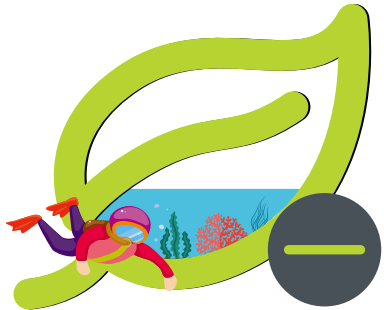
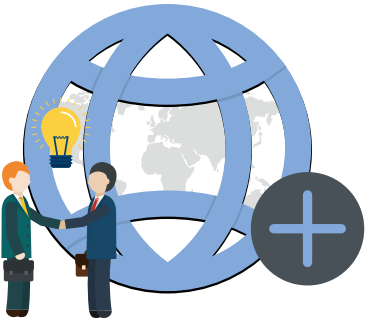
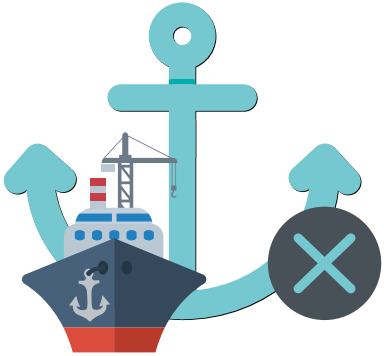




# A SUSTAINABLE PORT FOR THE FUTURE

UPA Sustainability Report 2015





# About this Report

### Features of This Report

This is the third sustainability report published by Ulsan Port Authority (UPA). UPA fulfills its social responsibility as a corporate citizen. It publishes its sustainability report annually to share with all of its stakeholders its economic, social, and environmental sustainability management efforts and performance as well as future activities as a responsible corporate entity in the most transparent manner possible. It published its inaugural sustainability report in October 2014 under the title “2013 UPA Sustainability Report.”

### Standards for Drawing up This Report

This report has been drawn up in accordance with GRI G4 Guidelines - Core as the international standards for sustainability reporting. It has also reflected ISO26000 as the international standards for social responsibility.

### Reporting Period, Scope and Boundaries

This report is based on the data of UPA regarding its sustainability management activities for two years from January 2014 to December 2015. Some activities that were conducted in the first half of 2016 were included in the report when we deemed such to be significant. This report discloses data for three years from 2013 when deemed necessary for stakeholders to understand better the trends of UPA’s quantitative performance over a longer period of time. We have set boundaries taking into account the impacts of each material aspect on the entire value chain.

### Changes over the Previous Year

This report includes some information on UPA including its performance that has not changed since the last reporting period, to help readers understand UPA and its efforts more easily. There are no notable changes in the report scope and boundaries between the previous report and this one. Neither have there been significant changes in the organization’s size, structure, assets, and supply chain

### Assurance

The reported details have undergone final checking by internal working-level staff, and they have been assured by the Korean Standards Association to enhance the accuracy and reliability of this report. The assurance provider has confirmed that this report complies with GRI’s G4 Guidelines - Core. See the appendix of this report for the statement

### Additional Information and Feedback on this Report

This report has been published in Korean and English. Its digital copy is available at the UPA website (<http://www.upa.or.kr>), which also includes some additional information on the Authority’s sustainability efforts. For your input on this report, kindly use the questionnaire at the end of this report or contact us at the following address:

[www.upa.or.kr](http://www.upa.or.kr)

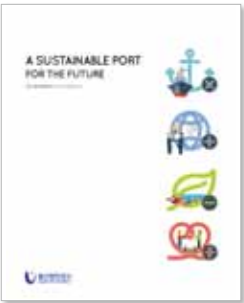
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#### Cover Story

Ulsan Port Authority (UPA) incorporated mathematical symbols to demonstrate how Ulsan is the nation's maritime logistics hub in port development, management and operations. UPA highlights the port's outstanding contributions to the development of the national economy through proper usage of the signs including addition (+), subtraction (-), multiplication (x) and division (÷).

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# CEO Message



## Dear Stakeholders,

As president of Ulsan Port Authority (UPA), I would like to express my deepest gratitude for your continued interest in and support for our Authority. Since the publication of its first sustainability management report in 2012, UPA has striven to expand its window of communication with its various stakeholders regarding its business results and future directions. It is my great pleasure to present to you our third sustainability management report, the outcome of our earnest efforts to upgrade the quality of our communication with you.

For nine consecutive years since its inception, UPA has generated operating profits while enhancing its status as the country's key industrial port, thanks mainly to the hard work of its employees and the genuine care of all relevant authorities as well as the support and encouragement of its clients around the globe.

Korea's automobile, shipbuilding, and petrochemical industries – which are the staple industries of Ulsan – are bracing for a downturn in 2016. The cargo throughput of Port of Ulsan has been reduced by 0.5% on a yearly basis. Against all odds, UPA will make an all-out effort to realize its vision of “advanced global port operator that leads the national economy and creates values for its customers” while fulfilling its social responsibilities through its sustainability management activities. To that end, UPA will focus its resources on the successful completion of five strategic tasks in 2016 and beyond.

### First, UPA will foster its future growth potential.

Port of Ulsan is the country's largest and the world's fourth biggest liquid logistics hub port. It is laying the cornerstone to serve as the oil hub for the entire Northeast Asia. For Port of Ulsan to make a successful transition into Northeast Asia's oil hub, UPA is striving to reinforce its infrastructure further such as storage facilities and financial infrastructure, employ global traders, and establish liquid cargo incentive systems.

### Second, UPA will make the clients of Port of Ulsan the happiest clients.

UPA has set “Customer-centered Port Operation” as its strategic goal. It will continue to innovate so that its clients will be able to use the most convenient port facilities and receive the best customer service possible. To that end, UPA has laid the foundation for maximizing customer satisfaction through diverse measures including the expansion of its customer contact points by establishing CS strategies and improving its VOC processes for more proactive response to customers' voices.

### Third, UPA will continue to strive for the creation of a clean and safe global port.

In an effort to make Port of Ulsan the cleanest port, UPA has developed an eco-friendly hopper that reduces by more than 80% the scattered dust generated during unloading operations. It has worked out various systematic arrangements designed to promote green port operations, including incentives granted to environment-friendly vessels. Above all else, UPA makes all-out efforts to secure safety throughout its entire operations through regular inspections and timely repairs of its facilities along with port safety education provided to all port users so that they can make the best of all the port facilities in the safest way.

### Fourth, UPA will share with local communities and grow with them as a responsible corporate citizen.

UPA will continue to enhance its CCI (Corporate Community Involvement) activities such as sharing kimchi (a traditional fermented Korean side dish made of vegetables), going on a spring picnic with children in Hyejinwon (a home for children with mental retardation), and painting murals in impoverished communities, guided by the spirit of its CCI brand “Sea Full of Laughter.” It will expand its Port of Ulsan tour programs and student career experience programs as part of its continuous investments in the young generations of the region.

### Fifth, UPA will continue to grow into a transparent business highly trusted by all its stakeholders.

UPA has made earnest efforts to become a leader in ethical corporate management, possessing strong sense of ethics and integrity and rejecting involvement in any form of corruption. As a result, UPA received the “Excellent” grade in 2015 in the Korean government's official appraisal of integrity of all major public institutions. Furthermore, UPA took the initiative in the establishment of the “Port of Ulsan Clean Belt” with all the relevant authorities of Port of Ulsan to ensure its implementation of ethical management throughout its operations. UPA will continue to invest in the enhancement of educational programs and make the systematic arrangements required to raise further the level of its employees' ethics and integrity companywide.

UPA will carry out its future-oriented projects successfully. It will continue to seek to develop into a sustainable public company through socially responsible business management so that it will always grow with all its stakeholders while significantly contributing to the welfare of local communities.

Thank you.



**KANG, Jong Yeol**  
President of Ulsan Port Authority

강종열



## UPA Sustainability Highlights

### Laying the Foundation for the Invigoration of Oil Hub

The Northeast Asia Oil Hub Project is UPA's new growth engine. It is a large-scale national project launched in 2010 for the purpose of developing Port of Ulsan into the hub of oil trade in Northeast Asia. UPA has continuously expanded its role in laying the foundation for the success of the oil hub project as follows: First, UPA has established – for the first time in Korea – the “bunkering Invigoration Support System” designed to develop catalyst cargo and the “Customized Incentive Systems” to attract oil traders. Second, UPA has made improvements in the infrastructure required for flexibly responding to needs regarding the handling of DPP (Dirty Petroleum Product) including bunker oil. Third, UPA has prevented the risk of delays in the reclamation project by responding to the issue of seawater intake facility in a consistent, principled manner. UPA will continue to enhance its infrastructure for a successful oil hub project that will help Korea develop into “Northeast Asia’s Energy Hub.”



### Implementation of Safety Measures to Secure “Golden Time” in Maritime Industrial Accidents through the Replacement of Port Facility Functions

Port of Ulsan is the country's largest dangerous goods handling port with annual average capacity of 1.54 million tons. The possibility of large-scale industrial accidents remains high largely due to the narrow body of water, marine traffic congestion, and existence of multiple dangerous facilities in and around the port. Consequently, in order to prevent large-scale maritime industrial accidents while trying to eliminate all risky elements from the port, UPA designated certain waters as dangerous body of water in consultation with its stakeholders, installed collision protection facilities, and set up an emergency communication system with the personnel of tugboats and barges as part of its comprehensive offshore safety enhancement efforts. On top of that, UPA switched the role of Namhwa Pier, which housed hull blocks and port construction ships, with that of the tug boat mooring facilities at the new port. As a result, it was able to solve the problem of insufficient tug boat and barge mooring facilities while shortening the operation route of the vessels in the event of offshore accidents so that it could boost navigation safety and secure golden time. UPA will spare no effort in spreading a safety culture and maintaining its reputation as “Safe Port of Ulsan” through stringent safety inspections, among others.



### Promotion of Shared Growth through the Attraction of Businesses to the Hinterland Complex of Ulsan New Port and Support of Businesses

UPA is creating a “region-specific” port hinterland complex in association with the hinterland complex of Ulsan New Port. The project is divided into three sections. The first section, launched in May 2015, has been completed and is set to be operational ahead of schedule. In an effort to invigorate the operations of the port hinterland complex, UPA has reinforced its business attraction strategies and beefed up its administrative and operational support for businesses that will move into the complex. As a result of its active investment attraction efforts, UPA has succeeded in attracting cutting-edge high-value manufacturing companies to the complex. Furthermore, UPA has joined forces with the Ulsan Metropolitan City government to launch marketing campaigns for the complex while laying the foundation for shared growth with businesses in the complex through preemptive administrative support and customized assistance to the businesses. UPA will complete the rest of the hinterland complex as scheduled. It will attract exceptional companies to the complex so that it will be able to further enhance its values and contribute to the development of the regional economy.

### Promotion of Low-carbon Green Port through the Introduction of ESI

The emission from ships accounts for more than 60% of the total carbon emissions of Port of Ulsan. It is considered to be the major culprit of air pollution in the area. UPA has launched the “Comprehensive Plan to Improve the Environment of Port of Ulsan,” which is designed to make Port of Ulsan an environment-friendly green port. UPA takes all the necessary measures to improve the environment of the port, realize sustainable growth, and respond to climate change. As part of such approach, UPA has introduced an ESI (Environmental Ship Index) incentive system that offers incentives to shipping companies that strive to reduce pollution from their ships – which contributed markedly to the reduction of air pollution of Port of Ulsan – by targeting the major culprit of pollution. UPA will keep up with the ESI incentive system while working hard to increase the proportion of its solar power generation as part of its comprehensive efforts to ensure eco-friendly port operations for the sustainable growth of the port and local communities



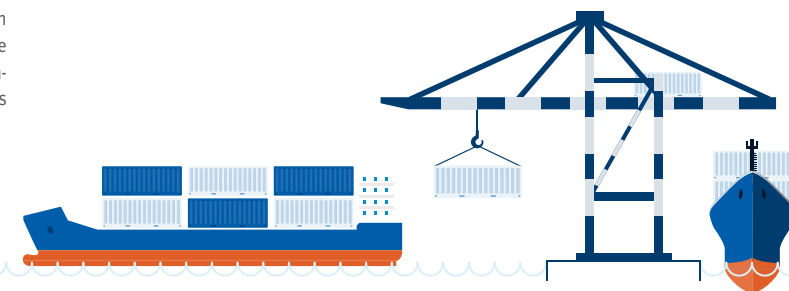
### Selection as Excellent Port in Seafarers' Welfare by ISWAN for the First Time in Korea

Port of Ulsan has been named “Excellent Port in Seafarers' Welfare” by International Seafarers Welfare and Assistance Network (ISWAN) for UPA's marked upgrade of its lounge facilities for ocean-going sailors in response to the sailors' compelling needs. Port of Ulsan was included in the list of around 40 candidate ports around the world at the recommendation of ocean-going seafarers in terms of the welfare and convenience facilities for ocean-going sailors. Port of Ulsan passed the stringent evaluation processes carried out by experts in international maritime organizations such as the International Chamber of Shipping and the International Transport Workers Federation. Port of Ulsan has been selected as an “excellent port in seafarers' welfare” for the first time among the country's numerous ports. UPA will continue to pay keen attention to the needs of ocean-going seafarers. It will spare no efforts in providing them with high-quality welfare services as a world-class port operator.



### Accreditation by the Korean Government as a “Family-friendly Company”

UPA implements various family-friendly systems such as flexible work hours system, expanded childcare leave, support for prenatal diagnosis, restriction of pregnant employees' overtime work, and employee family events so that its employees can achieve work-life balance. UPA has been certified “Family-friendly Company” by the Ministry of Gender Equality & Family for its leadership in fostering family-friendly social environments in the country. The accreditation is given only to public institutions and private companies that implement their family-friendly systems in an exemplary manner. It will continue to make proactive, systematic improvements in this field as a way of boosting its employee satisfaction and contribute to the creation of a family-friendly social environment in the country.





UPA At a Glance

UPA has established a value chain that creates revenues and public values through primary activities such as port development, port construction, port facility management, port facility operations, and logistical services. The values created by UPA impact its customers and stakeholders.

Primary Activities				
Port Development	Port Construction	Port Facility Management	Port Facility Operations	Customer Service Activities
<ul style="list-style-type: none"><li>Port market surveys</li><li>New port development</li><li>Port redevelopment</li><li>Adjustment of pier functions</li><li>Improvement of port productivity</li></ul>	<ul style="list-style-type: none"><li>Surveys and designs</li><li>Contract execution</li><li>Construction supervision</li><li>Defect inspection</li><li>Discussion on projects awarded by non-administrative agencies</li></ul>	<ul style="list-style-type: none"><li>Facility maintenance and repairs</li><li>Port environmental management</li><li>Port security management</li><li>Port safety management</li></ul>	<ul style="list-style-type: none"><li>Port-MIS operations</li><li>Open storage yard operations</li><li>TOC pier operations</li><li>Berth management</li></ul>	<ul style="list-style-type: none"><li>Establishment of marketing strategies</li><li>Efforts to increase cargo volumes</li><li>IR activities</li><li>Customer service</li></ul>





About UPA

Corporate Overview

UPA is a public institution established to enhance expertise and efficiency in all matters related to the development, management, and operation of Port of Ulsan. It contributes to the development of the national economy by enhancing the competitiveness of Port of Ulsan to foster it into the hub of maritime logistics in Northeast Asia.

Establishment Background and Goals

Company Name

Ulsan Port Authority

CEO

Kang Jong-yeol

Date of Establishment

July 5, 2007

Legal Basis

Article 4-2 of the Port Authority Act (Act No. 06918) and Article 1-2 of its Enforcement Decree (Presidential Decree No. 18147)

Purpose of Establishment

To foster Port of Ulsan into a competitive maritime logistics center and contribute to the development of the national economy through the enhancement of expertise and efficiency of all matters related to the development, management, and operation of all its port facilities

Capital Operating Profits

KRW 608.489 billion  
KRW 32.057 billion

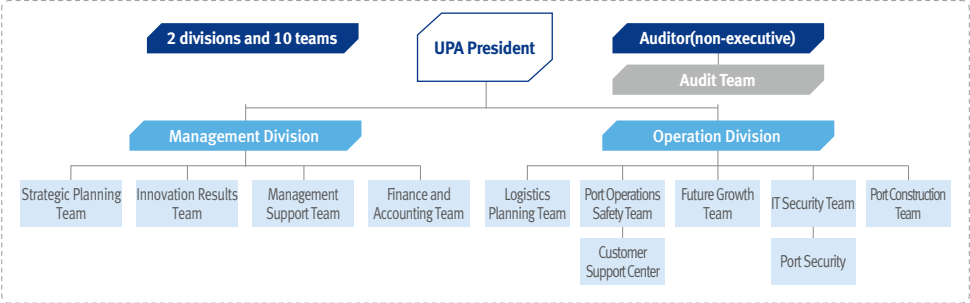
No. of Employees

93

Address

Port of Ulsan Marine Center, 271 Jangsaengpogorae-ro, Nam-gu, Ulsan, Korea

Organization (2 divisions and 10 teams) - 2 divisions and 10 teams



Major Tasks

- Implementation of projects related to the construction, remodeling, maintenance, and repairs of port facilities; dredging; port management and operations
- Projects commissioned by the central or local governments in relation to the management and operation of port facilities
- Studies, research, technical development, and HR training on port management and operations
- Construction and operation of commercial and welfare facilities for the benefit of the port users
- Projects commissioned by central or local governments
- Construction, management, operation, etc., of overseas sea ports

UPA History

2007 ~ 2008	2011 ~ 2012	2013	2014 ~ 2015
2007 July. Ulsan Port Authority established 2008 Jan. UPA designated as a miscellaneous public agency	2011 Dec. Acquired ISO 14001:2004 certification for its environmental management system 2012 Feb. Opened its new Jangsaengpo H/Q building 2012 Nov. Won the presidential prize at the 38th National Quality Management Competition	2013 Jan. Designated as a semi-market-type public agency Feb. Establishment of the Port of Ulsan Clean Belt (participated in by 23 organizations) July. Won the grand prize at the 2013 National Sustainability Management Awards (CCI sector) Sep. Celebrated the 50th anniversary of Port of Ulsan Oct. Publishing/Distribution of Safety Manual on General Cargo Unloading Nov. Selected as the Best-HRD organization Nov. Commencement of the Northeast Asia Oil Hub Project	2014 May. Establishment of the Maritime Safety Belt (participated in by 12 organizations) June. Opening of the Onsan Port Customer Support Center July. Completion of Section 1 of the Ulsan New Port Hinterland Complex (2010-2014) Aug. Succeeded in the development of an eco-friendly hopper Dec. Corporate restructuring (2 divisions and 10 teams) 2015 Feb. Won the gold prize at the LACP 2013/2014 Sustainability Management Awards June. Won the grand prize at the Korean Innovation Frontier Awards

Major Business

UPA manages and operates Ulsan Main Port, Onsan Port, Mipo Port, and Ulsan New Port. Its major business includes the construction, management, and operation of Port of Ulsan, creation, management, and operation of port hinterland complexes, and implementation, investment, or funding in relation to port-related ancillary facility projects

	<b>Mipo Port</b> Length(M): 210 Tonnage : 20(1,000 DWT), 1 Unloading Capacity(1,000 tons): 987
	<b>Ulsan Main Port</b> Length(M): 10,085 Tonnage: 1,819(1,000 DWT), 61 Unloading Capacity(1,000 tons): 32,028
	<b>Onsan Port</b> Length(M): 5,073 Tonnage: 1,807(1,000 DWT), 33 Unloading Capacity(1,000 tons): 15,984(220,000 TEU)
	<b>Ulsan New Port</b> Length(M): 4,850 Tonnage: 633(1,000 DWT), 20 Unloading Capacity(1,000 tons): 21,584(520,000 TEU)

Characteristics of Port of Ulsan

Port of Ulsan is a natural harbor with small tidal range (about 60cm) and high level of tranquility. It is an industrial port focused on the support of nearby heavy and chemical industries including refinery, petrochemical, automobiles, and shipbuilding industries. It is the country's largest liquid cargo handling port (154 million tons, 34% of the total national liquid cargo quantity).

Vision and Strategies

At the end of 2015, UPA readjusted its vision, management goals, etc., to promote its sustainable growth more effectively.

Mission

We make contributions to national economic development by fostering Port of Ulsan into a competitive maritime logistics center.

Vision

An advanced enterprise that leads the national economy and creates customer values

Core Values & Management Policies

Core Values

CreativitySpecialtyTrust

Management Policies

Creativity and PassionCommunication and CooperationEmpathy and Satisfaction

2020 Management Goals

Total throughput of 260 million tons

Highest level of customer satisfaction

Annual turnover of KRW 110 billion

Four Major Strategic Goals

1. Realizing a high value-added port	2. Securing future growth engines	3. Operating a customer-centered port	4. Establishing a sustainability management system
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12 Major Strategic Tasks

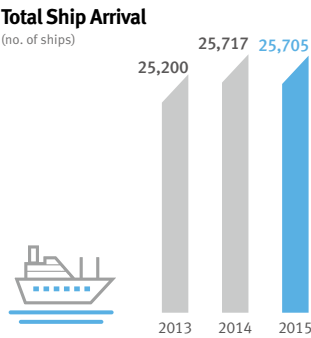
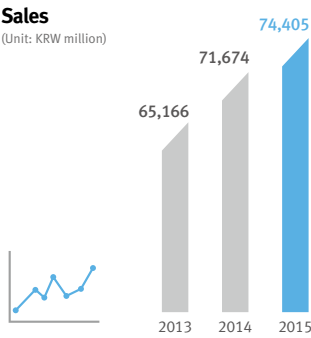
1. Boosting port infrastructure competitiveness 2. Maximizing port efficiency 3. Invigorating hinterland complex operations	1. Building and invigorating the oil hub in a timely fashion 2. Developing into an Arctic logistics base 3. Expanding R&D on new business	1. Expanding customized services 2. Realizing a safe port 3. Building an eco-friendly port	1. Implementing companywide creative innovations 2. Enhancing financial soundness 3. Enhancing CSR activities
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Implementation Tasks

11 implementation tasks	10 implementation tasks	11 implementation tasks	12 implementation tasks
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## Major Management Results



## Economic Performance

### Economic Performance

	2013	2014	2015
Sales (KRW million)	65,166	71,674	74,405
Net profit (KRW million)(KRW million)	18,383	24,964	30,211
Net profit to sales ratio (%)	28.21%	34.83%	40.60%
Assets (KRW million)	592,293	662,307	743,261
Debt (KRW million)	25,774	76,319	134,773
Capital (KRW million)	566,519	585,988	608,488
Debt Ratio	4.55%	13.02%	22.15%

## Port Operation Performance

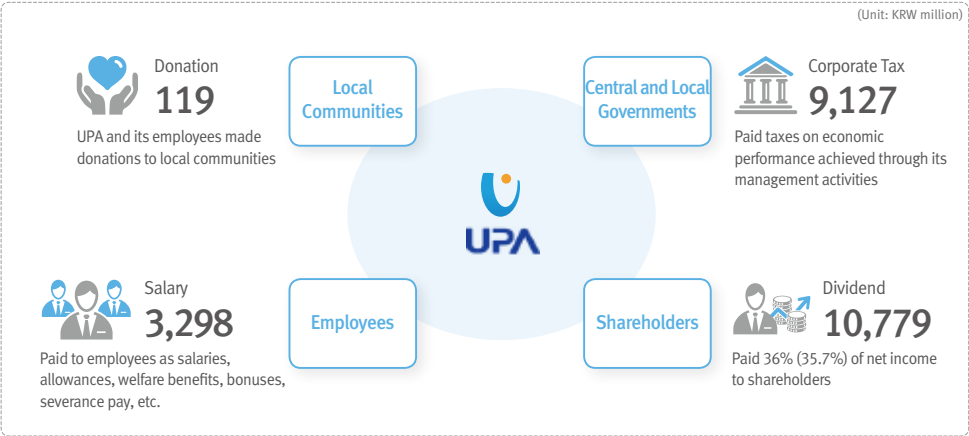
Ships that arrived at Port of Ulsan in 2015 numbered 25,705, constituting 12.8% of the total number of ships that arrived in Korea. Cargo throughput declined slightly due to a reduction in liquid cargo, which is attributable to the fluctuations in oil prices during the year followed by a slowdown of the country's petrochemical industry, and the negative impact on Port of Ulsan considering its high proportion of liquid cargo. General cargo throughput slightly increased due to the development of a new 4,000 TEU-class vessel sea route.

### Annual Cargo Throughput

	2013	2014	2015
Total Ship Arrival (no. of ships)	25,200	25,717	25,705
National Proportion	12.9%	13.3%	12.8%
Total Cargo Throughput (unit: 1,000 tons)	191,031	191,720	190,870
National Proportion	14.1%	13.5%	13.0%
Liquid Cargo Throughput (unit: 1,000 tons)	154,149	154,074	152,429
General Cargo Throughput (unit: 1,000 tons)	36,882	37,646	38,441

## Distribution of Economic Values

UPA shares its economic values with its stakeholders including the government, public institutions, shareholders, employees, and local communities.



## Governance

## Composition and Roles of the Board of Directors

For the effective operation of its BOD, UPA has set the direction of its BOD operation as follows:.

Objective	To boost management transparency and efficiency through the enhancement of roles of BOD			
Directions	Early establishment of BOD	Invigoration of the operation of BOD	Enhancement of specialization of non-executive directors	
Implementation Tasks	Securing an expert pool in each relevant field Organizing the Executive Recommendation Subcommittee and the 3rd Subcommittee	Agenda pre-briefing system Meeting date pre-notification system Site-centered BOD operation	Timely provision of management information Invigoration of policy proposals and management counseling Active participation in meetings to solve pending issues	
Performance Indices (8)	Appropriateness of BOD composition Securing women executives	No. of BOD agenda items BOD attendance rate Agenda pre-review rate No. of BOD meetings	No. of management proposals Management proposal reflection rate	
Management System	Plan Establishment of BOD organization & operation plans	Do Timely meetings and operation of BOD	Check Quarterly monitoring	Action Resolution of problems

Port Committee members are recommended by the Executive Recommendation Subcommittee and appointed by the Minister of Strategy and Finance through recommendation and review by the Public Institution Operations Committee. Thus, UPA has secured seven non-executive directors possessing outstanding expertise in their respective fields, representing the academe of maritime logistics, businesses, user organizations, research institutions, and groups of cargo owners, maritime pilots, and legal experts. To publish the BOD operation manual, enhance the efficiency of BOD operation and encourage its employees to participate actively in its management, UPA has organized the following subcommittees:

Subcommittees (Specialized Committees)	Roles	Composition
Budget Review Subcommittee	Review of major projects and their budgets	2 non-executive directors
Investment Review Subcommittee	Review of major projects and their budgets	1 non-executive director
Performance Management Subcommittee	Comprehensive evaluation and review of internal performance	1 non-executive director
Executive Recommendation Subcommittee	Recommendation and review of executives and non-executive directors	3 non-executive directors
Ethical Management Subcommittee	Review of the operation and implementation of ethical management	1 non-executive director

## Port of Ulsan Forum

Non-executive directors take part in Port of Ulsan Forum meetings to engage actively in the discussion of compelling issues facing Port of Ulsan.

Purpose	To carry out research and discussion about the pending issues of Port of Ulsan with its stakeholders including the central and local governments, academe, and port organizations and submit its policy alternatives to the relevant authorities
Composition	204 stakeholders of Port of Ulsan (as of January 2016) Non-executive directors participated in a total of five forum meetings as forum chairman or panelists in 2015. A total of 13 current and former non-executive directors participated

### Port Committee (Term 3)





Governance

Port of Ulsan Forum and UPA join forces to review, resolve, and offer counseling on UPA's major policies regarding all of its operations.

Organization	Roles	Composition	Time of Establishment	2015 Operation Results
Investment Review Subcommittee	Review of investments in major new business	1 non-executive director (shipping, logistics, safety)	Nov. 2015	*Review of 2016 new investment business (11 projects, KRW 13.3 billion): 1 meeting
Performance Management Subcommittee	Comprehensive evaluation and review of internal performance	1 non-executive director (shipping, port research)	July 2015	Review of differentiated departmental distribution (proposal) in the 2014 government management evaluation
Executive Recommendation Subcommittee	Recommendation and review by Port Committee members	3 non-executive director (shipping, administration, port management)	Feb. 2015	Discussion on ways to hire new Port Committee members publicly, document review, evaluation and recommendation * 21 persons (thrice the number of people to be hired): 2 meetings
Executive Recommendation Subcommittee	Recommendation and review of executive candidates	3 non-executive director (shipping, logistics, port management)	June 2015	Discussion on ways to hire the new head of Management Division publicly, document review, and candidate recommendation * 3 persons (thrice the number of person to be hired): 3 meetings
Budget Subcommittee	Review of project budgets	3 non-executive director (shipping, logistics, port management)	Nov. 2015	Review of the 2016 budget and business plan (KRW 131 billion, 3 meetings scheduled)
Ethical Management Committee	Review of planning and implementation of ethical management	1 non-executive director (shipping, port research)	Apr. 2015	2015 ethical management promotion plan, etc. (2 resolutions, 2 reports): 2 meetings
Port of Ulsan Forum	Participation as executives/panelists and cooperation for progress	7 non-executive director (shipping, logistics, port research)	Feb. 2014	Discussion on major pending issues (twice) Request for early opening of access road to Ulsan New Port

BOD Operation Results

To invigorate the BOD meetings, UPA holds its monthly BOD meeting every last Thursday of the month. It notifies its non-executive directors of the results of the policy reflection of their management proposals. In addition, to boost meeting efficiency further, it holds pre-briefings on agenda items. It encourages its non-executive directors to participate actively in various gatherings aimed at promoting the development of Port of Ulsan

Classification	2013	2014	2015	Performance against Target
No. of BOD meetings	10	8	9	100%
No. of resolved items	30	22	24	104%
No. of revised resolution items (cases, %)	5(16)	3(13.6)	2(7.4)	-
No. of reported items	15	21	24	109%
UPA president attendance rate (%)	100	88.9	100	106%
Attendance rate of non-executive directors (%)	87.3	83.7	96.2	109%
Pre-review rate (cases/%)	30(100)	22(100)	27(100)	100%
Minutes of meeting public disclosure period (days)	14	14	6	100%

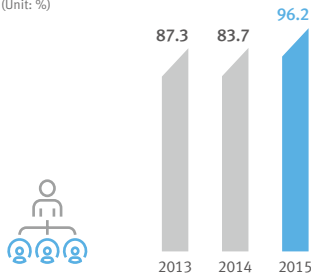
Enhancement of Non-executive Directors' Specialization

To select non-executive directors possessing expertise, UPA secured an expert pool in various fields and carried out pre-discussion with individuals and agencies in charge of recommendation and appointment so that qualified specialists will be nominated.

Classification	Total	Economy	Academe	Public Service	Legal Circles	Local Communities
Recommended Candidates	21	10	3	4	3	1
Women Candidates	4(19%)	-	1	-	2	1

Attendance rate of non-executive directors

(Unit: %)



Utilization of Non-executive Directors' Expertise

Utilization of Non-executive Directors' Expertise	2013	2014	2015	Women directors' input
Management counseling (cases)	3	3	6	Ethics (2), investment (1), forum (2)
Women directors' input	5/5	8/9	11/11	Management policies (5), port policies (6)
Reflection of management proposals (%)	100	88.9	100	

Cases of Policy Reflection of Management Proposals

Classification	Management Proposals	Policy Reflection
Implementation of normalization of lax management practices	Need for solution to increasing debts for two years in a row	Compliance with government guidelines, working out improvement ideas, and promoting the reduction of overhead
Policy proposals for budgets and investment projects	Need to tighten control of the budget (funds) and process management for Northeast Asia's Oil Hub and to minimize the amount of carryover and non-use	Monthly supervision of budget execution, monthly oversight SOC project implementation records, and weekly monitoring of progress rates
Ways to increase Port of Ulsan's cargo throughput	Development of policies designed to boost Port of Ulsan's cargo throughput and payment of efficient incentives	TFT operations, forum discussions, and review and implementation of incentive systems
Safety management for hazardous materials handling at Port of Ulsan	Securing safety in maritime transport and hazardous materials handling in relation to the explosions in Tianjin, China	Expansion of mooring facilities, establishment of Maritime Safety Belt, publishing of safety manuals, education and port operations monitoring, and implementation of drills
Safety of vessel navigation at Port of Ulsan	Review of justification of supplementary budget for maintenance dredging designed to secure navigation safety in connection with the increasingly shallow water of Port of Ulsan	Securing KRW 2.5 billion in supplementary budget for maintenance dredging
Organizational invigoration	Efforts to invigorate organizational vitality through active search and compensation of high-performance employees	Year-end awards to high-performance employees, awards for various proposals, hiring of extra personnel, etc.

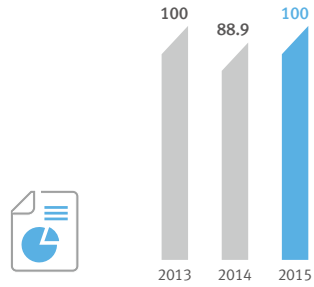
Composition of the Executive Recommendation Subcommittee

UPA has organized the Executive Recommendation Subcommittee composed of experts in various fields pursuant to the Act on the Management of Public Institutions, Public Company HR Management Guidelines, articles of incorporation of UPA, and operation rules of the Executive Recommendation Subcommittee. UPA secured a pool of experts equipped with extraordinary knowledge and experiences in diverse fields such as legal circles, mass media, academe, and labor relations and appointed five people including two women as committee members.

Classification	Field of Expertise	Remarks
Port committee members	Pilot pool	
	Related agency	
	Research institution	
External members	Professor in public administration	Person representing UPA
	Professor in business management	

Reflection of management proposals

(Unit: %)





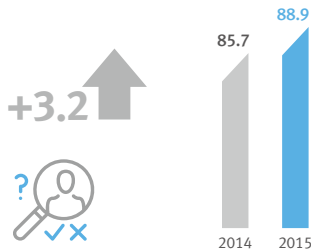




# Ethical Management

## Transparency selfassessment

(Unit: points)



## Operation of Internal Ethical Management TF

In December 2014, UPA established the “Ethical Management TF Composition & Operation Plan” according to the necessity to boost its ethical management and formed the Ethical Management TF as required by the plan. The plan requires each department to designate a person in charge of ethical management. UPA checks its ethical management performance at the department level every quarter through cooperation with said personnel.

Classification	Agenda Items
1st quarter	Revision of Ethics Charter, establishment of operational procedures for the Ethical Management Committee, and review of progress in ethical management
2nd quarter	Plan to raise employee's awareness of ethical management and revision of Ethical Norms

As a result of such companywide ethical management efforts, UPA has achieved its goals for transparency self-assessment and level of integrity

Classification	2014 Record	2015 Goal	2015 Record	Comparison with 2014 Record	Achievement Rate
Transparency self-assessment	85.7 points	89.3 points	88.9 points	3.2 points (3.7%) ↑	99.6%
Level of integrity	Level 5(7.84)	Level 2(8.49)	Level 2	Level 3 ↑	100%

## Enhancement of Competency to Implement Ethics and Integrity

UPA has worked out plans, implemented them, and overhauled norms based on the conviction that systematic comprehensive education and training are necessary to promote the strategy of “enhancing competency to implement ethics and integrity” among the company's ethical management strategies.

Classification	Implementation Plans			
Short-term (2015)	Creation and spread of an active ethics and integrity implementation culture Raising awareness of ethics and integrity implementation (Educational programs) Role plays about integrity, integrity education by experts, self-directed study on integrity, special lectures on ethical management, education to prevent sexual discrimination, online programs, etc.			
	Implementation of customized education & training for different levels and positions Raising awareness of the importance of ethical management and building a culture of integrity companywide Promotion of education and training designed to enhance participants' specialized competency			
Mid- to Long-term	Classification	Purpose	Timing	Contents
	New Recruits	Internalization of integrity	Within a year of employment	Basic attitude as an employee of a public company and key provisions of the Code of Conduct
	Working-level employees	Conscientious job performance	Within a year of job placement	Education on how to deal with ethical dilemmas in different situations and corruption risks in different job categories (ex. HR management, budget, contract, environment, construction, port operations, tax and accounting, etc.)
	Department heads		Within a year of promotion to departmental head	Mandatory online education offered by the Integrity Training Center
	Executives	Improvement of integrity leadership	Every year	Mandatory completion of integrity education for high-ranking officials
	Companywide	Stabilization of ethics & integrity implementation culture	Year-round (regular)	Role plays about integrity, education by internal & external experts, online and commissioned education offered by the private sector, and self-directed integrity education

## Efforts to Raise Awareness Companywide

In line with the first year of promotion of the companywide ethical management, UPA held a companywide ethical management implementation resolution gathering aimed at boosting its employees' commitment to implementing ethical management in June 2015 in order to fulfill its social responsibilities as a public enterprise and improve its stakeholders' trust in it. Moreover, to deepen understanding about ethical management, UPA developed its own ethical management educational courses dealing with various areas. In September 2015, it discovered and shared its excellent ethical management policies and cases companywide.

Classification		Educational Contents	
Standard Courses		Ethical management and organizational culture, management strategies and trends, ethical management and implementation tasks, ethical management and organizational management, ethical management and management strategies, ethical management and win-win management	
Customized Courses		Ethical management and implementation, crisis management and ethical management, integrity improvements, ethical management and decision making, job processes and ethical management, ethical management leadership, ethics implementation management, ethical management and sustainable growth, ethical management and social responsibility, ethical management implementation systems and education, ethical management and ways to boost creativity/innovation, ethical management and cultivation of competent employees, ethical management and global standards, and CCI and ethical management	
Category		Education Topic	
Ethical management and organizational culture	Aug.	Insight into UPA's ethical management culture from the perspective of a corporate ethical management specialist	
Ethical management and implementation	Nov.	Sharing opinions on the development of ethical management from the perspective of an external specialist member of the Ethical Management Committee	

## Enhancement of Ethical Norms

UPA enhanced its Ethical Norms twice in 2015 in an effort to boost its ethical management implementation.

Time	Establishment/Revision	Contents
Mar.	Revision of Ethics Charter	Reflection of the company's ethical vision and management policies
	Establishment of operational procedures of the Ethical Management Committee	Regulation of details of operations of the Ethical Management Committee
Nov.	Revision of operational procedures of the Ethical Management	Stipulation of the obligation to include women members in the committee and grounds for disqualification of committee members

## Internalization of Anti-corruption and Integrity Culture

To boost its employees' commitment to the fostering of an anti-corruption and integrity culture through active participation in the implementation of integrity activities, UPA has introduced an integrity mileage system that awards mileage to employees who carried out diverse integrity activities including the use of integrity meal ticket and return of prohibited goods. Furthermore, to prevent corruption, UPA operates the Clean Reporting System and Help Line, an anonymous reporting system, on its website. Help Line is run by an outside independent organization, which does not keep the IP information of reporters to guarantee their privacy. Through the channels, reporters can file reports on UPA employees' embezzlement, bribery, abuse of rights or positions, granting of special favors, seeking of special favors and putting of unfair pressure, unreasonable budget execution and wastes, other job-related irregularities, unethical acts including sexual harassment, and unreasonable systems and practices. To heighten the accessibility of its corruption reporting channels to customers, UPA strives to invigorate the operations of its relevant systems by enabling customers to file reports through the QR code on the bills of port facility charges as well as a mobile app.

## Expansion of the Port of Ulsan Clean Belt to the Private Sector

To lead the integrity culture and co-promote anti-corruption measures, UPA launched the Port of Ulsan Clean Belt in February 2013 with the participation of six other agencies: Ulsan Regional Office of Oceans and Fisheries; Ulsan Coast Guard; National Ulsan Quarantine Station; Ulsan Branch of Korea Marine Environment Management Corporation; Ulsan Branch of Korea Immigration Service, and; Ulsan Customs.

In 2015, the representatives of UPA and the seven agencies decided to expand the Port of Ulsan Clean Belt to include 16 private organizations and enterprises for the purpose of boosting interaction with the customers of Port of Ulsan in line with Government 3.0, a new paradigm for government operation based on communication and cooperation.

Before (7 agencies)	After (plus 16 private organizations and enterprises)
UPA, Ulsan Regional Office of Oceans and Fisheries, Ulsan Coast Guard, National Ulsan Quarantine Station, Ulsan Branch of Korea Marine Environment Management Corporation, Korea Immigration Service, Ulsan Customs	Port of Ulsan Logistics Association, Ulsan Harbour Pilots, Port of Ulsan Tank Terminal Association , Ulsan Branch of Korea Tugbusiness Corporation, Port of Ulsan Shipping Company Association, Port of Ulsan Agency Association, Cargo Owner Logistics Association, Korea Port Corporation, Ulsan Branch of the Korea Shipping Association, Ulsan Branch of Korean Register, Shin Heung Co., Ltd., Vopak Terminals Korea Ltd., Port of Ulsan Operations Corporation, Piers 6 & 7 Operations Corporation, Busan Branch of the Korea Ship Safety Technology Authority, Jangsaengpo Branch of Korean Register

Port of Ulsan Clean Belt





# Risk and Opportunity Management

## Risk and Opportunity Elements and Response Strategies

In order to boost its sustainability management activities, UPA has identified risk and opportunity elements and reflected them on its companywide strategies and strategic tasks.

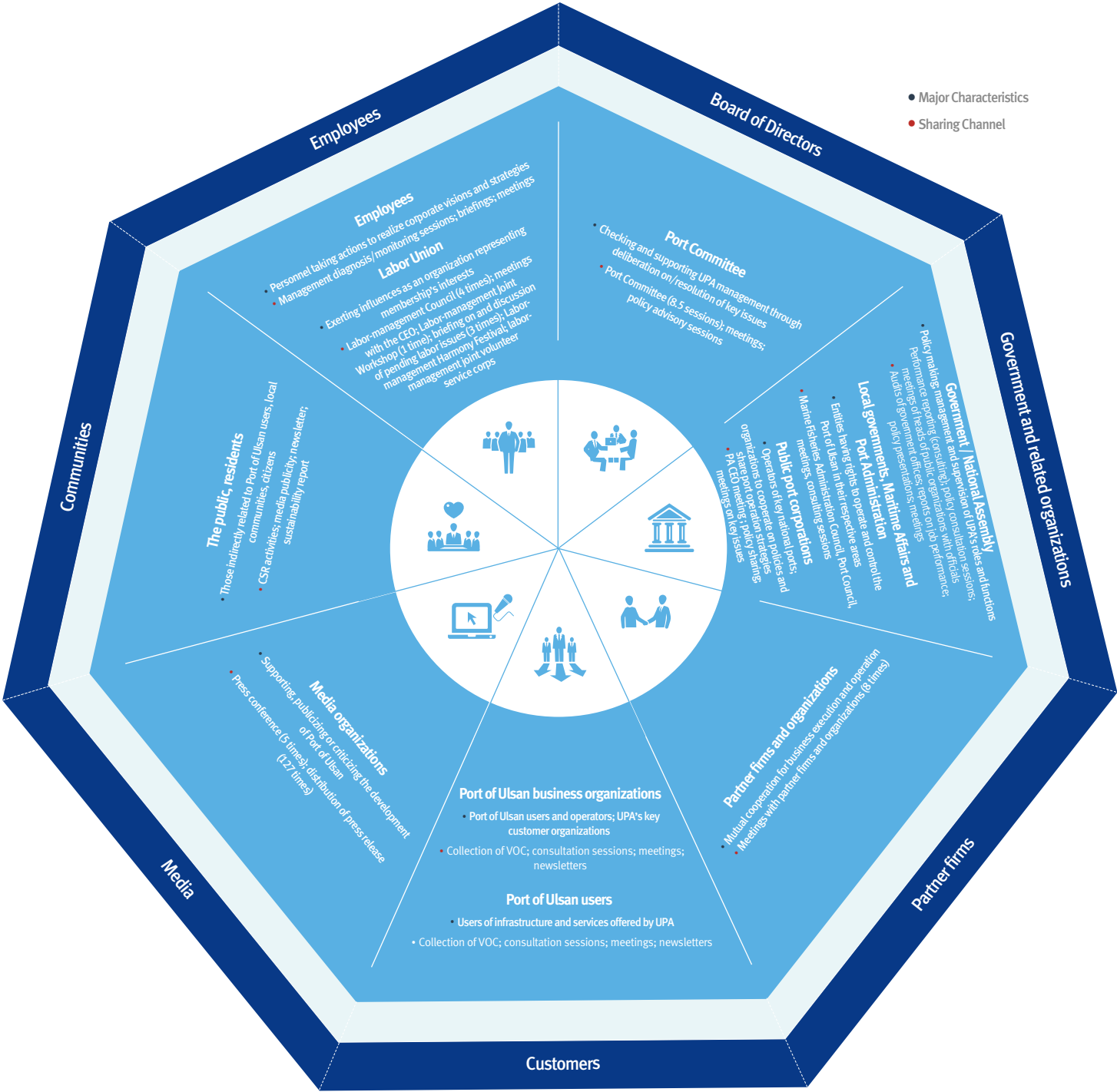




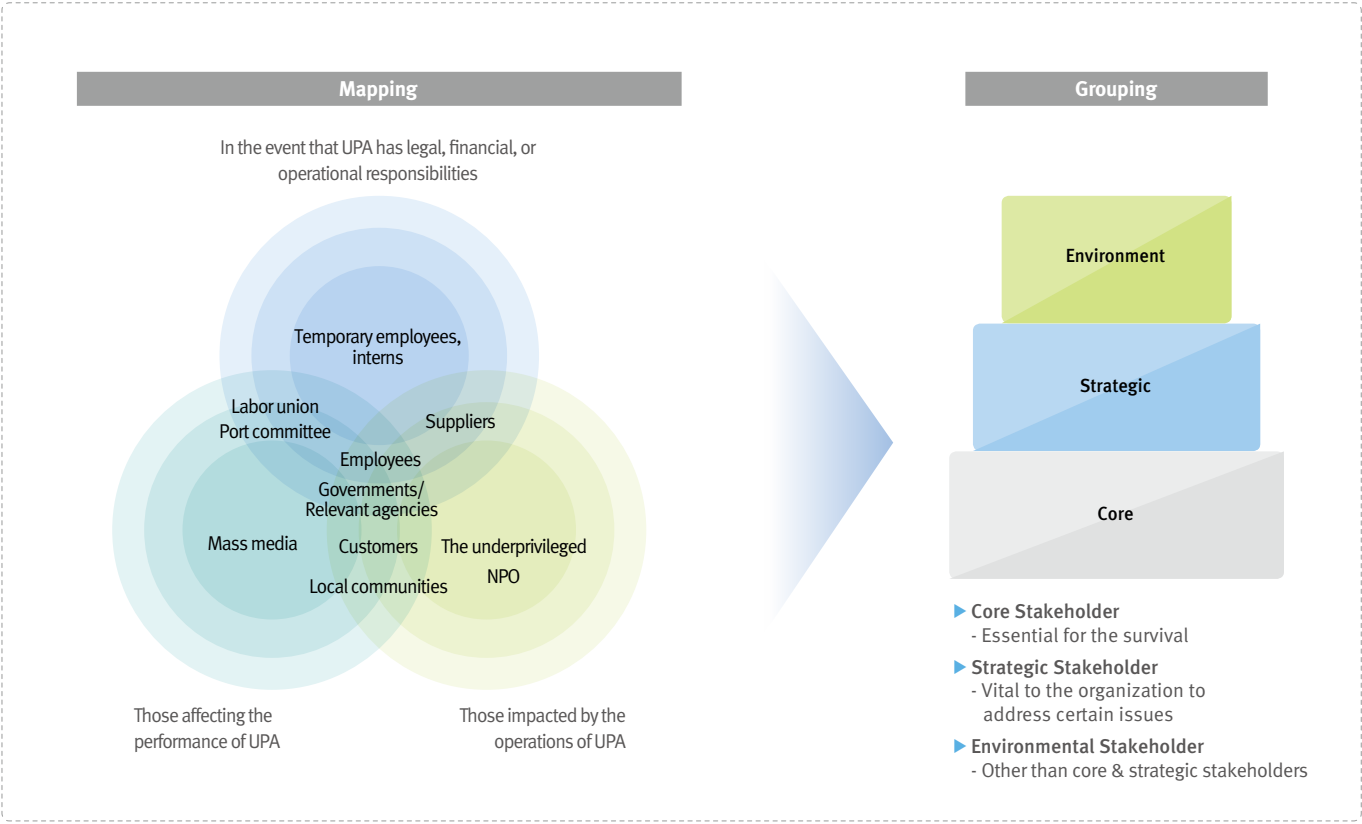
# Stakeholder Engagement

## Stakeholder Communication Channels










UPA sets its stakeholder groups according to their influences on its operations and the significance of such influences. The groups include employees, Port Committee, central government, related organization, partner firms, customers, media, and communities. UPA utilizes diverse communication channels with its stakeholder groups given their different preferences in terms of the means of communication.



UPA has identified a diverse stakeholder pool according to the criteria of ISO 26000 in the process of compiling this report. UPA has divided its stakeholders into three groups according to their legal, financial, and operational responsibilities and the level of their impact on UPA: core stakeholders, strategic stakeholders, and environmental stakeholders. UPA has identified governments/relevant agencies, employees, Port Committee, labor union, suppliers, customers, and local communities as its core stakeholders after considering the level of their impact on its operations.



Regarding the question about the most important factor for the long-term efforts of UPA to boost its corporate values and enhance its sustainability management, the core stakeholder groups of UPA answered as follows:

What do you think is the most important factor for the long-term efforts of UPA to boost its corporate values and enhance its sustainability management?					
	<b>Government</b> Port Logistics Planning Division, Ministry of Oceans and Fisheries	Ethical management, crisis management, governance-related competency, CCI		<b>Supplier 1</b> Dongbang Co., Ltd. (pier operator)	Diversification of customer needs
	<b>Relevant agencies</b> Ulsan Regional Office of Oceans and Fisheries	Job training and education		<b>Supplier 2</b> Shin Heung Co., Ltd.	Diversification of customer needs and indirect economic impacts
	<b>Customer 1</b> Port of Ulsan Shipping Agency Association	Efficient port operations and port development		<b>Local Community 1</b> Hyejinwon	Boosting the relationship with and trust of key stakeholders
	<b>Customer 2</b> Port of Ulsan Cargo Owner Logistics Association	Righteous management and responsibility for the nation and society		<b>Local Community 2</b> Volunteer Service Center, Ulsan Metropolitan City	Capability to share information with local communities and stakeholder groups
	<b>Labor Union</b>	Organization's facilities and loyalty to the organization, commitment to improving processes and customer service			



Stakeholder Interviews

Interview with Government



Among local port authorities, UPA is relatively small in terms of organization and assets, yet it has a low debt ratio. It has continued to generate operating profits since its establishment. With such strengths, UPA must strive to make further investments in the expansion of its port infrastructure according to a long-term master plan designed to boost the development of Port of Ulsan through close cooperation with the local government, relevant public agencies, Port of Ulsan businesses, and various organizations to develop Port of Ulsan into a global liquid cargo hub. In addition, UPA needs to take preemptive actions regarding changing business environments such as the ongoing restructuring of the local shipping industry and changes in the global shipping alliance as well as correspondent diverse demands of its stakeholders. Finally, I hope UPA will continue to foster port operation experts possessing in-depth knowledge and outstanding competence as well as high moral standards to improve organizational competencies and competitiveness further and develop into a public institution that continues to realize sustainable growth together with its local communities.

Jeon Jae-hoon, deputy director of the Port Logistics Planning Division | Ministry of Oceans and Fisheries

Interview with Related authorities



UPA is a specialized port operations agency tasked with the development of Port of Ulsan into a competitive shipping and logistics hub to contribute to the development of the national economy and creation of values for its customers. In order to meet such objective, UPA must secure personnel possessing expertise in port operations and management and continue to strive to enhance their competencies through lifelong education and training. To that end, UPA needs to arrange for people in certain positions to work over an extended period of time instead of job rotation in order to maximize their expertise and work efficiency in an effort to prevent any possibility of problems caused by employees' incompetency. Finally, I think that effective open communication with outsiders including the relevant agencies and customers as well as a flexible organizational culture will enable UPA to boost social support for its management activities, helping enhance its sustainability further.

Jeong Byeong-geon, section chief of the Seafarers and Maritime Safety Division | Ulsan Regional Office of Oceans and Fisheries

Interview with Customers



Port of Ulsan is one of the country's flagship industrial ports. It serves as the driving force behind the economic development of not just Ulsan but also the entire country. Consequently, the sustainability of UPA depends on the sustainability of Port of Ulsan, which can be secured through continuous development and improvement of the port's competitiveness. From the perspective of a shipping agent that represents the interests of ship owners and cargo owners, efficient port operations backed by increases in cargo throughput and expansion of surrounding infrastructure as well as continuous port development must be considered as the basis for the sustainable growth of UPA and the focal point of its management efforts. I hope UPA will continue to develop diverse programs that can meet its diverse customers' needs and impact the changes and development of local communities in a positive manner for the purpose of making Port of Ulsan one of the most advanced ports in the region and UPA a world-leading sustainable port authority.

Seo Jae-cheol, chairman of the Port of Ulsan Shipping Agency Association

Interview with Customers



Due to sharp fluctuations in international oil prices, the liquid cargo throughput of Port of Ulsan has plateaued. UPA's surplus has slowed down for the first time since the company's establishment particularly because of the implementation of the Northeast Asia Oil Hub Project. Meanwhile, China continues to expand its refinery facilities and tank terminals considerably. Port of Ulsan is expected to face severe competition. Its internal and external risk factors are on the rise. Under the circumstances, UPA must seek to promote transparent and reasonable management activities based on the morality required of a public enterprise. It needs to maintain various port facilities in the best condition possible while striving to increase its cargo volumes through new cargo attraction strategies. I think the promotion of new projects based on mutual trust and communication with its stakeholders is a crucial factor that determines the sustainability of UPA while maintaining its current productivity and competitiveness.

Kim Tae-yong, chairman of the Port of Ulsan Cargo Owner Logistics Association

Interview with Suppliers



The stakeholders of Port of Ulsan, a gateway to the country's industrial capital, are diverse, including those involved in the port logistics business represented by cargo owners and shipping companies as well as the port users. Most notably, customers of the port have diverse needs related to the utilization of the port including product management, service improvements, and upgrade of logistics information systems. I think UPA needs to specialize the piers of Port of Ulsan through the rearrangement of its pier functions for different products (ex. liquid cargo/oxide/steel products/general merchandise/automobiles) in order to operate the port more systematically and efficiently. In keeping with its sustainable growth, UPA needs to focus on making further improvements in the safety of the port, including the upgrade of its safety manuals, enhancement of safety features at port facilities, and prevention of industrial accidents in unloading processes. Finally, I hope UPA will be able to make the port eco-friendlier through the establishment of diverse processes and systems designed to reduce air pollutants including airborne dust.

Lee In-cheol, general manager of Dongbang Co., Ltd. (pier operator)

Interview with Suppliers



Competition among ports is becoming severe not only domestically but also internationally. For Port of Ulsan to emerge as a world-class port under such circumstances, UPA needs to benchmark an outstanding specialized international port overseas to emphasize the characteristics of the port. Given the fact that various businesses including Vopak, a world-class logistics company, operate at the port, UPA needs to enhance its competitiveness further through continuous investments in port infrastructure. In terms of UPA's social responsibility and sustainability, I think members must internalize their obligation regarding integrity and ethics while UPA strives to discover port operation experts and continue to educate and train them through exchange education programs with the world's most advanced port authorities. Increasingly diverse kinds of businesses engage in production activities in and around Port of Ulsan. Their needs for port services continue to be diverse. I hope UPA will keep up with the diversifying demands for specialized services and provide various port-related businesses with support that can practically help them improve their production capacity.

Lee Neung-hwan, director of Shin Heung Co., Ltd.

Interview with Labor Union



I believe that the successful establishment and invigoration of the Northeast Asia Oil Hub Project can help secure the sustainable growth and development of UPA and boost its organizational values over the next 10 years. To succeed in the project, it is most important for UPA to complete the crude oil storage base and berth development on time. The Port of Ulsan area is where Korea's major world-class businesses carry out their production and logistics activities. UPA continues to strive to boost cooperation with its stakeholders and contribute to the development of local communities. To make Port of Ulsan grow into one of the world-renowned ports, UPA must further develop its port operation system, establish a green port at the port of Ulsan in response to climate change, and make its service quality on a par with that of the world's best sea ports. I believe that, to achieve all of those, UPA needs to secure its employees' loyalty to the organization and commitment to engage in continuous service improvement efforts.

Kim Seong-yeol, chairman of the UPA labor union

Interview with Local communities



I think UPA is "a company that grows together with local communities" by implementing "sharing management" that shares its business outcomes with local communities while achieving outstanding business results year in and year out. Unlike other companies, UPA carries out CCI programs customized to the needs of its beneficiary institutions. Through continuous interaction with them, UPA offers them specialized practical support through its CCI programs, helping boost the mutual trust between UPA and local communities in a significant way. What I can mention from the perspective of a beneficiary institution is that UPA can share its CCI plans, operation policies, and budgets, among others, and expand opportunities for all the relevant parties to get together and exchange opinions on them. If UPA further invigorates its communication with local communities, the merits of UPA's CCI programs customized to the needs of local communities can be maximized.

Kim Seon-young, social worker of Hyejinwon

Interview with Local communities

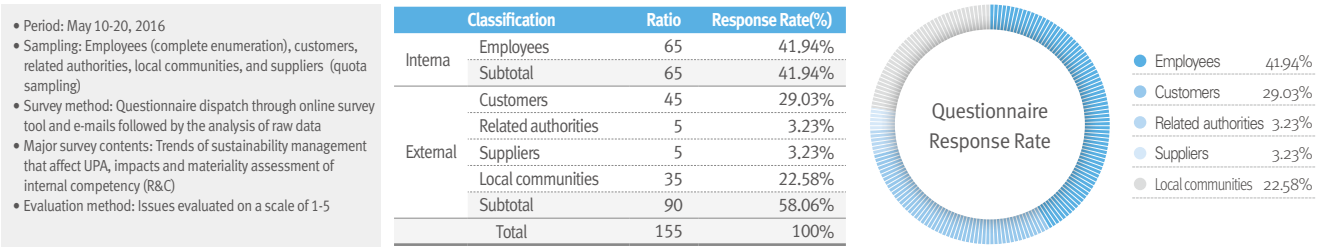


I think what counts most when it comes to the implementation of sustainability management is fostering the relevant sustainable values. For companies to expand their sustainability, they must focus not only on the creation of their economic values but also on the increase of their social values, which is attracting considerable attention worldwide. There are numerous ways to create social values. Top priority can be placed on the strategic approach to the social issues faced by each community and the enhancement of communication with stakeholders in local communities. Currently, UPA carries out diverse CCI programs that can invigorate local communities in keeping with the dynamic features of Port of Ulsan, a relatively young port in the country. I believe that UPA will be able to fulfill its social responsibilities as a public enterprise by actively participating in the development of local communities, sharing information on the diverse issues of local communities, and building partnerships with specialized institutions in a genuine effort to find solutions to such issues.

Jeong Eun-ok, team leader of the Volunteer Service Center of Ulsan Metropolitan City

Stakeholder Questionnaire

In the process of compiling this report, UPA conducted a survey among its stakeholders for the purpose of gathering their opinions and expectations as to the organization's sustainability management. The survey was composed of questions designed to identify the materiality of CSR (sustainability) trends, impact, and internal competency issues on a scale of 1-5. UPA has reflected the survey results on the identification of its material aspects.





Materiality Test

UPA has selected its sustainability management issues according to the materiality test criteria presented by the GRI G4 Guidelines based on the results of its stakeholder survey. This UPA report is centered on the identified material aspects.

Processes and Results of the Materiality Test

To identify its material aspects for sustainability management, UPA has carried out internal and external environment analysis and materiality test based on the principles of sustainability context, materiality, completeness, and stakeholder inclusiveness.

Step 1

Identification of Issues related to Sustainability Management

Media Analysis

To analyze its internal and external awareness, UPA analyzed a total of 2,285 effective articles for three years from 2013 to 2015 and identified its material issues.

Diagnosis of ISO 26000 Implementation Level

To diagnose its internal CSR implementation level, UPA conducted ISO 26000 diagnosis among the relevant employees.

Benchmarking

UPA identified issues considered significant by the relevant companies through the analysis of the sustainability reports of a total of five similar businesses (2 domestic, 3 overseas firms).

In-depth Stakeholder Interviews

UPA selected nine stakeholders based on the stakeholder identification criteria of ISO 26000 and conducted in-depth interviews with them.

Step 2

Prioritization

Relevance Assessment

UPA identified a total of 44 relevant topics following the relevance assessment based on comprehensive consideration of four environmental analyses: mass media analysis, diagnosis, benchmarking, and in-depth interviews with stakeholders.

Materiality Assessment

After conducting an online survey among its internal and external stakeholders on May 10-20, UPA determined the priority of the relevant topics and selected a total of 33 material issues.

Step 3

Validation

UPA carried out validation on the 33 issues identified through its materiality assessment process, finalized the selection, and used them in the content planning of this report through validation.

A Sustainable Port for the Future

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Significance Assessment

Point Number	Impact Materiality to UPA (X)	Materiality to Stakeholders (Y)
1	4.45	4.45
2	4.40	4.20
3	4.25	4.30
4	4.15	4.25
5	4.20	4.20
6	4.18	4.15
7	4.10	4.25
8	4.12	4.18
9	3.95	4.30
10	4.15	4.10
11	4.30	3.90
12	4.18	4.05
13	4.05	4.00
14	3.85	3.90
15	3.60	4.18
16	3.82	3.95
17	3.82	3.88
18	3.82	3.82

Material Impact Issues	
1	Anti-corruption
2	Indirect economic impacts (investments in infrastructure)
3	Compliance with laws related to social affairs
4	Local communities (CCI)
5	Employee diversity and equal opportunities
6	Industrial safety & health
7	Customer safety & health
8	Employee training and education
9	Marketing communication
10	Product and service labeling
11	Labor relations
12	Economic performance
13	Employment
14	Environmental impact of products and services
15	Effluents and waste
16	Emissions (GHG, dust)
17	Public policy (lobbying, political donations)
18	Human rights grievance mechanisms

Material Trend Issues		
1	Increasing demand for the company's transparency and ethical management	4.44
2	Increased significance of securing talents	4.41
3	Increased demand for product and service safety	4.31
4	Diversification of customer needs	4.25
5	Increasing demand for fair economy and shared growth	4.16
6	Prevention of environmental pollution (air, water, soil pollution)	4.09
7	Increasing demand for employment welfare rights	4.04
8	Increasing interest in governance (responsible management)	4.04
9	Increasing interdependency of the world following globalization	4.00





Material Internal Competency Issues		
1	Capabilities to understand, develop, and implement UPA's strategies	4.33
2	Individuals' competitiveness, experience, and commitment to innovation in relation to UPA's governance system, risk management approaches, and ethical values	4.30
3	Loyalty to the company and commitment to improving processes and services	4.22
4	Relations and trust with key stakeholders	4.19
5	Organization's facilities for production and service delivery	4.16
6	Securing social support for UPA's project implementation	4.10

Material Issues and Reporting Boundaries

Rank	Material Impact Issues	GRI G4 Aspect	Internal Boundarie	External Boundaries	Page
1	Anti-corruption	Anti-corruption	●		14-17
2	Indirect economic impacts (investments in infrastructure)	Indirect economic impacts	●		30-37
3	Compliance with laws related to social affairs	Compliance	●		14-17
4	Local communities (CCI)	Local communities		●	64-67
5	Employee diversity and equal opportunities	Diversity and equal opportunities	●		44-49
6	Industrial safety & health	Industrial safety & health	●		56-61
7	Customer safety and healthcare	Customer safety and healthcare	●		56-61
8	Employee training and education	Training and education	●		45-46
9	Marketing communication	Marketing communication	●		40-43
10	Product and service labeling (customer satisfaction)	Product and service labeling	●		40-43
11	Labor relations	Labor relations	●		48-49
12	Economic performance	Economic performance	●		10
13	Employment	Employment	●		44-45
14	Environmental impacts of products and services	Environmental impacts of products and services	●		52-54
15	Effluents and waste	Effluents and waste	●		54
16	Air pollutants (GHG, dust)	Emissions	●		53-54
17	Public policies (lobbying, political donations)	Participation in the establishment of public policies	●		Not applicable
18	Human rights grievance mechanisms	Human rights grievance mechanisms	●		48-49

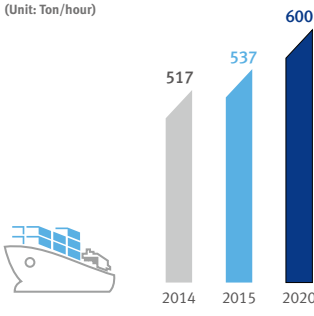


Sustainability Management Results

Strategic Goals	Strategic Tasks	Performance Indices	Unit	2013	2014	2015	2020 Targets
<div>Realization of high value-added port</div> <div></div>	Enhancement of port infrastructure competitiveness	Progress rate of port construction projects	%	100	100	100	100
		Operation rate of two new berths in Northern Ulsan New Port	%	-	-	-	100
	Maximization of port operation efficiency	Pier productivity*	Ton/hour	517	517	537	600
		Increasing ship size index	Ton/ship	13,649	14,023	14,197	15,000
		Demurrage rate	%	3.00	2.52	2.22	2.00
		Total cargo throughput	1,000 tons	191,031	191,720	195,825	260,000
	Invigoration of hinterland complex operations	Land rental rate	%	-	54.9	64.6	100
		Progress rate of hinterland complex construction project	%	100	100	100	-
<div>Securing future growth engines</div> <div></div>	Timely establishment and invigoration of Oil Hub	Attraction of new oil traders	건	-	-	1	2
		Cargo throughput of Oil Hub, phase 1	1,000 tons	-	-	-	10,100
	Promotion of Arctic’s Logistics Hub	Cargo volume on the Northern Sea Route	10,000 tons	11	0	0	25
		No. of ships on trial operation for the Northern Sea Route	Ship	1	0	0	4
	Expansion of new business R&D	Discovery of new growth business	Case	1	1	1	2
		Proportion of new business turnover	%	-	-	-	17.2
<div>Customer-centered port operations</div> <div></div>	Expansion of new business R&D	Customer satisfaction	점	92.0	91.1	91.4	90.0
		Government 3.0	점	-	55.3	56.3	87.6
	Realization of a safe port	No. of major accidents during vessel navigation	Case	7	3	12	0
		No. of major accidents during unloading	Case	1	3	1	0
		Degree of safety of port facilities	%	100	100	100	100
	Establishment of an eco-friendly port	Percentage of eco-friendly hopper installation	%	-	-	60	100
Reduction of GHG emissions		%	13.6	22.6	22.8	30.0	
<div>Establishing a sustainability</div> <div></div>	Implementation of companywide creative innovations	Management Strategy Index <sup>1)</sup>	Point	69.4	78.3	85.3	95.8
		Performance management satisfaction rate <sup>2)</sup>	Point	78.2	79.8	81.4	82.6
		Sustainability index <sup>3)</sup>	Point	54.39	56.92	60.20	65.0
		Labor-management cooperation index <sup>4)</sup>	Point	73.3	82.2	82.9	87.0
	Enhancement of financial soundness	Debt ratio	%	4.55	13.02	22.15	54.41
		Turnover	\100M	652	717	744	1,100
	Enhancemet of CSR activities	CCI beneficiaries' satisfaction rate	Point	95.2	93.8	94.5	97.0
		Degree of integrity	Point	8.2	7.2	8.5	8.8
		Implementation rate of government-recommended policies	%	86.6	84.8	88.1	96.0
	Purchase rate of SME products	%	77.3	81.5	82.8	84.5	

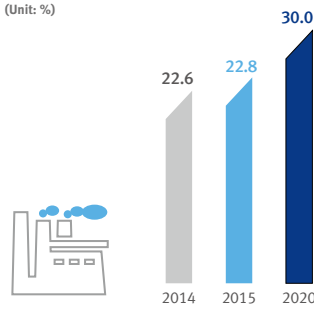
Pier productivity

(Unit: Ton/hour)



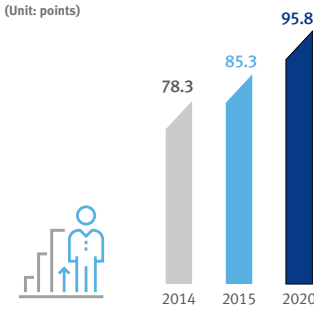
Reduction of GHG emissions

(Unit: %)



Management Strategy Index

(Unit: points)



1) Management Strategy Index: Survey on the recognition of and consensus on UPA's vision and strategic systems

2) Performance management satisfaction rate: Survey among internal employees on the operation of performance management and evaluation systems

3) Sustainability index: Results of the Korean Sustainability Index (KSI) of the Korean Standards Association

4) Satisfaction index regarding labor-management cooperation in terms of trust, cooperation, communication, and performance



# ACCELERATING GROWTH



Invigoration of the Oil Hub Project\_30 | Invigoration of Hinterland Complex Operation\_32 | Promotion of Arctic's Logistics Hub\_34  
Enhancement of Port Infrastructure Competitiveness\_35 | Maximization of Port Efficiency\_36

### Context

UPA is an advanced port operator that leads the national economy and creates customer values. It lays the foundation for another leap toward a new hub port for the world economy through the establishment of diverse kinds of growth infrastructure and copes with the rapidly changing demand for cutting-edge port environments.

### Progress

- Expansion of Oil Hub-based infrastructure
- Efficiency of hinterland complex management
- Establishment of international networks and promotion of Arctic logistics marketing
- Timely completion of Ulsan New Port infrastructure
- Effective management of demurrage

### Next Step

- Creation of the world's top 4 Oil Hubs through the establishment of Northeast Asia's Oil Hub
- Korea's largest industrial port

## UPA, Accelerating Growth

### Performance



Progress of the Oil Hub Project, phase 1  
(Unit: %)

77.0



Establishment of roadmap for the invigoration of the Northern Sea Route



Procurement rate of hinterland complex site  
(Unit: %)

68.6



Recording the lowest demurrage (2.22%) ever  
(Unit: %)

2.22



## Invigoration of the Oil Hub Project

Bird's-eye View of the Oil Hub Project



### • Progress of the Oil Hub Project

Oct. 2008	Selected by the government as one of the top 100 national tasks (Ministry of Land, Infrastructure and Transport and Ministry of Knowledge Economy)
Aug. 2009	Conducted a preliminary feasibility study for the Oil Hub Ulsan Area Project (KDI)
Nov. 2010	Analysis of qualification and feasibility of private investments (KDI)
Dec. 2011	Awarded an engineering contract for the basic design of the Oil Hub - North Port Project (Ministry of Knowledge Economy)
June 2012	Fixed the direction of the Oil Hub development (agreement between the Ministry of Land, Infrastructure and Transport and Ministry of Knowledge Economy)
Aug. 2012	Started the working design for the infrastructure of the North Port area
Nov. 2013	Commencement of the infrastructure project for the North Port area (second-half portion)
Feb. 2014	Established KOT (Korea Oil Terminal), a joint venture for the Ulsan North Port Project

New business opportunities are emerging in the crude oil market of Northeast Asia in line with the high demand for crude oil in Korea, China, and Japan coupled with the perceived limitations of Singapore with regard to its role as Asia’s oil hub. Against such backdrop, the Northeast Asia Oil Hub Project is designed to secure the infrastructure required for crude oil storage and trade in a timely manner in order to preoccupy the crude oil logistics market.

## Progress of the Oil Hub Project

### Overview of the Oil Hub Project

In February 2008, the Northeast Asia Oil Hub Project was selected as one of the government’s 100 national tasks, and the Ministry of Knowledge Economy (presently the Ministry of Trade, Industry and Energy) decided to take part in the project around the same time. The project gained momentum. Port of Ulsan was designated as the site of the Oil Hub Project in March 2009. Port and storage facilities have been constructed since then. The Port of Ulsan Oil Hub Project includes 10 berths including one that can accommodate a 300,000-ton crude oil tanker as well as tank facilities that can store up to 28.4 million barrels of oil. A total of KRW 2.2 trillion is expected to be spent between 2010 and 2025 on the construction of the North Port and the South Port of Ulsan New Port in stages.

### Outline of the Oil Hub Project

	Classification	Total	Phase 1 (North Port)	Phase 2 (South Port)
Project Outline	Berth facilities	- Nine 10,000- to 200,000-ton berths - One 300,000-ton buoy	- Five 10,000- to 60,000-ton berths - One 120,000-ton dolphin <sup>1)</sup>	- Three 200,000-ton berths - One 300,000-ton buoy <sup>2)</sup>
	Storage capacity (land)	28.4 million barrels (907,000m <sup>3</sup> )	9.9 million barrels (303,000m <sup>3</sup> )	18.5 million barrels (604,000m <sup>3</sup> )
	Budget	KRW 2.26 trillion	Top: KRW 605.3 billion Bottom: KRW 103 billion	Top: KRW 1.0867 trillion Bottom: KRW 431 billion
	Period	2010-2025	2010~2019	2017~2025

### Progress of the Oil Hub Project

As of June 2016, the progress rate of Phase 1 is 77%. In line with the trend of increasingly bigger ships, the project outline of Phase 1 has changed from four 10,000-50,000-ton berths to three 60,000-ton berths to attract more large-sized vessels to the port. Meanwhile, to cope with the demand for the port entry of small tankers, UPA has secured two additional berths at the unloading Pier. For Phase 2 of the Oil Hub Project, UPA has carried out a preliminary feasibility study and completed the analysis of the project’s economic feasibility, the project’s financial soundness, and the risks involved in the decrease of anticipated demand. Currently, KDI (Korea Development Institute) is conducting a preliminary feasibility study on behalf of the government.

### Current Status and Plan for the Oil Hub Project

	Classification	~2014	2015	2016	2017	2018	2019 ~
Phase 1	Support facilities	Completion of North Breakwater					
	Mooring facilities	Project commencement in 2013 (design modifications made for optimal operations)					
	Operation facilities	Basic design completed	Investors secured, working design recommended		Project launched (to be completed by 2019)		
Phase 2	Support facilities	South Breakwater kicked off in 2014 (to be completed by 2024)					
	Mooring facilities	Feasibility study	Preliminary feasibility study and establishment of investment plans		Basic and working designs	Project commencement	
	Operation facilities				Basic design	Working design and project commencement	

### Collaboration Structure for the Oil Hub Project

Facility	Agent	Roles
Support facilities	Government	Breakwaters
Mooring facilities	UPA	Berths and site renovation (bottom)
Operation facilities	Korea National Oil Corp. & KOT	Storage facilities and their operation (top).



## Laying the Foundation for Oil Hub Invigoration

### Attraction of Global Oil Traders

It is mandatory to attract new physical oil traders to Port of Ulsan in order to secure a mid- to long-term growth engine as a liquid logistics hub and invigorate the promotion of the Northeast Asia Oil Hub Project. To lay the foundation for the attraction of overseas oil traders, UPA introduced, for the first time in Korea, the liquid cargo incentive system, which exempts traders from paying port facility charges for new cargo weighing more than 10,000 tons per carter base for up to three years. UPA established a collaborative system with the KOTRA Middle East Head Office in Dubai, one of the three largest world crude oil markets, to promote its oil hub project, its infrastructure as oil trading logistics base, the attractiveness of the regional market, and its incentive system actively to the oil traders of the Middle East. As a result, UPA signed a memorandum of understanding with OOO, an oil trader based in the Middle East, regarding the arrival of new cargo at the port of Ulsan. The agreement is expected to result in the attraction of about 1.2 million tons of petroleum products, including bunker oil produced in the Middle East, per year starting in 2016. In addition, UPA publicized the merits of Port of Ulsan in terms of liquid cargo infrastructure and port incentive systems to Korean agents of global oil traders and attracted new joint venture companies of two Singaporean oil traders to the Ulsan area. Such is expected to contribute to the arrival of 1.8 to 2.4 million tons of Singaporean and Russian petroleum products including bunker oil every year beginning 2016.

### Establishment of the Bunkering Invigoration Incentive System

As representative overseas oil hubs, Singapore and Fujairah started to develop by attracting bunker oil as catalyst cargo. Bunkering markets are active there. In contrast, the bunkering market at the port of Ulsan remains sluggish. To overcome the difference, UPA has launched a bunkering invigoration incentive system for the purpose of attracting bunker oil as catalyst cargo and invigorate its bunkering market. Unlike other types of vessels, oil tankers cannot engage in cargo loading/unloading and bunkering simultaneously on grounds of safety. Therefore, they have to use piers or mooring facilities additionally for bunkering. UPA has decided to exempt ocean-going takers from paying port dues for up to12 hours for the purpose of bunkering in an effort to foster catalyst cargo (bunker oil) and to invigorate bunkering. It is estimated that, if the number of bunkering cases at Port of Ulsan increases by 10% (64 times) with the introduction of the bunkering incentive system, the direct and indirect value-added at the port will reach approximately KRW 11.1 billion each year.

### Establishment of Oil Trader Network and Enhancement of Publicity

UPA has selected Netpas Distance<sup>3)</sup>, a world-class online shipping media, to carry out overseas publicity for its Oil Hub project and its outstanding tank terminals. It has gained notable publicity effects. To discover more potential investors and port users and strive to invigorate its Oil Hub project and increase port demand, UPA has carried out diverse IR activities including participation in international conferences, visits to global oil traders, and provision of support for international trading conferences.

International Trading Conference



1) Moorign facilities consisted of numerous independent structures installed offshore to use for cargo loading/unloading  
2) Buoy type mooring facilities floating offshore used for crude oil loading/unloading (Crude oil loaded/unloaded is delivered through submarine pipeline.)  
3) Netpas Distance: A world-calsss routing & map software that provides information on marine routes, maps, distance calculation, vessel navigation profitability calculation



# Invigoration of Hinterland Complex Operation

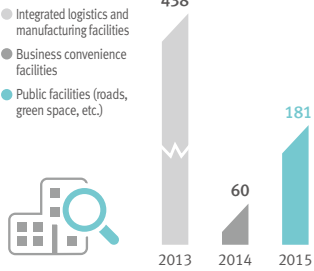
UPA plans to lay the foundation for the development of sea-and-rail transportation networks to support imports and exports of the Yeongnam region and the Northeast Asia Oil Hub Project, boost the logistics service support functions of industrial complexes near Port of Ulsan, and cope with the future invigoration of the pan-East Sea and trade with the country’s northern neighbors through the creation of a hinterland complex that reflects the industrial characteristics of the region surrounding Port of Ulsan.

## Timely Creation of Hinterland Complex

### Plan for the Creation of Hinterland Complex

To secure the land required for the support of import/export logistical activities of Port of Ulsan Hinterland Complex and promotion of the services of Ulsan Oil Hub as a national task, UPA established in 2009 its hinterland complex development plan, which has been implemented in stages. According to the results of a quantitative regression analysis taking into account various variables such as Port of Ulsan’s cargo handling capacity, port facility size, and demand for logistical service land, UPA plans to develop a total of 679,000m<sup>2</sup> of land by 2017 with 423,000m<sup>2</sup> in phase 1 and 256,000m<sup>2</sup> in phase 2.

Land use plan  
(Unit: m<sup>2</sup>)



Bird's-eye View of the Hinterland Complex Creation Project



## Hinterland Complex Creation Project: Current Status and Plan

Classification	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Phase 1	Section 1	Construction: May 2010 ~ June 2014								
	Section 2	Designs and permits/licenses for Section 1	Discussion about Hanjoo relocation and designs for Namhwa Pier		Redesigns and permits/licenses	Relocation of Hanjoo seawater intake facilities and compensation of illegal fishing devices		Integrated work with Oil Hub: Nov. 2013 ~ Nov. 2017		
Phase 2	Section 3	Designs and permits/licenses			Construction: Nov. 2012 ~ Nov. 2016					
Rate of Hinterland Complex Area Secured		56.4%					68.6%	86.4%	100%	

## Attraction of Businesses to the Hinterland Complex

### Boosting the Competitiveness of Hinterland Complex

The Port of Ulsan Hinterland Complex was created using UPA’s own financial resources. Its rental fee is calculated differently from that of other port hinterland complexes. Since the Ulsan area has yet to be designated as a free trade zone, tax exemptions are not given to companies operating in the area. As such, the complex suffers a disadvantage in price competitiveness. To overcome such weakness, UPA has come up with a strategy to cultivate the complex into “a region-specific” complex linked to other industrial complexes in the region. Sections 1 and 3 specialize in the support of manufacturing and export activities of regional flagship industries such as shipbuilding, petrochemical, and plant industries, whereas Section 2 has been designated as the support zone for the Oil Hub Project -- creating a synergistic effect -- and a class-2 hinterland complex (commercial and business convenience facilities). In addition, UPA has executed rental contracts that reflect the characteristics of Port of Ulsan and business environments of businesses operating in the complex in order to prevent any legal dispute and expand win-win cooperation with the businesses. Through improvements in its various systems including revisions and modifications of its management guidelines and basic plans, UPA has complemented the weaknesses of the Port of Ulsan hinterland complex and maximized the synergistic effect of land use.

### Execution of Rental Contracts Reflecting Port of Ulsan’s Characteristics and Business Environments of Businesses Operating in the Complex

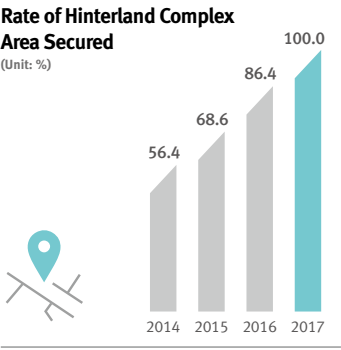
Characteristics of Hinterland Complex	Solutions	Progress
Not covered by the Act on the Establishment of Free Export Zones; cannot use standard rental contracts used by other port hinterland complexes	Study of other port authority cases and review of legal justification → reflection of the characteristics of Port of Ulsan hinterland complex	Protection of UPA’s rights and interests and prevention of legal disputes over contract terms and conditions
Increasing financial burdens (rent and maintenance fees) of businesses operating in the hinterland complex due to the slowdown of key industries and national economy	Revision of the rental contract to allow partial payment of the annual rent and deferred payment of maintenance fees until project completion	Expanded win-win cooperation with businesses operating in the complex through the execution of a rental contract that takes into account the lessees’ business environments

### Attraction and Support for Businesses Operating in Hinterland Complex

To attract businesses to the hinterland complex of Port of Ulsan, UPA carried out strategic target marketing in cooperation with the relevant government authorities. UPA emphasized lower rents compared to the complexes in the Seoul metropolitan area, proximity to berths, and ease of management of the supplier network based on surrounding industrial complexes. It also provided the businesses that were to move in with benefits in local taxes, subsidies, and administrative support for permits/licenses by Ulsan Metropolitan City. Thanks to such efforts, UPA succeeded in attracting a super high-performing manufacturer based in the Seoul metropolitan area despite the worst economic situation. In order to address the difficulties faced by businesses that have moved into the complex following the nationwide economic slowdown and provide with them with the best business management environments, UPA has offered customized support through various communication channels such as meeting with businesses that have moved in and working-level hinterland complex meeting. This way, UPA has prevented businesses that have moved in from leaving the complex and invigorated the operations of the complex.

### Efforts to Support Businesses that Have Moved in

Communication channels	Businesses' difficulties	Improvement efforts and results
Meeting with Businesses that have Moved in (twice a month)	- Increasing burden of investment costs and rents due to economic downturn	- Improvement of rent payment terms: once a year → multiple times a year - Deferred payment of maintenance expenses during the construction period (for up to 1 year) - Approval of flexible schedule of move-in permits and licenses depending on each company's situation
	- Difficulties raising investment funds due to non-permission of changes in investors' stakes	- Support for raising investment funds through the approval of changes in investor companies' stakes within the limit of 10% (June 2015)
	- (collaboration) administrative support (including construction permits) for port projects awarded by organizations other than UPA	- Support for a move-in company (M Company) through preliminary review and counseling service regarding a building permit linked to the payment of wastewater treatment costs
Working-level Hinterland Complex Meeting	- Marketing difficulties with cargo owners of a company that has moved in due to economic downturn	- Arrangement of marketing opportunities with cargo owners through a tour of the logistics facilities of the Ulsan Cargo Owner Logistics Association (Nov. 2015)



Current Status of Hinterland Complex





## Promotion of Arctic’s Logistics Hub

The Northern Sea Route as a new maritime transport route is attracting considerable attention. Compared to the route between Korea and Europe via the Suez Canal, the route is about 7,000 kilometers shorter, taking around less than 10 days. To secure its future growth engine, UPA has selected the “Promotion of Arctic’s Logistics Hub” as one of its strategic tasks. It carries out diverse activities to advance into the Arctic logistics market.

### Emergence as a Hub Port for the Northern Sea Route

#### Establishment of Roadmap to Invigorate the Northern Sea Route

To cope with the “Development of the Arctic Sea and Participation in the Northern Sea Route” as one of Korea’s national tasks and discover new growth engines, UPA carried out the “Research on Port of Ulsan Development Strategies in association with the Arctic Sea and Far East Russia Logistics” and established its strategies and roadmap to develop Port of Ulsan as a hub for Arctic Sea logistics in stages ahead of its competition. In 2015, UPA strengthened its network and institutional foundation through its activities in Arctic-related international organizations. Over the long term, it plans to open a regular Europe-Asia container line and help Korean companies advance into the Arctic Sea so that Port of Ulsan can emerge as a hub port for the Northern Sea Route.

#### Roadmap to Develop Port of Ulsan into an Arctic Sea Hub Port

Classification		Activities
2015	Laying the base for invigoration	- Leading the implementation of the government’s Arctic policies and enhancement of activities in Arctic-related international organizations - Cooperation with domestic R&D institutions and collection of related information
2016 ~ 2020	Full-fledged cargo attraction	- Expansion of liquid cargo handling infrastructure and establishment of systems to attract and support shipping companies and cargo owners - Laying the foundation for international cooperation and sharing the relevant information with the Russian government, among others
2020 ~	Invigoration stage	- Active support for advancement by regional offshore plant and energy companies into the Arctic Sea - Launch of regular container sea routes between Europe and Asia and fostering of experts in the Arctic Sea

#### Introduction of the Incentive System for Vessels Using the Northern Sea Route

In consultation with the Ministry of Oceans and Fisheries, UPA has introduced a volume incentive system for import cargo owners using the Northern Sea Route. According to the system, all cargo owners importing cargo through Port of Ulsan via the Northern Sea Route are paid an incentive amounting to KRW 10 ~ 50 million. The system is designed to motivate cargo owners to use the Northern Sea Route and invigorate the sea route and enhance the role of Port of Ulsan as a hub port for the route.

#### Establishment of Industry-Academe Cooperation System with the Arctic Logistics Research Center of Youngsan University

UPA has signed an MOU with the Arctic Logistics Research Center of Youngsan University for industry-academe cooperation for the purpose of facilitating the attraction of the Northern Sea Route, which is rapidly emerging as a new logistics route to Port of Ulsan as a way of promoting the growth of the relevant industry and development of college education in the field. UPA plans to promote actively research activities designed to invigorate the Port of Ulsan Northern Sea Route with experts in the route, educational activities aimed at furthering its employees’ expertise, and seminar attraction activities that can help boost the international stature of Port of Ulsan.

#### Attraction of International Seminar on Northern Sea Route

UPA held the “4th International Seminar on the Northern Sea Route” in November 2015 in collaboration with the Ministry of Oceans and Fisheries and Ulsan Metropolitan City. The “International Seminar on the Northern Sea Route” is Korea’s largest seminar on the subject of the Northern Sea Route. UPA held the annual seminar for two years in a row. The seminar features presentations and discussions about four topics such as the navigation circumstances of the Northern Sea Route, Arctic Sea resources development projects, transport infrastructure development for the Northern Sea Route, and Asia’s Northern Sea Route. It was participated in by experts in the Arctic Sea from many countries around the world as well as high-ranking Korean government officials. Companies based in the Ulsan area were able to obtain diverse kinds of valuable information on maritime navigation in the Arctic Sea and promising cargoes on the route.

#### Participation in the International Seminar on Korea-Russia Logistical Cooperation

In September 2015, representatives of UPA participated in the “International Seminar on Korea-Russia Logistics Cooperation” held in Vladivostok, Russia by Korea’s Ministry of Oceans and Fisheries. Russia is rather conservative when it comes to information disclosure and administrative procedures, and Korean companies experience difficulties in that regard. Building a network with local government agencies will help companies based in the Ulsan region make inroads into Russia. UPA will continue to strive to assist local companies in their effort to advance into the Arctic Sea region. It will be relentless in its efforts to invigorate the Northern Sea Route by taking full advantage of its strength of having huge industrial complexes right behind it , in particular those in petrochemical shipping and offshore plant industries.

International Seminar on the Northern Sea Route



## Enhancement of Port Infrastructure Competitiveness

UPA continues to improve and develop the infrastructure of Port of Ulsan, boost the competitiveness of the port, and improve port users’ convenience for the purpose of creating a huge free trade area in its hinterland, expanding Onsan National Industrial Complex, and coping actively with changes in domestic and international logistical environments.

### Timely Construction of Ulsan New Port Infrastructure

#### Building the Northern Quay of Ulsan New Port

“The Northern Quay 2 Berth Building Project” for Ulsan New Port started as the Northern Quay 4 Berth Building Project for Ulsan New Port as specified in the “Revised Master Plan for Nationwide Trading Ports” announced in 2006. In 2009, UPA produced the basic and working designs of the project. In the process, it decided to build 2 berths instead of 4 considering the changes that had occurred in the port. The 8-year project is scheduled to be completed in November 2016. It involves building one 30,000 DWT-class berth and one 50,000 DWT-class berth and developing a 120,000m2 port site. The budget for the project is KRW 55.7 billion including engineering fees and facility construction costs. UPA completed the berth for the Northern Quay ahead of schedule and boosted the operation efficiency of the hinterland complex of Ulsan New Port, which used to lack a nearby berth and suffered from low operation efficiency. The berth that had originally been planned for completion in 2016 was finished in 2015 through design modification. The other berth will be completed in 2016 as planned.

#### Bird’s-eye View of the Northern Quay of Ulsan New Port



#### Building Namhwa Pier

In order to secure mooring facilities for tugboats using Ulsan Port, UPA built Namhwa Pier<sup>1)</sup> with a budget of approximately KRW 30 billion for three years from 2013 to 2016 on a 16,000m<sup>2</sup> site. The quay is more than twice as big as the tugboat mooring facilities of Onsan Port. It is 420m long, with a 280-meter long wavebreaker and a 360-meter long quay. The completion of Namhwa Pier has reduced the inconvenience suffered by tugboats using Port of Ulsan due to the shortage of mooring facilities. The exclusive mooring facilities, which are more than two times bigger than the previous facilities, have not only improved navigation safety; tugboats are also expected to reduce their operation costs due to the geographical benefits. On top of that, initial response will be made faster in emergencies. Port users’ convenience as well as port operation efficiency will be improved considerably.

Dedication Ceremony for Namhwa Pier



1) Pier: A vertically raised structure, with water depth of less than 4.5 meters at its front face, built along the edge of a body of water so that ships can dock there to handle their cargo and passengers safely

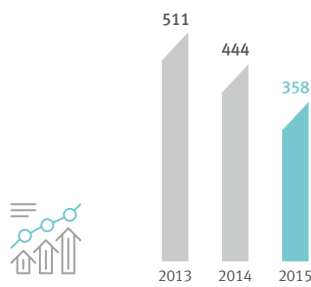


## Maximization of Port Efficiency

### • Performance in Demurrage Management

	2013	2014	2015
Demurrage rate (%)	2.97	2.52	2.22
Economic loss due to demurrage (KRW 100 million)	511	444	358

### Economic loss due to demurrage (Unit:KRW 100 million)



UPA contributes to the development of its local communities and enhancement of national competitiveness through the efficient operation of Port of Ulsan. It continues to improve port productivity by identifying inefficient elements in its port operations and making prompt improvements accordingly. In keeping with the trend of increasingly bigger ships arriving at the port, it continues to make upgrades in its port facilities and improve its port operation systems and practices.

## Enhancement of Port Productivity

### Improvements in Demurrage Rates through Efficient Port Operations

Demurrage<sup>1)</sup> is a cause of increase of cargo owners' logistical costs and decrease in the productivity of Port of Ulsan. It stems from inefficiency in port operations and/or lack of port facilities. UPA has sought the maximization of efficiency of its port operations through a three-dimensional approach to demurrage involving improvements in port operations, expansion of port facilities, and collaboration of port users. In 2015, it recorded the lowest demurrage rate since the opening of the port, helping raise the port's credibility nationally and internationally and save users' logistical costs.

#### Demurrage Management Efforts

Improvements in Port Operations	Improvements in Port Facilities	Collaboration Between Port Users
<ul style="list-style-type: none"><li>• Relaxation of restrictions on the kinds of cargoes handled at Piers<ul style="list-style-type: none"><li>- Onsan Pier 4: cement port → multipurpose port</li></ul></li><li>• Creation of environments for simultaneous berthing via linked pier operations<ul style="list-style-type: none"><li>- Linked operations of Yeompo Piers 1-3 and 5-6</li></ul></li><li>• Operation of substitute Piers in the event of an obstacle to port use awkward, do you mean "an obstacle that renders a port unusable"?</li><li>- Earthquake resistance work at berth Nos. 1 &amp; 2 → Berth No. 1 of Pier 8 used as a substitute Pier</li></ul>	<ul style="list-style-type: none"><li>• Implementation of dredging for mooring facilities and routes to improve vessel navigation conditions<ul style="list-style-type: none"><li>- Expansion of the collective mooring space at Port of Ulsan (Mar. 2015)</li><li>- Implementation of the dredging work commissioned for Route 5</li></ul></li><li>• Establishment of solutions for the cause of demurrage through the rolling of does not make sense the harbor facility dredging plan<ul style="list-style-type: none"><li>- Securing a dredging budget of KRW 9.7 billion for 2016</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Systematic port operations in collaboration with port users on the basis of government 3.0<ul style="list-style-type: none"><li>- Berth Operation Meeting for the optimization of berth turnover rates</li><li>- Establishment of a berth operation system and management and support for the optimization of a vessel schedule via upgrading the berth operation support system</li></ul></li></ul>

### Enhancement of Pier Productivity through the Maximization of Port Facility Usage

UPA enhanced Pier productivity through improvements implemented in the usage of the port facilities. The productivity of Yeompo Pier was low, which was due largely to the small cargo shed meaning is completely unclear unless this is a technical phrase compared to its berths and coupled with its complex possession structure and high dependency on a small number of cargo owners. Thus, UPA worked out a Pier restructuring and link-operation plan to develop Yeompo Pier into a Pier that specializes in steel cargo. It did do through working in close cooperation with stakeholders and laying the foundation for the recovery of normal Pier functions. UPA also carried out a comprehensive hinterland clearance of Pier 6 with the purpose of cultivating it into a Ro-Ro cargo specialization Pier. As a result, it secured 51,506m<sup>2</sup> in cargo<sup>3)</sup> storage space that can accommodate up to 6,000 compact automobiles. In addition, it made improvements in the efficiency and productivity of its Pier operations through the reallocation of Pier functions, including the adjustment of cargo allocations between the Main Port and the New Port, and the transfer of handling cargoes and functions customized to stakeholders' needs.

#### Adjustment and Specialization of Pier Functions

	Classification	Performance Record	Performance Results and Expectations
Main Port	Pier 9	General cargo Pier → "Sand Pier"	Users reduce logistical costs due to the nearer Pier
	Coal Pier	Closing in 2020 → Transfer to the New Port in relation to demand	Prevention of residents' grievances through being relocated farther from residential areas
Onsan Port	Pier 6, New Port	"Other iron ores" → addition of "liquid cargo"	Investment attraction to install liquid cargo storage tanks
	Tugboat mooring facilities	Tugboat mooring facilities → co-use as a temporary CO <sub>2</sub> storage Pier	Support for the active implementation of national policies through the provision of submarine storage port facilities
New Port	TS Pier at North Breakwater	Liquid T/S Pier → "liquid chemicals Pier" (exclusive use and the arrival of large ships)	Synergistic effects and invigoration expected for the Oil Hub Project through increased facility usage

### Enhancement of Productivity through Pier Operations by a Single Operator

Due to the slowdown of the global economy and sluggish performance of the regional key industries (refinery, chemical, and shipbuilding industries), Port of Ulsan suffered an excessive competition for securing cargo and an inefficient operation of its port facilities, including the protracted field storage of general cargoes; all of which contributed to the deterioration of its overall competitiveness. UPA decided to have a single Pier operator run the entire port. As a result, UPA has been able to make innovations in its Pier operations and boosted the efficiency of its Pier operations.

It has enhanced bargaining power against cargo owners to prevent unfair unloading contracts, including dumping, through the arrangement of a single Pier operation consortium (Main Port Piers 1-3 and 6-8), which has reduced unnecessary competition. UPA has prevented repetitive investments through the joint use of unloading equipment, warehouses, and an open storage yard, and by improving the efficiency of facilities and unloading operations. The efforts have resulted in a 3.55% increase (17.72 tons) in the productivity (= cargo handling volume per hour) of Main Port Piers compared to the previous year, and a 2.96% increase (2,776 tons) in terms of total cargo throughput in 2015. In addition, through the unification of non-consortium Pier operations (Piers 5-6), UPA acquired the highest rank (3rd) in the evaluation of Pier operation results, as compared to the lowest level in the country (35th). UPA's measure is widely recognized as a benchmark case for other ports and Pier operators in the country.

## Increasing Proportion of the Arrival of Large Vessels

In line with increasingly large vessels arriving at Port of Ulsan, UPA has striven to further increase the proportion of the arrival of large vessels through a word is missing like "implementing" comprehensive improvements in its port operations. It has secured water depths that can accommodate large vessels, improved its port infrastructure for the attraction of large vessels' port calls, and has enhanced its incentive systems. Such efforts have led to an average growth of 2% in the size of arriving vessels a year, reaching 16,435 tons/ship in 2015, which is the largest in its history.

### Promotion of Optimized Dredging Plans

UPA carries out optimized dredging projects to secure water depths for large vessels. UPA promoted the deepening of water depths at the port of Ulsan for all of the water zones of the automobile Pier in accordance to with its business plan. Yet, as a result of the survey of water depths at the site, the water zone that needed to be dredged far surpassed the estimated area. Thus, despite the temporary worsening of conditions for the arrival of large vessels, UPA is carrying out a large-scale water-depth deepening project in association with Section 2 of the Ulsan New Port Hinterland Complex creation project. UPA will rise to the occasion and make improvements in the conditions for the arrival of large vessels through a concentrated investment of resources in the fundamental securing of planned water depths instead of conducting "welding-style" temporary dredging.

Classification	Original Plan (2015)	Reflection of Water-depth Surveys (Increased low water depth areas)	Modification of the Dredging Plan through an Economic Feasibility Study
Budget	KRW 2 billion	KRW 23.3 billion	KRW 9.7 billion (△KRW10.955 billion*)
Dumping site (transport distance)	2015: Dumping in the open sea (65km)	2015: Dumping in the open sea (65km)	2016: Disposal in the hinterland complex (8.3km)

\* Modification of the Dredging Plan for the Dredging of All Low Water Depth Areas

### Introduction of the Incentive System to Promote the Arrival of Large Vessels

Paying keen attention to the fact that new ships are increasingly adopting eco-friendly fuel (e.g. LNG) in addition to the trend of the vessels becoming larger in size, UPA has introduced an ESI (Environmental Ship Index)<sup>3)</sup> incentive system as way of promoting large vessels for carrying liquid cargoes and automobiles. The system involves a 10% reduction in arrival and departure vessel charges for those that have received more than 30 points in the ESI scoring system or for newly arriving vessels. In a survey conducted among shipping companies and shipping agents, their willingness to make port calls through the rearrangement of its fleet of vessels was confirmed. It is anticipated that the arrival rate of large vessels, based on the case of automobile cargo ships, will increase by 16% and that Pier productivity for the port of Ulsan will rise following the expanded arrival of other types of large ESI vessels.

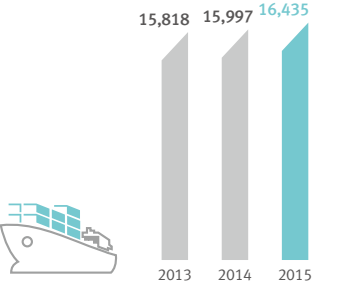
### Improvements in the Arrival Conditions of Large Vessels

Due to a shortage of mooring facilities and the consequent traffic congestion at the port of Ulsan, the ship/cargo owners of large vessels have tended to avoid Port of Ulsan. UPA created conditions whereby large vessels can go directly to unloading Piers as soon as they arrive. This has reduced their stay at the port and cut down on their expenses, including demurrage, due to their not using the mooring facilities of the port. In addition, in case large vessels do need to use the mooring facilities, UPA extended its collective mooring facilities from 14.51km<sup>2</sup> to 19.61km<sup>2</sup> and enlarged its vessel accommodation ratio by 50%, making a marked improvement in the conditions for vessel arrival.

1) Demurrage: Ships being on standby for more than 12 hours due to a shortage of berths among others  
2) Ro-Ro cargoes: Wheeled cargoes such as automobiles and heavy equipment that can move in and out of a vessel on their own  
3) Environmental Ship Index (ESI): The ESI measures a ship's emissions and issues the ship a score and a corresponding certificate every six months. It is accredited by IMO (International Maritime Organization) and WPCI (World Ports Climate Initiative).

### The Size of Arriving Vessels

(Unit: tons/ship)



### • Differences in Vessel Size According to ESI Certification

Classification	Average Tonnage (G/T) of Arrival Vessels	Average Tonnage (G/T) of ESI Certified Vessels
Automobile vessels	53,073 tons	61,824 tons
Liquid cargo vessels	14,158 tons	62,066 tons

### • The Rates of Immediate Berthing and Standby Time of Large Vessels

Classification	2013	2014	2015
Immediate berthing rate	98.24%	99.56%	100%
Standby (mooring) time	393 hrs	76 hrs	None

### • Improvements in Large Vessel Port Call Conditions

Before
Arrival → Mooring facilities → Berth allocation → Approach to unloading Pier (Arrival to Berthing: 14 hrs. at least)
After
Arrival → Berthing (Time reduced to 1/8 of the previous hours)

### • Expansion of Collective Mooring Facilities

Classification	Before	After
Area	14.51km <sup>2</sup>	19.61km <sup>2</sup>
No. of Ships	20ships	32ships



# INCREASING VALUES



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## Expansion of Customer-centered Services

### Context

UPA listens to the voices of its stakeholders through diverse communication activities with these stakeholders as a way to enhance cooperation with them. With a sense of responsibility as an advanced port enterprise that leads the national economy and creates values for its customers, UPA will continue to improve its port operation services and do its very best to increase customer satisfaction.

### Progress

- Establishment of an exclusive customer satisfaction organization
- Enhancement of VOC management
- Enhancement of employee CS competency
- Opening of the Onsan Port Customer Support Center
- Improvements in welfare services for seafarers using the port

### Next Step

- The rate of actions on VOC: 100%
- Stabilization of the customer-centered corporate culture

## HR Management

### Context

UPA's present and future depend on its employees. UPA cherishes the values of each and every one of its employees. It spares no efforts to provide support and deliver compensation so that all of them can continue to make improvements in the quality of their lives through maintaining a happy work-life balance.

### Progress

- Merit-based open employment
- Enhancement of employees' expertise in port operations
- Improvements in employees' quality of life
- Building a win-win labor-management culture

### Next Step

- Cultivation of experts in various fields
- Stabilization of an organizational culture ensuring a work-life balance

## UPA, Increasing Values

### Performance



The rate of actions on VOC  
(Unit: %)

83.0



Achievement of Class A  
in customer satisfaction  
among public institutions



Selection as one of the  
world's top 5 seafarer  
welfare ports



Proportion of flexible work  
hours  
(Unit: %)

22.5



Satisfaction with HR  
management  
(Unit: points)

74.9



Satisfaction with fringe  
benefits  
(Unit: points)

84.7



# Expansion of Customer-centered Services

UPA has established its own customer satisfaction strategic system. It realizes customer satisfaction management from the perspective of pursuing the growth and development of Port of Ulsan and all its customers.

## Customer Satisfaction Management Promotion System

### Strategies for Customer Satisfaction Management

UPA has set “The best port logistics partner that is cherished by its customers” as its customer satisfaction vision. It has establishment a mid- to long-term CS strategic system that is aimed at achieving 100% in the actions on VOC, 100% in port facility safety, and the highest rank in customer satisfaction. The customer satisfaction management of UPA is not only targeted at satisfying the customers using Port of Ulsan. It is aimed at encouraging its customers to join forces with UPA to strive to further develop Port of Ulsan down the road.

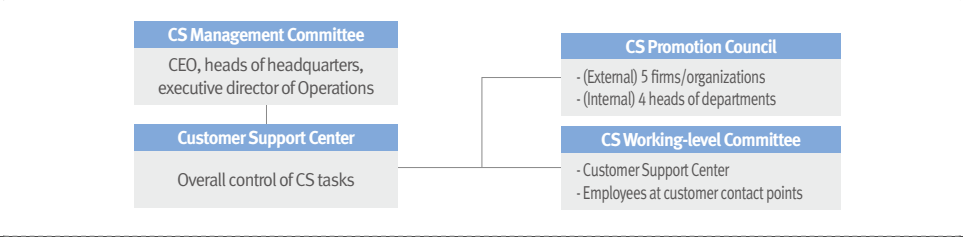
#### Mid- to Long-Term CS Strategic System

Companywide vision	An advanced port enterprise that leads the national economy and creates values for its customers		
CS vision	The best port logistics partner cherished by its customers		
CS goals	VOC handling (100%)	Port facility safety (100%)	Customer satisfaction (the highest rank)
Strategic goals	Establishment of a customer-centered corporate culture	Expansion of customer-tailored services	Upgrade of CS performance management
Strategic tasks	- Enhancement of CS strategy implementation capabilities - Expansion of CS competency education - Disseminating a customer-oriented mindset	- Systemization of VOC handling and usage - Provision of customer-tailored services - Discovery of creative customer services	- Upgrade of UPA-CSI survey system - Invigoration of CS improvement activities - Enhancement of the CS performance compensation system

### Organization to Promote Customer Satisfaction Management

To improve the inefficiencies involved in the previous CS management promoted by the Strategy Team and Operation Team, UPA established the Customer Support Center in its operations department and arranged for it to take full control of all CS-related tasks. Furthermore, UPA holds CS Management Committee meetings twice a year in order to carry out evaluations of the company's key CS management-related decisions and actions thereof. The committee also reviews major VOCs and the company's actions plans. UPA also runs the CS Promotion Council the customers of Port of Ulsan participate in. The council gathers opinions about everything related to the port operations from internal and external stakeholders. It carries out in-depth discussions about the pending issues. UPA holds CS Working-level Committee meetings whenever necessary in order to discuss responses to VOCs, identify deficiencies in customer satisfaction services, and make improvements in UPA's workflow.

#### CS Management Promotion Organization

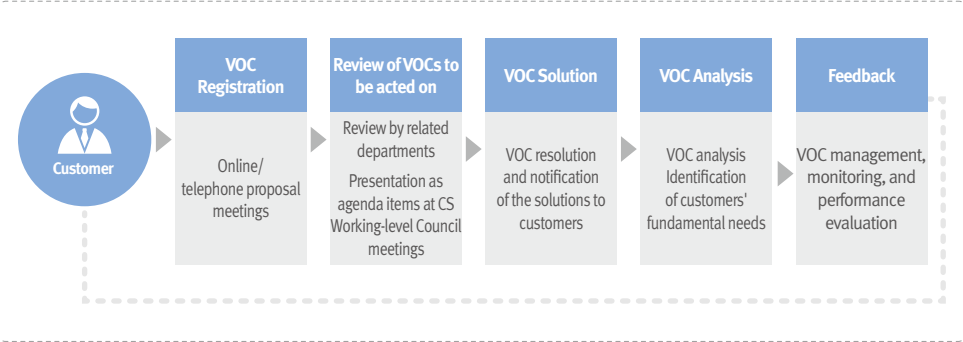


# Enhancement of Customer Service Quality

### Enhancement of VOC Management

With the VOC process optimized for port services, UPA continues to make improvements in the quality of Port of Ulsan’s operation services. It collects customers’ opinions through diverse channels, including meetings, council meetings, forums, business orientations, and questionnaires. After carefully analyzing the VOCs, it identifies fundamental causes, establishes plans, and takes actions on them. Given the characteristics of port services, UPA strives to maximize its customer values through the concentrated management of repetitive VOCs and to realize the best customer services. As a result of its proactive customer satisfaction efforts, UPA was granted Class A in the government’s customer satisfaction survey among public institutions in 2015 as compared to Class B in the previous year.

#### VOC Management Process



#### Communication Channels with Customers

Classification	Major Contents
Mass Media	• Press releases, interviews with influential media, and publicity on UPA's major projects and pending issues
Discussions	• Discussions with relevant businesses and port users about UPA's development strategies and their grievances and proposals
Meetings	• Solutions for pending issues and discussions about the development directions of Port of Ulsan with the central and local governments at councils meetings as well as gathering of VOCs at business association meetings
Port of Ulsan Forum	• Discussions with invited officials about the ways to energize Port of Ulsan container Piers
Business Orientations	• Request for cooperation on the opening of regular lines and new routes to forwarders and shipping companies located in Seoul
International seminars (Arctic Sea, Najin Port)	• Sharing the latest information and building networks through the holding or sponsoring of seminars related to the development of routes designed to discover new markets
One-on-One Target Marketing	• Visiting customer companies, like tanker terminal and cargo owners, to figure out their cargo throughput and to gather VOCs
Public Idea Contest	• Holding the Contest for Port of Ulsan Safety & Logistics Innovation Cases as an idea contest amongst the general public in partnership with Ulsan Metropolitan City on different ways to enhance the competitiveness of Port of Ulsan
Questionnaire on Customer Satisfaction, etc.	• User satisfaction evaluations and VOC gatherings via government-sponsored surveys on the degrees of customer satisfaction and policy acceptance

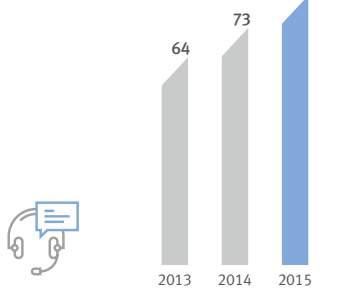
### Service Standard Monitoring

UPA measures the quality of its customer contact point services and identifies matters that need to be improved through quarterly monitoring based on its Customer Charter and Service Implementation Standards. Major management items include quick and accurate handling grievances, stable port operations, building optimized port facilities, disclosing management information, conducting service evaluations, and making improvements in service sectors with lackluster performances. UPA identifies things to that need to be improved through monitoring results and reflects them in its CS management.

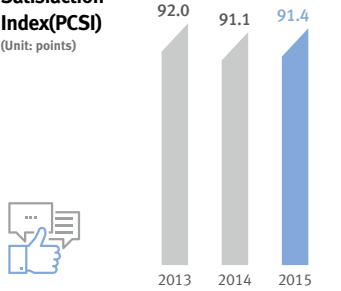
#### VOC Management Record

Description	2013	2014	2015
VOC registered (cases)	84	48	34
VOC handling (cases)	54	35	28
Handling rate (%)	64	73	83

VOC Handling rate  
(Unit: %)



Public Service Customer Satisfaction Index(PCSI)  
(Unit: points)





## Expansion of Customer-centered Services

### Results of the Implementation of Customer Service Quality Standards

Management Items	Implementation Standards	Goal	Performance	Achievement Rate
Public Service	Counseling and inquiry (responded within a day)	95%	100%	100%
	Petition and proposal (responded within 7 days)	100%	100%	100%
	Request for disclosure of information (responded within 10 days)	100%	100%	100%
Port Facility Operations	Port service suspension period	Within 5 days	0일	100%
	Reduction of port demurrage	2.5%	2.22%	100%
Disclosure of Management Information	Public disclosure on the website and ALIO public management information disclosure system	Less than 3 points in the penalty score	11 points	Improvement needed
Service Evaluation	Surveys on customer satisfaction degree	Class A	Class A	100%
Service Improvements	Implementation of service education for uncaring employees	Fewer than 2 cases	0 case	100%
	Customer compensation for customer service that has gone wrong	Fewer than 10 cases	0 case	100%

### Enhancement of Competency for Customer Satisfaction Management

To provide customer service that can surprise and delight its customers, UPA continues to enhance its employees' VOC response competency through CS and job-related education and training. To enhance the usage of the results of the country's public-service customer satisfaction index, UPA's CS working-level officials participated in a CS workshop on the public institution customer satisfaction index to learn about the latest trends of CS management and to benchmark outstanding cases through information exchange amongst the representatives of public institutions. For the employees of the relevant agencies at Port of Ulsan, UPA implemented CS 3.0 education based on the country's government 3.0 core values, including dialog skills based on "collaboration and communication," learning NVC (nonviolent communication), and establishing the visions of individuals for the purpose of maximizing customer satisfaction. In addition, to help solve grievances related to the use of port facilities as early as possible, UPA has launched study clubs composed of the employees working at the company's customer contact points and motivated them to carry out study activities about relevant topics. It has maximized its employees' CS competency so that they can solve diverse grievances on their own under the guidance of the leader of the Port Operation Safety Team serving in the capacity as an advisor.

### CS and Job-related Training

Title of Training Course		Contents
CS Education and Workshop	CS3.0 cooperating and communicating Port of Ulsan	• Understanding of the necessity of collaboration and communication for improving customer satisfaction at Port of Ulsan
	CS invigoration workshop	• Ways of boosting CS management • Sharing other agencies' outstanding cases of customer contact point services
Job-related Training	Port unloading experience	• Port unloading practices and port logistics understanding • Understanding of and practice with using port unloading equipment
	Port policies	• Basic port plans, port related international treaties, port policies, investment-related regulations, etc.
	Job competency improvement of logistics personnel	• Understanding of the effective management system of on-site logistics • Understanding of measurement methods of logistics performance management
	Petrochemical processes and new technologies	• Development flows and processes of the petrochemical industry and understanding of the petrochemical technology industry

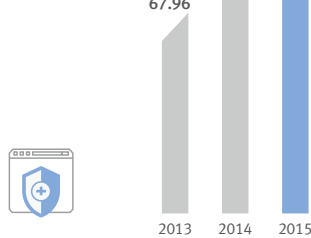
### Protection of Customer Privacy and Enhancement of the Prevention of Cyber Terror

To protect its customers' personal information, UPA carried out a personal information impact evaluation and diagnosed the weaknesses involved in its personal information handling system and taken preventive measures against the leakage of information. It also runs a personal information self-inspection team on a quarterly basis, which carries out inspections of all the processes involved, including the collection, storage, use, and disposal of personal information, as a way of thoroughly protecting all the personal information in its possession.

#### • Evaluation of Information Security Management Performance

	2013	2014	2015
Evaluation of Information Security Management Status	67.96	81.45	74.90
Amount of Personal Information Leakage	0	0	0

#### Evaluation of Information Security Management Performance (Unit: %)



To prevent cyber terror, UPA finished a trial separation operation of the intranet in 2013 and embarked on a full-fledged implementation in 2014, thus blocking the inflow of malicious codes through external emails and enhancing its defense against cyber threats. Furthermore, through a joint operation agreement, UPA set up a 24-hour-a-day control system through the commissioned operation of the Oceans and Fisheries Cyber Safety Center 2014, and analyzed and evaluated vulnerabilities in major information and telecommunications infrastructure facilities to prevent cyber terror threats. UPA has also conducted cyber mock hacking and email drills among its employees. It took actions to prevent internal security infringement accidents through the specialized education of employees who are particularly vulnerable to infringement accidents.

## Customer Satisfaction Promotion Activities

### Improvements in the Welfare Services for Seafarers Using Port of Ulsan

Previously, the welfare faculties for seafarers at the port of Ulsan were limited and antiquated, with the users showing a low level of satisfaction with the facilities. UPA organized a TFT to make improvements in the welfare for seafarers arriving at Port of Ulsan with the purposes of coming up with ways of revitalizing the Seafarers' Lounge at Ulsan Main Port and maximizing the level satisfaction of seafarers arriving at the port. It expanded convenience facilities for seafarers in accordance with the ways to improve the Seafarers' Lounge while increasing the operation hours and launching a shuttle bus service to the lounge.

In 2016, it plans to make improvements to the interior of the lounge with an additional budget for the work. In recognition of its efforts to improve seafarers' welfare, Port of Ulsan has been selected as the World's Top 5 Seafarer Welfare Port by International Seafarers Welfare and Assistance Network (ISWAN).

Certificate for the World's Top 5 Seafarer Welfare Port



### Improvements in the Reporting System of Cargo Transported Inside the Port

In line with increasing claims by users that "cargo within the port" should be regarded as "inner harbor cargo" and that the reduced rate of 70% should be applied for coast cargo vessels, UPA has implemented a VOC management process, reviewed the relevant legislation, and made institutional improvements through consultations with the Ministry of Oceans and Fisheries in order to lessen the burden on port users. Through the application of a new reduction rate, the port users' port charges dropped by KRW 120 million a year. UPA also secured a database for 3 million tons of cargo throughput through the integration of the Port-MIS (Management Information System) of cargo transported inside the port.

### Upgrade of the Berth Operation Support System

Externally, demand was growing for the upgrade of user-centered port services and for there to be a stable port information provision service in keeping with changes in information technologies. Internally, enhanced efficiency in port operations was required through an expanded berth allocation management in line with Onsan Piers 1-4 being returned to government control and the expansion of port facilities at the Ulsan New Port. In response to such needs, UPA made improvements in its berth operation support system. It expanded the scope of its berth allocation while reorganizing its website functions so that its berth allocation results can be displayed in maps and on mobile screens for users' easier reference. In addition, the website now includes crucial information like cargo owners, loading/unloading companies, and cargo volumes, which has enabled the company to systematically generate its statistical information. By upgrading its berth operation support system, UPA was able to provide its stakeholders with customized services and maximize conveniences for its customers. It laid the foundation for the efficient port operations of Onsan Port Piers 1-4 and Ulsan New Port through the optimization of its berth allocation

Berth Operation Support System



### Installation of Sports Facilities for Port of Ulsan Users

Following the closing of the access road to Maeam Pier, UPA has transformed the site into a space for sports and recreation so that port users can use it at any time. UPA installed various sports facilities according to the request of Port of Ulsan users, including the Port of Ulsan Logistics Association for sports facilities, and the results of a survey on the demand for such facilities. The poor conditions at the site coupled with a shortage of funds forced UPA to downsize its plan for the sports facilities. Yet it overcame the challenge by maximizing space efficiency while reducing tree-planting costs among other items.

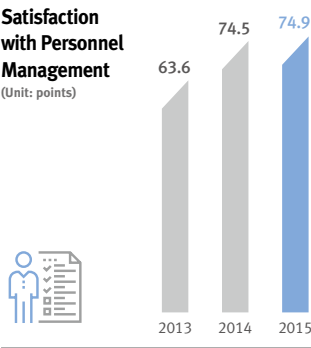
Through the installation of sports facilities, UPA shares its unused space with port users and employees, thus boosting its customer satisfaction levels, promoting social contact between them, and helping them improve their health.

UPA Sports Facilities





## HR Management



UPA respects the competency and diversity of each of its employees. It denounces any sort of discrimination in its HR management. It has built an organizational culture that can maximize each member’s merits. It treasures the principle of a work-life balance, and it strives to make the workplace more fulfilling for its employees. UPA considers win-win cooperation between labor and management the highest value in its personnel management.

### Merit-based Open Employment

#### Principles of Personnel Management and the Traits of an Ideal Employee

UPA adheres to the principles of personnel management centered on job duties, respect for humans, ability system, performance system, and ensuring fairness with the ultimate goals of implementing performance-oriented personnel policies, improving productivity and sustainability, and ameliorating employees’ work lives. UPA has established four talent models: A person dedicated to the development of the nation and UPA, a person fulfilling his/her responsibilities with a sense of ownership, a person who contributes to the organization with passion and hard work, and a person who thinks and behaves from the customer’s perspective. It actively uses all of these for the recruitment, education, and training of its staff. In employment, UPA never discriminates against candidates based on gender, age, region, religion, educational attainment, or physical disabilities.

UPA prohibits child labor and forced labor in accordance with the Labor Standards Act and other related regulations of the country. It provides equal opportunities to all employees and conducts a fair evaluation of their performance according to its employment rules and personnel regulations.

### Job Competency Centered Employment

UPA has introduced the NCS (National Competency Standards)-based employment process in order to transition from employment based on the length of service, careers, and educational backgrounds to on that is centered on merits. It changed the previous career-based application review process into a review of the four specific areas actually related to one’s job competency, such as qualifications, experiences, job-related activities, and foreign language proficiency. It replaced the written tests about one’s specialization and common sense with an evaluation of basic job performance abilities. It also transferred the focus of its job interviews from character and competency to job competency, in order to hire those who can achieve their potential at sites. Through its NCS-based employment process, UPA hired a total of seven regular employees, including one person with job experience and six new recruits.

### Expansion of Socially Equitable Employment

UPA has continued to expand its proportion of female employees over the past three years. It also works hard to foster female managers and to hire women as managers. It carries out a regional employment allocation system. It has hired a person who graduated from a local university and nine people from areas outside the Seoul Metropolitan Area through a limited competition. It employs students of the University of Ulsan as interns in accordance with a MOU that it has executed with the university to offer them opportunities to experience work at UPA and acquire required job competency so that they can equip themselves with robust employment qualifications. Furthermore, it continues to offer temporary job opportunities to senior citizens, veterans, and the underprivileged, including those with disabilities, to implement socially equitable employment.

### Employment Record and Manpower Operation Status

Classification		2013	2014	2015
T/O		71	86	93
Current employees (including executives and security guards)		97	111	116
Retirement		3	-	5
Early retirement		-	-	1
Infinite-period contract workers		11	10	11
Directly hired irregular workers		2	0	0
Indirectly hired irregular workers		58	61	61
New recruits (regular)	Females	7	2	2
	Handicapped	-	-	-
	Local (outside the Seoul Metropolitan Area)	8	3	8
	High school graduates	4	1	2
	Vocational high school graduates	2	1	-
	Engineering college graduates	2	0	2
	Total	14	3	15
New recruits (irregular)	Interns	12	6	16
	Fixed-period	2	-	-
	Disadvantaged (temporary)	9	8	5
Proportion of females, etc.	No. of females (ratio)	21(19.6%)	21(18.9%)	20(17.1%)
	No. of female managers (ratio)	0	0	1(0.8%)
	No. of disabled employees (ratio)	6(4.9%)	6(5.7%)	6(4.8%)

### Enhancement of Port Operation Expertise

#### HR Cultivation Promotion Strategies

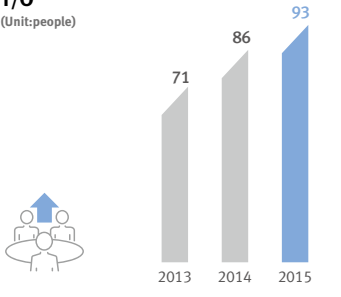
In connection with the fact that the retirement of its experts of Class-3 or above is on the rise and their posts have to be filled by new recruits, UPA has set “the development of human resources for a successful shift in generations” as its HR cultivation goal and worked out a HR development plan accordingly. It has put forth 21 detailed implementation tasks under the four strategic tasks, such as the creation of an organizational culture, cultivating performance-centered leaders, fostering job specialists, and encouraging self-directed learning, and has come up with its education and training plan, which is composed of in-house training courses (90), external commissioned education courses (8), and self-directed learning courses (4).

#### HR Development System



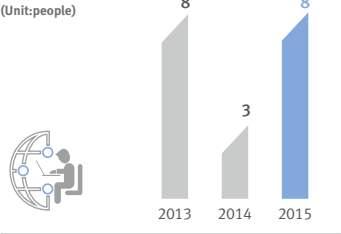
T/O

(Unit: people)



Local (outside the Seoul Metropolitan Area)

(Unit: people)



#### Education Courses by Strategy Task

4 Strategies	Education Courses
Creation of an organizational culture	3 courses, including performance-achievement experience activities
Cultivation of performance-centered leaders	9 courses, including the enhancement of management leadership (middle managers) and female employees
Fostering job specialists	5 courses, including the Port of Ulsan tour on foot and port loading/unloading practice
Self-directed learning	4 courses, including e-Learning and foreign language education

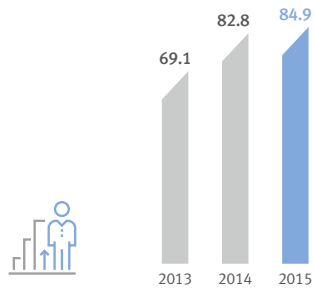


HR Management

• Results of Employees Training and Education

Classification	2013	2014	2015
Education budget per person (Unit: KRW 1,000)	3,475	2,691	3,248
Education hours per person (Unit: hour)	84.6	83.0	93.0
No. of courses	165	179	261
Trainee satisfaction (points)	69.1	82.8	84.9

Trainee satisfaction  
(Unit: points)



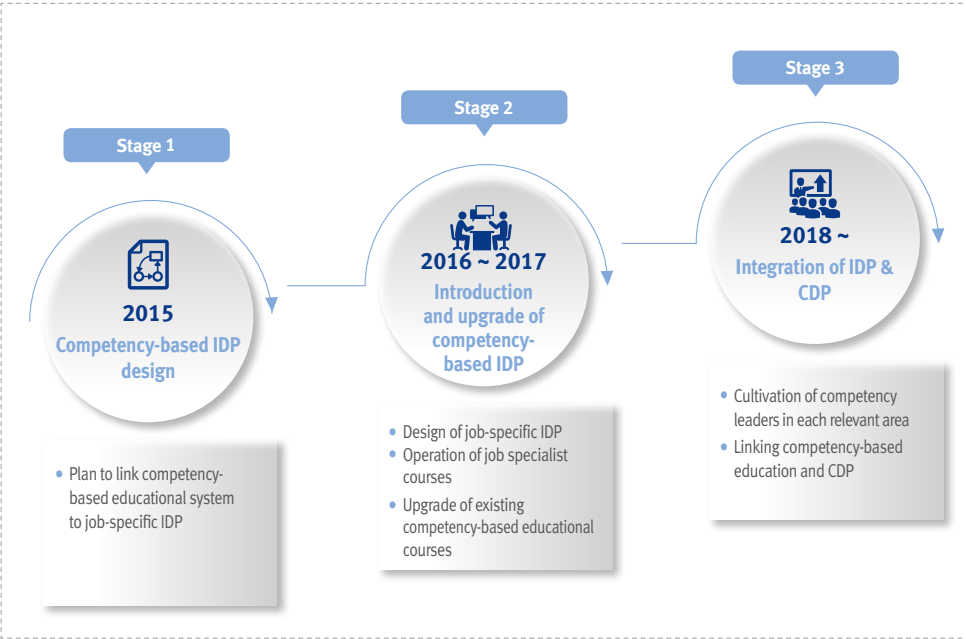
Implementation of Site-centered Customized Education

For a successful shift in generations, UPA has developed leadership courses and site-centered training courses. For employees of Class 2 or above, it runs the SERICEO course, which has been designed to cultivate convergent thinking through education on leadership, business management, and the humanities. For those with practical experience in port logistics, SERICEO provides education on port logistics and port loading/unloading through a port loading/unloading practice course. For new recruits, UPA provides a foot tour of Port of Ulsan, which deepens trainees’ understanding about the facilities, and logistics of Port of Ulsan. It has maximized the effects of these diverse courses through offering courses tailored to the needs of trainees.

Fostering Port Specialists

To foster port specialists equipped with creativity and reliability, UPA has established the four major competency models of common competency, global competency, leadership competency, and job performance competency. It has also set up a mid-term expert cultivation roadmap in association with the CDP (Career Development Program). All UPA employees are required to establish their own plans (IDP: Individual Development Plan). UPA cultivates them into job specialists according to a systematic career development program in the eight areas of port planning, port construction, port operations, R&D, marketing, planned audits, HR and labor relations, and financial management.

Roadmap for Cultivating Job Specialists



IDP & CDP Integrated Career Development Model

	U_Beginner(Grade-6 or below)	U_Junior(Grade-5)	U_Senior(Grades 3-4)	U_Master(Grades 1-2)
	Job experiences	Setting self-development plans for job competency improvement & exploration	Job specialization & career management	Management/Job specialists (8 types)
Specialists (8 types)	Port development		Port operation management	
	Port planning	Port construction	Port operations	R&D
			Marketing	Planning & audit
				Personnel management & labor relations
				Financial management
E1~E2 (Grades2-3)	⬆ Advance into job specialists (8 types) and management specialists			
	⬆ Job specialization and leadership enhancement			
E3~E4 (Grades4-5)	⬆ Job specialization and enhancement, career management, job posting & IDP change management			
	⬆ Setting and operating a career path taking into account the main/auxiliary path in each area/department			
E5~E7 (Grade-6 or below)	⬆ Job competency improvement, career exploration, and IDP (Individual Development Plan) setting			
	⬆ Understanding of organizational culture, competency-based job experiences, cultivation of job activity competency			

Improvements in the Quality of Life

Fringe Benefit System

UPA pursues a three-dimensional welfare model to boost employees’ morale and increase labor productivity through improvements in employees’ professional life. It provides fringe benefits services including educational assistance, housing assistance, health management, voluntary benefits, and family-friendly support. In line with the government’s policy direction of improving welfare systems built through lax management practices, UPA has modified its welfare benefit system so that its monetary welfare benefits decrease and its non-monetary welfare benefits increase. UPA’s welfare benefit expenses per person stood at KRW 3,654. UPA continue to cut down its employees’ welfare benefit expenses. Also, UPA offers the same fringe benefits to both regular and irregular workers with at least one year of service. This way, it fundamentally prevents discrimination.

Expansion of Non-monetary Welfare Benefits

Classification	Programs (Systems)
Medical	• Agreement with six local hospitals regarding discounts on medical expenses • Expansion of employees’ choice about collective medical insurance
Resort	• Agreement with two hotels regarding discounts on accommodation fees (Ulsan & Busan)
Recreation	• In-house recreation facility support (electrical floor-heating installation, three massage chairs)
Culture	• Purchase/Rental of books and DVDs requested by employees (6,222 books and 355 DVDs) • Going to the movies with employees’ families • Movie screening at the company’s multi-purpose hall • Designation of Culture Day
Others	• Joint purchase of clothing and footwear • Joint purchase of gifts (agricultural products) at traditional festivals • Distribution of discount tickets for concerts & music festivals

Creation of Work-life Balance Culture

UPA has established a basic plan to create a corporate culture of work-life balance in order to enable its employees to strike a balance between work and family while building a great workplace. Under the vision of “UPA built by Happy Employees,” UPA has selected 6 implementation tasks including assistance in childbearing and childcare and invigoration of family-friendly support system as part of its continuous efforts to create a corporate culture of work-family balance.

Basic Plan for the Invigoration of Work-life Balance]

Vision	Pleasant UPA Built by Happy Employees	
Promotion Goals	(Work - Family Balance)	Great Workplace)
Implementation Tasks	① Support for childbearing and childcare ② Invigoration of family-friendly support system ③ Implementation of family-participating programs	④ Invigoration of flextime ⑤ Support for safety, development, and grievance settlement ⑥ Improvements in the corporate culture

Accreditation of Family-friendly Business Management

To further raise employees’ awareness UPA has invited an expert working for the Ministry of Gender Equality and Family to give a lecture on family-friendly organizational culture. As part of its efforts to complete its support for employees’ childbearing and childcare, UPA has added to its employment rules a provision about the guarantee of time for females employees’ prenatal diagnosis as well as a provision preventing pregnant employees from working overtime at night or on holidays. Moreover, UPA has extended female employees’ childcare leave of absence from one year to three years. The number of employees that availed themselves of childcare leave of absence increased from 2 in 2014 to 4 in 2015. UPA invites the new recruits’ families to the new employment appointment ceremony. It has expanded its employees’ family participation in its diverse corporate community involvement programs. UPA boosts its employees’ pride through the development and implementation of such family-participating programs. In recognition of such efforts, UPA acquired family-friendly management accreditation from the Ministry of Gender Equality and Family in November 2015.

• Welfare Benefit Support

Classification	Programs (Systems)
Educational assistance	• Support for infant childcare costs • Support for children’s high school tuition fees • College tuition fee loans
Housing assistance	• Housing loans
Health management	• Checkup once a year • Medical expense discounts • affiliated medical institutions
Voluntary welfare	• Provision of customized welfare points
Family-friendly	• Provision of resort facilities • Provision of funeral services • Counseling program support (EAP) • Implementation of day of leaving-work-on-time

• Welfare Benefit Costs Per Person

Classification	2013	2014	2015
Welfare benefit expenses per person (Unit: KRW 1,000)	3,967	3,663	3,654

• Satisfaction with Welfare Benefits

Classification	2013	2014	2015
Satisfaction with welfare benefits (points)	77.57	86.46	84.65

• Ratio of Flextime

	2013	2014	2015
Flextime ratio (%)	8.6	14.0	22.5

Family-friendly Management Accreditation

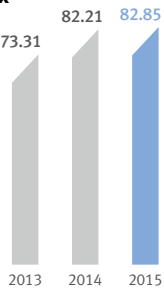




## HR Management

### Labor-management Cooperation Index

(Unit: points)



## Win-Win Labor-management Culture

### Advanced Labor Relations

UPA has set up an advanced labor relations strategy. It has selected four strategic tasks: “establishment of a labor-management culture based on laws and principles”; “creation of results through labor-management partnership”; “invigoration of communication and enhancement of expertise in labor-management relations,” and; “creation of leading examples through the fulfillment of social responsibilities.” It strives to build a creative labor-management culture to ensure that the company can achieve sustainable growth with emphasis placed on the accomplishment of 10 implementation tasks. UPA has issued a labor-management joint declaration in September 2015, pronouncing its commitment to playing a leading role in the creation of results by building a labor-management culture based on win-win cooperation for sustainable growth, promoting institutional improvements in work-life balance, and fulfilling its social responsibilities through the active implementation of the government’s policies.

### Strategic Systems for Advanced Labor-management Relations

Goal	Building a creative labor-management culture for sustainable growth			
Strategic Tasks	Establishment of a labor-management culture based on laws and principles	Creation of results through labor-management partnership	Invigoration of communication and enhancement of expertise in labor-management relations	Creation of leading examples through the fulfillment of social responsibilities
Implementation Tasks	<ul style="list-style-type: none"><li>Enhancement of implementation capabilities to carry out the advancement strategy</li><li>Building a response system for labor situations</li><li>Execution of an exemplary collective bargaining agreement according to the government guidelines</li></ul>	<ul style="list-style-type: none"><li>Establishment of merit-based organizational culture</li><li>Building a creative organizational culture</li><li>Increased effectiveness in grievance settlement</li></ul>	<ul style="list-style-type: none"><li>Implementation of UPA's own communication strategies</li><li>Systemization of enhancement of labor management capabilities</li></ul>	<ul style="list-style-type: none"><li>Shakeup of external corporate image through ethical management</li><li>Qualitative improvement of its CCI activities</li></ul>

### Operation of Labor-management Joint Promotion Organization

UPA runs a number of labor-management joint promotion organizations such as Labor-management Council, Compensation Welfare Benefit Improvement Committee, Labor-management Culture Advancement and Management Innovation TFT, and Sea Full of Laughter Volunteer Corps, which not only discuss pending issues including improvements in working conditions, introduction of merit-based annual pay scheme and wage cap system, and restructuring of departments but also implement sharing with local communities through CCI activities participated in by all its employees.

### Operation Status of Labor-management Joint Promotion Organizations

Organization	Operation	Performance
Labor-management Council	<ul style="list-style-type: none"><li>Improvements in working conditions and promotion of major agreements through Labor-management Council meetings (4)</li></ul>	<ul style="list-style-type: none"><li>Invigoration of flextime, improvements in the compensation for infinite-period contract workers, and improvements in working conditions</li></ul>
Compensation Welfare Benefit Improvement Committee	<ul style="list-style-type: none"><li>4 labor and management representatives, main meetings (4 times)</li><li>Regular discussion through Communication Team, Working-level Team, Support Team, Inspection Team, and Counseling Team</li></ul>	<ul style="list-style-type: none"><li>Agreement on the introduction of a wage cap system for all employees and follow-up measures (criteria for the calculation of early retirement allowance, etc.)</li><li>Expansion of the merit-based annual pay scheme to all employees (including expansion of difference between individuals) and simplification of the allowance system</li></ul>
Labor-management Culture Advancement and Management Innovation TFT	<ul style="list-style-type: none"><li>Composed of major team leaders and labor union officials</li><li>Preparation of ways to implement the promotion tasks determined at the Labor-management Workshop</li></ul>	<ul style="list-style-type: none"><li>Restructuring aimed at maximizing future growth and customer satisfaction (establishment of the Future Growth Team and Customer Support Center)</li><li>Manpower rearrangement</li></ul>
Sea Full of Laughter Volunteer Corps	<ul style="list-style-type: none"><li>Implementation of diverse CCI activities unique to UPA with the participation of all employees</li></ul>	<ul style="list-style-type: none"><li>Invigoration of talent donation (operation of job experience program, etc.) and support for multicultural families and the underprivileged</li><li>Lighthouse experience, offshore camping, and marine culture concerts</li></ul>

## Upgrade of Employee Grievance Mechanism

UPA made overall improvements in the grievance mechanism, aware that the previous one was not fully understood by employees and that it had to be improved in terms of accessibility and systematic management. UPA enhanced in-house publicity for its grievance system to enhance its employees’ awareness. Upon receiving a grievance, the company ranks the level of severity and sets the direction of settlement accordingly in an effort to settle the matter within the shorter time possible. It runs the Grievance Committee and Expert Counseling Committee, which offer specialized assistance to the employees involved at the grievance handling stage. It takes follow-up measures for the purpose of monitoring the expertise and improvement of grievance handlers in their job.

The company has launched an ombudsman system that collects employees’ grievances and reports them directly to the top executive. It has established Help Call, an in-house bulletin board devoted to grievance settlement where employees can freely post their opinions and proposals about the working conditions. Such direct involvement by employees in efforts to settle grievances or conflicts have helped raise their satisfaction with the company’s grievance mechanism to a significant degree.

### Invigoration of Labor-management Communication

Through invigorated two-way communication between labor and management, UPA boosts harmony and cooperation companywide. It operates unidirectional communication channels between management and staff and labor and management as well as between employees in an effort to build a sound labor-management culture through active sharing of information, solution of pending issues, establishment of consensus, and harmony between employees. UPA holds the “CEO 123 Day” wherein the CEO is obligated to meet three employees for two hours once a month in a private setting. The mechanism is designed to boost employees’ sense of ownership and the mutual trust between labor and management through face-face contact between top management and employees. To invigorate horizontal communication, UPA uses an online bulletin board and a messaging app to share creative ideas about improvements in work performance. It also encourages emotional interactions among employees through club activities, mentoring arrangements, and various gatherings designed to boost interpersonal bonds.

### Operation of Omni-directional Communication Channels

Classification	Contents	Annual Performance
Management ↔ Employees	Meeting with Executives: invigoration of communication between departments and between employees at different ranks	As needed
	Monthly Management Diagnosis Meeting: Sharing key management information and collecting feedback	12 times
	Pending Issue Briefing and Discussion Forum	5 times
	Labor-management Working-level Pending Issue Handling Meeting	As needed
UPA ↔ Labor union	Labor-management Council: Discussion and decision making about pending issues between labor and management	4 times
	Compensation and Welfare Benefits System Improvements Committee	4 times
	Labor-management Joint Innovation Workshop: Reaching labor-management consensus on ways to improve management performance	Once
Employees ↔ Employees	Bulletin Boards, etc.: Employees’ free expression of opinions on pending issues and grievances	As needed
	Labor-management One-mind Harmony Picnic: Building trust between labor and management through harmony-focused picnic activities	Once
	UPA Cinema: Labor-management harmony by sharing cultural activities	Once

### Labor Union Activities

Founded in December 2010, UPA’s labor union has 59 members out of the 66 eligible for membership as of the end of 2015, which represents a union membership of 98.5%. Those who are not eligible for membership include: grade-1 employees; heads of departments; employees in charge of HR management, labor management, auditing, and contingency planning; employees who are grade-3 or above and are responsible for information, data processing, and payroll; secretaries and drivers; and temporary employees and interns. Security guards are also excluded from the union membership so that port security management will not be affected in case of labor disputes or other types of emergencies. The collective bargaining agreement of UPA requires that a written notice be served to the labor union in the event of major changes in the company business structures. Thus, UPA ensures that labor and management have sufficient discussion and reach an agreement ahead of time to minimize labor disputes.

### Building a Culture of Gender Equality

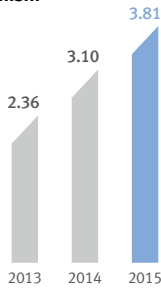
In the entire range of personnel management including employment, wage, evaluation and promotion, and education and training, UPA guarantees gender equality as reflected on its employment rules, personnel management regulations, compensation rules, and performance management regulations. It regularly offers employees education on sexual harassment at work. UPA also reminds them that any form of involvement in sex trade is illegal in the country. In addition, it stipulates in its employment contracts that pregnant women and minors can neither take on excessive workload nor do overtime work including CCI activities on holidays.

### Grievance Settlement Record

Classification	No. of Cases	Resolved Cases	Settlement Rate
Grievances	26	17	67.7%
Ombudsman	3	2	
Help	2	2	
Total	31	21	

### Satisfaction with Grievance Mechanism

(Unit: points)



### Labor-management Harmony Promotion Event





# REDUCING RISKS



Eco-friendly Port Operation\_52 | Safe Port Operation \_56

## Eco-friendly Port Operation

### Context

As an institution that manages and operates Port of Ulsan, which is a national asset, UPA keeps Port of Ulsan clean and safe. Furthermore, it does its very best to become a sustainable organization to all its customers, present and future alike. It minimizes environmental impact due to port operations through the maintenance of Port of Ulsan as a clean port. It copes with environmental risks and climate change through efforts toward the introduction of an environmental management system.

### Progress

- Comprehensive response to climate change
- Minimization of air pollutant emissions
- Introduction of Environmental Ship Index (ESI)
- Active promotion of new and renewable energy business

### Next Step

- Stricter environmental management than the government criteria
- Building an eco-friendly clean port

## Safe Port Operation

### Context

UPA continues to enhance its safety system to prevent industrial accidents at the port while doing its utmost to secure offshore security for vessels within the port, among others. UPA will continue to work hard to establish the best safety system possible through preemptive disaster management and by fostering a prevention-centered safety culture.

### Progress

- Enhancement of stevedoring safety management
- Management of offshore industrial accidents
- Securing safety in port construction
- Safety management during disasters

### Next Step

- Zero port industrial accidents
- Stabilization of prevention-centered safety management system

## UPA, Reducing Risks

### Performance



HGH emissions  
(Unit: tCO2eq)

437.76



LED lighting replacement rate  
(Unit: %)

59.0



Green product purchase rate  
(Unit: %)

97.2



Recording 100% in port facility safety index for three years in a row



Achievement of zero industrial accidents in construction sites



Building the Port of Ulsan Marine Safety Belt



## Eco-friendly Port Operation

Through all-out efforts to build a voluntarily eco-friendly port, UPA minimizes the environmental impact of its port operations. It takes proactive actions on environmental hazards and climate change through its environmental management system.

### Building a Green Port

• What is a “Green Port”?

A “Green Port” is a policy promoted by the Ministry of Oceans and Fisheries of Korea to enhance efficiency in the consumption of resources including energy throughout the entire port development and operation process and realize a low-carbon green port to strike a balance between economic development and environmental protection.

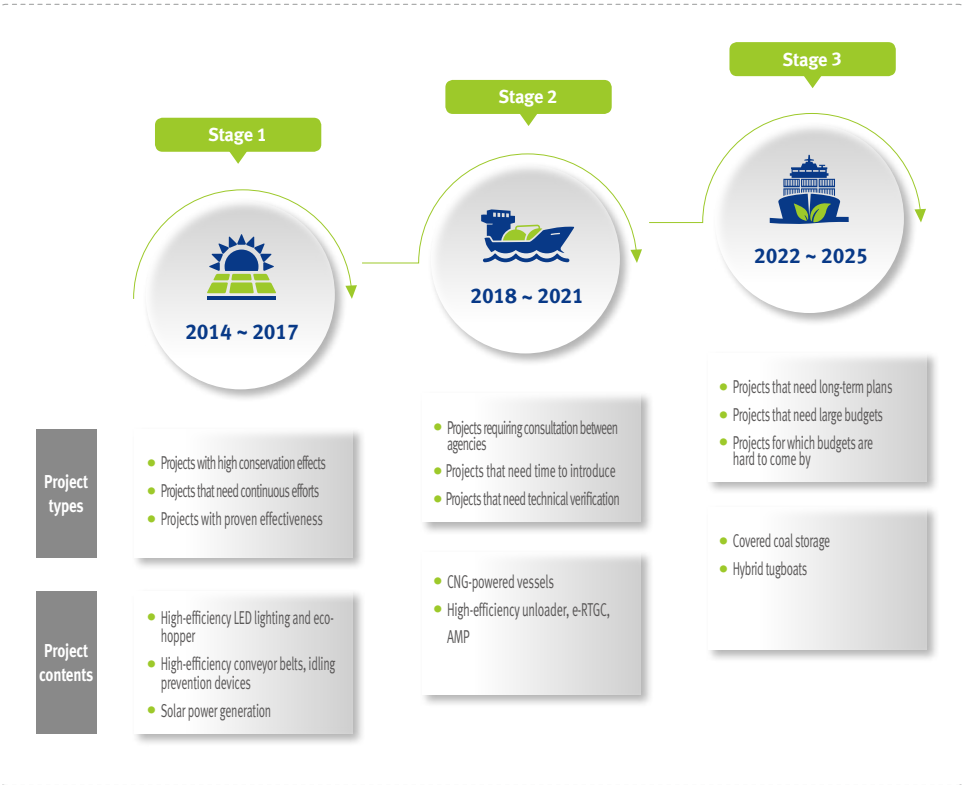
• Green Port Promotion System

Vision	Takeoff as a First-class Liquid Logistics-centered Port through the Realization of a Low-carbon Green Port
Implementation tasks	Establishment of green port building strategies
	CO <sub>2</sub> reductions through facility improvements
	Expansion of purchase of eco-friendly materials
	Transplantation of the Sea Jungle at Namhwa Pier

### Systems to Build a Green Port

Through its green port policies, the Ministry of Oceans and Fisheries of Korea promotes port operations characterized by low carbon emissions, high energy efficiency, eco-friendliness, proper response to climate change, and prevention of disasters for not only ports but also their surrounding areas. As a responsible corporate citizen, UPA has set up its own plan to build a green port that not only meets the international environmental regulations and the government's policy directions to cope with global climate change but also develops Port of Ulsan into an environmentally sustainable port.

### Roadmap for Green Port Implementation



## Building an Eco-friendly Port

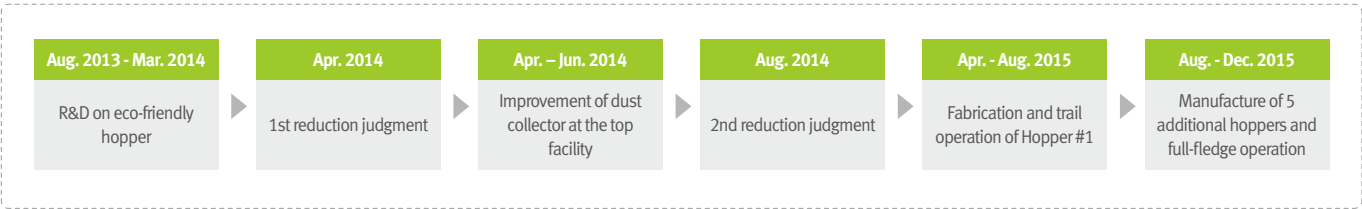
### Research on Eco-friendly Hopper to Reduce the Generation of Scattered Dust

The chronic scattered dust generated during the unloading and storage process of animal feed emerged as a health and safety hazard among port workers and local residents of Port of Ulsan. To solve the issue once and for all, UPA joined forces with the stevedoring companies and a hopper developer to develop an eco-friendly hopper. After about two years of R&D efforts, UPA succeeded in the development and commercialization of an environmentally sound hopper in 2015. The result of the measurement of effect of the eco-friendly hopper on com gluten (corn flour), which generates plenty of scattered dust due to its tiny particles, revealed that the new hopper reduced scattered dust by more than 80% compared to existing hoppers. UPA filed a patent application for the hopper as a hopper device restricting the generation of scattered dust at ports. In the second half of 2015, UPA and its stevedoring company invested KRW 1 billion each to install electrical facilities and purchase 6 eco-friendly hoppers, which currently operate at Piers 1-3 of Ulsan Main Port since November 2015. UPA plans to increase the number of eco-friendly hoppers not only at the port of Ulsan but also at other ports around the country to help improve the air quality at the country's ports.

Port of Ulsan Eco-friendly Hopper



### Development Processes of the Eco-friendly Hopper



### Introduction of Eco-friendly Stevedoring Equipment

Classification	Contents
Development of eco-friendly stevedoring equipment	- Trial manufacture of two eco-friendly stevedoring equipment and improvement of problems through trial operations - Establishment of a collaboration system among four companies (UPA, developer, 2 stevedoring companies) for the development of an eco-friendly hopper - Success in the development of compact stevedoring equipment befitting the situation at the port of Ulsan (vessel berthing capacity and stevedoring equipment size) to boost stevedoring efficiency
Commercialization and operation of eco-friendly stevedoring equipment	- Support for the installation of electrical facilities to secure 950kw for Piers 1-2 and 340kw for Pier 3 for the safe operation of stevedoring equipment - Stevedoring companies' purchase and on-site installation of 4 pieces of eco-friendly stevedoring equipment

### Design and Introduction of ESI (Environmental Ship Index)-based Charge Reduction System

At the port of Ulsan, carbon emissions from vessels account for more than 60% of its total emissions. In keeping with the national effort to reduce GHG emissions, UPA has introduced the Environmental Ship Index (ESI) system developed by World Ports Climate Initiative (WPCI) under International Association of Ports and Harbors (IAPH). In 2015, UPA designed its own ESI-based port charge reduction system. Currently, UPA offers a 10% discount on port dues for vessels that have garnered more than 31 points in ESI.

• What is ESI?

**A web-based vessel environment evaluation system developed by WPCI**

- Nitrogen oxides, sulfur oxides, and GHG generated by vessels are scored on a scale of 1-100. A higher grade is offered to one with higher scores.
- A port authority attracts the arrival of eco-friendly vessels through the payment of incentives to ESI vessels to encourage vessels to reduce emissions on their own.

• Expected Effects of ESI System Operation

Effect on a vessel:

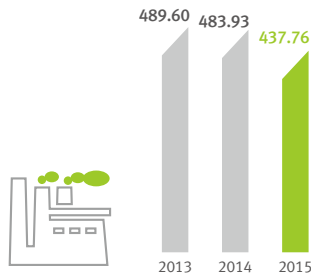
- (1) 20% reduction in nitrogen oxides
- (2) 96.3% reduction in sulfur oxides
- (3) 0.82-ton reduction in carbon dioxide (GHG) (equivalent to KRW 1 million)



Eco-friendly  
Port Operation

UPA's GHG Emissions

(Unit: tCO2eq)

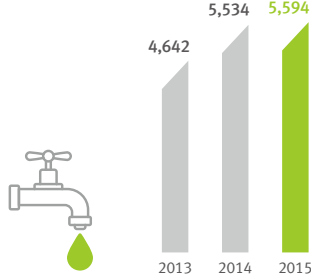


Photovoltaic Power Generation Facility at the Marine Center



Water Consumption

(Unit: ton)



※ Without a separate wastewater treatment facility, used water goes to the UPA sewage system.

Response to Climate Change

UPA's Implementation of GHG Emission Reduction

In line with the government's policy of promoting GHG emissions reduction by public institutions, UPA monitors its GHG emissions from buildings. UPA buildings subject to the monitoring efforts include all the buildings of its headquarters except Security Headquarters of UPA. UPA cooperates with the government in setting companywide plans to boost energy conservation and GHG emission reduction. UPA continues to check its progress through constant monitoring.

UPA's GHG Emissions

	2013	2014	2015
GHG Emissions (tCO2eq)	489.60	483.93	437.76

Efforts to Reduce GHG Emissions at the Port

As part of its efforts to reduce its GHG emissions through energy-efficient port operations, UPA transferred the onshore transport of cold-rolled coil to offshore transport at Port of Ulsan Yeompo Pier in 2014. From February to November 2014, UPA transported about 150 tons offshore, reducing oil consumption and GHG emissions by around 2,052tCOeq(tCO2eq). In 2015, UPA carried out offshore transport of approximately 207 tons, cutting down the port's GHG emissions and associated social costs.

Installation of Photovoltaic Power Generation Facilities at Port of Ulsan

As part of its efforts to cut down the energy consumption of the Marine Center, UPA carried out the “Port of Ulsan Marine Center Photovoltaic Power Generation Facility Project” for the first time among the country's public institutions. UPA completed the project in July 2014 after three months of work that cost a total of KRW 630 million, KRW 65.13 million of which was subsidized by the Korea Energy Agency. As a result, 102kW and 18kW photovoltaic power-generating facilities have been installed at the parking lot of the Marine Center and the security headquarters of Pier 5, respectively. Through the operation of combined 120kW photovoltaic power-generating facilities, UPA complies with the government policy that encourages the use of new and renewable energy while making Port of Ulsan cleaner and more environmentally sound.

Expansion of New & Renewable Energy Facilities through the Development and Installation of LED Floodlights

To join in the global efforts to respond to climate change, the Korean government declared its policy objective of reducing the country's CO2 emissions by 30% by 2020. UPA has planned to complete the replacement of its lights with high-efficiency LED lighting by 2020 to take part in the government's endeavors and help reduce the country's GHG emissions. It has also developed LED floodlighting for the first time in Korea. By 2015, it replaced 59% and 65.9% of port lighting and building lighting, respectively, remaining No. 1 in the use of LED lighting among the domestic port authorities.

UPA's LED Lighting Ratio

	2013	2014	2015
Port lighting	27.6%	35.8%	59.0%
Building lighting	35.5%	60.5%	65.9%





# Safe Port Operation

To boost the competitiveness of Port of Ulsan through safe port operations, UPA inspects the port infrastructure and raises the safety awareness of all those engaged in port operations through various activities designed to prevent industrial accidents. It makes an all-out effort to continue to make improvements in offshore and onshore safety particularly in terms of the prevention of six major offshore industrial accidents such as collision, running aground, sinking, rollover, fire, and explosion.

Stevedoring Safety Manager Council



Outstanding Manager Awards for Industrial Accident Reduction and Safety Culture Creation



Education on Testing



Hazardous Cargo Education Tour



## Enhancement of Stevedoring Safety

### Creation of Stevedoring Safety Culture

In an effort to reduce stevedoring accidents, UPA has prepared and distributed safety manuals for different types of cargoes including general cargoes and bulk and Ro-Ro cargoes. It offers port workers continuous safety education so that they will make it a habit to comply with the manuals on a daily basis. UPA has organized the Port of Ulsan Council of Safety Personnel participated in by Port of Ulsan stevedoring companies' safety personnel, Port of Ulsan & Transport Workers' Union, and Port of Ulsan Logistics Association. The council holds meetings on a quarterly basis to take preemptive actions on safety-related issues and enhance mutual cooperation. It has designated every 4th of the month as the Day of Safety Checks. It also holds the Safety Week on a yearly basis. In collaboration with the Korea Occupational Safety and Health Agency, UPA runs a Port Safety Patrol based on government 3.0. Through such diverse safety inspection activities, it continues to make improvements in safety facilities and stevedoring procedures, among others. In the second half of 2015, it invested around KRW 100 million in the additional installation of life-saving devices -- including a portable safety ladder that it had developed on its own -- at the Piers of Ulsan Main Port to prevent injuries caused by falls during cargo operations. Moreover, it operates an incentive system that rewards outstanding safety managers who have contributed to reducing industrial accidents and promoting a safety culture in the company as a way of motivating the relevant companies and organizations to participate actively in safety management activities while working to ensure that a culture of stevedoring safety can take root at the port of Ulsan.

### Establishment of Safety Management System for the Stevedoring of Hazardous Cargo

Port of Ulsan lacked a safety management system for hazardous cargo even as 80% of its annual cargo throughput was categorized as hazardous goods; thus, threats to safety remained serious despite the establishment and operation of safety standards by each organization involved. As such, UPA carried out a research project to set up a safety management system for the stevedoring of hazardous cargo for the first time in Korea. UPA conducted on-site investigations at hazardous cargo Piers combined with benchmarking of overseas advanced ports. It worked out its own standards for the safety management of hazardous cargo stevedoring, which reflect the characteristics of each Pier of Port of Ulsan and major cargo thereof. Based on such accomplishments, UPA is seeking to establish the "Institution for Specialized Education on Hazardous Cargo Management" for the first time in Korea.

### Enhancement of Expertise for Hazardous Cargo Stevedores

Port of Ulsan is No. 1 in Korea and No. 3 in the world when it comes to hazardous cargo volumes. UPA makes all-out efforts to prevent industrial accidents in stevedoring hazardous goods. With hazardous goods wharves operating round the clock, UPA provides on-site education through world-class professional dangerous goods inspectors at various wharves in an effort to upgrade the level of expertise of Port of Ulsan in handling hazardous cargoes. Besides the on-site education, UPA conducts test-based safety education to deepen understanding of the level of the danger of each hazardous cargo. It runs a study club composed of 24 officials of UPA, Ulsan Regional Office of Oceans and Fisheries, and related companies and organizations. The club conducts research and discussion on the development of safety management of hazardous materials on a quarterly basis. Moreover, UPA carries out on-site inspections at stevedoring wharves along with officials of related authorities. It conducts daily inspections at the stevedoring wharves of Ulsan Main Port.

### Comparison with the Nation's Major Ports in Stevedoring Industrial Accidents

	Port of Ulsan	Busan Port	Incheon Port	Pohang Port
2015 stevedoring industrial accident injuries (person)	12	24	9	9
2014 stevedoring industrial accident injuries (person)	10	27	26	23

## Offshore Industrial Accident Management

### Securing Safety for Arriving Vessels

#### Expansion and Operation Improvement of Mooring Facilities

Port of Ulsan continued to expand with the gradual opening of Ulsan New Port. Increased vessel traffic resulted in greater risks of accidents caused by the shortage of mooring facilities. Thus, UPA expanded its collective mooring facilities E1 and E2 in an effort to meet the increasing demand for mooring space and prevent ship collision accidents. In close cooperation with related agencies, UPA discussed safety measures in relation to the expansion of collective mooring facilities, determining the mooring capacity of the facilities and ways of using the space as emergency evacuation facilities for vessels. Moreover, it carried out "Research on Improvements in the Operations of Mooring Facilities and Evacuation Standards during Inclement Weather." Through the research, it analyzed the level of vulnerability of Port of Ulsan in different weather patterns and took actions to prevent ultimate sinking accidents at its mooring facilities.

#### Publishing a Safety Manual for Port of Ulsan Mooring Facilities & Vessel Navigation

The mooring space at Port of Ulsan is characterized by relatively great depth of water uninterrupted by an island, for instance. Therefore, when high waves pour in from oceans with southerly winds, dragging anchor<sup>1)</sup> phenomena involving anchored<sup>2)</sup> vessels at the mooring facilities occur from time to time; hence the ever-present risk of vessel accidents at the port. For instance, four vessels sank at the mooring facilities of Port of Ulsan in November 2013 because of inclement weather, incurring KRW 400 million in recovery costs and requiring more than 1,800 man-days. Therefore, to boost the safety of anchored vessels at the port mooring facilities and prevent vessel accidents at the port, UPA has published a safety manual about the use of the port mooring facilities and the safety measures required for navigation within the port for vessels arriving at Port of Ulsan. It has printed an English version for foreign vessels, too.

### Establishment of Customized Local Marine Weather Information System

To prevent accidents due to inclement weather, UPA provides "customized local marine weather information service" for the first time among the country's ports. Having received local marine weather information for Port of Ulsan from a private weather company, UPA delivers the information to arriving vessels twice a day through the PA system of its operations control center, which leads offshore evacuation during inclement weather, too. Three times a week (Monday, Wednesday, and Friday), between 12:10 and 12:15, UPA provides a three-day weather forecast of Port of Ulsan including wind directions, wind speed, and wave heights broadcast by YTN Weather & Life Channel. It also offers a weekly marine weather forecast on its website. During inclement weather, UPA sends text messages to all the relevant parties to enable them to take prompt preventive measures..

#### Implementation of Weather Warning System Customized for Port of Ulsan

#### Use of Berth Manager System

- Provision of weather warnings in the form of graphics, texts, and tables
- Issuing weather warnings through Berth Manager

#### Broadcasting Local Marine Weather Forecasts

- Daily broadcasting before and during typhoons
- Additional warning right before a typhoon lands
- Broadcasting weather warnings through the Local Marine Weather Information System

### Facility Improvements for the Prevention of Marine Industrial Accidents

To prevent marine industrial accidents, UPA identifies risk factors and takes all the necessary actions to eliminate them. The Ulsan New Port North Breakwater was constructed for the purpose of securing tranquility at the port yet poses a danger to vessel navigation due to lack of visibility at night. Thus, UPA installed lamps at the breakwater and made the necessary repairs to existing lighting facilities. UPA also installed LED lamps at the major curves of various port facilities. It installed additional security cameras for the purpose of vessel control to eliminate blind spots and boost safety at the port. To prevent ship block-moving barges from figuring in accidents during their mooring process when they are not engaged in particular tasks, UPA offers them a barge-exclusive Pier. It has also set up tugboat mooring facilities near the port's key seaway with the heaviest port traffic.

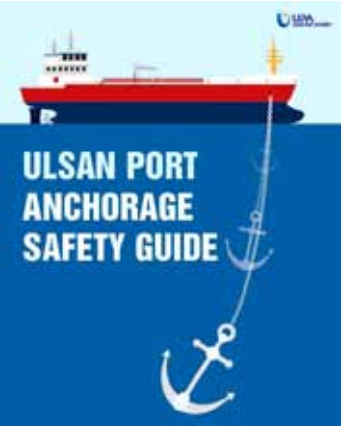
#### • Status of Marine Industrial Accidents

	2013	2014	2015
Status of Marine Industrial Accidents	7 cases	3cases	12cases

※ In 2015, UPA concentrated on the safety management of large vessels at the port, which figured in a relatively large number of accidents involving small vessels due to their negligence of safety measures. Thus, UPA joined hands with the relevant authorities to provide education designed to raise safety awareness among those involved in small vessel operations within the port in a bid to curb industrial accidents at the port.

- 1) **Anchored:** to be firmly moored to the sea bottom with an anchor
- 2) **Dragging anchor:** A phenomenon when a vessel drifts without holding power when the holding power of its anchors gets overwhelmed by outside power

Safety Manual for Mooring Facilities



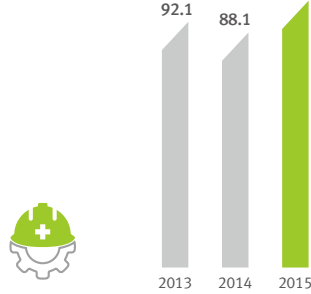
Installation of Pier Lamps





Safe Port  
Operation

Facility integration safety index  
(Unit: %)



Safety Education at Construction Sites



Publication of Safety Management Manual for Construction Sites for the First Time among Korean Ports



Securing Safety for Port Construction

Maintenance of Zero Accident Rate through Systematic Safety Management

Port construction sites are vulnerable to large-scale industrial accidents because they involve offshore work characterized by changeable weather. Still, UPA did not record any fatality in 2015 when it carried out KRW 62.4 billion worth of construction work. Such feat was attributed to the efforts of UPA to establish safety management plans for Port of Ulsan construction sites and add standardized rules regarding offshore work safety management and crisis management implementation system to its safety management manual. UPA also designates safety personnel for each construction site on a monthly basis to carry out safety inspections and eliminate safety hazards in advance. Furthermore, it commissions outside safety experts to carry out monitoring in a bid to deliver comprehensive safety management.

Safety Management at Construction Sites

Classification	2013	2014	2015
Offshore accidents at construction sites (case)	0	0	0
Facility integration safety index (%)	92.1	88.1	100.0

Efforts for Construction Safety

UPA's differentiated safety activities are typically demonstrated in the Oil Hub infrastructure work (Phase 1) and Hinterland Complex construction work (Section 2). At the Oil Hub construction site, UPA has gotten rid of all risk factors that may cause slip and fall accidents so that workers can work in the safest environment possible. In other construction sites, scaffolding and handrails are installed only at the ends of caissons, leaving plenty of room for workers' fall accidents. The Oil Hub construction site covers all openings with scaffolding for the complete elimination of risks of fall accidents. In addition, UPA has assigned safety staff to the site who regularly checks the safety practices of the site in an effort to boost safety at the site further.

Enhancement of Visibility of Offshore Caissons

A caisson is a large steel concrete structure in the shape of a chamber. It is usually used for the construction of a port to be used as a mooring facility. In other construction sites, caissons are not particularly marked. At night, they pose risk of collision with ships. At the Port of Ulsan Oil Hub construction site, boards warning of a collision risk are installed at the top of offshore caissons with flags and LED blinkers used during daytime and at night, respectively, in order to boost the visibility of the objects. In addition, UPA operates an Offshore Assistance Vessel equipped with a large-sized LED signboard to carry out safety control for vessels in operation.

Implementation of Consulting on Construction Safety

UPA has provided the Oil Hub construction site with its own consulting and inspection service. For the inspection service, it checked the risk factors, safety & health-related facilities, machinery and devices, safety management organizations, safety education, use of the budget of industrial safety & health, and protective gear. For the consulting service, it had two teams of construction safety experts (with each team composed of one professional engineer and one grade-1 technical engineer) offer safety consulting service especially for facilities with high risk of large-scale accidents, such as scaffolding, tower cranes, and underground utilities. Focus was placed on the structural and technical safety of those facilities.

Port Facility Safety

Maintenance of “Very Good” Grade for Port Facilities Covered by the Special Act on the Safety Control of Public Structures

To protect the port from the dangers of loss of functionality and deterioration of safety due to the aging of its major facilities, UPA enhanced its facility inspection considerably, increasing the inspection frequency from quarterly to monthly and carrying out facility repairs (at least four times a year) as part of its efforts to make safety management a daily routine of the entire organization. Given the aging port facilities, UPA also carries out intensive inspection on a yearly basis. In 2014, it undertook 10 port maintenance and repair projects according to the results of the previous year's intensive inspection. As a result, UPA has maintained the “very good” grade for 16 Off-class and second-class facilities as categorized in the Special Act on the Safety Control of Public Structures for 3 years in a row.

Maintenance of “Very Good” Grade for Port Facilities Subject to General Safety Control

UPA carries out preventive inspections of various port facilities subject to general safety control -- besides the port facilities covered by the Special Act on the Safety Control of Public Structures -- and prompt repairs for all those facilities demonstrating an inadequate level of safety. As a result, UPA received the “very good” grade for all of its 33 facilities, a first among the country's ports.

Safety Status of Port Facilities

Classification	Facilities	Class	Intensive Inspection Results	
			2014	2015
Class 1 & 2 Facilities under the Special Act on the Safety Control of Public Structures	Grain Pier	1	very good	very good
	Coal Pier	2	very good	very good
	Port of Ulsan Pier 2	2	very good	very good
	Port of Ulsan Pier 2 (2)	2	very good	very good
	Port of Ulsan Pier 3	2	very good	very good
	Port of Ulsan Pier 4	2	very good	very good
	Port of Ulsan Pier 5	2	very good	very good
	Port of Ulsan Pier 6	2	very good	very good
	Port of Ulsan Pier 6 (2)	2	very good	very good
	Port of Ulsan Pier 7	2	very good	very good
	Port of Ulsan Pier 8	2	very good	very good
	Automobile Pier	2	very good	very good
	Yeompo Pier	2	very good	very good
	Onsan Port Pier 1	2	very good	very good
	Onsan Port Pier 2	2	very good	very good
	Onsan Port Pier 3	2	very good	very good

Promotion of Improvements in the Stability of Port Facilities

UPA applied the hi-tech panel technique<sup>1)</sup> and Hybrid Reinforcement System (HRS)<sup>2)</sup> to the top board of jetties at the automobile Pier when it recently carried out its facility repair and reinforcement work to make improvements in the safety of its port facilities. The application of excellent patented techniques also helped promote the further development of new technologies.



Disaster Safety Management

Operation of the Port of Ulsan Marine Safety Belt

UPA established the “Marine Safety Belt” of Port of Ulsan, a coalition of eight organizations responsible for safety management at the port for the purposes of eliminating blind spots in safety management due to the individual activities of the organizations and solving the issue of delayed response to accidents due to the lack of control tower and collaboration among them. The heads of eight related organizations such as Ulsan Metropolitan City, Ulsan Regional Office of Oceans and Fisheries, and Ulsan Coast Guard set up an organization to discuss and make decisions on major marine safety issues every six months. In addition, UPA also organized a working-level meeting held monthly among the officials of the 12 relevant organizations to undertake comprehensive systematic measures to prevent marine industrial accidents at the port

- 1) Hi-tech Panel Technique: A technique that reinforces a jetty type Pier through the application of panels to weak spots
- 2) HRS Reinforcement Technique: A technique that prevents the degradation of steel concrete structures installed under water and improves their safety and durability through the repairs and reinforcement of the damaged parts of the structures

Execution of MOU for Marine Safety Belt





## Safe Port Operation

UPA will achieve great synergy in its efforts to boost marine safety at Port of Ulsan through joint endeavors among all the member organizations in various areas such as sharing safety-related policies and information, cooperation in safety management and safety inspections of various kinds, joint response to safety threats, joint mock drills, establishment of marine safety education systems, and operation of networks designed to promote marine safety.

### Composition of the Port of Ulsan Marine Safety Belt

Regular Meeting (participated in by heads of organizations)	Working-level Meeting (participated in by working-level officials)
UPA, Ulsan Metropolitan City, Ulsan Regional Office of Oceans and Fisheries, Ulsan Coast Guard, Ulsan Branch of Korea Marine Environment Management Corporation, Ulsan Harbour Pilots, Port of Ulsan Tank Terminal Association and Ulsan Branch of Korea Tugbusiness Corporation	UPA, Ulsan Regional Office of Oceans and Fisheries, Ulsan Coast Guard, Port of Ulsan Offshore Traffic Control Tower , Ulsan Metropolitan City (Dept. of Oceans & Fisheries, Fire Response Headquarters), Ulsan Branch of Korea Marine Environment Management Corporation, Ulsan Harbour Pilots, Port of Ulsan Tank Terminal Association, Ulsan Branch of Korea Tugbusiness Corporation, SK Energy Co., Ltd., S-oil, and Sin Heung Co., Ltd.

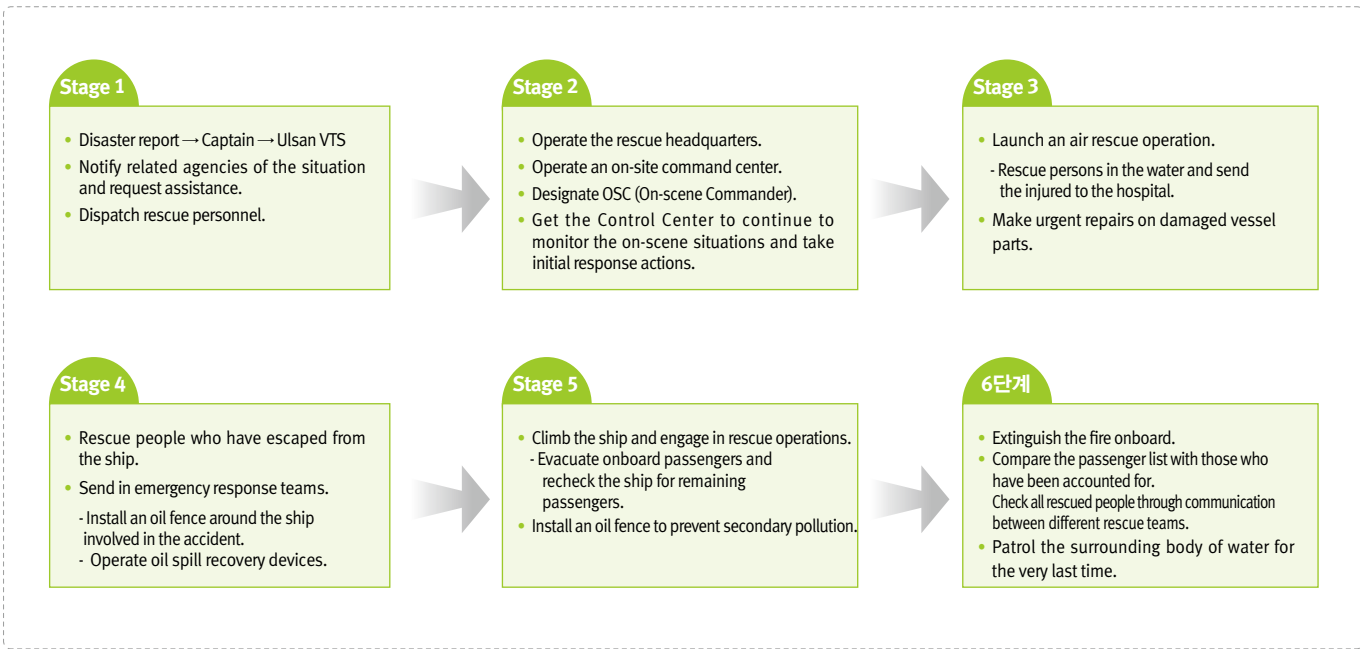
### Major Roles of Marine Safety Belt Members

Classification	Major Roles
UPA	Assuming leadership in the organizational operations and implementation of safety measures
Ulsan Regional Office of Oceans and Fisheries	Management of hazardous goods businesses
Ulsan Coast Guard	Support for joint response drills
Ulsan Metropolitan City	Budget support and firefighting service
Ulsan Harbor Pilot Association and Ulsan Branch of Korea Tugbusiness Corporation	Setting up an emergency support system
Private businesses and other organizations	Identifying risk factors and sharing excellent cases

### Implementation of Public-Private Joint Disaster Response Drills

UPA has identified seven types of accidents that can occur at the port of Ulsan, and it carries out public-private joint simulation disaster response drills of the accidents on an annual basis. In 2014, more than 250 people from 24 organizations took part in the drill of fire & explosion that supposedly occurred during the stevedoring process from a liquid cargo ship at Pier 3 of Ulsan Main Port. UPA enhanced the initial response system through the clarification of each participating organization's tasks in the event of such disaster while raising safety awareness among Port of Ulsan Pier operators through their observance of the drill. In 2015, UPA carried out the “2015 Public-private Joint Disaster Response Drill” at Pier 6 of Ulsan Main Port. It was a comprehensive drill that included accident type No. 7, which could happen at the port of Ulsan (collision of whale-watching ships requiring large-scale lifesaving efforts), lifesaving (aviation, offshore, ship-climbing), pollution prevention, and firefighting practices. It was a large marine accident response drill participated in by a total of 380 people from 23 organizations, 23 warships and vessels, 1 helicopter, and 12 ambulances.

### 2015 Public-private Joint Disaster Response Drill Processes



### 2015 Public-private Joint Disaster Response Drill



### Enhancement of Port Security

#### Operation of the Intelligent, Comprehensive Port Operation System

For secure, speedy, and convenient port operations, UPA runs an intelligent, comprehensive port operation system. The system installed at the General Port Control Center controls the entire process from ship arrival to departure. From the moment a ship arrives at a dock, UPA starts to monitor the entire Pier through security cameras in an effort to prevent acts of terror and take immediate actions in emergencies

Intelligent, Comprehensive Port Operation System



#### Enhancement of Port Security Activities

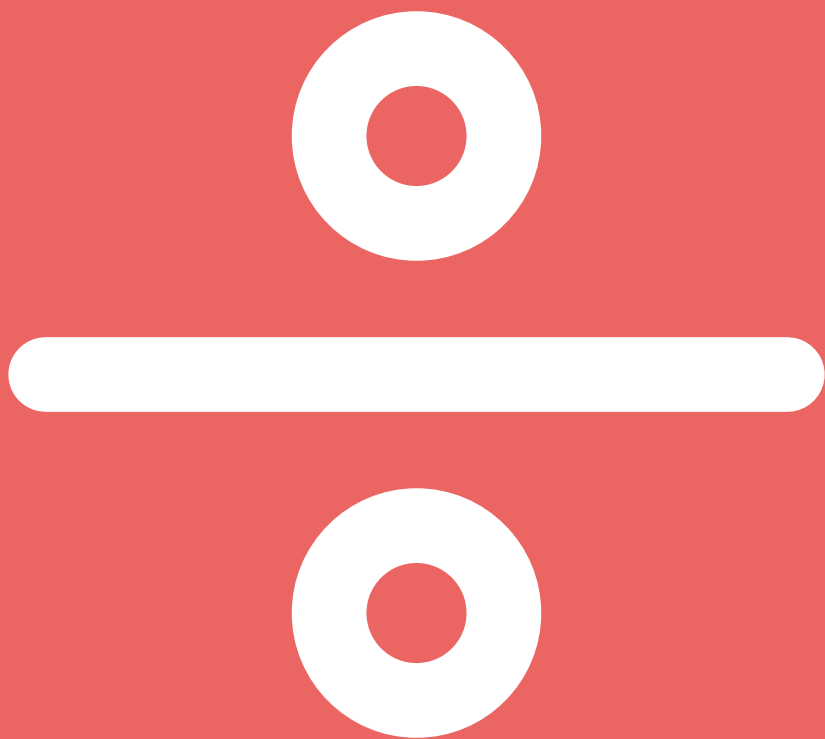
UPA has further beefed up its port security to prevent smuggling and acts of terror through Port of Ulsan in line with the government's enhancement of security requirements for various national security-related facilities. It has increased its security staff from 78 to 96 persons who are now required to carry out patrols on an hourly basis instead of every two hours. It has also reinforced its physical security infrastructure including the expansion of infrared security cameras and replacement of security fences. For the first time among the country's ports, UPA has installed a real-time video transfer system between its control center and patrol cars to enhance its capabilities to respond to emergency situations. It has arranged for its security guards to put their names on any security-related activity they do in an effort to raise their awareness and responsibility further. Externally, it enhances cooperation with all other security-related agencies in the area to make security at the port of Ulsan watertight. In recognition of such endeavors, UPA was given the Prime Minister Award at the 2015 Integrated Defense Council Awards. UPA's efforts were also recognized as an exemplary case in the Security Promotion Contest of the Ministry of Oceans and Fisheries.

#### Cooperation with Related Agencies to Enhance Port Security

Classification	Contents
UPA	- Concentrated scrutiny of people banned from entering the country and vessels on the blacklist through increased security manpower, etc.
Related Agencies	- (Ulsan Regional Office of Oceans and Fisheries) Cooperation for the provision of information on seafarers who need to be put on the black list - (Immigration Service) Sharing information on seafarers banned from entering the country - (Customs/military/police) Implementation of regular joint security drills and cooperation for initial response regarding vessels that have sailed to North Korea - (Police) Patrols the port during wee hours



# SHARING HOPE



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## Sharing Hope with Local Communities

### Context

UPA regards sharing the love and interest that it receives from local communities and growing together with them as due CSR efforts. Based on its characteristics and capabilities, UPA will continue to carry out corporate community involvement (CC) activities and implement sharing as required by local communities, fulfilling its social responsibilities as a public institution.

### Progress

- Launch of “Sea full of laughter,” its CCI brand
- Implementation of CCI activities linked to its business specialization
- Implementation of Port of Ulsan-allied CCI efforts

### Next Step

- Continuous spread of sharing culture and implementation of sharing management
- Expansion of CCI networking

## Shared Growth through Cooperation

### Context

Based on trust and cooperation with its partners, UPA strives to realize shared growth with them beyond win-win outcomes. As a leading public institution in the industry, UPA intends to contribute to minimizing economic bipolarization and achieving social integration through the creation of a culture of fair transactions among big and small businesses while helping SMEs realize sustainable growth.

### Progress

- Establishment of a shared growth promotion system
- Creation of a culture of fair transactions
- Support for the growth of SMEs

### Next Step

- Prevention of losses due to unfair transactions through enhanced subcontractor management
- Enhanced support for expanded sales networks of SMEs

## Sharing Hope with Local Communities

### Performance



CCI hours per employee  
(Unit: hour)

18



CCI beneficiaries' satisfaction  
(Unit: points)

93.86



Accreditation by the government as an excellent institution in education donation



Purchase rate from SMEs  
(Unit: %)

82.77



Rate of electronic contracts  
(Unit: %)

92.02



No. of violations of fair transaction regulations: None



# Sharing Hope with Local Communities

Strategic tasks	Sharing with local communities
Implementation tasks	<ul style="list-style-type: none"><li>• Re-establishment of CCI organization and operating system</li><li>• Enhancement of CCI sharing activities</li><li>• Expansion of PR for local communities</li></ul>
	<ul style="list-style-type: none"><li>• Re-establishment of CCI brand</li><li>• Operation of PR Hall and observatory</li><li>• On-site education donation</li><li>• Support for one-company-one-school sisterhood</li><li>• Execution of Teach-for-Ulsan MOUs</li><li>• Payment of Red Cross membership dues</li><li>• Couple Marathon Contest</li><li>• Happy Picnic with disabled children</li><li>• Full of Laughter wall painting</li><li>• Making young radish water kimchi</li><li>• Coastal cleaning activity</li><li>• Hunger experience camp</li><li>• Helping neighbors in need during Chuseok</li><li>• Making Dream-kets (dream + basket)</li><li>• Cultural picnic for multicultural families</li><li>• Kimchi Making Day</li><li>• Hope Windmill Walking event</li><li>• Year-end sharing campaign</li></ul>

• Employee Volunteer Service Hours				
Classification	2013	2014	2015	
Service hours	1,231	1,486	1,515	
Service hours per employee	17.6	18.0	18.0	

UPA intends to carry out effective CCI activities through collaboration with all the relevant agencies by discovering CCI activities that reflect its business specialization and characteristics and securing, allocating, and implementing an appropriate level of CCI budget.

## CCI Promotion System

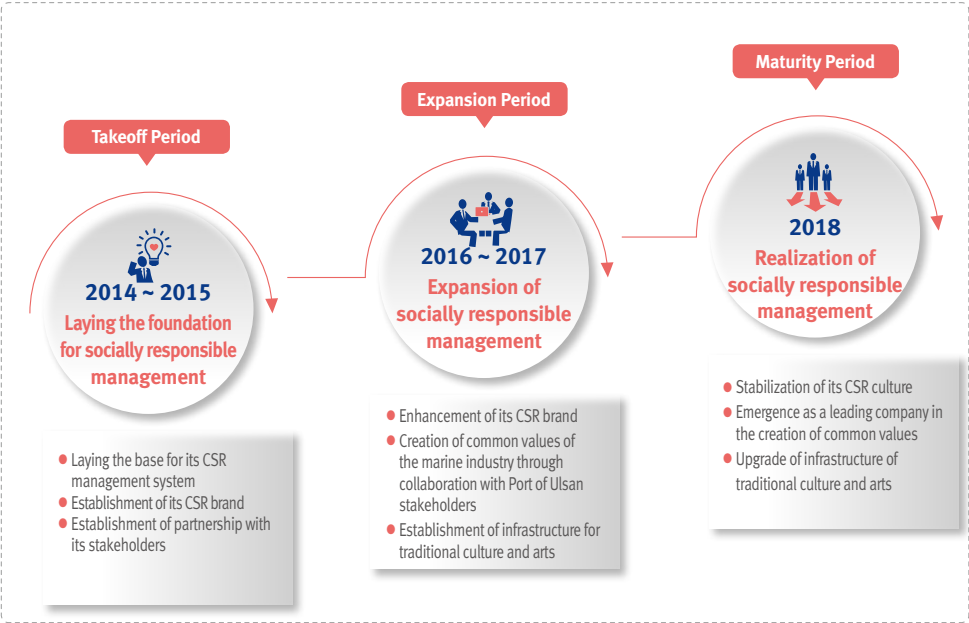
### Launch of UPA's CCI Brand “Sea Full of Laughter”

In a bid to materialize the spirit of its unique CCI competency and service for the general public, UPA has launched its CCI brand “Sea full of laughter.” In terms of its CCI strategies, UPA continues to join forces with its suppliers to make sure that its CCI activities will help solve social issues (job creation, shared growth, etc.) by connecting the activities to its major projects. In addition, it carries out its CCI activities with the citizens in creative and innovative ways with emphasis on the establishment of infrastructure designed to discover and invigorate the traditional cultural and artistic heritage of the Ulsan area coupled with continuous support for cultural and artistic activities.

### CCI Promotion Strategies

Vision	UPA sharing happiness with citizens through sharing		
Directions	Expansion of sharing with local communities adjacent to Port of Ulsan	Promotion of CCI activities related to Port of Ulsan	Support for cultural and artistic invigoration of local communities
Strategies	Collaboration in CCI		Promotion of specialized activities
Strategic tasks	<ul style="list-style-type: none"><li>• Development of allied CCI organization</li><li>• Collaboration with the Ulsan Regional Office of Oceans and Fisheries in CCI</li><li>• CCI carried out with citizens</li></ul>		<ul style="list-style-type: none"><li>• Expansion of CCI linked to local communities</li><li>• Enhancement of port-related CCI</li><li>• Communication with local communities through the support of Mecenat</li></ul>
Performance Index	<ul style="list-style-type: none"><li>• No. of programs carried out by the Allied Volunteer Group</li><li>• Collaboration with the Ulsan Regional Office of Oceans and Fisheries in CCI</li><li>• Hours of volunteer service per person</li><li>• Outsiders' CCI participation rate</li></ul>		<ul style="list-style-type: none"><li>• Budget implementation rate except for support for the underprivileged</li><li>• Specialization in CCI</li><li>• Satisfaction with CCI</li></ul>
Monitoring	Quarterly Management Diagnosis Meeting	Semiannual management evaluation & analysis	Annual management evaluation & analysis

## CCI Roadmap



## CCI Promotion Results

### CCI Promotion Results

	2013	2014	2015	
Participants' satisfaction	-	83.43points	84.0points	Up 3.76% compared to the previous year
Beneficiaries' satisfaction	95.23points	93.76points	94.5points	Up 3.76% compared to the previous year

### Major Activities of “Sea Full of Laughter Volunteer Corps” of UPA

To meet its social demands, UPA runs a value-sharing program customized for a port authority as the manager and operator of the port of Ulsan. UPA has donated more than 0.5% of its annual turnover over the past few years. Its voluntary service hours per employee in 2015 stood at 18 hours, showing steady increase over the last three years and even surpassing the national average for the country's public institutions. Satisfaction with CCI activities has been on the rise over the years for both participants and beneficiaries.

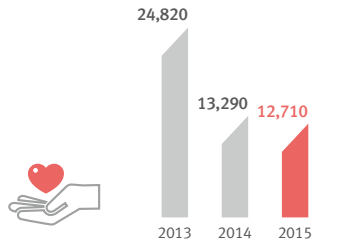
### "UPA, Jack of All Trades": UPA's Talent Donation Activities

"UPA, Jack of All Trades" is an after-school talent donation program. UPA employees share their knowledge and experiences with students in local communities through talent donation. The program was launched for the purpose of helping the youth discover their potential and start to develop a long-term career. Launched in 2013, the program has become UPA's flagship customized CCI activity participated in by its voluntary service groups such as “Sea Full of Laughter” and “Blue Buddy.”

• Creation of CCI Funds (Unit: KRW 1,000)				
Classification	2013	2014	2015	
Matching funds	24,820	13,290	12,710	
CCI funds and donations	345,000	203,243	124,458	

### Matching funds

(Unit: KRW 1,000)



UPA, Jack of All Trades

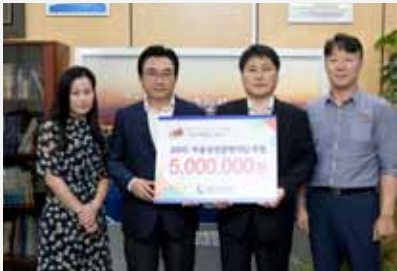




• Major Activities of “Sea Full of Laughter Volunteer Corps” of UPA



Support for one-company-one-school sisterhood: Cash donation for after-school class at Jangsaengpo Elementary School



Support for culture and arts projects in the Ulsan area: Donation to Cheoyong Traditional Music Orchestra as part of its Mecenat activities



Meeting of representatives of companies committed to the “Making Ulsan a Happy City” CCI campaign



3rd Ganjeolgot Literary Concert designed to energize local cultural and artistic activities



Sharing love during Chuseok: Delivering rice to the underprivileged



Making water kimchi for the disadvantaged



Delivery of employees' voluntary donation for Nepal earthquake victims



One-day lighthouse experience for students as part of its CCI activities in cooperation with the Regional Office of Oceans and Fisheries



Companywide voluntary blood donation campaign



Cash donation to impoverished households in the area during Korean New Year



Delivery of matching funds in support of the Hope-sharing Campaign 2015



Carrying out the MOU for Joint CCI Efforts at Port of Ulsan

Implementation of Donation for Specialized Education

UPA Won the “Education Donation Grand Prize”

In 2015, UPA was accredited by the Ministry of Education as an outstanding institution in the area of education donation. It also won the grand prize at the 4th National Education Donation Awards held during the year in the field of maritime and port logistics. The award was in recognition of the efforts of UPA to open its facilities (PR Hall and observatory) by taking appropriate safety measures and develop a traditional tour program into a systematic educational program. UPA will continue to diversify its education donation programs in a bid to help foster outstanding talents in the area and boost the competitiveness of the port of Ulsan.

Grand Prize at the National Education Donation Awards



Invigoration of Donation for Youth Vocational Experience

UPA has signed an MOU with Nam-gu of Ulsan Metropolitan City and Youth Career Vocational Experience Center of the district for “Win-win Cooperation to Invigorate Donations for Youth Vocational Experiences” and made donations for the city's youth vocational experience programs. “U-Port School” is an on-site career mentoring program. UPA's expert staff visit schools that have requested the service and give lectures to students. It has developed into UPA's unique CCI activity in terms of the development of talents in the field of marine and ports industry. In addition, UPA runs “Port of Ulsan Hope JobGo,” a job experience program wherein the company's specialists in various fields give a 180-minute presentation on the prospects in their respective areas for younger generations. The presentation is composed of not only in-depth information on the fields but also students' career test, an introduction of the jobs available in the marine and port industry, and 40 questions for self-diagnosis. It has earned raves among students.

• Donation for Youth Job Experience

“U-Port School,” an on-site expert staff's special lecture



“Port of Ulsan Hope JobGo,” a career experience program



Port of Ulsan Allied CCI Implementation

Realization of Collaboration-based CCI

UPA joined forces with the Ulsan Regional Office of Oceans and Fisheries to build a strategic alliance designed to maximize their CCI results at Port of Ulsan, where their interests cut across. The working-level officials of the two agencies discuss new types of CCI activities, ways to implement them, and review feedback on a quarterly basis. The alliance enables them to integrate their resources to double the outcome of their CCI activities while maximizing the PR effect of their contributions.

2015 Joint CCI Programs

Classification	Time	Contents
One-day Lighthouse Experience	May/Oct	A lighthouse experience program designed to help elementary school students in mountain towns become friendlier with the sea
Ulsan Marine Camp	August	A camp for elementary school students, offering chances to enjoy marine leisure and raise awareness of marine safety
Lighthouse Literary Contest	July-Dec.	A contest of marine literary works in various fields to boost maritime culture
Port of Ulsan Literary Concert	Sep.	A program designed to invite multicultural families and introduce them to the Korean culture and the functions of the port of Ulsan
Port of Ulsan Healing Concert	Oct.	A concert held at Ganjeogot, a famous coastal park, to offer Ulsan citizens healing opportunities while publicizing Port of Ulsan

CCI Agreement of Port of Ulsan Allied Volunteer Service Corps





# Shared Growth through Cooperation



UPA continues to make concerted companywide efforts to realize shared growth with its partners as a way of fulfilling its social responsibilities as a leading public institution in the industry. It intends to realize a bigger Port of Ulsan community where everyone thrives through the creation of a culture of fair transactions and support for the sustainable growth of SMEs.

## Shared Growth Promotion System

### Shared Growth Promotion Strategies

UPA strives to establish the foundation for sustainable management through the realization of fair transactions and shared growth. It has set “Creation of Environment for Fair Transactions and Shared Growth” and “Guarantee of Fair Opportunities for Bidding and Contract Execution” as its core promotion strategies. UPA actively implements the detailed promotion tasks it has identified.

#### Shared Growth Promotion Strategies

Goals	Establishment of foundation for sustainable management through the realization of fair transactions and shared growth	
Strategies	Creation of environment for fair transactions and shared growth	Guarantee of fair opportunities for bidding and contract execution
Tasks	<ul style="list-style-type: none"><li>Win-win cooperation between prime contractors and subcontractors for major projects</li><li>Prevention of unfair transactions</li><li>Expansion of advance payment and introduction of public purchase loans</li><li>Expansion of direct payments to subcontractors</li></ul>	<ul style="list-style-type: none"><li>Expansion of disclosure of contract information</li><li>Prevention of contract concentration on a particular contractor</li><li>Elimination of bribery and corruption</li><li>Obligation of limited competition between SMEs</li></ul>

## Shared Growth through Fair Transactions

### Major Accomplishments in the Promotion of Fair Transactions

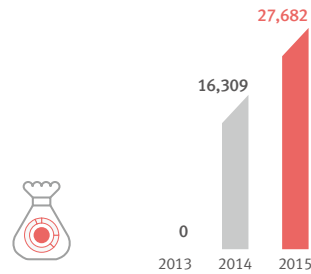
	2013	2014	2015
Direct payment to subcontractors (KRW million)	0	16,309	27,682
No. of violations of fair transactions (case)	0	0	0
No. of corruption cases (case)	0	0	0
Rate of electronic bidding (%)	100	100	100
Rate of electronic contracts (%)	78.72	91.7	92.02

### Implementation of Win-win Agreement to Create an Environment for Fair Transactions

In November 2014, UPA signed a win-win agreement designed to boost the creation of an environment for fair transactions for the purpose of setting up an effective communication and cooperation system between prime contractors and subcontractors. UPA also had meetings with the relevant parties to eliminate unfair transactions and gather grievances and proposals for improvement. Having carried out the necessary verifications it acted on the ideas immediately and consolidated the foundation for win-win cooperation with them.

Enhancement of communication with stakeholders	Checks and management	Improvements
<ul style="list-style-type: none"><li>Meeting with prime contractors and subcontractors (June 2015)</li><li>Briefing on UPA's promotion plan for the year and request for cooperation in relation to the creation of fair transaction environments</li><li>Collection of proposals and grievances</li></ul>	<ul style="list-style-type: none"><li>Request for cooperation in the prevention of unfair transactions</li><li>Implementation of on-site inspection to prevent unfair transactions</li><li>Concentrated inspection of unfair transactions including wage payment delays in major projects and identification of matters to be improved</li></ul>	<ul style="list-style-type: none"><li>Improvement of on-site unfair transactions</li><li>Identification of minor matters to be improved at the site of Namhwa Pier Construction Project during an on-site inspection tour and completion of improvement through on-site guidance (Sep. 2015)</li></ul>

Direct payment to subcontractors  
(uNIT: KRW million)



### Creation of Environments for Fair Competition through Institutional improvements

For the purposes of motivating its stakeholders to promote fair transactions and setting up a system dedicated to the investigation of unfair transactions, UPA carried out benchmarking of exemplary cases of fair transactions and analysis of its past contract documents. As institutional arrangements designed to help create environments for fair competition, it worked out operational guidelines for the Unfair Transaction Reporting Center and set up an awards system recognizing outstanding fair transaction construction sites.

### Enhancement of Subcontract Management for Fair Transactions

To enhance its subcontract management and prevent losses on the part of subcontractors, UPA has organized the Subcontract Evaluation Committee and expanded direct payment to subcontractors. The committee is composed of 8 persons, 3 of whom are insiders and 5 of whom are outsiders. UPA has minimized the number of insiders for the committee in terms of enhancement of transparency and specialization of the organization by getting more outside experts from the private sector. The committee secures the fairness, transparency, and appropriateness of subcontracts through strict evaluation of the construction ability of subcontractors and propriety of subcontracts depending on the contract amount. To prevent subcontractors from suffering losses due to delays in payment by prime contractors, UPA has discussed with its prime contractors and expanded the proportion of its direct payment to subcontractors.

## Shared Growth through Special Considerations

### Promotion of Stable Management of SMEs

For effective support for the operational funds of SMEs, UPA has worked out a support plan for each relevant company, expanded the limit of advance payment to 70%, and introduced a public purchase loan. To contribute to subcontractors' business stability through timely payment for subcontract work, UPA has continued to expand the proportion of direct payment to subcontractors, recording KRW 16.3 billion in 2014 and KRW 27.7 billion in 2015 or approximately 70% increase compared to 2014. UPA has had its prime contractors use a standard contract upon executing subcontracts; thus recording zero cases of unfair transactions. The proportion of advance payment of subcontract amounts rose from 30.7% (KRW19.2 billion) in 2014 to 38.1% (KRW 11.6 billion) in 2015, up 24% compared to the previous year.

### Shared Growth with Women-owned Businesses and Social Enterprises

In order to expand the product sales and project bidding opportunities of women-owned businesses and social enterprises in the area, UPA has held meetings to promote “Purchase of Products Supplied by Women-owned Businesses and Social Enterprises.” UPA has also provided its purchase officials with sessions on the system regarding the purchase of products from women-owned businesses and social enterprises to boost product purchase from such companies. In addition, UPA has arranged for officials of women-owned businesses and social enterprises in the Ulsan area to come to the office for the display and publicity of their products as well as one-on-one buyer-seller meetings.

### Win-win Efforts with Small to Mid-sized Suppliers

In order to maximize the impact of its shared growth efforts through the enhancement of competitiveness of its small and mid-sized suppliers, UPA has made the adoption of electronic bidding procedures mandatory and banned any single supplier from executing contracts (worth over KRW 10 million per contract) with itself for more than five times a year. Through the establishment of principles of preferential purchase of products, including those from SMEs, UPA has eliminated the practice of dividing a project into multiple small, no-bid contracts as a way of providing a supplier with illegitimate favors and promoted shared growth with SMEs in the fairest way possible. UPA recorded 100% proportion of electronic bids for 3 years in a row in 2015. It also reduced its dependency on its largest supplier by 21% during the year compared to 2014.

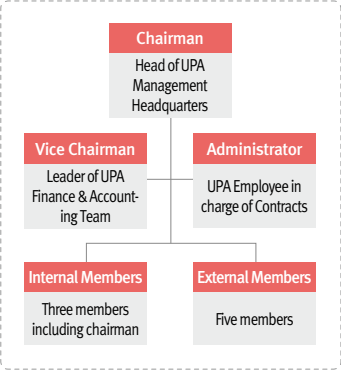
#### Purchase from SMEs

	2013	2014	2015
SME products (%)	77.37	81.50	82.77
Newly developed products (%)	13.11	4.59	7.54
Products by women-owned companies (%)	0.47	3.88	3.31
Social enterprise products (%)	4.53	7.9	1.03
Products supplied by people with severe disabilities (%)	1.54	0.76	0.88
Products from veterans' villages (%)	12.6	10.1	15.13

Operation of Clean Reporting Center on the Website



#### • Composition of the Subcontract Evaluation Committee



Education on Buyer-seller Meeting





APPENDIX



Financial Performance

Financial Statement

(unit: KRW won)

Category	2015 (Current Term)	2014 (Previous Term)
	Amount	Amount
<b>Assets</b>		
<b>I. Current assets</b>	<b>60,419,606,661</b>	<b>35,767,849,036</b>
1. Cash and cashable assets	36,973,251,834	18,875,655,422
2. Current financial assets	18,000,000,000	13,000,000,000
3. Trade receivables and other receivables	2,902,735,243	2,228,796,821
4. Current non-financial assets	2,543,619,584	1,663,396,793
<b>II. Non-current assets</b>	<b>682,841,151,468</b>	<b>626,539,140,061</b>
1. Non-current financial assets	2,587,448,440	2,518,059,630
2. Long-term trade receivables and other receivables	290,000,000	640,000,000
3. Tangible assets	222,113,275,567	146,133,240,481
4. Investments in real estate	188,149,779,173	197,790,703,634
5. Intangible assets other than goodwill	267,412,039,208	277,840,114,322
6. Deferred tax asset	2,288,609,080	1,617,021,994
<b>Total assets</b>	<b>743,260,758,129</b>	<b>662,306,989,097</b>
<b>Liabilities</b>		
<b>I. Current liabilities</b>	<b>29,388,495,359</b>	<b>15,618,067,517</b>
1. Accounts payable and other payables	14,123,880,229	2,023,455,516
2. Current corporate tax liabilities	5,934,119,262	4,618,358,764
3. Current non-financial liabilities	8,912,165,285	8,595,508,794
4. Current estimated liabilities	418,330,583	380,744,443
<b>II. Non-current liabilities</b>	<b>105,383,747,746</b>	<b>60,700,899,231</b>
1. Long-term trade payables and other payables	130,000,000	130,000,000
2. Non-current non-financial liabilities	9,841,185,454	10,364,549,126
3. Payroll liabilities	412,562,292	206,350,105
<b>Total liabilities</b>	<b>134,772,243,105</b>	<b>76,318,966,748</b>
<b>Stakeholders' equity</b>		
<b>I. Paid-in capital</b>	<b>470,212,442,399</b>	<b>470,212,442,399</b>
1. Capital	440,487,652,927	440,487,652,927
2. Paid-in capital in excess of par value	29,724,789,472	29,724,789,472
<b>II. Retained earnings</b>	<b>138,276,072,625</b>	<b>115,775,579,950</b>
1. Eamed surplus reserve	53,806,905,264	45,165,746,575
2. Other legal reserve	53,806,905,263	45,165,746,574
3. Voluntary reserve	452,921,783	452,921,783
4. Unappropriated eamed surplus	30,209,340,315	24,991,165,018
<b>III. Other components of equity</b>	<b>-</b>	<b>-</b>
1. Accumulated other comprehensive income	-	-
<b>Total equity</b>	<b>608,488,515,024</b>	<b>585,988,022,349</b>
<b>Total liabilities and equity</b>	<b>743,260,758,129</b>	<b>662,306,989,097</b>

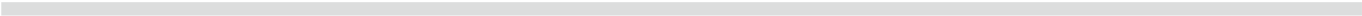




Statement of Comprehensive Income

(unit: KRW won)

Category	2015 (Current Term)	2014 (Previous Term)
	Amount	Amount
I. Net sales	74,405,443,104	71,673,679,789
1. Revenue (net sales) from the rendering of services	74,405,443,104	71,673,679,789
II. Cost of sales	30,552,760,244	28,153,347,202
1. Cost of sales for revenue (net sales) from the rendering of services	30,552,760,244	28,153,347,202
III. Gross profit	43,852,682,860	43,520,332,587
IV. Selling and marketing expenses	11,795,553,454	11,182,462,939
1. Employee welfare fund	-	250,000,000
2. Salaries	2,812,764,200	2,341,501,270
3. Severance pay	199,378,640	230,984,282
4. Fringe benefits	286,363,405	273,287,159
5. Insurance premiums	512,377,491	621,291,227
6. Depreciation expenses	2,244,551,149	2,122,507,345
7. Intangible asset depreciation expenses	744,342,704	750,868,265
8. Bad debt expenses	33,209,670	1,477,460
9. Bad debt expense returns	(735,051)	(42,196,710)
10. Commission	846,340,488	823,216,578
11. Advertising expenses	282,740,088	355,292,579
12. Education and training costs	158,307,407	136,695,264
13. Vehicle maintenance costs	40,974,977	33,438,112
14. Publishing costs	174,426,441	120,165,924
15. Business task force costs	36,607,950	28,683,852
16. Rent	353,174,359	206,790,914
17. Telecommunication charges	61,259,676	138,200,642
18. Tax and public dues	1,420,378,911	614,150,456
19. Supplies expenses	65,532,815	57,766,488
20. Utility costs	123,619,899	123,053,023
21. Repair charges	451,264,268	987,547,978
22. Travel expenses	219,310,791	205,531,398
23. Clothing expenditure	17,928,364	16,245,636
24. Association dues	21,523,909	15,892,505
25. Sales commission	174,898,125	107,896,250
26. Other selling and administrative expenses	515,012,778	662,175,042



Category	2015 (Current Term)	2014 (Previous Term)
	Amount	Amount
V. Operating income	32,057,129,406	32,337,869,648
VI. Other income	231,877,574	228,629,046
1. Rental income	-	115,944,749
2. Income on consignment projects (non-operating)	31,381,619	-
3. Other miscellaneous income	200,495,955	112,684,297
VII. Other expenses	150,643,967	268,208,906
1. Donation	119,262,340	268,208,900
2. Expenses on consignment projects (non-operating)	31,381,619	-
3. Other miscellaneous expenses	8	6
VIII. Other profits (losses)	6,183,200,158	(36,600)
1. Loss on disposition of tangible assets	-	(36,600)
2. Gains on disposition of investment property	6,183,200,158	0
IX. Financial income	1,017,262,063	1,095,963,065
1. Interest income	1,017,262,063	1,095,963,065
X. Financial costs	-	1,029,237,527
1. Interest expense	-	1,014,871,239
2. Loss on disposal of available-for-sale financial assets	-	14,366,288
XI. Gross profit	39,338,825,234	32,364,978,726
XII. Income tax expense	9,127,399,910	7,401,093,837
XIII. Net income	30,211,425,324	24,963,884,889
XIV. Other comprehensive income (after-tax)	(2,085,009)	20,335,009
1. Other comprehensive income unreclassifiable as profit or loss subsequently	(2,085,009)	27,280,129
(1).Remeasurements of defined benefit plans	(2,085,009)	27,280,129
2. Other comprehensive income reclassifiable as profit or loss subsequently	-	(6,945,120)
(2). Available-for-sale financial assets	-	(6,945,120)
XV. Total comprehensive income	30,209,340,315	24,984,219,898



# ISO 26000 Report on Fulfillment Level Diagnosis



## Diagnosis Standard

The Korean Standards Association (KSA) has developed a checklist to be used for the diagnosis of the level of an organization’s fulfillment of social responsibility based on ISO 26000, the international standards for social responsibility, as part of the service for the Korean Agency for Technology and Standards. This diagnosis report is the result of the diagnosis of UPA’s sustainability management processes and performance in 7 core subjects according to the checklist of KSA.

## Scope

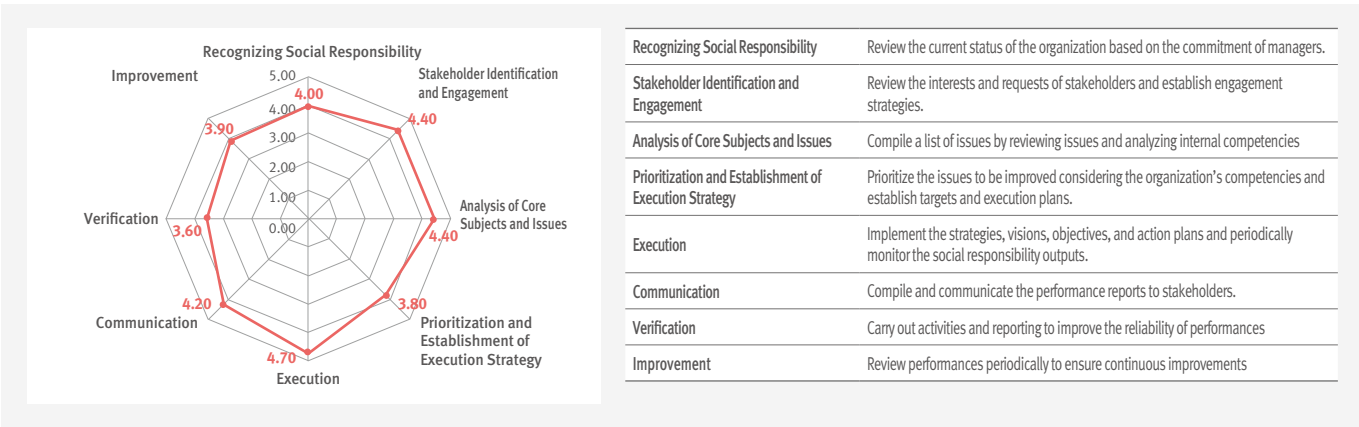
KSA has diagnosed the processes used by UPA to fulfill its social responsibility and its performance outcomes. For the diagnosis, KSA has looked into UPA’s companywide strategies and the major measures taken by UPA to execute them, stakeholder engagement, and social responsibility activities.

## Method

- KSA has conducted the following activities to collect the relevant and proper data under the rules for assessment of the implementation level of ISO 26000:
- Reviews of UPA’s companywide strategies and management performance reports
  - Interviews with UPA staff in charge of sustainability management by area together with review of related documents
  - Identification of sustainability issues that can impact its stakeholders

## Diagnosis Results by ISO 26000 Social Responsibility Process

UPA is judged to be outstanding in “execution” in the area of processes. Nonetheless, it needs to take supplementary measures in the areas of “Setting Priority and Execution Strategies and Plans,” “improvements,” and “Verification



## Diagnosis Results as per the 7 Core Subjects of ISO 26000

**Organizational Governance** I The fact that UPA has selected the “establishment of a sustainability management system” as one of its companywide strategic goals shows the authority’s particularly strong commitment to promoting the cause compared to other public institutions in Korea. In order for UPA to realize more systematic governance, it is recommended that the Port Committee as its top decision-making body increase the frequency of its review of the authority’s sustainability management issues and consider the possibility of integrating the Ethical Management TF -- which was launched at the end of 2014 to promote the cause at the level of each department with appointed working-level personnel -- into a “Sustainability Management System.”

**Human Rights** I Considered to be an exemplary case, in terms of the protection of human rights, is UPA’s introduction of a promotion system for irregular workers -- short-term, long-term, and unlimited term contract workers -- as part of its efforts to comply with the rules on the prohibition of discrimination. It is recommended that UPA carry out education on awareness of human rights among its employees in line with the government’s enhanced human rights management policy.

**Labor Practices** I UPA updates its HRD policies related to labor practices on an annual basis. It is commendable that it carefully monitors its progress regarding the implementation of the policies, and that it operates an on-site medical checkup program regularly in collaboration with the National Health Insurance Service. UPA is advised to prepare itself institutionally for issues that may arise from the performance-based wage system that the government is about to launch in 2016 nationwide.

**Environment** I It is laudable that UPA promotes the establishment of an eco-friendly port as one of its strategic tasks, and that it has made considerable progress in this regard such as the development of an eco-friendly hopper and the expansion of warehouses for auxiliary raw materials of animal feed. Also considered to be an industry-leading initiative is UPA’s introduction of Environmental Ship Index (ESI) developed by WPCI under the International Association of Port and Harbors in January 2016 and installation of Alternative Maritime Power (AMP). UPA is expected to continue to strive to build an eco-friendly port given the characteristics of the port of Ulsan, which frequently houses vessels transporting petrochemicals.

**Fair Operating Practices** I UPA holds various meetings designed to create an environment for fair transactions as well as the sound operation of the Subcontract Evaluation Committee. It is impressive that UPA has transferred overall control of its ethical management to the Strategic Planning Team, which sets detailed plans for ethical management and manages them through the PDCA method. It is also notable that UPA runs the Audit Council with the country’s four other port authorities and works out a mid- to long-term roadmap to make improvements in its fair competition and contract services. UPA is requested to continue enhancing its current system of fair operations and ethical management systems.

**Consumer Issues** I Currently, two organizations of UPA deal with customer issues for the purpose of enhancing its customer service: Strategic Planning Team for overall CS planning and VOC Department for the management of VOC. UPA is advised to consider having an organization deal with all matters regarding consumers in terms of consistent consumer strategies.

**Community Involvement and Development** I In an effort to help develop the local culture and arts, UPA sponsors various events in local communities including Madangguk (traditional outdoor theatrical performance), Ulsan City Volunteer Service Festival, and Ulsan Whale Festival. Moreover, it operates the “Sea Full of Laughter” volunteer service group. It arranges for the Korea Social Enterprise Promotion Agency to join hands with a local social enterprise to run a snack bar (cafe) at the Seafarer Welfare Center of Ulsan Main Port. UPA expanded its corporate community involvement considerably in 2015 compared to the previous year. UPA also contributes to the cultivation of local talents in the areas of shipping and port through the support of a “free learning semester system” for middle school students and job experience programs like Port of Ulsan Hope JobGo as well as its employees’ talent donation activities. In recognition of such efforts, UPA was accredited as an outstanding institution by the Ministry of Education in the area of professional education and awarded the grand prize at the National Education Donation Awards. UPA is urged to continue on its current path and enhance its involvement in local communities.



## Conclusion

As a result of the diagnosis of UPA’s ISO 26000 response level, UPA has been found to belong to SR level IV, having scored a total of 818 points -- 330 points out of 400 as full marks in the process aspect and 488 points out of 600 as full marks in the performance aspect. Thus, UPA, having reached consensus among its employees on the organization’s social responsibilities, is judged to be committed fully to expanding its sustainability management through active corporate community involvement based on its potential. The UN member countries are striving to meet the international body’s 17 sustainable development goals (SDGs). The assurance provider recommends that, to develop the port of Ulsan into a world-class port, UPA apply the goals relevant to itself (e.g., SDG 14: “Conserve and sustainably use the oceans, seas, and marine resources”) as its strategy and realign its direction in a way that can help it realize globally sustainable growth most efficiently. The assurance provider hopes that UPA will continue to develop into a globally competitive port authority.

June 2016  
Baek Soo-hyun, Chairman & CEO, Korean Standards Association

Baek, Soo Hyun



# Third-party Assurance Statement

## Dear UPA management and stakeholders,

### Introduction

The Korean Standards Association (“assurance provider”) was asked to carry out independent assurance for “UPA sustainability report (“the report”)”. Having reviewed the integrity of the data included in the report, the assurance provider presents its independent opinions on the report herein; UPA is responsible for the accuracy of all the statements and performance data contained in the report.

### Independence

The assurance provider has no interest in any of the businesses carried out by UPA except the provision of this third-party assurance for this report as an independent assurance provider. Neither does it have any relationship with UPA that could affect its independence or pursue commercial interests.

### Assurance Standards and Level

The assurance provider has verified whether the report complies with the principles of inclusiveness, materiality, and responsiveness according to the assurance standards of AA1000AS (2008). It offers “moderate” level of assurance regarding the credibility of all the information contained in the report. It has also applied GRI G4 Guidelines and ISO 26000 to its verification of the report.

### Assurance Type and Scope

The provider has carried out Type 2 verification in accordance with AA1000AS, which means that it has evaluated the accuracy of performance information contained in this report and other statements of UPA. The assurance scope is the company’s performance between January 1 and December 31, 2015, including some key information valid as of the first half of 2016. The assurance provider has undertaken the assurance by placing emphasis on the company’s systems and activities such as sustainability management policies, objectives, projects, standards, and performance during the reporting period. The provider has also verified the company’s environmental and social data as well as the financial data about its economic performance in a broad sense. It has limited the verification of the company’s stakeholder involvement to the review of materiality test processes.

### Assurance Methodologies

- The provider has collected information, data, and evidence related to the assurance scope using the following methodologies:
- Analysis of media reports related to the sustainability management of UPA for the past three years
  - Review of the company’s compelling issues selected through consultation with UPA
  - Interviews with those in charge of sustainable management and persons responsible for major issues at the headquarters of UPA
  - Review of management systems and processes used to make improvements in the company’s sustainability management and to prepare this report
  - Review of the consistency of the company’s financial performance data and the disclosed information and audit report about UPA’s financial statements
  - Review of the company’s internal documents and backup data

### Assurance Results and Opinions [Assurance Principle/Process Level]

The assurance provider reviewed the draft report and presented its opinions on the contents. UPA made revisions accordingly. In the process, however, the provider could not find any serious errors or inappropriate statements in the report. The assurance provider presents its opinions on the final version of the “2015 UPA Sustainability Management Report” as follows:

**Inclusiveness I** Has UPA included its stakeholders in its strategic response processes as to the issue of sustainability?

The provider has confirmed that UPA strives to include its core stakeholders in its promotion of sustainability management, and that it operates diverse forms of communication channels to boost interaction with them. The provider could not find any crucial stakeholder group isolated from the company’s abovementioned efforts.

**Materiality I** Has UPA included the material aspects required for its stakeholders’ prudent judgment?

The assurance provider has determined that UPA has neither omitted nor excluded key information for its stakeholders. The provider has also confirmed that UPA has undertaken a material test with key issues identified in its internal and external environmental analysis and prepared this report according to the results.

**Responsiveness I** Has UPA responded to the requests and interest of its stakeholders appropriately?

The assurance provider has confirmed that UPA strives to respond to its stakeholders’ requests and interest by reflecting opinions collected from its stakeholders in this report. The provider has not found any evidence that UPA’s response to the company’s key stakeholders’ issues has been reported inappropriately.

### Review of GRI G4 Application Level

The assurance provider has confirmed that this report has been prepared in accordance with the GRI G4 - Core Option, and that, based on the data provided by UPA, the information related to the following General Standard Disclosures and Specific Standard Disclosures is accurate:

### General Standard Disclosures

The provider has confirmed that the report complies with the General Standard Disclosures of Core Option as a result of review of the following indices: G4-1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 56

### Specific Standard Disclosures

The assurance provider has confirmed the DMA of the material aspects identified through the reporting item determination process as a result of review of the following indices: G4-EC1, EC7, EC8, EN6, EN15, EN19, EN22, EN27, LA1, LA2, LA3, LA4, LA6, LA9, LA11, LA12, HR12, SO1, SO4, SO6, SO7, SO8, PR1, PR5, PR7, PR8

### Opinions and Recommended Improvements per Category [Implementation Performance & Issue Level]

The assurance provider recommends the following so that UPA can set up companywide sustainability management strategies and cope with sustainability management issues more effectively:

### Economic Category

The port of Ulsan is the driving force of the economic growth of the country and the hub of its international logistics. UPA continues to realize stable growth to develop the port into the world’s top-tier port equipped with the most sophisticated facilities so that Korea can realize its dream of becoming the world’s maritime powerhouse. To boost the business competitiveness of Port of Ulsan, the hub of liquid logistics in Northeast Asia in the 21st century, it is crucial for UPA to enhance its risk management for more effective preparations for uncertain economic situations down the road. Most notably, it is helpful to refer to the financial management plans that UPA is preparing to implement to address anticipated economic uncertainties caused by the global recession in the shipping industry.

### Environmental Category

As a public institution, UPA attempts to take the lead in the creation of safety work environments, showing outstanding commitment to continuous improvements in this area. The assurance provider has confirmed that UPA fulfills its port management duties faithfully according to the country’s green port policies. The provider expects UPA to enhance its own efforts to bring about more impressive results in the area of GHG reduction and energy conservation in accordance with its green management system that it is about to launch.

### Social Category

The assurance provider has confirmed that UPA is making efforts for sustainable management in various areas such as re-establishment of its companywide vision and management goals, establishment of its ethical management plans, preparation of roadmap for the cultivation of maritime experts, implementation of joint labor-management declaration, and launch of its CCI brand. Most notably, UPA strives to improve its risk management system and expand its stakeholder involvement as a way of continuously managing its strategic task performance according to the companywide strategic goals, which in turn aim at building social trust through socially responsible business management and growing together with its stakeholders. The assurance provider recommends that, since the industry is witnessing an overall upgrade in the level of companies’ ethical management, sharing management, and shared growth, UPA enhance its evaluation of and reporting on the outcome and the ultimate impact of the company’s activities in the area.



**AA1000**  
Licensed Assurance Provider  
000-129

The Korean Standards Association is a special corporate body established pursuant to the “Law on Korean Industry Standardization” enacted in 1962. It is a knowledge service institution that supplies and expands industrial standardization, quality management, sustainability management, and KS/ISO accreditation to companies. KSA is also a national administrative organization for ISO 26000, a designated educational institution for GRI guidelines, an AA1000 assurance institution, and an operational institution of the Korean Sustainability Index (KSI), an operational organization of the UN CDM, and an assurance agency of the GHG target management system. It makes significant contributions to the country’s sustainable development.

July 2016

Baek Soo-hyun, Chairman & CEO, Korean Standards Association

*Baek, Soo Hyun*



GRI G4 Contents Index & ISO 26000

General Standard Disclosures				
Indicators	Contents	ISO 26000	Page	External Assurance
Strategy and Analysis				
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	4.7/6.2/7.4.2	2-3	76-77
Organizational Profile				
G4-3	Report the name of the organization		8	76-77
G4-4	Report the primary brands, products, and services.		8-9	76-77
G4-5	Report the location of the organization's headquarters.		8	76-77
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.		8	76-77
G4-7	Report the nature of ownership and legal form.		8	76-77
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).		9	76-77
G4-9	Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided		8-9	76-77
G4-10	a. Report the total number of employees by* and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	6.3.10/6.4.1/6.4.2/ 6.4.3/6.4.4/6.4.5/6.8.5/7.8	8, 45	76-77
G4-11	Report the percentage of total employees covered by collective bargaining agreements.		49	76-77
G4-12	Describe the organization's supply chain.		6-7	76-77
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: - Changes in the location of, or changes in, operations, including facility openings, closings, and expansions - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) - Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination		About this Report	76-77
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.		18-19	76-77
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.		82	76-77
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: - Holds a position on the governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views membership as strategic		82	76-77
Identified Material Aspects and Boundaries				
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.		8-9	76-77
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	5.2/7.3.2/7.3.3/7.3.4	24-25	76-77
G4-19	List all the material Aspects identified in the process for defining report content.		25	76-77

General Standard Disclosures				
Indicators	Contents	ISO 26000	Page	External Assurance
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: * Report whether the Aspect is material within the organization * If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: – The list of entities or groups of entities included in G4-17 for which the Aspect is not material or – The list of entities or groups of entities included in G4-17 for which the Aspects is material * Report any specific limitation regarding the Aspect Boundary within the organization		25	76-77
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: – Report whether the Aspect is material outside of the organization – If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified – Report any specific limitation regarding the Aspect Boundary outside the organization	5.2/7.3.2/7.3.3/7.3.4	25	76-77
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.		About this Report	76-77
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.		About this Report	76-77
Stakeholder Engagement				
G4-24	Provide a list of stakeholder groups engaged by the organization.		20-21	76-77
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.		20-21	76-77
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.	5.3	20-23	76-77
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.		20-23	76-77
Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.		About this Report	76-77
G4-29	Date of most recent previous report (if any).		About this Report	76-77
G4-30	Reporting cycle (such as annual, biennial).		About this Report	76-77
G4-31	Provide the contact point for questions regarding the report or its contents.		About this Report	76-77
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	7.5.3/7.6.2	About this Report	76-77
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.		76-77	76-77
Governance				
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	6.2/7.4.3/7.7.5	11-13	76-77
Ethics and Integrity				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	4.4/6.6.3	14-17	76-77



GRI G4 Contents Index & ISO 26000

Specific Standard Disclosures					
Aspects	Indicators	Contents	ISO 26000	Page	External Assurance
Category: Economic					
Economic Performance	G4-DMA	Disclosures on Manaement Approach		28-29	76-77
	G4-EC1	Direct economic value generated and distributed	6.8.1-6.8.2/6.8.3/6.8.7/6.8.9	10	76-77
Indirect Economic Impacts	G4-DMA	Disclosures on Manaement Approach		28-29	76-77
		Development and impact of infrastructure investments and services supported	6.3.9/6.8.1-6.8.2/6.8.7/6.8.9	30-37	76-77
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	6.3.9/6.6.6/6.6.7/6.7.8/6.8.1-6.8.2/6.8.5/6.8.7/6.8.9	30-37	76-77
Category: Environmental					
Energy	G4-DMA	Disclosures on Manaement Approach		50-51	76-77
	G4-EN6	Reductuin of energy consumption	6.5.4/6.5.5	54	76-77
Emissions	G4-DMA	Disclosures on Manaement Approach		50-51	76-77
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	6.5.5	54	76-77
	G4-EN19	Reductino of greenhouse gas (GHG) emissions	6.5.5	54	76-77
Effluents and Waste	G4-DMA	Disclosures on Manaement Approach		50-51	76-77
	G4-EN22	Total water discharge by quality and destination	6.5.3/6.5.4	54	76-77
제품 및 서비스	G4-DMA	Disclosures on Manaement Approach		50-51	76-77
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	6.5.3/6.5.4/6.5.5/6.7.5	53	76-77
Category: Social					
Labor Practice and Decent Work					
Employment	G4-DMA	Disclosures on Manaement Approach		38-39	76-77
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	6.4.3	45	76-77
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	6.4.4/6.8.7	47	76-77
	G4-LA3	Return to work and retention rates after parental leave, by gender	6.4.4	47	76-77
Labor/Management Relations	G4-DMA	Disclosures on Manaement Approach		38-39	76-77
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	6.4.3/6.4.5	48-49	76-77
Occupational Health and Safety	G4-DMA	Disclosures on Manaement Approach		38-39	76-77
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	6.4.6/6.8.8	47	76-77

Specific Standard Disclosures					
Aspects	Indicators	Contents	ISO 26000	Page	External Assurance
Training and Education	G4-DMA	Disclosures on Manaement Approach		38-39	76-77
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	6.4.7	46	76-77
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	6.4.7	46	76-77
Diversity and Equal Opportunity	G4-DMA	Disclosures on Manaement Approach		38-39	76-77
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	6.2.3/6.3.7/6.3.10/6.4.3	12, 45, 49	76-77
Human Rights					
Human Rights Grievance Mechanisms	G4-DMA	Disclosures on Manaement Approach		38-39	76-77
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through fomal grievance mechanisms	6.3.6	49	76-77
Society					
Local Communities	G4-DMA	Disclosures on Manaement Approach		62-63	76-77
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and develop programs	6.3.9/6.5.1-6.5.2/6.5.3/6.8	64-67	76-77
Anti-corruption	G4-DMA	Disclosures on Manaement Approach		14-17	76-77
	G4-SO4	Communication and training on anti-corruption policies and procedures	6.6.1-6.6.2/6.6.3	16-17	76-77
Public Policy	G4-DMA	Disclosures on Manaement Approach		-	76-77
	G4-SO6	Total value of political contributions by country and recipient/beneficiary	6.6.1-6.6.2/6.6.4	Not applicable	76-77
Anti-competitive Behavior	G4-DMA	Disclosures on Manaement Approach		62-63	76-77
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	6.6.1-6.6.2/6.6.5/6.6.7	68-69	76-77
Compliance	G4-DMA	Disclosures on Manaement Approach		62-63	76-77
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	4.6	68	76-77
Product Responsibility					
Customer Health and Safety	G4-DMA	Disclosures on Manaement Approach		50-51	76-77
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	6.7.1-6.7.2/6.7.4/6.7.5/6.8.8	56-61	76-77
Product and Service Labeling	G4-DMA	Disclosures on Manaement Approach		38-39	76-77
	G4-PR5	Results of surveys measuring customer satisfaction	6.7.1-6.7.2/6.7.6	41	76-77
Marketing Communications	G4-DMA	Disclosures on Manaement Approach		28-29	76-77
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	4.6/6.7.1-6.7.2/6.7.3		76-77
Customer Privacy	G4-DMA	Disclosures on Manaement Approach		38-39	76-77
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7.1-6.7.2/6.7.7	42	76-77



# Major Awards & Status of Association Memberships

## Major Awards (2014-2015)

Awards	Host	Date
Gold medal, LACP Sustainability Management Awards 2013/2014	LACP	Feb. 24, 2015
Selected as one of the top 5 international seafarers' lounges	ISWAN	Jun. 16, 2015
Grand prize at the Korea Management Innovation Awards	Korean Standards Association	Jun. 24, 2015
Accreditation as a family-friendly company	Ministry of Gender Equality and Family	Nov. 25, 2015

## Status of Association Memberships

Status of Association Memberships	Year Joined
International Association of Ports and Harbors (IAPH)	2008
Sea Explorers of Korea	2008
Korea Emergency Plan Council	2008
Marine Fisheries Emergency Planning Council	2008
Korea Ports & Harbor Association	2009
Ulsan Chamber of Commerce and Industry	2009
Security Council of National Strategic Facilities	2009
Institute of Internal Auditors	2011
Korea Institute of Maritime Law	2012
Korea Electric Engineers Association	2012
Korea Fire Safety Association	2012
National Quality Award Winner Companies Association	2013
Federation of Korea Maritime Industries	2013
International Logistics Research Society	2013
Korea-Russia Business Council	2014



# Reader Questionnaire

We at UPA would like to gather our stakeholders’ valuable opinions on our 2015 UPA Sustainability Report. Kindly fill out the following form and send it to us via mail, email, or fax. Your input will be reflected on our sustainability management activities as well as our future sustainability reports.

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

- ☐ Employee
- ☐ Customer
- ☐ Government
- ☐ Local government
- ☐ Port–related association or organization
- ☐ Partner firm
- ☐ Industry sector
- ☐ Academia
- ☐ Press and media
- ☐ Community and local resident
- ☐ Civic and social organization like NGO
- ☐ Expert in sustainability management
- ☐ Others ( )

### Q 2. What is your main area of interest? (Multiple answers allowed)

- ☐ Sustainability Overview
- ☐ Accelerating Growth
- ☐ Increasing Values
- ☐ Reducing Risks
- ☐ Sharing Hope
- ☐ Others ( )

### Q 3. Please assess the completeness and usefulness of the contents of this report.

Classification	Very good	Good	Fair	Not good	Not very good
Sustainability Overview	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accelerating Growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing Values	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reducing Risks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sharing Hope	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Q 4. Please give your overall assessment of this report.

Classification	Very good	Good	Fair	Not good	Not very good
Design is good, and print type is helpful in understanding the report (legibility).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I trust the contents of the report (reliability).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Material issues are sufficiently explained (materiality).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The contents and terminology are clear and easy to understand (clarity).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Q 5. Has this report aided in your understanding of UPA’s sustainability management activities?

- ☐ Very good
- ☐ Good
- ☐ Fair
- ☐ Not good
- ☐ Not very good

### Q 6. Please feel free to state your opinions on UPA’s sustainability management efforts.

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perforated line





