

# A SUSTAINABLE PORT FOR THE FUTURE

2014 BPA SUSTAINABILITY REPORT



# About the Report

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## Introduction

This report is the first Sustainability Report of Busan Port Authority (BPA) and presents its activities and performance in environmental and social aspects as well as the economic progress which has been witnessed in the process of developing Busan Port into a hub port in Northeast Asia, since its establishment in 2004. It was also written to disseminate information in a transparent manner of our commitments to enhancing sustainability management to evolve into the 'National Enterprise Creating Global Hub Port.' Our sustainability report will be regularly published in Korean and English, registered on GRI and UNGC, and shared with domestic and foreign stakeholders through our website.

## Reporting Principles

This report was prepared in accordance with the Comprehensive level of the GRI (Global Reporting Initiative) G4 guideline and with reference to ISO 26000 and UN Global Compact. Financial data were drawn up based on the IFRS (International Financial Reporting Standards).

## Verification

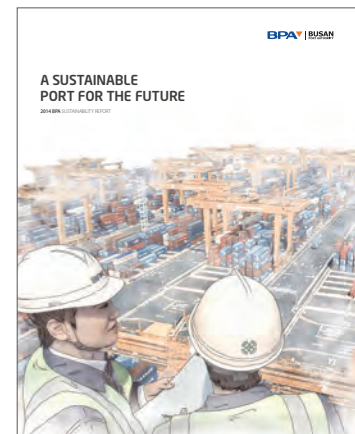
To ensure its reliability and accuracy, this report was audited by a third party on the basis of AA1000AS (2008). The third party verified our reporting process and contents fulfilling the Comprehensive level of the GRI G4 guideline. The Assurance Report can be found on pages 70~71.

## Reporting Period and Scope

The coverage of this report is from January 1 through December 31, 2014, while key performance data are also provided for each of the last three years for the purpose of comparison. The reporting scope covers the Headquarters, Gamcheon Office, Busan New Port Office, and Seoul Office in all economic, social, and environmental aspects. Data such as cargo volume and trans-shipment rate are disclosed by gathering the performance of each Busan Port operator which BPA leases and manages. This report also includes key environmental activities and performance with respect to eco-friendly transportation, new and renewable energy, and waste control in the ports as part of the Green Port strategy.

## Inquiries on This Report

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## Design Concept

The picture on the cover showing employees wearing safety helmets and working at the site, implies that Busan Port is full of vitality and ensures occupational safety.

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32p

Enhancing Competitiveness as a Global Hub Port



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Creating Future Growth Engines



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Building a Green Port



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Strengthening Port Safety Management System



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Improving Customer Satisfaction



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Creating Employee Value



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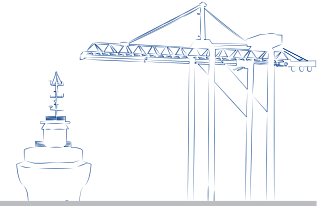
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# CEO Message

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## Dear Stakeholders,

I am pleased to introduce various sustainable management activities of Busan Port Authority (BPA) by publishing the first Sustainability Report.

Since its founding in 2004, BPA has played a pivotal role in developing, managing, and operating Busan Port to make it into one of the world's best hub ports. BPA has contributed to developing the national economy and strived to provide customers with the best-quality services by carrying out major projects such as the construction of Busan New Port and redevelopment of North Port.

As the global shipping industry has faced various challenges such as the appearance of new carriers, enlargement of vessels, and intensified competition among major ports, BPA has proactively taken appropriate measures such as establishing marketing strategies for each alliance, opening a representative office in Europe, and conducting customized marketing activities for each shipping company. Thanks to these ceaseless efforts, BPA has achieved surplus net income for 11 consecutive years, being placed as the 6th largest port in terms of cargo volume by handling 18.68 million containers in 2014. BPA is the 3rd largest port, handling 942 cargo transshipments, which demonstrates our global competitiveness in the shipping industry.

BPA was selected as the best public corporation in improving slack management by significantly reforming welfare and benefit schemes. In addition, we were recognized as the best public corporation in the assessment for comprehensive integrity by the Anti-Corruption and Civil Rights Commission for two consecutive years. This performance has allowed us to gain solid trust of people. Moreover, we have not only reinforced fairness and transparency in transactions through improving relevant systems but achieved shared growth by promoting cooperation with business partners, supporting their sales channel expansion, and upgrading business environment.

As part of the strategies for transforming Busan Port into a green port, BPA has carried out the E-RTGC project since 2007, changing the energy source of tire-type yard cranes (RTGC) from diesel to electricity, with the aim of reducing the amount of pollutants discharged in the process of cargo handling. Furthermore, BPA started test operation to replace the energy source of yard tractors from diesel to LNG in order to make Busan Port environmentally friendly.

With the introduction of the Environmental Ship Index (ESI), BPA induces voluntary participation of shipping companies by reducing port entry and departure fees based on eco-friendly index of vessels entering Busan Port. Other environmental achievements include obtaining certification of eco-friendly buildings for the International Passenger Terminal and recycling waste in the process of port construction.

In the aspect of social activities, BPA launched a social contribution brand 'Happy Ocean' to raise public awareness of its social contribution activities and conducted various activities suitable for its characteristics such as the Marine Sports Experience Camp for the Youth, Busan Port Love event, and Integrated Safety Experience event for the Youth. Through these extensive efforts, BPA has won the 'Grand Prize for Education Contribution in Korea' from the Ministry of Education and the 'Mecenat Tower' award from the Busan Metropolitan City for three consecutive years, and has been highly recognized for its excellence in social contribution activities.

With the aim of achieving a qualitative growth to generate added value, BPA will leap forward and become a prestigious port by realizing the 'Busan Port Vision 2030.' This vision includes solidifying its status as the world's 3rd largest transshipment port by increasing the proportion of transshipment up to 60% and generating regional economic impact worth KRW 7.7 trillion by nurturing various kinds of port businesses. On the pursuit of its new vision, BPA will reinforce its social responsibility in various sectors, not only in social contribution, but also in integrity, ethical management, port safety, and shared growth by solidifying its leading role as a public corporation.

To maintain its status as a global hub port, BPA will not only overcome the challenge environment but also share higher value with its stakeholders by continuously carrying out innovation.

CEO **Lim Ki-tack**

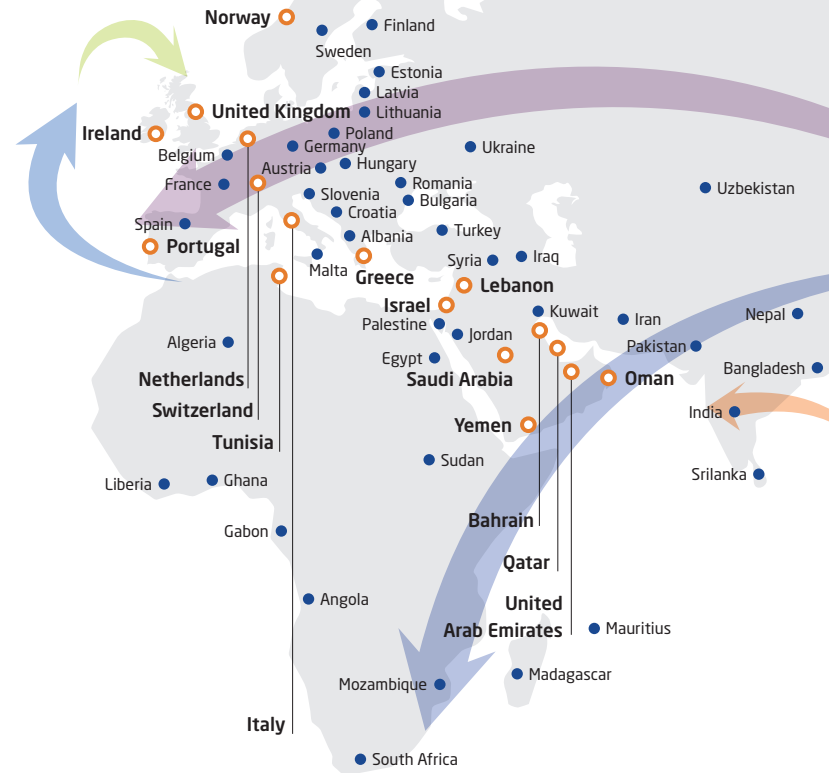
A stylized, handwritten signature in blue ink, likely belonging to Lim Ki-tack, the CEO of BPA.

# Corporate Profile

## About BPA

Established as Korea's first public corporation engaged in port business in 2004, Busan Port Authority (BPA) has been making a concerted effort to place Busan Port in the ranks of the world's most prestigious and remarkable ports. As the 6th largest container port in the world by volume handled and largest transshipment port in Northeast Asia, Busan Port is located at the heart of main shipping routes and handles more than 18 million TEUs per year. It also connects with 500 ports in 100 countries.

In 2014, Busan Port handled a total of 18.68 million TEU, of which transshipment and trade cargoes accounted for 9.42 million TEU and 9.25 million TEU, respectively. 2014 was the first year the amount of transshipment cargo exceeded export and import cargo for the first time in Busan Port. In 2015, BPA has set an ambitious goal to open a new era and evolve into one of the best container ports by handling over 10 million TEU and achieving added value of KRW 1.2 trillion in transshipment for the first time since the opening of Busan Port.



## Summarized information

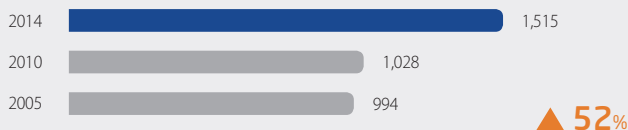
(As of December 31, 2014)

<b>Company name</b>	Busan Port Authority (BPA)	<b>CEO</b>	LIM Ki-tack
<b>Headquarters</b>	Hanjin Shipping Bldg., Jungang-dong 4ga, 46, Chungjang-daero 9beon-gil, Jung-gu, Busan, Korea	<b>History</b>	<ul style="list-style-type: none"> <li>• May 29, 2003: Port Authority Act established (law No.06918)</li> <li>• Jan. 16, 2004: Busan Port Authority founded</li> </ul>
<b>Background of the foundation</b>	Port Authority Act (Law No.06918)	<b>No. of employees</b>	176 persons
<b>Major role</b>	<ul style="list-style-type: none"> <li>• Development of port facilities and port operation</li> <li>• Development, operation, and management of the integrated logistics terminal</li> <li>• Development, operation, and management of distriparks</li> <li>• Development, operation, and management of overseas ports</li> <li>• Operation of projects delegated by the Central and Local Government</li> </ul>	<b>Paid-in capital</b>	KRW 3,297.6 billion, contribution in kind by the government (port facilities)
		<b>Sales</b>	KRW 340.9 billion
		<b>Credit rating</b>	AAA

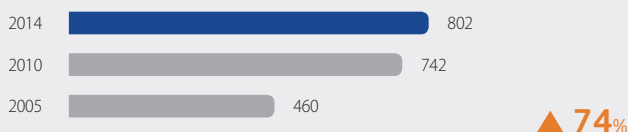
## Cargo volume trend

(Unit: thousand TEU)

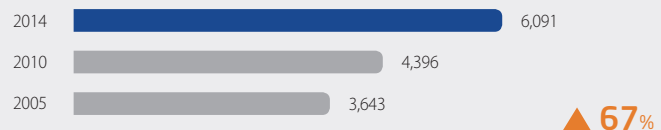
### Europe



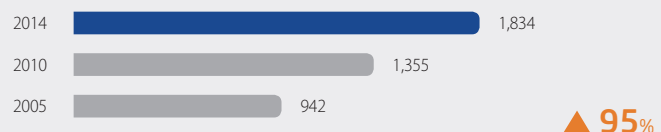
### Middle East

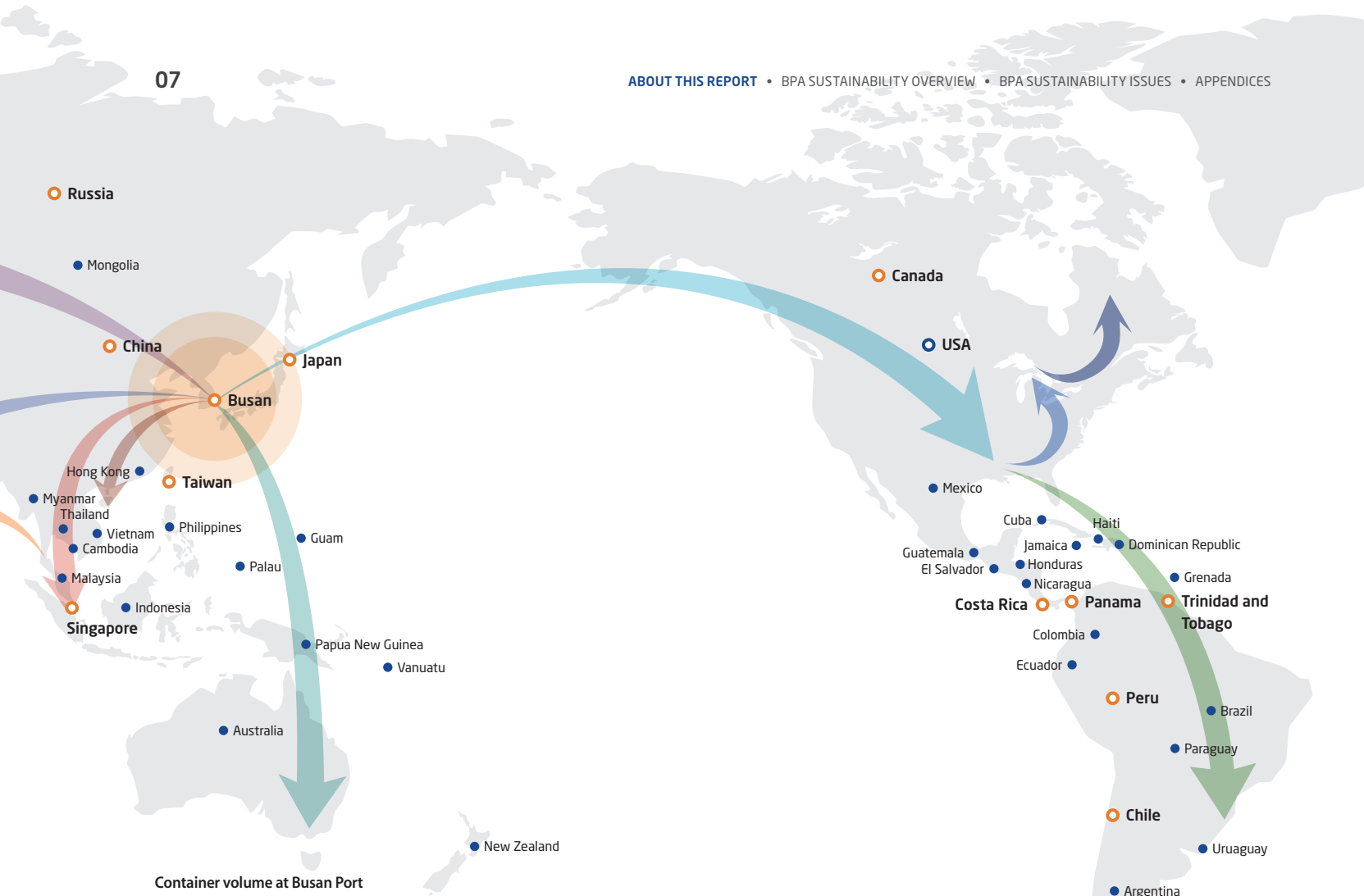


### Far East Asia

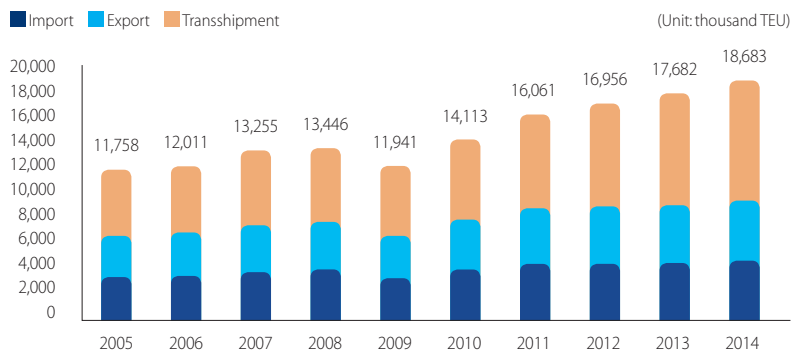


### Southeast Asia





Container volume at Busan Port



\* Excluding coastal transport

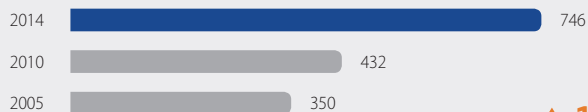
(Unit: thousand TEU)

## Oceania



▲ 38%

## Central America



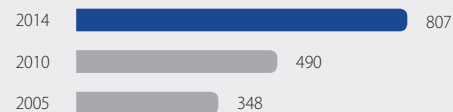
▲ 113%

## North America



▲ 18%

## South America



▲ 131%



## Main Businesses

Our major businesses include the construction, redevelopment, and operation of ports, and invigoration of cruise and marine industry. In particular, BPA is making its best efforts for the New Port development project and North Port redevelopment project as Korea's first port redevelopment. By conducting various major projects, BPA will solidify its status as a hub in logistics and marine tourism in Northeast Asia for future and contribute to the development of national economy.



### Invite containers



As the world's 6th largest container port and 3rd largest port for handling transshipment cargo, Busan Port is an advanced global hub port that deals with more than 18 million TEU per year and accommodates mega-sized vessels of more than 10,000 TEU class. In order to attract more cargoes to Busan Port and outperform initial goals, BPA conducts strategic and differentiated marketing activities to attract more cargoes such as incentive scheme for valuable customers and tailored marketing for global shipping companies. In addition, the corporation strives to develop and attract promising companies to reside at Busan New Port Distripark to increase cargo handling.

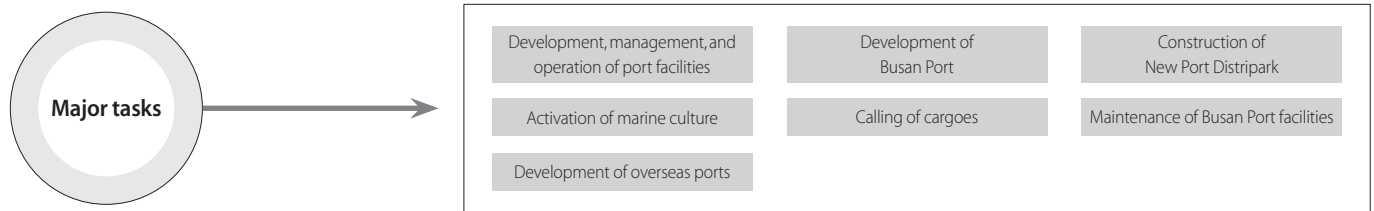


### Port operation



BPA has been implementing various port operation businesses to strengthen the competitiveness of Busan Port as a global hub port. We have integrated port operators and rationalized port charges to help reestablish the function of Busan Port and improved user-centered service quality, which has increased the efficiency of port operation. Furthermore, BPA has continuously enhanced the logistics flow and port infrastructure to raise productivity and made various efforts to operate Busan Port as a safe port without accidents by reestablishing the safety management system and setting up a safety system to prevent safety accidents.





## Construction and redevelopment of ports



BPA has been carrying out the Busan New Port project which is scheduled to be completed by 2020. The corporation has intensified its efforts to expand facilities to nurture Busan Port as a hub port with capacity to accommodate mega-sized vessels. Through the North Port redevelopment project, BPA has strived to transform the old port into a center for international marine tourism and business. BPA believes these projects will raise the competitiveness of Busan Port and vitalize the national and local economy.



## Vitalization of cruise and marine industry



BPA has made extensive efforts to reinforce the cruise brand of Busan, such as attracting cruise vessels and holding international cruise conferences in Busan. BPA will develop Busan Port as a hub for future marine industry by providing its citizens with opportunities to participate in marine culture, operating various experience programs related to the ocean by inviting the world-best marina facilities.



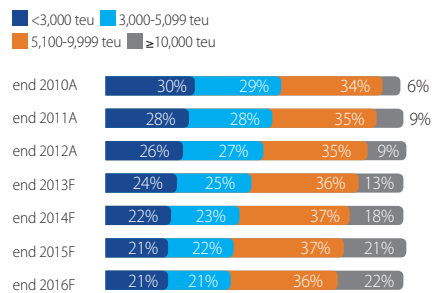
# Challenges and Opportunities

## Current trends in the global port industry

The port industry is currently experiencing a slowdown in the rate of cargo growth and intense competition due mainly to global economic recession and oversupply. This situation leads to a dumping in handling charges and deterioration of business conditions. Our competitors are focusing on expanding port infrastructures, building port facilities, and improving services to meet vessel enlargement. Meanwhile, global leading shipping companies have been organizing carrier alliances to reduce costs. Currently, four global leading alliances of 2M, O3, G6, and CKYHE in which 16 out of 20 world's largest shipping companies are attending are leading the industry. These alliances account for around 80% of capacity and exert a significant impact on the international port industry. In addition, many global shipping companies have introduced mega-sized vessels to improve efficiency. While the largest-sized vessel was 4,000 TEU in the mid-1900s, 20,000 TEU vessels, which are five times bigger than previous models, are currently being ordered. According to analysis regarding the trend in super-sized containerships, it is expected that the number of vessels exceeding 10,000 TEU will increase to 355 by 2016, which will represent 22% of the total capacity in the market.

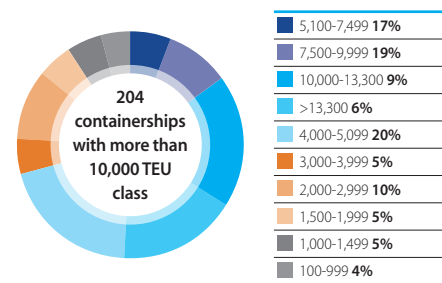
Proportion of mega sized containerships

(Unit: thousand TEU)

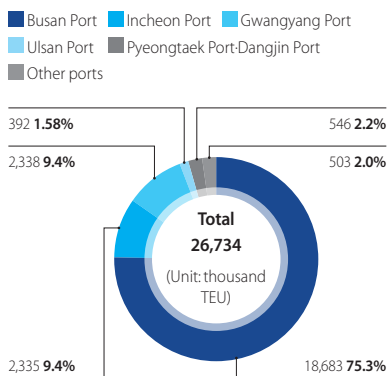


New orders for mega sized vessels

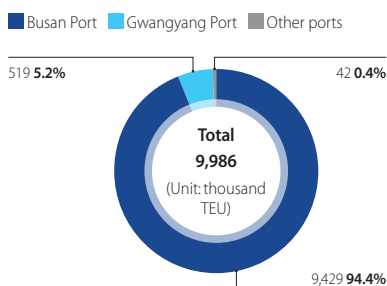
(As of Feb. 2014)



Handling container cargoes at major ports in Korea



Container transshipment at major ports in Korea

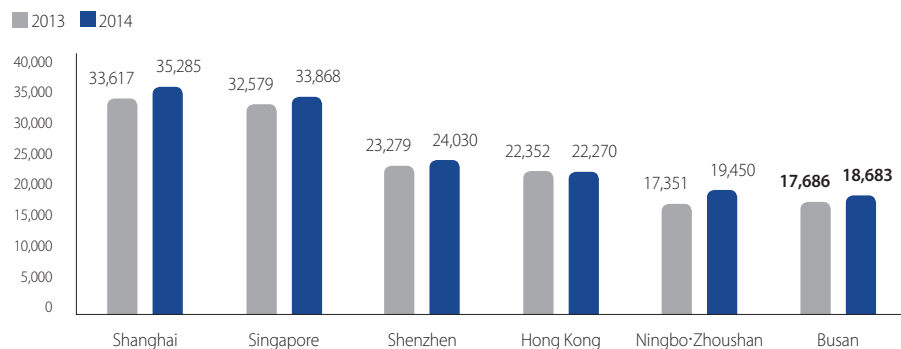


## Status of Busan Port and BPA's roles

Located at the center of the trade route in Northeast Asia, Busan Port has both geographical advantages and competitiveness in port infrastructure such as mild climate conditions, efficiently established logistics infrastructure, and vessel repair facilities. The ratio of transshipment cargoes to the entire handling volume at Busan Port has remarkably expanded, exceeding half of the total cargoes at Busan Port in 2014. To attract transshipment more proactively, BPA preemptively carries out customized marketing activities for the carrier alliances as well as establishing a local branch office in Europe.

Handling container cargoes at world's top 6 ports





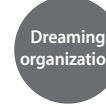

(Unit: thousand TEU)



# Vision and Strategy

## VISION 2030

In commemoration of its 10th anniversary, BPA declared the 'Busan Port VISION 2030' for setting a new goal for Busan Port, and pledged to become a 'National Corporation to Create a Global Hub Port.' VISION 2030 contains four strategies; strengthening competitiveness as a hub port in Northeast Asia, creating new growth engines, improving customer service through mutual cooperation, and building an innovative management system. These strategies are being promoted through 14 detailed strategic tasks.

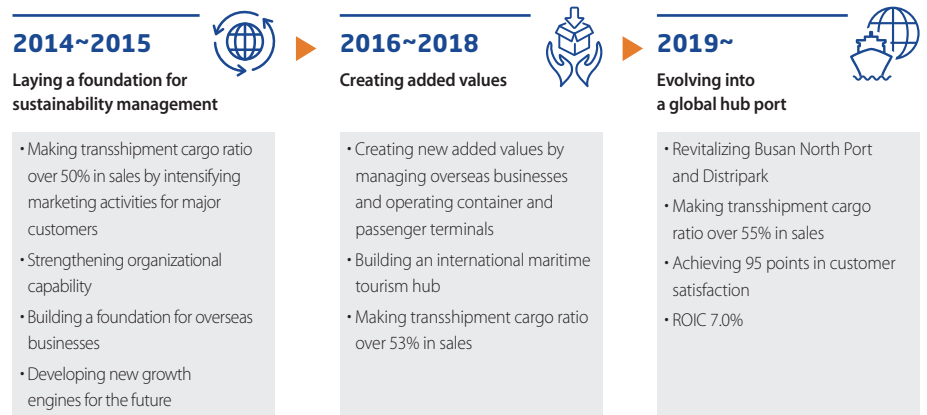
Mission	Contributing to the national economic development through cultivating a competitive hub port of the shipping logistics industry by enhancing professionalism and efficiency in developing, managing, and operating port facilities			
Vision	A national corporation to create a global hub port			
Management goal	Proportion of transshipment 60%	Ripple effect on the economy KRW 7.7 trillion	Customer satisfaction Over 95 points	ROIC 7.0%
Shared value	<b>Core value</b>  Challenge  Creation  Cooperation		<b>CEO's management principle</b>  Integrous organization  Dreaming organization  Professional organization	
4 strategic directions	Enhancing competitiveness as a global hub port	Creating new growth engines	Improving customer service through mutual cooperation	Building a creative management system
14 strategic tasks	<ul style="list-style-type: none"> <li>Enhancing global marketing activities to increase port demands</li> <li>Expanding port infrastructure in time to secure competitiveness</li> <li>Upgrading port operation efficiency</li> <li>Invigorating distripark</li> </ul>	<ul style="list-style-type: none"> <li>Expanding business domain for sustainable growth</li> <li>Rebuilding old port facilities</li> <li>Establishing an ecosystem of the port industry</li> </ul>	<ul style="list-style-type: none"> <li>Realizing the Green &amp; Safety Port strategy</li> <li>Strengthening customer service through platforms</li> <li>Gaining public sympathy</li> <li>Reforming our public image</li> </ul>	<ul style="list-style-type: none"> <li>Securing financial soundness</li> <li>Building a future-oriented organizational culture</li> <li>Establishing an advanced management system</li> </ul>

## BPA's mid to long term plans

### Busan Port in 2030

<b>North Port</b>
<ul style="list-style-type: none"> <li>Evolving into a multifunctional complex</li> <li>Becoming a maritime tour hub through redevelopment</li> </ul>
<b>New Port</b>
<ul style="list-style-type: none"> <li>Building a port centered on container cargo to offer comprehensive logistics services</li> <li>Completing the 3rd stage pier construction</li> <li>Securing a system to offer one-stop services including bunkering and vessel repair</li> </ul>

BPA intends to lay a foundation for sustainability management in the short run to build a global hub port and create new added values by managing overseas businesses and operating container and passenger terminals from 2016 through 2018.



Continuously creating added values in the port industry by securing competitiveness as a global hub port



# CSR Highlights in 2014

2014.01

## Declared a new vision in commemoration of the 10th anniversary

In commemoration of the 10th anniversary, BPA declared a new vision to become a 'National Corporation to Create a Global Hub Port' and pledged to build a prestigious global port.



2014.01

## Introduced ESI incentive scheme for the first time in Asia

BPA became the first port authority to start the ESI (Environmental Ship Index) incentive scheme in Asia. This scheme was prepared to give incentives such as port charge discount to business partners who reduce emissions of vessels through the improvement of engines, fuels, and technologies.



2014.01~12

## Painted the wall in Anchang Village for social contribution

BPA has conducted volunteer services to paint the wall in Anchang Village in Dong-gu, Busan, where elderly people and low-income families are living. The street was designated as the 'BPA Road' thanks to the big response from residents and we have been extending the scope of wall painting up to 100 meters.



2014.01~12

## Leaped forward to a global hub port for cruise vessels

Thanks to ceaseless efforts to foster Busan Port into a hub for international maritime tourism, BPA attracted all-time high cruise vessels, which were estimated to bring a total of KRW 149.7 billion worth of value to the local economy.

2014.02

## Integrated North Port operators and rationalized cargo handling

To rationalize the operation of outdated North Port, BPA laid the groundwork for reestablishment of its function through integrating Gamman pier (Dec. 2013), Sinseondae pier, and Uam pier. As a result, the number of North Port operators decreased and their price negotiation power increased.







2014.06~

### Recorded a new hit in cargo handling and KRW 1 trillion in revenue from transshipment

The proportion of transshipment cargo at Busan Port, which had been just 36.5% in 2001, has increased to 50.5% in 2014 and created KRW 1 trillion worth of revenue per year. Cargo handling at Busan Port amounted to 18.68 million TEU in 2014, a new yearly record in its history, and 150 million TEU on an accumulative basis.

2014.08

### Created and distributed a guide manual for safety

BPA created and distributed a guide manual for safety tailored to suit the characteristics of port business in order to establish a safety standard and raise port workers' awareness of safety. It also provided training programs to stir up safety consciousness and spread the guide manual with the aim of securing safe working environment at Busan Port.



2014.10

### Selected as an excellent model in normalizing public organizations

BPA was designated as the object of priority control for improving slack management of public corporations in 2013. It has completed the project through intensive innovation and reformation of welfare benefit system for the first time among public corporations. As a result, BPA was selected as an excellent model in improving slack management and won the Minister Prize from the Ministry of Strategy & Finance.



2014.11

### Hosted the 2nd Busan International Port Conference (BIPC)

In November 2014, BPA successfully hosted the 'Busan International Port Conference 2014,' in which more than 500 shipping and port officials participated. The conference was conducted in 3 sessions of port governance, port jobs supply, and port redevelopment under the theme of 'The Future of Port – Busan Port Creating the Future.'

2014.11

### Selected as the Great Work Place

BPA was selected as the Great Work Place by the Ministry of Trade, Industry and Energy for the first time among public corporations in Busan. It also won the grand prize at Korea's Top 100 Great Work Place Award hosted by the GWP Korea for two consecutive years.



2014.12

### Raised fund for shared growth

In December 2014, BPA signed an agreement to raise funds for shared growth with the Win-Win Cooperation Foundation in order to pursue shared growth with small and medium sized enterprises engaging in shipping and port businesses. The agreement requires raising KRW 600 million for shared growth for three years and KRW 160 million for the Industrial Innovation 3.0 for four years.

2014.12

### Won the grand prize in educational donation and the Mecenat Tower

As a leading public corporation in the shipping and port businesses, BPA has endeavored to introduce port business to adolescents, and executed educational donations for them. As a result of these efforts, the corporation won the grand prize at the 'Korean Educational Donation Award' hosted by the Ministry of Education and the Mecenat Tower from Busan Metropolitan City.

# BPA SUSTAINABILITY OVERVIEW

Busan Port Authority, established in January 2004 with the purpose of nurturing Busan Port into a logistics hub in Northeast Asia, has made a concerted effort to lay the foundation for transfiguring Busan Port to a prestigious global port for the last ten years. Our operating performance in 2014 increased sharply, backed by strengthening the power of execution based on our vision and strategies.

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- 24 Risk Management
- 26 Stakeholder Engagement
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# Sustainability Management Framework



## BPA's sustainability management strategy

BPA established the sustainability management strategy under the vision of leapfrogging into a global hub port operator by pursuing balanced growth in the aspects of economy, environment, and society. To achieve this, BPA manages goals and performance according to KPI in eight sectors of priority control.



### Strategic system for sustainability management



## Key CSR activities in 2014

Sustainability management at BPA is generally managed by the Shared Growth Team for systematic promotion. The Shared Growth Team is engaged in establishing sustainability management strategy, publishing the sustainability report, and other comprehensive duties. Meanwhile, individual performance in terms of employee management, customer management, social contribution, and shared growth are controlled by working-level staff of each sector. In addition, BPA operates the Shared Growth Committee, the Social Contribution Committee, and the Ethical Management Committee to make decisions and enhance the power of execution with respect to key CSR issues. In 2014, it held a workshop to help working-level staff of each department raise their understanding of sustainability management and present guidelines for preparing the sustainability report. In early 2015, a survey was conducted to figure out internal and external recognition on our sustainability management and key sustainability issues, which also contributed to communicating with stakeholders. BPA is planning to join the UN Global Compact in the near future and publish a sustainability report regularly.

## Strategic directions of sustainability management

Classification	KPI	Unit	2012	2013	2014	Targets for 2014	Achievement rate	Targets for 2015
Enhancing competitiveness as a global hub port	 Cargo volume at Busan Port	Million TEU	17.06	17.69	18.68	18.25	100%	19.60
	 Transshipment volume at Busan Port (Proportion of transshipment)	Million TEU	8.14	8.74	9.42	9.39	100%	10.10
		%	51.50	49.40	50.50	49.50		51.50
Creating new growth engines for the future	 North Port redevelopment project		Shore development	Site development	Site development	1st stage site 90%	100%	1st stage site 95%
	 No. of cruise vessel calls (foreign cruise vessel)	Vessels	70	99	110	108	100%	123
Building a green port	 ESI result		-	-	Average 37.42 (423 calls of eco-friendly vessels)	Over 31	100%	Over 31
	 LED supply rate	%	34	49	62	60	100%	65
Strengthening port safety management system	 Safety rate of port facilities	%	94.7	95.1	100	100	100%	100
	 Accident rate in construction	%	0.19	0.12	0	0	100%	0
Improving customer satisfaction	 Public-service Customer Satisfaction Index (PCSI)	Points	88 (good)	95.4 (excellent)	91.4	90	100%	92
Generating employee value	 Social equality in employment	Persons		3	8	7	100%	11
	 Education on ethics per capita	Hours	2.3	8.7	8.9	8.7	100%	9.0
Promoting strategic social contribution activities	 Participation in social contribution activities per capita (Company-wide social contribution)	Hours	5.6	12.3	17.4	17	100%	18.7
Expanding shared growth activities	 Satisfaction on shared growth	Points	80.8	86.5	-	Adopting 10% score difference between external survey result and PCSI	-	90

\* Satisfaction on shared growth will be released in 2015, thus included in the next year's sustainability report.



# Ethical Management



## Integrous Busan Port

As a leader in developing, managing, and operating Busan Port, BPA is committed to creating an integrous port without corruption.

## Vision and strategy for ethical management

BPA reorganized mid to long term strategies for ethical management in accordance with the government's requirements on proactive anticorruption and risk management policies and to reinforce internal control and checking functions. In the short term, BPA has focused on building ethical management system and ethical organization culture and, in the long term, it will continue to comply with global regulations and create the image as a global corporation which fulfills global business ethics.

### Mid to long term roadmap for ethical management

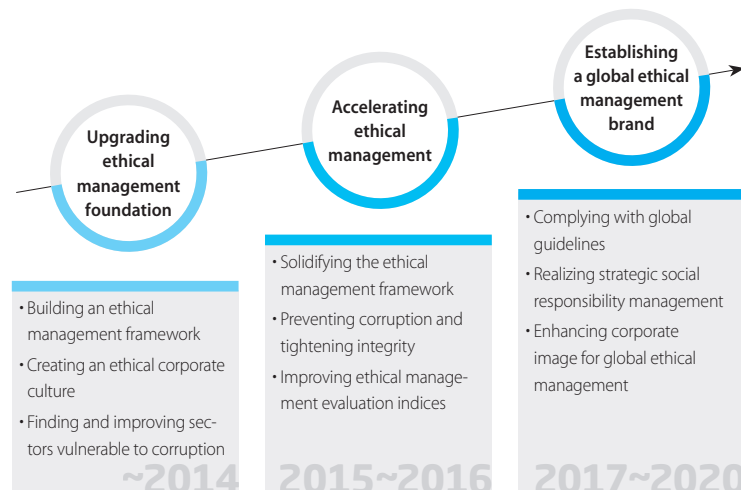
Ethical management vision

Integrous public corporation to create a global hub port

Ethical management goal

Leading a culture of integrity by fulfilling ethical management

Mid to long term strategies

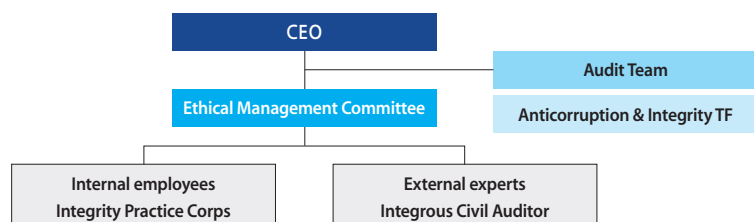


### Ethical Management Committee (responsible organization)

Classification	Major role	
Internal	Ethical Management Committee	• Decision-making on overall ethical management
	Anticorruption & Integrity TF	• Responsible for anticorruption and integrity relates works • Reinforcing professionalism and effectiveness
External	Integrous Civil Auditor	• Proposals from experts in each field

## Organization system

BPA operates Ethical Management Committee, Audit Team, Anticorruption & Integrity TF, and Integrity Practice Corps internally and Integrous Civil Auditor externally to manage and check its ethical management practices. Audit Team is responsible for setting up and promoting vision, goals, and strategies for ethical management, while Ethical Management Committee makes decisions about key ethical management issues. In 2014, BPA expanded the number of members of Integrity Practice Corps from 18 to 34 and implemented the Integrity Campaign to embed with the culture of integrity throughout the corporation. Existing Ombudsman system was upgraded to Integrous Civil Auditor system to enhance its function and role.





A ceremony of taking a pledge of practicing integrity

## Major activities for ethical management

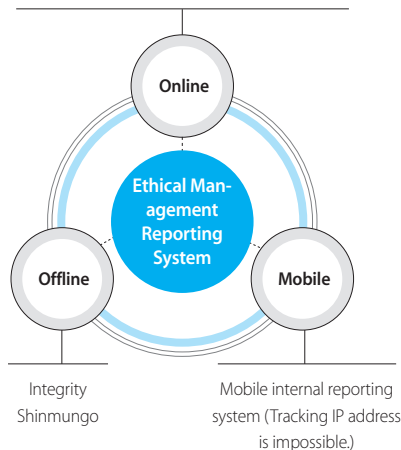
### Improvement of ethical management system

BPA encourages employees to better practice ethical management and disseminate the consciousness of integrity through amending and establishing business ethics guidelines such as the Code of Conduct and the declaration of integrity practice. To drive ethical management, in 2014, BPA reinforced the level of disciplinary actions against corruption, established the code of ethics for retirees, and improved the management of corporate credit cards.

### Focused improvement of the ethical management system

Amendment of the code of conduct	<ul style="list-style-type: none"> <li>Rejecting regionalism and school relations in interested jobs</li> <li>Prohibiting requests on special consideration for jobs to affiliated companies</li> <li>Stipulating prohibiting golf with job-related persons</li> <li>Expelling persons who conduct illegal or unfair activities after receiving bribery or entertainment regardless of the amount</li> </ul>
Establishment of the code of ethics for retirees	<ul style="list-style-type: none"> <li>Preventing the privileges of retirees' former post with respect to reemployment</li> <li>Adding business ethics articles for retirees</li> <li>Restricting unnecessary contact between current employees and retirees</li> </ul>
Special management of works vulnerable to corruption	<ul style="list-style-type: none"> <li>Making and utilizing checklists to control corruption risks</li> <li>Publishing a guidebook defining request types and jobs with potential request risks by each department</li> <li>Using the guidebook as a manual for self-inspection</li> </ul>
Improvement of contract works	<ul style="list-style-type: none"> <li>Preemptively check corruption risks in contract works to prevent a conflict of interest among employees</li> </ul>

- External reporting centers: Cyber Shinmungo, Whistle-blowing Center, and Illegal Subcontract Reporting Center
- Intranet: Request Registration Center, internal whistle-blowing, Integrous Voice Room, and consultation on the code of conduct



### Enhancement of Integrous Civil Auditor's role

Existing Ombudsman system was upgraded to Integrous Civil Auditor system to enhance its function and role. It was introduced to provide the public with more opportunities to participate in audit activities and diversify channels to report violations in the public service areas. Integrous Civil Auditor consists of 10 civic experts and holds the council meeting every quarter in order to intensively monitor sectors vulnerable to corruption, give proposals for our policies, require auditing, and assess transparency and integrity in major businesses. In 2014, Integrous Civil Auditor held the council meeting five times and visited business sites three times, enhancing audit activities and securing transparency and integrity in our businesses.

### Operation of reporting system

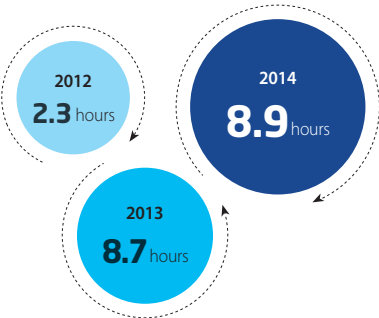
BPA is operating a system to report unethical behaviors through various online and offline channels such as Integrity Shinmungo and Request Registration Center. Unfair behaviors with regard to the usage of port facilities and contract can be reported through Cyber Shinmungo and internal unethical work processes and illegal behaviors can be reported through diverse internal channels. In 2014, it launched the mobile internal reporting system, which ensures securing anonymity of whistle-blowers on the basis of state-of-the-art IT technologies to prevent tracking IP address. A leaflet for integrity was also made and distributed to inform our distinctive reporting channels and our strong will toward improving ethical management.

# Ethical Management



## Completion of education on ethical management

Improving ethics and integrity of employees  
(Rating => 3rd rating)



Integrity campaign

## Disseminating and internalizing a culture of integrity

BPA is striving to disseminate and internalize a culture of integrity by announcing our strong will toward ethical management inside and outside the corporation. A message to encourage integrity practice and tighten the discipline for public service providers is sent to all employees and various events such as integrity resolution conference and pledge for integrity practice are also held in order to raise their awareness of integrity.

### Ethical education tailored for the lifecycle of public offices

BPA provide employees with ethical education programs tailored for their positions from new recruit to manager-level staff to internalize ethics consciousness. In 2014, it conducted various programs such as integrity education for new recruits, a tailored workshop for integrity, and a high-level course for executives at the Integrity Training Center, through which, time spent on ethical education per capita, recorded 8.9 hours.

Offline		
New employees	Working-level staff	Manager
<ul style="list-style-type: none"><li>• New employees within 2 years (39 persons)</li><li>• Basic quality as a public official</li></ul>	<ul style="list-style-type: none"><li>• Tailored workshop for integrity (65 persons)</li><li>• Activating education on integrity</li></ul>	<ul style="list-style-type: none"><li>• High-level course for executives at the Integrity Training Center (4 persons)</li><li>• Enhancing integrity leadership</li></ul>
Online		
Year-round cyber education for all employees		
<ul style="list-style-type: none"><li>• Conducting efficient cyber education to save time and space</li><li>• Making the completion of 2 subjects 'Easy Understanding of Public Official's Code of Conduct,' and 'Whistle-blowing, the Power to Change the World' per capita through online compulsory</li></ul>		

### Programs to efficiently internalize ethics

Our Audit Team visits each department and business site to explain Integrity Campaign, whistle-blower protection system, and integrity related jobs and performances, and to listen to their opinions. It also issues instructions on outlines of integrity assessment hosted by the Anti-Corruption and Civil Rights Commission and internal integrity assessment targeting executives and department heads. Employees also attend the INJOY (Integrity + enJOY) course consisting of emotional ethical education programs such as special lectures and concerts, performances, and pansori, which doubles their interest in ethical education and help foster ethics consciousness.

### Enhancement of Integrous Civil Auditor and Integrity Campaign

BPA expanded the number of Integrous Civil Auditor members from 18 (1 employee per department) to 34 (2 employees per department assessed by external institutions and 1 employee per rest of the departments). Integrous Civil Auditor conducted a workshop for integrity to share the government's anticorruption policy and develop integrity related tasks. The Integrity Campaign, which was prepared to explain our commitment, goal, duty, and activities with respect to anticorruption to customers, was promoted five times per customer for the year.



## Monitoring of ethical management performances

### Survey on integrity level of high-ranking officials

Our executives and department heads check their levels of self-management and leadership through the integrity evaluation. Evaluatees are four executives and 23 department heads and the survey is implemented in the fields of integrity in jobs, efforts for integrity practice, initiatives, and compliance, through which BPA aims to increase internal integrity index and disseminate the CEO's strong will toward integrity.

#### Integrity survey of high-level officials

Purpose	Practices	Expected effects
Checking self-management and integrity leadership of leaders and listening to internal stakeholders' needs by evaluating the integrity level of executives and department heads	<ul style="list-style-type: none"> <li>• Target: 27 persons including 4 executives and department heads</li> <li>• Survey on each field (job integrity, efforts for integrity, initiative, and compliance)</li> <li>• Evaluation by upper groups (20%), colleagues (30%), and sub groups (50%)</li> </ul>	<ul style="list-style-type: none"> <li>• Disseminating the CEO's firm commitment to integrity</li> <li>• Increasing the 'Work Integrity Index' defining internal integrity</li> <li>• Obtaining the 'Integrity Leadership' level at the anticorruption policy evaluation</li> </ul>



### Evaluation of ethical management

BPA inspects and evaluates sectors vulnerable to corruption in order to prevent corruption and increase the level of integrity. The most vulnerable positions are especially treated through sharing self-check manuals. In 2014, it conducted cross auditing on integrity with Korea Marine Environment Management Corporation, Incheon Port Authority, and Yeosu Gwangyang Port Authority to share information and promote technology advancement. Externally, inspection on integrity for anticorruption policy evaluation is implemented by the Anti-Corruption and Civil Rights Commission. In 2014, BPA ranked second among the excellent corporations in anticorruption policy evaluation for two consecutive years in recognition of our progress in improving integrity and anticorruption throughout the corporation.

#### Monitoring of ethical management performances

Diagnosis of internal tasks	Contents		Performance
	Anti-corruption & Civil Rights Commission of Korea	Recommended tasks	Completed 23 tasks (100%)
		Autonomous policies	Completed 2 policies (100%)
	Self-investigation on integrity		81.7 points
Diagnosis of external results	Contents		Performance
	Comprehensive evaluation on integrity		3rd rating
	Evaluation on anticorruption policies		Excellent corporation (2nd rating) for two consecutive years



## Corporate Governance



### Efficient operation of the BOD

#### Composition and operation of the BOD

BPA operates the Port Committee as the Board of Directors to realize responsibility management. The Port Committee, as the superb decision-making body, has rights to deliberate and vote for major business decisions, port facility charge, and executive recommendation, and contributes to enhancing competitiveness of Busan Port. The committee consists of 7 non-standing directors without standing directors in accordance with the purpose of Port Authority Act, which ensures independence of the committee and fulfillment of their jobs such as decision-making. Since the beginning of the 1st Port Committee in 2004, the 2nd and 3rd Port Committees had focused on embedding responsibility management system and internalizing management environment. The 4th Port Committee has been upgraded in function by capitalizing on members' professionalism. The 5th Port Committee started in November 2014 with a term of 2 years.

Classification	2012	2013	2014
No. of the BOD meetings	13	13	16
No. of voted agendas	26	21	26
Preliminary review rate	100%	100%	100%
No. of modified agendas	8 (30%)	6 (28%)	6 (23%)
No. of reported items	26	33	17
Participation rate of directors	90.1%	90.1%	85.7%
Statement of non-standing directors	100%	100%	100%

#### Executive Recommendation Committee



- **Time of organization:** 2 months before the termination of executives' offices
- **Selecting members:** Non-standing directors, 1 person selected by non-standing directors, and 1 person recommended by staff representative
- **Selection criteria:** Optimal experts with wealthy erudition and experiences

#### Fair and transparent appointment of directors

BPA operates the Director Recommendation Committee to select directors of ability who can contribute to the development of organization and port industry. The Director Recommendation Committee recommends candidates with rich knowledge and experiences in management, of which directors are appointed by the Minister of Strategy and Finance after the deliberation and voting of the Operation Committee in accordance with Article 8 of the Act on the Management of Public Institutions. To ensure fairness in the process of appointment, our standing directors, employees, and public officials cannot be committee members.



#### Organizing the Director Recommendation Committee

##### Independence

- Restricting participation of employees
- Comprising all members with external experts



#### Recruiting and evaluating candidates

##### Fairness in recruiting and evaluating

- Open recruitment of director candidates
- Presenting objective evaluation criteria by each factor



#### Recommending candidates

##### Professionalism of candidates

- Recommending candidates with professionalism corresponding to our establishment purpose



#### Appointment of directors

##### Transparency of process

- Notifying the proceedings of the Director Recommendation Committee through Allo and our website

#### Utilization of non-standing directors' professionalism

Field	Major activities
Participation in evaluation	Appointment of independent auditors, evaluation on best practices in budget reduction, etc.
Advisory activities	North Port Redevelopment Advisory Committee, Design Deliberation Committee, etc.
In-house lecture	Quarterly online lecture (Accounting, logistics business trend, etc.)

#### Upgrading professionalism of the BOD

The Port Committee members are appointed among candidates who have rich knowledge and experiences in the fields of shipping, port, logistics, and corporate management, or boast ample careers and experiences in relevant research institutes. To capitalize on the professionalism of the BOD, the corporation introduced a mentoring system to encourage them to regularly advise on significant issues such as port and logistics, business administration, financial management, and alteration of redevelopment project. BPA also provides them with more opportunities to participate in evaluation, advisory service, and internal lectures.

### Port Committee

The Port Committee preemptively deliberates the adequacy of budgets by organizing a subcommittee and reviews bond issue plans to secure financial soundness. The committee also deliberated and voted regulations related to welfare benefits to establish execution plans for normalizing slack management of public corporations and reformed incentive system to attract more cargoes to Busan Port, support plans for terminal operators in consideration of the integration of Gamman Port, and mid-term management goal setup. In addition, it has participated in various activities to manage risks such as making consolatory payment for mental damages of residents in Yeondo Village who had to move outside due to the development of Busan New Port and reducing concession fees during the suspension of railroad transport due to the strike of Korail's labor union.

### 5th Board of the Port Commission

(As of December 2014)



#### ① Chun Jun-soo | Chairman

- Chair-professor, Business Administration, Sogang University (2014 ~ current)
- Professor, Sogang University (1989 ~ current)
- Vice president in external cooperation field, Sogang University (2013 ~ 2014)
- Representative advisor, Busan Maritime Financial Center
- General advisor, Ministry of Oceans and Fisheries

#### ② Kim Kyu-young | Member

- CEO, Caleb & Company (2004 ~ current)
- Partner, Caleb & Company (1997 ~ 2004)
- Manager & CPA, Others & Korea (1994 ~ 1997)
- Manager & CPA, Deloitte Korea (1987 ~ 1994)

#### ③ Park Don-kyu | Member

- Pilot, Busan Marine Pilots Association (2003 ~ current)
- Chairman, Busan Marine Pilots Association (2011 ~ 2012)
- Captain, Hyundai Merchant Marine and Suil Shipping (1983 ~ 2002)
- Sale and operation, Hyundai Shipping (1982)
- Mate, Pan Ocean (1978 ~ 1981)

#### ④ Cho Jong-Joo | Member

- Professor, International Trading, Changwon National University (2003 ~ current)
- Member, Port Policy Deliberation Committee of Gyeongsangnam-do (2013 ~ current)
- Member, Changwon Port Development Council of Changwon CCI (2012 ~ 2013)
- Director, Korean Research Institute of International Commerce and Law (2013 ~ 2014)

#### ⑤ Choi Hyung-lim | Member

- Professor, Management Information, Dong-a University (1987 ~ current)
- Arbitrator, Korean Commercial Arbitration Board (2005 ~ current)
- President, Container Cargo Cluster Business (2007 ~ 2014)
- Researcher, Korea Institute of Science and Technology (1979 ~ 1987)

#### ⑥ Kim Young-deuk | Member

- CEO, Eastern Marine (2002 ~ current)
- Chairman, Busan Marine Industry Association (2013 ~ current)
- Chairman, Busan International Shippers & Services Association (2013 ~ current)
- Managing Director, Orient Marine (1986 ~ 2002)

#### ⑦ Park Young-ahn | Member

- CEO, Taiyoung Shipping (1998 ~ current)
- CEO, Taiyoung International Transportation (1998 ~ current)
- CEO, Taiyoung Shipping & Trading (1995 ~ current)
- Director, Korea Shipowners' Association (1997 ~ current)

※ Term of office of the 5th Port Commission members: From November 14, 2014 to November 13, 2016

※ Appointment process: Recommendation by the Ministry of Oceans & Fisheries → Executive Recommendation Committee → Deliberation & decision by the Steering Committee of Public Institutions → Appointment by the Minister of Strategy and Finance (Article 11 of Port Authority Act and Articles 18~22 and 25 of the Law on Management of Public Bodies)



# Risk Management



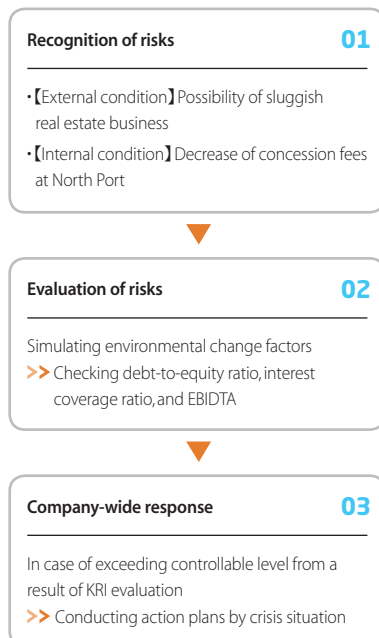
## Establishment of the Enterprise Risk Management (ERM) system

The port business requires massive capital but it takes a long time for investment payback. In addition, BPA is required to respond to the possibility of increasing debt in the future despite currently demonstrating top-class financial soundness among public corporations. In consideration of these business characteristics, BPA has established the Enterprise Risk Management (ERM) system to proactively respond to possible risks. Through the system, it manages risks of selling spaces in North Port redevelopment project area and financial risks due to increasing financial costs, and non-financial risks including port safety and environmental pollution.

Risk management area		Risk management system	
Financial risks	Non-financial risks	Organization (Emergency Planning Committee)	IT system
<ul style="list-style-type: none"> <li>Increasing financial burden due to continuous investments (New Port development, etc.)</li> <li>Sale risks in North Port redevelopment project</li> <li>Additional financial costs from increasing financial burden</li> </ul>	<ul style="list-style-type: none"> <li>Port safety risks</li> <li>Security risks</li> <li>Environmental pollution risks</li> </ul>	<ul style="list-style-type: none"> <li>Chairman (CEO)</li> <li>Vice Chairman (Vice President for Management)</li> <li>Advisory member (external experts and union head)</li> <li>Working-level teams (planning, management improvement, debt management, PR)</li> </ul>	<ul style="list-style-type: none"> <li>Financial Risk Management (FRM) system</li> <li>Internal Accounting Control System (ICS)</li> <li>Cash management system</li> <li>Early Warning System (EWS)</li> <li>Crisis response manual</li> </ul>

## Financial risk management

### Operation of the risk management system



BPA responds to risk factors on the corporation level by establishing and disseminating risk response plans. It efficiently manages KPI through monitoring financial condition and simulation of business performances, through which it reduces costs and copes with the possibility of unfavorable business environment.

### Laying the foundation for responding to financial risks

BPA has established management improvement plans in preparation for the possibility of drops in profitability in the mid-term, through which risk factors are managed in the manner of transforming profit structure and business methods. It also enhanced the financial soundness by organizing a TF to lay the foundation for successful land allotment at North Port and execute investment exit plans for early lotting-out on the basis of forecasting risks in North Port redevelopment project with regard to the domestic real estate conditions.

### Enhancing capability of early response to financial risks

Financial risks with regard to price fluctuation of government and corporation bonds, current ratio, operating margin, and debt-to-equity ratio are monitored in real-time through the Early Warning System (EWS). This process allows BPA to enhance capability of early response to financial risks. It also sets up and executes strategic fund-raising plans in consideration of land allotment risk, differentiates fund-raising methods by expiration, issues long-term low interest bonds, manages debt through decentering the date of redemption. In this manner, financial soundness of BPA is maintained by optimized fund-raising and debt redemption plans. In addition, BPA is continuously striving to improve financial structure through rational liquidity control and improvement in business conditions.

### Mutual cooperation to find out risk factors

The Financial Council was organized to discuss financial and tax issues related to the characteristics of Port Authority. In 2014, the regular Financial Council was hosted by BPA for a month, at which members discussed recent economic and social changes, shared financial issues, and sought for coherent measures for executing the government's policies.

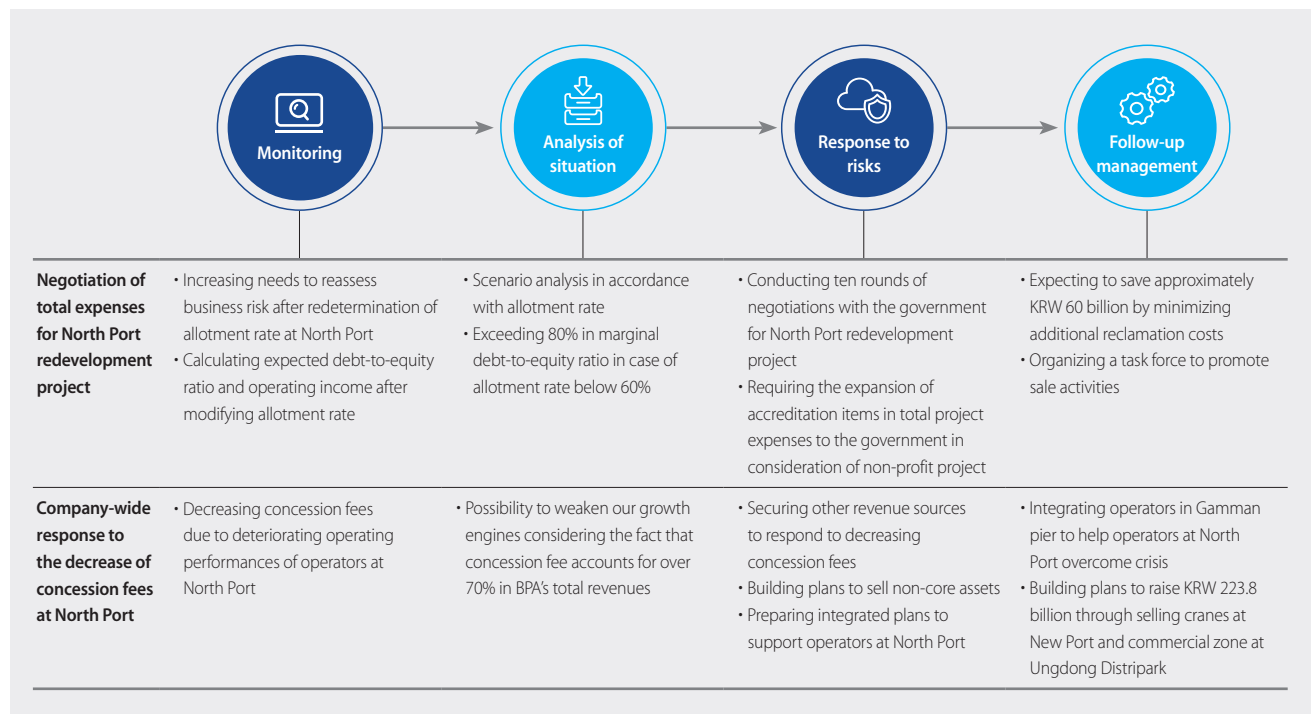
Enhancing financial and tax risk management system has become necessary due to the increasing requirement of financial soundness in terms of the public corporations' management normalization policy. To cope with accounting risks that can be caused in case of adopting the classified accounting system and occurring accounting issues with regard to investment of national property management right, BPA has built a cooperative system with other port authorities and consulted other corporations which had introduced the new accounting system, resulting in minimizing risks.

### Non-financial risk management

Non-financial risks are classified into port safety risk, security risk, and environmental pollution risk. In particular, BPA strengthened inspection on each port for better managing safety risk in 2014. The Board of Audit and Inspection conducted a comprehensive inspection on safety management at North Port and Gamchen Port, through which it found out violations of the surface load and overburden load regulation and instructed to take corrective action. BPA renewed manuals for responding to disasters such as pollutant leakage and typhoons, and trained employees on renewed contents. It also conducted a spot inspection on security status at Busan Port Security Corporation to draw attention to security and prevent security risk.

#### Case Study

#### Response to financial risk at North Port



# Stakeholder Engagement

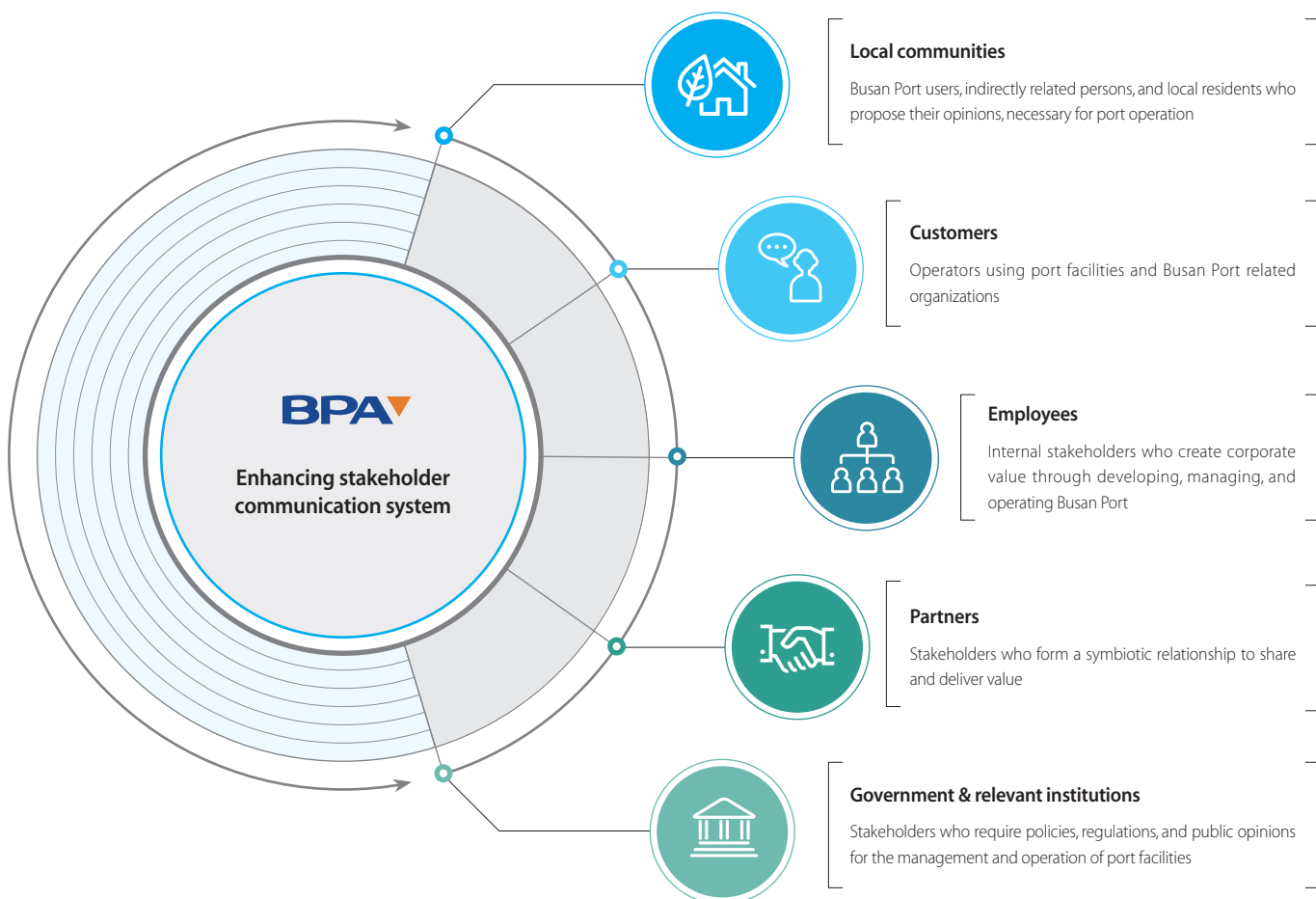


BPA is committed to communicating and cooperating with stakeholders in order to realize its core value 'Pursuing development through cooperating with various stakeholders.'

## Communication with stakeholders

Stakeholders at BPA are classified under the consideration of the characteristics of its businesses and, in particular, value flow in terms of developing, managing, and operating Busan Port; employees as the value creator, partners as the value deliverer, customers as the value purchaser, and government, relevant institutions, and local communities which are affected by our value. They are also defined and managed in detail by impact and significance of each issue.

BPA has been operating a variety of online and offline channels tailored for stakeholders' characteristics in order to be in communication with them and so as to adopt their opinions to management activities. Their interest and requirements brought up in 2014 and its responses are described throughout this report.





## Local communities



## Customers



## Employees



## Partners



## Government &amp; relevant institutions



Stakeholder	Communication channel	Relevant issue
<b>Industrial-educational research institutes</b>	Business presentation on North Port redevelopment for local residents (5 times)	Providing tailored information such as New Port issues and education programs, and enhancing capability to analyze global shipping market through joint research with external specialized institutions
<b>Media</b>	Contribution to media (thrice a quarter), media interview (20 times), lecture, education, and keynote (10 times), and discussion meeting held by the CEO of the press	Diversifying media contact channels and networks, and developing reporting items at the company level
<b>NGO</b>	Meeting for social contribution, presentation on business status, satisfaction survey (social contribution and shared growth), and Integrous Civil Auditor Committee (5 times)	Creating jobs, pursuing shared growth, coexisting with local communities, and contributing to local economic development
<b>Local people</b>	Presentation on North Port redevelopment (5 times), job fair, and social contribution activities	Introducing business plans including North Port development, supporting site tours, solving civil complaints, collecting local people's opinions and adopting them to management activities, and constructing amenities such as baseball stadium
<b>People and passengers</b>	Surveying satisfaction on BIPC and BPA magazines and customer satisfaction, and sharing Busan Port development strategies through media	Upgrading manuals to manage risks at passenger terminal and preparing plans to start operating the international passenger terminal at an early stage to mitigate inconvenience from old and limited passenger terminal spaces
<b>Shipping companies and agencies</b>	Discussion meeting, Shippers Council for Busan Port Development (every quarter), Safety Accident Council, Ship Evacuation Council, presentation on improving Port-Mal function, one-on-one meeting, and Customers' Day event	Offering incentives for securing more cargoes (tailored incentives and reduction of entry and departure fees in case of replacing vessels)
<b>Consignors</b>	Forwarder meeting, customer satisfaction survey, presentation on investment in North Port Distripark and usage of Busan Port, and Customers' Day event	Developing global consignors, continuously conducting marketing activities, and offering one-on-one matching opportunities among consignors in Japan, China, etc.
<b>Internal employees</b>	Discussion meeting, workshop, sharing event, in-company club, employee satisfaction survey (social contribution, consensus, etc.), monthly morning meeting, weekly conference, and education	Sharing pending issues, cooperating with each other to solve them, and expanding welfare benefits
<b>Labor union</b>	Labor-management meeting (4 times), meeting by position (8 times), agreement on sharing difficulties (3 times), amendment of welfare regulations (5 times), presentation on sloppy management issues (5 times), Business Negotiation Council (8 times), Labor-Management Council (2 times), and joint workshop (2 times)	Establishing a culture of family-friendly management, participating in management and personnel affairs, and expanding welfare benefits
<b>Tenant companies</b>	Discussion meetings to solve inconvenience (4 times), presentation on investment in distripark, Tenant Company Business Council (4 times a year), and Distripark Business Council	Promoting a campaign for integrity, carrying out disaster and safety education, providing aids to tenant companies at the distripark, and increasing their satisfaction
<b>Business partners</b>	Distripark Business Council, Gamcheon Port Development Council, satisfaction on shared growth, meeting with excellent partners (2 times), meeting with logistics and manufacturing companies, shared growth event (2 times), and Cyber Shared Growth Center (regularly)	Strengthening shared growth with partners, creating jobs, maintaining fair contract relationship, enhancing capabilities of SMEs, supporting the development of sales channels for SMEs, and raising shared growth fund
<b>Operators</b>	Meeting to discuss the utilization of multipurpose pier (5 times), meeting to ensure safety at Busan Port (2 times), terminal operators' meeting, and Operators Council	Strengthening shared growth with partners, creating jobs, maintaining fair contract relationship, enhancing capabilities of SMEs, supporting the development of sales channels for SMEs, and raising shared growth fund
<b>Local government (Busan City)</b>	Presentation on local government's businesses and maritime policies, Busan Port Competitiveness Promotion Council, and regular meetings with relevant institutions	Operating councils to seek shared growth and cooperation methods and consolidating a cooperative system for efficient project execution and management
<b>Institutions engaging in CIQ (customs, immigration, and quarantine)</b>	Working-level meetings among institutions engaging in CIQ, Council for Invigorating North Port, customs, Ministry of Justice, and data room	Jointly inspecting security level at Busan Port and normalizing businesses through relocating institutions engaging in CIQ in time
<b>Government and National Assembly</b>	Workshops for normalizing public corporations, meetings for negotiating port utilization plans (5 times), meetings with PR staff of relevant institutions of the Ministry of Oceans and Fisheries, Maritime & Port Administration Council, and Council for Invigorating North Port	Establishing policies for mid to long term development of Busan Port, imposing fines through research on cargo handling charges and tightening regulations by the government, requiring plans to respond better to disaster crisis, realizing the government 3.0, and proactively supporting cruise business

# Materiality Test and Key Issues



BPA carried out a materiality test to figure out its opportunities and challenges in terms of sustainability management and respond to sustainability issues based on the interest of stakeholders. To identify material economic, environmental, and social issue pool, we implemented media research, analysis of global sustainability initiatives, and benchmarking of major companies' issues in the port industry. And then, we conducted materiality test on identified issues in compliance with aspects and boundary of the GRI G4 guideline.

## STEP 01

### Identifying sustainability issues and setting up the boundary of topics

Figuring out 32 major issues related to BPA by using a systematic mechanism

- Review of internal data
- Media research
- Benchmarking of global leading companies in sustainability management
- Review of global CSR initiatives

Complied with the inclusiveness in the sustainability context



## STEP 02

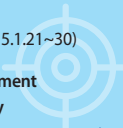
### Prioritizing sustainability issues

Prioritizing issues in accordance with the significance to the businesses and influence on stakeholders

- Significance: Figuring out economic, environmental, and social significance of issues when implementing management strategies
- Influence: Evaluating influences on stakeholders and decision-making

\* Conducted stakeholder survey (2015.1.21~30)

Complied with stakeholder engagement principle in the aspect of materiality



## STEP 03

### Conducting review and verifying the effectiveness

Reviewing sustainability management performances of key issues to deal with in a reasonable and balanced way

- Plan to adopt stakeholder feedbacks to the next year's sustainability report

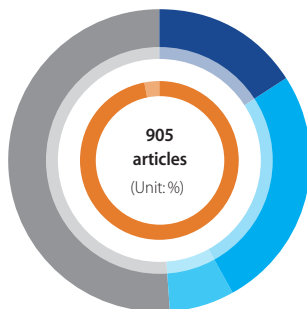
Complied with stakeholder engagement principle in the aspect of completeness



## STEP 01 Identifying sustainability issues

BPA identified major sustainability management issues by reviewing and analyzing internal data, news articles, sustainability issues of major companies in the port industry, and global sustainability initiatives.

### Sustainability management related articles on the media



Common	16%
Economic	26%
Environmental	7%
Social	51%
Positive issues	97%
Negative issues	3%

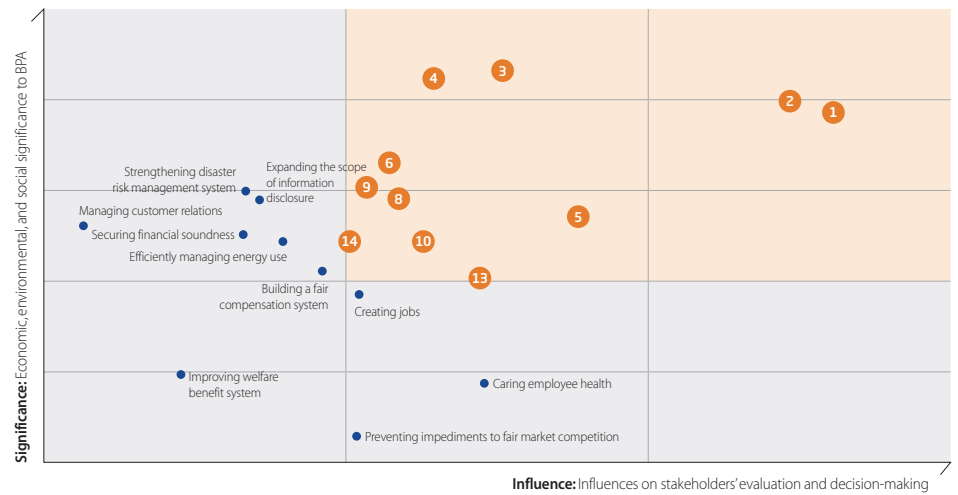
### Identifying major issues

Internal data	Figuring out major sustainability issues by analyzing BPA's management evaluation report, mid to long term strategies, and PR materials
Media research	Checking and analyzing sustainability management issues among BPA related articles released through the media from 2013 to 2014
Benchmarking	Comparing and analyzing issues of excellent companies in sustainability management in the shipping and port industry >> Key issues included shared growth policy and activities, energy management in port operation, and enhancement of employee capability.
Global CSR initiatives	Identifying major issues of global CSR initiatives such as GRI G4, ISO26000, and DJSI
Survey	<ul style="list-style-type: none"> <li>• Conducting survey to seek for major issues inside and outside BPA in the preparation of this report</li> <li>• Employees, partners, customers, and other stakeholders responded to the survey. (From Jan.22 to Jan.28, 2015)</li> <li>&gt;&gt; Employees showed higher interest in securing future growth engines, strengthening competitiveness as a global hub port, and tightening port safety management while external stakeholders considered mutual cooperation and anticorruption issues important.</li> </ul>

## STEP 02 Prioritizing sustainability issues

BPA conducted materiality test on issue pool in consideration of the significance of economic, environmental, and social aspects, and influence on stakeholders' evaluation and decision-making. Identified key issues are stated in this sustainability report in a balanced way. As a result of materiality test, the most significant issues inside and outside the corporation were as follows: enhancing competitiveness as a global hub port, creating future growth engines, and enhancing anticorruption competitiveness.

### Materiality Matrix



## STEP 03 Conducting review and verifying the effectiveness

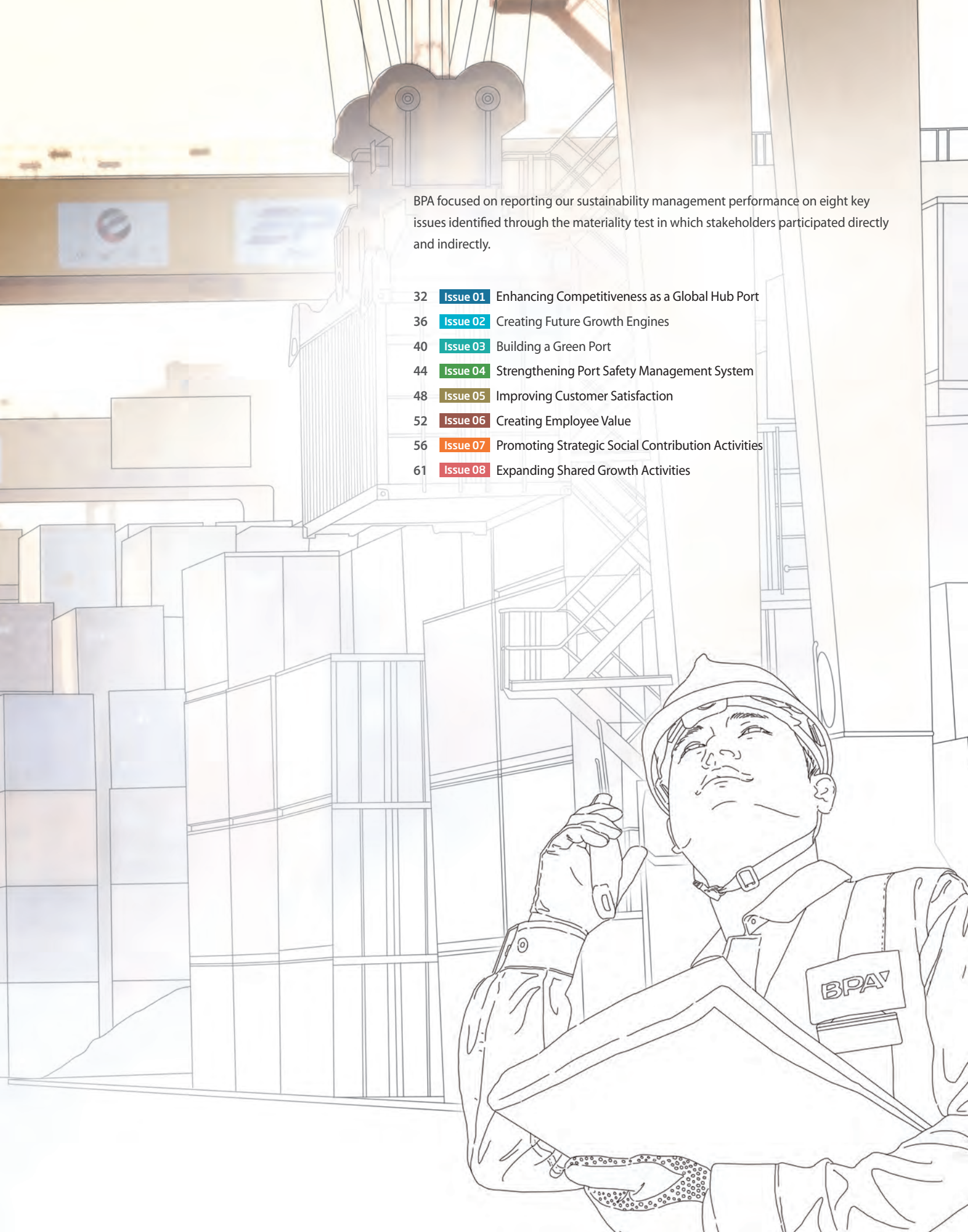
Key reporting issues were selected by reasonable review in accordance with the principle of completeness. BPA reported disclosure on management approach (DMA) and performances with respect to those key issues in accordance with the GRI G4 guideline in a balanced way.

No	Key issues	Material Aspect	Boundary					Reporting item	
			Internal	External			Government & relevant institutions		
				Custom-ers	Local com-munities	Partners			
1	Securing future growth engines	Additional aspect	●		●		●	Issue 2	Creating future growth engines
2	Enhancing competitiveness as a global hub port	Additional aspect	●		●		●	Issue 1	Enhancing competitiveness as a global hub port
3	Enhancing anticorruption competitiveness	Anticorruption	●					Common	Ethical management
4	Strengthening port safety management	Occupational health and safety	●	●		●		Issue 4	Strengthening port safety management system
5	Training and education	Training and education	●					Issue 6	Creating employee value
6	Sound procurement	Procurement practices	●			●		Issue 8	Expanding shared growth activities
7	Expanding mutual cooperation	Procurement practices	●			●		Issue 8	Expanding shared growth activities
8	Marketing communications	Marketing communications	●	●				Issue 1	Enhancing competitiveness as a global hub port
9	Building environmental management system	Products and services	●		●			Issue 3	Building a green port
10	Air pollution (vessel) management	Transport		●	●			Issue 3	Building a green port
11	Disaster safety management	Occupational health and safety	●	●	●	●	●	Issue 4	Strengthening port safety management system
12	Transparent information disclosure	Product and service labeling		●				Issue 5	Improving customer satisfaction
13	Sound labor-management relations	Labor-management relations	●					Issue 6	Creating employee value
14	Social contribution activities	Local communities	●		●			Issue 7	Promoting strategic social contribution activities

# BPA SUSTAINABILITY ISSUES







BPA focused on reporting our sustainability management performance on eight key issues identified through the materiality test in which stakeholders participated directly and indirectly.

32 **Issue 01** Enhancing Competitiveness as a Global Hub Port

36 **Issue 02** Creating Future Growth Engines

40 **Issue 03** Building a Green Port

44 **Issue 04** Strengthening Port Safety Management System

48 **Issue 05** Improving Customer Satisfaction

52 **Issue 06** Creating Employee Value

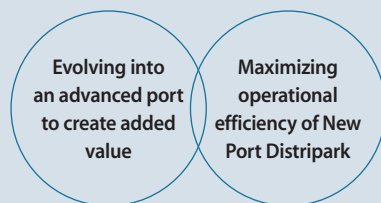
56 **Issue 07** Promoting Strategic Social Contribution Activities

61 **Issue 08** Expanding Shared Growth Activities

## ISSUE 01

# Enhancing Competitiveness as a Global Hub Port

## Future Plan



## Business & Social Context

Major ports in the world create added value by handling import and export cargoes to support domestic industries or conducting transshipment to attract cargoes from other countries and send them to the final destinations. As transshipment is one of the major functions of a hub port, it is imperative to attract transshipment cargoes to become a hub port in Northeast Asia. Major global ports are today focusing on providing incentives and expanding facilities to attract transshipment cargoes, which unleashes intense competition in the industry.

## Interview

China is cutting a brilliant figure in the port industry in the world as seven out of global top ten ports are Chinese these days. To secure competitiveness of Busan Port, BPA is expanding marketing activities for attracting more transshipment cargoes and accommodating global leading shipping companies. Furthermore, it is dedicating to developing new port facilities and distripark to secure future growth engines. BPA will spare no effort to create new jobs and added values for local communities, raise the status of Busan Port, and comprehensively lead the port industry in order to contribute to the enhancement of national competitiveness.

Vice President of Operation Division at BPA, Park Chung-sik

## Disclosures on Management Approach

### Our Performance



Cargo volume at Busan Port

**18.68** million TEU

(Transshipment volume: up 9.42 million TEU, proportion of transshipment: 50.5%)



Increase of port productivity

Productivity at container pier berth **90.8** VAN/H >> **94.7** VAN/H



Activating management and operation of port distripark

Cargo volume at distripark **1,283** thousand TEU

(No. of tenant companies: 68)



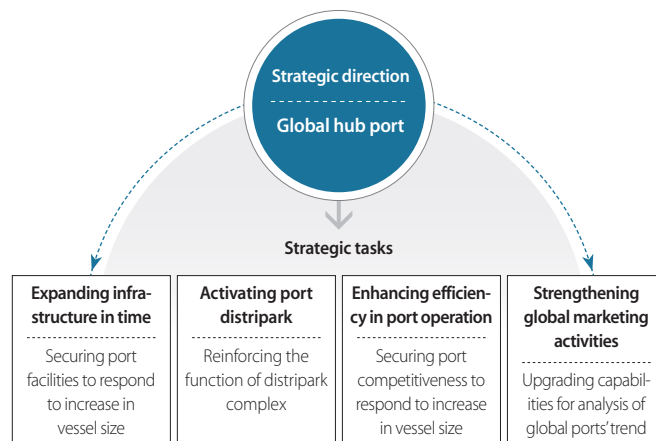
## Our Progress

Busan Port has been securing global competitiveness by constructing future-oriented facilities and infrastructure to accommodate large vessels through constructing the New Port in time. In addition, to evolving into a hub for distribution and logistics in Northeast Asia based on its geographical advantages, Busan Port is concentrating on developing and operating a large distripark to accommodate multinational companies and become a shipping and port cluster. BPA also introduced an incentive system and is proactive in marketing activities to attract customers throughout the world.



## Enhancing Competitiveness as a Global Hub Port

Busan Port strives to become a global hub port that can create high added value through achieving qualitative growth from high productivity and differentiated services beyond just quantitative growth, centered on attracting cargoes.



### Securing competitiveness by expanding infrastructure just in time

According to the comprehensive development plans for Busan Port, it is expected that the capacity of cargo handling at the port cannot meet rapidly increasing cargo volume and the gap between supply and demand will be increased. BPA strives to expand infrastructure just in time by constructing New Port and Distripark to address chronic cargo congestion at Busan Port and become a hub port for distribution and logistics in Northeast Asia for the 21st century.

#### New Port construction

Busan New Port development project began in 1995, through which a total of 23 berths have been operating as of 2014 since the launch of the 1st pier (northern container 1-1 area) in early January 2006. BPA has completed about 51% of the initial plan for developing a total of 45 berths in accordance with the Basic Port Plan. BPA is making extensive efforts to secure competitiveness in the port by securing 17 meters in water depth and

massive facilities for berthing in preparation for accommodating 20,000 TEU mega-sized container ships.

#### Securing facilities to accommodate two mega-sized vessels simultaneously

Along with the trend of enlargement of vessels and other changes in logistics business, BPA has made a plan for constructing new piers. Through adjustment of the plan, BPA is constructing cutting-edge facilities to accommodate two 18,000 TEU mega-sized vessels at the same time, which allows us to increase competitive edge. After entirely reassessing the existing plan to build two berths (700 meters long) at the western container pier phase 2-5, BPA decided to construct one more berth (3 berths with 1,050 meters long) to enhance the efficiency of accommodation. Furthermore, BPA reassessed the development time for remaining two berths at phase 2-6 based on the estimate of increasing cargo volume. Like this, BPA is giving an impetus to the plans to become a hub port for global leading shipping companies.

#### Building future-oriented ports to meet enlargement of vessels

The enlargement of vessels has been accelerating due to increasing freight rate and advances in shipbuilding technologies. Large vessels require ports to secure deep water depth in route and capability of berthing first. Busan New Port currently maintains 18 meters in depth at piers, the deepest level compared to rival ports. However, it is not enough to accommodate ultra large-sized container ships with more than 22,000 TEU when coming into the world. Therefore, BPA is constructing a western container pier with 20 meters in water depth to meet this trend. BPA will proactively lead future-oriented port models by securing superior facilities compared to rival ports and continuously monitoring changes in the logistics industry such as the enlargement of vessels.

#### Productivity evaluation on container piers

To encourage container terminal operators to improve productivity, BPA conducts port productivity evaluation and announces the best terminals. The evaluation is implemented for dividing groups of terminals in North Port (4 terminals) and Busan New Port (5 terminals). Based on the result of the evaluation, elements for changes in monthly performance management are analyzed to reinforce measures. In 2014, productivity of 94.7VAN/H has been achieved, which increased by 4.3% compared to last year, by carrying out systemic management such as writing a substantial evaluation report.

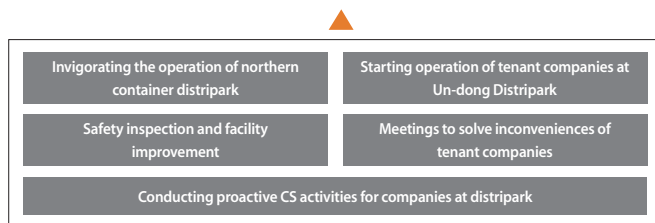
#### Mid to long term roadmap for constructing infrastructure

~2013	>> 2014	>> 2015~2020
<ul style="list-style-type: none"> <li>Promoting the western container pier phase #2-5 (32%)</li> <li>Executing basic data investigation for the western container pier phase #2-6</li> <li>Considering preliminary feasibility survey on feeder harbor at the western container pier (northern area)</li> <li>Tightening check and management of construction sites</li> <li>Improving the efficiency of inspection</li> </ul>	<ul style="list-style-type: none"> <li>Promoting the western container pier phase #2-5 (51%)</li> <li>Considering one additional berth to the western container pier phase #2-5</li> <li>Renegotiating preliminary feasibility survey on feeder harbor at the western container pier (northern area)</li> <li>Seeking substantial budget cut in construction</li> <li>Securing safety on large vessels' port call</li> </ul>	<ul style="list-style-type: none"> <li>Completing the western container pier phase #2-5 (2020)               <ul style="list-style-type: none"> <li>Substructure (2018), superstructure (2020)</li> </ul> </li> <li>Completing the construction of feeder harbor at the western container pier (northern area) (2020)</li> <li>Laying the foundation for the development of the western container pier phase #3</li> </ul>

## Invigorating management and operation of Busan Port Distripark

Most global ports have been recognizing the necessity to transform themselves into ports to create added values because they can be degraded to a local port when sticking to existing port operation methods of simply handling cargoes. Therefore, most global hub ports are focusing on developing and operating large-sized distriparks to create high added-value. Following this trend, Busan Port is becoming a hub for marine transport and logistics in Northeast Asia by attracting multinational companies with high added-value and establishing a shipping port cluster on the distripark.

### Invigorating New Port operation by proactively giving supports for logistics companies at distripark



The number of tenant companies at the Busan Port Distripark has gradually increased each year. As of 2014, a total of 68 companies are located in the distripark including 10 new outstanding foreign investment enterprises attracted during the year. After 2020, over 150 companies will be expected to join the group of companies.

### KPI to invigorate port distripark

KPI	2013	2014	Change
No. of tenant companies	58	68	Up 10 companies
No. of employees of tenant companies	1,433	2,880	Up 1,447 persons
Cargo handling at distripark (thousand TEU)	908	1,283	Up 375,000 TEU
Direct overseas investment (KRW in billions)	93.5	118.5	Up KRW 25.0

## Improvement of the system for selecting, operating, and managing tenant companies

BPA has reinforced its role as a management institution for the distripark by preparing standards for managing tenant companies. In particular, it provides them with consistent services by establishing standards for prior-approval items such as change of shareholders, approval of secured loans for facilities, and subleasing of facilities. Legal standards for managing tenant companies have been made in consultation with the Ministry of Oceans and Fisheries.

In addition, to ensure fairness and transparency in selecting companies to reside in the distripark, BPA enhanced evaluation methods, procedure for identifying foreign companies, and monitoring of business plan implementation.

## Efforts to vitalize Busan New Port Distripark

BPA is proactive in communicating with and supporting tenant companies by simplifying administrative processes and holding meetings to listen to their opinions and difficulties. Tenant companies at northern container distripark handled 1 million TEU in 2014, an increase of 10% year-on-year, leading the rise of handling cargoes in the distripark. Ung-dong Distripark, which started the operation in 2013, has overcome its initial difficulties in securing cargoes and focused on taking measures for early vitalization of tenant companies. Along with the strategy to secure various logistics functions, BPA attracted companies for the 3rd round of phase 1 at Ung-dong Distripark. And then, they presented prospective business models, differentiated from those of the existing ones, which contributed to creating added value specialized in integration of logistics, humanity, and business.

## Planning for Busan New Port Distripark

BPA is undertaking a project to construct Busan New Port Distripark with the area of 9.94 million square meters from 2005 to 2020. In 2014, a total of 4.19 million square meters area was completed including northern container phase 1 and Ung-dong district 1, at which 68 logistics and manufacturing companies have resided. Upon the completion of the distripark, it will become a cluster for global port and logistics industry and secure competitiveness as a global hub port.

Classification	Size	Time
Northern container distripark	2.22km <sup>2</sup>	
1st phase	1.70km <sup>2</sup>	Completed
2nd phase	0.52km <sup>2</sup>	2020
Ung-dong Distripark	3.61km <sup>2</sup>	
1st phase	2.49km <sup>2</sup>	Completed
2nd phase	1.12km <sup>2</sup>	2020

Classification	Size	Time
Western container distripark		
1st phase	0.47km <sup>2</sup>	2018
2nd phase	0.17km <sup>2</sup>	2020
Southern container distripark	1.44km <sup>2</sup>	2020





## Global marketing activities to increase demands for ports

To cope with sluggishness in cargo increase due to the global economic recession and motivate shipping companies to use Busan Port, BPA has introduced various incentive systems with regard to objects, fleet change, and so on. We are also enhancing marketing activities to promote Busan Port in preparation for the expansion of alliances among shipping companies and intensified competition among ports in Northeast Asia.

### Improvement and implementation of customized incentive systems

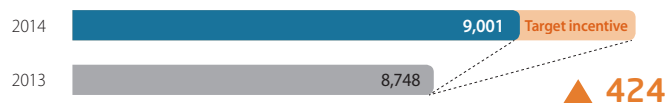
With the aim of attracting transshipment cargoes with high added-value aggressively, BPA is operating the 'Target Incentive System' in which special incentives are provided to shipping companies when achieving their goals for cargo handling. In 2014, it eased the criteria for selecting participants in this system to induce proactive participation, achieving performance surpassing the initial goal of 9,001,000 TEU by 424,000 TEU.

#### Target incentive system

Classification	Details
Target	① Shipping companies achieving an increase of over 50 thousand TEU in cargo handling annually for the last 3 years or; ② Shipping companies handling transshipment volume of over 200 thousand TEU at Busan Port annually for the last 3 years
Maximum amount per shipping company	KRW 4.0 billion

#### Achievement of target transshipment volume

(Unit: thousand TEU)



### Diversification of marketing strategies

BPA has been focusing on implementing marketing activities through accurately and timely identifying the trend of global cargo changes. In particular, it has been proactive in one-on-one marketing activities for target customers to maximize the attraction of cargoes. Moreover, customized activities for each shipping company such as database marketing and loyalty marketing have been promoted to strengthen mutual solidarity and cooperative relations with major shipping companies using Busan Port.

#### Marketing strategy tailored to major shipping companies

Classification	Events
Marketing tailored for shipping companies	Enhancing target marketing for fleet alignment officials of each shipping company • MSC(2.11~14) • EMC,YML,NYK,HLC,APL (2.17~20) • MOL,CMA,CSAV,OOCL (6.9~11) • CMA,UASC,APL,NYK (9.14~20) • MSK,HLC,HSD(11.1~8)
On-on-one marketing strategy	• Meeting with Korean representatives of global shipping companies: Twice a year (May and September) • Theme-based reports (August) and cultural experience (October)
Joint marketing	Joint marketing for shared growth with operators • Interview with working-level staff responsible for operating North Port and New Port (July 11) • Interview with representatives of operators at North Port (July 24, August 12, and August 19) • Building joint marketing strategies (October 7)

BPA conducted joint port marketing with relevant institutions such as the Ministry of Oceans and Fisheries and KOTRA to attract outstanding companies to Busan New Port Distripark and vitalize their businesses. Joint presentation for customers was also held to attract investments in the distripark and encourage them to use the port better.

### Hosted BIPC to promote global competitiveness of Busan Port

Busan International Port Conference (BIPC) has played a significant role in enhancing the global status of Busan Port and promoting the BPA brand to the world (1st conference in November 2013 and 2nd conference in November 2014). By hosting BIPC successfully, BPA will strive to solidify the status of Busan Port as the largest transshipment port in Northeast Asia by reinforcing the brand value of the globally outstanding port and enhancing trust from customers using Busan Port.

#### Details on BIPC

- Time and place: Lotte Hotel in Busan on November 14, 2014
- Speakers: 17 persons including Tim Power (Director and Head of Maritime Advisor of Drewry)
- Participants: 499 persons from 20 countries (up 16.6% year-on-year)



## ISSUE 02

# Creating Future Growth Engines

## Future Plan

Advancing the role and function as an integrated port

Evolving into a hub port for Asian cruise vessels

Completing the container pier construction in time

## Disclosures on Management Approach

### Our Performance



Increase of cruise callings

**110** cruise vessels  
(Cruise passengers: 245 thousand)



Occupancy rate at Ship Handling Center

Warehouse **95** %  
Office **80** %



## Business & Social Context

Despite sluggishness in the global shipping industry, the competition in the port business is expected to become fiercer. Under these circumstances, global major ports are not only striving to secure handling cargoes, but also seeking new added value through diversifying business and finding new growth engines. They also create profits and lead the invigoration of local communities by promoting port redevelopment projects to build citizen-friendly waterfront and international waterside cultural spaces by linking with existing cities.

## Our Progress

To generate new growth engines for the future, Busan Port Authority is concentrating on vitalizing the cruise business, redeveloping North Port, and building a cluster for shipping and port business. As a result of these efforts, Busan Port achieved the largest number of cruise calls (110 calls, Asia's top 10) in 2014 since the opening. In addition, the North Port redevelopment project to be continued until 2019 is expected to create 120,000 new jobs and KRW 31.5 trillion worth of economic effect. BPA is also generating added value by expanding ship suppliers business and building ship repair complexes.

## Interview

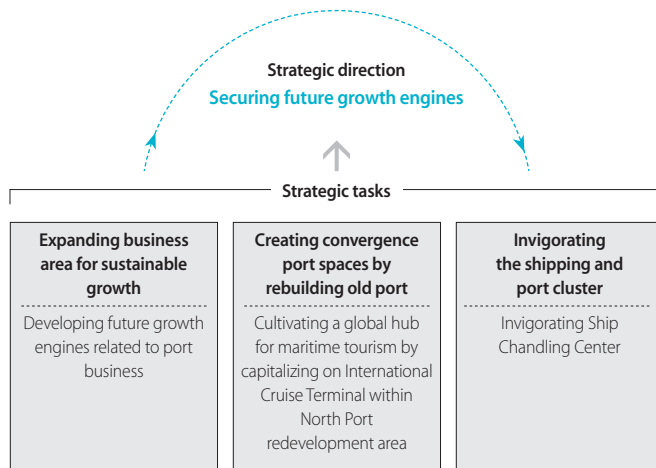
As a corporation managing and operating Busan Port, BPA supports sustainable growth of Busan Port. It is expanding its business scope by operating cruises and the Ship Handling Center and rebuilding the old port through North Port redevelopment project. As it is expected that about 70% of cargoes is handled at Busan New Port, we will create added value by reforming and redeveloping the functions of North Port to address the growth imbalance between Busan New Port and North Port. BPA also seeks measures to realize mutual growth with local communities in operating cruises and the Ship Handling Center and will continuously introduce eco-friendly energy sources such as LNG to the operation of infrastructure. I believe that Busan Port secures global competitiveness in operation compared to other advanced ports. To raise competitiveness in the added value business, BPA will create more growth engines by a systematic approach to benchmarking of advanced ports.

Vice President for Management Group at BPA, Cha Min-sik



## Creating Future Growth Engines

In commemoration of its 10th anniversary in 2014, BPA prepared for welcoming the new decade to make Busan Port leap forward as a 'globally prestigious port.' It focuses its capability on the Busan North Port redevelopment project, which requires about KRW 8.5 trillion. This project also includes the development of surrounding areas of Busan Station and Jaseongdae pier which will contribute to invigorating the local economy.






## Business expansion for sustainable growth

### Vitalization of cruise business

As for cruise business at Busan Port, the number of tourists entered the port reached 6,396 from 18 calls in 2003 and about 250 thousand from 110 calls in 2014. To take advantage of the growth of Asian cruise market and fleet expansion of major cruise operators, BPA has established a development strategy to increase cruise calls at Busan Port. It will continue to enhance the competitiveness of Busan Port in cruise business by promoting detailed strategies for marketing, infrastructure, and cooperation.

### Summarized strategies

Classification	Strategic direction	Detailed plans	Expected effects
 Marketing	Diversifying marketing strategy to attract cruise vessels	<ul style="list-style-type: none"> <li>Choice and concentration marketing</li> <li>Consumer-centered marketing</li> <li>Developing tailored tourism products</li> <li>Enhancing the cruise brand</li> </ul>	<ul style="list-style-type: none"> <li>Maximizing regional economic value by attracting home port and overnight calling</li> </ul>
 Infrastructure for cruise vessels	Expanding and improving infrastructure for cruise vessel use	<ul style="list-style-type: none"> <li>Expanding infrastructure for cruise vessels</li> <li>Accommodating simultaneous calling demands by utilizing idle piers</li> <li>Upgrading amenities for passengers</li> </ul>	<ul style="list-style-type: none"> <li>Entirely accommodating large vessel and simultaneous calling demands</li> </ul>
 Cooperative platforms	Organizing councils at home and abroad and accelerating activities	<ul style="list-style-type: none"> <li><b>[Domestic]</b> Establishing the Busan Port Cruise Network</li> <li><b>[Overseas]</b> Giving impetus to activities for Cruise Council</li> </ul>	<ul style="list-style-type: none"> <li>Building plans to upgrade the competitiveness of Busan Port</li> </ul>

### Expansion and improvement of infrastructure for cruise vessels

BPA has accommodated the world's largest cruise vessel and meet the needs for simultaneous calling by improving idle facilities at International Cruise Terminal and Gamman pier, which encouraged cruise passengers to revisit Busan Port. As a result, in 2014, Busan Port accommodated 100% of the needs for simultaneous calling and brought KRW 17.0 worth of economic effect to local communities.

Facilities for cruise vessel	Existing	Improved	Expected effects
International Cruise Terminal at Busan Port	1 berth for cruise vessel use	Extension of berth (360m > 435m)	Accommodating 220 thousand DWT class world's largest cruise vessels
Gamman idle pier	70-ton mooring post	Upgraded mooring post (70tons > 150tons)	Accommodating 200 thousand DWT class large cruise vessels

### Establishment of a platform for cooperation

BPA has not only created synergy effects by forming a cruise network at Busan Port and reinforcing cooperation among domestic cruise ports, but also enhanced its competitiveness in cruise business by attracting additional calls. By addressing problems caused by the opening of Busan Port Bridge in cooperation with cruise companies, BPA succeeded in calling Asia's largest cruise vessel at Busan Port.

### Diversification of marketing activities to attract cruise vessels

BPA has made a concerted effort to promote its cruise brand and vitalize cruise business through various marketing strategies. By responding to requests from two major shipping companies intensively, the number of cruise calls has increased by 10% compared to last year. This has also vitalized Busan Port as a home port and boosted the local economy. In addition, the image of its cruise brand has been enhanced by participating in international cruise events and strengthening global community activities.



International Cruise Terminal in Yeongdo-gu



## Transforming old ports into converged spaces

### North Port redevelopment project

The Busan North Port redevelopment project, which is Korea's first port redevelopment project costing KRW 8.5 trillion from 2008 to 2019, is to modernize existing old piers at Busan Port and relocate the functions of North Port according to the New Port project. About 1.53 million square meters of Pier 1-4 at North Port in Jung-gu and Dong-gu, Busan, Yeonan Pier, and International Passenger Pier will be redeveloped into a water-friendly space for citizens and a global hub for marine tourism. As of the end of 2014, over 85% of the entire site was successfully redeveloped. It is expected to contribute to economic, cultural, and social development by creating KRW 31.5 trillion worth of economic effect and 120 thousand jobs.

### Establishing a water-friendly park

BPA hosted the International Competition for Waterfront Park Master Plan of Busan North Port in October 2014 and chose 'Interactive Pier' as the winner. Through a two-stage contest process and assessment by a technical review committee, the winner received a high score in building a tourist attraction with a regional symbol, history, and water-friendly cultural spaces. BPA has made a master plan to establish a water-friendly park on a space of 280 thousand square meters within the entire project area of 1.53 million square meters, which will provide citizens with a waterfront and green

spaces. The master plan will also transform Busan Port into an international marine tourism area as well as the gateway connecting Busan Port and Eurasia.

### Major activities for North Port redevelopment project in 2014

#### Developing working deck to improve accessibility to waterfront

- Adding KRW 2 billion project expenses for the construction of working deck to the government budget for 2015
- Developing a ship-to-shore traffic hub by improving accessibility to business sites

#### Modifying public waters reclamation plans to establish a legal base for site construction

- Establishing a legal base for North Port redevelopment
- Laying the foundation for stable business activities by building optimal infrastructure for North Port redevelopment

#### Attracting energy suppliers to provide stable energy

- Supplying stable energy by adopting energy use plans in early stages
- Attracting Busan City Gas for stable energy supply to North Port redevelopment area

#### Promoting a new business (hot spring area development) to cultivate contents for global maritime tourism

- Improving investment conditions in North Port redevelopment by developing contents for global maritime tourism
- Increasing business value and land price through hot spring area development project



"Interactive Pier," the winner of the International Competition for Waterfront Park Master Plan of Busan North Port, Korea





Busan Port International Ship Chandling Center

## Invigorating the function as a cluster of shipping and port business

### Activation of ship articles supply

In 2012, BPA established the International Ship Chandling Center at Busan Port by investing KRW 28 billion and launched the Korea Ship Suppliers & Services Association with about 100 companies related to ship articles to lay the foundation for vitalizing the supply of ship articles in Korea. BPA has also a joint logistics system for tenant companies at the center to foster the ship articles business. Busan accounts for 70% of the entire domestic ship articles industry. To globalize Korea's ship articles industry, BPA has made great efforts such as joining the International Ship Suppliers and Services Association, holding ship supply-related international seminars, and developing the unique brand of ship supplies at Busan Port.

### Creating a Ship Repair Complex

BPA is creating a ship repair complex where ship repair can be carried out for entering and departing vessels beyond just the function of Busan New Port focusing on container handling. Busan New Port, located at the main trunk route in Northeast Asia, is experiencing increasing needs for ship repair services backed by the enlargement of vessels and increasing calls. As of 2010, the size of the global ship repair market reached around USD 20 billion and sales of global ship repair yards has also been increasing. Upon the completion of a large ship repair complex to treat over 30,000 tons of vessels, it is expected to contribute greatly to generating high added value for Busan Port.



Busan Port International Ship Chandling Center

## ISSUE 03

## Disclosures on Management Approach

# Building a Green Port

## Future Plan

Enhancing the power of execution for realizing the Green Port strategy

Advancing environmental facilities

## Our Performance



### ESI performances

Exempted entry and departure charges of

**105** eco-friendly vessels of **19** shipping companies



### Use of eco-friendly energy in transportation

Test operation of **2** LNG Y/T



### Reduction of GHG emissions

LED lighting replacement rate **62** %  
(Reduced 1,203tCO<sub>2</sub>)



## Business & Social Context

Interest in various environmental issues is recently increasing globally, including reduction of resources and energy use, alleviation of air pollution in the process of cargo handling, and prevention of marine pollution by vessels. As requests for the environmental responsibility of port operators and global shipping companies are on the rise, global leading ports are accelerating the replacement of energy sources with alternative and eco-friendly energy to secure competitiveness. It is the time for Busan Port to take proactive measures such as shifting to eco-friendly energy and reducing GHG emissions to become an eco-friendly port.

## Interview

It is critical for each port to establish the green port policy tailored for their conditions and characteristics. As for Busan Port, the implementation of an independent green port policy may have a negative impact on raising competitiveness because it needs to compete with neighboring ports in Japan and China as a port centered on transshipment. Since environmental elements are recognized as expenses and regulations, reasonable incentives are necessary to encourage companies to voluntarily participate in the green port policy, as well as carry out technical development. Timing is also another important issue. The E-RTGC project at Busan Port is a great example of this. When operators had difficulties due to an increase in oil prices, BPA took the lead in replacing energy source of RTGC with electricity by rapidly developing technologies, conducting pilot projects, asking for support from the government. As a result, 92 RTGCs are using electricity as the main energy source, reducing KRW 10 billion worth energy cost and 27,000 tons of CO<sub>2</sub>. It also unleashed the expansion of e-RTGC system internally and externally. BPA's Green Port strategy will be accelerated when relevant policies and regulations are established at the right time.

## Our Progress

To establish high-efficiency and eco-friendly ports, BPA made the Green Port strategy in 2012. To realize this strategy, BPA is making concerted efforts to secure eco-friendly energy sources, reduce GHG emissions, and create water-friendly and resource-recycling ports. By being the first to adopt the ESI in Asia, BPA is encouraging autonomous environmental pollution reduction activities in operating vessels.

Former Official Responsible for Green Port Strategy at BPA, Jeon Yeong-hwan

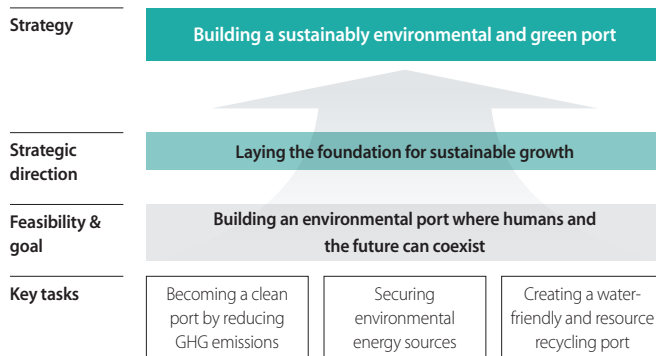




## Building a Green Port

To make an eco-friendly port in harmony with humans and their future, BPA established the 'Comprehensive Plan to Establish Green Busan Port' in 2012. This plan is expected to minimize GHG emissions, improve the marine environment (water quality and bottom materials) for ports, and accomplish a harmonious environment for citizens. For these goals, BPA determined three major core tasks in 2014, including low-carbon high energy efficiency, improvement of marine environment, and enhancement of scenery. In the future, BPA will organize relevant performances systemically and disclose them through sustainability report.

### Green port project at Busan Port



## Realizing a clean port by reducing GHG emissions

Major global ports have strived to shift to eco-friendly energy. Container terminal at LA Port changed the main fuel to LNG and a bill for mandatory use of LNG for 10% vehicles was passed in Europe. Shanghai and Ningbo Port started the operation of LNG-fueled yard trucks (Y/T). To keep pace with this global trend, Busan Port has also made a plan for energy at Busan New Port, North Port, and Gamcheon Port. In particular, BPA is preferentially promoting the improvement of energy efficiency for RTGC and Y/T at Busan Port which account for 85% of the total oil use at container piers.

### Project for reforming E-RTGC

BPA has carried out the E-RTGC project for changing the energy source of rubber tired gantry cranes, which are used to load or ship out containers, from diesel to electricity. As the project to revamp E-RTGC was launched from 2007, a total of 92 cranes were converted by 2012. Through these efforts, operating expenses were saved, energy expenses were reduced by 90%, and GHG emissions were cut down by over 74%.

### Container cargo handling system

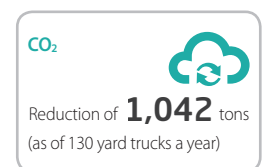


No. of replacements	Operation expenses	Failure rate	Air pollution and noise			
			CO <sub>2</sub>	Nox	PM	Noise
92 units	90% ↓	50% ↓	74% ↓	2.5 tons/unit/year → zero	90 kg/unit/year → zero	24% ↓

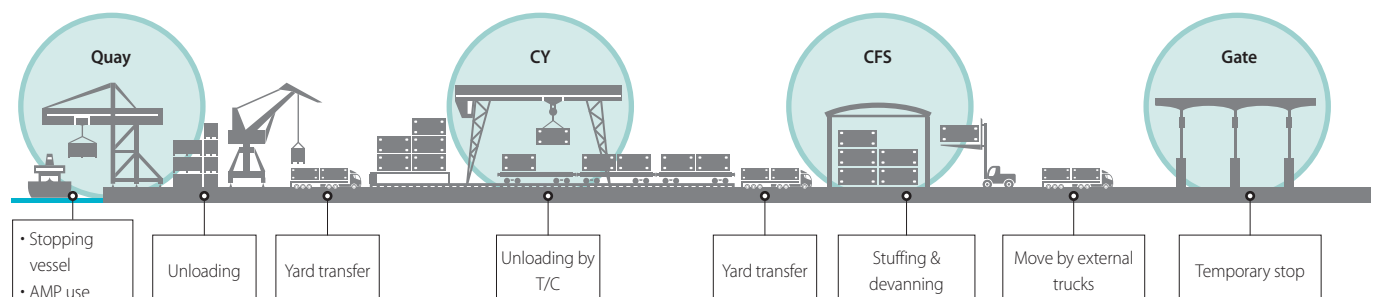
### Shifting into LNG-fueled Y/T

BPA has saved expenses and reduced GHG emissions by changing energy source of Y/T, which moves containers within piers, from diesel to LNG. BPA has supported the smooth supply and promotion of LNG Y/T and completed a test by changing the energy source of two Y/Ts at PNC Pier of Busan Port as a priority through the Green Logistics Change Project (May 2013-June 2014). In the future, BPA will continue to expand this project by conducting commercialization tests and trial operation for 30 LNG Y/Ts, which are the minimum number for operating the market.

Performances in 2014	<ul style="list-style-type: none"> <li>Mutual cooperation among institutions</li> <li>Test operation of 2 units</li> </ul>
~ 2020	Replacement of 150 units
Effects	<ul style="list-style-type: none"> <li>38% reduction of GHG emissions per 1 unit</li> <li>Reduction of energy costs by KRW 16 million per 1 unit</li> </ul>



### CO<sub>2</sub> emissions in the process of unloading



## Securing eco-friendly energy sources

To deal with environmental issues and the resource crisis due to climate change more proactively, BPA has strived to secure high-efficiency equipment and new and renewable energy sources. In particular, BPA has been expanding solar power facilities and in the long term, will introduce offshore wind power, tidal energy, and power generation by using the gap in sea-water temperature to secure low-carbon and high-efficiency energy sources.

### Saving energy through new and renewable energy and high-efficiency equipment

BPA has been reducing energy consumption by installing high-efficiency equipment and new and renewable energy facilities at the North Port redevelopment project site and Sinseondae Pier as well as conducting optimal design and construction. Solar power system to generate 50kW electricity was installed at Sinseondae Pier in 2013. The International Passenger Terminal will also start the operation of 590kW solar power system in July 2015, through which BPA expects to reduce KRW 150 million worth of energy costs and 1,000 tons of GHG emissions annually.

#### Introduction of new and renewable energy at the International Passenger Terminal (July 2015)

Taking into consideration the business environment with few buildings and plentiful sunshine, BPA has devised a method to utilize solar energy and maximize self-energy utilization activities by executing smart architectural design, such as installing solar energy collectors on rooftops, thermal energy air-conditioning and heating systems, and smart lighting controllers. BPA obtained the highest level certification for eco-friendly buildings in recognition of replacing 10% of total energy consumption with new and renewable energy.



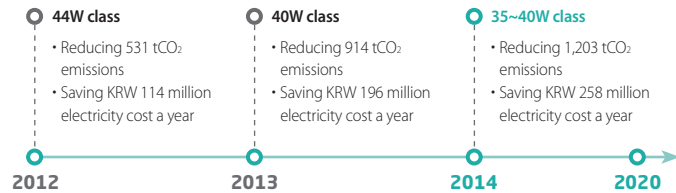
#### Improvement effects

- Saving KRW 150 million a year
- Reducing air pollution
- Reducing 1,000.3 tCO<sub>2</sub> emissions
- Saving 10~30% electricity consumption at parking lot

### Adopting high-efficiency LED lighting systems

BPA has been replacing lighting system with LED lighting at Busan Port. In 2014, a total of 23,568 indoor lighting devices were changed to LED, which saved KRW 258 million annually and reduced 1,203 tons of GHG emissions. It will update 100% of indoor lighting devices at Busan Port to LED by 2020, which can reduce 1,848 tons of GHG emissions annually.

### LED lighting replacement and effects



## Creating a water-friendly and resource-recycling port

As part of the efforts to create an eco-friendly green space, BPA is carrying out a project to make green spaces that improve the working environment and enhance customer satisfaction.

### Creating green spaces for distripark and buildings

BPA has created natural eco-friendly green spaces at Busan New Port and North Port to make a water-friendly green port. Creating green spaces at Busan New Port Distripark (76,000m<sup>2</sup>) and on the rooftop of the buildings at North Port (448m<sup>2</sup>) is expected to reduce not only the heat island effect, but also reduce 73 tons of GHG emissions annually.

### Eco-friendly construction through resource recycling

BPA is proactive in recycling construction waste such as fenders and fences to raise the efficiency of resources. In particular, it saved KRW 11.8 billion in the budget by recycling earth and sand in Yokmang Mountain for the construction of the western container pier.

Activities	Activities	Performances
 Earth and sand	Replaced sand for constructing the western container distripark with free earth and sand from Yokmang Mountain	• Saved KRW 8.9 billion by recycling earth and sand
	Replaced sand for constructing the southern container distripark with free earth and sand from Yokmang Mountain	• Did not use chemicals for insect and pest control
	Separated mixed earth and stone from Yokmang Mountain and sold it	• Saved KRW 1.8 billion by preemptively securing filling materials
 Concrete block	Changed quay loading method of the western container CY site construction	• Earned KRW 1.1 billion by selling recycled earth, sand, and stone
 Fence	Extended the fences by 873m and saved KRW 154 million	• Saved 22 blocks in construction and recycled block once
	Installed control fences in Ung-dong area step by step	• Saved KRW 60 million

## Special Page



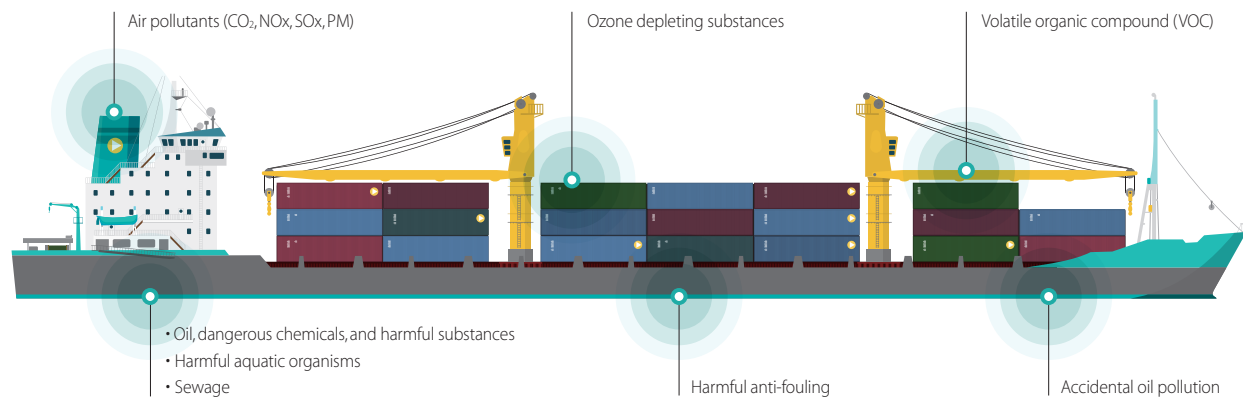
## Eco-friendly Logistics and Transportation – Introduction of Environmental Ship Index (ESI)

### Air pollution by vessel operation

Due to the recognition that shipping and port business discharges much exhaust gas, most global ports are focusing on reducing exhaust gas emissions. In reality, vessels emit the largest amount of air pollutants per fuel unit in the port. Busan Port, Korea's largest port, has been reported to have a significant level of air pollutants from vessels. As the city and port are closely adjacent to each other, urgent measures need to be taken to reduce environmental pollution caused. It is, howev-

er, difficult to take measures directly because BPA has no authority to change regulations despite being the director of the Green Port policy. There is also intense competition in attracting transshipment cargoes with ports in China and Japan. Under these circumstances, various incentive programs are being operated, which induces stakeholders, such as shipping companies and the terminal operator, to voluntarily participate in changes with the aim of promoting eco-friendly activities.

### Marine pollutant and pollution accident by MARPOL



※ Pollution caused by vessels is composed of two types; air pollution and water pollution. Water pollution is mainly caused by ballast water from vessels, as well as oil leaks by maritime accidents. Air pollution happens due to sulfur oxides, nitrogen oxides, and volatile organic compounds in exhaust gas from vessels. The Ministry of Oceans and Fisheries has regulated pollutants from vessels to preserve and manage the deteriorating marine environment. The ministry has reinforced the necessary regulations and improved unreasonable regulations with the "Marine Environment Management Act" as part of the implementation of the international convention to prevent marine pollution. For handling air pollution, ozone layer-depleting substances, nitrogen oxides, and sulfur oxides are included as management targets. Water pollution is managed by preventing oil discharge from vessels and waste management.

### Introduction of Environmental Ship Index (ESI)

The Environmental Ship Index (ESI) is a web-based vessel rank assessment system developed by the World Ports Climate Initiative (WPCI) under the International Association of Ports and Harbors. Shipping companies autonomously enter the figure of reduction in environmental pollutants from vessels every three months on the webpage. From January 2014, Busan Port has implemented this index by enter-

ing four items including NOx, SOx, CO<sub>2</sub>, and OPS and giving a score of 1-100 for vessels. Fifteen European ports and two U.S. ports utilize the ESI, and Busan Port adopted the system for the first time in Asia. In 2014, the number of eco-friendly vessel callings was 423, and a total of KRW 603 million was reduced for entry and departure fees.

#### Short-term (2012~2014)

- ESI incentive: Reducing entry and departure charges by 15% for vessels with over 31 points in ESI



#### Mid-term (2015~2017)

- Green Ship (tier 2&3) incentive: Vessels equipped with engines that fulfill NOx emissions recommended by IMO
- Green Carrier Award: Shipping companies that contribute to Busan Port's Green Port policy and have the largest callings of green ships to Busan Port



## ISSUE 04

## Disclosures on Management Approach

# Strengthening Port Safety Management System

## Future Plan

Upgrading the safety management system up to the level of global ports

Realizing IT-based real-time situation notice system

## Our Performance



Occupational accident rate  
(Safety accident rate in cargo handling)

Down **50** % in the number of seriously injured workers



Safety rate of port facilities

**100** %



Occupational accident rate in construction

**Zero**



## Business & Social Context

As the importance of port safety management has increased due to the Sewol ferry disaster, it is necessary for BPA to extend its efforts as a proactive public corporation to secure safety from various risks, going beyond fulfilling its legal responsibility. As the improvement of port safety ensures port competitiveness, it is important to prepare a proactive disaster management system beyond just follow-up measures and recovery in order to prevent large safety accidents.

## Our Progress

To establish a safety management system corresponding to advanced ports, BPA has carried out various activities to enhance safety level: producing and distributing customized safety manuals for each type of port facility, conducting integrated safety drills and safety education in cooperation with relevant institutions and users, conducting a joint campaign for safety culture, installing safety facilities, and establishing a safety network.

## Interview

Most human error-accidents at Busan Port are caused by equipment. As these accidents are often a result of not complying with safety regulations, it was necessary to make a standardized manual to integrate different safety regulations of each operator. In 2014, BPA reformed the safety standard manual for Busan Port and carried out standardization for safety standards related to terminal work. This is significant in that the corporation secured the safety of employees working at the terminal and presented a standardized criteria for the safety management of port facilities. I hope that BPA lays the foundation for more systematic safety management by controlling data and operating a safety-related organization and advisory group, reinforces support for safety management by receiving advice from experts and conducting education on benchmarking cases, and vitalizes communication channels to collect opinions on safety.

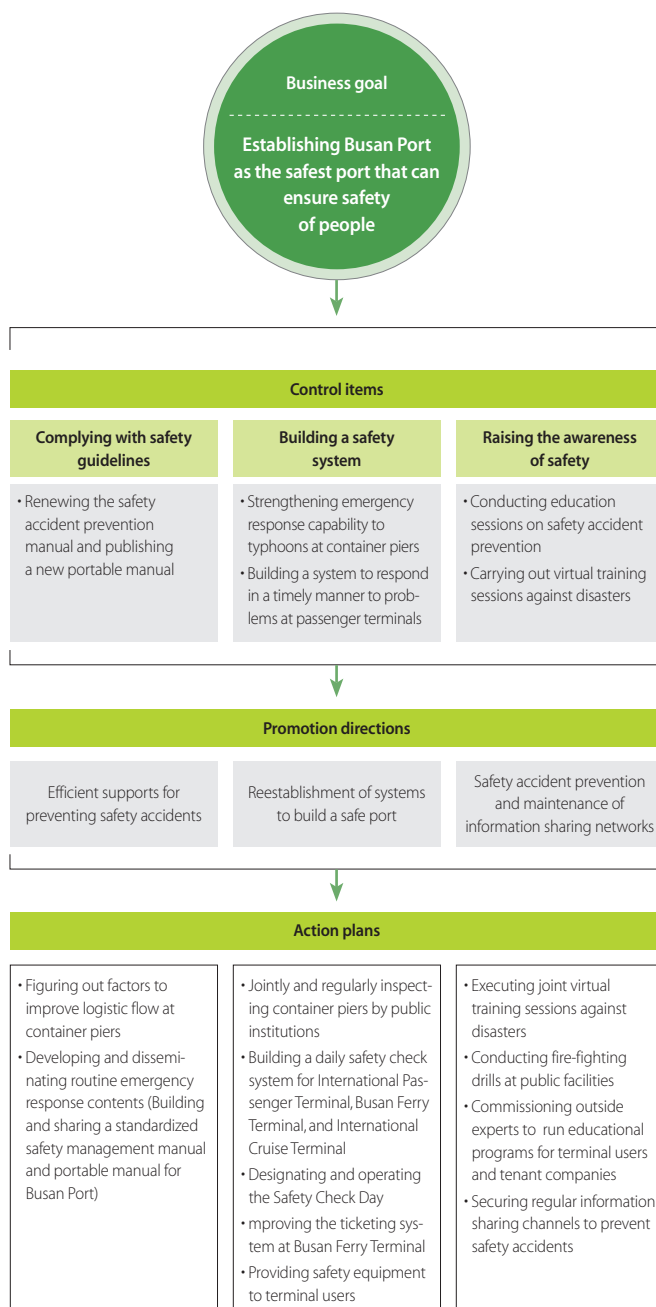
President of Busan Port Safety Management Committee & Chief Safety Manager of  
General Affairs Team at Sebang Co., Ltd.  
Kim Byeong-cheol



## Strengthening Port Safety Management System

Greater emphasis has been placed on port safety management due to the Sewol ferry disaster. As a public corporation involved with ports, BPA has taken extended measures to reinforce port safety management with the aim of establishing Busan Port as the safest port that can ensure safety of people. Based on this, BPA has implemented various programs to strengthen the safety management system at Busan Port, eliminate disaster-related risk elements, and build an accident prevention system.

### Safety management promotion system at Busan Port



## Port Safety management system to prevent accidents

### Organization to reinforce safety at Busan Port

BPA operates the Disaster and Safety Counter-measures Headquarters, consisting of the general control team and hands-on control team, to deal with stages of prevention, preparation, response, and recovery for disasters at Busan Port. The emergency room is opened and operated from the stages of preparation and alert among the four stages for dealing with disasters, while countermeasures can be requested from operators or directors at terminals to control the disaster comprehensively. During ordinary times, the Logistics & Planning Team is in charge of conducting tasks related to disaster and safety, such as enacting/revising the behavior manual and establishing/adjusting the report system. In 2014, BPA organized the Port Safety and Planning TF to ensure efficiency in managing port facilities. This task force has made various plans for safety checks at Busan Port and monitored the safety condition of the port, such as checking various manuals. Furthermore, with the aim of solidifying a cooperative system between the labor union and management, BPA organized the Busan Port Safety Management Committee and a hands-on committee, and held a labor-management meeting to make innovative measures regarding Busan Port's safety.

### Reestablishing safety management manual

BPA has produced and displayed a customized safety manual to manage crisis in consideration of the characteristics of port facilities to reinforce Busan Port's safety. Produced for the first time at Busan Port, this safety management manual presents safety standards for not only multipurpose facilities, but also containers, regular cargo, and other affiliated tasks to promote accident prevention for workers.

### Strengthening the capability for safety

To reinforce the capability for disaster response, BPA has made a safety and education plan for coping with disasters, held a special lecture on the understanding of the National Disaster Safety System for all employees, and conducted professional education for workers in charge of managing disaster-related work. BPA also strengthened its professional capability in the safety sector by organizing the Integrous Civil Auditor consisting of experts in the safety sector. An education tour for port safety targeting operators is conducted on a regular basis. In 2014, 1,170 employees of operators completed the education for port safety.

### Enhancing awareness of safety and settlement of safety culture

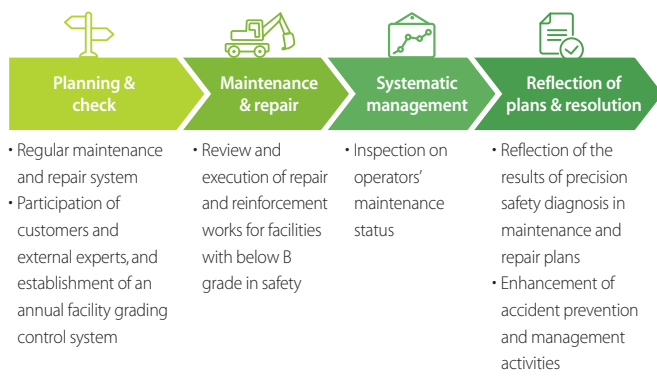
BPA has shared information about safety accident cases and the safety management system in preparation of innovative port safety management plans by holding meetings. Safety accidents are prevented in advance by launching a system based on a tripartite commission for safety supervisors, while safety is reinforced by conducting safety campaigns and extensive education. In 2014, BPA produced a video clip for safety at the container terminal and presented safety working methods for each job. Through these efforts, BPA has continuously found risk elements and improved them at an early stage.

## Reinforcement of port safety management

### Achieving zero accident at facilities and construction sites

BPA reduces occupational accidents by preventing risk elements at construction sites in advance. In particular, BPA conducts site-specific safety checks through the safety management plan setup, safety education, encouragement of wearing protective devices, and spot inspection on construction sites. In 2014, it implemented special examinations for risky facilities and construction sites to remove hazardous elements that may endanger human life. In addition, quarterly inspection on quality and construction process was carried out by organizing a committee with the Ministry of Oceans and Fisheries and external experts. It also conducted checks for construction sites during winter and the thawing season, which are vulnerable periods for safety. Through these activities, BPA has achieved zero accident at construction sites and decreased the rate of flaws in operating facilities after construction.

#### Facility maintenance & repair process



#### Safety rate of port facilities

Year	2012	2013	2014
No. of facilities compulsory for inspection	38	41	40
No. of facilities with over B grade	36	39	40
Safety rate	94%	95%	100%

※ Perfect safety is required for port facilities through preventive concentrated maintenance and repair.

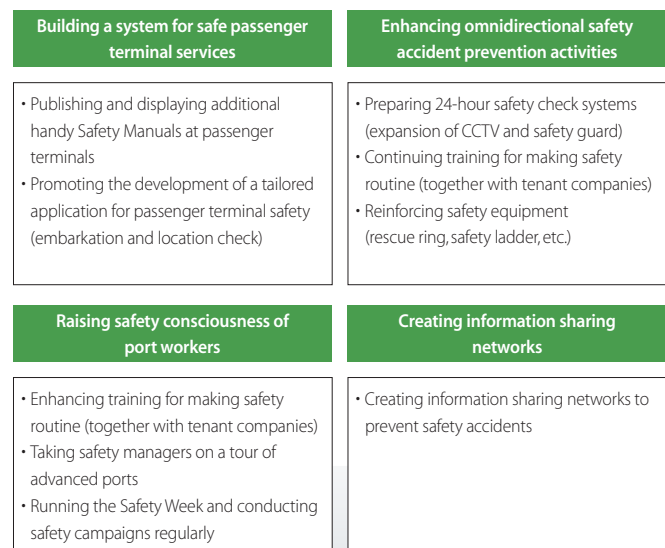
#### Occupational accidents at construction sites

Year	2012	2013	2014
Accident rate	0.19%	0.12%	0.00%

### Establishing a safety management system for passenger terminals

As the number of visitors to passenger terminals has decreased since the Sewol ferry disaster, BPA has reinforced a safety management system for passenger terminals to recover people's trust in safe sea travel. The number of safety accidents at passenger terminals has been reduced to zero by establishing the safe passenger service system, strengthening omni-directional accident prevention activities, and raising port workers' awareness of safety.

#### Major safety management activities at passenger terminals



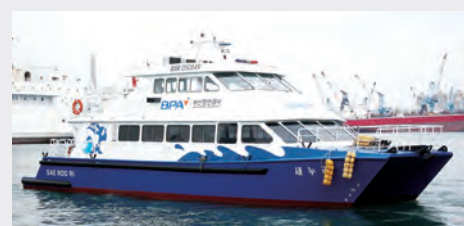
No. of safety accidents: 1 in 2013 → 0 in 2014

### Securing the safety of marine transportation

The enlargement of vessels and increasing customer needs for port safety require higher safety in port operation. To this end, BPA reviewed the safety of marine transportation at new piers from May 2013 to March 2015, through which it drew improvement measures for realizing optimal port facilities to secure the safety of marine transportation at Busan New Port.

#### Securing the safety of Saenuri

The awareness of vessel safety has been further raised due to the Sewol ferry disaster. To promote Busan Port and enhance familiarity with ports, BPA has been carrying out an experiential event to embark on its vessel 'Saenuri'. BPA placed staff members for guiding passenger safety, established an emergency response manual in May, implemented education for crew members to reinforce safety level (at least once on a monthly basis, through self-education), installed additional safety facilities, and requested advice from professional institutions to ensure the safety of the vessel.



## Enhancement of Emergency Management System

In 2014, BPA established a detailed plan for the implementation of safety management regulations in accordance with Article 3-3 of the Framework Act on Disaster and Safety in the National Safety Management Plan (Ministry of Oceans and Fisheries). Based on the plan, BPA reformed the emergency manual to respond to natural disasters such as typhoon, flood, earthquake, marine pollution, and radioactivity. BPA also built a practical emergency response system including organizing public-private cooperation network, improving capabilities to manage actual situations, and operating the disaster countermeasure headquarters.

### Activities to prepare for disaster

Category	Action plan	Improvement	Time
Earthquake	Securing perfect seismic performance	Including seismic performance in designing port facilities	Jan. 2014
Typhoon	Safety check against typhoon	Running a pre-inspection team among constructors, supervisory groups, and operators	Jul. 2014
Fire, etc.	Joint inspection on the Safety Check Day and safety campaign	Conducting joint safety checks and campaigns among operators, shipping companies, and pier management corporations	Jan. and Jul.~Nov. 2014
Tsunami and abnormal climate	Safety Korea Drill	Executing joint emergency drills among the National Emergency Management Agency, port firehouses, and maintenance and repair corporations	Oct. 2014

### Public-private cooperation system

To promote Busan Port's safety, BPA signed an agreement for safety management with terminal operators, the labor union, and Gangseo-gu Office, shared knowhow and best practices on safety, and discussed cooperative measures by holding working-level meetings.

### Upgrading capability to manage actual disasters

BPA has enhanced the awareness of safety accidents by producing and distributing a Safety Manual to cope with disasters at public facilities and reinforced the capability to deal within the golden time in accidents by conducting regular drills such as joint mock simulation drills and fire drills. To promote Busan Port's safety, BPA participated in the Safety Korea Drill for responding to disasters, enhancing the ability to deal with each type of disasters.



Virtual fire-fighting drill at the International Passenger Terminal

### Emergency service for the safety at busan new port in cases of typhoon and emergencies

- **[Typhoon]** To brace for typhoon attacks and ensure recovery, BPA is operating the Disaster and Safety Countermeasures Headquarters. For instance, Busan New Port strived to prevent accidents in cooperation with relevant institutions when typhoon attacks happened in 2014, including the 8th typhoon Neoguri, 11th typhoon Halong, and 12th typhoon Nakri.
- **[Emergency]** When the collision accident of Hyundai Bridge (21,611 tons containership) happened on the sea 7.5 miles from the southwestern part from Taejongdae, Busan, on December 28, 2014, BPA swiftly prevented secondary damages such as marine pollution in cooperation with relevant institutions (Busan Metropolitan Government Office, fire stations, police stations, etc.).

#### Thoroughly preparing for typhoons by cooperating with New Port operators and relevant institutions

Stage	Forecast of typhoon	Arrival of typhoon	Dissipation of typhoon
Cooperation	Operators, tenant companies in distripark, Busan Metropolitan Police Agency, Busan Port Security Corporation, and facility centers		
Action	<ul style="list-style-type: none"> <li>• Requesting exhaustive cooperation on safety to operators and relevant institutions</li> <li>• Inspecting facilities at New Port</li> </ul>	<ul style="list-style-type: none"> <li>• Running a 24-hour emergency service system</li> <li>• Forbidding entrance and departure of vessels</li> <li>• Inspecting safety of vessels and poArt facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Resumption of entrance and departure of vessels and cargo handling works</li> <li>• Reporting / treating damages</li> <li>• Review of response results</li> </ul>

#### Preventing occurrence of secondary accidents by operating the Marine Collision Prevention Center

##### Accident

- Vessel name: Hyundai Bridge (21,611 DWT containership)
- Participants: Busan Regional Oceans & Fisheries Administration, Gangseo-gu of Busan Metropolitan City, BPA, Korean Register, ship-owners, etc.
- Meeting agenda of the Marine Collision Prevention Center: Role and responsibility of each institution and corporation, follow-up measures to prevent marine pollution and damages when moving the vessel





## ISSUE 05

## Disclosures on Management Approach

# Improving Customer Satisfaction

## Future Plan



## Our Performance



Public-service Customer Satisfaction Index (PCSI)

**91.4** points

Customer service processing time

**267** minutes

(27% ↓)



## Business & Social Context

Customer needs are recently becoming more diversified, and the number of customer complaints is also increasing due to an improvement in income and knowledge level. As negative effects from unsatisfied customers have a stronger impact on companies than positive effects from satisfied customers, companies should always manage their complaints properly. However, it has been reported that companies know only a fraction of customer complaints. According to the result of recent research on customer management, 80~90% of unsatisfied customers do not raise their complaints directly. That's why companies need to listen to each individual complaint more carefully and handle them properly.

## Our Progress

To realize customer satisfaction management, BPA has set the management goal of achieving a score of over 95 in customer satisfaction level. BPA also selected four major strategic tasks, including realizing a green & high safety port, reinforcing customer services through a platform, strengthening activities to identify with the people, and innovating external images. BPA has drawn detailed tasks to materialize strategic tasks, and relevant departments realize these strategies.

## Interview

Over the last several years, BPA has played a leading role in exchanging port network information and strived to keep up with rapidly-changing environment in the global port and logistics business and information-oriented society. I know well BPA is making a concerted effort to improve port systems by collecting, managing, and exchanging information in all sectors related to Busan Port and organizing a wide range of networks to rapidly meet customer needs. The existence of BPA has brought various changes and inventions. For a better future for Busan Port, I would like to recommend BPA to develop a closer cooperative system with relevant institutions in Busan.



Director/Vice Branch Manager at CMA CGM Korea Co., Ltd., Park Su-seong

## Improving Customer Satisfaction

BPA carries out company-wide customer satisfaction management activities to enhance its image as a trusted public corporation and improve customer satisfaction. To achieve the CS vision of becoming a 'global public corporation to lead CS and grow together with customers,' BPA sets the management goal of achieving over 95 points in customer satisfaction. Detailed strategic directions to achieve the goal are as follows: laying the foundation for CS promotion based on cooperation and system, enhancing CS management system based on customer service guidelines, and upgrading customer service by improving VOC process.

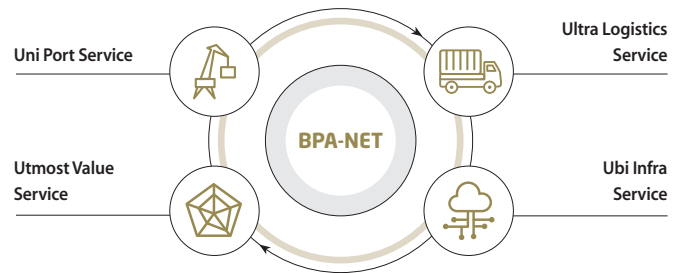
### Customer satisfaction management system

Corporate vision	National enterprise to create global hub port		
CS vision	Global public corporation to lead CS and grow together with customers		
Management goal	Over 95 points in customer satisfaction		
Strategic direction	Laying the foundation for CS promotion based on cooperation and system	Enhancing CS management system based on customer service guidelines	Upgrading customer service by improving VOC process

To realize systemic customer satisfaction management, BPA made an action plan in July 2014 and reflected experts' opinions through consulting a short to mid-term strategic system. The Planning & Coordination Department is currently in charge of dealing with CS, which was transferred from the Logistics & Planning Department in 2014.

## Strengthening customer service through platforms

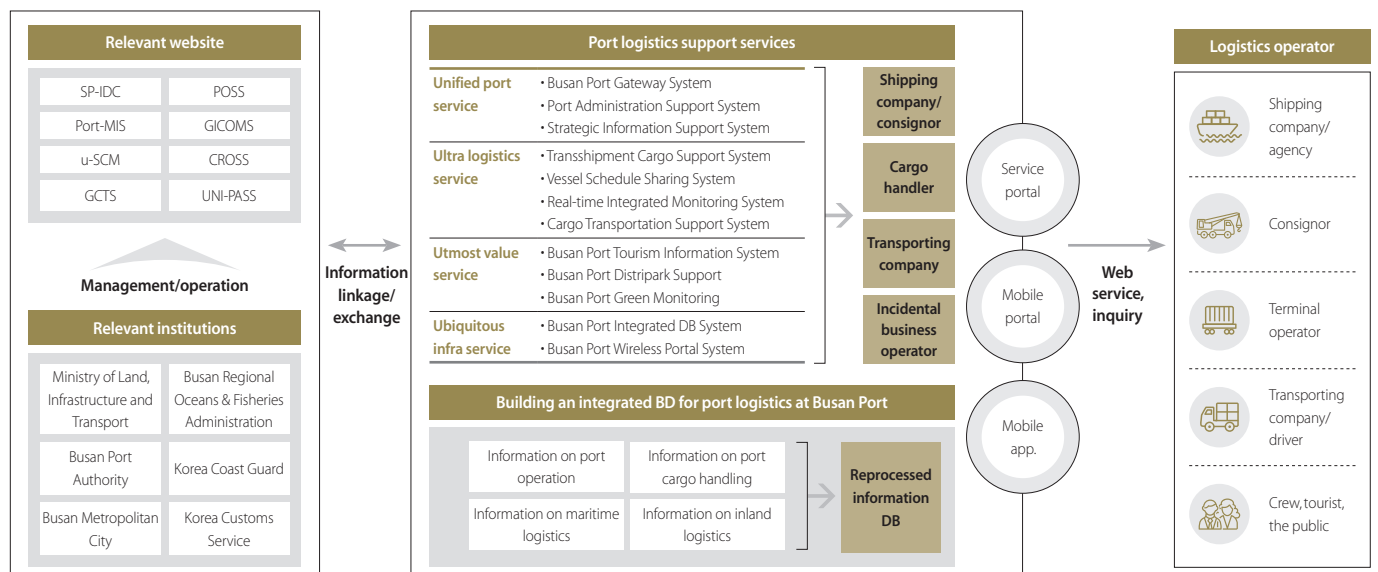
BPA has established the Busan Port Logistics Information System (BPA-NET) by reflecting customer needs from shipping companies, consignors, transporting companies, cargo handlers, etc. The BPA-NET provides customers with unified port service, ultra-logistics service, utmost value service, and ubiquitous infra service.



### Requests by customer

	<b>Shipping companies</b>	<ul style="list-style-type: none"> <li>Integration of complaint report services</li> <li>Managing each shipping company schedule for booking</li> </ul>
	<b>Consignor/forwarder</b>	<ul style="list-style-type: none"> <li>Figuring out location and status of cargoes</li> <li>Checking real-time entrance and departure of vessels</li> </ul>
	<b>Transporting company</b>	<ul style="list-style-type: none"> <li>Real-time customs information on arrival and departure of cargoes</li> <li>Real-time handling results of cargo transportation orders</li> </ul>
	<b>Cargo handler</b>	<ul style="list-style-type: none"> <li>Information on the 2nd vessel to support transshipment</li> <li>Expected arrival and departure time of cargoes</li> </ul>
	<b>Korea Customs Service</b>	<ul style="list-style-type: none"> <li>Check of cargoes by mother vessel and B/L</li> </ul>
	<b>Relevant institutions</b>	<ul style="list-style-type: none"> <li>Rapid provision of information on Busan Port</li> <li>Provision of Busan Port's statistical information from various viewpoints</li> </ul>

### Busan Port Logistics Information System (BPA-NET)



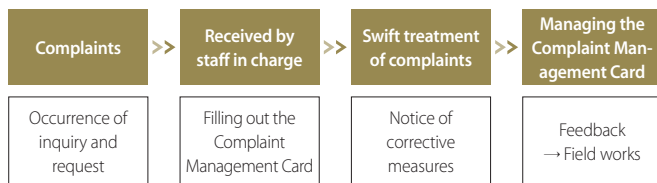
## Expanding communication with customers

BPA has enhanced customer satisfaction by identifying complaints from customers using Busan Port and dealing with them proactively. BPA has secured regular communication channels to ensure smooth communication with customers at Busan Port and strived to address complaints by collecting opinions from customers on a regular basis.

### Systemic management for dealing with complaints

To deal with complaints more swiftly and manage them systemically, BPA designates staff members to manage each complaint and conduct regular and temporary inspection on how well the addressing complaints are processed. The process and system ensure swift and accurate complaint treatment, raising the credibility of BPA businesses.

#### Complaint Management Card operation system



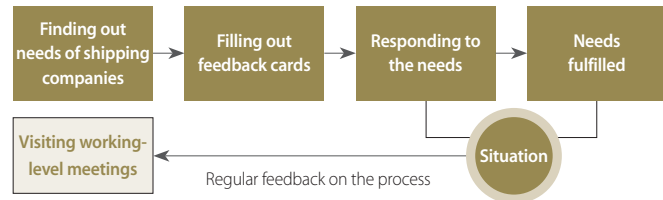
### Visiting customer services

To realize proactive on-site focused services, BPA visits customers' workplace and listens to their voices in person. In 2014, BPA visited Sunjin Entech, engaging in the pier construction for coastal vessels, in January and Gamcheon Port to listen to difficulties of operators in July. The visiting service was also conducted to reflect customer needs for the improvement of the Port-Mis and BPA-NET.

### Efforts for strengthening communications with shipping companies

BPA is operating customized communication channels to meet various customer needs such as reduction of transshipment charge. In particular, to improve satisfaction level of shipping companies using the common port and domestic shipping companies, BPA not only holds regular meetings and working-level councils but also operates the Complaint Management Card system, which contributes to solidifying the relationship with them.

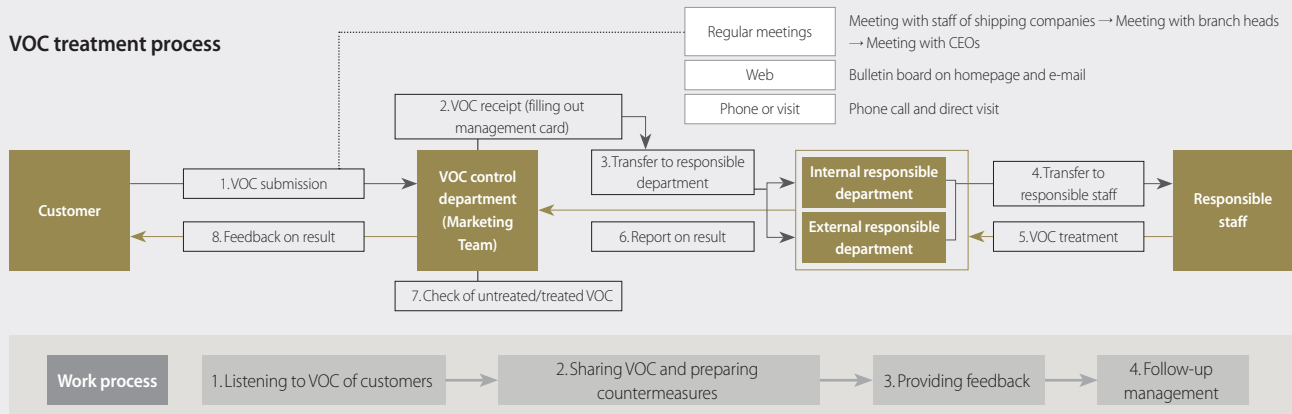
#### Shipping company's needs management system



#### Communications with shipping companies for the development of Busan Port in 2014

Purpose	<ul style="list-style-type: none"> <li>Enhancing customer service and practicing management philosophy centered on the site</li> <li>Sharing major information on Busan Port with customers and promoting mutual growth</li> <li>Building a solid cooperation system and seeking long-term growth strategy</li> </ul>
Major performances	<ul style="list-style-type: none"> <li>Holding regular working-level meetings with shipping companies (quarterly and extraordinary)               <ul style="list-style-type: none"> <li>Meetings: Twice (Feb. 4 and Sep. 30, 2014)</li> <li>Target: 33 working-level staff of shipping companies, information on Busan Port and one-on-one customer support system (appointing responsible staff of each shipping company)</li> </ul> </li> <li>Meetings with each shipping company               <ul style="list-style-type: none"> <li>Meetings: Twice a year by each target</li> <li>Target: Busan branch heads (Feb. 7, 2014) and executives of national shortsea shipping companies</li> </ul> </li> <li>Meeting with CEOs of national shortsea shipping companies               <ul style="list-style-type: none"> <li>Meeting: Once a year (Feb. 14, 2014)</li> <li>Target: CEOs of national short sea shipping companies</li> </ul> </li> </ul>
Effects	<ul style="list-style-type: none"> <li>Exchanging information and cooperating with customers for the development of Busan Port</li> <li>Preparing systematic customer support systems by holding regular meetings</li> <li>Seeking proactive support plans for customer requirements</li> <li>Launching new support systems and diversifying aids</li> </ul>

#### VOC treatment process



## Special Page



## Improvement of Facilities and Services at Passenger Terminals

### Maintenance of repair of facilities

Requests for maintenance and repair of old facilities at the International Passenger Terminal have been made by tenant companies and relevant institutions. As the New International Passenger Terminal in the redevelopment area is scheduled to be built, BPA has focused on improving and expanding the environment of the customer service center at the terminal, removing odors in restrooms within waiting rooms, and construction to prevent leaks at the boarding passages in case of rain.

### Improvement of facilities at International Passenger Terminal

Although the number of International Passenger Terminal users has been continuously increasing, there are few things to enjoy and watch at the cruise terminal. To address this issue, BPA established the promotion center for Korean agro-fishery products at the cruise terminal. BPA also replaced old outside toilets with new ones to remove odor. In addition, users are now able to gain easy access to the terminal because BPA has improved terminal operation guidelines and built a parking

lot for large-sized buses. In the past, sightseeing buses had been prohibited to enter the International Passenger Terminal due to intensified security at Busan Port.

### Attraction of local events at the terminal

BPA provides customers with various things to enjoy and watch by holding events at the terminal waiting room, such as Moving Triennale at the Ferry Passenger Terminal and the UNICEF promotion campaigns at the International Passenger Terminal. These events contributed to enhancing customer satisfaction as well as the image of Busan Port.

### Development of application to provide shipping information

BPA is promoting the development of an application that provides shipping information for better customer service. Upon its completion, users are able to conveniently access various kinds of information such as shipping schedule of each liner, suspension of vessels, online ticketing service, intermodal transportation system, and guides on the terminal through this application.





## ISSUE 06

## Disclosures on Management Approach

# Creating Employee Value

## Future Plan

Reestablishing mid to long term recruitment and HR plans

Maximizing organizational competency by pursuing the goal of a 'happy workplace'

Embedding a new future-oriented labor-management culture

## Our Performance



Family-friendly corporation

Certified for **2** consecutive years



Annual average budget on education per capita

KRW **3.53** million



Completion of ethics education per capita

**8.9** hours



## Business & Social Context

Operating an organization requires a variety of processes including the establishment of management strategy and systems to implement the strategy. The most important factor for conducting those processes smoothly is the capability of employees, who are the core elements in determining the future of a company. In this sense, every company strives to enhance their value. In particular, the port business is further required to intensively innovate management conditions to overcome recession. To this end, reinforcing individual capabilities of employees should take precedence.

## Our Progress

To realize employee satisfaction management, BPA operates various family-friendly programs for work-life balance and education programs to cultivate global competence and job capability. Furthermore, BPA has a variety of channels to communicate with them such as labor-management meeting and labor-management council and their opinions are actively reflected in the decision-making process. In 2014, the corporation reached an agreement on reformation plans to solve the slack management issue through proactive communication with employees.

## Interview

With the strategy of 'When our home is happy, all go well,' BPA strives to enhance employee satisfaction by conducting family-friendly management beyond intense competition within the corporation. BPA promotes family gatherings by providing various programs such as Movie Day with families, watching opera, and holding a Family Day. For female employees, corporate culture makes it easier for them to pursue their lives with family members in a healthy balance, easing the burden of childbirth and childrearing by providing a flexible working system and offering maternity leave. In 2014, the labor union and management formed a consensus to solve the slack management issue and understand unfavorable business conditions. BPA will continuously seek solutions to create value for employees by promoting communication channels such as holding regular meetings and collecting various opinions.



Chief of Management Support Team at BPA, Koo Do-hyeong

## Generating Employee Value

With the strategy of 'When our home is happy, all go well,' BPA has carried out various activities to enhance their satisfaction by promoting work-life balance, gender equality, and family-friendly management. Thanks to these efforts, BPA was selected as the family-friendly company by the Ministry of Gender Equality and Family in 2014, and was ranked among the top 100 workplaces in Korea for two consecutive years.

### Family-friendly management strategy

Strategy	When our home is happy, all go well!		
Major tasks	Work-life balance	Gender equality	Family-friendly management
Action plans	<ul style="list-style-type: none"> <li>Activating parental leave system</li> <li>Enhancing maternity protection</li> <li>Realizing happy family life</li> </ul>	<ul style="list-style-type: none"> <li>Improving gender equality system</li> <li>Conducting labor-management joint campaigns</li> <li>Participating in TF for gender equality</li> </ul>	<ul style="list-style-type: none"> <li>Carrying on a campaign for family trip</li> <li>Holding the Family-friendly Day</li> <li>Conducting family culture events</li> </ul>

## BPA WAY

### Achieving the goal of realizing a pleasant workplace

To build a pleasant workplace, BPA encourages parental leave, reinforces the basis for maternity protection, and promotes happiness in families. As for happiness in families, BPA operates volunteer programs for employees and their family members. As for encouraging parental leave, we recruit alternative workers regularly, prohibit disadvantages in assessment, prioritise a place in the desired department when returning to work, support childrearing for children younger than one year old, and guarantee time for childrearing.

### Taking parental leave

Classification	Unit	2012	2013	2014
No. of leave applicants (female)	persons	1	2	7
Rate of return to work after the leave	%	100	100	100
Rate of over 1-year service after the return	%	100	100	100

### Realizing a workplace for women to work

BPA participated in the TF to Cultivate Female Talents and Practice Gender Equality hosted by the Ministry of Gender Equality and Family to expand female employment and realize gender equality as well as establishing mid and long-term advanced strategies for gender equality. It also hosted the academy for female talent twice in 2014 and arranged for lectures to develop female leadership.

### Practices to cultivate female talent

Participating in the TF to cultivate female talent and practice gender equality	<b>Participated in the TF hosted by the Ministry of Gender Equality and Family</b> <ul style="list-style-type: none"> <li>Purpose: Expansion of female employment, practice of gender equality culture, etc.</li> <li>Contents: Establishment of 3-year action plan ('15~'17)</li> </ul>
Launching academies for female talent	<b>1st academy for female talent (Jul. 2014)</b> <ul style="list-style-type: none"> <li>Target: 32 females over middle manager level</li> <li>Contents: Female leadership and career management, Leadership Start course, etc.</li> <li>Hosted by: Korean Institute for Gender Equality Promotion and Education and Busan Women and Family Development Institute</li> </ul> <b>2nd academy for female talent together with the CEO (Oct. 2014)</b> <ul style="list-style-type: none"> <li>Target: All female employees (40 persons)</li> <li>Contents: Creating synergy by developing female leadership</li> </ul>

### Establishing a Family-friendly Management System

BPA's family-friendly management pursues happiness of all employees' family members. To this end, BPA hold events for an exchange among employees' family members and provide opportunities to enjoy culture and leisure with their family members. BPA also organizes various programs for spending time with family members by inviting them to the workplace and holding campaigns such as "Where Are You Going, Mom and Dad?" and "Where Are You Going, My Son and Daughter?"

### Family-friendly Day event

#### Movie Day together with family

About **250** persons



#### Watching an opera

About **50** persons



### Movement to raise the degree of happiness among employees

To enhance productivity and realize a happy company through improving employee satisfaction, BPA holds various life-enriching programs, promoting leaving the office on time, supporting leisure activities, and installing a gathering room for employees. Furthermore, BPA has established a system to instill a flexible working culture and spread acceptance of flexible working by holding presentations and meetings and using the intranet.



Family-friendly Day event

## Vitalization of labor-management communication

### Labor union

The labor union of BPA was established in June 2008. In accordance with the basic spirit of labor-related legislations, the corporation has strived to maintain and improve working conditions at the same mutual level between labor union and management, enhance economic, social, and cultural status, and achieve mutual development.

### Union membership

Classification	2012	2013	2014
No. of union members	106 persons	127 persons	144 persons
Rate of union membership	61%	63%	66%

### Communication vitalization policy to stabilize labor-management relations

A positive relationship between the labor and management is necessary to vitalize mutual communication. Under the 'preventing conflicts and stabilizing labor-management relations by preemptively solving pending issues,' BPA is striving to systemize communication channels and ensure rapid communication. It will continue to pursue stable labor-management relationship by swiftly connecting communication bodies and carrying out communication policies.

### Activating communication

Goal	Preventing conflicts and stabilizing labor-management relations by preemptively solving pending issues		
Direction	Systemizing communication channels and ensuring rapid communication		
Target	Labor union and all employees including new and experienced ones		
Channel	<b>CEO</b> <ul style="list-style-type: none"> <li>One-on-one meeting between the CEO and the union head</li> <li>Meeting between the CEO and employees</li> <li>SNS, corporation magazine, etc.</li> </ul>	<b>Labor department</b> <ul style="list-style-type: none"> <li>Labor-Management Council</li> <li>System Improvement Committee</li> <li>Collective bargaining, etc.</li> </ul>	<b>Employee</b> <ul style="list-style-type: none"> <li>Grievance Handling Committee</li> <li>Grievance Bulletin Board</li> <li>Mentoring system</li> <li>Consulting with advisory labor attorney, etc.</li> </ul>

### Vitalization of communication with the CEO

BPA has formed a bond of trust in labor-management relations by having regular one-on-one conversations with the CEO and chief of the labor union. Major management issues are also shared through meetings between the CEO and employees or chief of the labor union and employees.



Meeting with employees below 4 grade position to improve operational capability

### Labor-Management Council

As an official communication channel between the labor and management, the Labor-Management Council conducts reasonable wage negotiation and checks strategic tasks and major current issues. In 2014, communication was proactively carried out to solve the slack management issue.



A ceremony to pledge completion of the normalization policy of sloppy management

## Case Study

### Joint response to the slack management issue

To overcome unfavorable business conditions in the port industry, the labor and management have succeeded in reaching a consensus on reforming management. Both sides adopted the joint declaration to normalize management conditions which includes reduction of welfare and benefits by 43%, work expenses by 30%, and operating costs by 20%. To this end, the labor and management council met thrice and the working-level council met seven times. In addition, both sides had organized a task force and formed an emergency planning committee to coordinate opinions and share the recognition on business difficulties. The declaration was adopted successfully through these efforts, and not through unilateral requests from the management, and thus conflicts were minimized.



## Cultivating customized talents

BPA established a mid and long-term goal to cultivate experts who can lead the best port services with an open mind on the basis of BPA's core values of challenge, creativity, and cooperation. Under the 4 strategic directions 'cultivating specialists in port business,' 'operating education centered on core capability,' 'advancing creative talent cultivation system,' and 'pursuing regular and voluntary learning,' BPA is making extensive efforts to cultivate global and creative talent and upgrade their capabilities for jobs, and customer satisfaction. To this end, education budget increased 21.4% from the previous year and employees completed education by each position entirely.

### Talent cultivation system

2030 vision	National enterprise to create global hub port		
Core value	Challenge	Challenge	Cooperation
BPA ideal	Specialist in port business that provides the best port services		
Mid to long term HRD goal	Cultivating global specialists in port business	Enhancing core capability for strategy execution	Cultivating creative talent
Strategic HRD direction	<b>Cultivating specialists in port business</b> <ul style="list-style-type: none"> <li>Fostering global talent</li> <li>Strengthening global capability</li> <li>Developing specialized education</li> </ul>		<b>Operating educations centered on core capability</b> <ul style="list-style-type: none"> <li>Specializing education on job and core capability</li> </ul>
	<b>Advancing creative talent cultivation system</b> <ul style="list-style-type: none"> <li>Conducting creative education to increase change management ability</li> <li>Enhancing CS related capability</li> </ul>		<b>Pursuing regular and voluntary learning</b> <ul style="list-style-type: none"> <li>Building a regular learning system</li> <li>Providing voluntary learning opportunities</li> <li>Improving knowledge management</li> </ul>

### Education expenses

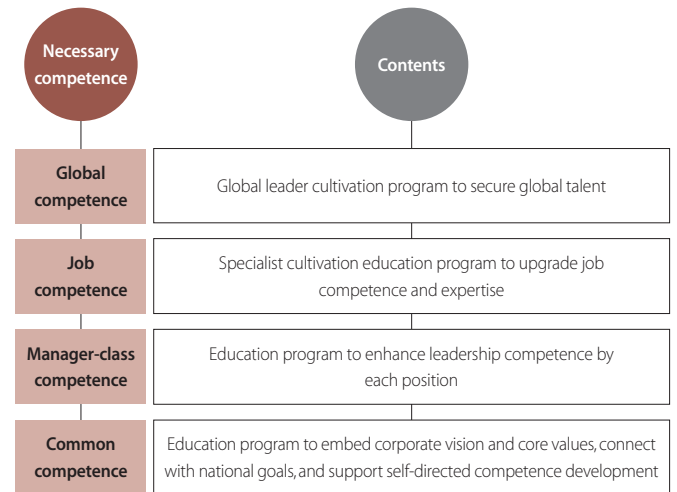
(KRW in thousands)

Classification	2012	2013	2014
Average budget for internal education per capita	1,141	1,182	1,221
Average budget for external education per capita	1,445	1,793	2,315
Average budget for entire education per capita	2,586	2,975	3,536

### Tailored education programs

The corporation has implemented tailored education to cultivate talent after identifying not only its needs for global competence and job professionalism but employees requirements for connectivity with their jobs and position-specific education. Based on the results, tailored educational programs have focused on securing job capability, enhancing professionalism, fostering leadership by position, and developing common capability. Particularly, in 2014, BPA provided six courses to foster global leaders who can proactively respond to the ever-changing global environment.

### Education programs tailored for competence



In addition, BPA has promoted interchanges of personnel with overseas ports, dispatch to nurture port experts, benchmarking of advanced ports, enhancement of marketing capability of staff in charge of global business, and online language courses, which contributes to building global networks and strengthening organizational competitiveness as a global hub port.

### Monitoring of education performances

BPA's SSHR (Self-service Human Resources) system makes it possible to autonomously and proactively check and analyze education performance. This system helps effectively analyze education performance in terms of satisfaction level, on-site application level, and improvement level of works in real-time and reflect employee needs in education system. As a result, the satisfaction level in training and education has increased for three consecutive years, and the CEO won the grand prize in the HR Management sector.

### Establishing a career development system for lifecycle

As needs for career development curriculum and programs have emerged, BPA has established the CDP (Career Development Program) tailored for lifecycle in connection with mid to long-term HR management system. The CDP induces systemic capability development by setting a standard education path for each professional group such as development, administration and operation, and management. It also supports self-leading growth by presenting a goal depending on CDP (six sectors) based on nurturing professionals.

## ISSUE 07

## Disclosures on Management Approach

# Promoting Strategic Social Contribution Activities

## Future Plan

Intensifying port-specific social contribution activities

Upgrading CSV social contribution system

## Our Performance



Time spent on social contribution

Up **41.4** % year-on-year  
(12.3h → 17.4h)



Amount spent on social contribution

KRW **1,389,037** thousand



## Business & Social Context

Public enterprises and institutions promoting the public interest are requested to fulfill their social responsibilities in addition to achieving economic performance by stakeholders such as local residents, government agencies, and business partners. Recently, many public enterprises have been seeking methods to coexist with local communities by conducting systemic social contribution activities that reflect business characteristics beyond simple donations and find opportunities to become a trusted and respected institution by the people.

## Our Progress

To carry out social contribution activities more systemically, BPA has established strategies and tasks with the goal of 'building a happy port to share social value.' In addition, BPA checks and assesses annual social contribution performances by monitoring the level of social contribution satisfaction and operating the mileage system to encourage unwavering activities. The corporation will take the lead in fulfilling its social responsibility by carrying out various activities participated by employees and local people.

## Interview

Along with Seogu Social Welfare Center, BPA has conducted various social contribution activities such as helping the socially disadvantaged prepare for living in the winter and doing voluntary work on national holidays. I was impressed to see BPA employees share the hardship with needy people and proactively carrying out activities beyond just material support. Also, I gauged your sincerity for social contribution activities from listening to various opinions of local community members and reflecting them in real activities by holding meetings for local welfare centers and voluntary groups. I sincerely support BPA in its efforts to realize social contribution value with its employees' open minds as they live together with local communities.



Directors of Nuns at Seogu Social Welfare Center, Bae Hee-seon

## Promoting Strategic Social Contribution Activities

To fulfill its social responsibility and spread the culture of sharing, BPA established social contribution strategies to achieve the goal 'building a happy port to share social value.' It is conducting various sharing activities for local communities in Busan sincerely and proactively under 3 major strategies: nurturing a unified social contribution brand, building social trust, and disseminating sharing culture.

### BPA social contribution strategy system

Corporate vision	National enterprise to create global hub port		
Goal	Building a happy port to share social value		
Strategy	Nurturing an unified social contribution brand	Building social trust	Disseminating sharing culture
Action plan	<ul style="list-style-type: none"> <li>Promoting educational donation based on corporate competence</li> <li>Promoting experiential education about maritime safety for teenagers</li> </ul>	<ul style="list-style-type: none"> <li>Social contribution activities by cooperation among private, governmental, and public organizations</li> <li>Social contribution activities by cooperation with civic groups</li> </ul>	<ul style="list-style-type: none"> <li>Forming a corporate consensus to encourage employees' participation</li> <li>Disseminating sharing culture in 4 areas for local communities</li> </ul>

## Reinforcing social contribution framework

### Establishing a roadmap for social contribution

BPA's social contribution activities have been systematically implemented on the basis of the mid to long-term roadmap built in 2012. The corporation had strengthened infrastructure for practical social contribution and encouraged all employees to participate in social contribution until 2013. Since then, it has focused on securing internal and external trust through building and upgrading promotion and assessment systems. BPA will effectively estimate and assess social contribution activities by developing its unique social contribution model from 2016.

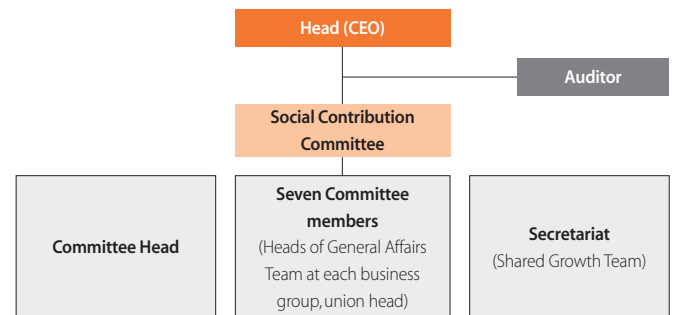
### Roadmap for social contribution

Enhancing the power of execution in social contribution (2013)	Generating visible results to raise social trust (2014)	Expanding CSV-focused social contribution (2015)
<ul style="list-style-type: none"> <li>Strengthening infrastructure and competence for social contribution</li> <li>Encouraging all employees to participate in social contribution</li> </ul>	<ul style="list-style-type: none"> <li>Promoting social contribution activities based on local communities</li> <li>Expanding specialized social contribution activities (maritime safety, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Supporting social enterprises</li> <li>Checking effects of social contribution activities</li> </ul>

### Organization for social contribution

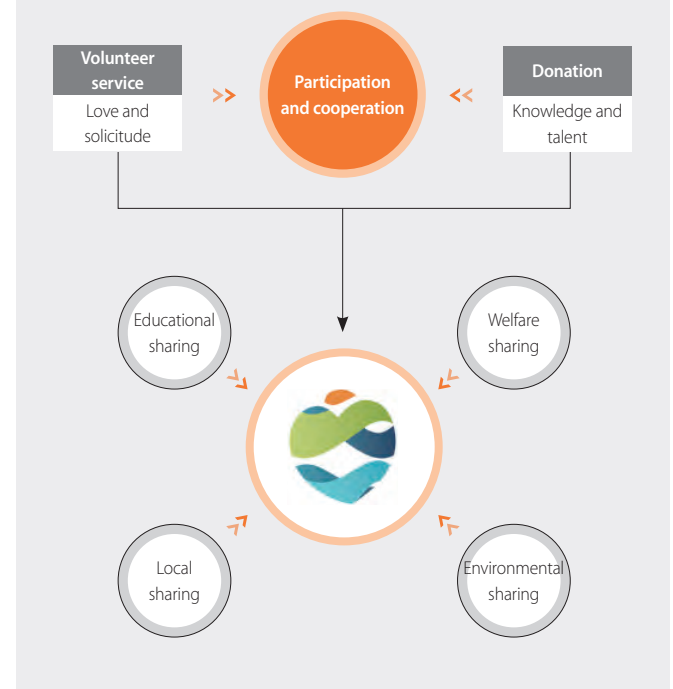
Social contribution tasks which were directed by the Management Support Team were transferred to the Creative Management Team (Currently, Mutual Growth Team) in July 2013. Since then, the establishment and execution of social contribution strategy has become systematic. The Social Contribution Committee reviews an annual operation plan, and the Chamsarang Volunteer Group and Gamcheon Hangsarang Sharing Group play the pivotal role of carrying out social contribution activities.

### BPA's Real Love Volunteer Corps organization



### Methods and scope of social contribution

BPA fulfills social contribution through knowledge and talent donation, love, and consideration. Social contribution activities are carried out under the four major themes of education, welfare, region, and environment.







## BPA-specialized Social Contribution Activities

To return its tangible and intangible talent related to shipping, port and logistics to local communities, BPA carries out specialized social contribution activities by utilizing its content and infrastructure. The BPA Port Love Experience Class, Integrated Safety Experience Class, and other efforts to share the expertise and talent related to the port and shipping industry are representative social programs of BPA.



### 1 BPA Port Love Experience Class

BPA operates the Busan Port Love Experience Class where students in Busan can broaden their perspective of Busan Port and explore career paths in the shipping industry by receiving the opportunity to embark on a BPA vessel (Saenuri). Since it was launched in May 2013, this class has been operated twice a month. The number of participants reached 2,189 in 2013 and 3,373 in 2014.

Performances in the BPA Port Love Experience Class (2014)

**3,373** participants in running **91** times



### 2 Integrated Safety Experience Class for the youth

The Integrated Safety Experience Class targets elementary and middle school students in Busan. Through this class, they can acquire integrated knowledge about safety at land and sea and strengthen their ability to cope with various safety accidents. In 2014, this class was held twice, in which a total of 83 students attended.

### 3 Supporting marine sports experience camps for the youth

BPA offers opportunities for children without parents, low-income family students, and children from orphanages to play marine sports such as rafting, air-surfing, and banana boating. These opportunities help them grow healthy and demonstrate the willingness to overcome hardships. In 2014, a total of 464 students participated in the camps.

### 4 Talent donation for sharing expertise regarding ports

To foster talent in the port business, BPA carries out talent donations in which employees of BPA and other port officials deliver expertise related to ports to students and citizens. Talent donors and beneficiaries can always meet through BPA's talent donation website launched in 2013. In 2014, 10 times of talent donation activities were carried out for 566 beneficiaries, in which BPA's executives, employees, and retirees participated.

## Special Page

### Social contribution activities for local communities

#### Fostering experts in the port business

BPA provides various port-related education programs to reinforce the capability of workers who are engaged in the shipping and port business. These include support for acquiring certificates for port and logistics, import and export professional cultivation course, education on port safety, practical job training, and education on global marketing strategies of Busan Port.

#### Social contribution activities in cooperation with civic groups

BPA's college student volunteer group has proactively carried out volunteer activities together with local citizens. They mainly participate in meal delivery at Busanjin Station, volunteering services at welfare centers, and wall painting.



#### Sharing with the disadvantaged in local communities

Employees at BPA implement a variety of volunteering services for the disadvantaged in Busan. They deliver briquettes, participate in Kimchi-making events at senior welfare centers, and install heating devices for the elderly living alone. Other activities include providing multicultural households with support to go on honeymoons and offering free meals to the vulnerable group each month since December 2012.

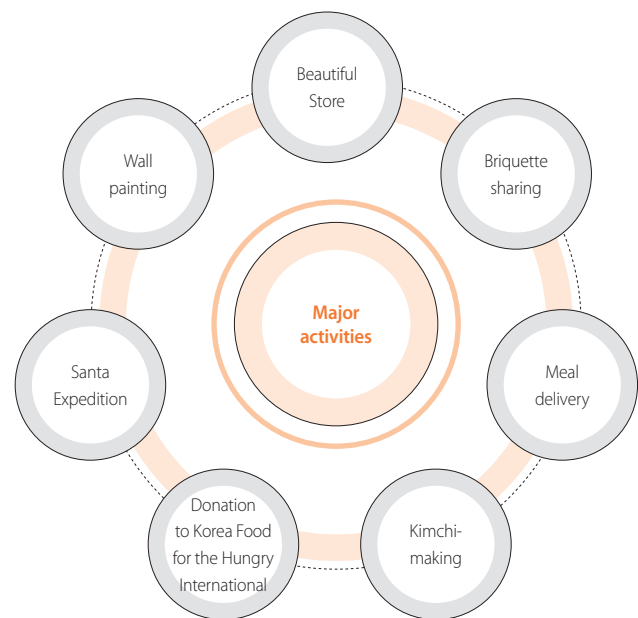
#### I Love Busan Port

Since 2009, BPA has provided opportunities to go on field trips to Busan Port by inviting the socially vulnerable group in Busan. In connection with the national holidays, activities to show the changes at Busan Port and introduce BPA's roles under various themes are conducted.

### Carrying out social contribution activities

#### Social contribution relay in commemoration of 10th anniversary

In commemoration of its 10th anniversary, BPA conducted company-wide volunteering service relay for low-income households in neighboring regions near the port. It has realized evolved social contribution activities by conducting volunteering services with 61 executives, employees at BPA, and other citizens.



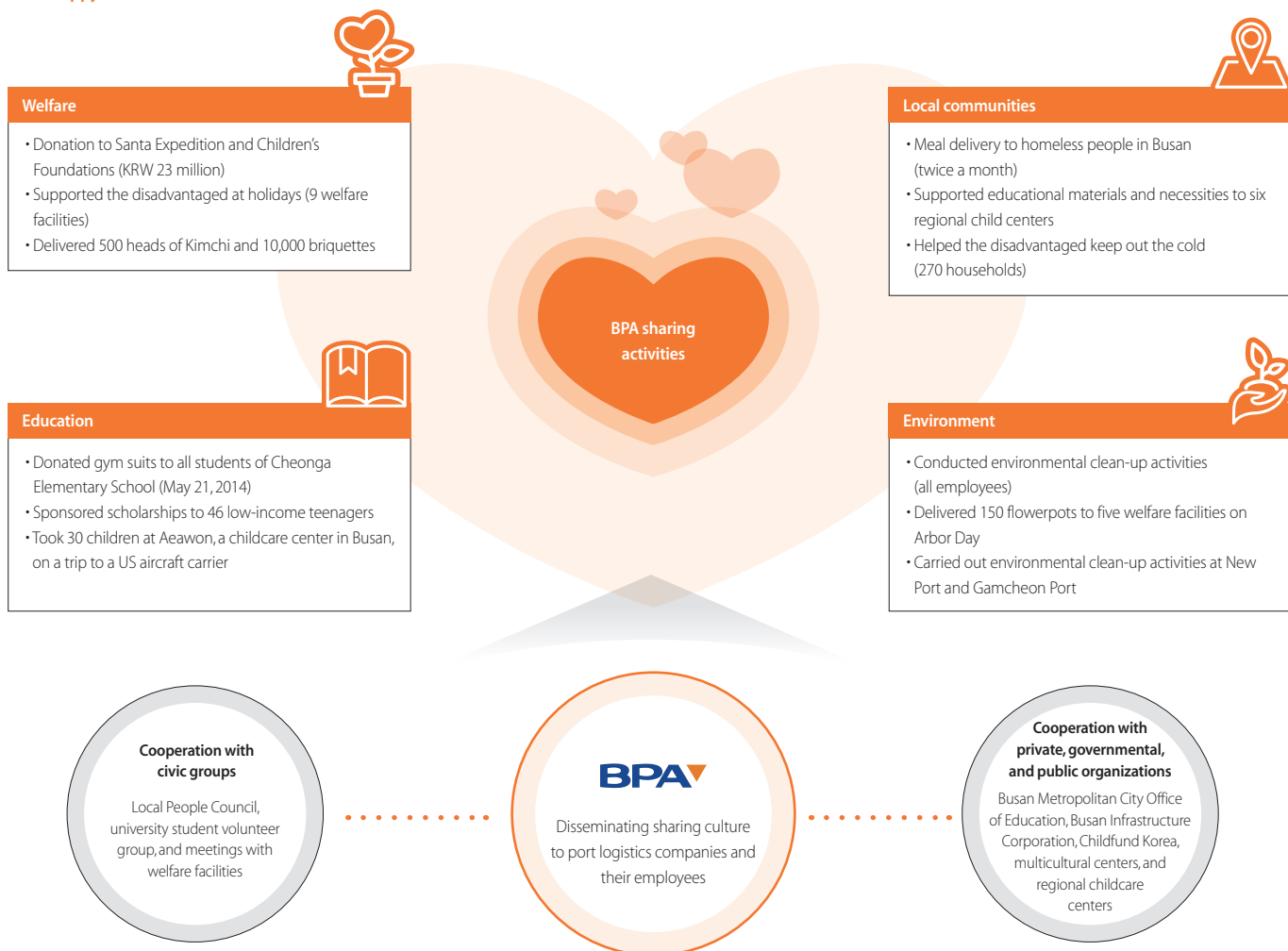
### Launching the integrated social contribution brand

With the aim of enhancing connectivity with each sector and raising internal and external awareness of social contribution, BPA has integrated and managed relevant activities by launching the 'Happy Ocean' brand. The brand name combines the words 'Happy' and 'Ocean,' implying that the happiness from sharing is wide and unlimited like the ocean. By adding the brand name to existing programs such as I Love Busan Port, the Marine Sports Experience Camp for the Youth, and BPA Port Love Experience Class, its symbolism is highlighted with enhanced connectivity.

### Efforts to expand social contribution activities

BPA launched a website for social contribution to promote its activities and encourage more participation. BPA's social contribution activities and performances are reported through the website. The corporation has also strived to disseminate the culture of sharing by collecting novel ideas from employees (selected 3 out of 33 cases submitted), providing educational programs, enhancing internal and external engagement, and expanding the cooperative network with civic groups and private and public sectors. These activities are assessed on a regular basis by surveying satisfaction level twice a year and examining volunteering hours and mileages. In 2014, the satisfaction level on social contribution scored 92.7 points, the average time spent on social contribution per capita was 17.4, up 41.4% from the previous year.

#### 2014 Happy Ocean activities



#### Performances

Won the Mecenat Tower for 3 consecutive years

Won a prize in the public organization sector at the 3rd Educational Donation Award

Won the appreciation plaque from the Seo-gu Welfare Center (Dec. 11, 2014)

Won the appreciation plaque in recognition of creating healthy local villages from the Mayor of Busan Metropolitan City

Won the Excellent Volunteer Team Award from the Jung-gu Volunteer Service Center (Dec. 17, 2014)

## ISSUE 08

## Disclosures on Management Approach

# Expanding Shared Growth Activities

## Future Plan

Advancing shared growth promotion system

Pursuing shared growth through cooperating with relevant organizations

## Our Performance



Financial aid to SMEs

KRW **2.7** billion (including fund and investment sources)



Rate of directly purchasing SMEs' products

**52.2** %



Job creation in the private sector

**11,933** persons



## Business & Social Context

Companies intend to reinforce the sustainable management system within the supply chain by defining it as a business competitive edge beyond just the concept of expense, reputation, and risk management. Most global leading ports are also seeking measures for mutual growth with their business partners through supporting port-related technologies and building infrastructure for shared growth. In accordance with this trend and government policy stressing shared growth with SMEs, BPA is proactive in finding measures to coexist and grow together with its business partners.

## Our Progress

BPA established four major strategies for shared growth including 'enhancing shared growth system,' 'improving business site environment,' 'jointly developing port technologies,' and 'expanding sales channels.' To strengthen the shared growth system, it included relevant performance indices in company-wide KPIs and business goals, acquired the certification for the performance sharing system, and promoted sales growth of SMEs engaging in logistics from the increase of transshipment cargoes. BPA also offered 6-six education and specialized education for port logistics to strengthen their capabilities. They also participated in our joint development tasks and idea contests.

## Interview

Kum Kyeong Lighting is jointly developing port-specific outdoor LED lighting device with BPA on the condition of purchasing products. Developed first in Korea, this technology will help Busan Port further strengthen its competitiveness. Port-specific outdoor LED lighting devices will be installed and tested at Busan Port in June 2015, securing sight and ensuring safe management of Busan Port for 24 hours a day. I sincerely appreciate your giving us the opportunity to apply advanced LED technology to the port by the joint development on the condition of purchasing products. And I hope that BPA supports many SMEs to grow further by continuing and expanding the policy for shared growth.

CEO of Kum Kyeong Lighting, Lee Gi-bong





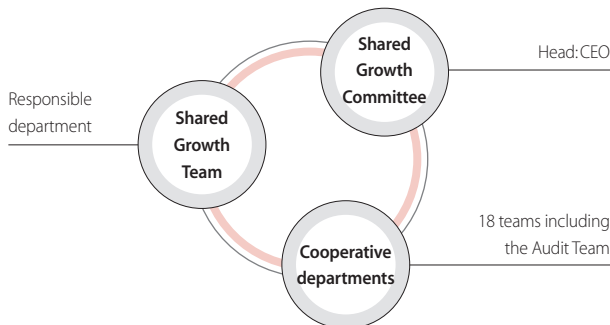
## Expanding Shared Growth Activities

With the vision of 'evolving into a global hub port pursuing shared growth,' BPA has been conducting sharing growth activities on the basis of four major strategic directions: 'enhancing shared growth system,' 'improving business site environment,' 'jointly developing port technologies,' and 'expanding sales channels.'

### Reinforcing shared growth system

To further promote shared growth, BPA is operating the Shared Growth Committee, the superb decision-making body, and Shared Growth Team, a responsible department. The committee deliberates mid to long-term plans for shared growth, evaluates SME support projects, and disseminates the culture of shared growth. BPA is also running cooperative networks among Shared Growth Team, Shared Growth Committee, and other departments to enable smooth support for SMEs.

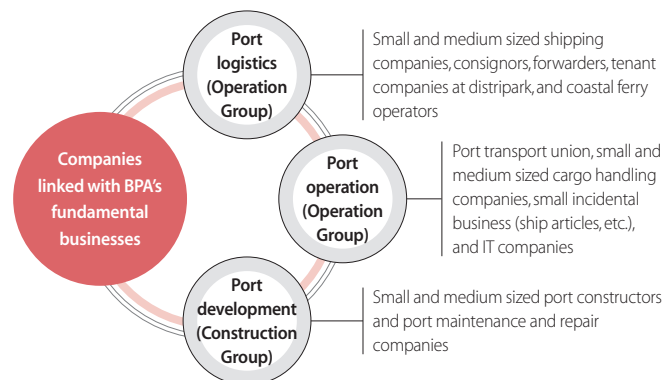
#### Cooperation network to support SMEs



<b>Construction Group</b> (4 teams)	<ul style="list-style-type: none"> <li>Cooperating in developing new technologies</li> <li>Purchasing SMEs' products and materials</li> </ul>
<b>Operation Group</b> (7 teams)	<ul style="list-style-type: none"> <li>Reinforcing competitiveness of small and medium sized logistics companies</li> <li>Supporting sales channels</li> </ul>
<b>Audit Team and others</b>	<ul style="list-style-type: none"> <li>Improving unfair transaction</li> <li>Making contracts to purchase products of small enterprises</li> </ul>

### Expanding shared growth in the ecosystem of the port and shipping industry

Major participants in the shipping and port business include shipping companies, operators, transporting companies, and constructors. They have also 1st and 2nd tier vendors consisting of small and medium sized shipping companies, tenant companies at distripark, tourist agencies, transporting companies, and truck owners. BPA expanded the scope of business partners for shared growth from 'companies with the performance of direct purchase and subcontract' to 'companies linking with the original works.' BPA will produce and distribute a guidebook for shared growth to all business partners.



### Shared growth strategy system

#### Enhancing shared growth system

- Upgrading shared growth promotion system
- Tightening shared growth performance control
- Expanding external shared growth activities

#### Jointly developing port technologies

- Expanding the introduction of new methods and technologies
- Jointly developing new products for port business
- Invigorating port service business

**Evolving into a global hub port pursuing shared growth**

#### Improving business site environment

- Modernizing port facilities
- Enhancing safety at business sites
- Expanding welfare benefits

#### Expanding sales channels

- Increasing port calls for transshipment
- Raising cargo handling volume at distripark
- Invigorating cruise business

## Cooperation with SMEs in the shipping and port business

In accordance with increasing needs for cooperation with SMEs, BPA is proactively promoting joint development of new products and technologies with SMEs in the shipping and port business.

### Development of new products on the condition of purchase

Along with the government policy to entirely adopt LED lighting by 2020, BPA has been replacing lights at Busan Port with LED lighting devices. However, general LED lights cannot be adopted at ports and those for port use have not been developed yet. Therefore, BPA has signed an agreement to jointly develop new products on the condition of purchase with SMEs and made a contract to purchase KRW 1.2 billion worth new products in advance.

### Test operation LNG-fueled yard tractors

Exhaust gas from diesel-fueled yard tractors is the culprit for air pollution at the port. BPA intends to introduce LNG-fueled yard tractors to reduce air pollution, but lower power of LNG compared with that of diesel requires new technologies for practical use. To address this problem, BPA introduced two LNG-fueled yard tractors at PNC pier of Busan New Port for test operation in cooperation with SMEs securing technology to reform LNG-fueled yard.

#### Offering a test bed for LNG Yard Tractor (YT)

- Sales increase of LNG YT developers (plan to introduce 210 units by 2018)
- Reducing 37.9% in fuel consumption and 42% in CO<sub>2</sub> emissions per unit

#### Jointly developing LED lighting devices for port use

- **[Developer]** Securing funds of KRW 230 million and sales of KRW 1.2 billion from the Small and Medium Business Administration
- **[BPA]** Securing LED lighting devices for port use and 2% of new product sales volume

## Supporting the expansion of sales channels for SMEs

Along with the government policy to vitalize export of SMEs, BPA has proactively provided SMEs with support for sales channels by utilizing its brands and overseas branches.

### Raising competitiveness of tenant SMEs at Ship Chandling Center

BPA has helped tenant companies at Ship Chandling Center raise their competitiveness in sales by supporting group purchase, delivery, and marketing. In particular, it gave aids to their joining the International Ship Suppliers & Services Association and took the lead in launching Korea Ship Suppliers & Services Association. BPA also carried out various supportive activities to broaden sales channels for the tenant companies by developing ship supply brands with Busan Metropolitan Government Office and jointly making a plan for operating warehouses.

## Easing investment criteria in distripark by small and medium sized manufactures

To diversify the business types of tenant companies at the distripark, BPA has eased qualifications for tenant by manufacturing companies. It adjusted detailed items for assessment to apply the same standards for distribution companies and manufacturing companies by organizing the TF team to improve the assessment system for tenant companies.

#### Instructing joint purchase, delivery, and marketing of ship articles

- 18% increase in sales of tenant companies at the Ship Chandling Center (KRW 199.8 billion)
- Enhancing networks among ship articles in related companies

#### Mitigating the regulation of investment in distripark

- Creating 62 jobs for tenant manufacturers
- No. of small and medium sized manufacturers (0 in 2013 to 4 in 2014)

## Improvement of SMEs' business environment

Business environment of tenant SMEs has been improved by BPA's various efforts to secure convenient commute system, reduce the gap in information on port and shipping logistics, and raise the level of port safety.

### Improvement of information processing environment

SMEs usually have a low level of capability to utilize information compared to large-sized companies due to a lack of independent systems and database. BPA has provided them with real-time information on port and shipping logistics through the BPA-NET System, reducing the information gap with large companies. To enhance the utilization of BPA-NET, it held presentations for shipping companies and meetings with heavy users of the BPA-NET.

### Specialized job training about port and logistics for SMEs

BPA has conducted specialized job training for SMEs in the port and logistics business to meet requirements collected at the meeting with their CEOs. After conducting a prior survey to identify demands and educational needs, the corporation conducted a workshop for dealing with special cargo for 45 employees of SMEs. It also commissioned a small-sized consulting company for the training and additionally paid 1% of contract amount in return for higher satisfaction than expected.

#### Improving data processing environment

- 9.6% increase in using data service (2.83 million cases)
- Providing a smart phone application for easy access

#### Conducting education sessions specialized in shipping and port businesses

- Working-level education about special cargoes (45 participants)





## Solidifying the foundation for shared growth

To establish a culture of fair trade and shared growth, BPA has comprehensively improved the system from notice of bidding to evaluation of proposals and follow-up management. It also promotes shared growth by purchasing more products from groups who may be socially disadvantaged such as SMEs, female companies, and companies of workers with disabilities.

### Improvement of a system to ensure fair trade

Limitations on bidding were removed and the campaign for disseminating integrity is included in all bidding announcements. BPA has been increasing the rate of electronic bidding and revised it to grant additional points in bidding to social enterprises. The corporation made it mandatory to submit contract proposals anonymously under negotiation and write review reports by the relevant department when signing private contracts with small amount to ensure transparency. Furthermore, it has minimized errors and strengthened management tasks by computerizing the system for subcontract payment.

#### System improvement for fair trade

Classification	Practice	Improvement
 <b>Notice of bidding</b>	Pre-notice	Notice of excluding bidders with performances under KRW 230 million
	Additional points to social enterprises	Limited bidding for social enterprises and special treatment to them in case of bidding under KRW 100 million worth of purchasing and service
 <b>Receipt of proposals</b>	Expanding electronic bidding system	Rate of electronic bidding increased to 99.5%. - Up 9.3% year-on-year
	Object evaluation	Making submission of technical proposals without corporate name compulsory
 <b>Evaluation of proposals</b>	Transparency in deliberating contract	Enhancing the Contract Deliberation Committee (participation of external experts)
	Rejection of private contract	Making submission of review report of ordering department compulsory in case of private contract
 <b>Follow-up management</b>	Computerization of payment	Raise the payment execution rate by computerizing payment system

#### Rate of electronic bidding

Classification	2012	2013	2014	% change
No. of total biddings	138	179	218	21.8%↑
No. of electronic biddings	123	163	217	33.1%↑
Rate of electronic bidding (%)	89.1	91.0	99.5	9.3%↑

### Improving systems for the socially vulnerable

BPA pursues fair competition by granting additional points to SMEs and social enterprises. In 2014, the percentage of purchasing SME products increased 16% compared to the previous year by separately placing orders for construction materials to encourage purchasing of SME products and expanding product purchasing from companies managed by females and persons with severe disabilities when signing private contracts not exceeding KRW 50 million.

#### Product purchasing from SMEs and social enterprises

(KRW in billions)

Classification	2013	2014
SMEs	143.5	166.6 (16%↑)
Female companies	5.9	4.5 (23%↑)
Social enterprises	0.03	0.1 (3.3 times ↑)
Disabled enterprises	0.12	1.1 (9.1 times ↑)
Self-support veteran's village	0.03	0.3 (10 times ↑)

### Expanding communication with business partners

Various opinions of business partners are collected through the CEO meeting, survey on shared growth, SME meeting, website, and so on, through which BPA and business partners jointly develop tasks for shared growth and improvements. In addition, we are operating the Grievance Treatment Program to identify and respond to complaints and difficulties of site workers.

#### Communication activities in 2014

<b>Efficiency of port operation</b>	<ul style="list-style-type: none"> <li>• Meetings to improve the efficiency of port operation with North Port operators and truckers</li> <li>• Visiting sites of security firms and facility management companies at Busan Port</li> <li>• Meetings to improve management status of North Port operators</li> <li>• Meetings to improve the efficiency of general piers at Busan Port with cargo handling companies</li> <li>• Visiting sites of New Port operators and their workers to emphasize mutual cooperation</li> <li>• Visiting the Port Trade Union and listening to their opinions to build a cooperative relationship</li> </ul>
	<ul style="list-style-type: none"> <li>• Meetings with ferry operators calling at Busan Port</li> <li>• Meetings with national shortsea liners to listen to their opinions</li> <li>• Meetings with small and medium sized forwarders at Busan Port</li> <li>• Participation in the signboard hanging ceremony of the Korea Ship Suppliers &amp; Services Association</li> </ul>
<b>Improvement of business site environment</b>	<ul style="list-style-type: none"> <li>• Safety meeting with business partners to improve business environment at Busan Port</li> <li>• Agreement on safety management with small and medium sized business partners at Gamcheon Port</li> <li>• Workshop for training about specialized cargoes (once) and education on 6 sigma</li> <li>• Agreement on supporting commuting buses for tenant companies at New Port Distripark</li> <li>• Meeting with CEOs of small and medium sized companies</li> </ul>

## Special Page



## Raising Funds for Shared Growth with SMEs

### Sharing Growth Fund

BPA raised KRW 2.5 billion shared growth fund for financial aids to SMEs. It evaluates and selects targets to be supported by the fund among SMEs that are directly and indirectly related to BPA's characteristics. Selected companies are able to receive financial aid from this fund at 1.5% lower interest rate, which contributes to easing their financial burden and vitalizing their businesses.

### Contribution of funds for shared growth

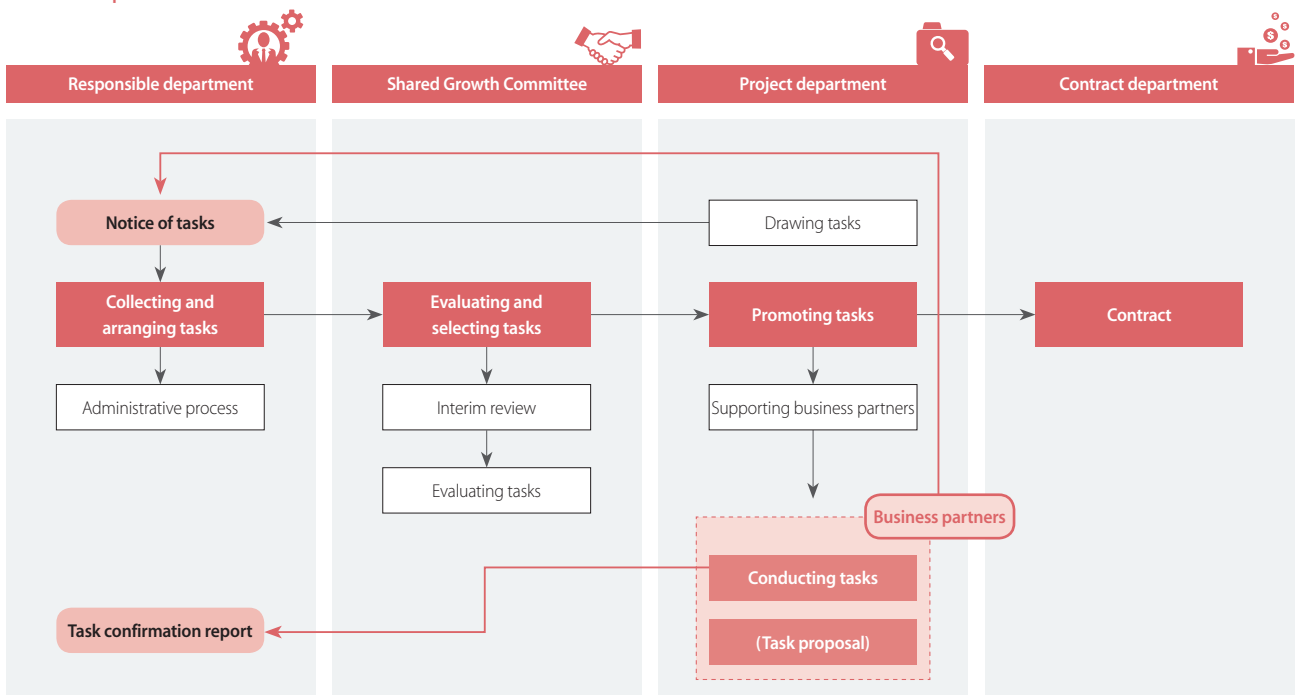
To promote shared growth with SMEs in the port and shipping business, BPA has signed an agreement to contribute funds with the Business Cooperation Foundation. According to the agreement, BPA will raise KRW 600 million for shared growth for three years and KRW 160 million for Industrial Innovation 3.0 for four years. The funds will be used for supporting SMEs' R&D, HR development, entrance into overseas markets, and reduction of GHG emissions. BPA will continuously expand contributions to support SMEs to raise competitiveness and create a culture of shared growth. Contributions for the foundation are used after clarifying demands for using the budget by holding a contest.

### Task Contest for SMEs

To ensure fair distribution of these funds mentioned above, BPA has held a task contest for SMEs, in which all of its employees and SMEs producing and providing supplies are able to participate. The task contest consists of cooperative tasks and supportive tasks. BPA selects tasks that not only reinforce the capability of SMEs, but also raise competitiveness and ensure shared growth with SMEs.

- Cooperative tasks for SMEs: Tasks in cooperation with SMEs to improve management performances by public corporations (developing new products, technical innovation, etc.)
- Supportive tasks for SMEs: Tasks that support innovation in management, environment, and process by SMEs to raise the competitiveness of the industry to which the public institutions belong (management consulting, HR development, etc.)


### Task contest process





# APPENDICES

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- 67 BPA Sustainability Performance
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  - 76 UNGC
  - 77 ISO26000
  - 78 Accolades, Certification, and Membership of Associations
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- A decorative graphic consisting of numerous overlapping triangles of varying sizes and shades of gray, arranged in a diagonal pattern from the bottom left towards the top right, covering the lower half of the page.

# BPA Sustainability Performance

## Economic Value Creation

### Financial performances (consolidated)

In 2014, BPA achieved KRW 340.96 billion in sales, up 25.6% year-on-year from KRW 271.40 billion in the previous year. Operating income and net income in 2014 amounted to KRW 197.49 billion and KRW 107.66 billion, respectively.

#### Consolidated financial position

(Unit: KRW in millions)

Classification	2012	2013	2014
I. Current assets	120,570	91,735	137,414
II. Non-current assets	4,978,711	5,127,134	5,306,481
1. Non-current financial assets	6,597	16,598	17,120
2. Long-term trade and other receivables	69,463	62,646	55,907
3. Tangible assets	54,252	53,262	49,742
4. Invested real estate	4,461,774	4,628,776	4,826,954
5. Intangible assets excluding goodwill	375,547	364,262	355,591
6. Interest in subsidiaries	500	500	-
7. Interest in affiliated companies	10,578	1,089	1,167
<b>Total assets</b>	<b>5,099,281</b>	<b>5,218,869</b>	<b>5,443,895</b>
I. Current liabilities	202,504	214,237	53,447
II. Non-current liabilities	1,276,532	1,328,165	1,627,590
<b>Total liabilities</b>	<b>1,479,036</b>	<b>1,542,402</b>	<b>1,681,037</b>
I. Capital stock	3,297,605	3,297,605	3,297,605
II. Accumulated other comprehensive income	239	-	-
III. Retained earnings	322,401	378,862	465,253
<b>Total equity</b>	<b>3,620,245</b>	<b>3,676,467</b>	<b>3,762,858</b>

#### Consolidated income statement

(Unit: KRW in millions)

Classification	2012	2013	2014
1. Sales	254,619	271,402	340,956
2. Cost of sales	50,917	58,261	96,732
3. Gross income	203,702	213,141	244,224
4. Selling and administrative expenses	50,223	54,298	46,735
5. Operating income	153,479	158,843	197,489
6. Other incomes	2,392	4,383	2,374
7. Other expenses	1,872	1,767	745
8. Other income - net	-6,346	-	-112
9. Financial gains	13,025	3,988	4,747
10. Financial costs	80,140	71,045	66,837
11. Gain (loss) on equity method investment	-14,282	-	-
12. Net income before tax	66,256	94,402	136,916
13. Income tax expense	19,132	22,473	29,777
14. Net income	47,124	71,929	107,139

### Financial performances (Non-consolidated)

BPA's non-consolidated sales in 2014 increased 24.2% from KRW 271.40 billion in the previous year to KRW 337.18 billion. Non-consolidated operating income and net income in 2014 amounted to KRW 198.88 billion and KRW 107.65 billion, respectively.

#### Non-consolidated financial position

(Unit: KRW in millions)

Classification	2012	2013	2014
I. Current assets	120,570	91,735	136,840
II. Non-current assets	4,978,711	5,127,134	5,306,101
1. Non-current financial assets	6,597	16,598	17,120
2. Long-term trade and other receivables	69,463	62,646	55,497
3. Tangible assets	54,252	53,262	49,350
4. Invested real estate	4,461,774	4,628,776	4,826,954
5. Intangible assets excluding goodwill	375,547	364,262	355,591
6. Interest in subsidiaries	500	500	500
7. Interest in affiliated companies	10,578	1,089	1,089
<b>Total assets</b>	<b>5,099,281</b>	<b>5,218,869</b>	<b>5,442,941</b>
I. Current liabilities	202,504	214,237	52,830
II. Non-current liabilities	1,276,532	1,328,165	1,627,260
<b>Total liabilities</b>	<b>1,479,036</b>	<b>1,542,402</b>	<b>1,680,090</b>
I. Capital stock	3,297,605	3,297,605	3,297,605
II. Accumulated other comprehensive income	239	-	-10,437
III. Retained earnings	322,401	378,862	475,683
<b>Total equity</b>	<b>3,620,245</b>	<b>3,676,467</b>	<b>3,762,851</b>

#### Non-consolidated income statement

(Unit: KRW in millions)

Classification	2012	2013	2014
1. Sales	254,619	271,402	337,182
2. Cost of sales	50,917	58,261	77,448
3. Gross income	203,702	213,141	259,734
4. Selling and administrative expenses	50,223	54,298	61,546
5. Operating income	153,479	158,843	198,188
6. Other incomes	2,392	4,383	2,288
7. Other expenses	1,872	1,767	593
8. Other income - net	6,346	-	-111
9. Financial gains	13,025	3,988	4,561
10. Financial costs	80,140	71,045	66,837
11. Gain (loss) on equity method investment	14,282	-	-
12. Net income before tax	66,256	94,402	137,495
13. Income tax expense	19,132	22,473	29,841
14. Net income	47,124	71,929	107,654

# BPA Sustainability Performance

## Environmental Value Creation

### Greenhouse gas emissions

BPA calculates and manages greenhouse gas (GHG) emissions at the headquarters, New Port Office, Gamcheon Office, and Seoul Office. Environmental organizations regularly visit our business sites to check and review GHG emissions calculation method and criteria. GHG emissions of BPA in 2014 was 69.27 tons.

#### GHG emissions (Unit: tCO<sub>2</sub>eq)

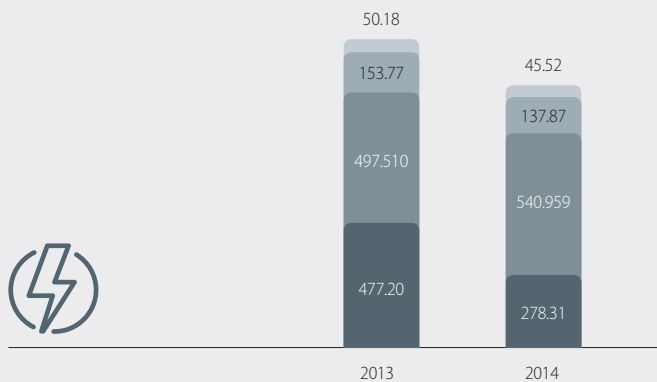
GHG emissions	2013	2014
Scope 1	49.44	51.18
Scope 2	22.75	18.09
Total (tCO <sub>2</sub> eq)	72.18	69.27

※ Data scope: Headquarters, New Port Office, Gamcheon Office, and Seoul Office  
 ※ Criteria: GHG Energy Target Management System  
 ※ Use of data: Response to request for disclosure of environmental information

### Consumption of energy sources

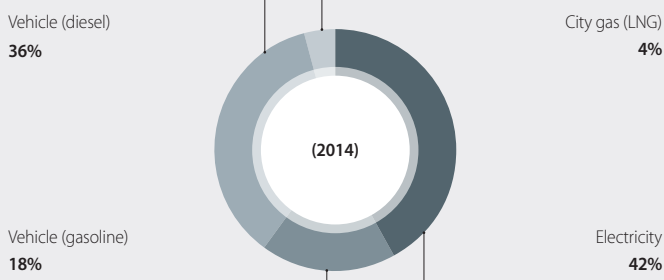
(Unit: GJ)

■ New Port Office ■ Headquarters ■ Seoul Office ■ Gamcheon Office



※ Energy consumption at New Port Office decreased thanks to replacing PR room lightings with high-efficiency ones.

### Consumption of energy sources



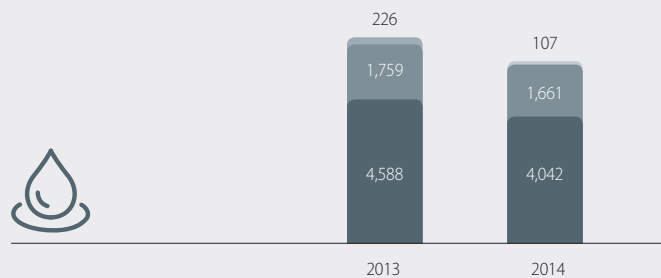
### Other environmental data

It is not easy to calculate water consumption and waste discharge due to a lot of leased buildings at each business site. New Port Office and Gamcheon Office consumed 1,661 tons and 107 tons of water in 2014, respectively. Waste discharge at New Port Office and the headquarters amounted to 11 tons and 12 tons, respectively.

#### Water consumption

(Unit: tons)

■ Headquarters ■ New Port Office ■ Gamcheon Office

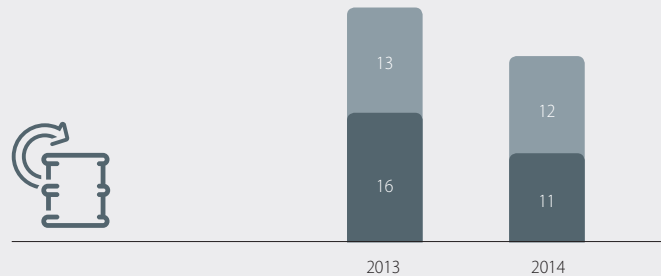


※ The figure of the headquarters was estimated by dividing total consumption amount of the building by the percentage of used area because the headquarters leases office spaces.

### Waste discharge

(Unit: tons)

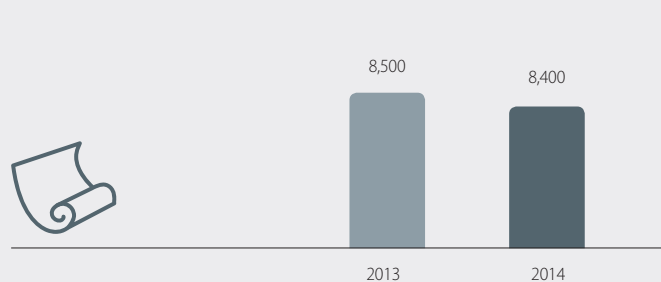
■ New Port Office ■ Headquarters



※ The figure of the headquarters was estimated by dividing total consumption amount of the building by the percentage of used area because the headquarters leases office spaces.

### Paper consumption

(Unit: tons)



※ Paper consumption data at all business sites is managed by the headquarters.

## Social Value Creation

### Recruitment and retention of talent

The total number of employees at BPA as of the end of 2014 reached 176, of which 163 are regular and 13 are temporary positions. It evaluates individual competence of applicants through personality and business ability tests and blind interviews when hiring employees, while unnecessary factors such as academic background and region of origin are excluded.

#### Employee status

Classification		Unit	2012	2013	2014
Employment type and gender	Regular (male)	Persons	109	118	119
	Regular (female)	Persons	38	48	44
	Temporary (male)	Persons	3	3	2
	Temporary (female)	Persons	6	5	11
	Total	Persons	156	174	176
Age and gender	Under 30 (male)	Persons	7	20	26
	Under 30 (female)	Persons	19	21	21
	30 ~ 50 (male)	Persons	74	73	68
	30 ~ 50 (female)	Persons	25	31	33
	Over 50 (male)	Persons	31	29	28
	Total	Persons	156	174	176
Turnover	Turnover rate	%	0%	0%	0%

#### New employment

Classification		Unit	2012	2013	2014
New employment	Under 30	Persons	14	26	9
	30 ~ 50	Persons	1	2	-
	Over 50	Persons	2	-	2
	Total	Persons	17	28	11
	Male	Persons	9	17	9
	Female	Persons	8	11	2
	Total	Persons	17	28	11

### Employee education and training

BPA provides employees with systematic education and training programs tailored for their competence in the fields of global business, current job, position, and common knowledge in order to cultivate high-caliber port specialists.

#### Time spent on education and training per capita

Classification	Unit	2012	2013	2014
Total	Hours	7,617	9,834	12,925
Average	Hours/person	49	57	73

### Performance evaluation

BPA evaluates employees according to their achievements on the basis of MBO method and individual competence, and the process and method are conducted fairly and transparently.

#### Individual evaluation

Evaluation on achievements	Evaluation on competence
<ul style="list-style-type: none"> <li>• Contribution to organization + individual achievement</li> <li>• Linkage with KPI achievements (newly started)</li> </ul>	<ul style="list-style-type: none"> <li>• Differential evaluation by position               <ul style="list-style-type: none"> <li>- (Department head) common + job competence + management</li> <li>- (Department staff) common + job competence</li> </ul> </li> <li>• Upgrade               <ul style="list-style-type: none"> <li>- Multidimensional evaluation (bottom-up/horizontal/top-down)</li> </ul> </li> </ul>

### Prohibition of child labor and forced labor

BPA prohibits child labor and forced labor in compliance with the ILO's International Labor Standards on Child Labor and UNGC's key principle with respect to labor. There has been no violation of this until now.

### Education on human rights

In order to protect human rights of female employees, BPA implements education for all employees to prevent sexual harassment in the workplace.

#### Implementation of education on human rights

Classification	Unit	2012	2013	2014
Total number of employees	Persons	156	174	176
Time spent on education	Hours/person	11	18	50

### Social contribution

BPA has been carrying out social contribution activities to pursue co-existence and form a consensus with local communities, which allows the corporation to build a solid network with local communities and customers as well as raise its corporate image.

#### Time and expenses spent on social contribution

Classification	Unit	2012	2013	2014
Expenses	KRW	1,161,671 (0.76% of operating income)	1,246,017 (0.78% of operating income)	1,389,037 (0.70% of operating income)
Time	Hours	5.6	12.3	17.4



# Independent Assurance Statement

## To: The Stakeholders of Busan Port Authority

IMCSR (the 'assurance provider' hereafter) hereby submits an independent assurance statement at the request of Busan Port Authority with regard to the '2014 Busan Port Authority Sustainability Report (the 'Report' hereafter).

## Responsibility and Independence

Busan Port Authority is entirely and solely responsible for the information and opinions described in the Report. The assurance provider is responsible for assurance statement in the Report and has no relations of interest with Busan Port Authority, which may influence the assurance outcome of the Report.

## Assurance Standards

The assurance provider used the AA1000AS(2008), GRI G4 guidelines and ISO 26000 in performing the assurance engagement. The assurance principles of inclusivity, materiality and responsiveness under the AA1000AS(2008) were followed in assuring the Report.

## Assurance Type and Level

Type 1 and moderate assurance level was adopted for this assurance, which is mainly focused on adherence of the AA1000AS(2008) principles. We did not include reliability assessment of sustainability performance information in the assurance. The assurance provider has secured evidence to lower the error risk in the Report and conducted limited interviews with the personnel in charge of respective fields in conformity with the moderate level assurance.

## Assurance Methodology

The assurance provider gathered the necessary information, data and evidence and provided assurance using the following methods.

- Review of the stakeholder engagement process and system
- Review of the process to determine material issues to be included in the Report
- Review of the process and system to implement sustainability strategy
- Interview with Busan Port Authority employees in charge of sector-specific performance data
- Review of the data collection system
- Evaluation against GRI G4 'In Accordance' criteria

## Our findings

The assurance provider arrived at the conclusion that the content of this Report reflects the sustainability of Busan Port Authority management void of significant errors or biases. The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over Busan Port Authority's performance and status during the reporting period.

The Report properly reflects the organization's alignment to and implementation of the AA1000 Assurance Standard (2008) principles of inclusivity, materiality and responsiveness in its operations. Further detail is provided below;

#### Inclusivity

The assurance provider believes that Busan Port Authority has processes in place for engaging with range key stakeholders including community, customers, employees, contractors, government officials and has undertaken a number of formal stakeholder engagement activities.

#### Materiality

The assurance provider believes that Busan Port Authority is operating appropriate materiality assessment process to define reporting contents. The Report addresses the range of environmental, social and economic issues of concern that Busan Port Authority has identified as being of highest material importance.

#### Responsiveness

The assurance provider believes that Busan Port Authority respond activities and report in regard to core stakeholders' issues. In particular, it is highly evaluated that Busan Port Authority has set sustainability goals, measured performance, and managed change.

Based on our work, it is our opinion that the Report has been prepared in accordance with the 'Core Option' of GRI G4. Further detail is provided below;

#### General Standard Disclosures

The assurance provider reviewed General Standard Disclosures, and believes that the Report meets the Core Option requirements of General Standard Disclosures.

#### Specific Standard Disclosures

The assurance provider reviewed Material Aspects, DMAs and Indicators, and believes that the Report meets the Core Option requirements of Specific Standard Disclosures.

#### Recommendation

The following is a recommendation which does not affect our conclusions on the assurance statement. These are provided to encourage continual improvement.

- Busan Port Authority is advised to implement more strategic stakeholder engagement programs by identifying key stakeholders and build the management system in order to manage and report stakeholder engagement performance.
- Busan Port Authority is required to consider development of the internal management system to manage and monitor Key Performance Indicators against eight areas.
- Busan Port Authority is required to operate task forces more strategically to enlarge employee's participation in the process of information collection and reporting.

#### Assurance Team

IMCSR, which was requested by Busan Port Authority to provide the third party assurance, is specializing in the assurance of sustainability report. The assurance team consists of the best experts equipped with sufficient knowledge and expertise in the relevant areas.

March 2015

Hyun Lee, CEO & Founder, IMCSR



AA1000  
Licensed Assurance Provider  
000-171

# GRI G4 Index

## General Standard Disclosure

● Full ● Half ○ Not N/A Not Applicable

Aspect	G4	Indicators	Status	Page	Remark
<b>Strategy and Analysis</b>	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.	●	5	
	G4-2	Provide a description of key impacts, risks, and opportunities.	●	10	
<b>Organizational Profile</b>	G4-3	Report the name of the organization	●	6	
	G4-4	Report the primary brands, products, and services.	●	8~9	
	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.	●	6~7	
	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).	●	6~7	
	G4-9	Report the scale of the organization.	●	6	
	G4-10	Report the scale of the workforce	●	6, 69	
	G4-11	Report the percentage of total employees covered by collective bargaining agreements.	●	54	
	G4-12	Describe the organization's supply chain.	●	62	
	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	●	-	No significant changes in corporate volume, share ownership, and business areas during the reporting period
	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	●	24~25	
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	●	76~77	Plan to join global sustainability initiatives including the UNGC to enhance our responsibility and transparency
	G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	●	78	
<b>Identified Material Aspects And Boundaries</b>	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.	●	27, 67	
	G4-18	• Explain the process for defining the report content and the Aspect Boundaries. • Explain how the organization has implemented the Reporting Principles for Defining Report Content.	●	28~29	
	G4-19	List all the material Aspects identified in the process for defining report content.	●	29	
	G4-20	Report on whether the Aspect is material within the organization	●	29	
	G4-21	Report on whether the Aspect is material outside of the organization	●	29	
	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	N/A	-	Not applicable due to the first report
	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	N/A	-	Not applicable due to the first report

## General Standard Disclosure

● Full ○ Half ○ Not N/A Not Applicable

Aspect	G4	Indicators	Status	Page	Remark
<b>Stakeholder Engagement</b>	G4-24	Provide a list of stakeholder groups engaged by the organization.	●	26~27	
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	●	26~27	
	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.	●	26~27, 28	
	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.	●	27, 29	
<b>Report Profile</b>	G4-28	Reporting period (such as fiscal or calendar year) for information provided.	●	2	
	G4-29	Date of most recent previous report (if any).	N/A	-	Not applicable due to the first report
	G4-30	Reporting cycle (such as annual, biennial).	●	2	
	G4-31	Provide the contact point for questions regarding the report or its contents.	●	2	
	G4-32	<ul style="list-style-type: none"> <li>Report the 'in accordance' option the organization has chosen.</li> <li>Report the GRI Content Index for the chosen option (see tables below).</li> <li>Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.</li> </ul>	●	2, 72~75	In accordance with Core level
<b>Report Profile</b>	G4-33	<ul style="list-style-type: none"> <li>Report the organization's policy and current practice with regard to seeking external assurance for the report.</li> <li>If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.</li> <li>Report the relationship between the organization and the assurance providers.</li> <li>Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.</li> </ul>	●	2, 70~71	
<b>Governance</b>	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.	●	22~23	
	G4-38	Report the composition of the highest governance body and its committees.	●	22~23	
	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).	●	22~23	
	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:	●	21~22	
<b>Ethics and Integrity</b>	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	●	17	
	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.	●	18	
	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.	●	18	



# GRI G4 Index

## Specific Standard Disclosure

● Full ● Half ○ Not N/A Not Applicable

Aspect	G4	Indicators	Status	Page	Remark
<b>Procurement Practices</b>	G4-DMA		●	61	
	EC9	Proportion of spending on local suppliers at significant locations of operation	●	61~65	
<b>Emissions</b>	G4-DMA		●	40	
	EN15	Direct greenhouse gas (ghg) emissions (scope 1)	●	68	
	EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)	●	68	
	EN17	Other indirect greenhouse gas (ghg) emissions (scope 3)	●	41~43	
	EN19	Reduction of greenhouse gas (ghg) emissions	●	41~43, 68	
<b>Products and Services</b>	G4-DMA			40	
	EN27	Extent of impact mitigation of environmental impacts of products and services	●	41~42	
<b>Transport</b>	G4-DMA			40	
	EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	●	43	
<b>Labor/Management Relations</b>	G4-DMA		●	52	
	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	●	-	Give prior notice in consideration of period necessary for the union policy
<b>Occupational Health and Safety</b>	G4-DMA		●	44	
	LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender	●	44, 46	
<b>Training and Education</b>	G4-DMA		●	52	
	LA9	Average hours of training per year per employee by gender, and by employee category	●	55, 69	
	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	55	
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	●	69	
<b>Local Communities</b>	G4-DMA		●	56	
	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	57~60	
<b>Anti-corruption</b>	G4-DMA		●	18	
	SO4	Communication and training on anti-corruption policies and procedures	●	20	
	SO5	Confirmed incidents of corruption and actions taken	●	-	No corruption in 2014
<b>Product and Service Labeling</b>	G4-DMA		●	48	
	PR5	Results of surveys measuring customer satisfaction	●	48	
<b>Marketing Communications</b>	G4-DMA		●	48	
	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 in terms of marketing communication
<b>Economic Performance</b>	EC1	Direct economic value generated and distributed	●	67	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	40~43	
	EC3	Coverage of the organization's defined benefit plan obligations	●	-	A total of 2015 employees were covered by the retirement pension plan at the end of 2014, of which 98% are under defined benefit retirement pension and remaining 2% are under defined contribution retirement pension. Total amount was KRW 8.09 billion.

## GRI G4 Other Disclosures

● Full ○ Half ○ Not N/A Not Applicable

Aspect	G4	Indicators	Status	Page	Remark
<b>Indirect Economic Impacts</b>	EC7	Development and impact of infrastructure investments and services supported	●	8~9, 34, 37~39, 57~60	
	EC8	Significant indirect economic impacts, including the extent of impacts	○	37~39	
<b>Energy</b>	EN3	Energy consumption within the organization	○	68	
	EN4	Energy consumption outside of the organization	○	41~43	
	EN6	Reduction of energy consumption	○	41~43, 68	
	EN7	Reductions in energy requirements of products and services	○	41~43	
<b>Water</b>	EN8	Total water withdrawal by source	○	68	
<b>Effluents and Waste</b>	EN23	Total weight of waste by type and disposal method	○	42, 68	
<b>Employment</b>	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	●	69	
	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	○	53	
	LA3	Return to work and retention rates after parental leave, by gender	●	53	
<b>Diversity and Equal Opportunity</b>	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	●	23, 69	
<b>Investment</b>	HR2	Total number of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	●	69	
<b>Non-discrimination</b>	HR3	Total number of incidents of discrimination and corrective actions taken	●	-	Prohibit discrimination in principle and no violation in 2014
<b>Freedom of Association and Collective Bargaining</b>	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	●	54	
<b>Child Labor</b>	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	●	69	
<b>Forced or Compulsory Labor</b>	HR6	Operations and suppliers identified as having significant risk for incidents or forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	●	69	
<b>Security Practices</b>	HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	○	-	Education on security staff is conducted by Busan Port Security Corporation.
<b>Indigenous Rights</b>	HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	●	-	No infringement of local people's rights
<b>Supplier Human Rights Assessment</b>	HR10	Percentage of new suppliers that were screened using human rights criteria	○	64	
<b>Anti-competitive Behavior</b>	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	64	
<b>Compliance</b>	SO8	Monetary value of significant fines and total number of nonmonetary sanctions for non-compliance with laws and regulations	●	-	No penalty and non-monetary restriction with regard to laws in 2014
<b>Supplier Assessment for Impacts on Society</b>	SO9	Percentage of new suppliers that were screened using criteria for impacts on society	○	64	
<b>Customer Health and Safety</b>	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	○	44~47	
<b>Customer Privacy</b>	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	-	No leakage and violation with regard to personal information
<b>Compliance</b>	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	GRI	No violation with regard to laws

# UNGC

BPA prepared its 2014 Sustainability Report in compliance with the ten key principles in the human rights, labor, environment, and anticorruption domains of the UN Global Compact (UNGC). UNGC presents a framework for linking its ten key principles with corporate strategy to encourage corporations to fulfill their social responsibilities. BPA is planning to join the UNGC in 2015 and publish its Sustainability Report regularly in order to announce its commitment to and practices of the ten key principles.



UNGC 10 key principles	GRI G4	Reporting Page
<b>1) Human Rights</b>		61
1. We support and respect internationally declared human rights.	HR3~HR4, LA4, LA9	52~55, 69
2. We do not engage in infringement of human rights.	HR7, HR8, HR10	52~55, 69, 75
<b>2) Labor Standards</b>		
3. We acknowledge rights to freedom of association and collective bargaining.	HR4	54
4. We abolish all forced labor.	HR6	53, 54, 69
5. We abolish child labor.	HR5	53, 54, 69
6. We abolish discrimination.	HR3	53, 54, 69
<b>3) Environment</b>		
7. We support preventive approaches to environmental issues.	EN6, EN7, EN19, EN27, EN30	40~43
8. We take the lead in assuming larger environmental responsibility.	EN27	40~43
9. We support environmentally-friendly technology.	EN27, EN30	40~43
<b>4) Anticorruption</b>		
10. We strive to eradicate corruption including unjust enrichment and bribes.	SO4, SO5	18~21

# ISO26000

ISO 26000 is an international standard for social responsibility launched by the International Organization for Standardization (ISO) in November 2011. It provides a comprehensive guideline that includes numerous other existing guidelines on seven key issues: corporate governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development. BPA has developed its own list of items for evaluation to ensure continuous compliance with the ISO 26000.

Core Topic	Index	Core Issue	Corresponding to GRI G4	Reporting Page
6.2 Organizational Governance	6.2.3	Decision-making processes & structures	LA12	23, 69
6.3 Human Rights	6.3.3	Due diligence	HR4~HR6, HR10	54, 64, 69
	6.3.4	Human rights risk situations	HR4~HR8, HR10	54, 64, 69
	6.3.5	Avoidance or complicity	HR2, HR4~HR7, HR10, SO9	54, 64, 69
	6.3.6	Resolving grievances	HR3, HR8	75
	6.3.7	Discrimination and vulnerable groups	LA12, HR3, HR5, HR8	23, 69, 75
	6.3.8	Civil and political rights	HR4, HR8	54, 75
	6.3.9	Economic, social and cultural rights	EC7, EC8, SO1	8~9, 34, 37~39, 57~60
	6.3.10	Fundamental principles and rights at work	LA12, HR3~HR6	23, 54, 69
6.4 Labor Practices	6.4.3	Employment and employment relationships	EC9, HR3, LA1, LA4, LA12	23, 61~65, 69, 74, 75
	6.4.4	Conditions of work and social protection	LA2, LA3	53
	6.4.5	Social dialogue	LA4, HR4	54, 75
	6.4.6	Health and safety at work	LA6	44, 46
	6.4.7	Human development and training in the workplace	LA9~LA11	55, 69
6.5 The Environment	6.5.3	Prevention of pollution	EN23, EN27	41~42, 68
	6.5.4	Sustainable resource use	EN3~EN8, EN23	41~43, 68
	6.5.5	Climate change mitigation and adaptation	EC2, EN6~EN7, EN15~EN19, EN27	40~43, 68
6.6 Fair Operating Practices	6.6.3	Anti-corruption	SO4, SO5	20, 74
	6.6.5	Fair competition	SO7	64
	6.6.6	Promoting social responsibility in the value chain	EC9, EN30, HR4~HR7, HR10, SO4, SO9	20, 43, 54, 61~65, 75
	6.6.7	Respect for property rights	EC8, HR8, SO7	37~39, 64, 75
6.7 Consumer Issues	6.7.3	Fair marketing, factual and unbiased information and fair contractual practices	PR7	75
	6.7.4	Protecting consumers' health and safety	PR1	44~47
	6.7.5	Sustainable consumption	EN27	41~42
	6.7.6	Consumer service, support, and complaint and dispute resolution	PR5, PR9	48, 75
	6.7.7	Consumer data protection and privacy	PR8	75
	6.7.8	Access to essential services	EC8	37~39
6.8 Community Involvement and Development	6.8.3	Community involvement	EC1, HR8	67, 75
	6.8.4	Education and culture	HR5	69
	6.8.5	Employment creation and skills development	EC8, LA10	37~39, 55
	6.8.6	Technology development and access	-	63
	6.8.7	Wealth and income creation	EC1, EC3, EC7~EC9	8~9, 34, 37~39, 57~60, 61~65, 67, 75
	6.8.8	Health	LA6, PR1	44~47
	6.8.9	Social investment	EC1, EC7, EC8	8~9, 34, 37~39, 57~60, 67



# Accolades, Certification, and Membership of Associations

## Memberships in association

No	Association
1	IAPH
2	Cruise Lines International Association (CLIA)
3	Logistics Transportation Committee of European Chamber of Commerce in Korea (ECCK)
4	Permanent International Association of Navigation Congresses (PIANC)
5	Korea Association of Maritime Industry
6	Korean Institute of Navigation and Port Research

No	Association
7	Korean Society for Quality Management
8	Korea Marine Leisure Network
9	Maritime Rescue & Salvage Association
10	Federation of Korea Maritime Industries
11	Korean Human Resources Development Association
12	International Cooperation Center for Korean Maritime Safety

## Accolades and certification

Date	Contents	Winner	Awarded by
Aug. 2011	Excellent Public Corporation in Labor-Management Relationship in 2011	BPA	Minister of Employment and Labor
May 2013	Grand prize at the Korea Logistics Award	BPA	Korea Logistics Society
Oct. 2013	Citation (volunteering spirit, contribution to welfare for senior citizens, etc.)	BPA	Chief of Jung-gu Busan Metropolitan City
Nov. 2013	Grand prize at the 2013 Cho Hae-hyung Management Science Application Award	BPA	Nara Holdings
Nov. 2013	Grand prize at the 2013 Korean Great Work Place Award	BPA	GWP KOREA
Nov. 2013	Grand prize at the 2013 Korean Great Work Place Award for Females	BPA	GWP KOREA
Dec. 2013	Grand prize at the Global Quality Management Award	Lim Ki-tack	Korean Society for Quality Management
Dec. 2013	Certification for Family-friendly corporation	BPA	Minister of Gender Equality & Family
Dec. 2013	Excellent company in Chungmu Training	BPA	Minister of Government Administration and Home Affairs
Dec. 2013	2013 People of the Year, Port Business sector	Lim Ki-tack	Maritime Press
Jan. 2014	Appreciation plaque for building healthy villages in Busan	BPA	Mayor of Busan Metropolitan City
Feb. 2014	Appreciation plaque	Lim Ki-tack	CEO of Korea Marine Leisure Network
Feb. 2014	Appreciation plaque	Lim Ki-tack	Sea Explorers of Korea
Feb. 2014	Plaque of merit	Lim Ki-tack	Sea Explorers of Korea
Apr. 2014	Order of Merit for Reserve Force Training	BPA	Minister of National Defense
Apr. 2014	Appreciation plaque	Lim Ki-tack	Korean National Shippers Association of Cheong-do
Jul. 2014	One of top 50 companies to enhance quality in Korea	BPA	Korean Society for Quality Management
Oct. 2014	Silver medal of merit as a member of the Korea National Red Cross	BPA	Korea National Red Cross
Oct. 2014	Respected Company at the 2014 Korean Management Award	BPA	Chairman of Korea Management Association
Oct. 2014	Model Corporation in normalizing public corporations	BPA	Minister of Strategy and Finance
Nov. 2014	Certification for Great Work Place in local area	BPA	MOTIE/Busan Metropolitan City/Busan Techno Park
Nov. 2014	1st ranking in Public Corporation and Port Sector at the 2014 Korean Good Company Award	BPA	Chairman of Korean Standards Association
Nov. 2014	Grand prize at the 2014 Korea's Top 100 GWP Companies Award	BPA	GWP KOREA
Nov. 2014	Best CEO prize at the 2014 Korea's Top 100 GWP Companies Award	Lim Ki-tack	GWP KOREA
Nov. 2014	Main prize at the 2014 Korea's Top 100 GWP Companies Award for Females	BPA	GWP KOREA
Dec. 2014	Grand prize at the 2014 CEO of the Year (HR management sector)	Lim Ki-tack	Korea Economic Daily
Dec. 2014	7th Educational Mecenat Tower	BPA	Mayor of Busan/Superintendent of Education of Busan/Chairman of BCCI/CEO of Busan Daily
Dec. 2014	Grand prize in Educational donation	BPA	Minister of Education

## 2014 BPA Sustainability Report

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You can access this Sustainability Report on the website of Busan Port Authority and download a PDF file.

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### Contact

If you have any inquiry or need additional information, please refer to the following contact points. BPA always welcomes your opinion.

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