



# kotra

## 2015 KOTRA Sustainability & Human Rights Management Report



About this report

For over 50 years, KOTRA has been working hard to attract investors and promote overseas exports. As a national institute, we are obliged to support sustainability management by strengthening export competencies of small and medium-sized enterprises (SMEs) and carrying out global corporate social responsibilities (CSR) related activities. We hope that the publication of this sustainability report will serve as a significant opportunity to disclose our endeavor to be a global business platform with the cooperation of our stakeholders.

Characteristics

KOTRA has developed the ‘2015 KOTRA Sustainability Management & Human Rights Management Report’ linking sustainability management and performances with business management strategies. This is our fifth report, providing comprehensive information from financial data to non-financial performances, such as governance and social value creation. The status of human rights management and various activities for human rights management practice have been added under Human Rights Protection, a newly added category in this year’s report.

Criteria and Assurance

This report is prepared in accordance with the Comprehensive option of GRI (Global Reporting Initiative) G4 Guidelines and IIRC (International Integrated Reporting Council) Framework. Specific reporting boundaries have been set and specified by material aspects. To improve objectivity and accuracy, this report received assurance from Lloyd's Register Quality Assurance(LRQA), a third party firm which verifies that this report satisfied all the requirements of the GRI G4 Guidelines at the Comprehensive level.

Reporting Period, Scope and Boundaries

This report contains KOTRA's business and sustainable business performances from January 1 to December 31, 2015. For major quantitative performances, the latest three-year data has been included. Fiscal year-end (December 31st) is the main baseline, unless stated otherwise. The scope of this report includes KOTRA's head office in Korea and financial/non-financial achievements of all overseas branch offices. For environmental and social fields, data of the head office has been used.

Additional Information

This report is published in Korean and English. The contents are available for download at the KOTRA website (<http://www.kotra.or.kr>). KOTRA welcomes your feedback. For any opinions and inquiries regarding this report, please contact us at

Korea Trade-Investment Promotion Agency (KOTRA)  
Planning & Coordination Dept. / Management & Assessment Team  
13 Heolleungno, Seocho-gu, Seoul, Republic of Korea  
Tel +82-2-3460-7074 Fax +82-2-3460-7908 e-mail: [sustainability@kotra.or.kr](mailto:sustainability@kotra.or.kr)



Cover Story

As a Global Business Platform for Korea’s bright future, there is a symbolic visualization of KOTRA as a compass in the global business world, to contribute towards happiness of individuals and national industrial development.

Contents

<b>Introduction</b>			<b>Building a Global Business Platform</b>	<b>14</b>
About this report	01		SMEs Global Competitiveness Support System	16
Contents	02		SMEs Export Support System	19
CEO Message	02		Fostering Domestically-oriented SMEs into Exporters	25
Business Model	04		Attraction of Foreign Investment and Post-project Support	30
Management Strategies	05		<b>Leading Global Management Culture through Human Rights and Ethical Management</b>	<b>34</b>
Company Introduction	06		Establishing Implementation System for Human Rights and Ethical Management	36
Stakeholder Communication	08		Stage 1: Fulfillment of Ethically Pure Organization	38
Materiality Assessment	10		Stage 2: Improvement in Stakeholder's Right and Benefit	40
2015 KOTRA Highlight	12		Stage 3: Application of Global Standard	43
			KOTRA Human Rights Management Proclamation Ceremony	44
			KOTRA Human Rights Charter of Constitution	45
			<b>Sharing Channel for Global Knowledge and Experience, KOTRA</b>	<b>46</b>
			China Head Office	48
			Europe Head Office	49
			North America Head Office	50
			Middle East Head Office	51
			Africa Head Office	52
			Japan Head Office	53
			Southeast Asia and Oceania Head Office	54
			Southwest Asia Head Office	55
		Central and South America Head Office	56	
		CIS Head Office	57	
			<b>KOTRA Corporate Governance</b>	<b>58</b>
			Corporate Governance	60
			Government 3.0	63
			Risk Assessments	64
			Information Security	66
			Field and Customer-centered Organization Formation	68
			<b>Appendices</b>	<b>70</b>
			KOTRA Sustainability Management Achievements	71
			KOTRA Human Rights Management Practice Status	76
			GRI G4 Index	78
			Third-party Independent Assurance Report	82
			KOTRA's Previous Sustainability / UN Global Compact	84
		Awards and Memberships	85	

# CEO Message



## GREETINGS!

**KOTRA is a ‘Global Business Platform’, supporting overseas expansion of SMEs to boost the Korean economy.**

Last year, Korea was ranked as the sixth largest exporting country, with increased volume of export goods. However, due to the influence of global recession and drop in oil prices, there was a fall in total exports. Due to this fall in value, we were not able to achieve even USD 1 trillion in total, a target which we had been maintaining for the last four years since 2011. KOTRA feels great responsibility on this matter and we are doing our best to overcome the difficulties we are facing at the moment to concentrate on persevering in the export market.

KOTRA had set four management objectives in 2015 to lead ‘Second Nation-Building through Trade’. Exports of USD 2 trillion and foreign investment attractions of USD 30 billion were the main goals in promoting trade and attracting investment. For growth, pioneering new markets and nurturing new export growth engines were our goals. We also set customer value and mutual cooperation as our top priorities, reflecting our customer-centric business philosophy. Lastly, ‘The World Best Trade Promotion Organization (TPO) and Investment Promotion Agency (IPA) Realization’ was one of our significant goals to maximize our potential and to strengthen an organizational culture that complies with business fundamentals.

All our employees feel the weight of great responsibility and work diligently to fulfill these goals.

### First, we are working hard to nurture competitive SMEs to export their products and services.

KOTRA has advocated one of our business goals 'Nurturing 100,000 Exporting SMEs', which is to foster 100,000 SMEs for the long-term growth of Korea. For this, KOTRA has supported exporting beginner companies to increase their exporting volumes while supporting domestic market-oriented companies to develop exporting markets during the year of 2015. Our Business Centers around the world provided tailored service to 2,812 SMEs. As a result, the percentage of SMEs increased from 33.8% in 2014 to 35.7% in 2015. KOTRA will continue to support SMEs to play a more significant role in Korean exports.

### Secondly, with customized approach, we are discovering and securing new markets to increase exports.

We are expanding exports of innovative products in the developed markets. We are expanding exports of innovative products in the developed markets. In the less developed markets, we are helping SMEs to diversify China market with a global division of labor. We are encouraging exports, transfer of technology, and CSR activities in strategic markets such as Iran and Myanmar. We are assisting Hallyu, a relatively new industry that has become a driving force in exports. Also for services such as medical treatment and information technology (IT) industries with good future prospects, we focus on customized marketing for each industry. We are promoting competitiveness of SMEs in the global markets by providing differentiated and tailored marketing efforts.

### Thirdly, we are strengthening communication and cooperation with our customers and related organizations.

KOTRA, as a Global Business Platform, helps SMEs to improve their global competitiveness through openly cooperating with related organizations. In 2015, the Economic Diplomacy Support Center opened to create more opportunities through summit diplomacy. We provide customized services, such as ‘On-Call KOTRA’ and ‘Trade Doctor’, and plan to broaden customer-centric online and mobile services that utilize social media and mobile apps.

### Lastly, as a public institution, KOTRA is devoted to CSR activities, such as global CSR and job creation.

KOTRA has been deeply involved in global CSR initiatives and official development assistance, reevaluating competitiveness of domestic companies and creating shared value with emerging countries. Projects, such as operating technical schools and reallocation of idle equipment in emerging countries are ideal examples of creating shared value. In addition, we also take part in community contribution projects that benefit locals and actively link Hallyu stars with CSR activities to build positive perception of Korean companies. We will do our best to create quality jobs via our core objectives i.e. attracting foreign investors and introducing domestic companies to the international market.

KOTRA won the first prize in the 2015 Korea Creative Economy Awards in recognition of our contribution to improve global competitiveness of domestic SMEs. We also won the President’s Award in Korea National Quality Award (CSR category) presented by the Ministry of Trade, Industry and Energy. The dedicated and hardworking staff in KOTRA made it possible to win these recognitions. KOTRA is determined to provide active and continuous support to realize sustained growth for domestic companies.

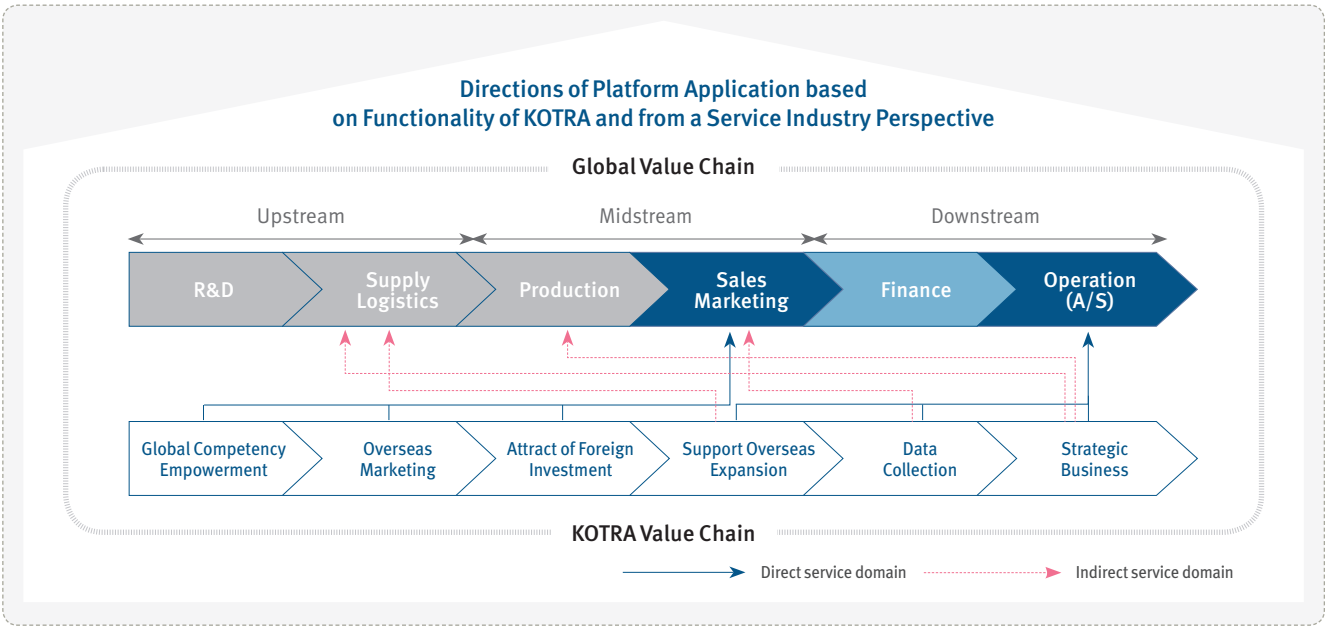
President of KOTRA, **Jaehong Kim**



# Business Model

## KOTRA Global Business Platform

KOTRA plays a significant role in the global value chain to realize the vision of a global business platform. In general, a platform firm refers to an institute that creates added values by linking upstream and downstream. KOTRA performs as a conventional platform firm as well as contributing on the global business ecosystem with accomplishments based on cooperation with related organizations within the Global Value Chain.



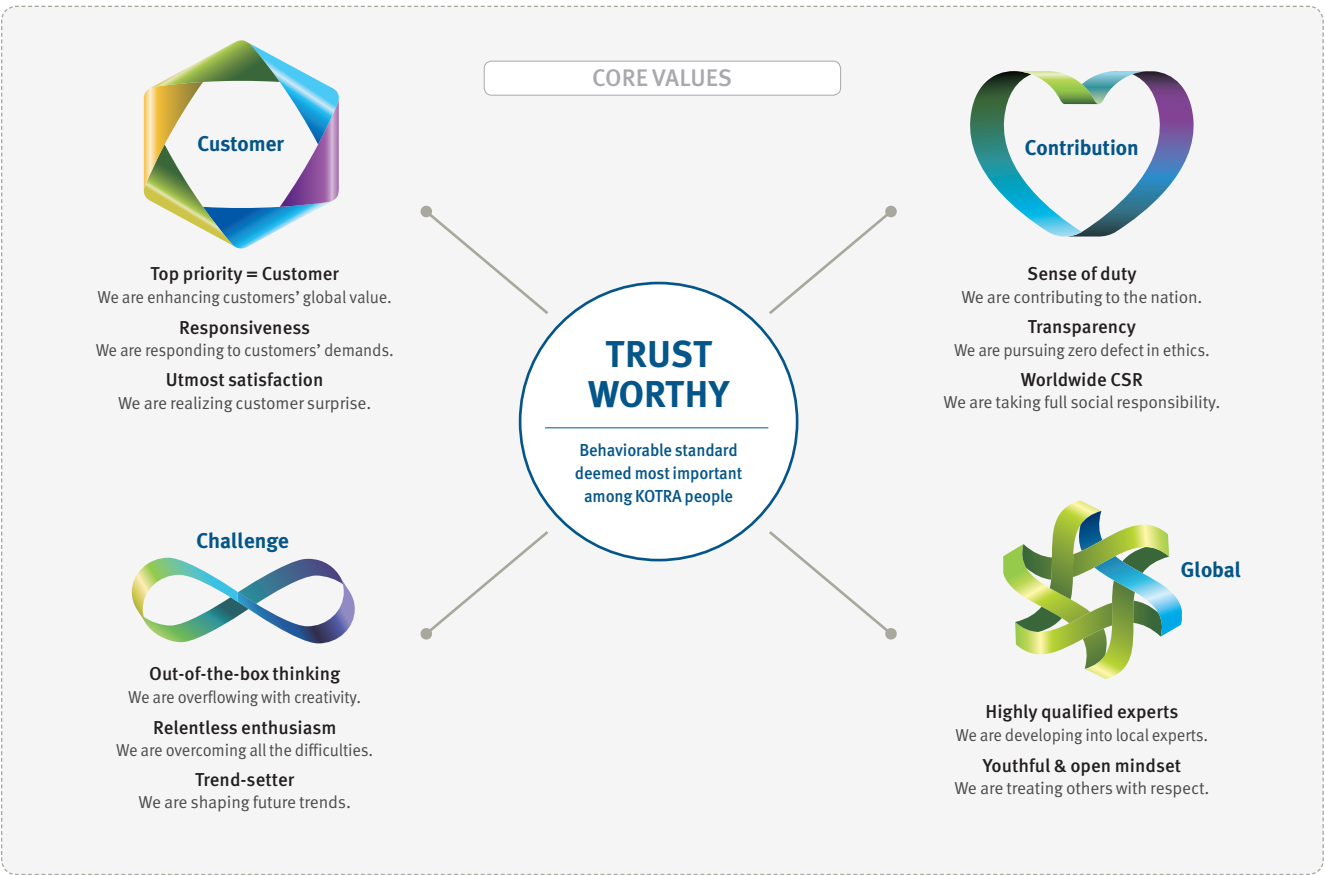
## KOTRA Business Direction to Meet the Demands of the Times

KOTRA established four major business plans with ‘Global’ and ‘SMEs’ as main foci to boost Korean economy. We set our goals to achieve USD 2 trillion export value, being one among top five export countries and “Second Nation-Building through Trade” by 2020. We will strengthen export competencies of SMEs, support utilization of expanded economic cooperation zones, discover new export growth engines and attract foreign investments to reach our goal.



# Management Strategies

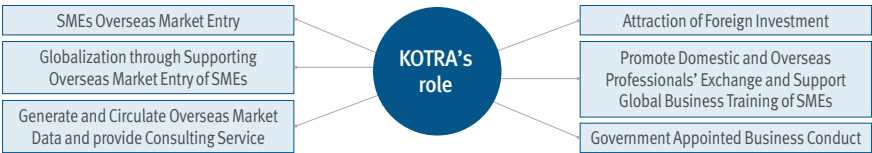
## KOTRA Management Strategies and Core Values



Mission	Contributing to promoting happiness of the public and prosperity of the global community through support for global business			
Vision	Global business platform that opens up the future of Korea			
Core Value	Challenge	Global	Customer	Contribution
Strategic Goal	Business goal USD 2 trillion Export USD 30 billion foreign investment	Business sector Pioneer new global markets	Business style Customer value and mutual cooperation as top priority	Organizational capacity World best TPO/IPA realization
Management Policy	<ul style="list-style-type: none"><li>Strengthening Export Competencies of SMEs</li><li>Attraction of Foreign Investments</li></ul>	<ul style="list-style-type: none"><li>Discover New Export Growth Engines</li><li>Support utilizing expanded economic cooperation zone</li></ul>	<ul style="list-style-type: none"><li>Understand significance of customer demand and onsite service</li><li>Function as a Global Business Platform</li></ul>	<ul style="list-style-type: none"><li>Create substantial business promotion</li><li>Build a trusted public institution for the public</li></ul>
Management Strategy Agenda	<ol style="list-style-type: none"><li>Transform domestic companies into exporting companies</li><li>Improve domestic SMEs globally compatible</li><li>Attract foreign investments to benefit Korean companies</li><li>Listen to foreign investors, address their complaints and improve domestic policy and legal framework</li></ol>	<ol style="list-style-type: none"><li>Discover new export industries and exporting markets</li><li>Preemptive response to new trading methods</li><li>Strategic link with Summit diplomacy and FTA</li><li>Support global market entry to the economic zones</li></ol>	<ol style="list-style-type: none"><li>Customer-centric innovation</li><li>Onsite and tailored business planning and administration</li><li>Improve internal communication and cooperation</li><li>Strengthen collaboration with relevant organizations</li></ol>	<ol style="list-style-type: none"><li>Focus on core business plan, improve and develop business structure</li><li>Business evaluation and feedback</li><li>Adopt organizational culture that tolerates and respects people's ability and achievements</li><li>The public sector innovation leader with advanced management system</li></ol>

# Company Introduction

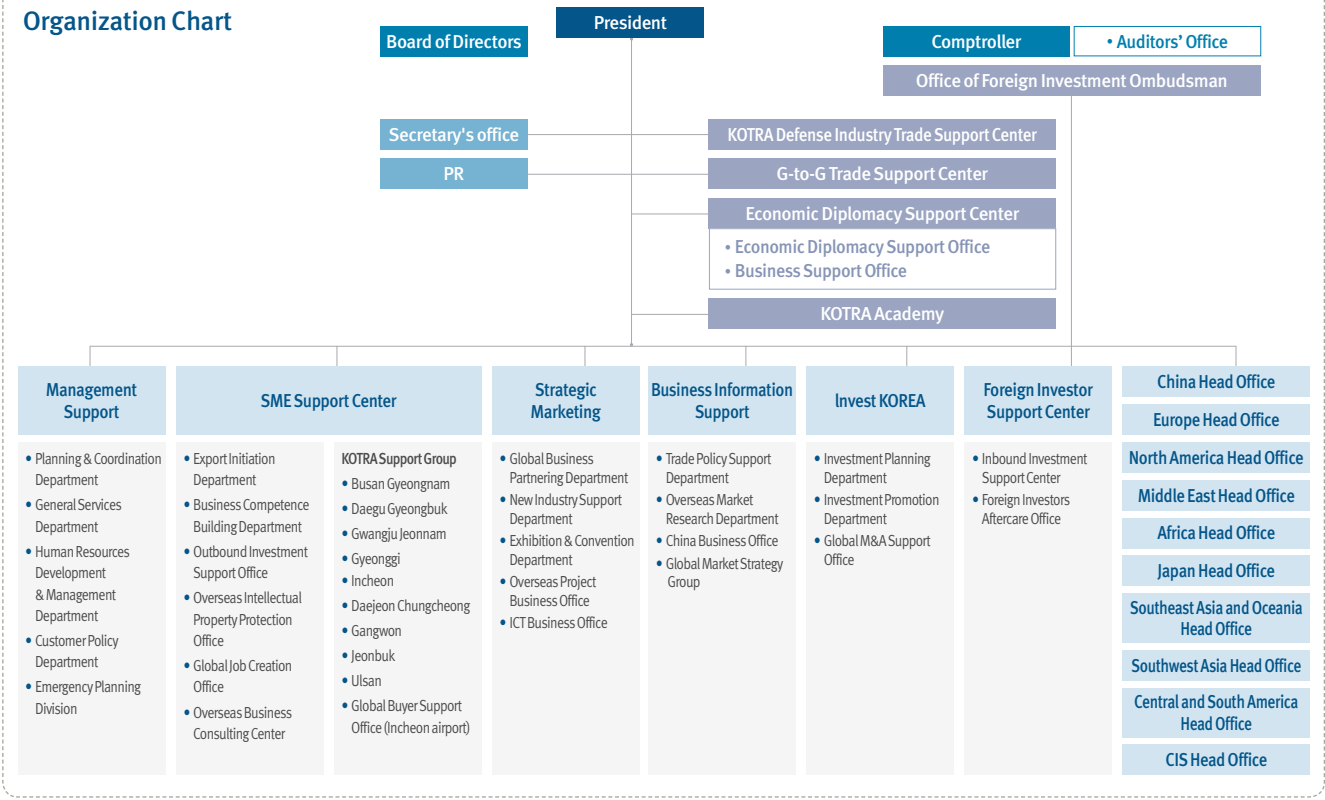
KOTRA was established to contribute to Korea’s economic growth by promoting and providing support for cross-border investments by domestic and foreign companies, industrial and technological cooperation, inducement of foreign experts, and export contracts between governments. With the help of open cooperation of related organizations, and our own accumulated global knowledge and experience based on an extensive global network featuring 126 Korea Business Centers (KBCs) in 86 countries around the world, KOTRA is devoted to elevate global competitiveness of Korean companies.



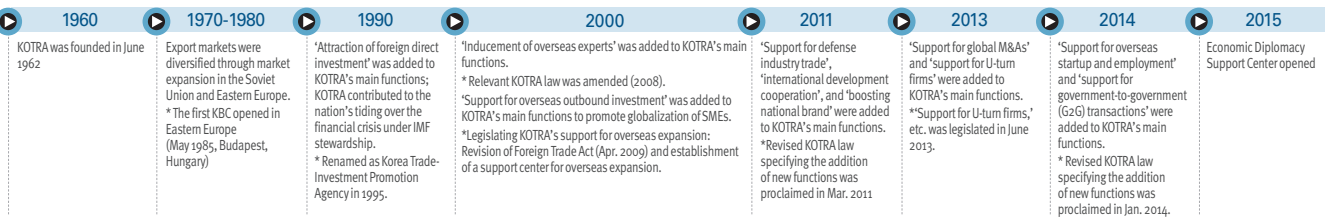
## Corporate Summary

Company Name	Korea Trade-Investment Promotion Agency (KOTRA)
Headquarters	13 Heolleungno, Seocho-gu, Seoul, Republic of Korea
Competent Authority	Ministry of Trade, Industry and Energy
President	Jaehong Kim
Establishment	Korea Trade-Investment Promotion Agency Act (Law No.1059, established on April 24, 1962)
Established Date	June 21, 1962
Ownership	Completely owned by the Korean government
Capital	KRW 50 billion
No. of Employment	748 (As of 2015, permanent position)
Organization	Headquarters: 5 HQs 20 Depts. 16 Centers (Group, Team) Overseas: 10 regional head offices, 126 KBCs in 86 countries Domestic: 9 support teams, 1 office

## Organization Chart

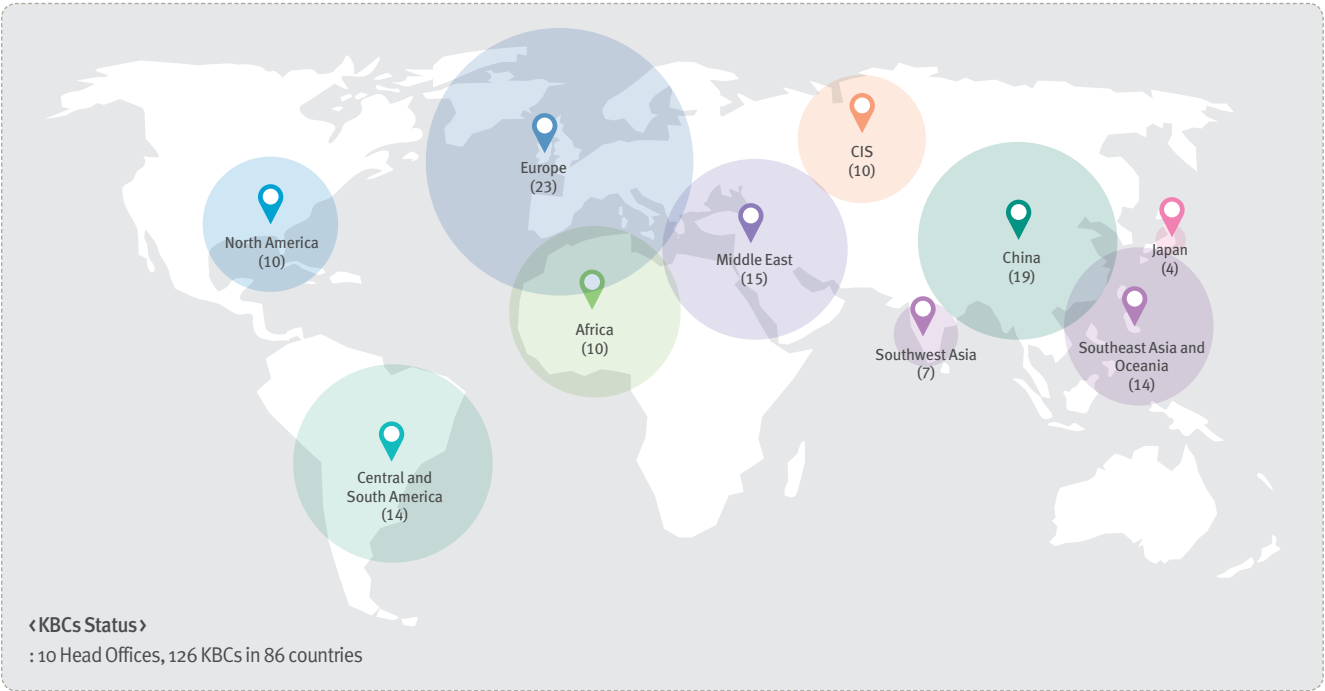


## The KOTRA Timeline



## KOTRA Global Network

As of April 2016, KOTRA is operating 126 Korea Business Centers (KBCs) in 86 countries and 10 regions across the world. KBCs’ main tasks are pioneering new markets, attracting new investors based on the fieldwork to fulfill our top priority i.e. growth in exports. We are expanding KBCs in emerging markets such as China, Southwest Asia and Africa. In December 2015, new KBC offices were opened in Slovakia and Serbia to boost East European market entries.



<b>China (19)</b>	Beijing (China), Shanghai (China), Guangzhou (China), Dalian (China), Tianjin (China), Chengdu (China), Qingdao (China), Wuhan (China), Xian (China), Shenyang (China), Nanjing (China), Chongqing (China), Changsha (China), Zhengzhou (China), Hangzhou (China), Xiamen (China), Shenzhen (China), Hong Kong (Hong Kong), Taipei (Taiwan)	<b>Japan(4)</b>	Tokyo (Japan), Osaka (Japan), Nagoya (Japan), Fukuoka (Japan)
<b>Europe (23)*</b>	Frankfurt (Germany), Hamburg (Germany), Munich (Germany), Paris (France), London (UK), Stockholm (Sweden), Copenhagen (Denmark), Amsterdam (Netherlands), Brussels (Belgium), Milano (Italy), Zurich (Switzerland), Madrid (Spain), Vienna (Austria), Athens (Greece), Helsinki (Finland), Budapest (Hungary), Warsaw (Poland), Prague (Czech Republic), Bucharest (Romania), Zagreb (Croatia), Sofia (Bulgaria), Belgrade (Serbia), Bratislava (Slovakia)	<b>Southeast Asia and Oceania (14)</b>	Singapore (Singapore), Manila (Philippines), Bangkok (Thailand), Kuala Lumpur (Malaysia), Yangon (Myanmar), Jakarta (Indonesia), Surabaya (Indonesia), Ho Chi Minh (Vietnam), Hanoi (Vietnam), Phnom Penh (Cambodia), Vientiane (Laos), Sydney (Australia), Melbourne (Australia), Auckland (New Zealand)
<b>North America (10)</b>	New York (USA), Los Angeles (USA), Chicago (USA), Dallas (USA), Washington DC (USA), Silicon Valley (USA), Miami (USA), Detroit (USA), Vancouver (Canada), Toronto (Canada)	<b>Southwest Asia (7)</b>	New Delhi (India), Mumbai (India), Chennai (India), Bangalore (India), Karachi (Pakistan), Dhaka (Bangladesh), Colombo (Sri Lanka)
<b>Middle East (15)</b>	Dubai (UAE), Cairo (Egypt), Tehran (Iran), Tel Aviv (Israel), Riyadh (Saudi Arabia), Amman (Jordan), Tripoli (Libya), Casa Blanca (Morocco), Kuwait (Kuwait), Muscat (Oman), Baghdad (Iraq), Alger (Algeria), Damascus (Syria), Istanbul (Turkey), Doha (Qatar)	<b>Central and South America (14)</b>	Mexico City (Mexico), Panama (Panama), Guatemala (Guatemala), Havana (Cuba), Santo Domingo (Dominican Republic), Sao Paulo (Brazil), Rio de Janeiro (Brazil), Lima (Peru), Bogota (Colombia), Buenos Aires (Argentina), Santiago (Chile), Caracas (Venezuela), Asuncion (Paraguay), Quito (Ecuador)
<b>Africa(10) **</b>	Johannesburg (South Africa), Lagos (Nigeria), Nairobi (Kenya), Khartoum (Sudan), Addis Ababa (Ethiopia), Accra (Ghana), Dares Salaam (Tanzania), Kinshasa (Congo), Maputo (Mozambique), Abidjan (Côte d'Ivoire)	<b>CIS (10)</b>	Moscow (Russia), Vladivostok (Russia), Novosibirsk (Russia), St. Petersburg (Russia), Kiev (Ukraine), Almaty (Kazakhstan), Baku (Azerbaijan), Tashkent (Uzbekistan), Minsk (Belarus), Ulan Bator (Mongolia)

\* Slovakia and Serbia KBC opened in December 2015.

\*\* Abidjan KBC will open in 2016

# Stakeholder Communication

## Definition of KOTRA Stakeholders and Communication Performance

KOTRA defines stakeholders as a group of people who directly or indirectly influence the action of creating value. We categorize stakeholders into three groups: employees, SMEs, related organizations and government based on characteristics such as value, production, consumption and sharing. We conduct a customized information sharing system depending on interests of stakeholders and actively analyze stakeholders’ interests and issues through diverse communication channels.

Category	Interests	2015 Communication Performance
Government and Congress	<ul style="list-style-type: none"><li>Policy implementation, role for public interest</li><li>Policy sharing, information sharing, reflecting opinions</li></ul>	<ul style="list-style-type: none"><li>Staff exchange with other government agencies (usually the Ministry of Trade, Industry and Energy, Youth Council, Prime Minister’s Office, etc.)</li><li>Participating in variety of policy committees and meetings in Trade &amp; Investment Promotion Meeting</li><li>Non-standing director and director general of relevant government ministry participate and share strategies and discuss main issues regularly</li><li>Establishment and operation of Economic Diplomacy Support Center</li><li>Public Institute Government 3.0 focused consulting event</li></ul>
Academy and Media	<ul style="list-style-type: none"><li>Advisory, PR</li><li>Information sharing, reflecting information</li></ul>	<ul style="list-style-type: none"><li>Conduct expert committee for advice and involvement.<ul style="list-style-type: none"><li>Operate SME global management committee, finance committee and Clean KOTRA committee</li></ul></li><li>Invited experts to lectures by professionals (67 times), conduct workshops with professionals</li><li>Promoting our vision and core values via media coverage (2014: 6,054 → 2015: 6,460 cases)</li><li>Held KOTRA Tour for media interns and news reporters. Presentation program newly added</li></ul>

Category	Interests	2015 Communication Performance
People and Local communities	<ul style="list-style-type: none"><li>Economic progress, social contribution</li></ul>	<ul style="list-style-type: none"><li>Assist domestic and overseas CSR business to expand export opportunities and improve national perception.<ul style="list-style-type: none"><li>Technical school operation, idle equipment relocation to emerging countries, rewarding CSR in exporting countries, holding CSR forums, nurturing multicultural traders.</li></ul></li><li>Open exhibition for KOTRA character, emblem and slogan (October 2015), Customers’ open exhibition (September 2015), operate university support groups (Friends of KOTRA)</li></ul>

### Interview



Ilk-Seong, Kim  
Professor, Dongduk Women's University  
(EU Trading & Business)

Due to the stagnation of the Chinese economy and drop in oil prices, uncertainty in the world economy is prevalent. KOTRA's role in encouraging SMEs to export and attract investors, will play a more significant role to overcome fall in exports. For KOTRA's sustainable competitiveness, it is crucial to find new export growth engines for the future of SMEs. KOTRA is currently making an effort to discover, diversify and support export industries, such as innovative products, biotech and cultural contents. KOTRA also provides customized support on education and information sharing to elevate the export competitiveness of SMEs. KOTRA has been reforming the legal framework of exports to remove its limitations. In addition, KOTRA is strengthening global CSR programs and proactively planning CSR strategies in the export regions. I hope KOTRA will give full support to the exporting companies, as well as encourage counterparts in emerging countries to embrace shared values.



- \* Value creation: customers who involve directly and/or indirectly in value creation
- \* Value consumption: customers who purchase or use produced values
- \* Value impact: customers who support budget and cooperate to produce values by customers
- \* Value sharing: customers who share benefits from produced values with the customers who created values

Category	Interests	2015 Communication Performance
Employees, Union	<ul style="list-style-type: none"><li>Motivating members, help individual and organizational growth. Sharing accomplishments Representing union members</li></ul>	<div>Official Channels<ul style="list-style-type: none"><li>[Management] Board meeting (15 times), Management committee, Executive strategy meeting/Schedule follow-up meeting(weekly)</li><li>[Administration] Monthly broad executive meeting (12 times), Overseas and domestic headquarters meeting (frequently)</li><li>[General staff] Budget planning committee (frequently)</li><li>[Management Team's field visit] Increase CEO field visits to help practical overseas business plans</li></ul><div>* Number of visits : 2014: 15→ 2015 :19 Number of countries visited: 2014: 19 →2015 :24</div><ul style="list-style-type: none"><li>Talk with employees, instant meetings, clubs and CSR</li></ul></div> <div>Unofficial Channels<ul style="list-style-type: none"><li>Online survey, online forum</li></ul></div> <div>Online Channels<ul style="list-style-type: none"><li>Diversify communication channels<ul style="list-style-type: none"><li>Reinvent Rigid top-down communication channel</li><li>Monthly town hall meeting, organization culture task force, broad executive meeting, monthly newsletter.</li><li>Hold events such as Team Spirit Day and Team Lunch Day to improve staff communication.</li></ul></li><li>Planning<ul style="list-style-type: none"><li>Inter-departmental communication channel</li><li>Broad executive meeting (12 times), business review committee (4 times)</li></ul></li><li>Labor-management council (LMC)<ul style="list-style-type: none"><li>Labor-management council (4 times a year), labor-management meeting (4 times a year), employee welfare fund committee</li></ul></li><li>CEO<ul style="list-style-type: none"><li>union leader coffee break (frequently)</li></ul></li><li>Labor administration department - union executive committee (monthly)</li><li>Vice president<ul style="list-style-type: none"><li>union executive committee communication (frequently)</li></ul></li></ul></div>
Delivery company	<ul style="list-style-type: none"><li>Mutual cooperation</li></ul>	<ul style="list-style-type: none"><li>Run committees per category to mediate needs and difficulties of partners<ul style="list-style-type: none"><li>Committees per category (device, transit, translation, tourism), periodic meeting (4-5 times a year)</li></ul></li><li>KOTRA Partnership Proclamation Ceremony (Sept. 2015)</li></ul>

Category	Interests	2015 Communication Performance
Related Organizations	<ul style="list-style-type: none"><li>SMEs overseas expansion support</li><li>Sharing accomplishments, reflecting opinions</li></ul>	<ul style="list-style-type: none"><li>Promotional video clip 'finding buyers' co-produced with related organization.<ul style="list-style-type: none"><li>Cooperation between government-related organizations to support newly exporting companies. Produce promotional video clip for public release (Jul. 3-Dec. 31, 2015)</li></ul></li><li>Strengthening open cooperation with related organizations to fulfill the vision and management goals</li></ul>

Category	Interests	2015 Communication Performance
SMEs, Buyers and Investors	<ul style="list-style-type: none"><li>Growth in export</li><li>Reflecting opinions and customized support</li></ul>	<div>Regional Customized Communication<ul style="list-style-type: none"><li>Regional expert executives' system, regional KBC chief meetings (10 times a year), world major market presentation and regional expert staff meeting. (twice a year)</li></ul></div> <div>KOTRA Service Advisory Team<ul style="list-style-type: none"><li>Share KOTRA's vision and core value through Service Advisory Team and mediate needs and difficulties of SMEs</li></ul></div> <div>Mobile KOTRA<ul style="list-style-type: none"><li>Expanding 'On-call KOTRA' service for existing and potential customers<ul style="list-style-type: none"><li>'On-the-Go KOTRA'(No. of consulting: ('14) 2,303 cases → ('15) 2,460 cases), 'On-call Youth Bus / Exporting School' (Present a vision and listen to the views of the younger generation who are our future customers)</li></ul></li></ul></div> <div>Trade Doctor<ul style="list-style-type: none"><li>On/offline integrated consulting service: with increased accessibility, two consulting sessions will be offered in the future instead of four.</li></ul></div> <div>Online and Mobile<ul style="list-style-type: none"><li>KOTRA app promotion<ul style="list-style-type: none"><li>3,864 downloads in 2014 / 4,441 downloads in 2015</li></ul></li><li>Advanced accessibility in portal style integrated homepage - Visitors number increased 86%, webpage simplified in six portals (used to be 22)</li><li>New apps: Buy Korea, Economic diplomacy</li><li>Real time chat via Kakao Talk and open chatting, effective to collect customer opinions</li><li>Plan to reintroduce 4-digit customer service phone number</li></ul></div>

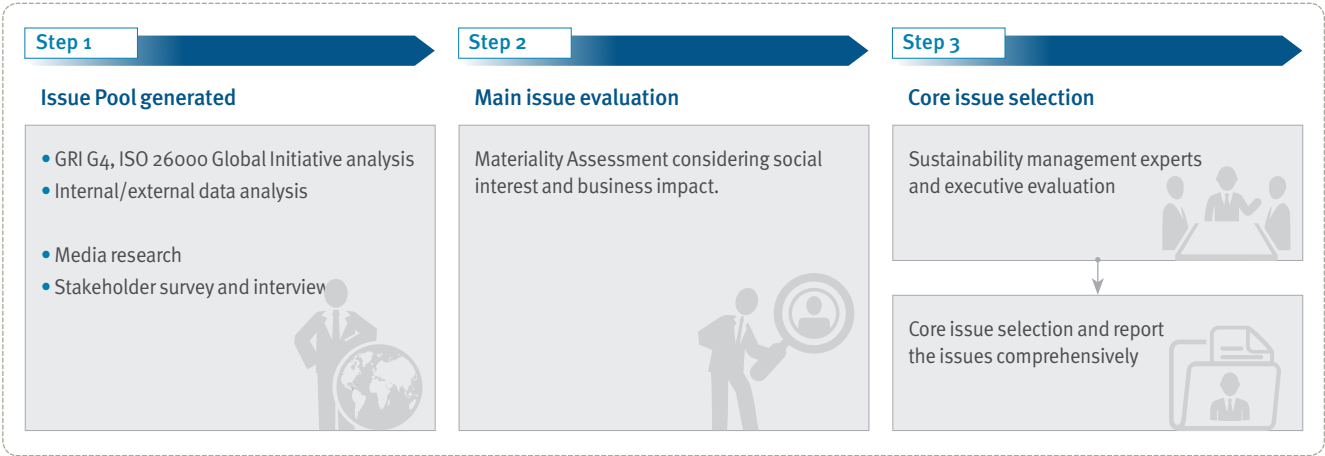


# Materiality Assessment

KOTRA has generated the sustainability report based on GRI G4, the international standard guidelines. As per the requirements of GRI G4, we have selected the topics, in consideration of context of sustainability. Through ‘Stakeholders’ Participation’, we were able to understand current issues in sustainability management. The process of conducting materiality assessment guides us to select material issues, and we report these issues in accordance with ‘Comprehensiveness’, including scope and boundaries.

## Materiality Assessment Process

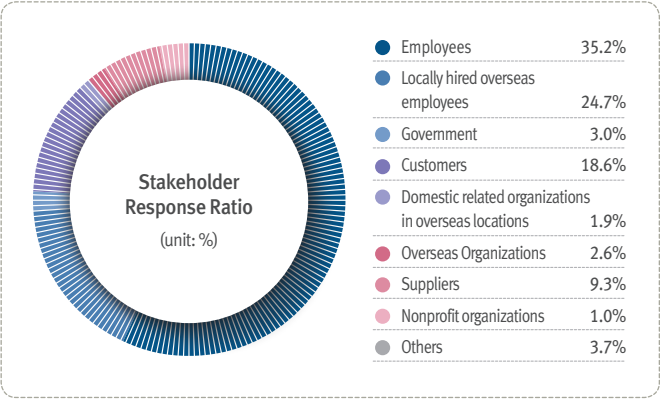
KOTRA derived a sustainability material issue pool by analyzing GRI G4 guidelines and ISO 26000. We have conducted media research and surveys on internal and external stakeholders to discover and analyze material issues. In the final round, core issues were chosen after the evaluation of the executives and sustainability management experts.



## Result of Stakeholders’ Survey

KOTRA’s main task is to boost domestic industry to increase exports and attract overseas investors. Stakeholders from locally hired overseas employees, related organizations, government and nonprofit organizations are cooperating together for this purpose. We conducted internal and external stakeholders’ survey to reflect diverse stakeholder opinions that are crucial to our organization, and to resolve any potential issues.

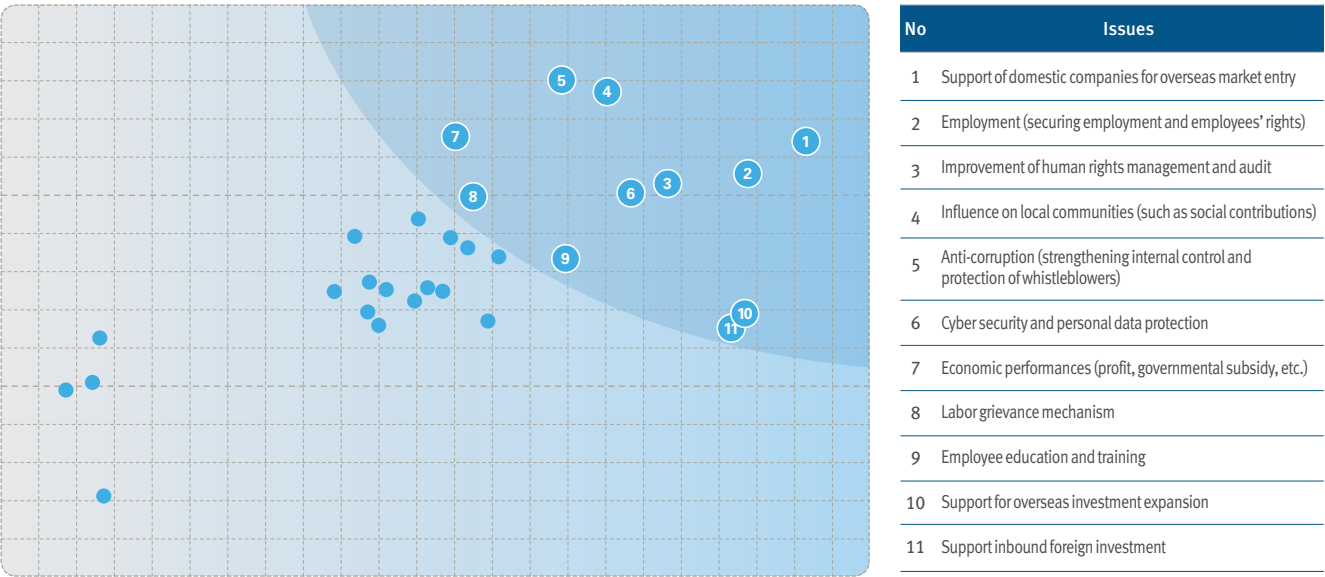
Category		Response Frequency (person)
Total		838
Internal Stakeholders	Employees	295
	Locally hired overseas employees	207
	Total	502
External Stakeholders	Government	25
	Customers	156
	Domestic related organizations	16
	Organizations	22
	Suppliers	78
	Nonprofit organizations	8
	Others	31
Total		336



## Materiality Assessment Result

The result of KOTRA’s materiality assessment shows that ‘Overseas Market Entry Support to the Domestic Companies’ was selected as the most important issue same as in previous year. One of the priority issues appeared in this year is ‘Employment (securing employment and employees’ right)’. Other issues such as ‘Improvement of human rights management and audit’ and ‘Anti-corruption (strengthening of internal control and protection of whistleblowers)’ became newly recognized issues compared to 2014, which explains the increased concern on these matters.

## Materiality Assessment MATRIX



Issue	Rank		Aspects	Division		Related report
	2014	2015		Internal	External	
Support of Domestic Companies for Overseas Market Entry	1	1	Other Business Issues	●		#1 Building a Global Business Platform
Employment (securing employment and employees' right)	20	2	Employeeement	●		#2 Leading Global Management Culture through Human Rights and Ethical Management – Step 2: Improve stakeholder's rights
Improvement of Human Rights Management and Audit	-	3	Human Rights Assessment	●	●	#2 Leading Global Management Culture through Human Rights and Ethical Management
Influence on Local Communities (such as social contributions)	16	4	Local Communities	●		#1 Building a Global Business Platform – Special. KSP/CSR
Anti-corruption (strengthening internal control and protection of whistleblowers)	8	5	Anti-Corruption	●		#2 Leading Global Management Culture through Human Rights and Ethical Management – Step 1: Pursure ethically pure organization
Cyber Security and Personal Data Protection	14	6	Human Rights Assessment	●		KOTRA governance on data protection
Economic Performances (profit, governmental subsidy, etc.)	6	7	Economic Performance	●		KOTRA governance on risk assessment (finance)
Labor Practices Grievance Mechanisms	-	8	Labor Practices Grievance	●		#2 Leading Global Management Culture through Human Rights and Ethical Management – Step 2: Improve stakeholder's rights
Employee Education and Training	11	9	Training and Education	●		#2 Leading Global Management Culture through Human Rights and Ethical Management – Step 2: Improve stakeholder's rights
Support for Overseas Investment Expansion	2	10	Other Business Issues	●		#3 Sharing Channel for Global Knowledge and Experience, KOTRA
Support Inbound Foreign Investment	3	11	Other Business Issues	●		#3 Sharing Channel for Global Knowledge and Experience, KOTRA

# 2015 KOTRA Highlight



## Trade balance surplus, achieved record breaking USD 10.361 billion

Despite the external hardship, such as Chinese recession and oil price drop, KOTRA has carried out our mission vigorously to accomplish record breaking USD 10.361 billion trade balance surplus. The figure shows KOTRA's devotion to vitalize the nation's trading, which has stayed surplus for the last seven years. We promise to do our best for Korea to become one of the top 5 exporting countries.



## Opening of Era of Investment Attraction USD 20 billion

As of 2015, Foreign Direct Investment (FDI) has reached USD 20 billion (declared value) as the first time in Korean trading history. Since it reached USD 1 million in 1972, in 43 years, the invested amount grew 170 times larger. Up until April 2015, the amount was 50% less than the same time in previous year. We reached USD 20.9 billion, the highest record in our history, as a result of focusing on investors in emerging markets and on global companies to attract additional investments. In 2016, KOTRA will concentrate on the Chinese market linked with FTA and overcome strong dollar and oil price drop to continue attracting foreign investors.



## Improvement of Export Structure

Even though our export still depends on a few conglomerated, the statistics show that the export percentage of SMEs has been growing annually. (2012: 32.1%, 2013: 32.8%, 2014: 33.8%, 2015: 35.7%). KOTRA aims to increase exporting SMEs up to total 10,000 companies by nurturing 100,000 exporting SMEs by 2017. Last year, we nurtured 550 companies and, in 2016, our objective is to support 2,240 new exporting companies with customized support services to each business.



## Ranked as the Sixth Largest Exporting Country, Overtaking France

Despite the external economic hardship, affecting the total amount of export, Korea ranked as the 6th largest exporting country, overtaking France. Considering the fact that import and export was both weak, Korean export volume has increased in comparison to other competing nations. Korea is a step closer to becoming one of the top five exporting countries and KOTRA will devote itself to realize the vision of the nation's trading.



## Export Share Increase in Major Markets

Korea's share in major exporting markets, the USA and China, has increased in comparison to the other competing nations. Especially on consumer goods, USD 27.1 billion worth of goods were exported to the USA, while China and Japan experienced decrease in their shares. In 2016, KOTRA will proactively support Korean companies' market entry in the USA and China's consumer markets.



## Won First Place in the Great Place to Work® Korea for Four Consecutive Years

KOTRA established a Labor and Management Organizational Culture Taskforce in order to improve organizational culture in 2012. Since then, KOTRA has promoted a variety of activities and projects, such as promotion of building daycare center, family day, and encouraged employees to use annual holidays. In 2015, we had campaigns, such as 'New Holiday Culture 1,2,3' and 'Work and Family Two Benefits' that made it possible for us to win first place in the Great Place to Work® Korea for four consecutive years. We won a Presidential Recognition Award in Quality Innovation, Sustainability Management Category at the Korea National Quality Award 2015



## Presidential Recognition Award in Quality Innovation, Sustainability Management Category at the Korea National Quality Award 2015

KOTRA won a Presidential Recognition Award in Quality Innovation, Sustainability Management Category at the Korea National Quality Award 2015 held by the Ministry of Trade, Industry and Energy. KOTRA circulated ISO 26000 checklists to all KBCs around the world to share the values of our sustainable management as a global sustainable institution. We will continue to lead in sustainability while nurturing global SMEs and realizing our own mission.



## 2015 Korea Creative Economy Grand Prize Winner

KOTRA's contribution to assist globalizing domestic businesses by networking and guiding economy innovation centers, incubators, the Creative Economy and Innovation Center nurturing companies and start-up businesses with prospects has led it to win a grand prize at the Korea Creative Economy Awards presented by the Ministry of Science, ICT and Future Planning and the Korea Industrial Technology Association. We will continue to advance creative economy and spread creative culture.



## 2016 Korea Labor Management Cooperation Grand Prize Winner

Since KOTRA's union was established in 1988, KOTRA had not experienced any labor disputes for the past 27 years. In 2012, a future-oriented labor-management joint declaration was delivered to represent a role model of cooperation in labor-management relations. In 2015, the wage peak system was successfully introduced following government guidance. As a result of the partnership in labor-management, we were able to receive 2016 Korea Labor-Management Cooperation Awards in public sector.



## First Place in the Korean Sustainability Index (KSI) for Two Consecutive Years

Linking our competency with social responsibility, we are actively involved with global CSR activities at the corporate level, with the CSR advisory group consisting of experts proactively communicating with stakeholders. As a recognition of these endeavors, we were again awarded the first place in the Korean Sustainability Index (KSI) which was presented by the Korea Standards Association, ISO 26000 corresponding coordinating institution.





# THE REASON WHY FAITHFUL FULFILLMENT OF ITS ESTABLISHMENT PURPOSES THROUGH BUSINESS INNOVATION IS A MATERIAL ISSUE FOR KOTRA



## Building a Global Business Platform

Pioneering New Global Markets to Achieve USD 2 Trillion  
in Exports and USD 30 Billion in Investment Attractions

### Business Context

Due to the global recession and deterioration in export condition, KOTRA's role in boosting trade and attracting investment are more significant than ever before. We are working hard to contribute to the national development and to lead Korea under President Park's slogan 'Second Nation-Building through Trade', while establishing new trade paradigm through business innovation and execute our primary role as an agency promoting trade and investment.

### Our Strategy

To achieve USD 2 trillion in export and USD 30 billion in investment attractions, KOTRA is implementing four major businesses. We responded to the customer demands in the global trading market and generated long-term strategies for each market and industry. We are also proactively improving our support tactics such as cooperating with relevant organizations. KOTRA will continue to explore new export industries and new markets to secure global competitiveness of Korean companies.

### KOTRA's Efforts

As a global business support platform, KOTRA is assisting SME growth and expansion by strengthening SMEs' competencies and supporting their overseas projects. We proactively respond to new trading trend, provide infrastructure that creates export-friendly environment, promotes mutual cooperation with emerging markets and approaches investors in structural and strategic channels to create a greater result.

Business	Performance Indicator	Unit	Performance in 2014	Goal for 2015	Performance in 2015	Achievement Rate
Support to promote global compatibility of SMEs/ export support of SMEs	Consultation for difficulties in overseas entry	case	19,584	21,600	25,521	118.2%
	Agency business for participating customers	# of company	13,516	14,900	16,117	108.2%
	GCL Test related consulting for participating companies	# of company	-	2,100	2,431	115.8%
	Mobile KOTRA consultation	case	2,303	2,530	2,703	106.8%
	Participating companies in first-time exporters	# of company	716	1,400	1400	100.0%
	New market exploration	case	1,922	2,577	2,588	100.4%
	Successful export inquiries	case	398	450	591	131.3%
Supporting Domestic companies to export	No. of support in corporation establishment	case	113	167	162	97.0%
	No. of foreign investment consultation	case	10,571	7,373	11,170	151.5%
	U-turned Companies	# of company	33	30	38	126.7%
	New Project Discovery	case	360	496	465	93.8%
	No. of M&A Success	case	9	9	7	77.8%
	OIS Information Display	case	15,074	15,000	15,237	101.6%
Foreign investment attraction and after sales service	K-Move Center Employment	person	327	350	397	113.4%
	Investments over USD 1 million	case	264	325	328	100.9%
	Investment Amount Attracted by KOTRA	USD 100 million	151.1	150	161.3	107.5%
Sustainability Management accomplishments	Number of investments attracted	case	1,891	2000	2,010	100.5%
	Mutual growth evaluation by Korean Commission for Corporation Partnership (mutual growth)	grade	Fair	Fair	Excellent	surplus achieved
	Participation intention (social contribution) of CSR business participants	%	94	94.1	97	102.8%
	Overseas Employment Successes	case	327	350	397	113.4%







# SMEs Global Competitiveness Support System

## Approach

### Improvement in Customer-perspective Support System

KOTRA recognizes the importance of KOTRA's projects to our customers and the role of active PR, to accomplish the goal of nurturing 100,000 SMEs. Accordingly, we have increased customers' accessibility and convenience to our service and responded to diverse customers' demands with open cooperation among institutions.

## Progress



### Easy Access to KOTRA

We conducted enterprise-wise PR strategy with the PR committee playing a central role. KOTRA character and emblem were newly designed to promote us inside and outside of Korea, as the representative firm supporting export. We utilized various media channels to improve customer communication and reception of customer understanding on the business. We launched Overseas Investment Consulting Center to solve any issues and to provide active consulting service. We have unified the consulting channels and simplified our service through 'Trade Doctor' with enhanced efficiency. We have expanded substantially consulting services for overseas market expansion not only through companies' requests but also under 'On-call KOTRA' program, which provides the services by visiting company's events.

By establishing an open cooperation system with related organizations, we offer one-stop problem solving service, which is also an on-call service. KOTRA's Emergency Operation Team provides an efficient system to respond to significant issues that arise.

### Strengthening Open Cooperation

KOTRA signed a memorandum of understanding (MOU) with the Korea Trade Insurance Corporation (KTIC) to establish comprehensive cooperation. With KOTRA's marketing support and KTIC's insurance and finance products, we are able to provide quality service to our customers. On Korean Fair, we were able to find a number of qualified buyers through PR on limited budgets with the cooperation of the hosting country.

## Status

KOTRA will continue to proactively respond to dynamic customers' demands by improving our customer support system, and strengthening internal and external cooperation to find solutions for any issues that customers may experience.



Jae-Seung, Kim / General Manager, NatureTech, Co. Ltd.

Due to the international demand on 'Made in Korea' products, many Korean companies would like to take part in exporting abroad. KOTRA plays an important role to help those companies with in-depth support from creating opportunities with overseas buyers to accomplish outstanding export results. Thanks to KOTRA's overseas localized branch service, our company had obtained export opportunities in Hong Kong, Taiwan, Thailand, and Southeast Asian countries to achieve revenue of KRW 2 billion.

We hope KBCs will implement substantial international cooperation projects and proactively respond to dynamic global market for sustainable business competitiveness and position as an overseas export expert and a partner. By training and supervising KBCs' export consulting staff, KOTRA should be able to provide a reliable export environment to Korean companies.

## Capacity Building for SMEs

## Approach

KOTRA recognizes the establishment of export infrastructure and the needs to support SMEs' growth by utilizing various platforms. Developing and fostering of export business plans based on organic communication system is the key factor for domestic SMEs to gain global competencies.

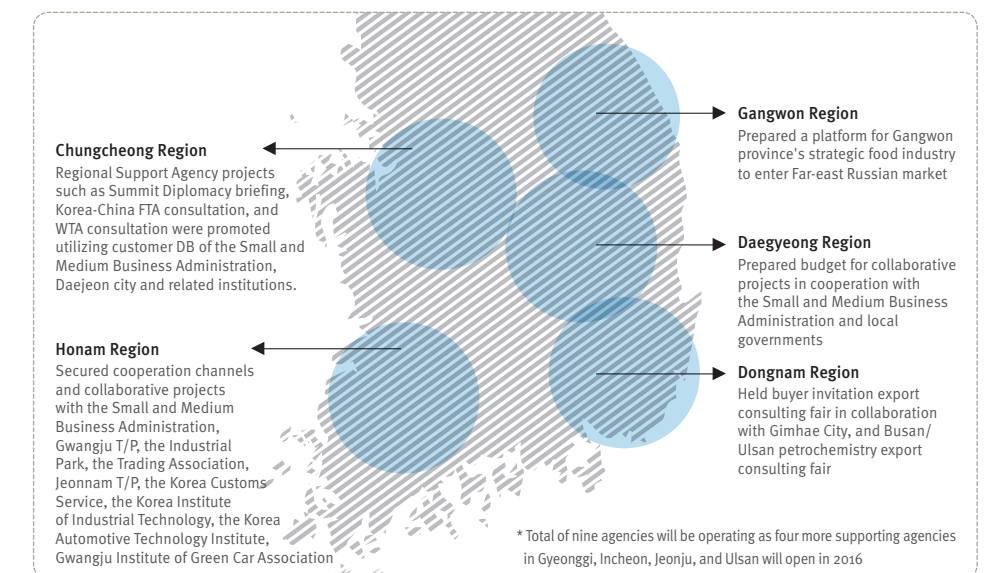
## Progress

### Increasing One on One In-depth Support with an Export Expert

Depending on a competency of the company, we match one on one export expert for in-depth support to provide analysis on successful cases and commercialize a customer's demand. We have improved our business selection method based on extended business pool and strived to resolve any issues through cooperation with related organizations.

### Support Globalization of Regional Companies

To support globalization of regional companies, we have established comprehensive One-Roof platform in cooperation with five regional KOTRA regional support agencies, including the Small and Medium Business Administration, the Small and Medium Business Distribution Center, the Public Procurement Service and the Korea Trade Insurance Corporation. We also hosted export meetings and provided tailored service to assist regionally specialized industries.



### Export-oriented Startup Platform

Demands in export-oriented startup have increased, and for relevant governmental policies demand for overseas expansion, we are operating a startup committee called 'Global Startup Friends' which anyone in the startup community can participate. The committee helps to understand customers' demand and challenge in starting up a business.

## Status

KOTRA will support a comprehensive global export infrastructure to strengthen competencies of SMEs based on an enhanced cooperative support system. While proactively communicating with our customers, we will discover innovative business opportunities and expand a number of participating organizations in order to achieve integrated support beyond current support services of KOTRA.



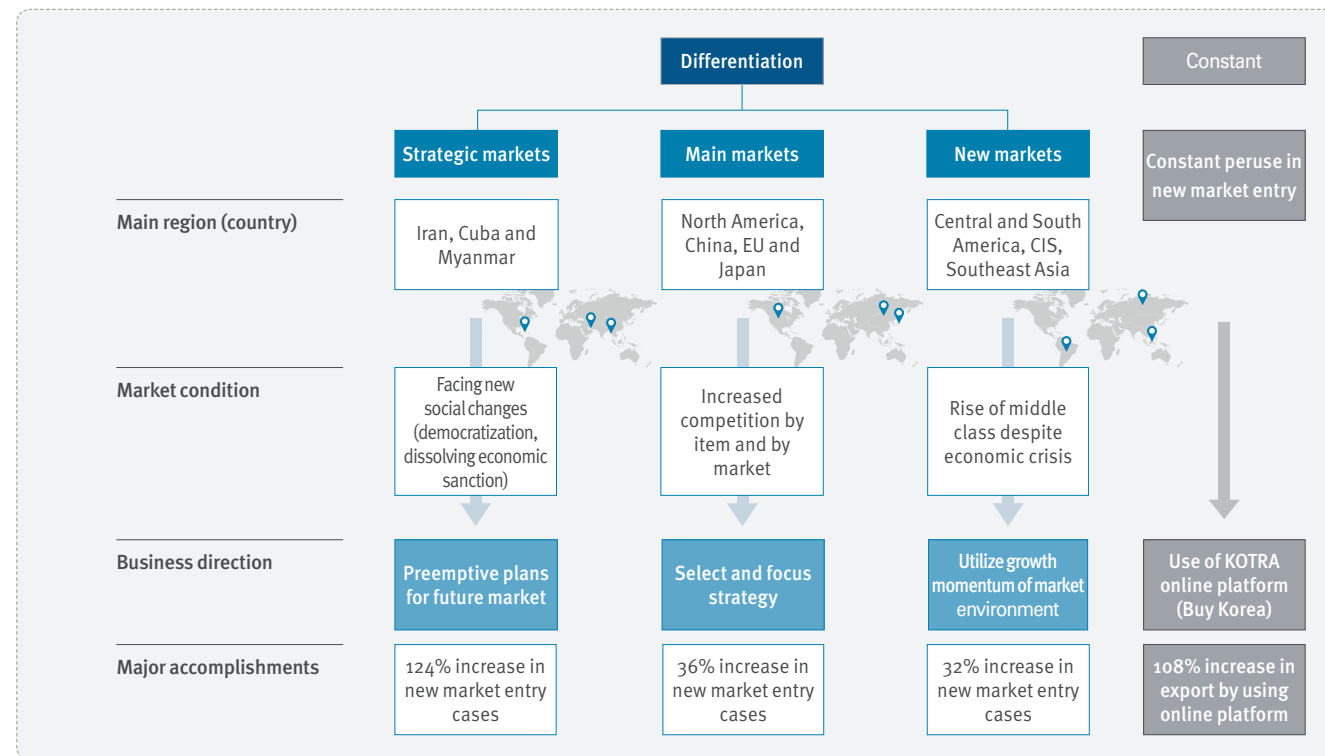
## SMEs Global Competitiveness Support System

### New Market Entry

#### Approach

Pioneering new markets, where opportunities and risks coexist, requires global competencies acclimatized in global management environments for the entering companies. KOTRA analyzes dynamics of markets by region to implement customized market entry strategies.

#### Progress



#### Status

KOTRA is determined to provide sophisticated service for effective overseas market entry that is based feet on the ground practical approach. We are also planning on formulating a sustainable and effective system for new market entry.



#### Mizuki Kasama / Overseas Research Planning Division Staff, JETRO (Japan External Trade Organization)

Currently, a large number of Korean companies have entered in overseas markets and there are huge demands for Korean products in places where Korean companies are not present. In such circumstance, with the obstacles like currency fluctuations, political risks and recession, it is important to have a solid foundation to assist these companies to have smooth entry to overseas markets. KOTRA understands the significance of the demand and has secured the workforce armed with local knowledge, culture, and language to improve its efficacy. In 2015, KOTRA and JETRO were on the spotlight to co-host a seminar, to promote investment exchange and to celebrate the 50th anniversary of normalization of diplomatic relation between Korea and Japan. KOTRA's role to lead emerging market entry became crucial due to the growing presence of Korean companies and KOTRA's presence at exhibitions worldwide. I believe KOTRA will contribute to enhance Korea's export status in overseas market by providing substantial export consulting to new exporting companies and requiring the countries to improve their business environment.

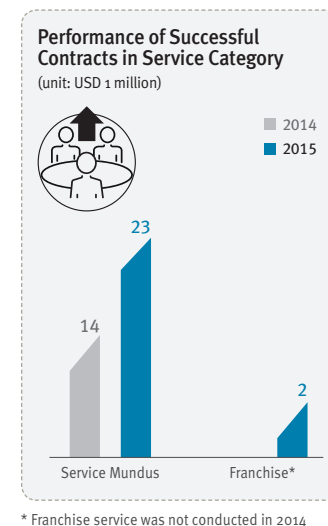
## SMEs Export Support System

### Diversifying Exporting Goods

#### Approach

One of the significant tasks for companies is to secure export engine in rapidly changing global market. For domestic companies, discovering new business categories that are competitive in export markets becomes a top priority. Due to these market environments, KOTRA is devoted to foster new export industry categories and expand global marketing to support exports.

#### Progress



#### Strengthening Service Industry Export Support

With top eight representatives in service industry and potential overseas exporting service leading companies (Service Mundus), we are extending our customized marketing and focused overseas marketing plans to transform franchise brand image. KOTRA hosted a number of export consulting exhibitions, such as Korea Service & Content Market, which is the biggest export consulting fair for service category in Korea, specifically for promising service categories, animation industry, for example, to implement overseas entry infrastructure.

#### Increasing ICT New Industry Export Support

Considering the continuous growth in global information technology (IT) industry, KOTRA held an information and communication technology (ICT) consulting meetings and exhibitions, such as K-Global and GMV with an enhanced marketing platform. We have also supported robotic and Fintech industries, which are the new rising trends, to help them to win overseas market. E-Government projects are discovered and implemented through infrastructure based across the globe.

#### Maximizing Medical Industry Export Support

Great synergy has been created between expertise in medical industry and overseas marketing networks through specialized agency and intensive overseas marketing. We customized an overseas market entry platform for the medical industry to help them to lead in global and pioneering markets to obtain more opportunities in overseas hospital projects.

Successful Export of Leading Companies in Medical Industry  
(2014: USD 8.7 million → 2015: USD 10.9 million)

25% ↑

ICT Industry Contracted Amount  
(2014: USD 564 million → 2015: 1,847 million)

227% ↑

#### Status

Due to the wide spread of Hallyu around the world influence from new export power industries, such as cultural content, medical industry, and ICT, has been expanded. KOTRA will link them with Hallyu to assist overseas market entry. KOTRA envisions to use Hallyu as a cornerstone and to establish a collaborative system with related agencies to strengthen expertise and to expand marketing.



#### Youngjin, Song / Deputy Director, MOTIE (Ministry of Trade, Industry & Energy)

Korea's export relies heavily on a few major categories, such as automobile, shipbuilding, and petrochemical, operated by conglomerates, which makes the export sensitive to external factors. Currently, despite of oil price drop and structural change in export markets, industry leading products, such as OLED, SSD, cosmetics, and pharmaceutical industries, have successfully entered the global market that inspires everyone to continue their support of exporting businesses. KOTRA, an institute devoted to provide export support, is expected to adapt its organization and functionality based on external changes in order to recover export volume. KOTRA has recently finished nurturing 550 SMEs and we have constantly provided customized supports to other exporting companies based on their growth cycles. I hope that these supports are widely promoted and KOTRA can turn 'one stop service' to 'zero stop service', a proactive service that can be received without applying for it. The government is expecting KOTRA to act as a focal point of cooperation network and related organizations to boost export and expand opportunities in export business and our economic foundation.





# SMEs Export Support System

## Approach

Breaking away from the conventional and provider-centered service which has to be tailored to fit competencies of each SME. KOTRA has a sophisticated growth ladder projects and customized service to establish supreme support system along with various export related organizations.

## Progress

### Sophistication of Global Growth Ladder

KOTRA's global growth ladder project is a customized program to support company's sustainable growth depending on the growth stage of the company's overseas entry competency. Existing growth ladder was provider-centered and hard to distinguish from one service to another. To overcome these shortcomings, growth ladder was designed as a customer centered service.



### Providing Customized Service by Export Competency for SMEs

Considering goals and industry of the participating company, KOTRA has refined the support for World Champ companies, strengthening in detailed and regional support. We also introduced a B2C service to provide various logistics services, corresponding to changes in the trade environment.

### Expand in Export Support Organizational Cooperation for Service Result Enhancement

By signing MOU with export related organizations, we have attracted companies with excellent quality and advanced SME export support model to maximize synergies through cooperation. Establishing cooperative relations with conglomerates and indirect support organizations while providing integrated service, KOTRA aims to increase export volume and to build a new paradigm in export supporting business.

## Status

We are constantly improving and expanding KOTRA's global growth ladder service for efficient management and better economic result. KOTRA is also implementing comprehensive cooperation system to provide specialized and professional support to leading export businesses and to nurture global professional companies.

## Respond to Overseas Demand

## Approach

In uncertain global economic environment and sluggish exports, it is critical for SMEs in various industries to take part in the Global Value Chain (GVC) to understand detailed market figures if they want to expand. KOTRA has continuously supported SMEs to strengthen their technical competencies and has developed collaborative demands of global companies through Global Partnering (GP)\*, and drive overseas demands through inquiry\*\*.

- \* Global Partnering (GP) Project
  - Global Partnering is a service to match global businesses and domestic businesses and support through related organizations to improve competitiveness of domestic SMEs and to be part of the Global Value Chain (GVC)
- \*\* Inquiry is importers at the trading inquiring importing goods in details to exporters

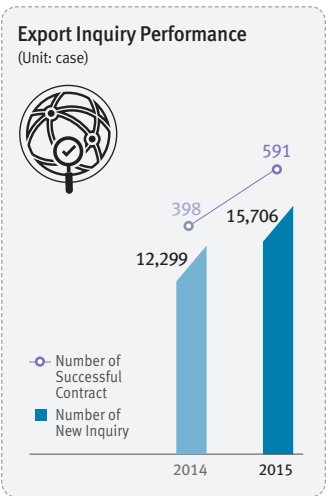
Number of Companies Joining GVC  
(2014: 102 → 2015: 186)

82% ↑

Number of GP Project Successful Contract  
(2014: USD 29 million → 2015: USD 172 million)

493% ↑

## Progress



### Expanding Support for GVC Entry Increase

KOTRA has established an open GP collaboration platform with related organizations to support the move to join GVC with integrated support system. We also expanded mapping contents and implemented online DB to respond to different demands effectively.

### GP Project GVC Entry Increase

KOTRA improved the quality of GP platform as a response to diverse demands of global companies. We have supported 186 companies to joining GVC and successful contract amounted to USD 172 million.

### Substantial Improvement in Quality of Inquiry

KOTRA has provided an inquiry exchange platform with indicators for successful contracts and product inquiry for qualitative and quantitative enhancements. Accordingly, the number of new inquiries was 15,706, increased by of 28% year-on-year, and recorded 591 successful contracts, increased by 48% year-on-year.

## Status

KOTRA will support SMEs to enter GVC by implementing various infrastructures and continue to expand our assistance to SMEs in emerging countries so they may enter GVC and materials sectors. Reflecting mobile e-commerce trend, mobile Buy Korea will be linked with upgraded performance and online quality control system to improve buyer and seller relationship and the quality of inquiries.



# SMEs Export Support System

## Approach

## Progress

### Responding to New Trading Trend through Diversifying Export Method

The global trading environment is changing due to IT development, steady growth of online markets and accelerated opening of markets. In response to these trends, KOTRA is introducing a new export strategy and a new way to respond to the changes in trading trends.

#### Support on Online Store for Export

We are supporting the construction of online store infrastructure and market entry of 300 goods and 1,000 prospective companies. Taking advantage of a low-entry barrier in online business, we have supported 163 companies to enter 17 major platforms in promising regions. In collaboration with global e-commerce platform, such as Amazon and Baidu, we assist domestic businesses to apply to the platform and provided consultations. Fulfillment service is introduced to stimulated e-commerce. In addition, we are helping SMEs to enter and to promote marketing, and supporting joint advancement of conglomerates and SMEs through big data analytics from global distribution channel and distribution conglomerates.

#### Big Data Support

Service	Company	Content
Overseas distribution platform consumer data cooperation	Amazon	Discovered new companies and supported them to launch by analyzing sales trend and price on the best-selling items - rate of successful launches(20 companies out of 81) 25%, three folds increase.
	Taobao	Held K-cosmetics direct purchase event based on the market analysis on Chinese customers' seasonal cosmetics purchases, preferred brands, products and price range. KRW 2.7 billion sold in a three-day event.
Conglomerates and SMEs Big Data mutual cooperation	SK Telecom	Supported development of SME's smart devices based on consumer data and entrance to overseas distribution channels as co-brand. Smartbeam sold in Tmall and Baidu in China.
	E-Mart	Developed products with SMEs based on E-Mart's accumulated customer sales data and entered overseas distribution channel via PL(Private Label) products - direct exports overUSD 1 million of food and home products through Kaola.



Korea Consumer Goods Showcase

#### Strengthening Hallyu Marketing

We are conducting Hallyu marketing linking cultural Hallyu to economic Hallyu. KOTRA hosted Hallyu Exhibition, utilizing Hallyu contents to expand in international markets. We also developed a Hallyu star marketing platform that is suitable for SMEs (e.g. Hallyu star product endorsement) as a joint marketing promotion.

#### Increasing Culture and Art Integrated Marketing

KOTRA offers support for Art-Collaboration marketing by matching SMEs and artists based on the preference of the market region. This platform creates distinctive export goods with product competitiveness.

#### Expand in FTA linked Marketing

KOTRA is implementing diversified export support to maximize the benefit from FTA between Korea-China and Korea-Vietnam. Through an event such as Korea-Vietnam FTA Linked Export Consulting (KORVIE Day in Seoul, FTA show in Hanoi) and facilities like Korea-China FTA Biz Needs Plaza and Boomup Korea-China FTA Link Center, we helped to generate numerous business contract. We also focused on creating export opportunities in China by communicating with local buyers regarding to the effects of FTA in the FTA Utilizing Support Center in China.

## Status

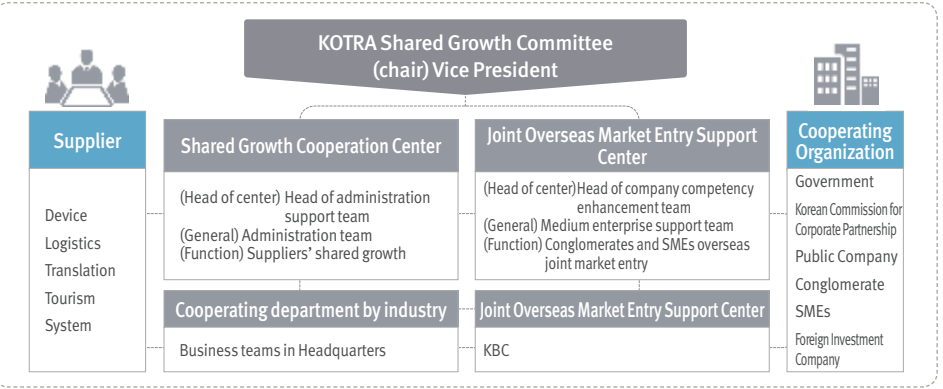
Through KOTRA's constant effort to improve export strategies, we are empowering our marketing support and its platform in various industries. We are proudly hosting Korea Consumer Goods Showcase 2016 in collaboration with Small and Medium Business Distribution Center and KITA, which will grow as an international exhibition and lead the new trend.

## SPECIAL. Shared Growth

### Shared Growth

#### Establishing Shared Growth System

One of KOTRA's main tasks is to encourage conglomerates and SMEs to take part in shared entry in overseas markets. In 2015, 'KOTRA Shared Growth Committee' was founded, then 'Shared Growth Cooperation Center' and 'Joint Overseas Market Entry Support Center' were opened as support organizations. Through our team, we plan for more mutual growth related businesses and we will monitor our work to expand shared growth.



Shared Growth Excellent Partner Ceremony (2016)

#### Shared Growth Partnership Ceremony

To strengthen mutual cooperation between companies, KOTRA held Shared Growth Partnership Ceremony in 2015. During the ceremony, we presented partnership certificates to 21 cooperating companies in logistics, tourism and translation and configured network by industry. In addition, fair trade code of conduct was established to promote fair trade culture.

#### KOTRA-style Cooperating Company Shared Growth Program

KOTRA designed a support program, focusing on the four major fields: education, promotion, consulting and marketing. Through various KOTRA-style of Cooperating Company Shared Growth Program activities, we will improve our customers' global competitiveness, secure sales channels, guarantee fair profit and improve service quality.

Category	Content	Accomplishments
Education	• First export consultation training session for 163 translating staff	• Enhance competency through professional training → Contributing to the quality of export consultation
Promotion	• Offer recommendations on KOTRA Partnership • Post partner companies' information on KOTRA webpage • Included list of translation agencies in KOTRA publication (2016 Guide to Living in Korea)	• Build up reliability in sales activity • [Successful case] Our cooperating company, Dongguk Travel Service was chosen as registered travel agency for the Korea Land and Housing Corporation • Secure potential customers and support market channel
Consulting	• Introduction of a unified KOREA CI (September 2015) • Memorandum of transport fare paid for the returned goods from exhibitions • New rule of 'once in three times no bidding option' applied rather than 'pre-order mandatory bidding'	• Minimize design expense when bidding • Reduce risk of unredeemed trading value • Minimize unnecessary administrative work
Marketing	• Global marketing support for overseas entry for system cooperation companies (Hosted 3 buyer meetings per year for RSupport) • KOTRA-partner travel agency co-developed a training program through KOTRA overseas network	• Improving partnering companies' global marketing capabilities • [Successful case] RSupport's USD55,000 export to Japan • Develop tailored training program to meet demands (Providing new opportunity) • [Successful case] Hana Tour-Tokyo KBC training program developed for Dongguk University business startup





SPECIAL. Shared Growth

Conglomerates and SMEs Joint Overseas Market Entry

Enhance Cooperation between Conglomerates and Related Organizations

KOTRA is improving our enterprise effectiveness by updating cooperation between conglomerates and related organizations to achieve successful conglomerates and SMEs joint overseas market entry. In 2015, KOTRA signed MOU for overseas shared entry with the Small, Medium and Large Enterprise Cooperation Foundation (June) and the Korea Trade Insurance Corporation (October), pursuing shared growth in collaboration with conglomerates to provide more opportunities for SMEs to enter new markets.

Excellent Collaborative Work Award by the Ministry of Strategy and Finance Public Institute

‘Enhancement in export performance through small, medium and large enterprise shared entry and buyer information sharing’ project in 2015 was selected as a 2015 Ministry of Strategy and Finance excellent public institutions collaborative project, that recognizes exemplary accomplishments in conglomerates and SMEs overseas shared entry. We will do our best to support SMEs export by vitalizing overseas joint entry and by actively utilizing related organizations and their expertise, combined with KOTRA’s export marketing skills.

Overseas Hallyu Linked Shared Entry Project

Large Hallyu events, such as K-CON TOKYO(April), K-CON LA(August), MAMA Hong Kong (M-net Asian Music Awards(December), were held in cooperation with KOTRA, CJ, E&M and Small, Medium and Large Enterprise Cooperation Foundation. These events served multiple functions such as concerts, B2C promotional exhibitions, B2B export consultations and succeeded to facilitate 129 companies to export consumer goods. Collaboration with Hallyu stars resulted in rapid response from SMEs product promotion, for instance, we introduced 13 new companies to export market. Our plan is to expand export marketing collaboration with Hallyu cultural contents.

Activating Shared Growth through Joint Market Entry and Business Quality Improvement

In 2015, KOTRA expanded the application range of four major overseas joint entry models established in 2014 ('Conglomerates Overseas Branch Utilizing Type', 'New Export Creating Type', 'Collaborative Project Entry Type', and 'Local Sales Channel Diversification Type ') to provide quality support, and secure sustainable business by focusing on KOTRA's original task and expand shared entry opportunities. Through these particular projects, we have supported 33 businesses in six industry categories and plan to extend our shared entry service to the media industry in 2016.

Industry category	Conglomerate/Public Institution	Main project
Electric power (11 cases)	Korea Electric Power Cooperation and 6 other	★ North America Southeast Development Roadshow (Dec. 2015)
Automobile (8 cases)	Hyundai	★ CIS region Auto parts joint entry (Nov. 2015)
Distribution (7 cases)	GS Home Shopping	★ GS Home Shopping South East Asia joint entry (Mar. 2015)
Hallyu (3 cases)	CJ E&M	★ K-CON LA joint entry (Aug. 2015)
ICT (3 cases)	SKT	★ China (Shenzhen) ICT joint entry (Jul. 2015)
Aviation (1 cases)	Samsung Techwin	★ Munich Aviation Defense Business Forum (Mar. 2015)



Jaeman, Suh / Legislative Researcher, Trade, Industry & Energy Committee, National Assembly

Following an unprecedented decline in exports, KOTRA’s role of boosting export has become important as ever before. During 2015, KOTRA has been effectively supporting domestic companies looking for export opportunities by linking export-related financial institutes and domestic companies. In regards to sustainable management of KOTRA, it will be achievable through effective budget planning and innovative business ideas. KOTRA will also need to focus and invest on activities such as improving the quality of regional workforce and industry, establishing export support system, discovering prospective SMEs, effective use of FTA and cutting down non-tariff barriers. Based on 126 KBCs in 86 countries, KOTRA is armed with motivated staff with expertise, which will actively engage to make breakthroughs in export decrease by encouraging SMEs to export, enter emerging markets and develop marketing route for consumer goods.

Fostering Domestically-oriented SMEs into Exporters

Preparation of Future Market for Friendly Environment



Approach

As centers of global economic growth have moved to emerging countries and international cooperation for mutual relationship has become a significant topic, KOTRA is expanding collaboration with emerging countries through developmental cooperation and CSR activities as part of our effort to expand trading partners.



Progress

Securing Future Market through Mutual Cooperation with Emerging Countries

We are sharing our know-hows to boost trade and attract investors based on KOTRA competency model. We have also conducted trade related cooperative business development by matching key industries in partner countries. Utilizing 126 KBCs, and the headquarters of KOTRA, we are taking part in social contribution projects around the globe, such as local community, technology, trading and investment-focused projects, and corporate branding improvements. These projects represent our investment on KOTRA-style CSR models, covered by local media for 453 times regarding Korean companies’ CSR activities. These will benefit those companies in terms of PR and also contribute to create friendly environment in exporting countries.

Finding Future Growth Engine through Overseas Job Creation

Four additional K-Move centers were opened in 2015 to enhance overseas job platforms that KOTRA operates. A total of 11 K-Move Centers assisted 397 people to find jobs abroad (70 more people than previous year). Through the overseas job creation project, 126 welders were hired to demonstrate the success of finding future growth engine through the project.



Status

By operating customized mutual economic cooperation and with emerging markets that are recognized as strategically valuable, KOTRA will provide opportunities for overseas market entry by securing future market competitiveness of domestic companies.



Deuk Joong, Kang / CEO, ISISWIG Co., Ltd.

KOTRA has provided great support to numerous SMEs having difficulty to find overseas sales channel. In our case, Isis Wig Inc. participated mutual cooperation programs, such as K-CON JAPAN, K-CON LA USA, which were supported by KOTRA and related organizations. We were also assisted by interpreters in export consulting meetings in Japan and US which was a tremendous help for us to enter market abroad. The latest consulting session was a well-organized event in which we received support from the entire staff in KBC. They cooperated to match buyers with suitable SMEs and actively helped us to achieve export consultation performance by providing interpretation service. In addition, we were chosen as one of the presidential economic delegate companies in early 2016, and signed a cooperation contract worth USD 1.12 million in Los Angeles, U.S. due to KOTRA's support. KOTRA operates as the largest organization to boost export under the Korean government, with outstanding staff working behind the scene. We encourage KOTRA to keep overseas buyers' data up-to-date with in-depth cooperation with overseas related organizations and share information of the suitable buyers. We would also like KOTRA to follow-up contracts after KOTRA consulting sessions to improve exports.





## SPECIAL. KSP/CSR

### KSP/CSR

Global demands on CSR has increased, as major exporting countries are legislating CSR activity as a mandatory provision and as requests from global companies are increasing. KOTRA is implementing CSR activities worldwide and they are closely linked to our core competency, such as ‘Korean-style development model consent’, ‘Strategic utilization of global CSR’, ‘Social contribution activities linked to organizations’ characteristics.

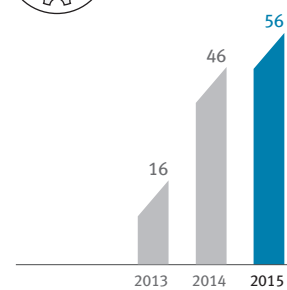
Social contribution implementation organization	
Development Cooperation Team	Manage global contribution project (business review, approval, implementation and evaluation)
Business Assessment Team	KBCs manage and evaluate local social contribution activities
Administration Team	Manage domestic local social contribution activities
Other Organizations of Headquarters and Overseas	Each headquarters departments and divisions: department task related social contribution activities KBCs : Social contribution activities in consideration of located countries

Objectives	Assist domestic companies' overseas social contribution activities to improve competitiveness and contribution to the creation of shared value in emerging countries and implement responsible management.				
Direction	Transfer Korean style development model	Strategic utilization of Global CSR		Expand social contribution activities tailored to the institutions' characteristics	
Strategic task	Expanding KSP projects contributing economic growth in cooperating countries	Operate shared value creation projects in emerging countries'	Improving quality in donation global CSR business	Organizational core competency related social contribution	Support on underprivileged populations and general social contribution
Specific task	• KSP project expansion • Support Myanmar trading agency MYANTRA establishment	• Technical school operation • Idle equipment relocation	• CSR supplying companies' products and service • Hallyu star CSR	• Export school for expert training • Multicultural support project • Economic training support	• Support on underprivileged • Other social contributions, including environmental clean-up



MYANTRA 1st Round Korea Training, Myanmar Trading Competency Enhancement Course

Number of Technical School Operation  
(unit: cases)



### Enhancing KSP Project Implementation through KOTRA's Competency

KOTRA integrates Global CSR Project Team and Development Cooperation Team in 2015, in order to maximize the synergy between private company leading global CSR projects and public company leading KSP (Knowledge Sharing Program). We are sharing KOTRA-style competency model along with trading and investment attraction know-hows with emerging countries and to improve trading investment competency and create shared value. In 2015, one of KOTRA's master plans was to support establishment of 'MYANTRA', a Myanmar trading agency. In 2016, we will share KOTRA-style competency model through dispatching and inviting professionals to Korea for training. We are also expanding KSP project in developing countries such as Cuba, Russia Far-east 4 regions, Thailand, Peru and Kenya to enhance trading competency and improve mutual cooperation. KOTRA is determined to carry on the role of global CSR project for competitiveness of Korean companies and create shared value in emerging countries.

### Expanding Strategic Social Contribution through Global CSR

#### CSR Implementation to Create Shared Value in Emerging Countries

KOTRA is operating projects for relocation of idle equipment to developing countries by sharing our outstanding experience in testing and certification, product production, public service and equipment. The project supports emerging countries to structure self-sustainable technology innovation in the production environment and modernizes the distribution network to benefit customers. We are sharing technological experiences with emerging countries to help train local professionals and managing overseas technical schools to reinforce relationship with local buyers and to win more contracts. KOTRA's long-term approach of a CSR plan is continuously growing by creating shared value in emerging countries.



Company CSR



Hallyu Star CSR

### Enhanced Quality of CSR: Helping Overseas Markets Entry of Korean Companies

CSR projects in the form of donation of Korean companies' products or services bring the distance between buyer and the exporting nation's government closer by solving problem on the local level and increase the companies' brand recognition, who took part in the CSR activities. Specifically, we are supporting the findings, administration, promotion and budget of Korean companies' local CSR projects. We also link Hallyu stars to local CSR activities to promote Hallyu and the linked products to set a friendly tone for Korean companies to follow. We will continue to work as a global entry platform for Korean companies by constantly enhancing the quality of CSR projects.

### Core Competency Linked Social Contribution

KOTRA is taking part in diverse social contribution activities that are linked to our core competency, i.e. export and investment expert training.

In Korea, we operate events like Youth Export School and Dream Forum that are economy and business-related trainings and provide training opportunities for multicultural personnel. Overseas, we provide free training programs on economic issues and trading for students studying abroad, overseas Koreans and local Korean companies. Simultaneously, we are conducting social contribution activities in the form of donations and volunteer work for underprivileged groups and also conduct environmental improvement activities.

Category	Program	2015
Professional training in export activities	Youth Export School	9 cases
	Dream Forum	3 cases
	Language and world culture training	5 cases
Multicultural personnel support	Multicultural export personnel training	114 people
	Book donations in local languages	2 cases
Foreign investment company CSR support	Foreign investment company community contribution (Road safety education for children)	2 cases
Trading and economy education	Free trading and economy education	24 cases



Support Foreign Investment Companies' CSR



Local Social Contribution Activities



Tae-Hyung, Lim / Head of Division, Si-detection Co., Ltd.

KOTRA has been faithfully fulfilling its role as a problem solver for exporting companies and paving the path to a successful export business through CSR. To respond to the demands in radiation monitoring network after Fukushima nuclear disaster, we conducted CSR with KOTRA. As a result, in 2014 and 2015, we donated radiation monitoring equipment to Southeast Asian countries, including INST, a nuclear laboratory in Vietnam. We hosted technology seminar in cooperation with the environmental radioactivity evaluation team from Korea Atomic Emery Research Institute which also gave us a chance to promote our product and its reliability. Global CSR activities are investments due to the social responsibility rather than immediate financial return. We recommend KOTRA to remind the concept of CSR to companies and provide constant support with related activities and training programs to prevent companies from abandoning CSR projects.



# Fostering Domestically-oriented SMEs into Exporters



## Approach

Domestic SMEs are experiencing difficulties in entering overseas markets due to various barriers in these markets. As to this, KOTRA is providing the access to the local business network through summit diplomacy, G2G economic cooperation and development of continuous support system.



## Progress

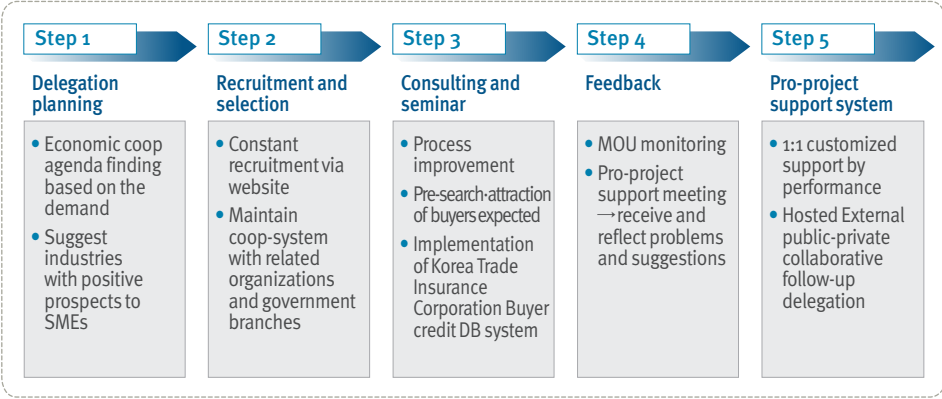
### Support in Overseas Market Entry through Summit Diplomacy

To actively respond to the demand of domestic companies, and to optimize the effects of summit diplomacy, we are providing economic diplomacy one-stop support. KOTRA also implemented customized growth, performance improvement and post-project support services to assist SMEs based on cooperation of related organizations.



Summit Diplomacy Follow-up Business Consulting Fair

### Business Partnership Support System



### Expanding G2G Business Opportunities

Through expanding G2G business opportunities, we are finding defense Industry projects and orders and providing post-project support. In 2014, Philippines FA-50 project has been initiated and in Nov, 2015, 2 FA-50s were successfully supplied. We have also achieved positive performances with Peru by signing a MOU and export contracts, which expand G2G business opportunities.

### Wider Support on FTA Linked Export

Through four FTA utilization overseas support centers, which KOTRA operates, we are working as a mediator to promote business models and regulations for SMEs, field support and integrated consulting service. We also resolved damages due to the overseas non-tariff barriers for Korean companies as part of our support.



## Status

KOTRA is an exclusive G2G institution to maximize the business opportunities from economic diplomacy to help SMEs on overseas market entry through integrated support. We will constantly improve cooperation between related organizations to strengthen our competency and business efficiency.

# Formation of Favorable Ecosystem for Overseas Expansion of Domestic Companies



## Approach

As the overseas expansion of domestic companies is increasing, the importance of the efficient support system for successful settlement and formation of favorable condition for companies with vulnerable overseas competency is growing.

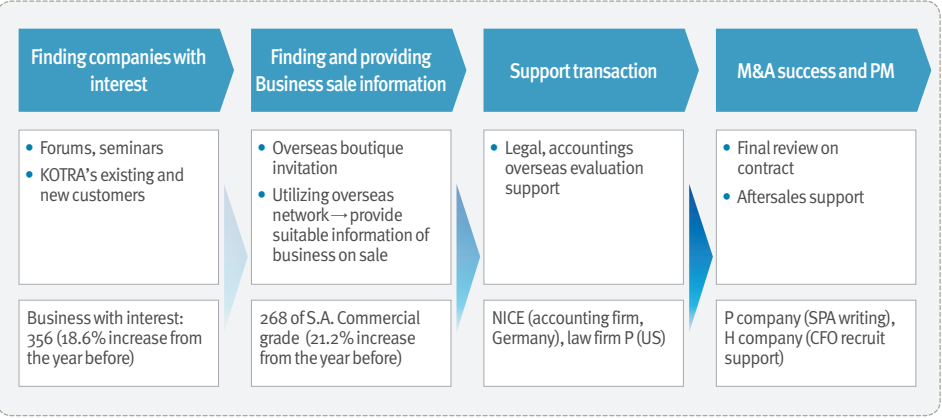


## Progress

### Improving Management Environment of SMEs' Overseas Expansion

To increase competencies for SMEs' Overseas Expansion, Overseas Investment Information System (OIS) is operated based on the collective information from 24 related organizations, also hosted expansion strategy consulting and meetings. As a result, 162 companies have been supported by the Korea Investment Business Support Center, 49 more than previous year. We also expanded our service to protect intelligent properties via IP-Desk, maximized our support through cooperation with intelligent property related organizations, helped commercializing technology by hosting IP technology export roadshow. We encourage SMEs' global M&A utilizing 35 overseas branches and accessibility of public organization to find businesses suitable for customers and support with a professional management system.

### M&A Support Service Procedure



### Support Newly Growing and High Added Value Overseas Project Markets

With KOTRA's vastly collected market information, we are finding projects that are newly growing with high added value, linking with international events and multilateral development bank to assist capital support to achieve successful market entry. We also assist SMEs as a problem solver during the whole process of ordering and provide project matching system to support overseas expansion.



## Status

KOTRA is proactively involved in strategy planning towards business projects with future prospects to maximize demands. By diversifying regions and industry, we are contributing to the formation of creating a favorable ecosystem for the overseas expansion of domestic companies.





# Attraction of Foreign Investment and Post-project Support

## Approach

## Progress

### Improved Performance through Systematical Investment and Project Management

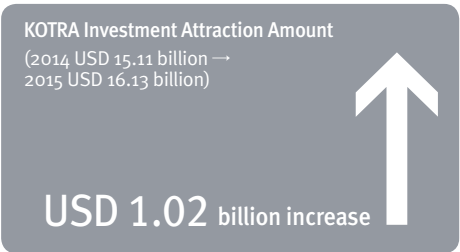
It is crucial for the national economy to secure future growth through strategic attraction of foreign investment in uncertain global economic environment. KOTRA is devoted to encourage foreign investment through implementing investor-friendly environment and innovating investment attraction support and management tasks.

#### Sophisticating Foreign Investment System and Its Process

KOTRA improved the overall system of organization-human resources-business action, including Invest KOREA's planning and management of investment attraction strategies, after-service, etc. We improved the S-CRM system to manage investors and projects and implemented one-stop administration service for foreign investors and incubating system. Due to our effort, we have successfully reached over USD 20 billion (20.9 billion) in 2015, achieving IK's investment attraction goal.

#### Invest KOREA System Improvement

	Past	Now
Organization	<ul style="list-style-type: none"><li>No Industrial and regional separation, confusing work system</li><li>Manufacture attraction, Finance Service attraction and Strategic attraction teams (3 teams)</li></ul>	<ul style="list-style-type: none"><li>Regional division in four teams (Integrated, North America, EU and Asia &amp; Middle East), reinforced business planning linked with overseas branches</li></ul>
Human Resource	<ul style="list-style-type: none"><li>Professional contract worker centered PM operation</li><li>Project task overload, lack of responsibility</li></ul>	<ul style="list-style-type: none"><li>Workforce expansion in PM: increased PM competency through workforce expansion and hiring trading permanent employees as part of strategic HR management</li><li>Training investment attraction experts through applying expert task rule in investment</li></ul>
Project Implementation System	<ul style="list-style-type: none"><li>Investment centered performance management can lead to imaginary figures</li><li>Increase in fatigue due to number of IR events with lack of practicality</li></ul>	<ul style="list-style-type: none"><li>Implementation of performance management chart to manage performance reported-arrived</li><li>Installation of investment management project system</li></ul>



#### National FDI Hosting Efforts for Large-scaled Investment Attraction Event

In 2015, to proactively respond to competitive global investment attraction, KOTRA has been involved in consistent and energetic investment attraction activities towards government, local government, FEZ.

## Status

KOTRA, as a national company designated to attract investors, will actively respond to global investment environment to lead investment attraction and will reinforce support system to achieve national investment attraction goal.

## Approach

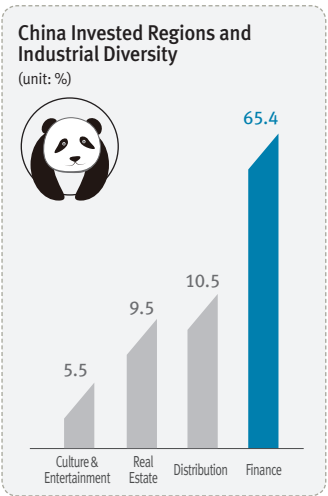
## Progress

### Strengthening Investment Attractions in Strategic Regions

KOTRA is strengthening customized investment attraction activities in strategic regions such as China, Middle East and Japan. In the long term, this will allow competitiveness towards emerging capital and contribute to Korea's development.

#### China: Investment Attraction Increased by 66.3% Benefiting from Korea-China FTA

Based on the Korea-China FTA we have thoroughly planned investment attraction activities toward Chinese market will all-around approach. We also considered the difference within China depending on the regions to lead customized attraction plans to achieved USD 1.98 billion, over 66.3% increase from previous year.

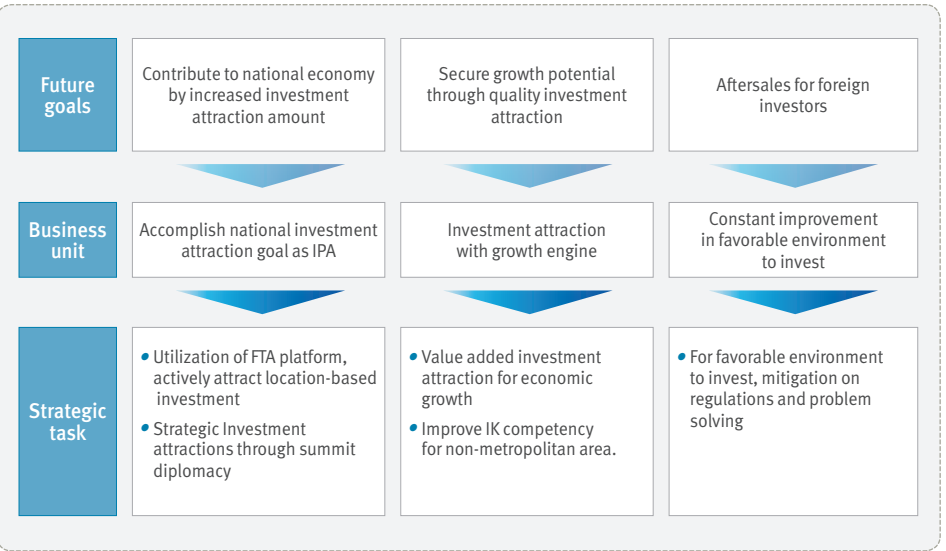


#### Middle East: Summit Diplomacy Momentum, 524% Increase in Investment Attraction

Since 2011, KOTRA has planned mid-long term plans regarding to the capital from Middle Eastern area. Recently, we have extended our cooperation and sent out our team 3 times to attract USD 1.38 billion worth of investment, which is 514% increase compared to last year.

#### Generating Strategic Task through Management Condition Analysis

We have deducted a strategic task and KOTRA's future goals and business unit, based on internal/external management conditions, government policy environment analysis and SWOT.



## Status

For Investment attractions in strategic regions, we will focus on analyzing potential investment interest, conduct customized promotion, and improve practical investment attraction through establishing cooperation system and encourage investments on the prospective industries.

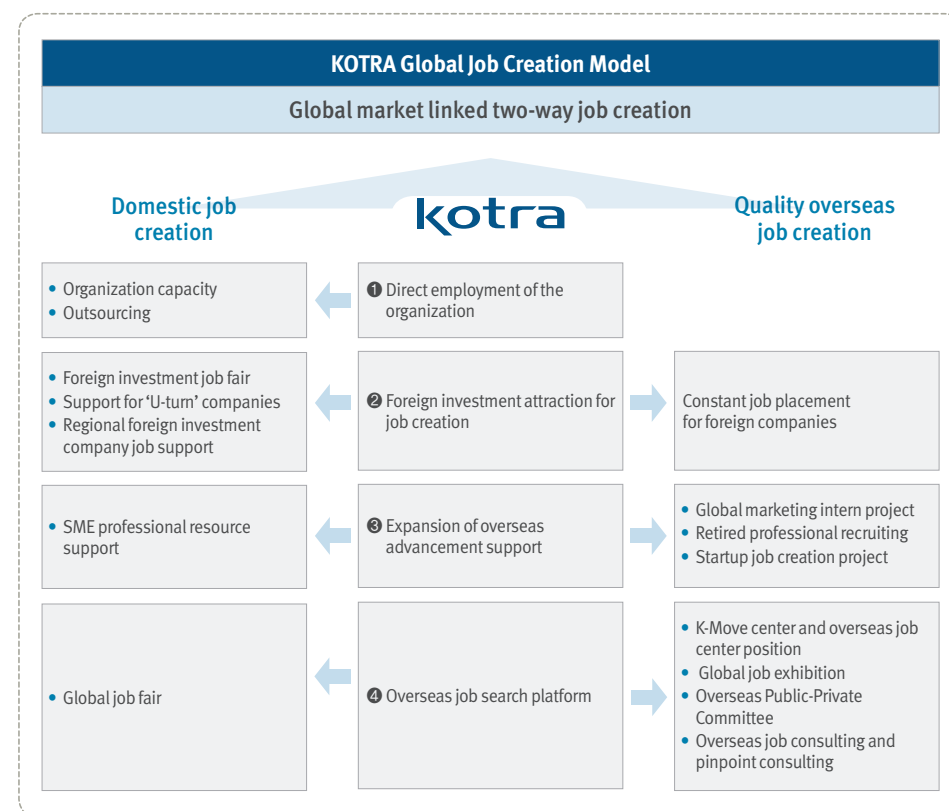




## SPECIAL. JOB CREATION

### KOTRA-style Global Job Creation

To create domestic/ global employment, KOTRA utilized global network and its core function, and implemented KOTRA-style Global Job Creation Model by foreign investment attraction, expansion of overseas advancement support, etc. This will enable job seekers to have wider opportunities and establish growth ladder for global success with global human resource support.

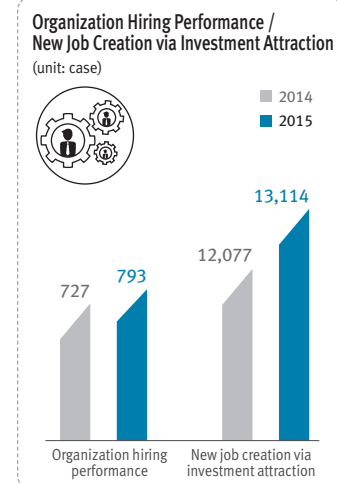


- K-Move center expansion In 2014, seven centers (Tokyo, Silicon Valley, Jakarta, Ho Chi Minh, Dubai, Beijing, and Hamburg) → In 2015, 11 centers (Newly opened: Singapore, Sydney, Vancouver, and Frankfurt)
- Public-Private Committee (9 locations)
  - Operated 19 times of the Public-Private Committee
  - Held 35 times of local job consulting and 19 times of mentoring events
- Global job consulting
  - Held 2 times

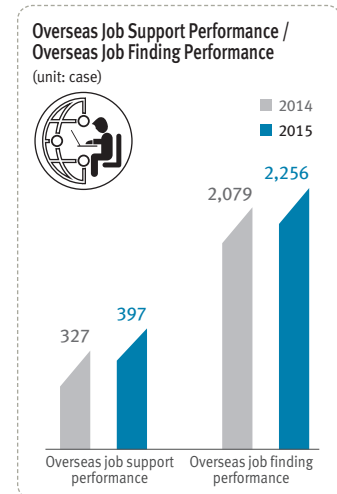
### Overseas Job Platform

Since 2013, K-Move centers have operated under KBCs to support employment searches of Korean youth and startups through trade expert training centers that meet global demands. We have established a public-private committee that focuses on job creation by embodying spontaneous and proactive attitudes of private companies.

In addition, we hold K-Move linked events such as 'global job fair', the largest overseas job fair, and 'customized job fair', 'Pinpoint committee' to implement more accessible job market. We also post job information on social media (Facebook and Kakao Talk) on real-time to help communication between job seekers and recruiters.



2015 Foreign Investing Company Job Fair



### Job Creation Performance of KOTRA

#### Strengthening Direct Job Creation

KOTRA is hiring employees though direct employment and outsourcing. We have 793 full-time employees, a 9% increase over the last year, and 382 contractors are employed under an outsourcing contract for maintenance and system operation, 22% more than last year.

#### Increasing Job Creating Foreign Investments

KOTRA is focusing on attracting investments that will bring more jobs in Korea to create virtuous cycle between the investors and the job market. Especially, leisure and tourism service industries, which are accompanied by myriads of employment, are highly encouraged. We also hosted job fairs and briefings for the investors looking for workers, in order to relieve difficulties of foreign invested companies in finding workers and to create employment in Korea. To boost regional economy, we support U-turn companies through presentation for U-turn companies, U-turn support regulations IR to actively share related information.

#### Job Fair Performance

Year	Number of Companies (fortune 500)	Number of visited job seekers (persons)	Successful job seekers (persons)
2014	97(26)	17,910	241
2015	103(23)	14,263*	244

\* Number of participants decreased due to the universities' exam season and conglomerates' employment exam.

#### Job Creation through Overseas Market Entry

KOTRA supports domestic SMEs entering overseas market with outstanding workforce and trains the export professionals. Firstly, we are operating intern system to hire and train suitable staff. We are actively looking for regions and industry categories where Korean companies are actively hiring. We enhance the satisfaction for both employers and employees through language and specialized task training. KOTRA is devoted to supply global professional workforce through retired professional recruiting and core technology expert personnel recruiting based on the feasibility study and evaluations.

We are actively involved in boosting youth startup business to enter overseas market through domestic and overseas network. Global events such as showcase, investment attraction IR and startup forum to implement youth startup and performing groundwork for startups such as local partnership-building and cooperation of private and public professional organizations.

Startup support category	Support performance
Technology-based global startup support	<ul style="list-style-type: none"><li>• Creative Startup Korea: June 3-4, 2015</li><li>• North America VIP visit linked 'Korean Startup Summit NYC': Oct 16, 2015</li></ul>
Support demand side Asia-focused marketing startup	<ul style="list-style-type: none"><li>• Korea-China startup partnering project twice a year</li><li>• Shenzhen Startup Plaza, Korea Japan Startup Pitch, and etc.</li></ul>
Encourage youth global startup in cooperation with private and public professional organizations	<ul style="list-style-type: none"><li>• China Accelerator Day: Oct. 22, 2015</li></ul>





# ADVANCED BUSINESS MANAGEMENT IS CRUCIAL FOR THE AGENCY TO BECOME A PUBLIC INSTITUTION REPRESENTING KOREA THROUGH SUSTAINABLE DEVELOPMENT.



## Leading Global Management Culture through Human Rights and Ethical Management

### The World's Best TPO/IPA

#### Business Context

Rising international interest on human rights issues, such as child labor and forced labor, has become more of a regulation issue. At KOTRA, we are supporting Korean companies' overseas expansions, representing them through 126 KBCs and noticed the risk of the difference in recognizing human rights issues, therefore, it requires a world-class human rights management.

#### Our Strategy

KOTRA's human rights management is based on 'sustainable development ground' widely including ethical, social responsibility, and sustainable management. Thus, KOTRA includes our stakeholders as a part of human rights protection plan, structured protection method in three steps: ethically pure, rights and interest promotion, and global standard application. After these three steps, we are aiming to pass through stages of human rights management internalization, leading and sharing best practice, etc., to become the world best TPO/IPA.

#### KOTRA's Efforts

In 2015, KOTRA has focused on human rights management in order to accelerate the management of human rights. Human rights charter including ethics charter and code of behavior by core values was proclaimed and devoted department to receive complaints was established to record any human rights violations and to improve better treatment of staff. We evaluate human rights impact on each projects and preparing for human rights impact assessment to perform reflective management activities.

Category	Performance Indicator	Unit	2014 Performance	2015 Goal	2015 Performance	Rate of Goals Achieved
Ethical management/ Internal check	Anti-corruption & civil rights commission integrity investigation grade	grade	excellent	excellent	excellent	100.0%
	Anti-corruption & civil rights commission anti-corruption policy evaluation grade	grade	Grade 3	Grade 2	Grade 2	100.0%
Labor- Management administration	Performance rate of labor-management committee agenda	%	-	100	100	100.0%
	GWP satisfaction	point	70	73	75	103.4%
	Satisfaction rate of complaint processing	point	3.9	3.9	3.95	101.3%
Salary and welfare	Rate of increase in total labor costs	%	1.52	3.8	2.39	62.9%
	Completion of normalization tasks	case	10	5	15	300.0%
Human resource	Rate of employees transferred to permanent positions	person	14	8	10	125.0%
	Utilization of youth interns	person	247	247	170	68.8%
	Rate of flexible work hours	%	15.7	20.7	24	115.9%
	Regulation improvement performance	case	4	4	4	100.0%
HR development	Satisfaction of HR operations	point	4.37	4.37	4.37	100.0%
	Task analysis	time	1	1	1	100.0%
	Task training satisfaction	point	4.49	4.49	4.49	100.0%





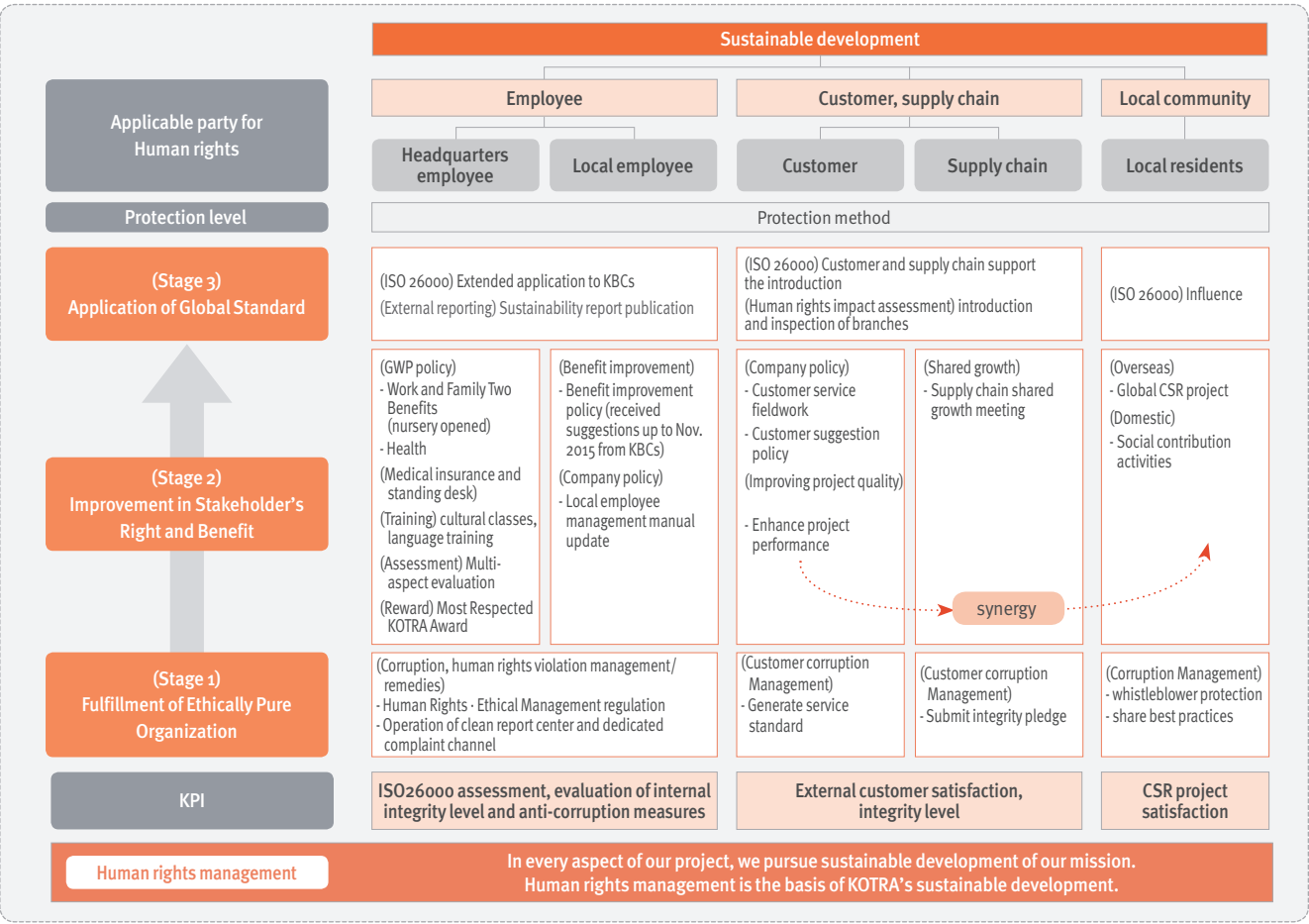
# Establishing Implementation System for Human Rights and Ethical Management

## Human Rights Management Awareness and Introduction

International awareness in human rights issues, such as child labor and forced labor in underdeveloped countries, is growing. International organizations such as United Nations and Organization for Economic Co-operation and Development (OECD) are emphasizing the need to cooperation in terms of human rights issue. KOTRA is operating branched in 86 countries worldwide and numerous companies based abroad that can be easily exposed to the risk of human rights violations. As to this, KOTRA is implementing human rights management within the organization and recognize human rights management as the main management issue to lead Korean companies' management culture to perform on a global business platform.

## Human Rights · Ethical Management System

KOTRA implements our goal for sustainable development in all projects and human rights management is the basis to achieve our goal. To improve all stakeholders' human rights, human rights management system is implementing a wide range of ethical, social responsibility and sustainability management.



## Human Rights Protection

An eligible party for human rights in our terminology includes customers, overseas companies, residents of domestic and overseas branches and cooperating companies. The parties include public and private stakeholders with direct and indirect relationships. Our effort is to establish a protection system, considering the circumstances of each stakeholder.

## Human Rights Protection Level and Targets

KOTRA distinguishes and administrates three levels of human rights protection: ethically pure, rights and interest promotion, and global standard application. We feel being ethically pure is the crucial basis of the human rights management therefore we are strengthening anti-corruption policies and implementing communication channels to prevent the possibility of human rights violation. We go a step further from passive ethical management to promoting rights and benefits of all the stakeholders as we are pursuing human rights management level appropriate for the leading TPO/IPA in the world.

## Human Rights and Ethics Management

KOTRA is operating a newly organized department to support human rights management. We upgraded the existing Ethical Management Committee to the 「Ethics and Human Rights Management Committee」. The rights and role of the committee were reinforced, by constituting the committee members with the president, the executive director and the president of Invest Korea. In addition, a subcommittee, 「Ethics and Human Rights Management Working Committee」, is configured to include union representatives to improve practical skills in human rights management and to realize human rights practices with KOTRA's staff. In addition, human rights-ethical management advisory duty is performed by Clean KOTRA Committee, supporting human rights and ethical management performance, and Open KOTRA Committee, which oversees transparent management, ethical management and external customer feedback.

## New Human Rights and Ethics Bureau for Stakeholder Communication

KOTRA is carefully listening to the voices of both internal and external stakeholders as far as human rights and ethics management are concerned. For efficient communication, we have now installed the Human Rights and Ethics Bureau. The bureau consists of union representatives, internal stakeholders and civil commissioners, operating as KOTRA's control tower to prevent and control potential conflicts by collecting monthly human rights violations or conflict cases. The bureau suggests solutions to related issues and is empowered to submit important issues to the Ethics and Human Rights Management Working Committee as a prevention measure.



## Benjamin / Brand KOTRA New York Consultant Interview

Free and open communication are key factors for happy employees and crucial elements for all stakeholders. Moreover, KOTRA's management have paved the way to freely think and act in the working environment. KOTRA also have supported freedom in work to minimize pressure from internal and external sources and encourage employees to act independently. Specifically, KBCs operate various events to promote such trading. Therefore, I would like to request a reasonable timeframe for the staff to be fully prepared and coherently lead in those events. This will allow KOTRA to play a key role as a world-class TPA.





## Stage 1: Fulfillment of Ethically Pure Organization

### 2014 Integrity Level: Improvement on Weak Categories

Among the external integrity level projects such as branch projects, overseas exhibition projects and business trip support projects, we focused on improving the projects that were evaluated as weak in 2014.

Branch staff that participated in training in Korea learned not to provide unethical offerings. We held a presentation to overseas exhibition related organizations regarding on the procedure of the exhibitions to maximize the customer receptivity. We also introduced an online system that reflects real-time task progress in order to enhance the fairness in the standards of ‘business trip support projects’.

### Human Rights/Ethical Management Training

For internalization of human rights and ethics management, we are conducting online and offline ethics trainings. SERI CEO, our online ethical leadership trading program, is now available to more staff that was previously limited to executives. For junior staff, we conduct our own accounting trainings and improved the awareness of ethical management. For overseas staff, we conduct human rights and ethical workshop to inform them about updated content in code of ethics. To raise awareness, we increased the range of integrity incentives from head of KBCs to entire staff in KBCs including locally hired staff. We closely supervise on the items which achieved rather low integrity level and monitor the use of corporate credit cards and of corporate vehicles, increase accounting transparency, etc. in order to prevent corruptions and to increase the transparency of the organization.



Ethical Management poster



Corruption report poster

Number of Executives Being Trained

162 persons

26%



Number of Junior Staff Being Trained

104 persons

104%



### Excellent Human Rights/Ethical Management Case Propagation

In 2015, KOTRA has propagated excellent human rights and ethical management case through online and offline. We posted anti-corruption 15 cases (7 more than 2014) on KOTRA webpage and held a seminar for the people in charge of ethics related work to proactively promote ethical management in KOTRA.

### Clean Report Center Operation

KOTRA audit division is operating clean report center for reporting corruptive and offensive behaviors. Behaviors such as ethical violation behavior, misfeasance, verbal abuse, sexual harassment and human rights violation can be reported directly through code of conduct-designated staff direct channel.

Clean report center is operated completely confidentially under the 『Guideline for protection and reward for whistle blowers』 for reporting person and person who cooperated. To encourage active involvement, we introduced reward policy so we can be Clean KOTRA. In 2015, through Internal and external reports (2 cases), we conducted special audit and took disciplinary actions on related employees and implemented a two-layer verification system linked with external organization.

### Strengthening Internal Check System

#### Enhancement of Internal Control Policy

KOTRA introduced anti-corruption monitoring policy, a self-check policy to enhance internal control policy and prevent corruption. Through this policy, we are reducing the likelihood of legal battles by identifying fairness and legality of legal requirements to reduce compliance risk. By expanded corruption impact assessment, limited range of employee dismissal, and change in private contract period, we improved corruption risk policy and eliminated multiple risk factors.

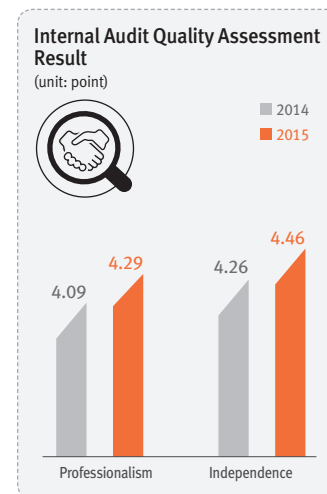
#### Strengthening Prevention and Liberal Control through Integrity Culture

KOTRA implemented internal and external integrity infrastructures to develop a companywide integrity culture. In 2015, we installed Integrity KOTRA, a new division to establish a collaborative system with regard to integrity tasks, encouraged employee's involvement of employees and conducted integrity training sessions for the new staff and staff relocating overseas. These activities are contributing to a positive integrity mindset for the entire staff.

#### Strengthening Audit Policy and Competency Improvement

We strengthened disciplinary measures on the audit findings to prevent similar cases from repeating and openly share the reasons to establish fundamental principles with employees. For risky divisions, such as administration of car rentals, we implemented operational guidelines as a preventative measure. We standardized audit task by publishing internal audit manuals. We also operate audit mentoring programs preceding substantial audit work.

2015 Audit Awards
· Awarded "Enhanced institution award" from Board of Audit's Internal Audit Inspection
· Awarded 'Innovative internal audit award' from Audit Committee
· International audit quality certificate obtained : Received highest grade (Generally Conform) from IIA KOREA
· Improved internal audit quality assessment result



### Assessment Reflecting Global Trend

KOTRA is operating review system and ethical management to enhance internal and external integrity level. Internally, we are performing periodical ethical management evaluation called KOTEX (KOTRA Ethics Index). Based on the assessment from Anti-corruption & Civil Rights Commission, integrated, internal and external level points increased 0.09 point, 0.12 point, and 0.22 point, respectively. Corruption prevention policy performance received a grade 2 assessment for integrated result which was also an improvement.

	Category	2013	2014	2015
Anti-corruption & Civil Rights Commission integrity level performance result	Targeted integrity level	Excellence	Excellence	Excellence
	External integrity level	Normal	Normal	Normal
	Internal integrity level	Excellence	Excellence	Excellence
	Integrated result	Grade 3	Grade 3	Grade 2
Anti-corruption & Civil Rights Commission corruption prevention policy performance result	Establish anti-corruption infrastructure	Grade 2	Grade 4	Grade 3
	Enhance policy transparency	Grade 3	Grade 4	Grade 3
	Eliminate or improve corruption causing issues	Grade 3	Grade 3	Grade 3
	Public life integrity culture improvement	Grade 3	Grade 3	Grade 3
	Corruption prevention and encourage report	Grade 2	Grade 1	Grade 2
	integrity level improvement	Grade 1	Grade 1	Grade 3
	Corruption officials found	Grade 1	Grade 1	Grade 1
Internal Integrity level research result (KOTEX)		91.3	91.3	92.7



## Stage 2: Improvement in Stakeholder's Right and Benefit

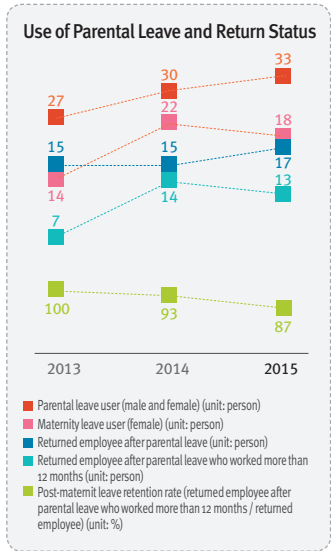
### Employees Rights and Interest Promotion

#### Building Work and Family Two Benefits

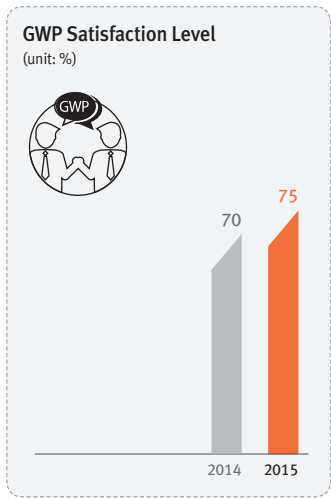
KOTRA supports a working environment with ideal work-life balance, and operates labor-management organization culture TF to improve work efficiency and sustainability. In 2015, 21 meetings were held to promote work-life balance, workload relief, and female workforce fall-out prevention to improve quality life of employees through advanced organizational culture.

To support work-life balance for employees, KOTRA is operating various projects and programs, such as childcare support, parental leaves and family day. Especially, in 2015, we introduced a policy for childcare support for employees with 0-5 year olds, planned on a daycare facility and implemented resting area for expecting mothers. On family day, which is every Wednesday, we turn the lights off in the office and the union leader and the head of administration management support team leader encourage everyone to leave work on time. We also cooperate with wedding planners and funeral planners to support employees' needs at appropriate times.

On the other hand, KOTRA is protecting female employees based on 「Act on Gender Equality in Employment and Work-Family Balance」 and 「Labor Standards Act」. We are devoted to achieving an organization culture where employees who are expecting mothers can freely take maternity leave.



\* 2014 2 male employees took parental leave.  
\* Statistics based on employment status such as general employment, professional, special employment  
- Maternity leave user: maternity leave user within specified year (yearly double count)  
- Parental leave user: parental leave user within specified year (yearly double count)  
- Returned employee after parental leave: returned employee after parental leave within specified year  
- Post-matemit leave retention rate: returned employee after parental leave who worked more than 12 months / returned employee after parental leave (in previous year)

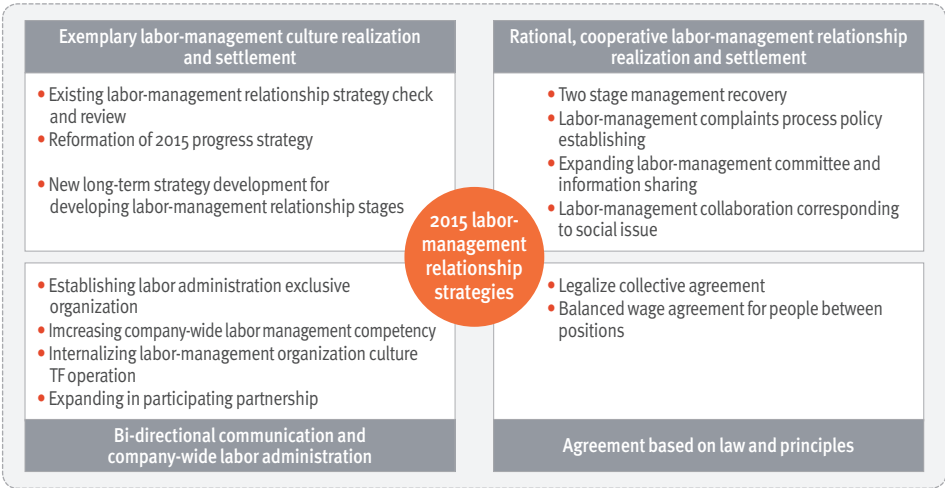


#### Retirement Support Program

Based on the collective agreement in Article 52 of the Employee Retirement Benefit Security Act, retirement benefit shall be operated as a pension scheme. For detail clause, we follow retirement pension regulation. We take advantage of the retirement program for employees and dispatch them to regional centers so they can visit our customers and listen to their complaints. We also leverage retirees' knowledge in newly emerging markets that needs strategic approach to pass down their trading investment expertise.

#### Establishing Exemplary Labor-Management Culture

Based on trust, communication and participation, KOTRA has established a harmonious labor-management culture. Since the union's establishment, for 27 consecutive years, we have had amicable wage agreements, continuing stable relationship based on cooperative organization culture.



#### Future labor-management strategy Road Map



As the existing labor-management master plan ended in 2015, we have created a new roadmap. We propose this new plan, after checking past performances, diagnosing present issues, and collecting internal and external opinions.

#### Labor Union's Current State

KOTRA is following the national labor law, respecting freedom of association, the right to organize and the right to bargain collectively. KOTRA respects the freedom of the union and of 506 employees, 79.9% of which union members. Article 1 of the agreement between union and management, states that working condition and benefit package are applicable for all employees. Article 8 relates to laws while giving notice, notice for any changes on management and etc. Personnel appointments, such as employment, promotion, relocation and retirement and reward and punishment must be immediately notified to the effected employees. Article 39 which is related to overseas transfer states to notify the personnel at least two months prior to the relocation date. In Clause 2, Article 60 and 61 state safety and health standards, mandated by related law of industrial safety and health, KOTRA strives to improve safety and health of union members and specifies that they get annual medical check-up.

#### Complaints Process Policy

KOTRA has reformed our labor-management complaints process to effectively process complaints. Existing complaint consulting team which was affiliated with the union, used to process the complaints passed to related department as a separate matter based on 「Act on Promotion of Workers' Participation and Cooperation」. In our updated process, for more realistic approach on resolving complaints, three commissioners from the labor-management committee are selected to form a complaint committee based on amended 「Labor-Management Committee Operational Regulation」. Complaint consulting team affiliated with labor section has a new mandate to enhance the awareness regarding the process and to take the complaints process policy more dynamic.



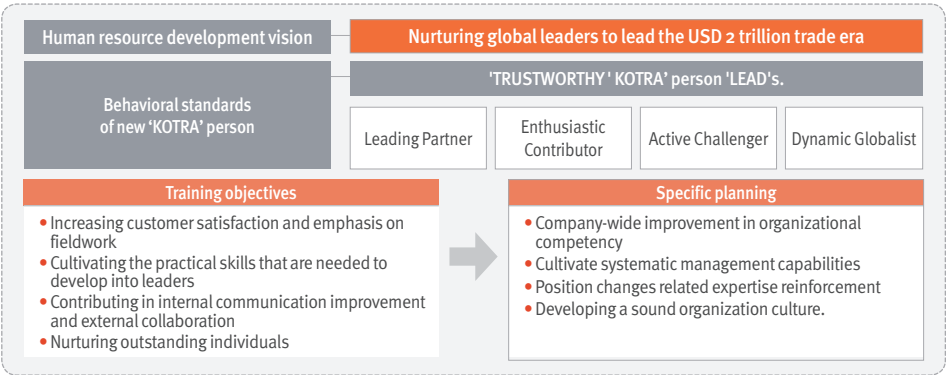


## Stage 2: Improvement in Stakeholder’s Right and Benefit

### Expanding Education to Promote Employees Rights and Interests

#### Strategy for Nurturing Global Human Resources Development

KOTRA heavily invests on developing the strategy and system for human resource development. Our vision is “nurturing global leaders to lead the USD 2 trillion trade era” and we have implemented training objectives and specific actions to achieve this vision.



#### Demand-focused Education and Training

KOTRA has an in-depth understanding of the expertise, job performance competencies of our employees, and determining specific training requirements to plan required training programs. Education needs are identified through internal research analysis and in conjunction with job training, work council, and company surveys. After the needs are identified, we approve education training plans through internal verification from education training committee and HR committee.

#### Strengthen Training of Overseas Staff

KOTRA’s local employment is twice as large as our own staff abroad, which implicates the increased responsibility and the needs of training and educating local staff. We are implementing updated education and training system that includes practical OJT training, workshops at the headquarters, professional task training and overseas academic training. We would like to develop locally hired employees to become main players in our overseas organizations.

### Implementing Customized Activities for the Rights and Interests of External Stakeholders

KOTRA has deeper understanding of our external stakeholders including customers, partners, and local communities through diverse institutional support and communication channels. We run integrated operations between customers’ strategy and system operation to achieve advanced export support efficiency. We upgraded our service charge system to lessen the burden of our customers and support their export. We also hold shared growth meetings regularly and implement active communication channels consisting of five major categories (device/logistics/interpretation/travel/system). We are utilizing our competencies and know-how for rights of our external stakeholders’ rights and interests through the global CSR program, encouraging coexistence of domestic companies and, nurturing emerging trading experts from export school.

#### Rights and Interest Promotion Cases of External Stakeholders

Category	Related information	Page
Customer	Find and support SMEs wish to expand overseas	16 – 22 / 24 – 25 / 28 – 33
Supply chain	KOTRA-partners shared growth model and related programs	23
Local community	Support local community development and social contribution activities	26 - 27

Education Satisfactory Level  
(unit: points)



Yearly Education Cost  
(Unit: KRW 1,000,000)

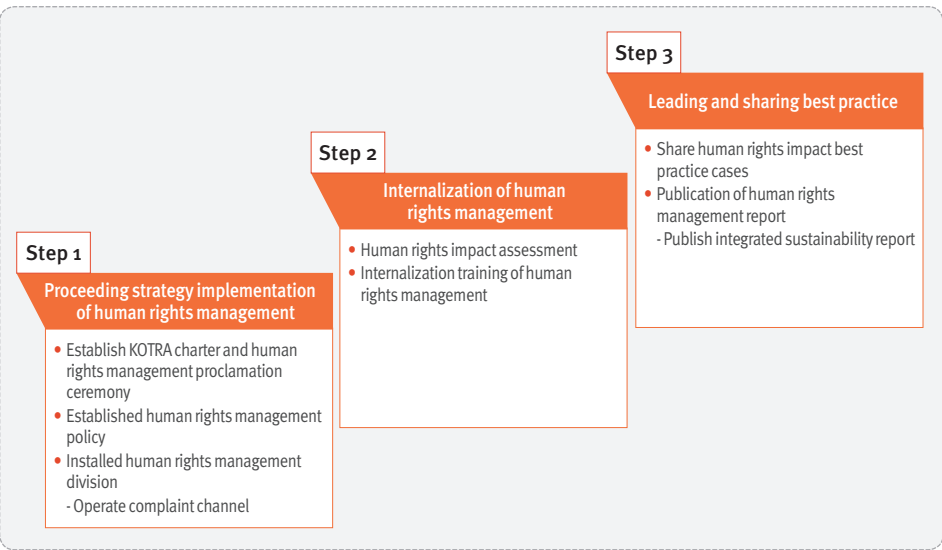


## Stage 3: Application of Global Standard

### Operation of Multi-step Human Rights Management Strategy

KOTRA is operating a multi-step human rights management strategy to strengthen the responsibilities with respect to human rights. With an established human rights management strategy, we inspect practical or potential human rights violation issues, focus on prevention and also education of the need and importance of internalization of human rights management. We will endeavor to promote human rights management not just in KOTRA but also within our society.

#### Multi-step Human Rights Management Strategy



#### Internalization of Human Rights Management

In future, we aim to conduct internal human rights impact assessment, to prepare a proper basis of human rights management, operate human rights education for staff relocated abroad, and major officials and executives to internalize human rights management. The content of the training will consist of various activities such as human rights emotion training and role-playing to strengthen empathy and help learn newly introduced policies.

#### Human Rights Impact Assessment

KOTRA conducts human rights impact assessment on the projects that are in progress or those that have possibilities of any human rights violation issues or show high risk in business process analysis in the planning stage. In 2015, for human rights impact assessment, we legislated ‘Human rights ethical management practice regulations’ as a foundation, and in 2016 we aim to conduct step-by-step assessment of human rights impact.

#### Excellent Case Sharing of the World’s Best TPO/IPA

Through publication of the integrated report of sustainability management and human rights management, we are publicly displaying our human rights related management information. In addition, KOTRA will share internalized knowledge and know-how, human rights management procedures, and successful cases inside and outside Korea.



## KOTRA Human Rights Management Proclamation Ceremony

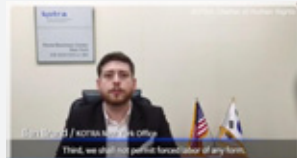


KOTRA human rights management proclamation ceremony

As a manifestation of our interest in Human Rights Management and intent to act, we held the KOTRA Human Rights Management Proclamation Ceremony on December 2015. In the ceremony, the KOTRA human rights charter was recited at the ceremony in many languages including English, Chinese and Korean, and local staff participated in reciting the chart. All the executives participated in signing the KOTRA human rights tree to reflect our will to protect human rights. This tree will be displayed in our open gallery to share and promote our endeavor for human rights management.



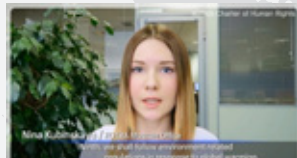
Europe Paris KBC



North America New York KBC



Japan Tokyo KBC



CIS Moscow KBC



Africa Johannesburg KBC

kotra



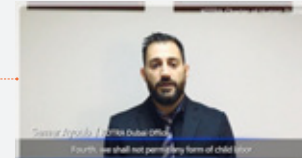
As entire KOTRA staff unite, by this human rights management proclamation ceremony, which reflects our interest and will to practice, we are to strongly implement global standards in social responsibility.



KOTRA human rights tree



China Beijing KBC



Middle East Dubai KBC



Southeast Asia and Oceania Manila KBC



Central America Sao Paulo KBC



Southwest Asia New Delhi KBC

## KOTRA Human Rights Charter of Constitution

**KOTRA is realizing the value of human rights. To conduct sustainable human rights management, a human rights Charter has been legislated consisting of 10 operational principles.**

**As a public institution, KOTRA establishes the principle to prioritize people for national welfare and the prosperity of mankind and promises to protect the human rights of everyone concerned, including its employees, partner companies, related organizations and the local community.**

**To achieve this purpose, KOTRA supports the international standards and norms regarding human rights and pledges to enact and practice the Charter of Rights and Freedom.**

- First, we shall endeavor to prevent the breach of human rights and to actively relieve any such breach.
- Second, we shall not discriminate anyone concerned on the basis of race, religion, disability, gender, place of birth, political opinion, etc.
- Third, we shall not permit forced labor of any form.
- Fourth, we shall not permit child labor of any form.
- Fifth, we shall guarantee freedom of association and collective bargaining for our employees.
- Sixth, we shall provide a safe and pleasant working environment for our workers.
- Seventh, we shall make transparent and fair deals with partner companies and advise them to practice human rights management.
- Eighth, in the course of business, we shall execute social service activities for the promotion of human rights for the local residents abroad as well as for the domestic residents and pursue a mutual beneficial cooperation.
- Ninth, we shall observe domestic and foreign environmental protection rules and take action against climate change.
- Tenth, we shall make prompt and accurate responses to clients' requests and protect their information collected in the course of business.





GLOBAL KNOWLEDGE AND  
EXPERIENCE ACCUMULATED  
BY KOTRA'S OVERSEAS  
KBC NETWORK IS  
THE AGENCY'S CORE ASSETS.

## Sharing Channel for Global Knowledge and Experience, KOTRA

The facilitator for Korean enterprise to enter the global market based on accumulated knowledge and experience.

### Trends in Sustainability

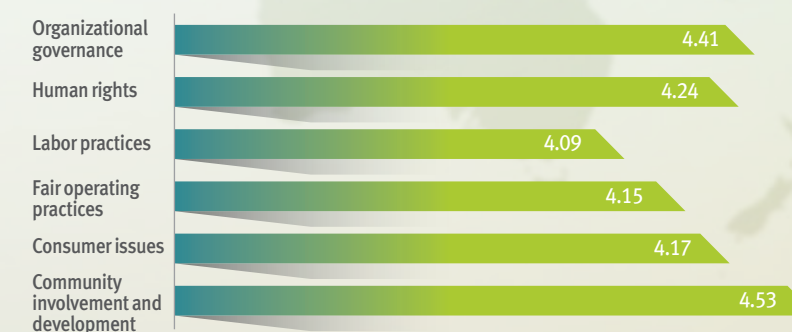
Demand for Korean companies' social responsibility is growing due to changes in the trade environment. Corporate Social Responsibility (CSR), such as guidelines issued by international organizations, programs promoting legislated social obligations in India, a major trading partner, have materialized as a trade barrier and the country is in a rush to promote CSR at the national level making CSR mandatory for companies over a certain size. Leading global sustainability companies have been strengthening their social responsibility in communities and supply chain in order to minimize risks that may hinder export to and investment in overseas markets and this movement has been adopted by other multi-national companies.

### Our Strategy

Korean companies seeking overseas expansion are required to develop mutually beneficial cooperation models and entry strategies for local private sector, community and partners. KOTRA has promoted and supported domestic companies to participate in economic development and solving social problems of emerging countries. We also have supported domestic companies to become sincere collaborating partners so that those companies could lead successful trade negotiations in global markets.

### Global Regional Social Diagnosis Result of CSR Implementation

In order to diagnose CSR implementation in KBCs overseas, we have conducted assessments based on seven major issues of ISO 26000 since 2014. The assessment was conducted in a survey form in 1-5 scale. In 2015, we have distributed the survey throughout 125 KBCs in 83 countries and generated the result. Average point overall was 4.09 and Community involvement and development category scored highest by 4.53, and human rights, consumer issues, and fair operating practices followed.



· Date: 2015 Feb 15-29  
· Response: 125 KBCs in 83 countries (response rate 66.4%)







## KOTRA China Head Office

### Korea Business Centers in China



※KOTRA China Head Office Homepage  
<http://www.kotra.or.kr/KBC/chinese/KTMUI01010M.html>

### Business Performances of China Head Office

The China Head Office has succeeded in strengthening its export marketing capabilities by promoting Korea-China FTA, including Korea-China FTA Business Plaza and Hallyu (Korea Wave) Expo. Moreover, the areas of investment attractions have expanded from existing real estates, financial products, etc., to tourism, gaming, catering, entertainment and more. By building a support system for corporate lifecycle (start up-growth-decline), we have supported business development in China's domestic market and expanded customized and preemptive information to maximize publicity. We were selected as the 'Best Cooperative Partnership Company' by Baidu as a result of expanding cooperation with the Korean government and relevant organizations, such as Korea Business Plaza, and putting efforts on multi-dimensional cooperative promotions in China with the Chinese government, industry associations and companies.

### CSR Activities and Performances of China Head Office

The China Head Office is pursuing global CSR projects utilizing Hallyu celebrities. We held Korea Entertainment Expo, China K-star Fashion & Beauty Roadshow, and many other events in the Korea Business Centers in Shanghai, Shenyang, and Hong Kong, and other cities. We have expanded Hallyu commodities entry to the Chinese market through marketing support of commodities, contents and derivatives in connection with Hallyu culture trend in China. We have encouraged 'economic Hallyu' by incorporating Hallyu star brands and SME products for SMEs who wish to use Hallyu marketing. In addition, we developed an integrated business model, with which SMEs can exploit the Hallyu craze in China through China K-star Fashion & Beauty Roadshow.

### Diagnosis Result of CSR Implementation Level in China

According to the analysis of CSR implementation level in KOTRA's 11 Korea Business Centers in China, the community involvement and development scored the highest recording 4.91points out of 5, which demonstrates that this category is the best performer. This is followed by organizational governance (4.47), fair operating practices (4.43), consumer issues (4.43), human rights (4.34) and labor practices (4.34), all of which have shown a high level of execution. The average value of the 2015 survey results is 4.26, which is an increase of 0.07 point from the previous year, and human rights has increased 0.52 points compared to the previous year.



### KOTRA's Suggestions for Chinese Market Entry Strategies in 2016

#### Trends and Opportunities

China has become the world's de facto G2 country of GDP in 2013 and the Chinese government is expected to focus more on domestic market expansion, industrial structure sophistication, policy for opening markets and expanding foreign investment, etc. The main theme of the Chinese market in 2016 is expected to be 'a convergence of internet and technology'. Based on the first half of 2015, China's Internet penetration rate amounted to 48.8% and in 2016 it is expected to exceed 50%. And with the promotion of 4G network coverage expansion and rate-cutting policy, 4G internet network in 2016 is expected to create 200-300 million new 4G users while the mobile internet traffic growth is expected to double at the same time. Furthermore, by beginning the 5G technology research in earnest, China will embark on building the next generation mobile internet infrastructure.

#### Market Entry Tips

Since the reforms and opening of markets in 1978, China has formed Special Economic Zones and has gradually implemented national economic development policies, including China Western Development, Rising of Central China, etc. Therefore, we have to respond to these policies sensitively and penetrate the Chinese market by conducting large-scale due diligence, corporate publicity, etc. It should continue to promote the business in a timely business manner, observing the development policy of the Chinese central government. In the event of pursuing specific projects in the country side, it is recommended to consider macroeconomic policies and actual endorsement of the Central Government.

## KOTRA Europe Head Office

### Korea Business Centers in Europe



※KOTRA Europe Head Office Homepage  
<http://www.kotra.or.kr/KBC/european/KTMUI01010M.html>

### Business Performances of Europe Head Office

KOTRA's Europe Head Office, which has the most number of countries and Business Centers, has been strengthening organic collaboration among the Business Centers, sharing core tasks in order to maximize business performances. In 2015, we selected four strategic tasks in automotive and machinery, project and procurement, medical, and shipbuilding, and we are developing business projects by establishing a business connected collaboration system of 'planning-marketing-research' in each industry. As a key strategy for expanding foreign investment, we aim to strengthen B2B investments in the form of joint ventures and technology partnerships that are customized according to the needs of domestic companies, and investments leveraging global value chains that focus mainly on Korean components and materials companies holding core technologies in display, automobiles and so on.

### CSR Activities and Performances of KOTRA Europe Head Office

We have performed CSR activities to meet regional characteristics. We provide assistance in finding jobs for descendants of veterans, adopted Korean and Korean speaking populace. We have also donated goods, such as groceries, to veterans. In addition, we provide training and share technologies, such as e-government and architecture designing, with local governments and universities so that our CSR activities can create business performances. We expect these CSR activities to improve the image of Korean companies and advertise their technologies in local European countries.

### Diagnosis Result of CSR Implementation Level in Europe

According to the analysis of CSR implementation level in KOTRA's 17 Korea Business Centers in Europe, the organizational governance scored the highest recording 4.32 points out of 5 which demonstrates that this category performed the best. It is followed by community involvement and development (4.18), human rights (4.08), and labor practices (3.85), all of which have shown a high level of implementation. The average score of 2015 survey was 3.84, which is 0.34 lower than the previous year, and labor practices, fair operating practices, consumer issues, and community involvement and development declined slightly from 0.05 to 0.5 points.



### KOTRA's Suggestions for European Market Entry Strategies in 2016

#### Trends and Opportunities

As the recession caused by the global economic crisis continues, the trend of slow growth is expected to continue over the next few years. Accordingly, European global companies have been outsourcing to reduce costs and to expand key areas of investment. Consumers also have growing preferences for affordable yet high-quality products. Therefore, we foresee it is important to produce and export affordable 'value consumption' products that are superior to local products. On the other hand, healthy products and smart automation technologies appear to be growing in the European market. Due to the beneficiary effects of the signing of Korea-EU FTA, the export of automobiles, auto parts, plastics, wireless semiconductors, steel plates, and others have increased.

#### Market Entry Tips

Since the brand awareness of Korean companies increased due to FTA signing and the growth of Hallyu expansion amongst European populations, we recommend domestic companies to prepare strategies, such as selecting and focusing on promising fields based on relatively stable market shares, building mutually collaborative global base with European companies, establishing customized business models for the European market and so on. Specifically, we expect that entering market via biomedical market, Hallyu contents promotion, technology partnership, and M&A, will be advantageous. EU is promoting expansion projects of infrastructure and transportation network among regions within the Eastern Bloc, and each European country is fostering green sectors, such as environmental and renewable energy. We encourage Korean companies to participate in these projects.





## KOTRA North America Head Office

Korea Business Centers in North America



※ KOTRA North America Head Office Homepage  
<http://www.kotra.or.kr/KBC/northamerica/KTMiUlo1oM.html>

### Business Performances of North America

We strengthened our support focusing on online distribution of the domestic companies to increase exports. We are also emphasizing on the new market for cultural contents and supply markets which reflect the characteristics of the North American market. Through robust infrastructure based on Kor-US and Kor-Canada FTA, we promoted export of wider range of goods. We are helping to link startup foundations to our prospective startup companies and increase investments to achieve investment attractions worth USD 1.35 million. KOTRA showed higher performance than the goal we set for generating market information by providing practical information to the customers.

### CSR Activities and Performances of North America Head Office

KOTRA North America Head Office and the Democracy Prep Public School hosted Korean Street Festival and 7 Korean SMEs including Woori America Bank participated as exhibitors to support the event on a larger scale. This cultural festival was held in Harlem, New York where most of the residents are minorities. Over 3,000 people came for the event which was 1,000 more than the previous year. This is a great example of KOTRA contributing to local community by increasing mutual interaction and also promoting value and awareness of Korean brands.

### Diagnosis Result of CSR Implementation Level in North America

KOTRA North America Head Office conducted evaluations on 7 KBCs with regard to CSR performance and customer issue ranked the top recording 4.61 points out of 5. Other indicators, such as community involvement and development (4.57), organizational governance (4.41), and human rights (4.17) also scored high. The results were higher 0.11 point higher on average than the previous year. Community involvement and development category increased the most (0.43) and fair operating practices is 0.62 point less than the previous year.



#### Market Entry Tips

For those companies aiming to expand in the North American market, we highly recommend being aware of the investment and consumer trends and thoroughly preparing for certifications, regulations and non-tariff barriers. KOTRA North America Head Office is supporting various aspects for US and Canada exports by operating Korea-US, Korea-Ca helpdesk.

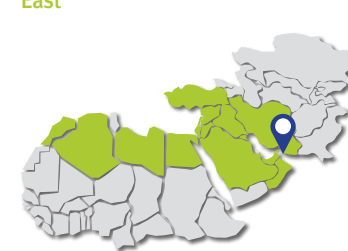
### KOTRA's Suggestions for North American Market Entry Strategies in 2016

#### Trends and Opportunities

Our prediction for the North American economy in 2016 is stable growth, as in 2015. Major institutes in the US are forecasting steady oil prices, decreasing unemployment rates, GDP increase and an accelerated real-estate market, all of which operates as green lights to the US economy. Inflation rate in the US is under 2% which the Federal Reserve System set as a goal. However, it is unpredictable with a rise in interest rates, and also affects general capital flow and financial status to developing countries. As the business activities become animated, the demand for parts, materials, and equipment will rise. Especially, we are predicting increased export opportunities in industries related to production such as building materials, home electronics, vehicle parts, medical devices, air conditioning and heating system.

## KOTRA Middle East Head Office

Korea Business Centers in Middle East



※ KOTRA Middle East Head Office Homepage  
<http://www.kotra.or.kr/KBC/middleeast/KTMiUlo1oM.html>

### Business Performances of Middle East Head Office

KOTRA Middle East Head Office played an active and significant role in exports, winning an order from a leading Middle Eastern mobile company, Etisalat. We also won orders from Red Sea-Dead Sea irrigation project. We are focusing on medical, IT, environment related businesses, providing support to establish online platforms for halal, online markets, and hosting ship equipment road shows. We are expanding used car markets and used auto parts markets to boost exports, and hosted used car and parts export consulting to solve the problem of small used car businesses closing down. Thanks to organic cooperation with external institutes, through 1:1 business consulting, we have found new form of businesses to succeed in 17 new contracts worth USD 390,000.

### CSR Activities and Performances of Middle East Head Office

Industries such as construction and plant are rather difficult for SMEs to approach. KOTRA conducted strategic research on this category such as dispatching delegation teams for a visit and hosting a presentation to enhance information competency of SMEs. In 2015, KOTRA published a vendor guild of the countries that had summit meetings such as Saudi Arabia, UAE, Kuwait and Qatar. We are implementing SMEs with vast information such as conducting a market research on status of electronic materials, market status and research on the materials and promising consumer goods to improve the compatibility in export markets.

### Diagnosis Result of CSR Implementation Level in Middle East

According to the diagnosis result of CSR implementation level in KOTRA's 12 Korea Business Centers in Middle East, the organizational governance scored the highest recording 4.31 out of 5, which demonstrates that this category is the best performer. It is followed by community involvement and development (4.25), fair operating practices (4.13), consumer issues (4.10). The average score of 2015 survey was 3.97, which was an increase of 0.41 point from the previous year. There was a slight decrease in consumer issues and labor practices (▽0.18), however all other categories recorded an increase.



#### Market Entry Tips

Entering the Middle Eastern market requires respect for their politics, religion and culture since they are significantly important in the business field. The mid and upper class segments of the Middle Eastern area have an affinity towards new products with unique character. Low prices are not an essential selling point, based on the market research. Thus targeting the mid and upper class who have considerable buying power, with unique and high quality products will be favorable in the market.

### KOTRA's Suggestions for Middle Eastern Market Entry Strategies in 2016

#### Trends and Opportunities

The Middle Eastern area is the largest market for the Korean construction and plant industry and the biggest importing market for energy with great prospects in the future. However, oil-producing countries in the Middle East are making efforts to respond to the post-oil era, lowering the dependency of the oil industry and pursuing policies that will diversify the industry. KOTRA suggests that the newly growing industries such as medical and IT may prove to be favorable. Manufacturing is also considered safe in terms of the effects on the oil price drop.



## KOTRA Africa Head Office

### Korea Business Centers in Africa



※ KOTRA Africa Head Office Homepage  
<http://www.kotra.or.kr/KBC/africa/KTMiU1o1oM.html>

### Business Performances of Africa Head Office

KOTRA Africa Head Office is operating information collecting projects to instantly respond to constant changes in the trading environment. Entire KBCs in Africa participated in publishing Global Issue Paper, which suggests countermeasures on settlement of TFTA which received various responses from local buyers. We also participated in generating e-catalogs of 150 promising Korean companies and promoted them through major distribution channels as a response to the dramatically growing consumer market in Africa. With the Botswana Investment Trade Center (BITC) as a communication channel with KOTRA, we endorsed our IT competency to the Botswana government, which helped successful bidding of the Electronic Government IT Project.

### CSR Activities and Performances of Africa Head Office

KOTRA Africa Head Office is consistently supporting small and mid size plant projects due to the demand for manufacturing facilities in Africa. The projects are strategic industries for the KOTRA Africa Head Office since they can be approached by SMEs and have potential for short-term performances. We introduced the Africa Strategic Marketing project to SMEs for export competency in Africa. In 2016, we aim to expand our project to assist SMEs for confident market entry, with significant roles being played by KOTRA and the head office.

### Diagnosis Result of CSR Implementation Level in Africa

According to the diagnosis result of CSR implementation level in KOTRA's five KBCs in Africa, the organizational governance indicator scored the highest, 4.56 out of 5 points, which demonstrates that this category is the best performer. It is followed by human rights (4.43), community involvement and development (4.40) and fair operating practices (4.20). The average score of 2015 survey was 4.03 which is a decrease of 0.42 point from the previous year. Human rights, and organizational governance showed a slight increase while fair operating practices and other categories had declined.



#### Market Entry Tips

There are 54 countries in Africa, with their own unique politics, culture, geographical features and society. In terms of market entry, choice and concentration is a good policy. After establishing basic strategies in preparation of investments such as setting investment goals and methods, it is essential to take advice from regional experts or KBCs in African region. Checking market potential and assessing ability through logistic site surveys is also important.

### KOTRA's Suggestions for African Market Entry Strategies in 2016

#### Trends and Opportunities

The strategic significance of Africa is becoming more prominent due to their abundant resources and growth potential. Recently, as the conflicts and civil war decrease, most of the countries in the African continent are stabilizing. 5% growth rates had been realized in 2000's reflecting political stability. There were decreases due to the world wide economic crisis, however, by 2011 they started to recover again to 5% .It is predicted that the economic scale will become twice as large from the current scale of USD 1.7 trillion to USD 3.6 trillion by 2020.

## KOTRA Japan Head Office

### Korea Business Centers in Japan



※ KOTRA Japan Head Office Homepage  
<http://www.kotra.or.kr/KBC/japanese/KTMiU1o1oM.html>

### Business Performances of Japan Head Office

KOTRA Japan Head Office is constantly widening our cooperation with Japanese global groups and have held pinpoint consultation for individual corporations. We also promoted Japan-focused advancement project for new exporting companies and successfully brought out first export. We strengthen investment attraction efforts with prospective industries such as robots, biotech and aircraft. We hosted regional specialized industries IR meetings to achieve investment attraction. We also host job fairs regularly in Tokyo and Osaka, which are established as gateways for recruitment.

### CSR Activities and Performances of Japan Head Office

KOTRA Japan Head Office does research on CSR business issues that reflects characteristics of industry and local society in Japan. Moreover, Japan Head Office promotes Korean companies that hopes to participate in CSR projects in Japan. With assistance from KBCs in Tokyo, Osaka and Fukuoka, we have been actively involved in social contributions, especially for under privileged children and those affected by earthquakes.

### Diagnosis Result of CSR Implementation Level in Japan

According to the diagnosis result of CSR implementation level in KOTRA's Korea Business Center in Japan, the community involvement and development scored the highest recording 5 out of 5, which establishes that this category is the best performer. It is followed by labor practices (4.63), organizational governance (4.60), and fair operating practices (4.50). The average score of 2015 survey was 4.43 which was an increase of 0.44 points from the previous year.



#### Market Entry Tips

KOTRA operates consulting programs as an insurance against currency risks for SMEs exporting to Japan. We host consulting events for material parts to create opportunities for SMEs manufacturing high quality parts to supply their goods to global Japanese companies. We also provide quality control training programs for parts manufacturers to minimize trial and error, and operate design consulting projects throughout the year for consumer goods manufacturers in order to rapidly and effectively enter the market.

### KOTRA's Suggestions for Japanese Market Entry Strategies in 2016

#### Trends and Opportunities

Private economy research centers are predicting an average of 1.5% growth in 2016. As the employment and income environment is improved, stable demand in private sectors will help economic recovery. One of the major industry issues is that tourism has increased rapidly- 47% more visitors than 2015- which increases domestic consumption. The scale of the tourism industry in Japan is now equivalent to that of exports of parts for electronics and automobile. Benefits to the foreign tourists, such as low exchange rates, a low-cost airlines and special duty free shops will encourage the tourism industry.





## KOTRA Southeast Asia and Oceania Head Office

Korea Business Centers in Southeast Asia and Oceania



※ KOTRA Southeast Asia and Oceania Head Office Homepage  
<http://www.kotra.or.kr/KBC/SouthEast/KTMU1010M.html>

### Business Performances in Southeast Asia and Oceania Head Office

The Southeast Asia and Oceania Head Office increased the market entry of small export firms by utilizing online distribution channels. Major achievements are launching Korean products store on LAZADA, Southeast Asia's largest online shopping mall, and supporting to open shops in LINE and Vocom. We have not only realized various attractive investment models, including base type (HQ) model, convergence model (production, R&D and logistics), and local development model according to business environmental changes, such as FTA expansion, GVC complexification, and launching AEC, but have also conducted in-depth support for each industry field utilizing holistic support platforms for domestic investment companies. In addition, we provide substantial information to potential export firms through production of timely research papers on promising fields related to Korea-Australia FTA, Korea-Vietnam FTA, and so on.

### CSR Activities and Performances of Southeast Asia and Oceania Head Office

We promoted the unused equipment transfer project, for example, KTR-Vietnam Dalat University project. By providing operational experiences and equipment of Korean testing and certification organizations to emerging countries, we aimed to develop the relevant industries in emerging countries, transfer Korean industrial standards and conformity systems abroad, and contribute to overseas market entries in the areas of equipment, facilities, components, and services. Five unused chemical and environmental equipment, such as TOC analysis device, from the Korea Testing and Research Institute (KTR) were transferred to Dalat University, one of the top five national universities in Vietnam. In this way, we introduced collaboration of relevant industries and establishment of testing and certification centers. Through these equipment transfers, we also created positive effects, including contributions to fostering scientific research workforce in the fields of biology, environmental science, and chemistry.

### Diagnosis Result of CSR Implementation Level in Southeast Asia and Oceania

According to the diagnosis result of CSR implementation level in KOTRA's nine Korea Business Centers in Southeast Asia and Oceania, the community involvement and development scored the highest, recording 4.67 out of 5, which demonstrates that this category performed the best. It is followed by human rights (4.38) and organizational governance (4.31). The average score of 2015 survey was 3.97, which declined 0.01 points from the previous year. Community involvement and development, human rights, and organizational governance recorded a slight increase while fair operating practices ( $\Delta 0.27$ ) and other categories had a fall in value.



### KOTRA's Suggestions for Southeast Asian and Oceania Market Entry Strategies in 2016

#### Trends and Opportunities

Ten ASEAN countries, including Myanmar, Thailand, Cambodia, Malaysia, Singapore, Laos, the Philippines, Brunei, Vietnam and Indonesia, participated in and launched AEC (ASEAN Economic Community) on December 31, 2015. Even though there will be no immediate changes due to the launch of AEC, the movement for trade facilitation in Asia such as tariff standardization, certification standards, etc., is expected to continue. In fact, the ASEAN Cosmetic Directive (ACD), cosmetics regulations related to ASEAN integration, was introduced, and the settlement for the integrated ASEAN Medical Device Directive (MDD), which is the regulatory body for medical devices, has been completed. Although the current ratification process for each country has been delayed, it is expected to be introduced soon. Unified rules for the traditional medicines and health supplements are expected to be established.

#### Market Entry Tips

The ASEAN countries incorporated into the AEC have different economic, cultural, and political characteristics from each other. Thus, Korean companies should analyze each country's strength and weakness and seek ways to treat ASEAN as an integrated production base.

## KOTRA Southwest Asia Head Office

Korea Business Centers in Southwest Asia



※ KOTRA Southwest Asia Head Office Homepage  
<http://www.kotra.or.kr/KBC/SouthWest/KTMU1010M.html>

### Business Performances of Southwest Asia Head Office

KOTRA Southwest Asia Head Office implemented an integrated database with information on customers, agents, entry barriers, logistics and Korean companies in favorable regions with projects suitable for Korean companies by bidding at the right time. KOTRA hosted industry presentations and export consultation events to establish an auto part business platform to enter the Indian market as India is the sixth largest automobile production market. 17 Korean auto parts companies with great prospects participated in the consulting event and a number of major auto companies took part including India's top vehicle company Maruti Suzuki and global companies such as Honda, Tata, and Fiat. We are planning to establish an industrial complex exclusive to Korean companies to facilitate easy entry into the Indian market. We are also publishing booklets regarding a practical guide for investment in India and the current status and entry opportunities in the auto industry in India.

### CSR Activities and Performances of Southwest Asia Head Office

The KOTRA Southwest Asia Head Office is contributing for improvements in social infrastructure and quality of life by providing goods and service to the local communities. We are focusing on health and medical related activities such as donating fumigators for disease-control, to the local health defense. We provide paints and support painting jobs at local youth centers for underprivileged youth. We aim to strengthen our CSR activities which will assist KOTRA to find new growth engines along with our continuous endeavors.

### Diagnosis Result of CSR Implementation Level in Southwest Asia

According to the diagnosis result of CSR implementation level in KOTRA's five Korea Business Centers in Southwest Asia, the community involvement and development scored the highest recording 4.80 points out of 5, followed by fair operating practices (4.60), consumer issues (4.49), organizational governance (4.36), and human rights (4.23). The result from 2015 survey shows a 0.22 point increase from the previous year with 4.21 points, and a slight increase in points for all the categories.



### KOTRA's Suggestions for Southwest Asian Market Entry Strategies in 2016

#### Trends and Opportunities

Southwest Asia consists of India, Bangladesh and Nepal and among them, India is by far the largest market with a formidable economic environment with a large human resource pool under the age of 35. There is wide spread encouragement for businesses willing to expand and investors for the advanced development of science, technology, services, and intellectual base industry. In 2014, India ranked as the country with the 3rd largest consumer power, higher than Japan, which makes it a country with vast economic potential.

#### Market Entry Tips

The largest market in South West Asia is India, which has various ethnic groups, cultures and languages. It is significant to understand the regional character and approach with differentiated strategies, depending on the location of the business. India has a high tariff rate and expensive cost of transportation with complications in winning government orders without the cooperation of local companies. Entering the market requires a thorough risk assessment to control any risks that are unique to the market and local production. Local supply needs to be the priority in order to save costs.



## KOTRA Central and South America Head Office

### Korea Business Centers in Central and South America



※ KOTRA Central and South America Head Office Homepage  
<http://www.kotra.or.kr/KBC/latin/KTMiUlo1oM.html>

### Business Performances of Central and South America Head Office

Under the KOTRA Central and South America Head Office in Brazil, Colombia, Chile and Peru conducted 1:1 business consulting and follow-up projects achieved good results. We are joining with the Rio Olympics to enter the market for infrastructure by actively collaborating with related organizations in Brazil. We operated regional business district presentations in Brazil. In the regional Mexico business district, we tried to solve issues of Korean companies to secure local markets and support management issues. We have provided various information to respond to the negotiable issues regarding Korea-South America FTA and also to help the successful market entry Korean companies.

### CSR Activities and Performances of Central and South America Head Office

The KOTRA Central and South America Head Office has provided complete service to support Panama Development Program consortium consisting of conglomerate (Hyundai Heavy Machinery) and SME (Hanil NV) working as a team, i.e. sharing project information, partners meeting, business travel support and local settlement. This is the first case of shared market entry for Korean companies in Panama, succeeded by winning an order of approximately USD 50 million. In Mexico by cooperating with CJ O Shopping, we supported domestic companies in various ways to easily enter the market.

### Diagnosis Result of CSR Implementation Level in Central and South America

According to the diagnosis result of CSR implementation level in KOTRA's eight Korea Business Centers in Central and South America, the community involvement and development scored the highest, recording 4.63 points out of 5, followed by human rights (4.47), labor practices (4.41) and organizational governance (4.38) which are relatively high scores. Results from 2015 survey show a 0.13 point fall from the previous year with 4.12. Except for the fair operating practices (▽ 0.36) category, the score for the rest of the categories have slightly increased.



#### Market Entry Tips

With regard to the distant location of the South American Market, ICT and Hallyu can be effective tools to overcome physical obstacles. South America has a promising online market scale, that is larger than that of Korea. The fact that more than 50% of the population is under 30 is inspiring in terms of smart phones and online market prospects.

### KOTRA's Suggestions for Central and South American Market Entry Strategies in 2016

#### Trends and Opportunities

The South American region is known as a world-wide food and underground resource supplier and is also recognized as one of the most dynamic markets with potential with a population of 630 million, GDP USD 6.2 trillion and import markets estimating USD 1.1 trillion. However, due to 1% economic growth and presence of Zika virus, an epidemic that started around April, 2015, the market conditions are worsening. Our prediction for the long term is that foreign investments will increase, coinciding with social and economic stabilization resulting in an economic take-off in the future.

## KOTRA CIS Head Office

### Korea Business Centers in CIS



※ KOTRA CIS Head Office Homepage  
<http://www.kotra.or.kr/KBC/cis/KTMiUlo1oM.html>

### Business Performances of CIS Head Office

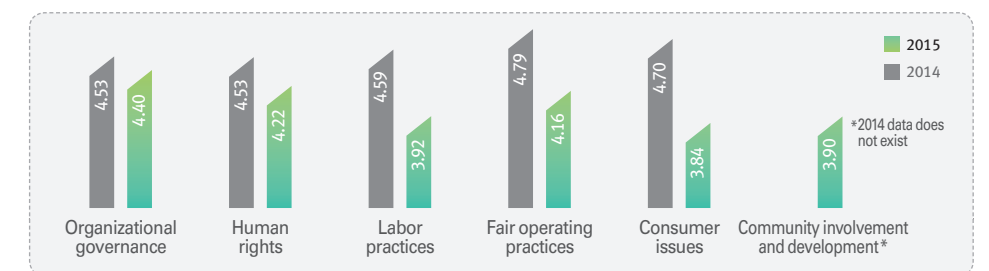
The KOTRA CIS Head Office has chosen three major strategic industrial categories i.e. machinery equipment, medical, and agricultural food in response to the changes in the business environment and finding new opportunities. We are proactively carrying out promotions through events such as Eurasia machinery plant consulting, CIS medical conference and Korea-Russia agricultural food partnership. As a result, we are supporting a contract to supply pharmaceutical raw materials to Nanolek and the greenhouse facility supply in RusAgroinnovations, continuously working for export expansion. As part of investment expansion, we are supporting Korean companies by establishing encouraging platforms for orders in IT and medical categories.

### CSR Activities and Performances of CIS Head Office

The KOTRA CIS Head Office is actively involved in CSR activities. We have donated to facilitate floor heating in an education building for children with disabilities, and shared implant expertise with local dentists, achieving CSR activities that are close to the local communities. We also promote our activities through local media and internal reports to increase the awareness of brands entering the market and establishing a close network with customers and buyers. Through our effort in CIS, we have proudly achieved 5 points out of 5 in community involvement and development.

### Diagnosis Result of CSR Implementation Level in CIS

According to the diagnosis result of CSR implementation level in KOTRA's eight Korea Business Centers in CIS, the organizational governance scored the highest recording 4.40 points out of 5, followed by human rights (4.22) and fair operating practices (4.16) which are relatively high scores. Result from 2015 survey exhibited a 0.82 point decrease from the previous year at 3.80. Barring community involvement and development (△ 3.90) categories, the score for the rest of the categories have slightly decreased.



#### Market Entry Tips

Developing the CIS region needs to be approached with differentiated strategies depending on the area to respond to the specific political and economic changes in each area. In cases where technical transfers are requested with a tight budget, it is recommended to build a long term partnership through joint ventures and management support. Efforts such as diversifying export goods and investing categories will be needed in order to develop new business categories.

### KOTRA's Suggestions for CIS Market Entry Strategies in 2016

#### Trends and Opportunities

CIS countries such as Russia, Ukraine, Kazakhstan and Uzbekistan have unlimited potential with abundant underground resources and a huge labor market. However, the recent political situation and unstable currency rate is causing social anxiety. Each country is striving to improve its current status. Trading environment has been rearranged through the establishment of EEU that consists of Russia, Kazakhstan and Belarus, and prospective countries in the EU and other neutral nations. Our prediction is that CIS countries will be more open towards the outside world.





KOTRA'S CSR CAPABILITIES  
LINKING THE GLOBAL  
COMMUNITY WITH  
KOREAN SMES HAVE  
BECOME MORE  
CRUCIAL THAN EVER.



**KOTRA**  
Corporate Governance







## Corporate Governance

### Board of Directors

The Board of Directors (BOD) deliberates and legislates important policies of our company. As of the end of 2015, the BOD consists of six executive directors and six non-standing directors who are experts from management, law, and media. Non-standing directors hold the majority of the board, which functions as an effective double-checking process and advisory role towards company management. The Audit team and the president of Invest KOREA participate as observers to enhance fairness and professionalism. Based on the Act on the Management of Public Institutions, Article 18-4, and KOTRA's BOD regulation, Article 3, the CEO of KOTRA is appointed as the chairperson of the BOD. Due to unavoidable circumstances, if the president is unable to take the responsibility, one of the executive board members will be given charge of the affairs by the order of organization regulations.

Category	Name	Position	Appointment procedure
Executive Directors (As of 2016, May)	Jaehong Kim	President and Chairman of the Board	Appointed by the President of Korea
	Tea-Sik Lee	Senior Executive Vice President, Management Support	Appointed by the President of Korea
	Hyo-Chun Yoon	Executive Vice President, SMEs Support	
	Doo-Young Kim	Executive Vice President, Strategic Marketing	
	Won-Suk Yoon	Executive Vice President, Business Information & Trade	
Non-standing directors	Kwang-Young Jeong	Chairman of China Headquarters	
	Jin-Kyu Park	Director General for Trade, the Ministry of Trade, Industry & Energy	Position of the Ex-officio
	Young-Pil Kang	Director, Jeju Journalists Club	Recommended by the Executive Nomination Committee
	Kwang-Keun Lee	Advisor of Sang Hyun Industries Co, Ltd.	→ Appointed by the Minister of Commerce, Industry and Energy
	Chan-Kyu Park	Chairman of SJ Co., Ltd.	
	Sang-Baek Kang	Former auditor, Aju Capital Co., Ltd.	
	Jong-Rae Kim	Visiting professor, Graduate School of Business, Chungnam National Univ.	
Comptroller	Young Lee	CEO of Teruten	
	Jin-Eok Kim	Auditor	Appointed by the President of Korea
Head of Invest KOREA	Yong-Kook Kim	Head of Invest KOREA	

### Operation of Sub-committees

We are operating BOD affiliated sub-committees based on KOTRA's BOD regulation Article 12, for effective and professional management, Sub-committees consist of three members including non-standing directors, and the head of the sub-committee should be appointed from among the non-standing directors. The sub-committee consists of Executive Nomination Committee, Clean KOTRA Committee, Service Commission Review Committee and Financial Operation Committee Experts in each area participate to discuss major issues in the Company. In particular, the Clean KOTRA Committee is operating to support ethical management related projects such as anti-corruption risk assessment and anti-corruption compliance program. Each project leader, Global CSR project leader and climate change project leader for example, leads the projects with corresponding topics. Results of every board meeting and Executive Nomination Committee meetings are open to public on our webpage and important decisions made, are instantly shared with our stockholders and stakeholders.

#### CSR Advisory

KOTRA CSR projects are operated through project contests with consideration of social contribution and support for overseas entry of Korean companies. Examples of CSR projects are product and service-related business, overseas technology school, and relocating idle equipment to emerging countries. During the process, we have strengthened the role of advisories for each project to enhance the business as well as validity of the project.

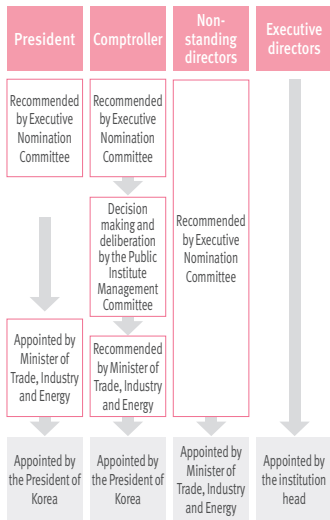
### Strengthening and Activating the Role of Board of Directors

Pursuant to Article 2-2 of the Public Service Ethics Act and Article 17 of the Statutes of KOTRA, KOTRA employees are not allowed to concurrently hold any other employment in order to prevent conflicts of interest. Additionally, according to Article 27-2 of the Statutes of KOTRA, directors with conflicts of interest with respect to any of the agenda items at a meeting, cannot attend the related board meeting. As part of the board meeting voting scheme, the comptroller or the president proposes agenda items 12 days before the meeting, the head of the Planning and Coordination Department collects them and gets approval from the president, and then submits them to the BOD. In terms of publishing the CSR report, the process, context and index of the report is reviewed and approved by the head of the Planning and Coordination and the head of the Business Management Team. In 2015, the number of board meetings has increased and so has the number of resolutions. The participation of Board members also grew and they are more actively involved during meetings.

Category	2013 Performance	2014 Performance	2015 Performance	Comparison with previous year
Number of BOD meetings (meeting)	14	13	16	3 meetings ↑
Number of agenda items (case)	25	23	30	7 cases ↑
Ratio of modified decisions (case, %)	2(8%)	2(9%)	3(10%)	1%P ↑
Attendance ratio of standing directors (%)	95.1%	90.3%	93.3%	3%P ↑
Attendance ratio of non-standing directors (%)	93.8%	90.0%	93.6%	3.6%P ↑

### Executive Nomination Committee

To comply with the goals of KOTRA's founding, the company was established for national benefit and must adhere to related laws for its operation. We appoint our executives and directors fairly and openly. The executive recommendation committee is obligated to decide candidate listing, listing guidelines, candidate evaluations and executive recommendation committee members. The committee consists of non-standing members, and neutral and representative committee members selected fairly by the directors. In 2015, we have appointed four non-standing directors after a thorough verification process on ethics and professionalism through the Executive Nomination Committee. We also appointed a standing auditor, constantly holding internal management in check.



Non-Standing Directors' Workshop

#### Professionalism of Non-Standing Directors (unit: person)

Category	2013	2014	2015
Non-standing directors' management advisory	4	2	2
Non-standing directors' management proposal	18	20	23
Number of non-standing directors' opinion reflected case	19	18	15

※ Majority of management proposals from non-standing directors were difficult to reflect due to company law and budget constraints

### Enhancement of Non-Standing Directors' Roles and Professionalism

To proactively respond to the changes in business management environment and markets, KOTRA has secured a pool of expert candidates as non-standing directors. In 2015, we have recruited an expert for the industry pool to strengthen overseas project orders and also have a growing expert pool for media, SMEs and trade issues. The advisory committee is enhancing the practicality of management recommendations by reflecting practical suggestions in the workplaces aligned with internal committees. We encourage participation of non-standing directors through workshops, and constantly provide information through social networks necessary for decision making.

Advisory Committees			Internal Committees
Media	Media relations activities and the Government 3.0 initiative	2 (KOTRA PR strategy, Government 3.0)	PR Committee
SMEs	Fostering small and medium-sized enterprises and promoting shared growth	2 (expansion of branch business, BI operation)	Special response team for solving issues in trading
New industry	Overseas project support	1 (construction, energy project)	Overseas Contract Council (Wednesday Forum)
Current issues and finance	FTA related trading policy and financial management	2 (presentation of current trading issue, currency risk management)	Currency Exchange Risk Management/ Financial Operation Committee
Policy	Government policies and expansion of new markets	2 (establishment of management goals, improvement of evaluation system)	Proposal Review Committee





## Corporate Governance

### Strengthening Audit Functions

KOTRA has appointed an auditor to conduct an effective continuous audit process for management and BOD. Pursuant to KOTRA's Article 6 of Audit Regulation, in case of conflict between the president and KOTRA, the auditor has the right to represent KOTRA and to demand necessary paperwork or response from staff, and during an audit. Along with these rights, the auditor is also expected to be a responsible manager who submits independent and professional audit reports and disclosures. In addition, we have an audit office, an auditor and compliance officers to support effective audits. Based on audit regulations, we appoint auditors with highest professionalism to peruse effective audit work. Since 2015, we have been appointed compliance officers to enhance the professionalism in risk management.



### Transparent Compensation Policy

Remuneration for executives and the BOD is paid fairly and transparently based on executive compensation rules. Remuneration for executives consists of a monthly salary that is based on government regulations and an annual performance bonus that reflects management performance. The President's bonus is determined based on the agreement between the president and management and the auditor's bonus is determined by auditing performance evaluation results. Bonus for standing auditor is determined by the president, and non-standing directors are not entitled to receive any bonus.

When the compensation policy changes, we pass a reformation draft by internal staff and external professional advisors, taking into consideration, stakeholders such as unions and government, before taking a final decision on reforms. In 2015, the average executive remuneration was KRW 157,767,000 and the average staff remuneration was KRW 75,353,000. Therefore, the average executive remuneration was about 2.1 times the average remuneration of employees. The average remuneration of the staff is determined by the labor-management wage agreement that is annually renewed. Remuneration has increased KRW 851,000 for staff and KRW 925,000 for executives as compared to 2014. In 2015, annual salary of new staff was approximately 2.2 times the minimum wage. We publicly and continuously release details of remuneration of our executives and staff on the public sector management information system.

### Performance Evaluation of Board of Directors

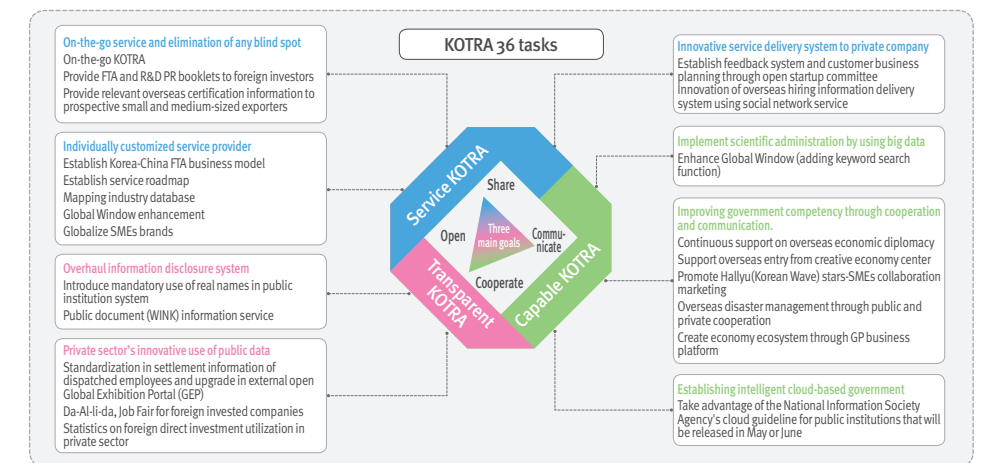
KOTRA has set three monitoring indicators (composition, activeness, and expertise) and 10 specified indicators to evaluate the performance of the BOD. We evaluate the impartiality of the board through various aspects such as ratio of non-standing directors, proportion of neutral directors, diversification of expertise of non-standing directors, etc. We quantify the number of meetings, attendance of non-standing directors and ratio of agenda items processed to reflect the BOD's activeness. We also monitor advisory committee meetings in each business area, frequency of meetings and relevance in task allocation among board members.

## Government 3.0

### Implementation of Government 3.0

KOTRA established three main goals based on Government 3.0, i.e. realization of 'Service KOTRA', 'Capable KOTRA', and 'Transparent KOTRA', eight promotion strategies and 36 tasks to form a strategic and systematic approach. To strengthen the strategy for realizing 'Service KOTRA', we provide consultation service, customized integrated service and improved service delivery system for private companies. We are promoting 'Capable KOTRA' and 'Transparent KOTRA' by improving information disclosure system and innovating public data usage.

#### KOTRA 3.0 Specific Tasks for Each of the 8 Core Tasks



### Establishing a Foundation to link Government 3.0

#### Providing customized service through customer analysis

Based on the analysis of our core informational assets, such as Korean company export database, overseas buyers' database and overseas goods and industry DB, we provide customized overseas business consulting and also implement analysis tools for big data, such as export support history by company and export-import statistics from Korea Customs Service to provide customized service that is relevant to the growth stage of businesses.

#### Encouraging Private Use of Public Data

KOTRA is sharing data through user-centric business model OPEN API\*, and has moved away from sharing PDFs. We also eliminated duplicate functions, installed a portal and encouraged the utilization of public data.

\*Open API: User-oriented business model that induces user participation by disclosing own information through networks in other information systems.

### Government 3.0

#### Government 3.0 Service Activation

To activate Government 3.0 service, we have expanded our on-the-go customized service to our customer. Through cooperation we have expanded the range of this service.

#### Government 3.0 Service Enhancement

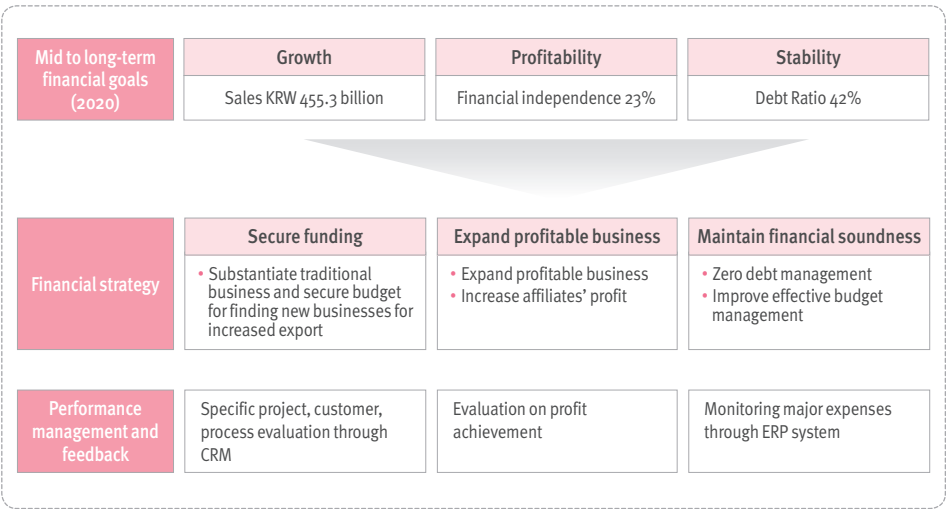
To enhance the efficiency in the workplace we are utilizing services like 'Naraeum' for video conferencing as a part of KOTRA's communication 3.0 environment. We are expanding the tools to enhance internal communication to achieve better customer communication. We introduced IT infrastructure in our Open KBCs and created Smart Work Center for customers to use comfortably.



# Risk Assessments

## Financial Management Strategy

Recently, foreign currency management has become a high-risk operation, influenced by international recession, downward spiraling export markets, and fluctuating currency exchange rates. The Korean government is increasing budgets for technology development, and KOTRA is amending business plans corresponding to government policies and long-term business plans. To minimize the risk and respond to the internal and external changes, KOTRA has established financial management goals and optimized mid to long-term financial plans based on performance management and feedback.



To achieve mid to long-term financial goals within the targeted timeframe, we downscaled low-performance businesses and expanded in high-growth industries. We have allocated our budget according to the new industry expansion plan. Industries such as the GP project to pioneer new markets through global value chain entry, industry and trading relation analysis projects for new industry's trading strategy research, and economic diplomacy linked new market pioneers are representatives to play significant role in the expansion. We are increasing the sources of our own income by analyzing management performance of our representative businesses.

## Endeavor towards Financial Risk

For stable financial management, we constantly monitor possible financial risks and respond proactively. Based on the CFaR risk analysis, KOTRA's risk monitoring status showed 'caution' level warning and, subsequently, a finance management committee was held. Foreign currency experts discussed future currency rates, currency hedge fund prospects and reviewed the need for hedge funds. We introduced Range-Forward trade operational policy to proactively respond to currency risks. The upper limit exchange rate is KRW 1,270/USD, which is a part of the mid to long-term financial emergency management plan. The currency hedge risk limit is USD 6 million, which is a foreign currency uncontrollable expenditure in the fourth quarter of 2015. It implies KOTRA can smoothly operate within our budget if the currency exchange rate increases to KRW 1,270/USDs.

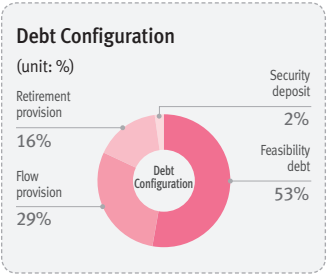
## Maintaining Sound Finance Structure

### Debt Ratio Management

KOTRA is fully funded by government subsidies, external cooperation projects and self-generated revenue. The cost of equity is very low as it was funded with 100% government investment. KOTRA's investment plans are in cash holdings without any financial debt. Debt-to-capital items include temporary debt, such as treasury expenses for balance return, unpaid business expenses, performance-related pay for the coming year, executive allowance for retirement and overseas office rent. The debt-to-capital rate is currently at 45% and is a sound finance ratio.

### Liquidity Management

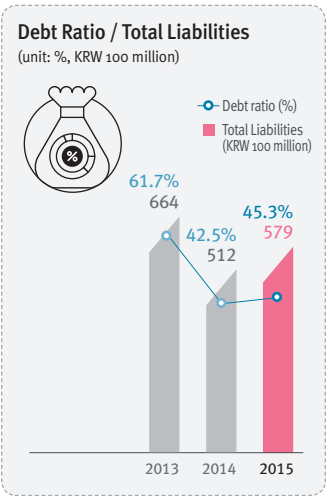
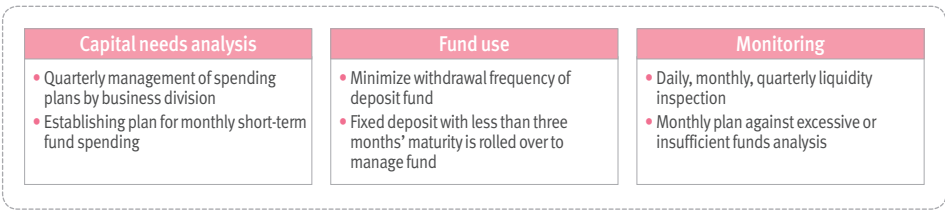
The majority of KOTRA's working capital is short-term funds of less than one year maturity. Due to this reason, monthly budget analysis is needed to calculate relevant liquidity scale to plan working capital holding period and maintain stable solvency with efficient capital management.



Liquidity ratio and current rate (unit: %)

2013	2014	2015
171.9	219.7	142.4

\* Liquid assets and quick assets are matched due to lack of inventory assets



Government subsidies (unit: KRW million)

2013	2014	2015
262,950	275,413	284,480

### Diversifying Sources of Income to Decrease Dependence on Government Subsidies

KOTRA receives government subsidies for consignment business or from KOTRA's internal business. Government subsidies constitute 80% of KOTRA's revenue, which varies when the subsidies fluctuate due to the changes in government policies and priority of the national budget. Because of this, KOTRA is determined to find stable sources of income through new businesses and new markets to help us decrease our dependence on government subsidies. We are expanding cooperative projects with external institutions through a functionally integrated system and operating KBCs as an open cooperative platform in order to increase our revenue and improve our financial independence.

### Asset Management

To improve the financial structure of the organization, we categorize our assets based on strategic use. Our directional goal for asset management is 'Realization of KOTRA-style collaborative platforms through use of core tangible and intangible assets'. We categorize our assets into three types, information, overseas network and equity, and manage our assets by their characteristics to maximize public value. In the case of information assets that comply with Government 3.0 policy, we are implementing the policy through diverse information sharing channels and then categorizing according to customer priority and management strategy to maximize accessibility. In terms of overseas network assets, we are expanding infrastructure to assist our business base through communication and collaboration with related institutions. KOTRA is a stockholder for exhibition complexes such as KINTEX (33.14%) and BEXCO (26%). Through various exhibitions including KOTRA's own exhibitions, we are generating increases in the sales of our invested companies and maximizing opportunity for shared growth.



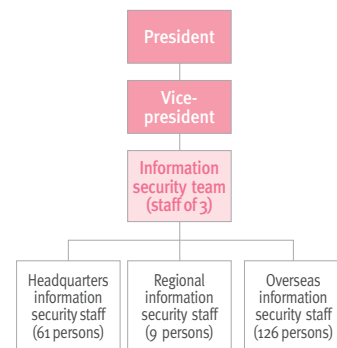


# Information Security

## Information Security Strategy

The entire staff of KOTRA has internalized information security to realize information security, and prevent leakage of personal information. We have established plans for information security and have been following them to gain trust and support from Koreans. Annual information security task is set as a challenging goal. However, deficiencies pointed out by external security evaluations will be considered while we devise new measures this year.

### Organization



### KOTRA Information Security Management System

Indicator Goal	Enhancing trust in people and securing management information security through management system improvement		
Security Environment	<ul style="list-style-type: none"><li>Information security investment needed due to counter increases in external hacking</li><li>Comparatively vulnerable information security system in overseas and regional KBCs due to physical distance from the headquarters</li><li>Reliability degradation when there is outflow of important information, e.g. customer information</li></ul>		
Improving direction	Enhanced information security management system		Enhanced personal data protection
Task	<ul style="list-style-type: none"><li>Stronger information security base</li></ul>	<ul style="list-style-type: none"><li>Strengthen preventive measures</li><li>Quickly improve evaluation results</li></ul>	<ul style="list-style-type: none"><li>Strengthen preventive measures</li></ul>
Performance indicator	<ul style="list-style-type: none"><li>Information security training duration*</li></ul>	<ul style="list-style-type: none"><li>Number of mock trainings</li><li>NIS evaluation result</li></ul>	<ul style="list-style-type: none"><li>Personal data encryption ratio</li><li>Ministry of the Interior evaluation result</li></ul>

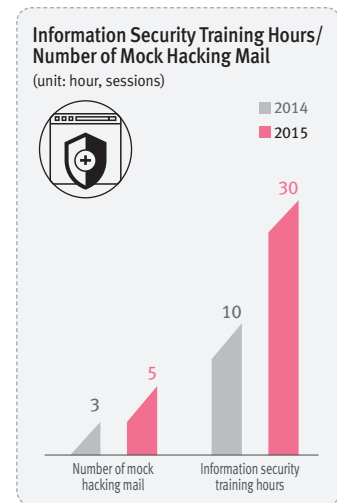
## Improvement of Information Security Management System

### Improvement in Infrastructure and Training System

We have an improved information security management system through additional organization, manpower and budget. The information security team was newly formed for the first time in KOTRA's history with three full-time experts for an additional KRW 2.1 billion working budget, operating with a total of KRW 2.5 billion. The entire staff has internalized information security response through training in theory and practice rather than conventional rote learning method.

### KOTRA Information Security Management Structure

Category	2014 (unit: # of sessions)	2015 (unit: # of sessions)	2015 Performance
On-the-go information security training	-	37	Personal visit for training in theory and practice
Information security webtoon (online published cartoon)	-	3	Utilizing webtoon for information security to be more interesting
Executive training	-	2	Executive training for staff management
Training for all staff	3	3	Security CEO invitation training
Training for new staff	1	2	Introduce information security system, evaluation and staff duty
Overseas/regional KBCs	4	5	Tailored information security training suited to individual KBCs
Divisional information security staff	2	4	Professional training for information security Key Player
Total	10	55	Total training hours: (2014) 10 hours → (2015) 30 hours



### Data Protection Management in Overseas and Regional KBCs

KOTRA released data security manuals, software guides and precautions regarding intranet login and circulated them across the company to improve our data security protection.

We have installed integrated security systems blocking malwares in Tokyo, Beijing, New York and London KBCs, offices with high-security priorities, after considering environment of each KBC. We are planning to install more security systems in other KBCs. In Regional Support Team, the related staff conducted security training sessions. In 2015, we reviewed the intellectual property information management status of five Regional Support Teams, and operated training sessions on upgraded email system along with customized data security.

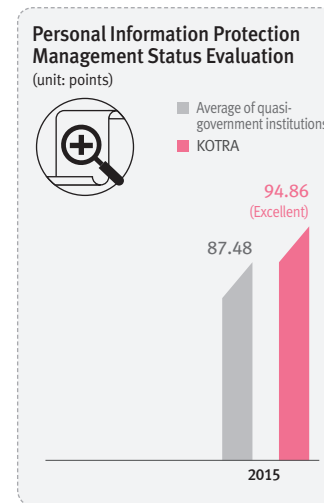
### Strengthening Cyber Terror Response Structure

Cyber terror is a constant threat that has evolved to be more intelligent and aims for personal information leaks in targeted institutions. KOTRA has worked on the network separation, which will effectively intercept attacks from hackers that attempt to steal important information. Network separation refers to a data management system that is operated solely to provide security from any virus or malware penetration into the main network. We have adopted a system the NIS approved to securely send and receive data. We also have standby responses to hacking mails and have introduced training systems to improve the ability to properly respond to such mails. Screensaver guidelines for email response was implemented and additional system updates warn when viewing email attachments. The drill was to send out emails in four different types of interest at random times for five times and the team with the best response wins a prize. Through these drills, our response to cyber terror has improved. The Ministry of Trade, Industry and Energy conducted email cyber risk drill and among 42 organizations, KOTRA ranked as the top organization with 0% click through rate.

## Personal Data Protection

We conducted Privacy Imapct Assessment, PIA,on KOTRA's customer management system SMART CRM that holds information of 890,000 members. Privacy Impact Assessment is used to research, analyze and evaluate system establishment, operation and effect on privacy in the environment when a new information system uses personal information. KOTRA has improved the vulnerable security items discovered during the assessment.

We have established a procedure to delete personal data that is no longer required, and review its impact on the system. When printing documents, a control process is added to reduce the risk of personal data leakage. Through encryption and network separation, we are controlling the risk of personal data leakage. Simultaneously, KOTRA has established a personal information protection master plan and is following it accordingly. With upgraded personal information protection regulations and internal management planning, we are supporting and managing personal information processes and providing guidelines for data collection, use, delivery, and destruction. We have provided ten customized (by job and by position) training sessions to general handlers, homepage staff and consignment bureau. We have designated staff for personal information protection in overseas organizations with English training materials and on-site education. We are thus promoting the significance of personal data protection.

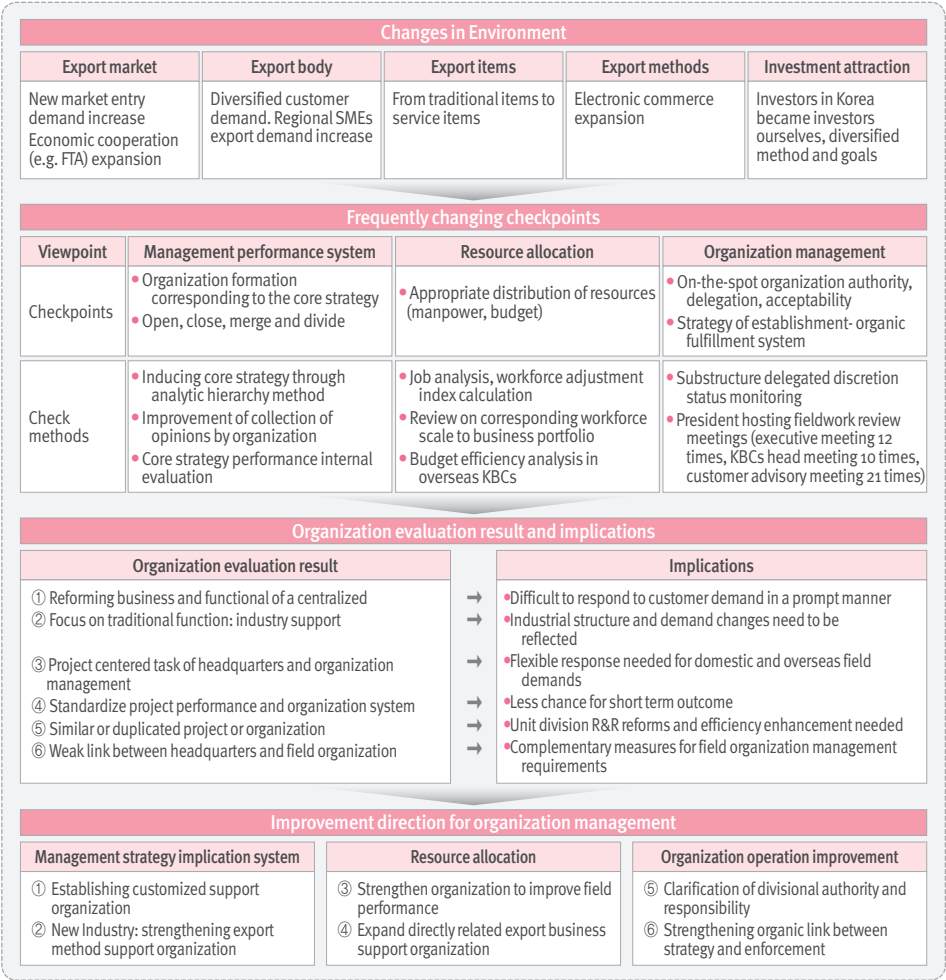




# Field and Customer-Centered Organization

## Organization Operation Direction

KOTRA has conducted analysis on changes of demands in domestic and overseas environments and has transformed our organization to a site- and customer-centered organization. We are improving the operational efficiency of the organization by setting the direction after consideration of demands from the government and customers, thereby increasing exports and attracting foreign investment.



### Organizational Reforms

We are constantly operating internal and external evaluations to open, close, merge and divide units in the organization. Every month, extended executive meetings are held to discuss business directions and online performance management systems where we constantly evaluate necessity, objectives and performance management.

Externally, we evaluate through periodic customer communication. Based on internal and external reviews, we take drastic measures to close down unnecessary divisions and open new divisions to fulfill core business plans, to help us maximize the efficiency of organizational resources.

New divisions such as 'New Business Support Division' for new national growth engine industries for export,

'Distribution and E-commerce Team' for expansion of consumer markets through online and offline integrated marketing support, 'Public Procurement Team' for targeting overseas government projects, and 'Global Partnering Team' in response to the growing demand of GVC of global companies was elevated to 'Global Partnering Division' and is striving to discover new export growth engines and empowering to respond to new export methods. Also, economic diplomacy support centers are implementing the link built through summit diplomacy, to maximize business opportunities of SMEs through in-depth research on major locales abroad.

Through newly established organizations such as 'Korea Technology Advisory Group', an organization for strategy building, and Overseas Intellectual Property Protection Business Center (IP-DESK), a center to prevent overseas intellectual property rights violation, we are strengthening a successful environment for sustainable growth in a widened economic cooperative condition. Team Government 3.0 and FTA project teams are now part of a bigger department for company-wide internalization. Brand project team, climate change project team and CSR project team which are teams that have less demand or require less synergy with other departments, are now closed and redistributed through analysis and deliberation.

### SMEs Intimate Organizational Reformation

KOTRA is reforming its support system to fit competency of individual SMEs. Depending on the stage of the company such as export start-ups, competency enhancement and market entry, suitable divisions such as Export Company Support Division, Corporate Capacity Building Support Division, and Overseas Investment Support Team will provide their full support. We merged SMEs Global Support Center and Overseas Investment Cooperation Division together as Overseas Business Consulting Center for all-around consulting for the companies interested in export, overseas investment and overseas market entry.

The economic diplomacy support center has been opened to operate as a breakthrough in weakened export status, expand investment attraction and maximize export opportunities after the summit diplomacy as an economic delegation. The center operates in two divisions, economic diplomacy support team for business propulsion and Regular Business Support Division for supporting participating companies with post-project support and performance output. In 2015, we hosted 1:1 business consulting events and debate regarding the economic diplomacy performance, linking it with summit visits in Middle East and Central and South America to support export and investment objectives.

## On-the-Spot Organization Operation

KOTRA is assisting to enhance the business efficiency through operation management based on each organization i.e. overseas, domestic and regional. Considering customer demand and relevance of the country, we relocated our staff in KBCs and rotated our staff depending on the workload within the same region. We are considerate of the political atmosphere and reshape our operating jurisdiction with ample flexibility. We reformed our company regulations to make timely decisions and started the project to fulfill on-the-spot organization operations. 'Frequent Specialized Project Policy' was introduced as a policy where overseas headquarters have sole discretion over particular business projects. In 2015, 79 overseas short-term projects requested by local demand were arranged. For domestic projects, 'Strategic Specialized Project' policy is introduced, in which headquarters frequently deliberate and decide to accept or reject each project. Under the new policy, 24 domestic cooperative projects were conducted.

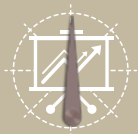
## Company-wide Organic Organization Management

To strengthen the link between the headquarters and regional offices, we have control towers for each division in the headquarters. To prepare domestic businesses in various regions for exports, we provide support through nine support divisions and six Export Support Centers, which are closely linked. There are six Creative Economy & Innovation Centers to support startups to enter overseas markets with the organic cooperation of Export Start-up Support Team in the headquarters. To encourage cooperation between divisions, we have introduced the 'communication/cooperation chart'. Based on the participation and performance of the cooperative projects, the best division is selected monthly.

We are expanding communication channels between customers and headquarters, both regional and overseas to establish company-wide cooperation system. During the extended monthly executive meetings, cooperation demand between headquarters and regional organization and demand between headquarters and divisions in headquarters are reviewed. Cooperation demand between headquarters and overseas organization, and between overseas organizations are closely reviewed through meetings between overseas heads of KBCs and trading investment expanding strategy meetings.







# Appendices

KOTRA Sustainability Management Achievements	71
KOTRA Human Rights Management Practice Status	76
GRI G4 Index	78
Third-party Independent Assurance Report	82
KOTRA's Previous Sustainability / UN Global Compact	84
Awards and Memberships	85

## KOTRA Sustainability Management Achievements

Summary Statement of Financial Performance (unit : KRW)

Category	54 <sup>th</sup> term (current) amount	53 <sup>th</sup> term (previous) amount
Asset		
Current assets	67,550,465,382	90,990,578,441
Cash and cash equivalents	33,407,378,973	36,008,984,399
Current financial assets	23,896,319,000	21,903,521,500
Accounts receivable and other receivables	746,445,502	755,054,053
Current tax assets	327,887,677	269,440,143
Non-financial assets	9,172,434,230	32,053,578,346
Non-current assets	117,884,659,000	79,104,355,359
Non-current assets	5,498,509,000	5,385,981,242
Long-term trade receivables and other receivables	40,074,396,300	9,263,017,896
Tangible assets	16,317,422,105	15,208,737,973
Investment properties	2,321,357,683	2,430,977,374
Intangible assets other than goodwill	5,933,388,841	4,427,870,846
Investments in shares	47,451,085,866	42,337,165,177
Non-current, non-financial assets	288,499,205	50,604,851
Total assets	185,435,124,382	170,094,933,800
Liabilities		
Current liabilities	47,421,377,641	40,556,306,416
Trade payable and other payables	15,166,921,158	10,723,830,404
Current non-financial liabilities	15,466,661,248	13,590,228,175
Current estimated liabilities	16,787,795,235	16,242,247,837
Non-current liabilities	10,443,228,757	9,062,407,309
Long-term trade payables and other payables	822,816,996	819,751,846
Non-current, non-financial liabilities	488,562,480	425,467,403
Employee benefit liabilities	9,131,849,281	7,817,188,060
Total liabilities	57,864,606,398	49,618,713,725
Equity		
Paid-in capital	50,000,000,000	50,000,000,000
Retained earnings	75,670,036,607	68,575,738,698
Other components of equity	1,900,481,377	1,900,481,377
Total equity	127,570,517,984	120,476,220,075
Total liabilities and equity	185,435,124,382	170,094,933,800



## KOTRA Sustainability Management Achievements

### Summary Statement of Financial Performance

(unit : KRW)

Category	54 <sup>th</sup> term (current) amount	53 <sup>th</sup> term (previous) amount
Sales	361,265,216,517	342,257,088,836
Revenue from provision of services	74,028,939,451	65,106,740,415
Previous revenue (sales)	284,480,293,996	275,413,044,267
Other revenue (sales)	2,755,983,070	1,737,304,154
Cost of sales	241,074,831,247	226,944,302,219
Cost of sales for revenue from provision of services	238,555,813,674	224,679,332,266
Cost of sales for other revenues	2,519,017,573	2,264,969,953
Gross profit	120,190,385,270	115,312,786,617
Sales and administrative expenses	119,662,284,961	108,830,530,587
Labor cost	104,516,657,802	94,472,388,721
Public expenditures	15,145,627,159	14,358,141,866
Operating income	528,100,309	6,482,256,030
Other revenue	5,727,478,232	5,727,478,232
Government subsidies revenue	5,727,478,232	5,727,478,232
Other expenses	34,564,128	34,820,869
Depreciation of investment property	34,564,128	34,820,869
Other income (loss)	3,554,479,096	3,418,268,087
Gain on disposition of tangible assets	107,587,907	1,599,830,359
Foreign exchange	1,368,265,003	281,490,792
Foreign exchange gain	568,358,931	499,114,578
Non-operatng income	2,137,993,382	1,648,908,174
Loss on disposition of tangible assets	(36,563,934)	(22,959,380)
Foreign currency translation loss	(66,979,595)	(252,612,584)
Foreign exchange loss	(52,4182,598)	(335,503,852)
Finance revenue	2,242,871,410	2,013,128,403
Interest income	2,242,871,410	2,013,128,403
Profits (loss) related affiliated companies and joint ventures	(398,884,208)	(719,032,614)
Paper profit from investment shares in affiliated companies and joint ventures	49,481,801	394,414,764
Paper loss from investment shares in affiliated companies and joint ventures	(448,366,009)	(1,113,447,378)
Net income before income taxes	11,619,480,711	16,887,277,269
Corporate tax	-	-
Net income	11,619,480,711	16,887,277,269
Other comprehensive income	589,973,478	(3,986,464,067)
Re-measurement elements for defined benefit scheme	804,646,813	(3,909,708,185)
Share of the other comprehensive income of affilicated companies and joint ventures	(214,673,335)	(76,755,882)
Total comprehensive income	12,209,454,189	12,900,813,202

\* In 2015, 'previously noted as accounts payable items are displayed as cash deduction items', also applied in 2014 financial statements.

### Economic Performance

Category	Unit	2013	2014	2015
Status of fund operations				
Operational fund	KRW million	20,855	24,382	26,916
Subscribers (DB)	person	710	534	607
Subscribers (DC)	person	147	290	292
New employees' wage				
Legal minimum wage	KRW 1000	12,188	13,067	13,995
New employees' wage	KRW 1000	28,317	28,904	30,096
Employment of local staff overseas				
Number of local employees	person	468	492	518
Number of local managers	person	3	4	3
Local manager ratio	%	0.5%	0.7%	0.6%

\* Local manager ratio = Number of local managers/ Number of local employees

### Economic Value Distribution

Category	Main activities	Unit	2015
Investor	Interest expense	KRW	-
Shareholder	Dividends	KRW	5,115,156,280
Customer	Revenues (excluding dividends)	KRW	361,265,216,517
Partners	Purchase cost	KRW	241,074,831,247
Employee	Employees' compensation, retirement allowance, and welfare benefits	KRW	110,547,237,143
Government	Tax bills, income tax expense	KRW	1,027,164,431
Local community	Donations, social contributions costs	KRW	91,882,300

### Social Performance

Category		Unit	2013	2014	2015
Employee composition					
By rank (Full-time)	Executive	person	7	7	7
	Rank 1	person	51	54	59
	Rank 2	person	150	153	160
	Rank 3	person	161	150	154
	Rank 4, 5, 6	person	312	321	368
	Total	person	681	685	748
By gender (Full-time)	Male	person	531	532	565
	Female	person	150	153	183
Region (Full-time)	Domestic	person	338	345	400
	Overseas	person	343	340	348
By age (Full-time)	35 and under	person	216	223	271
	36-45	person	215	224	241
	46-55	person	223	206	192
	56 and above	person	27	32	44
By job (Part-time+Full-time)	Executives	person	7	7	7
	Trade experts & Professionals	person	674	678	741
	Official in special service	person	124	128	135





## KOTRA Sustainability Management Achievements

Category		Unit	2013	2014	2015
By type of employment (Part-time+Full-time)	Full-time employees	person	681	685	748
	Indefinite-term contractual employees	person	-	6	18
	Contractual employees	person	39	43	38
	Others	person	85	79	79
Employment of socially marginalized	Disabled employment status	person	14	17	17
		%	2.1%	2.5%	3.1%
	Female employment status	person	150	153	183
		%	22.0%	22.3%	24.5%
	National veterans employment status	person	37	36	34
		%	5.4%	5.3%	4.5%
Employee recruitment and turnover status					
New employees	Female	person	33	34	29
	Disabled	person	20	13	1
	Regional talents	person	-	1	11
	Science and engineering majors	person	10	5	12
	Contractual employees	person	6	7	17
Turnover rate	Male	%	3.8%	3.8%	3.0%
	Female	%	2.0%	3.9%	4.4%
Employee training status					
Total number of employees participating in training		person	805	839	857
Total educational expense		KRW 1000	2,356,000	1,850,400	2,502,000
Total number of training		case	898	790	763
Total training hour		hour	144,174	185,040	230,060
Educational expense per person		KRW/person	2,926,708	2,205,483	2,919,487
Hours of training per person		hour/person	179	221	268
Foreign language training hour per person		hour/person	63	72	58
Satisfaction with training		5 full points	4	4	4
Ethical Management Training					
Ethical management trainees		person	714	806	835
Number of ethical management training	Online	case	2	2	3
	Offline	case	6	10	10
Ethical management training time	Online	hour	13,431	16,140	9,700
	Offline	hour	1,155	1,148	3,259
Training on human rights policies					
Number of anti-sexual harassment training		case	4	6	6
Anti-sexual harassment training participants		person	900	896	935
Employees entitled to join the labor union and collective bargaining					
Number of eligible employees		person	489	537	633
Number of union members		person	430	438	506
Organizations subscription rate		%	87.9%	81.6%	79.9%
Accident injury rate					
Number of industrial accident		case	-	-	1
Customer satisfaction evaluation					
Customer satisfaction	Headquarters	point	95	97	96

## Grievance Settlement Performance

Category	Scope and target of grievance	Main performance
Labor-management Cooperative Grievance Counseling Center	Decline in working condition and issues on task	• 7 complaints reported and resolved
Special Customer Grievance Report Center	Excessive customer demand, sexual harassment, verbal, physical abuse to the staff	• 2014: total 7 reports, including excessive customer demand(6) and sexual harassmen(1) • 2015: 0 issue
Korea Business Center Report System	Monitoring and solving issues for the staffs in Korea Business Center within Regional Head Offices' jurisdiction	• CIS (20), Africa (20), China(34), Central and South America(28) total of 246 issues solved in overseas network
Clean KOTRA Report Center	Executives' ethics violation, corruption, abuse, harassment, profiteering	• 2014: 15 reports • 2015: 12 reports
Suggestion policy (Suggestion Review Committee)	Organizational operation, work, task related issue solving or suggestions for progress	• No. of suggestions and selected rate: 297 suggestions (4.7%) in 2014 → 327 suggestions (18.7%) in 2015
EAP (Employee Assistance Program)	Professional counseling service on life or work related stresses	• No. of users and no. of counselling : 23 (144 sessions) in 2014 → 217 (139 sessions) in 2015

## Environmental Performance

Category		Unit	2013	2014	2015
Utilization rate of recycled and raw materials					
Paper		KRW million	18	20	12
Recycled usage rate		%	100%	100%	100%
Water usage and re-usage rate*					
Water (ground water) usage		ton	13,236	10,823	10,339
Water (tap water) usage		ton	14,595	15,047	16,287
Total annual water consumption		ton	27,831	25,870	26,626
Water reuse amount		ton	1,780	1,310	1,320
Water reuse rate		%	13%	12%	13%
Direct and indirect GHG emissions					
Scope1	Total	tCO <sub>2</sub> eq	638	563	529
	Direct GHG emissions (fixed combustion - city gas)	tCO <sub>2</sub> eq	457	384	381
	Direct GHG emissions (mobile combustion - petrol)	tCO <sub>2</sub> eq	145	155	121
	Direct GHG emissions (mobile combustion - diesel)	tCO <sub>2</sub> eq	36	25	28
Scope2	Total	tCO <sub>2</sub> eq	2,450	2,490	2,599
	Indirect GHG emissions (power)	tCO <sub>2</sub> eq	2,450	2,490	2,599
Environmental protection expenditures and investments					
Sewage treatment costs		KRW million	21	24	26
Emissions treatment costs		KRW million	21	18	16
Purchase of eco -friendly products		KRW million	607	602	674
Total purchase		KRW million	670	668	730
Rate of eco-friendly product purchase		%	90.6%	90.1%	92.3%

\* Heavy water usage can be monitored through the meter, and are noted by estimating the amount of water recycled to the groundwater as the denominator



# KOTRA Human Rights Management Practice Status

KOTRA is preventing human rights violations and promoting the significance of the human rights management through internal audit on human rights management.

Index	2015 Performance	Progress	2016 Goal
Implementation of Human Rights Management System			
Policy implementation and declaration on human rights	Held the proclamation ceremony for human rights management	●	
Periodic human rights impact assessments	Human rights impact assessments based on 「Human Rights and Ethical Management Regulations」	●	Assessment will take place in 2016~2017
Take appropriate measures to institutionalize human rights management	Stipulated 「Human Rights and Ethical Management Regulations」 in regulation and organization	●	Recommending suppliers to adopt compulsory human rights protection policies
Implement a systematic process to track human rights management performance and record	Annual human rights management review	●	
Periodic human rights management reports	Published an integrated sustainability and human rights management report in 2015	●	
Provide a relieve process for negatively affected employees	Stipulated in 「Human Rights and Ethical Management Regulations」	●	
Non-discriminatory Employment			
Prohibit discrimination based on gender, religion, disability, age, social status and region of origin during employment process	-Established non-discriminative clauses in personnel management regulations and collective agreement -Disabled applicants and applicants from rural areas are eligible to receive extra points during the evaluation process	●	
Prohibit discrimination based on gender during the employment process	-Established non-discriminative clauses in personnel management regulations and collective agreement -Together with eliminating discriminatory factors in our policy, KOTRA has strived to build work-family balance culture through various programs, such as maternity leave, childcare leaves, and flexible working hour	●	
Prohibit discrimination against temporary employees	Improved employment environment by transition from renewal of temporary contracts to permanent contracts in 2014	●	
Prohibit discrimination against foreign employees	Non-discriminative clause was not amended in personnel management regulations	●	Stipulate prohibition of discrimination on foreign employees in related regulations and guidelines
Supporting Freedom of Association and Collective Bargaining			
Recognition of workers' freedom of association and collective bargaining	Established a labor union (1988), periodic renewal of collective agreement (every two years), periodic labor-management committee meetings	●	
Prohibit penalties due to lawful labor union activities	Stipulated in collective agreement article 10, 41 and 72	●	
Provide company relevant information for labor union activities	Stipulated in collective agreement article 23 and 24	●	
For a company does not have a labor union, KOTRA advises the company to provide alternative communication channels to its employees to discuss labor issues independently	Established KOTRA labor union (1988), collective bargaining and operation of labor-management council	N/A	
Prohibition of Forced Labor			
Prohibition of forced labor in any forms	Based on the Labor Standards Act	●	
Prohibit confiscation of workers' (including foreign workers) important documents including identification cards or travel documents	Do not request or store workers' personal documents	●	Stipulate in related regulations and guidelines
Prohibition of forced labor in overseas branches and partnering companies	Based on the Labor Standards Act and related local laws	●	Stipulate in related regulations and guidelines

Index	2015 Performance	Progress	2016 Goal
Prohibition of Child Labor			
Prohibition of employment of minor under the age of 15	Complies with article 64 of the Labor Standards Act	●	Stipulate in related regulations and guidelines
When we recognize underage employment we shall provide training opportunities or other remedies rather than terminating employment	Complies with article 64 of the Labor Standards Act	●	
When hiring workers under 18 years, they are prohibited to perform health or safety hazardous tasks or unethical task	No employee is under the age of 18	N/A	Stipulate in related regulations and guidelines
Secure Industrial Safety			
Perform safety and hygiene maintenance on safety gears and equipment used in the work environment	Pursuant to Article 60 of the collective agreement	●	
Carry out additional safety and hygiene measures for vulnerable employees such as pregnant women or disabled workers	Complying under the Labor Standards Act, operating rest facilities for pregnant women and infirmaries	●	
Provide essential protection gears and periodic industry safety trainings	Secure health and safety based on collective agreement Article 6 and complying under the Labor Standards Act	●	
Health check-ups to maintain and to protect workers' health	Pursuant to Article 61 of the collective agreement	●	
Support on recuperation and cost of work-related injuries and illnesses	Based on Chapter 10 of code of conduct, accident compensations are provided	●	
Responsible Supply Channel Administration			
Compulsory human rights protection in suppliers, subcontractors, subsidiaries and other major partner companies	Stipulate in the charter of human rights	●	Newly added an article on human rights protection in a standard form contract
Take part in inappropriate forced relocation or receive excessive profits from local residents	Introduced a policy preventing unnecessary labor input for equipment companies in order to settle fair trade culture	○	Conducted human rights compliance survey against partnership certified companies
Acknowledge artists or copyright owners and acquire agreements when using local residents' artwork or copyright		●	Stipulate in related regulations and guidelines
Human Rights Protection for Local Residents			
Consult with the land owners and related parties affected by the change in land ownership		N/A	
Take part in inappropriate forced relocation or receive excessive profits from local residents		N/A	
Acknowledge artists or copyright owners and acquire agreements when using local residents' artwork or copyright		N/A	
Environmental Rights Protection			
Implementation and maintenance of environmental management system		N/A	Implementation and maintenance of environmental management system, reflecting organizational characteristics
Publication of environmental information	Publish annual sustainability reports	●	
Take the precautionary approach on environmental issues		N/A	Implementation and maintenance of environmental management system, reflecting organizational characteristics
Establish emergency plans for environmental degradation and environmental disaster prevention	Risk management guidelines	●	
Consumer Rights Protection			
Follow legal guidelines to display product planning and manufacture information in order to protect consumers' life, health and safety	Not applicable as KOTRA does not provide direct consumer products	N/A	
Immediate recall and inform customers any, dangers from defected products	Not applicable as KOTRA does not provide direct consumer products	N/A	
Implement necessary measures to respect consumers' privacy and to protect personal data	-Restrict resident registration number, check on personal information saved in PC twice a month -Planned KOTRA Privacy Protection Guidelines and internal management system of personal information	●	Planned for personal information impact assessment





# GRI G4 Index

GENERAL STANDARD DISCLOSURE						
Aspect	G4	Indicators	Reporting level	Page	Remarks	External verification
Strategy and Analysis	G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	●	2~3		✓
	G4-2	Provide a description of key impacts, risks, and opportunities	●	4, 64~65		✓
Organizational Profile	G4-3	Report the name of the organization	●	6		✓
	G4-4	Report the primary brands, products, and services	●	6		✓
	G4-5	Report the location of the organization's headquarters	●	6		✓
	G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	●	6~7		✓
	G4-7	Report the nature of ownership and legal form	●	6		✓
	G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	●	6~7		✓
	G4-9	Report the scale of the organization	●	6		✓
	G4-10	Report the total number of employees	●	6, 74		✓
	G4-11	Report the percentage of total employees covered by collective bargaining agreements	●	75	Eligibility of labor union: Full-time employees of KOTRA, excluding the following employees: head of department, head of group, head of team, head of center; all employees in Auditor's Office; Employees above rank 4 managers in HR Development & Management Dept., Business Planning Team, Budget Team; persons in charge of compensation and human resources data in HR Development & Management Dept., national budget planning managing person in Budget Team, labor relations managing person in General Affair Team, fund expense managing person in Finance Team, Wink person and IT security person in IT System Team; heads of domestic and overseas networks; persons holding positions as ambassador and commercial agents; and executives' secretaries and exclusive drivers	✓
	G4-12	Describe the organization's supply chain	●		As of the end of 2015, KOTRA has 33 partner companies in the areas of interpretation, logistics, printing and the total purchase amount is around KRW 1 billion	✓
	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	●	6~7		✓
	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	●	64~65		✓
	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	●	84		✓
	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization	●	84		✓
Identified Material Aspects And Boundaries	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	●		No affiliates	✓
	G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	●	10~11		✓
	G4-19	List all the material Aspects identified in the process for defining report content	●	10~11		✓
	G4-20	For each material Aspect, report the Aspect Boundary within the organization	●	10~11		✓
	G4-21	For each material Aspect, report the Aspect Boundary outside the organization	●	10~11		✓
	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	●		Some quantitative data are changed due to changes in calculation criteria and method (see the reference of quantitative data)	✓
	G4-23	For each material Aspect, report the Aspect Boundary outside the organization	●	0		
Stakeholder Engagement	G4-24	Provide a list of stakeholder groups engaged by the organization	●	8~9		
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage	●	8~9		✓
	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	●	8~9		✓
	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	●	8~9		✓
Report Profile	G4-28	Reporting period (such as fiscal or calendar year) for information provided	●	0		✓
	G4-29	Date of most recent previous report (if any)	●	0		✓
	G4-30	Reporting cycle (such as annual, biennial)	●	0		✓
	G4-31	Provide the contact point for questions regarding the report or its contents	●	0		✓
	G4-32	a. Report the 'in accordance' option the organization has chosen b. Report the GRI Content Index for the chosen option Indicate if the Standard Disclosure Item has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	●	0, 78~81		✓

Report Profile	G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c. Report the relationship between the organization and the assurance providers d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	●	82~83		✓
	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	●	60~62		✓
Governance	G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	●	60~62		✓
	G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	●	60~62		✓
	G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	●	60~62		✓
	G4-38	Report the composition of the highest governance body and its committees	●	60~62		✓
	G4-39	Report whether the Chair of the highest governance body is also an executive officer	●	60~62		✓
	G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members (including independence, expertise, diversity)	●	60~62		✓
	G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders	●	60~62	According to the Article 2-2 of the Public Servant's Ethics Law and the Article 17 of KOTRA's rules of employment, KOTRA limits employees to hold a position concurrently with the principal one in order to prevent employee's conflicts of interests, and according to the Article 27-2 of KOTRA's rules of employment, any board member who have personal interests in board meeting agenda is not allowed to attend the meeting	✓
	G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	●	60~62		✓
	G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	●	60~62		✓
	G4-44	Report the processes for evaluation and actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	●	60~62		✓
	G4-45	b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice."	●	60~62		✓
	G4-46	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities	●	60~62		✓
	G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	●	60~62		✓
	G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	●	60~62		✓
	G4-49	Report the process for communicating critical concerns to the highest governance body	●	60~62		✓
	G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	●	60~62	'Main issues discussed in the BOD are related to finance, organization, remuneration, and etc., and the Management Committee discussed some CSR issues, including revision on ethical business code of conduct	✓
	G4-51	Report the remuneration policies for the highest governance body and senior executives and how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	●	60~62		✓
	G4-52	Report the process for determining remuneration (whether remuneration consultants are involved in determining remuneration, whether they are independent of management, any other relationships which the remuneration consultants have with the organization)	●	60~62		✓
	G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration (including the results of votes on remuneration policies and proposals)	●	60~62		✓
	G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	●	60~62	'Information on employees' compensation: Maximum value-KRW 149,447,000, Median value- 71,035,000, Maximum value compared to median value- 2.1 times	✓
	G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	●	60~62		✓



# GRI G4 Index

SPECIFIC STANDARD DISCLOSURE						
Aspect	G4	Indicators	Reporting Level	Page	Remark	External Assurance
Ethics and Integrity	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	●	36~39		✓
	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	●	38~39		✓
	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)	●	38~39		✓
Economic Performance	DMA	Disclosures on General Management Approach	●	14~15		✓
	EC1	Direct economic value generated and distributed	●	72~74	Calculated based on enterprise-wise	✓
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●		KOTRA develops in priority new growth projects, such as environmental-friendly and green technologies, IT convergence businesses, and provides opportunities to obtain orders in connection with global partnership. For these services, we have supported pioneering overseas markets for domestic companies with environmental-friendly and green technologies through connecting international events, such as ICLEI (International Council for Local Environmental Initiatives)	✓
	EC3	Coverage of the organization's defined benefit plan obligations	●	40, 73	Calculated based on enterprise-wise	✓
	EC4	Financial assistance received from government	●	65	Calculated based on enterprise-wise	✓
Employment	DMA	Disclosures on General Management Approach	●	34~35		✓
	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	●	25, 32~33, 73	Calculated based on enterprise-wise	✓
	LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	●	35, 41	Calculated based on enterprise-wise	✓
	LA3	Return to work and retention rates after parental leave, by gender	●	40		✓
Labor Practices Grievance Mechanisms	DMA	Disclosures on General Management Approach	●	34~35		✓
	LA16	Number of grievances about labor practices field, addressed, and resolved through formal grievance mechanisms	●	41, 75		✓
Assessment	DMA	Disclosures on General Management Approach	●	34~35		✓
	HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	●	43		✓
Local Communities	DMA	Disclosures on General Management Approach	●	14~15		✓
	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	26~27		✓
	SO2	Operations with significant actual and potential negative impacts on local communities	N/A			✓
Anti-corruption	DMA	Disclosures on General Management Approach	●	34~35		✓
	SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	●	38~39		✓
	SO4	Communication and training on anti-corruption policies and procedures	●	38~39	Anti-corruption training on manager-level employees is disclosed on page 38; however, corruption related training for non-standing directors is not conducted. For suppliers, we include anti-corruption related clauses in purchase agreements	✓
	SO5	Confirmed incidents of corruption and actions taken	●	38~39		✓
Customer Privacy	DMA	Disclosures on General Management Approach	●	66~67		✓
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	66~67		✓
Other Disclosures						
Aspect	G4	Indicators	Reporting Level	page	Remark	External Assurance
Market Presence	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	●	73	Calculated based on domestic minimum wage	✓
	EC6	Proportion of senior management hired from the local community at significant locations of operation	●	73		✓

Indirect Economic Impacts	EC7	Development and impact of infrastructure investments and services supported	●	26~27		✓
	EC8	Significant indirect economic impacts, including the extent of impacts	●	26~27, 32~33		✓
Materials	EN1	Materials used by weight or volume	●	75	Collected environmental data only from domestic headquarters	✓
	EN2	Percentage of materials used that are recycled input materials	●	75	Collected environmental data only from domestic headquarters	✓
Water	EN8	Total water withdrawal by source	●	75	Collected environmental data only from domestic headquarters	✓
	EN10	Percentage and total volume of water recycled and reused	●	75	Collected environmental data only from domestic headquarters	✓
Emissions	EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	●	75	Collected environmental data only from domestic headquarters	✓
	EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	●	75	Collected environmental data only from domestic headquarters	✓
Overall	EN31	Total environmental protection expenditures and investments by type	●	75	Collected environmental data only from domestic headquarters	✓
Labor/Management Relations	LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	●	41		✓
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	●	74		✓
	LA8	Health and safety topics covered in formal agreements with trade unions	●	41		✓
Training and Education	LA9	Average hours of training per year per employee by gender, and by employee category	●	42, 74		✓
	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	40, 42		✓
Diversity and Equal Opportunity	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	●	60, 74		✓
Investment	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	●	74		✓
Non-discrimination	HR3	Total number of incidents of discrimination and corrective actions taken	●	76	We have reviewed this indicator through including a questions regarding discrimination within business ethics self-assessment, and no issues have been occurred nor actions or punishment have received due to discrimination in 2015	✓
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	●	41, 76		✓
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	●	76		✓
Forced of Compulsory Labor	HR6	Operations and suppliers identified as having significant risk for incidents of forced labor or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	●	76		✓
Human Rights Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	●	41, 75		✓
Anti-competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	N/A		Not related	✓
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●		No violation	✓
Grievance Mechanisms for Impacts on Society	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	●	41, 75		✓
Product and Service Labeling	PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	●	63		✓
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	-	No violation	✓
	PR5	Results of surveys measuring customer satisfaction	●	74		✓
Marketing Communications	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	●		No violation	✓
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	✓





# Third-party Independent Assurance Report



## LRQA Assurance Statement Relating to Korea Trade-Investment Promotion Agency's Sustainability & Human Rights Management Report for the calendar year 2015

This Assurance Statement has been prepared for Korea Trade-Investment Promotion Agency in accordance with our contract but is intended for the readers of this Report.

### Terms of Engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Korea Trade-Investment Promotion Agency (KOTRA) to provide independent assurance on its '2015 KOTRA Sustainability & Human Rights Management Report' ("the Report") against the assurance criteria below to a moderate level of assurance using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS), where the scope was a Type 2 engagement. Our assurance engagement covered KOTRA's operations and activities in Korea and overseas, and specifically the following requirements:

- Evaluating adherence to AA1000AS Principles of Inclusivity, Materiality and Responsiveness
- Confirming that the Report is in accordance with GRI G4's Sustainability Reporting Guidelines (Comprehensive option)
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  - Economic: economic performance (EC1, EC2, EC3, EC4)
  - Social: employment (LA1, LA2, LA3), labor practice grievance mechanisms (LA16), assessment (HR9), local communities (SO1, SO2), anti-corruption (SO3, SO4, SO5), customer privacy (PR8)
  - Data and information listed on pages 88 and 89 of the Report.

Our assurance engagement excluded the data and information of KOTRA's suppliers, contractors and any third-parties mentioned in the Report. LRQA's responsibility is only to KOTRA. LRQA disclaims any liability or responsibility to others as explained in the end footnote. KOTRA's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of KOTRA.

### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that KOTRA has not:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected
- Covered all the issues that are important to the stakeholders and readers of this Report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the Verifier. Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites.

### LRQA's Approach

LRQA's assurance engagements are carried out in accordance with AA1000AS. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing KOTRA's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.

- Reviewing KOTRA's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by comparing KOTRA's reported material issues against peer reports . We also tested the filters used in determining material issues to evaluate whether KOTRA makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing KOTRA's data management systems to confirm that there were no significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the Report.
- Visiting KOTRA's head office in order to review how KOTRA's sustainability management approaches are implemented at the corporate and site levels.
- Confirming that the GRI Content Index allows stakeholders to access sustainability indicators.

### Observations

Further observations and findings, made during the assurance engagement, are:

- Stakeholder Inclusivity:  
We are not aware of any key stakeholder groups that have been excluded from KOTRA's stakeholder engagement process.
- Materiality:  
We are not aware of any material issues concerning KOTRA's sustainability performance that have been excluded from the Report. It should be noted that KOTRA has established extensive criteria for determining material issues/aspects and that these criteria are not biased to KOTRA's management.
- Responsiveness:  
KOTRA has processes and systems to identify and respond to stakeholders' interests. KOTRA has developed and announced their human rights charter in 2015. Furthermore, KOTRA has a plan to conduct human rights impact assessment in 2016.
- Reliability:  
KOTRA has developed their own spread sheets with extra guidance on how to compile sustainability data and information. However, KOTRA should improve this guidance in terms of detail and clarification to ensure that the quality of data and information is enhanced and free from errors.

### LRQA's Competence and Independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification engagement is the only work undertaken by LRQA for KOTRA and as such does not compromise our independence or impartiality.

Signed

Tae-Kyoung Kim  
LRQA Lead Verifier  
On behalf of Lloyd's Register Quality Assurance Limited  
17th Floor, Sinsong Building, 67 Yeouinaru-ro, Yeongdeungpo-gu, Seoul, Korea

LRQA Reference: SEO6037504

Dated: 5 April 2016



AA1000  
Licensed Assurance Provider  
000-11

Lloyd's Register Group Limited, its affiliates and subsidiaries, including Lloyd's Register Quality Assurance Limited (LRQA), and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'Lloyd's Register'. Lloyd's Register assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

The English version of this Assurance Statement is the only valid version. Lloyd's Register Group Limited assumes no responsibility for versions translated into other languages.

This Assurance Statement is only valid when published with the Report to which it refers. It may only be reproduced in its entirety.

Copyright © Lloyd's Register Quality Assurance Limited, 2016. A member of the Lloyd's Register Group.



# KOTRA’s Previous Sustainability Report / UN Global Compact

## KOTRA’s Previous Sustainability Report



## Implementation of the UN Global Compact’s Ten Principles

Implementation of the UN Global Compact's Ten Principles	
 COMMUNICATION ON PROGRESS	KOTRA has joined the United Nations Global Compact, the world’s largest voluntary corporate responsibility initiative; it abides by the ten principles in four areas: human rights, labor, environment, and anti-corruption.
Presented Organization	
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.	
Labor Standards	
Principle 3: Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining; Principle 4: elimination of all forms of forced and compulsory labor; Principle 5: effective abolition of child labor; and Principle 6: elimination of discrimination with respect to employment and occupation	
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environment-friendly technologies.	
Anti-Corruption	
Principle 10: Businesses should work against corruption in all forms, including extortion and bribery.	

# Awards and Memberships

## Awards

Name of the Award	Presented Organization	Received Date
The Korea Labor-Management Cooperation Awards, grand prize	Korea Employers Federation	February 2016
Korea Great Work Place(GWP) top 100, grand prize in organization sector	GWP KOREA	December 2015
Government 3.0 assessment excellent organization, minister prize	Ministry of Interior	December 2015
Self-inspection and evaluation improvement organization prize	Board of Audit and Inspection	November 2015
Medal winner for investment encouragement towards Japanese companies	Ministry of Internal Affairs and Communications, Japan	November 2015
Baidu best cooperation partner prize	Baidu, China	October 2015
Korea creative economy grand prize, contribution sector special prize	Korea Industrial Technology Association	September 2015
Forbes Korea social contribution, grand prize, and organization sector, grand prize	Forbes Korea, Korea Chamber of Commerce & Industry	July 2015
National quality management convention, presidential citation	Ministry of Trade, Industry and Energy	April 2015

## Memberships

Name of the Group	Main Activity
Korea International Trade Association	Utilized trade database in headquarters and KBCs
The Institute of Internal Auditors Korea	Participated and networked in hosting forums with other organizations
Advance Audit Forum	Shared audit information, enhance creative minds and promote friendship with members
Korea Society of Public Enterprise	Shared information with related organizations
Korean Accounting Association	Enhanced transparency of finance budget planning management
Korea Management Association	Shared training program information, KOTRA president invited as a breakfast forum speaker to promote KOTRA
The Republic of Korea National Red Cross	Participated in neighborhood work
Seoul Foreign Correspondents' Club	Hosted Korea-based foreign correspondents to initiate FDI discussions and overseas media discussions
Korea HR Club	Understood foreign invested companies' labor management tendency, held foreign invested companies' labor management seminar in cooperation with HR club
UN Global Compact	Yearly submission on top 10 Communication on Progress (COP), CEO support proclamation
Quality Leaders Forum	Shared quality information, networked with quality professionals, presented quality roadmap for national and industrial development
Business Ethics and Sustainability management for Top performance	Shared best ethical management cases, benchmark other outstanding organizations
World Association of Investment Promotion Agencies(WAIPA)	Exchanged organizational ideas and opinions, participated in periodic conferences, 174 countries as members
UFI (The Global Association of the Exhibition Industry)	Participated in global exhibitions and government funded exhibitions