



Global Business Platform

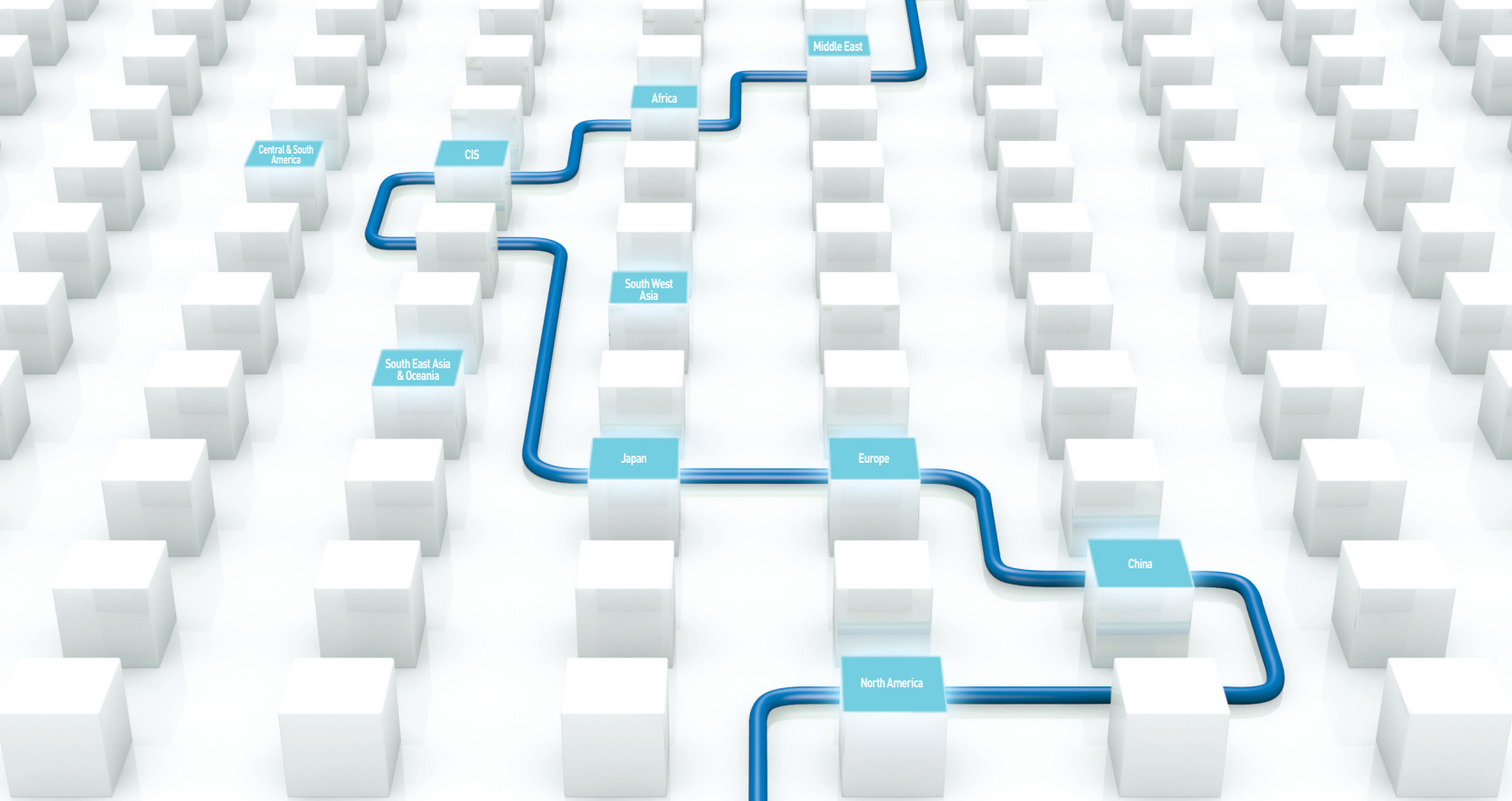
kotra

Korea Trade-Investment
Promotion Agency

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Global
Business
Platform



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KOTRA Integrated Sustainability Report 2014

Global Business Platform KOTRA

A Global Business Platform for the Future of Korea

KOTRA Integrated Sustainability Report 2014

About this Report

Korea Trade-Investment Promotion Agency (KOTRA) acts as Korea’s global business platform opening up the future of the nation. KOTRA has published this fourth sustainability report for the purpose of promoting shared growth and development with all of our stakeholders. We at KOTRA hope that the publication of this sustainability report will serve as a significant opportunity to disclose our sustainability management activities to our stakeholders and to boost stakeholder’s engagement.

Characteristics

KOTRA has published this “KOTRA Integrated Sustainability Report 2014” combining our strategies with it. In order to facilitate communication with our stakeholders, this report provides comprehensive information on KOTRA’s efforts and activities to realize its values. In particular, this report contains KOTRA’s business activities capitalizing on its global network and its sustainability performance by 10 regions around the globe.

Criteria

This report has been prepared in accordance with comprehensive option of GRI (Global Reporting Initiative) G4 Guidelines and IIRC <IR> Framework. Specific reporting boundaries have been set and specified by material aspects.

Assurance

This report is independently assured in accordance with assurance requirements of GRI G4 and AA1000AS (2008). To ensure credibility of the report’s contents, this report received third party assurance from Korea Management Association Registration Inc. (KMAR), which verifies that all the information in the report is true and that this report satisfies all the requirements of the GRI G4 Guidelines at the Comprehensive level.

Reporting Period, Scope and Boundaries

This report contains KOTRA’s business and sustainable business performances from January 1 to December 31, 2014. For major quantitative performances, the latest three-year data are included. For any uncollectible data, the reasons are mentioned. The scope of this report includes KOTRA’s head office in Korea and all overseas branch offices. For environmental achievements, data of the head office are used. Our most recent previous report was published in April 2014 and we publish our sustainability report annually.

Additional Information

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

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*DMA : Disclosure of Management Approach



Greetings to our valued stakeholders!
It gives me great pleasure to introduce the 2014 KOTRA Sustainability Report in my first year as CEO of KOTRA.

In 2014, Korea achieved the so-called “triple crown” –a record high in annual trade volume, exports, and trade surplus- for two consecutive years. I believe that this feat was made possible through the combined efforts of the Korean people, businesses and the government.

However, the trade environment surrounding Korea in 2015 still remains challenging. The nation’s export growth rate has slowed down over the past three years and uncertainties of the global economy still persist. Developed markets such as the United States and Europe are showing signs of delayed economic recovery despite their efforts to revitalize the economy. China is currently pushing ahead with reforms to improve its economic fundamentals through the “new normal” policy, which means that it will be difficult for China to achieve rapid economic growth of the past. It is expected that Japan will continue its weak-yen policy, posing a big stumbling block to Korean businesses.

Nevertheless, I am confident that the solution to Korea’s economic revitalization ultimately lies in global markets. In a bid to support the Korean government’s effort to achieve its trade policy vision of becoming “global top 5 trading nation and reach US\$2 trillion in trade,” KOTRA is committed to its role as the spearhead of Korean export drive. To this end, KOTRA has come up with four core projects and four innovation directions for 2015 and all employees at KOTRA are committed to putting themselves into action.

KOTRA’s first core project is to “strengthen small and medium-sized enterprises (SMEs)’ export capabilities,” which has remained the agency’s foremost mission over the past 53 years, with the goal of nurturing 100,000 SMEs as exporters. Out of the nation’s 3.2 million SMEs, the number of exporters stands at mere 90,000 or 3%. KOTRA plans to increase the number to 100,000 by 2017 by fostering 10,000 more SMEs into exporting companies. In addition, the agency will strive to foster 400 specialized global companies by providing full support for small and medium-sized exporters. Through such endeavors, KOTRA will address problems associated with the nation’s large enterprise-centered export structure and help SMEs play a pivotal role in exports. By doing so, the agency will make sure that the entire citizens of Korea will become beneficiaries of exports through the fountain effect.



KOTRA’s other core projects are to “create new export growth engines” and to “utilize wider territories of economic cooperation.” With the goal of identifying new export areas following the manufacturing sector, the agency will provide intensive support for overseas market expansion of Korean enterprises possessing advanced technology in the fields of renewable energy, information and communication technology (ICT), health/medical service, and financial industry. In addition, in an effort to maximize the effect of economic cooperation, KOTRA plans to operate an FTA utilization support center and a non-tariff barrier taskforce team to help make the best use of FTAs signed by Korea with other countries including USA and China. At the same time, KOTRA will strengthen its support for economic diplomacy to diversify economic cooperation through dissemination of successful models such as the President’s recent Middle East tour.

The last core project is to “attract foreign invested companies which are beneficial to the Korean economy.” To this end, KOTRA will actively encourage global companies to locate their headquarters in Korea by capitalizing on FTAs, thereby laying the groundwork for developing Korea into a business hub in Northeast Asia. At the same time, the agency will induce increased investment of the existing foreign invested companies by offering support for their recruitment, export and procurement procedures, bringing mutually beneficial effect to both foreign-invested companies and the Korean economy.

In order to effectively carry out the aforementioned four core projects, KOTRA will push ahead with business innovation simultaneously. The agency will adopt forward-looking, customer and site-oriented business attitude and offer customized and package-style support, thereby further substantiating its projects and delivering tangible results. It will also take the lead in promoting open collaboration with relevant organizations, thereby solidifying its function as a global business platform and building an organizational culture emphasizing faithful adherence to basics and principles to lay the foundation for sustainable growth.

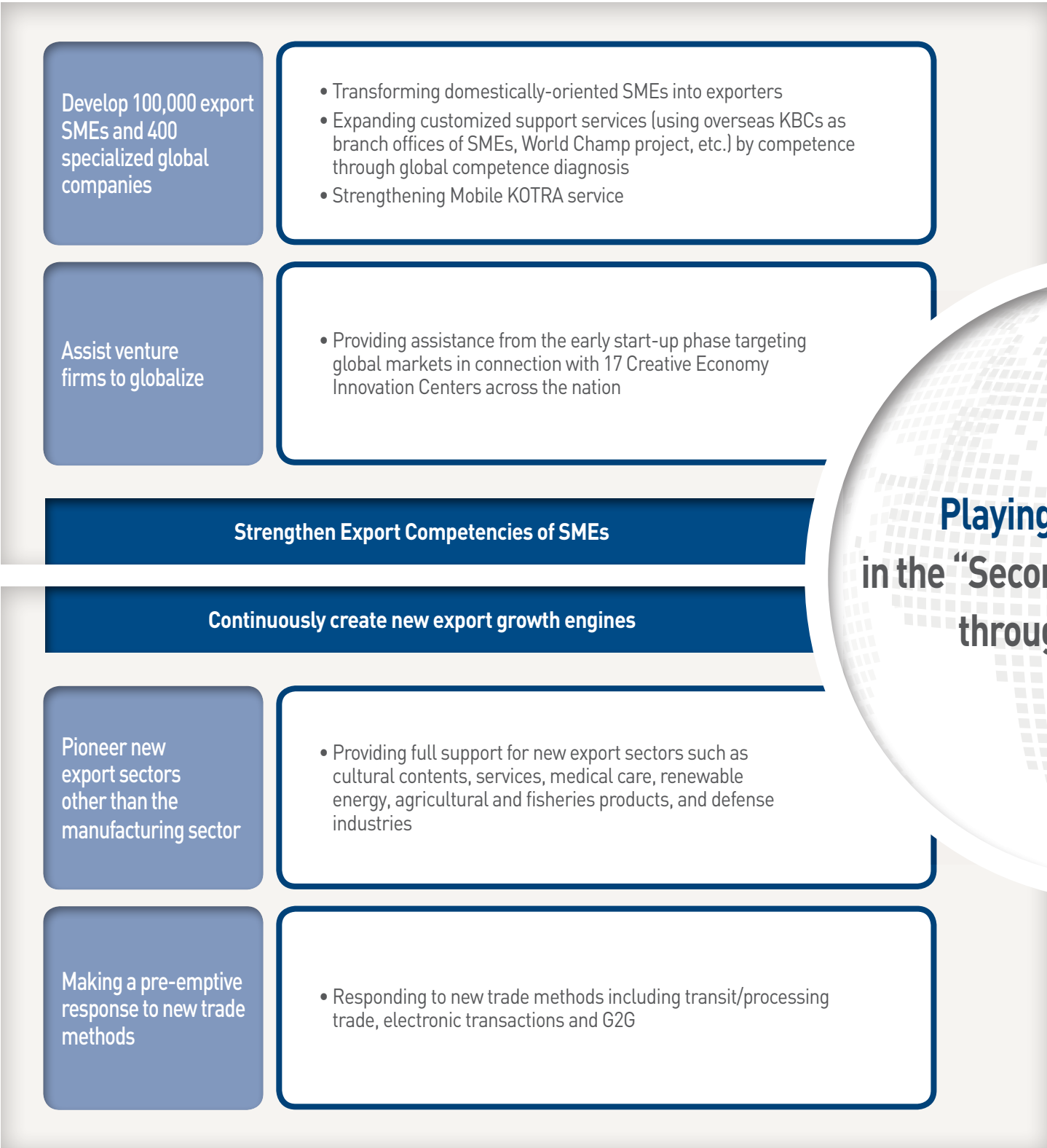
This report covers KOTRA’s four core projects, its corporate social responsibility activities, outcomes of the organization’s outcomes, and future strategies. Through the report, KOTRA intends to share our global knowledge and experience accumulated over the years. In particular, this report covers business outcomes of KOTRA’s overseas network, which is the agency’s greatest asset, and CSR implementation results based on ISO 26000 by 10 regions. In addition, as an organization that upholds the Ten Principles of U.N. Global Compact, we have also included “human rights management” implementation status in this report upon the recommendation of the National Human Rights Commission of Korea.

In my trip to Middle East in March this year, I heard a Middle Eastern saying that “Things ahead are better than things behind.” This means that hope lies in the unknown future rather than in the glorious past. Korea achieved US\$ 1 trillion in trade for four consecutive years. Not being complacent about the past, KOTRA will turn the unknown future into an opportunity to help the nation maintain its outstanding export performance in the future. KOTRA will make ceaseless efforts to deliver more satisfying service and help Korean companies produce greater outcomes.

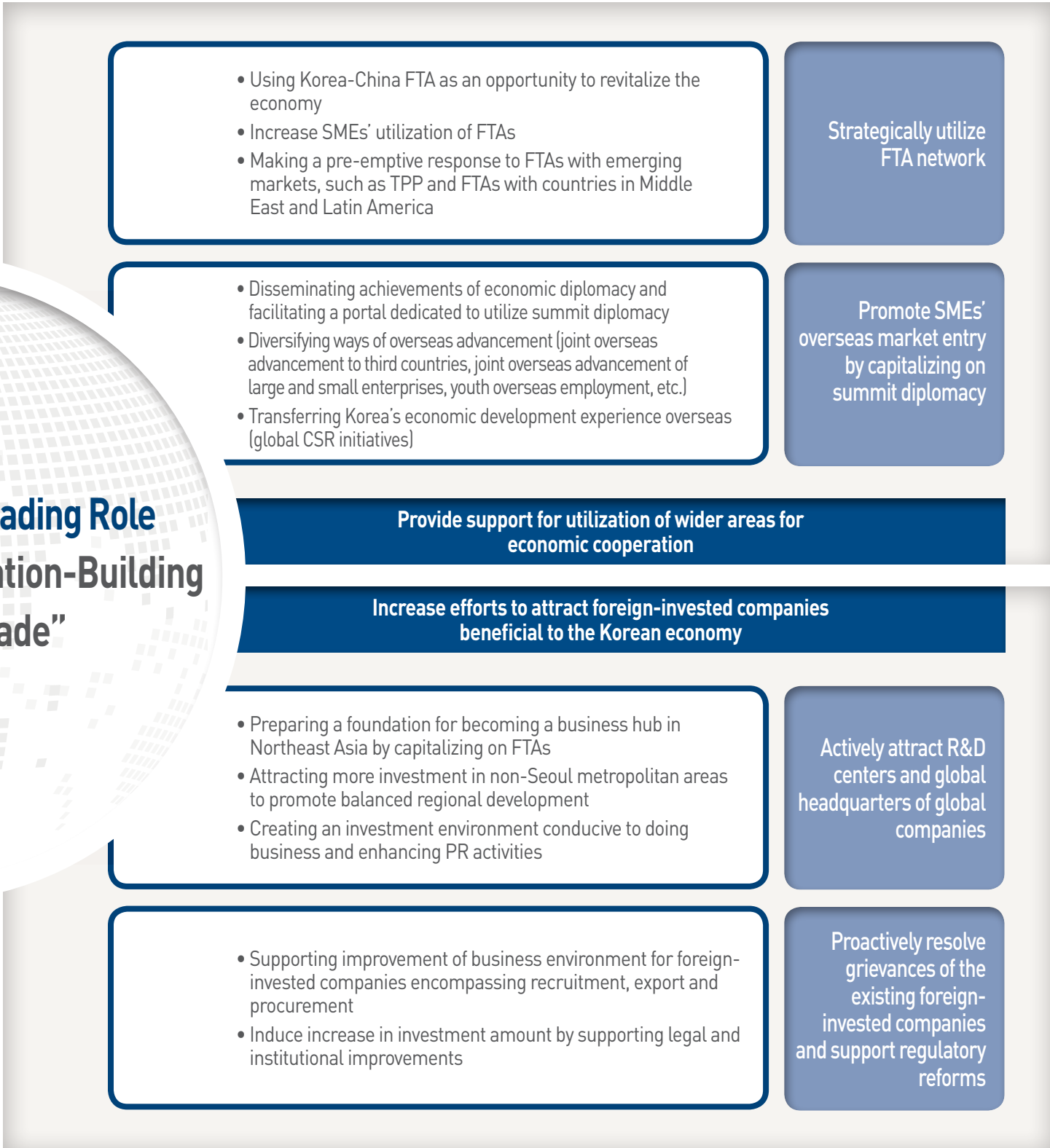
Thank you.

Jaehong Kim
President & CEO KOTRA

KOTRA's Business Directions for



Fulfilling Its Mission in a Changing World



Global Business Platform
KOTRA

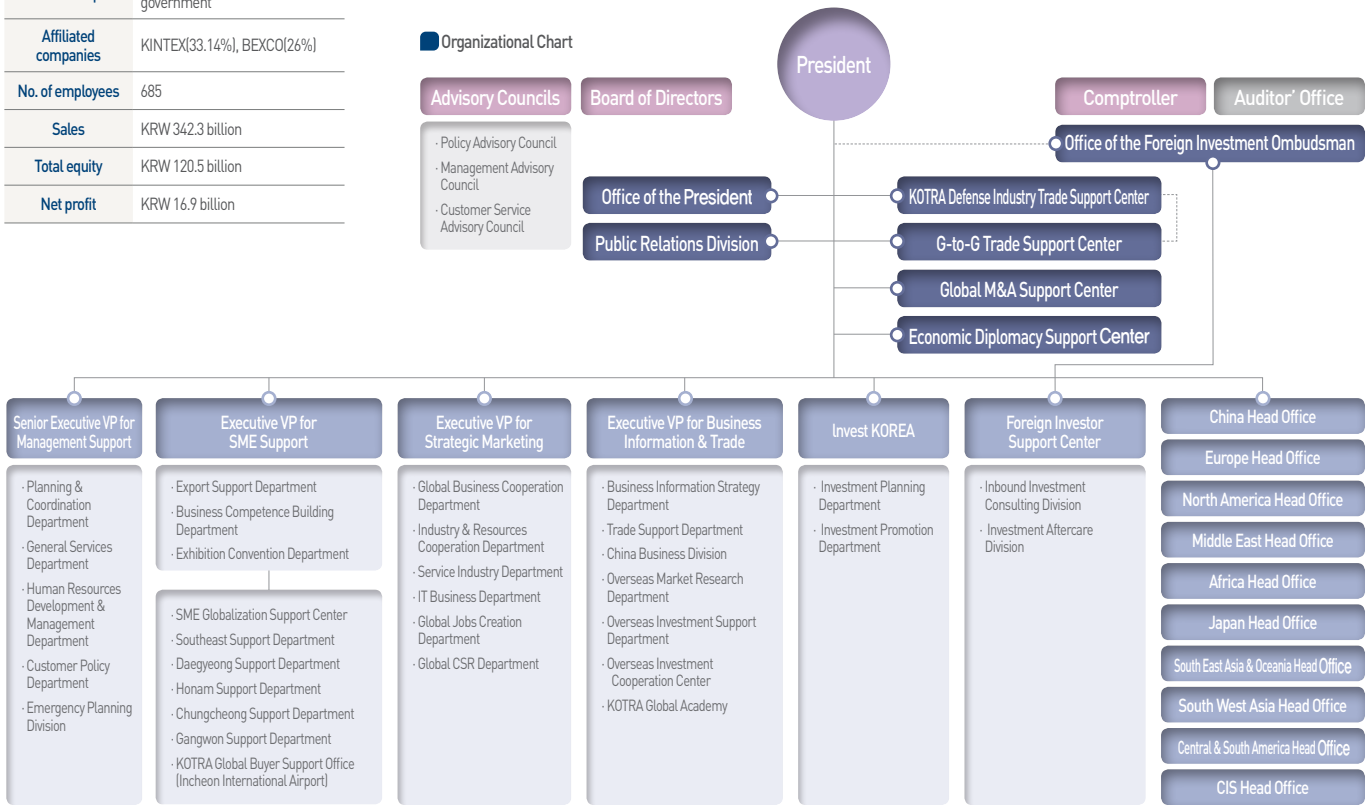
About KOTRA

Corporate Summary (As of Nov. 31, 2014)

Company Name	Korea Trade-Investment Promotion Agency (KOTRA)
Headquarters	13 Heolleungno, Seocho-gu, Seoul, Republic of Korea
President	Jaehong Kim
Date of establishment	June 21, 1962
Ownership	100% owned by the Korean government
Affiliated companies	KINTEX(33.14%), BEXCO(26%)
No. of employees	685
Sales	KRW 342.3 billion
Total equity	KRW 120.5 billion
Net profit	KRW 16.9 billion

KOTRA was established for the purposes of promoting international trade of the Republic of Korea and providing support for cross-border investments by domestic and foreign companies, industrial and technological cooperation, inducement of overseas experts, and export contracts between governments pursuant to the Korea Trade-Investment Promotion Agency Act. Capitalizing on its global knowledge and experience accumulated based on its extensive global network featuring 123 Korea Business Centers (KBCs) in 83 countries around the world, KOTRA promotes trade by Korean companies and attracts foreign investments by overseas companies, while actively supporting government policies such as support for free trade agreements (FTAs) and job creation.

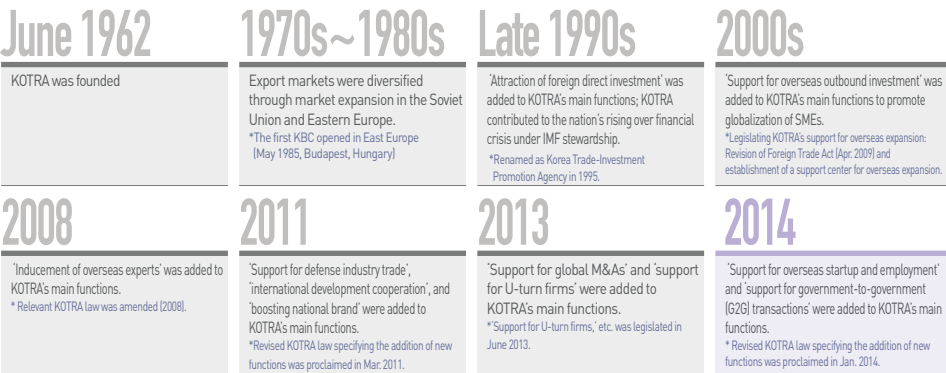
Organizational Chart



Distribution of Economic Value to Stakeholders _G4-EC1

		(Unit : KRW 1 million)		
Category	Distributed through	2012	2013	2014
Government	Taxes and charges	1,407	1,470	1,585
Shareholders	Dividends	2,844	-	5,115
Creditors	Interest costs	0.6	-	-
Employees	Wages, benefits, allowances and severance payments	97,523	103,252	100,511
Community	Donations	21	-	-

The KOTRA Timeline



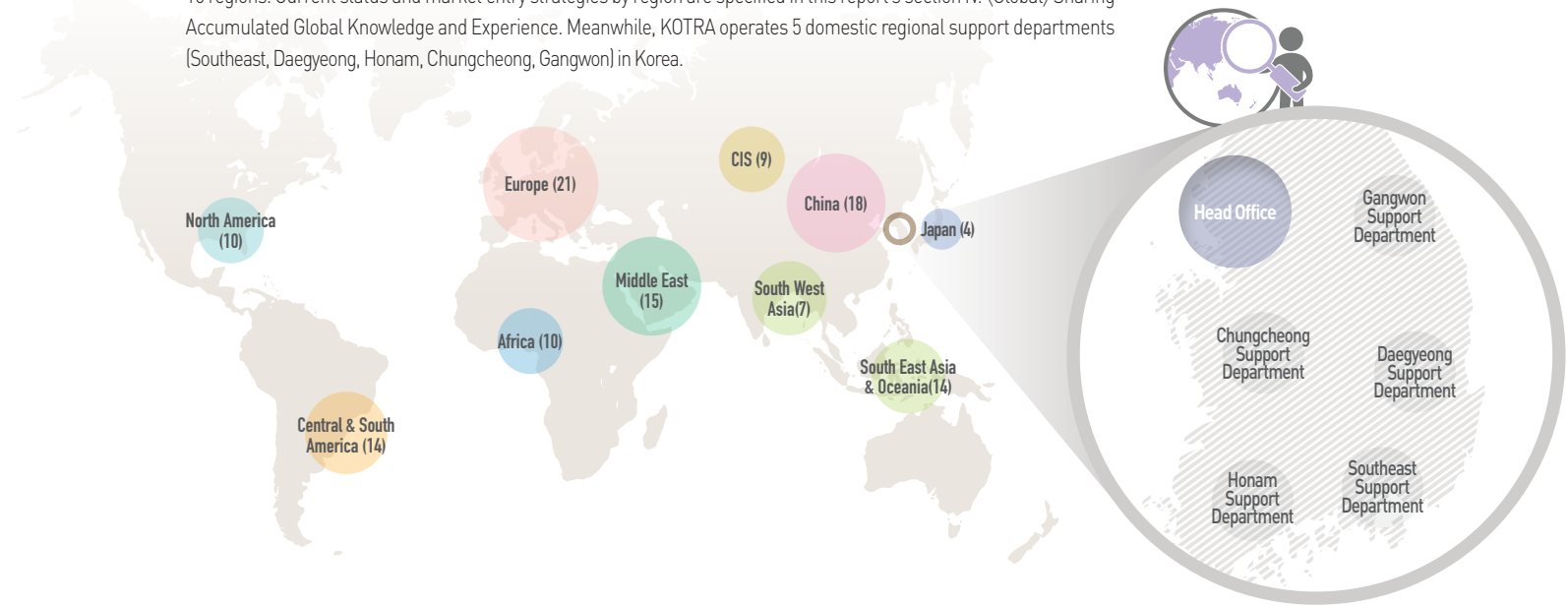
Source: All Public Information System in One (ALIO) www.alio.go.kr

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KOTRA's Global Network

KOTRA is operating 123 Korea Business Centers (KBCs) in 83 countries and 10 regions across the world (as of March 31, 2015). In 2014, with increased economic size in Asia, KOTRA divided the Asian region, which had been regarded as a single region previously, into the South East Asia and Oceania region and the South West Asian region, thereby operating KBCs in a total of 10 regions. Current status and market entry strategies by region are specified in this report's section IV. (Global) Sharing Accumulated Global Knowledge and Experience. Meanwhile, KOTRA operates 5 domestic regional support departments (Southeast, Daegyeong, Honam, Chungcheong, Gangwon) in Korea.



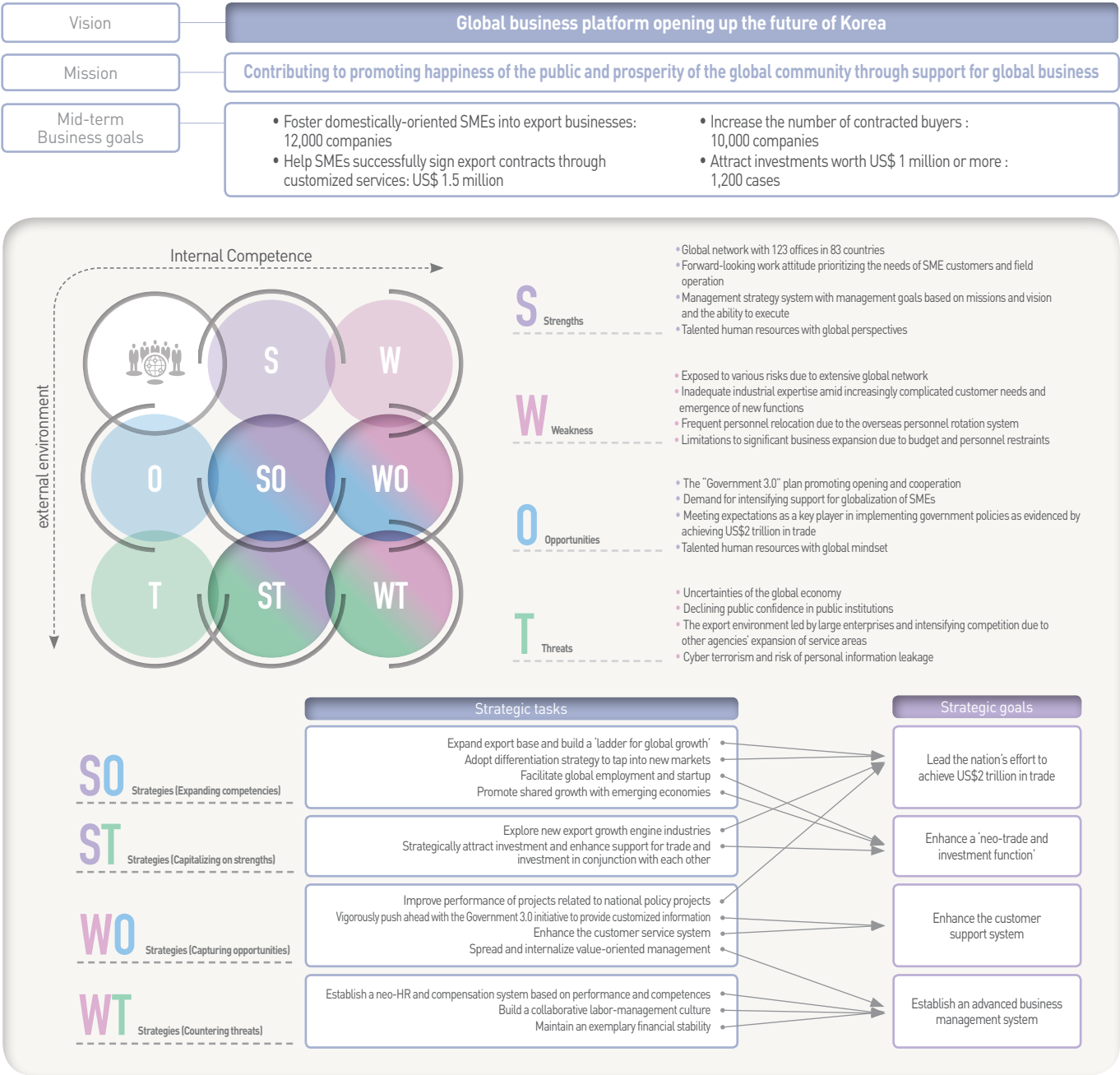
Global Network (10 Regional Head Offices, 123 KBCs in 83 Countries)

China [19] ¹⁾	Beijing (China), Shanghai (China), Guangzhou (China), Dalian (China), Tianjin (China), Chengdu (China), Qingdao (China), Wuhan (China), Xian (China), Shenyang (China), Nanjing (China), Chongqing (China), Changsha (China), Zhengzhou (China), Hangzhou (China), Xiamen (China), Shenzhen (China), Hong Kong (Hong Kong), Taipei (Taiwan)
Europe [21]	Frankfurt (Germany), Hamburg (Germany), Munich (Germany), Paris (France), London (UK), Stockholm (Sweden), Copenhagen (Denmark), Amsterdam (Netherlands), Brussels (Belgium), Milano (Italy), Zurich (Switzerland), Madrid (Spain), Vienna (Austria), Athens (Greece), Helsinki (Finland), Budapest (Hungary), Warsaw (Poland), Prague (Czech Republic), Bucharest (Romania), Zagreb (Croatia), Sofia (Bulgaria)
North America [10]	New York (USA), Los Angeles (USA), Chicago (USA), Dallas (USA), Washington DC (USA), Silicon Valley (USA), Miami (USA), Detroit (USA), Vancouver (Canada), Toronto (Canada)
Middle East [15]	Dubai (UAE), Cairo (Egypt), Tehran (Iran), Tel Aviv (Israel), Riyadh (Saudi Arabia), Amman (Jordan), Tripoli (Libya), Casa Blanca (Morocco), Kuwait (Kuwait), Muscat (Oman), Baghdad (Iraq), Alger (Algeria), Damascus (Syria), Istanbul (Turkey), Doha (Qatar)
Africa [9] ²⁾	Johannesburg (South Africa), Lagos (Nigeria), Nairobi (Kenya), Khartoum (Sudan), Addis Ababa (Ethiopia), Accra (Ghana), Dares Salaam (Tanzania), Kinshasa (Congo), Maputo (Mozambique)*
Japan [4]	Tokyo (Japan), Osaka (Japan), Nagoya (Japan), Fukuoka (Japan)
South East Asia and Oceania [14]	Singapore (Singapore), Manila (Philippines), Bangkok (Thailand), Kuala Lumpur (Malaysia), Yangon (Myanmar), Jakarta (Indonesia), Surabaya (Indonesia), Ho Chi Minh (Vietnam), Hanoi (Vietnam), Phnom Penh (Cambodia), Vientiane (Laos), Sydney (Australia), Melbourne (Australia), Auckland (New Zealand)
South West Asia [7]	New Delhi (India), Mumbai (India), Chennai (India), Bangalore (India), Karachi (Pakistan), Dhaka (Bangladesh), Colombo (Sri Lanka)
Central and South America [14]	Mexico City (Mexico), Panama (Panama), Guatemala (Guatemala), Havana (Cuba), Santo Domingo (Dominican Republic), Sao Paulo (Brazil), Rio de Janeiro (Brazil), Lima (Peru), Bogota (Colombia), Buenos Aires (Argentina), Santiago (Chile), Caracas (Venezuela), Asuncion (Paraguay), Quito (Ecuador)
CIS [10]	Moscow (Russia), Vladivostok (Russia), Novosibirsk (Russia), St. Petersburg (Russia), Kiev (Ukraine), Almaty (Kazakhstan), Baku (Azerbaijan), Tashkent (Uzbekistan), Minsk (Belarus), Ulan Bator (Mongolia)

1) The Ulan Bator Office was incorporated into the CIS region. New KBCs opened in Tianjin and Shenzhen.
2) The Douala Office in Cameroon was closed.

KOTRA's Strategies and Core Values

Based on its establishment purpose, KOTRA has formulated its mission statement as being "contributing to promoting happiness of the public and prosperity of the global community through support for global business" and has also developed its vision to become a "global business platform opening up the future of Korea." On the basis of the company's direction, KOTRA has come up with four strategies and 13 strategic tasks by analyzing external environment surrounding the corporation and identifying its internal competences. _04-2



Corporate Governance

Corporate Governance and Board of Directors _G4-38~40

KOTRA's Board of Directors (BOD) consists of six standing directors including the CEO and seven non-standing directors who are experts in their respective fields such as business management and law. Accounting for the majority of the BOD, non-standing directors efficiently provide consultation for and check against internal management. In addition, a comptroller and a commissioner from Invest Korea participate in board meetings as observers. Pursuant to Article 18-4 of the Act on the Management of Public Institutions and Article 3 of KOTRA's BOD regulations, the CEO serves as chairperson of the BOD. Pursuant to the Act on the Management of Public Institutions, KOTRA selects candidates for the president and non-standing directors through open invitation and recommends them to the government through the Executive Nomination Committee. In accordance with Article 8 of the Statute of the Korea Trade-Investment Promotion Agency (Appointment of Directors and Officers), KOTRA's president is appointed by the President of the Republic of Korea on a proposal of the Minister of Commerce, Industry and Energy according to the recommendation of the Executive Nomination Committee, while the standing comptroller is appointed by the President of the Republic of Korea on a proposal of the Minister of Planning and Budget via a resolution of the Management Committee.

Category	Name	Gender	Current position	Appointment procedure
Standing directors	Jaehong Kim	Male	President and Chairman of the Board	Appointed by the President of Korea*
	Jeong-Oh Ham	Male	Senior Executive Vice President	
	Hwan-Sup Shin	Male	Executive Vice President for SME Support	Appointed by the institution head
	Seong-Soo Kim	Male	Executive Vice President for Strategic Marketing	
	Won-Suk Yoon	Male	Executive Vice President for Information & Trade Support	
	Hyo-Chun Yoon	Male	Executive Vice President for China	
Non-standing directors	Kapseok Yoon	Male	Director General for Trade at the Ministry of Trade, Industry & Energy	Position of the ex-officio
	Eun Jung Lee	Female	CEO of Korea Mcnulty Co., Ltd.	
	Jae Kook Lee	Male	Former non-standing director of Korea Trade Insurance Corp (K-Sure), director of Hopedoremi corporation	Recommended by the Executive Nomination Committee
	Jin-Dae Chung	Male	Former CEO of Songdo Global University, representative patent attorney of licensing corporation Friends	→ Appointed by the Minister of Planning and Budget
	Kwang-Keun Lee	Male	Chairman of Pojico Marketing Co., Ltd.	
	Chan Kyu Park	Male	Chairman of SJ Co., Ltd.	Recommended by the Executive Nomination Committee
	Yung Pil Kang	Male	Director of Jeju Journalists Club	→ Appointed by the Minister of Commerce, Industry and Energy
Comptroller	Jin Eok Kim	Male	Auditor	Appointed by the President of Korea*
Head of Invest KOREA	Ki-Won Han	Male	Head of Invest KOREA	

* For details, please refer to the ALIO (All Public Information in One) system.

Operation of the BOD _G4-41

The BOD deliberates and decides on matters that are important for the management of KOTRA. BOD meetings are held once a month (third Thursday of every month) on a regular basis. Pursuant to Article 12-2 of the BOD Regulations, the BOD operates subcommittees and advisory committees. Results of BOD meetings and the Executive Nomination Committee are disclosed on KOTRA's website and thus major management decisions are disclosed immediately to shareholders and stakeholders. Pursuant to Article 2-2 of the Public Service Ethics Act and Article 17 of the Statutes of KOTRA, KOTRA employees are not allowed to concurrently hold any other employment to prevent conflicts of interest. In addition, according to Article 27-2 of the Statutes of KOTRA, directors with conflicts of interest with respect to any of the agenda items at a meeting cannot attend the related board meeting.

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Enhancing and Facilitating the Roles of the BOD _G4-42~44, 48~50

The BOD deliberates and decides on such matters as management objectives, budget, funding and operation plans as specified in Article 23(matters for decision) of the Statutes of KOTRA. The BOD formulates policies, purposes, and a value system associated with economic and social impacts, places related topics as major agenda items and review them on a regular basis. The BOD agenda item discussion procedure is as follows: First, the comptroller or the president proposes agenda items 12 days before BOD meetings and the head of Planning and Coordination Department collects them and submits them to the BOD after receiving approval from the president. The head of Planning and Coordination and the head of Business Management Team review and approve whether to include certain material aspects in this report. In 2014, BOD's role in deliberating was further strengthened by increasing the ratios of non-standing directors' remarks and modified decisions.

Category	2012	2013	2014	Year-on-year
Number of BOD meetings (meeting)	17	14	13	1 ↓
Number of agenda items (case)	32	25	23	2 ↓
Directors' pre-review ratio (%)	100%	100%	100%	-
Ratio of modified decisions (case, %)	2(6%)	2(8%)	2(9%)	1%p ↑
Reported items (case)	13	11	12	1 ↑
Attendance ratio (%)	92.2%	95.1%	90.3%	4.8%p ↓
Attendance ratio of non-standing directors (%)	90.9%	93.8%	90%	3.8%p ↓
Ratio of remarks made by non-standing directors (%)	83.1%	91.3%	94.1%	2.8%p ↓

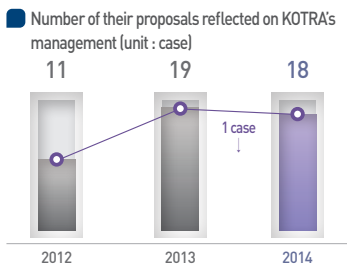
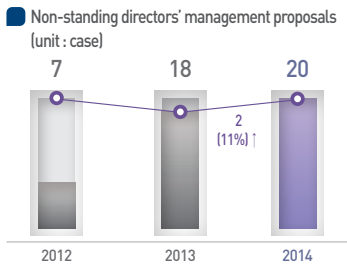
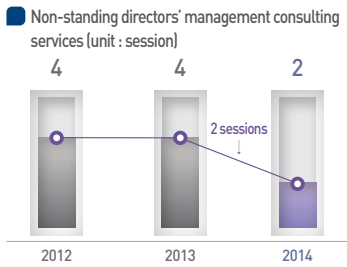
Enhanced Roles of Non-standing Directors and Advisory Committee _G4-34, 43

Reflecting changes in markets and business management environment, KOTRA has secured a pool of expert candidates for non-standing directors. Reflecting rising demand following conclusion of FTAs, KOTRA has increased the number of international trade experts to 38 (an increase of 3 compared to the previous year), sub-classified the pool into manufacturing and service sectors, and increased the number of experts in the service sector to 22 (an increase of 8 compared to the previous year). KOTRA provides phased support for non-standing directors by dividing their activities into three phases of the initial stage, active stage, and stage of term expiration, while offering updated management information comparable to that offered to standing directors via BOD newsletters (published twice a month) and SNS. KOTRA has also improved a process in which the importance of each management proposal made by the BOD is rated and follow-up measures are taken in a phased manner in order of importance. In 2014, KOTRA formed an advisory committee comprising experts in the areas of trade, industry and finance which fit the agency's purpose of promoting trade and investment, as well as female business leaders. It capitalized on the advisory committee's expertise and expanded its roles by linking the committee with KOTRA's internal committees dealing with similar topics.

Advisory committee	Roles	Activities in 2014	Internal committees at KOTRA
SMEs	Fostering small and medium-standing companies and promoting shared growth	Assessment of business plans and shared growth index- 3 sessions held	Representative committee of the Service Advisory Group (half-yearly)
Public relations	Media relations activities and the Government 3.0 initiative	Risk management, Government 3.0 ~twice	Clean KOTRA committee (quarterly) Government 3.0 advisory committee (yearly)
Trade issues	Utilization of FTAs and trade policies	Assessment of outstanding planning and research reports ~twice	Exchange risk management/ finance and operations committee (yearly)
Policies	Government policies and expansion of new markets	Improvement of management goals and patent certification project-twice	Proposal deliberation committee (quarterly)

Operation of the Executive Nomination Committee _G4-40

KOTRA has formed a neutral Executive Nomination Committee representing various fields by appointing non-standing directors and KOTRA spokespersons (outside members) including female members to reflect diversity. The agency boosted attendance rate and cut back on budget by linking the BOD with the Executive Nomination Committee (attendance rate increased by 6.6% and planned budget decreased by 33.1% over the previous year). KOTRA thoroughly verifies candidates in compliance with relevant regulations and procedures and discloses meeting results, thereby securing transparency of the executive nomination process.



Assessment of BOD Performance _64-60

KOTRA has worked out three monitoring indicators- BOD composition, BOD activeness, and BOD expertise –along with 10 detailed indicators to measure the activeness of the BOD.

Monitoring indicator		Detailed indicator	Weight [%]
BOD composition	Is the BOD running independently?	· Measuring the proportion of non-standing directors, proportion of neutral directors, and diversification of non-standing directors' expertise	30
		· Measuring the independence of the BOD as the top decision-making body.	
BOD activeness	Is the BOD active? Are non-standing directors actively participating?	· Measuring quantitative performance records such as the number of meetings, attendance of non-standing directors, ratio of agenda items processed, and number of remarks per item	60
		· Measuring non-standing directors' participation rate	
BOD expertise	Is the non-standing directors' expertise being used sufficiently?	· Proportion of advisory committee meetings per business area	10
		· Appropriateness of the BOD's work assignment system	

In addition, improvements were made to reinforce responsibility management of the top decision-making system by including business management assessment results in assessment of standing directors.

Roles of the Highest Governance Body with Respect to Sustainability Management Issues _64-36, 36, 37, 44-47

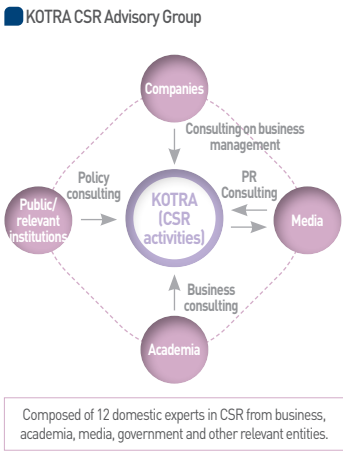
The top management of KOTRA takes charge of its economic, environmental and social issues through the Ethical Management Committee and Clean KOTRA Committee, with the head of the Global CSR Department responsible for social issues, the leader of the Climate Change Business Team taking care of environmental issues, and the leaders of the FTA Business Team, Overseas Exhibition Team, etc. taking charge of various economic issues.

CSR Advisory Group

As CSR gains attention and grows in importance, KOTRA implements its CSR activities at the enterprise level through the Global CSR Department which is exclusively dedicated to CSR activities. It receives advice from the CSR Advisory Group composed of experts. Overseas, Korean companies' CSR activities are supported by KBCs. More details on KOTRA's global CSR activities are available in this report's IV. [Global] Sharing Accumulated Global Knowledge and Experience section.

Remuneration and Incentives _64-51-55

When changing its remuneration system, KOTRA draws up improvement plans based on its employees' demand for improvement and consulting service offered by external specialized consulting organizations. It also collects opinions of various stakeholders including labor unions and the government concerning remuneration to finalize its remuneration policy. Executive compensation is composed of basic pay and performance-related bonus and the basic pay of top executives is adjusted at the beginning of each year according to government guidelines. Management performance remuneration for top executives should reflect annual performance evaluation results. The president's management performance remuneration is determined through the president's employment contract, whereas the performance pay for the auditor is decided by his/her auditing performance evaluation results. The management performance pay for standing directors is determined by the president according to the relevant rules. Non-standing directors are not entitled to receive the management performance pay. In 2014, average compensation for top executives stood at KRW 156,842,000, while average compensation for an average employee was KRW 74,358,000, indicating that annual pay for top executives is 2.1-fold higher than that of average workers. The average compensation for general employees, which is determined by annual labor-management wage conferences, decreased by KRW 1,084,000 compared to 2013, while that of top executives decreased by KRW 10,979,000 from a year ago due to exemption of management performance evaluation pay from their average compensation. In 2014, annual salary for a new employee was approximately 2.32-fold higher than the minimum wage. Details on remuneration for top executives and average employees are available at the ALIO [All Public Information in One] system.



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Enterprise-wide Risk Management System _64-2, 14, 45-47

Amid continued external demand for the reform of public institutions, new functions have been added to KOTRA and its organizational network is undergoing steady expansion. In order to become a sustainable organization, KOTRA has established an enterprise-wide risk management system that overcomes the limitations of the existing risk management system.

Risk Management System

KOTRA has prioritized seven risk types including policy, business, operation, finance, disaster, security and public relations based on probability and impact.

Risk type	Risk factor	Management method	Organization in charge	Remark
1. Disaster	Riots, abduction, human casualties, earthquake, fire	Dedicated management, real-time management by dedicated departments	General Services Department, etc.	
2. Security	Personal information leakage, cyber terrorism		Customer Policy Department	
3. Finance	Foreign exchange losses, reduced government subsidies		Budget Team	
4. Business	Poor customer management and poor business management	Integrated management, enterprise-wide, regular management	Department concerned at the head office	
5. Operation	Conflict management, service management		Human Resources Department, etc.	
6. Policy	Five factors including inauguration of a new government and absence of the CEO		Planning and Coordination Department	
7. PR	Negative media reports		Public Relations Division	Deal with other risks simultaneously

In addition, KOTRA has classified risk levels into five grades and established a risk management organization led by the president and vice presidents and a risk response process.

Risk level	Operation organization	Process	Response details
Ordinary times	Risk management coordinating department, CRO (Chief Risk Officer, vice president), RM (Risk Manager, middle managers)	Prevention	· Draw up KRIs [Key Risk Indicator] by risk. · Produce and training response manuals by risk. · On-going monitoring of internal and external VOC (Once per week)
Yellow	Risk management headquarters (Headed by the vice president)	Response	· Establish a detailed response plan on the golden time (initial 24 hours)
Orange	Emergency committee (Headed by the president), Field response team		· Implement the manuals and flexibly modify them depending on change in the situation
Red			· Formulate risk recovery strategy.
Resolution	Risk management headquarters (Headed by the vice president)	Recovery	· Identify damage, establish recurrence prevention plans, and make improvements on activities

In order to internalize the newly-established risk management system, KOTRA established partnerships with overseas local relevant organizations and distributed a brochure "A Guide to Personal Safety" to its customers, contributing to enhancing SMEs' capabilities to respond to disasters. In the case of actual emergency situations, KOTRA responds to them by complying with its manual. When a chief of Tripoli Office in Libya was kidnapped in January 2014, KOTRA successfully rescued him through collaboration with local authorities and came up with comprehensive safety measures for high-risk areas as follow-up steps. In August 2014 when the Ebola disease broke out, KOTRA applied its disaster and crisis preparedness manual, upgrading its crisis management response.

Risk Management System Direction and Strategy

Basic direction	Strategy
Proactive risk management	Promote efficient management through selection and concentration
Process-oriented risk response	Establish a prompt response system through situation-oriented management
Value system integration structure	Eliminate risk factors through prevention
Immediately operable action plan	Strengthen internal liaison and external collaboration for coordinated response

Establishing Risk Management Process

Schedule	Description
May	Formation & launch of a dedicated taskforce team ▶ Briefing sessions and workshops ▶ Identification of risk factors ▶ Establishment of a comprehensive plan
August	Disaster response drills were held at the head office and eight KBCs.
September	Opinions of employees with experience by risk were collected and disaster inspections were conducted at KBCs.
November	General results and action plans were reported.
December	A meeting with experts on disaster and security risks was held.



A Guide to Personal Safety

Ethical Management _G4-56~58, 503-5

With the expansion of KOTRA's overseas networks, the need for management of ethics risk has also increased. Amid growing demand for transparent management and ethical management such as normalization of lax management, KOTRA has established an organization with zero ethical breaches through internalization of its core values, while revamping its ethical management system.



*For details on Code of Ethics, please refer to KOTRA's Ethical Management homepage.

Ethical Management Organization

KOTRA operates the Ethical Management Committee chaired by the president as a top decision-making body concerning ethical management issues. The Planning and Coordination Department acts as its secretariat, taking charge of implementation of the ethical management system. In order to ensure smooth operation of the committee, KOTRA has appointed ethical management officers in respective departments who are tasked with the implementation of respective departments' ethical management activities and are responsible for the results. In addition, KOTRA operates the Clean KOTRA chaired by the auditor to support the implementation of ethical management activities such as anti-corruption initiatives, to check and monitor decision-making activities of the Ethical Management Committee.

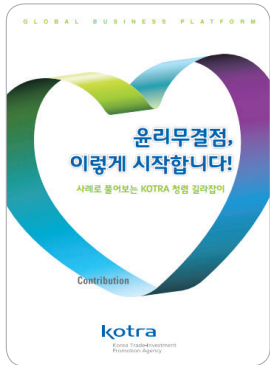
Revamping the Ethical Management System

KOTRA has chosen 'Trustworthy' as an action keyword for all KOTRA people, while establishing standards of conduct in connection with its four core values (Customers, Contribution, Challenge, Global) and selecting 'achieving zero ethical breaches' as its standard of conduct for 'Contribution.' Also, to internalize standards of conduct by core value within the organization, KOTRA has set 'efforts to implement core values and achievements' as an evaluation indicator for individuals and departments and has institutionalized it through half-yearly evaluations. In October, the day of integrity, it was emphasized through the CEO message that internalization of core values and enhancement of integrity mindset are essential elements for sustainable growth.

Ethics Education Programs and Ethics Award System _G4-504

In an effort to achieve zero ethical breaches and disseminate the culture of ethics and integrity, KOTRA operates ethics and integrity education programs customized to suit employees' life cycles for its entire employees at home and abroad. In 2014, KOTRA published and distributed a casebook in which key provisions selected from the employee code of conduct through an internal survey are explained in an easy-to-understand manner in the form of cartoons, presenting standards of conduct in

- Standards of Conduct for "Contribution"
- We contribute to the nation's industrial development by expanding exchanges of commodities, services, capital and human resources.
 - We challenge to achieve "zero defects" in ethics based on strict professionalism.
 - We fulfill our social responsibility towards our organization, country, humanity and future.



KOTRA Integrity Guide

ethical-dilemma situations. The casebook will be utilized for competency workshops held by rank. In addition, KOTRA introduced an ethics award system (KOTRA *Ddalggakbari* meaning "a traditional upright scholar of integrity") to increase the number of KOTRA personnel who challenge to achieve zero-defects in ethics by giving prizes and extra points at the time of individual evaluation, thereby accelerating ethical management. The first prize-winner of the ethics award, which was launched for the first time in 2014, was the head of KOTRA Bangkok Office.

Anti-Corruption and Integrity Activities _G4-504

In 2014, as part of activities to promote anti-corruption and integrity, KOTRA held three Clean KOTRA Committee meetings, while setting up the integrity ombudsman and modifying its operation guidelines. In addition, KOTRA appointed integrity ambassadors and produced and distributed posters promoting integrity ambassadors and all KOTRA employees signed integrity pledges on the day of integrity. It also featured 'Ethical Culture and Action' in the form of a webtoon in its monthly newsletter, recording 1,049 views on average.

Anti-corruption Reporting Channels _G4-57, 58

KOTRA operates internal and external channels through which employees' violations of ethics regulations are reported. As for internal reporting, KOTRA operates the Clean Report Center which receives reports by phone, fax, e-mail, intranet (WINK) and mail. Externally, reports on irregularities and acts of corruption (code of conduct) can be reported to the Anti-Corruption and Civil Rights Commission (www.acrc.go.kr).



Promotional poster for integrity ambassadors

Reflecting Global Trends: Ethical Management Evaluation _G4-505

In order to reflect global trends, KOTRA monitors and evaluate ethical management and provides feedback. Internally, KOTRA conducts regular ethical management diagnosis called 'KOTEX (KOTRA Ethics Index)'. In 2014, it additionally applied the human rights management checklist of the National Human Rights Commission of Korea, further enhancing ethical management. According to the evaluation results, the overall score rose from the previous year, recording higher scores in most categories, including management philosophy, ethical management systemization, and fair transactions, compared to the previous year.

Category		2012	2013	2014
ACRC's evaluation of KOTRA's integrity	Overall integrity	Good	Good	Good
	External integrity	Good	Average	Average
	Internal integrity	Average	Good	Good
ACRC's evaluation of KOTRA's anti-corruption policies	Overall result	Grade 3	Grade 3	Grade 3
	Establishment of anti-corruption infrastructure	Grade 3	Grade 2	Grade 4
	Enhancement of policy transparency & credibility	Grade 3	Grade 3	Grade 4
	Elimination/Improvement of causes of corruption	Grade 3	Grade 3	Grade 3
	Improvement of integrity mindset and culture of the public service sphere	Grade 2	Grade 3	Grade 3
	Proactive anti-corruption & reporting activities	Grade 4	Grade 2	Grade 1
	Improvement in the degree of integrity	Grade 3	Grade 1	Grade 1
	Incidences of corrupt public officials	-	Grade 1	Grade 1
KOTRA's internal integrity survey result (KOTEX)		89.40	91.33	92.34

In 2015, KOTRA plans to introduce a 'one-strike out' system depending on monitoring results under the principle of 'punishing evil deeds and rewarding good deeds' and dispensing 'exemplary punishment.'

Interviews with KOTRA Stakeholders

_94-27

In a bid to identify sustainability issues which are important to KOTRA in the course of publishing this report, KOTRA has selected eight core stakeholder groups and has conducted qualitative research (in-depth interviews) with stakeholders representing respective groups.

Government Oh Jonghee, Deputy Director, International Trade Promotion Division, Ministry of Trade, Industry and Energy

"KOTRA is a public organization dedicated to promote trade and attract investment. **It is of foremost importance for KOTRA to faithfully carry out its core businesses in line with its establishment purposes to ensure sustainability management.** Export plays a vital part in Korea to the extent that the nation's economy is heavily influenced by export, and thus KOTRA's activities to promote trade and export and attract investment have a significant impact on the nation's economic performance. Helping domestically-oriented companies become exporters is one of the government's state tasks and enhancing competencies of SMEs can directly lead to trade promotion. KOTRA is able to provide valid local information and it needs to provide information necessary for export facilitation of Korean businesses in a prompt and accurate manner. It will also need to enhance customized support in consideration of differences by companies. Depending on agenda on overseas expansion, the types and numbers of KOTRA's businesses may increase. I hope that KOTRA will faithfully carry out its core businesses through selection and concentration, doing its utmost to promote trade."

National Assembly Peter Yoon, Policy Research, Policy Committee, Democratic Party

"KOTRA has played a pivotal role in the areas of export support and investment attraction in the nation's effort to enter the era of US\$2 trillion in trade from the era of US\$1 trillion. KOTRA advanced into countries with no diplomatic ties with Korea and laid groundwork for diplomatic relations, **promoting people-to-people diplomacy and boosting international standing of Korea.** The Korean economy is highly dependent on trade. KOTRA's role of formulating the framework for the Korean economy in a changing global trade environment is becoming more important than ever. In order for Korea to successfully enter the era of US\$2 trillion in trade from the stage of US\$ 1 trillion in trade, trade and investment need to be more substantiated, while more attention should be paid to assist domestically-oriented Korean SMEs to become exporters by offering customized information on overseas expansion needed by the SMEs."

Academia Kim Ki-Chan, professor of Business Administration Department, Catholic University of Korea

"Amid growing complexity and convergence of products and services, a shift is taking place from individual competition to competition among different business ecosystems. In addition, collaboration and synergy are gaining more importance rather than relying on stand-alone competitiveness. KOTRA has presented its vision of becoming a 'global business platform.' In order to faithfully fulfill its role as a platformer, it is necessary for KOTRA to efficiently utilize external resources by encouraging 7 million Koreans residing overseas to participate in its businesses and **to act as an organizer that organizes a business ecosystem involving various stakeholders within a value chain, networks and market information.** I hope that KOTRA will successfully fulfill its role as an open platformer that plays a vital role in globalization of Korean SMEs."

Employees Jang Jin, Union Leader, KOTRA

"In order for Korean companies to secure competitiveness and expertise by realizing the economy of scale, it is imperative to expand overseas markets through KOTRA. KOTRA is an organization where human resources are its key asset to the extent that the half of its budget is allocated for labor cost. As such, KOTRA employees' competencies may have a direct impact on its business performance and the Korean economy. Therefore, it is extremely important to foster its employees into competent workers and reach their potentials. To this end, it is necessary to create a corporate culture and environment where employees find their work worthwhile and **balance between work and family is achieved.** Only when there is an environment where KOTRA employees can work with a sense of mission and share their experience, knowledge and knowhow, the establishment purpose of KOTRA, namely, "contributing to the development of the national economy through trade promotion and investment attraction, can be achieved successfully."

Domestic relevant entity Shim In-soo, team manager of Association of High Potential Enterprises of Korea

"In order to achieve national goals of attaining US\$ 2 trillion in trade and becoming one of the world's top five economic powers by 2020, it is necessary to promote the growth of Korean SMEs and to enhance their export competencies. To this end, the role of KOTRA, a specialized global business support organization, is extremely important. In order to fulfill its mission and vision and achieve its goals, KOTRA should establish a system from a mid-to-long term perspective in which SMEs can make inroads into overseas markets, rather than focusing on creating short-term results, and should spare no effort to provide support to help SMEs to produce tangible results. Businesses undertaken by KOTRA not only promote the development of specific industries and companies, but also have big economic impact such as investment attraction and job creation. I ask that KOTRA faithfully fulfill its original duties with a sense of mission. I also hope that KOTRA will **become an institution trusted by stakeholders, as well as fulfilling its corporate social responsibility.**"



Overseas relevant entity Maeng Cheong-sin, chief consultant of HKTDC Korea Representative

"Korea is an export-led economy and its goal is to become the world's top five trading partners by 2020. In order to achieve the goal, the role of KOTRA, an organization dedicated to promote international trade, is of great importance. KOTRA is the nation's sole organization dedicated to trade promotion equipped with **capacities necessary for global business networking such as overseas branch offices, regional trade information and personnel.** When KOTRA's personnel operating around the globe are directly involved in expanding export markets and maximize their power of execution and competencies, KOTRA will not only achieve its business goals and mission, but also become an organization that will create economic and social values."

Media Kwon Young-Hoon, Reporter, News Reporting Team, Korea Business News

"As Korea has concluded increasingly number of bilateral and multilateral FTAs, it presents both new opportunities and risk factors. KOTRA should enhance its services tailored to different needs of customers such as locally customized services and providing necessary support in line with changing trade environment. This should be supported by KOTRA's information database. It is important for KOTRA to do its utmost to increase export by providing information required by companies through expansion and enhancement of country information and by paying attention to and responding to opinions of participating companies and presenting KOTRA's solutions to their opinions or grievances. In addition, KOTRA needs to ensure that **its work knowledge, knowhow and experience, which have been accumulated locally,** should be left under-utilized due to retirement or rotation policy of its personnel. Rather, it should consolidate a system that can systematically accumulate and disseminate them. KOTRA will be able to reinforce its expertise as a trade and investment promotion agency by sharing competencies of individual employees at the company level."

KOTRA-invested company Sejun Lee, Director, Management & Planning Department, Busan Exhibition & Convention Center

"National borders are becoming increasingly blurred in the global market from production to sale. Against this backdrop, KOTRA's functions and roles of providing support for export and investment as an intermediary will gain more importance. KOTRA needs to collect, process and provide regional characteristics, latest trends, and political and economic information by KBCs in a prompt manner to help value-consuming customers use it immediately. It also needs to disclose how its information has been used, which will help the agency make improvements on information collection. Besides, KOTRA will need to proactively push ahead with businesses that promote national interest in the long term such as learning knowhow of leading companies and advancing into emerging markets through overseas employment/startup referral service. I hope that, **based on its mission as an agency representing the Korean people, KOTRA will concentrate on its original function of promoting export and trade/investment,** thereby becoming a leader in global trends."

Customer Customer of Global Partnering project

"Becoming a business partner of leading global companies is a golden opportunity for SMEs to achieve sustainable growth and to take a new leap forward. Korean SMEs have always pursued such partnerships. However, there were many obstacles to finding companies that need our technology and forming business partnerships with them. The path to signing contracts looked so bleak at first, but it has become clearer through KOTRA's Global Partnering project, helping us to find the right direction. KOTRA has offered customized service by **exploring specific demands of global companies and linking them with Korean SMEs,** thereby accurately presenting a path to overseas markets. The agency not only provides useful local information, but also provides support for the entire process ranging from product development to product delivery. In particular, KOTRA operates competitiveness enhancement programs to help SMEs meet requirements of global companies. They contribute not only to boosting our export performance, but also to enhancing our competitiveness and thus we are actively partaking in the programs. I hope that more SMEs will take advantage of KOTRA's various support projects in a more efficient manner."

Customer Customer of global CSR initiatives

"Foreign client companies that have signed contracts with us increasingly require us to abide by CSR standards, while CSR-related laws are enacted country by country such as Europe and Indonesia. Given this, it is considered that undertaking CSR activities by Korean companies doing business overseas is not longer a matter of choice, but a must. **KOTRA's global CSR program** identifies local needs and encompasses a wide variety of areas ranging from healthcare, medical care, environmental improvement to human resource cultivation, having effects which are not possible for a single company to attain. This is helpful to **build an image of "responsible Korean companies" and to reinforce connection with local people.** It also boosts perceptions of Korean companies and strengthens networks with clients, contributing to our business performance. I hope that KOTRA will continue to increase CSR items and categories in collaboration with various enterprises and organizations to help us benefit from such positive effects. I also hope that KOTRA's global CSR initiatives will be implemented in the long term by encouraging greater number of companies to participate in them."

Customer Foreign-invested enterprise Customer

"With youth unemployment rate getting higher, there is an increasing demand for providing support for overseas employment and startup for young people, getting out of the boundary of Korea, and attracting foreign capital more actively. KOTRA's **Global Alliance Project Series (GAPS) is a program designed to link business ideas of startup companies with capital and marketing abilities of global companies.** I think that it is a smart program that contributes to resolving even social problems by capitalizing on KOTRA's unique characteristics. The program could be further expanded by identifying businesses featuring local characteristics and specialties by region in Korea, which will contribute to balanced regional development. I hope that KOTRA will make greater contribution to national development and stabilization of the people's lives by identifying more practical businesses and concentrating their competencies."



Stakeholder Communication_64-24-27

KOTRA is actively engaged in a wide range of communication activities aimed to share the agency’s vision, core values and strategies with its internal and external stakeholders. In particular, open collaboration with relevant organizations is of paramount importance for KOTRA to achieve its vision of serving as a ‘global business platform’ and its core values.

KOTRA has classified its stakeholders based on creation, consumption, impact and sharing of values and strives to identify key areas of their interest by utilizing a wide range of communication channels.

Category	Key areas of interest	Communication activities (frequency)	
Labor union for employees (Value creation)	· Motivation, organizational/ personal development, sharing of performance · Representing interests of union members	Official channels	· [Management] 13 Board of Directors meetings, 17 management committee meetings, executive strategy meetings/ meetings on scheduling-related matters (weekly) · [Led by managers] Division/ department-level meetings (weekly), extended manager meetings (quarterly), video conferences between the Head Office and overseas branch offices (held whenever the need arises) · [Led by staff] Planning and budget council meetings (held whenever the need arises) · [Management’s on-site visits] Meetings between the CEO and heads of overseas regional head offices by region (8 times), regular council meetings between executive director and heads of regional support centers (21 times)
		Non-official channels	· Cheongwoojeongdam (dialogue with returning KOTRA employees from overseas, held 3 times by division), Cheongwoojidam (monthly Webzine) · Ongoing operation of the Open Gallery · CEO messages, management’s involvement in club activities, expansion of EAP (Employee Assistance Programs) · Spontaneous meetings on the spot (lunch or dinner with management, etc.)
		Online channels	· A wide range of online surveys, online bulletin board
		Offline channels	· Various official/unofficial strategy meetings, taskforces (T/F), workshops · Team Spirit Day
SMEs (Value consumption)	· Export expansion · Reflection of opinions, receiving customized support	CEO	· Meetings with heads of regional service advisory groups across the nation
		Executives designated for respective regions	· Meetings with heads of regional service advisory groups across the nation
		KOTRA service advisory groups	· 13 service advisory groups under operation nationwide
		Mobile KOTRA	· Assisting provincial-based SMEs in their overseas market expansion
		Trade Doctor	· Online/offline integrated consulting service
Relevant organizations (Value creation/ consumption)	· Support for SMEs’ overseas market expansion · Performance sharing, reflection of opinions		· A council on fostering SME World Champs · A council on Korean brands and Hallyu product expo · A council on disseminating outcomes of economic diplomacy · A steering committee on investment attraction PM · Art marketing and CSR council
Government, National Assembly (Value impact)	· Policy implementation, serving public interest · Policy delivery, information sharing, reflection of opinions		· Human exchanges with government ministries and agencies (Ministry of Trade, Industry and Energy, Presidential Committee on Young Generation, Prime Minister’s Office, etc.) · Participation in trade and investment promotion meetings and various policy councils · A meeting on ‘global market entry strategies’
Academia, media (Value impact)	· Advisory service, PR · Information sharing, reflection of opinions		· SME global management committee, financial operation committee, and Clean KOTRA Committee · Involvement of external experts for special lectures and various workshops · Disseminating KOTRA’s vision and core values through media coverage
Citizens, local communities (Value sharing)	· Development of national economy, social contribution		· Open Gallery : Transforming the lobby of KOTRA’s head office building into a cultural space · CSR activities at home and abroad, media reports, lectures and advertising

Materiality Assessment Process_64-18

KOTRA implements sustainability management by extensively reflecting economic, social and environmental issues in its overall areas of business management activities. KOTRA has performed materiality assessment to select material issues, which are more important to the agency and its stakeholders, among its various sustainability management activities and to intensively manage and report them.

Materiality Assessment Proce _64-25

KOTRA has identified its material sustainability issues based on the materiality evaluation criteria set forth in the internationally-recognized GRI G4 Guidelines and the methods presented by the IR Framework of IIRC (International Integrated Reporting Council). In order to boost credibility of the issue selection process and its results, KOTRA has performed analysis of internal and external environments and materiality assessment based on the principles of stakeholder inclusiveness, sustainability context, materiality and completeness.

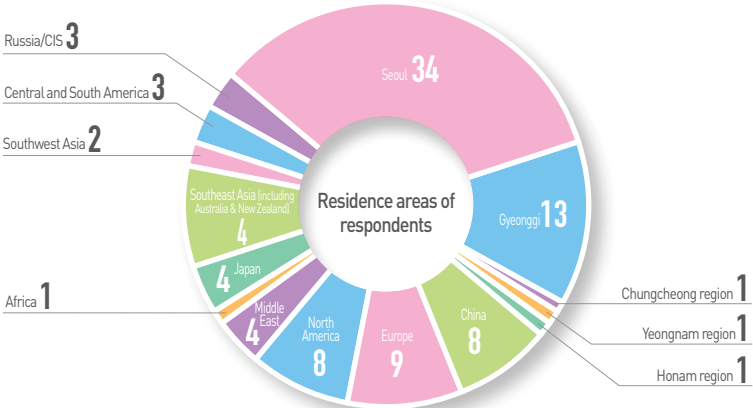


Enhanced Stakeholder Engagement _64-24,26

Given its characteristic as an agency dedicated to promote trade and attract investment, KOTRA conducted surveys not only among domestic stakeholders, but also among overseas stakeholders. Participation rate among its customers, including overseas investors and buyers, turned out to be high. The agency also collected opinions of overseas relevant entities separately, striving to reflect opinions of a wide spectrum of stakeholders.

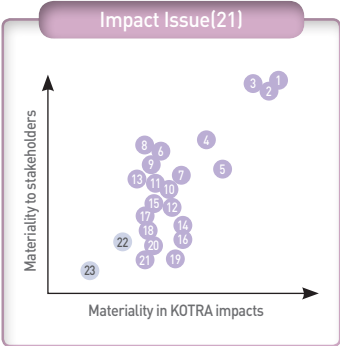
Survey response

	Category	Response frequency (person)	Response ratio (%)
Internal stakeholders	Employees	438	98%
	Overseas locally-hired employees	11	2%
	Subtotal	447	100%
External stakeholders	Government	11	85%
	Customers	16	12%
	Overseas	59	45%
	Relevant entities	18	14%
	Overseas	6	5%
	Partner companies	5	4%
	Others**	12	12%
	Subtotal	131	100%
Total		578	



Trend Issue(9)

- Increasing demand for strengthening the export competency of SMEs
- Diversifying and intensifying customer demand
- Globalization of markets, competition, and supply chains
- Intensifying demand for shared growth
- Increasing demand for employee welfare and rights
- Increasing the importance of securing talents
- Increasing demand for corporate transparency
- Increasing worldwide connectivity
- Increasing demand for safety of products and services



R&C Issue(9)

- Relationships and trust with key stakeholders
- Competence to understand, establish, and implement the organization's strategies
- Securing support for the organization's business performance
- Devotion to the company and motivation for improvement of processes and services
- Brand and reputation developed by the organization
- The organization's assets (eg. Tacit knowledge, procedures, etc.)
- Information-sharing capability for public interest
- Competitiveness, experience and commitment to innovation of the organization's members
- The organization's available resources for production and services

※ The matrix is composed of 21 material Impact issues.

Material Issues and Reporting Boundaries

Identification of Material Issues _G4-19

KOTRA has identified its material sustainability issues and has prioritized them through materiality assessment. And then, it has identified a total of 39 material issues (9 Trend issues, 21 Impact issues, and 9 Resource and Capability issues) based on the review of their validity and appropriateness. The contents of the material issues selected have been tailored to meet KOTRA's strategies in terms of connectivity and appropriateness as well as the agency's efforts toward sustainability.

Material Issues and Reporting Boundaries _G4-20,21

The material issues, aspects and boundaries identified through KOTRA's materiality assessment are as follows. In order to enhance reporting on core businesses identified as material issues, the agency has added the contents on 10 major KBCs.

Material Impact issues	Year-on-year ranking		Relevant GRI G4 aspects	Boundaries		Relevant page
	2013	2014		Internal	External	
Support for domestic companies' advance into overseas markets	1	1	Indirect Economic Impacts	●		24-27, 30
Support for overseas expansion in investments	2	2	Indirect Economic Impacts	●		28
Support for the attraction of foreign companies' investments in Korea	3	3	Indirect Economic Impacts	●		33-35
Marketing communication	9	4	Marketing Communication	●		38,39
Support for overseas employment and startups	7	5	Indirect Economic Impacts	●		40,41
Economic performance (profits, government subsidies, etc.)	-	6	Economic	●		6
Support for green companies' overseas expansion and contract awarding	13	7	Indirect Economic Impacts	●		47
Anti-corruption measures (enhanced internal control and protection of whistleblowers)	16	8	Anti-corruption	●		15
Indirect economic impacts (infrastructure investment, etc.)	-	9	Economic	●		44-46
Compliance with relevant laws	-	10	Product Responsibility	●		11
Employee education and training	18	11	Training and Education	●		56,57
Participation in formulating public policies	10	12	Public Policy	●		38
Market position (wages, procurement, recruitment, etc.)	-	13	Economic	●		12,93
Efforts toward cyber security and information security	8	14	Customer Privacy	●		62,63
Customer health and safety	-	15	Product Responsibility	●		13
Impact on local communities (social contribution, etc.)	17	16	Local Communities	●	●	44-46
Diversity and equal opportunities	11	17	Diversity and Equal Opportunity	●		57
Anti-discrimination (regular & non-regular workers)	-	18	Human Rights	●		61
Occupational health and safety (including stress management)	14	19	Occupational Health and Safety	●		59
Employment (guarantee of fair employment and employment relationship)	15	20	Employment	●		57
Labor-management relations	-	21	Labor Practice and Decent Work	●		58-60

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

KOTRA's Key Internal Capabilities

In order to identify KOTRA's material internal capabilities, the agency has performed materiality assessment on the six categories of capital based on IIRC's <IR> Framework. According to the assessment result, four categories of capital, namely, social and relationship capital, human capital, intellectual capital and financial capital were identified as KOTRA's material internal capabilities.

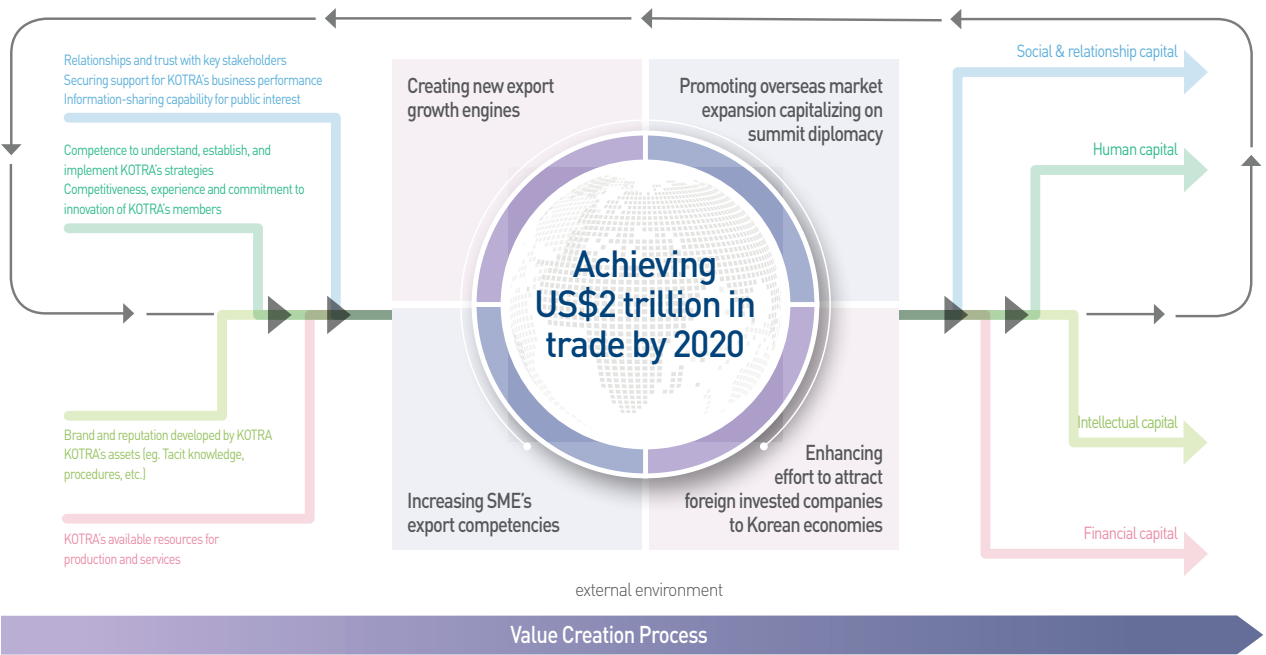
Capital Category for KOTRA

Rank	Capital category	Description
1	Social & relationship capital	Relationships and trust with key stakeholders*
2	Human capital	Competence to understand, establish, and implement the organization's strategies
3	Social & relationship capital	Securing support for the organization's business performance
4	Human capital	Devotion to the company and motivation for improvement of processes and services

Rank	Capital category	Description
5	Intellectual capital	Brand and reputation developed by the organization
6	Intellectual capital	The organization's assets (eg. Tacit knowledge, procedures, etc.)
7	Social & relationship capital	Information-sharing capability for public interest
8	Human capital	Competitiveness, experience and commitment to innovation of the organization's members
9	Financial capital	The organization's available resources for production and services

* Key stakeholders : Customers, domestic and overseas collaborating entities, local communities, legislature, regulators, and policy-making entities

KOTRA's Material Capitals



As a result of injecting these capital resources, in 2014 KOTRA achieved various outcomes in the business, social and organization areas [Business: p.22 , Social: p.36 Organization: p.48]. In an effort to further reinforce the outcomes in 2015, the agency places the greatest importance on building trust by forming relationships with its key stakeholders in the social and relationship aspect and will endeavor to secure social support for its businesses. In addition, KOTRA will proactively share its accumulated information to promote public interest. In terms of human capital, KOTRA will foster internal capabilities to understand, formulate and implement its strategies, while enhancing its employees' devotion to the company, thereby making improvements on KOTRA's services. It will also make concerted efforts to secure budget necessary for providing services.

Business

- ▶ Faithfully Fulfilling KOTRA's Establishment Purposes through Business Innovation

Key Issues

- Increasing demand for strengthening export competencies of SMEs
- Expanding FTA execution
- Increasing worldwide connectivity
- Support for the attraction of foreign companies' investments in Korea

Contents

- Strengthening Export Competencies of SMEs
- Creating New Export Growth Engines
- Supporting Utilization of Wider Territory of Economic Cooperation
- Enhancing Efforts to Attract Foreign Investment Beneficial to the Korean Economy

The reason why faithful fulfillment of its establishment purposes through business innovation is a material issue for KOTRA

Korea is striving to achieve US\$2 trillion in trade by 2020 to bolster the nation's economic growth and to create quality jobs. However, it is difficult to achieve the goal through the existing methods and a new trade paradigm is called for. To this end, it is of utmost importance for KOTRA to faithfully fulfill its establishment purposes of promoting trade and attracting investment through business innovation.

Policies for Business Innovation

In an effort to promote a new trade paradigm, KOTRA is endeavoring to secure a healthy and solid platform for export growth, to strategically expand Korea's new trade territories, and to establish a performance-driven trade infrastructure. KOTRA is increasing the number of exporting companies by fostering domestic SMEs into export businesses and supporting the globalization of local exporters, while expanding export amount by cultivating strong SMEs into global hidden champions. In addition, the agency is exploring new export growth engines such as electronic commerce on an ongoing basis.

Performance Indicators concerning KOTRA's Business Activities

Business	Performance indicator	Performance in 2013	Goal for 2014	Performance in 2014	Goal achievement rate
Strengthening export competencies of SMEs	Number of export contracts in new markets worth US\$1,000 or more	1,491	1,882	1,923	102.2%
	Number of companies participating in export gateway services	581	700	716	102.3%
	Number of domestic companies evolving into exporters	71	280	336	120.0%
	Number of domestic companies participating in the GCL test	New	-	2,264	100%
	Number of companies participating in joint overseas expansion of big businesses and SMEs	317	350	379	108.3%
	Number of customers served by "Mobile KOTRA" services	2,048	2,200	2,303	104.7%
Creating new export growth engines / Providing support for utilization of expanded areas for economic cooperation	Number of problems resolved through "Trade Doctor" services	4,739	18,000	19,384	108.8%
	Number of information produced	7,726	9,657	9,352	96.8%
	Number of exemplary cases of information utilization	New	124	230	185.5%
	Number of projects newly explored	270	346	360	104.1%
	Number of support services for companies' participation in bidding	17	22	20	90.9%
	Number of business establishment	75	108	113	104.6%
	Number of successful M&A deals	6	8	9	112.5%
	Number of companies participating in Export SMEs' Branch Office Project	2,205	2,400	2,400	100%
	Export amount of SMEs utilizing customized temporary services	US\$ 3,449 million	US\$4,466 million	US\$4,408 million	98.7%
	Number of newly identified GP project cases	70	100	102	102.0%
Attracting foreign investment which is beneficial to the Korean economy	Number of buyers importing from Korean companies	3,036	3,527	3,557	100.9%
	Number of companies leading new industries	141	147	147	101.4%
	Number of successful contracts signed by new industry leaders	76	109	109	109.0%
	Number of cases of investment attraction worth US\$ 1 million or more	210	262	264	100.7%
	Amount of investment attracted by KOTRA	US\$ 11.84 billion	US\$14 billion	US\$15.11 billion	107.9%
	Number of cases on management of investment attraction projects	1,783	1,872	1,891	101.0%
	Number of jobs newly created by KOTRA	11,788	14,843	12,077	81.4%

Strengthening Export Competencies of SMEs



Fostering Domestically-oriented SMEs into Exporters

Context

In order to achieve the goal of US\$2 trillion in trade by 2020, KOTRA proposed cultivation of 100,000 SMEs into exports to the government and jointly drew up measures aimed to promote domestic companies' evolution into exporters. They were adopted at the 6th Trade and Investment Promotion Conference where cultivation of domestic companies into exports was selected as a top priority action plan.

Progress and Achievements

GCL Development

Old GCL

9 competencies, 45 questions
7-stage system (Domestic demand → Startup → Entry → Growth → Expansion → Leader → Strong SMEs)

Domestic GCL (for domestic companies)

4 competencies, 30 questions
3-stage system: Based on export preparedness competencies (Domestic startup → Domestic growing → Domestic promising)

Export GCL(for exporters)

8 competencies, 30 questions
4-stage system: Based on competencies and export value(Global startup → Promising → Leading → Strong)

Overview of Export Gateway Project

Category	Head office	Overseas KBCs
Domestic sales-oriented	Product concepts, selection of overseas target markets, trade practice	Identification of target markets, competition status, certifications, marketability
Export ready	Providing overseas inquiries and buyers consulting service	Search for promising buyers and inquiries
Export startup	Support for negotiations with buyers and follow-up management services	Consulting service during local business trips, contract-related follow-up management

GCL Test*

KOTRA has developed the Global Competence Level Test (GCL Test) exclusively designed for domestic companies through which export specialists provide customized one-on-one diagnosis services depending on respective competencies of individual companies, further enhancing weaknesses of the diagnosis. KOTRA has improved the test model by separating the existing seven stages into four stages for exporters and three stages for domestic sales-oriented companies and reducing the number of questions and growth stages. The test results are available immediately upon the completion of the test. The GCL Test results are incorporated into KOTRA's internal system (CRM: Customer Relationship Management), enabling the management of business participation history and export performance for participating companies.

* GCL(Global Competency Level) Test: A program designed to provide customized services by reviewing companies' detailed competencies by export and overseas marketing categories.

GCL Test Participation Results

Category	Domestic companies (2,264)			Export companies (4,181)				Total
	Domestic startup	Domestic growing	Domestic promising	Global startup	Global promising	Global leading	Global strong	
No. of companies (ratio)	1,371(21%)	787(12%)	106(2%)	854(13%)	2,315(36%)	744(12%)	268(4%)	6,445(100%)

Export Gateway Project*

Companies that have completed the GCL Test can evolve into exporters via the Export Gateway project. Depending on GCL test results and their export value, SMEs are classified into the following categories: domestic sales-oriented (SMEs with annual export of less than US\$1,000), export ready (SMEs with annual export of less than US\$100,000), and export startup (SMEs with annual export of US\$500,000). KOTRA provides systematic support for these companies based on job specifications of the head office and overseas KBCs. As a result, in 2014, the number of SMEs participating in the Export Gateway project sharply rose and 336 domestic-sales oriented SMEs successfully secured export contracts worth US\$41.9 million and 270 export startup companies recorded exports worth US\$55.5 million.

* The Export Gateway project: KOTRA matches Korean companies with domestic sales-oriented companies and beginning export companies with the intention of becoming exporters with export specialists (retired trade professionals) as mentors and mentees, providing support for the entire process ranging from finding overseas buyers, trade consultations, export contract signing to follow-up measures.

Category	Number of SMEs supported		Number of companies successfully securing export contracts	Export valuea
	Domestic	Overseas		
Domestic sales-oriented companies	408	1,000	155	US\$ 20.8 million
	Total	1,408	336	US\$ 41.9 million
Export startup companies	Total	308	270	US\$ 55.5 million

Export financing platform for domestic sales-oriented SMEs

Companies, which have successfully gone through the GCL Test and the Export Gateway services, are entitled to financial support

Export financing support council

Member of Council	Role
K-sure	Export credit guarantee
KIBO	Export guarantee, preferential treatment
KODIT	Support for companies with export potential
KEB	Foreign exchange consulting service, trade insurance
IBK	Customized financing services

* K-sure: Korea Trade Insurance Corporation
KIBO: Korea Technology Finance Corporation
KODIT: Korea Credit Guarantee Fund:
KEB: Korea Exchange Bank
IBK: Industrial Bank of Korea

through a combined financing scheme jointly supported by the Korea Technology Guarantee Fund, the Korea Technology Guarantee Fund, the Korea Credit Guarantee Fund, Industrial Bank of Korea and Korea Exchange Bank. According to survey results on export difficulties, 35% of companies which have suspended export, 39% of local exporters and 55% of domestic sales-oriented companies called for reducing export-related risks such as financing export-oriented goods purchases, fluctuations in exchange rates and trade insurance. In response, KOTRA has formed an export financing support council for companies with little or no previous export experience, which is composed of the Korea Trade Insurance Corporation, the Korea Technology Guarantee Fund, Industrial Bank of Korea and Foreign Exchange Bank, thereby helping SMEs have easier access to export financing channels and eliminating barriers among different financing entities.

Strategic Direction

In order to facilitate such collaboration, KOTRA plans to expand the recruitment of export specialists (PM) from 29 to 65 and to build internal and external collaboration systems. Through such endeavors, the agency will push ahead with its project aimed to assist domestically-oriented companies to evolve into exporters at the company level to increase the number of companies receiving the support from the current 716 to 1,400 and to increase the number of export SMEs to a total of 100,000.



Nurturing Global Specialized Enterprises

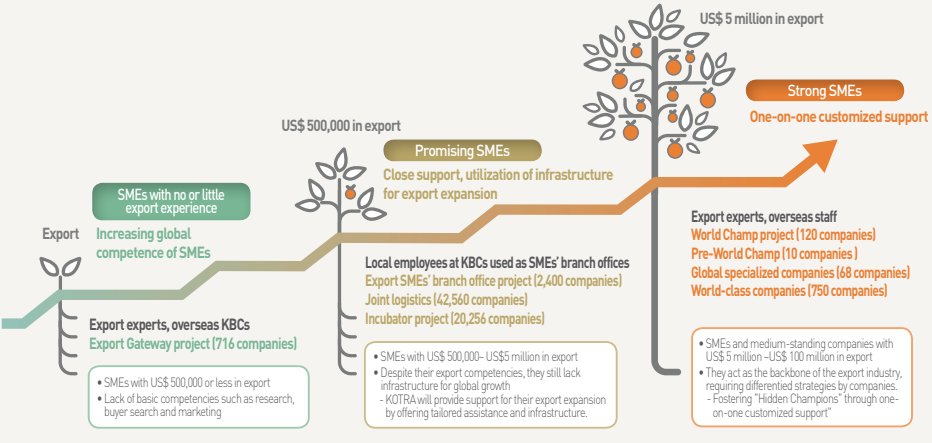
Context

In order to promote the growth of Korean SMEs, it is of great importance to provide export infrastructure and to offer a platform to help them evolve into promising export leaders. In addition, with requirements of global companies increasingly becoming diversified, it is necessary to provide programs designed to support SMEs' access to global value chains by enhancing their competencies in various fields encompassing delivery, product technology, quality control and export financing. There is also a need to enhance the Global Partnering project in such fields as automobiles and machinery on a continual basis in response to expanding global sourcing by companies based in developed countries and the emergence of companies based in emerging economies.

Progress and Achievements

Global Growth Ladder support system for SMEs

The 'Global Growth Ladder' support system is a project helping domestic sales-oriented SMEs and beginning export SMEs grow into global hidden champions by offering customized one-on-one support services.



Global Business Platform KOTRA



Success Story

SC, Min Innovation, a steel coil manufacturer, enters the Croatian market

In 2014, efforts were made to find promising buyers with the support of KOTRA Zagreb office. However, Croatian buyers refused to import products from countries other than Europe due to their previous experience with defective Chinese-made products. The Zagreb office provided full support using references from buyers based in Central and South America and offered assistance in resolving claims on defects of test order products within 24 hours. As a result, the buyer was finally satisfied with the quality test and signed a contract worth US\$2 million with SC.Min Innovation.

NUC Electronics, a juice extractor manufacturer, successfully makes market expansion in China

NUC Electronics first made inroads into the Chinese market in 2011. The company moved in the Business Incubator complex in Shanghai in 2012 and recorded highest sales in the juice extractor market capitalizing on marketing through China's TV home shopping channels in 2013. In 2014, NUC Electronics joined a joint logistics center in Shanghai and expanded its sales network across China by utilizing cargo release agent services. As a result, the company provisionally achieved sales of CNY ¥ 1 billion in 2014.

Turbo Mann, a compressor/blower manufacturer, taps into the Vietnamese market

In a bid to enter Vietnam's waste treatment plant market, Turbo Mann moved in the Ho Chi Minh BI in 2014. KOTRA Ho Chi Minh office prepared an official letter to introduce the Korean company to the CEO of a local company. The KOTRA office provided information on local plant expansion plans and water treatment projects and accompanied Turbo Mann personnel during their visit to the local company, while providing assistance in government administrative procedures and translation. As a result, Turbo Mann's products were used for textile companies in an industrial complex and Long An Province's waterworks project.

Kona International, a smart card solution provider, advances into the U.S. market

Kona International joined the World Champ project in 2013. KOTRA New York office supported the company's business establishment in North America and accompanied the company's personnel in their participation in exhibitions held in North America and their business consultations with client companies. As a result, Kona International recorded export of US\$35 million through direct export to the U.S. market in 2014 and won the US\$100 million Export Tower award.

Lutronic Corp., a laser skincare device manufacturer, advances into the Thai market

Lutronic Corp. formulated a plan to advance to Southeast Asian markets with Thailand serving as a starting point and held a new product demonstration as a brand showcase event. The company invited 130 physicians from 11 countries, securing 15 export contracts worth US\$430,000.

Daewoong Pharmaceutical, an anti-ulcer drug manufacturer, taps into the Vietnamese market

With its ascension into WTO in 2007, Vietnam opened up its pharmaceutical market. In order to enter the Vietnamese market, Daewoong Pharmaceutical produced a website and PR materials in Vietnamese, while supporting academic conferences, symposiums and dealer networking events. As a result, the company recorded export of US\$8.1 million in 2014.

Stage 1] Enhancing global competencies of SMEs with little or no export experience

● Export Gateway Project

KOTRA engages in the Export Gateway project aimed to increasing global competencies of SMEs with annual export of less than US\$500,000 which have insufficient basic competencies in the areas of market research, search for buyers and marketing. The project is supported by KOTRA's export specialists and overseas KBCs.

Stage 2] Providing detailed support for promising/leading SMEs and capitalizing on infrastructure for export expansion

● Export SMEs' Branch Office Project

KOTRA has expanded infrastructure designed to provide detailed support for SMEs by increasing the numbers of overseas KBCs and relevant personnel. KOTRA opened its overseas offices in Shenzhen and Tianjin, China, expanding Korean SMEs' entry into new industrial special districts that serve as China's strategic regions. The agency has also increased and redeployed personnel dedicated to the project in regions with steady demand for market expansion and regions with concentrated business demands such as Southeast Asia, China and Central and South America. As a result, face-to-face communication with customers has been enhanced and communication channels have been unified, while expertise of personnel dedicated to the Branch Office project has been improved. Thanks to such efforts, customer satisfaction for the Branch Office project scored 94.4 point, marking an increase from the previous year.

● Joint logistics centers

In an effort to promote entry into emerging markets, KOTRA has expanded necessary infrastructure and has facilitated testbed logistics programs aimed to expand joint logistics centers. The agency has secured logistics bases in preparation for urbanization and rapidly increasing consumption in China's in-land areas such as Zhengzhou and Changsha and has operated testbed logistics centers in seven locations deemed as candidates for future KBC locations.

● Business Incubators

KOTRA has set up the Business Incubator (BI) space in the buildings where overseas KBCs are located to provide support for businesses under one roof. Through the BI program, KOTRA has made inroads into local markets, while offering customer conveniences. The Xian and Beijing BIs have collaborated with KOTRA Wuhan and Changsha offices to enter inland markets in China, while the New York BI has joined hands together KOTRA Miami office to search buyers in Central and South America. The Mexico BI used the Habana International Expo to support Korean SMEs interested in advancing into the Cuban market.

Stage 3] Offering customized one-on-one support for strong SMEs

● World Champ Project

KOTRA provided support for expansion of exports in target markets of companies participating in the World Champ project aimed to foster global market leaders, while reinforcing support for joint marketing activities such as business information sessions and workshops. In addition, the agency enhanced on-site support by increasing the number of special counselors and expanding company visits. It also temporarily increased matching funds, while offering support for World Champ Plaza buyer consultation sessions

● Pre-World Champ Project

KOTRA implements the Pre-World Champ project in which the agency provides support for overseas marketing for SMEs with the potential to become World Champions by creating matching funds equally funded by local governments and participating companies. In collaboration with the provincial government of Chungcheongnam-do, KOTRA attracted greater number of SMEs based in the province and achieved export of US\$9.1 million in target markets. In 2015, KOTRA plans to expand the program by encouraging other local governments to participate in partnership with the Small and Medium Business Administration (SMBA) and the Korea Institute for the Advancement of Technology (KIAT).

● Candidates for global specialized enterprises

In an effort to support candidates for global specialized enterprises, KOTRA offers them with support in the areas of brand showcase events, brand development and joint marketing. The agency provided support for Lutronic Corp. in its product presentations and forums, helping the company secure export contracts worth US\$1.6 million. KOTRA also selected 11 companies including Bluebird Inc. and provided support for their brand development, while conducting joint marketing activities through consultation sessions on market entry into China and Vietnam.

● World-class products

KOTRA has realigned its support system for world-class products designed for companies with market share of more than 5% in the global market or companies with the potential to achieve market share of more than 5% within the next five years. Under the system, KOTRA offers support for diverse areas ranging from selection of promising products, overseas marketing to follow-up measures. The agency deliberated on 33 companies' internal business demands for overseas marketing and provided necessary assistance through such services as formulation of brand strategies, export of original brands, and PR schemes tailored to customers.

Global Partnering expansion project (GP Project)

KOTRA's Global Partnering expansion project is designed to help SMEs enter the global value chain by assisting them to form long-term partnerships with global enterprises. Given growing demand for entry into the global value chain across all industrial sectors, KOTRA has expanded a platform that offers comprehensive support encompassing buyer search, R&D, technology transfer, technology training and financing. This is designed to help SMEs successfully partner with global enterprises by eliminating the gap between their competences and the requirements of global companies. As a result, KOTRA succeeded in discovering overseas partners in 102 cases, seeing an increase of 32 cases over the previous year. The number of buyers signing import contracts with Korean SMEs also increased to 3,557, marking an increase by 521 companies from a year ago.

Global enterprises (country)	Key GP projects in 2014	Contract value (domestic companies)
Caterpillar (USA)	(Construction machinery) Heavy equipment parts (Delivered to factories in China)	US\$156,905,000 (8 SMEs including Jinsung C&I)
Fluor (USA)	(Plant) Machinery parts	US\$27,400,000 (6 SMEs including Dong-O Flange)
Kyocera (Japan)	(IT/electric/electronics) Semiconductor production equipment system	US \$1,878,000 (Hanmi Semiconductor)
Volvo (Sweden)	(Automotive) Auto body automation assembly equipment	US\$1,178,000 (4 SMEs including Woosin System)
Hublot (Switzerland)	(Precision machinery) Ceramic parts for watches	US\$1,500,000 (Supply of ECO watches)

In addition, KOTRA has expanded industrial areas for Global Partnering Project, which mainly include automobile and machinery industries, to include household consumer goods, offshore plant and aerospace industries.

Partnering industry	Activities	Achievements
Auto parts	Search for partnerships between finished car makers and large primary vendors	30 companies (No. of newly discovered companies in 2014: 12)
	Opening of joint offices dedicated to auto parts in China	35 companies in 4 locations. 2 successful contracts between Korean auto parts vendors (sensor products) and Chrysler (Starting from 2015, annual contract will be worth US\$12 million, respectively).
Machinery	Focusing on technology-intensive areas with high added value by shifting from supplying simple parts to equipment systems.	Supply contracts on auto body assembly lines and waste shredding equipment system with Volvo and Zoomlion (中联重科)
Offshore plant	Efforts to help Korean SMEs partner with PETRONAS* to export offshore plant equipment	9 SMEs registered as vendors; 10 SMEs signed agent contracts; an MOU on joint venture establishment was concluded.
New distribution platform	Advance into mobile new-media distribution networks; Business briefing sessions and business consulting sessions on Korean SMEs' entry into Thailand's Line Shop chain (Seoul, Korea, Sept.19)	9 Korean SMEs selected to open business in Line Shop chain (Contracts worth US\$120,000)
Inbound online direct shopping	Support services for Korean companies' opening business in Qoo10 such as simplification of certification and customs clearance procedures and integrated product shipping through partnership with Qoo10 and utilization of "e-trade policy" of the bonded goods logistics center in Henan Province, China	1,000 products from 50 Korean companies are featured in Korean Wave section of Qoo10 (sales: CNY¥3,350,000)
Global retailer network	Partnering opportunities with leading global retailers such as European home shopping companies, electronics product retailers from Middle East, retailers from Spain, Japan, Canada, department stores from Hunan Province, China, No.1 retail chains were offered for Korean SMEs during the Global Retailers Week event.	The Global Retailers Week event was participated by 200 Korean manufacturers and 729 cases of business consultations took place. (contract value: US\$38 million)
Aerospace	Global Partnering project in the area of aerospace parts with high added value	Discussions on holding business consulting sessions on offset trade with Lockheed Martin of USA (Aug. 2014); a business consultation session is scheduled for May 2015.

*PETRONAS is a global oil company based in Malaysia.



Consulting sessions for entering into Thailand's Line Shop chain

Strategic Direction

In a bid to foster SMEs into global specialized enterprises, KOTRA will come up with a growth ladder support system by comprehensively considering their export competencies, internal competencies, and target markets based on their respective needs. To this end, the agency will incorporate its support for 300 world-class enterprises and global specialized enterprises into the World Champ Project. Moreover, through the Pre-World Champion Project, KOTRA will foster 400 provincial-based SMEs into global specialized companies. The agency will also continue to strengthen its Global Partnering platform and drive performance by applying Global Partnering in all business sectors.

Creating New Export Growth Engines



Supporting Domestic Companies' Overseas Expansion

Context

The Korean government requested KOTRA to become a 'specialized agency to support SMEs' export and overseas expansion,' while implementing five policy tasks related to overseas expansion including seven tasks in the promotion of overseas expansion category. Accordingly, the role of KOTRA has become more important.

Progress and Achievements

Offering information on overseas expansion

KOTRA offered guidance on key issues and trends, market entry strategies and overseas KBCs' support programs for 10 regions, 83 countries via Trade Doctor and disseminated among customers through informational sessions on global market entry strategies, local informational sessions by region, KOTRA's homepage, and seminar video clips. In addition, KOTRA published the 2015 KOTRA World Economic Outlook by compiling global knowledge and experience accumulated by KOTRA's overseas KBC network. This information is featured at NAVER, Korea's leading portal site, improving the public's accessibility to information and convenience.

Support for project search and participation

In order to facilitate entry into public procurement markets in emerging economies, KOTRA expanded overseas public procurement support centers to include emerging economies including South America, Southeast Asia and Africa. The agency also created opportunities for Korean SMEs to tap into the government procurement market of the United States. In an effort to foster leading public procurement enterprises, KOTRA provided customized support for leading businesses wishing to enter global procurement markets in collaboration with the Korea Trade Insurance Corporation, Export-Import Bank of Korea, and the Small and Medium Business Corporation.

Support for overseas investments

KOTRA provides customer and field-oriented information service on overseas investments through the Overseas investment Information System (OIS), overseas investment consulting centers, and forums on comparative study on promising countries in terms of overseas investments. The agency also offers infrastructure to facilitate local settlement of Korean SMEs, thereby cutting back on initial market entry efforts and costs of Korean SMEs. Meanwhile, in a bid to provide support for labor-management issues related to sustainability management of Korean companies doing business overseas, KOTRA is engaged in a joint project aimed to implement human rights management by signing an MOU on partnership with the Korea Labor Foundation. The agency also organizes CSR prize-awarding ceremonies for joint CSR initiatives and Korean companies with overseas business presence in collaboration with Korea Chamber of Commerce (KOCHAM), a local business network for Korean businesses operating overseas, promoting joint CSR activities among Korean companies doing business overseas.

Enhance support for global M&A deals

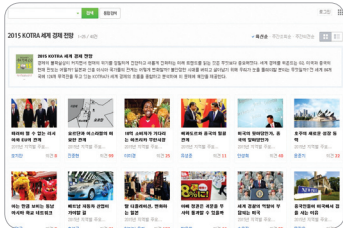
KOTRA helps Korean SMEs pursue international M&A deals. KOTRA provides support for the entire process from discovery of Korean SMEs with M&A intensions, discovery of target companies put up for sale through the assistance of overseas KBCs, support for due diligence process to integrated support after acquisition to address difficulties encountered by Korean businesses.

Strategic Direction

In an effort to support Korean companies' overseas expansion, KOTRA will search for new projects to create new growth engines and optimize the global value chain for SMEs through local support for Korean SMEs' overseas market entry.

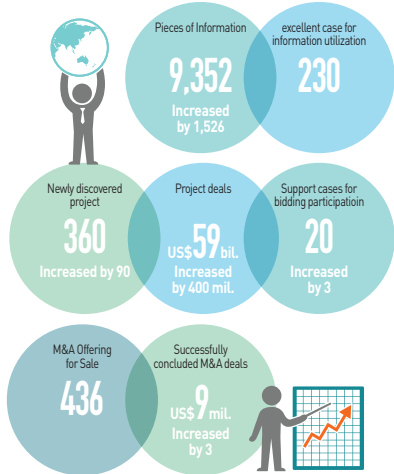


Information sessions on global market entry strategies



2015 KOTRA World Economic Outlook at NAVER Cast

Support for Overseas Expansion



Discovering New Industries

Context

KOTRA found that it is difficult to achieve a trade goal of US\$ 2 trillion with the nation's existing manufacturing-oriented trade structure, recognizing the need for fostering new export growth engine industries. Under the circumstances, the need for nurturing new export growth engines such as service, contents, medical care, Hallyu (Korean Wave), and ICT industries to support the nation's exports was raised.

Progress and Achievements

The 'new export growth engine creation support project' is aimed at nurturing services, contents, medical service and ICT industry sectors into new growth engine industries. In 2014, KOTRA expanded the sectors to be fostered as new growth engines, creating key success stories, while increasing marketing models capitalizing on Hallyu (Korean Wave).

Sector	Activities	Achievements
Services, contents	<ul style="list-style-type: none">Service industry globalization (Service Mundus Project)Designation of key specialized service sectors by overseas KBCs (4 overseas KBCs: Shanghai-franchise, Tokyo: game, LA: animation, New York: design)Support for R&D on business services in collaboration with Small and Medium Business Administration-KRW 450 million for 3 companies	<ul style="list-style-type: none">45 contracts successfully concluded (2014) worth US\$14.25 million
Medical care	<ul style="list-style-type: none">Full support for discovery of overseas hospital projects and the process of winning ordersSupport for overseas advancement of Korean-style hospital information systemArranging a visit by high-ranking personnel from hospitals under the Ministry of National Guard of Saudi Arabia to KoreaSupport for visits by a trade mission from the Seoul National University Bundang Hospital consortium to Saudi Arabia	<ul style="list-style-type: none">Successful advancement of Korean-style hospital information system into Saudi ArabiaBiggest deal in historyLaying the groundwork for expanding overseas hospital projects to include other parts of Middle East
ICT	<ul style="list-style-type: none">Spreading K-Tech project to emerging markets including ChinaSupport for small IT firms to enter emerging economies (providing business platforms, support infrastructure and consortium-based joint advancement)	<ul style="list-style-type: none">K-Tech conferences were held 5 times featuring participation of 182 companies
Hallyu (Korean Wave)	<ul style="list-style-type: none">Korea Brand & Entertainment Expo (Brazil, Aug. 2014)Joint overseas entry into the Hallyu market by Hallyu stars and SMEs (Korean actress Ha Ji-Won designated as a CSR ambassador in Vietnam) Support for joint overseas marketing featuring both Korean SMEs and Hallyu stars	<ul style="list-style-type: none">66 Korean buyers and 211 buyers participated.

KOTRA offered intensive support for leading exporters by sector including services, medical care and ICT and produced successful case studies of overseas advancement, while seeking various methods for overseas advancement such as the formation of consortiums. As a result, KOTRA helped with winning an order for the nation's largest hospital project (US\$70 million) from Saudi Arabia. Besides, the agency successfully implemented projects aimed to realize export potential of Korean businesses by matching Hallyu, the Korean cultural wave sweeping the globe, with Korean SMEs to facilitate their exports and engaging in projects designed to take advantage of FTAs targeting countries that have signed FTAs with Korea. In 2014, KOTRA adopted a strategy to focus on creating success case studies by individual companies rather than significantly increasing the number of leading SMEs. The agency secured 147 new industry leaders, achieving its goal, while recording 109 cases of successfully concluded deals, marking 109% in terms of a goal achievement rate. In 2015, KOTRA plans to disseminate success stories about new industry leaders and create new success stories via the Hallyu marketing.

Strategic Direction

In 2015, KOTRA plans to expand its trade office as a base for franchise-related services in Shenyang, China as part of efforts to develop the service sector into an export industry. In addition, the agency will offer support for development of export products through convergence matching between Hallyu management companies and Korean SMEs to attract leading Chinese buyers in the wake of the conclusion of Korea-China FTA and to expand the participation of Korean companies.



Supporting Discovery of New Markets and Responding to New Trading Systems and Methods

Context

In an effort to adapt to changing global business environment, KOTRA supports discovery of new markets to help Korean SMEs create new export growth engines and helps them respond to new trading methods.

Progress and Achievements

Domestic and overseas exhibitions

Exhibitions are optimal marketing tool to pioneer new overseas markets and special consideration should be given to them by Korean SMEs. KOTRA expanded participation in exhibitions on new industries such as renewable energy and LED application and exhibitions taking place in emerging economies such as Central and South America and Middle East, as well as countries that have signed FTAs with Korea including the United Sates and ASEAN member states. In 2014, KOTRA personnel accompanied Korean SMEs in their participation in group pavilions of overseas exhibitions on 35 occasions, while accompanying Korean SMEs jointly with private expert groups or in the form of commissioned participation on 66 occasions and 23 occasions, respectively. In addition to participating in overseas exhibitions, KOTRA attracted overseas buyers participating in exhibitions held in Korea to promote the globalization of the nation's exhibition industry. The agency also hosted Seoul Food 2014, offering diversified business opportunities to food industry companies and contributed to globalization of K-food.

Trade missions and support for overseas business trips

In order to proactively respond to rapidly changing trends in the global market and import demands of buyers, KOTRA dispatches trade missions and assists Korean companies' overseas business trips. In an effort to aid Korean companies' overseas business trips, Korea's KBCs around the world arrange buyer search and business consulting services, while offering conveniences such as hotel, transportation and interpreter arrangements. In addition, as part of the Government 3.0 initiative, KOTRA discloses approximately 250,000 pieces of database on overseas buyers and offers charged services such as buyer search and market research. Thanks to these services, KOTRA was able to expand the export base for provincial-based SMEs. In 2014, trade missions produced 288 new contracts worth US\$24.6 million and KOTRA's support for overseas business trips helped Korean SMEs to secure 42 new contracts worth US\$14.4 million.

Online support for Korean SMEs' overseas expansion

KOTRA has revamped "buyKOREA (www.buykorea.org.)" an integrated marketing platform combining online marketing and offline projects, upgrading it to utilize the platform as a management system for online promotional activities for products manufactured by SMEs and export marketing projects. KOTRA assisted Korean SMEs' entry into new overseas markets through cyber business consulting services. The agency also published the "Guide to Online Export Marketing for SMEs" and increased the number of briefing sessions on utilization of online export marketing.

Strategic Direction

KOTRA plans to implement e-commerce projects in response to new trading methods. The agency will help Korean independent online shopping malls' direct overseas expansion, while building an online platform combined with the Hallyu marketing to assist overseas market entry and marketing of contents products. Also, it will assist online business establishment of Korean SMEs in overseas online retail networks such as China's TMall (天猫), Qoo10, VIP Shop and Thailand's Line Shop, while enhancing B2C (business-to-customer) logistics services.



Guide to Online Export Marketing for SMEs

Supporting Utilization of Wider Territory of Economic Cooperation



Helping SMEs capitalize on FTAs

Context

In 2014, Korea aggressively pushed ahead with concluding free trade agreements (FTA) with countries around the world. As a result, the Korea-Canada FTA was successfully concluded in March 2014 and Korea and China signed provisional FTA in November 2014. In December 2014, the Korea-Vietnam FTA was also successfully concluded. Through these FTAs, inter-connectivity has increased across the world and there has been rising demand for information on how to make the best use of FTA among Korean SMEs. Responding to the nation's wider FTA economic territory and strategically utilizing it. Under the circumstances, the roles of KOTRA assisting SMEs have gained greater importance.

Progress and Achievements

Creating a boom for FTA utilization

In an effort to create nationwide boom for utilization of FTAs, KOTRA's FTA departments invited promising buyers and hosted export consultation sessions in Seoul and six locations across the nation (Changwon, Daegu, Gwangju, Suwon, Daejeon, Wonju). The export consultation sessions featured the participation of 448 overseas buyers from 63 countries and 3,240 Korean SMEs, marking an increase of 89.2% from a year ago. Through the export event, 5,134 export consultation sessions took place and export deals worth US\$18.7 billion were discussed and export contracts worth US\$2.36 billion were concluded. In addition, KOTRA offered education on FTA utilization such as the approved exporter system and origin certification for 100 beginning SMEs in April 2014. Meanwhile, KORTA hosted the Korea-ASEAN Business Plaza aimed to expand exports by capitalizing on FTAs on the sidelines of the Korea-ASEAN special summit held in December 2014 in Busan, Korea. Also, KOTRA was engaged in a project to cultivate FTA leaders among 66 SMEs to help them with marketing, consulting, professional education/training and formulation of market entry roadmap.

Settling difficulties encountered in the course of FTA utilization

In order to respond to non-tariff barriers such as overseas certification on top of tariffs, KOTRA identified cases of damages to Korean SMEs through KBCs located in regions with non-tariff barriers, while identifying cases showing good responses in collaboration with the Korea Institute for Economics and Trade, the Korea Institute for International Economic Policy, and the Korean Agency for Technology and Standards. Most notably, in collaboration with the Korea Institute for Industrial Economics and Trade, KOTRA published a brochure on overseas certification systems by top 50 products manufactured by SMEs, offering detailed information on certification systems of top 15 exporting countries regarding 50 promising export items. In addition, KOTRA analyzed China trade reports published by leading seven countries with large trade volume with China and offered the analysis results as strategic data to negotiation delegations, while dispatching KOTRA employees with working experience to join government negotiation teams to reflect difficulties encountered in the field.

Strategic Direction

KOTRA plans to establish domestic and international collaborative systems led by the Korea-China FTA utilization taskforce to boost Korean SMEs' utilization of the Korea-China FTA, which has a big impact on the Korean economy. The agency will also operate a support system to accelerate FTA utilization in full-fledged manner. After establishing a FTA utilization support center in China, KOTRA plans to expand the scope of the support center to include five ASEAN member states. It will also operate a Korea-China non-tariff barrier response taskforce in seven overseas KBCs including Beijing office.

Preemptive marketing: export counseling sessions

FTA	KOTRA's response	Achievements
Korea-Canada FTA	Export consultation session designed for Canada's large retail networks (Sept. 2014, Toronto)	· Participated by 26 Korean companies and 50 retail companies from Canada · 245 consultation sessions held, discussed export value worth US\$18 million; Two on-site contracts were signed worth US\$100,000
Korea-Vietnam FTA	Korea-Vietnam Pre-FTA Show 2014 (Dec. 2014, Hanoi)	· Participated by 49 Korean companies and 294 buyers · 563 consulting sessions worth US\$13 million, An on-site contract worth US\$100,000 was concluded.
Korea-China FTA	Korea-China FTA Business Plaza (Scheduled for April 2015)	· To be participated by 300 buyers, 10 investment firms, and 1,5000 Korean companies



Top 50 Promising Export Items for SMEs Overseas Certification Systems



Making the Most of Economic Diplomacy

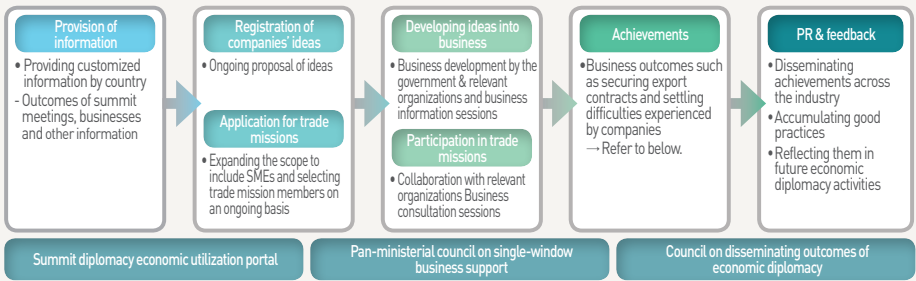
Context

Five leading economic organizations in Korea, including the Federation of Korean Industries and the Korea Chamber of Commerce proposed ‘continuous expansion of sales diplomacy’ to help Korean companies make entry into overseas markets. The government was asked to provide opportunities for market expansion to greater number of businesses by selecting trade missions on an ongoing basis.

Progress and Achievements

Establishment of a single-window business support system capitalizing on summit diplomacy

KOTRA has established a customized business support system in which companies’ opinions are collected through summit diplomacy and necessary support is provided. More specifically, the agency has developed a system where ideas of enterprises are gathered through summit diplomacy economic utilization portal and achievements of economic diplomacy is disseminated after consultations with relevant organizations.



Expansion of trade missions

The scope of trade mission members accompanying presidential overseas tours has been expanded to include SMEs and recruitment of trade mission members is made to takes place on an ongoing basis. In addition, functions of trade missions have been expanded from diplomatic events to KOTRA-led business consultation meetings to produce business outcomes.

Publication of a handbook on overseas market entry

In order to spread overseas expansion outcomes, KOTRA published a handbook by compiling 109 overseas entry support projects of 23 organizations.

Council on dissemination of economic diplomacy outcomes

The council on dissemination of economic diplomacy outcomes with KOTRA serving as the permanent secretariat consists of three sub-divisions including preliminary planning, business outcomes and follow-up measures and dissemination. It implements the entire process involving recruitment of trade mission members, implementation of projects and aftercare jointly with forum organizers.

Strategic Direction

KOTRA will establish a business collaboration system which takes advantage of summit diplomacy on an ongoing basis, not as a one-time event, thereby spreading it as an economic diplomacy activity. To this end, KOTRA will establish internal and external collaborative systems to spread the outcomes of summit diplomacy by participating in the pan-government taskforce on support for economic diplomacy as a secretariat on the external front and internally forming a taskforce led by economic diplomacy support team. In addition, the agency will organize one-on-one business consultation sessions on a regular basis by making system improvement and developing relevant apps which enable the identification of demand for participating in trade missions at any given time. It will also discover and support overseas partners that can be trusted by SMEs by sharing buyer information with the Korea International Trade Association and the Small and Medium Business Corporation and securing buyers’ credit information via K-sure.

- Providing economic achievements and relevant information of summit diplomacy through a single window-Information on summit meeting results, follow-up projects, and relevant business-related information is provided as a package by country
- When enterprises propose business ideas, relevant organizations collaborate with each other to provide customized support.
<http://president.global.window.org>



Trade missions accompanied by KOTRA	Success story about a trade mission to Central Asia in connection with summit diplomacy
In connection with local governments	106 cases <ul style="list-style-type: none">• June 16-21, 2014 /Tashkent, Almaty• Participated by 22 companies
In connection with relevant entities	68 cases <ul style="list-style-type: none">(250 business consulting sessions/ recommended contracts worth US\$74 million, 3 MOUs signed/US\$ 2 million, 5 export contracts worth US\$1.8 million)
KOTRA Industry Team	52 cases

Enhancing Efforts to Attract Foreign Investment



Attraction of Foreign Investment and Aftercare

Context

Attracting foreign investment is an important economic activity that affects the national economy and it is also one of KOTRA’s main functions. KOTRA strategically attracts investment by building infrastructure to draw high-quality foreign investment and to make it contribute to the nation’s economy. In addition, the agency is engaged in aftercare activities aimed to create a good environment for foreign-invested companies to do business in Korea.

Progress and Achievements

Planning for investment attraction

In an effort to attract high-quality investment, KOTRA studies policies and strategies that can be directly applied in the field through collaboration with organizations specialized in investment attraction such as the Ministry of Commerce, Industry and Energy, the Korea Institute for Industrial Economics and Trade, the Free Economic Zone Authority and local governments. KOTRA helped 10 local governments located in regions outside the Seoul Metropolitan area including Chungcheongnam-do and Gangwon-do formulate customized investment promotion strategies in consideration of industries and locations, which were reflected in their investment attraction support project plans. In addition, the agency drew up four key tasks needed to attract investments in non-metropolitan areas, which include cultivation of skilled manpower through expanded industry-academia collaboration in non-metropolitan areas, construction of new airports, and infrastructure facilitation such as utilization of port infrastructure, and made policy proposals about them. Besides, KOTRA established a collaborative platform geared towards local governments (on-site) and foreign investors (customers) through collaboration between Invest Korea and local governments/ Free Economic Zone Authorities.

Investment attraction activities

► FTA utilization

KOTRA strives to strategically attract investments to induce foreign investments to contribute to the national economy. In particular, FTAs can be strategically utilized as a means of attracting investments. Reflecting these considerations, attraction of investments in high value-added industries by capitalizing on FTAs is included among foreign investment promotion policies announced by the Ministry of Trade, Industry and Energy in 2014. In addition, if the effects of the Korea-China FTA, designation of Korea as an offshore yuan hub, and dissemination of Hallyu (Korean Wave) are well utilized, it will raise expectations for attracting investments by global companies intending to enter the Chinese market. This will place Korea in a position with comparative advantages compared to other leading nations in East Asia. Reflecting these trends, attracting investment from Greater China countries was valued at US\$4.05 billion in 2014, showing an increase by more than 100% from the previous year.

Utilization of the Korea-China FTA

S company, a Japanese specialty chemicals manufacturer, pushes for plant establishment (investment of US\$50 million)

S company is set to establish a super absorbent polymer plant for sanitary products (diapers, etc.) in Yeosu, Jeollanam-do. It plans to use a strategy to procure raw materials from Korea and export its products to China.

G company, a Chinese metal silicon (raw materials for semiconductors and solar cells) manufacturer (investment of US\$30 million)

G company plans to move in an industrial complex dedicated to materials and parts in Pohang, Gyeongsangbuk-do, creating 138 jobs [projected].

Local government (on-site)-oriented collaboration

Mobile IK (Invest Korea)
Personnel from Invest Korea, heads of grievance handling teams from foreign companies, and major project managers visit local governments (on-site) to share project information with officials in charge of attraction of investment in FEZs and identify difficulties.
*FEZ(Free Economic Zone)

Foreign investor-oriented collaboration

Foreign investor grievance council
Integrated aftercare for foreign investors by unifying channels for receiving grievances

Utilization of the Korea-EU FTA and the Korea-China FTA

Company P, a French specialty chemical manufacturer (joint venture investment of US\$4.8 million)

P company plans to establish a plant manufacturing high-end battery additives for automobiles in Yeongcheon, Gyeongsangbuk-do, creating 100 jobs (projected). The company will use a strategy to tap into Korea's domestic market and Asian markets including China through a joint venture with a Korean company A.

►Attraction of headquarters/ R&D centers of leading global companies in high-tech manufacturing sector

Revision of the Enforcement Decree and Enforcement Rule of the Foreign Investment Promotion Act has made attracting headquarters and R&D centers of foreign companies easier. This has opened up a path for Korea to attract headquarters and R&D centers of anchor companies in high-tech manufacturing sector such as IT and automotive industries, areas which Korea has comparative advantages.

Solvay to relocate its R&D Center for special chemicals unit to Korea

(June 2014, Ewha Womans University Plans to utilize Korea as a hub for material development and sales of its products by utilizing the R&D Center (investment of KRW24 billion)

IK's support : Signing of business-academia partnership between Solvay and Ewha Womans University, cash funding, site information (June 2013) . Signing of an agreement on joint research collaboration to develop future materials (April 2014).

BASF to set up its No.1 Electronic Materials R&D Center Asia Pacific

Sept.2014, Sungkyunkwan University) Joint research on chemical products for semiconductors and OLED display materials

IK's support : Investment notification during the President's Europe tour (Nov. 2013). Decision on tax relief on industry-supporting service business (Mar. 2014). Signing of an MOU (BASF-KOTRA-Gyeonggi-do government-Suwon City government-Sungkyunkwan University, Foreign Investment Committee's decision on negotiated cash funding agreement (June 2014)

►Attraction of high value-added processing logistics centers in Northeast Asia

Thanks to Korea's strategic geographical location in Northeast Asia, its outstanding IT-based management of large-scale ports and airports and various logistics-related services, multinational corporations intending to make inroads into China choose Korea as their investment designation for the cold chain system.

Canadian company B Set to establish a processing logistics hub for fresh food to be exported to China in the hinterland of Busan Port

(Investment of US\$13 million) Creation of 305 jobs; a success story on attracting foreign investment through collaboration among IK, the Ministry of Oceans and Fisheries, the Korea Maritime Institute.

The first logistics hub for the cold chain system in Asia, raising expectations for expanded investment in the business

Japanese company N set to establish a temperature-controlled warehouse for dangerous goods at Busan New Port

(investment of US\$2.7 million) Expected to create 50 jobs, a case of investment by a large Japanese logistics company capitalizing on Korea's logistical advantages

Through the above-mentioned activities to attract foreign investment, in 2014, KOTRA attracted 264 cases of foreign investment worth more than US\$ 1 million (an increase by 25.7% from the previous year), attracted foreign investment worth US\$15.11 billion (an increase by 27.4% from the previous year), induced a total of 1,891 cases of foreign investment (an increase by 6.1% from a year ago) worth, creating 12,077 new jobs (an increase by 2.5% from a year ago).

Aftercare

One-stop administrative service

KOTRA provides an environment conducive to doing business for foreign investors by operating the foreign investment ombudsman system and a comprehensive administration support center. The agency operates an investment consulting center where 20 staff members dispatched from 16 government agencies work together to provide one-stop administrative services that foreign investors need at the outset, particularly in the areas of investment consulting, foreign investment reporting, incorporation, business registration, and visa issuance.

Visa	Tariff	National tax	Business sites	Foreign investment reporting	Legal affairs	Taxes	Employment	Driver's license	Daily life	Local desk
Ministry of Justice	Korea Customs Service	National Tax Service	Korea Industrial Complex Corp.	KOTRA	KOTRA	KOTRA	Ministry of Employment and Labor	National Police Agency	KOTRA	4 local governments

Home Doctor one-stop service

KOTRA offers a one-stop service in which its specialists make visits to provide one-on-one service in various areas ranging from general grievances, issues related to institutional improvements requiring revision of legislations of government agencies, administrative processing requiring administrative actions to consulting service on labor affairs and taxation. Thanks to such field-oriented, mobile preemptive handling of grievances, the number of grievance settlement cases sharply increased from a year ago.

Category	Institutional improvement	Administrative processing	Internal processing	Total
2013	5	98	280	383
2014	9	112	316	437
Increase rate	80% ↑	14.3% ↑	12.9% ↑	14.1% ↑

Grievance settlement for foreign-invested companies

One of the most common difficulties encountered by foreign-invested companies operating in Korea was identified as 'talent recruitment.' In response, KOTRA supported job creation by organizing career expos and job fairs. As a result, 17,910 job seekers, the largest number to date, visited the Job Fair for Foreign-Invested Companies 2014 where as many as 241 job seekers, also the largest number to date, were recruited. In addition, KOTRA provided support for creating a virtual cycle where foreign-invested companies not only engage in making investments in Korea, but also promote export overseas through the SMEs Branch Office program and the World Champ Project and increase the amount of their investments.

CSR activities by foreign-invested companies

In an effort to improve public perceptions on foreign investment, Invest Korea, foreign chambers of commerce in Korea and foreign-invested companies have jointly established a collaboration platform for CSR activities. Recognizing that individual companies' sporadic CSR activities had been ineffective to raise public awareness, KOTRA supported the creation of a platform for sustainable CSR activities which take place throughout the year, not in the form of one-time events.

Activity	Joint CSR initiative "Grow Together" In partnership with IK, European Chamber of Commerce in Korea, foreign-invested companies and university students	CSR awards for foreign-invested companies
Slogan	Grow Together	Foreign-invested Companies- Reliable Partners for the Korean Economy
Description	<div>- A combined volunteer service corps consisting of IK, ECCK, companies, and university students was launched and carried out CSR activities (Aug.- Dec. 2014)</div> <div>- ECCK, Seongdong District Office, foreign-invested companies such as Audi and Henkel and 50 university students from across the nation</div>	<div>- Prizes were awarded to foreign-invested companies with exemplary CSR activities. (Aug.- Oct. 2014)</div> <div>- MSD Korea (Customer), Sanofi Pasteur (Contribution), Mitsui & Co., Korea (Challenge), BASF (Global)</div>
Photo		

Strategic Direction

KOTRA will proactively attract R&D centers and headquarters of global companies to Korea. The agency will consolidate a foundation to become a business hub in Northeast Asia by capitalizing on FTAs, while expanding investment attraction in regions outside the Seoul Metropolitan area to promote balanced regional development. KOTRA will also assist with preemptive settlement of grievances of foreign-invested companies and support regulatory reforms, and enhance its efforts to attract investment from Chinese and global companies by taking advantage of FTAs.

Social Contribution

▶ Achieving Sustainable Growth by Creating Social Values

Key Issues

- Participation in formulation of public policies
- Support for overseas employment and startups
- Growing demand for shared growth
- Impacts on local communities (social contribution etc.)
- Indirect economic effects (infrastructure investment etc.)
- Increase in youth unemployment and non-regular workers
- Support for green companies' overseas expansion and contract awarding

The Reason Why Social Contribution Is a Material Issue for KOTRA

As people are becoming increasingly aware of social responsibility and sustainability management of businesses across the society, there is also a growing demand in global business for global CSR activities and projects that create mutually-beneficial global values, regarding emerging economies as partners for shared growth. At this time, KOTRA's CSR capabilities linking the global community with Korean SMEs have become more crucial than ever.

Policies for Social Contribution

KOTRA provides support for resolution of social problems and talent cultivation in emerging economies in collaboration with Korean companies and local governments, contributing to promoting shared growth of emerging economies and local communities to which KOTRA belong. The agency carries out its CSR initiatives based on the two pillars of private development assistance (PDA) and official development assistance (ODA). Its key CSR initiatives include donation of Korean companies' own products and services, operation of overseas technology schools, overseas transfer of unused equipment to emerging economies and Hallyu-related CSR activities. Besides, KOTRA shares relevant knowledge through CSR forums, while continuously developing KOTRA-style CSR competencies.

Performance Indicators concerning Social Contribution

Project	Performance indicator	Quantitative performance in 2013	Quantitative performance in 2014
Government 3.0	Number of officers in charge of Trade Doctor export service	10	14
	Number of overseas job openings discovered	1,111	2,07
Creation of overseas jobs	Number of successful overseas employment cases	187	327
	Number of jobs created by attracting foreign investment	11,788	12,077
Shared growth	Purchase of products manufactured by SMEs	KRW 14,082 million	KRW 16,996 million
	Purchase of products manufactured by the socially underprivileged (Enterprises run by women, social enterprises, enterprises hiring persons with severe disabilities)	KRW 1,685 million	KRW 2,247 million
	Number of joint overseas expansion projects executed	15	23
	Number of successful contracts secured through joint overseas expansion projects	67	110
	Number of books donated to multicultural families	316	1,205
Global CSR initiatives	Frequencies of CSR activities participated by all employees	2	4
	Frequencies of employees' CSR activities for local communities	25	35
	Number of donations of companies' own products and services	61	83
	Number of overseas technology schools	16	46
	Satisfaction of companies participating in global CSR initiatives	85.2 point	91.5 point
	Intention to participate in global CSR activities again	71.4%	93.8%

Contents

- Government 3.0
- Global Job Creation
- Shared Growth
- Global CSR Initiatives
- Countering Climate Change

Government 3.0

Context

The 'Government 3.0' is a new paradigm for government operation to promote active sharing of public information and removal of barriers existing among government ministries for better collaboration, thereby providing personalized services to individual citizens, generating more jobs and supporting the creative economy. KOTRA has vigorously pushed ahead with the Government 3.0 initiative by including it as one of its 13 strategic tasks, forming a Government 3.0 taskforce team, and formulating implementation tasks.

Progress and Achievements

Active disclosure of public sector information

KOTRA actively opens up and shares public sector information that has a profound impact on citizens' lives. For instance, in terms of contracts, the agency has disclosed a list of SMEs for bidder selection, while steadily expanding new disclose areas of business closure such as the current status of employees at KOTRA's overseas KBCs. In addition, KOTRA has made improvements on its homepage to promote effective advance information disclosure by operating a bulletin board on information disclosure and categorizing the list of information disclosure by topics.

Active use of public data by the public

In an effort to motivate the private sector to use public data more actively, KOTRA has disclosed 'useful information kept in drawers' with high demand from the private sector such as CEO reports, tips on overseas business trips, newsletters published by overseas KBCs, and articles contributed to the media by KOTRA employees. It has also opened up database, which is highly useful for the private sector and has a far-reaching dissemination effect, such as country information, directories of Korean companies doing business overseas, and comparisons of consumer prices by region around the world. Meanwhile, KOTRA organized a business idea competition aimed to promote effective utilization of public database. At the competition, an app service offering KOTRA's interpreter information to business customers during their overseas business trips and providing various services such as a contract brokerage service won a second-place prize.

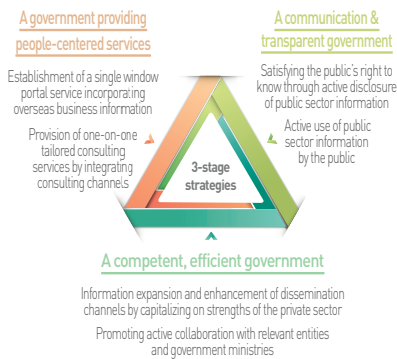
Collaboration with the private sector

In order to capitalize on the strengths of the private sector, KOTRA has created a 'database on overseas regional experts' within its regional expert portal (<http://glep.kotra.or.kr>), offering career information on 1,780 experts in 12 fields of expertise, including lawyers, accountants and businessmen residing overseas who provide relevant information, tailored consulting service, export agency service and interpretation/translation service. Meanwhile, in March 2014, KOTRA signed an MOU with NAVER, the largest search portal in Korea, to make information produced by KOTRA easily disseminated and accessible to the general public. Through the MOU, it was agreed that KOTRA's country information database, its representative brand information will be included in NAVER's regular menus (NAVER Library) and shortcuts to homepages of government agencies and contents research results will be additionally offered for integrated search for KOTRA. Also, KOTRA's information accessible via NAVER Library, Dictionary, Academics and commercial publications should be indicated with its source, along with links, helping the public have easier access to the agency's information.

Collaboration with government agencies

KOTRA is vigorously promoting collaboration with relevant entities and government ministries. The agency set up and upgraded the 'portal for the utilization of summit diplomacy for economic interests (created in January 2014, upgraded in November 2014).' The agency also opened the Middle East-Africa regional information portal (MEKA, <http://mek.kotra.or.kr>) in 2013 and added the Eurasia regional portal (<http://www.i-eurasia.org/jin>) in 2014. Through these regional information portals, KOTRA integrated information contents scattered across related entities and facilitated information exchanges with experts in different fields by operating online regional communities. In addition, the agency actively opened up its overseas branch offices as Korea Business Plaza (KBP) and 'open trade centers,' helping Korean companies operating overseas conveniently receive services from relevant agencies and use them as a global business platform.

The 3-stage strategies of the Government 3.0 and KOTRA's implementation tasks



Lecture delivered by Cho Min-ki, department manager, SAS

Utilization of big data

In an effort to obtain information on big data, which has emerged as one of leading trends of the current era, KOTRA formed a club on knowledge-sharing and organized lectures by inviting big data experts in morning meetings. In addition, the agency made efforts to utilize big data by commissioning a research project on the Government 3.0 initiative aimed to explore big data pilot project tasks.

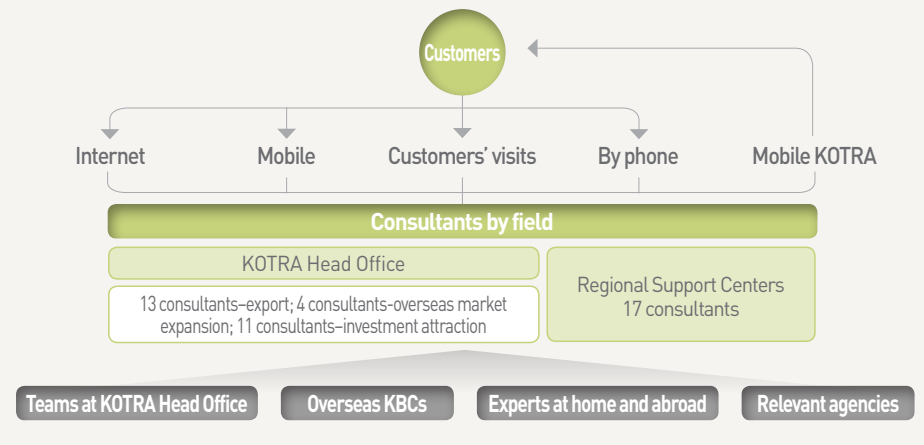
Establishment of an integrated portal for overseas business information (Single Window) _G4-PR3

In April 2014, KOTRA set up an integrated portal for overseas business information (Single Window) through which users can search trade and investment information, receive consulting services on obstacles to export, and access overseas market entry information. In July 2014, the agency upgraded its functions to enhance customer convenience such as mailing service designed to provide tailored information and use of linked information. In addition, KOTRA expanded databases with high customer demand such as information on overseas companies, products, and certifications. The agency expanded internal databases on overseas company information, which number as many as 400,000, while producing and disclosing in-depth product information in the form of a formal report. KOTRA also expanded disclosure of certification information mainly regarding promising export items manufactured by SMEs and plans to increase the number of items from 50 in 2014 to 300 items in 2017.

Establishment and operation of online/offline 'Trade Doctor (trade and investment consulting center)' system _G4-PR3

In September 2013, KOTRA launched an offline Trade Doctor (trade and investment consulting center) system in which consultants by field handle requests from customers received via Mobile KOTRA, the Internet, mobile devices, on-site visits and phone, taking care of the entire process from request reception to replies. As of 2014, there were 13 consultants specializing in export-related matters, 4 consultants in charge of overseas market expansion, and 11 consultations taking care of matters related to investment attraction. They provide one-on-one consulting services. In addition, KOTRA incorporated channels for inquiries and consulting services, which had been divided into individual websites of the headquarters and overseas KBCs, into a single website, allowing customers to check their consulting status online in real time. The agency also came up with a mechanism to further substantiate consulting content by introducing a customer evaluation system.

Operating system of the Trade Doctor program



Strategic Direction

As a result of such effort, KOTRA was selected as an exemplary public institution in the 2014 Government 3.0 Assessment administered by the Ministry of Public Administration and Home Affairs. Moving a step further from information collection and processing, KOTRA will disclose information to the public in a transparent manner and do its utmost to promote national interests by strongly pressing ahead with the Government 3.0 initiative. To this end, the agency will make continuous improvements on the information disclosure system and gradually expand the collaboration system, which is partially carried out at the present stage, providing full support for creating synergistic effects by combining strengths of relevant agencies and the private sector with KOTRA's infrastructure.

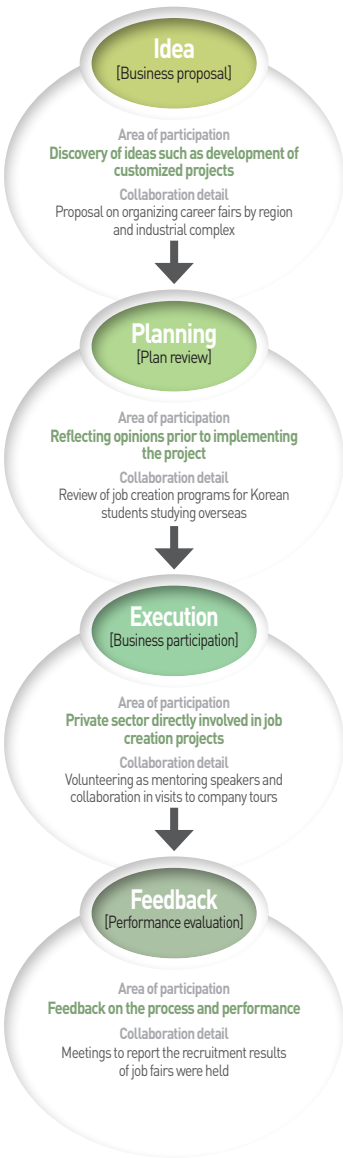
Key functions of the Single Window portal
(<http://tradedoctor.kotra.or.kr/>)

- Integration of information available in six websites including the Global Window, an exhibition information portal, and KOTRA's homepage
- Information in 25 categories including country information, market information, tips on overseas business trips, guide to participation in exhibitions and overseas company information
- Search function in which users can search all related information via correlation tables regardless of product code types such as HS and MTI
- The world's leading export market evaluation data (Trade Map) is provided in real time through an exclusive agreement with the International Trade Centre (ITC, the joint agency of World Trade Organization and UNCTAD)



Global Job Fair

A case study on operation of a government-private sector council for K-Move Center in KOTRA Ho Chi Minh Office in Vietnam



Global Job Creation

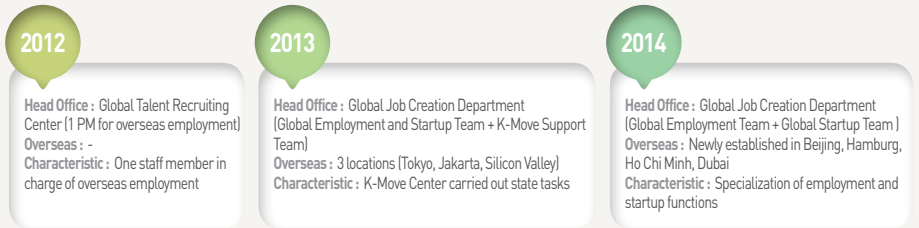
Context

Under the current economic conditions characterized by a protracted economic slump and weakened job-creating power, youth unemployment in Korea is becoming more serious. Under the circumstances, the role of KOTRA with extensive networks on global markets and companies is becoming more important than ever to overcome the limitations of the nation's domestic labor market and promote globalization of employment. KOTRA has been actively assisting overseas employment and startups by young Koreans in various ways.

Progress and Achievements

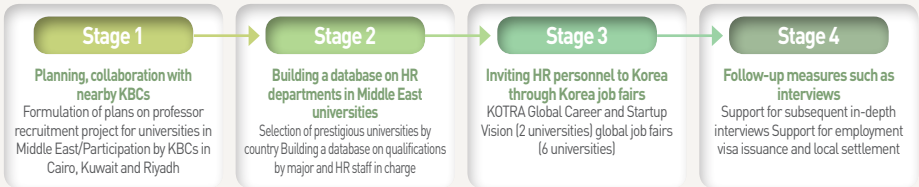
Enhancement of a support system for global job creation

In order to create legal grounds for global employment and startup programs, KOTRA enhanced relevant infrastructure by revising the KOTRA Act in January 2014 and significantly expanding relevant personnel at home and abroad. The agency also analyzed its business projects conducted in the previous years and made improvements on weaknesses, further upgrading business models.



Job Hub-Spoke strategy: A case study of professor recruitment project for universities in Middle East

- Strengthening capabilities of support organization through the collaboration system between Dubai (hub) with the K-Move Center with KBCs in Cairo, Kuwait and Riyadh (Spoke)
- Seven universities in Middle East visited Korea and 7 Korean professors were recruited. This case will be utilized as a success story in other regions.



Government-private sector council on global job creation and the K-Move Center

In a bid to make the best use of creativity and dynamism of the private sector in the state-led global job creation policy, KOTRA has set up a government-private sector council on global job creation with a focus placed on overseas business sites. The agency appointed representatives from Korean diplomatic missions overseas, overseas branch offices and CEOs of Korean companies operating overseas as members of the council by region. The K-Move Center* set up within KOTRA's overseas branch offices served as a secretariat, collecting overseas employment and startup information, finding and matching jobs, offering aftercare services, and providing mentoring support.

* K-Move Center: Short for Korean Movement Center. K-Move Centers were first established within overseas KBCs in 2013, carrying out such activities as collection of local employment and startup information, finding and matching jobs, follow-up measures, and providing mentoring support (currently there are 7 K-Move Centers in operation)

In 2014, KOTRA elevated the government-private sector council in Tokyo, Japan into a taskforce (TF) on supporting young Korean's advancement into Japan (proposed in February 2014 and operational in April 2014), while identifying ways for cooperation through government-private sector joint workshops at the K-Move Center. Furthermore, the agency developed new, customized projects for the K-Move Center utilizing the councils. As part of such efforts, in 2014, KOTRA organized a home coming day event for those who successfully secured jobs in Jakarta, Indonesia, hosted a seminar to promote Korean talents in Tokyo, Japan, while offering the barista training course in Beijing, China.

Category	2013	2014	Collaboration case study
Employment-related events (job fairs, etc.)	6	42	Career fair for software developers in Japan (provincial tours, November) · K-Move Center : Having strengths in discovering employers · Korean domestic training institutions : Specializing in training
Education/ mentoring (Mentor Day)	19	49	
Startup events (competitions, etc.)	10	18	

Customized internship program in connection with employment with SMEs

KOTRA expanded customized internship programs which are specialized in different industries and in line with employment with SMEs. The agency provided internship applicants with training on job-related basic knowledge, which was basic qualification requirement, and local languages for six to eight months and, after the training, dispatched approximately 100 interns overseas, including 23 interns in marketing to Indonesia, 25 interns in offshore plant to Malaysia, 19 interns in IT sector to India, and 18 interns in marketing to Vietnam. KOTRA's internship program recorded 40% in overseas employment rate, achieving the highest rate among the government's 11 overseas internship programs.

Creation of a business ecosystem to support global startups

In an effort to facilitate young Koreans' overseas startups, KOTRA provides differentiated support depending on target startup markets such as developed markets and developing markets. The agency set up Korea pavilions in leading startup conferences in the United Kingdom, Finland and Taiwan, which are classified as developed markets, such as TechCrunch Disrupt Europe, SLUSH, and Asia Best, featuring the participation of 31 Korean startup firms. In developing markets, KOTRA operated the 'Global Young Businessman (GYB)' program jointly with Korea International Cooperation Agency (KOICA) as part of development cooperation programs, strengthening its support for young Koreans' overseas startup. As a result, a GYB supported by KOTRA successfully launched a startup business in Vietnam. Meanwhile, KOTRA realized youth global startups via a startup support function of the K-Move Centers. For example, 'MEMEBOX' successfully launched business in Beijing, China after going through startup seminars and competitions. Also, KOTRA assisted 11 Korean startup firms participating in K-Tech China (IT exhibition/business consulting event), helping them attract investments. KOTRA also strived to create synergistic effects through collaboration with relevant organizations including the Ministry of Science, ICT and Future Planning, the National IT Industry Promotion Agency, and the Electronics and Telecommunications Research Institute (ETRI). As a result, a Korean startup, 'Wow Ventures' successfully secured a supply contract worth US\$500,000 with a Chinese IT company.

As a result of KOTRA's strenuous effort to create jobs, the number of overseas entities seeking to hire employees reached 2,079 in 2014, representing a two-fold increase from 1,111 cases in 2013 and the number of overseas job creation stood at 327 people, marking a 1.8-fold increase in comparison to 187 people in 2013. In recognition of its contribution to job creation, KOTRA received a Presidential award and a Prime Minister's award.

Strategic Direction

KOTRA plans to take the lead in creating jobs globally by steadily strengthening its infrastructure and business functions. In addition, the agency will further enhance the establishment of a business ecosystem to support global startups by combining the project with trade and investment projects and strengthen government-private sector cooperation, thereby becoming a leading public institution in creating jobs globally and promoting the creative economy.

Shared Growth

Context

As corporate competitions are shifting from competitions between individual companies to competitions between business networks, mutually-beneficial partnerships and collaboration are gaining more importance. Against this backdrop, the Korean government has selected realization of a collaborative business ecosystem such as shared growth as one of its national policy tasks, while Korea Commission for Corporate Partnership also chose ‘facilitation of joint overseas market expansion between large enterprises and small and medium-sized enterprises’ as one of five key tasks. In 2014, KOTRA also pushed ahead with joint overseas market expansion between large enterprises and SMEs by presenting the phrase Jultakdongsi (臼啄同時 : literally meaning “ picking and pecking from both sides of the shell simultaneously”), which emphasizes the importance of partnership in delivering success, as a keyword.

Progress and Achievements

Strategies for facilitating joint overseas market expansion between large enterprises and SMEs

KOTRA established KOTRA-style shared growth models through a commissioned research to facilitate joint overseas market expansion between large enterprises and SMEs and, based on the model, formulated its goal and specific tasks for joint overseas market expansion.



Business system for joint overseas market expansion between large enterprises and SMEs

As part of effort to strengthen partnership in promoting joint overseas market expansion between large enterprises and SMEs, KOTRA clearly defined roles of participating entities, including Korea Commission for Corporate Partnership, large enterprises and public institutions. Large enterprises and public institutions arrange consulting services with overseas companies, select SMEs manufacturing promising projects, and transfer joint R&D and marketing knowhow. Korea Commission for Corporate Partnership induces participation of large enterprises and public institutions and funds the projects. KOTRA encourages active participation by large enterprises and public institutions by presenting business models by types of collaboration, finds out local buyers and vendors, funds the project, provides follow-up measures and presses ahead with second-round business.

Business model by types of collaboration	Description	A case in point
SMEs' new export creation support model	Overseas customers (vendors, etc.) of large enterprises are invited/visited and business meetings with Korean SMEs are arranged, thereby creating new export deals.	A partner company of Daesang Corp. received a support to advance into China's retail industry
Overseas sales network expansion model	Expansion of overseas sales networks of SMEs through overseas branch offices of large enterprises	GM Korea's partner company expanded its entry into global value chains.
Joint project expansion model	Supply of SMEs' products and equipment capitalizing on the name values of large enterprises/ public institutions and their overseas projects	Korea South-East Power and its partner company jointly advanced into overseas markets.
Model on expansion of local sales network of Korean SMEs operating overseas	Support for diversification of local sales network of large enterprises and SMEs jointly operating business overseas	Business conditions improvement program for Hyundai's partner company operating in India

Facilitation of the large enterprise-SME joint overseas market expansion project

In order to facilitate joint overseas market expansion between large enterprises and SMEs, KOTRA has formed a council comprising large enterprises, public institutions, export-related agencies, and SMEs.

Automobile

GM Korea, Renault Samsung Motors, Hyundai Motor Company

- KOTRA
- Overseas market expansion acceleration project by capitalizing on overseas subsidiaries (5 times)
 - Sales network diversification for companies jointly operating overseas (1 time)

Retail

4 home shopping companies (GS, CJ, Lotte, Hyundai)

- KOTRA/ Large and Small Business Cooperation Foundation (Secretariat of Korea Commission for Corporate Partnership)
- The 4 home shopping companies invited overseas MDs to have a business consultation meeting (1 time) and held an outbound roadshow in a promising city (1 time)
 - National Assembly policy discussion on joint overseas market expansion in the retail industry was jointly held (Nov. 2014)

Hallyu

4 CJ subsidiaries

- KOTRA/ Large and Small Business Cooperation Foundation
- Export fairs on joint overseas market expansion were held in connection with Hallyu concerts (2 times)

Electric power

Korea Electric Power Corp., Korea South East Power

- KOTRA
- Export roadshows in the electric power industry (5 times)
 - Operation of overseas trade offices to support exporting marketing throughout the year (8 locations)

Business performance of the joint overseas market expansion between large enterprises and SMEs

KOTRA's CEO has taken continued interest in shared growth and fostered it as one of the agency's core projects since 2013, while presenting a firm philosophy of Jultakdongsi (臼啄同時) that emphasizes collaboration and partnership. Moreover, KOTRA set annual joint overseas market expansion targets for the entire employees and encouraged them to achieve them by liking their performance with performance-related pay. As a result, the frequency of the project, the number of participating companies, and the number of successful contracts increased compared to the previous year and the agency acquired grade 'Good' in Korea Commission for Corporate Partnership's shared growth evaluation among public institutions in 2014, showing improved performance from a year ago.

Institutional improvements aimed to establish fair transaction order

► Fair transaction system and systemic improvements

KOTRA not only encourages shared growth among companies, but also strives to meet social demand for shared growth internally. To this end, the agency is endeavoring to establish fair transaction order with SMEs. As part of such effort, KOTRA proactively made systemic improvements to maintain fair partnership with its suppliers as follows: expansion of advance payment, strengthening supervision of fund settlement to secondary and tertiary suppliers, overhaul of joint venture system with prime contractor, expanded use of standard contract forms, and improvement of bidding-related systems. As a result, partner companies' funding difficulties eased through increased advance payment rate, payment monitoring on subcontractors quadrupled compared to the previous year, while standard contract forms were used in all contracts. In addition, administrative handling became simplified due to improvement of the bidding system, expanding opportunities for new partner companies.

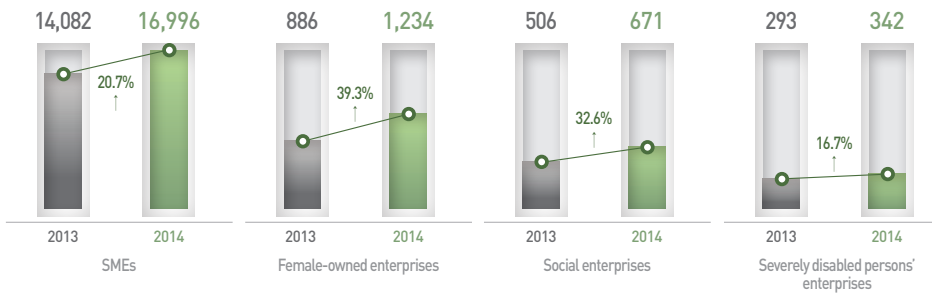
► Restrictions on signing contracts with suppliers hiring KOTRA retirees

In an effort to block unfair competitive bidding at its source and exclude any possibility of preferential treatments that may occur from negotiated contract, KOTRA came up with a regulation restricting contract signing with suppliers where KOTRA retirees are re-employed. The agency newly created a provision that prohibits signing negotiated contracts with companies that hire retired KOTRA employees or companies established by KOTRA retirees (KOTRA Guidelines for Handling Contract-related Matters, Article 11-8) and restricted qualifications of bidders by making it mandatory for bidding companies to submit "KOTRA retiree employment confirmation documents."

Strategic Direction

In an effort to further facilitate open collaboration with relevant organizations for shared growth, KOTRA plans to conduct collaboration quality evaluation aimed to practically improving open collaboration by designing categories that assess the quality of collaboration within its internal performance evaluation guidelines. Also, in order to expand the number of participating companies and performance of the joint overseas market expansion project, the agency will steadily discover new industrial demands of large enterprises and public institutions, facilitate consultation bodies by industry through their dissemination, and strive to produce tangible results.

Purchase of products manufactured by SMEs and social enterprises (Unit: KRW 1 million)

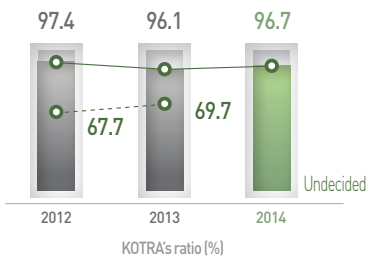


Purchase consultation session for enterprises run by the socially underprivileged



- Time/Venue: December 22 (Mon.), 2014 / KOTRA
- Participating companies: 15 social enterprises
- Observers: KOTRA employees, Ministry of Labor, Korea District Heating Corporation, Korea Electric Power Corporation, etc.
- Description: One-on-one consulting services on ways to find customers, product exhibitions, and discovery of overseas markets

Legal purchase goal ratio for products of SMEs



*Dotted line is Average ratio for public institutions.

ETRI's transfer of its unused equipment to Myanmar



- Period and venue: Sept.22 (Mon.)~23 (Tue.), 2014, Ministry of Communications and Information Technology
- Equipment transferred: 11 items including sonar measuring equipment, wireless network analyzer, and frequency counter
- Recipient organizations: Myanmar Posts and Telecommunications Department, Telecommunications and Postal Training Center (IT research institute)
- Detail: Equipment transfer ceremony, training on how to use the equipment, operation of a technology school on establishment of an e-government and cyber security for CIO of Myanmar

Success Story



Moon Engineering

In Paraguay, the National Integrated Emergency Management System (NIEMS) project funded by Korea Internet and Security Agency had been suspended due to change of government and uncooperative position of SENATICS, Paraguay's ICT ministry, which had been in charge of the project in the previous government. After the change of government, Ministry of Interior, which had no cooperative relations with Korea, took charge of the project, making it imperative to build trust. In response, KOTRA and Moon Engineering launched an e-government school in 2013, introducing Korea's case study on the establishment of e-government and latest ICT technologies by field to policy makers of the Paraguay government an working-level staff related to the e-government project and discussed cooperation measures related to establishment of bilateral ICT infrastructure by theme. As a result of such effort, Moon Engineering was able to secure a project contract on the establishment of Paraguay's Internet security control system, while instilling positive image of Korean companies and technology in Paraguay, thereby building the foundation for mutual cooperation.

Global CSR Initiatives

Context

Consumers around the world are gradually showing preference for products manufactured by ‘good companies,’ calling for partnerships for global coexistence. It is imperative for Korean SMEs to carry out CSR activities which are directly linked to enhancing corporate competitiveness. However, they carry out their CSR activities in a very limited manner due to a shortage of funds and expertise in the area. Under the circumstances, it is necessary for KOTRA to push ahead with KOTRA-style CSR initiatives on local to global scale in consideration of its establishment purpose and characteristics of its activities.

Progress and Achievements



Development of global CSR programs beneficial to emerging nations _G4-EC8

► Transfer of unused equipment to emerging nations

KOTRA's unused equipment transfer project aims to assist emerging nations with economic development and to lay the groundwork for Korean companies' overseas market expansion by providing emerging economies with Korea's operation experiences and unused equipment in the areas of test certification, product manufacturing and public services. KOTRA provides financial assistance of up to KRW 150 million per project, which will promote industrial development and cultivation of professionals in emerging nations and disseminate Korea's industrial standards, conformity systems, and research outcomes abroad. In 2014, KOTRA provided a support for a project that transferred unused equipment of Electronics and Telecommunications Research Institute of Korea to Myanmar. The agency plans to expand the project's scope to seven areas including Korea Testing and Research Institute (mixed substance separating equipment) and Songam Syscom (Internet equipment).

Transfer of unused equipment to emerging nations – 7 pilot projects			
Category	Entity	Equipment to be transferred (residual value)	Recipient organizations
Testing/ certification R&D	Korea Testing & Research Institute	5 pieces including a gas chromatograph (KRW 180 million)	Dalat University, Vietnam
	Korea Apparel Testing & Research Institute	12 pieces including an automated solid phase extractor (KRW 100 million)	Development Center for Textile Technology, Myanmar
Product manufacturing	Sung Han Machine	A set of loess block molding machine	An NGO implementing a public housing project, Congo
	Saeil Embossing	3 embossing machine and 200 rolls molded with patterns (KRW 150 million)	A state-run apparel manufacturer, Vietnam
	Daewon GSI	A grain color sorter (KRW 30 million)	Ukraine Agricultural Cooperative
Public service	Songam Syscom	35 pieces including broadband power line (KRW 120 million)	Institute of Posts and Telecommunications under Ministry of Postal Services and Telecommunications, Laos
	Postech	10 pieces of multifunctional welding machine (KRW 55 million)	Vocational training institution under Ministry of Human Resources, Malaysia

In 2015, KOTRA plans to press ahead with 10 projects in partnership with Korea Association of Machinery Industry, Ministry of Public Safety and Security, Korea Basic Science Institute, and Korea Evaluation Institute of Industrial Technology. It will also discover transfer projects in connection with export of Korean second-hand machinery, while expanding the project areas to include disaster prevention, security and environment.

Success Story



Demonstration of products donated to Dhaka South City Corporation, Bangladesh

IZ-FOG

IZ-Fog, an epidemics prevention/disinfection equipment manufacturer, was seeking to tap into developing markets with high product demands. However, the company encountered obstacles to its market entry such as local governments' inability to purchase the equipment due to a shortage of funds and dominance of American or European products. In response, KOTRA arranged for IZ-Fog to donate its products to epidemics-prevention authorities in Oman and Myanmar and to hold seminars on prevention of epidemics, facilitating the company's local CSR activities. Through such CSR activities, IZ-Fog was able to boost its product perceptions among local buyers in Oman and Myanmar and successfully advanced into Algeria and Bangladesh, which had previously posed obstacles for the company to make market entry.

► Knowledge Sharing Program (KSP)

KOTRA's Knowledge Sharing Program (KSP) is a project aimed to contribute to economic growth of emerging nations by transferring KOTRA's knowhow on economic development and trade/investment. Currently, eight projects are under way including formulation of a master plan for the establishment of Myanmar's trade and investment promotion agency (MYANTRA). The project is expected to contribute to sustainable economic growth of an emerging nation and to lay the foundation for facilitating bilateral trade and investment.

► Operation of overseas technology schools

KOTRA provides support for the overseas technology school project that aims to share expertise and experiences of Korean institutions and companies. Through the project, KOTRA helps cultivation of local professionals, while assisting Korean companies to secure project contracts by consolidating their relationships with project clients. The agency also discovers, plans and executes CSR projects and assists budget and PR-related activities at home and abroad. In 2014, KOTRA supported 46 school projects implemented by 76 companies in 27 countries in various areas such as water resources, electric power, railway, and mine reclamation in collaboration with K-Water, KEPCO, Korea Southern Power, Korea Rail Network Authority, and Korea Mine Reclamation Corporation. In 2015, the agency plans to add such areas as cadastral surveying and agriculture and expand project scale, increasing the number of projects to 55.

Donation of Korean companies' own products and services

KOTRA arranges for Korean companies to donate their products and services local communities overseas to help them solve serious social issues, thereby helping Korean companies improve their perceptions abroad and strengthen networks with local governments, promising project clients and buyers. More specifically, the agency identifies CSR demands of local governments, related entities and buyers and finds the relevant Korean SMEs wishing to donate their products or services (World Champ, etc.), Korean companies using overseas KBCs' as their corporate office and applying companies. And then, KOTRA plans and finances CSR projects in diverse areas including healthcare, medical care, environmental improvement and manpower training, and publicizes them at home and abroad. In 2014, KOTRA arranged for 206 Korean companies to participate in 83 CSR projects such as donation of fogging machine for epidemics prevention by IZ-Fog. In 2015, the agency plans to expand its CSR projects and pursue joint CSR projects with 35 global companies in 25 overseas branch offices serving as Global Partnering (GP) centers.

Hallyu star CSR project _G4-EC8

The Hallyu star CSR project is a CSR initiative capitalizing on the 'halo effect' of Hallyu stars, who refer to globally popular Korean pop stars, by arranging the stars to participate in CSR activities where Korean companies donate their products to emerging markets. KOTRA arranged CSR events such as a CSR event in connection with the 55th anniversary of establishment of diplomatic ties between Korea and Brazil, a charitable event marking the 25th anniversary of an international medical care NGO in Vietnam, and Korea-Thailand friendship cultural festival where Korean stars including boy band VIXX, Korean actress Ha Ji-won who donated Korean companies' products. Through such CSR activities, KOTRA further disseminated Hallyu or the Korean Wave and supported Korean companies' local market expansion overseas.

Hallyu star CSR activities	In connection with a charitable event for an international medical care NGO event in Vietnam	In connection with the commemorative event marking the Korea-Brazil 55th anniversary of establishment of diplomatic ties
Company	10 Korean companies including Ildong Pharmaceutical	5 Korean companies including Zaicro
Details	In a charitable event marking the 25th anniversary of an international medical care NGO held in Hanoi, Vietnam, Hallyu stars donated talent and Korean companies donated their medicine.	In commemoration of the 55th anniversary of Korea-Brazil's diplomatic ties, Hallyu stars, Korean SMEs and companies participating in the 2014 Korea Brand and Entertainment Expo (KBEE) donated products, including sports goods.

CSR awards and forums at home and abroad



[Domestic] The 2014 Overseas CSR Commercialization Forum



[Domestic] CSR Award for Foreign Invested-Companies Operating in Korea



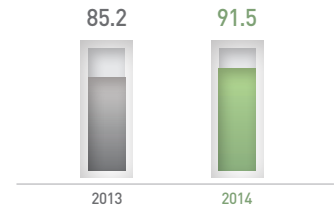
[Overseas] CSR Award · Forum _Vietnam

2014 KOTRA Global CSR Satisfaction Survey

Survey period: Jan.12~Jan. 14, 2015
Survey method: Online survey and telephone interviews
Number of respondents: 80 responded out of 241.

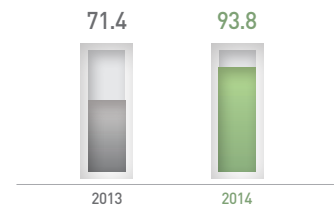
Satisfaction: 91.5 point

Q. How would your company rate the level of satisfaction with regard to KOTRA's global CSR projects?



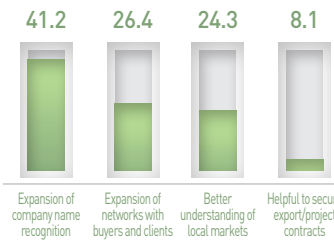
Intention to participate again: 93.8%

Q. What is the likelihood of your company returning to participate in KOTRA's global CSR projects in the future?



Effect of participation

Q. What effects did your company experience after participating in KOTRA's global CSR projects?



CSR awards and forums at home and abroad

KOTRA also hosts CSR-related awards and forums at home and abroad to create a venue for sharing CSR-related information. In 2014, on the domestic front, the agency held a forum on overseas CSR commercialization, as well as a CSR award ceremony for foreign-invested companies operating in Korea. On the global front, KOTRA organized CSR forums and CSR awards in partnership with local governments.

Fostering multicultural global marketers _G4-EC8

Capitalizing on its characteristics as a trade and investment promotion agency, KOTRA promotes a project that fosters multicultural global marketers. Under the project, the agency selects talents with appropriate academic backgrounds and language skills among marriage migrants residing in Korea, foreign students in Korea, migrant workers, and children from multicultural families and cultivates them into specialists in trader marketing. By 2014, KOTRA selected a total of 187 people and provided education on trade business including tariffs, customs clearance procedures, transportation, and document preparation, as well as interpretation and translation (2 occasions, 125 people). The agency helped 25 of them get employed through career fairs with exporters, while assisting 85 people to successfully get a job or start business including 38 people who were self-employed or set up their own startups. They are actively involved in a wide areas, including working as interpreters/translators and guides for international events.

Meanwhile, in 2014 KOTRA held multicultural global marketers career/startup forums on two occasions (January and November). In recognition of such effort and outstanding performance, the agency's project was chosen as one of implementation projects for Ministry of Gender Equality and Family's 'multicultural family policies' for 2014.

CSR activities for local communities

Making the most of its characteristics as a trade and investment promotion agency, KOTRA is engaged in following CSR activities for local communities: Youth Export Schools, Youth Dream Forums, and "Grow Together" initiative for foreign-invested companies in Korea.

CSR activities for local communities	Description	Number of CSR activities in 2014	Plan in 2015
Youth Export Schools	KOTRA's employees deliver lectures on trade and global economy for high school students in provincial regions.	5 locations	7 locations
Youth Dream Forum	Experts in fashion and automobile deliver lectures on their working experience and offer career development consulting service for vocational high school students.	2 occasions	4 occasions
Grow Together	Fifty Korean university student volunteers, members of European Chamber of Commerce in Korea, and employees of foreign-invested companies in Korea carry out CSR activities for local communities.	3 occasions	2 occasions

In addition, the agency offers foreign language education (4 occasions) and global culture education (1 occasion) to foster next-generation trade talents, while engaging in various activities to contribute to local communities, including donation of multicultural books (1 occasion), export and market discovery project for social enterprises (3 occasions), charity activities participated by all KOTRA employees (4 occasions), fundraising and sponsorship activities (12 occasions) to help the socially underprivileged.

Tangible and intangible economic effects of global CSR initiatives _G4-EC7,8

Global CSR activities had a promotional effect on participating companies and also offered opportunities to better understand local markets and boost perceptions of Korean companies among local people. In particular, KOTRA received letters of appreciation from 27 local clients overseas including Ministry of Energy and Mines of Laos and Shanghai Municipal Water Authority of China. Through these endeavors, KOTRA's global CSR initiatives were established as a new marketing tool that helps Korean companies secure export and project contracts.

Strategic Direction

KOTRA will proactively press ahead with follow-up CSR projects to locally instill a good image of Korea as a country that carries out CSR activities in a wholehearted, faithful manner. In addition, the agency will continue to expand CSR project areas, while striving to improve the image of Korean companies participating in KOTRA's CSR initiatives through enhanced overseas promotional activities.

Countering Climate Change

Context

Climate change is a critical issue that requires joint global response. Korea responded to the issue at the government level by hosting Green Climate Fund (GCF) in Songdo, Incheon in late 2013. In line with the government policy, KOTRA is responding to issues related to climate change in a preemptive manner through its Climate Change Project Team.

Progress and Achievements

Foundation-building projects for countering climate change _G4-EC2

In an effort to lay the foundation for countering climate change, KOTRA collaborates with international organizations such as GCF and GGGI (Global Green Growth Institute), while pioneering new markets with high growth potential. It also carried out projects on countering climate change in China, one of Korea's neighboring countries.

Project description	Results
· Jointly hosting Global Green Hub Korea (GGHK) with GCF · Jointly organizing 'The Creative Economy and Green Growth' session in partnership with GGGI · Hosting a climate change project strategy orientation with the invitation of GCF	· 211 clients from 53 countries were invited (May 2014, Songdo Consensia) · Companies participating in GGHK secured contracts for environment and renewable energy projects · Domestic participating companies signed MOUs (KOTRA assisted 6 companies to sign MOUs on the spot and 4 companies to sign MOUs later)
· Consulting on overseas marketing for Korean-style floating offshore wind power generation system demonstration project	· Korean-style floating offshore wind power generation system demonstration project implementation team was launched
· Hosting Korea-China eco-friendly forum and a project consulting session following the "China climate change response project"	· A Korean company that participated in the Korea-China eco-friendly forum and project consultation session signed two MOUs

Joint overseas green project implementation between large enterprises and SMEs

KOTRA assists joint overseas business operation by encouraging SMEs to participate in its green projects. The agency tries to identify promising overseas green projects by dispatching expert research groups to overseas sites to conduct investigation into promising green projects discovered by overseas KBCs with respect to legal aspect, business feasibility, economicality and technology.

Project description	Results
· KOTRA dispatched a survey team for UAE land reclamation project and held a briefing session explaining the survey results · KOTRA dispatched expert research teams to three East European countries (Hungary, Romania, Bulgaria) through large-small business joint overseas project promotion group	· Expert research teams were dispatched to land reclamation sites in UAE and project sites in East Europe - UAE project : 8 Korean companies participated in the project promotion group - East Europe waste landfill site project: 10 Korean companies participated in the project promotion group
· Green project feasibility study and consulting support projects - Feasibility study : Assistance for outsourcing of feasibility study for overseas environment and renewable energy projects and expert consultation fees - Consulting : Assistance for securing green project contracts, vendor participation (supply of parts and materials)	· 12 feasibility study projects and 9 consulting projects were assisted

Strategic Direction

KOTRA will actively press ahead with projects aimed to counter climate change through climate change-related activities in connection with international events such as world congress of ICLEI (International Council For Local Environmental Initiatives), Eco-friendly Project Plaza and GGHK(Global Green Hub Korea). The agency also plans to expand the project scope of large-small business joint overseas project promotion group to include water treatment, photovoltaic energy, and prevention of air pollution and tap into promising global markets such as Southeast Asia and Central and South America.



Opening ceremony of Global Climate Change Forum



Key note Address, secretary-general of GCF

Key Issues

Organization

- ▶ Promoting Advanced Business Management

Economic performance
Growing importance in securing talents
Employment (fair employment & guarantee of employment relations)
Employee education and training
Diversity and equal opportunities
Workplace health and safety (stress management, etc.)
Labor practice grievance handling mechanism

Labor-management relations
Freedom of association and collective bargaining
Increased demand for employee welfare and rights (balance between work and life)
Anti-discrimination (regular vs. non-regular)
Increased demand for security of customer information
Cyber security and information security
Public's increased access to information (Internet, SNS, etc.)

The Reason Why Advanced Business Management Is a Material Issue for KOTRA

KOTRA marked its 50th anniversary and is looking forward to another 50 years. Advanced business management is crucial for the agency to become a public institution representing Korea through sustainable development.

Policies on Advanced Organizational Management

To this end, KOTRA operates regional head offices to ensure customer and field-oriented organizational operations, while running strategic performance management system. The agency also formulated mid-to-long term financial plans to secure financial soundness not affected by external risk factors. It also established its new human resources vision and standards of conduct to foster global leaders who will lead the era of US\$ 2 trillion in trade and came up with new competence models to systemize human resource development strategies. Meanwhile, KOTRA strived to improve organizational culture by implementing tasks for government normalization in a speedy manner, while establishing an in-house grievance handling mechanism and a risk management system to counter growing risk factors encountered by overseas KBCs. Moreover, the agency reflected human rights management guideline checklist issued by the National Human Rights Commission of Korea to respond to the growing demand for human rights management, while reinforcing information protection and obtaining 'Good' grade in the 2014 information security management status evaluation administrated by the National Intelligence Service.

Performance Indicators on Advanced Business Management

Performance goal	Evaluation detail	Performance indicator	Performance in 2013	Goal in 2014	Performance in 2014
Organizational operations based on business performance and customer demand	Organizational reshuffle, delegation and authorization, number of employees per department, etc.	Level of satisfaction with organizational operations	3.74 point	3.79 point	3.80 point
Realization of performance-oriented organization through strategic performance management	Establishment and operation of the performance management system	Reasonableness of indicator design	76.7 point	77.87 point	78.08 point
		Fairness of the evaluation system	72.98 point	74.33 point	70.11 point
Enhancement of KOTRA's competitiveness through efficient financial budget management	Establishment of mid-to-long term financial budget plans and feedback	Sales	KRW 326.6 billion	KRW 340 billion	KRW 342.3 billion
		General & administrative expenses divided by sales	39.9%	37.9%	38.3%
		Budget planning, execution and post-evaluation			
Operation of reasonable compensation system	Compensation system	Efficiency of business execution	KRW 81.3 million/1 person	KRW 92.8 million/1 person	KRW 93.7 million/1 person
		Total labor cost increase ratio	1.858%	1.7%	1.524%
Normalization of lax management	Normalization of lax management	Employee benefit reduction ratio per person	-	5.2%	17.7%
Stabilization of employment of non-regular workers and expansion of socially equitable manpower utilization	Socially equitable manpower utilization	Youth intern recruitment	208 persons	219 persons	247 persons
		Utilization of flexible working hour system	98 persons	103 persons	115 persons
Establishment of a system to enhance core competencies and operation of a fair human resources system	Competency development	Improvement of organization culture promoting balance between work and family			
		Value system internalization index	87.9 point	88.5 point	89.4 point
		Satisfaction level with job training	4.17 point	4.25 point	4.49 point
	Fairness of human resources management	Satisfaction level with human resources system operation	4.34 point	4.36 point	4.37 point

Contents

- Building a Customer and Field-oriented Organization
- Operating a Reasonable Evaluation System
- Stable Financing Management
- Fostering Global Talents
- Establishing Creative Organization Culture
- Human Rights Management
- Information Security



Building a Customer and Field-oriented Organization

Context

KOTRA is an organization with extensive global network of 123 Korea Business Centers (KBCs) in 83 countries around the world and respective KBCs have face-to-face contacts with their customers. Against this backdrop, it is necessary to review the agency's internal and external functions on an ongoing basis, select core business areas, and operate the organization in an efficient manner.

Progress and Achievements

Reorganization

KOTRA conducted reorganization based on the results of internal function reviews on the basis of the government's in-depth financial evaluation of an overseas export assistance business group, Korea Trade- Investment Promotion Agency Act, and government policies, as well as the three principles of organizational operations (field, performance, and collaboration). As a result, South West Asia Head Office was newly launched to strengthen assistance for Korean companies' market expansion in Southwestern Asia, while new branch offices were opened in Shenzhen and Tianjin, China to tap into strategic regions in the nation. In addition, KOTRA set up Global Job Creation Department to take charge of operation of K-Move Centers in overseas locations and increased the number of experts to assist provincial-based, domestic market-oriented Korean SMEs to become export companies.

Meanwhile, in order to strengthen site organization, KOTRA's head office in Korea relocated business and personnel to on-site locations. On the overseas front, the agency increased the number of dispatched employees by 4 for 4 KBCs with big difference in current personnel level and appropriate staffing level among KBCs tasked with new functions and increased local staff by 12 based on manpower adjustment index.

Areas for new staff increase	KBC	Current personnel compared to appropriate staffing level	Areas for new staff increase	KBC	Current personnel compared to appropriate staffing level
Construction, plants	Dubai	- 2.31 persons	Service, export	Madrid	- 2.76 persons
Attraction of overseas manpower	Frankfurt	- 3.67 persons	Defense industry support center	Guatemala	- 0.95 person

Executives in charge of different regions of Korea

In an effort to enhance communication with site organization in different regions of Korea, KOTRA operates a system in which executives take charge of five regions across the country. Five standing executives at the Seoul head office are in charge of Daegyeong, Honam, Chungcheong, Dongnam, and Gangwon regions, respectively. They share mid-term management goals and sustainability management reports and hold extended executive meetings every other month.

KBC chief meetings by regional head office

On the overseas front, chiefs of KBCs by overseas regional head office hold meetings (8 sessions in 2014) to disseminate the CEO's management philosophy and KOTRA's pending issues, while local pending issues are shared among working-level meetings (6 sessions in 2014). In addition, video conferences with overseas regional head offices are held frequently to internalize the agency's vision and expand collaboration. KOTRA's pending issues are also shared through Cheongwoojidam, a webtoon-based monthly newsletter for overseas network.

Key strategies identified by region in overseas business sites through KBC chief meetings by regional head office are reflected in business plans for the following year to be disseminated on the companywide level at home and abroad. Major strategies identified in 2014 included the Eurasia Initiative strategy (CIS), creation of a Korean industrial complex in Rajasthan state, India (South West Asia), development premium products to deal with the weaker yen (Japan), and assistance for securing projects to counter industrial diversification (Middle East/ Africa).



Meeting with 23 directors of overseas offices in the Middle-east and Africa

Site-centered organizational operation

KOTRA has transferred some of the head office's authorities to local business site organization, enabling local business sites to locally make decisions on responses to local demands under the approval of their regional head offices without receiving approval from the head office. In addition, the head office transferred the authority to change areas of certain jurisdiction depending on the market environment when dividing geographical areas that fall under the jurisdiction of respective KBCs, as well as the authority to integrated operation of nearby KBCs and their jurisdiction areas.

Center/Hub KBCs

As part of effort to promote customer and site-oriented organizational operation, KOTRA operates 26 types of hub/center KBCs as of 2014.

Center/ Hub	KBCs	Center/Hub	KBCs
Investment center	Nagoya / Dallas / Dubai / Detroit / Madrid / Melbourne / Munich / Milano/Vancouver / Beijing / Brussels / Vienna / Shanghai / Stockholm / Sydney / Amsterdam / Washington DC / Zurich / Qingdao / Copenhagen / Taipei / Hamburg / Fukuoka (23)	Assistance for attracting overseas experts	New York / LA / Silicon Valley / Detroit / Dallas / Frankfurt / London / Tokyo / Osaka / Beijing / Shanghai / New Delhi / Bangalore / Hanoi / Ho Chi Minh / Jakarta / Bangkok / Singapore / Kuala Lumpur / Dubai / Istanbul / Teheran / Moscow / Kiev / Sao Paolo / Buenos Aires (26)
IP-DESK (Overseas intellectual property center)	LA / Guangzhou / Beijing / Shanghai / Qingdao / Ho Chi Minh (6)	Support center for green companies	LA/Rio de Janeiro / Manila/ Beijing / Shanghai / Dalian / London / Warsaw / Tokyo / Osaka / Johannesburg (11)
Support center for Plant construction projects	Dubai / Moscow / Bogota / Sao Paulo (4)	GP center (Global Partnering)	Tokyo / Chicago / Silicon Valley / Osaka / Zurich / Nagoya / Beijing / Shanghai/ Kuala Lumpur (9)
IT support center	Tokyo / Beijing / Silicon Valley (3)	K-MOVE Center	Tokyo / Silicon Valley / Jakarta (3)
Export incubator	Guangzhou / New Delhi / New York / Tokyo / Dubai / LA / Mexico City / Moscow / Beijing / Sao Paulo / Shanghai / Chicago/ Singapore/ Washington DC / Chengdu / Frankfurt / Ho Chi Minh (17)	Global M&A center	London / Frankfurt / Amsterdam / Zurich / Warsaw / Milano / Prague/ Brussels / Stockholm / New York / Chicago / LA/ Silicon Valley / Detroit / Tokyo/ Osaka / Singapore / Bangkok / Kuala Lumpur / Jakarta / Ho Chi Minh / Hanoi / Sydney / Melbourne / Mumbai / Dubai / Istanbul / Tehran / Cairo / Tel Aviv / Beijing / Guangzhou / Taipei / Hong Kong (35)
China Desk	Beijing / Shanghai / Guangzhou / Dalian / Qingdao (5)	Korea Auto parts Park	Detroit / Frankfurt / Nagoya / Shanghai (4)

Strategic Direction

As of 2014, the number of KOTRA's employees working for local business sites exceeded twice that of the head office and thus there are greater interactions with customers at local business sites (overseas/regional). Given this, KOTRA plans to steadily expand the transfer of authorities to local site organization to boost efficiency of organizational operation and implement projects in a more timely and efficient fashion.

Operating a Reasonable Evaluation System

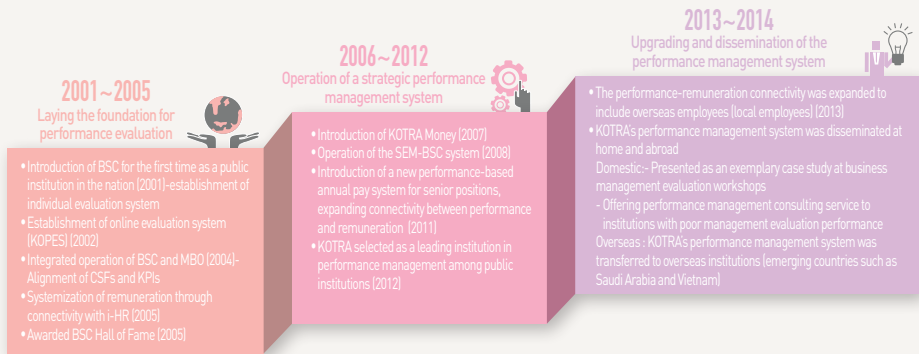
Context

In order for KOTRA to maintain sustainability as a strategy-oriented organization and achieve its goals on the corporation-wide level, it is necessary to systematically manage performances of the organization and individual employees. There is also a demand for strengthening direct connectivity between performance achieved by organization or individuals and the remuneration system including personnel management and compensation.

Progress and Achievements

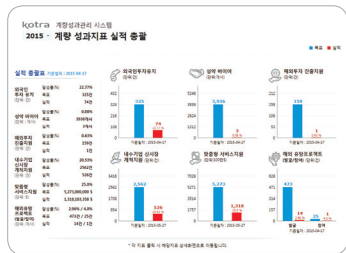
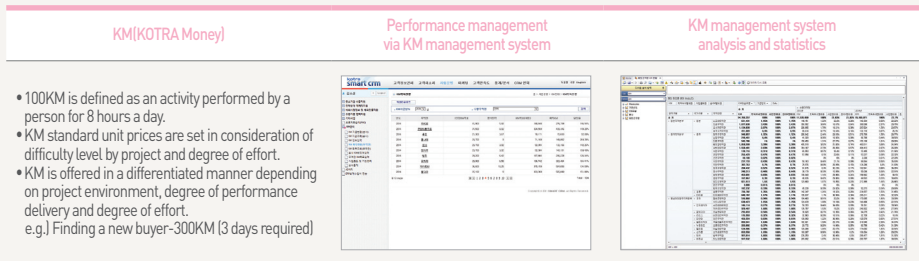
Strategic performance management system

Since the introduction of BSC (Balanced Score Card) in 2001 for the first time as a public institution, KOTRA has further enhanced its performance management system based on its long operation experience and has reached a stage for dissemination.

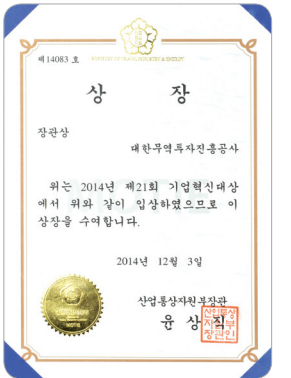


Upgrading performance management functions and strengthening monitoring

KOTRA plans performance objectives, business projects, budget and labor input based on ERP system, an internal intranet, while collecting and monitoring customers participating in its projects and performances accumulated over the course of project execution. KOTRA has upgraded a function that can regular update and monitor quantitative performances of key performance indicators through SEM (Strategic Enterprise Management), a quantitative performance management system, thereby providing useful information to management and departments in charge of project planning/implementation. Moreover, KOTRA established the KOTRA Money management system [KM management system] designed to assist and manage labor input by project and activity. Under the KM management system, 100KM (KOTRA Money) is defined as an activity performed by a person for eight hours a day and KM standard unit prices are determined in consideration of difficulty level by project and level of effort. KOTRA Money [KM] is supplied differentially depending on project environment, degree of performance delivery and level of effort. This has significantly reduced the performance management burden of both the head office and divisions, which pay KM, and overseas KBCs which obtain KM, and has enhanced real-time monitoring. Through the system, KOTRA came to introduce ABC (Activity Based Costing), which is designed to analyze costs and performances by project/organization in connection with KM performance, for the first time as a public institution.



SEM(Strategic Enterprise Management)



Business Innovation Awards

Enhancing relevance of the indicator system

KOTRA made reasonable adjustments to organizational and individual evaluation indicators. With respect to organizational evaluation indicators, CSFs (Critical Success Factor) and KPIs (Key Performance Indicator) by task were identified in connection with KOTRA's establishment purpose, national trade vision and strategic tasks. Also, the number of evaluation indicators was reduced, while quantifiable ratios were increased, thereby improving objectivity of evaluation. Meanwhile, KOTRA strengthened indicators to emphasize collaboration with relevant organizations, inducing open collaboration that organically links the agency's original functions such as information provision and marketing with financing, M&A, and talent cultivation.

KOTRA operates an individual evaluation system built on the highest level of BSC (Balance Score Card) and MBO (Management by Objectives) among the nation's public institutions. Individual evaluation indicators are used for senior positions including team leaders and overseas KBC chiefs, thereby establishing an individual evaluation system for all employees. In order to encourage employees to set challenging objectives when team members set individual objectives, KOTRA has come up with an institutional system that specifies performances of the previous year, obligates review of threshold value, and evaluates levels of difficulty. The agency also boosted the impartiality of evaluation by expanding the share of individual MBO evaluation.

Enhanced management of high performers and low performers

KOTRA rewards high-performing employees by appointing them in senior positions, sending them to outside training programs or giving awards. On the other hand, the agency has a separate management programs for low-performing departments or employees. It has introduced a 'challenge department' management program in which departments with poor performance are selected as challenge departments and they are obligated to submit performance improvement plans based on diagnostic matrix on types of low performance. Meetings and coaching sessions designed to check on the progress of tasks will ensue and the departments concerned make improvements on final results.

In addition, low performers are selected based on performance and competence evaluation results. In order to improve their performance, such programs as self-reflection training and competence enhancement job training are carried out. However, for employees who have shown low performance in competence evaluation, achievement evaluation, and performance rating for two consecutive years, they are subject to disciplinary actions such as waiting to be assigned at home, deliberation on eligibility for overseas assignment, early summon and removal from one's position.

Connectivity between personnel and remuneration management and performance management

KOTRA reflects organizational or individual evaluation results in its remuneration system, establishing a competency and performance-based, reasonable remuneration system. The agency also differentiates performance-related pay for its employees by fully reflecting achievement evaluation results, thereby taking the lead in performance-based management of public institutions. As a result, KOTRA maintains the highest level of performance pay differentiation system among public institutions in the nation. In a bid to disseminate performance-oriented organizational culture, the agency plans to increase the ratio of reflecting achievement evaluation results in HR and remuneration management from 40% in 2014 to 60% in 2015.

Strategic Direction

KOTRA will continue to increase the share of individual evaluation for senior positions in public institutions and facilitate organic close connectivity between organizational and individual evaluations by assigning organizational performance indicators by individuals and adopting more sophisticated measurements of individual performance. Through such effort, the agency will continue to maintain a fair and transparent evaluation system, taking the initiative in performance management of public institutions.

Mid-to-long term financial plan _G4-2



Stable Financial Management _G4-EC1

Context

Due to prolonged uncertainties in the global economy, exchange rate fluctuations and risks for operating budget in foreign currencies are increasing. KOTRA is exposed to exchange rate fluctuation risks as it is involved in various overseas projects and has a financial structure highly dependent on government subsidies. Due to the low ratio of internal profits compared to its total revenue, the agency is highly reliant on government budget. In addition, the Korean government’s general accounts budget related to trade and investment has been steadily on the decrease. In order for KOTRA to achieve sustainable development, it is crucial to establish a solid financial structure, which withstands external variables, as well as reasonable budget operation system.

Progress and Achievements

Reformulation of mid-to-long term financial strategies

Based on the mid-to-long term management plan reflecting such change in business environment, KOTRA formed TF teams participated by all members of the agency, while reformulating mid-to-long term financial strategies in collaboration with external specialized institutes. The agency also came up with business, investment and human resources plans reflecting the newly formulated financial plan. Based on the mid-to-long term financial plan, KOTRA estimated its sales, capital, debt ratio, and financial independence, and came up with modified financial budget strategies for normal management, independent management, crisis management, and emergency management by assuming situation change by possible scenarios. Sales, cost of sales, operating income, assets and liabilities were calculated by assuming government subsidy increase rate and internal income increase rate as controllable factors and assuming foreign exchange rates as uncontrollable factors among change drivers that have a crucial impact on the agency’s sales. Based on the results, KOTRA formulated response strategies by scenario.

Establishment of financial risk response system

In order to ensure stable financial management, it is important to respond to future financial risks in a preemptive manner: KOTRA selected decrease in government subsidies and foreign exchange losses, which are key change drivers significantly impacting the agency’s sales, as financial risks requiring core management and classified crisis warning stages into Yellow (elevated), Orange (high), and Red (severe) to set the criteria for deciding on level of risk by stage.

	Government subsidies	Exchange rates
Context	Increased risk for reduction in government subsidies due to the government’s balanced budget policy	As foreign currency budget accounts for approximately 50% of the total budget, foreign exchange rate fluctuations are important. It is necessary to secure stable cash flow.
Effort to counter risks	Monitoring of government policy trends; preemptive proposal for new projects; restructuring and substantiation of projects with poor performance; and creating an atmosphere to secure additional budget.	Simulation data update and around-the-clock monitoring through the ‘exchange risk management system’; weekly monitoring and corporation-wide sharing of forecasts on weekly and mid-term exchange rates through ‘foreign exchange trends weekly reports’; reducing remittance ratio in U.S. dollars and increasing remittance in local currencies other than U.S. dollars; risk spreading; placing time deposit in local currency (Chinese Yuan) in Chinese banks; partially eliminating foreign exchange risks; capitalizing on retained earnings; Additionally accumulating reserves for foreign exchange rate loss.
Achievement/ Response system	Secured government subsidies sufficient for stable operation (KRW 26&2 billion in 2015, an increase by KRW 11.6 billion from a year ago)	Systematic exchange rate risk management based on response manuals by stages of exchange rate fluctuations; Risk stages are classified into Blue (guarded), Yellow (elevated risk), Orange (high risk) and Red (severe risk) by comparing the scale of exchange rate risk with permissible limits of exchange rate risk under the exchange rate risk management system.

In addition, KOTRA re-inspected vulnerable areas by stages of budget execution and upgraded the management system on internal control. In order to ensure customer-oriented budget evaluation, the agency reflected opinions of customers and external experts through the open business deliberation system.

	Preliminary (Budget Team)	Implementation (Finance Team)	Follow-up (Auditor’s Office)
New improvements in 2014	· Revision of budget operation guidelines and reduction in business operation expenses, thereby inducing transparent budget execution (Feb. 2014)	· Increase in business categories to which use of corporate credit cards are restricted to beef up the clean card monitoring system (May 2014) · Inspection of irregularities related to budget execution through monitoring of corporate card transaction details through the ERP financial accounting system.	· Upon Anti-Corruption and Civil Rights Commission’s recommendation, KOTRA set up and operated ‘Integrity Ombudsman’ system. (Aug. 2014)

KOTRA launched a corporation-wide risk management taskforce team aimed to upgrade its financial risk response system. From May to December 2014, 59 members of the TF team from all departments revamped phased response measures that involve prediction, monitoring, and follow-up measures regarding risk factors such as government subsidies, exchange rates and budget implementation.

Maintenance of optimal financial structure

With respect to financing, KOTRA secures its business funds from government subsidies, external partnership projects and interval revenue sources. Its capital is 100% invested by the government, and thus its cost of equity capital is very low and the agency has not borrowed any external funds, having no financial liabilities. Also, the liabilities consist of essential items inevitably generated through normal operations such as performance-related pay payable, accounts payable, unearned revenue, and severance pay.

In 2014, KOTRA’s liabilities decreased by KRW 15.2 billion from the previous year, which results mainly from excluding performance-related pay based on management evaluation from severance benefits through labor-management agreement. KOTRA reduced liabilities for domestic severance benefits by KRW 11.4 billion (KRW 39.4 billion in 2013 → KRW 28 billion in 2014), responding to the government’s policy of liability reduction. In addition, KOTRA upgraded its liquidity management system by adopting a liquidity monitoring system, thereby expanding its financial stability.

Government subsidies

The Korean government grants subsidies to KOTRA for its consigned projects or KOTRA’s own projects.

Retirement pension

Article 52 of KOTRA’s Collective Agreement stipulates that retirement benefits pursuant to Guarantee of Workers’ Retirement Benefits Act are provided in the form of retirement pension and its details follow Retirement Pension Agreement.

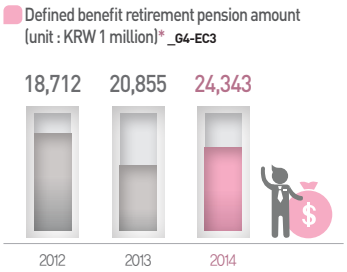
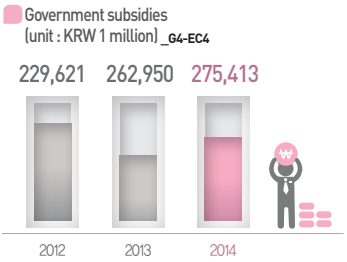
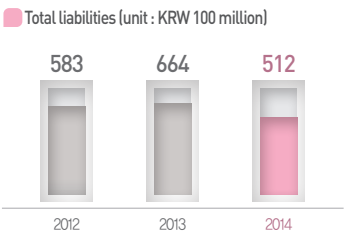
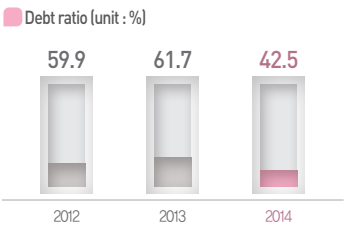
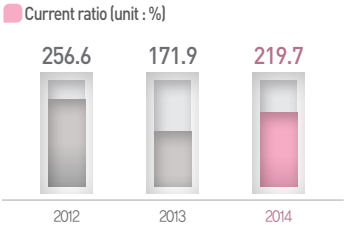
Management of subsidiaries

In line with the government policy aimed to enhance competitiveness of the exhibition and convention industry and promote its development, KOTRA owns 33.14% stake and 26% stake in its subsidiaries KINTEX (Korea International Exhibition Center) and BEXCO (Busan Exhibition and Convention Center), respectively, as national exhibition infrastructure contributing to trade promotion and development of the national economy. As a shareholder, the agency monitors key management agenda items of the two subsidiaries and manages their management performances. In addition, KOTRA has direct and indirect impacts on its subsidiaries’ revenue increase by collaborating in joint sponsorships of exhibitions at home and abroad and hosting exhibitions at the exhibition centers.



Strategic Direction

In a bid to boost international credit standing and ensure stable financial management, KOTRA plans to increase its capital base to KRW 100 billion by 2017 and continuously maintain its debt ratio below 100%.



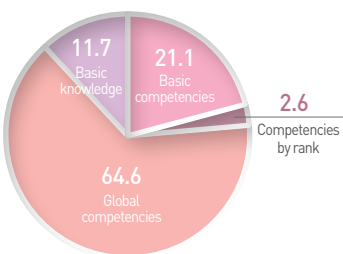
*Source: The 2014 KOTRA Audit Report

Global Business Platform
KOTRA

Competency Building Education Plan

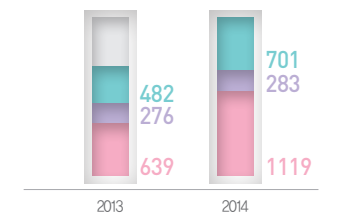
Category	Direction	Training courses/results
Basic competencies	Sharing and dissemination of value system	· Courses: Workshops by rank, integrity ethics, customer satisfaction, etc. · Results: 3,194 employees in 26 courses
Competencies by rank	Customized competency building by growth stage	· Courses: Leadership for senior positions, courses for those who are to be promoted and relocated, new employees, etc. · Results: 395 employees in 13 courses
Global competencies	Enhancing global job expertise	· Courses: Academic research, basic job skills, specialized job skills, foreign language education, etc. · Results: 9,814 employees in 743 courses
Basic knowledge	Improving organizational culture	· Courses: Sexual harassment prevention education, character cultivation education, etc. · Results: 1,769 employees in 8 courses

Education courses / results (unit : %)

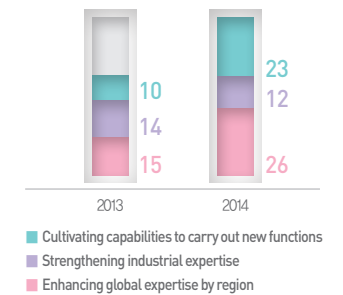


Specialized areas	Training outcome
Enhancing global expertise by region	· Talent cultivation in the areas of economic and industrial trends by region
Strengthening industrial expertise	· Talent cultivation in IT, plant construction and automotive industries
Cultivating capabilities to carry out new functions	· Talent cultivation in the areas of trade, investment, financing, and ODA.

Numbers of attendees



Numbers of courses



Fostering Global Talents

Context

In order to take the lead in the national bid to achieve US\$ 2 trillion in trade, KOTRA needs to secure expertise to support globalization of Korean SMEs. Customer demand for the agency's global business consulting capabilities is on the rise, thereby raising the need for strengthening its new trade and investment promotion functions. There is also a growing demand for enhancement of its service competencies that can provide direct support for customers in their effort to deliver results. This necessitates KOTRA to strategically strengthen human resources competencies.

Progress and Achievements

Mid-to-long term roadmap for improving human resources system

In an effort to foster global leaders who take the lead in the era of US\$2 trillion, KOTRA established a roadmap for improving its human resources system.



Among the categories of the roadmap, the new competency models consist of basic competencies, competencies by rank and job competencies. Improvements were made to basic competencies by reflecting vision, core values, new values required for KORTA personnel and standard of behavior in addition to the existing competencies. Competencies by rank were made more systematic by classifying its structure into three areas of thinking, work and relationship. Job competencies were made more sophisticated by reflecting management strategies. Based on the competency models, KOTRA developed competency building education plans reflecting competencies required by the agency and training needs.

KOTRA College

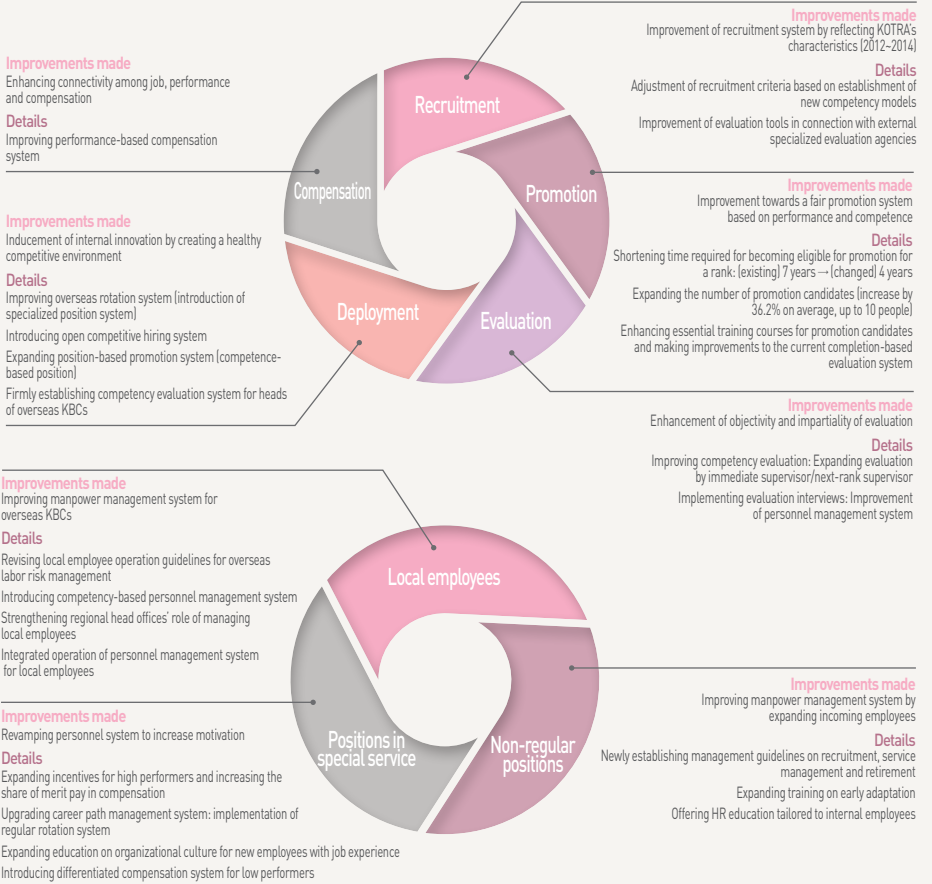
KOTRA runs KOTRA College that internally offers training programs for specialized areas whose training programs are readily available externally. Through KOTRA College, the agency fosters experts by field and expands internal education and training focusing on working-level skills, thereby improving training performance. The numbers of KOTRA College courses and KOTRA employees taking the courses significantly increased in 2014, compared to the previous year. In 2014, KOTRA trained 2,103 employees in 61 courses (an increase of 56.4% in the number of courses offered, and an increase of 50.5% in the number of employees taking courses; In 2013, 1,397 employees in 39 courses).

Competency evaluation for heads of overseas KBCs

KOTRA implemented competency evaluation system for heads of overseas KBCs to select those who will be dispatched overseas as heads of KBCs through education and evaluation. The agency strived to enhance competencies of heads of overseas KBCs by offering re-training by level after competency evaluation. Through the competency evaluations which were conducted on three occasions, competency level of heads of KBCs significantly improved from 52.8% (mock test) to 57.8% (second test). By area, the test scores increased in the order of communication, planning power and organizational management.

Pursuit of diversity and open recruitment

KOTRA offers fair opportunities to diverse members of society including high school graduates, talents based in provincial regions and women by applying socially equitable recruitment criteria. It also increases organizational vitality through open competitive hiring system and hiring of experts such as lawyers and accountants. The agency also improved its personnel system to adopt an integrated approach to foster talents that include local employees and non-regular employees.



Programs utilizing retired employees _G4-LA10

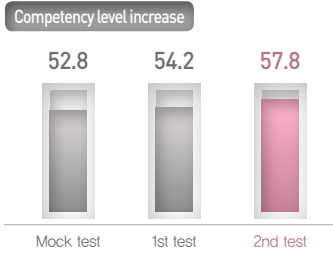
KOTRA operates 'Mobile KOTRA' program leveraging the expertise of retired trade experts. Through the program, seven retired trade experts are deployed at the head office and on-site support vehicles by five regional support centers and they visit customers even in areas without regional support centers to listen to their problems. Through the program, KOTRA helps regional SMEs solve export-related problems and advance into overseas markets. Meanwhile, KOTRA dispatches its retired employees to strategic markets with high potential for special new demands such as Laos and transfers trade and investment competencies, thereby making the most of their accumulated expertise and knowhow.

Strategic Direction

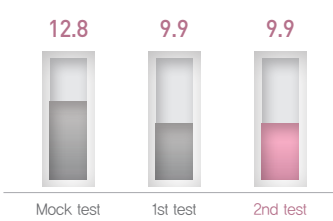
Taking a step further from establishing a system to enhance core competencies of talents for enhancement of organizational competitiveness, KOTRA plans to introduce specialized job system and strengthen job competency of its own specialized areas. With respect to operation of performance management system, the agency will systematically operate a management program for low-performing employees, rather than focusing on rewarding high performers, thereby boosting the overall organizational competency. By doing so, KOTRA will enable all of its members to share outcomes, enhancing core organizational competencies.

Competency evaluation for heads of overseas KBCs

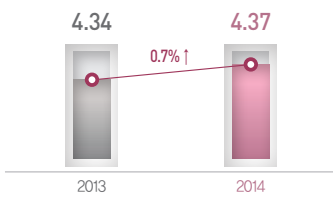
Developing period : 2013.9~2014.4 (8month)
Target people : People who will be dispatched overseas as heads of KBCs
Implementation : 3 times(2013.12~2014.9)



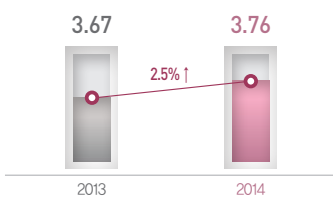
The degree of increase by competencies



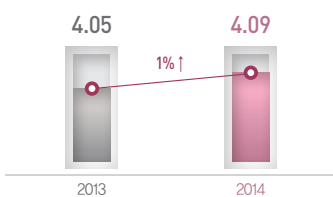
Satisfaction with operation of personnel system (unit : regular positions)



Organizational satisfaction (unit : local employees)



Individual satisfaction (unit : local employees)





Union and Corporate Declaration

Establishing Creative Organizational Culture

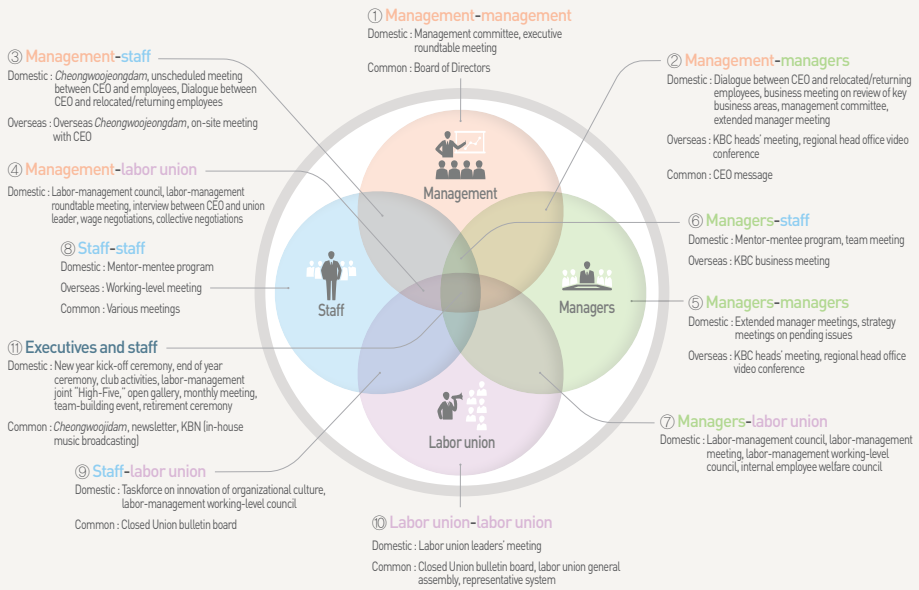
Context

Social demands for improvement of organizational culture in public institutions have been growing in recent years, ranging from the government’s demand for normalization of public institutions, communication between labor and management to balance between work and family. In response, KOTRA made concerted efforts to improve its organizational culture by implementing the government’s tasks for normalization of public institutions as early as possible, increasing communication channels between labor and management, expanding risk management and grievance handling systems for overseas KBCs, and increasing the number of female managers.

Progress and Achievements

Operation of labor-management communication channels

In an effort to promote a creative organizational culture, KOTRA operates a total of 43 labor-management communication channels by ranks and regions.



Realizing an exemplary labor-management culture _G4-LA4, 8

KOTRA has reached wage agreements without disputes for 26 consecutive years since the establishment of labor union, continuing the tradition of stable labor-management relations. Article 1 (Scope of application) of Collective Agreement, which has been reached based on trust between labor and management, stipulates that provisions on working conditions and employee benefits shall be applicable to all employees. Article 8 (notification obligation) of the agreement specifies that personnel appointments such as employee recruitment, promotion, relocation and retirement and prizes and disciplinary actions shall be notified immediately. Article 39 concerns overseas assignment system and specifies that overseas assignment shall be notified at least two months before the actual relocation to prevent confusion caused by sudden personnel relocation. In addition, Articles 60 and 61 of Chapter 2 of the Collective Agreement stipulates provisions on health and safety. KOTRA also specifies provisions on its effort to improve safety management and health of employees in accordance with relevant laws including Occupational Safety and Health Act [Article 60 Safety and Health Management]. Provisions on regular annual health checkups for employees are also stipulated in Article 61 [Health checkup].

KOTRA Collective Agreement Chapter 9 UCSR
(Union & Corporate Social Responsibility)

Article 76 (Union and Corporate Social Responsibility)

KOTRA and union actively discover and develop CSR programs related to its characteristics through faithful cooperation between labor and management to fulfill its social responsibility as a public institution and secure its sustainability.

Enhancement of grievance handling system _G4-50

KOTRA strives to resolve grievances of workers through various channels. The agency creates a stress-free work environment through labor-management joint grievance settlement body and employee assistance program (EAP). In 2014, the agency provided 153 counseling sessions during the year. Through the EAP counseling sessions, employees’ work engagement and stress management skills increased by 10%p and 22.5% p, respectively.

Major channels	Activities	Results
Grievance reporting center	· Countermeasures against customers' harsh complaints against employees, sexual harassment, etc. · Formation and operation of special customer TF teams by type	· A total of 7 employee grievances such as excessive demands (6) and sexual harassment (1) were handled · Measures by situation such as visits to customers, public hearings, and service limitation were taken
EAP counseling	· Specialized counseling service on personal (personality interpersonal relationships, family issues) and career (work aptitude, stress) problems	· 153 counseling sessions for 23 employees · Improved work engagement (10%) and stress management skills (22.5%p)
Dialogue between CEO and union chairman	· Representatives of union and management frequently hold meetings on key management issues	· Sharing of the need for implementing normalization tasks · Discussing pending issues such as taxation on overseas allowances
Dialogue between auditor and employees	· Dialogue between Auditor and employees (3 occasions) · Regular meetings with employees to be dispatched overseas or returning employees	· Reflecting exemption of public officials who inadvertently fail to follow due process from disciplinary actions in audit regulations · Sharing problems among related teams and urging them to make corrective measures
Suggestion system	· Identifying employees' grievances through employee suggestions (297 suggestions received)	· Inducing suggestions by giving prizes to employees submitting good suggestions

Grievance handling system for overseas KBCs

KOTRA operates a grievance handling system for overseas KBCs led by overseas regional head offices. Smooth organizational operation through regional head office-centered risk management, identification of problems encountered by KOTRA employees dispatched overseas by regional head offices and their efforts to solve the problems are reflected in evaluation guidelines.

Expanding support for KBCs staffed by one person _G4-PR1, 2

Over the past three years, 21 KBCs staffed by one person were set up around the world, resulting in excessive workload for employees working for the overseas offices. As the labor union raised problems, KOTRA identified their grievances (106 cases) and simplified administrative procedures for overseas KBCs and came up with ways to produce official documents in consideration of one-person KBCs, calling for corporation-wide cooperation. In addition, KOTRA made improvements on medical care benefits and education benefits for dependent children to boost morale of employees working for KBCs located in special areas.

Risk management system of overseas KBCs

With risk factors increasing at home and abroad as evidenced by abduction of KOTRA’s Tripoli office chief, the Sewol ferry incident, and intensifying civil wars in Iraq and Libya, there was a corporation-wide consensus on the need for coming up with measures to ensure safety of KOTRA personnel working for overseas KBCs. In response, KOTRA prepared and distributed ‘disaster risk management tips for overseas KBCs,’ while selecting key risk indexes by risk factors such as human casualties, kidnapping/going missing overseas, natural disasters, war/civil commotions and fire and internally researching ways to counter them. Based on research results, KOTRA came up with and implemented safety enhancement measures and inspected and strengthened risk management system within the organization. Overseas KBCs with high disaster risks conduct joint drills with the head office in Seoul. KOTRA strived to enhance its risk management capabilities by offering differentiated safety education by overseas dispatch destinations and arranging lectures by risk management experts and KOTRA employees with previous experience of working overseas. Details on corporation-wide risk management system are available at the “Establishment of Corporation-wide Risk Management System” section on page 13 in this report.

Establishment of a new organizational culture respecting balance between work and family _G4-LA2

KOTRA protects female workers pursuant to Act on Equal Employment and Support for Work-Family Reconciliation and Labor Standards Act. It made improvements to various personnel systems and programs to create a work environment that promotes balance between work and family and boost work efficiency and sustainability. Most notably, in an effort to create an exciting workplace, KOTRA focused on GWP (Great Work Place) programs and set “Trust, Pride, and Fun,” which are criteria for selecting GWP awards recipients, as values to be shared among employees and facilitated communication based on trust. Survey results on individual GWP programs conducted among KOTRA employees indicated employees’ high satisfaction with GWP programs showing 99% of satisfaction level on average, including satisfaction level of 97% for employee birthday celebrations, 99% for gifts for sick employees in bed, 96% for welcome events for new employees, and 97% for family day events. KOTRA won grand prize at Korea Top 100 Happy Companies Awards (June 2014, organized by DongA Ilbo daily) and also received grand prize at GWP Awards for three consecutive years.

In-house music broadcasting KBN



In 2014, KBN, KOTRA’s in-house music broadcasting, was launched. It is voluntarily operated by an internal club and features interactive programs through employee involvement with different daily themes such as telephone interviews (KBCs’ 24 Hours) and invitation of employees (inviting employees to broadcasting programs). In addition, such programs as ‘This week’s News,’ ‘Praise Relay,’ and ‘Stories and Song Requests’ are aired at home and abroad through in-house broadcasting and video sharing programs (YouTube, Tudou [土豆]).

Use of parental leave and return _G4-LA3 (unit : person)



Number of employees who returned to work after parental leave



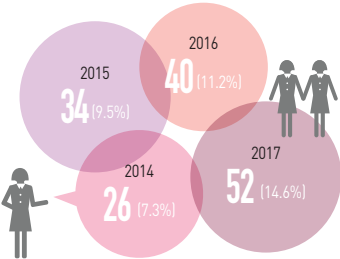
Number of employees who have worked more than 1 year after parental leave (male)



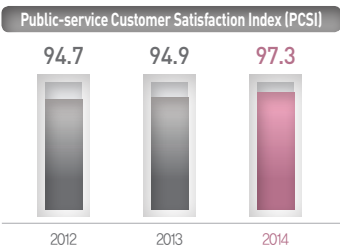
Number of employees who have worked more than 1 year after parental leave (female)



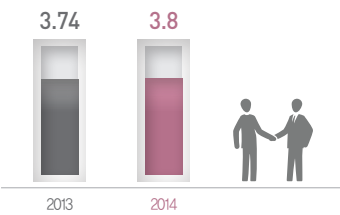
Female managers out of total managers [357]



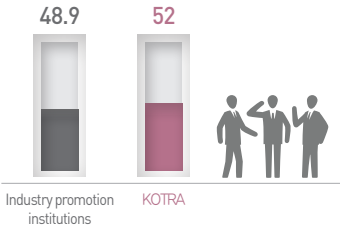
Internal /External satisfaction (unit: point)



KOTRA employees' satisfaction with organizational operation (full mark: 5)



The public's satisfaction



Shared value	Goal	Results
TRUST	Facilitate organizational communication based on mutual trust	<ul style="list-style-type: none">· KOTRA's in-house music broadcasting· Cheongwoojeongdam Season 2· Team Spirit Day
PRIDE	Instill pride as a member of KOTRA	<ul style="list-style-type: none">· Gifts for sick employees in bed, childbirth gifts, welcome gifts for new employees· Selection of outstanding employees for praise, KOTRA year-end party
FUN	Realize a united community and fun workplace	<ul style="list-style-type: none">· Support for clubs based on selection and concentration depending on level of contribution and activities· Awarding prizes to departments with good holiday culture· Lectures by prominent figures, cultural courses, e-book

Use of parental leave and return _64-LA3

KOTRA endeavors to create an organizational culture where employees, who experience difficulties balancing work and family due to childbirth and child rearing, can make the best use of parental leave. In 2014, 18 employees used parental leave, and 14 employees returned to work after parental leave.

Expanding the female manager pool

KOTRA intends to increase the number of female managers to promote a creative organizational culture. To this end, in connection with government policies, the agency conducted gender equality consulting implemented by Ministry of Employment and Labor aimed to increase the number of female managements and established a mid-to-long term roadmap for improve an environment conducive to gender equality .

Category	Laying the foundation (2015~2016)	Taking root (2017~2018)	Becoming organizational culture (2019~2020)
Personnel management	<ul style="list-style-type: none">· Female manager mentoring· Establishment of female career development system	<ul style="list-style-type: none">· Gender equality performance indicators· Improvement on career development system	<ul style="list-style-type: none">· Development of jobs cut out for women· Introduction of recruitment / promotion target system
Support for work-family balance	<ul style="list-style-type: none">· Facilitate flexible work hour system· Facilitate part-time work system	<ul style="list-style-type: none">· Introduction of childrearing support system	<ul style="list-style-type: none">· Settlement of the flexible working hour system· Settlement of the part-time work system
Organizational culture	<ul style="list-style-type: none">· Invigorate women committee· Develop specialized education courses	<ul style="list-style-type: none">· Gender equality education	<ul style="list-style-type: none">· Completion of institutional improvements on gender equality provisions

In order to implement the plan to increase the number of female managers, KOTRA shortened the minimum period required for promotion for female managers, make improvements to personnel system, provided assistance for career development paths tailored to female manpower, and enhanced educational support to foster female employees to core talents.

Improving internal and external satisfaction levels

Thanks to KOTRA's effort to build a creative organizational culture, the agency recorded highest score of 97.3 in the Public-service Customer Service Index (PCSI) in 2014, while receiving 3.8 in satisfaction with organizational operations evaluated by KOTRA employees, which was higher than the previous year's record. The public's satisfaction score stood at 52, which was higher than average score of 48.9 among industry promotion institutions by 3.1 point.

KOTRA plans to double the ratio of female managers from 7.3% (26 out of 357) in 2014 to 14.6% (52 out of 357) by 2017.

Strategic Direction

KOTRA will continue to implement the government's normalization tasks on an ongoing basis through joint efforts of labor and management. The agency will identify deep-rooted negative aspects within the organization and take corrective measures to create an organizational culture for sustainable growth. It will also take the lead in mature labor-management culture by facilitating labor-management communication and strive to firmly establish an exemplary labor-management culture.

Human Rights Management

Context

With social impact of enterprises steadily expanding and interest in human rights protection growing, the international community including international organizations such as the U.N. and the OECD is increasingly calling for global companies to practice human rights management. In order to lead Korean companies' management culture as a global business platform, KOTRA recognizes human rights management as one of key management issues.

Progress and Achievements

Human Rights Management Guidelines and Checklist

With the international community calling for human rights management, the National Human Rights Commission of Korea published 'Human Rights Management Guidelines and Checklist' in January 2014 and distributed them to 300 locations, including public enterprises, quasi-government agencies and listed companies, recommending their application. Upon recommendation by the standing committee of the National Human Rights Commission, KOTRA took note of the human rights management guidelines and applied them to its management. The agency also diagnosed CSR implementation levels of the head office and overseas KBCs centering on seven core themes of ISO 26000 including human rights. KOTRA's overseas branch offices' CSR diagnosis results are available in the IV. Global section on p.[64]. The agency's CSR diagnosis report is also available in Appendix.

Improving employment environment for non-regular employees

In accordance with a state policy task of 'addressing discrimination against non-regular workers and creating a stable employment environment' and the government's 'guidelines on conversion of non-regular workers to regular workers in public institutions,' KOTRA formulated mid-to-long term operation plan to promote conversion of non-regular employees to indefinite-term contractual positions to improve an employment environment for the agency's non-regular employees. Based on the plan, KOTRA made improvements to personnel system related to non-regular positions, created job series for indefinite contract positions and selected job areas requiring expertise such as project/customer management and investment consulting in foreign languages through corporation-wide job analysis. And then, the agency went through conversion recruitment procedures through deliberation of human resources committee. As a result, six employees were converted to indefinite contract positions on three occasions in 2014. KOTRA plans to hire additional 50 employees through such conversion from non-regular positions to indefinite contract positions. In addition, in order to create legal ground for employment stability and improvement of working conditions, the agency created management provisions that apply the same treatment and benefits such as maintaining the existing compensation levels as regular employees without discrimination. Based on such institutional improvements, KOTRA plans to maintain the numbers of temporary workers within 5% of regular positions after 2016.

Protection of vulnerable groups and education on prevention of sexual harassment

In addition to non-regular workers, KOTRA established various systems to protect vulnerable groups who find it difficult to secure guarantee of their rights within the company such as contingent workers, high school graduates and part-time workers. KOTRA also provided on/offline education on ethical management and prevention of sexual harassment to all of its employees.

Strategic Direction

KOTRA will continue to work hard to internalize human rights management within the agency by becoming fully aware of human rights-related issues such as treatment for non-regular workers and take proactive measures. Also the agency will let human rights management disperse to customers and suppliers.

Education on prevention of sexual harassment (unit: person)

Employees who completed sexual harassment prevention education



Employees who completed ethical education



Protection of vulnerable group

Subcontracted employees

- Renewal of contracts on cleaning service reflecting legal minimum wage

Part-time workers

- Recognition of career experience resulting from time-part employment under employment conditions, deletion of discrimination provisions related to compensation/vacation

High school graduates

- Support for their acquisition of degrees by utilizing flexible working hours
- Support for internal education such as specialized foreign language education and intensive job competency training up to four years from the time of joining the company
- Granting same rank as first-year university graduate in the fifth year since joining the company (hereafter the same rank and promotion system shall apply)
- Application of the same annual basic pay table as university graduates, offering fair opportunities for promotion through management of the same job groups.

Employees dispatched overseas

- Implementation of flexible working hours to resolve childcare issue resulting from dispatch of female employees overseas
- Expanding communication with domestic customers by addressing time difference between Korea and other parts of the world by utilizing flexible working hour system



Information Security

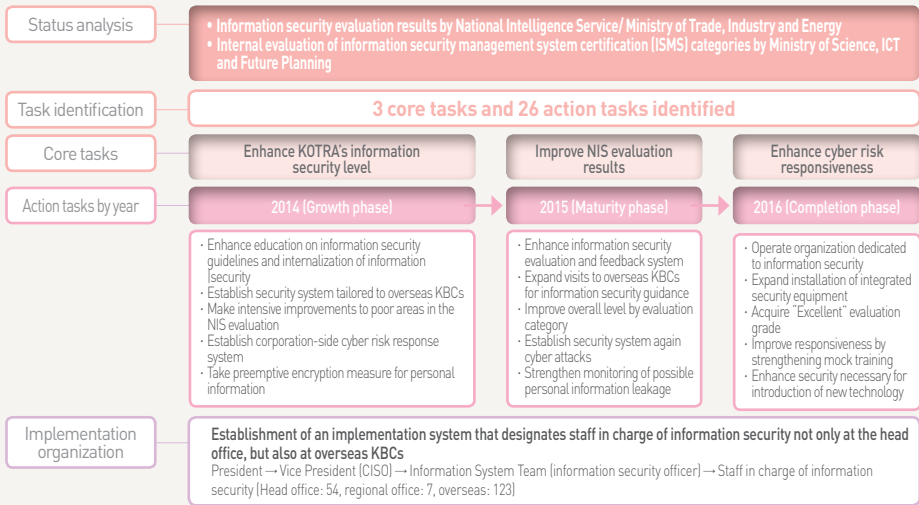
Context

In recent years, personal data leakage incidents at financial institutions and telecommunications service providers have been on the rise, while cyber terrorism is becoming more sophisticated and accelerated with the goal of information leakage from specific organizations. Under the circumstances, customers' demand for information security is increasing and cyber security is gaining more importance. In line with the latest trends of beefing up information security, KOTRA implements national information security policies and is building an information security management system.

Progress and Achievements

Mid-to-long term master plan on information security

Based on the government's evaluation on information security, KOTRA formulated mid-to-long term master plan and annual plans and established an implementation system that designates staff in charge of information security not only in the head office, but also in overseas KBCs.



Strengthening information security system

In a bid to enhance its information security level, KOTRA instituted guidelines on introduction and management of information assets, guidelines on information disclosure on its homepage, and software development security procedures. It also added guidelines on countermeasures for increasingly accelerated and sophisticated cyber terrorism to detailed operation guidelines on activities related to information security in accordance with modification of National Intelligence Service's guidelines. Meanwhile, KOTRA expanded education and campaigns designed to internalize information security for all employees, while encouraging its employees to carry out information security activities in daily lives through the use of PC information security screen savers and inclusion of 10 information security rules to be observed in daily lives within the company diary. The agency also obligates information security by reflecting the information security category in individual evaluation of all employees.

Category	No. of education sessions	Information security education content
All employees	3	Dissemination of latest cyber terrorism trends through lectures delivered by external specialists (cyber investigation team from National Police Agency, CEOs of security firms)
Staff in charge of information security by department	2	Working-level education including initial response to cyber crisis
New recruits	1	Introduction to KOTRA's information security system, education on roles of general employees
Overseas KBCs	4	Cautions when accessing KOTRA's internal network, education on independent information security activities
Total	10	An increase by 4 compared to the previous year

Information security management for overseas KBCs

In order to strengthen information security at overseas KBCs, KOTRA produced and distributed information security manual to all KBCs around the globe to provide guidance on basic information security activities and deliver security software users' guide, as well as things to remember when accessing internal system. Also, KOTRA took consideration of different environments by respective KBCs. For instance, for Tokyo office which requires technical security measures such as installation of integrated security equipment, automatic encryption system was used for communication with the internal network and invasion by worm viruses was blocked, while access by malicious code distributors was also blocked. Four KBCs including Budapest, Prague, Tokyo and New York inspected basic information security activities, as well as use of security software through personnel security measures such as enhanced education.

Protection of personal information

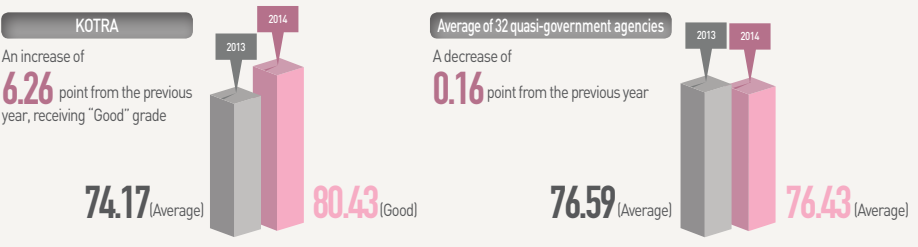
With regard to protection of personal information, KOTRA revised personal information handling policy based on standard form of Ministry of Public Administration and Security and completed encryption of personal information contained in the agency's system as a pre-emptive protection measure against leakage of personal information. For instance, the agency monitors the status of personal information saved in PCs of all employees at home and abroad and requires employees, who have poor personal information management skills, to submit explanatory statements and conduct re-encryption, strongly responding to poor security status. It also suspended collection of resident registration numbers in accordance with the government's policy to enhance management of resident registration numbers and discarded all resident registration numbers it had possessed. In 2014, in an effort to inform all employees of the importance of protection of personal information, KOTRA conducted obligatory personal information education tailored to organization and individuals on 13 occasions. As part of the campaign, the agency featured cartoons on protection of personal information in internal newsletters and disseminated relevant messages through pop-up windows that appear when logging into the internal portal and bulletin board notices.

Improving corporation-wide cyber crisis response capabilities _G4-PRI8

In order to respond to cyber crisis at a corporation level, KOTRA drew up a corporation-wide manual, as well as crisis scenarios including tips on how to respond to cyber crisis, while unifying the reporting system at the time of crisis. The agency boosted its employees' response competences through repetitive training (three times in 2014), while using a PC scanning "My PC Inspector" for all employees (12 times a year) and diagnosing vulnerable areas of the homepage and take corrective measures (twice). It also monitored external invasion attempts around the clock in partnership with government agencies. In addition, the agency blocked IPs attempting infiltration at their source, took preemptive measures for possible security vulnerabilities, and conducted PC vaccine tests more than once daily. As a result of such activities, response competencies to cyber crisis at the corporation level improved and there was no single case of cyber intrusion.

KOTRA recording good results in the NIS information security evaluation

Thanks to KOTRA's aforementioned activities to enhance information security, KOTRA acquired "Good" grade in the 2014 information security management status evaluation administered by National Intelligence Service for the first time. In particular, the agency received 91.86 point in the cyber crisis management category.



Strategic Direction

KOTRA will steadily strengthen its information security management system based on its mid-to-long term master plan on information security for years 2015 and 2016. More specifically, with respect to information security education, the agency will strengthen evaluation and feedback system and operates organization dedicated to the function, while expanding visits to overseas KBCs for information security guidance and increasing the installation of integrated security equipment. Moreover, KOTRA will improve overall levels of the NIS evaluation by evaluation category, upgrading the current 'Good' grade to 'Excellent' grade.

Key Issues

Market transfer to emerging economies
Market presence (wages, purchase, recruitment)
Compliance in the social sector

Global

► Sharing Accumulated Global Knowledge and Experience

The Reason Why Sharing Accumulated Global Knowledge and Experience Is a Material Issue for KOTRA

Global knowledge and experience accumulated by KOTRA's overseas KBC network is the agency's core assets. Therefore, it is crucial for KOTRA to share its accumulated knowledge and experience to fulfill its role as a trade and investment promotion agency representing Korea and as a global business platform.

Policies to Share and Manage KOTRA's Accumulated Global Knowledge and Experience and Injection of Resources

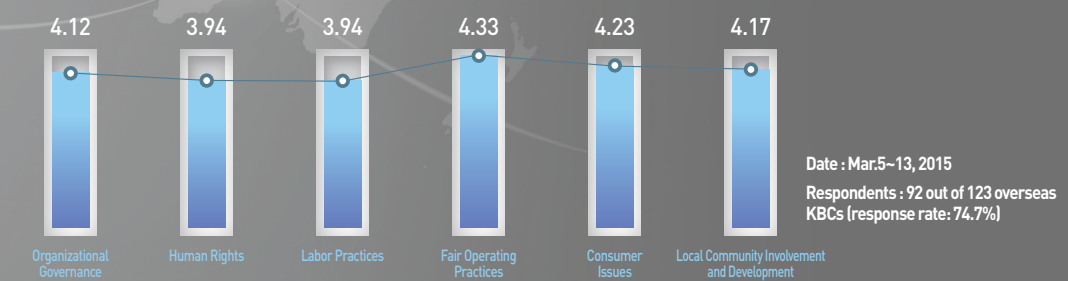
In order to share global knowledge and experience accumulated within KOTRA, the agency summarized economic performance, trends and opportunities, market entry strategies and market entry tips by 10 regional head offices based on information accumulated by KOTRA's overseas KBCs and the 2015 KOTRA Global Economy Outlook. In addition, KOTRA developed a checklist based on ISO 26000, international standards on social responsibility, to diagnose CSR implementation levels of its overseas branch offices. The agency distributed the checklist among 123 KBCs in 83 countries around the globe and collected survey results.

[Core 7 Subjects of ISO 26000]

1. Organizational Governance: This is a system by which organizations make their decisions and implement actions to achieve their objectives. In the diagnosis by overseas KBCs, their education related to social responsibility, their ability to evaluate and manage risks, internal control that manages material aspects, etc. were evaluated.
2. Human Rights: Human rights issues include all the possible human rights infringements that could take place in overall business management activities. In the diagnosis of overseas KBCs, human rights education to raise awareness of the importance of human rights, human rights-related grievance handling system, discrimination cases and human rights infringements, various policies to ensure diversity in the workplace, and potential human rights risks, etc. were evaluated.
3. Labor Practices: Labor practices include all policies and issues related to the work done by the organization, including employment, conditions of work, health and safety in the workplace, and employee education and training. In the diagnosis of overseas KBCs, safety measures to create a healthy and safe working environment for employees, compensation on occupational accidents and injuries, education on work competence enhancement, etc. were evaluated.
4. The Environment: The environment refers to the impact on the environment caused by overall business activities including use of resources, location of activities, and the generation of pollution and waste. In the case of KOTRA's overseas KBCs, their environmental impact was insignificant in terms of the scale of respective KBCs and content of their projects. Due to the low relevance, the subject was excluded from the diagnosis results.
5. Fair Operating Practices: Fair operating practices refer to the ethical conduct of organizations and their interactions with various stakeholders, including business partners, suppliers, customers, and competitors. In the diagnosis of overseas KBCs, guidance on domestic or local corruption-related laws, KBCs' policies to prevent employees' violation of corruption-related laws and their irregularities, corruption reporting procedure and disciplinary actions, etc. were evaluated.
6. Consumer Issues: Consumer issues include issues related to consumers who are provided with products and services. In the diagnosis of overseas KBCs, their support for local entry and settlement of Korean SMEs, KOTRA's one of key customers, customer privacy protection policy, preferential policies for SMEs, achieves of major projects, information disclosure, etc. were evaluated.
7. Community Involvement and Development This refers to contribution activities to promote the development of local communities in which KOTRA offices are located. In the diagnosis of overseas KBCs, social contribution activities locally implemented by KBCs, disclosure of information on social contribution activities, etc. were evaluated.

► Diagnosis methodology and results

The diagnosis is rated on a 5-point scale [Needs significant improvement - Needs improvement - Average - Good - Very good] with score 5 given to the best performing category. The results of average score calculated based on survey responses, Fair Operating Practices scored the highest with 4.33 point followed by Consumer Issues (4.23), Local Community Involvement and Development (4.17), Organizational Governance (4.12), Labor Practices (3.94) and Human Rights (3.94).



Performance Indicators on Sharing of Accumulated Global Knowledge and Experience

※ Please refer to diagnosis results for overseas KBCs in this report.

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South West Asia

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Africa
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New York, Los Angeles, Chicago, Toronto, Dallas, Miami, Silicon Valley, Detroit, Washington, Vancouver

* KOTRA North America Head Office Homepage
<http://www.kotra.or.kr/KBC/northamerica/KTMUI010M.html>

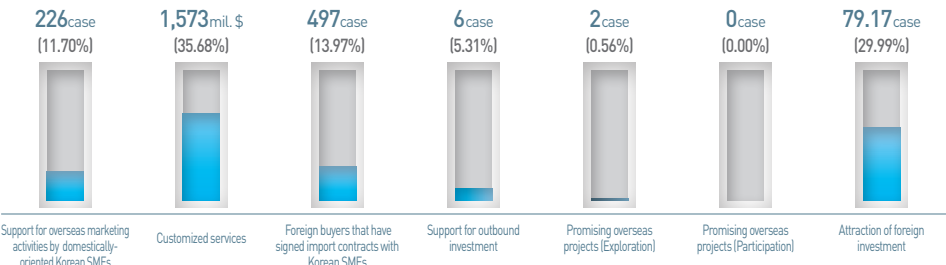
Market Entry Tips!

It is recommended that Korean SMEs use powerful local vendors to facilitate their entry into the U.S. online market. Korean SMEs can lower entry barriers by utilizing the existing distribution channels owned by the vendors and can reduce business risks through consignment sale or final sale made to the vendors. Korean SMEs intending to make entry into the North American market are advised to carefully make basic preparations such as materials in English (websites, brochures, packaging, labels, etc.) and to make market approach after carefully studying certification systems and regulations in advance. To this end, KOTRA formed an advisory group on online distribution networks in North America in December 2014, while operating the KORUS FTA Help Desk in New York and Los Angeles to provide services on customs clearance. In addition, in an effort to diversify its Global Partnering (GP) project, KOTRA plans to expand areas of collaboration to include aerospace, energy and ICT sectors.

KOTRA North America Head Office

Performance in North America Head Office in 2014

Business Performance of North America Head Office



* The percentages by each business indicate their respective shares within the 10 regional head offices.

Success Stories of Korean SMEs in North America

Company H, a Korean SME that manufactures aluminum casting products for auto engine housing, successfully struck a deal with Ford Motor Company, a global finished car maker, winning orders worth US\$50 million over the past five years. This was made possible through KOTRA's Global Partnering (GP) project through which 33 Korean SMEs selected by Ford held 336 business consultations with the global automaker. In addition, in consideration of rising demand for genuine Korean auto parts in the American market following the conclusion of Korea-U.S. Free Trade Agreement (FTA), Korean auto-part manufacturers endeavored to explore buyers in the United States with the assistance of KOTRA. As a result of actively highlighting the benefits of tariff reduction by 2.5%, they succeeded in striking deals worth US\$37,000.

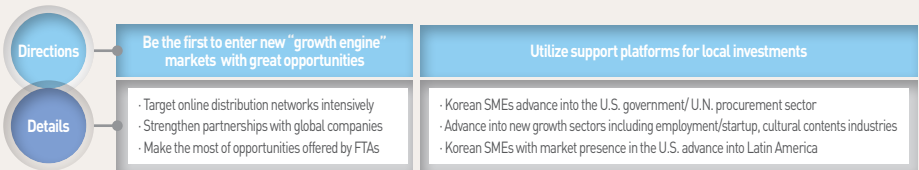
KOTRA's Suggestions for North American Market Entry Strategies in 2015

Trends and Opportunities

In 2014, the U.S. economy showed solid signs of recovery including GDP growth, improvement in the employment index, and increase in household income, personal consumption and investment. In addition, falling oil prices are resulting in increase in disposable income, while the housing market is showing signs of slow recovery amid the bullish stock market. Meanwhile, online markets in the U.S. are growing fast, while global manufacturers such as Apple and GM are bringing manufacturing back to the United States in a trend dubbed as "reshoring." Although quantitative easing ended in October 2014, it is forecasted that the Federal Reserve will not raise interest rates excessively. Under the circumstances, it is forecasted that Korean SMEs will have a favorable position in advancing into the North American market such as the government procurement market thanks to the Korea-U.S. FTA and the Korea-Canada FTA.

Market Entry Strategies

Against this backdrop, KOTRA suggests market entry strategies to facilitate Korean SMEs' entry into the North American market as follows.



CSR Activities and Achievements of KOTRA North America Head Office

KOTRA North America Head Office is actively involved in CSR initiatives in the form of providing products and services of Korean companies. This will improve local image of Korean SMEs and serves as an opportunity to promote their technologies. The North America Head Office will expand the scope of its CSR activities related to social issues of the North American region through CSR initiatives featuring K-Pop singers and actors and CSR awards and forums by taking advantage of Korea-U.S. bilateral economic cooperation and the growing popularity of Hallyu or Korean Wave in the region.

Participating entities	City	Period	CSR Initiatives
10 Korean BI (Business Incubator) resident companies	New York	Dec. 2014	Jointly provided support for local disability organizations
WIPS	Washington D.C.	Dec. 2014	Offered education on patent search programs to local veterans
Eco Solatec and other Korean SMEs	Dallas	Dec. 2014	Donated pest control products to welfare institutions
QKC, Saongwon, etc.	Vancouver	Nov. 2014	In joint effort with buyers, donated proceeds from product promotion activities to refugee relief organizations
Gallery AM	Toronto	Nov. 2014	Offered design education to local artists with mental disability
Goodis	New York	Nov. 2014	Offered art and design education to persons with intellectual disabilities
Sinjin Plastics, Songbo Industries, etc.	Detroit	Oct. 2014	In joint effort with Ford Motor Company, provided financial assistance to build support facilities for locally underprivileged people
Orgdot	LA	Sept. 2014	Supported promotional activities for the social enterprise Orgdot at exhibitions
PSM	Chicago	July. 2014	Donated plasma surface treatment equipment to Illinois State University

Diagnosis Result of CSR Implementation Level in North America

According to the diagnosis result of corporate social responsibility implementation level in KOTRA's Korea Business Centers in North America, the fair operating practices category scored the highest recording average 4.52 out of 5. Other categories of organizational governance (4.34), consumer issues (4.32), and community involvement and development (4.14) showed relatively high implementation level scoring above 4 point out of 5. The North America Head Office is stepping up efforts to comply with local labor laws and KOTRA management guidelines to improve the implementation status of categories with relatively low scores including labor practices (3.77) and human rights (3.75).

Major Activities and Achievements

- Fair operating practices (4.52)**
With respect to anti-corruption, the Los Angeles Office operates a system in which corruption cases are first reported to respective team leaders and the general affairs department and then finally reported to the office head. In an effort to prevent corruption, anti-corruption education is offered on a regular or ad hoc basis throughout the year and local laws and regulations are posted on the online integrity bulletin board offered by the headquarters
- Organizational governance (4.34)**
Concerning internal control, the Los Angeles Office controls budget and business processes based on manuals and strictly enforces document confidentiality. The Detroit Office conducts ordinary internal control activities such as document and asset management and accounting operation under the supervision of management/accounting managers.
- Consumer issues (4.32)**
With respect to support for Korean SMEs entering overseas markets, the Chicago, Toronto and Dallas offices provide them with local information in a timely manner, providing full support to help Korean SMEs easily adapt and settle down in foreign countries.
- Community involvement and development (4.14)**
Concerning disclosure of CSR activities, the five offices in Los Angeles, Toronto, Dallas and Miami report their CSR activities and achievements in local communities through internal reports and the media.

※ The result was calculated based on survey responses given by seven KBC offices out of 10 offices in North America.



Korea Business Centers in China

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Guangzhou, Beijing, Shenyang, Wuhan, Chengdu, Taipei, Hong Kong, Nanjing, Shanghai, Shenzhen, Zhengzhou, Chongqing, Tianjin, Dalian, Xiamen, Xian, Changsha, Qingdao, Hangzhou

* KOTRA China Head Office Homepage
http://www.kotra.or.kr/KBC/chinese/KTMUI010M.html

Market Entry Tips!

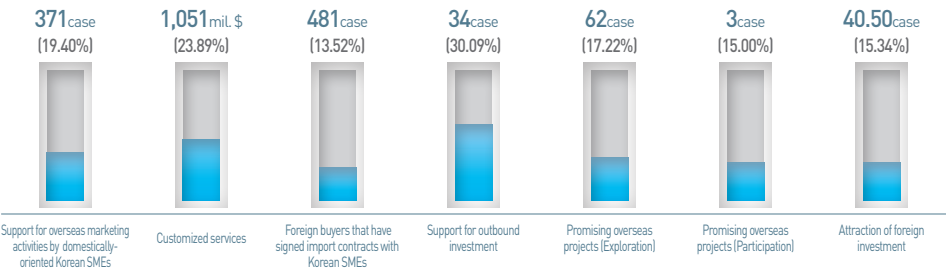
In order for Korean SMEs to tap into China, they should first understand the meaning of "Yi Gyeong Chok Jeong (以经促政)," meaning "achieving political purposes through economic approach." This indicates the characteristic of the Chinese government's external economic and trade policy and implies that China intends to secure political dominance by using the influence earned from its economic activities. In 2014, the Chinese government stressed food security as one of its key tasks for economic policy. It is predicted that more attention will be paid to the quality and safety of foods, leading to the expansion of the wellbeing and LOHAS market and the rising demand for Korea's high value-added agricultural and fisheries products. Meanwhile, the Chinese government is adopting a policy of boosting its domestic consumption through the new urbanization plan. As a result, wages are rising, and stricter regulations on the environment, hygiene, and safety are enforced. Some companies operating in China are even thinking about moving out of China. However, there are barriers to withdraw business operations from China. If companies decide to withdraw from China, they have to pay back corporate income tax which has been exempt in the past or they are obligated to pay economic subsidies as retirement pay to workers. Therefore, Korean SMEs intending to tap into China should take a prudent and comprehensive approach.

* Energy-saving and environmental protection, next-generation information technology, bio-technology, high-tech equipment manufacturing, new energy, new materials, new-energy vehicles

KOTRA China Head Office

Performance in China Head Office in 2014

Business Performance of China Head Office



* The percentages by each business indicate their respective shares within the 10 regional head offices.

Success Stories of Korean SMEs in China

Company N, a Korean SME with eco-friendly technology, has successfully entered the Chinese market in a joint venture with a Chinese company, capitalizing on its desulfurization (DeSOx) and denitrification (DeNOx) technology. This was made possible thanks to KOTRA Korean Business Center (KBC)'s internal surveys and meetings with a buyer and the KOTRA office continued to provide support to facilitate communication between two companies. On the other hand, Company W, a Korean home appliance manufacturer, made inroads into China's eco-friendly market in the form of OEM for a global company in the area of air purifier segment dominated by foreign leading brands. As a result, Company W ranked No.1 in the market share, consolidating its position in China's eco market.

KOTRA's Suggestions for Chinese Market Entry Strategies in 2015

Trends and Opportunities

Recognizing the need for overall adjustment of the past growth paradigm amid global financial crisis, the Chinese government has adopted the "New Normal" policy that promotes domestic consumption-oriented development, while maintaining stable economic growth. It is forecasted that domestic consumption in China will be further expanded and the country's industrial structure will become advanced following the government's intensive cultivation of the seven strategic industries*. In addition, China is set to emphasize distribution to ensure a balanced growth. This will lead companies to strengthen CSR activities and more focus will be placed on job creation. Meanwhile, the Korea-China FTA was effectively concluded in the Korea-China summit on November 10, 2014. The Korea-China FTA will ease tariff and non-tariff barriers and advancement into new industries and new markets such as services and projects will be further accelerated, bringing about great change in the trade and investment environment of the two countries.

Market Entry Strategies

In the "New Normal" era, KOTRA suggests market entry strategies aimed for Korean SMEs to enter the Chinese market first by taking advantage of the Korea-China FTA.



CSR Activities and Achievements of KOTRA China Head Office

KOTRA China Head Office takes the initiative in resolving social problems in China through CSR activities in the form of providing products and services of Korean SMEs, organizing overseas CSR awards and forums, and pushing ahead with CSR initiatives featuring Korean Hallyu stars. KOTRA identifies CSR issues in China and hosts CSR forums jointly with local governments. In addition, KOTRA grants awards to Korean SMEs operating in China with outstanding CSR activities and shares their case studies, while exploring and implementing related projects.

Participating entities	City	Period	CSR initiatives
Korea Bio Material Packaging Association, etc.	Nanjing	Dec. 2014	Shared agricultural waste processing technology with government officials from Jiangsu Province
Irae Chemical	Chengdu	Nov. 2014	Donated paint products to public facilities and also offered painting service
Sina Color	Zhengzhou	Oct. 2014	Donated funds to underprivileged people jointly with fashion buyers
Osstem Implant	Guangzhou	Oct. 2014	Shared implant technology with local dentists
K-Water	Dalian	Oct. 2014	Shared water treatment technology with government officials from Yanji City's water department
Hohyejeong, Gyeongcheon Food, etc.	Wuhan	July 2014	Donated products to local underprivileged people jointly with buyers
Korea Saemaulundong Center	Chengdu	June 2014	Shared the New Village Movement with government officials from Pixian, Chengdu

Diagnosis Result of CSR Implementation Level in China

According to the diagnosis result of corporate social responsibility implementation level in KOTRA's 19 Korea Business Centers in China, the community involvement and development category scored the highest recording 4.35 out of 5, followed by fair operating practices (4.33), labor practices (4.29), consumer issues (4.27), and organizational governance (4.23). The human rights category scored 3.82, which is lower than the average score of the entire regional head offices by 0.11 point, requiring improvement.

Major Activities and Achievements

- Community involvement and development (4.35)**
With respect to CSR activities, the Taipei Office is making ongoing efforts to build a CSR platform led by KOTRA and reports outcomes of CSR activities through internal reports on a regular basis.
- Fair operating practices (4.33)**
Concerning anti-corruption, the Hong Kong Office has a report system in which any corruption scandals are reported first to KBC officers, and then to KBC head and finally to ethical management officers at the headquarters. When those scandals are deemed as corruption, those involved are subject to disciplinary actions based on the headquarters' standards and guidelines.
- Labor practices (4.29)**
With respect to a pleasant working environment, the Xian Office offers a pleasant working environment for its employees by operating air purifiers offered by the headquarters since late 2014. In addition, the office further enhanced safety for local employees by educating them about case studies on local safety issues by inviting a police consul and producing an emergency manual.
- Consumer issues (4.27)**
Concerning adaptation of Korean SMEs entering the Chinese market, the Shenyang Office and the Chengdu Office provides supports to help Korean SMEs entering the cities easily adapt and settle down by organizing one-on-one business consultations and briefing sessions and offering support for organizing business meetings.

※ The result was calculated based on survey responses given by 17 KBC offices out of 19 offices in China.



CSR program on fostering implant professionals



Korea Business Centers in Europe

_G4-6, 8

United Kingdom, Spain, Germany, Italy, Poland, Hungary, Romania, Belgium, Austria, Bulgaria, Sweden, Greece, the Netherlands, Croatia, the Switzerland, Denmark, France, the Czech Republic, Finland

* KOTRA Europe Head Office Homepage
http://www.kotra.or.kr/KBC/european/KTMUI010M.html

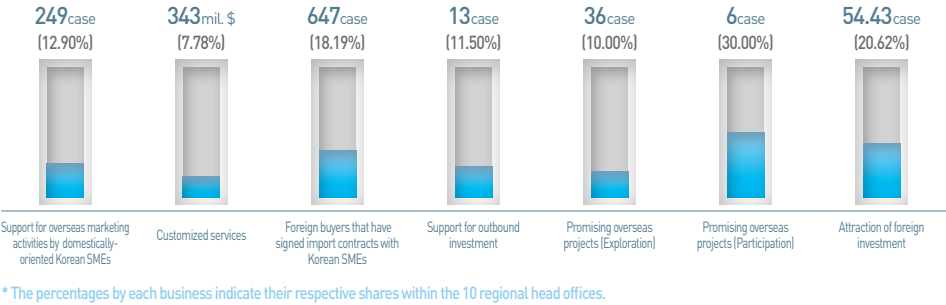
Market Entry Tips!

According to the result of KOTRA's survey taken among European buyers, it was found that the Korea-EU FTA improved national brand image by 3.3%, creating national brand asset worth KRW 390 billion. By category, exports in automobile, auto parts, synthetic resin, wireless semiconductors, steel plates and prime mover/ pump industries have increased thanks to benefits of the Korea-Europe FTA. In addition, with the spread of Hallyu (Korean Wave), Korea's influence has expanded across sectors including food, cultural products and consumer goods. It is recommended that Korean SMEs actively participate in KOTRA expositions to enjoy the benefits of the Korea-EU FTA and to take advantage of the trend of economic recovery in Europe. Expositions offer opportunities to meet with multiple numbers of buyers in person and to promote their products, while building the foundation for market expansion to include not only Europe, but also other regions of the world.

KOTRA Europe Head Office

Performance in Europe Head Office in 2014

Business Performance of Europe Head Office



Success Stories of Korean SMEs in Europe

Company A, a Korean manufacturer of automotive HVAC parts, successfully clenched a new export deal with Mercedes Benz, a premium finished car maker. This was a result of a combination of the company's price competitiveness utilizing its production base in China and its prompt local responsiveness opening its Europe office. In the process, KOTRA Frankfurt Office explored customers through its Branch Office Service program, while offering a physical space called "Korea Auto Parts Park (KAPP).

KOTRA's Suggestions for European Market Entry Strategies in 2015

Trends and Opportunities

European consumers place importance on well-being and prefer health-friendly products. They tend to show judicious spending patterns fully utilizing limited economic resources. In addition, smart automation technology such as smart home and the Internet of Things are increasingly penetrating into people's daily lives. The EU has strengthened its energy-saving policy (the EU 2020) and plans on a project which aims to support infrastructure improvement and to expand transportation networks linking different regions by using the EU funds. Meanwhile, since the Korea-EU FTA went into effect three years ago, European people have come to increasingly recognize Korean brands, resulting in rise in demand for high-quality Korean-made products. Under the circumstances, Korea should strive to make the most of benefits of the Korea-E.U. FTA based on its relatively stable market shares.

Market Entry Strategies

Korean SMEs intending to advance into the European market should adopt a strategic approach by taking advantage of the Korea-EU FTA and growing demand for Korean products.

Directions

Select and concentrate on promising sectors

Build a foundation for global, mutually-beneficial cooperation with European companies

Establish customized models targeting the European market

Details

Take advantage of European companies' purchase demand arising from cost reduction and lead them to sign agreements including technology partnership

Concentrate on the Eastern/Western Europe public procurement project in 2015

Intensively target the medical-bio market which is newly emerging with improved quality of Korean medical devices

Create new growth engines by providing support for advancement of the Hallyu (Korean Wave) content into the European market

Tap into the European market through support for M&As

CSR Activities and Achievements of KOTRA Europe Head Office

KOTRA Europe Head Office is engaged in CSR activities reflecting European characteristics such as veteran appreciation events and technology support. In June 2014, the Amsterdam Office supported the employment of descendants of veterans, adopted Koreans and Korean-speaking people in 14 Korean companies including Samsung Electronics and LG Electronics. The London Office provided support when three Korean food companies including Home Plus donated their products to veterans at the TESCO Korean Food Expo in the United Kingdom in November 2014. Besides, KOTRA helped Korean SMEs deliver business results by linking CSR activities offering technology education with business opportunities.

Participating entities	City	Period	CSR initiatives
Korean toy manufacturers	Prague	Dec. 2014	Donated toys manufactured by Korean SMEs to local mentally-retarded children
SK C&C, LG CNS, Samsung Electronics	Athens	Nov. 2014	Shared Internet network establishment and electronic government technology with ministries related to electronic government
Three companies including Home Plus	London	Nov. 2014	Donated food products to veterans
J Company, Design Skin, etc.	Frankfurt	Oct. 2014	Donated strollers to refugee facilities
AT, Kimchi & Co.	Copenhagen	Oct. 2014	Jointly provided shelters for local homeless people
YoungShin Food, Man Jeon Foods, etc.	Zurich	Sept. 2014	Donated food products to institutions for socially underprivileged people
KOTRA	Hamburg	June 2014	Donated appliances, which are not in use, to local volunteer groups
Huvitz	Milan	June 2014	Donated its optometric equipment to local universities
Midas IT	Warsaw	May 2014	Donated architectural design software to a local engineering university and shared technology
Tree Planet	Hamburg	Mar. 2014	Provided support for promotional activities through a local exposition by eco-friendly social venture firms



A lecture on software utilization for students and engineers at Cracow University of Technology

Diagnosis Result of CSR Implementation Level in Europe

According to the diagnosis result of corporate social responsibility implementation level in KOTRA's 19 Korea Business Centers in Europe, the community involvement and development category scored the highest recording 4.41 out of 5. The labor practices category scored 3.90, which is lower than the average score of the entire regional head offices, requiring improvement.

Major Activities and Achievements

Community involvement and development (4.41)

As part of CSR activities, the Copenhagen Office has improved the pay system of local employees by adopting a pay raise system reflecting inflation rates, resulting in reduction in turnover rates of local employees.

Organizational governance (4.32)

With respect to risk factors, the Bucharest Office records work status by operating a leave application system for local employees and an entry/exit record management system. In addition, the Office implements personal information protection on a regular basis by using PC filters. Besides, in an effort to ensure information security, the Office has its employees use shredders when discarding documents, make additional marks for important documents and keep them in cabinets, while educating tips on how to deal with personal information to local employees and interns.

Consumer issues (4.32)

Concerning support for CSR activities, the Budapest Office provides support for local CSR activities by Korean SMEs such as environmental clean-up campaigns and repair of city kindergartens.

Fair operating practices (4.10)

With respect to the reporting system in the case of internal corruption occurrences, the Amsterdam Office implements a policy via the Audit Office at the headquarters to prevent internal corruption cases. In addition, the Office offers integrity on a regular basis education for employees who are either dispatched from the headquarters or locally hired.

* The result was calculated based on survey responses given by 17 KBC offices out of 19 offices in Europe.



Korea Business
Centers in Japan

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Tokyo, Osaka, Nagoya, Fukuoka

* KOTRA Japan Head Office Homepage
http://www.kotra.or.kr/KBC/japanese/KTMUI010M.html

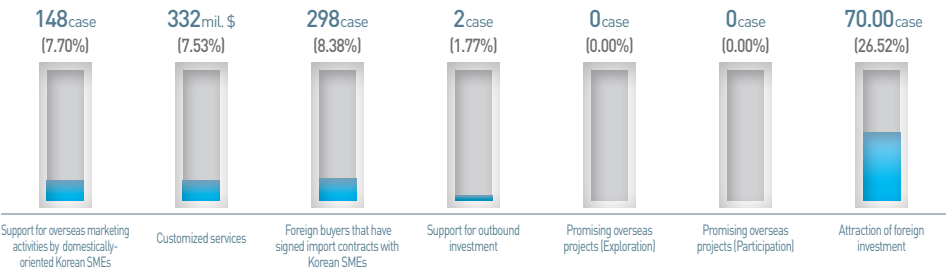
Market Entry Tips!

According to a survey conducted by the Korea Trade Insurance Corporation, it was found that 79% of Korean companies participating in marketing activities in Japan have no exchange risk management systems and have failed to identify appropriate solutions. In response, KOTRA encourages Korean small exporters to Japan to get coverage of foreign exchange risk insurance which insurance benefit is paid when exchange rates fall under certain levels and companies incur losses. Moreover, in an effort to respond to procurement demand by global Japanese companies by matchmaking Korea's leading SMEs, KOTRA organizes parts and materials business counseling meetings, while hosting counseling sessions related to support for exporting parts for Japan's overseas auto factories to meet the procurement demand of overseas Japanese plants. In addition, on the occasion of the 50th anniversary of normalization of diplomatic ties between Korea and Japan, KOTRA plans to host the Korea-Japan Business Plaza aimed to facilitate economic exchanges between the two countries.

KOTRA Japan Head Office

Performance in Japan Head Office in 2014

Business Performance of Japan Head Office



* The percentages by each business indicate their respective shares within the 10 regional head offices.

Success Stories of Korean SMEs in Japan

Company S, a Korean frying pan manufacturer, successfully clenched its first export deal worth US\$70,000 in the Japanese market through its product differentiation strategy. In the Japanese market where high-quality, low-priced Korean frying pans had been already on the market, Company S found that consumption of premium products was on the rise. The company developed premium frying pans by applying a method, which was not common in Japan, through its differentiation strategy.

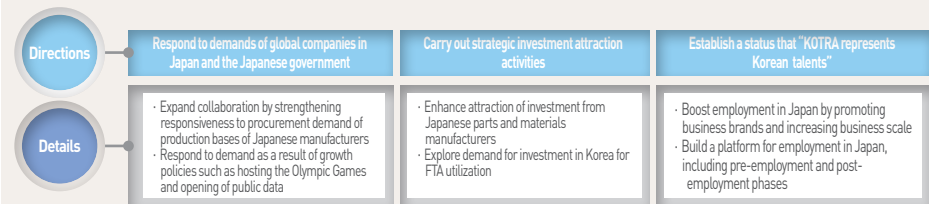
KOTRA's Suggestions for Japanese Market Entry Strategies in 2015

Trends and Opportunities

Japan is making an extraordinary effort to get out of deflation. Due to lowered interest rates following financial easing economic policy called Abenomics advocated by Japanese prime minister Shinzo Abe, who is also the president of the ruling Liberal Democratic Party, the depreciation of the Japanese yen (weak yen) has been continued and the trend is likely to continue for the time being as prime minister Abe was re-elected in December 2014. Meanwhile, in April 2014, the Japanese government raised consumption tax from 5% to 8% to resolve extreme fiscal deficit and as a result, the country experienced consecutive negative growth since the second quarter and consumption as well as curtailed consumption. Concerned that the Japanese economy may fall into a vicious cycle of deflation, the Abe cabinet postponed its plan to additionally raise consumption tax, which was scheduled for October 2015, to April 2017, while pushing ahead with a policy to lower corporate tax rate from the current 35% to 20% in a phased manner. At the time of deflation, Japanese consumers show either a spending pattern in which consumers tend to buy inexpensive products meeting certain quality expectations or a spending pattern in which consumers cut back on overall spending, but do not hesitate to purchase things or services they really like. Reflecting these consumer spending patterns, the private brand (PB) market in which retailers directly plan internal brand products is growing in Japan.

Market Entry Strategies

KOTRA presents strategies for Korean companies to achieve sustainable growth in the Japanese market as follows:



CSR Activities and Achievements of KOTRA Japan Head Office

KOTRA Japan Head Office explores global CSR initiatives on an ongoing basis by linking local CSR needs with Korean SMEs intending to provide social contribution services to promote mutual growth. Led by Korea Business Centers in Japan, many Korean SMEs donated proceeds from product marketing events to institutions for underprivileged children and areas hit by earthquake and Korean SMEs participating in expos donated their products to institutions that needed them.

Participating entities	City	Period	CSR initiatives
Woolim F&B, Yanghee Traditional Food, etc.	Nagoya	Nov. 2014	Donated proceeds from product marketing events to institutions for underprivileged children
Six companies including Nature Hub	Osaka	Nov. 2014	Donated their food products to local welfare facilities
Il Heung, Jinyang Oil Seal, etc.	Nagoya	Sept. 2014	Cleaned up local seashores jointly with Yamaha Motor Company
Ebara CJ, Korean companies operating in Japan, etc.	Tokyo	Sept. 2014	Donated funds to areas hit by earthquakes
Hyunwoo Corporation, Save Hwasung	Fukuoka	Aug. 2014	Donated bird repellents to local cultural properties

Diagnosis Result of CSR Implementation Level in Japan

According to the diagnosis result of corporate social responsibility implementation level in KOTRA's four Korea Business Centers in Japan, the community involvement and development category scored the highest recording 4.5 on average out of 5. The human rights category (3.47) scored relatively low, compared to other categories. KOTRA plans to carry out activities to improve human rights on an ongoing basis by offering equal treatment between locally hired employees and employees dispatched from the headquarters such as use of amenities, team dinners, and opportunities for participation in events and by strengthening human rights education.

Major Activities and Achievements

■ Community involvement and development (4.50)

With respect to disclosure of CSR activities, the four KBC offices in Japan report their local CSR activities through their internal reports.

■ Organizational governance (4.22)

Concerning education on corporate social responsibility, the Nagoya Office offers education on corporate social responsibility and sustainability management by utilizing online/offline education system of the headquarters. In addition, the Office actively carries out activities aimed to improve transparency of the office operation, including sharing details on the use of public equipment such as vehicles and fuel cards by recording them on the ledger.

■ Fair operating practices (4.17)

With respect to anti-corruption education, the Osaka Office offers integrity education once a year and enforces a strict policy to prevent corruption, requesting disciplinary actions to the headquarters in the case of internal corruption cases.

■ Consumer issues (3.88)

Concerning information security education, the Osaka Office has all employees install PC filters and operate "My PC Inspection" program. Besides, all the four offices in Japan provide information security education 1.25 times a year on average, emphasizing the importance of protection of personal information.

■ Labor practices (3.67)

With respect to improving local language proficiency, the Nagoya Office provides language training once or twice per year on average to help all employees, including those dispatched from the headquarters, those hired locally and local interns, command the local language and enhance their language skills. Meanwhile, all KBCs in Japan operates an anonymous grievance handling channel "Our Voice" to actively accommodate grievances of employees and offer individual counseling sessions, doing their utmost to take care of the whole grievance procedure from receiving grievances to finally resolving them.

*The result was calculated based on survey responses given by all the 4 KBC offices in Japan.



Korea Business Centers in South East Asia and Oceania

Manila, Vientiane, Singapore, Jakarta, Hanoi, Melbourne, Surabaya, Yangon, Kuala Lumpur, Ho Chi Minh, Bangkok, Sydney, Oakland, Phnom Penh

64-6, 8

* KOTRA South East Asia and Oceania Head Office Homepage
http://www.kotra.or.kr/KBC/SouthEast/KTMUI010M.html

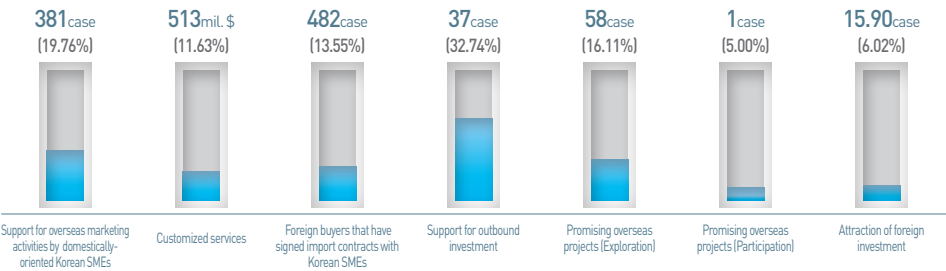
Market Entry Tips!

Overseas Chinese people yield an absolute economic influence on the ASEAN region as 71.7% of overseas Chinese or 29.28 million reside in the ASEAN countries. Thus, it is desirable to advance into the region through strategic partnerships with Chinese people in ASEAN countries. ASEAN Chinese people mainly focus on real estate development, resources and finance and the second-generation Chinese business people hope to enter high value-added industries such as high-tech industries. Korean SMEs wishing to enter the region should formulate market entry strategies in consideration of such factors. Korean companies intending to advance into Vietnam's automobile industry may consider indirectly entering the Vietnamese market by manufacturing auto parts locally in ASEAN countries, rather than directly exporting finished cars. The Vietnamese government adopts a policy of protecting the nation's auto industry, yet tariffs on automobiles imported from ASEAN countries will be eliminated starting from 2018 (AGITA (ASEAN Trade in Goods Agreement)), thus it is necessary to formulate market entry strategies capitalizing on the agreement.

KOTRA South East Asia and Oceania Head Office

Performance in South East Asia and Oceania Head Office in 2014

Business Performance of South East Asia and Oceania Head Office



* The percentages by each business indicate their respective shares within the 10 regional head offices.

Success Stories of Korean SMEs in South East Asia and Oceania

Company H operating in Vietnam has successfully settled into local communities through its CSR initiatives. The company donated various medical equipment to hospitals located in villages where its employees reside, and started to offer free-of-charge medical services. It has also constructed and donated a public health center and has financed its monthly management expenses. In addition, the company built a library in its workplace and established a college in the company, while improving infrastructure by establishing the Reebok Royal Development Center. Through such activities, the company recorded US\$250 million in annual sales.

KOTRA's Suggestions for Southeast Asian and Oceania Market Entry Strategies in 2015

Trends and Opportunities

The ASEAN region offers abundant labor force whose wage levels are even lower than those of China. To capitalize on the low-wage labor, investment by global companies, especially, Japanese companies briskly takes place in the region. Meanwhile, as low-income groups have become absorbed into the middle class, the consumer market of the ASEAN region is undergoing a rapid growth and consumer trends in the region are characterized by well-being, online culture and middle-class working women. With improved income levels, healthy lifestyles are gaining more attention. Amid this trend, Korean food is drawing attention as healthful food. In addition, the Hallyu (Korean Wave), which had been triggered by Korean dramas and K-Pop, has evolved into "Hallyu 3.0" which involves overall Korean culture, products and services including traditional Korean culture. Amid such developments, the region's exchanges with Korea are also expected to become more brisk. The Korea-Vietnam FTA negotiations held in the BEXCO, Busan in December 2014 were successfully concluded and it is forecasted that economic cooperation between Korea and ASEAN will reach US\$200 billion by 2020.

Market Entry Strategies

In order to help Korean SMEs make successful market entry into the South East Asia and Oceania region, KOTRA has divided the region into three zones depending on the size of economy and formulated respective market entry strategies.

Country	[Developed market] Australia, New Zealand, Singapore	[ASEAN 5] Indonesia, Malaysia, Thailand, Philippines, Vietnam	[CLM] Cambodia, Laos, Myanmar
Directions	Push ahead with partnerships for market entry into third countries (M&As, financial partnership)	Enter global value chains Make investment targeting domestic markets in the region Expand new exports	Participate in infrastructure development projects in connection with knowledge sharing program (KSP) Elevate the level of CSR initiatives

CSR Activities and Achievements of KOTRA South East Asia and Oceania Head Office

The South East Asia and Oceania Head Office includes a large number of Korea Business Centers (KBC) in emerging markets such as Vietnam and Indonesia. KOTRA is engaged in a project that transfers non-use equipment to emerging markets, providing Korean companies' equipment and expertise on research and development and product manufacturing to emerging economies. This contributes to dissemination of Korea's industrial standards and technology around the world, as well as to industrial growth of emerging economies.

Participating entities	City	Period	CSR initiatives
Gaon Korean	Hanoi	Dec. 2014	Shared teaching capability-building techniques with Korean language education centers
Goodbyecar.com	Phnom Penh	Dec. 2014	Transferred auto repair skills to local technicians
Satrec Initiative	Manila	Dec. 2014	Donated environmental radiation detectors to research institutes
Doosan Infracore	Yangon	Nov. 2014	Shared construction machinery operation and repair technology with technicians
K-Water, Keumjeon Industrial, Miraero Tec	Jakarta	Oct. 2014	Shared water treatment technology with Indonesian government officials
Midas IT	Hanoi	Oct. 2014	Provided architectural design software free of charge to transportation and civil engineering universities and shared relevant technology with them
Good Feel Korea	Surabaya	Feb. 2014	Donated its arts supplies products to local artists at an exhibition commemorating 40th anniversary of diplomatic ties
KOTRA, Songam Syscom	Vientiane	Under progress	Transferred strategic communication equipment to the National IPT University
KOTRA, Pos Tech	Kuala Lumpur	Under progress	Transferred multi-functional welding machines to state vocational training institutions

Diagnosis Result of CSR Implementation Level in South East Asia and Oceania

According to the diagnosis result of corporate social responsibility implementation level in KOTRA's 14 Korea Business Centers in South East Asia and Oceania, the consumer issues category scored the highest recording 4.26 out of 5. The human rights category (3.47) scored relatively low. In response, the South East Asia and Oceania Head Office is striving to secure diversity and equal opportunities through recruitment based on the headquarters' regulations and local labor laws.

Major Activities and Achievements

■ Consumer issues (4.26)

With respect to grievance handling of SMEs, the Melbourne Office strives to listen to opinions of SMEs and to resolve their grievances. Until now, the Office has received a total of 50 grievances and successfully resolved all of them. The Hanoi Office handles grievances of SMEs through its petition handling system such as VOC (Voice of Customer) and Q&A section.

■ Fair operating practices (4.10)

Concerning anti-corruption, the South East Asia and Oceania Head Office operates a report system where internal corruption cases are reported to the headquarters, chief of the head office, audit office and team leaders. It also holds interviews with those involved after undergoing identification procedures.

■ Organizational governance (3.91)

With respect to security practices on confidential information, the Sydney Office maintains its security by operating the "My PC Inspector" program on a regular basis, while the Bangkok Office allows only users with approval authority to open confidential documents. In addition, the Office keeps confidential documents in double-layered cabinets.

■ Community involvement and development (3.89)

Concerning community involvement, the Bangkok Office is engaged in CSR initiatives sponsoring orphanages in slum areas and reports its activities in its internal reports, sustainability reports and the media.

* The result was calculated based on survey responses given by 10 KBC offices out of 14 in South East Asia and Oceania.



* The line graph indicates average scores of 92 KBC offices around the world.

Korea Business Centers in South West Asia

India, Pakistan, Bangladesh, Sri Lanka

* KOTRA South West Asia Head Office Homepage:
<http://www.kotra.or.kr/KBC/SouthWest/KTMIIU1010M.html>

Market Entry Tips!

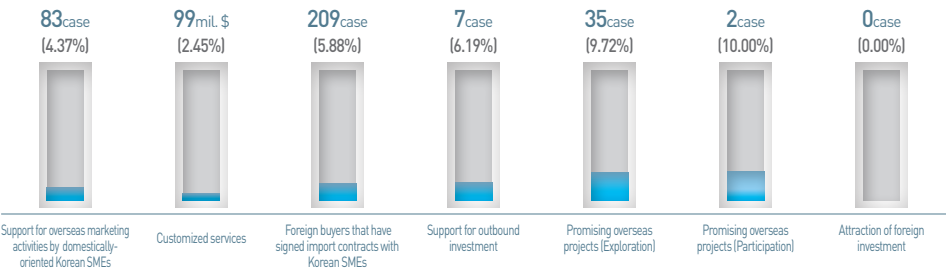
India has language, racial and cultural differences by region, requiring a proper understanding of India's market and culture. India is divided into four economic regions that include the northern region (government-related projects, consumer goods distribution, the granary of India), the mid-west region (finance, culture), northeastern region (outdated infrastructure, India's largest mining industrial belt), and the southern region (auto parts, medical-bio industry, aerospace, IT). Korean SMEs are advised to adopt strategic market approach by region. Meanwhile, India imposes high tariffs and transportation costs are relatively costly in the nation. Moreover, it is difficult to win government projects without joint production of local companies. Therefore, Korean SMEs inevitably considers local production and procurement. KOTRA plans to embark on a project to create an industrial complex exclusive for Korean SMEs in Rajasthan Province in India in 2015 to build a local manufacturing base, thereby addressing difficulties experienced by Korean SMEs entering India's market.



KOTRA South West Asia Head Office

Performance in South West Asia Head Office in 2014

Business Performance of South West Asia Head Office



* The percentages by each business indicate their respective shares within the 10 regional head offices.

Success Stories of Korean SMEs in South West Asia

Company S, a Korean SME leading the nation's fiber optic cleaver market, recorded US\$ 3 million in sales in India in 2013 thanks to its high quality and reasonable prices. Company S was able to secure price competitiveness and offered speedy after-sale services by using the New Delhi Export Incubator offered by Korea's Small and Medium Business Administration and Small and Medium Business Corporation as a platform to enter the Indian market. Meanwhile, Company S, a manufacturer of piping products for power stations, made inroads into India to pursue market diversification based on its high-quality products.

KOTRA's Suggestions for Southwest Asian Market Entry Strategies in 2015

Trends and Opportunities

The Southwest Asian region encompasses India, Pakistan, Bangladesh, Nepal, Afghanistan, Bhutan, and Maldives and India's economy takes up a large share in the region. India is an attractive market with abundant population, advanced science and technology, advanced service and knowledge-based industries, stable fiscal and political environment. According to a report released by the World Bank in April 2014, India ranked 3rd in the world surpassing Japan in purchasing power, becoming the world's third-largest economy in the world. Meanwhile, India's economy, which was sluggish over the past two years, is showing signs of recovery thanks to the economic policy dubbed as "Modinomics" after the election of Indian prime minister Narendra Modi in May 2014. The new government is pushing ahead with market-friendly policies such as expansion of infrastructure development, fostering of the manufacturing sector and expansion of foreign direct investment. In particular, the manufacturing sector in the nation receives strong policy support from the government based on its policy of cultivating the manufacturing sector represented by the "Make in India" drive.

Market Entry Strategies

KOTRA presents market entry strategies to make inroads into the Southwest Asian market, a new economic frontier as follows:

Directions

Utilize marketing platforms for entering South West Asian market •Aggressively target key industries and future new industries
Adopt differentiated approaches by zone and focus on affiliated projects •Manage risks associated with investment

Details

- Aggressively target strategically fostered industries and promising sectors with rapidly growing demand
- Increase the shares of local production and procurement
- Capitalize on India's conglomerates and provincial key players
- Benchmark case studies of Korean SMEs with business presence in the region
- Target differentiated markets by region and zone
- Target the New Wave Indian market and diversify distribution channels
- Adopt a paradigm shift thinking the region as an export/production base and capitalize on overseas Indian networks
- Establish a risk management system

CSR Activities and Achievements of KOTRA South West Asia Head Office

KOTRA South West Asia Head Office is engaged in CSR activities to encourage them to offer their products and services to promote health, medical care and community development in the region. It will continue to reinforce CSR initiatives to further community development on an ongoing basis, providing support for Korean SMEs attaining new growth engines in Southwest Asia.

Participating entities	City	Period	CSR initiatives
Irea Chemical Enterprise	Bengaluru	Dec. 2014	Donated paint products to support centers for youths from low-income families and provided painting service
Tamil state government, India	Chennai	Dec. 2014	Discussed countermeasures on mandatory CSR activities with Korean companies operating in India
Indian Chamber of Commerce a	New Delhi	Oct. 2014	Shared trends on mandatory CSR activities and exemplary CSR case studies of Indian and Korean companies
IZ-FOG	Dhaka	June 2014	Donated epidemics-prevention fog machine to local health authorities
KOTRA	Colombo	Jan. 2014	Shared Korea's trade promotion experiences with government officials from the department of commerce and industry

Diagnosis Result of CSR Implementation Level in South West Asia

According to the diagnosis result of corporate social responsibility implementation level in KOTRA's 8 Korea Business Centers in South West Asia, the fair operating practices and the community involvement and development categories scored the highest recording 4.33 on average out of 5. The human rights category (4.06) and the organizational governance category (3.98) also showed relatively high implementation levels. The KOTRA South West Head Office will make continuous efforts to achieve high implementation levels in all categories by making improvements on the consumer issue (3.75) and labor practices (3.51) categories with relatively low scores through information security education and industrial safety and health education. scored relatively low. In response, the South East Asia and Oceania Head Office is striving to secure diversity and equal opportunities through recruitment based on the headquarters' regulations and local labor laws.

Major Activities and Achievements

Fair operating practices (4.33)

With respect to anti-corruption, the Chennai Office has a reporting system in place where internal corruption cases are directly reported to the head of the office who, in turn, takes appropriate measures to prevent corruption. The Mumbai Office ensures that corruption cases are reported through various channels including online/offline bulletin boards and disciplinary actions are taken at the headquarters level.

Community involvement and development (4.33)

Concerning community involvement, the Karachi Office supported Korean SMEs to donate photovoltaic lighting systems to schools in remote areas through CSR programs. The Mumbai Office is engaged in CSR initiatives in collaboration with the global CSR unit and its achievements are reported by Public Relations Office.

Human rights (4.06)

With respect to human rights education, the Mumbai Office offers ethics/customer satisfaction (CS) education as well as sexual harassment/sex trade/sexual violence prevention education. Its employees receive education of 24 hours per year on average per person. The Chennai Office opens all facilities and spaces to all employees including locally hired employees and interns without discrimination.

Organizational governance (3.98)

Concerning internal control of confidential information, the Chennai Office authorizes only Korean employees to access the internal system as part of effort to step up security and enhances internal control by offering relevant education to Korean employees on a regular basis.

※The result was calculated based on survey responses given by 4 KBC offices out of 8 in South West Asia.

Diagnosis result of South West Asia



* The line graph indicates average scores of 92 KBC offices around the world.

Korea Business Centers in Central and South America

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Guatemala, Peru, Brazil, Mexico, Argentina, Dominica, Chile, Brazil, Cuba, Paraguay, Venezuela, Ecuador, Panama

* KOTRA Central and South America Head Office
Homepage:
<http://www.kotra.or.kr/KBC/latin/KTMILUI010M.html>

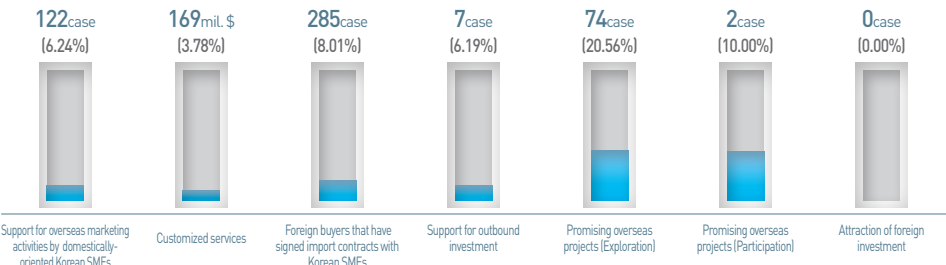
Market Entry Tips!

In order to successfully enter Central and South America, it is essential to conduct thorough preliminary market surveys and to have a proper understanding of local cultures which are vastly different from Korean culture. It should not be overlooked that it is essential to establish close relationships with local employees through communication via local languages and cultures. In an effort to effectively support Korean companies' local marketing activities, KOTRA plans a joint GP (Global Partnering) project in the first half of 2015. Also, to capitalize on Latin American economic communities, KOTRA plans to host seminars and consultation sessions on customized market entry by economic bloc, while pushing ahead with joint overseas market entry projects involving Korean large corporations and small and medium-sized businesses in a bid to facilitate Korean SMEs' market entry. It also supports the development of new business areas by utilizing its projects such as KSP, G2G and CSR and thus it is recommended that Korean companies intending to enter the Latin American region capitalize on these support programs.

KOTRA Central and South America Head Office

Performance in Central and South America Head Office in 2014

Business Performance of Central and South America Head Office



* The percentages by each business indicate their respective shares within the 10 regional head offices.

Success Stories of Korean SMEs in Central and South America

Company L won a bid for the Intelligent Transport System (ITS) worth US\$300 million in Bogota, Colombia. To this end, KOTRA organized various events including ITS roadshow in collaboration with the Intelligent Transport Society of Korea and pushed ahead with mid-to-long term marketing activities to support market entry. It also carried out pinpoint marketing drive through exchange of opinions with local high-ranking officials of Colombia, spreading excellence of Korean-style ITS.

KOTRA's Suggestions for Central and South American Market Entry Strategies in 2015

Trends and Opportunities

The Central and South American market with abundant population and resources has emerged as a region with high manufacturing competitiveness thanks to its relatively low wages and accessibility to the U.S. and European markets. Mexico ranks 5th in the world in terms of manufacturing competitiveness, while Brazil possesses the best manufacturing development foundation in Central and South America. Given the growth potential of the Latin American region, global companies from China and Japan rushed to the region, following those from Europe and the United States, resulting in sharp rise in foreign direct investment in the region. It is forecasted that expansion of middle class consumers in the region will lead to expanded consumer markets in the areas of automobile, communication and food/beverage industries. As business scale of companies from Central and South America is becoming bigger and globalization is in progress with increased overseas investment, multinational corporations from Latin America have emerged in such industries as resource development such as mining, energy, cement, food/beverage, distribution, construction and communication. Meanwhile, as for economic cooperation programs for Latin America, the Pacific Alliance (PA) has been recently launched following Mercosur (Common Market of the South), and the Andean Community, forming a new common market and resulting in expanded goods and project markets.

Market entry strategies

KOTRA prevents strategies to help Korean SMEs successfully adapt to the changing economic landscape of Central and South America as follows.

Directions

Make customized market entry by capitalizing on the characteristics of regional economic blocs
Expand businesses featuring the integration of industrial and cultural aspects
Adopt high-end consumer marketing targeting middle and high class consumers in Central and South America
Push ahead with partnerships with Spain and Latin multinational companies

Details

· Intensively target countries that have FTA agreements with Korea to enjoy tariff reduction benefits

· Utilize Hallyu for business

· Focus on items to be positively affected by increase in middle class

· Focus on change in industrial structure landscape

· Intensively target undeveloped markets with high potential (Guatemala, Ecuador, Paraguay, Jamaica, Dominica, etc.)

· Make differentiated entry by bloc and sector (Mercosur, Andean Community, PA)

CSR Activities and Achievements of KOTRA Central and South America Head Office

KOTRA Central and South America Head Office supports CSR activities in which Korean companies assist resolution of social problems in partnership with local governments and promotes shared growth with local businesses and governments. The image of Korea is widely promoted in Central and South America thanks to the Hallyu (Korean Wave) and thus CSR initiatives featuring Hallyu stars are undertaken in the region where the Hallyu is incorporated into CSR programs and products of Korean companies are donated to local institutions. KOTRA Central and South America Head Office will expand its global CSR programs to help Korean SMEs operating in Latin America contribute to the development of the region and secure marketing competitiveness in the region through CSR activities linked to their key businesses.

Participating entities	City	Period	CSR initiatives
Mexico Federal Ministry of Economy	Mexico City	Dec. 2014	Shared exemplary CSR case studies with Korean companies operating in the nation
Korea Cadastral Survey Corp., Daeguk GS, Geomex Soft	Lima	Nov.-Dec. 2014	Shared land registration and cadastral technology with local government officials
Moon Engineering	Asuncion	Nov. 2014	Shared ICT technology with government officials from Presidential Office and Interior Ministry
Korea Cadastral Survey Corp., Hojung Solution, Geomex Soft	El Salvador	Nov. 2014	Shared land registration and cadastral technology with government officials from the national registration office
Korea Cadastral Survey Corp., Samah Aerial Survey, Geomex Soft	Santo Domingo	Nov. 2014	Shared land registration and cadastral technology with officials from client government agencies
Korea Southern Power, Doosan Heavy Industries & Construction	Santiago	Aug. 2014	Shared power generation-related technology with officials from client government agencies
KOTRA, OKTA, etc.	Buenos Ares	July-Aug. 2014	Provided trade capability enhancement education to businessmen in 5 countries in South America
KOTRA	Rio de Janeiro	June 2014	Shared Korea's experience of formulating economic development policies with local government officials and economic researchers

Diagnosis Result of CSR Implementation Level in Central and South America

According to the diagnosis result of corporate social responsibility implementation level in KOTRA's 14 Korea Business Centers in Central and South America, the fair operating practices category scored the highest recording 4.58 out of 5, followed by community involvement and development (4.08), human rights (3.97), and consumer issues (3.90). In order to improve the organizational governance category (3.74) which shows relatively low implementation level, KOTRA Central and South America Head Office provides anti-corruption and safety education and abides by Codes of Conduct on a continuous basis.

Major Activities and Achievements

Fair operating practices (4.58)

With respect to anti-corruption, the Quito Office makes internal anti-corruption efforts through individual counseling and ad hoc education sessions. The Office also offers anti-corruption education on a regular basis and educates its employees about relevant Korean and local laws and regulations.

Community involvement and development (4.08)

Concerning community involvement, the Rio de Janeiro Office provided support for CSR activities where Korean companies donated their products (strollers, etc.) to local needy people.

Human rights (3.97)

With respect to anti-discrimination, the Guatemala Office offers equal treatment among employees, allowing interns to take part in such activities as Team Spirit. It also guarantees same lunch hour and working hours for all employees.

Consumer issues (3.90)

In order to facilitate smooth local settlement of Korean SMEs, the Bogota Office encourages Korean companies to join business delegations and the Branch Office Service. It provides preferential treatment to Korean SMEs that have joined them, assisting them in their entry into overseas markets. In addition, the Office operates a hotline to help Korean SMEs report their grievances by phone. It has successfully resolved all the grievances received (10 cases).

※The result was calculated based on survey responses given by 12 KBC offices out of 14 in Central and South America.



Introducing Korea's case study on the establishment of e-government and ICT technology to working-level officials from Paraguay government

Diagnosis result of Central and South America



* The line graph indicates average scores of 92 KBC offices around the world.

Korea Business Centers in CIS

_04-6, 8

Russia, Belarus, Azerbaijan, Kazakhstan, Mongolia, Ukraine, Uzbekistan

* KOTRA CIS Head Office Homepage:
<http://www.kotra.or.kr/KBC/cis/KTMUI010M.html>

Market Entry Tips!

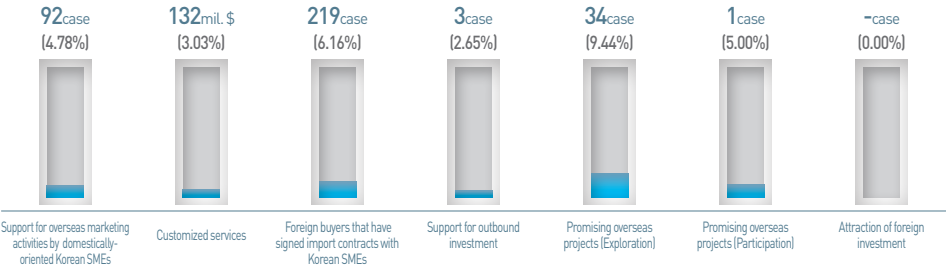
Although the CIS region appears unstable due to political situations and fluctuating foreign exchange rates, it still presents opportunities for Korean companies to make investments. It is favorable to secure emerging markets thanks to the launch of the EEU and the number of its member states is likely to steadily increase in the future. In addition, more than 90% of businesses in the CIS region wish to have joint ventures with foreign companies and in particular a business atmosphere favorable to Korean companies has been formed in the region. Meanwhile, companies in the CIS region lack business funds and wish for technology transfer. In order to take advantage of such opportunities, it is necessary for Korean SMEs to form mid-to-long term partnerships with the companies in the CIS region through joint venture investment, management support and technology transfer. KOTRA intends to provide support for Korean SMEs to enter new and untapped markets in the CIS region through the Global Partnering project, while planning to foster new export companies. It also plans to facilitate Korean SMEs' local market entry through CIS investment forums and counseling sessions. Korean companies planning to advance into the region are advised to capitalize on such support programs.

* Market zones are classified based on income levels and the degree of external economic dependency.
High-income, low-external economic dependency-
Mature market zone: Russia, Kazakhstan
Low-income, high-external economic dependency-
Open market zone: Ukraine, Belarus, Tajikistan, Kyrgyzstan, Moldova, Georgia, Armenia, Mongolia
Low-income, low-external economic dependency-
Managed market zone: Uzbekistan, Azerbaijan, Turkmenistan

KOTRA CIS Head Office

Performance in CIS Head Office in 2014

Business Performance of CIS Head Office



* The percentages by each business indicate their respective shares within the 10 regional head offices.

Success Stories of Korean SMEs in CIS

Company A, which found downtown Siberia lacking sufficient parking space, proposed the city government to build a parking tower. Through the project reflecting local demand, Company A made a successful entry to the local market, establishing a reference. This served as a springboard for advancing into other neighboring cities and the capital Moscow also showed interest.

KOTRA's Suggestions for CIS Market Entry Strategies in 2015

Trends and Opportunities

In recent years, the CIS region has presented a politically complex situation. In order to improve the economic situation, Russia is pushing ahead with the Far East region project. Under the circumstances, Ukraine withdrew from the CIS and concluded a FTA with the E.U., while the three countries of the old Soviet Union, namely, Russia, Kazakhstan, and Belarus have formed the Eurasian Economic Union (EEU) to counter the EU, realigning economic order and trade environment in the CIS region into the EEU, quasi-EU states, and other neutral states. CIS states, which are faced with limitations in their capability for pumping up the economy due to low oil prices, are striving to attract foreign direct investment (FDI) by opening their doors to other countries. It is expected that the trends of low oil prices and the strong dollar will continue in 2015.

Market Entry Strategies

As the CIS region undergoes political and economic changes, KOTRA presents business strategies to cope with the changes as follows:



CSR Activities and Achievements of KOTRA CIS Head Office

KOTRA CIS Head Office provides active support for Korean SMEs making entry into the CIS region to improve their brand recognition and to naturally promote their products by donating their products and services. Also, KBCs in the region are briskly involved in their respective CSR activities. KOTRA CIS Head Office will continue to explore relevant CSR initiatives to help Korean SMEs become closer to local communities and build networks with clients and buyers, while gradually expanding the scope of CSR activities conducted by KBCs in the region.

Participating entities	City	Period	CSR initiatives
AOG System	Vladivostok	Dec. 2014	Donated the ondol floor-heating system to an education institution for children with disabilities
Osstem Implant, Bio Land, etc.	Moscow	Sept. 2014	Shared specialized implant technology with local dentists
KOTRA	Moscow	Sept. 2014	Transferred marketing techniques to students and hosted a marketing strategy contest among Korean companies operating in the region
Medonica	Kiev	May 2014	Shared MRI and X-ray technology with a local university of technology
Samsung Electronics, etc.	Kiev	May 2014	Held recruitment counseling sessions for ethnic Koreans in the CIS region
KOTRA	Moscow	Apr. 2014	Shared its experience of supporting Korean SMEs' exports with government officials from institutions aimed to support SMEs
Duksan Machinery	Vladivostok	Mar. 203	Donated Korean rice cake machine to a ethnic Korean village in Primorsky Krai

Diagnosis Result of CSR Implementation Level in the CIS Region

According to the diagnosis result of corporate social responsibility implementation level in KOTRA's 10 Korea Business Centers in the CIS region, the community involvement and development category scored the highest recording 5 on average out of 5, showing extremely high level of CSR implementation. In addition, the CIS region surpassed average scores of all regional head offices in all categories of the diagnosis, indicating high level of CSR implementation.

Major Activities and Achievements

- Community involvement and development (5.00)**
With respect to CSR activities, the Moscow Office actively carries out global CSR initiatives in collaboration with the headquarters. The Office reports achievements of its CSR activities through the media (press release, contributory articles, media coverage support, etc.) and internal reports.
- Fair operating practices (4.79)**
Concerning anti-corruption, three KBCs (Novosibirsk, Moscow, Ulan Bator) offers anti-corruption education on regular or ad-hoc basis.
- Consumer issues (4.70)**
With respect to handling of grievances lodged by SMEs, the Novosibirsk Office reflects customer inquiries and suggestions through the VOC (Voice of Customers), while the head of the Office strives to address customers' grievances in person. In addition, the Office offers monthly information security education, taking the lead in preventing information leakage.
- Labor practices (4.59)**
Concerning handling of grievances related to labor practices, the Moscow Office resolve problems through dialogue with colleagues and mediation by the Office in the case where problems occur due to cultural differences and lack of communication between employees dispatched from the headquarters and local employees.

※ The result was calculated based on survey responses given by 6 KBC offices out of 10 in the CIS region.



Korea Business Centers in Africa

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Kenya, Tanzania, Nigeria, Mozambique, Ethiopia, South Africa, Sudan, Democratic Republic of the Congo

* KOTRA Africa Head Office Homepage:
<http://www.kotra.or.kr/KBC/africa/KTMIU1010M.html>

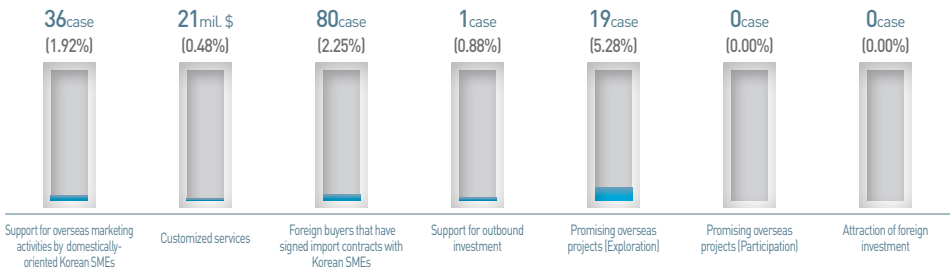
Market Entry Tips!

In order to tap into the African market, it is necessary to clarify target countries and markets and to collaborate with local companies and governments. For instance, the South African government adopts a policy of fostering the manufacturing sector and offers incentives such as imposing low corporate tax rates on companies that join the Special Economic Zone (SEZ). Also, Korean SMEs planning to enter the African market may consider capitalizing on member companies of the World Federation of Overseas Korean Traders Association (OKTA) which already have business presence in the region. They can also expand markets by fostering local workforce. Despite expansion of the African market, there still exist African risks such as low country credibility ratings, high political risks, difficulties in local financing, and volatility of local currencies. In order to make entry into Africa, companies should be patient and adopt a long-term approach with an attitude of not avoiding such risks and rather actively managing them.

KOTRA Africa Head Office

Performance in Africa Head Office in 2014

Business Performance of Africa Head Office



* The percentages by each business indicate their respective shares within the 10 regional head offices.

Success Stories of Korean SMEs in Africa

Company T established a local subsidiary M-TEC by making equity investment in Malesela Technology, a local company based in South Africa, and transferring technology to the company. M-TEC successfully settled into the local market by actively responding to the South African government's Black Economy Empowerment (BEE) policy, accounting for 11% of the electric wire market in South Africa. Meanwhile, company F, a metal roof tile manufacturer, achieved US\$ 9 million in sales in Nigeria. KOTRA offices conducted in-depth study of credit status of local buyers using their local networks, while responding to Chinese products that stole the trademark through a local law firm and submitting trademark registration application.

KOTRA's Suggestions for African Market Entry Strategies in 2015

● Trends and Opportunities

Sudan, Angola and Congo in Africa, which had been plagued with civil wars, are regaining political stability and are also achieving economic growth as indicated by GDP growth of 5.5% on average over the past three years since 2012. The influence of colonial rules such as the United Kingdom and France has weakened, rapidly replaced by influence of China and India. In particular, China exerts a dominant influence in the region with a market share of 16.4% as of 2013 in connection with infrastructure and resource development projects.

The African region features high percentage of young generations (200 million youth population aged between 15 and 24, 500 million working age population), indicating abundant growth potential. In addition, the African consumer market is growing rapidly due to expansion of middle class, urbanization and the information age. The region is rich in energy and mineral resources such as crude oil, and thus countries around the globe are making continuous investments and offering support in the region.

● Market Entry Strategies

KOTRA presents market entry strategies to facilitate full-fledged entry of Korean companies to the African market in the era of African Renaissance as follows:



CSR Activities and Achievements of KOTRA Africa Head Office

Due to hunger, civil wars, diseases and shortages of government funds, Africa s a region with high demand for CSR activities in the areas of community development and healthcare. In response, KOTRA Africa Head Office is actively engaged in CSR initiatives in the form of non-use equipment transfer and donation of products and services. KOTRA is taking the lead in fighting diseases through CSR activities offering products and services of Korean companies. KOTRA anticipates that such CSR activities will boost recognition of Korean products among local buyers in Africa.

Participating entities	City	Period	CSR initiatives
IZ-FOG	Kinshasa	Dec. 2014	Donated epidemics prevention fog machine to local health authorities
KOTRA	Dares Salaam	Dec. 2014	Donated basic necessities to local orphanages
Aid Green	Addis Ababa	Nov. 2014	Donated dengue fever repellent clothing to local organizations and shared fruit drink development technology with farmers
Seyong NDC	Accra	Nov. 2014	Donated human milk analyzer to local hospitals
KOTRA	Nairobi	Apr. 2014	Donated school supplies to elementary schools near power station construction sites of Korean companies



Epidemics prevention fog machine donation ceremony attended by Congo lawmakers

Diagnosis Result of CSR Implementation Level in Africa

According to the diagnosis result of corporate social responsibility implementation level in KOTRA's 9 Korea Business Centers in Africa, the fair operating practices category scored the highest recording 4.73 out of 5. In addition, the African region scored 4 or higher on average in all categories, showing high CSR implementation levels overall, compared to average scores of the entire KOTRA regional head offices.

Major Activities and Achievements

- **Fair operating practices (4.73)**
With respect to anti-corruption, the Kinshasa Office sends warning letters when internal corruption cases are found and ensures that the cases are reported to the head of the Office or employees dispatched from the headquarters.
- **Consumer issues (4.60)**
Concerning disclosure of progress of major businesses, the Accra Office and the Kinshasa Office disclose major business achievements to stakeholders via internal reports and sustainability management reports.
- **Community involvement and development (4.60)**
With respect to community involvement, the Nairobi Office offers education on operation of farming machinery and after-sales services to local farmers, as well as providing support for education on beauty skills designed for local people.
- **Labor practices (4.34)**
Concerning a pleasant working environment, the Dares Salaam Office is located in the best office in the region, offering a pleasant working environment for its employees. In addition, it operates emergency contact network system in the case of disturbances and natural disasters to ensure employee safety, while preparing from emergency situations by specifying roles and responsibilities.

※The result was calculated based on survey responses given by 6 KBC offices out of 19 in Africa.



Korea Business
Centers in Middle
East

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Syria, Qatar, United Arab Emirates,
Saudi Arabia, Oman, Iraq, Algeria,
Jordan, Turkey, Morocco, Egypt, Kuwait,
Iran, Israel, Libya

* KOTRA Middle East Head Office Homepage
http://www.kotra.or.kr/KBC/middleeast/KTMJIUI010M.html

Market Entry Tips!

A buyer from Middle East once said, "Politics equals economy in Middle East." This means that Islam's political and religious characteristics and culture have a great impact on business. Therefore, it is essential to respect Arab politics, religions and cultures when companies make market entry into Middle East. For instance, it is necessary for companies to acquire HALAL certification if they plan to export foods, medicine and cosmetics to the region, depending on Islam cultures. In recent years, HALAL-certified foods have been drawing attention as "safe food" and "well-being food," regardless of their religious meanings. Meanwhile, middle and high class people in Middle East tend to purchase new and unique products irrespective of their prices. Therefore, Korean SMEs are advised to advance into Middle East by targeting middle class and affluent consumers with purchasing power and featuring products, which are differentiated from the existing products and applied with technology and design preferred by local people.

*IS : Sunni Extremists or Islamic State of Iraq and the Levant renamed itself "Islamic State" on 29 June 2014

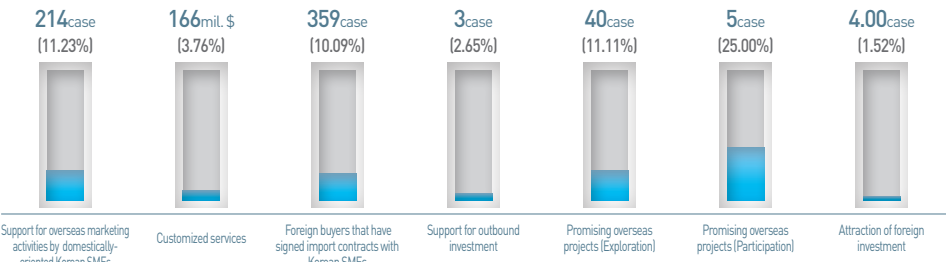
**GCC : Gulf Cooperation Council. Six member countries including Saudi Arabia, UAE, Kuwait, Oman, Qatar, and Bahrain

***Maghreb : In Arabic, the word "Maghreb" means "land of sunset." It includes Morocco, Algeria, Tunisia and Libya.

KOTRA Middle East Head Office

Performance in Middle East Head Office in 2014

Business Performance of Middle East Head Office



* The percentages by each business indicate their respective shares within the 10 regional head offices.

Success Stories of Korean SMEs in Middle East

Company B, a boiler manufacturer, secured an exclusive supply right in combined cycle thermal power plants in Algeria and was registered as a vendor and service provider for its client CEEG of Algeria. Company B secured an exclusive supply right through designation as a joint venture company partner. It is scheduled to export its products worth at least US\$ 100 million for three years starting from 2015. The company obtained an exclusive supply right for main boilers for power stations which will be constructed in Algeria starting from 2017.

KOTRA's Suggestions for Middle East Market Entry Strategies in 2015

Trends and Opportunities

Middle East is Korea's largest project market accounting for 50% in Korea's construction and plant order amounts. As of 2014, Korea imported crude oil worth US 75.1 billion (making up 86% of total import) and natural gas worth US\$16.4 billion (accounting for 57% of total import) from the region, making Middle East the largest energy exporter to Korea. Due to outdated manufacturing sector and excessive economic dependence on oil, oil-producing countries in Middle East are actively pushing ahead with the "oil-free" policy, which is designed to their dependence on crude oil in preparation of the advent of the post-oil era, as well as industrial diversification policy that can address employment issues. Since the Arab Spring in December 2010, countries in the region have been actively pushing ahead with policies aimed at stabilizing the public's livelihood, such as power generation, freshwater, education, health, housing, and transportation. If the Iran nuclear agreement is reached in July 2015, there will be expanded opportunities to enter the Iranian market. However, the four Middle East countries of Iraq, Syria, Libya and Yemen are in a state of civil wars, while the Islamic State (IS)* occupied Mosul in northern Iraq in June 2014. In addition, Israel is engulfed with disputes with the Palestinians and Iran is under economic sanctions imposed by Western countries including the U.S. and Israel. Under the circumstances, it is necessary to prudently consider opportunities and risks in the region.

Market Entry Strategies

KOTRA suggests the following market entry strategies to Korean SMEs planning to enter the Middle East market:

Directions

Intensively target relatively unaffected markets despite falling oil prices

- Turkey, Egypt and Iran: The three leading medium-sized markets in Middle East (main markets: Turkey and Egypt, market to enter first: Iran)
- GCC**: Expand entry into the GCC where there are continuous project orders financed by state funds
- Maghreb*** and Algeria: Cultivation of the manufacturing industry to ensure stability of people's livelihood and to promote economic development, entry into Algeria

Details

- Formulate a strategy to enter a third country by combining Middle East's capital and marketing capabilities with Korea's industry and technology capabilities
- Boost competitiveness through strategic alliance
- Facilitate winning orders for construction and plant projects by providing customized financing support

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CSR Activities and Achievements of KOTRA Middle East Head Office

There is high CSR demand in the areas of medical and health care sectors in Middle East. Korean companies focus on CSR activities targeting areas requiring immediate resolution in Middle East. KOTRA, jointly with local governments, awards prizes to Korean companies with outstanding CSR programs operating in the region and share their experiences. KOTRA also endeavors to explore related projects.

Participating entities	City	Period	CSR initiatives
Incoaching	Doha	Dec. 2014	Shared leadership techniques with female business leaders
Korean food companies	Doha	Dec. 2014	Donated proceeds jointly with local large-scale distributors
Korean companies operating in the region	Amman	Dec. 2014	Award prizes to exemplary companies with outstanding CSR activities and shared their case studies
Godbawee Food, Nongshim	Tel Aviv	Nov. 2014	Donated their products to Palestinian refugee camps jointly with buyers
Nuga Best	Casa Blanca	Nov. 2014	Offered medical volunteer services using its physical therapy appliances for local underprivileged people
Neo Environmental Business	Riyadh	Nov. 2014	Shared bio-floc technology with local government officials
Irae Chemical	Istanbul	May 2014	Donated paint products to children's hospital and offered painting service

Diagnosis Result of CSR Implementation Level in Middle East

According to the diagnosis result of corporate social responsibility implementation level in KOTRA's 15 Korea Business Centers in Middle East, the consumer issues category scored the highest recording 4.28 out of 5, followed by organizational governance (3.85), labor practices (3.65), and human rights (3.60). Overall, the KBCs in the region show lower CSR implementation level than average scores of the entire KOTRA regional head offices. KOTRA Middle East Head Office will strive to come up with measures to actively utilize KOTRA-led CSR initiatives, taking the lead in implementing corporate social responsibility.

Major Activities and Achievements

■ Consumer issues (4.28)

With respect to handling of grievances experienced by SMEs, the Dubai Office resolves problems by operating "Trade Doctor" and "VOC," receives investment counseling requests, and offers counseling service at the office in an effort to help Korean SMEs to make market entry into Middle East and address their problems.

■ Organizational governance (3.85)

Concerning risk management in KBCs, the Dubai Office conducts headquarters or internal audits once every three years in the areas of general affairs, accounting, and its overall projects. The Office takes corrective actions within two months from the time when there are areas requiring improvements during the audit.

■ labor practices (3.65)

With respect to a pleasant working environment, the Amman Office, the Cairo Office, the Dubai Office and the Istanbul Office provide a pleasant working environment by improving lighting, ventilation, safety, equipment and restrooms.

■ Human rights (3.60)

Concerning anti-discrimination, all KBCs in Middle East offer equal treatment among local employees, interns and employees dispatched from the headquarters regarding working hours, lunch provision, and settlement of work-related personal expenses and abide by local labor laws and KOTRA management guidelines.

*The result was calculated based on survey responses given by 9 KBC offices out of 15 in Middle East.

Category	Score
Organizational governance	3.85
Human rights	3.60
Labor practices	3.65
Fair operating practices	3.60
Consumer issues	4.28
Community involvement and development	2.36

* The line graph indicates average scores of 92 KBC offices around the world.



Appendix

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Facts & Figures_ Business

Business	Category	Unit	2012	2013	2014
Use of KBCs as corporate branches	No. of branches	Branch office	2,079	2,205	2,400
	Contracted amount	US\$1 million	1,350	1,420	1,551
Trade delegations	No. of participating companies	Company	2,673	2,753	2,429
	Amount under consultation	US\$1 million	20,309	34,711	27,997
Support for overseas business trips	No. of trips	Trip	346	321	260
Market survey contracts	No. of contracts	Contract	9,531	9,381	8,460
Export consultation meetings	No. of meetings held by KOTRA	Meeting	66	105	68
	No. of buyers	Buyer	2,804	3,178	3,445
	No. of companies	Company	8,541	8,778	10,759
	Amount under consultation	US\$1 million	396,639	472,879	522,508
Overseas exhibitions	No. of exhibitions participated by KOTRA	Exhibition	112	121	131
	Amount under negotiation	US\$1 million	1,348	1,914	1,785
Mobile KOTRA	No. of consulted companies	Company	-	2,048	2,303
World Champ	No. of applying companies	Company	69	90	120
	Exports to market markets	US\$1 million	1,127	1,266	1,705
World-class products	No. of companies	Company	710	727	750
KOTRA Export Gateway project	No. of mentees	Company	-	581	716
	Contracted amount	US\$1 million	-	15	76
Seoul Food 2014	Total exhibition area	m ²	64,766	64,831	64,831
	No. of participating companies	Company	1,155	1,210	1,336
	No. of visitors	Person	49,156	51,974	52,800
Co-hosted exhibitions	No. of exhibitions	Exhibition	20	20	22
	No. of overseas participating companies	Company	74	62	122
	No. of visiting buyers	Person	1,906	2,072	1,406
Establishment of DB on overseas experts		Person	8,117	8,214	5,880
Supporting performance for employment of overseas experts		Company, Person	346/616	356/645	384/610
Foreign direct investments	Registered amount (increase rate)	US\$1 million, %	16,286 (19.1)	14,548 (△10.7)	19,003 (30.6)
	Arrival amount (increase rate)	US\$1 million, %	10,689 (62.2)	9,682 (△9.4)	11,517 (17.1)
IK grievance settlement	Institutional improvements	Case	6	5	10
	Administrative handling	Case	104	98	111
	Home Doctor handling	Case	238	280	316

Facts & Figures_ Finance

Summary Statement of Financial Position

53rd term ending December 31, 2014 52nd term ending December 31, 2013 (Unit : Korean Won)		
	53rd term (current) Amount	52nd term (previous) Amount
Assets		
Current assets	92,574,656,305	74,189,338,035
Cash and cashable assets	37,593,062,263	25,924,694,607
Current financial assets	21,903,521,500	40,812,700,291
Accounts receivable and other receivables	755,054,053	720,494,127
Current tax assets	269,440,143	392,370,897
Current non-financial assets	32,053,578,346	6,339,078,113
Non-current assets	79,104,355,359	99,771,156,029
Non-current financial assets	5,385,981,242	6,098,069,801
Long-term trade receivables and other receivables	9,263,017,896	8,690,856,789
Tangible assets	15,208,737,973	15,286,834,220
Investment properties	2,430,977,374	2,475,193,007
Intangible assets other than goodwill	4,427,870,846	3,747,617,737
Investments in subsidiaries	42,337,165,177	37,405,475,441
Non-current, non-financial assets	50,604,851	26,067,109,034
Total assets	171,679,011,664	173,960,494,064
Liabilities		
Current liabilities	42,140,384,280	43,162,312,233
Trade payables and other payables	10,771,086,345	15,771,504,971
Current non-financial liabilities	15,127,050,098	11,616,706,599
Current estimated liabilities	16,242,247,837	15,774,100,663
Non-current liabilities	9,062,407,309	23,222,774,958
Long-term trade payables and other payables	819,751,846	790,302,311
Non-current, non-financial liabilities	425,467,403	371,765,239
Employee payroll liabilities	7,817,188,060	22,060,707,408
Total liabilities	51,202,791,589	66,385,087,191
Equity		
Paid-in capital	50,000,000,000	50,000,000,000
Retained earnings	68,575,738,698	55,674,925,496
Other components of equity	1,900,481,377	1,900,481,377
Total equity	120,476,220,075	107,575,406,873
Total liabilities and equity	171,679,011,664	173,960,494,064

Statement of Comprehensive Income

53rd term (January 1 to December 31, 2014) 52nd term (January 1 to December 31, 2013) (Unit : Korean won)		
	53rd term (current) Amount	52nd term (previous) Amount
Sales	342,257,088,836	326,647,702,667
Revenue from provision of services	65,106,740,415	61,634,048,833
Previous revenue (sales)	275,413,044,267	262,950,062,225
Other revenue (sales)	1,737,304,154	2,063,591,609
Cost of sales	226,944,302,219	213,735,501,448
Cost of sales for revenues from provision of services	224,679,332,266	211,322,568,349
Cost of sales for other revenues	2,264,969,953	2,412,933,099
Gross profit	115,312,786,617	112,912,201,219
Selling and administrative expenses	108,830,530,587	110,978,987,793
Labor cost	94,472,388,721	97,239,669,583
Public expenditures	14,358,141,866	13,739,318,210
Operating income	6,482,256,030	1,933,213,426
Other revenue	5,727,478,232	74,911,158,490
Government subsidy revenue	5,727,478,232	74,911,158,490
Other expenses	34,820,869	34,820,869
Depreciation of investment property	34,820,869	34,820,869
Other income (loss)	3,418,268,087	1,236,776,476
Gain on disposition of tangible assets	1,599,830,359	196,027,643
Foreign currency translation gain	281,490,792	27,376,600
Foreign exchange gain	499,114,578	393,743,192
Non-operating income	1,648,908,174	1,866,894,261
Loss on disposition of tangible assets	[22,959,380]	[11,099,177]
Foreign currency translation loss	[252,612,584]	[614,754,126]
Foreign exchange loss	[335,503,852]	[621,411,917]
Financial revenue	2,013,128,403	2,679,766,542
Interest income	2,013,128,403	2,679,766,542
Profit (loss) related to affiliated companies and joint ventures	[719,032,614]	[67,368,873,845]
Paper profit from investment shares in affiliated companies and joint ventures	394,414,764	132,502,808
Paper loss from investment shares in affiliated companies and joint ventures	[1,113,447,378]	[67,501,376,653]
Net income before income taxes	16,887,277,269	13,357,220,220
Corporation tax	-	-
Net income	16,887,277,269	13,357,220,220
Other comprehensive income	[3,986,464,067]	[304,723,330]
Re-measurement elements for defined benefit scheme	[3,909,708,185]	[279,013,398]
Share of other comprehensive income of affiliated companies and joint ventures	[76,755,882]	[25,709,932]
Total comprehensive income	12,900,813,202	13,052,496,890



Figures_ Economy, Society and Environment

Economic Impacts

	Unit	2012	2013	2014
Status of fund operations (fixed pay type)				
Operation amount	KRW 1 million	18,712	20,855	24,343
Subscribers	Person	679	710	583
Comparison of new employee's wage against the legal minimum wage				
Legal minimum wage	KRW 1,000	11,488	12,188	13,067
New employee's pay (annual basic pay)	KRW 1,000	27,037	28,317	28,904
Employment of local staff overseas				
Number of local employees	Person	243	265	260
Number of managers overseas	Person	17	20	20
Proportion of local managers	%	2.58	2.59	2.65

Social Impacts

		Unit	2012	2013	2014
Ethical education					
Ethical education	Online	Session	2	2	2
	Offline	Session	3	6	10
Ethical education hours	Offline	Hour	11,600	13,431	16,140
	Offline	Hour	1,007	1,155	1,148
No. of educated employees	Employees	Person	683	714	806
Composition of staff (except officials in special service: data uncollectable)					
By rank	Executives	Person	7	7	7
	Rank 1	Person	56	51	54
	Rank 2	Person	141	150	153
	Rank 3	Person	156	161	150
	Ranks 4,5,6	Person	300	312	321
	Others	Person	-	-	-
By gender	Male employees	Person	531	531	532
	Female employees	Person	129	150	153
By age	Below 36~45	Person	211	216	223
	46~55	Person	206	215	224
	46~55	Person	218	223	206
	Over 56	Person	25	27	32
New employees	Female	Person	16	20	13
	Disabled	Person	1	-	1
	Regional talents	Person	5	10	5
	Science & engineering majors	Person	5	6	7
	Total	Person	33	33	34
Female employment	female employees & proportion	Person (%)	129(19.5%)	150(22%)	153(22.3%)
	Team leader or above and proportion	Person (%)	7(1.05%)	7(1.03%)	8(1.17%)
Employee turnover	Male employee	Person (%)	15(2.8%)	20(3.8%)	20(3.8%)
	Female employees	Person (%)	5(3.9%)	3(2%)	6(3.9%)
Work-related injury ratio	Male employee	Person (%)	0	0	0
	Female employees	Person (%)	0	0	0
Composition of employees					
By job	Executives	Person	7	7	7
	Trade experts & professionals	Person	653	674	678
	Officials in special service	Person	111	124	128
	Full-time	Person	660	681	685
By type of employment	Indefinite-term contractual employees	Person	1	0	6
	Contractual employees	Person	31	39	43
	Others	Person	-	85	79

Dispatched employees (as of year-end)	Male	Person	32	48	78
	Female	Person	89	93	112
	Total	Person	121	141	190
By region (except officials in special service)	Domestic	Person	384	338	345
	Overseas	Person	276	343	340
Employees entitled to join the labor union and collective bargaining					
Number of eligible employees		Person	485	489	537
Number of union members		Person	424	430	438
Proportion of union membership		%	87.4	87.90	81.56
Employee training					
Number of employees		Person	771	805	839
Number of training sessions		Session	884	898	790
Total training expenses		KRW 1,000	2,356,000	2,356,000	1,850,400
Training expenses per person		Won/Person	3,055,772	3,263,158	2,661,000
Total training hours		Hour	142,250	144,174	1,850,400
Training houses per person		Hour/ Person	184.5	199.7	182
Foreign language training hours per person		Hour/ Person	72	63	72
Satisfaction with training		Full score: 5	4.14	4.17	4.49
Employees subject to performance evaluation and career development reviews					
Total number of employees		Person	776	805	839
Employees subject to performance evaluation		Person	737	759	763
Proportion of employees subject to performance evaluation		%	95.0	94.1	90.9
Education on human rights policies					
Education on sexual harassment		Session	4	4	6
Attendance in education on sexual harassment		Person	765	800	832
Complaints about human rights violations					
Complaints registered		Case	7	0	0
Complaints settled		Case	7	0	0
Surveys on customer satisfaction					
Number of surveys		Survey	1	1	1
Customer satisfaction scores		Point	94.7	94.9	99.1
Privacy invasion and lost items					
Number of lost items		Case	0	0	0

Environmental Performance (※Environment performance is based on domestic business sites.)

	Unit	2012	2013	2014
Rate of (raw) materials recycling				
Quantity of materials used (copying paper)	KRW 1 million	17.7	18.4	19.6
Rate of recycling of (raw) materials	%	100	100	100
Water usage and recycling rate				
Use of water (groundwater)	ton	12,430	13,236	10,823
Total annual water use	ton	27,791	27,831	25,870
Water recycling (greywater)	ton	1,565	1,780	1,310
Water recycling ratio	%	12.6	12.2	12.1
Total direct & indirect GHG emissions				
Scope 1 Total direct GHG emissions	tCO ₂ e	564	638	563
(fixed) city gas	tCO ₂ e	399	457	384
(mobile) gasoline	tCO ₂ e	136	145	155
(mobile) diesel	tCO ₂ e	29	36	25
Scope 2 Total indirect GHG emissions	tCO ₂ e	2,581	2,450	2,490
Electricity	tCO ₂ e	2,581	2,450	2,490
Total direct and indirect GHG emissions	tCO ₂ e	2,301	3,088	3,053
Total expenditures for and investments in environmental protection				
Emissions treatment costs	KRW 1 million	16.8	21.4	18.1
Sewage treatment costs	KRW 1 million	18.2	20.9	23.8
Purchase of eco -friendly products	KRW 1 million	490.8	606.6	601.5
Total purchase	KRW 1 million	544.5	669.5	667.7
Proportion of green purchasing	%	90.0	90.6	90.9



ISO 26000 Compliance Assessment Report

■ Assessment Criteria

The Korean Standards Association has developed an assessment checklist for fulfillment level of social responsibility as a service of The Korean Agency for Technology and Standards on the basis of the international standard ISO 26000 for social responsibility. This report contains the results that KSA arrived at concerning the process of KOTRA's social responsibility management and its performance regarding its 7 core subjects according to KSA's assessment checklist.

■ Scope of Assessment

KSA assessed the process to fulfill KOTRA's social responsibility and its performance results. For this, we examined KOTRA's mid-to-long term strategies, its activities, stakeholder engagement, and its CSR (corporate social responsibility) activities.

■ Assessment Methodology

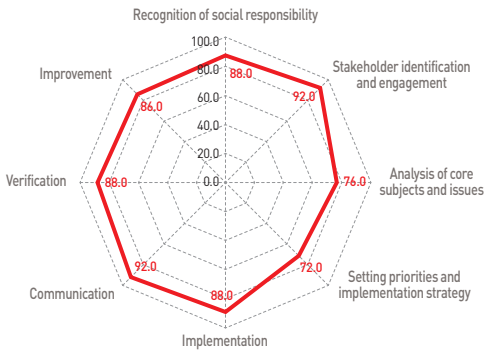
Based on ISO 26000 assessment standards of performance level, we conducted the following activities to collect proper and relevant data:

- Examination of KOTRA's mid- to long-term strategies and its management performance report
- Interview with staff in charge of KOTRA's social responsibility management issues and its performance reports
- Identification of sustainability issues that may affect KOTRA's stakeholders

■ Result of Assessment by ISO 26000 Social Responsibility Process

According to the result of assessment by social responsibility process, the stakeholder identification, engagement, and communication aspect turned out to be the best-performing category. Recognition, implementation and verification of social responsibility were also considered relatively positive. However, it turned out that analysis of social responsibility issues reflecting characteristics of the organization and setting priorities and formulating implementation strategies and plans were relatively insufficient, requiring improvement.

Outcomes of Social Responsibility Process Assessment



Recognition of social responsibility	Reviewing the current status of an organization based on top management's commitment
Stakeholder identification and engagement	Examining stakeholder's interest and demand and formulating engagement strategy
Analysis of core subjects and issues	Creating a list of issues through review of issues and analysis of organization's internal capacity
Setting priorities and implementation strategy	Setting priorities, goals and implementation plans regarding issues to be improved and managed in consideration of organization's capacity
Implementation	Putting strategies, vision, goals and implementation plans into action and regularly monitoring accomplishments associated with social responsibility
Communication	Communicating with stakeholders by preparing performance reports
Verification	Taking action and reporting to enhance reliability of achievements
Improvement	Reviewing achievements regularly to ensure sustained improvement

Assessment Results by 7 Core Subject



Organizational Governance	Activities to respect social responsibility principles and integrate these principles into existing systems, policies and practices
Human Rights	Activities to respect, protect, observe and realize human rights within an organization and the sphere of influence
Labor Practices	Policies and practices that influence working environments of employees within an organization and partner companies
The Environment	Holistic approach that takes into account the implications of decisions made and actions taken in order to reduce organization's impact on the environment
Fair Operating Practices	Activities that concern ethical behaviors regarding transactions between an organization and its counterparts such as partner companies and suppliers
Consumer Issues	Activities to protect consumer rights covering consumer training, fair and transparent marketing information and contracts and promotion of sustainable consumption
Community Involvement and Development	Activities to recognize and respect community rights and to maximize its resources and opportunities

■ Assessment Results by 7 Core Subject of ISO 26000

Organizational Governance | KOTRA is well-positioned regarding organizational governance. It has systematically established a decision-making process and structure on social responsibility and social responsibility issues are reported to top management (vice president). KOTRA performs CSR activities at an organization level through the global CSR project group dedicated to CSR initiatives and operates a system that reflects advice of CSR-related experts through CSR advisory group at home and CSR councils overseas. KOTRA is superior to its competitors in these areas.

Human Rights | Concerning human rights due diligence, KOTRA is strong in that it strengthens audit function over overseas Korea Business Centers (KBCs) and operates a monitoring system. With respect to human rights risks, KOTRA manages its local employees by reflecting global human rights standards and local characteristics, while, concerning human rights-related grievance handling, its audit team listens to grievances of staff dispatched overseas or returning to Korea, as well as entry-level employees. As human rights management has been strengthened at national level, however, it is recommended that KOTRA gain a deeper understanding of human rights management.

Labor Practices | KOTRA has experienced no labor disputes for the past 26 years since the establishment of a labor union, indicating how well labor and management coordinate their opinions, which is also well evidenced by its formulation of annual plans on labor union-related matters and organizing seminars on collective bargaining jointly with the labor union. KOTRA conducts GWP satisfaction surveys as a regular assessment on working conditions and allows its employees to receive counseling service on stress from the Employee Assistance Program (EAP) Association for workplace stress management. It is considered that KOTRA responds appropriately to its employees' main interests.

The Environment | The environment category bears little direct relevance to KOTRA. However, KOTRA is making diverse efforts to protect the environment, including purchase of recycled paper products from social enterprises when purchasing printing paper, formulation of internal recycling and energy-saving policies, and implementation of the 5-day vehicle rotation system. KOTRA also implements government policies related to EMS (Energy Management System) and ESS (Energy Storage System).

Fair Operating Practices | Led by the Auditor's Office, KOTRA conducts regular and special audits. Also, Ethical Management Committee, Clean KOTRA Committee, and Open KOTRA Committee assess anti-corruption activities. As such, KOTRA's anti-corruption policies and activities to raise awareness of anti-corruption are considered excellent. In addition, as a commissioned-service-based quasi-governmental institution, KOTRA appoints a PM in charge of National Assembly-related affairs as a grade 2 executive and has provisions on bids and contracts through the Integrity Ombudsman system.

Consumer Issues | In order to protect consumer data and privacy, KOTRA has a response manual and action plan in place. Information on overseas buyers is a precious asset of KOTRA and it is managed through systems such as CRM, buyer search and Kompas. In addition, it was found that KOTRA operates VOC (Voice of the Customer) program to collect customer feedback and analyzes it annually. Through the diagnosis, KOTRA plans to commission more in-depth analysis of the VOC and we hope that we will be able to confirm it when we prepare next year's report.

Community Involvement and Development | KOTRA is engaged in global CSR initiatives based on its extensive global network of 123 overseas branch offices in 83 countries. It also disseminates global trends of CSR activities by organizing forums and prize-awarding ceremonies on CSR activities at home and abroad, taking the lead in CSR initiatives. Through such activities, KOTRA encourages Korean companies operating around the world to engage in CSR activities and help them get involved in local communities in which they operate, thereby boosting their image.

■ Conclusion

According to the ISO 26000 compliance assessment result, KOTRA gained 341 scores out of 400 in process and 525 scores out of 600 in performance, recording a total score of 866, which corresponds to SR stage IV. It is assessed that KOTRA's ISO 26000 compliance level is relatively high and KOTRA has sufficient potential for sustainable development. In order to upgrade KOTRA's sustainability management to the next level, it is recommended that KOTRA set priorities on sustainability management-related issues, formulate implementation strategies and plans, and put them into action. We hope that, through such effort, sustainability management will become strategically internalized in KOTRA's management, helping KOTRA become an organization trusted by stakeholders.

May 2015
Baek, Soo Hyun Chairman & CEO of KSA

Baek, Soo Hyun



KSA is a special corporation established under the Korea Industrial Standardization Act in 1962. KSA is a knowledge service agency that disseminates industrial standardization, quality management, sustainability management, and KS/ISO certification to companies. KSA contributes to our society's sustainable development as Korea's ISO 26000 administrative agency, certified GRI training partner, AA1000 assurance provider, Korean Sustainability Index(KSI) operating agency, UN CDM operating body, and greenhouse gas and energy target management verification body.

GRI G4 Contents Index

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page	External Assurance
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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	●
G4-2	Provide a description of key impacts, risks, and opportunities.	8, 13	●

Organizational Profile			
G4-3	Report the name of the organization	6	●
G4-4	Report the primary brands, products, and services.	6	●
G4-5	Report the location of the organization's headquarters.	6	●
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.	7, 51, 66, 68, 70, 72, 74, 76, 78, 80, 82, 84	●
G4-7	Report the nature of ownership and legal form.	6	●
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	7, 51, 66, 68, 70, 72, 74, 76, 78, 80, 82, 84	●
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, 7	●
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).	90, 91	●
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	91	●
G4-12	Describe the organization's supply chain.	42, 43	●
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	About this Report, 7	●

Organizational Profile: Commitments to External Initiative			
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	13, 47	●
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	101	●
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: - Holds a position on the governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views membership as strategic	101	●

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.	88, 89	●
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.	19	●
G4-19	List all the material Aspects identified in the process for defining report content.	20	●

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	20	●
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	20	●
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	About this Report	●
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	About this Report, 64-85	●

Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization.	16-18	●
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	18	●
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.	18	●
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.	16-18	●

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

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).	About this Report	●

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	●

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.	11, 12	●
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	11, 12	●
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	12	●
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	12	●
G4-38	Report the composition of the highest governance body and its committees by: - Executive or non-executive - Independence - Tenure on the governance body - Number of each individual's other significant positions and commitments, and the nature of the commitments - Gender - Membership of under-represented social groups - Competences relating to economic, environmental and social impacts - Stakeholder representation	10, 11	●
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	10	●
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: - Whether and how diversity is considered - Whether and how independence is considered - Whether and how expertise and experience relating to economic, environmental and social topics are considered - Whether and how stakeholders (including shareholders) are involved	10-12	●
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: - Cross-board membership - Cross-shareholding with suppliers and other stakeholders - Existence of controlling shareholder - Related party disclosures	10	●

G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	11	●
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	11	●
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	11, 12	●
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	12	●
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	12, 13	●
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	12	●
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	11	●
G4-49	Report the process for communicating critical concerns to the highest governance body.	11	●
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism[s] used to address and resolve them.	59	●
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: * Fixed pay and variable pay: - Performance-based pay - Equity-based pay - Bonuses - Deferred or vested shares * Sign-on bonuses or recruitment incentive payments * Termination payments * Clawbacks * Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	12	●
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	12	●
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	12	●
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees [excluding the highest-paid individual] in the same country.	12	●
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees [excluding the highest-paid individual] in the same country.	12	●
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.	14	●
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.	15	●
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.	15	●

SPECIFIC STANDARD DISCLOSURES					
Material Aspect	DMA and Indicators		Page	Omissions	External Assurance
Category : Economic					
Economic Performance	G4-EC1	Direct economic value generated and distributed	6		●
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	47		●
	G4-EC3	Coverage of the organization's defined benefit plan obligations	55		●
	G4-EC4	Financial assistance received from government	55		●
Market Presence (Wage, Purchase, Recruit)	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	12		●
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	91		●

Indirect Economic Impacts (Infrastructure Investment)	G4-EC7	Development and impact of infrastructure investments and services supported	44-46		●
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	44-46		●
Category: Social					
Sub-Category: Labor Practice and Decent Work					
Employment (By gender, new, part-time)	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	90		●
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	58-60		●
	G4-LA3	Return to work and retention rates after parental leave, by gender	60		●
Labor/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	58		●
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	-	not related	●
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	-	not related	●
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	-	not related	●
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	58		●
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	91		●
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	57		●
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	91		●
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	10, 90		●
Sub-Category: Human Rights					
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	-	No incidents	●
Sub-Category: Society					
Local Communities (Social Contribution)	G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	46		●
	G4-S02	Operations with significant actual and potential negative impacts on local communities	-	not related	●
Anti-Corruption	G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	-	No violation	●
	G4-S04	Communication and training on anti-corruption policies and procedures	14, 15		●
	G4-S05	Confirmed incidents of corruption and actions taken	15		●
Public Policy (Lobby, Political Contribution)	G4-S06	Total value of political contributions by country and recipient/beneficiary	-	not related	●
Sub-Category: Product Responsibility					
Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	60		●
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	-	not related	●
Product Service Labeling (Customer Satisfaction)	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	39		●
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-	not related	●
	G4-PR5	Results of surveys measuring customer satisfaction	60		●
Market Communications	G4-PR6	Sale of banned or disputed products	-	not related	●
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	-	No violation	●
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	63		●
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	-	No violation	●

Third-party Assurance Report

To the Readers of Korea Trade-Investment Promotion Agency Integrated Sustainability Report 2014

Foreword

Korea Management Association Registration and Assessments (KMAR) has been requested by Korea Trade-Investment Promotion Agency (KOTRA) to verify the contents of its Integrated Sustainability Report 2014 (the Report). KOTRA is responsible for the collection and presentation of information included in the Report. Our responsibility is to carry out assurance engagement on specific information in the assurance scope stipulated below.

Scope and Standard

KOTRA describes its efforts and achievements of the sustainability activities in the Report. KMAR performed a type 2, moderate level of assurance using AA1000AS (2008) as an assurance standard. We evaluated the adherence to 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 'Comprehensive Option' of GRI G4 which covers the followings.

- G4 Reporting Principles

■ General Standard Disclosures

■ Specific Standard Disclosures
 - Generic DMA of each of following material aspects
 - Economic Performance: G4-EC1, G4-EC2, G4-EC3, G4-EC4
 - Market Presence: G4-EC5, G4-EC6
 - Indirect Economic Performance: G4-EC7, G4-EC8
 - Employment: G4-LA1, G4-LA2, G4-LA3
 - Labor/Management Relations: G4-LA4
 - Occupational Health and Safety: G4-LA5, G4-LA6, G4-LA7, G4-LA8
 - Training and Education: G4-LA9, G4-LA10, G4-LA11
 - Diversity and Equal Opportunity: G4-LA12

- Non-discrimination: G4-HR3
 - Local Communities: G4-SO1, G4-SO2
 - Anti-corruption: G4-SO3, G4-SO4, G4-SO5
 - Public Policy: G4-SO6
 - Customer Health and Safety: G4-PR1, G4-PR2
 - Marketing Communication: G4-PR6, G4-PR7
 - Customer Privacy: G4-PR8
 - Compliance: G4-PR9

The data and information related to the boundary outside of KOTRA 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 documents and 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 KOTRA on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents 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.

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

- Materiality

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

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

- Responsiveness

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

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

We could not find any evidence the Report was not prepared in accordance with the 'Comprehensive Option' of GRI G4.

Recommendation for Improvement

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

- KOTRA needs to set up integrated management system and feedback process in regarding to sustainability management-related performance indicators.

Our independence

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

Awards and Memberships to Initiatives

Awards

Awards	Hosts	Date
Proud Korean Award, Grand Prize	Journalists Federation of Korea	Dec. 2014
Business Innovation Awards, Minister's Award	Korea Chamber of Commerce & Industry, JoongAng Ilbo, etc.	Nov. 2014
Minister's Award for anti-violence education, public institutions category	Ministry of Gender Equality and Family	Nov.2014
Korea's Top 100 Great Places to Work (GWP) Awards, Grand Prize in public institution category	GWP KOREA	Nov. 2014
Forbes CSR Award, Grand Prize in public institutions and heads of public institutions categories	Forbes Korea, Korea Chamber of Commerce & Industry	Sept. 2014
Vision Awards, Golden Award	USA LACP(League of American Communications Professionals)	July 2014
Cuba Jose Marti Special Award	Cuba Council	June 2014
Korea Top 100 Happy Businesses Award	Dong-A Ilbo	May 2014
Forbes Best CEO Awards, Grand Prize in Talent Management category	Forbes Korea	Apr. 2014

Memberships

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

Implementation of the UN Global Compact's Ten Principles

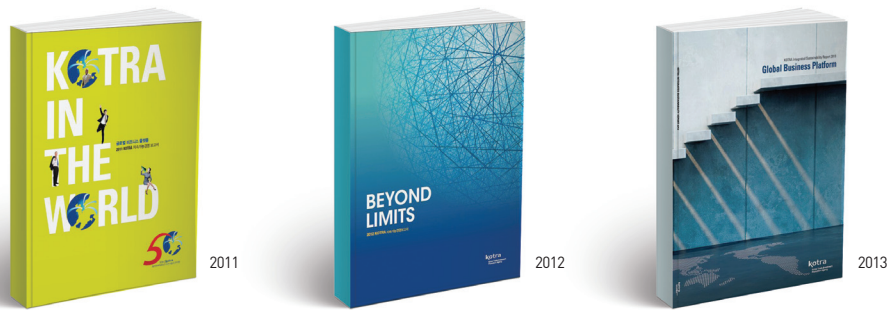


KOTRA has joined the United Nations Global Compact, the world's largest voluntary corporate responsibility initiative; it abides by the ten principles in four areas: human rights, labor, environment, and anti-corruption.

- Human Rights**
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.
- Labor Standards**
Principle 3: Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining;
Principle 4: elimination of all forms of forced and compulsory labor;
Principle 5: effective abolition of child labor; and
Principle 6: elimination of discrimination with respect to employment and occupation
- Environment**
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environment-friendly technologies.
- Anti-Corruption**
Principle 10: Businesses should work against corruption in all forms, including extortion and bribery.

KOTRA's Previous Sustainability & Reports Publications

KOTRA Sustainability Reports



KOTRA's Publications



Questionnaire for Readers' Opinions

Thank you for your interest in KOTRA Integrated Sustainability Report 2014. We appreciate your taking time out to read this report through. We at KOTRA would like to hear the invaluable opinions of our diverse stakeholders on the contents of this report so that we can publish a better sustainability management report in the future. Please spare a couple of minutes to answer a few questions about our report. We would appreciate it very much if you could send the duly filled out questionnaire to us either by mail or by fax. Thank you very much.

- 1. To which stakeholder group do you belong?
☐ Customer ☐ Employee ☐ Government ☐ Local resident or local government ☐ Business partner
☐ Civil society including NGO ☐ Specialized institution ☐ Others ()
- 2. How did you find out about this report?
☐ KOTRA website ☐ Media including newspapers ☐ Web surfing ☐ KOTRA employees ☐ Seminar/Lecture
☐ Others ()
- 3. Which part(s) of the report impressed you the most? (Multiple answers allowed)
☐ Introduction ☐ Business ☐ Social Contribution ☐ Organization ☐ Global ☐ Others ()
- 4. Which part(s) of the report do you think should be enhanced? (Multiple answers allowed)
☐ Introduction ☐ Business ☐ Social Contribution ☐ Organization ☐ Global ☐ Others ()
- 5. Was this report helpful in understanding KOTRA's sustainability management activities?
☐ Very helpful ☐ Helpful ☐ Average ☐ Not helpful ☐ Not helpful at all

6. Please make an evaluation of the five key aspects of the report.

	Agree very much	Agree	Average	Disagree	Disagree very much
The report contents are easy to follow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The report contents are well-organized	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The report offers enough useful information on material issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The report is designed such that information is easy to find and convenient to read	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The report contents are credible	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Please feel free to make comments on the sustainability activities of KOTRA or the composition of the contents of this report below.

PLEASE SEND
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