



2016 KOTRA Sustainability and Human
Rights Management Report



GLOBAL BUSINESS PLATFORM

that opens up the future of Korea

About this report

Ever since its foundation more than 50 years ago, KOTRA has been working diligently to promote Korea's exports and attract foreign investment. In particular, as a national trade promotion organization, KOTRA has faithfully supported the overseas expansion of small and medium-sized enterprises (SMEs) while carrying out sustainability management activities including global corporate social responsibilities (CSR) programs that are closely connected to its areas of business. This report covers the full range of KOTRA's efforts to reinvent itself as a global business platform, based on cooperation and communication with its stakeholders.

Characteristics

This report includes KOTRA's sustainability management performance and value in connection with its management strategies. It provides comprehensive information including not only the business and financial performances of global businesses and other activities, but also nonfinancial performances such as organizational management and the creation of social values. The section on human rights, in which KOTRA's performance in human rights and its future plans are explained, continues to be an important part of this report.

Criteria and Assurance

This report has been prepared in accordance with the comprehensive option of the Global Reporting Initiative (GRI) Guidelines and, in part, with the International Integrated Reporting Council (IIRC) Framework. Specifically to enhance the objectivity and accuracy of the report, it received assurance from the Korean Association of Business Education Accreditation (KABEA), a third-party assurance provider.

Reporting Period, Scope and Boundaries

This report covers KOTRA's sustainability management performance from January 1 to December 31, 2016. It presents the major quantitative data for the last three years in order to show changes in trends. Unless otherwise stated, the fiscal year ends on December 31, while specific reference dates are indicated where necessary. The scope of this report includes the financial and nonfinancial performances of KOTRA's head office in Korea and overseas branch offices. Some of the environmental data are relevant only to the head office in Korea.

Additional Information

This report has been published in Korean and English. The content can be viewed or downloaded on our website (<http://www.kotra.or.kr>). KOTRA welcomes your feedback. If you have any inquiries or comments about this report, please contact us at the following numbers or email address.

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CEO's Message



Dear Stakeholders:

Uncertainty is growing on both the domestic and international fronts, especially amid slowing global trade and widespread protectionist policies. Under these circumstances, expanding the scope of exports is crucial to jumpstarting our economy. As the country's trade and investment promotion agency, KOTRA is doing its utmost to generate new economic momentum by leading the growth of exports.

Notably, our endeavors in 2016 focused on turning around the downward export trends

and resolving structural problems that have been weighing heavily on our export industry. More specifically, our policies and support have been designed and implemented so that SMEs can assume a greater role in boosting exports, while diversifying export items, markets, and mechanisms.

In addition, we concentrated on attracting foreign investments that can substantially benefit our economy, improved communication with our customers and the local communities and expanded the scope of cooperation with our partner organizations.

On this note, we first strengthened SMEs' export capabilities and increased foreign investments.

In 2016, KOTRA offered customized mentoring services to 2,240 companies that are newly entering the export business. According to the export capacity of individual SMEs, KOTRA offered term-based support designed to clinch deals, including Jisahwa and marketing assistance as part of the World Champ project. As a result, the proportion of exports by SMEs in the entire Korean export market share increased for two consecutive years, from 35.9 percent in 2015 to 37.5 percent in 2016.

On the other hand, inbound foreign investment reached a record high of USD 21.3 billion, running counter to the downward global trend in foreign investment attraction. This impressive growth is attributed to efforts designed to attract foreign investments, ultimately helping restore exports and advance domestic industries. In addition, KOTRA tried to convey a consistent message to potential investors under the newly adopted slogan “Global Link to Success” and revamped Invest KOREA’s website and mobile homepage to improve and expand our communication channels.

Second, we encouraged and assisted the industry with the development of new export items and markets.

KOTRA helped foster new export industries including services, ICT and biomedicine. We also assisted the parts and materials sector, one of Korea’s key export areas, to enter the global value chain (GVC) and develop into a high-tech, innovative industry. Moreover, our agency is implementing customized strategies to better support exporters of high-end consumer goods and technology for advanced markets. We also promote the development of medium- and high-priced consumer markets, while increasing exports of intermediary materials for emerging markets. In particular, by strengthening its Knowledge Sharing Program (KSP), KOTRA is building the foundation for economic cooperation with strategic markets including Cuba, Iran, and Myanmar—countries which are integrating themselves into the international economic order following the removal of economic sanctions.

Third, we engaged in more active communication with our stakeholders including customers and partner organizations.

KOTRA has an open and cooperative culture that allows us to provide additional services that were previously unavailable due to its limited resources. In 2016, we introduced an advanced system for analyzing the global competencies of individual SMEs and recommended the most appropriate support program based on the results of the analysis.

Furthermore, we made improvements to the way the Service Advisory Group is operated by allowing customers to get involved in designing how our services will be delivered, primarily by providing feedback on the services they have used.

Fourth, we recognized our employees and local communities as our partners and accordingly strengthened our organization’s capacity and fulfilled our social responsibilities.

Based on an in-depth analysis, we conducted business restructuring to raise efficiency and ran Great Work Place (GWP) programs under the four themes of trust, pride, fun and health to create a healthy corporate culture. In 2016, we made extra efforts to develop global social contribution programs linked to the UN’s Sustainable Development Goals (SDGs). We expanded shared value creating businesses in emerging countries, including the technical school program and the transfer of equipment, and tackled social issues in our communities by helping the local economy grow and creating a virtuous cycle.

In recognition of its contribution to transforming domestically-focused companies into exporters, KOTRA was honored with the Prime Minister’s Award for Corporate Innovation by the Ministry of Trade, Industry and Energy. Our agency also received the Employment and Labor Minister’s Award for exemplary labor-management culture for its efforts to promote sustainable growth.

KOTRA, as a key player of the national trade and investment infrastructure, will perform its roles with a stronger sense of responsibility to address uncertainties in the changing global trade environment. We will also adapt to new trends, including the rapidly the Fourth Industrial Revolution.

Finally, I would like to ask our stakeholders for their continued support for and interest in all of KOTRA’s future endeavors.



President of KOTRA,
Jaehong Kim



2016 KOTRA Highlight



1 Inbound foreign investment exceeded USD 20 billion for the second consecutive year.

Since FDI surpassed USD 20 billion for the first time in 2015, inbound foreign investments remained above USD 20 billion for two years in a row, reaching a record high of USD 21.3 billion. This impressive outcome is attributed to the strategic approach and its close collaboration with the government undertaken by KOTRA in order to attract high-profile investments.



2 KOTRA rated "excellent" in the Integrity Investigation by the Anti-Corruption & Civil Rights Commission for Fifth Consecutive Year

KOTRA has been rated "excellent" in the integrity investigation for public organizations conducted by the Anti-Corruption & Civil Rights Commission. This rating represents full recognition of our efforts to build integrity, including the holding of an oath ceremony at which employees pledged to observe the Anti-Graft Act, and the strengthening of our companywide anti-corruption campaigns and education. KOTRA has been rated "excellent" for each of the past five years since 2012.

3 KOTRA rated "best"(1st degree) in anti-corruption policy evaluation

KOTRA was rated "best" (grade 1) in the 2016 anti-corruption policy evaluation for public organizations. Starting from the grade 3 ("acceptable") in 2014, KOTRA has raised its rating by one notch each year. This achievement is a reward for KOTRA's operation of various ethics management units, including the Clean KOTRA Committee, and its anti-corruption efforts in 3 core areas: appropriateness of budget execution, transparency in HR management, and prevention of moral hazards to prevent or eliminate corrupting factors on continuing basis.

4 KOTRA certified for establishing an excellent culture of labor-management cooperation

In 2016, KOTRA was recognized by the Ministry of Employment and Labor for its excellent labor-management relations. The award is usually given to corporations that succeed in establishing a cooperative labor-management relationship and an exemplary culture of win-win labor-management relations. KOTRA won the award for its efforts to create a culture of close labor-management cooperation, such as reflecting the results of external evaluations in its efforts to improve labor-management relations, and benchmarking other companies with excellent labor-management relations.

5 KOTRA wins grand prize at the 100 Great Work Place Awards for fifth consecutive year

KOTRA has been consistently implementing the Family-Friendly Workplace campaign to ensure that its employees maintain a sound and healthy balance between work and family. As a result, KOTRA has won the grand prize at the 100 Great Work Place (GWP) Awards, hosted by Great Place to Work Korea, for a fifth consecutive year. In 2016, KOTRA took measures to reduce its employees' workload and encouraged the implementation of a flexible working-hour program among other initiatives. In addition, various family-friendly programs introduced by KOTRA, such as "Father School" and "Mentoring for Working Mothers" were highly recognized.





6 Prime Minister's Prize at Corporate Innovation Awards

KOTRA won the Prime Minister's Prize at the 2016 Corporate Innovation Awards hosted by the Ministry of Trade, Industry and Energy, for its project to transform domestically-oriented companies into new exporters. KOTRA fundamentally changed the way it provides services. As a result, 2,373 domestic companies - or 5.9% more than the 2016 target - became exporters. The prize was awarded to KOTRA in recognition of its role in achieving this outstanding result.



7 Sole operator of Trade & Investment KSP project

Previously, KOTRA and the Korea Institute for Industrial Economics & Trade (KIET) jointly operated the KSP project for sharing Korea's development experiences with partner countries. However, KOTRA took over the entire project and became the sole operator in 2016, a clear testimony of the government's recognition of KOTRA's professional expertise and capability in this field. However, KOTRA refuses to allow itself to become complacent with this achievement and has instead embarked upon expanding its business horizons to official development assistance(ODA).

8 Grand Prize for a global contribution at The Companies With The Best CSR Reputations In The World by Forbes

KOTRA was awarded the grand prize in global contribution for four consecutive years at the 2016 The Companies With The Best CSR Reputations In The World jointly hosted by Forbes and Korea Chamber of Commerce, in recognition of its outstanding global CSR activities. Going forward, KOTRA will faithfully perform global CSR activities to create shared values with local communities around the globe.

9 Ranked 1st in the Korean Sustainability Index (KSI) for the third consecutive year

As part of its efforts to fulfill its social responsibility, KOTRA is implementing companywide global CSR programs and running an advisory group of experts from various fields to actively communicate with its stakeholders. As a result of these efforts, KOTRA was ranked 1st for three consecutive years in the Korea Sustainability Index in the category of quasi government agencies under the Ministry of Trade, Industry and Energy at the Sustainability Management Survey conducted by the Korean Standards Association (KSA), the ISO 26000 secretariat of Korea.

10 Three prizes at the Web Award Korea

At the 2016 Web Award Korea hosted by the Korea Internet Professionals Association, the website for PC and mobile phones operated by Invest Korea, a foreign investment promotion arm of KOTRA, won the prize in three sections, namely public services, mobile websites, and customer support.



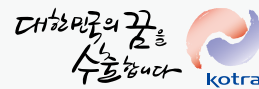
Company Introduction

Role of KOTRA

KOTRA was established to facilitate the development of the national economy by promoting trade, supporting cross-border investment, attracting foreign professionals from abroad, and representing Korean government on G2G(Government to Government) contract. As of February 2017, KOTRA has established a global network of 126 Korea Business Centers (KBCs) in 86 countries, which allows KOTRA to accumulate and share global knowledge and experience and to expand its open collaboration with related organizations, thereby ensuring that KOTRA offers high-quality services to Korean corporations.

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	50 billion won
No. of Employment	886
Organization	Headquarters: 5 HQs 23 Depts, 16 Centers(Group,Team) Overseas: 10 regional head offices, 126 KBCs in 86 countries Domestic: 9 support teams, 1 office

KOTRA emblems

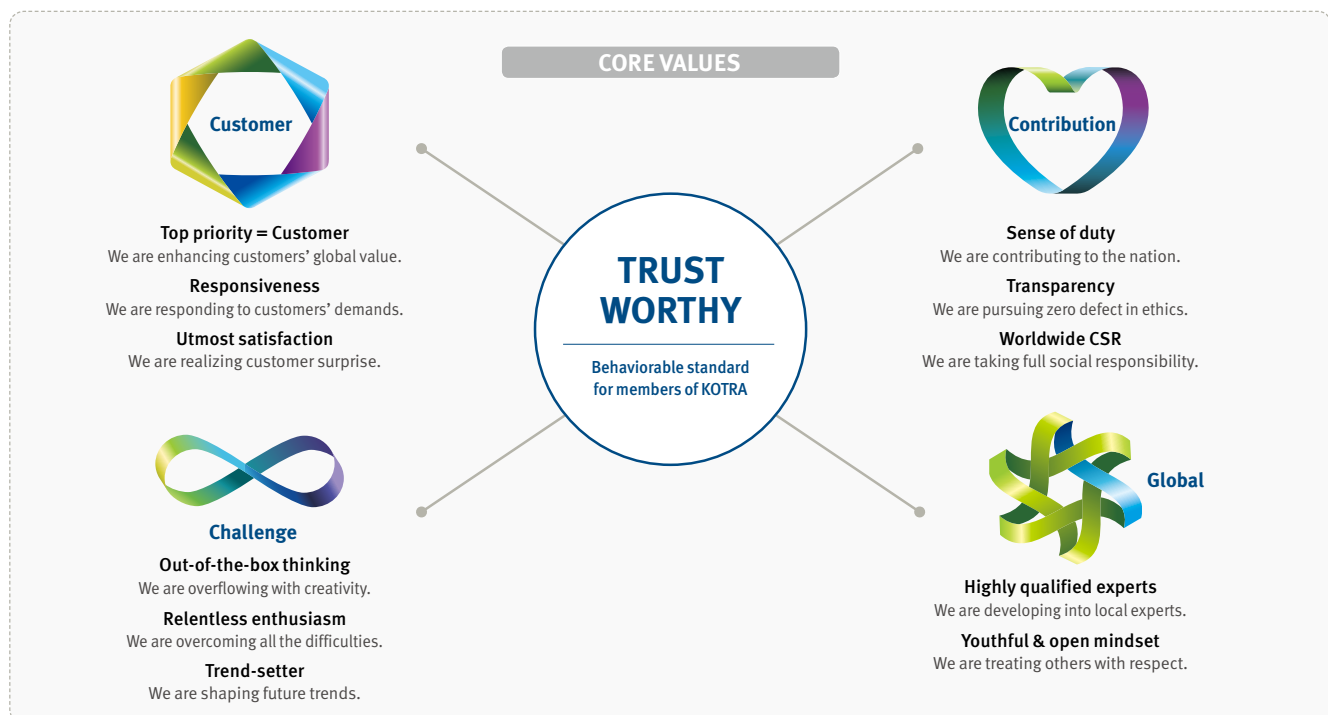


"Dream" in the emblem above implies SMEs' desire to export their products, while the slogan expresses KOTRA's commitment to helping SMEs make their dreams come true.



The rectangle represents a window, while the globe symbolizes the world. The emblem expresses the idea that KOTRA will act as a guide that navigates Korean corporations through the complexities of the global market as they strive to export their products, do business, and attract foreign investment.

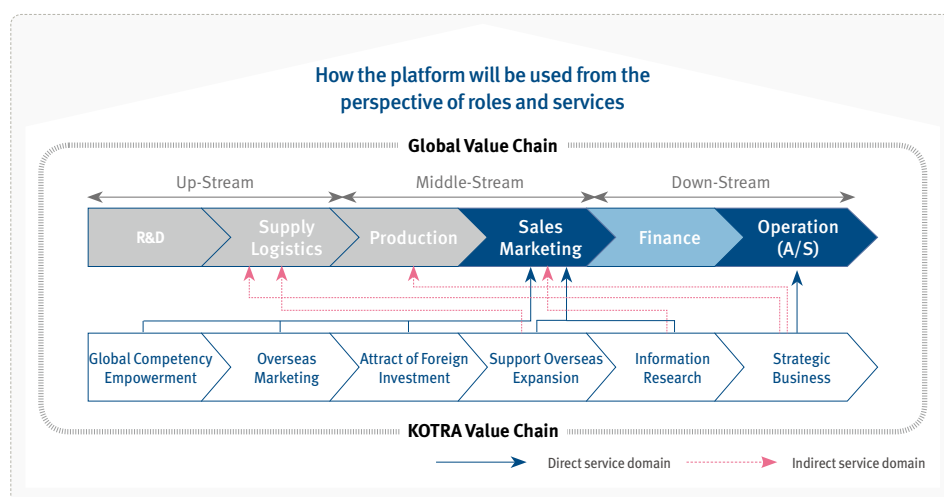
KOTRA Core Values



Business Model

KOTRA, a Global Business Platform

KOTRA aims to play the role of a platform that connects the entire global value chain in order to realize the vision of “becoming a global business platform that opens up the future of Korea”. Generally, a “platform firm” means a company that creates added value by linking the upstream and downstream domains of the value system of the broader industry. KOTRA will take advantage of its broad overseas network and open collaboration with partner organizations to establish a global business ecosystem and create tangible results throughout the entire process of the global value chain.



KOTRA Character



Globee

Globee represents KOTRA's determination to work hard like a bee. The globe-shaped head indicates that KOTRA is globally active while the Möbius strip symbolizes the spirit of challenge with which KOTRA constantly strives to keep its customers satisfied.

KOTRA Businesses and Responsibilities

In an effort to strengthen export competencies of domestic SMEs, KOTRA is actively involved in transforming domestically-oriented companies into exporting companies and providing exporting companies customized services according to their different stages of growth. KOTRA is also responsible for encouraging and facilitating foreign investments in domestic industries as well as for boosting the export competitiveness of domestic companies. In addition, it develops and nurtures new export industries, explores export markets, and creates systems to proactively respond to evolving modes of trade, with the ultimate goal of enhancing the global competitiveness of Korea in trade and investment. Finally, KOTRA provides the latest information on trade and overseas markets including ongoing developments in FTA negotiations.





Global Network

Major Brand Projects

China

Fostering SMEs to enter local online platforms



Europe

2016 Korea-France business partnership



North America

Enhancing accessibility for second and third city residents with KBC consultants visiting the area



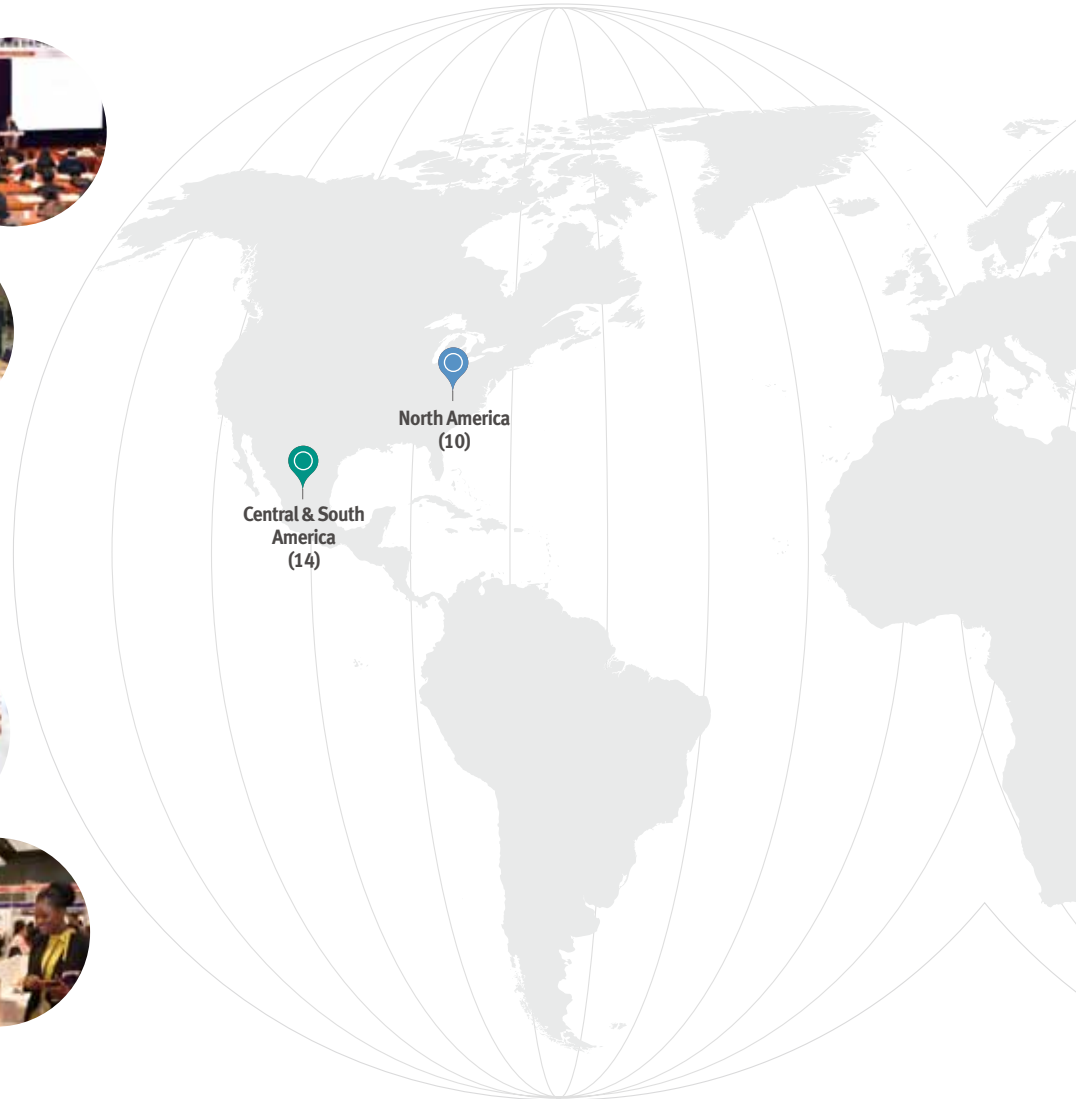
Middle East

Korean Goods/Products Expo 2016, Dubai



Africa

Korea Premium Consumer Goods Showcase 2016, Cape Town



◀Overseas branch offices▶: 10 head offices, 126 overseas KBCs (86 countries)

China(19)

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)

Europe(23)

Frankfurt (Germany), Hamburg (Germany), Munich (Germany), Paris (France), London (UK), Stockholm (Sweden), Copenhagen (Denmark), Amsterdam (Netherlands), Brussels (Belgium), Milan (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)

North America(10)

New York (USA), Los Angeles (USA), Chicago (USA), Dallas (USA), Washington DC (USA), Silicon Valley (USA), Miami (USA), Detroit (USA), Vancouver (Canada), Toronto (Canada)

Middle East(15)

Dubai (UAE), Cairo (Egypt), Tehran (Iran), Tel Aviv (Israel), Riyadh (Saudi Arabia), Amman (Jordan), Tripoli (Libya), Casablanca (Morocco), Kuwait (Kuwait), Muscat (Oman), Baghdad (Iraq), Algiers (Algeria), Damascus (Syria), Istanbul (Turkey), Doha (Qatar)

Africa(10)

Johannesburg (Republic of South Africa), Lagos (Nigeria), Nairobi (Kenya), Khartoum (Sudan), Addis Ababa (Ethiopia), Accra (Ghana), Dares Salaam (Tanzania), Kinshasa (Congo), Maputo (Mozambique), Abidjan (Republic of Cote d'Ivoire)

KOTRA is operating 126 KBCs in 86 countries in 10 regions. The KBCs, whose top priority is to facilitate the expansion of Korean companies' exports, are actively working out in the field in close collaboration with Korean exporters to develop new markets, attract investments and collect information. In 2016, KOTRA opened a new KBC in Abidjan, Republic of Cote d'Ivoire, as part of its move to augment the infrastructure to facilitate domestic companies' expansion into West Africa.



Japan(4)

Tokyo (Japan), Osaka (Japan), Nagoya (Japan), Fukuoka (Japan)

Southeast Asia & Oceania(14)

Singapore (Singapore), Manila (Philippines), Bangkok (Thailand), Oceania (14) Kuala Lumpur (Malaysia), Yangon (Myanmar), Jakarta (Indonesia), Surabaya (Indonesia), HoChi Minh (Vietnam), Hanoi (Vietnam), Phnom Penh (Cambodia), Vientiane (Laos), Sydney (Australia), Melbourne (Australia), Auckland (New Zealand)

Southwest Asia(7)

New Delhi (India), Mumbai (India), Chennai (India), Bangalore (India), Karachi (Pakistan), Dhaka (Bangladesh), Colombo (Sri Lanka)

Central & South America(14)

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)

CIS(10)

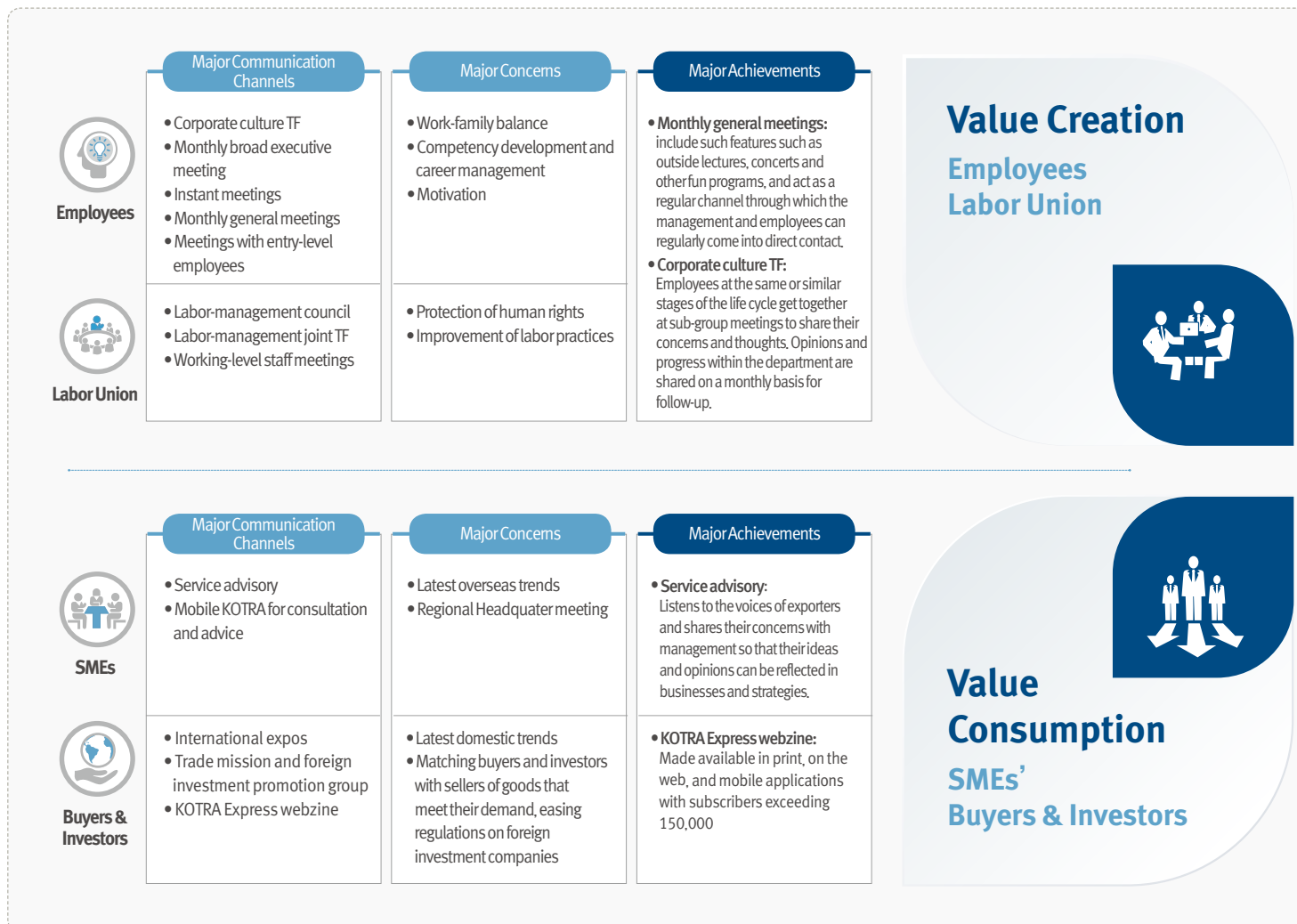
Moscow (Russia), Vladivostok (Russia), Novosibirsk (Russia), St. Petersburg (Russia), Kiev (Ukraine), Almaty (Kazakhstan), Baku (Azerbaijan), Tashkent (Uzbekistan), Minsk (Belarus), Ulan Bator (Mongolia)

Stakeholder Engagement

As uncertainty surrounding the external environment and CSR are emerging as key factors that have a major impact on sustainability, companies are finding it increasingly necessary to listen to the voices of various stakeholders in the course of exploring new growth opportunities and to proactively manage risks. KOTRA defines its core stakeholders according to the stage of value creation, and has put in place a system of close communication with different groups of stakeholders so as to be able to cope with the changing external environment in a flexible manner.

Stakeholders of KOTRA

Our stakeholders can be divided into three major groups according to the flow of value: value creation, value impact, and value consumption and sharing. Our stakeholders include employees, labor unions, the government and the National Assembly, SMEs, buyers and investors, citizens and local communities. Since different groups of stakeholders have different expectations and concerns, we analyze core needs by stakeholder group and create customized communication channels to ensure effective communication with all stakeholders.



Art Collaboration, a space for communication with stakeholders

Art Collaboration, an exhibition hall in the lobby on the first floor of KOTRA's head office, is open to the public and thus serves as a venue for communication with stakeholders. Visitors to the hall include the trade competency enhancement missions of government officials from developing countries, college students, and middle and high school students seeking to explore future career paths.



* Art Collaboration is a KOTRA support program that integrates art into SME products to create stories for their brands.

Value Impact Government and National assembly Partner Organizations



Government
and National
Assembly



Partner
Organizations

Major Communication Channels

- Emergency export planning meetings
- Regular council of export support institutions
- Joint projects

Major Concerns

- Policy implementation and communication
- Information provision and sharing
- Synergy effects through cooperation

Major Achievements

- **Function-integrating collaboration:** Executives and working-level employees meet regularly to share agenda items concerning cooperation and performance achievements, thereby maximizing the effects of cooperation.



Value Sharing People and Local Communities



People
and Local
Communities

Major Communication Channels

- SNS (Facebook, Linked-in, etc.)
- Public contests (UCC, posters)
- Art Collaboration
- Contribution programs for local communities

Major Concerns

- Development of the national economy
- Export growth
- Social contribution

Major Achievements

- **Art Collaboration:** KOTRA created an exhibition hall where SME products meet with works of art on the first floor of the head office building. The hall is open to local residents and visitors, functioning as a local venue for cultural experience.



Interviews with Stakeholders

KOTRA listens to the expectations and concerns of its stakeholders, and tries to reflect them in its activities in order to ensure its sustainable growth. In 2016, especially, KOTRA identified six groups of core stakeholders who represent the varying stakeholder interests, and listened to what they had to say. The opinions and comments made by these stakeholders during their interviews with us will be used in the planning and implementation of our sustainability management activities.



Interview with a KOTRA Employee



Hyeona Kim | Customer Service Team, KOTRA

'I'm happy with the program that helps employees to be more time-efficient and the consulting program that helps us to lead a happy family life!'

KOTRA runs a flexible working-hour program and allows its employees to take 1/4 of the day off as needed, thereby helping them to effectively manage their time. Many KOTRA employees take advantage of these programs. I was particularly happy with what I learned in the "Learn how to take care your children better" which was organized as part of the GWP program, because experts provided advice on childrearing based on the results of temperament and character tests for parents and children. I found the counseling very useful in making a happier family.



Interview with Academia

Jinseop Jeong, Professor | Chungbuk National University

'KOTRA plays a pivotal role in promoting collaboration and cooperation on trade and investment'

I received help from KOTRA when I was involved in the KSP project in Iran. I realized that without KOTRA's support, Korean companies would have found it much more challenging to do business in Iran, given the vast differences in the business environment. In order for KOTRA to enhance its sustainability, it should play a greater role in bringing the government and corporations together for closer cooperation, in addition to supporting SMEs' overseas expansion. I hope that KOTRA benchmarks the successful models of similar organizations in other countries and grows into a more dynamic global business platform.



Interview with Partner Organization



Tung-Chung Tseng, President | TAITRA

'Cooperation that extends to food and services'

TAIRA was founded to help Taiwanese companies conduct business overseas and attract foreign investments. The Korean Office of TAIRA is working hard to connect Taiwanese businesses wishing to do business in Korea with the Korean government and Korean corporations and businesses. Previously, business collaboration between the two countries was centered on electronics, machinery and parts, areas where Korea and Taiwan have a competitive advantage; more recently, however, bilateral collaboration has been expanding to other sectors including food and services, which I find encouraging. Like Korea, Taiwan has a small domestic market, which makes export competitiveness crucial. Going forward, I expect that TAIRA and KOTRA will further expand their cooperation and grow together.





Interview with a Customer

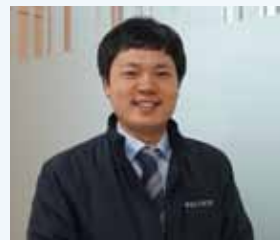
Migyeong Park, CEO | FORCS

‘Consultations with KOTRA’s IT specialists help us resolve problems that are specific to the industry.’

For SMEs, finding foreign buyers and doing business overseas is no easy task. FORCS joined an export expo hosted by KOTRA and received the support we needed to expand our business abroad. In particular, KOTRA’s IT specialists provided substantial and practical advice on how to address our problems, and they were readily available to offer advice whenever I needed it. It would be great if there were more specialists in different fields so that companies in other areas could also benefit from this wonderful service.



Interview with a Customer



Jangjae Won, assistant manager | WELTECH

‘We received steady support for a sufficiently long period of time to ensure the success of our overseas business.’

WELTECH participated in KOTRA’s Jisahwa service to start a business in Iran. Iran was a new market about which we knew little, and we did not know what to prepare for or what to be cautious about. We weren’t ready to meet all of the challenges, so the help of KOTRA’s staff in Iran was crucial. I think that many other Korean companies are hoping to do business in other countries. It is important to help as many companies as possible, but I hope that the period of Jisahwa service could be extended until a recipient company is fully ready and able to operate successfully in its target market on its own.



Interview with a Foreign Investment Company

Yasuaki Ueno, CEO | Fuji Xerox Korea

‘A bridge of collaboration and communication between the government and corporations’

I think KOTRA’s ombudsman program is truly useful. The program keeps us informed about Korea’s laws and regulations, and provides opportunities for us to share information with other foreign investment companies. When KOTRA plans and implements projects for the purpose of attracting new foreign investments, the needs of foreign companies that are already operating in Korea may be overlooked. I would ask KOTRA to act as a bridge of communication between the government and foreign investment companies.



Interview with a Local Community



Baekseon Ha, Head | Seocho-gu e-Eum Center for Happy Elderly Citizens

‘More interest and involvement in projects for elderly citizens living by themselves’

Whenever I see KOTRA employees volunteering at our center, I feel that they are positive and open-minded. Communicating with and serving the elderly can be tough, so it really warmed my heart to see how they made kimchi and delivered briquettes for the elderly in need, and how they kept a beautiful smile on their face. I am very grateful to them for making the elderly people of our community happy for the past three years, and I hope that KOTRA continues to be interested and involved in other programs that are planned for the elderly.



Stakeholders Committee

CSR Stakeholders Committee

As stakeholder engagement is becoming increasingly important in corporate management, KOTRA is making concerted efforts to closely communicate with various stakeholders. In particular, KOTRA discloses, through the sustainability management report, its economic, social and environmental performances in an effort to keep its stakeholders informed, and uses the report as an additional channel of communication with them. The Stakeholders Committee, which is composed of CSR experts, offers valuable opinions on our sustainability management, and KOTRA listens carefully to what the committee has to say before reflecting its major expectations in the year's report.

Review of 2015 Report

Jayhyuk Rhee, Professor | Korea University

The 2015 report aptly and succinctly describes KOTRA's roles, but classifying stakeholders according to the flow of value can make it difficult for readers to gain a comprehensive understanding of those roles. The report needs to shed more light on how doing business globally and exporting products are different so as to reduce overlapping content. Finally, if KOTRA's CSR is presented in closer connection with its core competencies, the report will be more useful for stakeholders.

Juhyeon Gang, CEO | Global Competitiveness Empowerment Forum

Considering the scope of KOTRA's global businesses and the size of the organization, it is praiseworthy that KOTRA includes the sustainability management performances of its headquarters and overseas regional headquarters in its report, and evaluates and discloses the performances of individual regional headquarters according to ISO 26000. However, the report does not make it clear that KOTRA has a unit that is exclusively responsible for sustainability management. It seems necessary to clearly indicate this in the report. The report is clear, readable and accessible. Although gathering the opinions of foreign employees is not an easy task, detailing KOTRA's efforts to this end will be instrumental in improving its image.

Junseok Oh | Sookmyung Women's University

The report presents the content in a clear and comprehensive way that encompasses all aspects of its businesses, and is of informational value in that KOTRA's efforts and achievements regarding sustainability management are described in an organized manner. Recent trends in the international trade environment show that how a company can contribute to the target market is becoming increasingly important for market entry; and, given this trend, seeking co-prosperity with the target market carries added significance. As such, I recommend that KOTRA present its social contribution plans as well as its business plans when negotiating market entry in other countries.

Jinseop Jeong | Chungbuk National University

In general, the report effectively presents KOTRA's basic competencies and environmental, social and governance (ESG) aspects. However, some images do not match the content and more attention needs to be paid to detail when adding images to the report. For example, Europe is either unclearly indicated or missing altogether from some of the images when KOTRA's pillar markets include Europe, North America, China, and Japan. In addition, I recommend that more specific words be used to clarify meanings and help readers better understand the report. For example, "environmental improvement" could be replaced with "environmental clean-up" in order to convey a more specific meaning. Lastly, Iran has been included in the list of KSP countries, and if the report includes the latest relevant information on Iran, the stakeholders will likely find the report more useful.

Changes to 2016 Report

- Further specified stakeholder groups are classified according to the flow of value.
- Content is arranged more strictly and titles are more specific.

- The report clearly indicates the unit in charge of sustainability management.

- The report presents social contribution plans in connection with business plans when entering target markets.

- The report ensures that content and image match in detail.
- Uses easy-to-understand words.
- Includes the latest information

Global Initiatives

Sustainability Management in Sync with SDGs







Sustainable Development Goals, or SDGs, as a follow-up agenda to the Millennium Development Goals (MDGs), were officially adopted by the UN in September 2015. SDGs are the common goals that the United Nations and the global community jointly set, with the agreement of the heads of the UN member states, to reach from 2016 to 2030. The SDGs comprise a set of 17 Global Goals and 169 targets that need to be accomplished in order for the global community to ensure sustainable development, including ending poverty and hunger, combating climate change, promoting economic growth, and creating quality jobs. KOTRA is conducting its activities in connection with these SDGs as it strives to increase Korea's export competitiveness in the global market. In addition, KOTRA intends to contribute to the sustainable development of the international community by developing new businesses that support the SDGs.

UN SDGs (Sustainable Development Goals)



- Goal 1** End poverty in all its forms everywhere.
- Goal 2** End hunger, achieve food security and improve nutrition and promote sustainable agriculture.
- Goal 3** Ensure healthy lives and promote well-being for all at all ages.
- Goal 4** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- Goal 5** Achieve gender equality and empower all women and girls.
- Goal 6** Ensure availability and sustainable management of water and sanitation for all.
- Goal 7** Ensure access to affordable, reliable, sustainable and modern energy for all.
- Goal 8** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- Goal 9** Build resilient infrastructures, promote inclusive and sustainable industrialization, and foster innovation.
- Goal 10** Reduce income inequality within and among countries.
- Goal 11** Make cities and human settlements inclusive, safe, resilient and sustainable.
- Goal 12** Ensure sustainable consumption and production patterns.
- Goal 13** Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.
- Goal 14** Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
- Goal 15** Protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.
- Goal 16** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels.
- Goal 17** Strengthen the means of implementation and revitalize the global partnership for sustainable development.

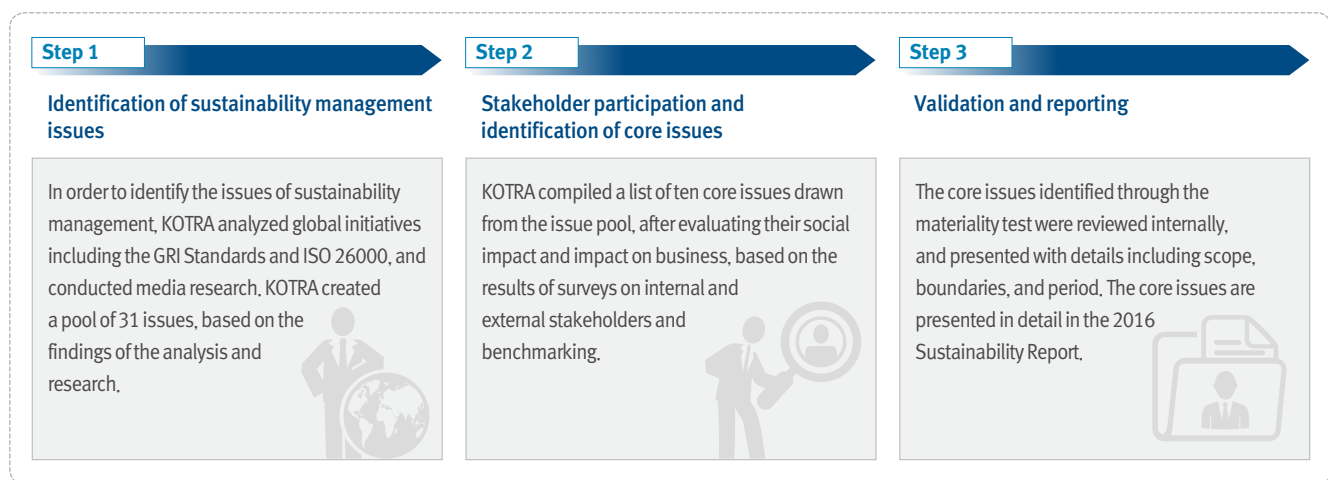
KOTRA's SDGs-linked Activities

SDGs	KOTRA's Achievements	Relevant Sections of the Report
 1. Ending poverty	Donation to refugees, Providing education on risk management (terror, earthquake situation)	54~55p
 3. Promoting health	Provision of medical services to the elderly and infirm, and women, donation of hospital supplies and medical equipment, running of an implant technical school.	51, 54~55p
 4. Ensuring inclusive and equitable education and promoting life-long learning	Technical school for economic development, export schools with various themes.	52~55p
 7. Ensuring access to sustainable energy	Donation of photovoltaic power generation facilities, running of new renewable energy school.	51, 54~55p
 8. Promoting sustainable economic growth and ensuring decent work for all	Creation of global jobs, running of trade & business start-up camp, One Village One Product (OVOP).	49, 51~55p
 17. Strengthening the means of implementation and revitalize the global partnership for sustainable development	Strengthening of intergovernmental cooperation by Knowledge Sharing Program (KSP).	50p

Materiality Test

KOTRA performed a materiality test in order to identify and report on a wide range of expectations and core issues that internal and external stakeholders have, in a more organized and effective way. In the materiality test conducted according to Global Reporting Initiative (GRI) Standards, KOTRA conducted media research on economic, social and environmental issues, analyzed global initiatives, created a pool of issues, and prioritized those issues based on the results of a stakeholder survey and benchmarking.

Materiality Test Process



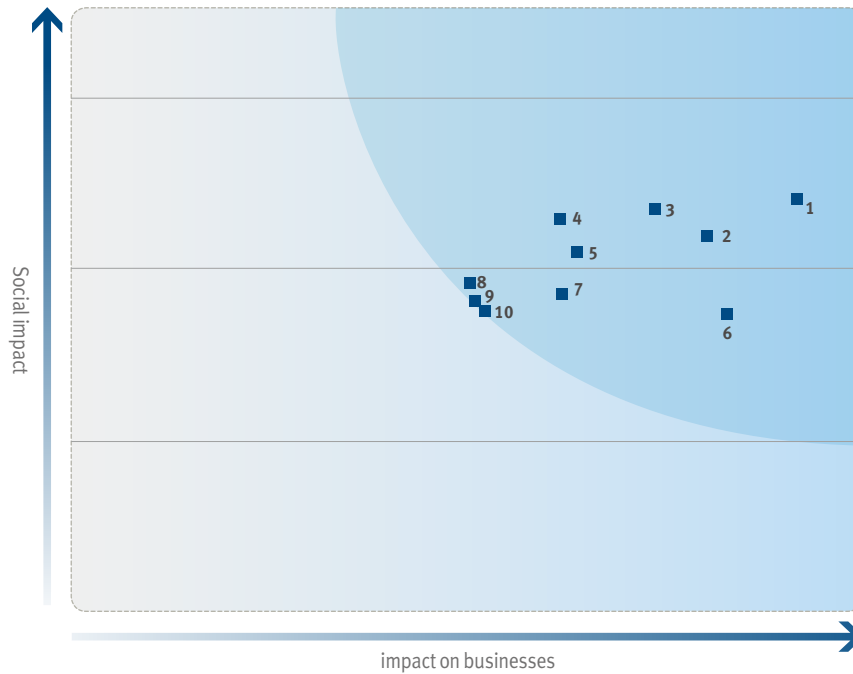
Stakeholder Participation

- **Survey respondents:** employees and external stakeholders (surveys were conducted in Korean and English)
- **Method:** online questionnaire
- **Period:** 2 weeks (February 13~24, 2017)
- **No. of respondents:** 217 employees, 306 external stakeholders (domestic: 157, overseas: 149)

KOTRA conducted an online survey on its internal and external stakeholders in order to determine the gravity of the sustainability management issues in its economic, social and environmental performances. The core issues were identified as follows according to the analysis of the survey findings by stakeholder group.

	Employees	Stakeholders (domestic)	Stakeholders (overseas)
Economic	1. Support of domestic companies for overseas market entry	1. Support of domestic companies for overseas market entry	1. Market status
	2. Support inbound foreign investment	2. Support for overseas investments by domestic companies	2. Support of domestic companies for overseas market entry
	3. Support for overseas investments by domestic companies	3. Economic performance	3. Economic performance
Social	1. Diversity and equal opportunities	1. Employment	1. Employee education and training
	2. Improvement of human rights management and audit	2. Ban on discrimination	2. Employment
	3. Anti-corruption	3. Anti-corruption	3. Employee health and safety
Environment	1. Support for green companies to expand their business overseas and win business opportunities	1. Support for green companies to expand their business overseas and win business opportunities	1. Support for green companies to expand their business overseas and win business opportunities
	2. Efficient use of energy	2. Waste reduction and greater efficiency in the use of resources	2. Efficient use of energy
	3. Increasing green procurement	3. Water conservation and promotion of water reuse and recycling	3. Water conservation, promotion of recycling, waste reduction

Materiality Test MATRIX



Core Issues

No	Issue
1	Support of domestic companies for overseas market entry
2	Improvement of human rights management and audit
3	Support for overseas investments by domestic companies
4	Influence on local communities (such as social contributions)
5	Anti-corruption (strengthening internal control and protection of whistleblowers)
6	Support inbound foreign investment
7	Employee education & training
8	Support for working and starting business overseas
9	Customer health and safety
10	Labor-management relations

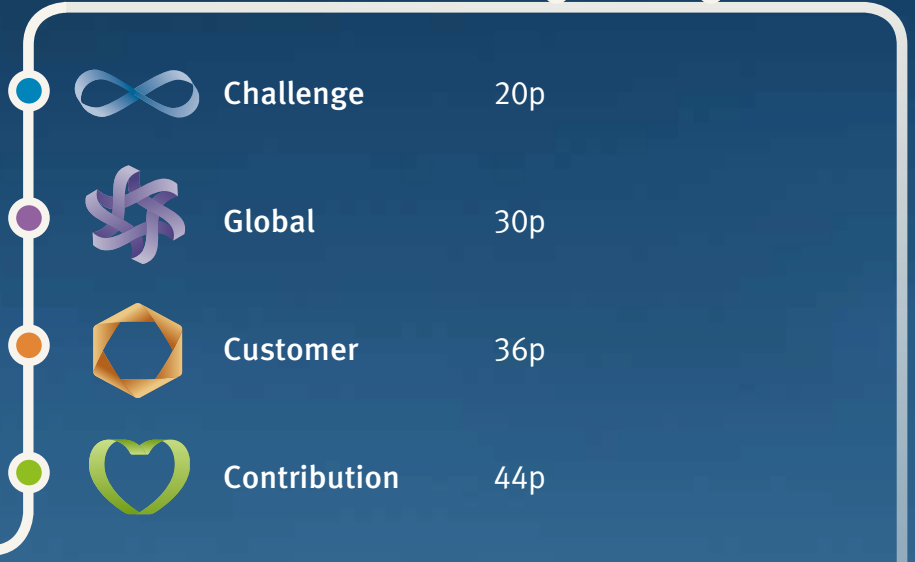
Identification of Core Issues

Material Issue	Topic	category	Relevant pages in the report
1. Support of domestic companies for overseas market entry	Other Business Issues	Challenge – To strengthen SMEs' export competencies.	21~25p
2. Improvement of human rights management and audit	Human Rights Assessment	Human Rights Management	58~61p
3. Support for overseas investments by domestic companies	Other Business Issues	Challenge – To strengthen SMEs' export competencies	21~25p
4. Influence on local communities (such as social contributions)	Local Communities	Contribution – KOTRA, an organization that is trusted by all.	50~55p
5. Anti-corruption (strengthening internal control and protection of whistleblowers)	Anti-Corruption	Contribution – KOTRA, an organization that is trusted by all.	48p
6. Support inbound foreign investment	Other Business Issues	Challenge- To strengthen inbound foreign investment	26~29p
7. Employee education and training	Training and Education	Contribution – Creation of an corporate culture for growth.	46p
8. Support for working and starting business overseas	Other Business Issues	Contribution – KOTRA, an organization that is trusted by all.	49p
9. Customer health and safety	Customer Health and Safety	Customer – Customer and field-centered business	40~41p
10. Labor-management relations	Labor/Management Relations	Contribution – Creation of an corporate culture for growth	45, 47p

A Global Business Platform for the Future

Exporting Korean SMEs' Dreams





Challenge

20p



Global

30p



Customer

36p



Contribution

44p





CHALLENGE

Advancement of Trade and Investment Businesses



BUSINESS RELEVANCE

A number of advanced countries are pursuing protectionism amid sluggish exports caused by the global downturn and dismal trade growth, dealing a heavy blow to the Korean economy. The structure of Korean exports is vulnerable to external changes because it relies heavily on large corporations. Therefore, effort is required to diversify the exporters by boosting the export competitiveness of SMEs to remedy the situation. To this end, KOTRA will help SMEs grow into global businesses by providing them with support to strengthen their export capabilities, so that exports can serve as a driving force behind economic growth. KOTRA also promises to contribute to Korea's economic growth by attracting foreign investors to a greater degree than ever before.

OUR APPROACH

KOTRA is mainly supporting the new exporters by providing them with more opportunities to expand to the global market to overcome the crisis of sluggish Korean exports and solve their problems in local markets through Jisahwa service. KOTRA is also providing customized support programs to SMEs as an export support organization in order to revive the export sector. KOTRA will carry out its role as a business platform and focus on increasing exports quantity- and quality-wise.

OUR RISK

- Too many SMEs focusing on the domestic market
- Limited accessibility for the companies residing outside of Seoul Metropolitan area

OUR OPPORTUNITY

- Transform domestic companies into exporters
- Globalization of regional SMEs
- Attract more foreign investors
- Helping innovative startups expand overseas
- More support programs customized to capabilities

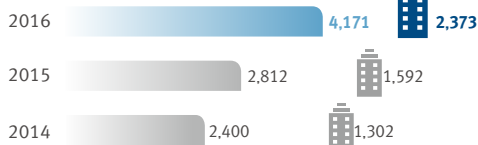
KEY PERFORMANCE INDEX



Turn Domestic Companies into Exporters
(unit: number of companies)



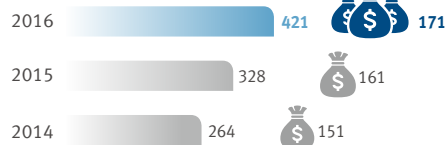
Companies Benefiting from Jisahwa Service
(unit: number of companies)



KOTRA's Performance in Attracting Investments
(unit: USD 100 million)



Investments of Over USD 1 million
(unit: investment)



Strengthening the Export Capabilities of SMEs

Strengthening the Global Competitiveness of SMEs

To curb the decline in Korean exports, domestic SMEs need to be provided with more opportunities to advance into the global market. KOTRA is making efforts to expand the program for “transforming domestic companies into exporters” and support startups in advancing into the global market, through which an export structure would be established.

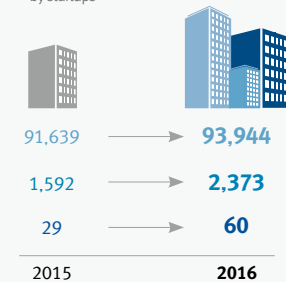
More Support for Transforming Domestic Companies into Exporters

KOTRA is making concerted efforts to promote new exporters in order to overcome the limitations of the existing export structure and expand the basis for Korean exports. In 2016, KOTRA took the initiative in contacting competitive domestic companies that are willing to export their products and services, and it was able to promote and turn a total of 2,373 domestic companies into new exporters; this is approximately 49% higher than the previous year’s figure. KOTRA also assigned retired experts in exports to these selected companies so that they can support the companies in each step of the export process at home. Experts abroad also assigned to the regions with high demand for domestic companies among the 126 KBCs worldwide, so businesses both at home and abroad can benefit from the support program.

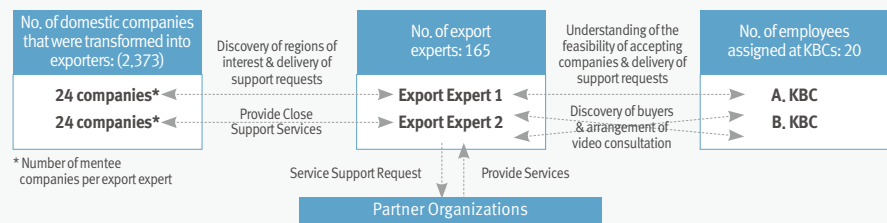
Increase the Number of Exporters

(unit: number of companies)

- Number of small/medium exporters
- Number of domestic companies transformed into exporters
- Number of successful overseas businesses by startups



[Domestic/Overseas Support System]



“Born to Global” Startup Support

KOTRA provides various support programs to new innovative companies dubbed “Born to Global,” assisting them in attracting foreign investments, building partnerships with foreign companies, and participating in startup conferences. In the early stage of their startup, the support is aimed at funding for management and technology development. In the production stage, the goal shifts to tapping into new export markets. In short, KOTRA offers support programs for each stage of business growth depending on the demands of the startup companies.

Support Program for Startup Companies in Overseas Marketing

Showcase of Major Domestic Startups (K-Startup Summit)



Hosting of a summit for attracting investments to startups at the core of the global startup ecosystem (London, Silicon Valley, New York, Beijing)

Support Program for Startup Partnering



Supporting startup companies in having meetings with global companies and Venture Capitals (VCs) and discussing issues regarding export, investment, and business cooperation (Shenzhen, Beijing, Wuhan, Singapore, Jakarta, Stockholm)

Support Program for Participating in International Startup Conferences



Supporting a group of startup companies in participating in startup conferences such as “SLUSH,” where a network can be built between foreign VCs and promising startups (Singapore, Helsinki, London, Taipei, Shenzhen)



Strengthening the Export Capabilities of SMEs



Special booths for domestic companies at the "2016 Boom Up Korea"

Discovering Export Routes and Strengthen Marketing Competitiveness

KOTRA operates an extensive support program for domestic companies to enable them to gain export competitiveness by providing marketing opportunities. In 2016, KOTRA tapped into promising overseas consumer goods markets by cooperating with the home shopping channels in Japan and Southeast Asian countries and had KBCs focus on providing local marketing services to domestic companies so that they can export their goods and services in the respective countries. KOTRA also set up special booths for domestic companies at export conferences and exhibitions and operated an online shopping mall for domestic companies on "buyKOREA," a major export and marketing site for Korean products, through which full export support could be provided to domestic companies.

Performance of Projects that Directly Led to Export

Category	Target Market	Projects	Key Performance
Home Shopping	Japan	TV Home Shopping in Kansai and Central Region	6 new exporters
	Thailand	Sold in CJ Home Shopping Broadcast Sales and Online Shopping Mall	5 new exporters
	Myanmar	TV Home Shopping	33 new exporters
	Netherlands	Promotion of Korean food by inviting home shopping buyers	4 new exporters
Exhibitions	19 KBCs in 16 countries in Central/South America and Europe		Participation of 400 companies, out of which 47 began exporting

Globalization of Regional SMEs

KOTRA has expanded the regional support infrastructure for SMEs that are experiencing difficulties in accessing exhibitions, conferences, and other export support services due to their location. To this end, KOTRA has opened four new branch offices in Suwon (Gyeonggido), Incheon, Ulsan, and Jeonju (Jeollabuk-do) -- in addition to the five branch offices in Busan and Daegu -- and assigned staff to regions where there are no branch offices. KOTRA also performed demand analysis based on the promotion policy of the local autonomous government in order to expand its customized support programs aimed at helping companies of special industries wishing to export their goods and services.

Category	Team	Manpower	Experts
	Regional Support Group*	Management	
'15	5 locations	22 people	22 people
'16	9 locations	37 people	122 people

* (Existing) Busan, Daegu, Gwangju, Daejeon, Gangwon (Chuncheon)
(New) Gyeonggi-do (Suwon), Incheon, Ulsan, Jeollabuk-do (Jeonju)

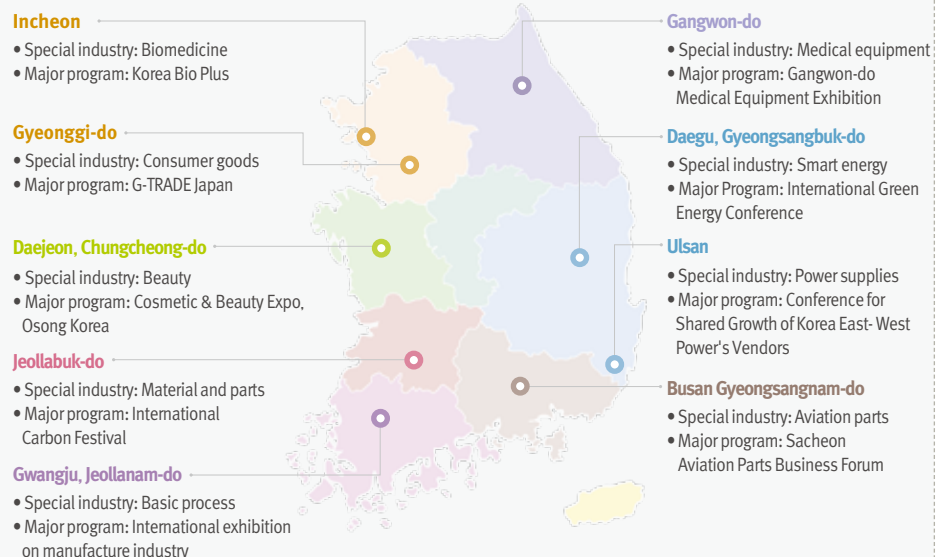
Support for the Globalization of Regional Companies

(unit: number of companies)

- Number of customers by order of services for the regional company
- Domestic companies in regions that were transformed into exporters



10,282	→	12,139	18.1% increase
986	→	1,686	71.0% increase
2015		2016	

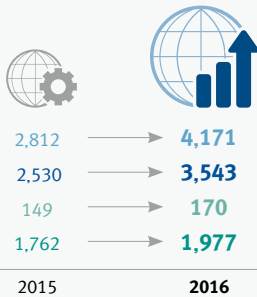


Strengthening Support for SME Export

Increasing Export Volume

(unit: no. of companies, USD 1 million)

- Number of companies benefiting from Jisahwa service (no. of companies)
- Amount of the export support fund through Jisahwa service (USD 1 million)
- Number of companies applying for the "World Champ project" (no. of companies)
- Amount of the export attributed to "World Champ project" (USD 1 million)



The main interest of companies that are new to export is to acquire basic information on export and make inquiries, whereas promising exporters are more interested in discovering and managing actual buyers and carrying out marketing activities in the local market. Companies that already have global market position endeavor to create more added value by utilizing their intellectual resources including brand power and IP. KOTRA offers various support programs customized to the capabilities of each respective company and provides solutions through them.

More Customized Support According to Capabilities

KOTRA categorizes the stages of the support program in accordance with the capabilities of the SMEs in order to promote the "Global Growth Ladder" program designed to support sustainable growth. In particular, KOTRA offers services that correspond to the demands by categorizing the recipient companies into startup businesses, those new to export, promising exporters, companies that already have global market position. In 2016, KOTRA expanded the World Champ project and Jisahwa service in order to boost exports and established a system for periodically checking performance with which to increase the scope of risk management.

Startup Business	New to Export	Promising exporters		Strong Export Business	Companies with global market position	
Export Startup	Transformation into Exporter	Jisahwa service	Export Incubator	Sales Lab	World Champ	Global Products
Attract Investments for Overseas Startups	Acquire Information on Export and Make Inquiries	Study the International Trends and Discover Buyers	Direct Local Marketing and Management of Buyers	Agent Marketing, Increase the Number of Buyers	Mutual Funds for Customized Marketing Projects	Support for Improving Non-Price Competitiveness
294 companies	4,000 companies	4,171 companies	273 companies	24 companies	170 companies	100 companies
Logistics support(B2C logistics, consulting, warehouse rent, refund support)						

* "Jisahwa service" refers to the program designed to help Korean exporters through each stage of export, from market research to finding buyers and signing a contract, by having KBCs serve as their overseas branch office.

Comments by Stakeholders



We're realizing our dream of going global through an excellent program called the "Jisahwa service." If the service is provided for a little bit longer, I think it will be a real, practical help to companies wishing to do business in overseas markets.

Jangjae Won
Assistant Manager at WELTECH

Strengthening Capabilities of Experts Assigned to the Service

KOTRA has implemented various programs to strengthen the capabilities of experts assigned to the service in order to increase the quality of Jisahwa service. In particular, KOTRA assigned professional consultants for each of the industries such as machinery, chemical, IT, automobile, medical, and consumer goods. High achievers among those assigned to Jisahwa service for over five years at one of the nine KBCs in the USA, China, and Japan were promoted to the position of manager to teach others what they know and help them to perform better.

Workshop for Assigned Staff



Workshop for 201 employees assigned to "Jisahwa service" and "World Champ projects" (Oct. 2010)

(Companies with global market position): KOTRA provides qualified companies with marketing services customized to the product characteristics and local environment in order to foster SMEs with the will and potential to become a world-class company. In 2016, KOTRA increased the range of companies subject to the support program and initiated follow-up services to companies that have already graduated from the program by creating the Pre- and Post-World Champ project.

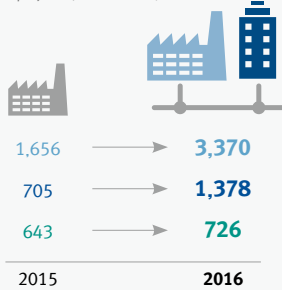


Strengthening the Export Capabilities of SMEs

Increase the Number of Collaboration Projects

(unit: no. of companies, USD 1 million)

- Number of companies participated in collaborative projects (no. of companies)
- Total contract amount by collaborative projects (USD 1 million)
- Amount of contracts signed by collaborative projects (USD 1 million)



Collaboration with Partner Organizations

KOTRA is making efforts to run the programs more efficiently in order to increase the number of domestic and overseas open collaborations. KOTRA is looking for ways to create synergies in cooperation with partner organizations, industry-specialized professional associations, and large corporations. KOTRA defined collaboration in three ways as functional convergence, functional support, and joint venture according to the characteristics and cooperation method of the collaborating organizations.

Functional Convergence Collaboration

Enhance Business Performance by Converging Strengths of partner Organization

- A form of merging the merits of each institution to develop linkage services or to carry out joint projects; a typical example is the "Korea Consumer Goods Export Competition" co-hosted by KOTRA, SBC, KITA, and others.

KOTRA
: Overseas network

SBC
: Domestic business network

KITA
: Business consulting and B2C

- Joint operation of 「e-Power 300」 support program (Select 300 consumer goods suppliers, thereafter provide package program for their global business approach)

e-Power 300 Business Process

Identification, review, and selection of 300 companies by 3 institutions ('15.10~'16.1)

e-Power 300 appointment ceremony ('16.2)

Main support

- Priority to export support programs operated by KOTRA or partner organizations
- Development of specific businesses (20 direct sourcing forums)
- Enhancement of support completeness as specialized business by each institution

Functional Convergence Collaboration

Operation of big conferences with partner organization's specialty

- International conferences, once operated by individual organizations, converged into mega event. KOTRA is cooperating with partner organizations, sharing each other's professional resources.

Global Mobile Vision:

Support the export and investment promotion of IT startup companies by collaborating with the "Born to Global" Center. Startup companies not only participate in business meetings, but also get the chance to consult with global investors.

Global Bio & Medical Plaza:

Promote complex businesses such as marketing strategy presentations, the investment attraction road show, and consultation forums through collaboration with professional organizations as the Korea-China FTA promises to advance into healthcare services.

Korea Service & Contents Market:

Serve as an export platform for the service industry by hosting 1:1 export conferences, presentations, and forums on major service sectors such as education, finance, tourism, and medical care.

Comments by Stakeholders



KOTRA must strive for a three dimensional approach to cover both the government and businesses from a global ecosystem perspective in order to pioneer and expand the market. I hope that KOTRA will become a support organization for the Smart Global Enterprise ecosystem based on a new framework for strategic thinking.

Jinseop Jeong

Prof. at Chungbuk National University

Joint Venture Collaboration

Collaborate with conglomerates to support joint ventures with cooperating companies

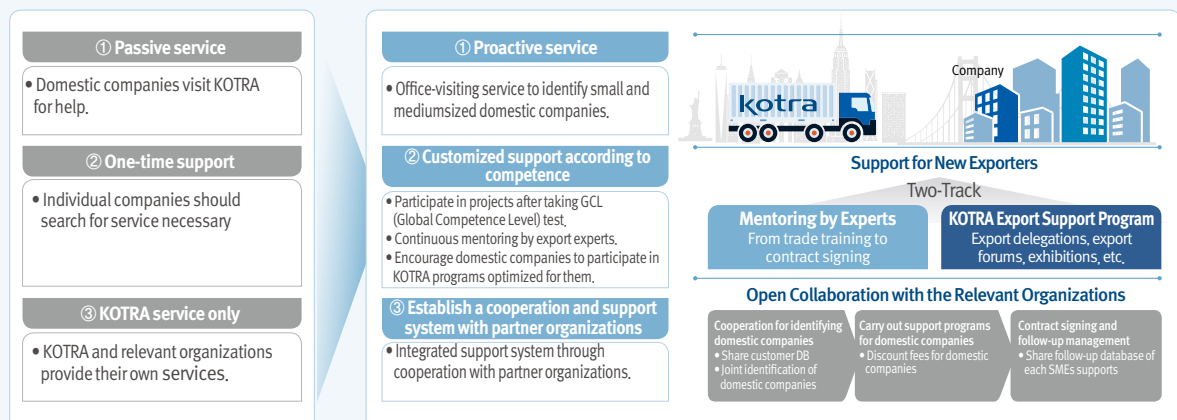
- Support the export of SMEs through collaborative projects using the brand power of large corporations, Hallyu contents, and home shopping channels.

- Marketing support using Hallyu contents (6 cases): Held export forum linked with the Hallyu award ceremony (Mnet Asian Music Awards). Pioneered overseas markets by combining the overseas network of KOTRA and the Hallyu marketing capabilities of CJ E&M.
- Support using home shopping channels and overseas sales network (21 cases): Support SMEs in exploiting the distribution and sales networks of large enterprises in cooperation with large distribution companies that have already advanced into overseas markets such as China and Vietnam.
- Sales support for SMEs by linking with overseas projects (6 cases): Support the sales of small and medium-sized vendors in connection with the projects won by conglomerates, such as solar IoT solution projects.
- Consultation forums inviting both conglomerates and buyers (9 cases): Support small and medium-sized vendors in connection with the projects won by conglomerates, such as an export platform hosted by Korea South-East Power Co.
- Diversification of local sales networks of SMEs that have jointly advanced with conglomerates (2 cases): Large overseas buyers of auto parts in overseas markets are invited by conglomerates to arrange consultation sessions for joint marketing.

SPECIAL

Prime Minister Award in the Category of Business Innovation for Transforming Domestic Companies into Exporters

KOTRA endeavors to establish a stable export structure by increasing Korean exports and making SMEs the main player of exports. As a result of providing differentiated support services for domestic companies in 2016, we were awarded the Prime Minister Prize at the "Business Innovation Awards" hosted by the Ministry of Trade, Industry and Energy. KOTRA has provided proactive services for finding promising domestic companies by visiting SMEs instead of waiting for them to come, listening to their exporting difficulties. In addition, KOTRA provided in-depth support throughout the entire export procedure, from establishing market strategy to signing the final contract. KOTRA continued to provide support by connecting 9 institutions with 18 different services in the areas of export funding, standard certification, and trade training in order to provide substantial support through open collaboration.



Successful Cases of Collaboration for Supporting the Export of Consumer Goods

KOTRA supports the expansion of consumer goods exports by collaborating with export-related organizations. In 2016, KOTRA, SBC, and KITA selected 100 promising consumer goods companies, total of 300 companies as "e-Power 300" companies eligible for special support. KOTRA provided the selected companies with the opportunity to participate in joint projects first, developed and supported exclusive support programs and helped create new routes for exporting consumer goods by hosting showcases. In addition, KOTRA identified some of the major distribution channels and introduced them to SMEs' products, based on which a win-win platform would be established. As a result, problems of distribution, marketing, logistics, and payment, which had been a stumbling block to the export of consumer goods SMEs, have been improved. KOTRA focused on providing export consultation, promoting premium consumer goods using Hallyu content, and utilizing the home shopping platform, thereby smoothing the way for SMEs to do business in overseas markets.



e-Power 300 appointment



Korea Consumer Goods Showcase



Development of exclusive programs



Attraction of More Foreign Investors

Attracting more Investments that can Contribute to the Korean Economy

Amid increasing global economic uncertainty, KOTRA is carrying out various activities to attract investments in accordance with the regional characteristics and FTAs, while at the same time expanding its strategic project targeting global influential investors. KOTRA is also building and operating a project database platform to find and attract foreign investment based on the domestic demands for investments.



Expansion of Programs to Attract Global Investors

KOTRA selected strategic industries in China, Japan, Europe, etc. and invited decision makers such as the CEOs of global companies in order to attract investments. Events were presided over by the Minister of Trade, Industry and Energy to show that the Korean government is serious about attracting investments. In 2016, KOTRA held seven roundtables with investors such as China Week and FIW 2016. As a result, a total of 19 companies received investments worth USD 812 million. KOTRA also integrated the IR activities that have so far been carried out separately according to region, time, and target. Now integrated IR(Investor Relations) is conducted in national scale, with the participation of the central and local governments, and Free Economic Zone (FEZ). Moreover, KOTRA improved the contents of the IR forums by introducing promising domestic projects based on the demand of the investors instead of simply promoting the investment environment. KOTRA held 6 IR forums and 146 consultation sessions with the participation of a total of 514 companies in 2016. As a result, KOTRA was able to lead 15 projects to success.

Expansion of Local Specialization Projects with FTA platform

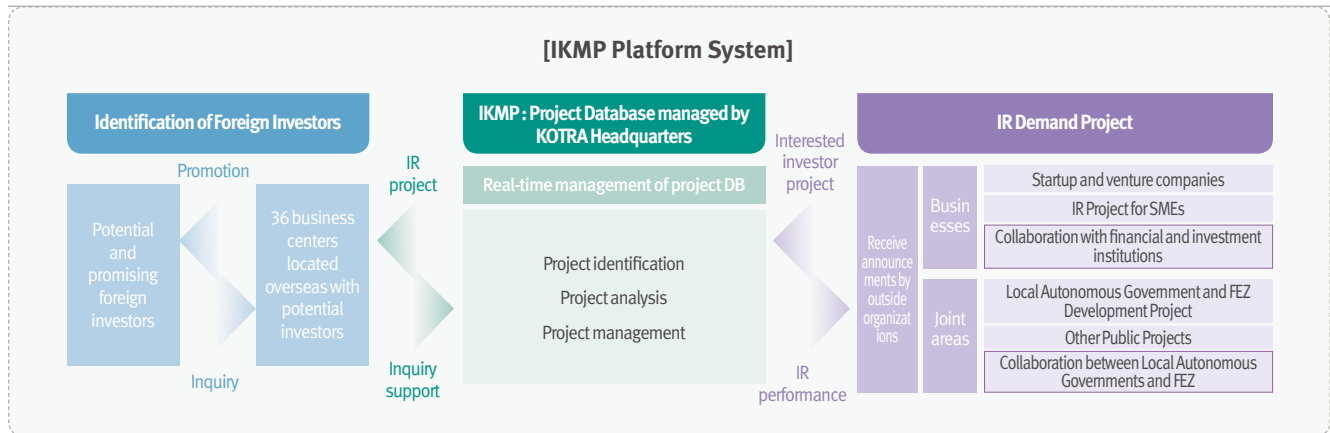
KOTRA has established an organizational system to respond systematically to changes in the investment environment of the EU, United States, and China where the FTA with Korea took effect, and it is promoting IR activities reflecting national and regional characteristics. In order to strengthen the linkage between the head office and KBCs abroad, KOTRA reorganized its Invest Korea Team to shift its focus from industry to region while strengthen its professional capabilities in IR activities by hiring a number of PM(Project Manager)s.

In addition, KOTRA has established strategies to attract investment by region as well as targeted certain regions by operating the China Investment Desk and the Japan Center. In 2016, the China Investment Desk focused its promotion to Korea-China FTA agreement at ten business centers operating in China, expanding the base of IR activities to second-tier cities. On the other hand, the Japan Center served as a control tower to attract more investments from newly rising industries such as service and IT(Information Technology) with the help of three experts at the head office.

Development of Demand-based Investment Attraction Projects

KOTRA launched Invest Korea Market Place (IKMP), a database platform of investment needs in Korea. It aims to strengthen the functions of identifying domestic companies that want strategic investments from foreign companies and demands for new projects, at the same time focusing on identifying suitable foreign investors. To this end, KOTRA expanded its base for identifying startups that want foreign investments, SMEs, and joint projects in cooperation with financial investment institutions, local governments, and FEZ.

In 2016 alone, KOTRA set up a total of 251 projects through IKMP and selected 58 promising projects after a review. In the future, KOTRA will cooperate with governmental funds to expand its activities of identifying the demands of startups and SMEs for foreign investment.

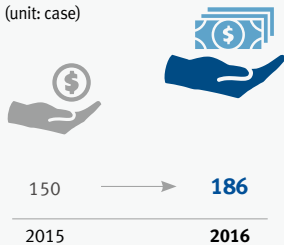


Promotion of IR Activities that can Strengthen National Competitiveness

KOTRA will establish strategies to attract investment in new growth industries in the era of the Fourth Industrial Revolution, expand investment in the service sector, which can create many jobs, and support customized investments in non-metropolitan areas. KOTRA is striving to promote investment attraction that helps balance development.

Investments of Over USD 1 Million in newly rising industries

(unit: case)



Expansion of New Growth Engines

KOTRA selected target areas for 2016, conducted a close-up survey on promising industries with high potential for attracting foreign investment, and held meetings to discuss strategies. Based on the survey results and discussions, KOTRA designed strategies for individual new target industries and supported efforts to attract foreign investments as part of the complete package-type program. In 2016, KOTRA selected the rechargeable battery, futuristic automobile, and hi-tech chemical material industries, KOTRA conducted a close-up surveys, established long-term strategy to provide future investors with value suggestion. As a result, investment in new industries increased 38% from USD 3.96 billion in 2015 to USD 5.48 billion in 2016; the number of investment attraction cases worth more than USD 1 million also increased dramatically from 150 to 186. In 2017, KOTRA plans to expand further the scope of targeted research by intelligence information, content, and robotics..

Expansion of the Service Sector's Investment Attraction

The problem of youth unemployment is intensifying due to the overseas transfer of domestic companies and persistent low growth. KOTRA is laying the foundation for the activation of investment attraction in the service sector where employment effects are high. In 2016, KOTRA launched strategies to attract foreign investment such as logistics, tourism and leisure, regional development, medical care, content, finance, and IT. As a result, the performance of service investment attraction increased from USD 14.73 billion in 2015 to USD 15.51 billion in 2016.

Diversification of investment destination by region

In order to diversify investment destination, which has been concentrated in Seoul metropolitan area, and to revitalize the local economy, KOTRA is strengthening activities to attract high-quality projects in non-metropolitan areas. To this end, it supports the establishment of strategies to attract investment by utilizing the expertise and resources of KOTRA and enhancing the investment attraction capacity of local governments, FEZs, etc. through the training of public officials and investment environment. The number of non-metropolitan area IR projects increased from 32 in 2015 to 43 in 2016. As a result, KOTRA's non-metropolitan area projects increased from 633 in 2015 to 687 in 2016.



Seminar on high-tech automobile industry with local government officials



Attraction of More Foreign Investors

Good Environment for Business Improvement

Comments by Stakeholders



KOTRA plays a central role as a communicator between foreign-invested companies and Korean government, businesses, and other related organizations by offering a network that brings them all together. Attracting new foreign investments is important, but I would like to ask for more programs and support for foreign-invested companies that are already operating in Korea.

Yasuaki Ueno
CEO of Fuji Xerox Korea

KOTRA is making efforts in order to create an environment that can stimulate foreign investment. In order to upgrade the management environment of foreign investment companies, KOTRA set up troubleshooting processes and differentiated its investment promotion methods and content to strengthen the linkage between investment promotion activities and PR. In addition, KOTRA is promoting various public relations activities to improve public's perception to foreign capital.

Improving Management and Investment Environment for Foreign Investment Companies

KOTRA holds small-scale, sector-specific meetings to collect and improve troubleshooting and difficulties of foreign investment companies mainly in the fields of taxation and labor. KOTRA's 'Home Doctor service' connects investors to domestic experts with various professional skills. Furthermore, KOTRA visited investors' overseas parent companies to deeply understand their grievances and relieve them preemptively by gathering investment inconveniences and government proposals. As a result, KOTRA addressed 409 complaints in 2016.

In order to enhance the investment convenience of foreign investors, KOTRA is providing one-stop services for 20,352 cases in 15 fields including tariff, national tax, and visa, from declaration to investment. In addition, KOTRA published the "Doing Business in Korea" and "Web Service for English Version of the Statutes of the Republic of Korea" for investment schemes and procedures, investment incentives, visas. As a result of these facilitation efforts for foreign investment companies, investment attraction has increased by 33.6% from USD 8.7 billion in 2015 to USD 11.7 billion in 2016.

Establishing an Investment Attraction Brand System and Strengthening Publicity

In 2016, KOTRA established "Global Link to Success" as a slogan for attracting foreign investors and branded the slogan at a meeting with foreign reporters in Korea from the *New York Times*, *British Financial Times*, and *Japan NHK*. Through this, KOTRA aims to build a unified, consistent investment promotion business brand and enhance the investment intentions of promising investors by utilizing differentiated PR methods, contents, and various online and offline promotion channels.

In addition, KOTRA redesigned the website of Invest Korea. Recognized for its high convenience and openness, the revamped website won three awards in the categories of "Web Award Korea 2016," "Public / Medical Website," and "Mobile Web Service," and the number of visits is expected to increase from 0.96 million in 2015 to 3.06 million in 2016. The number of cases has increased dramatically. In addition, KOTRA is building a foundation for investment attraction by operating SNS channels, promoting overseas media, and publishing multilingual promotional materials.

Creating a Friendly Atmosphere for Foreign Investors

For the activation and successful settlement of foreign investment, the public should have a positive perception of foreign investment. KOTRA is promoting the economic contribution of foreign investment through various media such as newspaper advertisements and large outdoor advertisements in order to improve the negative perception that is spreading in Korea about foreign investment. In addition, KOTRA is actively engaging in joint social contribution activities targeting multicultural families and marginalized people along with foreign investment companies in Korea. In particular, in order to spread the positive perception that foreign investment leads to job creation, KOTRA holds a foreign investment company job fair; thus contributing to the recruitment of 256 young job seekers.



Announcement of the slogan "Global Link to Success"

SPECIAL

The Largest Foreign Investment Week (FIW)

In September 2016, KOTRA invited potential foreign investors to the Foreign Investment Week 2016 (FIW 2016), a foreign investment promotion event that consisted of 18 programs including forums on different subjects, business consultations, and tours to industrial sites. This event was held under the theme of "Strengthening Global Partnership in the Future New Industry," with a total of 965 companies and 1,425 participating companies including foreign investment companies, foreign investment enterprises, and domestic companies attending. The total number of meetings was 674, and USD 2.89 billion was pledged. In particular, KOTRA invited 16 global investors to host the round table, which resulted in a USD 330 million investment from various investors such as Beijing Yunshang.



Investment Promotion to Chinese investors, with Korea-China FTA effect

KOTRA is operating the China Investment Desk to respond to the changing investment environment after the Korea-China FTA entered into force. The China Investment Desk has expanded its existing four business centers to include Hangzhou, Chengdu, Shenyang, Tianjin, Shenzhen, and



Nanjing business centers in order to expand the investment base into second tier cities in China. Based on the investment cooperation model that combines Korean high-tech and Chinese capital and market, KOTRA recorded a total investment of USD 2.04 billion in 2016. In addition, the "2016 Korea-China FTA Business Plaza" has actively sought out Chinese investors that are interested in the Hallyu consumer goods sector and matched them with companies wishing to attract domestic investment. Through this, 21 companies were invited to invest in the company, and they helped attract investment in 73 domestic companies, which received a new investment plan worth USD 110 million from 5 companies.

Expansion of "KOTRA Express", Korea's Only One English Trade and Investment Webzine

KOTRA Express is the only domestic trade and investment news in Korea that provides foreign investors, potential foreign investors, buyers, and other foreign customers with trade and investment information such as foreign investment company success stories, investment news, domestic industry, and economic trends. KOTRA expanded and reorganized KOTRA Express's content, distribution targets, and forms in 2016. Through this, KOTRA is developing online contact and communication channels for overseas customers. Moreover, KOTRA is positioning KOTRA express as the representative trade and investment webzine of KOTRA, which can promote KOTRA and related projects in Korea.

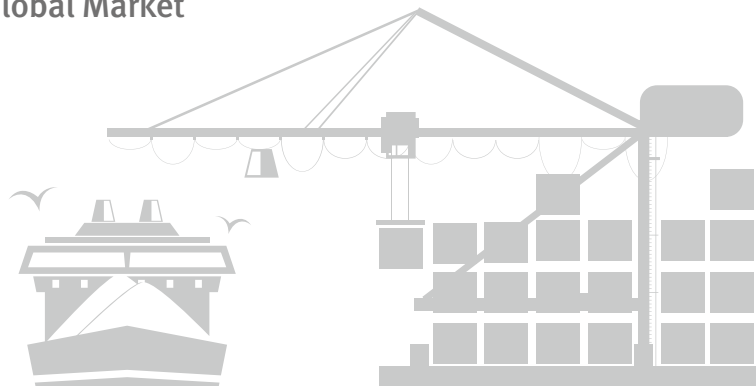
Major revisions include expanding the content of existing foreign direct investment information, including international trade information, domestic business success stories, and pre-promotion of construction projects. The magazine has expanded the number of its subscribers from 12,000 to 160,000. In addition, KOTRA changed the existing PDF format to a webzine format to reflect the needs of existing subscribers. Thus, it created user-friendly environment to click on content as well as for convenient viewing on mobile devices.





GLOBAL

Pioneering a New Global Market



BUSINESS RELEVANCE

To cope with the global economic downturn, KOTRA needs to diversify exports items, markets, and trading methods. Furthermore, KOTRA is expanding manufacturing-based export items to the service industry and analyzing its entry strategy to find out the most potential overseas markets and responding quickly to new trading trends.

OUR APPROACH

KOTRA recognizes the need to create new export items in response to external conditions, such as the slowing growth of the global economy and trade, and market opportunity. To this end, KOTRA strives to develop strategies to expand the market and to foster new export industries such as services, ICT and biomedicine. In addition, KOTRA is diversifying its export methods such as support for entry into the global value chain and support for Online to Offline (O2O) marketing.

OUR RISK

- Structural limitations of export focused on main products, emerging countries, and large corporations
- Decline in exports of intermediate goods due to the slowing economy in China

OUR OPPORTUNITY

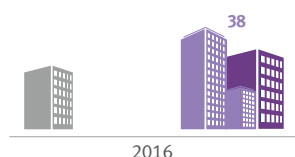
- Strengthening new market development and fostering new export industries
- Diversifying export methods
- Providing information on overseas market

KEY PERFORMANCE INDEX

Global Company APO* Utilization

(unit: number)

- Number of APO participating buyers



* APO : Asian Purchasing Office

O2O* Marketing Performance

(unit: USD 10,000)

- Sales amount on the spot



* O2O : Online to Offline

Art Collaboration Performance

(unit: case)

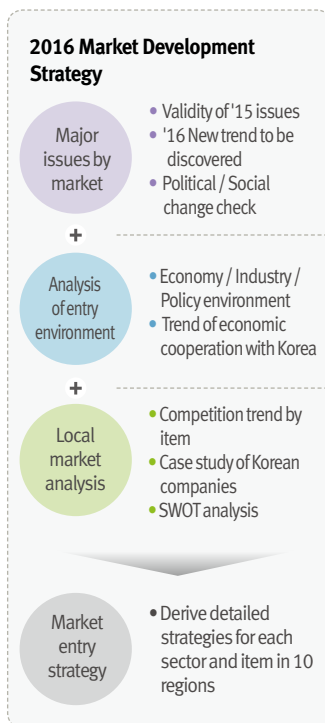
- Number of business-artist matches



Creating New Export Items

Support for New Market Entry

KOTRA is rapidly enhancing the possibility of Korean companies entering overseas markets by providing differentiated market entry strategies with thorough analysis of the market demand and local conditions. KOTRA strives to preoccupy the fast-changing global market and create new export items by building a favorable image for Korea and Korean companies by sharing social contribution and development experiences.



Expansion to Strategic Markets Using Market-specific Opportunities

In the short term, KOTRA will focus on opportunity factors by establishing a market entry strategy against the latest international issues in each region. In the mid- to long-term, KOTRA displayed strategies by each market, M&A and strategic alliance in advanced market, whereas search for 'blue ocean' market opportunity is important in emerging markets. In particular, KOTRA will establish a "global strategy support team" to strengthen the in-depth analysis of overseas market information and a regional advancement strategy to set clearly the direction of the project.

Establishment of Business Direction by Market

Category	Main Markets	Emerging Markets	Strategic Markets
Region	China, North America, Japan, EU	Southeast Asia, Central and South America, Middle East, etc.	Vietnam, India, Iran, Cuba, Myanmar
Market Conditions	<ul style="list-style-type: none"> • Intensifying competition by item, generating new product and industry cooperation demand 	<ul style="list-style-type: none"> • Increase of middle class and their preference to Hallyu • Changes in consumption patterns such as e-commerce trend 	<ul style="list-style-type: none"> • Acceleration of opening the Korean economy to foreign businesses • Change of market environment according to government policy
Project Direction	Seize new opportunity by market	Focus on high-growth promising areas by country	Leverage competitive advantages compared to competitors



Strategies for Entering Overseas Markets 2017

Preemptive Support of Government Policy

By introducing opportunities for each market, KOTRA not only presents various approaches to the market but also delivers timely information to strengthen a company's ability to respond to changes in the business environment. In addition, Korea holds local briefing sessions to help local SMEs access information.

Social Contribution and KSP Business Expansion for the Future Market

A growing number of countries are interested to learn from the experiences of economic growth in Korea. Therefore, KOTRA promotes KSP and longevity CSR projects in each field such as industry, trade, and investment and operates a regular KSP consultation body so that the business can be continued and the CSR business promotion method is diversified.

Creating New Export Items

Diversification of the Export Industry

Through the export industrialization support of the new growth industry, KOTRA is easing the reliance on exports centering on large corporations and heavy chemical products and building a new base of economic vitality. In particular, KOTRA is expanding the role of global business by strengthening export support for services, IT, and medical industries as the nation's new growth engine.

Expansion of Service Industry Export Support

The service industry has twice as much employment as the manufacturing sector, but growth is slowing due to limitations in the domestic market. KOTRA expanded its dedicated organization in August 2016 and the service industry overseas support system in order to establish a support network for the overseas expansion of the service industry. In September 2016, KOTRA was appointed as member of the "Service Promotion Agency Overseas Advancement Promotion Team." It also formed a national public-private network to support the advancement of the service industry overseas.

Category	Promising areas	<ul style="list-style-type: none"> • 9 services (distribution, content, education, finance, logistics, medical, tourism, software (SW), intellectual property) • New promising sectors (manufacturing, services)
Region	Strategic markets	China, United States, Japan, and other areas where performance can be achieved
	Emerging markets	Newly entered markets including Vietnam, Indonesia, Thailand, Malaysia, Kazakhstan, and the UAE → Focus on identifying demands (participation in exhibitions, send staff to roadshows, etc.)
Business Strategy	Support system · Network construction / Performance creation expansion / Expansion of promising business areas	

Expansion of ICT Industry Export Support

The ICT industry accounts for 10.1% of Korea's real GDP, and it is the third largest industry in the world. KOTRA has been supporting the local export business by establishing a local support business strategy for promising fields such as IOT, robotics, and pin tech.

Category	Promising areas	Robotics, Pin Tech, Information Security, IoT, e-Government (Consultation), AR / VR, 3D Printing, Drones, AI (Big Data)
Region	Strategic markets	Supporting advancement in potential markets such as France, the USA, and China
	Emerging markets	Acquisition of ICT projects in emerging markets such as Vietnam, Philippines, and Poland
Business Strategy	Expansion of collaboration / Business convergence / ICT consortium support / Customized consulting support	

Diversification of the Biomedical Industry Export Support Business

The biomedical industry is growing continuously around the world. It is expected to grow at an annual average of 5.3% until 2020. As for the Korean industry, exports of medicines and medical devices increased by 9.4% and 11.2%, respectively, for five years until 2014, and they are still growing. KOTRA has set up target markets for advanced and developing countries for each promising sector and has established strategies for diversifying and strengthening biomedical export support projects.

Category	Promising areas	<ul style="list-style-type: none"> • (Pharmaceuticals) Biopharmaceuticals, new drug development products, etc. • (Medical equipment) IT convergence medical equipment, customized diagnosis technology, etc. • (Health care services) Specialized hospitals, post-partum care centers, etc.,
Region	Strategic markets	(Advanced countries) Technology base such as advanced products / (middle / developing countries) Quality and price competition-based
Business Strategy	Expansion of domestic and overseas platform business / Improvement of customized support / Pre-order support	

New Trade Trends through Diversification of the Export Method



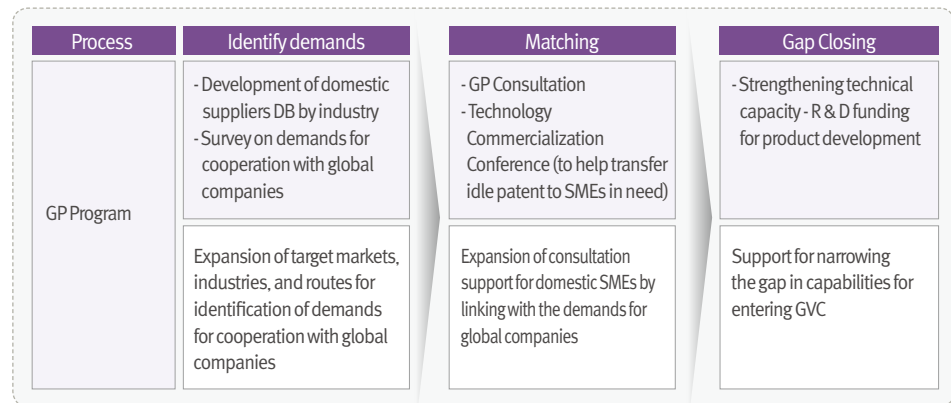
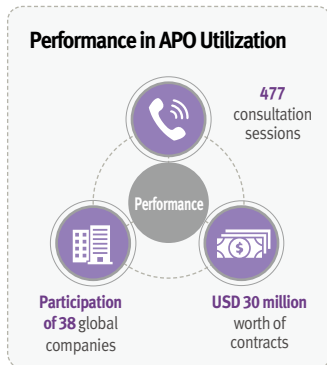
GP Consultation Forums utilizing Asia Purchasing Headquarters (APO)

KOTRA is helping Korean companies effectively respond to new trading methods and trade issues and enter the global value chain by restructuring the global industry structure. In particular, KOTRA is expanding opportunities for Korean companies to enter overseas markets by responding to new trade trends through the spread of the GP business, O2O export marketing support, and art collaboration business.

Support for Joining the Global Value Chain (GP, Global Partnering)

KOTRA uniquely supports the entire process from finding global demand research development through collaboration with related organizations. In 2016, KOTRA expanded the number of key business centers in emerging markets from 12 to 18 and the number of domestic suppliers DBs from 2,632 companies in 7 industries to 4,420 in 9 industries. In addition, KOTRA is working to generate demand for cooperation with APO (Asian Purchasing Office) in line with the decentralization of procurement decisions of global companies.

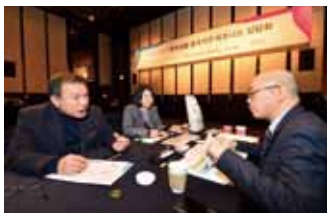
* Global Value Chain (GVC): The division of labor between the development and sale of goods and services.



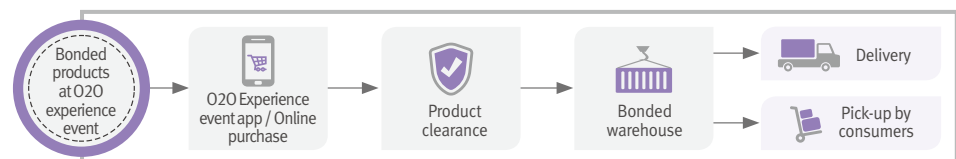
O2O Export Marketing Support

KOTRA works with VIP.com, one of China's leading online shopping companies, to support entry into the Chinese market through online marketing and hands-on O2O marketing. In particular, hands-on O2O is attracting attention as a way of buying overseas consumer goods with high quality and low brand recognition cheaply and quickly. In addition to the existing cross-border shopping groups, consumers who have not been interested in imported products are able to check the products directly and create a new consumption trend. Unlike other Chinese online markets, "VIP.com" enables export to China when a Korean company delivers the goods to the "VIP.com" warehouse in Gimpo. This is because VIP.com is responsible for shipping, marketing, and selling by direct purchase or consignment. As such, KOTRA will actively utilize the hands-on O2O business model and support small and medium-sized enterprises with good quality but low recognition to enter the Chinese market.

* Offline To Online (O2O) transaction method: The consumer purchases products in the online store through QR code on the spot after experiencing the product sample offline.



Direct business consultation forum with "VIP.com" China





Providing Trade Support and Overseas Market Information

Strengthening the Trade Support Function as Response to the Intensification of Protectionism

Non-tariff barriers and import regulations are expanding as protectionism spreads worldwide, including emerging markets. By monitoring trade barriers, KOTRA understands the actual conditions of non-tariff barriers and facilitates FTA negotiation.

Monitoring and Responding to Trade Barriers

KOTRA has uncovered cases of non-tariff barriers through the Korea business center and submitted them to the government as local countermeasures and trade negotiations. KOTRA also monitors the import control measures of each country and provides relevant information to the government, related organizations, and corporations to help our companies entering each country.



Expansion of FTA Negotiation and Utilization Support

KOTRA has established FTA Support Team in August 2016 to meet the demand of the government for negotiation support based on the understanding of the foreign entry scene and the norms of trade. The team is also expected to enhance understanding and utilization of FTAs among foreign buyers and entrepreneurs. KOTRA established internal procedure that allows it to provide information on trade and FTA utilization for SMEs. At the same time, KOTRA is expanding its FTA support center from four to nine locations, mainly in China and Vietnam. In 2016, KOTRA performed FTA consultation by hiring dedicated staff at each center and utilizing advisory panel formed with outside experts. Also, KOTRA is trying to spread the FTA utilization plan through local FTA explanatory meetings, mobile conferences, promotional booths, and help desk operations.

Comments by Stakeholders



In Korea and Taiwan, the domestic markets are small, so it is necessary to develop overseas markets more actively based on export competitiveness. I look forward to seeing more Korean companies enter overseas markets through Korea making good use of the strengths of FTA.

Tung-Chung Tseng
Director of TAITRA

Best Practice

Cases of Utilizing FTA

The China Chengdu business center actively provided the buyer with the effect of utilizing the FTA, including the establishment of the FTA negotiation support system and FTA utilization support activities. As a result, Korean company U (a cosmetics manufacturer) has won export contracts worth approximately USD 100,000 and has entered a Chinese home shopping channel.

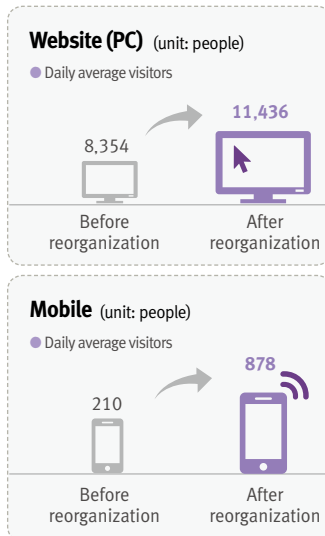
Case of Dissolving Non-tariff Barriers

In January 2016, the Iraqi Standards Authority's sudden introduction of energy labeling of electronics posed a burden on domestic companies. The Iraqi business centers and the embassy co-responded by dissolving the non-tariff barrier through delaying the enforcement date six months and encouraging them to adopt favorable ISO and EU regulations for Korean products.

Strengthening Information Provision for SMEs to Support Their Overseas Expansion

Due to market fluctuations and uncertainty, it is becoming increasingly important for SMEs to rapidly obtain information and respond when entering the overseas markets. Accordingly, KOTRA has established a system to manage information on foreign exporters so that SMEs can quickly acquire market information on overseas markets and support them actively in responding to major overseas trends and issues.

Reorganization of the Information Channel



KOTRA Overseas Market News



Consultation forums on entering strategic markets

Rapid Provision of Overseas Market Information through Information Channel Reorganization

KOTRA reorganizes its information portal with a user-friendly user interface (UI) that counteracts customer demand to improve accessibility and readability of overseas market information for customers using portals. As a result of improving portals to overcome the existing disadvantages from screen layouts to integrated search functions and to provide customers with the information they need quickly and accurately, the number of daily visitors on the website after reorganization increased by 37%. In addition, KOTRA provides simplified services based on news and travel data and develops content for SNS to provide information optimized for the mobile environment.

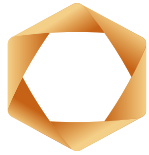
Support for Timely Responses to Global Issues

Sudden global issues can cause a lot of difficulties for the overseas expansion and activities of Korean companies. To this end, KOTRA runs a global issue checkup to help Korean companies monitor the issues they may encounter in advance and respond to them in a timely fashion. In 2016, KOTRA will monitor global issues such as Brexit, China's protectionism, Hanjin Shipping court management, and US presidential election issues. It identified the company's difficulties and needs, and held briefing sessions.

Best Practice

Preparation and Propagation of Measures for SMEs Related to Hanjin Shipping

On August 31, 2016, immediately after the application for statutory management by Hanjin Shipping, KOTRA launched an emergency task force on September 1 to monitor the overseas market trends as well as domestic companies, buyers and exporting companies. KOTRA reported the damage to the government. KOTRA aided the logistics transportation of disadvantaged companies by locating local logistics companies centered on the port and business center and helped them maintain business relations through continuous communication with buyers. In addition, KOTRA provided support for minimizing the damage of its companies by preparing the countermeasures of SMEs by transportation situation before shipment, refusing entrance, unloading, etc., and disseminating them through media, website, and e-mail.



CUSTOMER

Prioritize Win-Win Value with Customers



BUSINESS RELEVANCE

Successful companies approach customers to create new value by providing innovative services based on their needs. In order to do this, it is important to communicate positively with customers. KOTRA must listen to its customers' opinions to find various needs and differentiate them in order to provide new value. In addition, given the growing social demand for shared growth activities that large cooperation should align with its suppliers - mostly SMEs - in global market approach. The role of KOTRA as a trade and investment promotion organization is becoming more important.

OUR APPROACH

In order to create a customer-oriented service innovation culture, KOTRA has set its goals of enhancing customer convenience, strengthening its response capabilities, and providing aggressive consultation to promote innovative service activities. KOTRA endeavors to provide customers with new services based on expertise such as Big Data. KOTRA also managed various communication channels to respond to customers' needs through active cooperation with related organizations. In addition, KOTRA is actively promoting shared growth activities among large cooperations and SMEs, such as promoting joint venture with overseas companies, utilizing its extensive overseas network.

OUR RISK

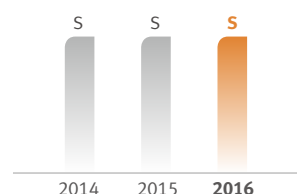
- Higher customer's demand in specialized areas such as R&D, capacity growth...
- Intensifying competition among industrial and functional related institutions
- Higher risk of natural disasters, terrorism, and personal information leakage

OUR OPPORTUNITY

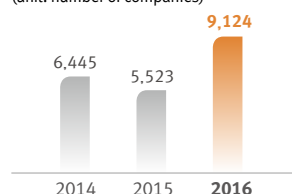
- Various customer service contacts such as local support groups, KBCs, Trade Doctor
- Advanced customized support system
- Expanding partnership programs with partner companies

KEY PERFORMANCE INDEX

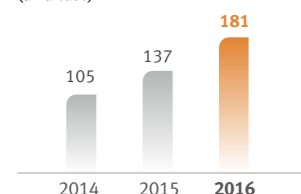
Public Service Customer Satisfaction Index (PCSI) (unit: grade)



Global Competitiveness Diagnosis Service Providers (unit: number of companies)



Overseas joint market entry of conglomerates and SMEs (unit: case)



Customer and Site-oriented Work Posture

Improvement of the Customer Support System

Maintains the highest rating (S) for three consecutive years



To create values that our customers need, it is essential for us to understand the businesses and services of our customers. Also, it is necessary to communicate and share their needs and difficulties actively through communication. To this end, KOTRA has built a customer-oriented culture of service innovation, and it is focusing to improve customer convenience and services. In addition, KOTRA established a cooperative system with partner organizations to share various communication channels, thereby communicating with customers and actively responding to demands.

Establishment of a Customer-oriented Service Innovation Culture

In order to identify customer-oriented service innovation tasks, KOTRA draws out 50 or more candidate drafts by collecting opinions of internal and external stakeholders such as customers, employers, and general publics. After reviewing and re-examining and integrating similar tasks, KOTRA selected 32 service innovation projects which means "connection," "sincerity," and "basic" to enhance service satisfaction. In particular, by sending hand-written letters directly, not only did KOTRA delivered information in the eyes of the customers but also strived to convey its sincerity to customers based on emotional approach.



Sincere, hand-written letters

Strengthening Services to Visit Customers' Sites

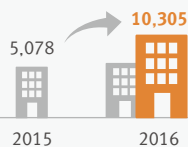
In response to customers' needs, KOTRA is expanding services that focus on on-site service, KOTRA visited customers that participated its well-known services such as Jisahwa, Worldchamp. It also includes visits occurred overseas, with KBC staffs visit customer's overseas branch. It helped KOTRA to enhance its understanding of customer's products, business model, etc. KOTRA also provides consultation services for overseas entry by holding meetings and briefing sessions for local SMEs with relatively poor conditions. In addition, KOTRA established a zero-stop system to work with export-related institutions in order to solve various export related difficulties.

Preemptive Actions to ease Foreign Investors' Concern

If there's anything that concerns foreign investors, all they have to do is to visit KOTRA office. KOTRA offers one-stop platform that easily relates investors to various governmental departments. In particular, KOTRA assigned a home doctor — a special commissioner for grievance handling — to a foreign investment company and provided a home-visit service to solve problems. In 2016, KOTRA outsourced experts where foreign investment companies do not have expertise to support policy proposals as well as expand the meetings for each sector to provide a forum that enables companies to identify and deal with the difficulties they face.

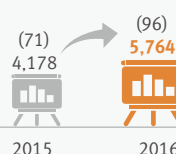
Number of on-Site Visit

(unit: number of companies)



Regional Forums and Meetings

(unit: number of companies)



Expansion of Small-scale, Sector-oriented Foreign Investment Company Meetings

Listening to specific difficulties through small-scale peer-to-peer meetings

Chemical management system improvement meeting, regulatory information portal usage conversation meeting, automobile and machinery outreach roundtable meeting, marine fisheries conference

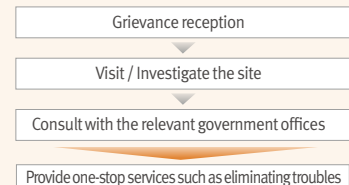
Overseas Parent Company Visit Consultation

Induce increases in invest amounts by receiving problems and suggestions to the government, and by promoting the investment environment in Korea and foreign investment ombudsman system

Ombudsman visited 11 parent companies overseas (Australia, Middle East and Europe)

Home Doctor Management for Troubleshooting

Home Doctor Troubleshooting Process



Arrange consultation with relevant experts in industrial, academic sectors

Customer and Site-oriented Work Posture

Advanced Customer Support and Counseling System

Obtain and Provide Refined Export Information

Providing Customized Information

- Providing competency information to corporate customers
- Providing market information on export products of corporate customers
- Providing business information to corporate customers

Smart Counseling Information

- Providing an environment and information that enables quick Q & A
- Provide existing VOC information for effective consultation

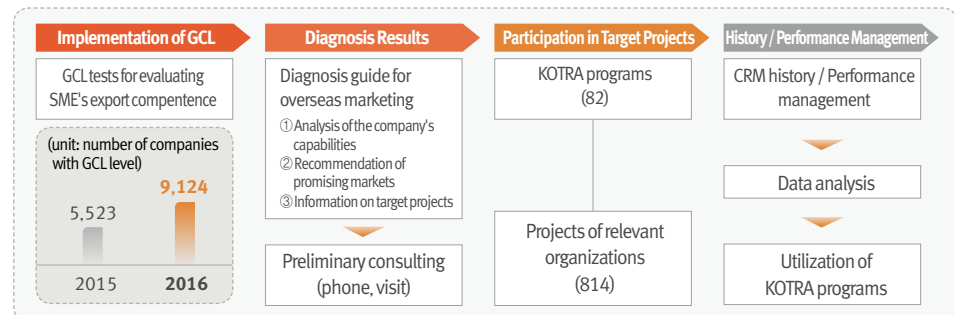
Internal Information on KOTRA-affiliated companies, GCL information, business information, call-out information (booklet), VOC information
External UN Comtrade (ITC), Customs, KISLINE

KOTRA restructures the online and offline service system to prevent risks that might occur and to respond efficiently when problems arise. The "Smart Consulting System" was adopted to provide necessary services by comprehensively analyzing customer's big data on-line. KOREA also operates the Global Competence Level (GCL) test program, a pre-competency analysis program, so that SMEs can become competitive export companies. KOTRA offers customized services that can help them grow. To provide a more effective solution to exporting difficulties, KOTRA offers customized services by appointing counselors for each area in charge.

Provision of Global Competency Level Diagnostics and Tailored Services

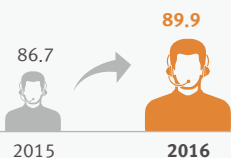
KOTRA is also implementing customized capacity building programs to systematically analyze the capabilities of each company and foster competitive export companies. First, KOTRA conducts the GCL test to diagnose corporate longevity, and then analyzes the results and internal and external data in a comprehensive manner to provide information on promising markets and customized projects and services needed for overseas expansion. As a result, the number of companies participating in the GCL TEST increased by 65.2% compared to the previous year.

GCL* Integrated Analysis Platform



* Global Competence Level Test (GCL): Analyzes and evaluates the globalization competence of a company to recommend promising markets and customized businesses

Increase in Customer Satisfaction Thanks to Providing Consultation on Difficulties in Export (unit: points)



Implementation of the "Smart Consulting System"

KOTRA counselors apprehend the related information through the VOC keyword search using the internal network, and customers are consulted through the "Quick FAQ" service of the external network. Recently, KOTRA has been providing proactive consultations based on Big Data, such as prior consultation results and business participation histories, to respond to inquiries in advance. This service is provided in the form of mobile and PC-based chat, which improves accessibility and the speediness of information.

Establishment of the Preemptive Export Damage Prevention and Response System

The preemptive export damage prevention system is introduced to prevent export damage and entry of bad buyers and a response process against the occurrence of trade fraud cases is established. In addition, KOTRA is carrying out active promotion through the media to prevent secondary and tertiary damages.



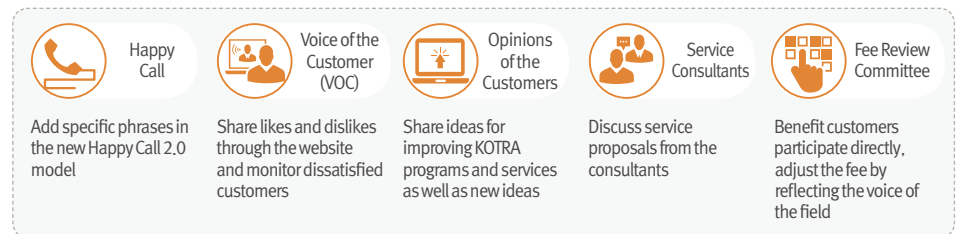
Discount on Service fee to Ease Customer Burden

KOTRA cut fees for major services, considering the financial difficulties of SMEs due to low economic growth and the Brexit shock. As a result, the utilization rate of KOTRA services has increased, resulting in an increase in the number of customers and the creation of a virtuous cycle wherein exports are activated.

Area	Details	Number of Customers Benefiting from the Program in 2016
Jisahwa service	Higher discounts for domestic companies that have transformed into exporters and BI resident companies	50 companies
	Implementation of the 2-year Jisahwa service for 6 regions (Jisahwa service 2.0)	817 companies
	Expansion of customers targeted for the customer management service	33 companies
Support for connecting to business partners	Higher discounts for companies volunteering to become new exporters	76 companies
Service consultants	Higher discounts for service consultants	121 companies
World Champ	Increase the ratio of the matching fund to cope with Brexit	18 companies

Listening to Customers through Various Channels

KOTRA is strengthening bilateral communication with customers through happy call and voice of customer, opinions of the customers, and service consultants meetings. In addition, KOTRA has been listening to customers' voices through various channels including customer participation in the commission review committee. Likewise, by improving the service of the business department, KOTRA is improving customer satisfaction.



Comments by Stakeholders



It is very helpful to find information on various overseas trends to companies such as global trade news and daily newsletters. I hope that KOTRA will provide more active support for companies that need cooperation with the government, while the role of providing information is also important.

Migyeong Park
CEO of FORCS

Improve Communication Channels

KOTRA is proactively operating a system that allows business departments to manage customer performance efficiently. In order to solve the inconvenience of accessing the information due to the many website it owns, KOTRA introduced the one-portal concept and revised the homepage.



Customer and Site-oriented Work Posture

Establishment of an Emergency System for Customer Safety

As the global crisis of natural disasters, epidemics, and terrorism increases, there is a higher likelihood that overseas activities involve safety risk. Terrorism in particular continues to persist in the Middle East, Europe, and United States. Therefore, KOTRA is strengthening its differentiated safety management and support by considering the past cases and areas where frequent incidents have occurred recently.

Establishment of a Crisis Management System for the Safety of Koreans

Reorganizing the Crisis Management System

KOTRA is raising awareness to manage crisis factors preemptively and strengthening various aspects of crisis management systems, including operational systems and hardware. In 2016, KOTRA revised the manuals and guidelines for responding to domestic and overseas crises. KOTRA selected five crisis factors* to establish a step-by-step response procedure to protect the safety of local staffs and business travelers as well as domestic and overseas employees. KOTRA is doing its best to ensure the safety of employees and customers through systematic safety and disaster management.

*Riots, kidnapping, deaths/injuries, earthquake, fire

Diversification of the Channels for Collecting Ideas for Improving the Crisis Management System

KOTRA is proposing the "Overseas Disaster Crisis Response Proposal System" in order to respond positively to disasters and to collect ideas on improving the crisis management system. KOTRA collects proposals for the regional headquarters and KBCs to collect ideas that can be shared with related organizations, KBCs, etc., as well as share abundant know-how.

Purpose	
Ensure the safety of employees and people by improving the safety & disaster management system	
Strategy Direction	
Headquarter	Safety management and disaster prevention at office buildings
Overseas	Ensure the safety of companies and employees overseas
Management Guideline	
At Home	(General) Crisis management task guidance (for disaster and safety management), disaster crisis management action manual
Overseas	KBC disaster crisis management orders, customer / KBC employees, and accompanying families

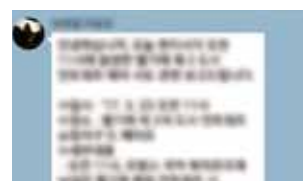


Strengthening Capabilities for Spreading News on Disasters and Crisis

KOTRA quickly responds to possible accidents at home and abroad and strengthens the capability to respond to a crisis more actively. In 2016, KOTRA set up a "365 Hot-Line" to share real-time information about an overseas crisis. Through the establishment of this system, KOTRA quickly shares risk information between its overseas network and head office, which greatly reduced the response time in case of an incident.



Hot-line screen by regional headquarters



Report screen for information on overseas dangers



Check the distribution of information on dangers

Disaster Safety Education and Training

KOTRA has conducted various education and training programs, including internal training and emergency response training, to improve disaster response capabilities. In Korea, disaster prevention education and drills assuming disaster situations are being conducted. Specialized training is regularly conducted for facility management personnel. In overseas business center, the priority is personal safety, and it strives to prevent and respond to each type of crisis. Efforts have been made to enhance crisis response capabilities, such as expanding business trip education and sharing know-how and organically linking crisis management response systems with regional headquarters.



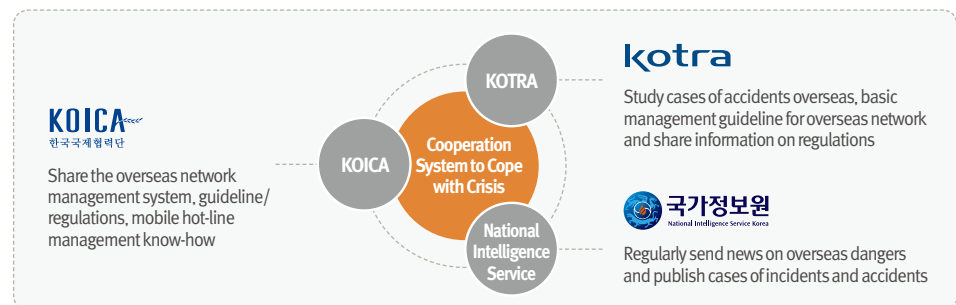
Mock evacuation training in Santiago



Disaster and crisis training

Building Risk Management Cooperative System

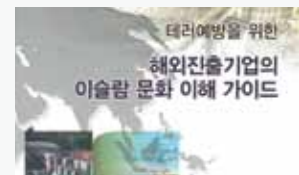
KOTRA is building a cooperative system with related organizations to share know-how on risk management and to enhance performance and efficiency through collaboration. Especially, KOTRA shares breaking news about personal safety through the hot-line with related agencies such as NIS to reduce the risk of accidents. In 2016, KOTRA reviewed personal safety threats by reconsidering staff's participation after obtaining information on terrorism targeting participants in the Tunisia International Investment Conference. KOTRA also publishes newsletters to share the relevant information with customers participating in the KOTRA business. KOTRA publishes case studies on accidents overseas and disseminates them to overseas companies.



Best Practice

Cooperated in Publishing a Guide to Understanding Islamic Culture for Companies in the Respective Region

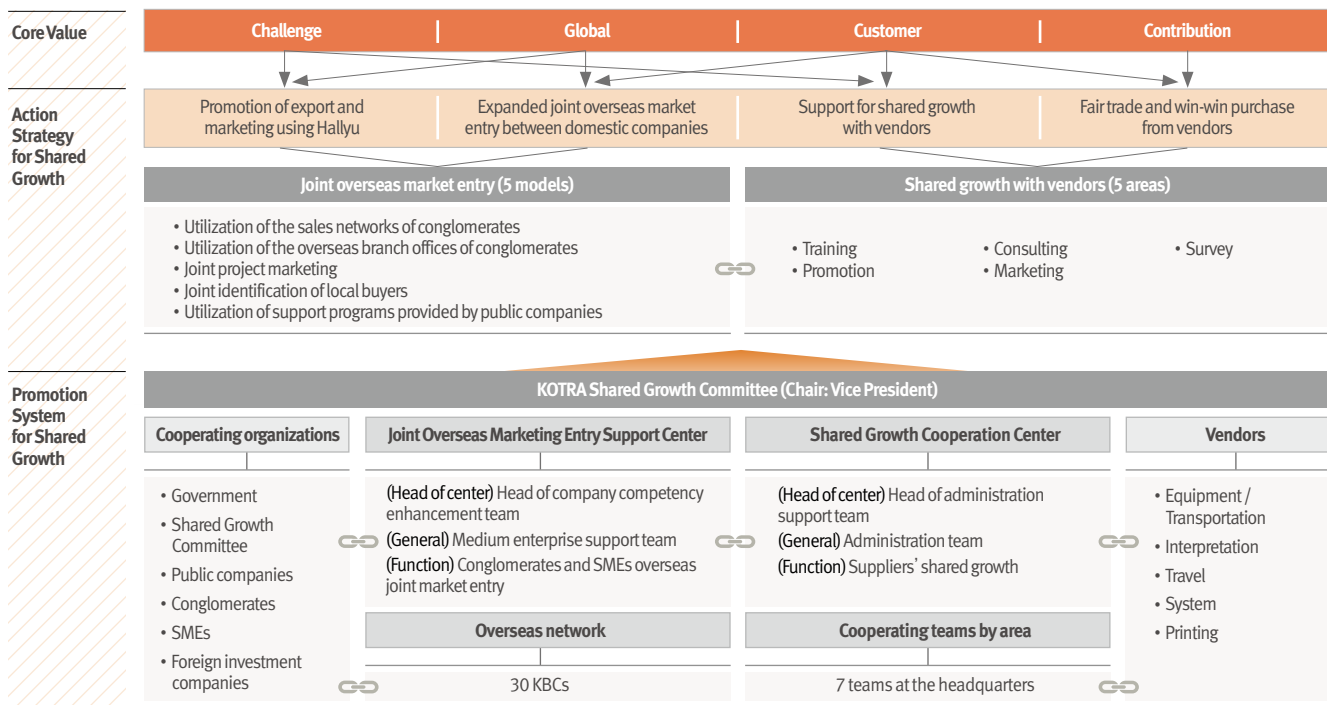
KOTRA investigated damages of Korean people caused by cultural and religious differences with local residents for the past five years through the overseas business centers. The survey results were used by ministries to publish the "Foreign Enterprises' Guide for Understanding Islamic Culture to Prevent Terrorism," and KOTRA helped distribute this booklet to foreign business centers and overseas companies.



Operate Communication and Collaboration-oriented Business

Framework for Promoting Shared Growth

KOTRA established four major growth strategies in conjunction with its corporate strategy to create a shared growth ecosystem with domestic companies and build an industrial structure centered on SMEs. In addition, KOTRA established a systematic shared growth promotion system based on the shared growth committee in connection with the 5+5 model that supports domestic companies in entering new overseas versions and promoting the actual growth of partner companies.



Culture for Shared Growth

In order to foster a culture of shared growth within the organization, KOTRA is establishing strategies for setting up a joint venture, focusing on business development, monitoring performance, and improving measures to enhance the internal operating system of shared growth. In addition, KOTRA will increase the share of shared growth targets and evaluations of executives of the Korea Commission for Corporate Partnership, raising interest in and the performance of shared growth. In 2016 in particular, KOTRA introduced a performance-sharing system of 32 performance-sharing goals were adopted and awarded chief executives in the best-in-charge departments to strengthen its commitment to shared growth throughout the company.

Shared Growth through Hallyu Convergence

KOTRA utilizes the global popularity enjoyed by Korean pop culture to promote the marketing of SMEs. KOTRA promoted SMEs' products to audiences in connection with the Hallyu performances and export conferences held overseas. In 2016, 70 domestic SMEs and 120 buyers participated in 3 events. In addition, KOTRA is supporting high-priced marketing using Korean celebrities, which is expensive for domestic SMEs. The pop-up store, which exposes PPL in Hallyu Star's photo album and exhibits actual products and pictorials, is generating various public relations effects by promoting the intimacy of SMEs to buyers and general consumers.



KCON JAPAN



KCON LA

Domestic Companies in Joint Overseas Marketing

(unit: no. of companies, USD 1 million)

- Participating SMEs (no. of SMEs)
- No. of contracts signed (contracts)
- Contract amount (USD 1 million)



Expansion of Joint Overseas Market Entry of Domestic Companies

KOTRA has set up its own five models for joint overseas market entry and supports in cooperation with conglomerates and public enterprises by selecting domestic companies with export accounting less than 10% of total sales in B2B industry. In 2016, total 38 projects were carried out; 578 domestic companies participated in the project, which resulted in USD 807 million worth and 5,374 export consultation cases. Of these, 181 new export contracts were settled.

Area	Category	Major Cooperating Organizations	Main Programs
Utilizing the sales channels of large companies	Power supply	Korea South-East Power Co.	Export conferences held by inviting buyers to Korea (from Japan, USA, Poland, etc.)
Utilizing the overseas branch offices of large companies	Distribution	GS Home Shopping	Identify buyers through the GS Home Shopping's Thailand and Malaysian local distribution network
Joint projects	ICT	Korea Information Technology Service Industry Association	Bidding for the Solar IoT Solution Project (Ho Chi Minh)
Joint identification of local sales channel	Automobile	Hyundai Motor	Joint identification of auto parts local sales channel (Chennai)
Utilizing the support programs of public organizations	Metal and machinery	Kookmin Bank	Support setting up branches for companies recommended by Kookmin Bank (KOTRA Overseas Marketing)

Improvement of Communication with Vendors and Systems

KOTRA's shared growth model aims to enhance the competitiveness of partner companies and achieve the globalization of SMEs. To this end, KOTRA formed a consortium to communicate with the partners in five areas (device/transportation, interpretation, travel, system, printing) and support education, public relations, and consulting. KOTRA is taking the lead in improving its competitiveness.

Fair Trade and Win-Win Purchase from Vendors

To establish fair and transparent procurement practices, KOTRA extended the pre-release system of procurement standards to the entire bidding notice with an estimated price of 100 million won or more. This has increased the fair competition among vendors as the number of applicants increased from 3 in 2015 to 67 in 2016. In addition, when purchasing consumables such as paper and toner, KOTRA introduced a purchase request in 2016 to induce priority purchase from SMEs, social enterprises, cooperatives, and vulnerable companies. In particular, KOTRA arranged a win-win partnership agreement with Woori Bank to introduce a win-win payment system*. Then an electronic payment system was adopted so that its partners and other small-business customers can also use the win-win payment system.

* Win-win payment system: A billing system that enables first-party suppliers of conglomerates to pay quickly for goods that are paid to their 2nd and 3rd suppliers.



Partnership announcement for shared growth in 2016



CONTRIBUTION

Realization of Sustainable Organizations and Society



BUSINESS RELEVANCE

There is a growing awareness that partnerships between employees and the community are essential for sustainable development. A corporate culture based on family-friendly aspect, active communication and cooperation not only raises the value of employees but also creates jobs and further extends to enhancing the value of local community by investment and social contribution. Hence, this responsibility is required to the corporate. This is especially important for the KOTRA business, which is based on global networks and platforms.

OUR APPROACH

KOTRA supports the development of the competence of its employees based on a bottom-up communication and cooperation system by global field and establishes a foundation for internal growth by creating a corporate culture that balances work and life. In addition, KOTRA shares economic development experiences with emerging and developing countries and is building friendly cooperative foundation by supporting Korean companies' local corporate philanthropy and taking the lead in the future market.

OUR RISK

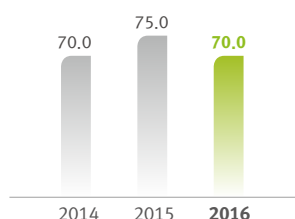
- Physical limits in terms of internal communication due to overseas dispatch, various occupational group and etc
- Increasing demands for the normalization of public institutions and fulfillment of social responsibility

OUR OPPORTUNITY

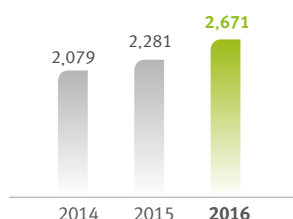
- Social needs for job creation and socially representative recruitment
- Cultural spread which emphasizes balance between work and family
- Strengthening global contribution to help Korean companies expand overseas

KEY PERFORMANCE INDEX

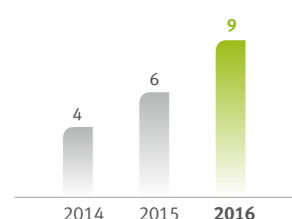
GWP Satisfaction Index (unit: point)



Overseas Jobs Found (unit: case)



KSP Business (unit: case)



Implement an Corporate Culture for Growth

Creative Corporate Culture

KOTRA's dispersed organizational structure – wherein 40% of its employees work in 126 KBCs in 86 countries — is increasing the need to establish a communication culture. KOTRA promotes two-way communication and actively utilizes new communication channels to establish a creative, horizontal corporate culture, thereby enhancing corporate competitiveness and encouraging employees' sense of belonging.

Bottom-up Communication Channel

KOTRA is operating an corporate culture TF as a bottom-up communication channel to improve the corporate culture. By holding a regular monthly meeting, managers including basic and intermediate level freely discuss ideas about improving the corporate culture. KOTRA not only reports the results to the senior executives but also improves implementation ability, thereby realizing "open management" wherein employees participate and giving vitality to the organization. In addition, KOTRA gathers suggestions and opinions from employees through various channels such as public hearings, debates, bulletin boards, and newsletters, and it is searching for new methods and expanding programs in order to boost intimacy between employees.



CEO interview for company newsletter

New Communication Program

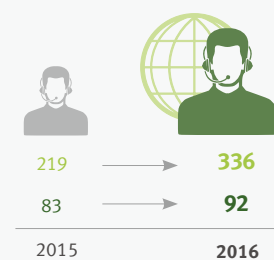
Name of Program	Major Details	Annual Average No. of Participants
New employee lip dub*	Producing a lip dub Performance on the theme of business and core values during the training of new employees, to be shared among employees both at home and abroad.	2 events, 76 new employees
Mask singing contest	Anniversary celebration by holding a masked singing contest and sharing the videos and reviews with KBCs around the world.	11 to the finals, 400 on-site audiences
Augmented reality game linked donation	Installing the "Mission Hope Tree" game app on the employee's mobile phone, finding a gift box hidden inside the company and donating to a poor neighbor.	178 employees working at the headquarters
Business center safety hot-line	Establishment of an SNS hot-line between the head office and business centers; Share the safety of overseas employees round the clock and send the news to the nearest business center.	361 employees posted to KBCs
Video message	Sharing of links to overseas KBCs such as the new employees' lip dub, masked night songs, monthly meeting awards, etc.	More than 10 times at 126 KBCs

*Lip dub: MV type video clip which lip-syncs to music

Troubleshooting Performance of Overseas Regional Head Offices

(unit: case, %)

- No. of problems solved (cases)
- Troubleshooting success rate (%)



Labor-management council and wage agreement ceremony

Global Site-centered Communication Channels

KOTRA is enhancing solidarity of the organization through active field communication with employees working overseas. The CEO visits the site personally to organize a meeting of foreign trade managers, and encourages employees, and the head of overseas regional headquarters actively tackles difficulties of the jurisdictional business center. Also, KOTRA is strengthening the network and cooperation among business centers by organizing workshops (10 times) and local staff workshops (10 times) among the regional headquarters' jurisdictional business centers. In addition, KOTRA uses various communication channels such as videos, SNS, and video conference to strengthen communication with the head office.

Labor-Management Communication Channel

The labor-management council and the labor-management conference are held quarterly, whereas the labor-management working meeting is regularly held every month. KOTRA is sharing opinions by frequently holding case by case basis joint TFs for labor-management and daily labor-management meetings.

Implement an Corporate Culture for Growth

Global Talent Development

KOTRA builds human resources development strategies and systems based on its corporate strategic goals and the needs of its employees. KOTRA set the goal of education and training as a “global leader with specialized competence” and established the directions of training and detailed strategies to achieve the goal.

HRD Goals	Global Leader with Professional Capabilities			
HRD Strategy	Human resources development for new growth engines	Strengthen global leadership	Development of site skills customized to customers	Continuous identification of the needs for HRD
Training Objectives	<ul style="list-style-type: none"> Expansion of occupational training by tier Expansion of training for enhancing professional expertise 	<ul style="list-style-type: none"> Management leadership training for management staff, women, new generations 	<ul style="list-style-type: none"> Improvement of assessment of KBS heads' capabilities and training Improvement of occupational training for overseas employees 	<ul style="list-style-type: none"> Improvement of training efficiency with more feedback Assign rights to the offices in charge of training

Improvement of the Level of Professionalism to Secure New Growth Engines

KOTRA implements job training based on educational needs so that it can effectively enhance the competencies required by each class and enhance professional expertise. Educational needs are identified internally through job training surveys, regular labor-management councils, and in-house surveys. In addition, external needs are assessed through an enterprise-wide customer demand survey to strengthen employees' identity. The final education and training plan established through this is confirmed through internal verification of the training committee and the personnel committee.

Women's Leadership Development Training

KOTRA organizes women's leadership workshops to improve the leadership and job skills of female employees and to increase the proportion of female managers. Workshops for female executives and mid-level managers working in Korea are held by inviting outside instructors to provide training for strengthening women's leadership, such as the reconciliation of work and family, career development as specialists, and ways to improve the system.

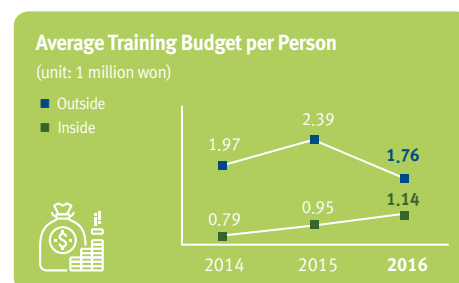


Women's Leadership Workshop

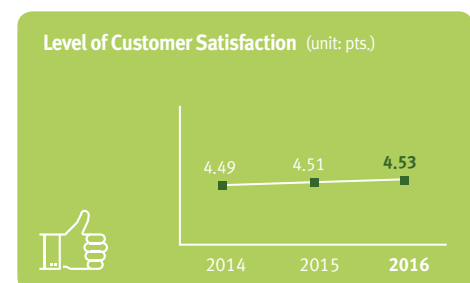
Strengthening Job Training for Overseas Employees

KOTRA is expanding its training programs to strengthen its overseas staff capacity with the idea that “the answer to the problem is overseas.” In 2016, KOTRA provided support for master's degree programs for overseas staff, mentoring training for new employees and mid-level managers, and support for job training (USD 500 per person). KOTRA also provides online language courses and overseas regional head offices workshops.

KOTRA Human Resources Training Input



KOTRA Human Resources Training Output



SPECIAL

KOTRA is operating various programs to make itself a great place to work for guided by the philosophy of work-life harmony.

Enhancing Operational Efficiency

A company-wide workload reduction campaign was carried out in order to relieve employees' stress from dealing with excessive workloads and working overtime. Individual target workload have been slashed to reduce work-related stress and allow employees to have more time to spend outside of work. The minimum cycle for flexible working hours has been cut short from one month to one week so that employees benefit from the flexible working hour system in a way that best fits their needs. The number of employees who used the flexible working hour program increased 38.6% to 117 in 2016 from 83 in 2015. In addition, employees are now allowed to take only half of a half-day off and to carry the remaining days of annual leave forward to the subsequent year. How many days of the permitted annual or monthly leave used by employees during the set period is also utilized as an indicator in the evaluation of heads of teams and departments in order to make it easier for employees to take a leave. As a result, KOTRA employees used 79.3% of their usable leave days in 2016, 3.9%p up from the previous year.



Quit smoking program

Family-Friendly Corporate Culture

KOTRA is implementing various family-friendly policies and programs. No employee is expected to work overtime on Wednesday, which is Family Day, and families of employees are invited to company events so that employees can spend more time with their families. "Mobile Fathers' School" and "Mentoring Program for Working Moms" are intended to help employees become better parents. Pregnant employees can rest in a space created according to the Equal Employment Opportunity and Work-Family Balance Assistance Act and Labor Standards Act. The company also provides financial support for childcare to domestic employees with children aged up to 5. In addition, KOTRA is actively promoting a corporate culture wherein employees experiencing difficulties from childbirth and childcare can take maternity or childcare leave without restrictions. All these efforts mirror KOTRA's commitment to protecting female employees and fulfilling the company's corporate responsibility of supporting childcare at the workplace. In 2016, KOTRA was honored with the grand prize for five consecutive years at 2016 Korea's Best Places to Work for Awards by Great Place to Work (GPTW) Korea in recognition of all its efforts toward work-family balance. Furthermore, KOTRA was certified by the Ministry of Gender Equality and Family as a family-friendly corporation and awarded an encouragement prize at the Work-Life Harmony Awards hosted by Seoul Regional Ministry of Employment and Labor.



Labor-Management Joint Hi-Five Day



KOTRA received the grand prize at 100 GWP Awards

KOTRA GWP Programs

Theme	Goal	Major Programs
Trust	To build trust among employees	<ul style="list-style-type: none"> - Talk concert-type monthly meeting (performances by employees, sharing thoughts, etc.) - The monthly newsletter has been expanded with more employee involvement through the contribution of articles and interviews - Music program, theme-based labor-management joint Hi-Five Day, Team Spirit Day, Team Day (with lunch boxes), etc.
Pride	Instill a sense of pride	<ul style="list-style-type: none"> - Highlighting coworkers' strengths and selecting award winners, Mobile Fathers' School, mountain-climbing with families, gift package for childbirth, welcome gift package and card from the president for new employees for families to be involved and to feel proud
Fun	Self-improvement and fun workplace	<ul style="list-style-type: none"> - Music school, cultural lectures, and e-library to offer self-development opportunities - Support for club activities, Family Day, Employee Assistance Program (EAP) to promote an atmosphere conducive to the One-Family, Double Benefits campaign
Health	Promote health for all employees	<ul style="list-style-type: none"> - "Overcome the Metabolic Syndrome" project, quit smoking program - Opened tennis courts - Increased the number of standing desks - Hi-Five Day with varying themes

Comments by Stakeholders



Considering the fact that KOTRA employees spend half of their entire career overseas, ensuring work-family balance is crucial. I expect many employees to take full advantage of the the Work-Life Harmony programs that promote work-family balance so that they can build a successful career for the long-term.

Hyeona Kim
Deputy Director,
Customer Support Team, KOTRA

KOTRA, a Trusted Public Institute

Stricter Ethics Management

The public has growing expectations for corporate integrity. To meet these expectations, KOTRA is working hard to build the foundation for sustainable growth and fulfill its social responsibility as a public institution by carrying out diverse activities to internalize the zero-defect ethics culture. KOTRA was rated “highest” in the 2016 Anti-Corruption Policy Evaluation by the Anti-Corruption and Civil Rights Commission and rated “high” in overall integrity for five years in a row, suggesting that KOTRA is recognized for its performance in ethics management.

Internalization of a Culture of Zero-defect Ethics Management

At KOTRA, employees range widely in position and work in many different places around the world, thus exposing them to different ethical challenges. Thus, KOTRA is offering ethics education programs designed to meet the varying needs of employees in different positions at home and abroad and global standards including ISO 26000. These programs provide employees with knowledge on ethics management as required in different circumstances. Various incentives are used to motivate and encourage employees to be involved actively in ethics management. In addition, employees are assigned ethical tasks that fit their job, and how they perform their tasks is reflected in their evaluation. In 2016 in particular, KOTRA held a ceremony pledging to fulfill CSR together with 169 companies that joined the KOTRA World Champ project as part of efforts to communicate and promote to its customers its commitment to ethics management.



KOTRA employees receiving education on ISO 26000

Responses to the Anti-Graft Act

With the Improper Solicitation and Graft Act (“Anti-Graft Act” hereinafter) coming into force in 2016, KOTRA set up a task force of 22 members to respond to the Anti-Graft Act and identify risks that KOTRA may have in connection with the Act. The task force established a roadmap regarding how to ensure compliance with the Act and revised 7 sets of rules and regulations including the code of conduct accordingly. All employees at home and abroad have been educated to have a better understanding and awareness of the Act, and KOTRA urges companies that visit the KOTRA headquarters and KBCs abroad to comply with the Act by distributing to the companies a leaflet containing key information on the Act.



Ceremony pledging to observe the Anti-Graft Law

Clean Report Center

KOTRA is running the Clean Report Center, which receives reports on corruption and graft. KOTRA strictly follows the “Guidelines for the Protection of and Reward for Public Interest Whistle Blowers” to ensure that the identity of whistle blowers remains confidential and that they are well-protected. KOTRA is working to raise awareness of the Center and to encourage employees to report cases of corruption through education and campaigns. In addition, reporters are given monetary reward.

Advancement of Internal System of Checks and Balances

KOTRA is making various efforts to advance its internal system of checks and balances, including strengthening its internal competencies, receiving outside advice, and collaborating with other related organizations. In order to prevent corruption, compliance officers work actively and diligently on monitoring whether all employees comply with rules and regulations proactively and on an ongoing basis. In addition, KOTRA is further enhancing the professional expertise and internal control competencies of auditors through education. It also works with citizens to ensure that it remains free from corruption. To this end, five citizens are appointed as anti-corruption ombudsmen to offer their opinions and recommendations at the Clean KOTRA Committee and other committees; a group of outside audit advisers help improve the professionalism and objectivity of auditors. KOTRA, Korea International Cooperation Agency (KOICA), Korea Tourism Organization (KTO), Korea National Oil Corporation (KNOC), and other public organizations are working together as a group to facilitate self-initiated cooperation for anti-corruption, strengthening audit competencies by holding joint workshops and performing cross-audits, and taking the lead in spreading a corruption-free corporate culture in the public sector.

KOTRA, the Job Creator

KOTRA recruits talent from around the world on a continuing basis in response to the growing demand from new business projects and global projects. By following a fair, merit-based employment procedure according to the National Competency Standards (NCS), KOTRA fulfills its social responsibility of creating jobs as a public institution.

KOTRA-type Job Creation Model

Global Job Creation Based on Global HR Demand

Project	Content
K-Move Center (14 centers opened in 2016)	Tokyo, Silicon Valley, Jakarta, Ho Chi Minh City, Dubai, Beijing, Singapore, Sydney, Vancouver, Frankfurt, Sao Paolo, New York, Osaka, Hong Kong
Overseas Employment Centers (7 centers)	LA, Hamburg, Shanghai, Kuala Lumpur, Melbourne, Doha, Moscow
Global Job Consulting	Held twice a year (Seoul, Busan) 5,299 1:1 interviews, 104 persons recruited
Global Job Fair - KOTRA Joint Job Information Session	Toured 32 universities around the country/3,263 students joined the session/built a database of 3,896 global job seekers

The Global Job Fair is KOTRA's leading global job creation program. Major global employers are invited to the fair, where they have 1:1 interviews with qualified young Korean job seekers who have been selected through preliminary interviews in Korea. The fair is organized to match overseas companies and qualified young talent and to offer high-quality job opportunities to Korean youth. In 2016, far more companies participated in the fair, and 5,299 one-on-one job interviews were conducted, resulting in the actual employment of 104 candidates. The fact that such a high number of job candidates joined the fair is attributed to the massive advertising campaign efforts through tours to universities and exposure via SNS. "Global Job Fair, Find an Overseas Job with KOTRA" is a joint project with other government ministries and related organizations to give equal access to global employment information to job seekers and college students who are living far from the Seoul metropolitan area and who are consequently at a disadvantage in terms of accessing global job information. KOTRA visited 32 universities across the country and explained how KOTRA and the government are helping young job seekers find jobs overseas. KOTRA's global employment officers explained trends in the global job market and provided strategic mentoring to the participating students. In addition, KOTRA is operating the K-Move Center and overseas employment centers. New K-Move Centers were opened in New York, Osaka, and Hong Kong in 2016, and KOTRA is operating strategic programs tailored to the circumstances of the job markets in areas with high potential. As a result of all these efforts, overseas employment increased 24% to 511 persons in 2016 from 411 a year ago, with the average annual salary also rising from 30.53 million won to 32.3 million won, thus implying that KOTRA helped create better jobs in terms of both quantity and quality.

Strategic Job Creation in Korea, Taking Advantage of KOTRA's Unique Functions

KOTRA is matching qualified human resources and domestic SMEs operating overseas in order to help them better compete globally. In 2016, KOTRA organized a job expo for foreign students, and a total of 87 persons found a job through 1:1 job interviews at the expo. KOTRA also held the Korea-Vietnam Job Information Session in Ho Chi Minh City, Vietnam to help Korean businesses in Vietnam find qualified human resources. Through the session, 5 Koreans and 11 Vietnamese were recruited. In addition, KOTRA is contributing indirectly to job creation by attracting investments from global corporations, which offer a high number of new jobs, while helping foreign investment companies hire employees in Korea. In 2016, KOTRA held job information sessions at Chonbuk National University, Yeungnam National University, Chungbuk National University, Pusan National University, and Soon Chun Hyang University to raise awareness of foreign investment companies located outside of the Seoul metropolitan area and help these companies find the human resources that they need. A total of 5 sessions were held and joined by 34 foreign investment companies and 1,707 college students. KOTRA also organized a job expo for foreign investment companies where 27 major global companies and 14,616 job candidates participated, with 256 candidates hired.

CASE. Korea-Canada Shipbuilding and Marine Industries HR Exchange Project

Recently, Korea's shipbuilding industry, considered the world's No. 1, has gone through major restructuring, resulting in massive layoffs. KOTRA, together with the Ministry of Employment and Labor, Human Resources Development Service of Korea, and other related institutions formed a council to develop job opportunities for the laid-off employees. The KBC in Toronto, Canada, which specializes in building special-purpose ships, set up a task force team with related organizations, and a feasibility investigation group was sent to Toronto to develop demand for Korean shipbuilding engineers. As a result, Canada's biggest shipbuilding company visited Korea and conducted 2 rounds of job interviews with 131 Korean job seekers in the industry. Eight people landed a job.



KOTRA, a Trusted Public Institute

About KSP

Korea's impressive economic growth has drawn much interest from many countries around the world, and Korea has been used as a benchmark case particularly by emerging and developing countries that hope to emulate its economic success. The Knowledge Sharing Program (KSP) was initiated to share Korea's experiences of economic development with other countries; the program focuses on helping partner countries improve their competencies beyond merely sharing information and knowledge. KOTRA is also supporting KSP by sharing its knowledge and know-how.

KSP for Industry, Trade, and Investment

Previously, KSP focused on supporting academic research and offering policy advice to KSP partner countries from a macroeconomic perspective. It was noted, however, that partner countries expect the program to produce tangible results such as bilateral cooperation for development projects and joint business opportunities, instead of simply receiving information and knowledge on paper. KSP for industry, trade, and investment is a package-type program including training programs for the enhancement of trade and investment competencies and development of new business opportunities through public-private joint efforts, in order to meet the demand of emerging and developing economies better. The expanded KSP is serving as a bridge that helps domestic companies and partner countries work together on economic development projects.

Expansion of Cooperation in Core Competencies

KOTRA is expanding cooperation by sharing Korea's experiences of economic development in industry, trade, and investment and matching Korean companies with specific competencies with emerging and developing countries that need such competencies. In 2016, KOTRA concentrated on working with strategic partner countries including Cuba, Iran, Kenya, Myanmar, Russia, and Ecuador and worked out bilateral MOUs between governments and MOUs between governments and companies.

KSP-based New Growth Engines

Previously, KOTRA and Korea Institute for Industrial Economics & Trade (KIET) jointly operated KSP. In 2016, however, KOTRA became the sole operator of KSP for industry, trade, and investment. As the sole administrator of KSP, KOTRA strived to take full advantage of its strengths and got the private sector involved in development consulting to provide substantial and tangible support. In addition, KOTRA created a new development model to expand KSP to the sphere of official development assistance.

Social Contribution through KSP

KSP is intended to help domestic companies expand their business globally; ultimately, however, the program aims to help partner countries achieve sustainable development as well. KSP represents the pride in Korea's transformation from an aid recipient country to a donor country driven by remarkable economic growth. With such a strong sense of pride, KOTRA will remain committed to helping other countries achieve economic development as part of its efforts toward social contribution and will ensure that its partner countries receive tangible and practical support.

Link to SDGs



Results of KSP

Category	2015	2016
Advice tasks (cases)	6	9
Budget (100 million won)	6.8	36

MYANTRA Master Plan

KOTRA proposed a blueprint for strategies and establishment of Myanmar Trade-Investment Promotion Agency (MYANTRA) based on Korea's experiences of economic development export promotion. Following the signing of the agreement with KOICA in December 2014, KOTRA invited Myanmar's working-level government officials to four training sessions until October 2016, and dispatched KOTRA experts to Myanmar. At the final meeting held in October 2016, KOTRA presented the policy advice report (or the master plan) to the Myanmar government, including export promotion policies, based on Korea's experiences, for six industries including agricultural products processing, fisheries, textile and garment, and jewelry, and the launch of Trade Promotion Organization (TPO), a trade promotion agency with 180 employees. With KSP that has been conducted in the past two years, KOTRA has not only contributed to the establishment of MYANTRA, the trade and investment promotion body of Myanmar, but to Myanmar's economic growth and sustainable development.

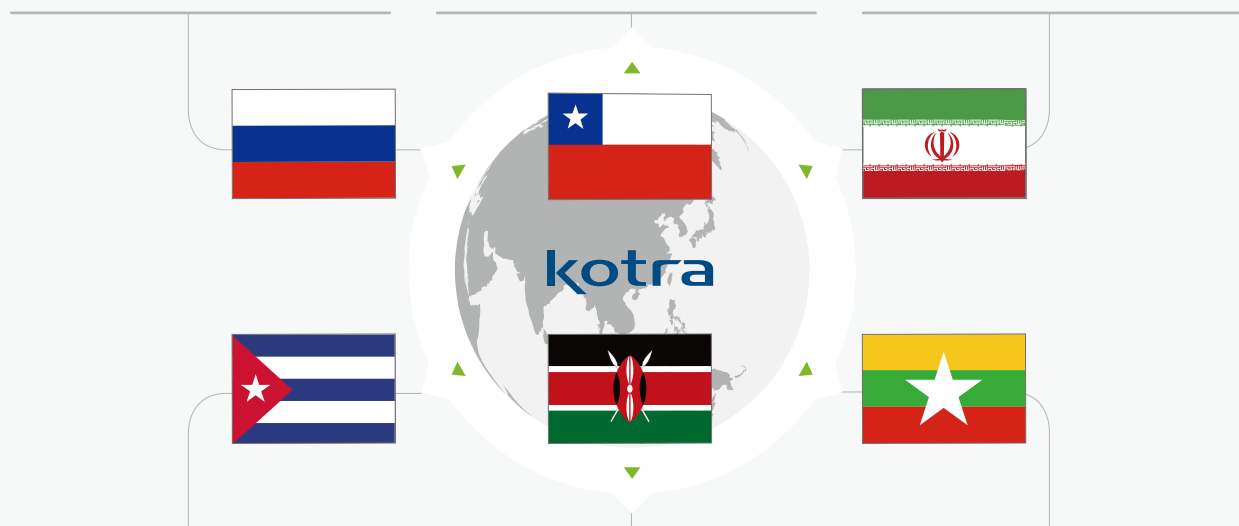
Major Achievements

KSP partners are mainly emerging and developing countries, and KSP consulting should be customized to meet the varying needs of individual partner countries. In addition, cooperation models should be designed to provide support that partner countries actually need. Thus, KOTRA shares its competencies in trade and investment and proposes businesses that can benefit both sides, based on competencies that domestic companies have to offer.

Russia Russia is highly interested in developing its far east region, and KOTRA is carrying out KSP mainly in Kamchatka Peninsula, Sakhalin Island, and Maritime Province of Siberia. A marine cluster set up in Kamchatka facilitates business establishment and expansion by Korean companies, and KOTRA is working on plans to develop the aquaculture industry in Sakhalin. KOTRA assisted in attracting foreign investments into the advanced development zone in the Maritime Province.

Chile With its vertically stretching geography, one of Chile's major interests is developing the country's much needed medical human resources and infrastructure. KSP in this country focuses on improving competencies in public medical services and telemedicine. In particular, KOTRA is working to link the country's needs to actual businesses so that the geographical disadvantages can be overcome with telemedicine.

Iran Following the removal of economic sanctions, Iran is actively engaging in negotiations and cooperation with other countries and pushing ahead with reform and opening policies. KSP in Iran focused on forming a partnership with Iran's investment promotion agency. Recently, FDI promotion has been the key subject of KSP in Iran, raising expectations for private investments and public-private partnership (PPP) between the two countries.



Cuba As a test bed for reform and opening, Cuba stands at a turning point to determine the path of its national development. As part of KSP in Cuba, KOTRA is holding seminars and consultation sessions to help industries with high potential enter the Cuban market. The Ministry of Strategy and Finance and Korea Electric Power Corporation entered into MOUs with the Ministry of Foreign Trade of Cuba.

Kenya Kenya is expected to serve as a bridgehead for Korean companies' expansion in East Africa. Cooperation with Kenya was initiated via KSP to establish an industrial complex; since then, KOTRA has been steadily expanding cooperation with the country. KOTRA signed an MOU for bilateral investment cooperation and promotion with the Investment Authority of Kenya, acting as adviser on the plan to develop a specific industrial complex.

Myanmar Myanmar is seeking export-driven economic growth; to that end, it is in the process of creating a trade promotion agency. KOTRA is assisting in preparing a master plan to establish MYANTRA, the trade promotion agency, in order to gain an advantageous status through preoccupation and is maintaining a friendly relationship with Myanmar by working on follow-up projects.





KOTRA, a Trusted Public Institute

KOTRA CSR

With protectionism spreading globally, creating a cooperative business ecosystem is becoming important in pursuing global expansion. KOTRA is fully utilizing its unique resources and global network in operating its SCR programs to build a solid foundation for global expansion. KOTRA is conducting CSR activities together with domestic companies to build friendly relationships with local communities and boost exports in the process.

CSR Programs for Local Communities

KOTRA's professional competencies prove to be a valuable tool in forming close relationships with local communities. In addition, KOTRA is helping members of local communities become economically independent and perform their roles as a member of a broader society. In particular, KOTRA is holding CSR forums and offering rewards for outstanding CSR activities to raise the awareness that contributing to local communities through CSR programs translates into better business for companies operating in the local communities.

Link to SDGs



Support for Multicultural Traders

KOTRA provides various training programs for migrants with multicultural backgrounds to help them find jobs or start their own business. The training program offers a practical curriculum including practical trade and global marketing, which is designed to help migrants grow into global traders based on language skills and knowledge of Korean culture as well as the culture of their mother country. In 2016, 126 migrants completed the 7th and 8th training sessions. KOTRA held job consulting sessions in connection with job expos to help migrant workers find their career path; as a result, an accumulated total of 111 persons have been hired since the 1st session was finished, and 10 started their own business.

Global CSR Forum and Rewards

KOTRA, together with the governments of host countries, is implementing a reward program to encourage Korean companies operating in the countries to develop and conduct outstanding CSR activities and to share model cases. KOTRA is also hosting a global CSR forum where Korean companies operating globally gather together and share information to improve their brand image.

Link to SDGs



Voluntary Social Contribution Activities for Local Communities

All KOTRA employees have been planning and conducting social contribution activities on a voluntary basis in order to help local communities where its headquarters and KBCs are located. These activities include global trade lectures for college students and export school for the youth — both of which are based on KOTRA's professional expertise and experiences — and Left Hands, a voluntary group which implements a tutoring program for the socially disadvantaged youth. Social contribution increased 8% to 188 activities in 2016 compared to 174 in the previous year, indicating active involvement by all KOTRA employees.



Labor-management joint free meal serving



Kimchi making for the elderly living alone



Painting a mural for a children's library



Christmas fund raising for charity

CSR Activities to Create a Global Business Ecosystem for Cooperation

CSR activities are considered an important instrument not only for conveying the warm message of support to the recipient local communities but also for building a friendly relationship with trade partner countries. As such, KOTRA's KBCs design and implement CSR activities tailored to the circumstances of the host countries, thereby contributing to blazing trails for exports despite adverse conditions.

CSR through Products and Services

KOTRA donates the products and services of domestic companies to target countries and creates a new marketing network, thus helping improve the brand image of the companies involved. This program is intended to help build a positive corporate image in the recipient local communities by donating individual companies' products and services instead of simply providing relief goods.

Global Technical School

The global technical school is run in collaboration with domestic companies that have technologies to offer, based on the demand of target countries identified by KOTRA. As CSR activities, the school project not only contributes to the technological development of the recipient countries but also leads to business opportunities including winning projects. In 2016, 41 SMEs participated in the program, representing a 64% increase from the previous year.

Transfer of Idle Equipment

Under these CSR activities, domestic idle equipment and operation know-how are transferred to recipient countries. The free transfer of equipment and know-how allows recipient countries to achieve technological development and donor companies in Korea to gain an advantage in doing business in the countries.

CSR with K-pop Stars

K-pop is gaining growing popularity in China and Southeast Asia. KOTRA is planning CSR activities involving K-pop stars and using products donated by domestic SMEs for these programs. In 2016, KOTRA worked with Jahyeon Chu and Red Velvet donating SME-manufactured products worth 1.79 million won to promote their products and enhance Korea's brand image.

Social Contribution through the CSR Business

CSR activities aim to improve the lives of people in socially marginalized local communities and to make a better society for everybody. KOTRA intends to concentrate its CSR efforts on areas where it is strong so as to maximize the effects. To this end, KOTRA will remain interested in social issues, stay up-to-date on global trends including SDGs, and develop new CSR businesses to meet evolving CSR demands.

Link to SDGs



Comments by Stakeholders



The heartfelt volunteer activities of KOTRA employees bring so much joy and hope to the elderly in our community. I am so grateful to them for consistently serving our community, and I ask for their continued interest and involvement in the new projects that Seocho-gu is planning for the elderly.

Baekseon Ha
Head of Seocho-gu Happiness e-Eum
Center for the Elderly



Campaigns through murals



Export School for the Youth



KOTRA at Red Cross bazaar



Donation of hematopoietic stem cells



SPECIAL

Assessment of KBCs' Implementation of Social Responsibility

Since 2015, KOTRA has been conducting an evaluation on the fulfillment of its global social responsibility and implementation of social responsibility by KBCs based on the 7 core subjects of ISO 26000, a global standard for social responsibility. For the evaluation, a survey with a 5-point scale was conducted. In 2017, 126 KBCs were surveyed, and 74 KBCs submitted the survey results. The survey was on the 2016 performance on social contribution, and the average was 4.15 points. The highest score of 4.69 was garnered in the core subject of "community involvement and development," followed by fair operating practices, organizational governance, consumer issues, and human rights.

Europe

There are refugee camps across Europe, and corporations are actively involved in social contribution activities with the aim of coping with poverty among these refugees. KBCs in Europe either donate relief goods or get personally involved in volunteer programs to help refugees suffering under adverse circumstances.

Paris, Frankfurt, Amsterdam, Vienna, etc.

Middle East

Although gaps exist between regions in the Middle East, large-scale projects are underway mainly in oil-producing countries. KBCs in this region are operating a technical school and holding technology forums to help local residents learn skills in areas of high interest to them, including construction, railroad, medicine, and energy, as a channel through which to build a partnership with local communities.

Dubai, Riyadh, Amman, Cairo, etc.

Africa

Many countries in Africa have poor educational infrastructure. Thus, KBCs in Africa are operating a technical school to help local people improve their competencies. In addition, they are helping build educational infrastructure by donating money for activities to improve the educational environment or donating school supplies or equipment.

Johannesburg, Nairobi, Lagos, Khartoum, Dares Salaam, etc.

Southwest Asia

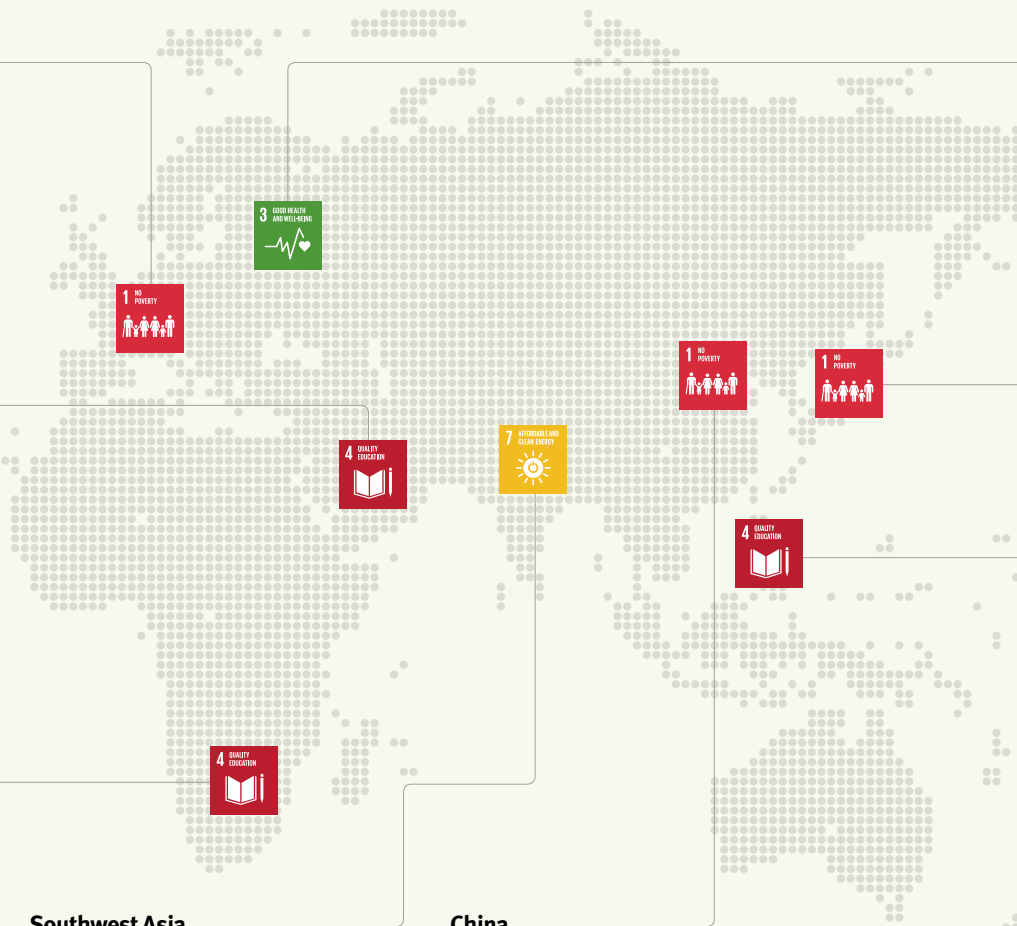
Many countries in this mountainous region have poor social overhead capital. KBCs in this region donate photovoltaic modules or LED lighting devices to deal with energy deficiency as part of their CSR activities. Donations focus on educational facilities so that many local residents can benefit.

New Delhi, Karachi, etc.

China

KBCs are conducting K-pop CSR activities in connection with expos to take advantage of the popularity of K-pop culture among local people. Products and services donated by Korean SMEs are presented at the expos together with K-pop stars. Donor SMEs can generate marketing effects, and proceeds from the donated items are used to help disadvantaged people.

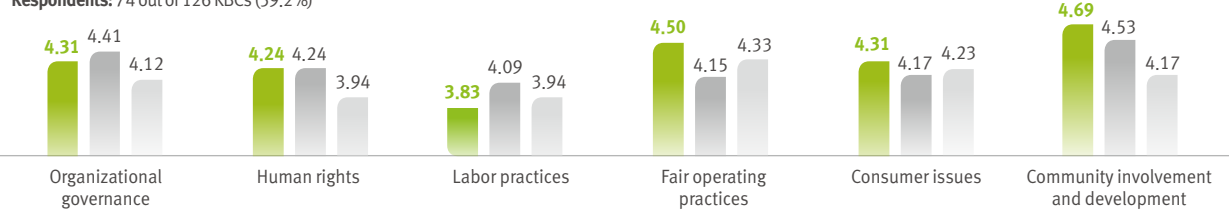
Shenyang, Dairen, Wuhan, Zhengzhou, etc.



Assessment of KBCs' Implementation of Social Responsibility (ISO 26000) (unit: point)

Survey period: February 13~24, 2017

Respondents: 74 out of 126 KBCs (59.2%)



CIS

Due to vast land areas and severe weather conditions, many countries in the CIS region have poor medical infrastructure. KBCs are helping local residents in health promotion by donating medical equipment, medical and pharmaceutical supplies, wheelchairs, etc. to local medical facilities. In addition, a technical school is operated to share Korea's implant technology.

Almaty, Novosibirsk, Minsk, Baku, etc.

North America

CSR activities in this region focus on creating jobs through start-your-business camps and providing education to improve professional competencies. Given the large number of Koreans living in this area, KBCs are planning CSR programs that can be done together with the Korean activities in the region so that more local communities can get involved; thus, our CSR activities produce greater satisfaction.

LA, Silicon Valley, Chicago, Toronto, etc.

Southeast Asia & Oceania

KBCs are running a technical school together with Korean companies with technological competencies, mainly in Southeast Asia with its poor technological infrastructure. Technical schools deal with various fields including national terrestrial information, welding, animation, logistics, ICT, etc. to meet the different needs of individual countries, thus creating synergistic effects from collaboration with the local communities.

Kuala Lumpur, Hanoi, Vientiane, Surabaya, etc.

Japan

Since Japan is subject to frequent earthquakes, KBCs provides aid to earthquake-hit local governments or supports evacuation drills to build a bond with local communities. Considering the high interest in K-pop and Korean food among Japanese people, KBCs are also planning CSR activities featuring these two elements.

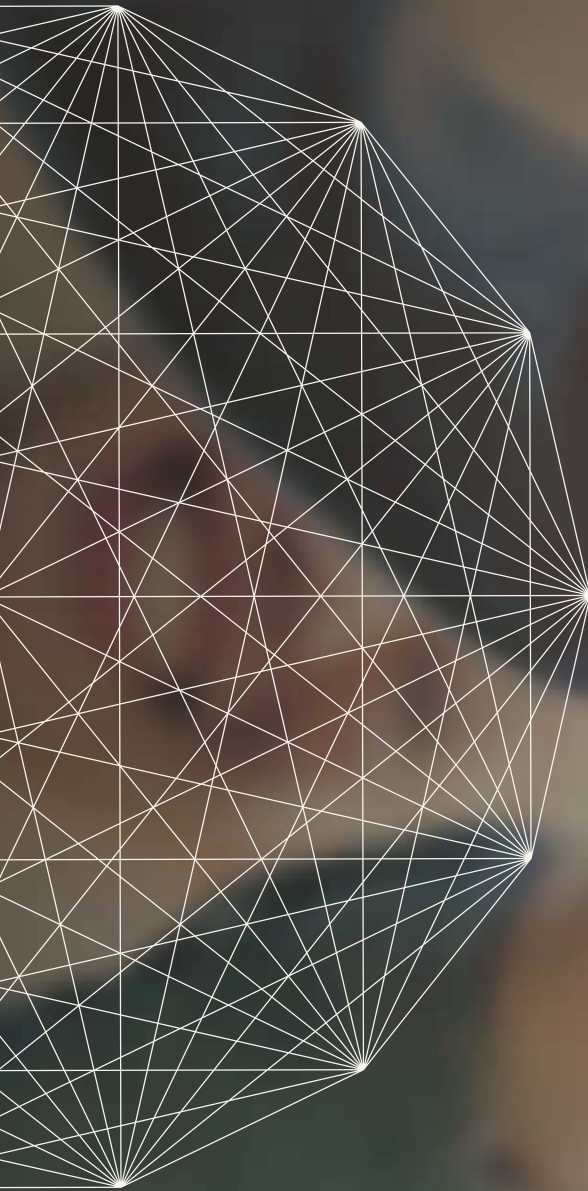
Tokyo, Osaka, Nagoya, Fukuoka, etc.

Central and South America

With the growing interest in Korea in the region, KBCs are conducting CSR activities using Korea-related contents. KBCs support Korean language schools in different areas to boost interest in K-pop culture further and hold economic seminars for local businessmen wishing to trade with Korea.

Rio de Janeiro, Santo Domingo, Quito, Asuncion, etc.

A Business Platform that Promotes Human Rights Management

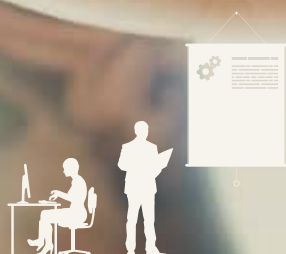




Creating a Human Rights Management System 59p

Internalization of Human Rights Management 60p

Spreading Human Rights Management 61p



HUMAN RIGHTS MANAGEMENT



BUSINESS RELEVANCE

Since the adoption of the UN Guiding Principles on Business & Human Rights (UNGP) in 2011, 'business and human rights' has come under the global spotlight as an essential item of the business agenda. Particularly since the release of the UN Human Rights Reporting Framework in 2015, a growing number of corporations have begun to publish a human rights management report. In Korea, efforts to promote human rights management have been led by the National Human Rights Commission of Korea and other public organizations that are preparing and distributing guidelines on human rights management. KOTRA fully recognizes the importance of human rights management and publishes its efforts to promote human rights in its sustainability management report.

OUR APPROACH

KOTRA understands that human rights management is an overarching concept that encompasses both ethics and sustainability management. Our underlying belief is that we should strive to protect the human rights of our employees and the rights and interests of our stakeholders including customers, business partners and local communities. Human rights management includes activities aimed at preventing violations of the relevant laws and other forms of unethical behavior, and social contribution activities designed to promote human rights for the residents of our local communities. KOTRA is working hard to build a zero-defect organization in its ethics management, improve the rights of employees and stakeholders, and implement global standards in its human rights management, in order to set an outstanding example for others to follow in the field of human rights management.

OUR RISK

- Violation of laws in countries where our KBCs are operating
- Unethical behaviors
- Corruption

OUR OPPORTUNITY

- Review of risks through internal assessment
- Promotion of human rights management through KBCs
- Changing the perception of human rights among Korean companies operating overseas

KEY PERFORMANCE INDEX

Integrity Survey (unit : grade)



2014



2015



2016

Anti-corruption Policy Evaluation (unit : grade)



2014



2015



2016

Creating a Human Rights Management System

KOTRA's Human Rights Management in Brief

Given its role in supporting domestic companies' exploration of new markets and expanding their business overseas, KOTRA often operates in countries where people are vulnerable to human rights violations. KOTRA is working hard to internalize human rights management as well as providing businesses with information on the prevalent human rights issues of their target countries in order to ensure that Korean companies operating or wishing to operate overseas, as well as KOTRA employees, do not face problems in connection with human rights. KOTRA is in the process of completing a global business platform that incorporates human rights management, and began to submit an annual report that meets the UN Global Compact's standards (advanced level) in 2016.

Milestones in KOTRA's Human Rights Management

KOTRA declared the Human Rights Charter in December 2015, integrated human rights management into its existing ethics management system to further enhance the rights of internal and external stakeholders, and initiated various efforts to bring its human rights management into line with global standards.



Creating a Human Rights Management System

The ultimate goal of human rights management lies in promoting the human rights of our employees and, externally speaking, in protecting the rights of KOTRA's various stakeholders in the course of conducting all our business. To that end, we include not only our employees but also all stakeholders, customers, business partners, and residents of local communities in our efforts to protect human rights.

Establishing 3 Major Goals

KOTRA has created a framework for human rights management including rules and organizations, and set three major strategic goals that need to be met in order to spread human rights management from domestic to overseas operations, and from the inside to the outside of the organization, to ensure that all KOTRA employees are able to internalize human rights management as they perform their roles.

Active Involvement in External Activities for Human Rights Protection

KOTRA upholds the UN principles on human rights, and is actively involved in programs and events in which corporations, academia and NGOs gather together to discuss and promote human rights. Notably, KOTRA's executives joined the working-level group on the National Action Plans (NAP) for the Promotion and Protection of Human Rights, led by the National Human Rights Commission of Korea, thereby taking the lead in human rights management.

Human rights management			
Establish a foundation for sustainable growth by internalizing a culture of respecting human rights.			
Strategic goals	Creating a Human Rights Management System	Internalization of human rights management	Spreading human rights management
Organization and systems	<ul style="list-style-type: none"> Overhaul the rules on human rights management Set up a human rights and ethics committee Operate a secretariat for human rights and ethics management 	<ul style="list-style-type: none"> Strengthen the internal checks and balances of the system Set up a unit dedicated to ensuring a corruption-free KOTRA Appoint human rights management officers 	
Rules and process	<ul style="list-style-type: none"> Grievance ombudsman (Labor-Management Joint Grievance Settlement Center) 	<ul style="list-style-type: none"> Ban on discrimination in recruiting local employees Honor employees' outstanding performance in human rights management, with awards 	<ul style="list-style-type: none"> Publish exemplary cases of human rights management and share the guidelines of other countries Pledge ceremony for World Champs' "CSR"
Diagnosis and evaluation	<ul style="list-style-type: none"> A member of the NAP led by the National Human Rights Commission of Korea Diagnostic consulting on progress in implementing the UN Guiding Principles on Business and Human Rights 	<ul style="list-style-type: none"> Evaluation of the implementation of tasks related to human rights management Social contribution programs for the promotion of human rights Evaluation of efforts toward CSR and social contribution 	<ul style="list-style-type: none"> Application of UNGC at overseas KBCs
KPI	External integrity, evaluation of anti-corruption policy	Evaluation of internal integrity, internal evaluation of impact on human rights	

Internalization of Human Rights Management

Improving Systems and Processes for Human Rights Management

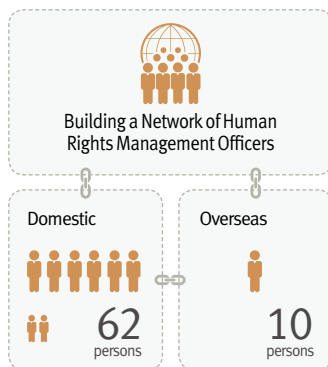
In order to establish human rights management as a standard practice within the company, it is important to put in place systems and processes that help employees to follow the principles of human rights management in the course of performing their work. Since its declaration of the Human Rights Charter in December 2015, KOTRA has had its progress in human rights management assessed by human rights civic groups. The assessment looked into five aspects including management approach and risk identification, and KOTRA reflected their recommendations in its human rights management systems.

Self-assessment of the Impact on Human Rights at Overseas Units

KOTRA has prepared a set of guidelines on how specifically the ten principles of the Human Rights Charter should be implemented, and has distributed the guidelines to its overseas units. These guidelines are designed to help employees review and assess their own progress and results in following the principles. The results of the assessment are submitted to the secretariat to identify major human rights risks associated with KOTRA's organization and businesses.

Human Rights Management Officers

Given the global scope of KOTRA's business activities, building a human network is crucial to the goal of internalizing human rights management. To achieve this, 62 domestic employees and 10 overseas employees have been appointed as human rights management officers to serve as the heart of KOTRA's human rights management. In particular, overseas officers have been assigned the task of establishing strategic frameworks within their respective regions to facilitate social contributions to their local communities, and of providing consulting to employees who may have trouble discussing and resolving grievances due to time differences between their locations and the headquarters in Korea.



Education and Rewards for Human Rights Management

In order for KOTRA employees to internalize human rights management, the organization must ensure that its employees understand the purpose of human rights management and keep abreast of global trends, and that they are fully aware of how they can protect and promote human rights in their day-to-day operations. Furthermore, as part of its efforts to raise employees' awareness of human rights, KOTRA provides education on, and rewards employees for their outstanding performance in, human rights management.

UNGP-based Education and Campaigns

KOTRA provides education on global trends, based on the UN Guiding Principles on Business and Human Rights, to its human rights management officers and other employees who wish to receive education. In addition, KOTRA has revised its code of conduct to better protect the human rights of its employees, and distributed it to all of its executives and employees to draw attention to human rights issues.

KOTRA Global Friend Awards

Each year, KOTRA honors selected employees with Global Friend Awards to encourage all its employees to abide by the Human Rights Charter and to increase their awareness of human rights. Candidates are selected upon the recommendation of human rights management officers. In 2016, the Global Friend Awards were presented to three overseas employees - including one employee who actively involved in relief efforts in earthquake-struck areas - in recognition of their contribution to improving the rights of external stakeholders. The awards were broadcast by the sky-wave TV channel.



Human rights education based on the UN Guiding Principles on Business and Human Rights

Spreading Human Rights Management

Implementation of the Ten Principles of the UNGC

- Investigate local practices that violate the principles :
- Investigate and review practices in countries where KBCs are operating.
- Work out specific ways to apply the principles.
- Require regional head offices to identify human rights risk factors specific to their respective regions.

China



- Discrimination against minorities
- Opportunities to get involved in eco-friendly projects
- Need to respond to the local practices of city governments, etc.

Europe



- Labor practices in Greece
- Low environmental awareness in East Europe
- Need to respond to public procurement

North America



- Racial discrimination
- Growing interest in new renewable energy
- Strict penalties against unethical behaviors

Middle East



- Discrimination against foreigners and women
- Inadequate legal framework on environmental issues
- Bribery in certain countries

Africa



- Violation of human rights
- Child labor, discrimination
- Lack of interest in environmental issues
- Rampant corruption

Japan



- Changes to corruption-related laws
- Stricter environmental regulations
- Accounting frauds involving some companies

Southeast Asia



- Violation of human rights
- Some cases of forced labor
- Low awareness of environmental issues

Southwest Asia



- Discrimination based on social status and religion
- Forced & child labor/Widespread use of child labor
- Low awareness of environmental issues

CIS



- Low awareness of human rights in certain countries
- Lack of awareness of environmental issues in certain countries
- Widespread corruption

Central & South America



- Low awareness of human rights in certain countries
- Low awareness of environmental issues in certain countries
- Widespread corruption

Spreading Human Rights Management Beyond National Borders

KOTRA is spreading human rights management through 126 KBCs in 86 countries. In 2016, we focused our efforts on bringing our local recruitment procedure into line with the principles of human rights management and on changing the perception of human rights management at KBCs.

Ban on Discrimination in Employment

Legal systems vary considerably in the 86 countries where our KBCs are operating, and there is a vast gap in human rights awareness among these countries, thus exposing KOTRA to a wide variety of human rights risks. KOTRA has established a set of guidelines designed to prevent discriminatory elements that may exist in its local employment procedures. The guidelines require that job interviews should be conducted by at least three interviewers, and that the standard evaluation matrix and interview questionnaire should be used so as to ensure that only candidates' job-related competencies and qualifications are discussed and evaluated, and that no potentially discriminatory elements are mentioned during the interview process.

Implementation of the Ten Principles of UNGC at KBCs

KOTRA had its 126 KBCs survey local practices that do not comply with or conform to the ten principles of the UNGC. In addition to the survey, the KBCs came up with a series of countermeasures that KBCs and Korean companies operating in other countries can take in order to remain fully aware of and manage the associated risks.

Encouraging Companies Operating Overseas for Better Human Rights Management

Building on its experience and competencies in human rights management, KOTRA is accelerating its efforts to spread human rights management among KOTRA's business partners and companies looking to expand their business overseas.

CSR Pledge Ceremony

KOTRA held a ceremony involving a CSR pledge by 169 companies seeking to start a business in other countries. During the ceremony, the participating companies were informed of the human rights and ethical risks that they may encounter while doing business in other countries, and KOTRA emphasized that social responsibility is an integral part of corporate management deserving of much attention and consideration.

Future Plans for Human Rights Management

KOTRA's commitment to human rights management is an expression of its determination to help create a fair and equitable society for future generations. KOTRA will continue to enhance transparency in its operations by ensuring successful human rights management that conforms to global standards.

Improving Human Rights Management in Phases

KOTRA intends to make the best use of its unique capacities and global resources to protect human rights and promote awareness of human rights. Furthermore, we shall abide by the global principles of human rights in every aspect of our business activities, and improve our systems of human rights management in phases in tandem with external changes, thereby consolidating our leadership in human rights management.

APPENDICES

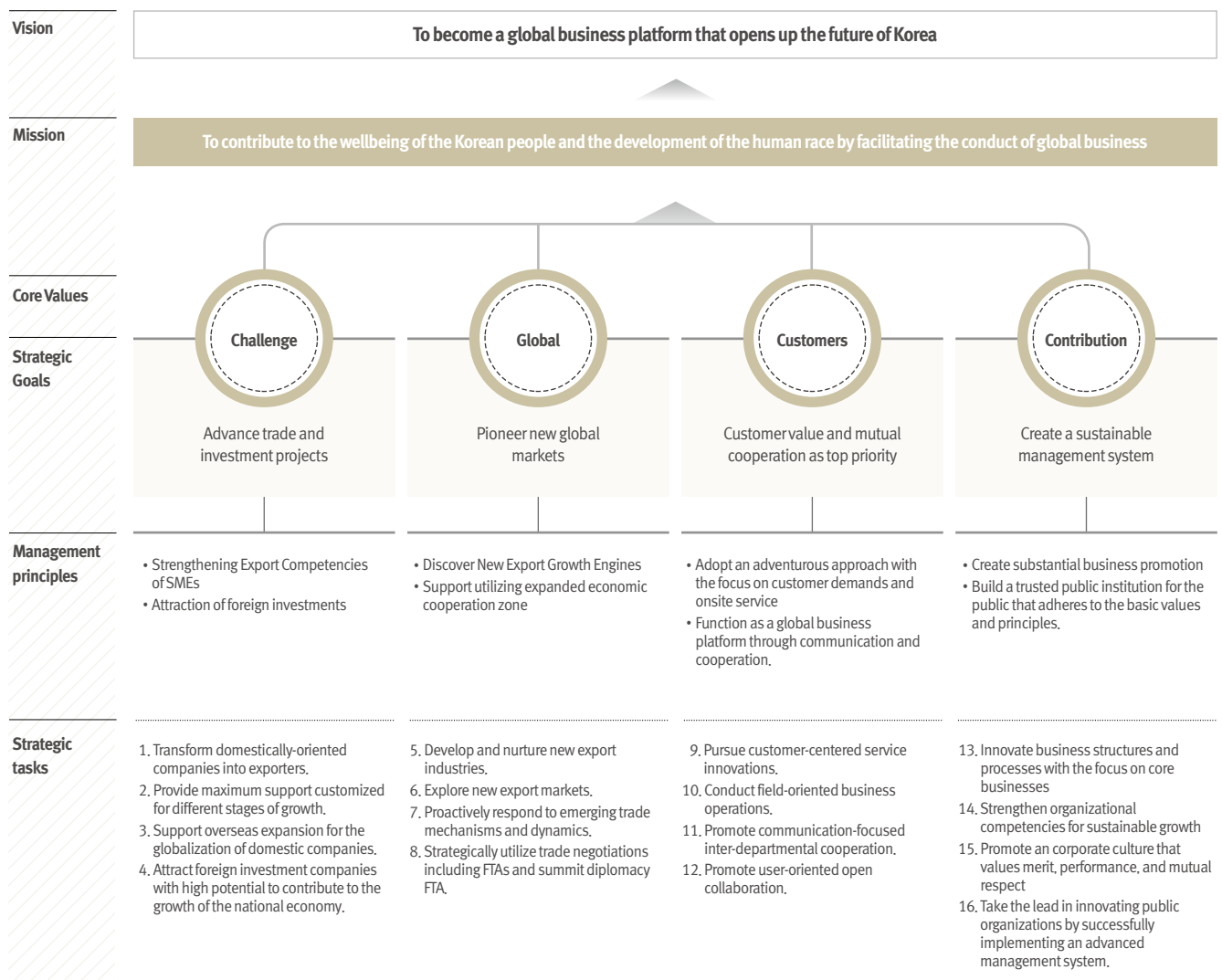


○	Management Report	63p
○	Results of Sustainability Management	70p
○	GRI Standards Index	77p
○	Third-party Assurance	80p
○	UNGC & ISO 26000	82p
○	Awards, Associations, and Memberships	84p
○	KOTRA's Previous Sustainability / Publications	85p

Management Strategies

Framework of Management Strategies

KOTRA is playing a significant role in boosting exports and attracting foreign investments to Korea by faithfully performing its duties in the face of the adverse external environment including the global economic slowdown. In this era of slow economic growth and new uncertainties, KOTRA intends to overhaul the framework for its long-term management strategies in a way that strengthens its role as a global business platform, and thereby take a major leap forward. Guided by the vision of becoming “a global platform that opens up the future of Korea”, KOTRA has set four major strategic goals and sixteen strategic tasks to achieve its mission of “contributing to the wellbeing of the Korean people and the development of the human race by facilitating the conduct of global business.”



Governance

Composition of the Board

As of the end of December, the board of directors consists of 6 standing directors and 7 non-standing directors who are experts in the fields of business, law, and media. Non-standing directors who make up more than half of the board provide effective checks and balances against the management and perform audits to ensure fairness. The president of Invest Korea acts as an observer to the board. The chairman of the board concurrently serves as president of KOTRA; if the president is unable to perform his duties for unavoidable reasons, a standing director acts on his behalf according to the rules of the organization (Article 18(4) of the Act on the Management of Public Institutions, Article 3 of the Rules of the Board of KOTRA). KOTRA's employees are prohibited from concurrently holding offices in order to prevent conflicts of interest pursuant to Article 2(2) of the Public Service Ethics Act and Article 17 of the Articles of Incorporation of KOTRA. Directors with personal interest in any of the issues subject to the board's resolution cannot be present at the board meeting, as per Article 27(2) of the Articles of Incorporation of KOTRA.

Category	Name	Position	Appointment Procedure
Standing Directors	Jaehong Kim	President and Chairman of the Board	Appointed by the President of Korea
	Tae-Sik Lee	Senior Executive Vice President, Management Support	Appointed by the President of Korea
	Seokgi Seon	Executive Vice President, SMEs Support	
	Doo-young Kim	Executive Vice President, Strategic Marketing	
	Won-suk Yoon	Executive Vice President, Business Information & Trade	
	Kwang-young Jeong	Chairman of China Headquarters	
Non-standing Directors	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 → Appointed by the Minister of Commerce, Industry and Energy
	Kwang-keun Lee	Advisor of Sang Hyun Industries Co., Ltd.	
	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.	
	Young Lee	CEO of Teruten	
Auditor	Jin-Eok Kim	Auditor	Appointed by the President of Korea
President of Invest KOREA	Yong-Kook Kim	Head of Invest KOREA	

Operation of the Board

The board regularly meets to discuss important matters that affect KOTRA's operations. The board also operates subcommittees in accordance with Article 12 of the Rules of the Board to enhance efficiency in the board's activities. Each subcommittee is made up of three directors including non-standing directors, and the chairman of the subcommittee is appointed from among non-standing directors. The Executive Nomination Committee, Clean KOTRA Committee, Service Commission Review Committee, and Financial Operation Committee are operated, and experts from each field participate in subcommittee meetings to discuss issues of key concern. Important outcomes of board meetings or Executive Nomination Committee meetings are published on the website so that they can be shared with stakeholders.

Executive Nomination Committee

As a public institution, KOTRA appoints its executives and directors through a fair process in accordance with its purpose of establishment and laws. The Executive Nomination Committee is responsible for looking for candidates, setting the evaluation criteria, evaluating candidates, and determining the executive candidates. The committee is composed of individuals who represent different fields from among non-standing members and board members.

Board's Performance and Remuneration

The board of directors deliberates and makes decisions on corporate goals, budget, funding and financial management plans, and other important matters. In order for the board to convene a meeting, the auditors or president should raise issues 12 days prior to the meeting; the head of the Planning and Coordination Office collects agenda items to be discussed and submitted to the president for approval, and the agenda is finally presented to the board for discussion and resolution. Regarding the publication of the sustainability management report, the head of the Planning and Coordination Office and the head of the business administration team review and approve the process, content of the report, and indicators.

Category	2014	2015	2016
No. of BOD meetings (meeting)	13	16	14
No. of agenda items (case)	23	30	22
No. of modified decisions (case, %)	2 (9%)	3 (10%)	3 (14%)
Attendance ratio of standing directors (%)*	90	92.3	88.6
Attendance ratio of non-standing directors (%)*	91.7	94.9	91.4

* Excludes ex-officio non-standing director: The ex-officio non-standing director attended 4 out of a total of 14 meetings in 2016 due to sluggish exports.

Evaluation of the Board's Performance

The board's activities and performance are assessed by 3 major monitoring indicators - the board's composition, activity, and professionalism - and 10 measurable sub-indicators.

Category	Monitoring Indicators	Sub-indicators (measurable)	Weight (%)
Composition of the Board	Is the board operated independently?	<ul style="list-style-type: none"> Ratio of non-standing directors and neutral appointments, diversity in non-standing directors' professional expertise Board's independence as the top decision-making body 	30
Activity	Is the board active? Are non-standing directors actively involved in the board's activities?	<ul style="list-style-type: none"> Measurable data such as no. of meetings held, attendance rate of non-standing directors, ratio of appropriate agenda items handled by the board, no. of opinions expressed per item, etc. Measurable degree of non-standing directors' participation 	60
Professionalism	Are non-standing directors allowed to use their professional expertise in the board?	<ul style="list-style-type: none"> How often do advisory committees on different fields meet compared to general board meetings? Are the roles and responsibilities of the board adequately divided and allocated? 	10

Transparency in Remuneration

KOTRA proposes a revised remuneration policy based on internal revision demands and advice from outside professional institutions and gathers opinions from related stakeholders including the union and the government before finally determining the remuneration plan. The remuneration for executives and board members is paid transparently and fairly according to the rules of compensation. Executive remuneration is made up of the basic annual wage and bonus, which are adjusted at the beginning of each year according to the guidelines of the government. Bonuses paid to executives are determined based on the yearly business performance of the organization. The bonus for the president is determined according to the contract, and auditors are paid bonuses according to the performance evaluation for standing auditors. The president determines the bonus paid to standing directors, but no bonus is paid to non-standing directors.

The average remuneration paid to executives in 2016 was 163,228,000 won, and employees were paid 77,380,000 won on average. The average annual wage of executives was approximately 2.1 times as much as the average annual wage of employees. The average wage paid to employees, which is determined through labor-management negotiations, increased by 817,000 won from 2015, and executives were paid 5,462,000 won more compared to 2015.

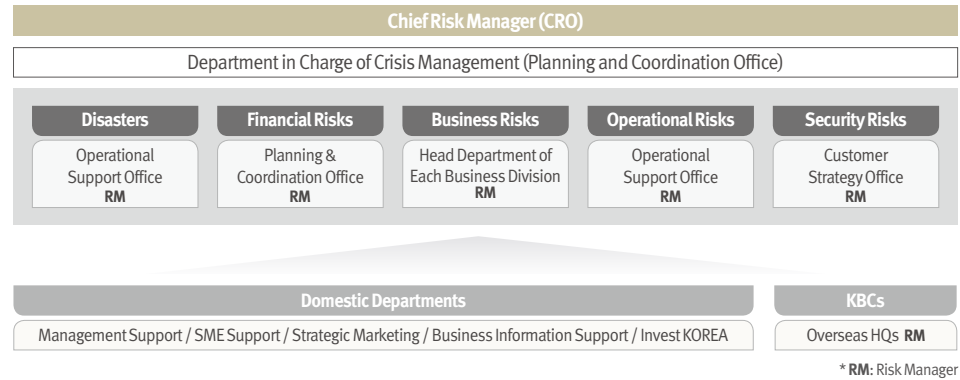


Risk Management

Enterprise Risk Management

KOTRA has in place an enterprise risk management system that enables it to respond swiftly to rapidly changing circumstances including changes in both internal and external environments and expanding internal businesses and networks. The risk response system is designed to cope with 5 major risk types - disaster, finance, business, operation, security - and 13 risk factors. Furthermore, risks are classified into 5 levels according to which the response process and manual are created. KOTRA operates a risk management unit headed by an executive.

Types of Risk	Risk factors
Disaster	Uprising, kidnapping, human casualties, diseases, earthquakes, fire
Finance	Losses from changes in foreign exchange rate, reduction in government subsidies
Business	Poor customer management, inadequate business management
Operation	Mismanagement of conflicts, supervision of employees' services and conduct (misbehaviors of employees)
Security	Leak of personal data, cyberterror



Internal Check System

KOTRA has built an internal check system based on risks specific to the organization as a component that completes its system of strategies for identifying, assessing, and responding to evolving risks. In particular, efforts are concentrated on enhancing professional competencies and independence of the internal check system and on taking all of the required follow-up actions on audit outcomes, thereby contributing to value creation for KOTRA.

Mission of Audit	To contribute to value creation for a global KOTRA		
Analyze Risks	Analyze internal and external environments, government policies, characteristics of KOTRA's businesses, and audit cases to list the risk factors		
Identify Risks	Risks from regular business management	Risks from improper business management	Risk factors
How to Respond	Phased control	Prevention and audit	Improvements to policies and systems
Strategic Goals	Strengthen the internal check system	Increase activities of the internal check	Improve the performance of follow-up management
Strategic Tasks	<ul style="list-style-type: none"> Improve the internal check system to reflect KOTRA's unique characteristics better Enhance professionalism and independence of audit Strengthen auditors' competencies 	<ul style="list-style-type: none"> Expand proactive and preventive efforts in line with the implementation of the Anti-Graft Law Increase system-based checks and balances Increase efforts to prevent improper management 	<ul style="list-style-type: none"> Deter recurrence of the same or similar problems by imposing strict punishments Systematically monitor follow-up actions on audit outcomes
Providers	(Internal) standing auditor, non-standing directors, corruption prevention officer, compliance officer + (external) anti-corruption ombudsman, audit advisory group		
Regular Check Activities	Regular audit, e-audit system, monitoring of corporate credit card use, operation of internal report channel, monitoring of employees' conduct of duties		

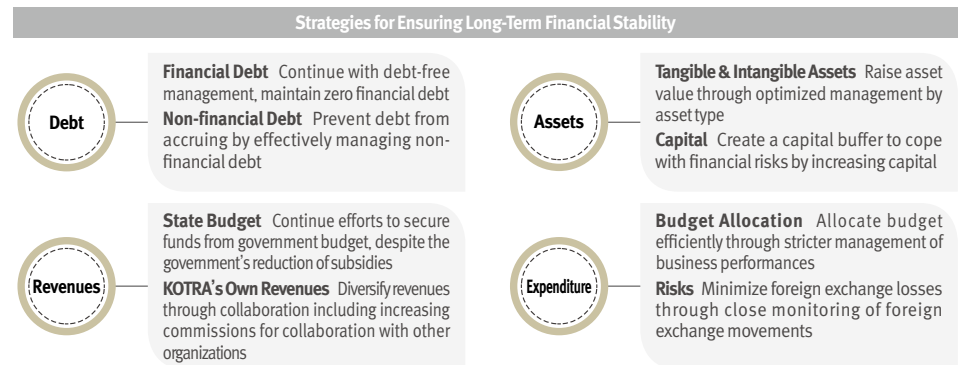
Financial Management

KOTRA sets mid- and long-term financial management goals, manages performance according to financial management strategies, and revises and improves its financial management strategies based on feedback in order to respond better to economic slowdowns and uncertainties. In addition, KOTRA strives to increase the stability of its businesses and create new values by proactively identifying various risk situations.

Long-term Financial Management Goals	Growth	Profitability	Stability
	Sales : 4,811 billion won	Financial independence : 23.3%	Debt-equity ratio : 41.7%
Strategies	Securing a stable supply of funding	Expanding profit-generating businesses	Maintaining financial soundness
	<ul style="list-style-type: none"> Secure budget by further solidifying KOTRA's core businesses and developing new businesses for export promotion 	<ul style="list-style-type: none"> Expand profit-generating businesses Increase revenues from businesses jointly conducted with related organizations 	<ul style="list-style-type: none"> Continue with debt-free management Impose stronger control on efficient budget execution
Performance Management and Feedback	CRM-based evaluation of specific businesses, customers, and processes	Internal evaluation on how much of the profit goal has been reached	ERP system-based monitoring of major spending

Financial Stability

Since the majority of KOTRA's budget comes from government subsidies, KOTRA is restricted in conducting its businesses and executing its budget. Given these restrictions, KOTRA has established strategies to ensure long-term financial stability, with the aim of building the foundation for financial stability through debt-free management and asset expansion and of improving financial health through increased revenues and efficient expenditure management.



Long-Term Financial Management Plan

KOTRA has established long-term financial management strategies in order to cope proactively with the changing business environment and ensure mid-long term financial stability.

Implementation Task	2017 ~ 2018	2019 ~ 2020	2021 ~
Create a system to enable KOTRA to respond proactively to the changing business environment	<ul style="list-style-type: none"> Support for SMEs to develop new engines of export growth Promote trade and investment projects that create jobs 	<ul style="list-style-type: none"> Continue providing integrated support for trade and investment Enhance KOTRA's role as a comprehensive platform to support companies' entry into the global value chain better and create an ecosystem conducive for SME's growth 	<ul style="list-style-type: none"> Play a leading role in promoting comprehensive and long-term economic cooperation with strategic markets Correct the imbalance in the makeup of export items by diversifying the export portfolio and manage mid-long term trade risks
Ensure financial stability	<ul style="list-style-type: none"> Continue debt-free management, prevent incurrence of debt Asset management by asset type Expand sales Manage budget expenditures efficiently 	<ul style="list-style-type: none"> Expand tangible and intangible assets Increase capital Continue developing new revenue sources 	<ul style="list-style-type: none"> Improve financial stability by increasing net profit and decreasing the debt-equity ratio



Information Security

Information Security Management System

Nowadays, cyber terrors and hacking incidents are becoming sophisticated, mainly targeting institutions that handle high-value information. In addition, there are an increasing number of attempts to break into the internal network and steal information; as a result, creating and operating a solid system of information security management are emerging as a major concern. KOTRA does its best to keep its business information and customer data safe so as to remain a reliable institute.

Objective	Ensuring the security of business information and enhancing public trust by strengthening information security		
Changes to the Environment	External Nowadays, cyber terrors are targeting specific institutions and becoming sophisticated	Internal Recently, KOTRA has been subject to a growing number of hacking attempts and attempted leaks of information through email	
Direction for Improvement	Raise the level of information security	Zero-defect response to cyber terrors	Create an advanced, more sophisticated information security management system
Implementation Tasks	<ul style="list-style-type: none"> Get the management involved to increase accountability Promote the internalization of information security Take follow-up actions on the outcomes of the information security evaluation by the National Intelligence Service (NIS) 	<ul style="list-style-type: none"> Implement strict preventive measures and responses Improve the capability to respond to hacking emails Create a new wireless response system 	<ul style="list-style-type: none"> Conduct a comprehensive check on information security and take actions to address vulnerabilities Have the information security system certified by the government Strengthen the personal information management system

Raising the Level of Information Security

In an effort to hold the management more accountable for information security, the guidelines for information security were revised in 2016 to appoint a vice president as Chief Information Security Officer and specifically stipulate the mission and roles of the officer. In addition, the vice president is empowered to convene and preside over a meeting when major issues of information security arise and decisions need to be made, and the key executives and employees involved should be able to share information prior to the meeting. Furthermore, non-permanent employees as well as permanent employees are required to receive compulsory education on information security, with the latest issues on cyber threats and information security shared with all employees on a monthly basis as part of efforts to internalize information security. As a result, KOTRA's score in the 2016 information security evaluation by the National Intelligence Service (NIS) rose by 7.29 points to 77.95, particularly in recognition of the prompt follow-up actions taken by KOTRA following the results of the previous evaluation.

Follow-up Actions and Outcomes in Connection with the 2016 NIS Evaluation on Information

	Manual	System	CCTV	Software
Follow-up Actions	Manuals have been revised to reflect the changes in the information security environment including growing cyber terrors and separation of networks	Access by unauthorized employees to the internal system is completely blocked	Restrictions on access to CCTV have been tightened to ensure that only authorized employees access it	Newly installed a regular patch process for the Internet, PCs, and software
Outcomes	Promptly respond to cyber terrors	Protect internal data	Prevent leaks of CCTV recordings	Eliminate software weaknesses

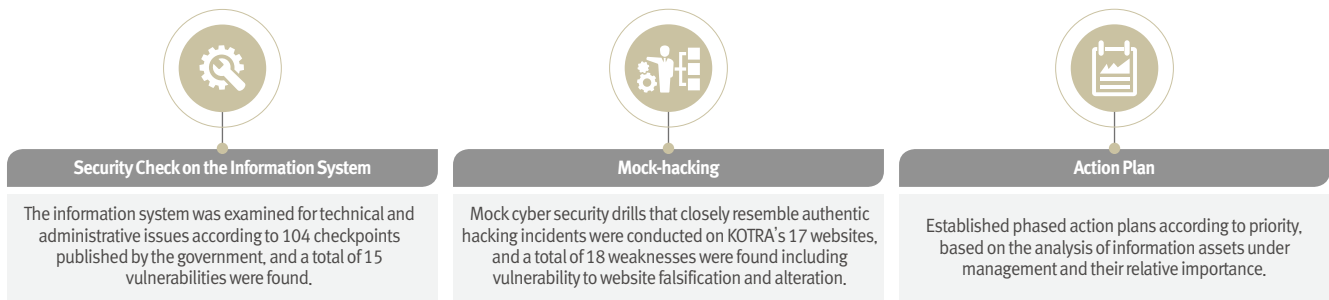
Zero-Defect Response to Cyber Terrors

As part of an advanced cyber terror response system that it is building, KOTRA created a system to defend against hacking attempts from outside and enhanced its capability to cope with hacking emails while strengthening its ability to deal with wireless hacking.

	Defend against Hacking Attempts	Enhance Capability to Cope with Hacking Emails	Respond to Wireless (Wi-Fi) Hacking Attempts
Changing Environment	A total of 340 hacking attempts targeted KOTRA in 2016, making it No. 1 among MOCTE-affiliated organizations	Recurring information leaks through email and infection attempts using malignant codes	Nowadays, cyber terror is diversifying its attacking routes including wireless routes as well as wired
Government Policy	The National Cyber Security Center demands thorough responses to rapidly growing cyber attacks	The government demands that KOTRA and other government agencies continue to increase their ability to respond to hacking emails	NIS recommends creating a system designed to cope exclusively with wireless cyber terrors
Responses	Make all-out efforts to ensure information security in response to rapidly growing hacking attempts	Introduce an advanced training program to enhance employees' ability to respond to hacking emails	Establish a separate system to cope exclusively with wireless cyber terrors

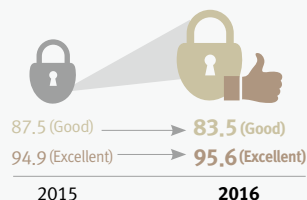
Advancement of Information Security Management System

A team of internal and external experts examined KOTRA's information security management system and identified areas for improvement. KOTRA took follow-up actions to make the required improvements. An examination of the information system revealed 15 vulnerable areas, and KOTRA addressed the issues by taking the necessary actions including tightening the monitoring of by whom and how the system is used. A mock website-hacking event identified 18 vulnerable areas including technical and administrative weaknesses and vulnerability with source code security. As a result of its efforts to strengthen its information security management system, KOTRA acquired the Information Security Management System (ISMS) certification in 2016.



Personal Information Management System (unit: points)

- Average of public institutions (grade)
- KOTRA (grade)



Prevention of Personal Information Leaks

KOTRA encrypted sensitive information such as SMEs' export data in addition to important personal information whose encryption is legally required. Personal information stored in employees' PCs is regularly monitored, and how employees manage personal information constitutes part of employees' performance evaluation in order to ensure that all employees manage personal information properly. In addition, KOTRA promptly worked on areas for improvement that were listed in the personal information management assessment conducted by the Ministry of the Interior in 2015. KOTRA was recognized for its aggressive efforts toward better management of personal information in the 2016 information security evaluation where KOTRA scored 95.6 points. Particularly noteworthy is the fact that KOTRA maintained the highest grade ("excellent") when the average score for all public institutions included in the evaluation dropped.

Results of Sustainability Management

Summary of Financial Performance (Summary of Financial Statements) (unit: won)

Category	55 th period (current)	54 th period	53 rd period
Assets			
Current assets	61,967,676,996	67,550,465,382	90,990,578,441
Cash and cash equivalents	47,368,759,179	33,407,378,973	36,008,984,399
Current financial assets	856,112,000	23,896,319,000	21,903,521,500
Trade and other receivables	1,448,002,519	746,445,502	755,054,053
Current income tax assets	21,548,523	327,887,677	269,440,143
Current non-financial assets	12,273,254,775	9,172,434,230	32,053,578,346
Non-current assets	122,543,496,215	117,884,659,000	79,104,355,359
Non-current financial assets	5,675,090,000	5,498,509,000	5,385,981,242
Long-term trade and other receivables	39,436,091,623	40,074,396,300	9,263,017,896
Tangible assets	15,230,291,012	16,317,422,105	15,208,737,973
Real estate investments	2,284,503,843	2,321,357,683	2,430,977,374
Intangible assets other than goodwill	5,903,452,798	5,933,388,841	4,427,870,846
Investments in associates and joint ventures	53,900,635,944	47,451,085,866	42,337,165,177
Non-current, non-financial assets	113,430,995	288,499,205	50,604,851
Total assets	184,511,173,211	185,435,124,382	170,094,933,800
Liabilities			
Current liabilities	43,616,772,571	47,421,377,641	40,556,306,416
Trade and other payables	15,670,663,339	15,166,921,158	10,723,830,404
Current non-financial liabilities	11,367,920,294	15,466,661,248	13,590,228,175
Liquidity provisions	16,578,188,938	16,787,795,235	16,242,247,837
Non-current liabilities	12,349,047,159	10,443,228,757	9,062,407,309
Long-term trade and other payables	694,466,389	822,816,996	819,751,846
Non-current non-financial liabilities	903,738,968	488,562,480	425,467,403
Provisions for employee benefits	10,750,841,802	9,131,849,281	7,817,188,060
Total liabilities	55,965,819,730	57,864,606,398	49,618,713,725
Capital			
Paid-in capital	50,000,000,000	50,000,000,000	50,000,000,000
Retained earnings	76,660,270,580	75,670,036,607	68,575,738,698
Other components of equity	1,885,082,901	1,900,481,377	1,900,481,377
Total capital	128,545,353,481	127,570,517,984	120,476,220,075
Total liabilities and capital	184,511,173,211	185,435,124,382	170,094,933,800

※ The 2014 Financial Statements have been revised according to the new accounting rules of 2015 including classifying - as contra-cash - "balance from government subsidy" previously carried as "accrued payables."

Financial Performance (Summary of Comprehensive Income Statement)

(unit: won)

Category	55 th period (current)	54 th period	53 rd period
Sales	408,028,336,401	361,265,216,517	342,257,088,836
Revenue from rendering of services	78,258,999,380	74,028,939,451	65,106,740,415
Transfer earning (sales)	326,614,240,154	284,480,293,996	275,413,044,267
Other revenues (sales)	3,155,096,867	2,755,983,070	1,737,304,154
Cost of sales	281,817,210,524	241,074,831,247	226,944,302,219
Cost of sales on revenue from rendering of services	279,311,584,131	238,555,813,674	224,679,332,266
Cost of sales on other revenues	2,505,626,393	2,519,017,573	2,264,969,953
Gross profit	126,211,125,877	120,190,385,270	115,312,786,617
Selling and administrative expenses	130,831,512,932	119,662,284,961	108,830,530,587
Labor cost	114,749,500,329	104,516,657,802	94,472,388,721
Other expenses	16,082,012,603	15,145,627,159	14,358,141,866
Operating income	(4,620,387,055)	528,100,309	6,482,256,030
Other income	5,727,478,232	5,727,478,232	5,727,478,232
Government subsidies	5,727,478,232	5,727,478,232	5,727,478,232
Other expenses	34,556,242	34,564,128	34,820,869
Depreciation expense on investment property	34,556,242	34,564,128	34,820,869
Other profit (loss)	1,002,921,668	3,554,479,096	3,418,268,087
Gain on disposal of property, plant, and equipment	62,008,677	107,587,907	1,599,830,359
Gains on foreign exchange translations	365,886,847	1,368,265,003	281,490,792
Gains on foreign exchange transactions	522,099,203	568,358,931	499,114,578
Other gains	1,928,021,615	2,137,993,382	1,648,908,174
Losses from disposal of property, plant, and equipment	(27,793,080)	(36,563,934)	(22,959,380)
Losses on foreign exchange translations	(1,254,476,557)	(66,979,595)	(252,612,584)
Losses on foreign exchange transactions	(592,825,037)	(524,182,598)	(335,503,852)
Financial income	117,850,072	2,242,871,410	2,013,128,403
Interest income	117,850,072	2,242,871,410	2,013,128,403
Gains (losses) from associates and joint ventures	736,012,198	(398,884,208)	(719,032,614)
Gains on evaluation of associates and joint ventures	736,012,198	49,481,801	394,414,764
Losses on evaluation of associates and joint ventures	-	(448,366,009)	(1,113,447,378)
Gross profit	2,929,318,873	11,619,480,711	16,887,277,269
Income tax expense	-	-	-
Net profit	2,929,318,873	11,619,480,711	16,887,277,269
Other comprehensive income	2,086,737,384	589,973,478	(3,986,464,067)
Other comprehensive income that may not be reclassified subsequently into profit or loss	2,102,135,860	589,973,478	(3,986,464,067)
Other comprehensive income that may be reclassified subsequently into profit or loss	(15,398,476)	-	-
Total comprehensive income	5,016,056,257	12,209,454,189	12,900,813,202



Results of Sustainability Management

Economic and Business Performance

Category	Unit	2014	2015	2016
Annuities				
Amount under management (DB)	million won	24,343	26,866	31,294
No. of annuity holders (DB)	persons	534	607	691
No. of beneficiaries (DC)	persons	290	275	266
Ratio of wages paid to new employees				
Minimum legal wage	1,000 won	13,067	13,995	15,124
Wages paid to new employees	1,000 won	29,826	31,547	32,399
Wages paid to new employees	Male	1,000 won	30,748	32,511
	Female	1,000 won	28,904	30,584

Distribution of Economic Value

Category	Major Activities	Unit	2014	2015	2016
Shareholders	Dividends	won	5,115,156,280	4,041,220,760	1,039,908,190
Suppliers	Procurements and outsourcing cost	won	2,289,645,196	2,322,761,071	2,525,601,156
Government	Corporate tax payments, other taxes and dues	won	2,071,837,686	2,110,958,589	2,050,917,640
Local communities	Financial donations, cost of social contribution programs	won	-	91,882,300	45,151,000

Environmental Performance

Category		Unit	2014	2015	2016
Use of recycled ingredients and materials					
Paper		million won	20	12	21
Ratio of recycled paper use		%	100%	100%	93.3%
Water use and water reuse rate*					
Water use (ground water)		ton	10,823	10,339	12,258
Water use (water supply system)		ton	15,047	16,287	17,991
Total annual water use		ton	25,870	26,626	30,249
Reused water		ton	1,310	1,320	1,595
Water reuse rate		%	12%	13%	13%
Direct & indirect GHG emissions					
Scope 1	Total	tCO2eq	564	530	518
	Direct GHG emissions (stationary combustion-city gas)	tCO2eq	384	381	369
	Direct GHG emissions (mobile combustion-gasoline)	tCO2eq	155	121	120
	Direct GHG emissions (mobile combustion-diesel)	tCO2eq	25	28	29
Scope 2	Total	tCO2eq	2,490	2,599	2,664
	Indirect GHG emissions (electricity)	tCO2eq	2,490	2,599	2,664

Category	Unit	2014	2015	2016
Expenses and investments for environmental protection				
Sewer charges	million won	24	26	29
Sewer treatment cost(wastewater purification cost and general waste treatment cost)	million won	18	16	23
Procurements of environment-friendly products	million won	602	674	547
Total amount of procurements		668	730	576
Ratio of environment-friendly products purchased	%	90.1%	92.3%	94.9%

* Wastewater use can be monitored through water meters; ground water was used as the denominator to calculate the water reuse rate.

* KOTRA manages its environmental indicators including GHG emissions according to the government recommendations.

Social Performance

Category			Unit	2014	2015	2016
Employment and turnover						
New employment	Male		person	21	44	55
	Female		person	34	29	39
	Locally recruited employees		person	5	11	12
	Science & engineering majors		person	7	17	14
	Non-permanent employees		person	14	15	20
Turnover rate	Male		%	3.8	3	1.8
	Female		%	3.9	4.4	2.9
Employee makeup						
Position (permanent)	Executives	Total	person	7	7	7
		Male	person	7	7	7
		Female	person	-	-	-
	Level 1	Total	person	54	59	57
		Male	person	53	58	56
		Female	person	1	1	1
	Level 2	Total	person	153	160	165
		Male	person	146	152	154
		Female	person	7	8	11
	Level 3	Total	person	150	154	158
		Male	person	132	128	127
		Female	person	18	26	31
	Levels 4, 5, and 6	Total	person	321	368	499
		Male	person	194	220	266
		Female	person	127	148	233
	Total		person	685	748	886

Results of Sustainability Management

Category			Unit	2014	2015	2016
Gender (permanent)	Male		person	532	565	610
	Female		person	153	183	276
Region (permanent)	Domestic		person	345	400	529
	Overseas		person	340	348	357
Age (permanent)	35 and below		person	223	271	330
	36~45		person	224	241	287
	46~55		person	206	192	221
	56 and older		person	32	44	48
Function (permanent + non-perma- nent)	Executives	Total	person	7	7	7
		Male	person	7	7	7
		Female	person	-	-	-
	Trade & specialized functions	Total	person	678	741	803
		Male	person	525	558	588
		Female	person	153	183	215
	Special services	Total	person	128	135	62
		Male	person	46	47	34
		Female	person	82	88	28
	Administrative	Total	person	79	79	76
		Male	person	15	15	15
		Female	person	64	64	61
Employment type (permanent + non-perma- nent)	Permanent	Total	person	685	748	886
		Male	person	532	565	610
		Female	person	153	183	276
	Indefinite-term contract positions	Total	person	6	18	62
		Male	person	4	9	34
		Female	person	2	9	28
	Contract positions*	Total	person	43	38	-
		Male	person	27	23	-
		Female	person	16	15	-
	Non-permanent	Total	person	74	17	20
		Male	person	57	13	7
		Female	person	17	4	13
Employment of members of socially disadvantaged classes	Disabled employees		person	30	31	31
			%	2.7	3.2	3.0
	Female employees		153	183	276	
			%	22.3	24.5	31.2
	Patriots and veterans		person	36	34	45
		%	5.3	4.5	5.0	
Childbirth and childcare leave	Employees who have taken a leave	Total	person	30	33	37
		Male	person	2	-	4
		Female	person	28	33	33
	Employees who returned to work after taking a leave	Total	person	15	17	22
		Male	person	2	-	3
		Female	person	13	17	19
	Employees who have worked for 12 months or longer after returning to work following a leave	Total	person	14	13	17
		Male	person	-	1	-
		Female	person	14	12	17
	Employees working for 12 months or longer	Total	%	93	87	100
		Male	%	-	50	-
		Female	%	-	92	100

* Contract positions were integrated into indefinite-term contract employees in 2016.

Category			Unit	2014	2015	2016
Employee education						
Total number of employees who have received education			person	839	857	948
Total education cost			1,000 won	1,850,400	2,502,000	2,348,065
Total number of education sessions			session	790	763	940
Total hours of education			hour	185,040	230,060	165,291
Education cost per employee			won/person	2,205,483	2,919,487	2,476,862
Hours of education per employee	Total		hour/person	221	268	174
	Gender	Male	hour/person	223	268	177
		Female	hour/person	216	271	170
	Position Level	Executives	hour/person	58	45	43
		1, 2	hour/person	252	307	203
		3 or lower	hour/person	212	258	167
Hours of foreign language education per person			hour/person	72	58	52
Ethics management						
Education on ethics management	Executives		person	5	6	6
	Employees	Domestic	person			501
		Overseas	person	806	835	359
Corruption risk assessment by business location	No. of business locations assessed		locations	39	34	40
	Ratio of business locations assessed		%	30	25	29
Sharing ethics code with business partners	No. of business partners		organization	35	33	33
	Ratio of sharing		%	100	100	100
Corruption cases and actions taken						
Employees	Confirmed cases of corruption		case	-	1	-
	Disciplinary actions		action	-	1	-
Human rights education						
Employees who have received education on sexual harassment			person	6	6	7
No. of sexual harassment education sessions			case	896	935	948
Unionized employees and employees covered by collective bargaining						
No. of employees eligible to join the labor union and collective bargaining			person	537	633	763
No. of unionized employees			person	438	506	539
Ratio of unionized employees			%	81.6	79.9	70.6
Grievance settlement						
Labor-Management Joint Grievance Settlement Center	Grievances reported and settled		case	-	7	10
EAP (employee assistance program)	Employees on EAP		person	23	17	54
	No. of inquiries		inquiry	144	139	115
Grievance report center for special customers	Grievances reported and settled		grievance	7	-	-
Clean KOTRA center	Reports received and handled		report	15	12	13
Customer satisfaction survey						
Customer satisfaction	Head office		point	97.3	95.6	94.1

Results of Sustainability Management

Category			Unit	2014	2015	2016
Injuries and diseases						
Accident injury rate	Total		per million hours	-	0.67	-
	Gender	Male	per million hours	-	0.89	-
		Female	per million hours	-	-	-
	Position Level	Executives	per million hours	-	-	-
		1, 2	per million hours	-	-	-
		3 or below	per million hours	-	0.96	-
	Region	Domestic	per million hours	-	-	-
		Overseas	per million hours	-	0.14	-
Rate of occupational diseases	Total		per million hours	-	-	0.57
	Gender	Male	per million hours	-	-	0.83
		Female	per million hours	-	-	-
	Position level	Executives	per million hours	-	-	-
		1, 2	per million hours	-	-	0.23
		3 or below	per million hours	-	-	-
	Region	Domestic	per million hours	--	-	.96
		Overseas	per million hours	-	-	-
Rate of days off taken	Total		%	-	0.00015	0.00019
	Gender	Male	%	-	0.0002	0.0028
		Female	%	-	-	-
	Position level	Executives	%	-	-	-
		1, 2	%	-	-	0.00077
		3 or below	%	-	0.00022	-
	Region	Domestic	%	-	-	0.00032
		Overseas	%	-	0.00032	-
Absence rate	Total		%	0.26	0.38	0.5
	Gender	Male	%	0.08	0.19	0.28
		Female	%	0.87	0.96	0.98
	Position level	Executives	%	-	-	-
		1, 2	%	0.12	0.1	0.2
		3 or below	%	0.32	0.5	0.6
	Region	Domestic	%	0.41	0.65	0.77
		Overseas	%	0.11	0.07	0.09
No. of work-related fatalities	Total		person	-	-	1
	Gender	Male	person	-	-	1
		Female	person	-	-	-
	Position level	Executives	person	-	-	-
		1, 2	person	-	-	1
		3 or below	person	-	-	-
	Region	Domestic	person	-	-	1
		Overseas	person	-	-	-

GRI Standards Index

GRI STANDARDS UNIVERSAL STANDARDS (GRI 100)					
Topic	No.	Title	Reporting Status	Report Pages	External Assurance
GRI 101 : Foundation					
GRI 102 : Organizational Profile	102-1	Name of the organization	●	6	✓
	102-2	Activities, brands, products, and services	●	7	✓
	102-3	Location of headquarters	●	6	✓
	102-4	Location of operations	●	8~9	✓
	102-5	Ownership and legal form	●	6	✓
	102-6	Markets served	●	7~9	✓
	102-7	Scale of the organization	●	6	✓
	102-8	Information on employees and other workers	●	6, 73~74	✓
	102-9	Supply chain	●	7	✓
	102-10	Significant changes to the organization and its supply chain	●	6~7	✓
	102-11	Precautionary principles and approach	●	66~67	✓
	102-12	External initiatives	●	13	✓
	102-13	Membership of associations	●	84	✓
GRI 102 : Strategy	102-14	Statement from senior decision-maker	●	2~3	✓
	102-15	Key impacts, risks, and opportunities	●	2~3	✓
GRI 102 : Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	●	48	✓
	102-17	Mechanisms for advice and concerns about ethics	●	48	✓
GRI 102 : Governance	102-18	Governance structure	●	64~65	✓
	102-19	Delegating authority	●	64~65	✓
	102-20	Executive-level responsibility for economic, environmental, and social topics	●	64~65	✓
	102-21	Consulting stakeholders on economic, environmental, and social topics	●	64~65	✓
	102-22	Composition of the highest governance body and its committees	●	64~65	✓
	102-23	Chair of the highest governance body	●	64~65	✓
	102-24	Nominating and selecting the highest governance body	●	64~65	✓
	102-25	Conflicts of interest	●	64~65	✓
	102-26	Role of highest governance body in setting purpose, values, and strategy	●	64~65	✓
	102-27	Collective knowledge of highest governance body	●	64~65	✓
	102-28	Evaluating the highest governance body's performance	●	64~65	✓
	102-29	Identifying and managing economic, environmental, and social impacts	●	64~65	✓
	102-30	Effectiveness of risk management processes	●	64~65	✓
	102-31	Review of economic, environmental, and social topics	●	64~65	✓
	102-32	Highest governance body's role in sustainability reporting	●	64~65	✓
	102-33	Communicating critical concerns	●	64~65	✓
	102-34	Nature and total number of critical concerns	●	64~65	✓
	102-35	Remuneration policies	●	64~65	✓
	102-36	Process for determining remuneration	●	64~65	✓
	102-37	Stakeholders' involvement in remuneration	●	64~65	✓
	102-38	Annual total compensation ratio	●	64~65	✓
	102-39	Percentage increase in annual total compensation ratio	●	64~65	✓
GRI 102 : Stakeholder Engagement	102-40	List of stakeholder groups	●	10~11	✓
	102-41	Collective bargaining agreements	●	10~11	✓
	102-42	Identifying and selecting stakeholders	●	10~11	✓
	102-43	Approach to stakeholder engagement	●	10~11	✓
	102-44	Key topics and concerns raised	●	10~11	✓
GRI 102 : Reporting practice	102-45	Entities included in the consolidated financial statements Disclosure 102-46 Defining report content and topic Boundaries	●	0	✓
	102-46	Defining report content and topic Boundaries	●	16~17	✓
	102-47	List of material topics	●	16~17	✓
	102-48	Restatements of information	●	0	✓
	102-49	Changes in reporting	●	0	✓
	102-50	Reporting period	●	0	✓
	102-51	Date of most recent report	●	0	✓
	102-52	Reporting cycle	●	0	✓
	102-53	Contact point for questions regarding the report	●	0	✓
	102-54	Claims of reporting in accordance with the GRI Standards	●	0	✓
	102-55	GRI Index	●	77~79	✓
	102-56	External assurance	●	80~81	✓



GRI Standards Index

GRI STANDARDS ECONOMIC PERFORMANCE (GRI 200)						
Topic	No.	Title	Reporting Status	Report Pages	Note	External Assurance
GRI 201 : Economic Performance	201-1	Direct economic value generated and distributed	●	70~72		✓
	201-3	Defined benefit plan obligations and other retirement plans	●	72		✓
GRI 202 : Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	●	72		✓
	203-1	Infrastructure investments and services supported	●	72		✓
	203-2	Significant indirect economic impacts	●	72		✓
GRI 203 : Indirect Economic Impacts	204-1	Proportion of spending on local suppliers	●	72		✓
GRI 205 : Anti-corruption						
GRI 103 : Management Approach	103-1	Explanation of the material topic and its Boundary.	●	58		✓
	103-2	The management approach and its components	●	58		✓
	103-3	Evaluation of the management approach	●	58		✓
GRI 205 : Anti-corruption	205-1	Operations assessed for risks related to corruption	●	59~61, 75		✓
	205-2	Communication and training about anti-corruption policies	●	59~61, 75		✓
	205-3	Confirmed incidents of corruption and actions taken	●	59~61, 75		✓
GRI STANDARDS ENVIRONMENTAL PERFORMANCE (GRI 300)						
Topic	No.	Title	Reporting Status	Reporting Pages	Note	External Assurance
GRI : 301 Materials	301-1	Materials used by weight or volume	●	73		✓
	301-2	Recycled input materials used.	●	73		✓
GRI : 303 Water	303-1	Water withdrawal by source	●	73		✓
	303-3	Water recycled and reused	●	73		✓
GRI : 305 Emissions	305-1	Direct (Scope 1) GHG emissions	●	73		✓
	305-2	Indirect GHG (Scope 2 GHG emissions)	●	73		✓
GRI : 307 Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	●	N/A	KOTRA has not been found non-compliant with environmental laws or regulations, or subject to any administrative measures	✓
GRI STANDARDS SOCIAL PERFORMANCE (GRI 400)						
Topic	No.	Title	Reporting Status	Report Pages	Note	External Assurance
GRI 401 : Employment	401-1	New employee hires and employee turnover	●	73		✓
	401-3	Parental leave	●	74		✓
GRI 402 : Labor/Management Relations						
GRI 103 : Management Approach	103-1	Explanation of the material topic and its Boundary	●	44		✓
	103-2	The management approach and its components	●	44		✓
	103-3	Evaluation of the management approach	●	44		✓
GRI 402 : Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	●	45, 47		✓
GRI 403 : Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees.	●	75		✓
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	●	76		✓

Topic	No.	Title	Reporting Status	Report Page	Note	External Assurance
GRI 404: Training and Education						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	●	44		✓
	103-2	The management approach and its components	●	44		✓
	103-3	Evaluation of management approach	●	44		✓
GRI 404: Training and Education	404-1	Average hours of training per year per employee	●	46, 75		✓
	404-2	Programs for upgrading employee skills and transition assistance programs	●	46, 75		✓
	404-3	Percentage of employees receiving regular performance and career development ..	●	46, 75		✓
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	●	74		✓
	405-2	Ratio of basic salary and remuneration of women to men	●	72		✓
GRI 406 : Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	●	75		✓
GRI 408 : Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor.	●	61		✓
GRI 409 : Forced or Compulsory Labor	409-1	Operations and suppliers identified at significant risk for incidents of forced or compulsory labor	●	61		✓
GRI 411 : Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	●	61		✓
GRI 412 : Human Rights Assessment						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	●	58		✓
	103-2	The management approach and its components	●	58		✓
	103-3	Evaluation of management approach	●	58		✓
GRI 412 : Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	●	59~61, 75		✓
	412-2	Employee training on human rights policies or procedures	●	59~61, 75		✓
	412-3	Human Rights Assessment sets out reporting requirements on the topic.	●	59~61, 75		✓
GRI 413 : Local Communities						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	●	44		✓
	103-2	The management approach and its components	●	44		✓
	103-3	Evaluation of management approach	●	44		✓
GRI 413 : Local Communities	413-1	Operations with local community engagement, impact assessments, development programs	●	49~55		✓
	413-2	Operations with significant actual and potential negative impacts on local communities.	●	49~55		✓
GRI 416: Customer Health and Safety						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	●	36		✓
	103-2	The management approach and its components	●	36		✓
	103-3	Evaluation of management approach	●	36		✓
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories ...	●	40~41		✓
	416-2	Incidents of non-compliance concerning the health and safety	●	40~41		✓
GRI 418: Customer Privacy	418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	●	68~69		✓



Third-party Assurance

To the Readers of 2016 KOTRA Sustainability & Human Rights Management Report:

Foreword

Korea Management Registrar Inc.(hereinafter “KMR”) has been requested by of Korea Trade-Investment Promotion Agency(hereinafter “KOTRA”) to verify the contents of its 2016 Sustainability & Human Rights Management Report(hereinafter “the Report”). KOTRA is responsible for the collection and presentation of information included in the Report. KMR’s responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard

KOTRA describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a Type 2, moderate level of assurance using AA1000AS (2008) as an assurance standard. KMR’s assurance team(hereinafter “the team”) evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below, where professional judgment of the team was exercised as materiality criteria.

- GRI Standard Reporting Principles
- General Disclosures
- Generic DMA of each of following material Indicators of Aspects
 - Anti-corruption: 205-1, 205-2, 205-3
 - Labor/Management Relations: 402-1
 - Training and Education: 404-1, 404-2, 404-3
 - Human Rights Assessment: 412-1, 412-2, 412-3
 - Local Communities: 413-1, 413-2
 - Customer Health and Safety: 416-1, 416-2

This Report excludes data and information of joint corporate, contractor etc, which is outside of the organization, i.e. KOTRA, among report boundaries.

Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with KOTRA on the revision of the Report. We reviewed the Report’s final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope is not presented appropriately.

- **Inclusivity**

Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

- KOTRA is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder KOTRA left out during this procedure.

- **Materiality**

Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

- KOTRA is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

- **Responsiveness**

Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

- The assurance team could not find any evidence that KOTRA's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Comprehensive Option' of GRI Standards.

Recommendation for improvement

KMR recommends that (or we hope) the report published by KOTRA will be actively used as a tool for stakeholder communication and continuous improvement.

- Improve the completeness of the report: Most of the KOTRA reports are being reported as in quantitative data, however some non-financial indicators are being reported qualitatively. It is recommended to improve the completeness of the report through the selection, editing and quantification of more consistent information to help your readers to understand better in the future.
- Improve the reliability of information management systems: KOTRA has already developed and used guidelines on how to select and collect sustainability data. To keep the system specificity and clarity, it is recommended to regularly improve the guidelines to continually improve the quality and reliability of the data.

Our independence

KMR has no involvement in KOTRA business activities other than providing third party assurance services and maintains independence to avoid conflicts of interest.

April, 2017



AA1000
Licensed Assurance Provider
000-129

K. H. Park

CEO Ki Ho Park

UNGC & ISO 26000



UN Global Compact (Advanced Level)

KOTRA has joined the United Nations Global Compact, the world's largest voluntary corporate responsibility initiative; it abides by ten principles in four areas: human rights, labor, environment, and anti-corruption. The UN Global Compact Communication on Progress (COP) was further refined to an advanced level in order to encourage corporations to fulfill their social responsibilities and engage in dialogue with stakeholders. This report contains KOTRA's efforts to meet the 21 criteria at the advanced level. Preparing a COP at the advanced level means voluntary declaration and disclosure of having implemented and disclosed a sustainability governance and management process based on the blueprint for corporate sustainability leadership and UN Global Compact management model in presenting the results of sustainability management performance.

NO.	Summary of Criteria	Report Pages
1	Organization's roles and business units	6~9
2	Implementation of UN Global Compact principles within the value chain	7, 10~11
3	Strong will, strategies or policies for protecting human rights	58
4	Effective management system to integrate the principles of human rights	59~61
5	Effective monitoring and evaluation mechanism of principles of human rights	59~61
6	Strong will, strategies or policies for labor issues	44, 58
7	Effective management system to integrate the labor principles	45, 47, 59~61
8	Effective monitoring and evaluation mechanism of labor principles	45, 47, 59~61, 73~76
9	Strong will, strategies or policies for environment management	73
10	Effective management system to integrate the principles of environment management	73
11	Effective monitoring and evaluation mechanism of principles of environment management	73
12	Strong will, strategies or policies for anti-corruption	48
13	Effective management system to integrate the principles of anti-corruption	48
14	Effective monitoring and evaluation mechanism of the principles of anti-corruption	48, 75
15	Contribution of core businesses to promoting the UN goals and issues	15, 82
16	Strategic social investments and social contribution activities (charitable work)	50~55, 72
17	Support for policies and involvement in public policies	15, 82, 83
18	Partnerships and collaborations	42~43
19	CEO statement and leadership	2~3
20	Explanation of decision-making process and governance structure for corporate sustainability	64~65
21	Description of engagement of all key stakeholders	10~11

ISO 26000

ISO 26000 is a global initiative providing guidelines for CSR under seven core subjects: governance, human rights, labor practices, environment, fair operating practices, consumer issues, and community involvement and development. KOTRA's progress in fulfilling social responsibility in the seven key topics can be viewed below.

Core Subjects	Key Issues	Report Pages
Organizational Governance	Decision-making process and structure	64~65
Human Rights	Due diligence	58~61
	Human rights risk situations	
	Avoidance of complicity	
	Resolving grievances	
	Discrimination and vulnerable groups	
	Civil and political rights	
	Economic, social, and cultural rights	
	Fundamental principles and rights at work	
Labor Practices	Employment and employment relationships	45~47, 74~76
	Conditions of work and social protection	
	Social dialogue / Health and safety at work	
	Human development and training in the workplace	
	Human capital development and training in the workplace	
Environment	Prevention of pollution	73
	Sustainable resource use	
	Climate change mitigation and adaptation	
	Protection of the environment, restoration of natural habitats	
Fair Operating Practices	Anti-corruption	42~43, 48, 75
	Responsible political involvement	
	Fair competition	
	Promoting social responsibility in the value chain	
	Respect for property rights	
Consumer Issues	Fair marketing, factual and unbiased information, and fair contractual practices	37~41, 75
	Protecting consumers' health and safety	
	Sustainable consumption	
	Consumer service, support, and complaint and dispute resolution	
	Consumer data protection and privacy	
	Access to essential services	
	Education and awareness	
Community Involvement and Development	Community involvement	49~55, 73
	Education and culture	
	Employment creation and skills development	
	Technology development and access	
	Wealth and income creation	
	Health	
	Social investment	

Awards, Associations, and Memberships

Awards

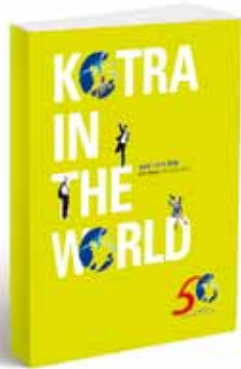
Title	Awarding Body	Date of Award
Certification for Excellent Labor-Management Relations	Ministry of Employment and Labor	July 2016
GWP 100 Best Places to Work for (grand prize)	GPTW Korea	December 2016
Korea Sustainability Index (MOCIE-quasi-government organizations category: 1st place)	Korea Standards Association (KSA)	July 2016
LACP Vision Awards (silver prize)	LACP	July 2016
Korea South-East Power Co. BEST Export Supporters KBC (institution category)	Korea South-East Power Co.	April 2016
Social Contribution Awards (global contribution category)	Korea Chamber of Commerce/ Forbes	September 2016
2016 Emergency Preparedness Drill Awards (Prime Minister's Award)	Ministry of Public Safety and Security	November 2016
Work-Family Balance Awards (encouragement prize)	Seoul Southern District Employment and Labor Office	December 2016
Family-Friendly Corporation Certification	Ministry of Gender Equality and Family	December 2016
23rd Corporate Innovation Awards (Prime Minister's Award)	MOCIE/Korea Chamber of Commerce/ JoongAng Ilbo	November 2016
2016 Korea Mobile Awards (grand prize in the public sector)	Ministry of Science, ICT, and Future Planning/Money Today	November 2016
2016 GTI International Trade and Investment Expo (citation for contribution)	Gangwon Provincial Government	November 2016
Software Industry Protection Awards (Digital Times President's Award)	Korea Association of SW Groups	November 2016
Labor-Management Culture Awards (Minister's Award)	Ministry of Employment and Labor	December 2016
Web Award 2016 (best prize in public institutions, public services, and global services)	i-Award Committee	December 2016

Associations and Memberships

Group	Major Activities
Korea International Trade Association	Head Office and KGCs use the database on the association's website all year round
Korea Institute of Auditors	KOTRA attends major forums hosted by the Institute and uses the forums to build a network with other related institutions
Auditors Forum for the Advancement of Public Institutes	Exchange information on audit performance, promote the innovative mindset, and network with other members
Korea Society of Public Enterprises	A channel for sharing information with other related institutions
Korea Accounting Association	Improve transparency in financial and budget management
Korea Management Association	Share information on training programs offered by different organizations
Korean Red Cross	Participate in settlement work
Seoul Foreign Correspondents' Club	Hold FDI meetings for foreign correspondents working in Korea, invite influential foreign media to FDI meetings
Korea HR Club	Collect information on HR and labor trends in foreign investment companies, host labor-management relations seminars jointly with HR Club
UN Global Compact	Submit an annual COP report on the implementation of ten core principles, publish the CEO statement of continued support for the UN Global Compact and its Ten Principles
Quality Leaders Forum	Share quality information, network with quality experts, establish and publish a roadmap for the development of the state and industry
Ethics Management SM Forum	Share and spread models of ethics management, promote learning from benchmarking other organizations
WAPA	A forum where investment promotion organizations around the world gather together to express opinions and share information; 174 countries attend conferences regularly as members
UFI	Entitled to join top global expos and expos eligible for government subsidy

KOTRA's Previous Sustainability / Publications

Past Reports



2011



2012



2013



2014



2015

Publications (2016)



Cover Story

The icons on the surface of the globe symbolize KOTRA's contribution to promoting the happiness of Korean people and the development of the human race through KOTRA's dedicated support for global business. The globe with the icons expresses the image of KOTRA as a dynamic global player that is capable of coping with the different aspects of the global environment.



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