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## Nurture the Agro-Fisheries Products of Korea

*CEO Message*

Korea Agro-Fisheries &  
Food Trade Corp.

*Handwritten signature*

### Dear aT Stakeholders,

I sincerely appreciate all of you who paying attention to the Korea Agro-Fisheries & Food Trade Corporation. aT has issued the 7th Sustainability Report that contains the performance and efforts of sustainable management for a year of 2014. Since established as the Agriculture & Fishery Development Corporation in 1967, aT has been responsible for food of the Korean people and provided a variety of support to increase incomes farming households and achieve a well-balanced national development by stabilizing the supply and demand of main agricultural products, improving the distribution system and extending the export of domestic agro-fisheries products. In January, 2012, under the new vision of realizing a 'reliable public organization specialized in nurturing global agro-fisheries products', we changed the name to Korea Agro-Fisheries & Food Trade Corporation and embarked on a new journey. In September 2014, aT faced a sea change after moving its head office to the Gwangju-Jeonnang Innovation City. To follow the balanced national development policy, aT took the initiative in the organization move project by purchasing land for new buildings and holding a groundbreaking ceremony, and successfully opened a new prospect of preparing for the 6th industrial era of agriculture. As a public organization offering hope to the Korean agricultural product industry, aT promises all stakeholders as below in order to achieve the sustainable growth and fulfill the responsibilities.

#### First, Open a new exporting era of 10 billion dollars in agro-fisheries food products

As seen in the extension of the FTA, the agricultural product industry faces a full-fledged opening time. Especially, the agreement of the Korea-China FTA is expected to increase the trade volumes of agricultural food products between the two countries. Under these circumstances, aT has been actively entering into the Chinese food market by establishing an advanced base for exports in Qingdao and an aT center in Chengdu as well as holding the Korea Excellent Food Exhibition with 'Alibaba', the world's largest online company. Also, for securing the highly promising Islamic market, a branch was founded in Indonesia in 2013 to prepare for the upcoming all-out entrance. This year, aT has a plan to establish a branch in the UAE and enhancing the support for Halal certification which is required to enter into the Islamic market. aT will strive to reach an export volume of 10 billion dollars in agricultural food products by targeting the huge markets of China and India with a population of 1.4 billion and 1.7 billion respectively.

#### Second, Build a 'low-cost and high-efficiency' distribution structure based on creative ideas.

Improvement of the distribution structure of agricultural food products is one of the national top priorities, and aT is the organization that executes the comprehensive measures to reinforce the distribution structure suggested by the government. The revenue of theCyber Exchange of Agro-Fisheries Food Products was recorded at two trillion KRW in 2014, making a splendid achievement in 6 years since its establishment in 2009. 60% of the food ingredients used in the school lunch program was purchased through the cyber exchange. With the opening of POS-Mall lowering purchasing costs and improving

convenience, the distribution structure of micro enterprises who did pay relatively higher purchasing costs is revamped.

Just like the direct transaction festival and the idea contest on how to improve the distribution structure, aT will endeavor to convert the distribution structure from the current 'high-cost and low-efficiency' structure into the 'low-cost and high-efficiency' one by utilizing diverse and creative ideas.

#### Third, Increase the agro-fisheries value chain by nurturing the food industry

The market scale of the global food industry is bigger than that of IT and automobile. Considering 144 trillion KRW of theannual added value and 1.86 million employees, the domestic food industry is important and highly promising. For nurturing the domestic food industry, aT has launched the Young Agri-Food Fellowship where talent who will lead the future of agricultural food industry is fostered. Also, we are going to focus on increasing the added value of agriculture and food industry and strengthening competitiveness through the establishment of a 'Korean-style Food Valley Model', like the food valley of Netherland in tandem with related organizations that we moved together in Naju.

#### Forth, Endeavor to stabilizethe supply and demand of safe agricultural products

While supply and demand of agricultural products are getting stabilized, the price falls of Chinese cabbage caused by a sudden increase of output last year damaged many farming households. aT will be committed to securing an efficient supply and demand management system through the private-public supply & demand control committee and the operation of a supply & demand control manual in a flexible way. Centering on the 'distribution management commission of imported agricultural products' launched last year, we will check application status of the origin country labeling system of imported agricultural products and perform the education of origin country labeling system to relieve the anxiety of people toward food.

#### Dear Stakeholders, .

The term of 'food security' represents how important the stable food production and the supply and demand are in the world. Major advanced countries devise a long-term plan to extend the support for agriculture. aT has been pondering over how Korean agro-fisheries product industry and food industry can be armed with competitiveness as well as making utmost effort to find the solutions. All of the executives and employees bearing a sense of duty in mind will work out for development of agricultural product industry and increase the incomes in farming households, and stabilize food access for all people. With a communicative and open mind, we will pay attention to what happen in the field and listen to your opinions. aT promises to leap forward to be a leading organization in sustainable management and abiding by the principles of UN Global Compact that we joined in 2007 on corporate social responsibility.

Wish your encouragement and attention to Korea Agro-Fisheries and Food Trade Corporation for further development. Thank you.

# aT at a glance aT

## Export Support

- Nurturing export leading organizations
- Fostering export specialized talent
- Composition of export committees
- Overseas export network
- Support for participation in international exhibitions
- Buyer invitation
- Providing export information
- Financial support for exporter's operation fund

## Distribution Innovation

- Support for direct trade and fair trade of agricultural products
- Nurturing distribution organizations in production areas
- Consignment management of public wholesale markets
- Guidance to foster wholesale markets
- Operation of flowering plant joint market
- Operation of cyber exchange
- Inspection on agro-fisheries product prices
- Inspection on distribution status of agro-fisheries products
- Introduction of Singing market

## Management of Food Supply & Demand

- Introduction of TRQ(Tariff Rate Quotas) and sales management
- Introduction of MMA(Minimum Market Access) rice and sales management
- Management of purchase and storage
- Analysis of international grain information
- Analysis of overseas agricultural product import information

## Nurturing Food Industry

- Consulting and education support for Food Service Company
- Financial support for facility modernization
- National promotion of right food life
- Business to invigorate Korean food and food tourism

## History

### 1967 ~ 1969

Lead the Korean people's agro-fisheries and modernization

- 1967.12 founded Agriculture & Fishery Development Corporation
- 1968.05 established an investment company
- 1969.12 received a presidential citation

### 1970 ~ 1979

Give hope to farming and fishing villages and develop dream of farmers and fishers

- 1972.12 built a direct office
- 1973.01 established a food R&D center
- 1974.06 introduced overseas loans
- 1978.12 launched price stabilization committee for agro-fisheries products

### 1980 ~ 1985

Write a new history of agro-fisheries distribution

- 1980.04 Completed a new food R&D center
- 1982.12 Completed an agro-fisheries product sales office
- 1983.05 Opened an IT center of agro-fisheries product distribution information
- 1984.11 Opened an agro-fisheries product direct outlet
- 1985.08 Opened a distribution training institute

### 1986 ~ 1996

Until the day we feed global people with Korean agricultural products

- 1986.12 Changed the name to Agricultural and Fishery Marketing Corporation
- 1991.11 Opened a Flowering Plant Joint Market
- 1992.03 Established overseas Korea Trade and Distribution Center(KTDC)
- 1995.12 Started KATI service

### 1997~2008

21st Century, Go toward the world

- 1999.01 Developed Korea Ginseng and Kimchi
- 2002.11 Opened aT Center
- 2007.12 Established the new vision as an organization specialized in promoting agricultural products
- 2008.01 Expanded the food industry support and Korean food globalization

### 2009 ~ 2012

Go to the World with New Vision

- 2009.10 Opened Cyber Exchange
- 2011.07 Opened Agricultural Product Assistance Center
- 2012.01 Name changed to Korea Agro-Fisheries & Food Trade Corporation / Declaration of the new vision and CI



## aT Vision 2018

As a world-class public corporation leading the future agricultural product industry through exports and distribution, aT offers specialized support for the agro-fishery industry to be equipped with competitiveness at home and abroad and contributes to achieving well-balanced national development by increasing the incomes of farming and fishing households.



## Participation of Stakeholders

### Classification of stakeholders and communication channels

aT classifies stakeholders depending on characteristics of interested issues and influence, and makes diverse channels to meet the needs of stakeholders for better communication. Targets that have contacted to aT more than one time or those who are considered having potential to be affected by are included into the stakeholder category and their opinions will be reflected in management activity to solidify cooperative relationships. aT will enhance communication activities consistently to collect opinions of stakeholders.





## Evaluation of Importance

### Evaluation of Importance

aT conducts the Evaluation of Importance every year to select major interest issues of stakeholders. The Evaluation of Importance is performed based on two aspects of business the corporation carries out and stakeholders. The importance from the business perspective is evaluated along with a variety of sustainable management global guidelines including GRI G4, media analysis, benchmarking and analysis of internal materials, and the stakeholder importance is derived from survey results. The Evaluation of Importance results in a total of 15 core issues selected, and aT publicizes the activities and performances related to those issues through this report in detail.

### Business Impact

The Business Impact is to assess how such individual issue relates to businesses aT is involved in and how it influences on strategy, policy and process of the organization based on four criteria of sustainable management global guideline, media analyses, bench making and analysis of internal materials.

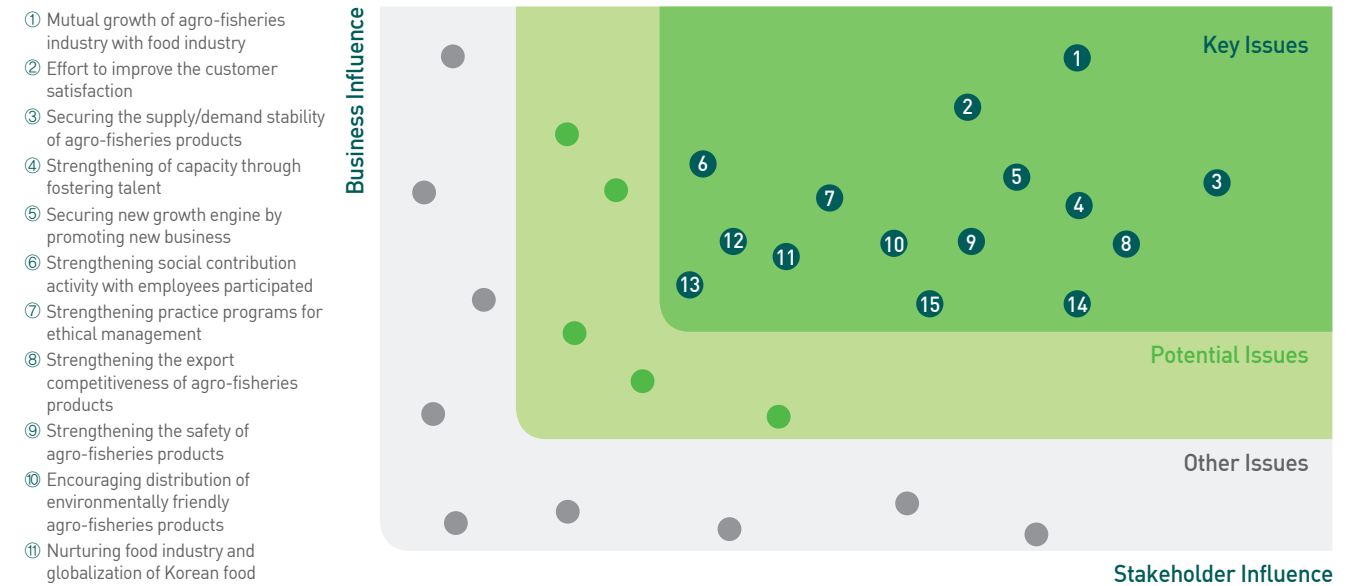
<p><b>Sustainable management global guideline</b></p> <ul style="list-style-type: none"> <li><b>Purpose:</b> Identify globally important issues and trends related to sustainable management by analyzing the sustainable management global guidelines</li> <li><b>Target:</b> GRI G4, ISO 26000, UNGC</li> </ul>	<p><b>Media Analysis</b></p> <ul style="list-style-type: none"> <li><b>Purpose:</b> Identify aT major issues mentioned in news, newspapers and other media</li> <li><b>Period:</b> 2014.01.01 ~ 2014.12.31</li> <li><b>Target:</b> Nationwide daily newspapers, Daily economy newspaper, TV news etc</li> </ul>
<p><b>Benchmarking</b></p> <ul style="list-style-type: none"> <li><b>Purpose:</b> Identify major issues and trends in each industry by analyzing sustainable management reports on the same industry or public organizations</li> <li><b>Target:</b> Pulmuwon, CJ Cheiljedang, Lotte Chilsung Beverage, Kotra, K-water, Korea Rural Community Corporation</li> </ul>	<p><b>Analysis of Internal Materials</b></p> <ul style="list-style-type: none"> <li><b>Purpose:</b> Identify issues that aT deals with internally and mainly by analyzing various documents such as business plan, growth vision etc.</li> <li><b>Target:</b> Business promotion plan, management evaluation report etc.</li> </ul>

### Influence on Stakeholder

The Influence on Stakeholders is to evaluate how much each individual issue influences on the decision-making and evaluation of stakeholders and how much interest stakeholders have on such issues. aT collects opinions of stakeholders through offline surveys.

Stakeholder Survey Results (Top 5 issues/out of 5)			
Internal stakeholders		External stakeholders	
4.66	Securing the supply/demand stability of agro-fisheries products	Mutual growth of agro-fisheries industry and food industry	4.59
4.64	Innovating the distribution structure of agro-fisheries products	Innovating the distribution structure of agro-fisheries products	4.56
4.63	Strengthening the export competitiveness of agro-fisheries products	Securing the supply/demand stability of agro-fisheries products	4.55
4.60	Deploying sound organizational culture	Extending a local purchasing ratio to invigorate local economy	4.49
4.60	Strengthening the safety and health management system of employees	Building the fair trade culture	4.48

### Results of the Evaluation of Importance



- ① Mutual growth of agro-fisheries industry with food industry
- ② Effort to improve the customer satisfaction
- ③ Securing the supply/demand stability of agro-fisheries products
- ④ Strengthening of capacity through fostering talent
- ⑤ Securing new growth engine by promoting new business
- ⑥ Strengthening social contribution activity with employees participated
- ⑦ Strengthening practice programs for ethical management
- ⑧ Strengthening the export competitiveness of agro-fisheries products
- ⑨ Strengthening the safety of agro-fisheries products
- ⑩ Encouraging distribution of environmentally friendly agro-fisheries products
- ⑪ Nurturing food industry and globalization of Korean food
- ⑫ Securing the balance of work and life
- ⑬ Securing diversity and equality
- ⑭ Innovating the distribution structure of agro-fisheries products
- ⑮ Deploying sound organizational culture

Key Issues	GRI G4 Aspect	Reporting
③ Securing the supply/demand stability of agro-fisheries products	Economic Performance	Business - Strengthening the competitiveness of agro-fisheries products - Extending the export growth engine of agricultural products - Securing the supply/demand stability of agricultural products - Improving the distribution structure of agricultural products - Nurturing the food industry
⑤ Securing new growth engine by promoting new business		
⑧ Strengthening the export competitiveness of agro-fisheries products		
⑪ Nurturing food industry and globalization of Korean food		
⑭ Innovating the distribution structure of agro-fisheries products		
① Mutual growth of agro-fisheries industry with food industry	Indirect Economic Impacts	Sustainability - Local community investment & development
⑥ Strengthening social contribution activity with employees participated	Local Communities	
⑩ Encouraging distribution of environmentally friendly agro-fisheries products	Energy / Emissions / Effluents and Waste / Transport	Sustainability - Environmental Management
⑫ Securing the balance of work and life	Employment	Sustainability - Talent Management
④ Strengthening of capacity through fostering talent	Training and Education	
⑬ Securing diversity and equality	Diversity and Equal Opportunity	
⑮ Deploying sound organizational culture	Freedom of Association and Collective Bargaining	Philosophy & Vision - Ethical Management
⑦ Strengthening practice programs for ethical management	Anti-corruption	Sustainability - Customer Satisfaction
⑨ Strengthening the safety of agro-fisheries products	Product and Service Labeling	
② Effort to improve the customer satisfaction		

# Ethical Management



Ethical Management Brand

## Strengthening the Foundation of Ethical Management

For the fair and transparent ethical management, aT has strived in many ways, to serve its duty as an ethical management leader with employees practicing righteousness by themselves and spreading the ethical culture, not just following legal procedures.

### Ethical Management Promotion System

As a leading organization in ethical organization culture, aT has made effort to advance ethical management. In 2014, under a goal of 'becoming the most ethical and righteous organization by promoting Righteous and Good Ethical Management', aT sophisticated the 3C system (rules, supervising body and building common ground). Especially, it produced an aT Ethical Management Brand' to facilitate the execution of ethical management. 'Righteous and Good aT' representing its own determination toward the ethical values(righteous management and good practice) was adopted to strengthen its identity in the ethical management activity and to lay a foundation from which aT will leap forward to be the most ethical organization.



### Organization of Ethical Management



In 2014, aT strengthened its promotion committee to secure the effectiveness of ethical management activities. For more activated advisory and monitoring functions, the Sustainable Management Advisory Committee which is an advisory body was decided to be convened once in every quarter of a year, rather than in every half year. Especially, by reinforcing the operation of Righteous Innovation Leader, an active body of sustainable management, and the righteous group (First-class water),aT tries to foster them as a frontier of ethical and righteous activities, and contributing in advancing the ethical organizational culture.



Events of the Ethics Week



Righteousness Concert

## Practice of Ethical Culture

### Efforts to spread ethical management

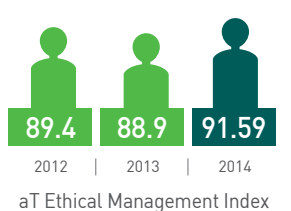
aT makes efforts to reinforce the ethics of employees by spreading diverse ethical practice programs and applying company-wide ethical management. To improve the participation ratio of employees, it converted the paradigm of ethical management activities from 'mandatory activity' to 'enjoyable ethics as a culture'. The employees produce contents related to ethics in person from planning to shooting of ethical dramas and posters, make 'Webtoon' that shows how to resolve ethical dilemmas in cartoon style and then promote them internally and externally through 'Ethics Webzine', an ethics magazine. In particular, it enhances the ethical education monitoring with 'Ethics EQ (Participation score of ethics education)', which is accessible all the time in the Ethical Management Homepage. After designating November 11 2011 as 'aT Ethics Day', the week of the day is also reserved as the ethics week during which a variety of internal and external programs including festivals are held for all employees. 'Ethics Tok-Tok', a quiz contest, Ethics 10 Commandments Contest (157 items were received) and Ethics Quiz Event (1,885 participants) made a high participation rate of internal and external stakeholders. The CEO and commissioner gave souvenirs to employees to facilitate the communication channels between the executives and employees. With such efforts, aT won the grand prize of Korea Ethical Management hosted by The Korean Ethics Studies Association.

### Efforts to prevent corruption

As a righteous and innovation organization, aT is committed to fulfilling its role with employees practicing righteousness in person and leading the righteous culture. To prevent corruptive actions of the executives and employees, aT revises the operation guidelines of the code of conducts to strengthen the punishment level of corrupted public officers, also the information publication of business expenditures and records, and the monitoring system of corporate credit cards are introduced to raise transparency and creditability of anti-corruption policy. The external lecture reporting system is adopted to eliminate blind spots of corruption so that a culture of declaring all lectures is accepted, and a high payment of lectures could be prevented accordingly. Since the anonymous report system and mobile report channels are created to eliminate the possibility of information leakage, anonymity and report accessibility can be secured. In 2014, through the 'Anti-Corruption Resolution Campaign', all employees pledged to work for righteousness and solidified the companywide will toward righteousness, and the Righteous Concert was held for the first time to provide an experiencing program that covers all employees regardless of titles and generations. In addition, the Ethics Day is appointed once a month to keep the executives and employees awake to ethics and righteousness. Issuing an alert to ethics, self-diagnosis of righteousness and writing comments to the code of conducts are conducted. As a result, aT was appointed as the best organization(1st grade) in the anti-corruption policy evaluation by The Anti-Corruption& Civil Rights Commission of Korea(ACRC)

### Ethical Management Monitoring & Evaluation (KoBEX, Anti-Corruption)

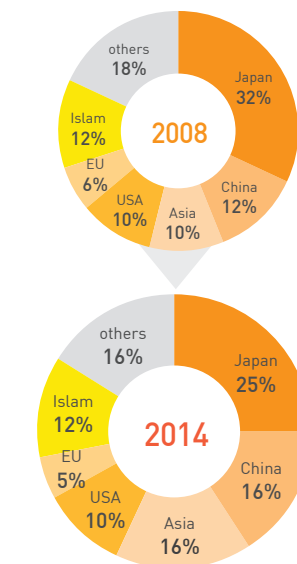
aT obtained an AAA rating which is the highest one in the sustainable management survey for the three consecutive years. In virtue of active development of ethical systems and improvements, it was appointed by ACRC as an excellent organization with the 1st grade which is two grades higher than that of 2013. Moreover, in the aT Ethical Management Index, a survey to investigate the awareness of ethical management by the executive and employees, the score was raised by 2.7 to 91.6 compared to 2013. For the settlement and effectiveness of the ethics system revised in 2014, aT promises to do the best by reinforcing the ethical education infrastructure.





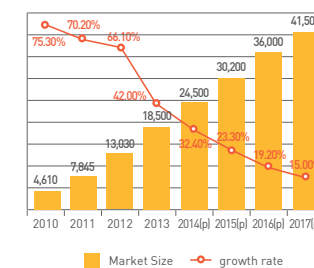
# Business

## Enhancement of Export Growth Engine of Agricultural Products



Japan 32% → 25% ▶ Decreasing market share  
China 12% → 16% ▶ increasing market share  
Asia 10% → 16% ▶ increasing market share

Agro-Fisheries Products Exporting Country Status



Market size and growth rate of Chinese online market



Alibaba Cooperation Presentation

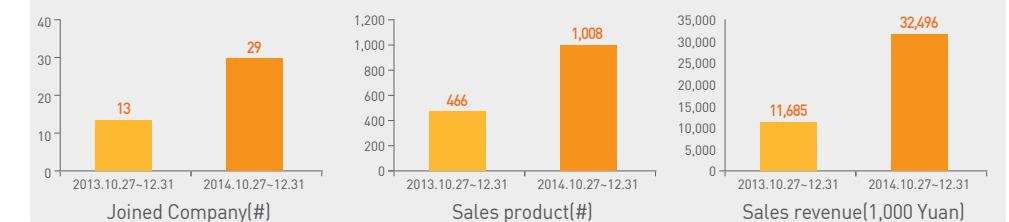
### Leading the export extension of agricultural products with efforts to diversify exports

Due to the long-term weakness of the Yen of Japan, the largest exporter of agro-fisheries products, aT has ameliorated the exporting environment by seeking promising markets such as China and Halal market and removing non-tariff barriers which are getting higher due to market liberalization. The Qingdao export logistic center, a bridge for entering into the mainland China market, is completed and aT has cooperated with the China Certification & Inspection Group (CCIC) to resolve customs-related difficulties like labeling, and promoting new customs support services. To target the Halal food market worth 1 trillion dollars, negotiations with Indonesia to make the Halal certificates of Korea as effective as the original one are in progress, at the same time marketing is being widened by supporting exporters to acquire the certification and holding exhibitions and export consulting meetings in major Islamic countries. As a result, the export volume to Halal market increased by 26% year on year.

### Exploring the Chinese new online market in response to changes in export environment

The Chinese online market amounted to 1.85 trillion Yuan (329 trillion KRW) as of 2013 grew more than 15 times for five years from 2008 and became the largest market in the world, outpacing the USA in 2013. It is also expected that the market volume will grow further to 4.14 trillion Yuan (700 trillion KRW) in 2017. To follow the explosive growing trend of Chinese online market, the marketing paradigm is required to be changed, especially since it is predicted that the exports to China will increase due to the Korea-China FTA, the focal point of marketing must be diversified from the existing offline marketing like exhibitions and promotions to online marketing. For this, aT has sought to penetrate the Chinese online market in tandem with Alibaba, the world's largest online company. On October 24 2014, a cooperation presentation was held with Alibaba (1688.com), a B2B market, to extend the entrance of Korea's excellent agricultural products into the China online market, and a designated website for the Korean agricultural product was opened in the Alibaba B2B site in October 27 along with promotion events. On the day of event, the sales revenue was recorded at 10 million Yuan (1.8 billion KRW) and 1,008 items of 29 Korean agricultural product companies were joined, and then reaching 3.2 million Yuan in sales revenue by the end of December 2014.

#### Performance of the Korean Agricultural products in Alibaba B2B website



In addition, major B2C online promotion events like 1st Store, WomaiWang were held (4 times in total) so that the Korea agricultural products were promoted and its awareness was enhanced. As for 1st Store, a Korean actor Kim Woobin participated in the promotion event to have a fan meeting and the sales revenue for 8 days (3.20~4.15) was recorded at KRW 300 million. Also, 15 MD of Chinese major online malls such as 1st Store and Alibaba were invited to the 1:1 export consulting service pairing with domestic exporters. (Dec. 4 2014) In result, a total of 70 consultations were made and 1.8 million USD worth consultations were achieved. Since the export volume to China is expected to highly increase in virtue of the Korea-China FTA, it is required to occupy the fast-growing Chinese online market in advance. For this, aT enlarges the Korean agricultural product webpage in the Chinese online market and holds online promotion campaign to boost up the trade volume of Korean agricultural products as well as increasing the awareness of Korean food products.



## Securement of Stable Supply & Demand of Agricultural Products

### Supporting infrastructure to enhance the market competitiveness of agricultural product exporters

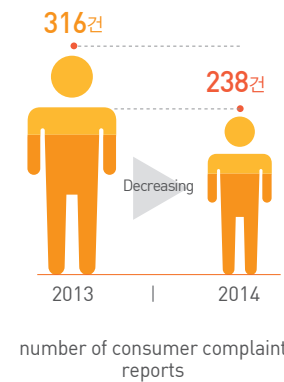
aT endeavors to support export infrastructures to enhance the competitiveness of agricultural product exporters. In response to export environmental changes like a sudden fall of the Yen-KRW exchange rate, it introduces a new foreign exchange risk insurance that reduces an amount of repayment an export should pay when an exchange rate goes up. Also to relieve the financial burden on logistics by small and medium sized exporters, the number of joint maritime logistics routes increases from 20 to 30, and it operates 20 overseas joint logistics centers in 11 countries.

In addition, aT seeks to extend the export scale by nurturing specialized export organizations affiliated with farming households. For this, export leading organizations and export commissions are being operated. By fostering the export leading organizations with 16 items/17 bodies in charge of producing and even exporting of each item, the quality of exporting products gets higher so that the export competitiveness is strengthened and the export volume is enlarged. Also, since its export-oriented policy is based on improving the quality of exporting items, R&D, quality management, logistics improvement and support grouping, it contributes to increasing export incomes by making an affiliated relation between producers and exporters and creating a close connection between exporters. Along with these actions, aT operates 17 export commissions in a way to prevent excessive competition between domestic companies in the market and builds cooperative relationships with exporters. The commissions set export guidelines such as export prices, quality standards to avoid unnecessary competition, and they support joint marketing that fits features of each item and contribute to establishing order in the export market.



### Efficient and stable supply/demand management

In response to the simultaneous over-supply of domestic agricultural products in 2014, vegetables were not allowed to distribute in the market but purchasing and discarding were only possible measures along with suppressing the imports. For spices, the supply/demand control methods were diversified into processing, purchasing and exporting, and the TRQ import was minimized. 145 thousand tons of five items were purchased but market access was prohibited, and aT performed the supply/demand business in consideration of features of each item such as the case of importing 307 thousand tons (2013:356) through state trading with purposes to back up the incomes of farming households and to encourage the stabilization of supply/demand. In spite of the growing production of Korean rice, the stabilization of domestic rice prices were achieved by adopting and releasing MMA 409 thousand tons of rice in a flexible way(2013:43,343KRW → 2014:41,033KRW), and the supporting measures for extending domestic rice exports protected the supply/demand trend against the aggressively liberalized rice market. Especially, in accordance with the APTERR agreement dealing with the food crisis in the Southeast Asia regions, 42 thousand tons of rough grains were stored successfully so that the business area was expanded. By establishing the 'aT Quality and Safety Management System of Stockpiled Agricultural Products' including regular hygiene and safety inspection of stored agricultural products, guide and inspection of hygiene management rules(4times/year), mandatory possession of "medical report" by warehouse employees and handlers (142 people), resetting of quality standards based on scientific evidences (a germination rate of bean sprouts and others are improved) and 7 activities for hygiene management, the safety of imported stockpiled agricultural products was strengthened, and with continuous improvements, customer complaints actually went down. (2013:316 cases → 2014: 238 cases)



### Investigating and spreading of customized domestic/ overseas agricultural products distribution information

#### Investigation of domestic distribution information

aT investigated daily wholesale/retail prices of major agro-fisheries & livestock products in 57 markets of 17 cities and publicized the price information to support the decision-making of shipping, trading and supply/demand policies. It studied costs of each distribution channel including new distribution tactic and shared the data with the government that will use it for upgrading distribution. Also, weekly money-saving shopping information, monthly Kimchi index, prices & purchasing timing of main seasonal items and other customer-oriented information are provided together. In 2014, aT increased a publication level of the KAMIS price information in cooperation with municipalities, media and external organizations in order to facilitate reasonable consumptions and stable sales as well as contributing to the stabilization of supply/demand in agricultural products.

#### Investigation of overseas distribution information

aT analyzes the international trends of major grains such as rice, soybean, corn, wheat and others on a regular basis. The collected and analyzed international grain information is used for making daily, weekly and monthly reports which is shared with external parties. In addition to grains, major agricultural products are included in analyzing overseas market trends and supporting state-trading businesses, and any information required to import agricultural products is accumulated and managed. In particular, aT keeps a close eye on the Chinese market trend having a big impact on the Korea agricultural products distribution to control the domestic supply/demand and to execute state-trading stably. aT's international grain information and import information of agricultural products are publicized in a report format through the website, emails and mobile app, and other necessary information is delivered to related organizations as required. To eliminate illegal and expedient import declarations which badly affect the agriculture industry, aT investigates private import prices and transfers the information to Korea Customs Service with which it is working closely. Such information offered by aT led to a surprising achievement of increasing tax revenue by KRW 635.2 billion. As a result, aT was awarded a certification of merit for the cooperation in customs administration by the commissioners of Korea Customs Service in December 2014.



An appreciation plaque received from SBS for providing price information

### Reinforcing overseas marketing

#### K-Food promotion marketing

Global K-Food Fair combined with export consulting meetings(B2B) and consumer experiencing events was held in 2014 in 7 cities of 4 countries(Vietnam, China, Hong Kong, Singapore). The convergence marketing that covers culture and food achieved 1.86 million USD worth of export consulting performance, and the media marketing that publicizes the excellence and safety of Korean agricultural products through TV programs, CF, magazines, SNS and outdoor advertisement boards raises the awareness of Korean agricultural products.

#### International exhibitions host and support

aT collects Korea's promising exporters to participate in international exhibitions since 1992. In 2014, it participated with exporters in a lot of exhibitions (a total of 16 times in comprehensive exhibitions, 9 times in local promising exhibition, 7 times in vendor exhibition and 159 times in individual exhibition) to help exploring the market by discovering foreign buyers, collecting overseas market information and promoting its products.

#### Operation of overseas antenna shops

Antenna shops are run in an area to which Korean agricultural products are not exported in order to discover new markets and reinforce a foundation of export. In 2014, 17 shops were joined to distribution stores located in Korea's new export target areas of 11 countries, including 7 shops in China, 3 shops in Latin America, 3 shops in EU/CIS and 4 shops in Southeast Asia/Middle east. In result, such efforts and newly discovered customers led to a 7.4 million USD worth of export. Also Korean food related events were held to contribute to boosting up the consumption trend of Korean food.

#### Establishment of direct export network with overseas big distributors

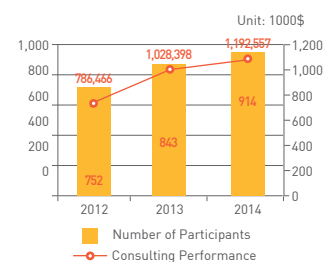
For securing reliable overseas markets and increasing exports, aT established MOUs with overseas big distributors(as of 2014, 45 distributors in 15 countries) and carried out comprehensive promotion events as well as supporting promotion expenditures.



Shanghai Food Exhibition

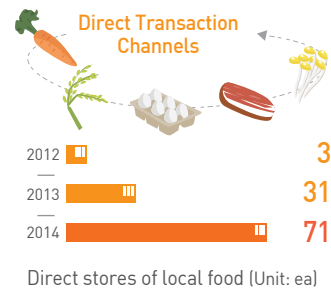


Spain Food & Beverage Exhibition



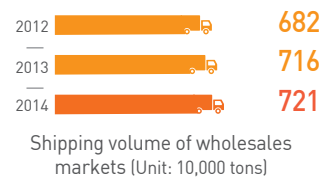
Number of participant companies and consulting performance in exhibitions

## Improvement of Distribution Structure of Agricultural Products



### Extending the direct transaction channels between farms and households

aT made a variety of efforts to settle down the direct transaction of agricultural products as an alternative in distributing agricultural products and invigorating the direct transaction business. As diverse direct transaction channels like a direct store of local food are disseminated nationwide, they gain higher national attention, becoming one of the distribution axes, not just a one-off channel. A direct store of local food was selected as a representative model of the direct transaction and the number of stores in operation has increased from 3 in 2012, 31 in 2013 and to 71 in 2014 by the virtue of aT's extended support. 25 regular direct trading markets are opened and actively being operated in tandem with municipalities. Moreover, 11 business operators in 6 types were discovered through direct transaction contests and aT helps such beginner-operators in direct trading business by carrying out integrated marketing that individual operators cannot perform easily such as TV, radio, newspapers and other media marketing promotion. Direct transaction festivals and consumer exchange businesses offering a place where producers and consumers can meet increase the understandings of consumers. Also anyone can easily participate in direct trading through an online platform for direct trading. In result, the selling prices of direct trading business operators get 20.6% cheaper than those of large marts and accordingly farming households can have 19.5% higher price benefits.



### Enhancing distribution competitiveness of producers and consumers

aT assists distribution facilities located in main production areas, which are enlarged and specialized by features of each item and production area, and it also develops such facilities into focal points in the systemization process of production and distribution. For this, it conducts an evaluation plan which is called 'production area distribution master plan' focusing on municipalities larger than city or Gun(small city), or product items, and the municipalities and product items selected based on the evaluation plan are entitled to participate in the production area distribution facility business. Until 2014, production area distribution master plans of 57 municipalities were selected along with 12 APC business operators for 2015. Moreover, aT encourages the integration of production area businesses by evaluating and assisting them based on integrated marketing organizations in order to enhance the competitiveness of production area distribution organizations. According to the evaluation and operation results in 2014, 419 production area distribution organizations were cooperated with 88 integrated organizations so that the production area distribution organizations were enlarged and systemized further. aT plans to increase the number of key production area businesses up to 150 by 2017.

### Invigorating wholesale market and operation

By unifying annual operation performance evaluations that have aimed at operators of nationwide public wholesale markets, wholesale market corporations (joint markets) and wholesalers, aT can relieve evaluation pressures under which market people have been. Depending on the evaluation results, good companies are rewarded with incentives like prime interest rates when receiving policy funds, on the other hand, companies with poor performance are subject to management consulting and punishments like recommending canceling the appointment. With these actions, aT induces continuous innovation of wholesale markets.

In addition to laying a foundation on which transactions could be activated with fixed prices and private trading in 2013, best practices contests, field educations and production& release of education video clips as to fixed prices and private trading were carried out by aT for a purpose of raising awareness in 2014. In result, a fixed price and private trading ratio against the total trade amount of agricultural product wholesale market went up to 14.1%. Also, by lowering a market use fee and making low-temperature warehouse as a mandatory facility, it facilitates invigoration of wholesale markets. Facility modernization, field inspection, progress report meeting are contributive in solidifying the facility modernization business of public wholesale markets.

## Encouragement of Food Industry

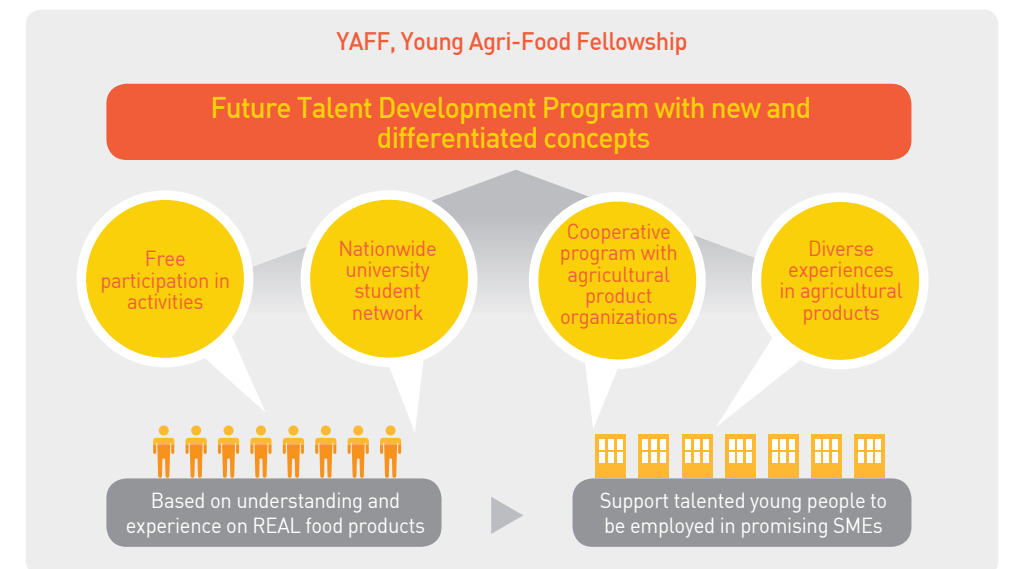


Inauguration of Young Agri-Food Fellowship

### YAFF! Inauguration of Young Agri-Food Fellowship and its representative activities

For the agricultural product industry which is considered as a future food industry, aT launched the Young Agri-Food Fellowship(YAFF)' in June 2014 with the goals of discovering new ideas, activating policy communications, creating jobs and fostering talent specialized in future agricultural products. Unlike other supporters' activities restricted to a small number of active participants, YAFF is open to any young people who have interests in agricultural product industry. Currently, 1,507 members from 121 universities are working and it is growing as a nationwide youth network.

Under the motto of nurturing field-oriented agricultural product talent, it operates field capacity programs, discovers agricultural product ideas and promotes policies on agricultural products. Particularly, YAFF members planned and operated events in the government's representative business like Korea Food Show as well as participating in policy idea contests hosted by the government, from which 360 cases of ideas were discovered. YAFF will endeavor to resolve miss-matching issues occurred between young job seekers and food companies and offer practical programs to foster field-oriented talent.



### Korea Food Show 2014

Since the enactment of Food Industry Promotion Law in 2008, several small scaled food related events were integrated into Korea Food Show, which is part of the presidential report, now it has been developing into a full-fledged Korea's representative food exhibition. In early days, it begun as an exhibition focusing on promoting food policies but at present it plays a role to strengthen the capacity of Korean traditional food companies and provides practical business opportunities. In 2014, with the theme of traditional fermented food festival, 369 traditional food companies participated produced a sales revenue of KRW 817 million in the exhibition. 15 times of consultings with buyers produced about KRW 3.7 billion worth of benefits to distribution stores. Moreover, international academic forums and events publicized how excellent Korean traditional food is. aT will invite foreign buyers and develop the food show to make it more contributive in extending exports, beyond fostering domestic demands of Korean traditional food.



Korea Food ShowLogo



# Sustainability

## Customer Satisfaction



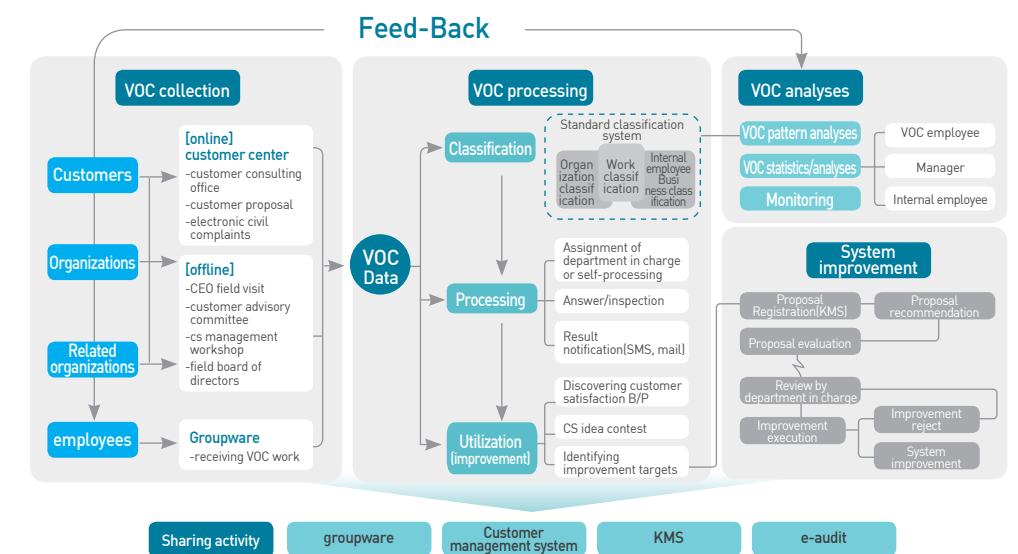
### Efforts to improve customer satisfaction

#### Customer satisfaction survey

For better public services that can be accomplished by objective evaluations on CS quality, aT performs call answering monitoring, internal survey of customer satisfaction and survey on customer satisfaction of public organizations on a yearly basis. It has been selected as a best organization for seven consecutive years until last year from the survey on customer satisfaction of public organizations, and this year, its score is increased by 1.2 points year on year. aT strives to obtain over than 90 points in all evaluation categories by keeping the customer service at an excellent level.

#### VOC collection and analyses

aT utilizes interactive communications with on/offline customers to collect and manage VOC. In addition to online VOC collected automatically at customer-contact points, offline VOC that could be missed without recording is collected together and then it reflects such data to realize the customer-oriented management.



CS management workshop



BP contest

### Operation of CS capacity building programs

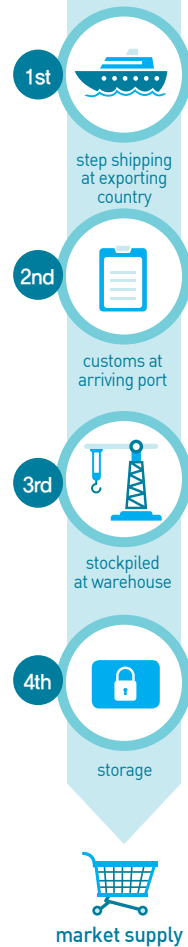
For building a common ground of BP, aT conducted branch circulation educations(Apr.), special phone answering educations for communications that surprise customers(Jul.) and CS management workshop(Sep.) for CS leaders and heads of departments. aT make efforts all the time to become a public organization delivering advanced services by carrying out enjoyable programs that solidify CS mind

### Creative economy B/P contests

aT has hosted the best practice contest for management innovation since 2009, aiming for improvement of the quality of customer service. This year, with participation of 47 departments, the "exploration of new market for agricultural products with Alibaba" case won a grand prize, targeting the Chinese online market which is growing explosively. The presentation of the grand prize awarded case dealing with customers' needs rapidly and preemptively in the changing environment offered an opportunity to share know-how at a company level. aT will make efforts to discover ideas and ameliorate services that maximize customer satisfaction all the time.



Market supply of  
imported agricultural  
products after passing  
4 steps of hygiene &  
safety inspections



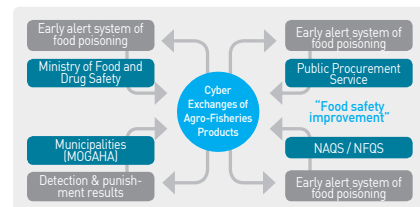
## Enhancing customer reliability by strengthening food safety

### Reinforcement of stockpiled agricultural products hygiene and safety management

aT executes the safe supply measures of stockpiled agricultural products, which have highly reinforced hygiene and safety management standards to fulfill the expectation of people on food safety. For more reliable and safely stockpiled agricultural products, aT created a 'quality safety designated organization' and applied the aT-style hygiene and safety management system through a variety of activities such as 'regular hygiene & safety inspection system' centering on the 7S activity and 'agricultural product hygiene & safety committee' constituted with diverse experts. Also, to resolve consumers' complaints and encourage communication, a 'stockpiled agricultural product complaints call center(080-900-0277)' is in operation. In addition to the strengthened 'grade standards' that fulfill higher customer requirements, the 'grade check at a shipping place' system that inspects the quality, hygiene and safety status of imported agricultural products prior to shipment was contracted out to an international authorized organization to secure the specialty and external reliability.

### Stringent management of lunch programs with school lunch e-procurement system

'School lunch e-procurement system(eaT system)' is an agent system for schools to select and contract food ingredients of school lunch. eaT has been introduced in Aug. 2010 with purposes of eliminating any risk factors that could arise from face-to-face private contracts of food ingredients as well as increasing the efficiency of school food administration. Since notified as a designated information processing unit by the Ministry of Government Administration and Home Affairs(MOGAHA), at present, 7,200 schools in 17 regions and 5,000 companies are using the system and the number of users is getting increased. The eaT system prevents inappropriate companies from participating in bidding processes by utilizing the country of origin violation information offered by the National Agricultural Products Quality Management Service and National Fisheries Product Quality Management System, and the food hygiene, permission, license & punishment information from 'Seall' information system by MOGAHA and illegal business registered in the Public Procurement Service on a real time basis. From 2013 to November 2014, 260 companies out of the companies with a violation history were actually restricted to use the procurement system.



## Strengthening protection system of private information

### Establishment and operation of private information protection & management system

aT keeping in mind the fact that private information of each and every person is important established the 'information security team' consisting with security experts to strengthen the information protection function of main businesses. In 2014, a CPO(Chief Privacy Officer) was designated and internal management plan of private information was revised to block off cyber-attacks and to keep private information safely. Moreover, it built the private information protection system that detects and deletes personal information, and also deleted 490 thousand cases of unnecessary information from PCs and adopted the anti-leakage system of private information in website.

### Enhancing education and inspection for private information protection

Not just equipping with the private information protection system at the highest level, aT tried to strengthen the executing power to protect private information with reinforced education and inspection process. Through companywide educations about private information protection and special educations for employees in charge, it keeps information security being on the alert and checks on management status of private information. Moreover, aT carries out examinations of private information processing files and maintenances including a total of 6 times field inspections to confirm the status of private information management. As a result, not a single private information leakage occurred in 2014.

# Investment & Development of Local Communities



multilateral MOU for  
aT CRS support



agricultural products specialized  
book café, 'Hello aT'



Kimchi with hope event



volunteer activity in farming  
communities



Grand prize in public  
organization by Next Society  
CSR Summit 2014

원고 너무  
많음

## Development of talent specialized in global agricultural products

aT nurtures global talent in agricultural products so as to boost up incomes of farming households, spread Korean food and facilitate exports of excellent agricultural products. aT employees teach foreign languages to local young students for free, and it recruits capable university students majored in agricultural products then dispatches them as global youth marketers to countries where aT has a branch so that they can experience trade on the ground, including overseas market development, information search and exhibitions. Also, aT offers a chance for them to work as field agents in local special products trade consulting meetings like Geumsan ginseng trade exhibition in which foreign buyers participate, Korea Food Show and other domestic exhibitions in order to have them experienced in various fields of global agricultural product industry and let them design their own future.

## Development of talent specialized in local agricultural products

aT establishes a variety of networks to discover talented human resources from around the country. In addition to making MOUs with 13 key universities in each region, with purposes of fostering and discovering valuable human resources, it operates agricultural product industry experience programs and scholarship programs including YAFF, an agricultural product outernship program, in which 1,500 university students of 122 universities participate by themselves.

## Local community support

aT pays constant attention on neighbors of local communities around the Naju head office and Yangjae aT centers, and conducts social contribution programs such as foreign language teaching service for educationally alienated classes, photo-taking service for senior citizen living alone and assistance to families at risk, and for more effective support, it established a CSR network. After moving to the Gwangju-Jeonnam Innovation City, its efforts to support aged, multi-cultural, youth and patient families have never stopped. aT established a 'multilateral MOU for aT CSR support' with local council on social welfare, local universities and 3 welfare organizations of each beneficiary and as a result, the corporation received an appreciation plaque from local welfare organizations in Jeonnam and Secho-gu. aT will make more efforts to develop local communities through these networks. Meanwhile, aT opened a book café named 'Hello aT' at the square between the Yangjae Citizen's Forest Station and the aT Center underground tunnel to offer a resting place for every customer and citizen. Agriculture books, periodicals and many materials were displayed at the café to help people understand agricultural products. A variety of culture events are planned for local residents so that the café has become a cultural place where people can read, meet and communicate.

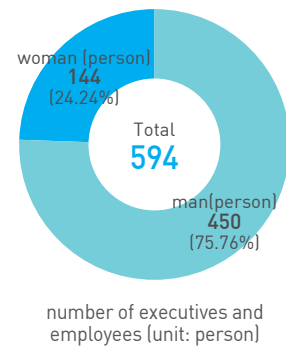
## CSV creation with its unique capacity

Managing the supply/demand of agricultural products, one of aT's main business capacities, is to control the production and supply of agricultural products to secure the prices of products at a reasonable level as well as encouraging customers to purchase Korean agricultural products. In the course of performing this job, agricultural products restricted to market are occurred to prevent an excessive supply and to protect farming households. aT donates such stockpiled agricultural products and Kimchi to underprivileged families across the country. While performing its own capacity in managing supply/demand, it helps farming households and poor families at the same time. In 2014, such efforts were acknowledged with an award from the Ministry of Health and Welfare as well as the appointment as a best organization in the 'Food Bank' category by national social welfare resource sharing contest. In addition to the donation of stockpiled agricultural products produced by excessive production, business-specific CSV activities will be expanded.

## Support for farming and fishing communities

aT acquired a certification of 'farming and fishing community contribution company' by the Ministry of Agriculture, Food and Rural Affairs in virtue of continuous support for farming and fishing communities which are a foundation of agricultural product industry. To facilitate and promote the consumptions of good agricultural products, it established a food cooperative within the company, where joint purchasing of agricultural products is made regularly. Also employees help farming villages when natural disasters occur or during busy farming season. In result, the Next Society CSR Summit evaluated aT as the most excellent company that performs socially responsible management among other public organizations. aT will endeavor to practice sincere sharing spirit and become the 'aT growing with local communities' with an open mind and warm heart.

## Talent Management



### Open recruiting and ideal talent types

The ideal talent who leads the future of agro-fisheries product industry with aT is defined as '3Ps(Professional, Passion, Partnership) and this is standards aT considers when hiring employees who could achieve the mission and vision of the corporation. The 3Ps is an acronym for Professional, Passion and Partnership, standing for a professional employee learning expertise and technology and achieving results in a creative way, a challenging employee dealing with a new environment actively and attaining a goal with positive thinking and passionate attitude, and a communicative employee thinking from customers' perspective and realizing customer surprise through attentiveness and cooperation. Especially, in 2014, aT executed an open recruiting process by rejecting the document-screening process that selects applicants based on school records and language test scores, and allowed more applicants to be subject to a writing examination in order to hire challenging, communicative and specialized talent. aT prohibits any discrimination against gender, age, religion, academic ability, physical disability and region, and abides by the Labor Standard Act, rule of employment and ILO's forced labor prohibition regulations, and also strictly bans forced labor and child labor.

Furthermore, aT makes a lot of efforts to secure socially fair employment for the disadvantaged in the society by hiring 52.4 % of local applicants, 3 disabled applicants and 2 war veterans. As part of providing an opportunity to develop careers, it added a job position of flowering plants auction assistant available for high school graduates. aT established MOUs with local universities from an academic-industrial cooperation's perspective so as to nurture future talent, laying a foundation for capacity building in terms of job creation. To encourage the business activity of career disrupted women, aT seeking female employees to promote gender equality did hire two regular employees working flextime for the first time.

#### Experts (Professional)

- Person who has expertise and technical capability required in work
- Person who achieves progress by utilizing related expertise and technology in a creative way

#### Challenging talent (Passion)

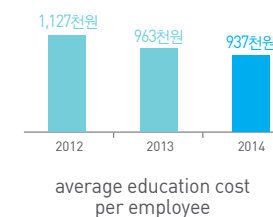
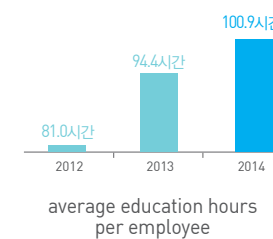
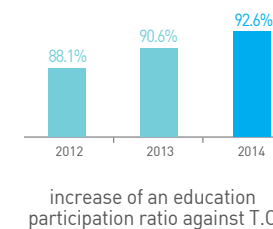
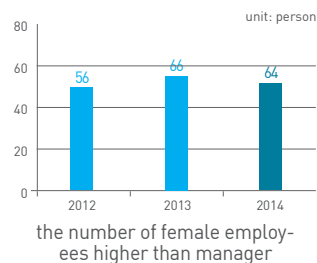
- Person who attains a goal passionately with a sense of ownership
- Person who predicts and identifies changes of environment and deals with work actively

#### Communicative talent (Partner)

- Person who has a clear understanding on internal and external customers' requirement and processes them rapidly and accurately
- Person who improves the corporate image with a customer-surprising attitude that places customers first

### Open recruiting status (unit: persons)

Type	2012	2013	2014
Total number of persons employed	41	43	42
Female	23	22	17
The disabled	0	1	3
Persons majored in science & engineering	9	7	5
Persons from non-capital areas	15	21	22
Persons from the new HQ region	0	0	4
High school graduates	8	9	6

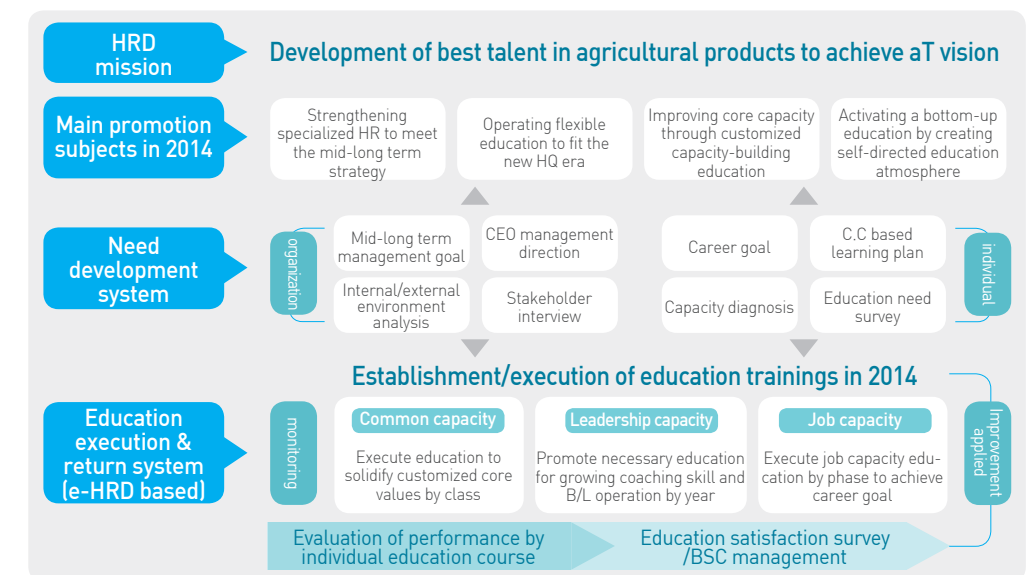


### Enhancing capacity by nurturing human resource

According to the human resource development system, aT deploys systemized talent nurturing activities based on the capacity and needs of executives and employees. After deciding main contents and key directions of the talent education based on four types of capacity such as basic capacity, leadership capacity, job capacity and global capacity, it designs 37 education courses. For stronger innovation capacity in each job title, which is required to foster next-generation leaders, it broadens the education target down to employees lower than senior managers including newly promoted employees, increasing the number of education participants from 51 in 2013 to 149 including employees higher than assistants in 2014.

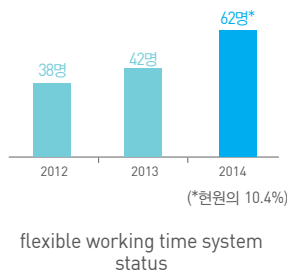
In particular, to secure educational effectiveness that copes with changes of managerial environment, aT pursues to foster human resources in terms of moving to the local area and extend overseas business. Compared to before moving to the local area, the budget of cyber education has increased from KRW 16 million in 2013 to KRW 49 million in 2014, and aT newly created degree courses (Master, MBA) in the cyber graduate school to support employees to develop themselves. Also, for faster settling down in the newly moved region, specialized education programs with five categories like healing, culture, art are provided and 213 employees are participated in the program. Meanwhile aT increases the number of employees in charge of foreign language education to secure more global human resources required to extend overseas business.

### aT human resource development system



### Fair evaluation

aT performs fair and transparent personnel management based on capacity and performance. 71 managers participated in the education courses to build coaching and evaluating skills at a managerial level, and the C.C (individual performance management) results based on MBO is applied to increase the fairness of evaluation system. Also, with the purposes of facilitating changes in leadership, job capability and working attitude of employees, and motivating them, multi-dimensional evaluation(once in a year) is performed to all executives and employees and used for the evaluation data as references. In addition, aT has a system that allows employees to exert maximum capacity and creates organizational performance, like an open job position contest based on performance and capacity for a head of department or higher.



## Realizing sound organization culture

### Balance of work and life

aT supports employees to strike a balance between work and life through family-friendly management. For better child-caring conditions and lower daycare burden, it operates a daycare center within the new company building and allows pregnant employees at the early and last stage to reduce the working time by 2 hours. The corporate established a policy about alternative worker employment for employees who take child care leave so that it is possible to create an organization culture where maternity leave and baby break are encouraged. Especially, aT has various flexible working systems that enable employees to keep the balance between private life including child care, family care and self-development, and work in a harmonized way. As a result of introducing the new working time selection system (12 employees), the remote working system and encouraging the flexible working system, the rate of employees with flexible working system increased by 47.6% year on year. And it decided every Wednesday as a family day so that all employees are required to leave the office on time. And the company turns off all of lights at 7 every day to avoid unnecessary overtime working. Additionally, aT provides family-friendly education programs that fully utilize the feature of agriculture such as farming experience to give chances to employees' family to know more about farming and fishing communities.



company and labor partnership boosting workshop

### Spread of reasonable management-labor culture

aT's labor union, established in 1989 has never been on strike for 26 years, becoming an exemplary case in the management and labor relationship. For building a reasonable and appropriate management and labor relation, the company, under the law and principles, builds the 4 principles in terms of management and labor relations such as improvement of unreasonable practices between management and labor, acknowledgment of justifiable labor union activities, preemptive management of management and labor relationship and establishment of management and labor culture with coexistence and communication. Along with the managerial philosophy that put the top priority on communications about every issue between leaders of each side, aT runs diverse communication channels to build common grounds, for example, management and labor partnership boosting workshop, one-minded workshop, the executives of company and labor PISA workshop and commission of the executives of company and labor. Moreover, it enhances the management capacity of company and labor relationship by using internal and external experts including labor advisory attorney and internal labor attorney. In result, aT was selected as a 'company with excellent company and labor culture' by the Ministry of Employment and Labor in 2014 with the working place innovation award in 2013.

### Labor union members status(unit: person)

Type	2012	2013	2014
Total employees	574	590	594
Labor union membership available employees	451	471	474
Labor union members	451	471	474

### Health and safety management

For mental and physical stability of employees and accident prevention, aT operates a variety of support programs including the Employment Assistance Program(EAP) that provides customized psychological consulting programs and stress-relieving classes as well as systemized health care programs(metabolic syndrome care), and also built a fitness center in the company to keep employees healthy. aT decides a safety check day to accomplish a safe work place. During this event, the company encourages workers to check on safety of vulnerable facilities and gives instructions applied on holidays and by season. In particular, it made 'emergency response plan (aT center)' in 2014 to prevent negligent accidents.

# Environment Management



honest food life experiencing zone

## Green dining table with eco-friendly agricultural products

### Eco-friendly agricultural products?

Agricultural products grown with a minimum or none of synthetic chemical substances like pesticides, chemical fertilizers and feed additives to preserve environment and supply safe agricultural products.

### Green(honest) food life Environment, health and thoughtful food life

Food life that appreciates environment and cares others by reducing energy and resource consumption(environment)from production to consumption, practicing nutritionally excellent Korean style food life as well as experiencing a variety types of food life.

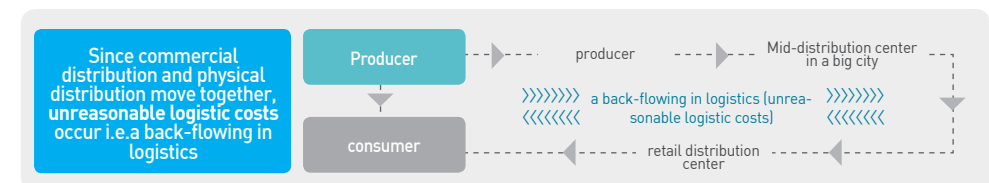
By supporting the establishment of sales stores that connect the production and consumption of eco-friendly agricultural products, aT contributes the extension of sales channels and the price stability of eco-friendly agricultural products. Also, it funds lease deposits, facility costs and other expenses of eco-friendly agricultural products sales stores in order to relieve the financial burdens of companies and organizations hoping to run such sales stores. And to raise the awareness about honest food life among people, aT provides more opportunities to experience the honest food life and supports the education and training of honest food life involving environment, health and caring. For this, it produced documentary films (Docuprime of MBC, Secrets of life, aging, disease and death of KBS etc) aired in public TVs, issued special articles on green food life in major daily newspapers, operated "food life experiencing booth" in exhibitions for child, youth and food and supported academic and civil symposiums about food life with a purpose of spreading the honest food life.

### Minimization of environmental impacts through cyber exchange

The logistic cost of agricultural products includes basic costs of transportation, delivery, storage, selection, package and loading/unloading and support costs spent for information and standardization. In case that a product loss cost occurred during distribution is included, the logistic cost of agricultural products going through a wholesale market accounts for 29.8% of the distribution cost so even if the special features of agricultural products are considered, the rate is too high compared to that of general commodities of around 12%. However, if the cyber exchange of agro-fisheries products is used, since physical distribution and commercial distribution are separated, a back-flowing in logistics like transportation between wholesale markets is reduced so that the efficiency in the process of wholesale market covering loading/unloading, transportation and delivery will be upgraded. In result, the logistics cost can be lowered and a food mileage(move distance) can be shortened so that 4.1% of the cost will be saved. (based on B2B, cyber exchange operation diagnosis& future strategy building service/Agro food Marketing & Management institute, 2012)

### Environmental cost reduction in 2014

type	value	unit	remarks
Reduced amount of logistic cost	13,989,000,000	KRW	Based on B2B, KRW 341.2 billion, 2014
Diesel purchasing cost	4,756,000,000	KRW	34%
Diesel consumption amount	2,882,424	Liter	KRW 1650/L(avg), 2014
Vehicle travel distance	34,595,088	km	12km/L
Reduced amount of environmental cost	69,190,176	KRW	KRW2/km





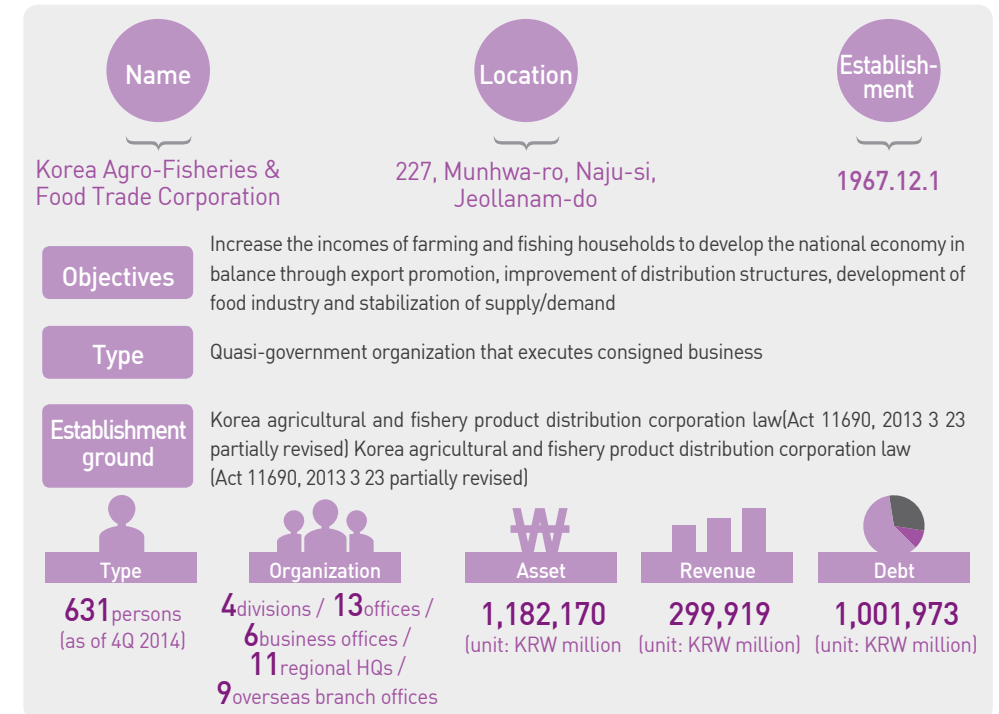


# Operation & Achievement

## Corporation introduction

### Introduction

With a vision of becoming a reliable public organization specialized in global agro-fisheries product industry, aT opens a new era of 20 billion exports in agro-fisheries products to grow agro-fisheries products for human, nature and future.



### Organization chart





## Corporate governance

### Composition of Board of directors

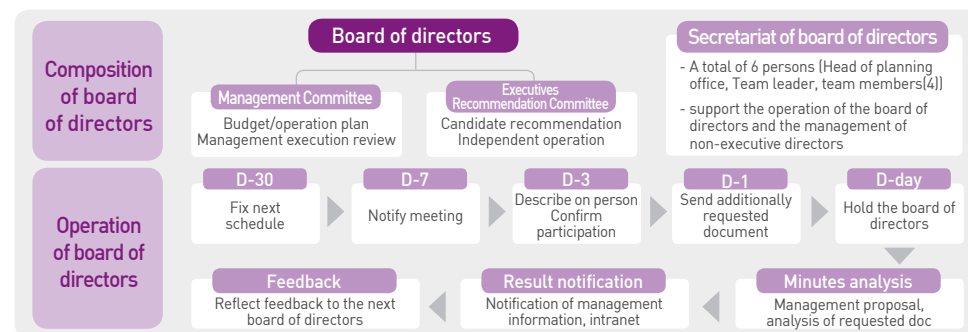
A board of directors is, as a top decision-making organization, in charge of supervising decisions and management affairs about key strategies and policies in economic, environmental and social issues. The board of directors consisting of 4 executive directors and 5 non-executive directors selects experts depending on features of the organization along with a female non-executive director to pursue balanced development.

(As of 2014 12)

type	name	role	career	Gender
Executive directors	Kim Jae-soo	President (chairperson)	President of Rural Development Administration, 1st Vice-Minister of Agriculture and Fisheries and Food	M
	Kim Jin-young	Vice president (planning director)	Regional director of Tokyo aT Center, Head of food industry office	M
	Kim Dong-ryul	Director of distribution	Co-chairman of national movement headquarter for Korean agriculture protection, member of Gangwon provincial assembly	M
	Yu Chung-sik	Director of food export	Head of planning office, director of new growth business center	M
Non-executive directors	Jang Jung-ok	Education & international agriculture	Chairwoman of Korea women farmer association, vice-chairwoman of Asia farmers' associate	F
	Jung Jong-soo	Agro-management & agricultural field adm	Representative of Korea Chamrice corp.	M
	Moon Jin-young	Promotion of policy business	Vice director of MBC, head of policy practice committee of Gangnam-gu office	M
	Kang Sang-jo	Agriculture policy & management strategy	Director of R&D policy bureau of Rural Development Administration, director of National institute of Highland Agriculture	M
	Park Cheol-soo	Agriculture policy & Agri-Fisheries product distribution	Director of consumption safety policy office of Ministry of Agriculture, Fisheries and Food Head of fisheries policy office of Ministry of Agriculture, Fisheries and Food	M

### Operation of board of directors

aT has two subcommittees of 'Management Committee' that advises on corporate management as a whole and 'Executives Recommendation Committee' that recommends candidates of the executives with an intention to improve the efficiency of decision-making. It has a flexible operation method like a 'paper-based meeting' to progress agendas quickly and also draws up performances on key issues by conducting policy debate. For in-depth experiencing in the business site, the board of directors is operated in the field to understand the agricultural food industry in a better way as well as seeking a direction of the development.



### Operation performance by the board of directors in 2014

type	unit	2012	2013	2014
number of meetings of the board of directors	Times	12	12	15
Number of proposed agendas (resolutions)	Cases	48 (19)	44 (18)	42(24)
Participation rate	%	75.0	91.7	85.8
Share of remarks by non-executive directors	%	97.2	97.2	77.7

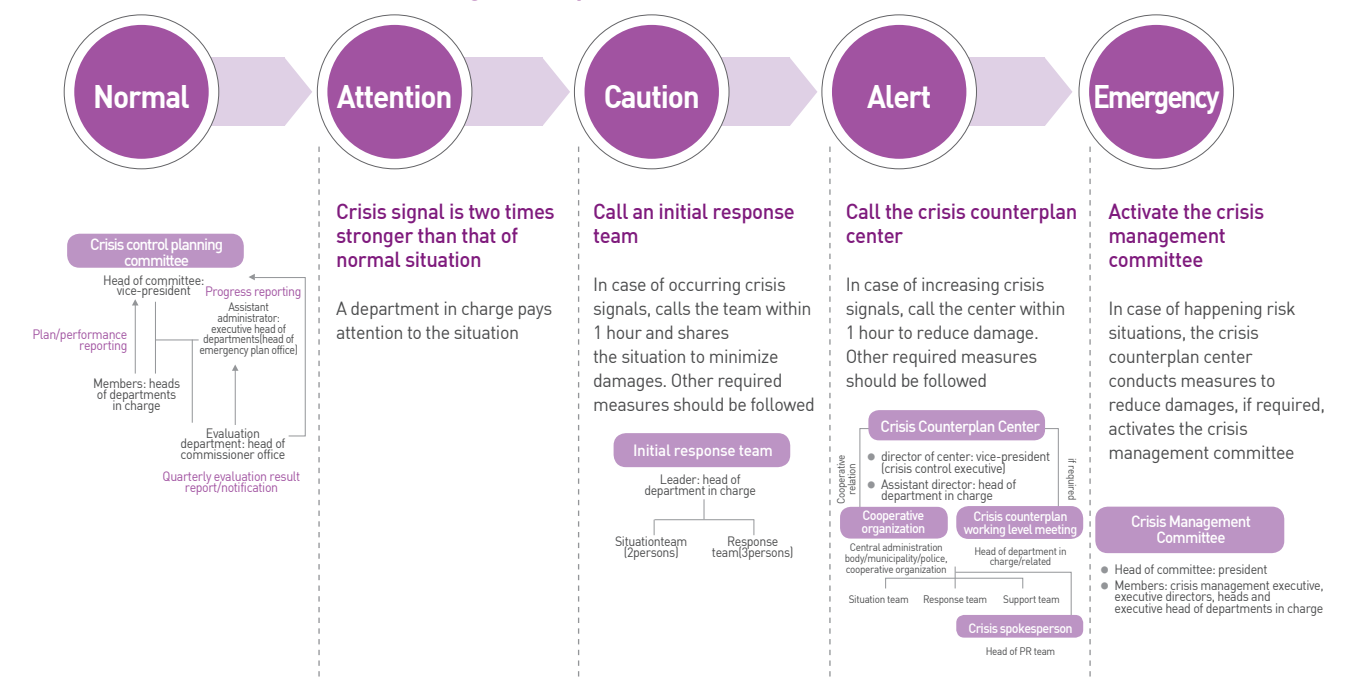
## Risk management

Based on risk management guidelines, aT selects types of possible crisis related to the corporate business to prevent risks, and defines responsibilities, roles as well as measures to be taken by the company in case of any risky situations so as to respond it systemically and rapidly with a minimum damages. Ultimately it contributes to stabilize the people's livelihood and increases the incomes of farming households through the stabilization of supply/demand, prices of agricultural products and the export support businesses.

### Risk factors classification and responses

type		type	
Management crisis	Credit crisis	Disaster crisis	Negative press report
	Financial liquidity crisis		Farmers' strike on imported rice
	Management environmental change crisis	Conflicts with business stakeholders	Auction rejection by brokers/wholesalers
	Import crisis		Freight labor union/cargo labor union federation
	Export crisis		
Disaster crisis	Damage by storm, flood and heavy snow		
	Terror attack on exhibition		
	Kidnap of foreign employees		
	Cyber-attack and IT failure		

### Risk management process





# Financial performance

## Consolidated financial statement

UNIT: KRW MILLION

Type	2014	2013
Current asset	574,960	804,111
Noncurrent asset	607,210	531,725
Total asset	1,182,170	1,335,836
Current liabilities	620,343	685,691
Noncurrent liabilities	381,630	421,032
Total liabilities	1,001,973	1,106,723
Capital	68,338	130,440
Earned surplus	110,879	97,501
accumulated other comprehensive income	980	1,153
Non-controlling interest		19
Total capital	180,197	229,113
Asset and liabilities in total	1,182,170	1,335,836

## Separate financial statement

UNIT: KRW MILLION

구 분	2014	2013
Current asset	573,404	793,707
Noncurrent asset	605,088	541,556
Total asset	1,178,492	1,335,263
Current liabilities	618,125	686,475
Noncurrent liabilities	380,180	417,487
Total liabilities	998,305	1,103,962
Capital	68,338	130,440
Earned surplus	112,437	101,428
accumulated other comprehensive income	-588	-567
Total capital	180,187	231,301
Asset and liabilities in total	1,178,492	1,335,263

## Consolidated profit and loss statement

UNIT: KRW MILLION

Type	2014	2013
Turnover	299,919	288,621
Cost of sales	275,976	262,385
Gross margin	23,943	26,236
Sales/Admin. expense	13,925	16,868
Operation profit	10,018	9,368
Non-operating profit	15,307	6,918
Non-operating expense	1,189	2,332
Income before income taxes	24,136	13,954
Corporate tax	4,906	4,232
Current net profit	19,230	9,722

## Separate profit and loss statement

UNIT: KRW MILLION

구 분	2014	2013
Turnover	299,610	288,405
Cost of sales	276,476	263,495
Gross margin	23,134	24,910
Sales/Admin. expense	12,702	13,925
Operation profit	10,432	10,985
Non-operating profit	14,108	6,606
Non-operating expense	2,789	1,703
Income before income taxes	21,751	15,888
Corporate tax	4,890	4,310
Current net profit	16,861	11,578

Appendix



## UNGC Advanced Level 23 Principles

Type	Principles	GRI G4 Index
1	Describe the discussion on the strategic aspect of global compact execution at the executives and board of directors' level	G4-1
2	Explain the decision-making procedure and governance system for corporate sustainability.	G4-34
3	Describe the participations of all important stakeholders.	G4-24 ~ G4-27
4	Describe the activities to support comprehensive UN objectives and issues	G4-15, G4-16
5	Describe a strong intention, strategy or policy on human rights	G4-11, G4-15, G4-16, HR4
6	Describe an effective management system to integrate the human right principles	
7	Describe an effective monitoring and evaluation mechanism for human rights	
8	Apply a standardized performance index(including GRI) about human rights	
9	Describe a strong intention, strategy or policy on labor issue	G4-10, LA1~LA3, LA9 ~ LA11, LA12
10	Describe an effective management system to integrate the laborprinciples	
11	Describe an effective monitoring and evaluation mechanism for the labor principles	
12	Apply a standardized performance index(including GRI) about labor	
13	Describe a strong intention, strategy or policy on environment management	EN3, EN6, EN15, EN16, EN19, EN22, EN23
14	Describe an effective management system to integrate environment management	
15	Describe an effective monitoring and evaluation mechanism for environment management	
16	Apply a standardized performance index about environment management	
17	Describe a strong intention, strategy or policy on anti-corruption	G4-56, S03 ~ S05
18	Describe an effective management system to integrate the anti-corruption principles	
19	Describe an effective monitoring and evaluation mechanism to integrate anti-corruption	
20	Apply a standardized performance index about anti-corruption	
21	Explain the execution of global compact principles within the value chain	G4-12
22	Provide the corporate profile and the information on operation environment	G4-3 ~ G4-16
23	Include the transparency at a high level and notification	G4-28 ~ G4-33