance

Condensed Financial Statement / Condensed Income Statement

| Income Statement | | | (Unit: KRW 1million) | | |
|-----------------------|-----------|-----------|---------------------------------|-----------|-----------|
| | Revenue | | | Expenses | |
| | 2013 | 2012 | | 2013 | 2012 |
| Business Revenue | 3,621,158 | 4,195,411 | Business Expenses | 3,598,256 | 4,137,516 |
| Management project | 333,563 | 343,505 | Management project | 315,132 | 322,313 |
| Restructuring project | 380,311 | 365,411 | Restructuring project | 377,508 | 364,604 |
| Development project | 2,160,445 | 2,767,791 | Development project | 2,129,359 | 2,701,026 |
| Construction project | 400,855 | 362,763 | Construction project | 390,727 | 357,888 |
| Auxiliary project | 345,984 | 355,941 | Auxiliary project | 335,508 | 341,251 |
| (Operating profit) | 23,352 | 57,895 | General administrative expenses | 50,022 | 50,434 |
| Non-Business Revenue | 22,829 | 27,752 | Non-Business Expenses | 13,855 | 33,708 |
| Non-operating profit | 22,829 | 27,752 | Non-operating expense | 9,391 | 9,159 |
| (Net income) | 32,326 | 51,939 | Income tax, etc. | 4,464 | 24,549 |

| Financial Statement | | | (Unit: KRW 1 million) | | |
|---------------------------------------|-----------|-----------|------------------------------------|--------------------------------------|-----------|
| | Assets | | | Liabilities and Stockholders' Equity | |
| | 2013 | 2012 | | 2013 | 2012 |
| Current assets | 3,651,523 | 3,218,367 | Liabilities | 7,328,955 | 6,600,763 |
| Cash and cash equivalents | 1,212,040 | 1,046,563 | Current liabilities | 1,994,609 | 2,006,101 |
| Current financial assets | 165,032 | 280,254 | Trade and other payables | 900,535 | 955,068 |
| Trade and other receivables | 502,406 | 640,127 | Current financial liabilities | 281,645 | 338,148 |
| Inventories | 1,655,278 | 1,153,897 | Other current liabilities | 812,429 | 712,885 |
| Other current assets | 116,767 | 97,526 | Non-current liabilities | 5,334,346 | 4,594,662 |
| Non-current assets | 5,512,759 | 5,178,336 | Long-term trade and other payables | 151,213 | 172,546 |
| Non-current financial assets | 165,805 | 179,937 | Non-current financial liabilities | 5,035,098 | 4,209,184 |
| Long-term trade and other receivables | 1,764,333 | 1,841,369 | Other non-current liabilities | 148,035 | 212,932 |
| Tangible assets | 1,307,903 | 1,270,073 | Equity | 1,835,327 | 1,795,940 |
| Investment properties | 10,104 | 10,325 | Paid-in capital | 1,330,029 | 1,315,029 |
| Intangible assets other than goodwill | 3,710 | 5,905 | Retained earnings | 468,327 | 443,940 |
| Other non-current assets | 2,260,904 | 1,870,727 | Other capital components | 36,971 | 36,971 |
| Total | 9,164,282 | 8,396,703 | Total | 9,164,282 | 8,396,703 |

| Corporate Income Tax Payment | | | (Unit: KRW 1 million) | |
|------------------------------|--------|-------|-----------------------|--|
| Classification | 2012 | 2013 | | |
| Income tax | 24,549 | 4,464 | | |

| Government Subsidy Status | | | (Unit: KRW 1 million) | |
|---------------------------|--------|---------|-----------------------|--|
| Classification | 2012 | 2013 | | |
| Subsidy | 86,993 | 139,254 | | |

Social Performance

Employees

| Classification | | Unit | 2011 | 2012 | 2013 |
|---|-----------------------|----------------|-------|-------|-------|
| Type of employment | Executives | No. of persons | 7 | 7 | 7 |
| | Regular | | 5,241 | 5,043 | 4,941 |
| | Long-term contract | | 547 | 529 | 844 |
| | Non-regular | | 272 | 362 | 374 |
| By position | Executives | No. of persons | 7 | 7 | 7 |
| | Special service | | 3 | 3 | 3 |
| | Grade 1 | | 104 | 81 | 63 |
| | Grade 2 | | 402 | 351 | 318 |
| | Grade 3 | | 1,345 | 1,297 | 1,239 |
| | Grades 4~5 | | 2,419 | 2,371 | 2,344 |
| | Grade 6 | | 968 | 940 | 974 |
| | Others | | 819 | 891 | 1,218 |
| Social minorities | Female | No. of persons | 446 | 444 | 461 |
| | Disabled | | 257 | 272 | 271 |
| | Patriots & veterans | | 325 | 348 | 347 |
| By age group (based on regular employees) | 20s or under | No. of persons | 111 | 116 | 123 |
| | 30s | | 1,001 | 1,001 | 962 |
| | 40s | | 2,099 | 2,086 | 2,049 |
| | 50s and over | | 2,037 | 1,847 | 1,814 |
| By region (based on regular employees) | Headquarters | % | 14.9 | 15.2 | 14.9 |
| | Gyeonggi | | 12.1 | 11.9 | 12.7 |
| | Gangwon | | 3.9 | 3.8 | 3.5 |
| | Chungbuk | | 5.4 | 5.5 | 5.5 |
| | Chungnam | | 13.9 | 13.9 | 14.5 |
| | Jeonbuk | | 14.1 | 14.0 | 14.0 |
| | Jeonnam | | 13.1 | 13.5 | 13.4 |
| | Gyeongbuk | | 10.8 | 10.6 | 10.4 |
| | Gyeongnam | | 10.7 | 10.7 | 9.8 |
| | Jeju | | 1.1 | 1.1 | 1.4 |
| Recruitment | Regular | No. of persons | 96 | 25 | 135 |
| | Non-regular | | 260 | 286 | 316 |
| Retirement & Service Period (based on regular employees) | No. of retirees | | 121 | 221 | 245 |
| | Average service years | | 18.4 | 19.0 | 19.0 |

Employee Education

| Classification | Unit | 2011 | 2012 | 2013 |
|------------------------------|-----------|------|------|------|
| Education hours per employee | Hour | 66 | 69 | 71 |
| Education cost per employee | KRW 1,000 | 834 | 874 | 889 |

Employee Welfare

| Classification | Unit | 2011 | 2012 | 2013 |
|--|-----------|-------|-------|-------|
| Employee satisfaction | Point | - | 2.55 | 2.69 |
| Reinstatement and work stability rate after child care leave by gender | % | 96.9 | 100 | 100 |
| Employee benefit cost per employee | KRW 1,000 | 2,080 | 3,160 | 2,619 |

Workplace Health and Safety

| Classification | Unit | 2011 | 2012 | 2013 |
|---------------------|--------------|------|------|------|
| Accident occurrence | No. of cases | 18 | 10 | 10 |

Customer Satisfaction

| Classification | Unit | 2011 | 2012 | 2013 |
|---|--------------|-------|-------|-------|
| Number of complaints handled | No. of cases | 2,122 | 2,043 | 2,023 |
| Public-Service Customer Satisfaction Index (PCSI) | Point | 97.8 | 98.1 | 97.7 |

Ethics Management

| Classification | Unit | 2011 | 2012 | 2013 |
|---|-------|------|------|------|
| Anti-Corruption & Civil Rights Commission Integrity Index | Point | 8.54 | 8.07 | 7.79 |

Contribution to Local Communities

| Classification | Unit | 2011 | 2012 | 2013 |
|---|-------------------------|---------------|---------------|---------------|
| Social contribution amount & various donations | KRW 1 million | 1,747 | 1,218 | 2,545 |
| No. of donation frequencies & No. of participating employees | No. (No. of persons) | 1,390(16,246) | 1,447(18,986) | 1,478(19,814) |

Environmental Performance

Total Environmental Protection Expenditure and Investment

| Classification | Unit | 2011 | 2012 | 2013 |
|---|-----------------|------|------|------|
| Environmental protection expenditure & investment | KRW 100 million | 909 | 632 | 484 |

Environmental Load Production

| Classification | | Unit | 2011 | 2012 | 2013 |
|-------------------------|-----------------|----------------------|-----------|-----------|-----------|
| GHG emissions | Direct | tCO ₂ -eq | 10,287 | 11,288 | 10,664 |
| | Energy indirect | tCO ₂ -eq | 154,135 | 183,713 | 166,947 |
| Electricity consumption | - | TOE | 3,971 | 4,929 | 4,716 |
| Waste generation | General | m ³ | 1,868,083 | 1,722,264 | 1,522,545 |
| Water usage | - | m ³ | 298,545 | 294,384 | 379,544 |
| Energy usage | Direct | TOE | 4,635 | 5,431 | 5,139 |
| | Indirect | TOE | 71,057 | 90,897 | 82,730 |

Compliance with Environmental Laws and Regulations

| Classification | Unit | 2011 | 2012 | 2013 |
|---|--------------|------|------|------|
| No. of violations of environmental laws and regulations | No. of cases | 0 | 0 | 0 |

Third Party’s Assurance Statement

KMAR Assurance Statement

To the Readers of KRC Sustainability Report 2014

Foreword

Korea Management Association Registration and Assessments (KMAR) has been requested by Korea Rural Community Corporation (KRC) to verify the contents of its Sustainability Report 2014 (the Report). KRC is responsible for the collection and presentation of information included in the Report. Our responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard

KRC 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. We evaluated the adherence to AA1000APS Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI G4 indices as below, where professional judgement of the practitioner of KMAR’s assurance team was exercised as materiality criteria.

The team checked whether the Report has been prepared in accordance with the ‘Core Option’ of GRI G4 which covers the followings.

- Reporting Principles
- General Standard Disclosures
- Specific Standard Disclosures
 - Generic DMA of each of following material aspects
 - Water: EN8
 - Emissions: EN15, EN16
 - Compliance: EN29
 - Employment: LA2
 - Training and Education: LA10
 - Local Communities: SO1, SO2
 - Anti-corruption: SO3, SO4, SO5
 - Public Policy: SO6
 - Product and Service Labeling: PR5

The data and information related to the boundary outside of KRC such as suppliers, contractors, etc. are not covered by our assurance engagement.

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 has carried out an assurance engagement as follows:

- Reviewed sustainability related data and reporting process
- Reviewed Internal materials
- Interviewed people in charge of preparing the Report

Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with KRC 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 in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data and information included in the verification scope are not presented appropriately.

■ Inclusivity

Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability. KRC 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. KRC 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 KRC’s counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the ‘Core Option’ of GRI G4.

Our independence

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



Korea Management Association Registrations & Assessments Inc.
CEO / Ki Ho Park

K. H. Park

22 Oct. 2014

ISO 26000 Compliance Diagnosis Report

Diagnostic Standards

A social responsibility compliance diagnosis checklist was developed in accordance with ISO 26000, the international standard on social responsibility, by the Korean Standards Association (KSA) as part of the service commissioned by the Korean Agency for Technology and Standards under the Ministry of Knowledge Economy. This report outlines the outcomes of the diagnosis performed of the social responsibility management processes of Korea Rural Community Corporation along with its achievements in each of the seven core subject areas in conformity with the checklist standards prepared by KSA.

Scope of Diagnosis

The scope of the diagnosis performed by KSA included KRC's processes and achievements in fulfilling its social responsibility. To this end, KRC's mid-to-long term strategies and processes, stakeholder engagement and social responsibility initiatives were evaluated.

Diagnostic Method

KSA undertook the following steps to compile relevant evidenced data in accordance with ISO 26000 compliance diagnostic standards:

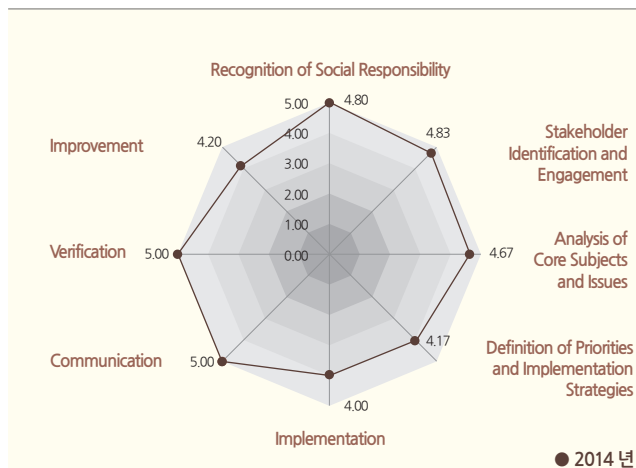
- Review of KRC's mid-to-long term strategies and management performance report
- Identification of sustainability issues that may have impacts on KRC's stakeholders
- Interviews with KRC employees in charge of each issue of social responsibility management

I. Diagnostic Outcomes of the ISO 26000 Social Responsibility Process

KRC's foundation purpose of "contributing to economic and social development of rural communities" is closely related to contributing to social sustainability, which is the ultimate goal of sustainability management. It is noteworthy that perceptions on social responsibility and sustainability at KRC are systematically established and that social responsibility is reflected in its company-wide vision and strategies and sustainability management is implemented by respective departments and business areas. Meanwhile, KRC is required to expand and apply areas of social responsibility into overall basic businesses of the organization in connection with sustainability and to reinforce company-wide integrated management for and response to stakeholders led by a company-wide CSR dedicated organization.

II. Diagnostic Outcomes of the Seven Core Subjects of ISO 26000

Organizational Governance_ KRC identifies in advance the impact of its major decision-making/activities on its stakeholders through the Board of Director and various committee meetings and, based on the results, it develops and manages its strategies, goals, and detailed objectives reflecting the organization's commitment to social responsibility. It is recommended that KRC establish a social responsibility committee as a dedicated decision-making body to internal social responsibility



| | |
|--|---|
| Recognition of Social Responsibility | Review the current status of the reporting organization based on the commitment of top management |
| Stakeholder Identification and Engagement | Review the interest and requirements of stakeholders and develop engagement strategies |
| Analysis of Core Subjects and Issues | Create a list of issues through the review of issues and the analysis of internal organizational capacity |
| Definition of Priorities and Implementation Strategies | Prioritize issues that require improvement and management and develop implementation plans in consideration of organizational capacity |
| Implementation | Undertake strategies, targets and implementation plans, while adhering to the corporate vision to monitor performance in the regular fulfillment of social responsibility |
| Communication | Prepare performance reports to communicate with stakeholders |
| Assurance | Verify activities and reporting in order to improve the reliability of performance data |
| Improvement | Review performance regularly to make sustained improvements |

management on a company-wide level to enhance a process to practically evaluate economic, social and environmental performances on its company-wide management activities by discussing social responsibility management policies and goals in the supreme decision-making body within the organization.

Human Rights_ It is assessed that KRC has outstanding basic rights including labor and complaint handling programs. It is noteworthy that KRC carries out activities for respecting human rights and preventing discrimination such as organizing events for female employees designed to raise awareness of human rights of women and expands the participation of employees from partner companies in various education and workshop events hosted by KRC. It is recommended that KRC come up with standards for human rights due diligence and regularly conducts human rights status and diligence within the organization and value chain.

Labor Practices_ KRC refrains from hiring temporary works by establishing annual manpower supply and demand plan and complies with domestic and international labor-related laws, collective agreements and

provisions stipulated in employment regulations. Overall, KRC's response to issues related to labor practices shows decent performance results. In particular, KRC's effort to improve psychological health of its employees by introducing the Employee Assistance Program is noteworthy. It is advised that KRC enhances analysis and inspection of causes of accidents involving facilities and structures it possesses in rural areas based on the current safety system to proactively prevent occupational disasters or safety accidents from occurring.

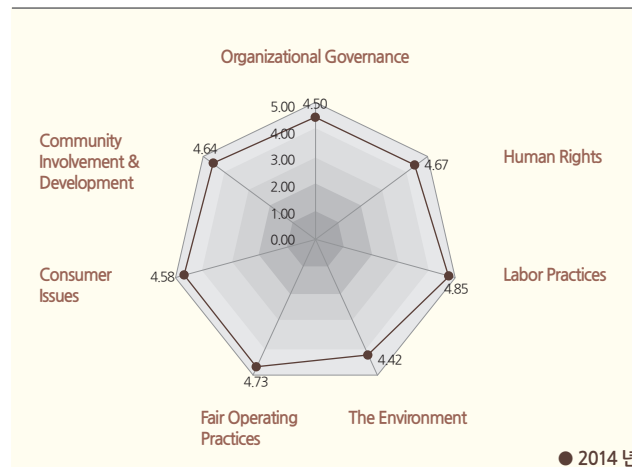
Environment_ KRC has shown decent performance results in terms of responding to increased natural disasters such as drought and flooding due to climate change by establishing a dedication organization and crisis response system and steadily expanding facility investment for the protection of ecosystems and environmental improvement in rural areas. This is an issue with high stakeholder interest among KRC's major projects and activities. As the issue has considerable impact on stakeholders, it is recommended that KRC reinforces countermeasures on natural disasters on a continual basis to improve the environment in rural communities.

Fair Operating Practices_ KRC operates anti-corruption-related policies and systems led by Business Management Office and Audit and Inspection Office and makes efforts to internalize a culture of integrity and ethics through various channels. It is advised that KRC invigorates the operation of the public interest whistleblowing system to enhance its effectiveness. It is also necessary for KRC to identify business areas and fields vulnerable to corruption and to carry out intensive management. In addition, it is advised that KRC actively supports partner companies to carry out CSR activities by expanding workshops and education for shared growth and enhance programs to promote shared growth small and medium-sized companies in rural areas.

Consumer Issues_ KRC holds on-site briefing sessions for farmers and fishermen who are one of its major customers, while offering education to achieve sustainable consumption by helping farmers and fishermen independently manage facilities through commissioned education programs. It is advised that KRC makes effort to publicize its projects and activities more actively not only among farmers and fishermen and residents of rural communities, who are direct customers, but also among the general public and to promote stakeholder engagement.

Community Involvement and Development_ It is noteworthy that KRC strives to improve the operation scale and content of its social contribution programs by integrating and intensively managing the programs, which had been randomly carried out, through the launch of Happiness Recharge Department. KRC is advised to develop local community involvement and development programs which satisfy priorities and needs of local communities, as well as in consideration of its characteristics and strengths, and to enhance programs aimed to promote the development of local communities at overseas operation sites to become a global public enterprise.

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



| | |
|-------------------------------------|--|
| Organizational Governance | Activities to respect the principle of social responsibility and its integration into existing systems policies and practices |
| Human Rights | Activities to respect, protect, observe and realize human rights within an organization and the sphere of its influence |
| Labor Practices | Policies and practices that affect employees and their working conditions within an organization and its suppliers |
| The Environment | Activities to consider the meaning of decisions made and the actions taken by an organization in order to reduce the environmental impact of an organization |
| Fair Operating Practices | Activities that foster ethical behaviors in making transactions between an organization and its counterparts (including partners and suppliers) |
| Consumer Issues | Activities to protect the rights of consumers covering: consumer training, fair and transparent marketing information & contracts and the promotion of sustainable consumption |
| Community Involvement & Development | Activities to recognize and respect the rights of local communities and to maximize their resources and opportunities |

III. Conclusion

According to the diagnostic results of KRC's compliance level of ISO 26000, KRC scored 328 points out of 360 in Process and 590 points out of 640 in Performance, totaling 918 points which places KRC in the SR IV Stage. KRC's prestige and social value depends on delivering tangible results satisfying the expectations and demands of its stakeholders. It is hoped that KRC will earn greater trust and care from the stakeholders as a global public enterprise creating happy rural communities through successful implementation of sustainability management.



October 2014
Baek Soo Hyun
Chairman and CEO of the
Korea Standards Association


Baek, Soo Hyun

GRI G4 Content 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 | 78~79 |
| G4-2 | Provide a description of key impacts, risks, and opportunities. | 2~3, 20~21 | 78~79 |
| Organizational Profile | | | |
| G4-3 | Report the name of the organization | 6 | 78~79 |
| G4-4 | Report the primary brands, products, and services. | 8~11 | 78~79 |
| G4-5 | Report the location of the organization's headquarters. | 6 | 78~79 |
| 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. | 40~41 | 78~79 |
| G4-7 | Report the nature of ownership and legal form. | 6 | 78~79 |
| G4-8 | Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | 10~11 | 78~79 |
| G4-9 | Report the scale of the organization, including: - Total number of employees - Total number of operations - 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 | 6, 10~11 | 78~79 |
| 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). | 54, 69, 36 | 78~79 |
| G4-11 | Report the percentage of total employees covered by collective bargaining agreements. | 59 | 78~79 |
| G4-12 | Describe the organization's supply chain. | 60~62, 69 | 78~79 |
| 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 | 6 (KRC headquarters has been relocated) | 78~79 |
| Organizational Profile: Commitments to External Initiative | | | |
| G4-14 | Report whether and how the precautionary approach or principle is addressed by the organization. | 84 | 78~79 |
| G4-15 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | 84 | 78~79 |
| G4-16 | List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization | 84 | 78~79 |
| 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. | 12 (No subsidiaries) | 78~79 |
| 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. | 28~29 | 78~79 |
| G4-19 | List all the material Aspects identified in the process for defining report content. | 29 | 78~79 |
| 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 | 29 | 78~79 |
| 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 | 29 | 78~79 |
| G4-22 | Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements. | About this Report | 78~79 |
| G4-23 | Report significant changes from previous reporting periods in the Scope and Aspect Boundaries. | No major changes | 78~79 |
| Stakeholder Engagement | | | |
| G4-24 | Provide a list of stakeholder groups engaged by the organization. | 22~23 | 78~79 |
| G4-25 | Report the basis for identification and selection of stakeholders with whom to engage. | 22~23 | 78~79 |
| 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. | 22~23 | 78~79 |
| 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. | 22~27 | 78~79 |

| Report Profile | | | |
|-----------------------------------|---|-------------------|-------|
| G4-28 | Reporting period (such as fiscal or calendar year) for information provided. | About this Report | 78~79 |
| G4-29 | Date of most recent previous report (if any). | About this Report | 78~79 |
| G4-30 | Reporting cycle (such as annual, biennial). | About this Report | 78~79 |
| G4-31 | Provide the contact point for questions regarding the report or its contents. | About this Report | 78~79 |
| 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 | 78~79 |
| 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 | 78~79 |
| 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. | 18~19 | 78~79 |
| 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. | 44~45 | 78~79 |
| 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. | 44~45 | 78~79 |
| 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. | 45 | 78~79 |

| SPECIFIC STANDARD DISCLOSURES | | | | |
|--|--------------------|---|-----------------------------|--------------------|
| Material Aspect | DMA and Indicators | | Page | External Assurance |
| Category: Environmental | | | | |
| | Generic DMA | | 68 | 78~79 |
| Water | G4-EN8 | TOTAL WATER WITHDRAWAL BY SOURCE | 69 | 78~79 |
| | Generic DMA | | 68 | 78~79 |
| Emissions | G4-EN15 | DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1) | 70 | 78~79 |
| | G4-EN16 | ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2) | 70 | 78~79 |
| | Generic DMA | | 68 | 78~79 |
| Compliance | G4-EN29 | MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS | No violations | 78~79 |
| Category: Social | | | | |
| Sub-Category: Labor Practice and Decent Work | | | | |
| | Generic DMA | | 54 | 78~79 |
| Employment | G4-LA2 | BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES, BY SIGNIFICANT LOCATIONS OF OPERATION | 58 | 78~79 |
| | Generic DMA | | 54 | 78~79 |
| Training and Education | G4-LA10 | PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDINGS | 57~58 | 78~79 |
| Sub-Category: Society | | | | |
| | Generic DMA | | 63 | 78~79 |
| Local Communities | G4-SO1 | PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS | 35, 61~62 | 78~79 |
| | G4-SO2 | OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES | No pertinent operation site | 78~79 |
| | Generic DMA | | 63 | 78~79 |
| Anti-corruption | G4-SO3 | TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION AND THE SIGNIFICANT RISKS IDENTIFIED | 45 | 78~79 |
| | G4-SO4 | COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES | 44~45 | 78~79 |
| | G4-SO5 | CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN | 45 | 78~79 |
| | Generic DMA | | Not applicable | 78~79 |
| Public Policy | G4-SO6 | TOTAL VALUE OF POLITICAL CONTRIBUTIONS BY COUNTRY AND RECIPIENT/BENEFICIARY | Not applicable | 78~79 |
| Sub-Category: Product Responsibility | | | | |
| | Generic DMA | | 48 | 78~79 |
| Product and Service Labeling | G4-PR5 | RESULTS OF SURVEYS MEASURING CUSTOMER SATISFACTION | 48 | 78~79 |

| UN Global Compact | Principles |
|---|---|
|  <p>KRC observes 10 basic principles in the 4 fields of human rights, labor, environment, and anticorruption by signing the UN Global Compact, which is an international agreement prepared by the UN on the issue of corporate social responsibilities.</p> | Human Rights 1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. Make sure that they are not complicit in human rights abuses. |
| | Labor 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labor; 5. the effective abolition of child labor; and 6. the elimination of discrimination in respect of employment and occupation. |
| | Environment 7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and 9. encourage the development and diffusion of environmentally friendly technologies |
| | Anti-corruption 10. Businesses should work against corruption in all its forms, including extortion and bribery. |

| Awards | | | |
|-------------------|--|-----------------------------------|--|
| Year of Award-ing | Name of Award | Grade | Awarding Orga-nization |
| 2011 | New technology commercialization merit | Presidential award | Ministry of Knowledge and Economy |
| | Women empowerment merit | Presidential award | Ministry of Gender Equality and Family |
| | Designated as excellent science and technology organizations by the Ministry for Food, Agriculture, Forestry and Fisheries | Prime Minister's Award | Ministry for Food, Agriculture, Forestry and Fisheries |
| | Digital management innovation award | Minister's award | Ministry of Knowledge and Economy |
| | Excellent organization for recruiting women science and technology manpower | Minister's award | Ministry of Education, Science and Technology |
| | Excellent organization for gender equality in employment | Minister's award | Ministry of Gender Equality and Family |
| | First public organization for green project | Certification | Ministry for Food, Agriculture, Forestry and Fisheries |
| | Certified as excellent organization for labor management culture | Certification | Ministry of Employment and Labor |
| 2012 | Excellent organization for anti-corruption policies | Certification | Anti-Corruption & Civil Rights Commission |
| | Korea environment energy award | Minister's award | Ministry of Environment |
| | Korea rural community award | Prime Minister's collective award | Ministry for Food, Agriculture, Forestry and Fisheries |
| 2013 | Renewable portfolio standard merit | Minister's award | Ministry of Trade, Industry and Energy |
| | Excellent organization for Public-Service Customer Satisfaction Index (7 consecutive years) | Certification | Ministry of Knowledge and Economy |
| | Excellent organization for human resources | Certification | Ministry of Employment and Labor |
| | Excellent organization for family-friendly management | Certification | Ministry of Gender Equality and Family |

| Memberships | | |
|---|-----------------------------|---|
| Association | Year of Joining Mem-bership | Reasons for Joining Membership |
| Korean Society of Agricultural Engi-neers | 1957 | Exchanging technologies and collecting information on agriculture and civil engineering |
| Korea FAO Association | 1959 | Collecting information and materials on international agriculture, livestock, fisheries |
| Korea Management Association Korea | 1980 | Collecting latest management information and data |
| Korea National Committee on Irriga-tion and Drainage (KCID) | 1980 | Exchanging technological information on irrigation/drainage and flood adjustment |
| Korea Productivity Center | 1995 | Collecting information on customer satisfaction and services |
| Korea Fire Safety Association | 1999 | Regular education for fire-prevention and dangerous articles managers |
| Korea Foundation for Quality | 2000 | Exchanging information on quality environmental system |
| Korea Disaster Prevention Association | 2000 | Collecting information and research materials on fire prevention |
| Korean Geotechnology Association | 2003 | Cooperation on applied geology and environment sectors |
| Korean Society of Earth and Explora-tion Geophysicists | 2003 | Cooperation on new project areas such as pollutant estimation and exploration |
| Korean Society of Soil and Ground-water Environment | 2003 | Cooperation on environment restoration project areas |
| Korean Standards Association | 2004 | Collecting information on quality management and quality control circle |
| Soil Pollution Research Association | 2006 | Establishing status for soil pollution research organizations and promoting cooperation |
| World Water Council | 2009 | Supporting the World Water Forum and exchanging information |
| Overseas Agricultural Development Association | 2012 | Sound development of overseas agriculture development projects and efficient implementation |

Reader Feedback Survey

Thank you for taking interest in Korea Rural Community Corporation and taking the time to read its Sustainability Report 2014.
KRC would like to hear valuable comments from stakeholders to communicate through high-quality reports.

Paste Here

Sender

Name

Tel. No.

E-mail

Address

Recipient

Korea Rural Community Corporation, Planning & Coordination Division, Strategy & Planning Office
Geurin-ro 20, Naju-si, Jeollanam-do, Republic of Korea

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Global State-run Enterprise

Building Happy Rural Communities



1. Which of the following groups do you belong to?

- ☐ Farmers & fishermen, farmers and fishermen's organizations ☐ Employees ☐ Labor unions
☐ Government, National Assembly, local governments ☐ Academia, research institutions, NGOs
☐ Citizens and media ☐ Partner companies ☐ Others ()

2. Was this report helpful to help you understand KRC's sustainability management practices?

- ☐ Very helpful ☐ Helpful ☐ Average ☐ Not helpful ☐ Not helpful at all

3. Which of the following were you most interested in this report? (Multiple choices allowed)

☒ CEO Message

☒ I. KRC's Sustainability Management

- ☐ Vision and Strategy ☐ Corporate Governance ☐ Risk and Opportunity Management
☐ Stakeholder Engagement ☐ Material Sustainability Issues

☒ II. KRC's Strategic Direction/ Building Happiness

- ☐ Creating Happy Rural and Fishing Villages
☐ Leading Global Rural and Fishing Village Development Projects
☐ Realizing Advanced Management System

☒ KRC's Shared Values/ Furthering Happiness

- ☐ +1 Customers ☐ +2 Employees ☐ +3 Partner Companies ☐ +4 Local Communities
☐ +5 Future Generations

4. How do you evaluate KRC's sustainability management activities?

- ☐ Very good ☐ Good ☐ Average ☐ Needs more effort ☐ Needs much effort

5. Please feel free to present your opinions on KRC's sustainability management activities or what needs to be improved for future reports

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* Please send the survey questionnaire by mail or by fax.