

2016 KOMSCO SUSTAINABILITY REPORT

Connecting Trust, Creating Value



About This Report

Reporting Framework

This Report has been prepared in accordance with the G4 Guidelines of the Global Reporting Initiative (GRI), which is the global sustainability reporting standard, and satisfied with the requirements of the 'Core Option'. The quantitative data have been calculated based on the G4 Protocol of GRI. Undefined data in the Protocol have been written in accordance with our own management standard. These data are described in the GRI Index and CSR Quantitative Performance reporting pages in this Report.

Reporting Period

Qualitative contents in this Report encompassed our activities and performances from January 1st, 2015 to December 31st, 2015. We also included some activities up to October 2016. Quantitative data have been reported for three years' performances (2013~2015) for effective comparison of the performance trends.

Reporting Scope and Boundary

This Report includes all activities and performances covering the Head Office, Plants and subsidiaries. Some contents that could not acquire supporting data enough are marked with an asterisk. Financial performances were written in accordance with K-IFRS, based on the end of December, 2015.

Assurances

The financial information in this Report was assured by Samjong KPMG LLC, an independent accounting firm. And the non-financial information was assured by the Korean Foundation for Quality, a third-party assurance, in accordance with AA1000AS (2008), in order to secure accuracy, objectivity and reliability.

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CEO Message

Dear Respected Stakeholders,

It is my pleasure to greet all of our stakeholders through 2016 KOMSCO Sustainability Report. In 1951, KOMSCO started our business with responsibilities in steadfast manufacturing and supplying of national security products, such as banknotes and securities. Since then we have diversified our business to ID industry, security papers and security printing while trying to do our public responsibilities as a state-own company. KOMSCO has declared 2016 as “the first step of next growth” to become a ‘Global Top 5 Minting & Security Company’ based on our 65 years of experience in forgery and alteration prevention technologies. And we have done our best efforts to create sustainable values and realize our social responsibilities.

[First, we have created future values based on the advanced technologies and trust.](#)

KOMSCO has created values of ‘trust’ in our society by not only manufacturing banknotes but also providing various security products based on our global top level of forgery and alteration prevention technologies. In the future, we will establish ‘KOMSCO Trust Platform’ to preemptively promote next generation public security service businesses such as Trusted Service Manager (TSM), block chain and others.

[Second, we are creating environmental values as a green state-own company.](#)

Under the goal of ‘Realizing an Environment-friendly Green Company’, we have responded to climate change through proactive greenhouse gas (GHG) reduction activities. Also, to minimize our environmental impact in local communities, we have carefully managed waste water, hazardous chemical substances, wastes, and other materials. We have been acknowledged as a leading state-own company practicing environmental management, by winning awards of outstanding institution for implementing GHG Target Management System in public sector for five consecutive years.

[Third, we have created social values for local community, customer and supplier.](#)

KOMSCO has been supporting youth, the future leaders, through voluntary education programs that utilize a feature of minting company and contributing to local community through sharing hope activities. In addition, we have provided the best value to customers through company-wide quality management, customer-oriented products and services, thorough information and security management. Moreover, we have practiced mutual growth activities such as public procurement of SME products, cooperation and support for technology development and others.

“

We will do our best
to create new values
based on trust of
the people.

”



Fourth, we have fostered excellent talents and have been growing together with them.

KOMSCO has established human resources management and talent development system, which is connected to the business goals and characteristics of the company, to foster global top level talents.

We also have built family-friendly and open communicative corporate culture. Furthermore, we have tried to embed people prioritized culture in the organizations by establishing human rights management strategy.

We will do our best efforts to create new values based on trust of the people and efforts above mentioned. We will expect your continuous interest and support for KOMSCO.

Thank you very much.

November 2016
Korea Minting, Security Printing and
ID Card Operating Corp.
CEO Hwa-dong Kim

Hwadong Kim

2015-2016 KOMSCO Sustainability Highlight



First export of Resident Card to the Kyrgyzstan Republic

KOMSCO concluded a contract worth KRW 7.6 billion to build electronic resident card supply and issuing system in the Kyrgyz Republic with KOICA in 2016, and it was the first case exporting national ID cards in our history. In addition, in 2016, the company achieved total overseas sales of KRW 49.3 billion in 11 countries. Since our first export in 1970, it has continuously improved our global competitiveness and export performance.

Holding Explanatory fair of New Technology for Mutual Growth with SMEs

Since 2014, KOMSCO has held Explanatory fair of new technology every year and has shared the most advanced anti-counterfeiting technology with the private sector. Through this, we prevented the infringement of intellectual property rights and damages caused by counterfeit products, and we created collaboration and business opportunities with SMEs that utilize our technologies. As a result, we contributed to the mutual growth of SMEs through awarding of 5 technology grants and 8 free technology transfers in 2015.



President Award for the 14 Consecutive Year in the National Quality Circle Contest

KOMSCO is actively engaging in quality circle activities to establish a corporate culture of quality first. We have been honored to receive the Presidential Award in the National Quality Circle Contest for 14 consecutive years from 2003 to 2016 thanks to the voluntary quality innovation activities of our employees. In 2014, we have been selected as an excellent company for quality competitiveness for 10 consecutive years, and we devoted ourselves to the Hall of Fame. In this way, we are realizing the value of quality first.

Receiving Commendation from the Ministry of Employment and Labor for Rationalizing Labor-Management Relations

KOMSCO was awarded the Ministry of Employment and Labor Minister's Award for 'Rationalization of Public-sector Labor-Management Relations' in recognition of the sincere implementation of the Ministry of Employment and Labor's government policy and efforts to settle rational labor-management relations. In 2014, the labor-management agreement on the normalization of labor management was made, and in 2015, we introduced a wage peak system based on the labor-management agreement. Similarly, KOMSCO has been pursuing cooperative and productive relationships between labor and management for the past 17 years.





Receiving Commendation from the Ministry of Gender Equality and Family for Creating a Family-friendly Culture

KOMSCO was selected as an 'Excellence Institution for Creating Family-friendly Social Culture' at the family month event in 2015 and was awarded a commendation from the Minister of Gender Equality and Family. We provide cultural and institutional support for employees to keep work-life balance by operating flexible work system and family care leave system and operating various maternity protection programs and childcare facilities.

Receiving Accreditation of Excellent Institution by Donation for Education and Commendation from the Minister of the Ministry of Education

In 2015, KOMSCO was accredited as 'Excellent Donation for Education Institute' from the Ministry of Education and Korean Foundation for the Advancement of Science & Creativity and received the Deputy Prime Minister and Minister of Education's Award for the free semester system. As a representative social contribution activity, KOMSCO promotes educational donation activities that reflect the characteristics of the money manufacturing industry such as 'people making money, career, and job lectures', providing opportunities for young people to explore their careers and making good currency culture through currency economy education.



Receiving Commendation from the Prime Minister for Public Procurement from SMEs

At the '2016 Public Purchase Promotion Contest' hosted by the Small and Medium Business Administration, KOMSCO won the prime minister prize of public procurement excellent organization and received the commendation of the Minister of Ministry of Trade, Industry and Energy for three consecutive years. We have made various efforts to purchase SME products and support their sales channels. In addition, we have contributed to the win-win economic development by increasing the purchases of small and medium business products by more than 90% for three consecutive years.

Accredited as an Excellent Institution for Energy Target Management in the Public Sector

In October 2016, KOMSCO received the institutional award in the '2015 Public Institutional Greenhouse Gas and Energy Target Management Performance Report' hosted by the Ministry of Environment for five consecutive years, it was selected as an excellent public institution to reduce GHG emissions. We are continuing our efforts to reduce GHG emissions as a state-owned corporation by effectively reducing the emissions by 36.9%, this was achieved from running efficient operation of biomass boilers and energy conservation campaigns throughout the company.



KOMSCO's Introduction

KOMSCO, a World's Leading Minting and Security Company

The Korea Minting, Security Printing & ID Card Operating Corporation (KOMSCO), a state-owned company of the Republic of Korea, was established under 『the Korea Minting and Security Printing Corporation Act』 for the purpose of contributing to national economic development by manufacturing banknotes, coins, national and public bonds, marketable securities, and producing special products to be used by central and local governments, and conducting related business.

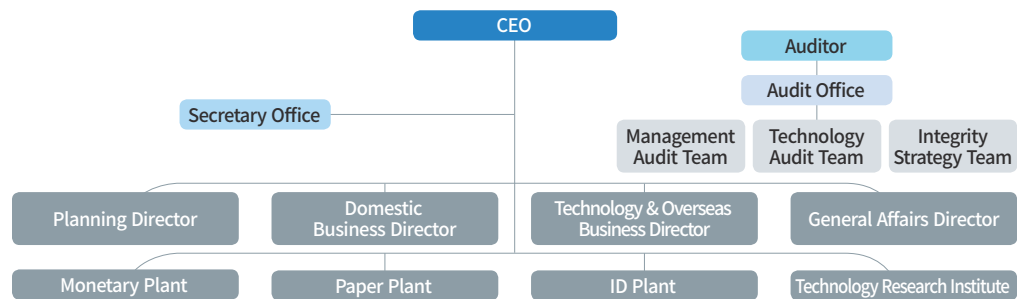
Company Overview

(As of the end of December 2015)

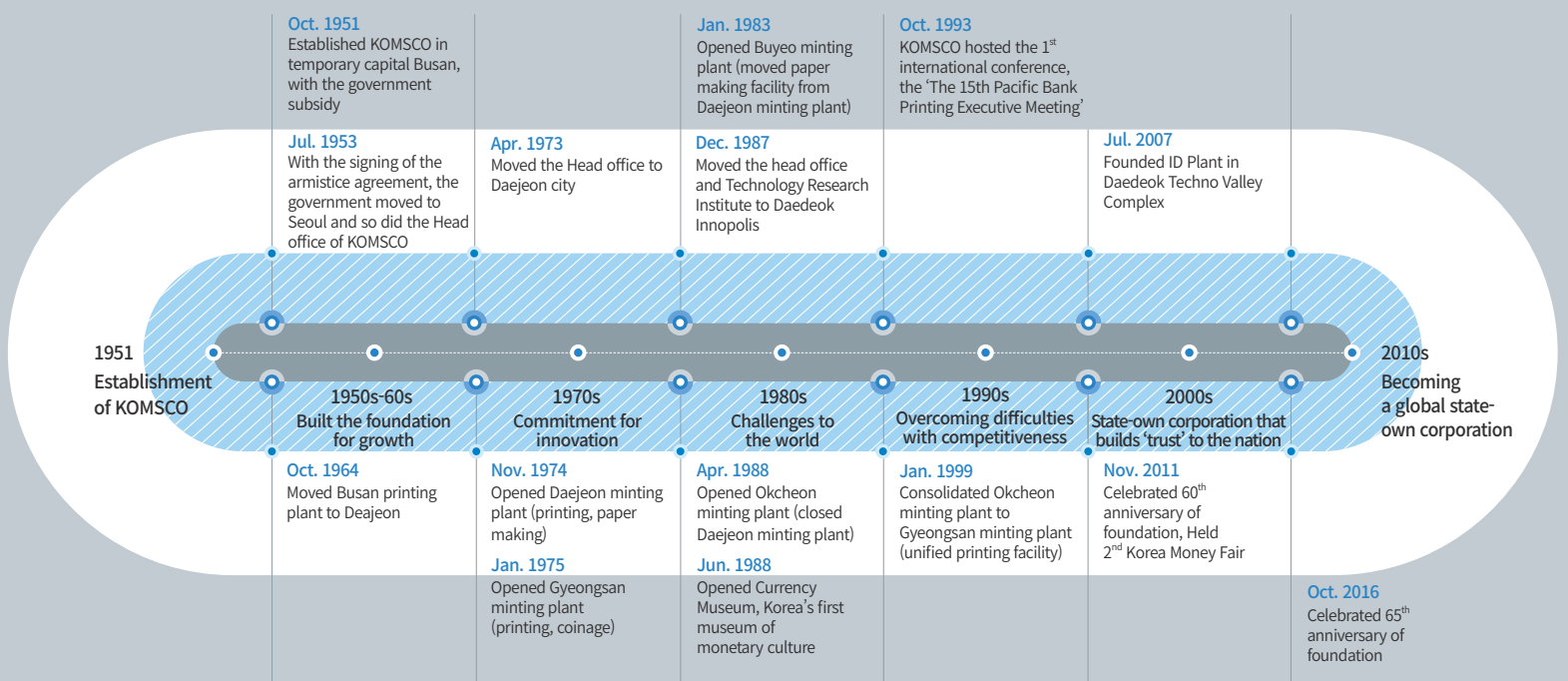
Corporate Name	Korea Minting, Security Printing & ID Card Corporation	Total Assets	KRW 378.9 billion
CEO	Hwa-dong Kim	Sales	KRW 462.4 billion
Competent Authority	Ministry of Strategy and Finance	Operating Profit	KRW 7 billion
Foundation Law	Korea Minting and Security Printing Corporation Act (Law No. 215: 1951. 09. 02).	Number of Employees	1,361 (based on full-time employee)
Foundation Date	1951.10.01	Head Office Location	(Gajeong-dong) 80-67, Gwahak-ro, Yuseong-gu, Daejeon, Republic of Korea

Organization Chart

6 Executives, 3 Plants, 1 Institute, 11 Departments, 13 Offices and 4 Groups



Company Timeline



KOMSCO Vision and Strategy

KOMSCO has established and is promoting 'Vision 2024' in order to become a 'Global Top 5 Minting & Security Company'. Our specific management plans to achieve our vision are Advancing core business; Fostering future growth business; Securing leading technologies; and Innovating the organization. We are implementing 12 strategies based on three core values: 'Creative Innovation', 'Sustainable Management' and 'Unity and Harmony'.

Mission

"We realize belief and value with the world's top forgery/alteration prevention technology"

Vision

Global Top 5 Minting & Security Company

Management Plans (Strategic Goals)



Sales
KRW **1** trillion



Future businesses ratio
27 %



Number of intellectual property applications
More than **500** ('15~'24)



Labor productivity
Level up to **150** %
(compared with current level)

Strategic Tasks



KOMSCO's Past & Future

Changes in Public Roles and Core Competencies of KOMSCO

KOMSCO not only supplies various security products based on the technology for preventing monetary counterfeiting, but also focuses on securing new capabilities for the future. Especially, in the era of 4th Industrial Revolution, which means the transition to the hyper-connected intelligence society, we declare 'Public Authenticity' which protects public interest and value as the future core competence, and realize it by securing distinguished capabilities across all industries, including IoT (Internet of Things) and future finance.

Meaning of Public Authenticity

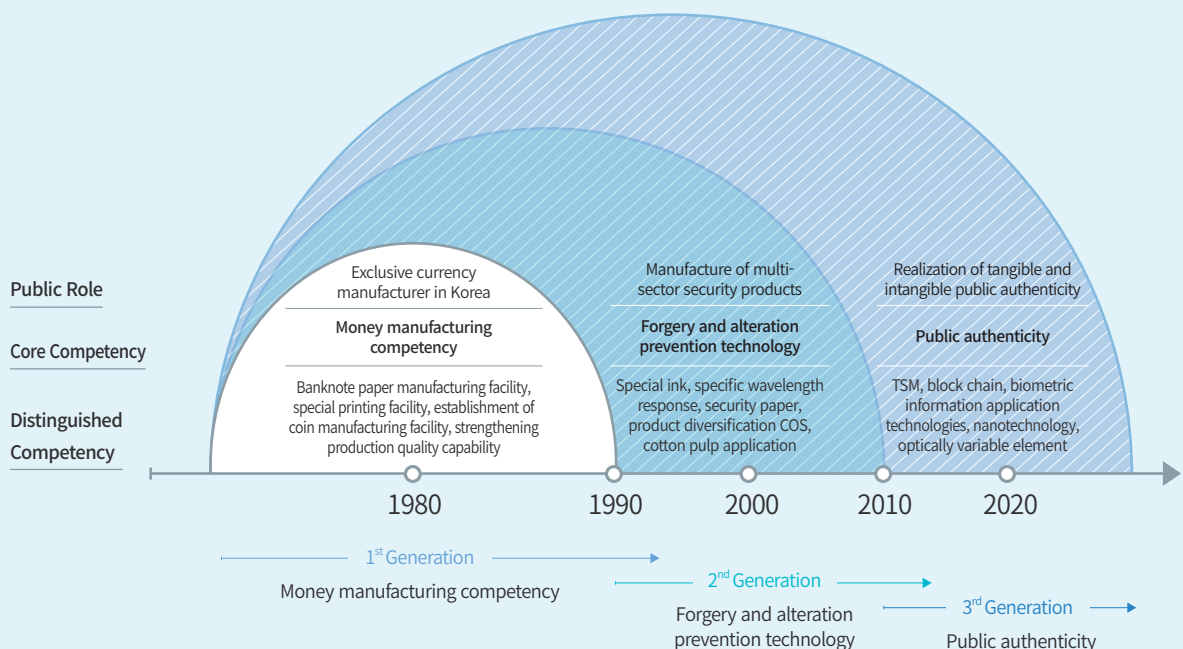
The role of KOMSCO is to provide various solutions that contribute to the national economic development in the public sector. The reality of the ability to 'contribute to the national economic development' and 'various solutions' provided to the government is that public 'sincerity', 'truthfulness', 'public authenticity' don't allow a chance that 'products and services with KOMSCO's involvement cannot be fake'. Considering that a substantial part of the public sector, which requires a guarantee and protection of 'real', is transformed into 'information', Public Authenticity which is our core competence can be defined as follows.

Public Authenticity: the ability to protect the physical objects, characteristics of information, structure, content and context from being forged or tampered with, and to certify and make trust of the above for public interest and value.

Changes in Core Competence by Age

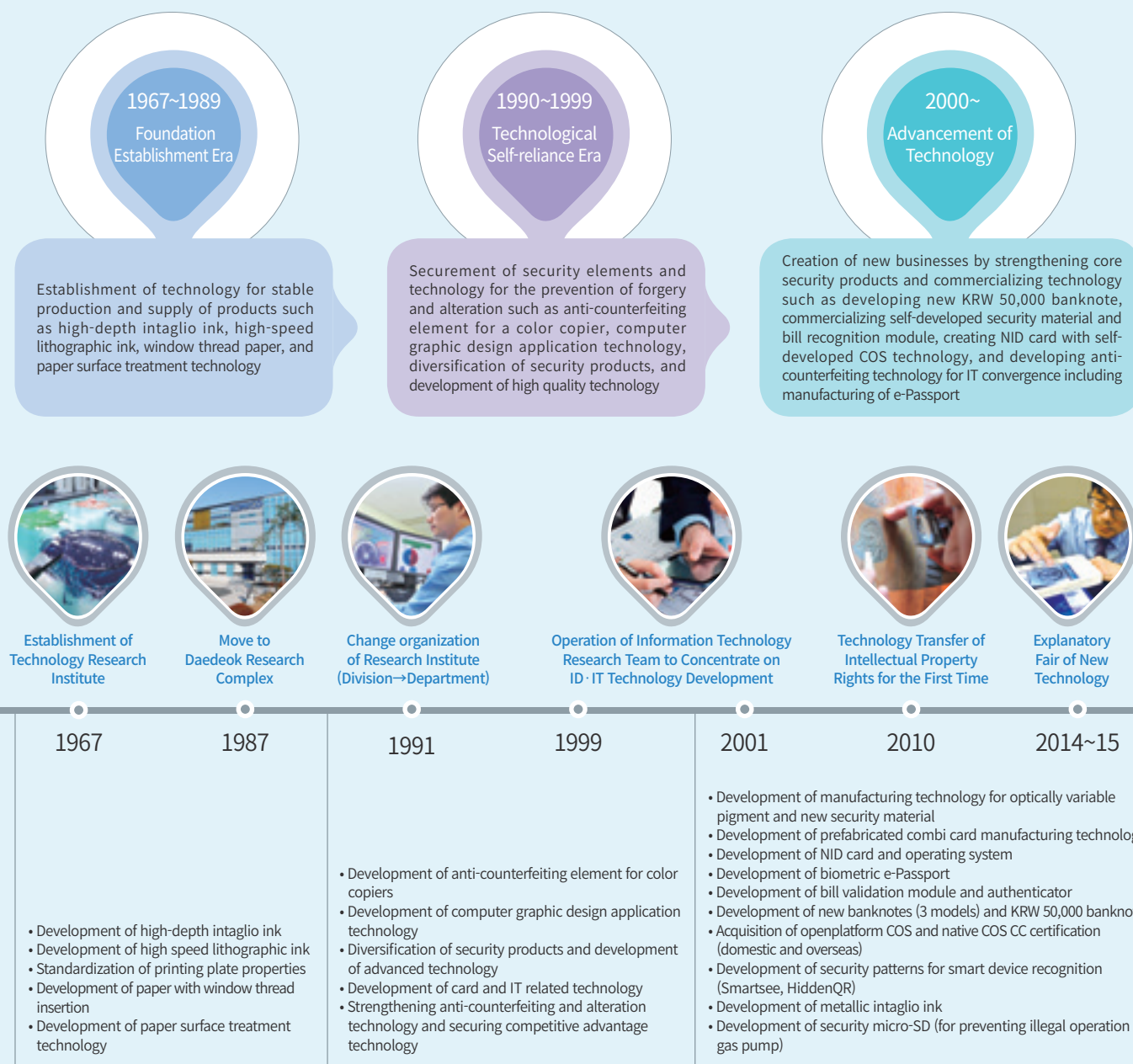
If the first- and second-generation core competencies of KOMSCO were based on facility, technology and manufacturing, the third generation core competency, which is public authenticity, focuses on the overall and comprehensive role of building 'public trust'. In addition, the distinguished competencies that enable each core competency to be developed are expanded into TSM, block chain, biometric information application technologies, and nanotechnology in special manufacturing technologies and element technologies of culture, systems and processes as we are fundamentally a security company.

Public Role & Tech. Evolution



History of Forgery and Alteration Prevention Technologies

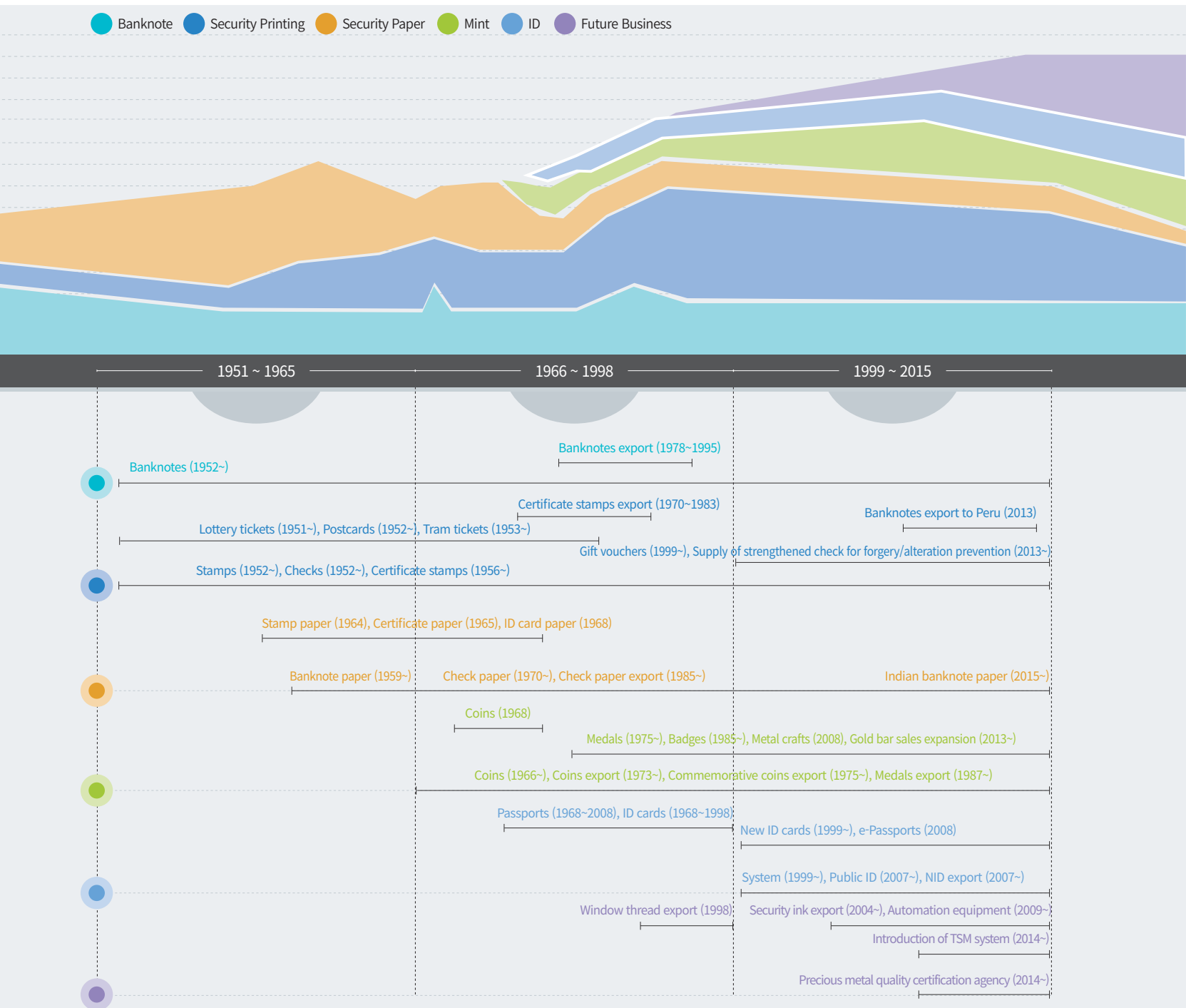
In order to prevent the possibility of forgery and alteration of products, KOMSCO has continuously accumulated anti-counterfeiting technology for the past 65 years. Since the establishment of the Technology Research Institute in 1967, we went through 'Foundation establishment era' when we established technology for stable production and supply of products, and 'technological self-reliance era' when we secured security elements and technology to prevent forgery and alteration, and are now entering 'advancement of technology' when we are creating new business through strengthening security product technology and commercializing technology. In recent years, we are developing new growth engines by developing 'HiddenQR', 'Smartsee' which are smart patterns for smart devices, and security micro SD which can be used to block illegal manipulation of gas pump. In the future, we will contribute to build a transparent trust society by securing the best technology for preventing forgery and alteration at the global level, preventing damages to citizens and businesses caused by forgery and alteration, and preventing various crimes and corruptions in advance.



KOMSCO's Business

KOMSCO's Business Growth Path

Since the foundation in 1951, KOMSCO has faithfully fulfilled its purpose of foundation. We are expanding our business by utilizing accumulated forgery and alteration prevention technology, and are diversifying in terms of function. In particular, designated as the exclusive agency for the manufacturing and issuance of e-Passport in 2007, and we have been fostering new growth driver business centering on ID business. As a result of analyzing the 5-year average of sales structure by business, the banknote and mint business, which is the core business sector, accounts for 52% of sales. Security printing and security paper business accounts for 18%, and ID and future business does for 30%.





KOMSCO's Business

Banknotes as an important medium of national economic flows are currently being issued in four types; thousand, five thousand, ten thousand, and fifty thousand KRW. The entire process from printing, inspection and completion is carried out with thorough security and quality check at the Monetary Plant that has the latest printing facilities. In recent years, we have prepared ways to improve the current banknotes for the issuance of next-generation banknotes. We are also strengthening anti-counterfeiting capabilities at the global level by expanding anti-counterfeiting campaigns and collaborating with related organizations. In addition, we have improved various systems to meet customer needs such as introducing commemorative monetary sales throughout the year, and laid the foundation for growth of currency culture industry by establishing a strategy to revitalize memorial money.



By advanced printing facilities and technologies, KOMSCO has manufactured and supplied domestic banknotes, and marketable securities such as checks and gift certificates, all of which are protected against forgery and alteration at the highest level. We also export overseas banknotes and special security printing products. We make checks and gift certificates by applying world-class currency making technology and advanced security elements. In particular, to prevent forgery and alteration of checks, we insert a watermark and a offset latent image so that it cannot be reproduced by a color copying machine. In addition, we manufacture and supply certificate stamps such as government revenue stamps, revenue stamps from the Supreme Court and the Office of Education, bonds such as national housing bonds, small and medium-sized business financial bonds, certificates of deposit, and stamps with various kinds of special elements such as fragrant stamps and luminous stamps.



KOMSCO's Business

KOMSCO uses high quality cotton fiber to produce special security paper products with anti-counterfeiting elements such as watermark and window thread. Security paper is used for confidential documents, certificates, applications, and official documents that require. It is also applied to banknotes, various printed products, check paper, e-Passport paper, and test reports. In addition, we have established a subsidiary in Uzbekistan that manufactures and sells cotton pulp, and actively expanded export business to all over the world.



KOMSCO produces six kinds of domestic coins and special coining products including high-quality commemorative coins, corporate promotional medals, and reproductions of cultural properties. Based on the accumulated coining technology and craftsmanship, we are actively expanding into overseas coining markets. Currently, six types of domestic coins (1, 5, 10, 50, 100, 500) are being issued, and KRW 1 and KRW 5 coins are provided only for the purpose of collecting coins. A commemorative coin is lawful currency of the Republic of Korea issued by the Bank of Korea to commemorate or celebrate national events and historical events with the people. In addition, we manufacture a variety of medals such as government commemoration medals, promotional medals and art medals. We also manufacture 12 types of medals including the Grand Order of Mugunghwa for the government.



KOMSCO's Business

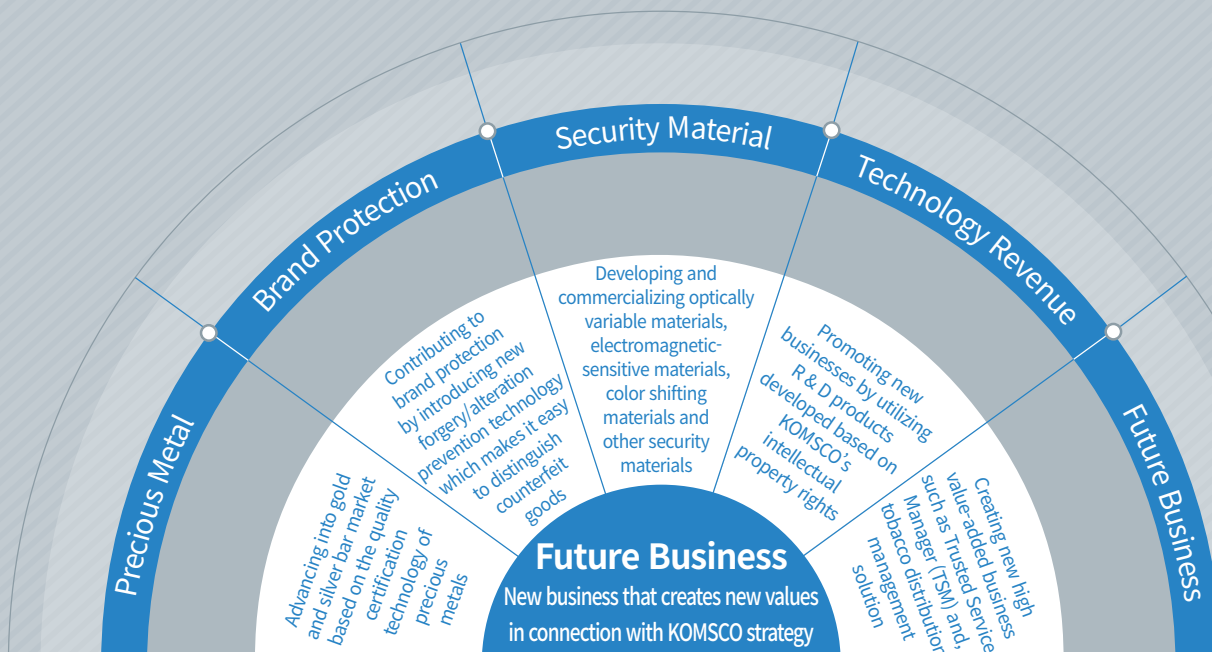
Based on decades of experience in manufacturing ID products, KOMSCO is producing world-class security ID products such as e-Passports, ID cards, and electronic civil servant ID cards. We also develop and manufacture ID cards, credit cards, and special ID cards with embedded MS*, IC*, and RF* using advanced forgery and alteration prevention technology. And by using latest RFID electronic access control system, we are making a safe and convenient world.

Recently, in particular we are building a growth base by expanding the public ID business such as e-Passport and electronic civil servant ID cards. We are also concentrating on our business capacity by establishing a comprehensive plan for smooth execution of the next e-Passport business. In addition, we are striving to find new value-added businesses based on ID-source technology, such as COS solution business.

*MS: Magnetic Strip
 *IC: Integrated Circuit
 *RF: Radio Frequency



KOMSCO actively fosters future businesses based on core competencies. In recent years, we are pursuing new businesses such as precious metal quality certification, brand protection, and test report papers and are seeking to transform our business structure. We are also pursuing Trusted Service Manager (TSM) and tobacco distribution management solutions. In addition, we are aggressively developing future technologies, securing the highest level of anti-counterfeiting technology in the world, and gathering corporate-wide capabilities to become a Global Top 5 Minting & Security Company.



Change in KOMSCO Role

Change in Medium

KOMSCO Mission

Technical Competence

Industrial Revolution

Currency



Applying forgery and alteration protection element

- Securing technology such as hologram, window thread, watermark and security ink
- Banknotes, coins, checks and gift certificates etc.

Digital Revolution (Appearance of Internet)

Smart card (credit card, ID card)



Applying forgery and alteration protection element for smartcard

- Securing Chip Operating System (COS), and security and management technology
- e-Passports, electronic ID cards for public officials

Mobile Revolution (Appearance of Smartphone)

Smartphone (mobile security card (medium): SE equipped)



Applying forgery and alteration protection element for mobile card (medium)

- Applying existing smart card operating system and management security technology to mobile environment
- Promoting Trusted Service Manager (TSM) business

Definition of Our Stakeholders and Communication

KOMSCO has defined our stakeholders in consideration with the institution establishment law and business characteristics. Based on values generating from each stakeholder group, we classified into five types and manage the groups into Value Creating Group, Value Experiencing Group, Value Cooperating Group, Value Sharing Group, and Value Evaluating Group. We identify major sustainability issues by operating different communication channels tailored to the characteristics of each stakeholder and continuously communicating with them. To become a sustainable company, we will continue to communicate actively with our stakeholders to build trust and do our responsibilities as a state-own company.

Communication Channels

(Major channels) Monthly meeting, company portal website, training and education, labor-management cooperative activities, seminars, debating event, and PC video conference call

- (Online)**
- KOMSCO Sympathy Round
 - KOMSCO News 24
 - Operation of KOMSCO page in SNS
 - Free board (anonymous board)
 - MOON for future (anonymous board)
 - CEO portal
 - Salespersons' room
 - R&D Areumteo

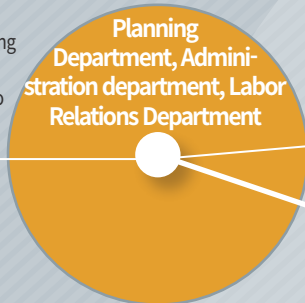
- (Offline)**
- Operation of extended management meeting
 - Operation of corporate culture messenger group
 - Labor-management meeting (upon request and monthly)
 - Operation of Grievance Committee
 - Labor-management joint social contribution activities
 - Labor-management join workshop
 - Business update presentation and forum
 - R&D sharing seminar
 - KOMSCO POPCORN Talk
 - KOMSCO 3.0 Leader Group

Communication Channels

(Major channels) Public disclosure of business information, issue reports, business report

- (Online)**
- National Assembly Business Support System
 - Public Business Portal System

- (Offline)**
- Operation of Forgery and Alteration Prevention Working Committee
 - Inviting related employees
 - Business Agreement
 - Business presentation session for assistants of Congressman of Strategy and Finance Committee
 - Holding a Policy forum



Building Cooperative Partnership

Value Creation (Employees, Labor union)

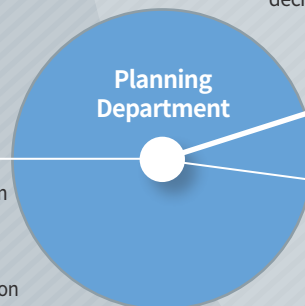
Main agents of KOMSCO who produce KOMSCO main products and have duties to contribute to stabilize the national economy based on its establishment law.

Department in charge

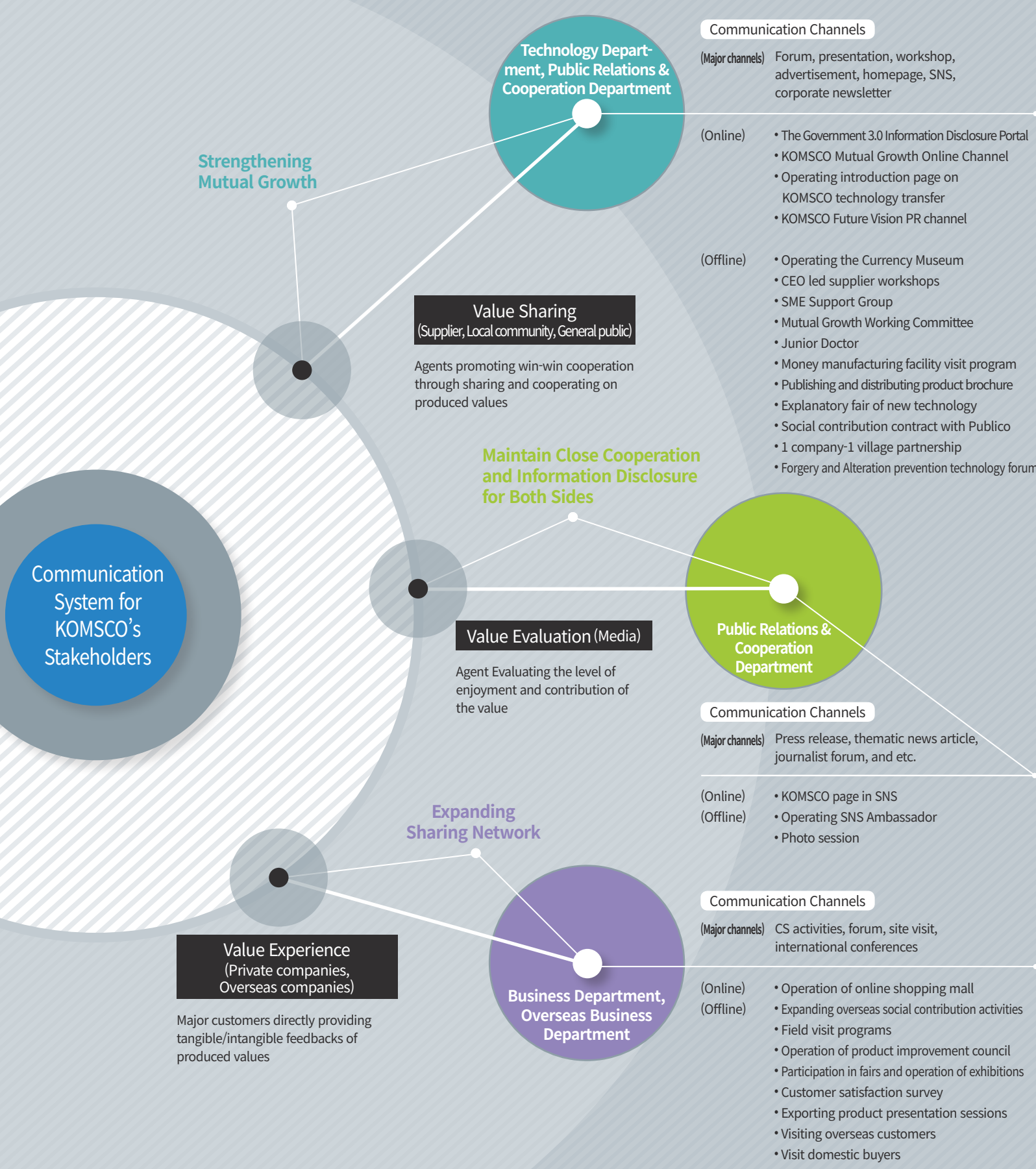
Stakeholder classification

Value Cooperation (Central & Local governments, National Assembly, The Bank of Korea)

Political customers impacting on decision making of value creation



Political Cooperation



Communication System for KOMSCO's Stakeholders

Strengthening Mutual Growth

Technology Department, Public Relations & Cooperation Department

Communication Channels

- (Major channels) Forum, presentation, workshop, advertisement, homepage, SNS, corporate newsletter
- (Online)
- The Government 3.0 Information Disclosure Portal
 - KOMSCO Mutual Growth Online Channel
 - Operating introduction page on KOMSCO technology transfer
 - KOMSCO Future Vision PR channel
- (Offline)
- Operating the Currency Museum
 - CEO led supplier workshops
 - SME Support Group
 - Mutual Growth Working Committee
 - Junior Doctor
 - Money manufacturing facility visit program
 - Publishing and distributing product brochure
 - Explanatory fair of new technology
 - Social contribution contract with Publico
 - 1 company-1 village partnership
 - Forgery and Alteration prevention technology forum

Value Sharing (Supplier, Local community, General public)

Agents promoting win-win cooperation through sharing and cooperating on produced values

Maintain Close Cooperation and Information Disclosure for Both Sides

Value Evaluation (Media)

Agent Evaluating the level of enjoyment and contribution of the value

Public Relations & Cooperation Department

Communication Channels

- (Major channels) Press release, thematic news article, journalist forum, and etc.
- (Online)
- KOMSCO page in SNS
- (Offline)
- Operating SNS Ambassador
 - Photo session

Expanding Sharing Network

Value Experience (Private companies, Overseas companies)

Major customers directly providing tangible/intangible feedbacks of produced values

Business Department, Overseas Business Department

Communication Channels

- (Major channels) CS activities, forum, site visit, international conferences
- (Online)
- Operation of online shopping mall
- (Offline)
- Expanding overseas social contribution activities
 - Field visit programs
 - Operation of product improvement council
 - Participation in fairs and operation of exhibitions
 - Customer satisfaction survey
 - Exporting product presentation sessions
 - Visiting overseas customers
 - Visit domestic buyers

Stakeholder Interviews

“ KOMSCO must focus its capabilities on the development of futuristic payment instruments and financial security, and it must not be afraid of the future, but go on to become a sustainable corporate through bold innovation and response. ”



Future Growth Driver Dr. **Yong-rae Cho**, Science and Technology Policy Institute

Without the traditional currency, the dramatic changes in payment methods that are driven by bitcoin, credit card, and smartphone NFC will threaten the monetary business, which is the main business of KOMSCO. This is certainly a crisis factor for KOMSCO, but it can be a new opportunity. KOMSCO must overhaul its business portfolio and respond actively to internal and external issues based on the consensus of its employees. In this context, the fact that KOMSCO formed a separate strategy team for the future and conducted future social prediction analysis on payment and credit transactions is highly appreciated as a preemptive response to the future. In addition, KOMSCO is expected to maximize the synergy of the organization by exploring new growth items based on long-term technical competence in the security field such as currency production, banknotes and passports. In the future, it is important to enhance the vitality and efficiency of the organization by concentrating the organizational capacity on futuristic payment instruments and financial security, and re-organizing redundant or unnecessary businesses drastically. KOMSCO can achieve sustainable growth based on the dynamics of challenge and response by not being afraid of challenges for the future but by aggressively entering the global market and actively responding to it.



“ The competitiveness of quality management can be achieved through the evolving quality circle activities. ”

Quality Management Prof. **Gang-in Lee**, Jeonju University

As the world is facing the challenges of environmental changes known as ‘cashless money battle’ and ‘Smart Factory’, active and swift response should be prioritized in terms of quality management. In the future, the concepts of defect and failure will be completely different, so it is expected that integrated monitoring of the industrial field, collection and analysis of actual data, management of human errors, and deviation of physical standards will be realized in real time utilizing the Internet of Things. For more than 10 years, KOMSCO has been acknowledged its quality management both internally and externally through winning presidential award for the national quality circle competition and acquiring ISO 9001 quality management certification. KOMSCO needs to revitalize its team-oriented quality circle activities as a tool to solve repeated problems on site and to promote innovation activities. By using the ideas from experts who have been working in the field for decades, when KOMSCO improves product quality, increases production, and reduces cost and expense, cost-effective innovation activities will be embedded in KOMSCO. KOMSCO will be able to secure the competitiveness of both quality management through the activities of quality circle that they have pursued so far and activities of team-centered quality circle that is different in dimension.

“ Adaptation measures should be established and utilized in order to minimize the risks that may arise from climate change, such as heat waves and typhoons. ”



Environment **Oh-sang Kwon**, Chairman of Daegu Gyeongbuk Environmental Engineers Association (Professor of Environment Department, Daegu Health College)

A continuous increase in GHG emissions causes climate change, so that extreme weather events such as heat waves, heavy rains and typhoons are becoming more frequent. Hence, metropolitan councils in Korea have established “climate change measures” every five years to actively respond to the risks that may arise from climate change. It is necessary for KOMSCO to evaluate the health vulnerability caused by rising temperatures, heat waves and typhoons, and to find its own ways to cope with natural disasters. In particular, it must be prepared for disastrous situations caused by recent frequent earthquake and pay more attention to the health problems of field workers who are affected by summer weather events such as heat and typhoons. Moreover, as a leading state-own corporation of environmental issues, I recommend that KOMSCO analyze the impact of its business areas and products on the environment, proactively respond to them, and pay special attention to greenhouse gas reduction activities to cope with climate change.

“ KOMSCO will be able to be reborn as a top-class security corporation in the world when it cooperates rather than grow alone. ”

Mutual Growth Director **Chun-gi Lee**, Gomundang Printing Inc. (Outsourcing Company)



Gomundang Printing Inc. is working on the processing of gift certificates, which is one of the outsourced products of KOMSCO. We continue to cooperate with KOMSCO through development of new security technologies, proposal of ideas to expand and apply existing technology, and commercialization tests. KOMSCO regularly arranges communication sessions to listen to the opinions of its partners and strives to reflect or improve them in the course of its work. In particular, KOMSCO holds workshops on win-win cooperation to develop partnerships and constantly conduct monitoring through regular inspections and consultations. At the request of partners, it also provides necessary skills, lectures and training programs on the basis of mutual benefit. I believe that KOMSCO can become a top-class security company in the world if it keeps collaborating with partners in the future, as it is less difficult to moving forward together than alone.



“ We will continue to search for sympathy and participatory social contribution activities in accordance with the characteristics of KOMSCO. ”

Social Contribution Secretary General **Kyung-sun Yoo**, Daejeon Metropolitan City Volunteer Support Center

In conjunction with local volunteer centers, KOMSCO is carrying out various sharing activities for neighbors with difficulties in local communities. First of all, it is carrying out volunteer activities such as free lunch, bathing service and welfare facility support for the elderly seniors through campaigns known as monthly donation “1% Sharing” and “Sharing-113 Movement” which means 3 hours’ volunteer service once in a month. In particular, they provide a delicious meal to local seniors by operating a meal car once a month. They also customized special wheelchairs for ramps and buses to support the disabled for easy boarding. In addition, they are making efforts to provide cultural benefits to the underprivileged by conducting various cultural events using their currency museum. In the future, I hope KOMSCO continues to promote activities to support the underprivileged and strengthen cooperation with local volunteer organizations to provide tailored social contribution activities that enable the underprivileged to grow their dreams and hopes.

“ We hope that KOMSCO makes sustainable growths by raising customer satisfaction through quality management and customer-oriented management activities. ”

Customer Satisfaction **Sun-wha Lee**, Homeplus Asset Management Team, Gift Certificate Part



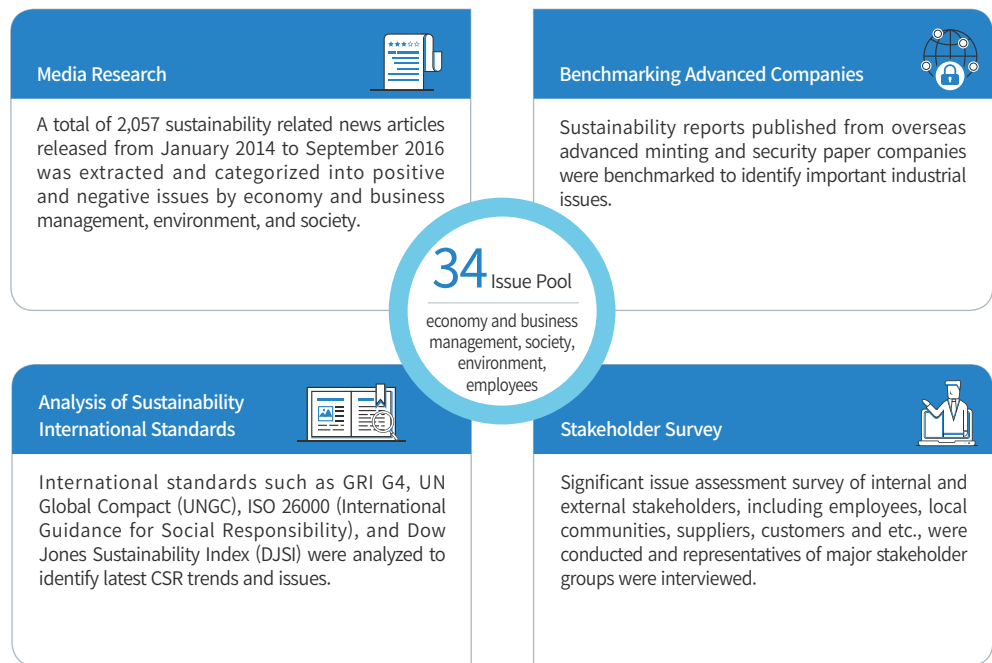
Homeplus is a customer who has been provided gift certificates from KOMSCO. Through this Report, we have gained a glimpse of various efforts what KOMSCO makes to improve product quality and customer satisfaction. First, gift certificates are used like cash in various places including our stores, so thorough quantity control and prevention of counterfeiting are important. In this regard, we have confidence in the products of KOMSCO, which is responsible for manufacturing currency of Korea. In addition, their sales representatives are working hard to provide customer-oriented products and services, such as supplying products that meet customer’s desired quality, technology and service level, and conducting customer satisfaction surveys after delivery. We hope that KOMSCO continues to be a corporation that provides the best value and service to customers and become a sustainable institution.

Materiality Assessment

Materiality Assessment Process

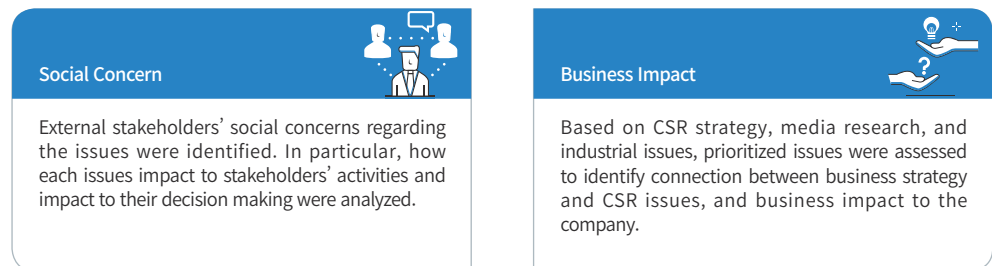
KOMSCO 2016 Sustainability Report was written in accordance with ‘sustainability context’, ‘materiality’, ‘stakeholder inclusiveness’ and ‘completeness’, the principles of Global Reporting Initiative (GRI), the international sustainability reporting guidelines. In order to comply with the principles, we conducted analysis of sustainability international standards, benchmarking advanced companies, media research and stakeholder survey, and identified KOMSCO related sustainability issues based on the results. And then we prioritized the identified issues by conducting materiality assessment in accordance with the GRI G4 Guidelines to prioritize, and selected the final reporting issues.

STEP 1 Structure of Issue Pool



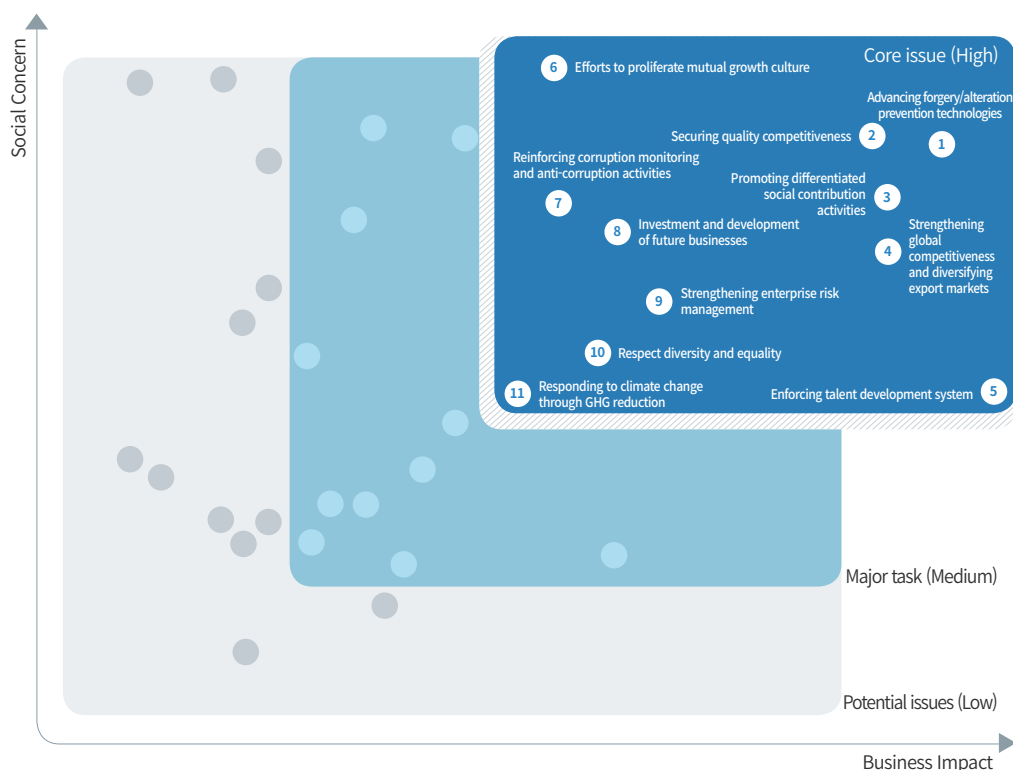
STEP 2 Major Issue Assessment

External stakeholders’ social concerns and business impacts regarding the 34 sustainability issues were analyzed and major issues were selected.



STEP 3 Selecting Core Issues

We set a materiality assessment matrix by integrating stakeholders' social concerns and business impacts regarding the 34 issues derived from the issue pool.



Results of Materiality Assessment

Through the materiality assessment, we selected 11 core issues and wrote this Report regarding the issues.

No.	Aspects	Core Issues	Reporting Boundaries		Reporting Contents
			Internal	External	
1	Added Aspect	Advancing forgery and alteration prevention technologies	●		<ul style="list-style-type: none"> History of Forgery and Alteration Prevention Technologies Issue 1. Establishing Future Growth Drivers
2	Product and Service Labeling	Securing quality competitiveness	●		<ul style="list-style-type: none"> Issue 5. Realizing Customer Satisfaction Management
3	Local Communities	Promoting differentiated social contribution activities		●	<ul style="list-style-type: none"> Issue 4. Building Trust with Local Communities Strengthening GKD's Sustainability Competitiveness
4	Economic Performance	Strengthening global competitiveness and diversifying export markets		●	<ul style="list-style-type: none"> Issue 1. Establishing Future Growth Drivers
5	Training and Education	Enforcing talent development system	●		<ul style="list-style-type: none"> Issue 2. Creating Employees' Value
6	Procurement Practices	Efforts to proliferate mutual growth culture		●	<ul style="list-style-type: none"> Issue 3. Establishing Mutual Growth Culture with Our Suppliers
7	Anti-Corruption	Reinforcing corruption monitoring and anti-corruption activities	●		<ul style="list-style-type: none"> Business Ethics
8	Added Aspect	Investment and development of future businesses	●		<ul style="list-style-type: none"> Issue 1. Establishing Future Growth Drivers
9	Added Aspect	Strengthening enterprise risk management	●		<ul style="list-style-type: none"> Risk Management
10	Diversity and Equal Opportunity	Respect diversity and equality	●		<ul style="list-style-type: none"> Issue 2. Creating Employees' Value
11	Emissions	Responding to climate change through GHG reduction		●	<ul style="list-style-type: none"> Issue 6. Realizing Environmental-friendly Management



**KOMSCO's Value
Creating for
Stakeholders**



Issue 1.	Company	26
	Establishing Future Growth Drivers	
Issue 2.	Employee	32
	Creating Employees' Value	
Issue 3.	Supply Chain	40
	Establishing Mutual Growth Culture with Our Suppliers	
Issue 4.	Community	46
	Building Trust with Local Communities	
Issue 5.	Customer	52
	Realizing Customer Satisfaction Management	
Issue 6.	Environment	58
	Realizing Environmental-friendly Management	

ISSUE 1

Company

Establishing Future Growth Drivers

Business Relevance & Importance

Due to the reduced cash usage worldwide, the banknote segment, which is our main business segment, has been stagnant and faces net profit reduction. Therefore, KOMSCO needs to find businesses for our future profit other than relying on the banknote business so we can move forward before the 'society without cash' arrives. And we are standing on the precipice to explore new paradigm of public responsibilities for state-owned companies. As a hyper-connected society, where everything is connected by internet, the change of IT paradigm is coming, therefore, we are required to forecast the demands of future markets and secure technical competitiveness that fits our nature of business. Thus, KOMSCO aims to contribute to improvement of the Korea's competitiveness by not only strengthening our competitiveness in the global market by securing advanced technologies but also developing new markets.

2015-2016 Performance



Winning Award of Prime Minister on the Invention Day



Prevention of Forgery Performance Index 1.273 (Excellent)



Status of Intellectual Property (accumulated)
776 of patent applied
585 of patent registered

Our Approach

KOMSCO has defined our vision as 'KOMSCO, creating new value based on the trust of the people', and has strived to realize 'Public Authenticity', which is the core competence of our future. In order to realize public authenticity, we are developing applied nanotechnology and promoting Trusted Service Manager (TSM) business. We are also building cooperation system with technology companies for securing block-chain technology, which will be a dominant platform in the fields of Fintech and applied IT security. Furthermore, we are developing new growth drivers to enter into future security markets based on our outstanding technologies that we have built over the past 65 years.

Our Strategy



Establishing business foundation for future growth drivers



Strengthening global competitiveness and diversifying exporting markets



Strengthening technological competitiveness

Reinforcing Future Growth Driver

Public Authenticity

Capabilities to protect characteristics, structures, contents, and contexts of physical objects and information from counterfeiting or tampering, identify them, and secure their credibility, with the purpose of the public benefits and values

Connecting Trust, Creating Value

The future vision of KOMSCO is 'KOMSCO, creating new value based on the trust of the people'

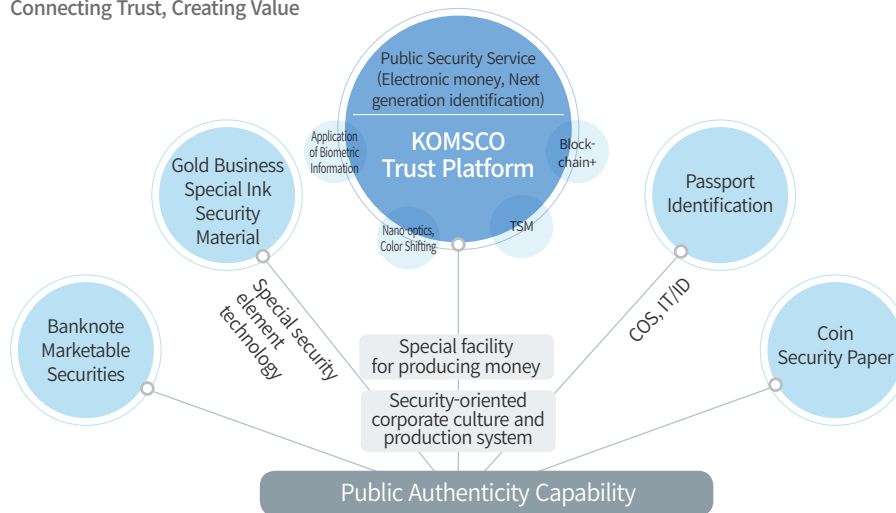
Method: Connecting trust of the people

Outcome: Creating new values to the nation

Future Vision of KOMSCO

The hyper-connected society coming after the information era has been accelerating 'Cashless society' backed up by electronic payment means, such as mobile payment services. Therefore, KOMSCO has defined our future growth driver as 'public authenticity' representing protection of the public benefits and values. Based on the vision, we're now preparing to take a step toward accomplishing the future vision of 'KOMSCO Trust Platform'. In order to lead the future, we're trying to secure distinguishing capabilities including TSM, block-chain, and biometric information application technology, nano-optics·color shifting technology and constructing KOMSCO Trust Platform based on these technologies.

Connecting Trust, Creating Value



Preparing Foundation for Future Growth Driver Business

Establishing Foundation of Sustainability for the Future

'KOMSCO 2040' future report was published in a way of considering how we respond to changes in future payment methods and whether our security technology and payment tools can provide safety and benefits for the people in the future. This report predicts comprehensive macro environment changes including politics and economy, discovers main issues influencing our future, and provides strategic subjects that can give ways to the public domain. In particular, we are paying attention to the changes in payment methods due to the development of information and communication technologies, including Internet of Things. We have also selected key tasks to develop various authentication, settlement and information verification tools and to build a platform to safeguard them.



INTERVIEW

We will redefine our role for future public businesses and establish a foundation to adapt with changes in management environment.

According to our research and overseas research and analysis, the gradual shift to 'cashless society' will continue while riding the wave of Fourth Industrial Revolution. As a result, we are striving to be the most important stakeholder in the policy direction of the Bank of Korea and preparing for a preemptive response through continuous monitoring and research on future cash substitutes. In addition, we're redefining our role in the future public businesses, preparing for the reorganization of related laws, and preparing the foundation of the organization and personnel structure that can flexibly respond to sudden changes in management environment.



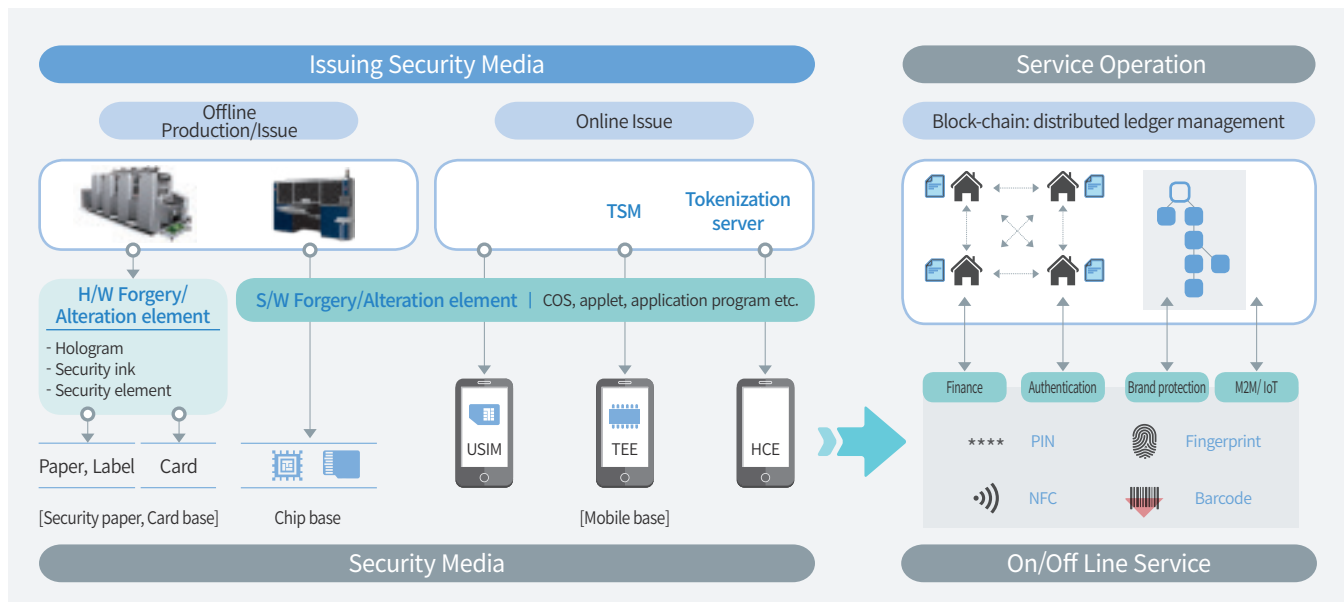
Eui-seok Kim, Senior manager
Future Strategy Team, KOMSCO

Reinforcing Future Growth Driver

Establishing TSM, the Future Platform for Digital Commercial Transactions

In response to the rapidly increasing demands for smartphone-based electronic payment, KOMSCO is carrying forward Trusted Service Manager (TSM) business which expands production and issues of public payment authentication in mobile devices based on our technology and public confidence. TSM is a business that wirelessly transmits information such as gift certificates and ID cards for mobile services to mobile carriers in a secure manner. In 2014, KOMSCO signed memorandum of understandings (MOU) and confidentiality agreements with 12 companies including mobile carriers, distributors, and credit card companies. In 2015, we jointly established TSM systems with three mobile telecommunication companies. In the future, we will further expand TSM to become a 'KOMSCO Trust Platform' and build a digital ecosystem around it.

KOMSCO Trust Platform



Strengthening Global Competitiveness and Diversifying Exports

Ever since KOMSCO started our first export in 1970, we have steadily exported products to 47 countries, some of which are coins, banknotes, banknote paper, passports, NID cards, special ink and pigments. Cumulative overseas sales including 2015 was KRW 530 billion, and KOMSCO has continued to make entries in overseas markets with our global competitiveness including diversification of export markets and products, and securing market leading technologies.

Accumulated Results of Overseas Businesses (1970~2015)



Amount of Orders Received in 2016

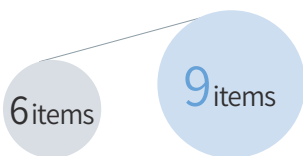
11 countries

KRW 49.3 billion

Strategic Global Marketing

KOMSCO is continuing our effort to maintain the existing markets and develop new ones by establishing market-friendly marketing strategies, expanding networks and building private and state-owned cooperation. We are managing our clients actively by visiting and inviting them to the company and working on overseas businesses by establishing marketing strategies for each target market and building mutual cooperation with the Ministry of Foreign Affairs, Korea Trade Investment Promotion Agency (KOTRA) and local general trading companies. Especially, we're focusing on developing potential clients by reinforcing global networks such as signing the MOU with global network holders and establishing business networks with global cooperation organizations including Association of World Election Bodies and Korea International Cooperation Agency (KOICA).

Expansion of Product Line Focusing on High Value-added Products



Diversifying Overseas Businesses

In order to overcome the limitations of the domestic market and meet the demands of the national export policies, KOMSCO is trying to expand overseas exports. Conventional export items such as banknote paper and coins have proven their worth as export items, and we're trying to actively expand export markets and products by selling special security ink and pigments. Additionally, we are making efforts to create more values through high-tech security products, such as electronic ID card and technology export based on patents.



Export Overseas Paper to I country



Export Banknotes to P country

Obtain Order from Kyrgyz Republic

KRW 7.6 billion

First Export of Electronic Identification Card and Issuing System to Kyrgyz Republic

In October 2016, KOMSCO and KOICA signed an e-NID business with Kyrgyz Republic and successfully exported the first national identification card system. This is a KRW 7.6 billion contract including 1.9 million electronic national identification cards and the issuing system, which will be supported by KOICA's grant budget. The e-NID exported to Kyrgyzstan Republic is laser-printed on advanced polycarbonate material and features combi-chip that performs both contact and non-contact functions, which is characterized by high security and functionality.

To undertake this business, we will build a consortium with Korean system companies and provide an e-government system by October 2017 which allows the entire applying, issuing and delivery process to be made electronically.

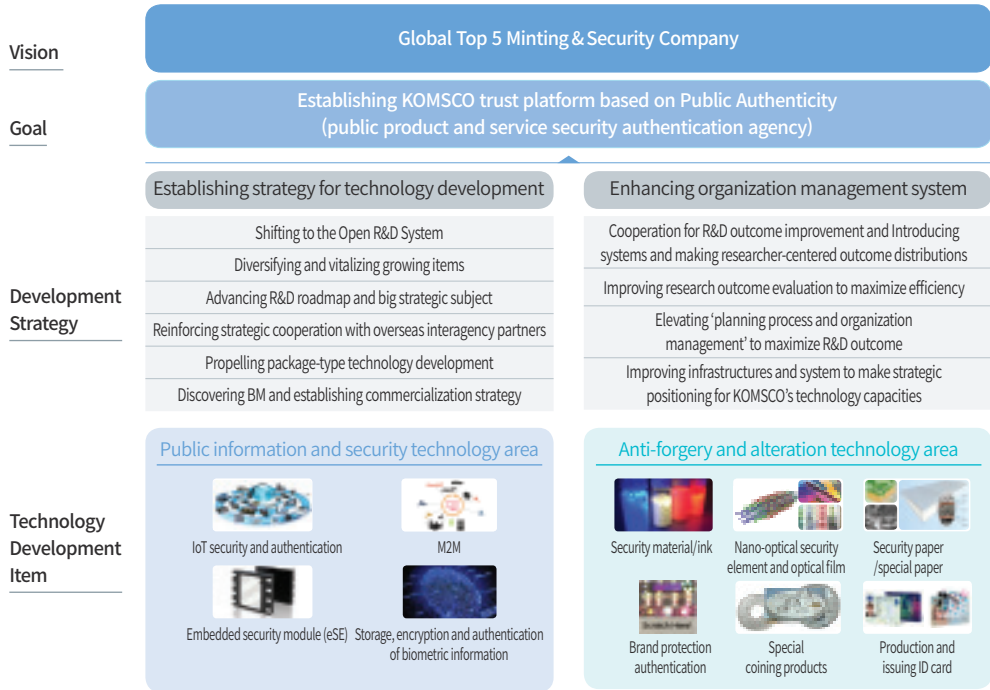


Strengthening Technology Competitiveness

Establishment of Technology Development System Based on Public Authenticity

KOMSCO has established a medium-and long-term technology development strategy plan to pursue our vision of a 'Global Top 5 Minting & Security Company'. With the purpose of establishing the KOMSCO Trust Platform based on public authenticity, we have chosen promising technologies for future businesses and set up technology development directions through choice and concentration process.

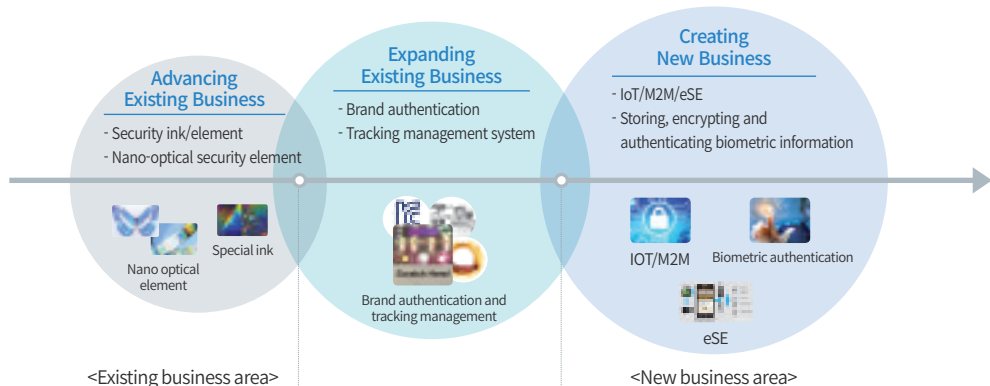
Mid to Long Term Strategy for Technology Development



Developing Leading Future Technology Based on Convergence

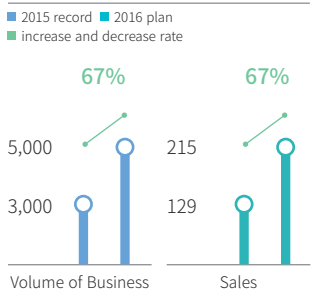
KOMSCO is advancing technologies in the existing business areas and developing major leading technologies to expand the existing businesses and create new business areas based on Public Authenticity. First, we are enhancing technologies in the existing business domain, such as security ink and nano-optical security element, and integrating them with brand authentication and tracking management system, which are outstretched from our conventional businesses. Additionally, we are continuing to create new business opportunities by developing electronic money related technologies such as block-chains, Internet of the Things (IoT), Machine to Machine (M2M), information protection and biometric authentication for payment settlement.

Mid to Long Term Technology Development Area (2017~2026)

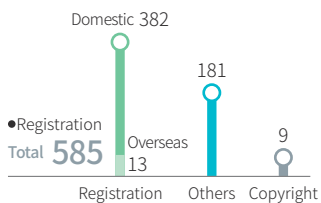
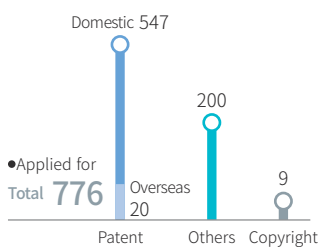


*COS (Chip Operating System):
Technology for designing and implementing smart card operating system that works with smart card chip

Gaining Gas Pump Security Module Market (piece/KRW million)



Status of Intellectual Property Right (As of March 2016)



Establishing the Social Safety Net by Developing an Independent Safety Module

KOMSCO is actively developing technologies necessary for the country. For example, KOMSCO has developed COS* technology on its own efforts. COS is a core technology in the era of electronic ID including e-Passports, electronic identification cards, and it can be used in civil servant cards. In recent years, in order to prevent the case of manipulating the gasoline volume in the field of information security, we have been contributing to the establishment of the social safety net by developing and commercializing the security module for gas pump electronic seal using the COS technology developed by KOMSCO.

Strengthening Research and Development Capacities

Advancing Research and Development Organization Management

KOMSCO recognizes that developing next-generation technologies in line with changing industrial bases is the key to lead the market, and is improving the organization's operating system to strengthen our R&D capabilities. In order to secure expertise in future business growth areas, we have formed a R&D organization and placed dedicated workforces to reinforce our infrastructure and create an optimal environment for research.

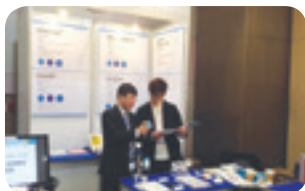
Expanding Outcomes through Strengthening Research Development Network

Cooperative researches with national research institutes and universities have been boosted and expanded to cooperation with small businesses, which is creating mutual growth in the entire industry and solidifying KOMSCO's base capacities. In particular, through joint research with external research institutes, the number of patent applications is increasing and the number of in-house developed technologies is continuously increasing.

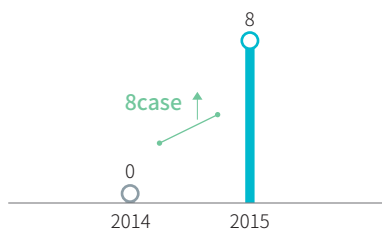
Institution	Key Activities
National Forensic Service	Technological cooperation and development in printing and digital encryption security element (Hiddencode)
Korea Testing Certification	Development and commercialization of security module for illegal operation of gas pump
Korean Electronics Technology Institute	Carrying out technology MOUs in the areas of security material, paper and smart meter
Korea Invention Promotion Association	External PR of KOMSCO's technologies and cooperation in transaction supports: Support for technical commercialization

Strengthening Technology Development Competitiveness through Sharing KOMSCO's own Technologies

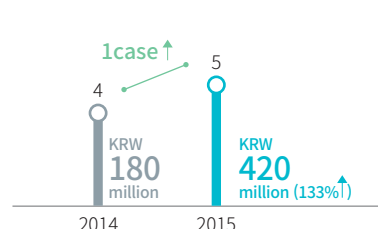
In order to actively respond to the forgery and alteration of certified test reports and distribution of name brand counterfeit products, KOMSCO has been sharing excellent security technology accumulated with private companies over the past 65 years. Through the Explanatory fair of new technology, we are sharing the technology to prevent forgery and alteration, and are creating opportunities for business creation and employment promotion with private companies. We also hold exhibitions at the Creative Economy Expo, Tech-Biz Korea and other events to build a trust society without forgery and alteration. Through this, KOMSCO will build a transparent and trusted society free from forgery and alteration, and aims to realize a virtuous circle structure that benefits both people and corporation with us.



Free Technology Transfer



Technology Grant



ISSUE 2

Employee

Creating Employees' Value

Business Relevance & Importance

It is considered that hiring and developing outstanding talents are directly connected to strengthening a corporate competitiveness among leading companies. Together with that, individual desires for self-realization through work itself and work-life balance have been increasing in this society. Building in a corporate culture that values family-oriented atmosphere and has open communication structure in the organization and realizing human resources management have been regarded as one of the fundamental corporate competitiveness.

2015-2016 Performance



Received Commendation of Excellent Organization for Creating Family-friendly Culture

Selected by the Ministry of Gender Equality and Family



Consecutive 17 Years

Achieved Non-conflict between Labor and Management



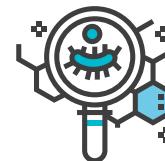
Received Commendation from the Minister of the Ministry of Employment and Labor

for rationalization of labor-management relations

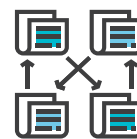
Our Approach

KOMSCO has developed job profile and career development path based on job analysis and applied these to recruitment and development of talents who fit to the nature of our company. We also built a performance management system for both Top-down and Bottom-up performance evaluation, which allows effective, systematic and fair performance evaluation to reach our business goals. Furthermore, we have made the best efforts to foster family-friendly, open and rational organizational culture as well as to establish a sound labor and management culture that grow healthy together.

Our Strategy



Recruitment based on NCS and establishment of CDP



Establishment of K-STARS, performance management system



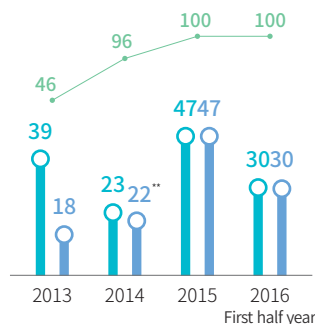
Strengthening employee communication and Rationalizing labor-management relations

HR Management and Talent Development

*NCS: National Competency Standards

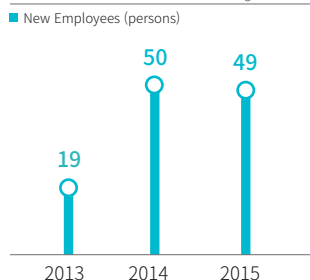
Converting Interns in the Youth Internship Program to Full-time Employee

■ Number of employed Youth Interns (persons)
 ■ Number of interns converted to full-time employee (persons)
 ■ Conversion Rate (%)



**One intern resigned during his/her internship. All of the interns completed the Youth Internship Program converted to full-time employee

Number of New Employees by Year (Excluding executives)



Employment

Job Competency-oriented Fair Hiring

KOMSCO creates job profile based on the NCS*. This job profile, which includes functional knowledge, technology and attitude required by the characteristics of our company, is utilized in recruiting entry level employees. Private information, such as applicant's photo and family information, is excluded in filling out our corporate job application. Moreover, we try not to rely on applicant's background but to practice fair employment by conducting blind job interviews so job interviewers are unable to see applicants' schools and hometown during the interview.

Creating Jobs for Youth

KOMSCO has strived to provide decent work experience and jobs to youth who are experiencing unemployment crisis. We have converted 100 percent of youth interns to full-time employees both in 2014 and 2015. Also we have created decent jobs for youth by providing same salary and benefits to employees based on their level of job function regardless educational background, such as high school diploma or university diploma, and employment type, such as permanent, contact and temporary.

KOMSCO's Talents



Customer-oriented Talent

- People who think and act from customers' perspectives
- People who satisfy customers by producing flawless products and
- People who does their best to create customers' values



Creative Talent

- People who create added values by creating knowledge
- People who have new ideas and work with passion



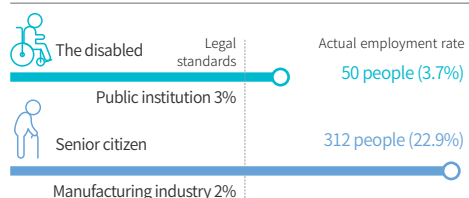
Global Talent

- People who can compete with world class talents
- People who have international insights, ideas and capability

Diversity Respect

KOMSCO does not discriminate gender during hiring process and provides same starting salary for male and female entry level employees. Also, with our open employment, we have advanced social fairness as we have complied 100 percent with the Korean Government's disability employment rate and senior citizen standard employment rate by hiring the disabled and the elderly. Particularly, we promote the employee diversity, including appointment of the first female non-standing director in our history in 2014.

Compliance Status of Disability and Senior Citizen Standard Employment Rate



Female Employee Rate (Unit: persons)

	2013	2014	2015
Number of female employees	273 (19.6%)	280 (20.1%)	286 (21.0%)
Number of female employees above senior managers	38 (7.8%)	46 (9.0%)	49 (10.0%)

INTERVIEW

I expect KOMSCO to be more solid organization in the changeable business environment by creating dynamic and creative corporate culture.

Autonomous and active attitude and creative thinking of the employees are the critical element to secure growth drivers for KOMSCO in the changes of a series of business environment where the company is facing coinless society, reform of state-owned company, and so on. To secure the growth drivers, the company has strengthened labor and management communications and operated various employee engagement programs to share business issues as well as to find solutions for the issues. On the foundation of the communication and engagement, we strive to help our employees to build stronger fellowship, passion to their work and responsibilities. Furthermore, we endeavor to form dynamic and creative corporate culture. Yet these activities are considered as the first step towards our big corporate change. To root these corporate cultures in our organization, I anticipate more activities for building corporate culture to be designed and promoted from long-term and strategic perspectives.



Ji-ho Choi, Assistant Manager
 Creative Strategy Team, KOMSCO

HR Management and Talent Development

Talent Development

Talent Development System

KOMSCO has enhanced roles and responsibilities which are required by position and job function to achieve our corporate business goals based on strengthening human resources. We also have improved our employees' competencies to respond to changeable business environments.

Talent Development System

		Above Level 3	Level 4	Below Level 5
Basic Competency	Internal training	Training on organizational vitality and etc.		
			Mandatory courses for each position	
Leadership Competency	Internal training	Improvement of Manager Competency	Training for new manager, mid-career employees	Orientation for new employees
		Digital training center/Upright training/Corporate rules		
Functional Competency	Internal training	Future Biz Talent Development Training/ Sales Experts Fostering/Business Support Training		
		Technician Fostering Training/Technology Transfer Training /Quality Experts Fostering		
	External training	R&D Researcher Fostering/Legal mandatory training, etc.		
		Short-to-long term external special theme based training/Graduate programs		
Building a Corporate Culture, Personal Development, etc.	Special training	Overseas Technology Training		
		Government 3.0 training/ Lifelong Planning/ Voluntary learning organization, etc.		
			Offline training/special lectures /workshop, etc.	

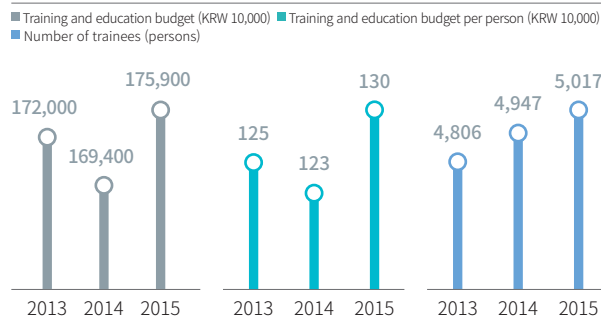
Establishing CDP* Based on the NCS

In 2015, KOMSCO established job functional system in line with NCS to strengthen the connection between our corporate strategy, and talent competency management and development. Based on this job functional system, we defined core competencies for each job and reflected our corporate characteristics. In this way, we categorized job function by 18 different groups and established CDP in consideration with levels of correlation, difficulty, transferring of job, and etc., among jobs. On the foundation of this CDP, we have developed connected training programs and managed talents by reflecting expertise and diversity of each job.

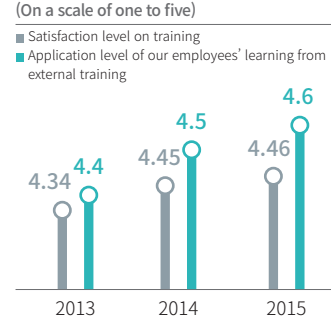
Planning Systematic Training and Education Plan Based on Demand Analysis

KOMSCO analyzes the effectiveness of training curriculum in previous year, including individual employee's demands on training, their satisfaction level and application level of training contents to their work. By doing so, we establish annual training and education plan, based on mid-to-long term workforce operation planning, that can fulfill the organizational and individual demands. We have increased actual effects of the training and education through above mentioned process. As a result, the satisfaction level of our employees and the application level of our employees' learning from external training have steadily increased from 2013 to 2015.

Training and Education Result



Training and Education Performances



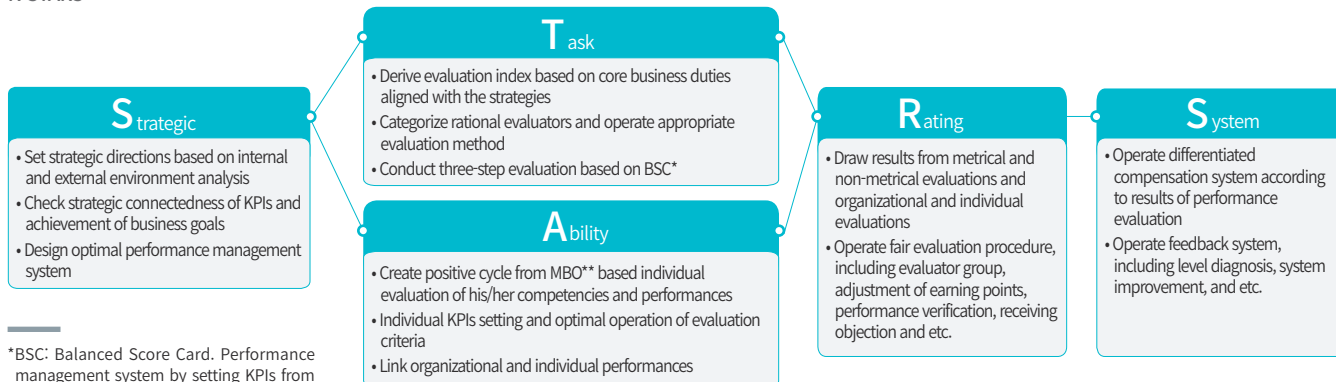
*CDP: Career Development Path

Performance Management

K-STARS, a Performance Management System

KOMSCO has formed and operated K-STARS (KOMSCO Strategic Task and Ability Rating System), which is our original performance management system. With K-STARS, we have continuously improved our organizational and employees' capabilities to achieve our business goals and strategies. We have evaluated performances in a transparent manner and compensated accordingly. The advancing of performance management system has enhanced the level of contribution to accomplish the business goals by the performance management policy from 73 points in 2014 to 75.6 points in 2015.

K-STARS



*BSC: Balanced Score Card. Performance management system by setting KPIs from four perspectives (finance, customer, internal process, and learning and growth) to achieve organizational vision and strategic goals

**MBO: Management By Objectives. A management method that employer/supervisors introduce only a set of business goals and the employees strive to achieve the goals

KPI Designing through Top-down Connectedness

KOMSCO has developed key performance indicators for Top-down and Bottom-up methods to design KPIs that are able to reflect business environmental changes, aligned with the organizational goals and trusted by our employees. Once an organization provides principles of indicator setting and prepares organizational goals linked KPI planning procedure, employees select or develop their individual KPIs autonomously after discuss with their manager, and finally decide individual KPIs through verification of indicator appropriateness.

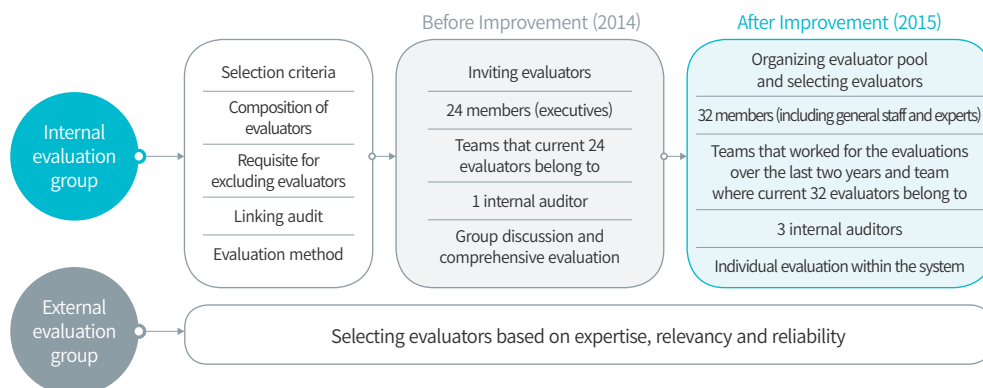
Advancing Appropriateness of Performance Evaluation Results

KOMSCO has advanced the expertise of performance evaluation as improving the composition and operation of evaluation group. In order to enhance fairness of the evaluation we removed evaluation of CEO and increased MBO based evaluation ratio within the evaluation. Also, we have shared employees' opinions on the performance evaluation system and improved the system by diverse communication channels, such as business strategic meeting, evaluation discussion forum, and performance management workshop. Moreover, we operate appealing on the evaluation results and give chances to demurrer, who addresses re-assessment, through explanation process. We have increased transparency of the evaluation system by not only providing prompt feedbacks to demurrers and conducting interviews with individual demurrer but also surveying employee satisfaction.

Improvement Areas of Evaluation Group and Operation Method

Satisfaction on Performance Management (On a scale of 0 to 100)

Category	2013	2014	2015
Receptivity	72.8	73.5	74.6
Validity	70.6	72.8	74.4
Trust	69.8	71.7	73.6
Practicality	70.0	70.5	73.4
Total	70.8	72.1	74.0



Great Workplace

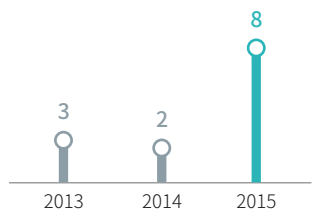
Pursuing Work-life Balance

Family-friendly Corporate Culture

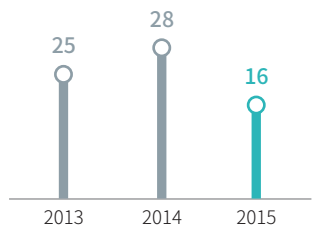
KOMSCO has made practical supports in areas of pregnancy, childbirth and childcare so that our employees can concentrate on their works. We opened 'Sejong Children Center', an in-house childcare center in 1996. We have outsourced the operation of the Center to professional childcare education institution to provide high quality of childcare services to our employees. Moreover, we have prohibited overtime work to pregnant employees and expanded a parental leave from one year to three years and proactively encouraged pregnant employees to use this benefit. We have tried to build happy workplace with holding various family-oriented events and family inviting programs, such as new employees' parent inviting to the company, lecture on economics which our employees can attend with their kids, operation of in-house camping site, and discount coupons of Daejeon Art Center.

With the efforts to make family-friendly corporate culture, we were certified as one of the outstanding work-family balanced corporation from the Ministry of Employment and Labor. We also not only received commendation of Excellent Organization for Creating Family-friendly Culture from the Ministry of Gender Equality and Family but also selected as one of the best practices. Moreover, we have certified as the Family-friendly Corporation by the Ministry of Gender Equality and Family, and acquired a certification of the Women-friendly Corporation from Daejeon Metropolitan City.

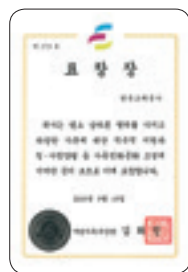
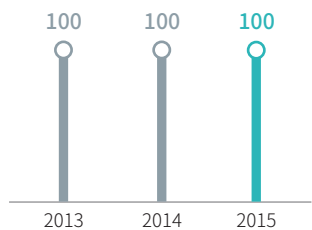
Number of Employees Used Maternity Leave (Unit: persons)



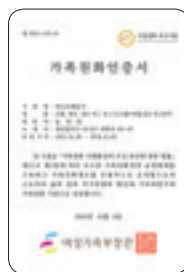
Number of Employees Used Parental Leave (Unit: persons)



Percentage of Employees Returned from Parental Leave (Unit: %)



Received Commendation of Excellent Organization for Creating Family-friendly Culture



Certified Family-friendly Corporation



Invitation of New Employees' Parents

Remove Long Working Hour and Encourage Leisure

KOMSCO has a flexible working system that is reflected our employees' needs. We started this system from flexible work scheme. As the result of employee satisfaction survey, 97.1 percent of our employees were satisfied. In order to reduce long working hours, the work schedule was changed from 4 teams 2 rotating shift to 3 teams 2 rotating shift and the night time work hours decreased 2.9 percent in 2015 compared to the previous year. With our efforts to reduce overtime, the overtime work hour also reduced 37.2 percent compared to the previous year.

We have encouraged our employees to take holidays for creating ambience to have their leisure freely. Particularly, as we have actively encouraged employees to take annual leaves and week-long vacation, the usage of annual leave increased from 3.4 days in previous year to 4.2 days in 2015. Every Wednesdays is set as a 'Family Day' and every Friday is set as a 'Friendship Day' to promote people leave the office on time. We have conducted 119 Campaign, a sound campaign team building dinner culture, which means employees should consume only one type of drink once and company dinner must end by 9 PM and promoted a 'Culture Team Building Dinner' that watches cultural performances or sports games. We financially support in-house sports clubs. In these ways, we try to create a healthy team dinner culture.

Corporate Culture with Open Communication

Strengthening Employees' Access to Information and Employee Communication

KOMSCO is building an open corporate culture with strengthened communication and enhancing business transparency by sharing corporate news, such as business issues, with our employee through various communication channels. For example, we have facilitated cross organizational employee communication and their voluntarily participation in business management by using Blue Supporters, which is KOMSCO messenger group, for discussing business issues and developing solutions. We are holding business status sessions three times a year for all KOMSCO offices to share business issues and ask our employees' input to solve such issues.

In addition, we opened a NAVER Band, an online social network system, for all employees to share our business information, corporate news, employee's news, interesting articles, culture information, and so on regardless time and place, and to promote communication and cooperation among our employees. We also run KOMSCO POPCORN program, which invites prominent writers, professors, and others, to give talk to our employees. As this talk is shared through internet broadcasting media, we have enriched a culture-oriented communication among our employees and cultural position of KOMSCO.



KOMSCO SNS page



KOMSCO POPCORN

Employee Grievance System

KOMSCO has established a grievance committee to listen to our employee's difficulties. In 2015, in addition to the grievance committee, we extended grievance consulting channels by appointing labor relations managers in each production plant as a grievance consulting member and opened a grievance consulting room. Furthermore, CEO Hot-Line, 1-on-1 mentoring, employee satisfaction survey, and internal grievance reporting system are working as grievance channels. The result of received complaints is shared with submitter within 10 days after the grievance committee discusses the issues.

Business Case

'KOMSCO Blue Supporters', Messenger Group of KOMSCO Corporate Culture

Blue Supporters is an agora where activates innovation and communication of the corporate culture and discusses business issues.

Demand for a council body to lead corporate culture innovation and to activate communicate among different positions and levels has been growing, KOMSCO organized corporate culture messenger group, Blue Supporters, in 2015. First we selected employees from different age groups, job functions and levels, and then we divided these selected people into junior, middle and senior groups by their tenure. Blue Supporters has dedicated to build company-wide consensus by freely discussing business issues and sharing their ideas at quarterly workshops. Additionally, Blue Supporters are replaced by new members every year in order to expand more employees' involvement in business management as well as to find new ideas. Blue Supporters receive professional training opportunities, such as change management and leadership training, and outstanding members are awarded upon their service is completed. In these ways, we have tightened their engagement will and enhanced their capacities.

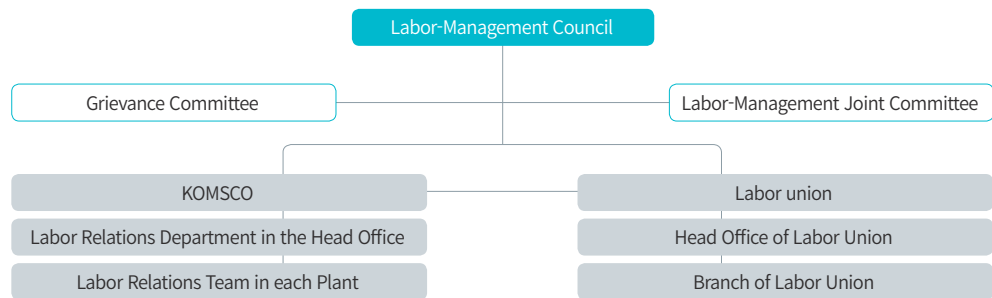


Sound Labor-Management Culture

Establishing Mutually-growing Labor-Management Relations

Operation of Labor Relations Dedicated Body and Labor-Management Joint Body

KOMSCO has operated 'Grievance Committee' together with 'Labor-Management Council', as the highest decision making organization on labor relations. Also, we operate 'Labor-Management Joint Committee' as a special body to improve the work efficiency on labor relations. In 2015, we introduced wage peak system, by running 'Labor-Management Promotion Committee' to extend retirement age and introduce wage peak system. Besides, we have an in-house team dedicated to labor-management cooperation in order to develop strategies for mid-to-long term advancement of labor-management and reinforcement of the partnership, and to respond labor-management and labor relations issues.



Selected Labor-Management Partnership Program Financial Support Program

Labor-management partnership financial support program is overseen by the Ministry of Employment and Labor and the Korea Labor Foundation. This program supports directly partial budget for labor-management joint programs. KOMSCO has been selected as a beneficiary for the program for four times over the last five years. We have strengthened our labor-management partnership competencies through conducting these projects successfully.



Memorandum of Understanding on Labor-Management Partnership Program Support



Received Commendation from the Minister of the Ministry of Employment and Labor for Rationalization of Labor-Management Relations

Major Program for Labor-Management Partnership in 2015

<p>Realization of Social Responsibility</p> <ul style="list-style-type: none"> - Communication relay for building consensus between labor-management - Labor-management joint farm experience and donation of organic agricultural products - Labor-management joint volunteer day 	<p>Mutual Cooperation and Mutual Growth</p> <ul style="list-style-type: none"> - Workshop on mutual growth with suppliers - Discussion with suppliers on new technologies 	<p>Work-Life Balance, Full of Happiness</p> <ul style="list-style-type: none"> - Inviting parents for giving thanks - Inviting employees' children to workplace 	<p>Declaration of New Labor-Management Development Paradigm</p> <ul style="list-style-type: none"> - Discussion on new labor-management development paradigm - Re-designing employees' lifetime - Labor-management joint trekking day - Building labor-management joint prevention of occupational accidents and healthy workplace
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Reinforcement of Labor-Management Cooperation for Creating Business Performances

Improvement of Irrational Labor-Management Practices

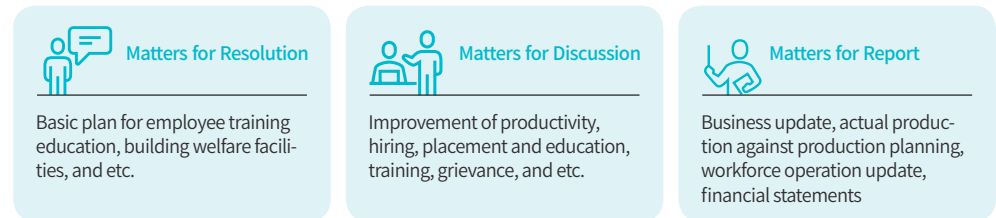
We have strived to form consensus between labor and management by doing various activities to fix irrational labor-management practices, advance the contents of collective agreement, and improve the organizational culture. We especially rationalized various irrational labor-management practices through revising collective agreement and improving labor policies. Our performances were acknowledged and we received commendation from the Minister of the Ministry of Employment and Labor for rationalization of labor-management relations in 2015.

Operation of Labor-Management Council for Promoting Employees' Morale

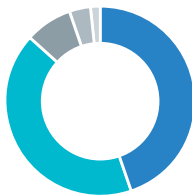
We have operated labor-management council proactively. The council is composed of less than 10 members from employer and employee-side with co-representatives by the CEO and the union head. The council promotes employees' satisfaction and improvement of productivity by holding a formal meeting at every quarter and calling for a special meeting when needed. In 2015, the CEO attended 100 percent in the labor-management council, and the council implemented 16 improvement tasks.



Minute of Labor-Management Council Meeting



Employees' Recognition on Labor-Management Relations: Necessity of Trust and Cooperation to Create Business Performances.



Highly required	185 persons
Almost required	167 persons
Neutral	39 persons
Somewhat required	7 persons
No required	1 persons

Strengthening Labor-Management Communication and Management Capability

Labor-Management Relations and Management Capability Reinforcement Training Program

We have set up 'fostering labor relations management experts, communicating across levels for mutual cooperation' as our labor-management training goal in 2015 and run various training programs. Particularly, we targeted labor relations personnel at the head office and each plant and provided specialized educations, such as labor management, benchmarking outstanding labor-management partnered companies, leadership courses by external institutions and online training. Furthermore, we provided training programs on strengthening of field-oriented labor-management capabilities to all employees including managers. The training included understanding and improvement of understanding on collective agreement on salary, revised labor law, company rules and regulations, mindset on labor-management mutual cooperation and etc.

Survey and Feedback Employees' Awareness on Labor Relations

KOMSCO surveyed employees' awareness level on labor relations to figure out the awareness level and to receive their feedback more actively. In a 2015 survey, 88.2 percent of respondents answered trust and cooperation between labor and management are necessary to create better business performances. This result is evaluated as labor-management roles for creating business performances are working positively as well as labor-management mutual cooperative mindset is well-established.

Business Case

KOMSCO Debate for Hope Management 2015

Rather than relying thoroughly on my own limited knowledge, we would borrow wisdom from many people to run our company.

The CEO of KOMSCO believes that when every employee involves in our business issues and think and seek together how to solve the business concerns, good solutions we can find. Based on the CEO's belief, we held 『KOMSCO Debate for Hope Management』, a collective intelligence enrichment program, for a communication platform to discuss the business issues together with labor and management. All employees discussed incumbent business issues and we received various opinions from different positions and levels in order to draw practical solutions. By doing so, we seek labor-management balanced solutions. We could reinforce labor-management partnership through providing our employees' involvement in the business management under the topics of understanding of the Government 3.0 and KOMSCO's roles, promotional direction of the public institutions' normalization in the second phase, target sales and plan for profit achievement, innovation plan, and so on.



ISSUE 3

Supply Chain

Establishing Mutual Growth Culture with Our Suppliers

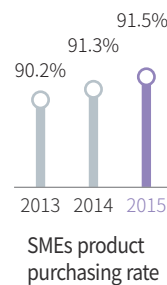
Business Relevance & Importance

Awareness on the important roles of suppliers, a crucial stakeholder of a company, has been growing. Accordingly activities for mutual growth to improve suppliers' competitiveness have been activated. Mutual growth activities also affect to a corporate image enhancement as more social interests are attended to win-win corporate culture between large and small-medium enterprises (SMEs). In case of KOMSCO, demands on our forgery and alteration prevention technologies are growing from various industries. Therefore we have expanded our businesses to new industries, and we have made partnerships with more suppliers than before. The importance of mutual growth is getting bigger to us.

2015-2016 Performance



Received Commendation from the Minister of the Ministry of Trade, Industry and Energy for Three Consecutive Years
Contribution to public procurement of SMEs products (2014-2016)



5 Cases
Technology granted to SMEs

8 Cases
Gratuitous transfer of technology to two SMEs

Our Approach

For mutual growth, KOMSCO established three strategies and action plans, which are strengthening SMEs technology development and cooperation, embedding transparent mutual growth, and proliferation of mutual growth culture. Departments in charge of mutual growth, Mutual Growth Promotion Committee, mutual growth taskforce team, and SME Support Group, which is a new organization, divide roles and responsibilities to promote systematically these action plans. Based on fair trade and win-win cooperation culture, we share our high technologies with SMEs so that we can create new values through technology cooperation and share the value again with the SMEs. In order to encourage our employees to join the mutual growth activities, we have included mutual growth practices in our KPIs and provide related incentives.

Our Strategy



Strengthening SMEs technology development and cooperation



Embedding transparent mutual growth



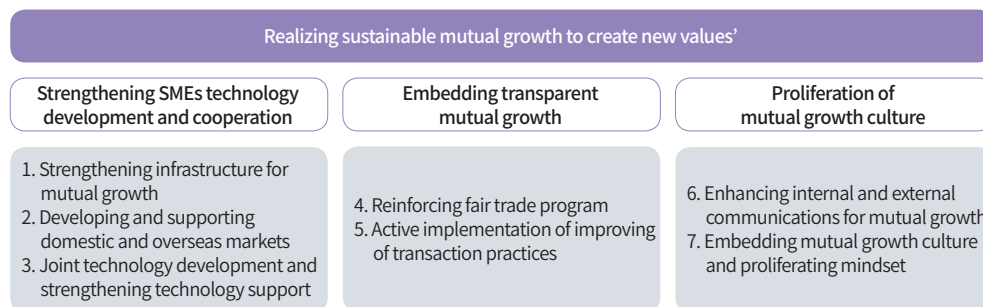
Proliferation of mutual growth culture

Mutual Growth Promotional System

Mutual Growth Promotional Strategy

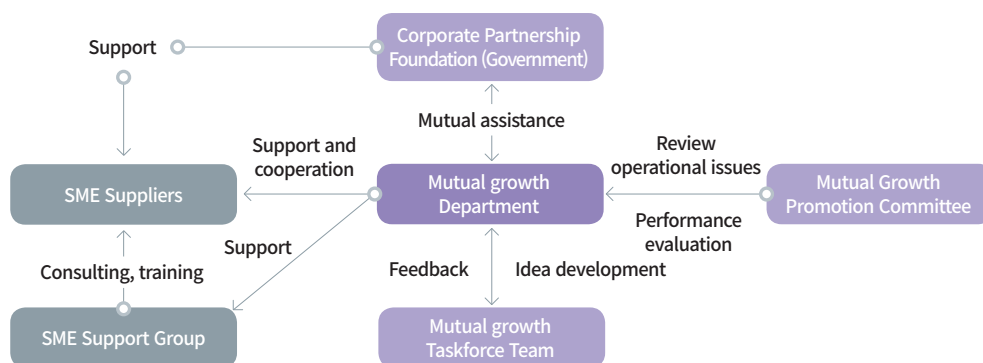
KOMSCO endeavors to achieve 'Realizing sustainable mutual growth to create new values'. Strengthening SMEs technology development and cooperation, embedding transparent mutual growth, and proliferation of mutual growth culture are set as three strategies and seven action plans are selected.

Mutual Growth Promotional Strategy



Mutual Growth Promotion Organization

KOMSCO has formed SME Support Group in addition to incumbent mutual growth department and committee, and taskforce team to provide an official SME support channel.



Organization	Structure	Roles and Responsibilities
Mutual Growth Department	Management Evaluation Department Mutual growth 3.0 promotion team	<ul style="list-style-type: none"> Establish mutual growth promotional strategy and action plan Proliferation of mutual growth culture Operate and oversee benefit sharing program Operate Mutual Growth Promotion Committee
Mutual Growth Promotion Committee	Department in charge and team leader in each related department	<ul style="list-style-type: none"> Review the operation of mutual growth Performance evaluation of benefit sharing program Prepare job creation project with SMEs
Mutual Growth Taskforce Team	Person in charge in each related department	<ul style="list-style-type: none"> Develop ideas related to mutual growth policies Coordinate proliferation of mutual growth culture Develop and monitor benefit sharing action plans Cooperate to submit mutual growth evaluation materials of public institutions
SME Support Group (formed in 2015)	National Quality Master and Minting Quality Master Production quality experts and researchers	<ul style="list-style-type: none"> Technology support for suppliers, guide patent technologies and new technologies Management consulting for suppliers and introduce SME support programs Receive suppliers' opinion

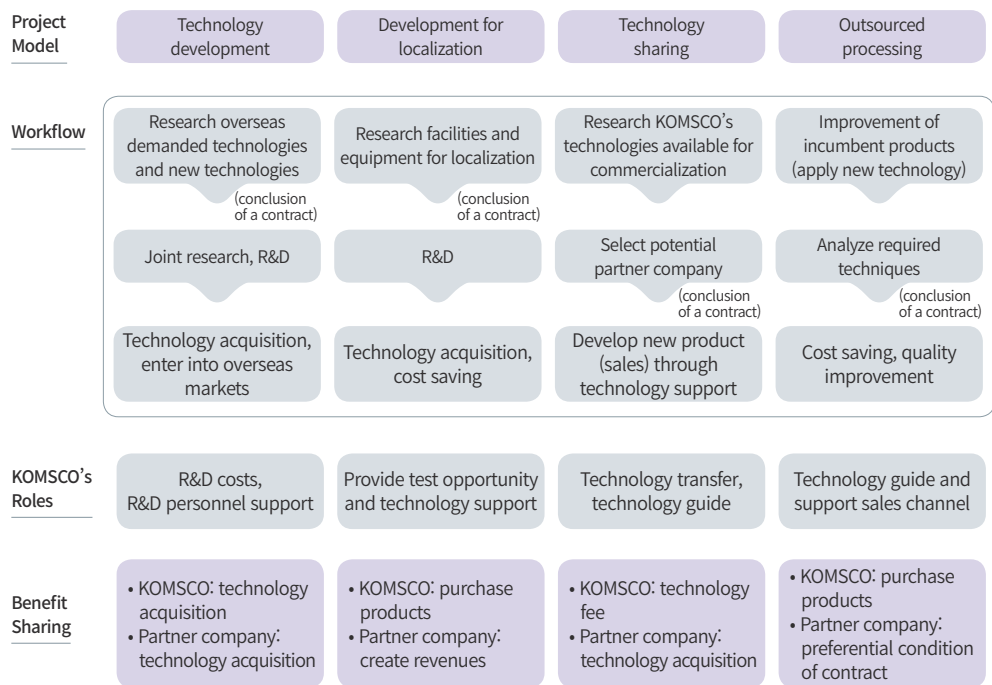
Strengthening SMEs Technology Development and Cooperation

Enhancing Infrastructure of Mutual Growth

Expanding Benefit Sharing Program

Not sharing simply exceeding profits with the suppliers but sharing our management methods and performances on cost saving and technology development with the suppliers to enhance their fundamental competitiveness. To implement our benefit sharing program more efficiently, we develop projects that will lead win-win model through holding workshops and meetings with the suppliers. The developed projects are reviewed and evaluated by the Mutual Growth Promotion Committee to select final benefit sharing tasks. We have strengthened benefit sharing program related incentives to make all employees engaging in project development and implementation. In this effort, we had developed and promoted total 44 benefit sharing tasks from 2013 to 2015. We are planning to foster benefit sharing program experts and will do our best to rejuvenate benefit sharing programs.

Benefit Sharing Models Tailored to KOMSCO



Developing and Supporting Domestic and Overseas Markets

Strengthening Supports for Expanding SMEs Sales Channels

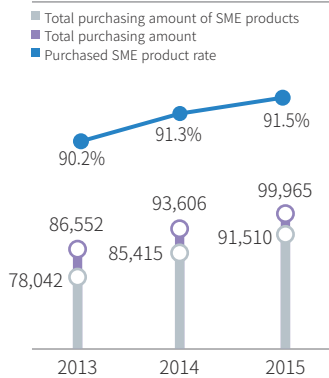
KOMSCO supports SMEs to develop their sales channels. For examples, we have cooperated with SMEs in cotton pulp industry to commercialize their products, and tapped into new sales markets for security modules of gas pump main board and manufacturing technology for special papers, which were developed jointly, by supporting sales marketing. Also we have assisted SMEs to expand their gold bar distribution channels and promoted joint marketing for commemorative medals. We have publicized SMEs' technologies and products through diverse PR channels, such as exhibitions, and technology and product demonstration events. In 2015, we ran joint-exhibition booths with our small-and-medium sized suppliers (SM suppliers) at domestic and international business events, which KOMSCO participated in, such as the IDB General Assembly, the World Korean Business Convention 2015, CARTES 2015 PARIS, and etc., to support their sales channel expansion. Moreover, we have utilized various communication channels, such as KOMSCO SNS and KOMSCO corporate newsletter to publicize our SM suppliers.



Mutual Growth and Win-Win Cooperation Agreement Ceremony for Protection and Activation of Precious Metal Local Business

SME Product Purchasing Performance

(Unit: KRW million)



*Financial service that provides fund to SMEs for manufacturing from banks based on the evidence of making contract with public institutions.



Received Commendation and Contribution to Public Procurement of SMEs Products

Activating Public Procurement of SMEs Products

We establish public procurement promotional plan every year and implement the plan together with KPIs and promotional strategies that connected to performance evaluation by a public procurement dedicated team. We have trained on public procurement program to procurement personnel to enhance their expertise by holding workshops how to activate public procurement and inviting external specialists. With these efforts, we have exceeded our SME product procurement performance 90 percent for three consecutive years since 2013. And we received Commendation from the Minister of the Ministry of Trade, Industry and Energy for three consecutive years since 2014. Furthermore we won the Prime Minister's prize for outstanding institution on public procurement in 2016.

Support Female-owned and Social Enterprises

We have supported SM suppliers, such as female-owned and social enterprises, to build their sustainability. For SMEs' production fund, we supported SM suppliers a contracting amount of approximately KRW 450 million of public procurement loan* (approximately KRW 360 million of available amount of the loan). We have promoted 'Lunch box day', events that we have lunch boxes made by social enterprises to expand their products.

Joint Technology Development and Strengthening Technology Support

KOMSCO has developed advanced security technologies together with our suppliers and shared the performances with them. In 2015 we conducted 11 cases of researches with the SM suppliers in printing, paper manufacturing, coining, ID technology, and so on. We have shared proactively our world class forgery and alteration prevention technologies with the SMEs to enhance their competitiveness. Not only have we held Explanatory fair of new technology every year since 2014 but also have participated in various exhibitions, such as the National Public Contest for Inventions and Tech-Biz Korea, to advertise our new technologies and security technologies to SMEs. Through these activities, we transferred eight technologies under two cases to SMEs free of charge in 2015 as the first cases in KOMSCO. And we permitted five SMEs to use our patent technologies related to forgery and alteration prevention, such composite material coinage manufacturing technology to prevent damages from counterfeit products and to protect their brands.



Explanatory Fair of New Technology 2016 Season 3



Conducted Gratuitous Transfer of Technology

INTERVIEW

We will build a foundation to grow together with suppliers.

KOMSCO believes the competitiveness of SMEs is an important driver to sustain our growth. Therefore, we strive to build a win-win system that we can cooperate closely with the SMEs and foster their competitiveness. First, we have shared our technologies with SMEs in ways of technology share, cooperation and partnership by expanding our forgery and alteration prevention technologies, which have accumulated from currency manufacturing experiences, to social values. We have also achieved SME product purchasing rate more than 90 percent over the last three years. Moreover we try to support SMEs to improve their productivity by mentoring from our technicians.



Jae-sang Lee, Manager
Mutual Growth 3.0
Promotion Team, KOMSCO

Embedding Transparent Mutual Growth

Reinforcing Fair Trade Program

KOMSCO has complied strictly with the 『Act on Contracts to Which the State is a Party』 (so called ‘National Contract Act’) in the process of making contract, operation and evaluation to establish fair trade rules and to provide fair opportunities to various suppliers. In addition, we have improved transparency and fairness in our transaction policies, such as private contract and contract evaluation.

First of all, we extended qualification limit for direct contracts to KOMSCO retirees and related parties of KOMSCO employees related persons and retired KOMSCO employees. The limit has extended not only to companies but also to their subsidiaries that either employing KOMSCO retirees and related parties of KOMSCO employees or were established by them. Applying this extended limit, we prevent any suppliers, which make private contract with us, hiring our employees’ related personnel or KOMSCO retirees.

Improving from previous negotiation based contract evaluation criteria, we introduced a blind evaluation method for technology competency evaluation procedure so that proposal submitters are not revealed during the evaluation. The proposal submitter should not indicate any marks to recognize who they are in the proposal and if this rule is violated, the submitter receives penalty. In this way, we enhanced fairness in the evaluation process. Whereas only private contracts with contracting amount more than KRW 5 million had to be disclosed before, now all contracts regardless the size of amount are disclosed all the details in order to improve operational transparency of contract.

In the future we will reinforce controls over the evaluation procedure of negotiation based contractors’ technology competency proposal by attending the evaluation with internal auditors. In addition, we will increase the number of open and competitive tendering to enhance fairness and transparency as well as to provide opportunities more diverse SMEs to participate in.

Active Implementation of Improving Transaction Practices

KOMSCO conducted increased number of workshop and training on business ethics to implant fair transaction practices in the organization in 2015. While the training has targeted only employees in the Procurement Department and has been conducted once a year, the targeted trainees have been extended to all employees in the Audit Department, and contract and purchasing personnel at each plant and subsidiaries, i.e. a total of 221 employees, and the frequency has increased to four times a year. These training is planned early of a year and included in our education program systematically.

In the future we will operate an online website where all gifts including monetary gifts received and treated are disclosed in real-time to increase our transparency further so that to prevent bribery ultimately.

Business Case

Value Creation through Joint Technology Development with SMEs

Successful commercialization of the world’s first security module preventing manipulation of gas pump by joint technology development with SMEs contributes to enhancement of public interests.

Recently, as manipulated gas pump damaged consumers, rooting out the manipulated gas pump addressed as a social issue. Together with SMEs, KOMSCO had conducted ‘Research cooperation on development of gas pump security module testing device for testing gas pump security module product’ under the host of the Korea Testing Certification for two years from 2014 to 2015. The security module installed in gas pump sends manipulating information to the governmental regulators once it detects manipulating of gas pump board. From 2016, all newly installing gas pumps are mandated to be equipped with this security module. We expect the security module will protect consumers’ rights and contribute to create public interests.



Proliferation of Mutual Growth Culture



Held Mutual Growth Workshop

Performance of SME Supporting Group Activities

Category	Trainers	Number Of Supporting Time	Supporting Persons
2014	Quality technology support	62	17
	Quality technology support	47	15
2015	ISO experts	3	1
	Patent experts	18	5

Enhancing Internal and External Communications for Mutual Growth

We held various forum and workshop for the suppliers to share our mutual growth tasks and performance with the suppliers. In 2015, we hosted forums and workshops, which targeted 25 suppliers, for 14 times, which is 10 times increased from previous year. Since 2015, we have also conducted survey to suppliers for the purpose of effective promotion of mutual growth. Selected 22 suppliers by the Mutual Growth Promotion Committee and seven SMEs, which had transaction with us more than KRW 200 million for two years, were answered to the survey. We will continue to do survey and the survey results will be reflected into mutual growth promotional strategies in the following year. We will continue to support professional areas such as quality management technology, ISO and patent together with SME Supporting Group to the technology supporting enterprises, outsourced processing suppliers and material supplier.

Definition of Stakeholders for Mutual Growth and Communication Methods

Category	Related Organization	Technology Support	Outsourced Process	Purchasing Vendor
Definition	- Governmental agencies - Customers	- Joint R&D partners - Technology transfer enterprises	- Job sharing enterprises	- Material supplying vendors
Communication method	- MOU - Workshop and seminar	- Meeting - Mutual visit	- Workshop and survey - Visit for technology guide	- Sending letters on business ethics - survey

Embedding Mutual Growth Culture and Proliferating Mindset

Previously mutual growth related departments used to have common mutual growth KPIs but the ratio of the KPIs was different by department. In order to proliferate and embed mutual growth culture and mindset across all departments, common mutual growth KPIs have been set and included in all departments' KPIs since 2015. Even departments have no work relation to mutual growth are encouraged to suggest ideas for mutual growth promotion to build the culture. Executive performance evaluation has included indexes of SME product purchase and efforts to secure fair competition trade. The chairman of 'Mutual Growth Promotion Committee' was promoted from head of Public Relations & Cooperation Department to vice president. We have promoted mutual growth related internal interests and communication. For this we have worked together with KOMSCO 3.0 Leader Group and in-house venture supporting group. And we have promoted mutual growth by activating mutual growth taskforce team.

Business Case

Integrate Suppliers' Needs into Our Mutual Growth Activities.

We have endeavored to increase the effectiveness of mutual growth program reflecting our suppliers' needs.

The barcode number in gift vouchers is composed of a product serial number and check digit, which is created by complicated formula depending on product. The quality of check digit printing is invisible to verify by eyes, thus computing work using calculator is required. There were feedbacks from our suppliers that it takes excessive hours to revise when non-qualified check digit is found. Responding to their feedbacks, we developed by ourselves a verification program for gift voucher check digit, which allows preventing under qualified printing issues of check digit and makes even beginners to be able to utilize it. This program is provided to our suppliers free of cost. We try to increase the satisfaction and effectiveness of our mutual growth program as developing the suppliers-tailored supporting programs.

ISSUE 4

Community

Building Trust with Local Communities

Business Relevance & Importance

Social contribution has evolved its roles from one-off donation and voluntary activities to creating social values that utilize corporate characteristics and core resources. These strategic social contribution activities have received greater recognition as more benefits positively impact corporations across business operation, including not only better corporate image but also increases in sales and talent attraction. In addition, the UN Sustainable Development Goals (SDGs), urged corporations to match their social responsibility performance with global standards.

2015-2016 Performance



Award of Deputy Prime Minister & Minister of the Ministry of Education
 Commendation for Institution contributed to Free-semester system



Donation for **Education** for **three years**
 Designated as outstanding institution

Our Approach

KOMSCO has continuously strengthened our business linked social contribution activities, which use the characteristic of the only one currency manufacturing state-owned company in Korea. Career and vocational education under a theme of currency manufacturing to teenagers and education on currency economy are our representative social contribution activities that we have promoted. Also, we have provided opportunities to the public to experience a culture of money, and volunteered with employees' expertise and talents. Lastly, we have continuously strived to conduct global social contribution activities and fortify our cooperation with international NGOs.

Our Strategy



Creating informative currency Culture



Making happy local communities



Sharing my talents



Joining in global sharing

Promotional Structure of Social Contribution Activities

Promotional Strategy of Social Contribution Activities

KOMSCO pursues three core values, 'Sharing, Hope and Interaction', under our social contribution vision, 'Make Happy World Together'. Utilizing our own human and physical resources including KOMSCO employees' expertise and the Currency Museum, we promote KOMSCO specialized social contribution activities. We have also deployed our social contribution in ways of sharing voluntary activities both for marginalized and local communities, and global hope sharing activities.



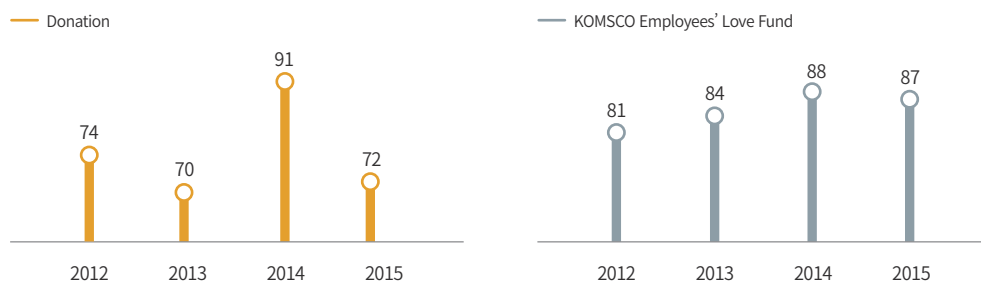
KOMSCO Volunteer Group



Social Contribution Activities Promotional Organization

KOMSCO seeks to find ways every employee makes his/her life well with others through participating in voluntary activities. Thus, we operate KOMSCO Volunteer Group to systematically organize our employees' sharing activities and to proactively support their volunteering. The employees also actively participate in 'KOMSCO Employees' Love Fund', which the employees donate certain amount of their salary to a in-house social contribution fund.

Execution Status of Donation and KOMSCO Employees' Love Fund



INTERVIEW

We will continuously develop KOMSCO-specialized social contribution activities so our people can participate and evoke empathy in more people.

KOMSCO has promoted our own differentiated social contribution activities according to our social responsible management promotional strategy. Particularly, we have prepared promptly Donation for Education as the Free-semester system has been executed. Since 2015, we have operated 『Money Makers』, a vocational education. This is our proud field-oriented experience program and meets both demands from schools and the governmental policy. Corporate social contribution activities are no longer optional but mandatory. It should be regarded as long-term investment rather than cost. Therefore, we think we need corresponding institutional measures to encourage our employees' voluntary participation in those activities through reinforcing internal evaluation policy to link with social contribution. By continuously developing KOMSCO's special social contribution activities that people can participate in and evoke empathy in more people, and by proactively joining in the governmental national service reinforcement policy towards the nation, we will endeavor to do our best and implement social responsibility.



Soon Yoo, Senior manager
Customer Happy Center, KOMSCO

Differentiated Social Contribution Activities

KOMSCO's Money Story

104 times 10,555 attendants

(Accumulated performance from 2008 to November 2016)



Money Makers, a Career and Vocational Education

40 schools 1,681 students

(Accumulated performance from 2015 to 2016)



2016 『Money Makers』 Program

Creating Informative Currency Culture

Currency Culture Experience Program

KOMSCO is the only currency manufacturing institution in Korea so we operate special education donation programs and currency culture experience programs to help students' understanding on currency economy and counterfeit detection, and to improve their understanding on the importance of currency. Since 2008, we have run 『KOMSCO's Money Story』. This program provides opportunities to visit currency manufacturing facilities and education for currency economy to students in remote areas so that have limited cultural experiences and children from low-income families.

In addition, we run various currency related experience program in schools, including 'outreach currency design class', 'crating cultural heritage in banknotes', and 'currency making class', that our currency designers visit. We have also actively participated in external events, such as Happy Fair of Korea Donation for Education.

Operation of Lectures on Currency Related Careers

Since 2015, KOMSCO has provided 『Money Makers』 program, which allows teenagers to experience currency related careers as part of free semester system. We offer career class to introduce four professional careers, including curator, money designer, graver and counterfeit money detector. In 2015, 351 students from seven schools attended this class and they showed high satisfaction with the classes. In 2016, the number of requested schools has increased and approximately 1,330 students from 33 schools participated in this program.

Through this program, KOMSCO has been recognized as an outstanding institution, which conducted good Donation for Education programs, from the Ministry of Education on Free-semester system and Korea Foundation for the Advancement of Science and Creativity for three years from 2015. And we won awards from the Deputy Prime Minister and Minister of the Ministry of Education for free semester system promotion.

Performance of Education Donation Programs (As of end of December 2015)

Category	Target	Activities	Performance
Currency lecture and field visit	Primary, middle, and high school students	Help students to have rational consumption and economic concept through currency economic education at the Currency Museum and visit to currency manufacturing facilities	43 schools 1,714 students
Participated in Happy Fair of Korea Donation for Education	Primary, middle, and high school students	Join in 'Making my own Ecobag', run by currency designers, experience forgery and alteration elements with exhibition items from the Currency Museum	25 times 450 students
Outreach currency design experience class	Local children centers, Primary, middle, and high school students	Outreach programs run by talent donators such as currency designers at exhibition, schools, and etc.	5 times 907 students

Activities to Improve Public Counterfeit Money Distinguish Capability

In order to deter counterfeit money criminals, KOMSCO developed and distributed for free of charge, 'Smooony', a mobile application to allow people to distinguish counterfeit currency and gift cards easily. Smooony users can distinguish counterfeit money through Smooony by taking a picture of banknote or gift card without time or geographic constraint.

Moreover, we educate people counterfeit detection by operating counterfeit money distinguish experience booth at events, such as the Fair of Donation for Education, or flea markets and visiting wet markets to educate small business owners.



Special Page

Currency Museum, a Cultural Spot for Local Communities and Hub for Education on Money Economy

Introduction of Currency Museum

The Currency Museum, located inside KOMSCO headquarters, organizes systematically and displays historical records including domestic and various foreign countries' currencies, bonds, and others. It opened in June 1988 to contribute to development of currency culture and to enhance people's understanding on the role of money as the medium of exchange. The Museum has approximately 4,000 pieces of historical Korean currency artifacts that are organized by chronology and type, which makes the Museum to an education hub of currency economy. It also works as culture and attraction among local communities as it holds various culture programs and local events.

Fun and Hands-on Experience Programs

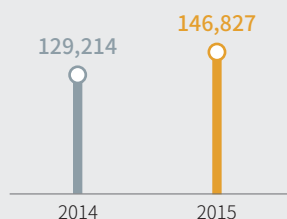
The Currency Museum offers various hands-on experience programs to help our visitors understand currency economy and currency function in easy and fun ways. Every Spring and Summer we hold Currency Museum flea market. This event not only introduces learning and practice opportunities to event participants about roles of currency and resource saving, but also to make a foundation of mutual growth with small and medium-size enterprises and micro enterprises selling their products in this flea market. The Museum also holds different events such as inviting multi-culture families, and marginalized children in local youth centers and schools in remote areas to the Museum and our currency manufacturing facilities, Jr. Doctor, Surprise Quiz Show, and proving learning materials. Besides, the Museum holds children essay contest on Children's Day under a theme of money.

Hands-on Experience Program of the Currency Museum

Visitors since the Opening of Currency Museum

Recorded **4.1** million of visitors
(Accumulated performance from June 1988 to first half of 2016)

Number of Currency Museum Visitors
(Unit: persons)



Experience Service

Year-round experience program

Currency Museum flea market and essay contest

Invitation event to Currency Museum and currency manufacturing facility

Currency Museum experience event

Currency Museum school vacation experience event

Activities

Making Sangpyeong Tongbo bookmark, taking sticker picture like a figure in banknote

- Flea market themed with cherry blossom and autumn leaves
- Children's Day essay contents themed with money

Invite multi-cultural family, local children center, schools in remote areas for special lectures on currency and visit manufacturing facilities.

Currency event, Jr. Doctor, surprise quiz, learning materials, etc.

'Making my own piggy bank' as a currency related economic education



Open Cultural Space for Local Communities

The Currency Museum provides opportunities for amateurs and rising artists to exhibit their artworks, such as pottery, calligraphy, amateur photo exhibits, as well as a local hot spot among local communities by providing cultural services.

Currency Museum Grows Together with Local Communities

The Museum lets local arts group, clubs and research institutions free use of its meeting rooms and exhibition halls for mutual growth with local communities. In 2015, it invited a coffee shop run by a local coffee company to foster local SMEs and to increase the Museum visitors' convenience. Instead of paying rent, the coffee shop sells its coffee at discount for visitors. This coffee shop has become a favor hangout place among researchers from Daedeok Innopolis, which is the R&D district in the city as well as among the Museum visitors.

Differentiated Social Contribution Activities

Making Happy Local Communities

Strengthening Cooperation with Local Social Organizations for Marginalized Communities

KOMSCO has conducted various social contribution activities working together with local NGOs and social welfare centers. We held walking events, Hope sharing concert, history and culture tours among others for marginalized local communities and veterans' families.

Performance of Social Contribution Activities Jointly Promoted with Local NGOs (As of the end of December 2015)

Institution	Activities	Performance
Daejeon Volunteer Supporting Center	- Donated Lunar New Year rice cake to five district governmental offices in Daejeon and promoted national holiday community love movement - Participated in State-own Company Association Volunteering and Hanbat Sharing Festival 2015	Selected as Daejeon Volunteers' Happiness sharing program for two consecutive years and awarded the grand prize
Daejeon, Chungnam Community Chest of Korea	- Cash donation and participated in Sharing Campaign	KRW 11 million
Daejeon Volunteer Association	- Supported Kimchi making and participated in volunteering	KRW 3 million
Daejeon Coal Briquette Bank	- Cash donation and delivery volunteering for Love Coal briquette	KRW 8 million
Beautiful Store	- Joint host of flea market and operate goods donation	Total amount of gains KRW 3 million
The Korea National Red Cross	- Regular blood donation and participated in bazaar	Total amount of gains KRW 5 million



Hope Sharing Concert



Talent Donation Program

Talent Sharing

KOMSCO has connected our employees to places where their talents are needed. The employees' talent donations are incentivized by reflecting the activities into internal performance evaluation or accumulating into Customer Service Mileage. The employees group into teams by beneficiary group where they do voluntary works or by themes to share their skills and talents.

In the future we will support budgets for in-kinds donation or run matching grant program to activate more talent donation activities.

Examples of Talent Donation Program (As of the end of December 2015)

Type of talent donation	Related occupational group	Times	Attendants	Activities
Mother Theresa. Project (education, cooking volunteering)	General office workers	54	105	Career and vocational education and currency lecture, Counterfeit detection tips, cooking three-color pancakes, etc.
Audrey Hepburn Project (art, culture, etc.)	Designers IT engineers General office workers	15	52	My art works, donation of IT talent, balloon art, wishing longevity photo taking, etc.
Hercules Project (house repairing, sports, etc.)	Technicians	2	12	Repairing house for elder who lives alone, etc.

*Including duplicated participation

Operation of Volunteer Programs

KOMSCO has been running '1 percent Salary Sharing Fundraising', which supports local social welfare centers, a child head of household, and senior citizen who lives alone, every month with our 'KOMSCO Employees' Love Fund', funded by employee donations from their monthly salary. In 2015, a fund amounted to KRW 87 million was handed over to local marginalized communities. In addition, we have set every Saturdays on the second week as a 'Volunteer Day' and deployed '113 Sharing Campaign', once in a month doing volunteer service for more than three hours. In 2015, a total of 2,164 employees* donated 6,662 hours in voluntary activities through this program.

Moreover, either departments or families compose a volunteer group and conduct a 'Relay voluntary activities' once or twice a month. In 2016, the employees and their families have joined every month in 'Very Good! Love Food Truck', a free meal program operated by Daejeon Seo-gu district Volunteer Center. New entry-level employees also do charity activities to try to contribute to build caring communities in the local society.



New Employees' Voluntary Activities



Very Good! Love Food Truck

Global Sharing

We have volunteered in various global social contribution activities. Under the World Vision's sponsorship project for overseas impoverished children, we signed on 61 sponsorships and we donated KRW 7 million promptly to Nepal Earthquake recovery project in 2015. We have also operated Uzbek children happiness promoting program. Through this program, we sent Hanbok, a Korean traditional costume, soccer balls and ecobags containing stationery to children in Uzbekistan, where our subsidiary company is located in. In addition, we have participated in 'Global 2015 Sharing Hope Project' hosted by Daejeon City, where our head office is located in, for two consecutive years. We funded and dispatched volunteers to the Project, which was building village facilities such as library, orphanage, playgrounds, in Indonesia. We also donated over KRW 19 million in 'Sending red goat to Africa' project, which was hosted by Save the Children. KOMSCO will strengthen global sharing activities by developing overseas volunteer programs that we can run mid-to-long term.



Global Hope Sharing Project 2015



ISSUE 5

Customer

Realizing Customer Satisfaction Management

Business Relevance & Importance

Customers are the most important stakeholder to our existence. Today's customers request much higher quality which means they demand products and services to meet their needs not just consume products. Thus, high-quality products and active customer communication are core elements of corporate competitiveness. Information security capability is getting attention as one of the crucial corporate competitiveness as the benefits from IT system grow, on the other hand, risk related to attack from external parties to access business secrets and customer details have increased.

2015-2016 Performance



**10 Years Consecutive
Quality Competitiveness
Outstanding Company**
Dedicated to the Hall of
Fame



**14 Years Consecutive
Winning President Award**
National Quality Circle
Contest



**99.42 Points
Entered into Top 5**
Privacy Protection Management
Level Evaluation of Public Institution
By the Ministry of the Interior



Establishment of
Verification Process for
**Harmlessness to
Human Body**

Our Approach

Satisfying customers through quality management is a top priority to KOMSCO. Under this overarching goal, we strive to strengthen our quality management system, quality innovation and quality professional expertise to improve our quality competitiveness. Also, we endeavor to practice customer-oriented management that integrates customer needs into our business. We will strengthen our IT and information security system to manage customer's valuable information.

Our Strategy



Strengthening quality
competitiveness



Customer
communication



Strengthening information
security management

Strengthening Quality Competitiveness

Product Quality: securing reasonable price and outstanding quality
 Customer Quality: Satisfying customers' needs
 Experience Quality: Allow customers to experience the quality

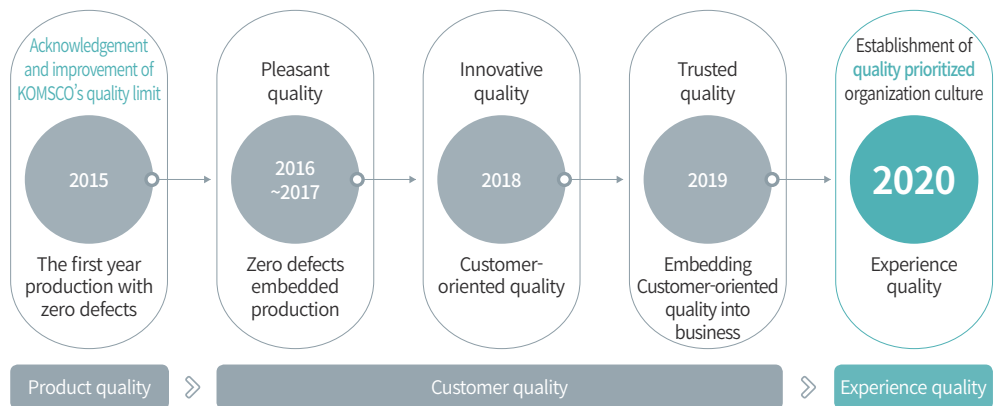
ISO 9001 Certification (since 2004)



Promotional Approach of Quality Management

KOMSCO aims to realize customer satisfaction by achieving 'Customer Quality', which incorporates higher customers' expectations as a quality criteria to meet higher customer expectation, we will go beyond merely meeting our product quality standard. For this to materialize, we set our promotional approach of quality management as "Establishment of quality prioritized organization culture".

Levels of Quality Management Level



Quality Management System

Through systematic quality management based on statistical methodology and quality management manual, we have reduced Cost of Poor Quality (COPQ*) and improved reliability with companywide quality management. We have established quality management promotional tasks for each of the four elements, which are manufacturing personnel, machinery, material and method that quality problems can occur at initial process of manufacturing, as our quality management promotional tasks, and then we have performed the tasks. In terms of preemptive action, we have minimized internal failure cost by preventing inconsistent quality problems. Moreover, we are preventing inconsistent quality problems through new product design and process Failure Mode and Effect Analysis (FMEA) and removing quality setbacks preemptively, and expanding evaluation, compensation and feedback processes on quality performances company-wide. In addition, we will strengthen management and supervise our outsourcing vendors' product quality and quality management process.

Financial Performances of Quality Management Activities in 2015

Category	Number of Tasks Performed (Cases)	Financial Performances (KRW million)
6Sigma	4 MBB, 6 BB, 4 GB	1,056
QCC	58 On-site improvement tasks	1,627
KOMSCO Innovation Tasks	32 DO-DREAM* tasks	263

*DO-DREAM: KOMSCO's original and differentiated innovation activities, which allow anyone to recognize problems easily, check countermeasures and post-management rather than using complicated tools, i.e. conventional 6 Sigma and QCC, to solve and improve problems.

INTERVIEW

We will start our company-wide quality management improvement program in production plants.

KOMSCO believes that product competitiveness is rooted in quality management, so we have kept and renewed quality management system (ISO 9001 and etc.), and all employees including the CEO have endeavor to achieve quality prioritized management. First of all, under the belief of 'Quality management starts from production', all employees actively participate in quality circles to find any possible quality problems in advance and to formulate solutions. Our systematic support and management on innovative quality activities were recognized by the President Award at the National Quality Circle Contest every year since 2003. We will enhance our competitiveness in human resources by emphasizing the importance of quality management in all employees. Based on this requirement, we will strengthen our quality competitiveness and will develop futuristic products to meet demands in the Internet of Things era.

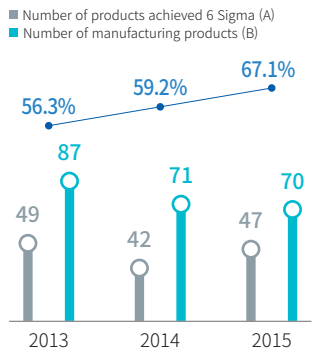


Byeong-jin Jeong, Manager
 Quality Control Division,
 KOMSCO Monetary Plant
 (National Quality Master)

Strengthening Quality Competitiveness

*SPC (Statistical Process Control)

Improvement Performance of Technology and Quality Competitiveness by Year



Participated in National Quality Control Circle Competition

Quality Management Promotional Task by 4M Elements

Category	Activities	Benefits
Man	<ul style="list-style-type: none"> - Company-wide contest for quality accident free commitment through sharing inconsistent quality cases - Proliferate quality mindset strengthening activities 	<ul style="list-style-type: none"> - Prepare foundation for 'Quality prioritized organizational culture' - Each headquarters' original quality mindset strengthening activities
Machine	<ul style="list-style-type: none"> - Promote quality improvement by improvement of production facilities and optimization of operational condition - Strengthening inspection of major production facilities, conducting 'My Machine' activities 	<ul style="list-style-type: none"> - Improvement of window thread input devices - Improvement of machine reliability (failure rate)
Material	<ul style="list-style-type: none"> - Strengthening raw material import inspection (setting material standards) - Conduct paper quality test and share the test results - Established Verification Process for Harmlessness to Human Body on KOMSCO products (Nov. 2016) 	<ul style="list-style-type: none"> - Enhancement of product quality by raw material management - Prevention of mass defectives by preventing inconsistent material input - COPQ reduction
Method	<ul style="list-style-type: none"> - Re-establish quality management process and promote onsite-focused quality activities - Preemptive quality management through statistical process management (SPC*) 	<ul style="list-style-type: none"> - Re-establishment of technology standards (work standards, material standards, quality standards, inspection points) - Re-establishment of integrated quality management manual and sharing the system

Strengthening Capabilities of Quality Management

KOMSCO has designated a 'Quality Day' for proliferating company-wide quality mindset, and has operated quality circles. The quality circles lead not only onsite quality innovation but also the company-wide quality management. In addition, we have strengthened our quality management capability by fostering quality experts.

Operation of Quality Circles

To 'achieve zero-defect in each responsible quality', we operate quality circles under our goal, 'zero defects and worksite accident free by performing practical tasks connected to onsite quality improvement projects'. We have conducted company-wide quality improvement through proactive quality circles activities. Through these activities, we won the President Award at the National Quality Circle Contest for 14 consecutive years from 2003 to 2016.

Fostering Quality Experts

Our Technology Quality Customize Master (TQCMs) (Technology Quality Customize Master) lead quality innovation activities through solving onsite problems. We have continuously fostered quality experts. As of the end of December 2015, we have a total of 281 TQCMs. In addition, we do not only focus on enhancing our quality experts' capabilities but also do networking with external quality personnel via quality experts-tailored Quality Master refreshing training and attending quality themed seminars hosted by the Korea Quality Association.

Performance of Fostering Quality Experts

Category	Quality Master		6Sigma			Total
	Mint	National	MBB**	BB	GB	
2015 Performance	1	0	0	2	3	6
Accumulated performance	4	6	17	55	199	281

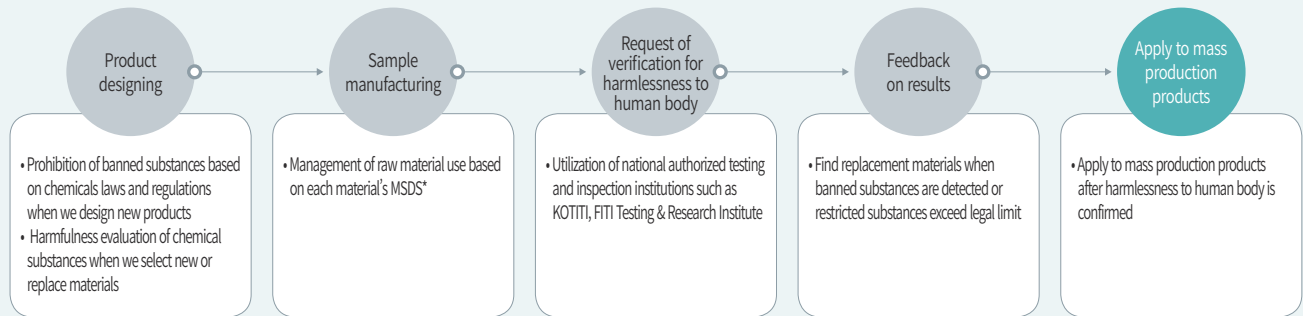
**MBB: Master Black Belt
BB: Black Belt
GB: Green Belt

Establishment of Verification Process for Harmlessness to Human Body

*MSDS (Material Safety Data Sheet): Sheet contains information for using and managing chemicals in safer manners.

We strive to uphold our social responsibility that prioritizes customers' health and safety by producing and supplying environmental-friendly and harmless products to human body. To achieve this goal, we conducted safety tests on our products that people use in their daily lives, such as banknotes, ID cards, and others, in 2012 and 2016. As the results of the double testing, all of our products were confirmed to be harmless to human body and comply with domestic and international hazardous substances management standards. KOMSCO, however, was not satisfied with these results, we have established hazardous substances management standard according to international levels and created our own Verification Process for Harmlessness to Human Body. We manage, monitor and verify painstakingly hazardous substances across our operation from product design to production to manufacture environment-friendly and harmless products.

Verification Process for Harmlessness to Human Body

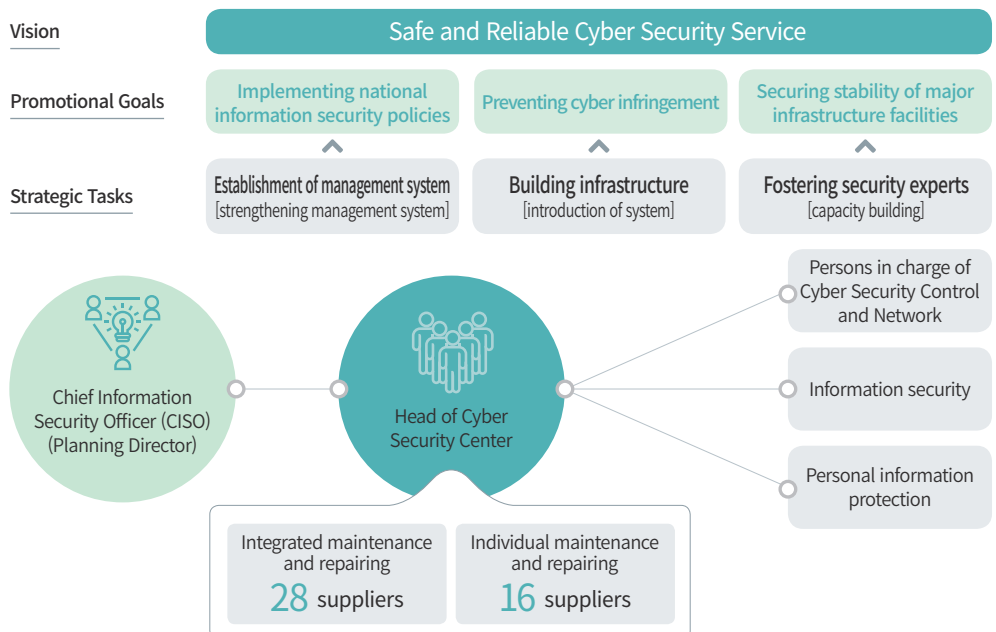


Reinforcing Information Security Management

Information Security Management System

Promotional Approaches and Organization

To realize 'Safe and Reliable Cyber Security Service', KOMSCO reformed our mid-to-long term information security management system and reestablished strategic goals and tasks in 2015. Under the leadership of Chief Information Security Officer (CISO) and the head of Cyber Security Center, we have established systematic management organization and strengthened information security capabilities.



Reinforcing Information Security Management

Information Security Regulations and Guidelines

In order to respond actively to changing environment of information security, we added information security related regulations in 2015. And we strengthened the information and security policies, such as upgraded personal information protection guidelines.

Category	Before 2015	After 2015
	3 guidelines	1 regulation and 3 guidelines
Information security	<ul style="list-style-type: none"> Information security management guidelines Outsourcing project security management specific guidelines Cyber Security Center operation guidelines 	<ul style="list-style-type: none"> Information security regulation Outsourcing project information security management guidelines Security control operation guidelines Infrastructure facility Information security management guidelines
	2 guidelines	1 regulation
Personal information protection	<ul style="list-style-type: none"> Personal information protection guidelines Personal information infringement response specific guidelines 	Personal information protection regulation

Building Infrastructure

Strengthening IT Infrastructure Protection System

KOMSCO has enhanced managerial and technical protection measures for IT infrastructure security. We have further separated of business broadband and internet broadband to across the company, which used to be applied in only certain business departments. Not only expansion of data encryption for all areas and Intrusion Prevention System but also we expanded security vulnerability analysis and evaluation, which we conduct every year on IT infrastructure. With these activities, we were selected as an 'outstanding' institution on implementation of national infrastructure protection countermeasures hosted by the National Intelligence Service in 2015.

Building and Operating Data Leak Prevention System

By using a personal information filtering program, KOMSCO prevents illegal leaking of personal information. Personal information detection system is operating 24/7 on our homepage and online shopping mall. And in 2015, we established information leakage prevention system that requires security manager's approval when any web-based mail that includes personal information is sent out.

Strengthening Information Leakage Response Capacity

Building Cyber Infringement Response System with Small-medium Suppliers

As the results of research on information leak pathways from recent security information leakages in Korea, the largest number of leakage cases were mishandling by personal information managers and suppliers. Therefore, KOMSCO has expanded information protection target systems to suppliers, which should apply our security system, so we can respond preemptively to cyber infringement accidents. In 2015, we designated production related information system, i.e. automatic warehouse, biomass, passport manufacturing, and etc., as our information protection target areas. Accordingly, we expanded information protection target suppliers from 28 to 44 suppliers, and we achieved 100 percent information protection coverage of our target suppliers. Together with this, we provided offline trainings on information security five times to 178 supplier employees.

Conducted Mock Training for Improvement of Cyber Infringement Response Capability

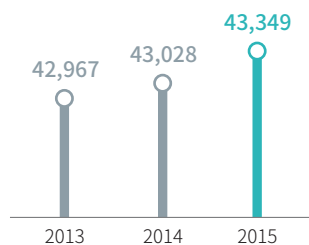
KOMSCO has enhanced cyber infringement response capability through conducting simulation training. Once in a month, we hold mock training with mail hacking. We increased our safety countermeasure rate against cyber infringement from 90.5 percent to 98.5 percent in 2015 by finding vulnerabilities at these training and devise countermeasures to these vulnerabilities. Moreover, after we were recognized for our improved response capability through mock training, such as Safe Korea Training hosted by the Ministry of the Interior, and we were selected as 'the best' institution by the Ministry of Strategy and Finance when we achieved four consecutive years of zero cyber infringement incident.

Customer Communication

KOMSCO operates various communication channels to communicate actively with our customers. And we have increased customer satisfaction by providing customer-oriented products and services that are able to fulfill their needs.

Customer Communication Channels

Call Center Voice of Customer (VOC)
Handling Performance (Unit: case)



VOC Channel

We listen to customers' voice via our call center, homepage, online shopping mall and so on. Together with prompt handling of customers' requests using our VOC integrated management system and kind responding to their call, KOMSCO call center has received the highest satisfaction from caller survey. Moreover, we try to talk to our customers first before they call to us by conducting 'Happy Call', a customer satisfaction survey after we supply our products.

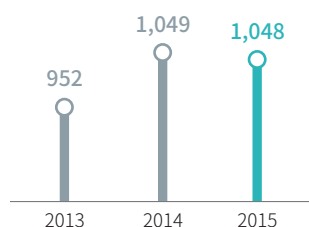
Operation of Customer Suggestion Program

To be a company working together with our customers and integrating their ideas to our business management, we receive customer suggestions via our homepage under a variety of topics, such as new product idea, social contribution and corporate advertisement. Customers with selected suggestions are awarded with cash to encourage customer participation.

Customer Suggestion Handling Procedure



Nationwide Notification Service
(Unit: 1,000 cases)



Customer-oriented Products and Services

We provide a nationwide notification service, which notifies applicants for various ID card issuing services including welfare card, passport, and identification card. KOMSCO has developed customer-oriented products and services to improve customer convenience and satisfaction. We have established core service implementation standards by category, such as providing high-quality products and services and providing customer requested information responsibly. We also set specific KPIs and disclose the compliance rate and performance results of the KPIs in every quarter on our homepage.

Business Case

Realization of Customer-tailored Service through Expanding Delivery System

Improvement of customer convenience and satisfaction with our tailored customer services for those who have difficulty moving around and foreigners who have difficulty communicate in Korean.

Until now customers those who have difficulty moving around and foreigners who have difficulty communicate in local language had experienced difficulties in card issuing, as they had to visit directly to public offices, such as local community centers, to receive their public ID card, such as welfare card or alien registration card. To save public ID card users' time and expense, KOMSCO has expanded our delivery system in 2015 through blanket agreement with local governmental agencies. Final receiving location for alien registration cards and for welfare cards have expanded from 3 places to 15 places and from 52 places to 97 places, respectively. Also, the card delivery time has shortened from 8 days to 2 days. As the result of these tailored customer services, 100,506 alien registration cards and 158,491 welfare cards were issued in 2015, increase of 43,451 cases and 32,723 cases respectively from previous year.

ISSUE 6

Environment

Realizing Environmental-friendly Management

Business Relevance & Importance

Across the globe, people are experiencing unusual weather events, such as record heat wave and heavy snow, due to climate change. As natural resources, including fresh water and natural resources, are becoming increasingly scarce, how a corporation responds to these environmental issues is tied to the corporation's long-term survival. In accordance with the Paris Climate Agreement of the UN Climate Change Convention (COP21), each nation has set and committed to implement country specific voluntary greenhouse gas (GHG) reduction target. Accordingly, the demands on environmental regulations, such as GHG & Energy Target Management System, Emission Trading, and Environmental Information Disclosure Program, are increasing in Korea. Therefore, KOMSCO plans to be a sustainable institution, who leads energy and natural resources reduction through implementing systematic environmental management.

2015-2016 Performance



Monetary Plant Designated as Green Company



Selected as Implementation Performance Outstanding Institution for **GHG & Energy** Target Management in Public Sector

Energy Consumption 12,219 TOE

(Reduction of 23% in 2015 compared with 2014)



Our Approach

KOMSCO has set our environmental management approaches as implementation of GHG & Energy Target Management System, establishment of Chemical Substances Management System, and ISO Integrated Business Management, and has promoted these approaches in order to reach to our environmental management target, 'Realizing an Environment-friendly Green Company'. Particularly, we proactively manage GHG & Energy Target to implement the governmental GHG & Energy Target System, which is to respond to climate change. To meet the targets, we have conducted various energy saving activities including efficiency improvement of company-wide production process and replacement to LED lightings. Also, we improved natural resource usage efficiency through higher water reuse rate and waste recycling rate, and methodically manage air emissions, wastewater quality and hazardous substances. With this environmental management and continuous disclosure of our environmental information, we practice a 'transparent government', one of the policies in Government 3.0, which is a new paradigm of Korean government workings.

Our Strategy



Establishment of environmental management system



Responding to climate change



Continuous resource management



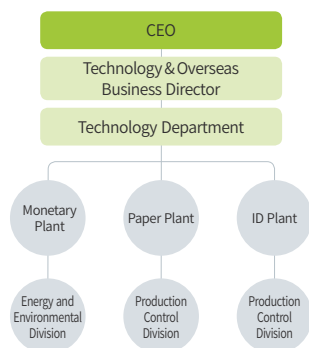
Environmental pollutant management

Establishment of Environmental Management System

Vision and Strategy of Environmental Management

KOMSCO has promoted systematic environmental management by implementation of GHG & Energy Target Management System, establishment of Chemical Substances Management System, and ISO Integrated Business Management, under our environmental management target, 'Realizing an Environment-friendly Green Company'. We have also formed a Green Management Organization to promote environmental management efficiently. Lead by the Technology Department, which oversees environment and energy management, departments in charge of environmental management in each Plant practice continuous environmental improvement.

Green Management Organization Chart



Goal

Realizing an Environment-friendly Green Company

Approach

Implementation of GHG & Energy Target Management System

Establishment of Chemical Substances Management System

ISO Integrated Business Management

Tasks

- Efforts for GHG emissions reduction
- Promotion of energy saving activities
- Compliance with energy utilization and rationalization regulations
- 1% energy savings compared to standard consumption during summer and winter

- Responding proactively to chemical substances related laws and regulations
- Chemicals spill prevention and responding training management
- Establishment of chemical substances management process
- Roles and responsibility adjustment of chemical substances related departments and inspection

- Minimization of environmental pollutant generation
- Continuous promotion of environmental improvement activities
- Proactive compliance with Environmental Information Disclosure Program
- Settling ISO Integrated Business Management across operation

Establishment of Environmental Management System

KOMSCO has operated an Environmental Management System (EMS) since we acquired the EMS certification (ISO 14001) in July 2010. We also promote leading environmental management activities by setting business unit and team specific environmental KPIs to achieve our environmental management policy and mid-to-long term environmental goals, and working on specific improvement activities and sharing best practices. With these efforts, our Monetary Plant was designated as Green Company in January 2015.



INTERVIEW

We will advance our environmental management strategy and strengthen company-wide environmental management mind.

Many companies, regardless domestic or overseas corporations, consider environmental expenses as a burden as environmental regulations tighten. KOMSCO has set even stricter internal environmental regulations in areas of air and wastewater management than domestic legal regulations to preemptively responding to the raising standards in environmental conservation. In addition, we have promoted a systematic environmental management by environmental management system (ISO 14001) certification, designation as Green Company (Monetary Plant), introduction of Chemical Substances Safe Management System, among others. Moreover, every year we receive product safety test by external professional chemical analysis institution and conduct environmental impact assessment near our workplaces to secure environmental safety of neighboring communities and natural environment. In these ways, we try hard to supply harmless products to our customers. In the future, we will advance our environmental management strategy, and raise environment mindset to the company-wide through continuous environmental education.



Gyeong-yong Lee, Senior manager
Energy and Environmental Division,
KOMSCO Monetary Plant

Reinforcement of Environmental Management

Five Consecutive Years

Implementing GHG & Energy Target Management System

Selected as Outstanding Institution

Offices and Technology Research Institute

LED lighting Replaced 60%



Conducted Energy Saving Activities across All Departments

- Strengthening energy stewardship activities
- Minimize standby power through removal of unnecessary electric cord
- Turn off unused lightings during lunch time and after office close time
- Prohibition of use of individual heater
- Setting sleeping mode of computers

Improvement of Energy Equipment and Facility Operational Efficiency

- Efficient operation of biomass boilers
- Efficient use of conditioning equipment and minimized operation of electrical inverter
- Improvement of equipment efficiencies, such as boiler, freezer, by regular inspection

Responding to Climate Change

KOMSCO has promoted various environmentally-friendly activities to reduce costs and to minimize environmental impact by maximization of energy efficiency under our vision of 'Establishing Environment-friendly Manufacturing Process'. We have set up environment-friendly manufacturing processes in our workplaces and have reduced energy consumption through company-wide energy reduction activities.

Implementation of GHG & Energy Target Management System

KOMSCO has promoted company-wide energy reduction activities, as one of the GHG & Energy Target Management System target companies, and we have reduced energy consumption continuously. As the result, we were selected as Excellent Institution at the GHG & Energy Target Management and Implementation Performance Award under the Public Institution category, which was hosted by the Ministry of Environment, for five year consecutively. We will promote GHG reduction project continuously, and lead mitigation of global warming by laying down the groundwork in response to climate change.

Reinforcement of Energy Saving Monitoring

We manage energy reduction targets preemptively by introducing System for the Total Energy Consumption, and try to maximize energy efficiency by analyzing company-wide and departmental actual energy reduction against energy reduction target. We do all our best efforts to save energy through operating Energy Saving Promotion Committee, which inspects improvement of energy operational method every six months and reinforces electricity conservation. Each department designates an 'Energy Steward' to conduct practical energy saving activities, including keeping heater and air conditioner temperature to standard temperatures, indoor/outdoor lighting management, such as turn off office lights during lunch time, and regularly inspection of all electric appliances.

GHG and Energy Reduction Efforts

KOMSCO has enhanced energy efficiency by improving aged production facilities and repair old machines to establish environment-friendly manufacturing processes. Through these activities, we reduced consumption of waste oil. We also promote various energy saving activities to reduce energy cost and minimize unnecessary electricity use. Announcement of public transit days and use of commute bus or public transportation during commuting have been employed, and we have kept overall temperature 1°C cooler in winter and 1°C warmer in summer than the optimal indoor temperature in order to practice energy conservation. The elevators in the Head Office and Technology Research Institute are restrained to use except unavoidable situations, and 60 percent of total lightings in the company are replaced to LED lighting.



Continuous Resource Management

Efforts to Reduce Water Use

We use municipal water supply as water source. Every year we set annual water resources management plan and manage water use systematically. We reduce water use by employing rainwater storage facility and wastewater treatment facility. We promptly fix any water pipe leakage, and treat wastewater before discharging to nature to avoid negative environmental impact.

Waste Management

We outsource our manufacturing wastes to legally registered professional waste treatment contractors. In order to reduce general wastes, we have practiced avoiding paper cup use, and using scrap papers. As a result, we have continuously reduced waste volume since 2013.

Environmental Pollutant Management

Reduction Activities of Hazardous Chemical Substances

We inspect chemical leak-proof devices in chemical storage and storage condition of personal protective equipment every month to prevent any hazardous chemical accident. We manage hazardous chemical substances systematically, including practicing regular chemical spill response training based on safety information of Material Safety Data Sheet (MSDS). Also, we have continuously optimized chemical related equipment to minimize use of hazardous chemical substances and toxic chemicals, and to improve processes at every business units.



Hazardous Chemical Substance Facility Management



Air Emissions Facility Management

Air Pollutants Management

KOMSCO analyzes and regularly monitors air emissions at each facility. In particular, we have improved efficiency of air treatment facilities by installing air emission preventive equipment at workplaces and periodically cleaning washing tower and removing sediment. Also, we reduced environmental pollution and achieved energy savings by replacing conventional boilers with biomass boilers.

Water Pollutants Management

We operate real-time water pollutant monitoring system for managing water pollutants within legal levels. Once water pollutants reach to overflow condition, the monitoring system sends alarm so that we can prevent any environment accident from wastewater. Particularly, BOD and COD of discharging wastewater are regularly monitored to meet legal limits, and systematically managed within the safe level by sampling test and analysis of ecological toxicity and specified water toxic substances in the environmental law.

Sediment and Floaters Removal in Wastewater Treatment Plant (Reduction of wastewater pollution rate)

Reduced KRW 3.9 million



Compliance with Environmental Laws and Regulations

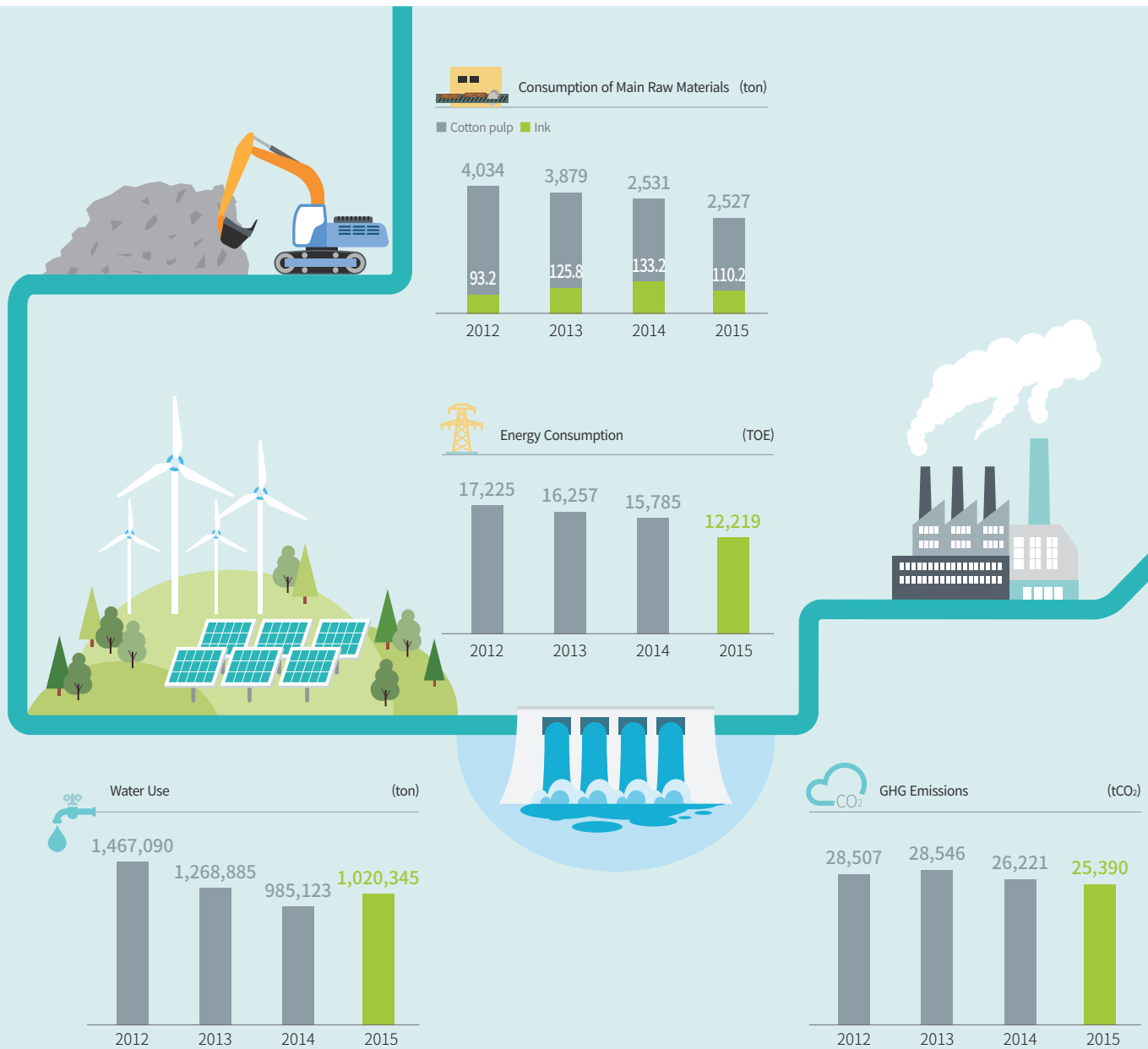
There were two environmental violations. There were small amount of wastewater leaked from wastewater storage tank in 2013 and a non-compliance of self-testing of discharging facilities in 2015. We took corrective actions immediately by repairing wastewater level sensor in the storage tank and complying with the frequency of self-testing. We will enforce our environmental management to comply with environmental laws, and operate thorough pollutants management and implement prevention activities.

Small amount of wastewater stored in the waste paper dissociation storage tank leaked due to malfunction of the water level sensor (ceased operation for 10 days)
- Fixed the facility on Aug. 10, 2013

Lack of periodic inspection for discharging facility (boiler): Warning
- Comply with the self-testing frequency (when we operate the boiler, a professional outsourcing vendor conducts inspection once a week) since Feb. 9, 2015

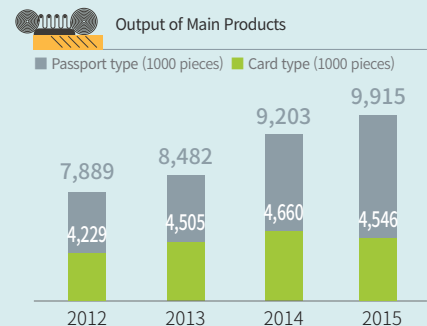
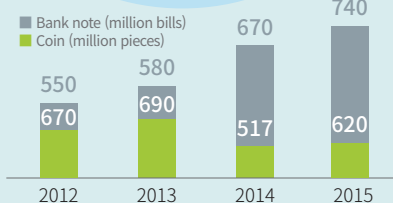
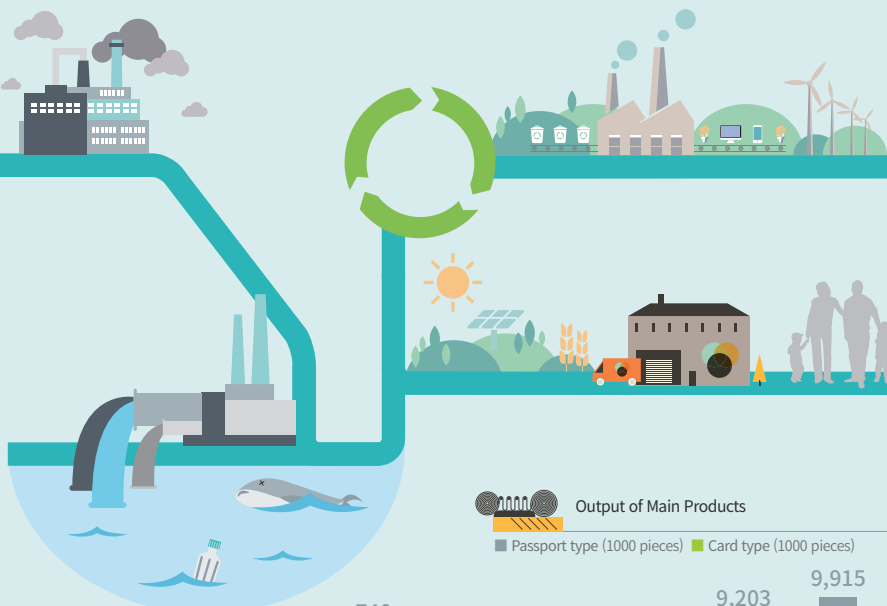
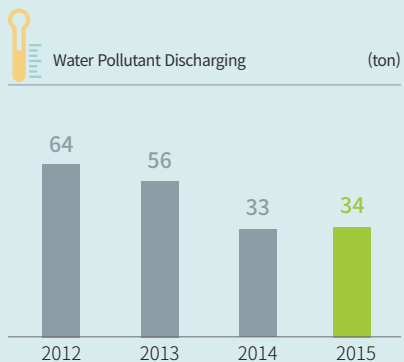
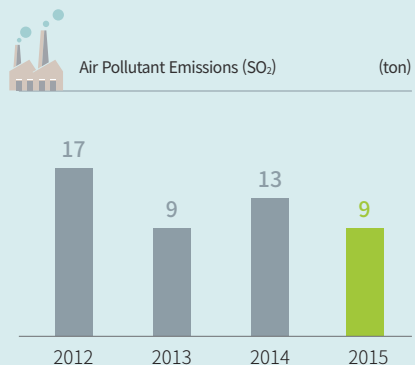
KOMSCO Material Flow Map

KOMSCO practices environmental management for both nature and human by continuously pursuing the right balance between our business activities and environment. Environmental conservation is one of our important management tasks. In particular, our Monetary Plant was the only state-owned company that won the Minister prize from the Ministry of Environment at the 'Environmental Information Disclosure Award 2016', as the result of our transparent environmental disclosure and management.



Reference 1: Above mentioned scope of environmental information disclosure covers KOMSCO Head Office, Monetary Plant, Paper Plant and ID Plant, which are target business units of the GHG & Energy Target Management System and Environmental Information Disclosure Program

Reference 2: Amounts of GHG emissions and energy consumption are same amounts indicated in the GHG & Energy Target Management System statement



*Water pollutants: sum of BOD, COD, SS, T-N, and T-P

A hand in a dark sleeve points towards a digital dashboard. The dashboard features various data visualizations: a line graph with multiple series, a world map with network connections, and several panels with text and icons. The overall color scheme is blue and white, with a futuristic, high-tech aesthetic. The text 'KOMSCO's Sustainability Governance' is centered within a white-bordered box that has a blue shadow effect.

KOMSCO's Sustainability Governance



134,23,454,12

Strategy

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Wednesday

Sustainability Promotion System	66
Risk Management	67
Corporate Governance	68
Business Ethics	70
Business and Human Rights	74

Technology Innovation SYSTEM

80.08.1

2.05.1

23:35:60

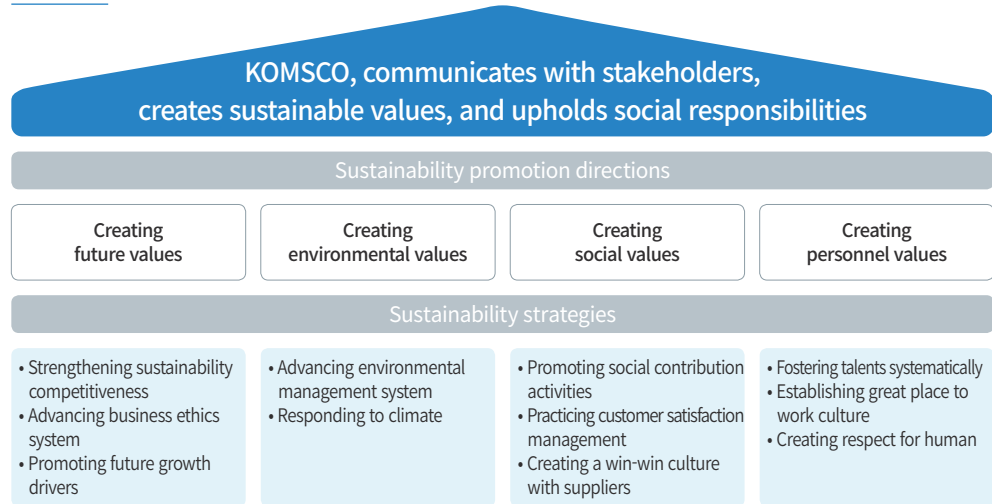


Sustainability Promotion System

Sustainability Promotion System

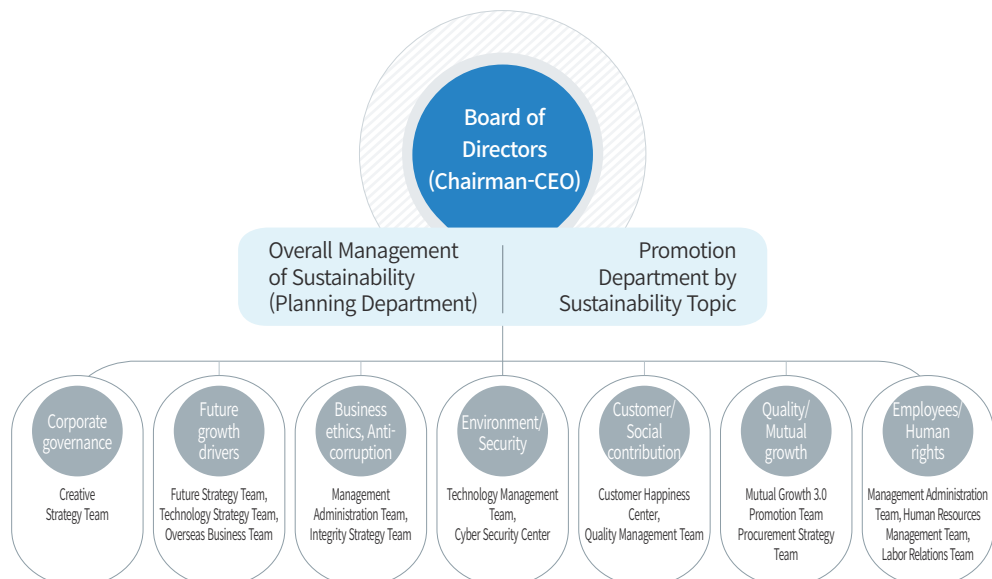
We have set our sustainability vision as ‘KOMSCO, creating sustainable values and taking social responsibilities’, and four promotion targets as ‘creating future values’, ‘creating environmental values’, ‘creating social values’, and ‘creating personnel values’. In order to reach these targets, we have created 11 strategic tasks, including strengthening sustainability competitiveness and advancing ethical management system, some of which are linked and operated with internal tasks to boost execution power.

CSR Vision



Sustainability Management Areas

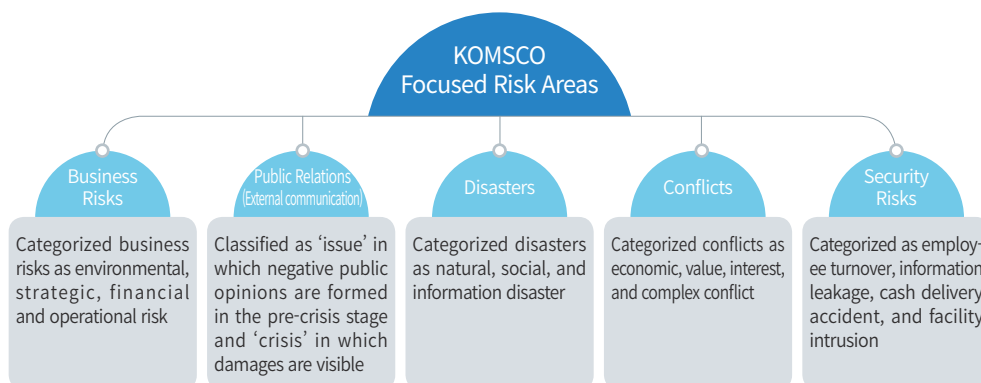
KOMSCO’s Planning Department supervises and manages sustainability and operates the Sustainability Execution Group to collect and manage performances by major areas. The Group is responsible for seven areas, including governance structure, future growth drivers, business ethics, anti-corruption, and environment/security. Representatives are selected by the department in charge and serve as representatives on the CSR Execution Group. The sustainability performances of GKD, KOMSCO’s subsidiary, are collected and managed separately by the department in charge of overseas subsidiaries. This report includes the results of enhancing sustainability competitiveness. (see page 80~83)



Risk Management

Risk Management System

KOMSCO categorizes major crisis management areas as business risks, disasters, public relations (external communication) risks, conflicts and security risks, and the crisis management department systematically manages them according to crisis alert level.



Crisis Alert Level

Category	Content	Remarks
Blue	The state in which there are signs but the level of activity is low, and the probability of developing into a crisis in the near term is relatively low	Symptom monitoring activity
Yellow	The state in which signaling activity is relatively active and there is a certain level of tendency to turn into a crisis	Operating cooperation system
Orange	The state in which signaling activity is very active and development speed and tendency are remarkably high, so the probability of crisis development is high	Checking preparation planning
Red	The state in which the crisis in progress	Beginning immediate action

Preemptive Response from Continuous Monitoring Reinforcement

KOMSCO operates an on-going monitoring system to enhance our ability to respond to risky situations both at home and abroad. In particular, we have strengthened our risk management monitoring system by selecting Key Risk Indicators (KRI). In addition, we have established a monitoring system to respond to crisis preemptively by strengthening on-site safety inspections to prevent occupational accidents, and supplementing and improving the crisis response manual.

Reinforcing Activities for Risk Management

Strengthening Crisis Response Capability through Education and Training

KOMSCO regularly conducts training every year for crisis management personnel to help them familiarized with the use of the crisis management system and the response manual. In addition, in order to enhance crisis response capabilities, such as disaster and public relations, we are conducting joint training with relevant departments and crisis response training in preparation for actual situations. Moreover, we are strengthening our ability to respond crisis by examining the feasibility of the crisis response manual and the ability to use crisis management system through simulation exercises.

Proliferating Action Plan by Disaster Type

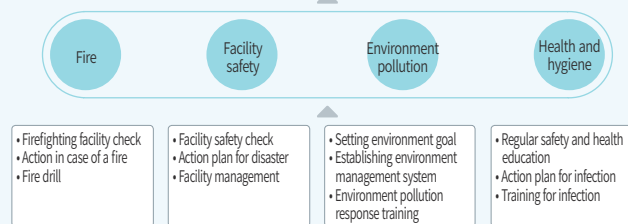
To enhance risk management abilities, KOMSCO regularly holds crisis management representative meetings to check the maintenance of the crisis management system and to define and improve the core risk indicators. In particular, we have established action guidelines for each type of distributed them to all employees to contribute to the spread of safety culture.

Enhancing Core Competencies for Disaster and Safety Management

KOMSCO is strengthening our disaster and safety management capabilities to cope with unexpected social disasters such as trans-boundary infection and fire accidents, and to respond to and minimize damage of natural disasters such as typhoons and earthquakes that have recently increased. In particular, we have established a disaster and safety management system for each phase of 'prevention - preparedness - response - recovery', and we are improving our ability to cope with disasters through professional and systematic education and training.

Disaster and Safety Management Strategy

Establishment of safety culture through employee-centered safety practices



Corporate Governance

Board of Directors

As of October 2016, the Board of Directors (BOD) of KOMSCO consists of 11 directors, who are five Executive Directors (EDs), including the Chief Executive Officer (CEO), and six Non-Executive Directors (NEDs). The chairman of the board is the CEO. The auditor can attend the board of directors and state opinions. There are also four specialized subcommittees within the BOD.

CEO, Auditor and EDs Profiles

Title	Name	Position
CEO	Hwa-dong Kim	President of KOMSCO
Standing Auditor	Kwang-bok Ahn	Auditor of KOMSCO
	Seung-hun Moon	Vice president and domestic business director of KOMSCO
	Jae-man Lee	Planning director of KOMSCO
EDs	Su-hak Ham	Technology & overseas business director of KOMSCO
	Sung-hyun Park	General affairs director of KOMSCO

NEDs Profiles

Title	Name	Major Career
	Hong-jae Lee	Assistant professor of mechanical engineering, Dong-A University Policy advisor of the Yeouido Institute
	Cheol-ho Oh	Professor of Public Administration, Soongsil University, Former professor of political science, US Arkansas State University
	Sang-yoon Bae	Director of Youngpoong Co., Ltd Former CEO of Golden Bridge Co., Ltd.
NEDs	Kyu-ju Lee	Attorney of Law Firm SN Former attorney of Law Firm Taesan
	Bong-ok Yoon	Director of Dongchun Research Center, Mokpo University Start-up Business Support team Former Honam Regional Manager of Hanguk Total Co., Ltd.
	Sung-hee Park	Professor of dept. of media studies, Seoul National University Former director of Samsung Welfare Foundation

As of October 2016

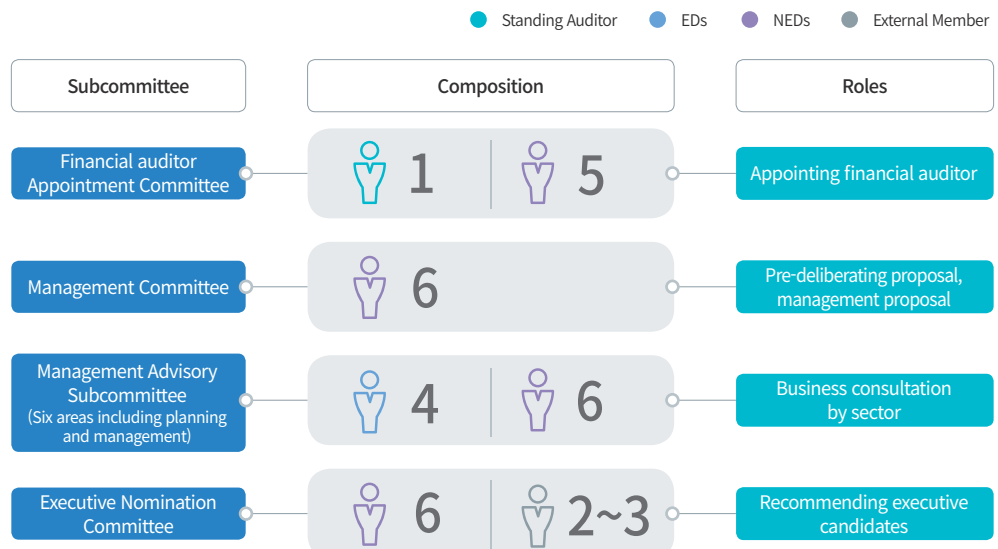
2015 BOD Meeting Record

Number of BOD meetings held	14
Number of agenda	63
Number of resolved agenda	19
Number of reported agenda	44
Attendance rate of NEDs	100%

Roles and Operation of the BOD

KOMSCO expanded the function of deliberation and resolution of the BOD on important matters and strengthened the actual role of the BOD. In 2015, we expanded our existing 12 tasks and 7 regulations to 13 tasks and 8 regulations. In addition, we improved the efficiency of the BOD's management system by reorganizing the management advisory subcommittee into planning, management, and business technology fields. In 2015, a total of 14 board meetings were held. A total of 63 items were discussed, including 19 resolutions and 44 reporting items. The attendance rate for NEDs during the period was 100%.

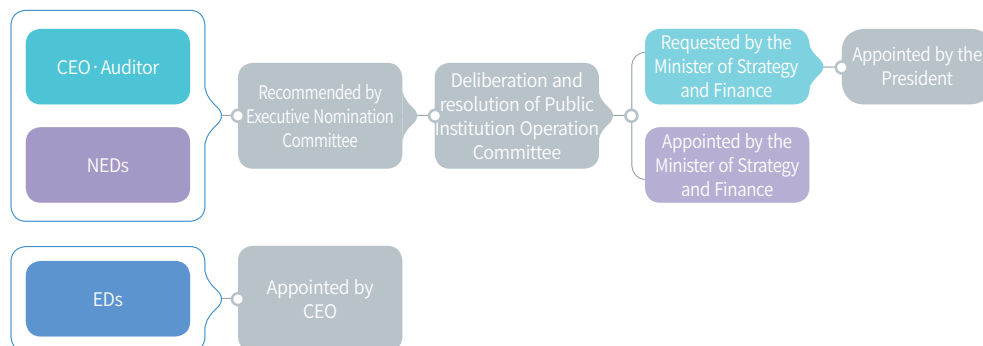
Subcommittees in the BOD



Independence of BOD

People who have a lot of management knowledge and experience and are nominated by the Executive Nomination Committee, and the appointment of NEDs is made by the Minister of Strategy and Finance after deliberation and approval by the Public Institution Operation Committee according to the articles of association. Appointment for CEO and auditor follows the same process as the selection of NEDs, but is required to be appointed by the President upon the request of the Minister of Strategy and Finance.

BOD Appointment Procedure



BOD's Expertise

Appointed Areas for NEDs

- Machinery · Technology
- Policy
- Corporate Management
- Law
- Business Planning
- Public Relations

KOMSCO has selected six experts in the fields of including machinery, technology, policy, and corporate management as NEDs and supports them to demonstrate their expertise. We have been enhancing the NEDs' understanding on KOMSCO, making full use of their expertise and strengthening the actual roles of the BOD by informing them business issues, conducting on-site visits and inspections, and holding on-site workshops. As a result, the proportion of remarks made by NEDs increased by 5 percent point from the previous year to 79 percent, and management proposals and advisory results increased by 23 percent from the previous year to 54 cases. In addition, NEDs visited overseas subsidiaries (GKD) to conduct management consultations and inspections. As a result, subsidiaries' earnings turned to surplus in 2015, achieving a net profit of USD 783,000. In addition, we conduct special lectures on the major issues of public agencies such as the Government 3.0 for our employees, thereby contributing to enhancement of the management performance of the corporation by utilizing their expertise.



BOD's visit to GKD



Special lecture on the Government 3.0

Evaluation and Remuneration

Evaluation and compensation for the head of the KOMSCO, auditors and EDs are paid according to the annual salary contract, and award of management evaluation bonuses is based on the results of management performance evaluation in Article 48 of the 'Law on the Management of Public Agencies'. Remuneration of NEDs is divided into job allowance and attendance allowance. The annual salary is KRW 18 million and the attendance allowance for a meeting is KRW 500,000. The total amount of the annual remuneration is paid up to KRW 30 million according to the directors' remuneration guidelines for public institutions.

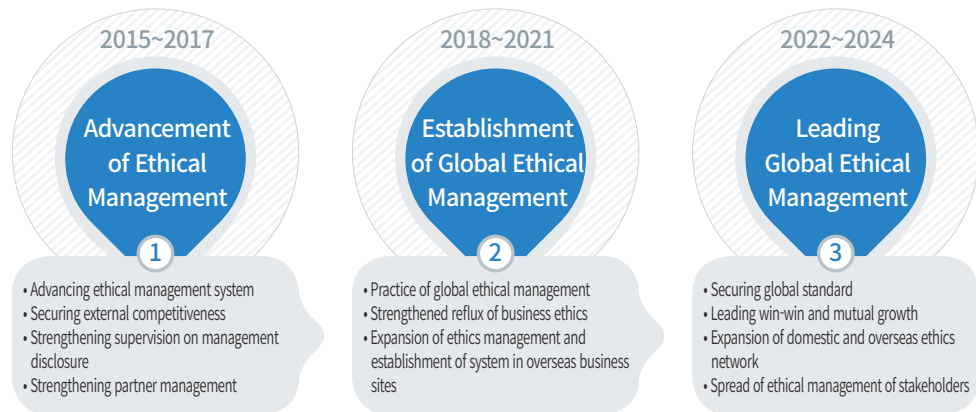
Business Ethics

Business Ethics Strategy

KOMSCO aims to enhance ethical management based on the CEO's commitment to business ethics, anti-corruption and integrity management. We are actively promoting ethical management to realize sustainable growth that balances economic, social, environmental and ethical values in all areas of our business.



Business Ethics Roadmap



Organization of Ethical Management

KOMSCO is strengthening the status of internal organization and promoting the spreading and strengthening of ethical management and anti-corruption culture throughout the company. In addition, we are promoting the objectivity and transparency of ethical management through the establishment of private and public governance. Through this initiative, we actively participate in the government's ethical management system.



Improvement of Ethics and Integrity Related Regulations and Policies

Improvement of Code of Ethics (CoE) and Code of Conduct (CoC)

KOMSCO strives to build a transparent and integrity-oriented corporate culture through the improvement of norms about ethical management, and reinforcement of the ethical management system. By establishing anti-corruption · integrity regulations and rules for operating integrity contracts based on KOMSCO CoE and CoC, we have built a foundation for all employees to participate in creating an ethical office culture. Through exemplary ethical management activities, we will fulfill our social responsibilities as a global state-owned corporation and contribute to the development of the local community and the nation.

Strengthening Integrity-based System

In order to form a company-wide consensus for zero corruption and to establish a continuous management system, KOMSCO is pursuing 'Integrity Perfect' goal-reaching system. Each Plant sets up strategic and tangible goals, provides incentives for goal achievement, and re-establishes targets in the event of violations of the CoC.

In addition, to protect sales confidentiality and R&D performance and to maintain transparency in procurement activities, KOMSCO has been operating a public interest reporting system and strengthened hiring restrictions for re-employed retirees. Moreover, we are constantly trying to discover new online contents such as Integrity Website, Integrity Magnifying Glasses, Conversations with Auditor Site, and Integrity Newsletter to improve the sense of integrity, and promote internally know-how of excellent institutions.

Vitalization of Reporting Culture and System

To ensure the anonymity of the internal reporting party, KOMSCO operates an anonymous reporting system. We do not accept direct reports, but reports are accepted with the exclusion of the registrant information through external research institutions. The result of the report sent to us is returned to the research institution and delivered to the applicant. In addition, we are expanding the duty to report to employees who are retired for less than one year, to improve autonomous corruption control systems, as well as expanding the promotion of the system through various channels including the company magazine, Integrity Newsletter.

Spreading Consensus on Ethics and Integrity

Vitalizing Integrity Education and Culture

Through our integrity education, KOMSCO continues to provide our employees with integrity awareness and knowledge. We conduct anti-corruption and integrity education throughout the year for new employees. We also conduct a one-year in-class training of integrity at the ethics training institute each year for personnel in charge of integrity and high-ranking officials. In addition, we are conducting on-site trainings for subordinate organizations and mandating executives, team leaders, promoted employees, new employees, and employees in charge of vulnerable jobs* to take integrity training every year, spreading integrity culture throughout the company.

*Vulnerable jobs: HR, budget, accounting, contract, outsourced processing, and audit

Promoting Improvement of the Sense of Integrity in the Organization

KOMSCO uses integrity notification system (『Integrity Alert』, 『Mobile Alert Notices』, and etc.), which are used for everyday tasks, or during periods of vulnerability such as holidays and vacation periods, to constantly disseminate cases of employees violating the CoC, and rules employees should keep. In addition, the Integrity Strategy Team is sharing the integrity contents on its Facebook Page, 'Blue Signal,' in real-time and running the 'Integrity Day' on the first day of each month to make self-diagnosis about integrity level.

Blue Signal



Business Ethics

Lead the Dissemination of Integrity Culture in the Public Sector

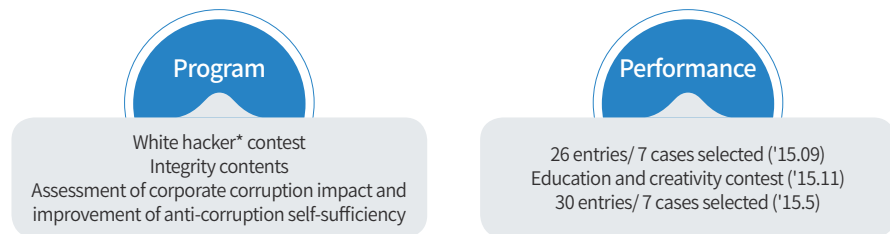
In order to spread the integrity culture within the public sector, KOMSCO has formed the Anti-Corruption Team Alliance (ACT), an organization for anti-corruption autonomous cooperation consisting of integrity work practitioners at eight public institutions and public related institutions.

Operation of Participatory Programs

Employees voluntarily join various participatory programs to identify weaknesses in ethical management and actively participate in improvement activities. In order to encourage the participation of our employees, incentives such as official commendations and awards are given to executives and employees who have a track record of ethical performance.

Performance for Participatory Ethics Management Program (As of the end of 2015)

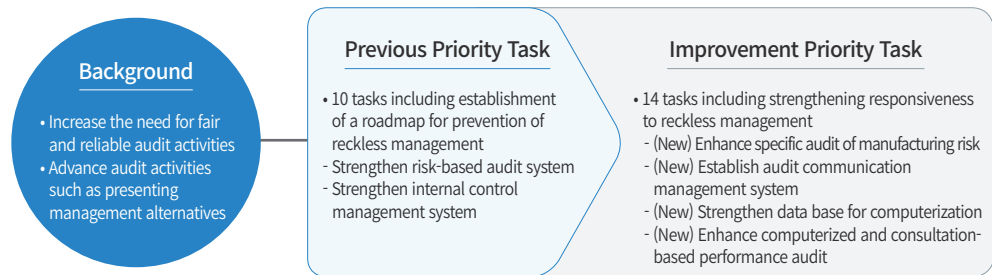
*White hacker: Good hacker. It refers to people who detect system vulnerabilities and report them to the administrator to prevent risks.



Strengthening the Audit Organization and Measures

Advancement of Internal Audit through Re-establishment of Key Tasks

In order to establish the basis for advanced internal audit, we have reestablished the task of improving audit activities. We are improving the fairness and reliability of internal audits by identifying 14 improvement tasks such as strengthening responsiveness to reckless management, strengthening specific audit of manufacturing risks, and establishing audit communication management system.



Business Case

Anti-Corruption Team (ACT) Alliance

Through the ACT activities, KOMSCO is leading the spread of integrity culture in the public sector.

ACT is an autonomous human network of practitioners in charge of anti-corruption and integrity in public institutions to enhance anti-corruption integrity policy implementation. In June 2015, the ACT was founded by proposition of KOMSCO and consisted of six organizations including the Agency for Defense Development, Korea Trade-Investment Promotion Agency, Jeonju City Hall, the Defense Acquisition Program Administration, and the Electronics and Telecommunications Research Institute at first. And now, as two more agencies, which are the Government Employees Pension Service and Small Enterprise and Market Service, joined, facilitators in charge of anti-corruption and integrity at these eight public organizations are currently conducting regular workshops. In the workshop, we share information on anti-corruption and integrity practices promoted by each organization including the National Anti-Corruption & Civil Right Commission's corruption prevention policy evaluations, develop and promote anti-corruption measures, and work on anti-corruption tours and campaigns. By doing so, we are playing a leading role in spreading the integrity of the public society by securing the enforcement power of integrity policies and strengthening the receptivity on governmental willingness to practice anti-corruption practices through continuous information exchange.



Increasing Independence · Professionalism of Audit

KOMSCO operates separate audit organization and reporting structure to give the auditor independence and responsibility and to facilitate internal audit. In addition, we are securing internal audit objectivity and transparency by independent evaluation of auditors. Moreover, we continuously foster and hire audit specialists through education and public recruiting, and utilize external experts such as the open audit committee and the integrity ombudsman to enhance our audit expertise.

Advanced Computerized Internal Audit System

In order to have an efficient computerized internal audit, the 3E computer audit system was created in 2015 and it implemented system-specific tasks. In addition, we have increased monitoring target indices from 56 to 60 and self-check checklist from 713 to 744 to enhance the computerized audit system.

3E Computerized Auditing System and Tasks



Corruption Prevention Measure Evaluation Result

Highest grade
for three consecutive years

Activities to Strengthen Voluntary Anti-corruption Policy

KOMSCO conducts evaluations of anti-corruption measures that assess the efforts of four Plants (Monetary Plant, Paper Plant, ID Plant, Technology Research Institute) and one subsidiary (GKD) in regard with implementing recommendations proposed by the Anti-Corruption & Civil Rights Commission. In addition, we are working to identify and propose integrity tasks that reflect the characteristics of each department, ensuring the prevention of corruption and the ability to control corruption in advance. At the same time, we are guiding and monitoring the CoC implementation. We have conducted audits of violations of the CoC in times of fragility such as holidays, election seasons, and holiday seasons, and have regularly checked the use of corporate credit cards by using an integrated audit information system (ASK). In addition, we report the external lectures given by our employees in advance and self-inspection of cost criteria to CEO so that we can raise the level of compliance with the CoC.

Integrity Measurement Result

Excellent
for five consecutive years



Internal Audit Feedback and Follow-up

KOMSCO conducts internal audit quality evaluation for self-diagnosis and improvement. In 2015, the overall satisfaction score rose to 3.88 points, a 0.07 point increase from the previous year, and all six scores in the survey were also increased. To prevent customization of indicated matters and to enhance the implementation ability of improvement activities, we implement progress management system for auditing disposition and implement management system of indicated matters. The audit management progressive system follows up through history management to provide weighted disposition to the same case issued within the last three years. The disposition implementation management system is to constantly check actual status of implementation, and has assigned a dedicated auditor for each Plant to conduct on-site inspection, information sharing, and dissemination.

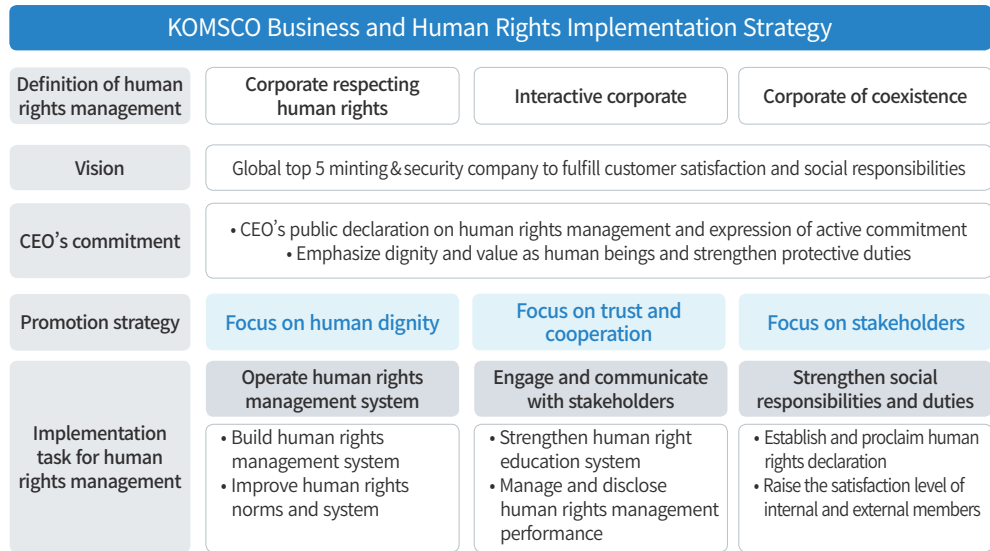
Business and Human Rights

Background for Introducing Business and Human Rights

As the social influence of corporations in the international society grows, international organizations such as the UN and the OECD are strengthening corporate responsibilities for respecting human rights. Also, in Korea, it is recommended to apply the human rights management guidelines of the National Human Rights Commissions of Korea (NHRC). There are growing demands for companies to implement and spread human rights management. KOMSCO actively promotes and implements the necessity and importance of human rights management throughout the company to prevent potential human rights problems in advance.

Operation of Business and Human Rights System

Since joining UN Global Compact (UNGC) in 2008, KOMSCO has supported the UNGC 10 Principles, which lists respecting human rights as a key mandate. In 2015, based on the recommendations from the NHRC, we have laid out a foundation for the promotion of human rights management. By the definition of human rights management, KOMSCO focuses on implementation tasks in accordance with three strategies that value human dignity, trust and cooperation, and stakeholders.

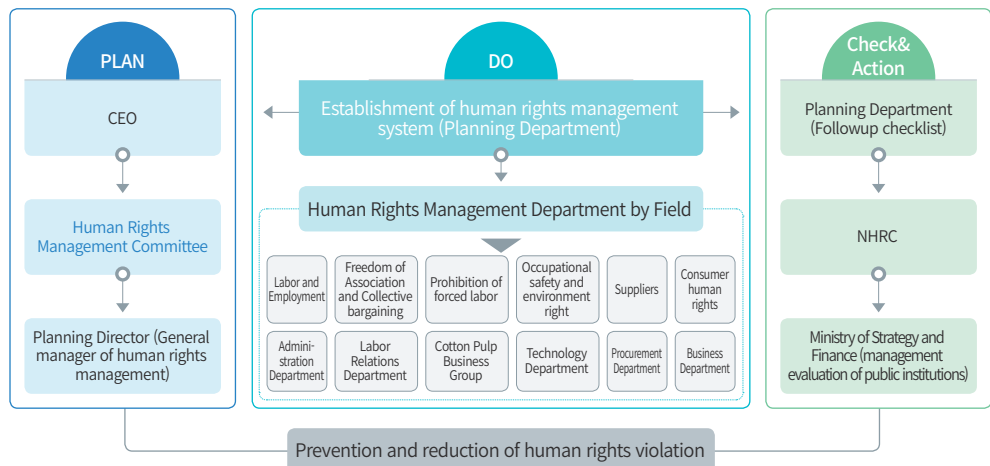


Business and Human Rights Checklist

Refer to page 76-77 for details

Human Rights Management Operation System

To promote systematic human rights management, KOMSCO's Planning Department manages overall human rights management including establishment of human rights management plan, establishment of system, and response to the NHRC. We also focus on specific issues related to human rights management, such as employment, occupational safety, and consumer rights, by each related department.



Promoting Human Rights Management Education

KOMSCO conducts training for all employees to improve awareness on human rights protection such as prevention of sexual violence. Human rights management education is conducted mainly through expert in-class education and discussion process, and we share with the whole company about sexual harassment laws, gender discrimination standards, sexual harassment counseling and grievances.

Communication Channels Regarding Human Rights

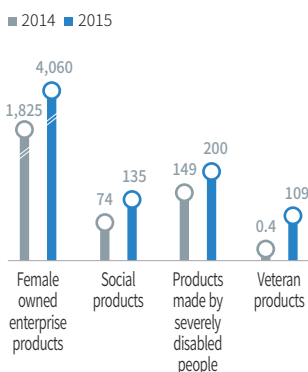
- Internal Employees: Human resources department's 'grievance handling' process, sexual harassment counselor, reporting channel of the Board of Auditors and Inspection
- Outside stakeholders: complaint submission form on company website, customer voice (VOC) system, Audit Department report, procurement system complaint menu, and etc.

Expanding Stakeholder Engagement and Communication

KOMSCO strives to improve human rights of our key stakeholders, including customers, suppliers and local communities. In addition to strengthening services for vulnerable groups with physical or communication disabilities, we are also trying to improve welfare and providing incentives to local employees. Moreover, when internal and external stakeholders are involved in human rights violations, we take necessary measures through various resolution procedures in accordance with corporate policies.

Management of Human Rights Management Issue by Stakeholder

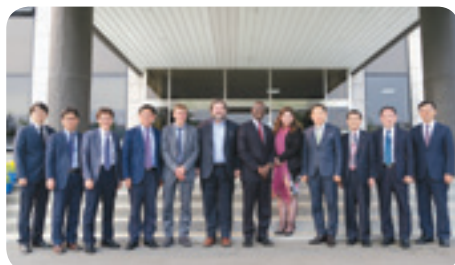
Priority Purchasing (Unit: KRW million)



Category	Key Issues	Key Achievements
Customer	<ul style="list-style-type: none"> • Inconvenience for foreigners and people with mobility difficulties to receive alien registration cards. • Need to supply integrated welfare cards for the disabled without interruption in case of a sudden increase. 	<ul style="list-style-type: none"> • Increased customer service satisfaction by expanding individual delivery system and shorten the delivery date Expanded individual delivery destinations (52 places → 97 places) Shorten card delivery day (8 days → 2 days) • Promoting convenience for the disabled by stably providing new integrated welfare cards
Supplier	<ul style="list-style-type: none"> • Need of priority purchase for women and social enterprises. 	<ul style="list-style-type: none"> • Improving purchasing performance of products by vulnerable social groups such as female-owned, severely handicapped and social enterprises
Local community	<ul style="list-style-type: none"> • Need to support community participation and development for the underprivileged and local residents 	<ul style="list-style-type: none"> • Promoting community service activities in cooperation with local communities (ex. expanding events for inviting family members of vulnerable social groups)
Local employee	<ul style="list-style-type: none"> • Need of human rights management for subsidiaries (frequent turnover of local personnel, possible human rights problems in local countries) 	<ul style="list-style-type: none"> • Sustaining all-round innovation through organic cooperation between parent company and subsidiaries (ex. awarding and inviting local talented employees hosted by parent company, fostering local manpower at manager level, strengthening monitoring of human rights at subsidiaries, etc.)

Strengthening Social Responsibilities and Duties

In November of 2016, KOMSCO proclaimed the “KOMSCO Declaration of Human Rights Management” and expressed our commitment to human rights management both internally and externally. The KOMSCO Declaration of Human Rights Management contains human rights management philosophy based on the human rights management guidelines of the NHRC and the UNGC 10 Principles. Also, every year we conduct self-inspections to diagnose the level of implementation of human rights management at the Head Office and each Plant, evaluate our implementation and share improvement plans, and strive to improve the human rights of all stakeholders. In May 2016, we interviewed the ‘UN Working Group on Business and Human Rights’ so we can continuously review human rights protection infrastructures in the areas of employment, labor and environment. In this way, we are continuing to strengthen human rights in all areas of our business.



Interview with the UN Working Group on Business and Human Rights

Business and Human Rights

Human Rights Management Checklist

Category	Item	Check Result	Department	KOMSCO Response
Establishment of human rights management system	The company made a policy declaration that it intended to fulfill the responsibility of respecting human rights.	Yes	Planning Department	<ul style="list-style-type: none"> • Proclaimed the Declaration of Human Rights Management in November 2016 to express commitment for human rights management • Regularly conducting human rights management diagnosis at each workplace, and systematically monitoring performance indicators.
	The company regularly conducted human rights impact assessments.	Yes	Planning Department	
	The company implemented necessary measures to institutionalize human rights management.	Yes	Planning Department	
	The company has procedures for tracking and recording human rights performance.	Yes	Planning Department	
	The company regularly reports on human rights management results.	Yes	Planning Department	
Prohibition of discrimination on employment	The company provides remedial procedures for those who have been negatively affected by the company's activities.	Yes	Planning Department	<ul style="list-style-type: none"> • There are no discriminatory factors in terms of gender, religion, disability, age, social status, or area of origin in relation to employment. • and on working hours, leave of absence, pay, retirement, and education, all of which are defined in internal regulations such as "employment rules", and "personnel management regulations".
	The company does not discriminate on the basis of gender, religion, disability, age, social status, or area of origin in relation to employment.	Yes	Administration Department	
	The company does not discriminate against men and women when hiring workers.	Yes	Administration Department	
	The company does not differentiate non-regular workers from regular workers.	Yes	Administration Department	
Freedom of association and collective bargaining	The company does not discriminate against foreign workers.	N/A		<ul style="list-style-type: none"> • KOMSCO and its labor union sign collective bargaining agreements once every two years, and the collective agreements signed on December 30, 2015 are in effect.
	The company recognizes workers' freedom of association and collective bargaining.	Yes	Labor Relations Division	
	The company does not disadvantage the workers because of their legitimate trade union activities.	Yes	Labor Relations Division	
Prohibition of forced labor	The company provides the employee representative with the information necessary to carry out activities.	Yes	Labor Relations Division	<ul style="list-style-type: none"> • KOMSCO abides by Article 7 of the 「Labor Standard Act」 (prohibition of forced labor) and forbids forced labor following internal regulations such as the "employment regulations".
	If the company does not have a union, the company provides alternative measures to allow employees to discuss labor-related issues independently.	N/A		
	The company prohibits all kinds of forced labor.	Yes	Administration Department	
Prohibition of child labor	The company does not keep any other important personal documents, such as employees' identification cards and travel documents, especially in the case of foreign workers.	Yes	Administration Department	<ul style="list-style-type: none"> • KOMSCO abides by Article 64 of the 「Labor Standards Act」 (minimum age and employment authorization) and children cannot be employed as workers.
	The company takes additional measures to prevent forced labor from occurring in subsidiaries or cooperating companies operating in foreign countries.	Yes	GKD Administration Team, Administration Department	
Prohibition of child labor	The company does not hire young people under the age of 15.	Yes	GKD Administration Team, Administration Department	<ul style="list-style-type: none"> • KOMSCO abides by Article 64 of the 「Labor Standards Act」 (minimum age and employment authorization) and children cannot be employed as workers.
	In case of finding that a minor is hired, the company does not stop hiring him/her immediately and, instead, provides educational opportunities or takes other remedies.	N/A		
	Employees who are younger than 18 years of age are not allowed to do anything harmful to their health, safety or morality.	Yes	GKD Administration Team, Administration Department	

Category	Item	Check Result	Department	KOMSCO Response
Ensuring occupational safety	The company keeps safety equipment and facilities in the workplace safe and hygienic at all times.	Yes	Technology Department	<ul style="list-style-type: none"> • KOMSCO prevents occupational accidents and continuously manages risk factors by OHSAS 18001 safety and health management system. • KOMSCO provides protective equipment and occupational safety education in accordance with industrial safety standards.
	Separate safety and hygiene measures are being implemented for pregnant women, the disabled and other vulnerable workers.	Yes	Labor Relations Division	
	The company provides workers with essential protective equipment for their duties and regularly conducts training on industrial safety.	Yes	Technology Department	
	The company conducts health checkups on workers to protect and maintain their health.	Yes	Labor Relations Division	
	If a worker is injured or gets sick from work, the company pays the cost of necessary medical care or necessary medical expenses.	Yes	Labor Relations Division	
Responsible supply chain management	The company requires suppliers, subcontractors, subsidiaries and other major suppliers to fulfill their obligations to protect human rights.	Yes	Procurement Department	<ul style="list-style-type: none"> • The company has an obligation to include human rights protection in supplier contract, such as compliance with labor laws including prohibition of child labor, and fulfillment of social responsibilities in the field of environment and occupational safety. Bidding is limited in case of violation.
	The company monitors suppliers, subcontractors, subsidiaries, and other major suppliers regarding compliance with the human rights protection through surveys or site visits.	Yes	Procurement Department	
	The company pays special attention to prevent human rights violations made by security personnel.	Yes	Emergency Planning Department	
Protecting human rights of local residents	The company consults with the landowner and the party affected by the transfer of ownership of the land.	N/A		<ul style="list-style-type: none"> • KOMSCO operates an online complaints channel to prevent violations of local resident's property rights or environmental rights
	The company does not take unfair advantage from the people who are involved in the inappropriate forced migration or have to migrate, and provides appropriate compensation.	N/A		
	When local residents have already used artistic works in the area or inventions that do not obtain copyrightable or patented material, the company obtains consent after providing sufficient information to the inventor or owner of the work before using it.	Yes	Technology Department	
Ensuring environmental rights	The company establishes and maintains an environmental management system. The company discloses environmental information.	Yes	Technology Department	<ul style="list-style-type: none"> • KOMSCO acquired ISO14001 certification to establish an environmental management system. • KOMSCO uses MSDS (Material Safety Data Sheets) to check the harmfulness of raw materials and regularly discloses environmental information at the environmental information disclosure system.
	The company discloses environmental information.	Yes	Technology Department	
	The company stands for the principle of preventive approach to environmental problems.	Yes	Technology Department	
	The company makes emergency plans to prevent, moderate and control environmental damages and disasters.	Yes	Technology Department	
Protecting consumer rights	The company takes necessary precautions in accordance with the standards of laws and ordinances in the design, manufacture and labeling of products in order to prevent harm to consumers' life, health and safety due to defects in the products.	Yes	Technology Department	<ul style="list-style-type: none"> • KOMSCO describes quality control and necessary response procedures in accordance with the Product Liability Law in the quality control regulations. • KOMSCO strictly controls quality according to the ISO9001 manual (much of the cost is quality control costs)
	The company informs the consumers of the risk of the product when damage occurs in the product due to defects. And the product is recovered as soon as possible.	Yes	Business Department	
	The company respects the privacy of the consumer and takes necessary measures to secure the personal information the company collects and stores.	Yes	Management Evaluation Department	



**KOMSCO's
Sustainability
Performance**



Strengthening GKD's Sustainability Competitiveness

80

CSR Quantitative Performances of KOMSCO

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Special Page

Strengthening GKD's Sustainability Competitiveness

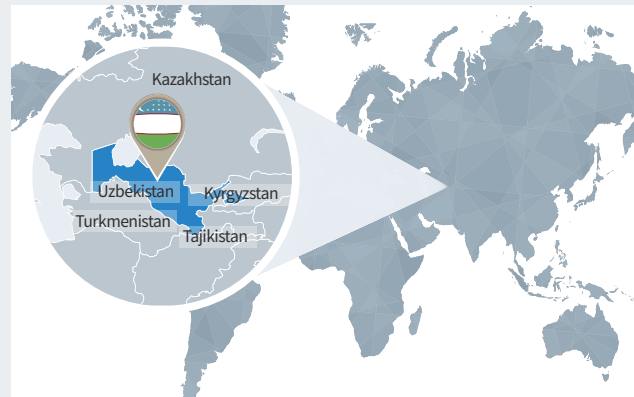
Background and Status of GKD Establishment

KOMSCO established a subsidiary, GLOBAL KOMSCO DAEWOO, LCC (hereafter 'GKD'), in Uzbekistan in 2010 to supply raw material stably and to replace aged facilities in Korea. GKD is a joint-venture company formed between KOMSCO and Daewoo International Corporation. KOMSCO owns 65 percent of GKD shares and Daewoo International holds the remaining 35%.

*Daewoo International Corporation has changed its corporate name to POSCO Daewoo in March 2016.

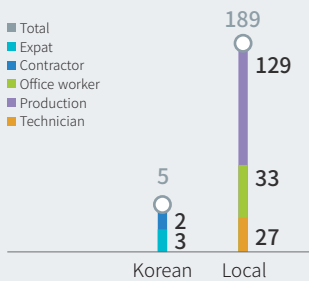
GKD at a Glance

GKD Information	Content
Company Name	GLOBAL KOMSCO DAEWOO, LCC ("GKD")
Head-quarters	Toshkent Region Yangiyul District Uzbekistan
Establishment Date	13 September 2010
Main Business	Manufacturing and selling cotton pulps
Corporate Governance	65% KOMSCO 35% POSCO Daewoo
Capital (USD)	USD 11 million
Production Capacity	Cotton pulp, maximum 20,000 tons/year
Number of Employees (As of September 2016)	194 employees
Chief Executive Officer	Moon-pyo Lee (dispatched from KOMSCO since 01 December 2016)
Company Webpage	www.gkdream.com



- 2009.05 Confirmed Memorandum of Understanding on overseas business with Daewoo International Corporation
- 2010.04 Ministry of Strategy and Finance approved the subsidiary enterprise
- 2010.09 Founded GKD
- 2011.11 Started to produce cotton pulp

Number of Employees by Type (As of September 2016) (Unit: persons)



Structure of GKD Sustainability Promotion

Sustainability Strategy

GKD has set its sustainability goal, 'Strengthening of GKD's social role through leading economic growth', and it has managed sustainability issues and performances in line with Triple-Bottom Line (TBL) of economy, social and environment to promote systemically sustainability activities. In particular, it has led creating shared values based on demands come from local communities in Uzbekistan by promoting effective social contribution activities.

Vision

Global Leading Company for High Quality Cotton Pulp

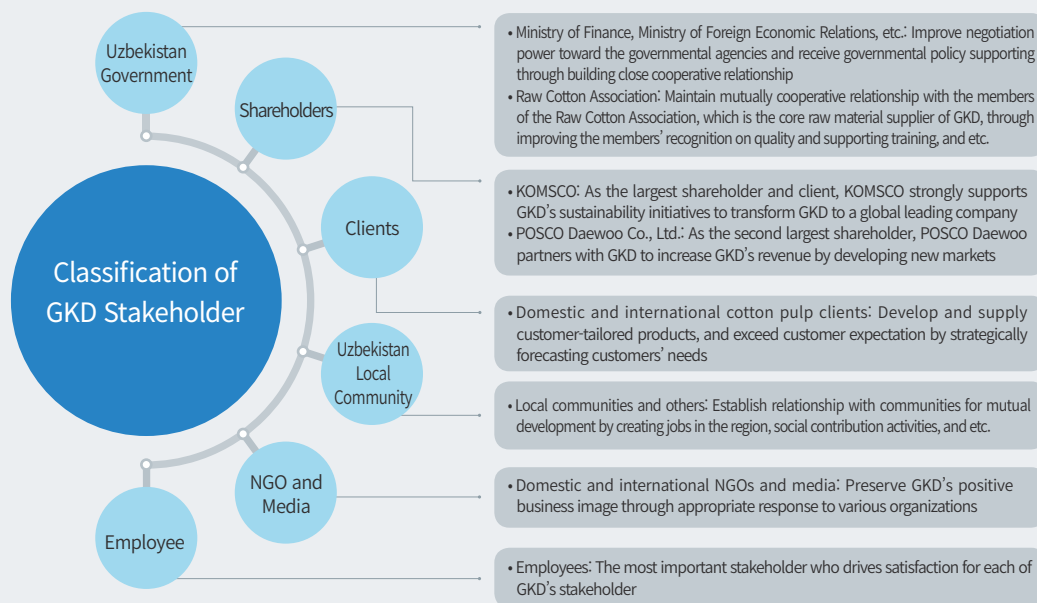
Sustainability Goal

Strengthening of GKD's social role through leading economic growth

Economy (Secure competitiveness)	Environment (Be an environmental-friendly corporation)	Society (Enhance social trust)
<ul style="list-style-type: none"> Increase revenue Productivity improvement and management innovation Enhancement of quality competitiveness 	<ul style="list-style-type: none"> Environmental protection Energy saving Efforts to manage local natural resources 	<ul style="list-style-type: none"> Management of supply chain risks Children-friendly business Expansion of cultural exchange Activation of local economy

Selection of GKD Stakeholders and Direction for Sustainability Implementation

GKD defined its main stakeholders into Uzbekistan government, shareholders, clients, local community, NGO and media, and its employees. It communicates closely with its stakeholders regarding their issues.



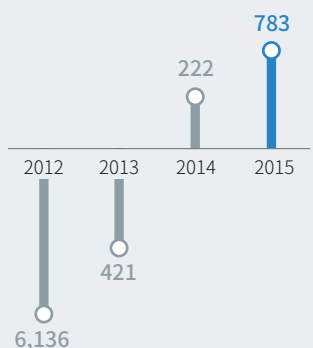
Securing Competitiveness

Year 2014 ~2015

Two consecutive years
Surpassed profit

GKD was about to experience the state of capital impairment in 2014; however, it has implemented innovative efforts to reduce cost, improve quality and productivity, and expand markets among many other initiatives. With these efforts, it has obtained significant achievements, such as hitting the highest profit margin in its history in 2015 and surpassed profit over two consecutive years in 2014 and 2015. For GKD's revival, KOMSCO not only formed marketing and R&D departments in order to reinforce its business competitiveness, but also went through intensive reforms, including restructuring of business units and personnel. It achieved USD 13.18 million of sales and USD 780,000 of net profit in 2015 with these proactive efforts.

Net Profit (Unit: USD 1,000)



(Unit: ton, USD 1,000)

	2012	2013	2014	2015
Yield	3,321	5,524	6,640	8,360
Amount of Sales	3,023	5,377	5,573	7,967
Revenue	8,089	13,825	10,098	13,176
Operating profit	△2,237	547	1,018	1,810
Net profit	△6,136	△421	222	783

Becoming an Environmental-friendly Corporation

GKD has reduced energy use under our systematic energy management, which includes modernization of facilities and increased production efficiency. We saved 515,000kW of electricity in February 2015, compared with the previous month, after we established and promoted peak electricity strategic management plan. This energy saving is equivalent to cost saving of USD 38,000. We also reduced water consumption and protect our water resources. GKD has increased water recycling rate and improved water purification and pulp washing facilities. In 2015, we reduced 1,507 tons of water use a day as white water, from washing cotton pulp, is recycled to use to dilute water.

Special Page

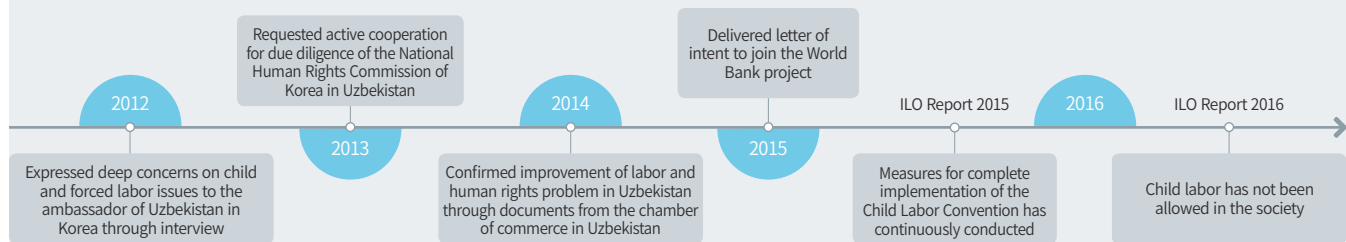
Strengthening GKD's Sustainability Competitiveness

Enhancement of Social Trust

Sustainability Risk Management in Supply Chain

Cotton is the key industry in Uzbekistan. The life cycle of cotton industry from seeding-cultivating-harvesting-selling-distributing is controlled by the government. Children and adults were forced systematically to produce the national production target under the state-sponsored forced labor system. Due to organized boycott on the Uzbek cotton by the world fashion industry and human rights NGOs' efforts, the number of children under 16 years old, who were forced to work in the cotton industry, was reported to have decreased since 2012; however, the possibility of forced labor still may exist. Therefore, GKD has strived to purchase child labor and forced labor free cotton pulp. Together with international organizations including the World Bank, GKD also tries to improve the labor and human rights conditions in Uzbekistan.

Recognition of Human Rights Issues



ILO Report 2015

- Due diligence period: 18 September ~25 October 2014
- Due diligence place: cotton farms across Uzbekistan
- Due diligence result:
 - A few child labors and teenagers were found; however, preventive measures are taken to thoroughly implement the Child Labor Convention.
 - Adult forced labor was not found.

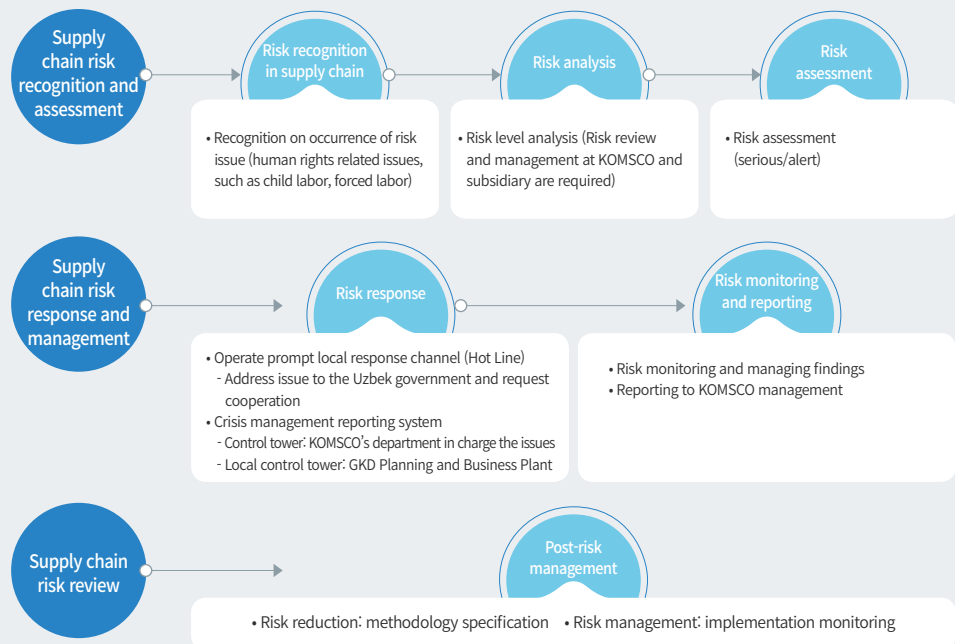
ILO Report 2016

- Due diligence period: 14 September ~28 October 2015
- Due diligence place: monitored at the World Bank project sites
- Due diligence result:
 - The frequency of using child labors has been decreased and child labor is considered as an unacceptable issue in the society.
 - While efforts of the government and social groups regarding forced labor have influenced positively, it is not enough to consider the forced labor is not conventional custom.

Monitoring GKD Human Rights

KOMSCO has continuously monitored the local labor and human rights practices in Uzbekistan through annual report issued from the International Labor Organization (ILO), the most authorized labor and human rights group, newsletters from the Korean Embassy in Uzbekistan and by monitoring GKD's local employees. In particular, we work closely with the Uzbekistan government and related organizations to monitor the issues as well as actively participate in the World Bank's labor and human rights related policy making through interactive information sharing. KOMSCO will continue to address labor and human rights issues in Uzbekistan and preventive measures in a variety of ways.

Risk Management Process in Supply Chain



[B.P] Supporting Aid Project for Resolving Human Rights Issues in Uzbekistan

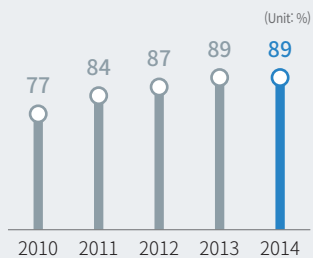
The World Bank Project

- Project name: South Karakalpakstan Water Resources Management Improvement Project for Uzbekistan (Modernization of the irrigation network and agriculture projects)
- Project cost: USD 337 million (project period 2015-2021)
- Project area: South Karakalpakstan, Uzbekistan (Western Uzbekistan)
- Financing for relieving human rights issues: Provide fund for projects in promise for cotton harvest mechanization in cotton farms belong to Uzbek government and being certified with child and forced labor free cotton

KOMSCO has proactively participated in “South Karakalpakstan Water Resources Management Improvement Project”, a World Bank project since 2015 for resolving child labor issues in Uzbekistan. The World Bank has promoted modernization of the irrigation network and agriculture projects since 2014 under the condition for complete cessation of child and forced labor in South Karakalpakstan, Uzbekistan. GKD has proactively worked together with the World Bank policy by prioritizing procurement of linters in this region and has strived to resolve human rights risks by updated information on the project progresses in the region. GKD will continue to join in the fight to resolve human rights related issues and will actively procure linters, which were produced only from locations that adhere to international human rights standards.

GKD's Social Contribution Activities

Local Employment Rate



Activating Local Economy

KOMSCO has given prioritization to hire local talents in Yangiyul. Not only we have contributed to create local jobs for the communities but also procured local goods first when we purchased raw materials and accessories to activate local economy and to promote mutual growth. GKD have also made numerous donations to support local residents' feedstuff and supporting Yangiyul handicapped association to grow together with local communities.

Local Procurement Rate (As of the end of 2014)

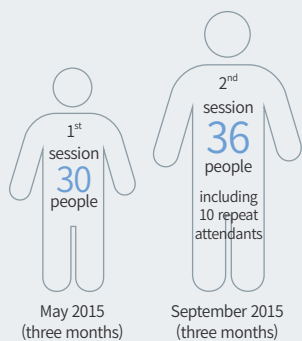
90%

Total amount of domestic procurement (USD 5.083 million) / Total amount of procurement (USD 5.649 million)

Expanding Cultural Exchange

KOMSCO have provided Korean language classes to local employees in order to increase work efficiency by fostering Korean speaking employees, and to instill Korean national image in local employees by sharing Korean culture. In 2015, during two Korean language courses, approximately 56 local employees have learned Korean and learned about Korean culture. We have supported 'activities to secure cultural identity for Koryo-in, which means ethnic Koreans', run by Koryo-in Association to improve Koryo-ins' identity and to preserve their traditional culture within Uzbekistan.

Performance of Korean Language Education in 2015



Children-friendly Business

GKD has donated soccer balls and stationeries to primary students in Yangiyul city, Uzbekistan to support children life in developing countries through 'Children Happiness Sponsoring Program'. This program is run by KOMSCO, the parent company of GKD. Through this program, youth sport development supporting project was promoted in 2012. Sponsoring educational development fund and dream sharing event for students were promoted recently. The Uzbek government has introduced these GKD's social contribution programs as a best practice that demonstrated localized social contribution, and has encouraged these programs to spread to other foreign invested companies.



Activating Local Economy



Expanding Cultural Exchange



CSR Quantitative Performances of KOMSCO

KOMSCO Achieved the Highest Revenue since its Foundation

KRW **462.4** billion

*Based on consolidated comprehensive income statement (K-IFRS)

The Lowest Level of Counterfeit Banknote Founding in the World

0.7 pieces

Economic Performance Data

Summary of Financial Statement*

(Unit: KRW million)

Category	2013	2014	2015
Revenue	432,505	429,927	462,410
Cost of sales	396,574	388,482	419,443
Selling, general and administrative expense	33,464	35,710	35,877
Operating profit (loss)	2,467	5,735	7,090
Other revenue	1,100	689	563
Other expense	143	276	87
Other income	4,129	129	617
Finance income	569	500	650
Finance cost	2,492	2,059	2,085
Profit before income tax	5,630	4,718	6,748
Income tax	3,559	525	560
Profit for the year	2,071	4,193	6,188
Other comprehensive income	(1,065)	(4,925)	81
Total comprehensive income	1,006	(732)	6,269

Consolidated Financial Statement

(Unit: KRW million)

Category	2013	2014	2015
Current Assets	135,002	149,887	155,272
Non-current assets	254,402	234,606	223,616
Total assets	389,404	384,493	378,888
Current liabilities	50,842	57,198	45,529
Non-current liabilities	54,029	44,507	45,335
Total liabilities	104,871	101,705	90,864
Total equity	284,533	282,788	288,024

Other Economic Performances

Category	2013	2014	2015
Annual finding number of counterfeit banknotes (pcs)* - domestic	0.9	0.9	0.7
e-Passport issue (1,000 pcs) - domestic	3,182	3,112	3,895
R&D investment rate (%)**	9.90	8.22	8.29

*Found counterfeit banknotes out of 1 million pieces of distributed banknotes, referred to the Bank of Korea press article.

**R&D investment rate is defined as R&D expense against net income, and the calculation formula for R&D investment rate was changed in 2016. (Ministry of Science, ICT and Future Planning, R&D Investment Planning Division-1281 (1st November 2016), Net income is calculated after excluding adjustment items (including raw material expenses, and etc.) from gross income)

Environmental Performance Data

Pollutant Concentration Test

Twice per month

Air Emissions (SO₂)

(Unit: ton)

Workplace	2012	2013	2014	2015
Head office	-	-	-	-
Monetary	0.75	0.21	0.36	0.43
Paper	16.07	8.69	12.79	8.08
ID	0.00	0.00	-	0.56
Total	16.82	8.90	13.15	9.07

Water Pollutant Discharge

(Unit: ton)

Workplace	2012	2013	2014	2015
Head office	0.14	0.14	0.11	0.08
Monetary	1.10	1.36	1.29	1.20
Paper	62.92	54.90	31.23	32.48
ID	-	0.00	0.00	0.01
Total	64.16	56.40	32.63	33.77

Hazardous Substances Usage

(Unit: ton)

Workplace	2012	2013	2014	2015
Head office	0.60	0.61	0.40	0.42
Monetary	159.02	66.63	105.48	93.59
Paper	1.11	2.85	5.35	2.38
ID	2.50	2.20	3.30	3.89
Total	163.23	72.29	114.53	100.28

Water Use

(Unit: ton)

Workplace	2012	2013	2014	2015
Head office	11,422	10,575	10,119	11,265
Monetary	141,790	77,260	83,360	81,760
Paper	1,302,428	1,169,208	878,066	915,070
ID	11,450	11,842	13,578	12,250
Total	1,467,090	1,268,885	985,123	1,020,345

Energy Consumption

(Unit: TOE)

Workplace	2012	2013	2014	2015
Head office	573.53	510.74	511.47	547.01
Monetary	4,996.56	5,185.90	5,333.70	5,083.92
Paper	10,891.26	9,834.45	9,223.45	5,867.58
ID	763.92	725.58	716.43	720.61
Total	17,225.27	16,256.67	15,785.05	12,219.12

GHG and Energy Target Management in
Public Institution Sector

Excellent
Institution

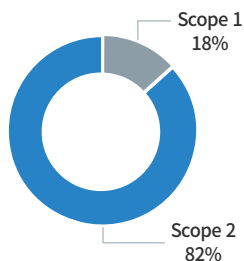
for Implementation
of the Target Management

GHG Emissions

(Unit: tCO₂)

Workplace	2012	2013	2014	2015
Total	28,506.93	28,545.87	26,220.51	25,389.60

GHG by Scope



Discharge of Wastes

(Unit: ton)

	Workplace	2012	2013	2014	2015
Designated wastes	Head office	0.20	0.34	0.22	4.20
	Monetary	42.98	62.70	55.84	142.54
	Paper	18.64	192.26	259.34	311.67
	ID	2.50	2.20	16.27	7.51
	Total	64.32	257.50	331.67	465.92
General wastes	Head office	53.00	53.90	49.00	51.00
	Monetary	316.04	347.49	470.70	351.05
	Paper	2,788.96	2,631.88	2,320.19	2,183.60
	ID	17.00	10.00	9.77	17.04
Total	3175	3043.27	2849.66	2602.69	

CSR Quantitative Performances of KOMSCO

Social Performance Data

Employees

Category	2013	2014	2015	
Incumbents	1,396	1,390	1,361	
Regular retirements	50	62	72	
Voluntary resignations	4	4	2	
Undefined contractors	-	-	-	
(Direct employment) Non-regular incumbents	53	60	65	
	No. of female employees and ratio	273 (19.6%)	280 (20.1%)	286 (21.0%)
Ratio out of total incumbents	No. of female employees above senior managers and ratio	38 (7.8%)	46 (9.0%)	49 (10.0%)
	No of the disabled employee and ratio	47 (3.4%)	47 (3.4%)	50 (3.7%)

New Employment Status

(Excluding executives)

Category	2013	2014	2015
Female	-	10	8
Disabled employees	-	-	-
Local talent (Noncapital region)	14	35	28
Local talent (HQ located region)	N/A	N/A	N/A
High school graduate	12	20	10
Vocational high school graduate	11	12	10
Engineering graduate	3	7	23
Total	19	50	49

Job Creation

Year	Category	Partnership	Investment Business	Outsourced	Total
2013	Regular	133	29	94	256
	Non-regular	13	15	47	75
2014	Regular	162	47	82	291
	Non-regular	7	22	39	68
2015	Regular	188	47	81	316
	Non-regular	33	23	39	95

Flexible Working System Promotion Performance (Based on regular employees)

Category	2013	2014	2015	
Flexible work by hour (persons)	16	21	13	
Flexible work scheme (persons)	Selecting commuting hours	49	41	49
	Selecting work location	22	21	23

Union Labor Membership Rate

Category	As of the end of October, 2016
Target number of labor union membership*	1,197
No. of labor union membership	1,193
Labor union registration ratio	99.6%

Achievement of Zero Accident

Category	Target Record	Starting Date	Target	Expected Achieving Date
Monetary Plant	5	2009.09.19	9,870,000 hours	2017.10
Paper Plant	1	2016.06.26	416 days	2017.04
ID Plant	8	2007.07.20	3,024 days	2017.09

Social Contribution

Category	2013	2014	2015
No. of KOMSCO Voluntary Group participants (persons)	2,964	3,054	2,850
Investment amount in social contribution (KRW 1,000)**	155,510	200,556	159,485

*Under Level 4 (Exceptions: Planning, Business management, Accounting, HR, Labor Relations, Audit, Secretaries, Security Personnel, Drivers for executives and Plant heads)

**Cash donation+KOMSCO Employees Love Fund+KOMSCO Employees' fundraising

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Appendix

GRI G4 Index	88
KOMSCO's Human Rights Declaration	90
UNGC	91
Independent Assurance Statement	92
External Awards and Recognitions	94

GRI G4 Index

GENERAL STANDARD DISCLOSURE

Aspect	G4	Indicators	Page	Reporting rate	Note
Strategy and Analysis	G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	p2-3	●	
	G4-2	Provide a description of key impacts, risks, and opportunities	p8-11	●	
	G4-3	Report the name of the organization	p6	●	
	G4-4	Report the primary brands, products, and services	p10-17	●	
	G4-5	Report the location of the organization's headquarters	p6	●	
	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	p28-29	●	
	G4-7	Report the nature of ownership and legal form	p6	●	
	G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	p10-17, p28-29	●	
	G4-9	Report the scale of the organization	p6	●	
Organizational Profile	G4-10	Report the total number of employees	p6, p86	●	
	G4-11	Report the percentage of total employees covered by collective bargaining agreements	p86	●	
	G4-12	Describe the organization's supply chain	p42-45	●	Managed by under the categories of outsourced processing, purchasing vendors, related organizations and technology support
	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain		●	No significant changes happened during the reporting period
	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	p67	●	
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	p88-89, p91	●	
	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization	p94	●	
	G4-17	*List all entities included in the organization's consolidated financial statements or equivalent documents. *Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	p80-84	●	
	G4-18	Explain the process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content.	p22-23	●	
	G4-19	List all the material Aspects identified in the process for defining report content	p22-23	●	
Identified Material Aspects and Boundaries	G4-20	For each material Aspect, report the Aspect Boundary within the organization	p23	●	
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization	p23	●	
	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements		N/A	There were no changes in the reporting period in this report due to gap between the first and second reporting year
	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries		●	No changes affecting to the Scope and Aspect Boundaries
	G4-24	Provide a list of stakeholder groups engaged by the organization	p18-19	●	
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage	p18-19	●	
Stakeholder Engagement	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	p18-19, p22	●	
	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	p18-23	●	
	G4-28	Reporting period (such as fiscal or calendar year) for information provided	p0	●	This is the first report since 2009 (FY2008)
	G4-29	Date of most recent previous report (if any)	p0	●	To be published biennially
	G4-30	Reporting cycle (such as annual, biennial)	p0	●	
Report Profile	G4-31	Provide the contact point for questions regarding the report or its contents	p95	●	
	G4-32	Report the 'in accordance' option of the GRI Index the organization has chosen	p0, p88-89	●	
	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	p92-93	●	
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	p68-69	●	
	G4-56	Describe the organization's values, principles, standards and norms of behaviors such as code of conduct and code of ethics	p70-71	●	
Ethics and Integrity	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	p70-73	●	
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity (escalation through line management, whistleblowing mechanisms or hotlines)	p71	●	

SPECIFIC STANDARD DISCLOSURE

Aspect	G4	Indicators	Page	Reporting rate	Note
Economic Performance	G4-DMA	Disclosures on General Management Approach	p26	●	
	EC1	Direct economic value generated and distributed	p43, 84, p86	●	
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	p58, 60	●	
Indirect Economic Impacts	EC7	Development and impact of infrastructure investments and services supported	p47-51	●	
	EC8	Significant indirect economic impacts, including the extent of impacts	p47-51, p86	●	
Procurement Practices	G4-DMA	Disclosures on General Management Approach	p40	●	
	EC9	Proportion of spending on local suppliers at significant locations of operation	p43	●	
Materials	EN1	Materials used by weight or volume	p62	●	
Energy	EN3	Energy consumption within the organization	p62, 85	●	
	EN6	Reduction of energy consumption	p62, 85	●	
Water	EN8	Total water withdrawal by source	p62	●	
	EN9	Water sources significantly affected by withdrawal of water		●	No water sources significantly affected by withdrawal of water
Emissions	G4-DMA	Disclosures on General Management Approach	p58	●	
	EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	p62, 85	●	
	EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	p62, 85	●	
	EN21	NOx, SOx, and other significant air emissions	p63, 85	●	
Effluents and Waste	EN22	Total water discharge by quality and destination	p63, 85	●	
	EN23	Total weight of waste by type and disposal method	p63, 85	●	
	EN24	Total number and volume of significant spills	p61	●	No leakage of hazardous substances
Compliance	EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	p61	●	
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	p33, 86	●	
	LA3	Return to work and retention rates after parental leave, by gender	p36	●	
Occupational Health and Safety	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	p86	●	
Training and Education	G4-DMA	Disclosures on General Management Approach	p32	●	
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	p35	●	
Diversity and Equal Opportunity	G4-DMA	Disclosures on General Management Approach	p32	●	
	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	p33, 68, p86	●	
Labor Practices Grievance Mechanisms	LA16	Number of grievances about labor practices field, addressed, and resolved through formal grievance mechanisms	p37-39	●	
Investment	HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	p77	●	
	HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	p75	●	
Non-discrimination	HR3	Total number of incidents of discrimination and corrective actions taken	p76	●	
Freedom of Association and Collective Bargaining	HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	p38-39, p76-77	●	
Child Labor	HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	p76-77, p82	●	
Forced and Compulsory Labor	HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	p76-77, p82	●	
Local Communities	G4-DMA	Disclosures on General Management Approach	p46	●	
	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	p47-51	●	
Anti-corruption	G4-DMA	Disclosures on General Management Approach	p70-73	●	
	SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	p73	●	
	SO4	Communication and training on anti-corruption policies and procedures	p71	●	
	SO5	Confirmed incidents of corruption and actions taken		●	Disclosed on KOMSCO Homepage
Customer Health and Safety	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	p55	●	
Product and Service Labeling	G4-DMA	Disclosures on General Management Approach	p52	●	
	PR5	Results of surveys measuring customer satisfaction	p57	●	
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	p55-56	●	No violation of Personal Information Protection Law
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		●	No violation of the Laws and Regulations

KOMSCO's Human Rights Declaration

KOMSCO's Human Rights Declaration

KOMSCO, as a world best minting and security technology leading company, does our social responsibilities and actively practice human rights management, which puts stress on human dignity and values across our operation.

Hereupon, we declare 「KOMSCO's Human Rights Declaration」 for protecting of the rights of all stakeholders, including our employees; pursuing human rights respected management; and as action standards and valuation that our employees shall comply with.

One, we respect and support international standards and norms on human rights.

One, we strive to prevent human rights violations which may occur physically and potentially.

One, we do not discriminate stakeholders, including our employees, based on their gender, religion, disability, age, education, region of origin, and etc., and establish an organizational culture of mutual respect and care.

One, we guarantee freedom of association and collective bargaining, and pursue trust based labor-management relations.

One, we do not allow any type of forced labor and child labor.

One, we establish safe and healthy working environment and promote occupational safety and health.

One, we support and respect all stakeholders' human rights protection, including our subsidiary and suppliers.

One, we respect and protect human rights of local community people in regions, where our domestic and overseas business activities are held.

One, we comply with domestic and overseas environmental laws and regulations, and lead environmental protection.

One, we value lives and safety of the nation and protect human rights of all consumers across our operation.

UNGC

KOMSCO has complied with the UN Global Compact 10 Principles against Human rights, Labour, Environment, and Anti-corruption.



Category	Principles	Activities	page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> Establishment of human rights system, improvement of related policies and regulations Training on in-house sexual harassment prevention and human rights Declaration of KOMSCO's Human Rights Management and announcement of the commitment Human rights self-inspection and monitoring Strengthening human rights activities at the subsidiary level 	74~77, 82, 90
	2. Make sure that they are not complicit in human rights abuses.		
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> Establishment of win-win labor-management relations and guarantee of freedom of association Operation of labor-management council for promoting employees' morale 	
	4. The elimination of all forms of forced and compulsory labour;	<ul style="list-style-type: none"> Monitoring labor standard law and internal labor regulations Compliance with the ILO standards and UNGC Principles Sharing and pledge to Declaration of Human Rights Management with GKD (overseas subsidiary) 	38~39, 74~77, 82, 90
	5. The effective abolition of child labour; and		
	6. The elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> Removal of discriminatory elements such as sex, education, age, region of origin, and etc., according to internal regulations Provide fair opportunities and employment procedure 	
Environment	7. Businesses should support a precautionary approach to environmental challenges;		
	8. undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> Establishment and operation of ISO integrated management system Implementation of energy target management system, strengthening climate change responding activities such as GHG reduction Strengthening chemical substances management, including MSDS updates, preparation of spills, and emergency training 	59~63
	9. encourage the development and diffusion of environmentally friendly technologies.		
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> Establishment of business ethics strategy and roadmap, improvement of rules and regulations Activation of reporting system and culture for protecting anonymous internal whistleblowers Expansion of anti-corruption and uprights training, operation of participatory ethics program to proliferate upright awareness 	70~73

Independent Assurance Statement

Preface

Korean Foundation for Quality (the “KFQ”) has been engaged by Korea Minting, Security Printing & ID Card Operating Corp. (“KOMSCO”) to perform an independent assurance in regard to the following aspects of this Sustainability Report (the “Report”). KOMSCO has responsibility to establish compilation criteria including content of this Report and KFQ’s responsibility is to provide an assurance conclusion of this Report.

Independence

KFQ was not involved in the preparation of any part of the Report, other than providing an assurance opinion, and there has been no conflict of interest between KOMSCO and KFQ. Further to this KFQ has unbiased opinion on stakeholders of KOMSCO.

Assurance Standards

Assurance/verification standards

- AA1000 Assurance Standard 2008
- AA1000 Accountability Principles Standard 2008
- GRI G4.0 Sustainability Reporting Guidelines
- ISO 26000: Social Responsibility Standard

Assurance Scope

The followings are included in the scope of this assurance:

- Report contents in relation to the Head Office, three Plants (Monetary Plant, Paper Plant, ID Plant), Technology Research Institute), subsidiary of KOMSCO;
- GRI G4.0 Compliance assessment regarding contents of the Report and assurance principles of reporting quality;
- Application of Type 1 assurance approach according to AA1000 and AA1000AS 2008 to assess compliance with inclusiveness, materiality and responsiveness principles and reliability of sustainability performance information. The term ‘Moderate Assurance’ used in AA1000AS is designed to be consistent with ‘Limited assurance’ as articulated in ISAE3000. Our assurance is a Type I assurance engagement as defined in the Guidance for AA1000AS; and
- Core subjects in ISO 26000.

Assurance Procedure

KFQ considered the procedures to achieve reasonable assurance of any apparent misstatements or material inconsistencies with the sustainability information, as well as internal process and system of data collection to have reliability of sustainability performance information provided in the Report.

• Desk review

KFQ has performed GAP analysis of key issues and sustainability performance data provided in the Report against GRI Guidelines and information acquired through media survey. With regard to the financial performance data included in the Report, our procedures were limited to verifying that they were correctly derived from the audited KOMSCO’s financial data based upon K-IFRS (International Financial Reporting Standard).

• Site visit

KFQ visited KOMSCO Head Office to understand and assess the systems and processes in place for managing the sustainability performance data. KFQ reviewed internal process of stakeholder engagement, selecting and reporting of key issues and the procedures to manage the issues.

• Resolution of findings

KFQ reviewed the final report to check the errors and issues identified during above process to provide correct and reliable sustainability performance information, and conducted an independent assessment of the Report in relation to GRI Guidelines.

Consideration and Limitation

Completeness and responsiveness of sustainability performance information reported in the Report are subject to inherent limitation due to their nature and the methodology used determining, calculating and estimating such data.

Assurance Opinion

Based on the assurance activity stated herein, KFQ confirmed that this Report meets the GRI G4.0 'Core' option. According to the three principles of AA 1000 Accountability Principles Standard 2008 and AA 1000 Assurance Standard 2008, namely, inclusiveness, materiality and responsiveness, sustainability performance information was assessed and KFQ could secure reasonable evidences to provide Type 1 level of assurance through followings.

1. KOMSCO has subdivided stakeholders as five core stakeholder groups related to the major issues of sustainable management. To hear any concerns and opinions from them, KOMSCO has customized communication channels for each stakeholder group and convey KOMSCO's business strategy and sustainable management activities;
2. According to the materiality assessment process, KOMSCO identified most relevant and significant sustainability issues then pool it in groups. Those issues were finally grouped as 11 major issues based on stakeholder survey, media analysis, and opinion of external specialists, and it was fairly well-reported in the Report; and
3. KOMSCO has included in the Report its response to the 11 material sustainability issues that were identified through material assessment process. KFQ could confirm that KOMSCO is responded condignly with coherent actions and concerned active response to their sustainability management work.

Recommendation for Improvement

1. It is KOMSCO's second Sustainability Report since 2008 and we could see that KOMSCO has done a lot of work associated with stakeholder engagement, materiality assessment, responding to the major issues. Henceforth, we recommend using this valuable output in practice to establish sustainability strategy.
2. Periodic updates of sustainable management issue are required in order to improve internal management system; therefore, it is recommended for KOMSCO to cyclically monitor major issues identified through material assessment. Furthermore, it is necessary to improve sustainability reporting processes in data generation, gathering and analysis.

November 2016
Seoul, Korea



Korean Foundation for Quality (KFQ)
CEO Dae-hyun Nam

External Awards and Recognitions

Category	Hosted by	Received Year
Selected as GHG & Energy Target Management and Implementation Performance Outstanding Institution in the Public Institution Category	Ministry of Environment	2016.10 (for five consecutive years)
Commendation from the Minister of the Ministry of Trade, Industry and Energy for public procurement of SMEs products	Small and Medium Business Administration	2016.10 (for three consecutive years)
Commendation from the Prime Minister for Public Procurement Excellent Organization	Small and Medium Business Administration	2016.10
Winning President Award at the National Quality Circle Contest	Ministry of Trade, Industry and Energy	2016.09 (for fourteen consecutive years)
Daejeon City Mayor Award, commendation for social contribution activities at Daejeon Social Welfare Contest 2016	Daejeon Metropolitan City	2016.09
Winning Award of the Minister of the Ministry of Environment on Environmental Information Disclosure Program Award 2016	Ministry of Environment	2016.05
Achievement of seven times of zero accident (ID Plant)	Korea Occupational Safety and Health Agency	2016.04
Selected as Excellent Organization for Integrity Measurement in 2016	Anti-Corruption and Civil Rights Commission	2016.03 (for five consecutive years)
Selected as the First grade organization on Corruption Prevention Measure evaluation in 2016, Commendation from the Prime Minister	Anti-Corruption and Civil Rights Commission	2016.03 (for three consecutive years)
Commendation by Deputy Prime Minister & Minister of the Ministry of Education social contribution on Free-semester system	Ministry of Education	2016.02
Commendation from the Minister of the Ministry of Employment and Labor for Rationalization of Labor-Management Relations	Ministry of Employment and Labor	2015.12
Commendation of Excellent Organization for Creating Family-friendly Culture	Ministry of Gender Equality and Family	2015.05
Winning Award of Prime Minister on the 50th Invention Day	Korean Intellectual Property Office	2015.05
Winning of Grand prize at Korea Donation for Education Award	Ministry of Education	2014.12
Certified as outstanding institution of Donation for Education	Ministry of Education	2014.12 - 2017.12
Commendation of R&D Investment Excellent Public Institution	Ministry of Science, ICT and Future Planning	2014.12
50 million-dollar Export Tower	Ministry of Trade, Industry and Energy	2014.12
Winning First Prize of Korea Invention and Patent Contest	Korean Intellectual Property Office	2014.11
Dedicated to the Hall of Fame, Quality Competitiveness Outstanding Company	Ministry of Trade, Industry and Energy	2014.11
Female friendly Corporation 2014	Daejeon Metropolitan City	2014.11
Selected as an Excellent Institution for Customer Satisfaction in State-own Company section	Ministry of Strategy and Finance	2014.03
Commendation of President for Anti-corruption at the National Shinmungo (whistleblower) System Award	Anti-Corruption and Civil Rights Commission	2014.02

Introduction of KOMSCO Workplaces

Head Office	(Gajeong-dong) 80-67 Gwahak-ro, Yuseong-gu, Daejeon, Republic of Korea Tel. +82 1577-4321 Fax. +82 (0) 70-7610-2360
Sales Development Department <small>Selling special press products, medals, etc. Gold market, quality certification business</small>	(Changcheon-dong) 166, Dokmak-ro, Mapo-gu, Seoul, Republic of Korea Tel. +82 (0) 2-710-5220 Fax. +82 (0) 70-7610-2360
Monetary Plant <small>Banknotes, coinage</small>	(Gapje-dong) 140-10 Hwarang-ro, Gyeongsan-si, Gyeongsangbuk-do, Republic of Korea Tel. +82 (0) 53-819-2900 Fax. +82 (0) 70-7610-2361
Paper Plant <small>Manufacturing security papers, such as banknote paper, etc.</small>	(Yeomchang-ri) 180 beon-gil, 67, Yeomchang-ro, Buyeo-eup, Buyeo-gun, Chungcheongnam-do, Republic of Korea Tel. +82 (0) 41-359-7400 Fax. +82 (0) 70-7610-2362
ID Plant <small>Manufacturing smart ID products such as e-Passport, electronic ID card, etc.</small>	(Taplip-dong) 10-7 Techno, Yuseong-gu, Daejeon, Republic of Korea Tel. +82 (0) 42-939-3800 Fax. +82 (0) 70-7610-2363
Technology Research Institute <small>Research mintage technologies, development of forgery and alteration prevention technologies</small>	(Gajeong-dong) 80-67 Gwahak-ro, Yuseong-gu, Daejeon, Republic of Korea Tel. +82 (0) 42-820-1581 Fax. +82 (0) 70-7610-2364

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We used FSC® (Forest Stewardship Council®) certified paper, which is used only for timbers produced from environmental-friendly developed and managed forests, and printed at FSC® Chain of Custody certified print house (certification number: C005448)

