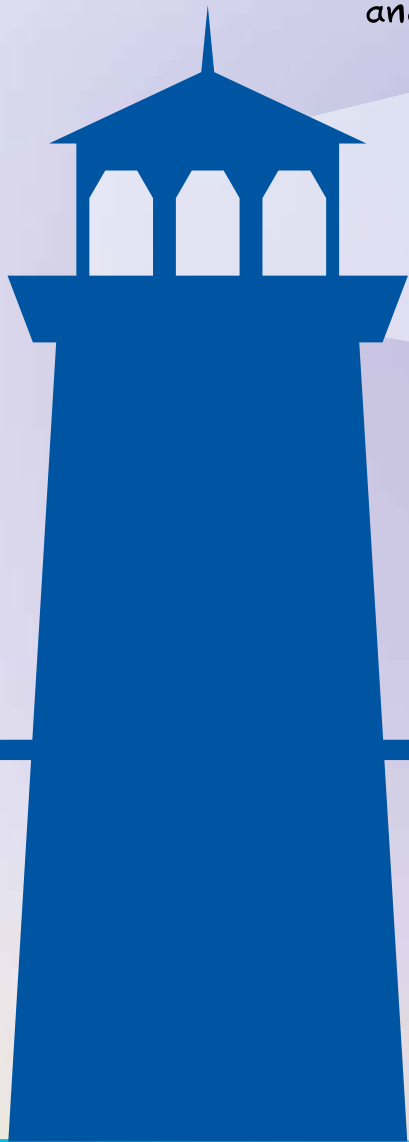


2017 KOTRA

Sustainability and Human Rights Management Report

Leading the Way for SMEs
to Explore Overseas Markets
and to Create Global Jobs



kotra

Korea Trade-Investment
Promotion Agency

About this report

Introduction and Features

The “2017 KOTRA Sustainability and Human Rights Management Report” is our seventh annual report. We have shared our sustainability management activities and performances with stakeholders by publishing the report every year since 2011. The human rights management section was added since 2015 to disclose our vision and performances in human right management. This report was prepared in accordance with global sustainability initiatives and frameworks such as the GRI Standards, UN Global Compact, and UN Sustainable Development Goals. Key topics, which are considered to be important to stakeholders, were identified through the materiality test and are included in this report.

Reporting Principle

This report was prepared in accordance with the comprehensive option of the Global Reporting Initiative (GRI) Standards and, in part, with the International Integrated Reporting Council (IIRC) Framework.

Reporting Period

This report covers KOTRA's sustainability management activities and performances from January 1st through December 31st, 2017.

Scope and Boundaries

The scope of this report includes KOTRA's head office in Korea and overseas offices(KBCs). Information with a different scope is specified separately.

Assurance

To ensure higher reliability of reporting contents, we commissioned the Korea Management Registrar Inc. (KMR), a third-party assurance provider, to verify the report. Please refer to pp. 80-81 for the assurance results.

Additional Information

For more information, please visit our website. If you have any inquiries or comments about this report, please contact us at the following numbers or email address.

www.kotra.or.kr

Korea Trade-Investment Promotion Agency (KOTRA)

Planning & Coordination Dept. / Management Assessment Team

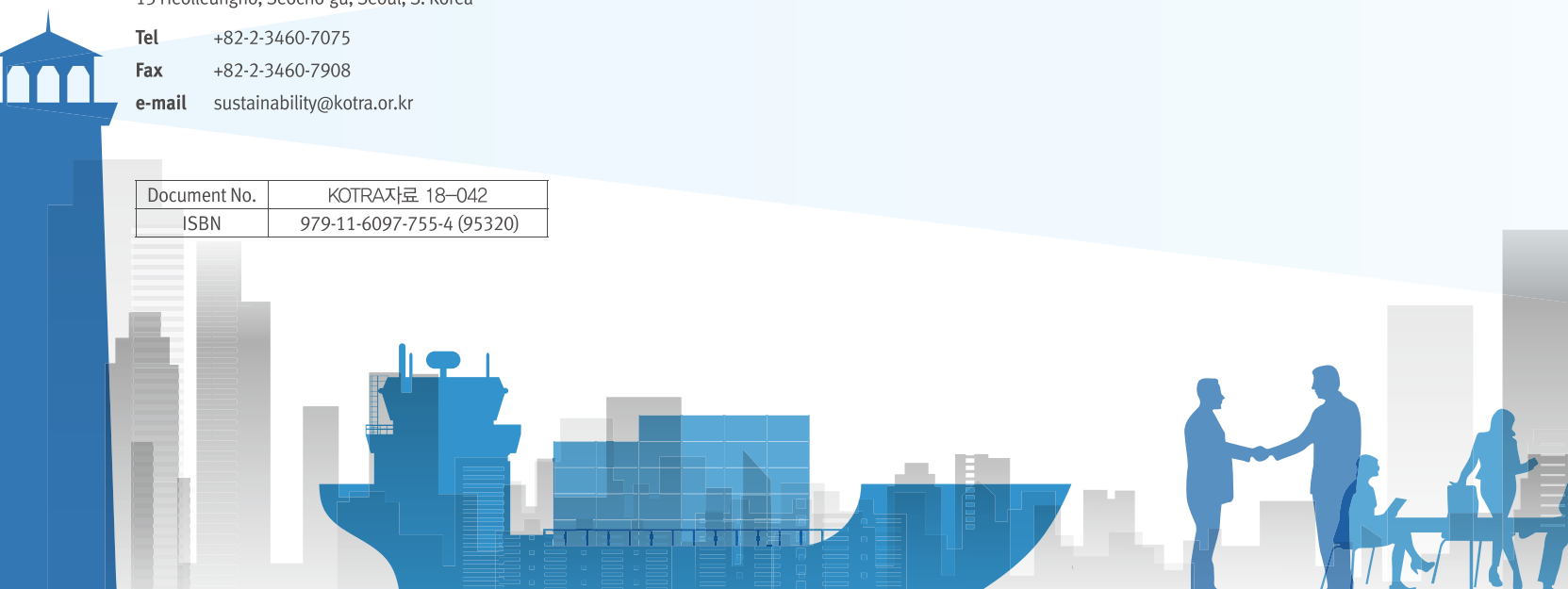
13 Heolleungno, Seocho-gu, Seoul, S. Korea

Tel +82-2-3460-7075

Fax +82-2-3460-7908

e-mail sustainability@kotra.or.kr

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CEO Message

KOTRA will become a world-class trade and investment promotion agency, leading the way for SMEs to explore overseas markets and to create global jobs.



In 2017, Korea made remarkable achievements of surpassing a USD 1 trillion milestone in trade once again in three years and attracting a record-high foreign investment of USD 22.9 billion. This has been possible due to the collective efforts of the public, businesses and the government.

However, the current landscape does not allow us to remain complacent. Global trade barriers are rising, and we see fiercer competition not only among advanced countries but also with late starters such as China. Led by the Fourth Industrial Revolution, market paradigms are shifting with each passing day.

To help domestic companies respond to these changes proactively, we, KOTRA, will reinvent ourselves to better serve our roles and become an agency worthy of its name.

First, we will support the overseas expansion of SMEs as a trusted partner.

We will strengthen the growth ladder for SMEs by providing export support tailored to each company's capabilities. By creating a platform to collaborate with related organizations and an ecosystem to support private sector exports, we will expand the cooperative business support system for SMEs. Our goal is to nurture 2,400 new exporters every year and become a reliable partner working to the full satisfaction of our customers in overseas markets.

Second, we will stimulate job creation globally.

Although export-led growth had been the focus in the past, the top priority now is to create job opportunities. To address this urgent national challenge, KOTRA will reorient our work structure to help spur job creation. By supporting overseas employment, company foundations abroad, foreign investment attraction and the reshoring of domestic companies overseas, we will expand projects that can increase employment opportunities. Aiming at creating 20,000 jobs yearly, we will actively utilize our trade-investment promotion functions and global networks.

Third, we will diversify target markets and export items.

Despite previous efforts, Korean exports still depends highly on certain markets and items. On top of the 13 flagship industries, KOTRA will also assist leading companies in other promising areas including ICT, services and consumer goods for their expansion overseas. By nurturing innovative growth companies related to the Fourth Industrial Revolution and inherently global firms as well as strengthening digital marketing, we will lay a foundation on which the era of trading USD 2 trillion can be ushered in.

Fourth, we will strive to expand the dimension of economic cooperation.

The goal of world trade is shifting away from seeking one-sided benefits to promoting co-existence at the global level. KOTRA will upgrade package-type economic cooperation with emerging strategic partner countries possessing high growth potential and diversify the means of foreign market entry. Intensive support - mutually beneficial economic cooperation agenda discovery through Korea Business Centers (KBCs) and the utilization of global CSR projects, foreign investment, technological cooperation, and capital cooperation with foreign entities - will be made to help companies go global and take another leap forward.

Lastly, we will continue to make company-wide renovations in organizational operations, project management and internal culture to implement our core policies effectively.

We will become a field- and customer-centered organization focusing on outcome and performance. By pursuing openness, sharing and collaboration, we will grow into a globally competitive entity.

In this report, we would like to share the knowledge and experience we have accumulated on the global stage over the last several years by reporting on the achievements made from our core businesses and organizational operations. As an entity that supports the Sustainable Development Goals of the UN (UN SDGs), we focus on sharing our social responsibility accomplishments based on international standards such as ISO 26000 and GRI. Last year, KOTRA was highly recognized in terms of public institution management assessment, customer satisfaction and awards received. However, we will not remain complacent and continue to support overseas expansion of domestic companies. We will listen to our customers, work in the field and newly define our roles to be a trustworthy partner to the public. Through continuous innovation, KOTRA will march ahead to become a world leading trade and investment promotion agency.



President & CEO of KOTRA
Kwon, Pyung-oh

A handwritten signature in black ink, reading "Kwon Pyung-oh". The signature is stylized and fluid.

2017 KOTRA Highlights

Achieved S grade in customer satisfaction for four consecutive years

KOTRA became the first public organization to receive an S grade—the highest rating—in the Public Service Customer Satisfaction Index (PCSI), issued by the Ministry of Strategy and Finance, for four consecutive years. With the innovative efforts including the proclamation of “KOTRA customer service innovation resolution” and the provision of on-site recall services, we scored 96.8 in the customer satisfaction ratings



Achieved **S** grade
in customer satisfaction

for **4** consecutive years

Created 700 jobs in the world

KOTRA is not only increasing the number of employees working abroad but also expanding decent job opportunities. With the expansion of overseas employment centers, demand-based tailored projects and closer cooperation with related organizations, KOTRA helped 700 people land a job in the foreign markets, 47% increase from the previous year.



Created **700** jobs in the world

Attracted USD 20 billion foreign investments for three consecutive years

After reaching the milestone figure for the first time in 2015, KOTRA attracted foreign investment of more than USD 20 billion for the last three consecutive years. In 2017, the total amount recorded a new high of USD 22.9 billion, backed up by KOTRA's flexible investment promotion activities made in response to internal and external changes.



Attracted USD **200**
billion foreign investments for
3 consecutive years

Received the Porter Prize for Excellence in CSV in the public sector

KOTRA was awarded the Porter Prize for Excellence in CSV—an award presented to companies or organizations that contribute to making and implementing CSV programs—for the public sector in the process segment, in recognition of our achievements in creating shared value through the global business platform.



Won the Porter Prize for Excellence in **CSV**

Entered the Social Contribution Award “Hall of Fame”

KOTRA is contributing to solving problems found in other countries we operate in, while utilizing the global network and the unique characteristics of our work, and thus fulfilling social values. In recognition of these efforts, KOTRA received the Social Contribution Award for Best Global Contribution for five years in a row and finally entered the “Hall of Fame.”



Won the Social Contribution Award for

5 consecutive years and
inducted into the Hall of Fame

Won “Korea’s Best Places to Work for Award” for six consecutive years

KOTRA won a “Korea’s Best Places to Work for Award” conferred by GPTW Korea. Recognized for the continuous efforts made to enable practices where a smooth and candid conversation and flexible organizational structure are created, KOTRA has received the award for six consecutive years since 2012.



Won the GWP Award for

6 consecutive years

Rated “Great” in overall integrity for six consecutive years

KOTRA was rated “great” in the Anti-Corruption and Civil Rights Commission’s report on the overall integrity of public agencies. Maintaining “great” for six years in a row suggests that the efforts to improve institutions and strengthen monitoring for preemptive management of human rights and ethics risks and for deeper respect for human rights and ethics have been proven effective.



Rated “Great” in overall integrity for

6 consecutive years

Received Gold Prize at LACP Spotlight Awards

KOTRA was presented with a gold award in the field of Sustainability Report at LACP Spotlight Awards hosted by the League of American Communications Professionals (LACP) of the US.



Won **Gold Prize**

in the sustainability report sector

Rated the highest grade in the Korean Business Ethics Index – Sustainability Management (KoBEX SM)

In 2017, KOTRA received the highest grade – AAA – in the Korean Business Ethics Index - Sustainability Management (KoBEX SM), which is hosted by the Ministry of SMEs and Startups and implemented by the Institute for Industrial Policy Studies.



Rated the

highest grade

in KoBEX SM

Enhanced the response mechanism against cyber threats

KOTRA is advancing the cyber threat response mechanism. Through self-test and assessment, KOTRA has identified and corrected vulnerabilities and continuously managed cyber risks, which allowed the organization to maintain the Information Security Management System (ISMS) certification for the last two consecutive years.



Maintained **ISMS**

for **2** consecutive years

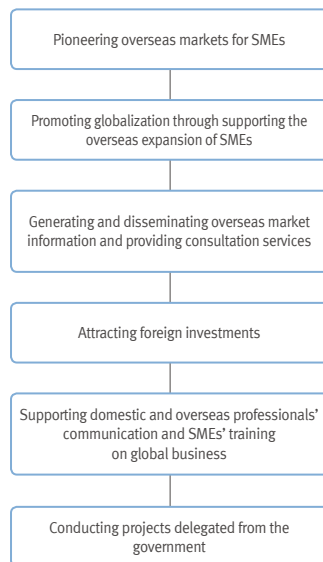
Company Introduction



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 the Korean government on G2G (Government to Government) contracts. Recently, we are aiming to reinforce our role as a trade-investment promotion agency by conducting businesses that are adaptive to the internal and external changes. Thus, providing direct services to handle overseas business demand will be regarded as a core function and rightly emphasized. As for the indirect service domain, we are expanding collaboration with relevant bodies for enhanced information and overseas infrastructure sharing.

Major Functions and Roles



Corporate Profile

* As of Dec. 31st, 2017

Company name	Korea Trade-Investment Promotion Agency (KOTRA)		
Date of establishment	June 21st, 1962	Ownership	Completely owned by the Korean government
Basis of establishment	Korea Trade-Investment Promotion Agency Act (Law No.1059, enacted on April 24, 1962)	Capital	KRW 300 billion
No. of employees	930	Headquarters	13 Heolleungno, Seocho-gu, Seoul, Republic of Korea
Organization structure	Headquarters: 5 Divisions, 22 Depts. & 16 Centers (Offices), Domestic: 9 Support centers & 1 support office, Overseas: 127 KBCs in 86 countries		

History



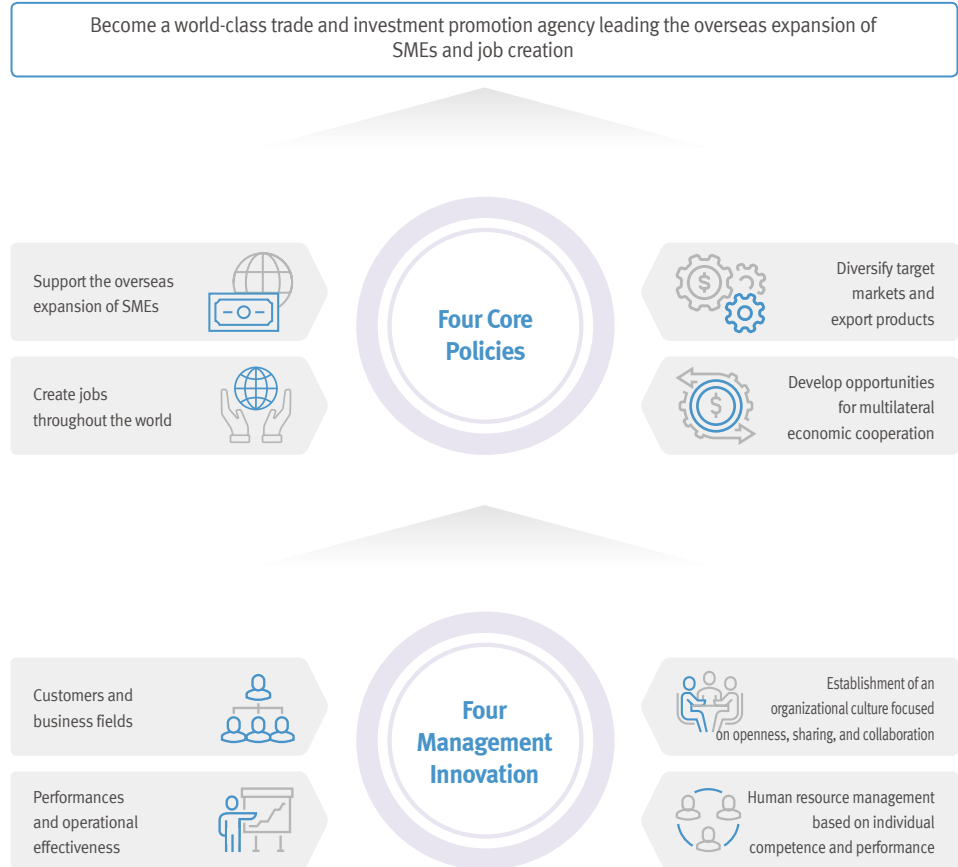
Management Principles

7 Pledges to the Public

- First,**
we will take responsibility for SME exports until the end.
- Second,**
we will become the key to solving the youth unemployment problem by creating jobs overseas.
- Third,**
we will pioneer new markets with a spirit of adventure in the field of trade.
- Fourth,**
we will work in the field alongside our customers to their full satisfaction.
- Fifth,**
we will be an expert in problem solving for our customers.
- Sixth,**
we will handle all of our work in a fair and transparent manner.
- Seventh**
we will never stop innovating ourselves.

KOTRA, to arm ourselves with a sense of mission and spirit of challenge and to better serve our founding purpose as a “trade-investment promotion agency,” is laying out management principles and innovation approaches. By pushing forward with the four core policies and four supportive approaches for innovation, KOTRA will become an organization beloved by the people, leading the export of SMEs and job creation.

Innovation Promotion Strategy and Scheme



2011

- Won the Korea HRD Award
- Trade amount reached 1 trillion USD

2012

- Celebrated the 50th anniversary of establishment



2013~2014

- Built the Global M&A Support Center
- Added the function of supporting overseas employment & business start-up and G2G business

2015~2016

- Held the KOIF 2015 (Korea Overseas Investment Fair 2015)
- Opened the GBRC (Global Business Research Center)



2017

- Held the Global Employment Counselling Conference

Global Network



KOTRA is operating 127 KBCs in 86 countries in 10 regions. The KBCs are proactive in helping Korean companies expand exports by conducting field-centered works such as pioneering new markets, attracting investments, and collecting market information. In 2017, KOTRA opened a new KBC in Kolkata, India, as part of its commitment to expanding infrastructure for supporting the government's New Southern Policy Initiative.



Europe (23)

- GP-WPM(World Premier Materials)
- Korean Expo in Warsaw



CIS (10)

- Astana Expo 2017



KBCs Operation

10 Regional Headquarters

86 Countries

127 KBCs



Africa (10)

- A project to expand infrastructures for NGV (Natural Gas Vehicle)
- Korea Consumer Goods Showcase



Middle East (15)

- Total marketing to help the K-Beauty business enter the Middle East market
- International Building & Construction Show(The Big5 Show) in Dubai

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 (China), Taipei (Taiwan)

Europe (23)

Frankfurt (Germany), Hamburg (Germany), Munich (Germany), Paris (France), London (UK), Stockholm (Sweden), Copenhagen (Denmark), Amsterdam(Netherlands), Brussels (Belgium), Milano (Italy), Zurich (Switzerland), Madrid(Spain), Vienna (Austria), Athens (Greece), Helsinki (Finland), Budapest (Hungary), Warsaw (Poland), Prague (Czech Republic), Bucharest (Romania), Zagreb (Croatia), Sofia (Bulgaria), Belgrade (Serbia), Bratislava (Slovakia)

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)



China (19)

- Korea-China economy and trade partnership
- K-Startup Summit Beijing



Japan (4)

- K-Move Project (Korean employment in Japan)



North America (10)

- GP USA
- K-Beauty in USA



Southwest Asia (8)

- Korea Expo in New Delhi



Southeast Asia & Oceania (14)

- GP ASIA



Central & South America (14)

- Latin Business Week 2017

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), Ho Chi Minh (Vietnam), Hanoi (Vietnam), Phnom Penh (Cambodia), Vientiane (Laos), Sydney (Australia), Melbourne (Australia), Auckland (New Zealand)

Southwest Asia (8)

New Delhi (India), Mumbai (India), Chennai (India), Bangalore (India), Kolkata (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)

Management of Sustainability Issues



Principles of Sustainability Management

KOTRA aims to promote sustainability management to contribute to solving societal, environmental and future challenges of humanity and generate new values in connection with business operation. We align the organization management and businesses with the UN Sustainable Development Goals (UN SDGs), establish priorities, and explore business opportunities that are in line with SDGs to create shared values. With the expectation of corporate responsibilities and roles rising at the global level, KOTRA is widening the scope of sustainability management to encompass the entire value chain. By helping domestic companies enter into the global market and perform their businesses taking the SDGs into consideration, we try to address global issues and enhance new business values.

UN SDGs

(Sustainable Development Goals)



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

* The UN adopted Sustainable Development Goals in September 2015 on the occasion of the UN General Assembly for the sustainable development of the international community. The SDGs consist of 17 goals and 169 targets designed to address problems facing the future of humanity, the environment of the Earth and human society, and provide directions for the UN and the international community to achieve the shared goals by 2030. The 17 goals and 169 targets are listed on www.un.org/sustainabledevelopment.

Implementation of UN Sustainable Development Goals (UN SDGs)

KOTRA supports the Sustainable Development Goals adopted by the UN for the sustainable development of the international community. We are implementing the SDGs, focusing particularly on the ones that are relevant to the businesses and the sustainability management of KOTRA.

KOTRA's SDGs-linked Activities









SDGs	Implications and Values	Major Programs
 1 NO POVERTY No poverty.	Emerging and underdeveloped countries require external help and support to solve their societal issues. KOTRA is committed to addressing environmental and social challenges of countries where we operate by implementing the SDGs. In particular, we are contributing to enhancing quality of life of people in developing countries by tackling poverty issues.	<ul style="list-style-type: none"> • Delivery of relief goods and donations (donations made per each Korea Business Center (KBC)). • Promotion of Private Development Assistance (PDA) (Exploration and implementation of global CSR businesses)
 3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages.	Ensuring healthy lives and promoting well-being for all at all ages is essential for sustainable development. KOTRA contributes to upgrading medical skills of developing countries by running technical schools in the field of medicine.	<ul style="list-style-type: none"> • Provision of medical services for senior citizens, children and women (e.g., free medical checkup for autistic children in China) • Donation of medical supplies (glucose monitors, chlorination devices, antibiotics, dust masks, medical goods for seniors, and innovative products for visually/hearing-impaired people, etc.) • Running of medical devices / implant technical schools
 4 QUALITY EDUCATION Ensure quality education and promote lifelong learning opportunities for all.	Quality education is the foundation for higher quality of life and sustainable development. KOTRA is upgrading technical skills of people in developing and vulnerable countries by helping them to gain knowledge and techniques required to promote sustainable development. In particular, we are providing technical education necessary for decent work and company management thereby increasing the number of teenagers and adults with adequate skills.	<ul style="list-style-type: none"> • Operation of the export school for the youth • Nurturing multicultural traders • Operation of startup technical schools
 8 DECENT WORK AND ECONOMIC GROWTH Promote sustainable economic growth and decent work for all.	Unemployment is a global challenge. By providing stable, well-paying and decent jobs, we can fight against poverty. KOTRA offers job opportunities and guarantees equal pay for equal work. We also make efforts to create a safe environment to work for the employees.	<ul style="list-style-type: none"> • Global employment support process • Job school · camp · fair • OVOP (One Village One Product) project in Indonesia • Cashmere business in Mongolia • Organic coffee business in Nepal
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Build infrastructures and promote sustainable industrialization.	Comprehensive and sustainable industry development is a primary source of income which can enhance living standards of humanity. KOTRA supports technology development, research and innovation of developing countries and promotes policies for industry diversification and higher added values of products.	<ul style="list-style-type: none"> • Transfer of experiences in test certification, product manufacturing and public service operation, and the transfer of idle equipment without charge.
 10 REDUCED INEQUALITIES Reduce inequality with in and among countries.	Easing inequality between countries requires efforts at the international community level. Economic growth that is neither comprehensive nor sustainable in terms of economic, social and environmental development cannot be a solution to poverty issues. KOTRA, with our KSP programs in industry, trade and investment and Official Development Assistance (ODA), helps emerging and developing countries grow and ease inequalities, thereby contributing to sustainable development.	<ul style="list-style-type: none"> • KSP programs in the field of industry, trade and investment
 17 PARTNERSHIPS FOR THE GOALS Strengthen the means of implementation and revitalize the global partnership.	The partnership among the government, private sector and civil society is crucial for the successful implementation of the SDGs. Respecting each country's policies and leadership, KOTRA helps formulate and implement policies for poverty eradication and sustainable development. In particular, by sharing knowledge, technology and finance and by promoting diverse forms of partnership, we are contributing to the sustainable development of developing and emerging countries.	<ul style="list-style-type: none"> • Follow up projects after MYANTRA • Economic cooperation programs in connection with commerce

Stakeholder Engagement



Communication with Stakeholders

Communication with diverse stakeholders is prerequisite for the internalization of sustainability management. KOTRA categorizes its stakeholders according to the flow of value and operates communication channels tailored to their respective needs. By doing so, we form a consensus on sustainability management issues and reflect their feedback in our management activities.

Category	Stakeholder	Required Value	Communication Channel
Value Creation	 Employees	<ul style="list-style-type: none"> • Form a consensus on corporate direction • Create a heart-to-heart communication culture 	<ul style="list-style-type: none"> • Monthly general meetings • Monthly enlarged executive meetings • Corporate culture TF • Open innovation TF
	 Labor Union	<ul style="list-style-type: none"> • Build a healthy corporate culture • Ensure work-life balance 	<ul style="list-style-type: none"> • Union-management Council • Union-management joint TF • Working-level staff meetings
Value Impact	 Government & National Assembly	<ul style="list-style-type: none"> • Implement the government's policy agendas • Fulfill social responsibility as a public institution 	<ul style="list-style-type: none"> • Business contact space with the government and National Assembly • Public Institution Job Creation Committee
	 Relevant Organizations	<ul style="list-style-type: none"> • Share overseas infrastructure • Develop integrated support services through cooperation 	<ul style="list-style-type: none"> • KBCs' one-roof infrastructure • Regular council of export support institutions
Value Consumption	 SMEs	<ul style="list-style-type: none"> • Offer services meeting customer needs • Create performance in overseas business 	<ul style="list-style-type: none"> • Regional global business forum • Face-to-face and non-face-to-face consulting infrastructure
	 Buyers & Investors	<ul style="list-style-type: none"> • Develop business opportunities related to Korea • Overcome distance restrictions through online channels 	<ul style="list-style-type: none"> • KOTRA businesses including export forum • Online platforms including buyKOREA
Value Sharing	 Local Communities	<ul style="list-style-type: none"> • Promote cooperation with public institutions for the development of local communities • Conduct social contribution with local communities 	<ul style="list-style-type: none"> • Yangjae R&D Innovation Hub TF • Volunteer work for creating a flower walkway around Yangjae Stream
	 People	<ul style="list-style-type: none"> • Strengthen communication with potential customers • Expand public institutions' information disclosure and involvement of people 	<ul style="list-style-type: none"> • Homepage, SNS channels • Idea contest targeting online consultants

Communication Activities

[Online Town Hall Meeting]

- Bring employee opinions suggested through online anonymous channels to the management communication channels such as monthly general meetings and enlarged executive meetings to form a consensus on core issues

[Voluntary Research Meeting]

- Vitalize voluntary research meetings aimed at deliberating KOTRA's role and progress such as the Trend Research Group (700 attendees in 18 meetings) and a global culture club Midday Forum (407 attendees in 10 meetings)

[Open Innovation TF]

- Hold an employee idea contest on open innovation
- Educate all employees on innovation and data

[Organizational Culture TF]

- Identify tasks such as improving the way of working and establishing a horizontal corporate culture (13 times)
- Complete 10 improvement tasks including the introduction of MRO and open a mentoring system

[Overseas One-Roof]

- Operate the "One-Roof Council" attended by relevant institutions at home and abroad (sharing KBC rooms with 28 relevant institutions and 53 expatriates)

[Overseas Marketing Policy Council]

- Optimize support by activating communication among 30 institutions (6 government departments, local governments of 17 cities and provinces, and 7 export institutions)

[Local Business Clubs]

- Exchange export information and share critical issues with 394 CEOs of local exporters by connecting customer networks in the metropolitan area with 11 local branch offices

[Service Innovation Meeting]

- Hold the service innovation meeting with 121 SMEs in 10 regions

[Service Consultants Meeting]

- Reflect opinions of exporters in our businesses and strategies

[Community-specific Development]

- Promote community development in collaboration with Seocho-gu as the Yangjae R&D Innovation Hub TF

[Environmental Improvement]

- Build 200-meter-long "KOTRA Flower Walkway" along Yangjae Stream

[SNS Integration]

- Integrate six existing SNSs into a representative account for more efficient operation

[Online Consultants]

- Reflect public opinions in reorganizing the portal website (regularly collecting opinions of 300 online consultants)

Vision & Core Value Internalization Index



91.2 points
2016

91.8 points
2017



Comply with the government guideline by administering permanent

positions to **17** existing non-permanent workers



Dispatch a trade mission for collaboration with relevant institutions

72 institutions and **1,779** companies



Establish and operate an integrated export voucher management system

Selected as "priority task for collaboration among public institutions" by the Ministry of Strategy and Finance

Public-Service Customer Satisfaction Index (PCSI)

Achieved **S** grade for **4** consecutive years



94.1 points
2016

96.8 points
2017



Reflect public opinions in reorganizing the portal website

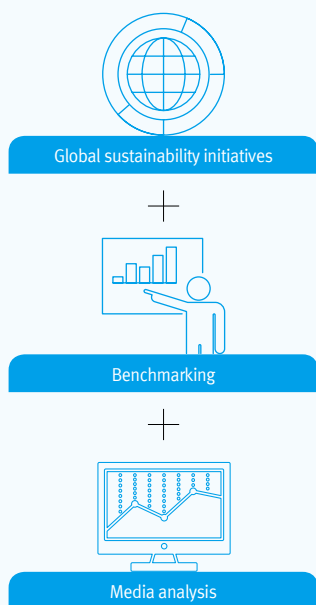
22 cases

Materiality Test



Materiality Test Process

Step 1. Creation of a Topic Pool



We collected material CSR topics related to our sustainability management, economic, environmental, and social aspects of the GRI G4 Guidelines, and global leading companies in CSR. Then, we created a pool consisting of 31 topics through global sustainability initiatives (UNGC, UN SDGs, and DJSI) and media research.

Outline of the Materiality Test

KOTRA performed a materiality test in order to prepare this report centered on material topics that reflect internal and external stakeholders' interests and business impacts. We created a topic pool with regard to sustainability management based on global sustainability initiatives, benchmarking, and media analysis, and then prioritized those topics in view of business impacts and stakeholders' interests.

Step 2. Analysis of Topics

Stakeholders' Interests

Analysis of Global Standards

Reviewed global standards and evaluation items for sustainability management

Media Research

Analyzed valid media articles of KOTRA from January 1 through December 31, 2017

Benchmarking

Reviewed sustainability management reports of 10 leading companies in CSR

Survey

Surveyed stakeholders including customers, local communities, and suppliers on economic, environmental, and social responsibilities

Business Impacts

Survey

Surveyed employees on KOTRA's sustainability management activities such as economic, environmental, and social (labor, human rights, etc.) responsibilities

In-company Policy

Reflected reviews impacting KOTRA's internal policies

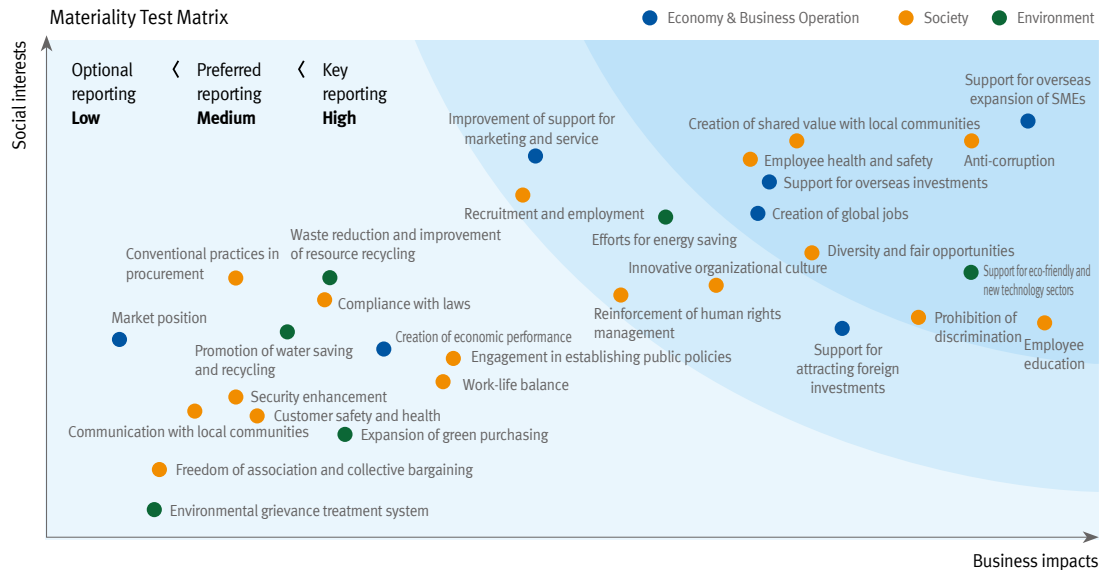
Materiality Test Matrix

The most important topics identified through materiality test were as follows: supports for overseas expansion of SMEs, creation of shared value with local communities, anti-corruption, support for eco-friendly and new technology sectors, employee education, employee health and safety, support for overseas investments, creation of global jobs, diversity and fair opportunities, and prohibition of discrimination.

Step 3. Prioritization

Selection of Material Topics

We selected key topics to be reported through the materiality test. Reporting boundary and DMA (Disclosure on Management Approach) of each topic are presented on the introduction page of each section.



Report on Material Topics

Material Topics	Boundary					Reporting Contents	Page
	Employees	Customers	Suppliers	Local Communities	Government		
						Globalization of SMEs	19
① Support for overseas expansion of SMEs		✓	✓		✓	Development of new opportunities for overseas expansion	30
						Business operation centered on communication, openness, and cooperation	40
② Creation of shared value with local communities		✓		✓	✓	Social contribution for sustainable development	46
③ Anti-corruption	✓		✓		✓	Ethics management	62
						Business operation centered on communication, openness, and cooperation	40
④ Support for eco-friendly and new technology sectors		✓			✓	Diversification of export items and markets	27
⑤ Employee education	✓					Innovative organization culture contributing to society	43
⑥ Employee health and safety	✓				✓	Human rights management	55
⑦ Support for overseas investments		✓		✓	✓	Attraction of more foreign investors	23
⑧ Creation of global jobs		✓		✓	✓	Global job creation	32
⑨ Diversity and fair opportunities	✓				✓	Human rights management	55
⑩ Prohibition of discrimination	✓				✓	Human rights management	55

Back to Origin KOTRA



Challenge

18_p



Global

26_p





Customer

34_p



Contribution

42_p

KOTRA devotes itself to supporting the overseas expansion of SMEs and creating global jobs with a sense of mission and challenging spirit.

Advancement of Trade and Investment Businesses

CHALLENGE



Business Relevance

With prolonged economic slowdown, identifying a new growth driver for the future emerged as a key issue. The government is making efforts to further stabilize the export structure of the country by expanding the export bases of SMEs and diversifying the export market which currently shows disproportionate reliance on certain countries. In line with this, KOTRA is trying to enhance export capabilities of SMEs to advance the export structure of the country and help innovative startups and domestic companies based outside of Seoul go global to secure new growth engines for the future.

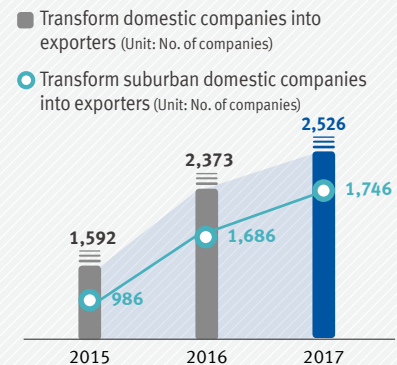


Our Approach

KOTRA, in order to cultivate new exporters, provides export support programs customized for the industrial characteristics of each company. We also help innovative startups and domestic companies outside of the Seoul capital area advance into the global market. A data analysis platform is utilized to provide companies with services that are tailored to their export capabilities and items. This makes the companies become more competitive in the global market. We also assist them in taking preemptive actions against diverse investment and technology cooperation demands that are likely to follow the Fourth Industrial Revolution.



Key Performance



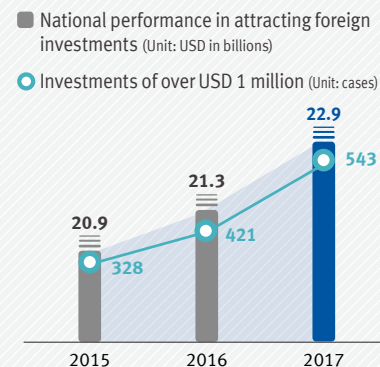
Risk

- Increasing market risk in major trading partners (protectionism of the U.S., etc.)
- Slowdown of GVC (Global Value Chain) expansion



Opportunity

- Acceleration of the 4th Industrial Revolution
- Expansion of e-commerce
- Economic growth of emerging countries



Interview

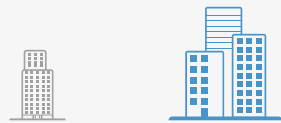
CEO Han-Sook Kim |
SR Partners Co., Ltd.

In-depth Support and Subsequent Monitoring Boosts Growth of Young Exporters

We are a young exporter and were provided with the mentoring service of export specialists in all stages of export, including education on trading, information about export market conditions and advice on finding new buyers. The 1:1 mentoring services were of great help in receiving answers to our questions whenever necessary. Hopefully, KOTRA can start a phased program to transform domestic companies to exporters on top of the in-depth services it currently provides for continued growth of new exporters.

Globalization of SMEs

✓ Increase the Number of Exporters



No. of domestic companies transformed into exporters (Unit: companies)

2,373 → 2,526
2016 2017

Strengthening of the Capabilities of Global SMEs

By nurturing new exporters and providing domestic companies, startups and urban companies with support tailored to their characteristics, KOTRA has increased the number of Korean exporters and thereby improved the conglomerate-oriented export structure of the country. With the systematic support targeting domestic companies, KOTRA successfully transformed 2,526 companies to exporters, making the number of Korean SME exporters hit a new high of 94,512.

Support by Corporate Growth Stage

Target	Domestic Companies / Export Beginners Less than USD 100,000	Promising Exporters USD 100,000-1,000,000	Strong Exporters USD 1,000,000-5,000,000	Mid-sized Exporters More than USD 5,000,000
Strategy	Transform into exporters	Jisahwa service	World Champ	Boost exports
Action plan	Enhance competence by offering mentoring services to export professionals	Manage existing clients and expand exports to target markets through staff dedicated to Jisahwa service	Support one-on-one coaching for market development activities such as independent roadshows	Support for one-on-one coaching for overseas awareness improvement and PR

Transforming Domestic Companies into Exporters

KOTRA has increased the number of mentors who provide in-depth support for domestic companies across all stages of export and strengthened the services rendered in connection with relevant outside organizations. On top of that, intensive efforts have been made to help domestic companies expand overseas, by allowing more companies to take part in KOTRA's marketing projects including export exhibitions and trade missions. Spreading success stories of new exporters as best practices and hosting the Export Innovation Entrepreneurship Award are some other examples of KOTRA's engagement. KOTRA newly established a support system for young exporters to ensure that they continue selling to the foreign market after an initial success. Follow-up mentoring services for export specialists were provided to give intensive in-depth support to 500 new exporters with an export volume of less than USD 10,000 as of last year.



Export Gateway Biz. Plaza



Export Innovation Entrepreneurship Award

Enhance Support for Entire Export Process of Domestic Companies

	Existing Support	Additional Support
Establishment of roadmaps	<ul style="list-style-type: none"> Establish roadmaps through GCL* 	<ul style="list-style-type: none"> Require competence assessment and on-site consultation for all companies Elaborate target markets by company
Export preparation	<ul style="list-style-type: none"> Offer export job training only for domestic companies Connect with five services such as obtaining MSS certification and job training of KITA 	<ul style="list-style-type: none"> Add support for basic infrastructure for export Support for publishing brochures in foreign languages and getting "Export Safety Insurance"
Identification of buyers	<ul style="list-style-type: none"> Operate a team dedicated to identifying buyers at KBCs Connect 10 services including KITA's interpretation and translation services 	<ul style="list-style-type: none"> Strengthen connection between export professionals and KBCs Appoint responsible staff by KBC and match them with export professionals
Support for signing contracts	<ul style="list-style-type: none"> Support marketing activities and communication with buyers Link fundraising and insurance programs needed for export 	<ul style="list-style-type: none"> Connect "legal advice service" of the Ministry of Justice Continue support for fundraising and insurance programs needed for export

* GCL (Global Competence Level) Test: A program to help SMEs conduct self-assessment of globalization competence (eight items)

Globalization of SMEs

✓ Support the Globalization of Startups



➤ Support the globalization of startups
(No. of companies)

60 → 92

➤ Startups successful in exporting
(No. of companies)

32 → 80

➤ New export startups
(No. of companies)

11 → 39

2016

2017

✓ Support the globalization of suburban domestic companies



➤ Suburban domestic companies transformed into exporters
(No. of companies)

1,686 → 1,746

➤ Suburban companies that used our service (No. of companies)

12,139 → 13,451

2016

2017

Support for Innovative Startups (Born Global) to Go Global

As an effort to secure future growth engines for national export, KOTRA helps innovative startups with early intentions of globalization to realize their goal of entering into the foreign market. By establishing a support mechanism that fully reflects startups' needs for finance, market exploration and cooperation with global companies and also by making concentrated efforts in developing new businesses, KOTRA has enabled 92 companies to expand globally, up by 53.3% from last year.

Provision of Finance Opportunities

KOTRA offered fundraising opportunities through crowdfunding to startups with insufficient resources to establish a production system and develop new technologies. We hosted business presentations and B2B meetings with the representatives of the crowdfunding platform from China, where the crowdfunding market is showing a rapid growth recently, and from Japan, where it is difficult to find a new partner owing to the complex distribution structure. Not only that, KOTRA helped startups take part in overseas conferences dedicated to fintech to help them raise funds from foreign investors.



Crowdfunding platform Consulting and Mentoring Program

Support for New Export Market Entry Centered on Innovative Products

To support marketing activities of startups that have difficulties in exploring new markets, KOTRA has subdivided the categories of items for which mentoring services of export specialists are provided. Moreover, we gave startups opportunities to display and showcase their innovative consumer goods, utilizing the office spaces of KBCs.

Strategic Support for Market Entry Using Cooperation Demand for Global Companies

After signing a business cooperation agreement, KOTRA and Facebook have been jointly implementing the "Made by Korea, Connected by Facebook" project, which is a marketing education initiative employing a social media platform. KOTRA uses accumulated know-how and provides practical training on exportation while Facebook takes charge of the social media marketing education. We aim to educate startups with innovative consumer goods to better use digital marketing tools and increase the chances of their successful entry into the global market.



KOTRA-Facebook agreement ceremony Program

Support for the Globalization of Suburban Domestic Companies

With the majority of export support infrastructure located in the metropolitan area, domestic companies outside the capital city of Seoul face difficulties in advancing into the foreign markets. Therefore, KOTRA newly opened branch offices in Chungbuk and Gyeongnam provinces to strengthen the support mechanism for each region. Moreover, an information exchange channel among local companies called "Global Business Club" was newly established to enhance accessibility of companies. Apart from that, to help upgrade the capabilities of companies outside of Seoul, KOTRA provides in-depth on-site mentoring and consulting services which cover all phases of the export process from setting roadmaps to deal-making. Reflecting the government policy and company demands, KOTRA has promoted exhibition and B2B meetings focusing specifically on local special industries and dispatched more trade missions to regions under the organic cooperation with the local authorities and relevant organizations.

Globalization of SMEs

✓ Offer Jisawha Service



Companies that applied to Jisawha service(No. of companies)

3,273 → 3,506

Export support through Jisawha service(USD in millions)

2,956 → 3,339

2016 2017

* Figure in 2016 excluded estimated value.

Enhanced Export Support in Accordance with Capabilities

Shifting away from previous ways of dividing recipient companies into three categories of domestic, promising and medium, KOTRA came up with a new method of classifying recipient companies' capabilities into four levels: domestic/new, promising, small but strong and medium exporting enterprises. By providing stronger and more customized export support in accordance with their capabilities, KOTRA aims to advance the export growth ladder. We also plan to enhance export achievements with services tailored to companies' needs.

Support Programs Customized to Export Capability

Classification	Support Program	Domestic Companies/Export Beginners Less than USD 100,000	Promising Exporters USD 100,000-1,000,000	Strong Exporters USD 1,000,000-5,000,000	Mid-sized Exporters More than USD 5,000,000
Local marketing	Transform into exporters	◎			
	Jisawha service (entry-progress-expansion)	○	◎	○	○
	World Champ (Pre-Mid-Post)		○	○	◎
	Cultivate mid-sized exporters				◎
Overseas infrastructure	Logistics networks (B2C, warehouse)		○	◎	○
	Business incubator		○	◎	○

* Based on annual fixed-term programs (Single or double circle signifies the proportion of support companies.)



Domestic training for staff dedicated to Jisawha service



Customer meeting for Jisawha service and joint distribution project

[Promising Exporters] Jisawha Service

"Jisawha Service" refers to a program for SMEs where companies can have local staff members of KBCs in foreign countries serve as their overseas branch office in a given period. With more people wishing to join, KOTRA is now rendering the service to more companies through the collaboration with other organizations that run similar programs. By encompassing services of World Federation of Overseas Korean Traders Associations (OKTA) and Small & medium Business Corporation (SBC), the scope of the service itself became wider to have three stages of entry, development and expansion. KOTRA serves as a hub, operating a consultative group of service providing organizations. A website dedicated to Jisawha Service is now up and running, providing one-stop services from participation to signing an agreement.

Expansion of Export Voucher Service

	Export Beginners	Promising Exporters	
Service	Entry level Supporting basic marketing Market research, buyer identification, network exchange	Progress level Supporting export and contract Export contract, consultation on exhibition, customer management, etc.	Expansion level Supporting localization Technology export, establishment of local subsidiary, investment attraction, etc.
Support period	6 months	1 year	1 year
Support amount	<div> <div></div> <div></div> <div></div> </div> <div> <div></div> <div></div> <div></div> </div> <div> <div></div> <div></div> <div></div> </div>		

● KOTRA ● OKTA ● SBC

Offered services to 5,081 companies

Globalization of SMEs

Support Export Incubator and World Champ Programs



Companies participated in export incubator program (No. of companies)

273 → 291

Amount of export support through export incubator program (USD in millions)

338 → 446

Companies applying for the World Champ program (No. of companies)

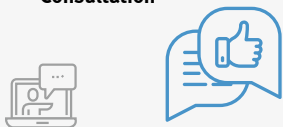
170 → 210

Amount of export support through World Champ program (USD in millions)

1,976 → 3,898

2016 2017

Customized SMART Consultation



Companies using big-bot (No. of companies)

5,735 → 7,083

Reduction of time spent on VOC treatment (hours)

24 → 21

2016 2017

[Small but Strong Exporters] Overseas Infrastructure Support Business

To respond to changes in customer demand and requests for export infrastructure support resulting from the wider use of e-commerce, KOTRA is providing Business Incubators (BI*) and logistics services that meet customer demands in promising target markets. By promoting One-roof** integration, we have strengthened the marketing collaboration between KBCs and BIs. Moreover, reflecting customer demands, we have launched BIs in Bangkok and Yangon, which are linchpins of the Korean government's New Southern Policy. Also, B2C logistics centers are being expanded as part of our efforts to adapt to the changes in the trading environment and the increase of consumer goods export.

* BI: A program to provide domestic SMEs wishing to go global with offices in major cities overseas and support local marketing

** One-roof: A structure under which SMEs can have access to export information and necessary support programs at a single location in overseas countries.

[Mid-sized Exporters] Introduction of Specialized Support Programs

In order to provide tailored support to companies in accordance with their capabilities, KOTRA has developed forward- and backward- linkage programs to each growth stage and is now increasing the number of participating companies. To narrow the space between growth stages and allow companies that sit on the boundaries to enjoy customized services, KOTRA is making our "Pre World Champ" service and "Post World Champ" service accessible to more companies. The former is designed to help companies grow into World Champs while the latter supports companies to grow into medium-sized exporters. Aside from this, the Medium Enterprise Support Department was established within KOTRA to support quantitative expansion and qualitative growth of medium-sized companies. By promoting marketing projects designed specifically for medium-sized exporters, we are nurturing specialized global companies of the future.

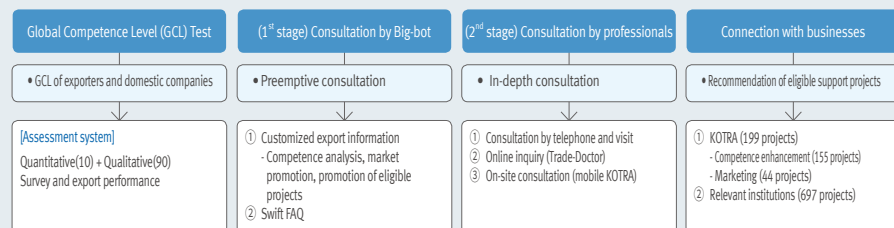


Best Practice

SMART Consultation Using Big Data Analysis System

There is demand for a sophisticated consultation system required to systematically support the export of SMEs. Accordingly, KOTRA introduced the "SMART Consulting System" which utilizes a data analysis platform called "Overseas Market Big-bot." The system is used to provide consulting services tailored to a company's demand which might include advice on the capabilities and products of each recipient company. By combining GCL (Global Competence Level) test results which allow for the self-assessment of globalization capability (8 criteria) of SMEs with internal and external data, information necessary for successful export performance is generated. On the Big-bot platform, companies can have relevant market information on the capability test result page and check the agency's answer to their questions 24/7, which enable them to have real-time access to the information necessary for exportation.

Consulting Process for GCL



* Global competence (8 items): Preparing export (training, workforce, capital, and infrastructure), utilizing export (communication and marketing), expanding export (network and strategy)

Attraction of More Foreign Investors

Generation of New Growth Engine through Increased Investment Attraction

Responding to political, diplomatic and commerce issues at home and abroad and the subsequent changes in the investment environment and industrial structures, KOTRA is engaging in strategic actions to attract investment. With flexible efforts adaptive to changes in and outside of the country, KOTRA has contributed to attracting USD 22.9 billion of foreign investment.

Efforts in Strategic Investment Attraction

KOTRA establishes countermeasures to regional and industrial issues emerging in and outside of the country and reflect them into the investment attraction efforts. The focus of the investment promotion efforts is being given to each region's industrial and local demand. Moreover, we have designated a promising investment destination industry for each foreign country and conducted IR activities including performance presentations and business roundtables. Investment promotion groups have been set up for the specialty industry of each local autonomous body. In Korea, we have hosted "Invest Korea Week" to attract large global investors and support foreign companies' recruitment activities in Korea.

✓ National Performance in Attracting Foreign Investment



➤ Amount of foreign investments (USD in billions)

21.3 → 22.9

➤ No. of investments worth over USD 1 million (Cases)

421 → 543

2016

2017

✓ Foreign Investments in Newly Rising Industries



➤ Amount of investments (USD in billions)

42.1 → 54.3

➤ No. of investments worth over USD 1 million (Cases)

186 → 223

2016

2017



Invest Korea Week 2017



Seminar on investment environment in Chhattisgarh State of India and one-on-one meetings

Investment Promotion for New Industries

To lay the investment foundation for promising areas in the era of Fourth Industrial Revolution, KOTRA has set up investment attraction strategies for six major promising areas: futuristic car, robot, digital healthcare, VR/AR, new energy industry and high-tech chemical materials. We have addressed problems faced by investors and contributed to government policy making based on our investment attraction experience which led to the creation of a virtuous cycle where the business environment of domestic companies in new industries is improved. In addition, we closely cooperated with local autonomous bodies and relevant organizations and actively supported investors to create new demand for investment and technology collaboration.

Systemization of FI Attraction Strategy-making Process

KOTRA integrated and expanded investment attraction strategy-building activities, which had been separately conducted by each region, industry or local autonomous body, into the "Foreign Investment Attraction Strategy Establishment Workshop." Building upon this, KOTRA is setting up systematic and consistent FI attraction plans and leading similar efforts made by relevant bodies such as local entities and Free Economic Zones (FEZs). Furthermore, KOTRA is expanding the IK advisory group and listening to industry experts in all stages of FI (foreign investment) attraction for greater expertise.

Attraction of More Foreign Investors

Investment Attraction that Enhances National Competitiveness

KOTRA is boosting its strategic investment attraction efforts to meet policy demand for the globalization of domestic companies and balanced growth of the country. With M&As, equity investment and demand for globalization of SMEs and venture companies increasing, KOTRA has expanded project DB and made its operation more effective to timely respond to investment demand. In addition, to meet the heightened policy demand for balanced national growth and to help support local autonomous bodies to better attract investment, KOTRA enhanced its function of drawing investment into local autonomous bodies and FEZs and supported overseas business platforms.

Stronger Support for IR Activities of SMEs and Venture Companies

KOTRA operated the investment attraction platform “Invest Korea Market Place (IKMP)” to meet domestic companies’ higher demands for strategic investment cooperation with foreign companies. This helped KOTRA to better support the globalization of SMEs and venture companies. IKMP discovers companies or projects in need of investment and matches them with foreign investors through overseas KBCs. To enlarge the pool of promising companies and projects, KOTRA established a cooperative mechanism with external organizations and succeeded in discovering 223 new projects, up 237.9% from last year. Moreover, by applying a unified format to all projects and creating a database of them in the IK portal, KOTRA made it easier for investors in and outside of Korea to access promising investment projects. Furthermore, by operating offline businesses in connection with IKMP, we further increased the number of domestic companies matched with foreign investors.

Diversification of investment Destination by Region

KOTRA diversified investment destinations in Korea which had been disproportionately concentrated in the Seoul metropolitan area and cooperated with local authorities and FEZs to strengthen their IR capabilities. This enabled KOTRA to contribute to the balanced national growth. KOTRA provided training to local entities and FEZs to enhance their IR capabilities and supported the dispatch of customized trade missions. In addition, KOTRA helped select and commercialize promising projects of local autonomous bodies by providing across-the-board support ranging from setting IR strategies to attracting actual investment.

✓ Strategic Investment Attraction



➔ Identification of IKMP projects
(No. of projects)

66 → 223

➔ Amount of investment attraction in
non-capital region (USD in billions)

4.73 → 6.27

2016

2017



Education to help FEZ authorities enhance competence in investment attraction



GFEZ investment attraction delegation (Dallas in the US)

Domestic FEZ (Free Economic Zone)

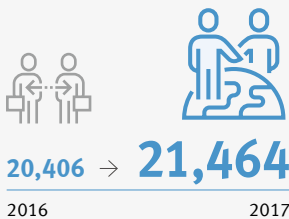


Attraction of More Foreign Investors

Creation of an Investment-friendly Environment

✓ One-stop Service for Foreign Investment

(Unit: cases)



Operation of an online investment information center

KOTRA launched the "Foreign Investment Information Center" on the IK website and built a database on FDI (Foreign Direct Investment) including relevant news, research & survey reports, statistics, and Korean business information, which contribute to systemizing and sharing foreign investment information.

Operation of Meetings for Grievance Treatment

Classification	Unit	2016	2017
Participants	No. of companies	173	225
Identified grievances	No. of cases	79	100

Stakeholder Comments

When a foreign investment company tries to enter into the Korean market, KOTRA provides not only legal support in overcoming entry barriers but practical help to receive benefits from policy support of the Korean government. We appreciate KOTRA's effort to take the perspective of a foreign investment enterprise and are satisfied with their sincere and professional services in multiple sectors.

Head of Department Moon-ki Kim
Solvay Korea Co., Ltd

To vitalize foreign investment (FI), KOTRA has expanded its provision of information and professional consulting services on FI related policies and regulations and helped the foreign investors to quickly settle in Korea after making investments. To that end, 19 staff members of government departments and relevant bodies were dispatched to KOTRA to deliver a one-stop service covering all stages of foreign investment, ranging from investment report filing, business activities, to settlement in Korea. Information on available services is given to investors through brochures produced by KOTRA. In addition, we ensured that foreign investors understand changes made in the qualifications for tax incentives after the revision of the Special Tax Treatment Control Act, by working together with the Korea Legislation Research Institute and spreading the Act translated in English. KOTRA tries to make sure that our services reach everyone in need by conducting on-site counseling in and outside of Korea. Administrative support is also rendered to provide a stable living environment for foreign investors to ease into.

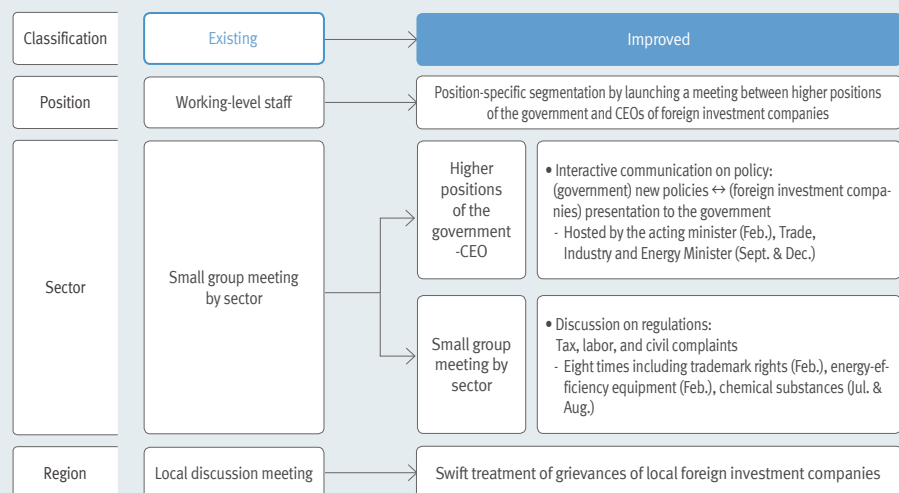


Best Practice

Grievance Settlement to improve Investment Environment

KOTRA preemptively identifies and redresses grievances of foreign investors that stem from domestic regulations and policies. For example, KOTRA expanded a two-way communication platform between FI companies and the government to allow investment companies to voice their opinions on legislations that might influence their business activities. Hosting different meetings by job title, sector and region, KOTRA tried to handle diverse problems and complaints from the customer's point of view. In a meeting presided over by the Minister of Trade, Industry and Energy in September 2017, we heard from foreign investment companies about difficulties they had in securing inventory when the customs were closed during the long Korean Thanksgiving holiday. This led the Korea Customs Service to start operating 24/7 special clearance assistance teams in 34 customs across the country. On top of that, KOTRA promotes 1:1 in-depth monitoring utilizing Home Doctor Service and visits relevant parent companies overseas to learn more about challenges facing foreign investors. Working closely with 17 local autonomous bodies, KOTRA redresses on-site complaints and grievances as well.

Expansion of the Communication Platform between Foreign Investment Companies and the Government



Pioneering a New Global Market

GLOBAL



Business Relevance

The world is seeing a prolonged structural economic slowdown. In the meantime, the Fourth Industrial Revolution is rapidly reshaping the industrial ecosystem. The protectionist movement which puts national interest above everything is gaining momentum, intensifying the competition among export support organizations. All these changes in commerce require a new set of solutions. New export support programs that reflect market opportunities and government policies should be developed. Export products and markets must be diversified to take proactive measures against the changes in the trading landscape.



Our Approach

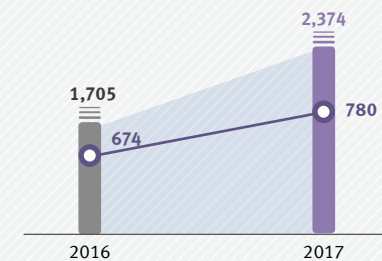
KOTRA, to pioneer new export markets, is focusing on entering into the market of new industry products and high added-value services. Providing more marketing opportunities is another way for us to support market diversification. In addition, we are expanding the scope of export support to cover not only big projects but specialized projects in promising areas. On-site and customized assistance has been reinforced to redress difficulties arising from the changing trade environment as well.



Key Performance

Active entry into overseas markets

- SMEs' overseas market exploitation (Unit: cases)
- Development of overseas projects (Unit: cases)



Risk

- Occurrence of new global issues (protectionism, etc.)
- Increase of uncertainties
- Changes in consumption trend

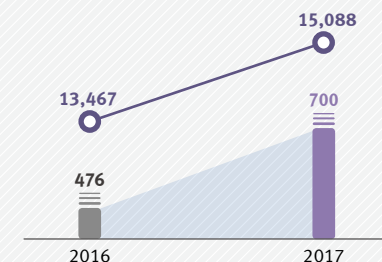


Opportunity

- Acceleration of the 4th Industrial Revolution
- Expansion of e-commerce
- Economic growth of emerging countries
- Expansion of global technical cooperation

Expansion of job creation

- Korean recruits abroad (Unit: persons)
- Job creation from foreign investment attraction (Unit: persons)



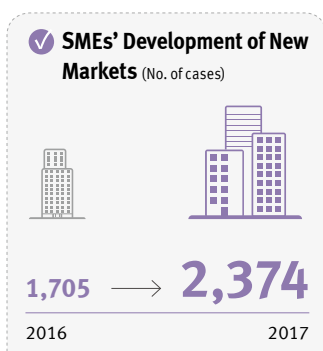
Interview

| **CEO Young-won Ahn** |
Dukin Co., Ltd

Nurturing experts to enable consistent support over the long term

Choosing a good, suitable partner is important for an SME to expand overseas. KOTRA is very helpful to SMEs through its deep understanding of local circumstances and the ability to discover local buyers. I hope KOTRA can continue to be a great help by nurturing specialized experts for each foreign market and providing consistent support over a long period of time.

Diversification of Export Items and Markets



Development of New Markets by Region (No. of cases)

Classification	2016	2017
G2	576	595
Post-China	417	585
Advanced markets	323	524
Emerging markets	389	670



Advanced strategic business by characteristics of overseas market

Enhancement of the Strategic Programs based on Overseas Market Characteristics to pioneer new export markets, KOTRA is expanding marketing opportunities and strengthening strategic programs that are adaptive to changes in circumstances and opportunity factors in each foreign market. As part of this effort, KOTRA reshuffled the structure of its Business Information & Trade Affairs Division and established a special unit for a wide range of market diversification policy support including basic research, strategy establishment and project implementation.

Promotion of Overseas Market-specific Strategic Programs

Strategic approaches based on thorough market analysis are essential for SMEs to enter into new export markets. To tactically respond to fast-changing global market conditions, KOTRA is promoting strategic programs specific to each market type. Based on entry strategy and data analysis, KOTRA has classified foreign markets into four categories of G2, Post China, developed and emerging and set up business principles for each category. With the operation of these strategic programs specifically targeted at each market, we have enabled 2,374 cases of new market entry, recording a 39.2% increase from the previous year. With many companies newly advancing into developed and emerging markets as opposed to the traditionally favored export destination of G2, the structure of the country's export market has been assessed to be more balanced and improved.

G2	Business direction	[Risk elimination] Target niche markets by capitalizing on new consumption trends	
	Major projects	U.S.	<ul style="list-style-type: none"> Develop projects to support the entry of consumer products centered on cosmetics Pioneer new large distribution channels and expand cooperation with the GMDC
		China	<ul style="list-style-type: none"> Diversify marketing activities toward top 10 distribution platforms Hold B2B meetings aimed at pioneering inland consumer markets (Chengdu, Changsha, etc.)
Post China	Business direction	[Market preoccupation] Focus on entering the manufacturing market and securing the domestic market	
	Major projects	India	<ul style="list-style-type: none"> Centered on parts and materials. B2B meetings aimed at selling vehicles and cooperating in the sectors of smartphone and semiconductor
		ASEAN	<ul style="list-style-type: none"> Centered on premium consumer products. Support for entering local large online/offline distribution channels Hold large-sized exhibitions for Hallyu products (Indonesia and Vietnam)
Advanced markets	Business direction	[Technical cooperation] Utilize the demands of the government and companies for leading the 4th Industrial Revolution	
	Major projects	Japan	<ul style="list-style-type: none"> ICT advancement policy, demand for R&D in auto parts (Korea-Japan IT Cooperation Conference)
		EU	<ul style="list-style-type: none"> Expand cooperation to the materials sector (first technical meeting in materials sector)
Emerging markets	Business direction	[Promising industry] Promote businesses centered on market-specific promising products according to economic growth	
	Major projects	Africa	<ul style="list-style-type: none"> Conduct businesses customized to local buyers' demands by utilizing big data analysis
		Middle East, CIS, Central and South America	<ul style="list-style-type: none"> Promote businesses targeting promising sectors Middle East (medical, defense, environment), CIS (development of the Far East, technical cooperation, machinery), Central and South America (FTA, consumer goods, vehicle)

Diversification of Export Items and Markets

Support for New Export Industries

KOTRA develops export support programs which fit market opportunities and government policies and diversifies export products. We have expanded the export support and assigned more human resources in this field by establishing the Service Industry Promotion Center. In addition, the role we play as a consultant and the platform for overseas expansion is being strengthened through expansion of overseas marketing support.

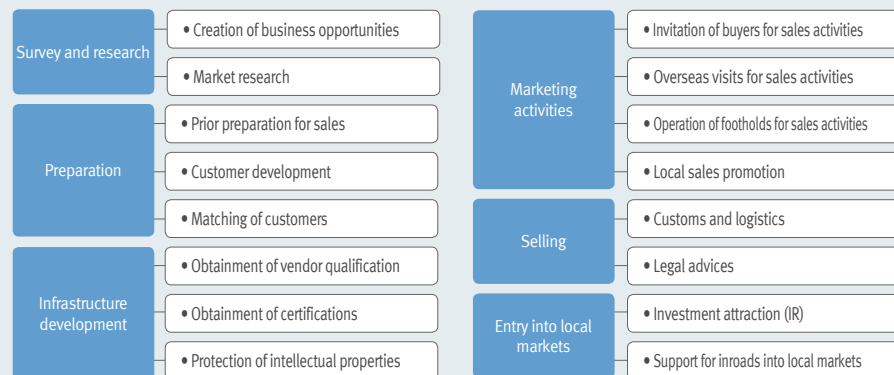


Best Practice

Improving Support for Leading Exporters in the Service Industry

KOTRA cultivates leading players in the domestic service industry by selecting promising companies in sectors including content and franchise, and by providing intensive support for overseas marketing to enable their successful entry into the global markets. With a newly established support program where leading service providers can receive across-the-board support ranging from market research, export preparation, overseas marketing to entry into local markets, KOTRA is meeting different demands of different companies.

Support for Leading Service Providers



Export Support for ICT Convergence Innovative Products

With the spread of the Fourth Industrial Revolution and the ensuing call for innovative technologies, KOTRA is setting up business strategies factoring in national competitiveness and foreign countries' demands, and is promoting programs considering the government policies and domestic companies' capabilities. In particular, we have selected leading companies in the field of IoT, security and fintech and provided systematic export support encompassing specialized exhibitions in and outside of Korea, export forums on technology and products, and trade missions.

Export Support for Medical and Bio Industry

The bio & medical market and the international cooperation for new drug development are showing a rapid growth globally. Accordingly, KOTRA is promoting technological cooperation with global pharmaceutical companies in the field of pharmaceuticals and medical devices. Export conferences that previously centered on medical devices have been subdivided to focus also on new drugs and medical supplies sectors. In addition, we are helping Korean pharmaceutical and bio technologies advance into the global markets through collaboration with global pharmaceutical enterprises.



Global Market Expansion Strategy Forum



Service Mundus 2.0 Launch ceremony



Korea Service Market 2017



Global Bio & Medical Plaza 2017

Diversification of Export Items and Markets



Support for Market Diversification Utilizing Marketing Efforts

KOTRA supports companies so they can penetrate into new export markets through our marketing efforts including exhibitions and trade missions. We helped 740 new companies enter into new markets via our marketing programs, which is an 82.3% increase from the previous year.

Discovering New Buyers

Utilizing influential exhibitions in overseas countries, KOTRA is discovering new buyers in the host country and beyond. Information on exhibitions is shared among the 10 regional head offices, which leads to stronger collaboration to find new buyers. Furthermore, Korean Goods/Products Expos were hosted in Warsaw and New Delhi to better identify changes in the trading circumstances and support the entry into the promising markets. We also hosted Korea Pavilion in Astana Expo 2017 to increase support for entry into the Central Asian market.

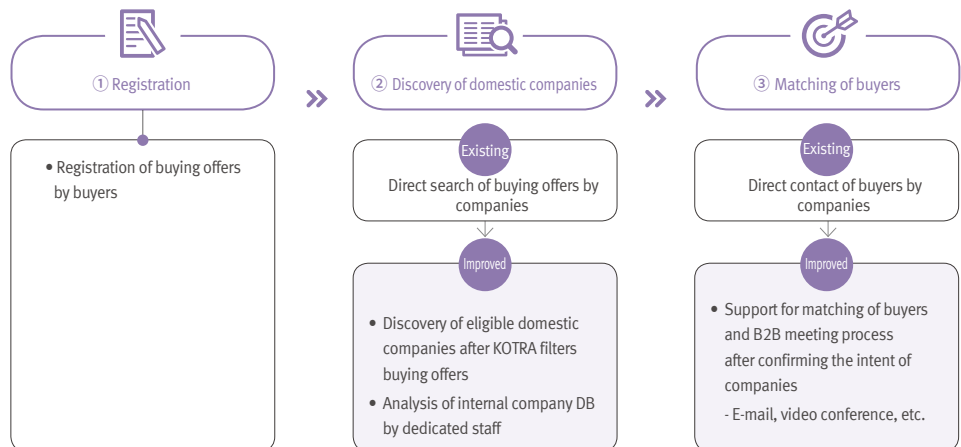
Expanded Trade Mission Dispatch to Promising Markets

KOTRA expands the dispatch of trade missions to promising markets and improves the project implementation schemes to support market diversification. As part of this effort, we have selected 41 promising areas with high market potential and encouraged local authorities and relevant external organizations to send trade missions. Plus, plans to improve the current practices on dispatching trade missions have been laid out for better export outcomes.

Export Support Utilizing Online Platforms

Utilizing our online marketing platform “buyKOREA,” KOTRA is matching more buyers with domestic companies. Buyers can register their “buying offer” that includes detailed information and specifications of the products they want to import on the buyKOREA website. Then, KOTRA filters the buying offers and approaches qualifying domestic companies to match them with the potential buyers, thereby creating new export opportunities. In 2017, as many as 14,801 buying offers were posted on the buyKOREA website which led to 1,305 exports and 193 new market entries.

Support Process Based on the buyKOREA Website



Development of New Opportunities for Overseas Expansion

Building Foundations for Sustainable Export Environment

Enhancement of Grievance Treatment System



KOTRA has come up with diverse support schemes to fight against the spread of protectionist movement in trade and the resultant obstacles to overseas expansion. Additionally, KOTRA is helping the diversification of the overseas markets and business areas to enable domestic companies to explore and win overseas projects in a more stable manner.

Stronger Support for Troubleshooting

To ease trade barriers including non-tariff measures and import regulations that followed protectionist movement, KOTRA is expanding collaboration with specialized organizations and striving to solve difficulties faced by companies. KBCs overseas detect problems and conduct regular monitoring until the problems are completely resolved. Experts in judicial affairs and customs and those from Korean Agency for Technology and Standards (KATS) provide in-depth and legal reviews for each case. By diversifying the response channels and sharing information through seminars, we prevent damage from occurring. Increasing the number of DBs on non-tariff measure to encompass 16 countries is another prevention measure we take. Furthermore, the FTA Support Centers, which focused on China and Vietnam, have now been expanded to cover Columbia and Indonesia to better redress grievances.



Best Practice

Systematic and Phased Support for Winning Overseas Projects

To enlarge foundations for SMEs' entry into the global market, KOTRA uses the Project Management System (PMS) to identify problems facing domestic companies and swiftly provide necessary information. We host council meetings to win overseas projects on a quarterly basis, which encompasses 885 companies in 8 sectors including the environment and renewable energy areas. This serves as a great channel for us to strengthen support for each stage of winning projects. We surveyed member companies of the council in January 2017 to identify and fix problems faced by domestic companies when trying to land contracts overseas.

Improvement of Support Projects by Analyzing Corporate Grievances

Classification	Existing	Improved
Discovery of information	<ul style="list-style-type: none"> Centered on discovering bid information 	<ul style="list-style-type: none"> Expansion of coverage to bid information, pipeline, and national development policies
Dissemination	<ul style="list-style-type: none"> Disclosure of discovered projects on the website 	<ul style="list-style-type: none"> Regular dissemination of information to members (weekly newsletter)
PMS operation	<ul style="list-style-type: none"> Supporting consultation after inputting project information 	<ul style="list-style-type: none"> Upgrade of the system to ensure record management of the entire project cycle



Quarterly Wednesday Forum hosted by Overseas Construction Project Council

Expanding Businesses with Big Buyers

The global value chain of each industry is reshaping fast while global companies are accelerating their new product development and entry into the Third World. Accordingly, KOTRA is expanding businesses with big buyers to provide more effective export support.

* GVC (Global Value Chain): A division system where entire process from R&D to actual sales of products and/or services is conducted by global cooperation

✓ Performances in GP Project



⇒ Participants in GP B2B meeting
(No. of companies)

868 → 959

⇒ No. of contracts signed (Cases)

206 → 241

⇒ Amount of contracts signed
(USD in millions)

223 → 283

2016

2017



Global Partnering ASIA

✓ Support for Entering Global Distribution Channels



⇒ Successful inroads into global
distribution channels (Cases)

263 → 329

⇒ Amount of export from entered
companies (USD in millions)

46 → 76

2016

2017



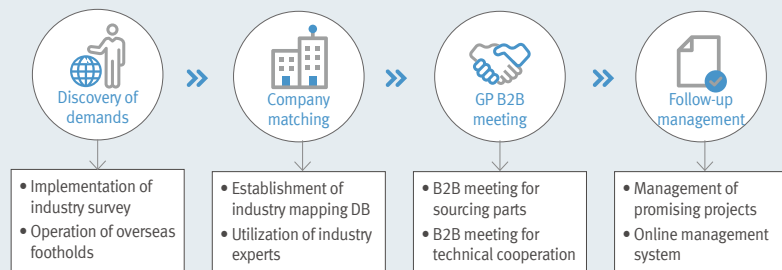
Best Practice

Reinforcement of GP (Global Partnering) Program

The GP program aims to help Korean companies sign supply contracts with global enterprises* and enter the global value chain by supporting their obtainment of overseas certifications and R&D efforts. KOTRA had relied on experiences and KBCs to identify local business opportunities, while recently, increasing feasibility and efficiency by approaching target buyers based on industrial research results and changes in the global value chain. Moreover, we computerize database specified for each industry and product and operate experts in five industry sectors, thereby responding to demands of global enterprises for high technologies. The coverage of GP Program is extended to emerging markets and high value-added sectors to attract more target buyers. The GMS (GP Management System) operates to monitor follow-up activities of promising matches in real time.

* Global Enterprise: Fortune 500 companies or manufacturers with the sales of more than USD 100 million.

Summary of GP Project



Support for Entry into Global Distribution Channels

In response to increasing e-commerce, value-conscious consumption, and the influence of global distributors, we help domestic companies penetrate into large distribution channels, considering customers and export items. By promoting cooperative projects for target distribution channels, we support their entry, sales, and competence enhancement. Specialized marketing activities are also conducted to support the entry of high-end consumer goods into advanced countries. Particularly, we have focused on digital marketing to help domestic consumer goods makers successfully enter leading online retail chains in each country. Thanks to these endeavors, KOTRA supported 329 cases of newly opened stores in the global distribution chain, a 25% increase from the previous year.

Global Job Creation

✓ Performance in Global Employment



➤ No. of people employed abroad (persons)

476 → 700

➤ Supported by KOTRA (%)

9.8 → 13.5

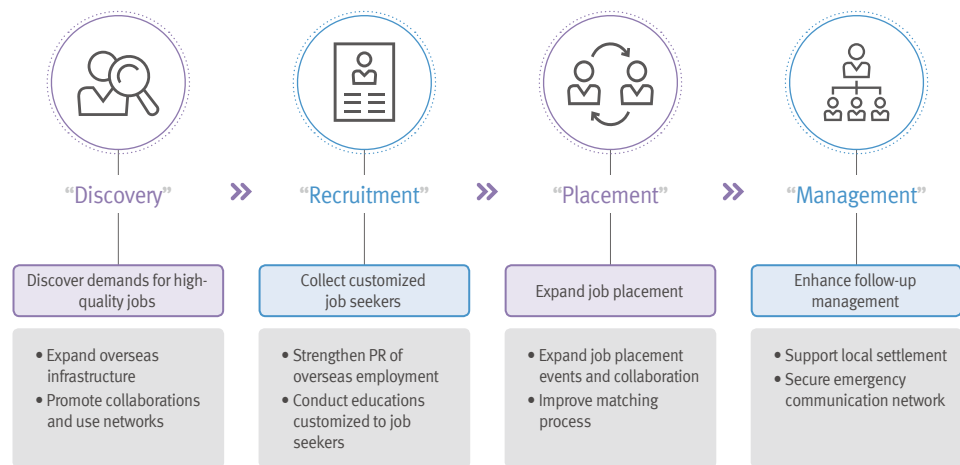
2016

2017

Support for Employment Overseas

In five years since starting support for overseas employment in 2013, KOTRA has successfully sent 700 people abroad for work opportunities. In 2017, a total of 121 people joined global enterprises, 2.2 times higher than last year. KOTRA is strengthening the global employment support process to ensure more quality jobs.

Global Employment Support Process



Establishment of Overseas Job Platform

KOTRA is expanding overseas infrastructure to explore decent employment opportunities globally. We have established five K-Move Centers in strategic countries including Japan and Vietnam and are utilizing 31 KBCs abroad to promote projects dedicated to local demands. KOTRA provides consistent support throughout the employment process covering job preparation through referral.

Sophistication of Cooperation with Related Organizations

KOTRA is strengthening the cooperation with related organizations to allow more people to get jobs overseas in the fields of service and IT as well as industrial technology. The “K-Move Week,” which was jointly promoted by KOTRA and Human Resources Development Service of Korea in May 2017, encouraged more people to seek jobs globally. In November, we hosted the Global Job Fair with the city of Busan and BEXCO, widening the window of opportunity for local talents.

Operation of Follow-up Monitoring System

For a systematic follow-up monitoring, KOTRA has an emergency contact network of those who found jobs overseas and supports their smooth settlement in the host country. The online community for overseas employment is operated by country instead of by existing KBC. We also enhanced the function of online Help Desk and built a database of employment information and consultation contents. In addition, KOTRA has assigned groups of mentors to 23 KBCs overseas to offer online and offline mentoring services and contribute to the easy settlement and grievance resolution of overseas employees.



Career Camp for Working in Japan



K-Move Week

Global Job Creation

✓ Domestic Job Creation Based on Investment Attraction



➤ No. of jobs created in Korea (persons)

13,467 → 15,088

2016

2017



Job Fair for Foreign-Invested Companies



Bluebell Korea Career Day

Supports for Employment of Foreign Investment Companies

Survey on employment plan

- 1,000 foreign investment companies

Support activities

- (Fewer than 100 employees) Flagship project
- (Over 100 employees) Customized supports

Foreign Investment Attraction Aimed at Job Creation

To utilize our investment attraction capability in creating job opportunities, we have revamped our recruitment assistance system ranging from investigation on recruitment demand through follow-up supports. For example, KOTRA creates new jobs in the private sector by linking export B2B meetings with the recruitment support projects.

Building Foundation for Domestic Job Creation

KOTRA focuses on attracting foreign investments in businesses with abundant job creation possibilities. To this end, we launched the Foreign Firm Employment Support Team aimed at assisting entire recruitment process of foreign investment companies. In 2017, we surveyed 1,000 foreign investment companies on demand for employment and supported their recruitment. The entire process was put into databases to facilitate the follow-up support.



Best Practice

Strategic Foreign Investment Attraction Activities

KOTRA has been making targeted efforts to generate more jobs by attracting investors and investment companies, while shifting our focus from large companies or service providers to specific companies with higher job creation possibilities. In 2017, a total of 15,088 new jobs were created in Korea by targeting investment attraction projects with higher employment potential.

Tailored Recruitment Support for Foreign Investment Companies

By linking the job fair for foreign investment companies with the Invest Korea Week event, we allowed them and potential investors to meet Korean talents. As for foreign investment companies planning to hire more than 100 persons, PMS dedicated for employment projects were assigned to provide tailored recruitment support.

Supports for Jobs of Foreign Investment Companies

Classification	Activities	Performance
Flagship projects	Job fair for foreign investment company (October)	<ul style="list-style-type: none"> • Attended by 136 companies and 7,050 job seekers • 12,484 consultation cases at the fair
	Connection with the Invest Korea Week Foreign-invested company job interview (November)	<ul style="list-style-type: none"> • Attended by 138 companies and 828 job seekers • 1,033 in-depth interviews
Supports for company-tailored employment	Execution of a pilot project with Bluebell Korea	<ul style="list-style-type: none"> • In-depth interview for applicants
	Job Fair (November)	
	Employment seminar + in-depth interview + resume consulting	

Prioritizing Win-Win Relations with Customers

CUSTOMER



Business Relevance

To help customers generate new values, we should first identify their needs and provide right services. With the accelerated convergence between industries, open and collaborative culture based on communication and cooperation is essential to promote the values of our customers. On top of that, KOTRA has a responsibility to play a leading role as a public organization to create a cooperative win-win ecosystem to realize social values.



Our Approach

To respond to the fast-changing trade landscape and customer demand, KOTRA constantly communicates with stakeholders to redress their grievances and help them become more competitive. In particular, to make our programs more fruitful, we are redefining our role as a trade-investment promotion agency and undertaking customer-oriented service innovation based on the corporate culture that emphasizes communication and collaboration.



Key Performance

■ PCSI
(Public-service Customer Satisfaction Index)

S grade for 4 consecutive years



Risk

- Restrictions on accessibility of customers
- Customer requirements of customized export supports
- Intensifying competition with related institutions
- Domestic business structure dependent on large companies



Opportunity

- Supports for diverse customer interaction services
- Advancement of customer and site-oriented support systems
- Invigoration of value sharing with stakeholders
- Joint overseas expansion among large companies and SMEs

■ Evaluation on Shared Growth of Public Institutions



Interview

Assistant Manager Jun-ho Kim | Genon Electric Inc.

Differentiated Services for Companies Successful in Exporting

KOTRA is greatly helping SMEs with its support for the entire export process ranging from overseas market research, buyer matching to final deal-making, which SMEs alone can hardly do. I believe KOTRA's strengths are that it solves difficulties faced by SMEs and serves as a ladder on which SMEs can reach up and sign a business contract.

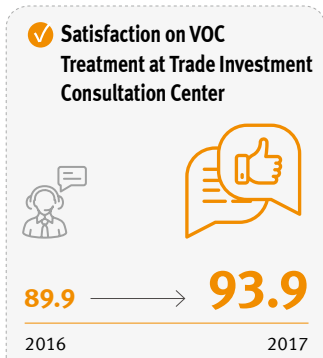
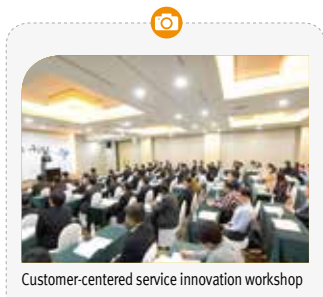
Customer & Field-oriented Operation

Customer Service Innovation

To ensure higher customer value, KOTRA has endeavored to establish a service innovation system in which customers can participate and to provide customer-oriented services. Particularly, we redefined the notion of customer to enhance the publicness of our services. Not only customers with whom we directly engage but those who receive indirect or free support are considered potential customers to be managed.

Establishment of Service Innovation System

The Customer Service Division was launched in August 2017 to make our export support services more customer- and field-oriented. We also hosted company-wide workshops to innovate ourselves, surveyed companies which stopped using KOTRA's services during the last five years, and analyzed the complaints and suggestions presented through the VOCs. We held the "public-private joint meeting on service innovation" in 10 regions across Korea which helped us lay out three approaches and tasks for innovation: enhancing publicness of services, increasing quality of services, and establishing relations with customers. KOTRA continues to improve customer services by checking the service quality index and operating the Service Innovation Committee and responsible departments.



Won the Minister Award for evaluation on ARS service of public institutions (Best Award)



Reinforcement of Foundation for Service Innovation

KOTRA Service Innovation Committee			
Role	Meeting	Composition	Major Function
Supreme decision-making body to improve projects by listening to the voice of customers	Quarterly (private and public joint meeting once a year)	Chaired by the Executive Vice President for Customer Service and departments dedicated to each task	Establishment of project improvement plans in each field and check of innovation task practice

Customer-oriented Service Support System

KOTRA integrated all stages of customer service provision ranging from planning to implement through follow-up activities. The entire process is managed by the Customer Service Planning Department. Moreover, KOTRA simplified the structure of customer service provision system and integrated ARS call centers into the Overseas Business Consulting Center to provide one-stop trade and investment consulting services. The satisfaction on VOC treatment at Trade Investment Consultation Center recorded 93.9 points in 2017, up by four points from last year. KOTRA, in recognition of the quality ARS system operation, received the Minister Award (grand prize) for public organizations from the Ministry of Science and ICT.

Enhancement of Customer Consultation Capabilities

To make our services more approachable, KOTRA restructured free export consulting service which had been regarded as a blind spot. The "Consultation Reservation System" was introduced to each KBC for quality service whenever necessary. Going forward, KOTRA will create a smart consultation system through consultation reservation, consultation history management and Overseas Market Big-bot. This will enable us to provide each company with essential information that meets their needs.

Customer & Field-oriented Operation

Strengthening of Follow-up Monitoring

The Service Recall System is running to ensure the quality of services. The heads of export support service teams are wholly responsible for service recall works that address complaints of companies dissatisfied with KOTRA's services and offer comprehensive consulting services for exportation. In 2017, KOTRA created manuals for service recalls and made 158 service recall staff support for 406 companies.

Export Voucher System from Users' Perspective

To provide more user-friendly services, KOTRA has been subdividing its customer services beyond existing supplier-oriented standardized forms. In 2017, we improved the export voucher system, which had offered to companies with fixed forms by business, to allow them to freely choose the service they want using the vouchers. This enables customers to opt for export support projects that fit their needs and capabilities. Particularly, export support services, which had been run separately by KOTRA, the Ministry of SMEs and Startups, Small and medium Business Corporation (SBC) and the Korea Institute for Advancement of Technology (KIAT), have now been integrated into single window to enhance quantity and quality of services. KOTRA serves as a control tower by launching a dedicated organization and established the "Export Voucher Integrated Management System (www.exportvoucher.com)" which works as a platform for the export voucher business. The platform enables one-stop treatment from voucher application, progress, management, and settlement, contributing to making the service more convenient.



Effect of the Integrated Export Voucher Management System

Before system development

- Operation of individual systems by organization (case-by-case application)



After system development

- One-stop treatment of project application, monitoring of execution, and settlement at single window

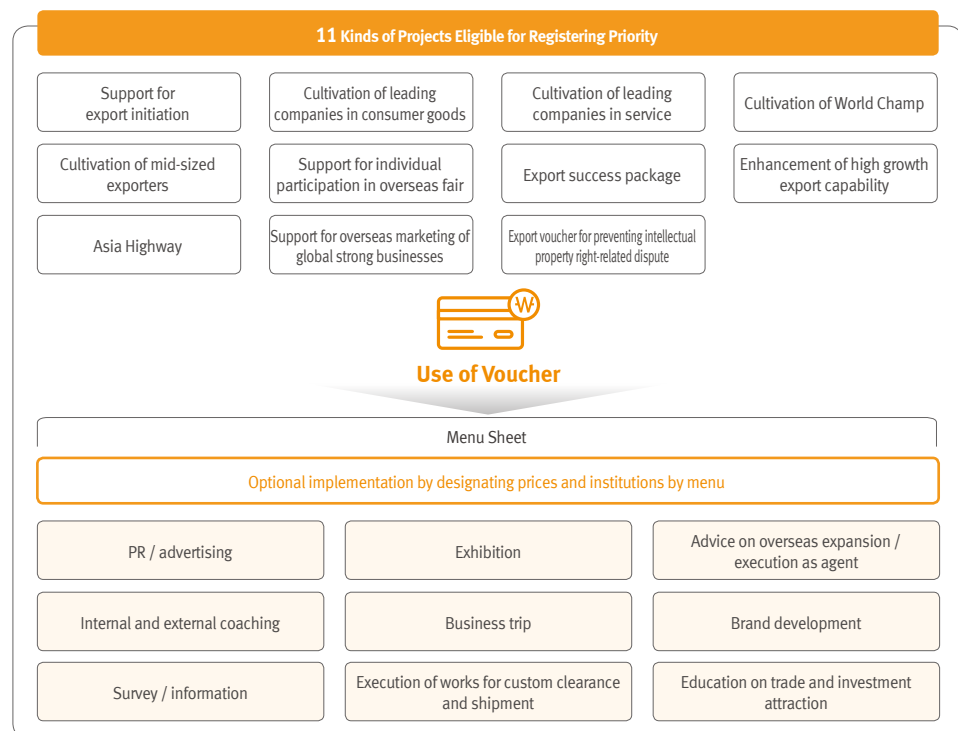


Expected effects

- Improvement of efficiency and convenience between companies and execution organizations
- Easy check of the government's export support project results*

* Real-time check of project-specific results in connection with trade returns of Korea Customs Service

Export Voucher Project



Customer & Field-oriented Operation

Major Proposals and Service Improvements

Major Proposals

- Find creative works for PR by holding a public contest in celebration of the 55th anniversary
- Gather proposals of online consultants on KOTRA website
- Disseminate and prevent Mobile KOTRA trade fraud cases
- Understand customer grievances at B2B meetings and reflect them in KOTRA services

* Mobile KOTRA: Export professionals' consultation service offered by directly visiting customers



Service Improvements

- Utilized proposals for KOTRA President's appreciation letter (2,632 receivers) and news letter
- Improved major functions by adopting 22 customer ideas
- Newly published manuals for B2B meeting to reduce customer complaints



Service consultants meeting

✓ PCSI (Public-service Customer Satisfaction Index)



2014 2015 2016 2017

S grade for **4** consecutive years

Expansion of Communication with Customers

KOTRA listens to customers through diverse channels and encourages departments in charge to improve their services to elevate customer satisfaction.

Improvement of VOC Operation System

Our VOC operation system was integrated and improved, which reduced the average time spent on answering customers to 21 hours from existing 24 hours. Moreover, not only overseas market information customized for business category, location, and target regions but also diverse services are offered through mobile and social media platforms.

Proactive Reflection of Customer Feedbacks

KOTRA ensures that VOCs are reflected into its services. This is monitored by the "Constant Monitoring TF." To receive diverse customer feedbacks, KOTRA has expanded offline contact points to events, visiting consultations, and forums and identified tasks by forming an online consultants group. Suggestions deemed important are reflected in enhancing the service quality.

Internalization of Service Innovation and Feedback System

In 2017, KOTRA proclaimed the service innovation and conducted workshops and trainings to embed it in corporate culture. The service quality index is used as a criterion to assess the organization. The KOTRA Service Innovation Committee is convened every quarter to establish plans to improve services and monitor the progress in carrying out the tasks for innovation. Recognized for the service innovation from the customers' perspective, KOTRA received an S grade in Public-service Customer Satisfaction Index (PCSI) for the fourth year in succession in 2017.

Efforts to Ease the Burden on Customers

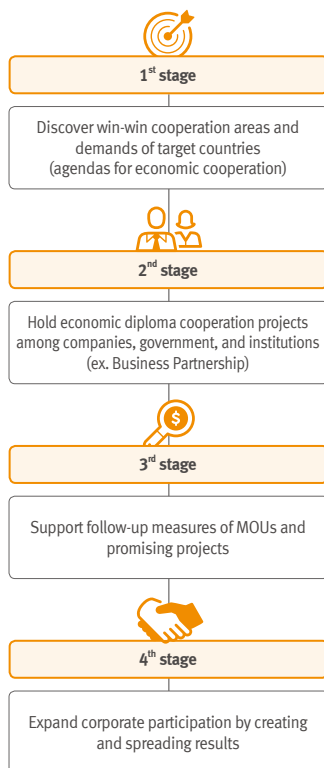
Considering the financial difficulties of SMEs, KOTRA decreased commission fees for major overseas expansion support businesses, which allowed more companies to use KOTRA's services for export expansion. As a result of expanding cooperation with external organizations and reducing commissions, financial burden of customers decreased by KRW 8.45 billion in 2017.

Efforts for Reducing Customer Charge

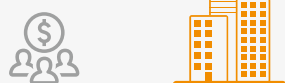
Classification	Details	Reduction
Reduction of customer charge by cooperation with external institutions	Support tariff benefits by cooperating with KBCs and Customs Services (Korea and each country)	KRW 4.08 billion
	Save budgets of the domestic public institutions by running overseas One-Roof	KRW 1.68 billion
	Mitigate customer costs by attracting funds from external institutions	KRW 0.71 billion
	Reduce logistics costs of buyKOREA members by collaborating with Korea Post	KRW 0.19 billion
Reduction of commissions	Expand customers supports by securing supplementary budget	KRW 1.65 billion
	Discount commissions for promising domestic companies	KRW 0.14 billion

Performance & Profitability-focused Business Conduct

Setup of a Private-Public Virtuous Circle Cooperation System



Performance in Follow-up Supports for Economic Diploma



➔ No. of companies that signed export contracts (Companies)

36 → 50

➔ No. of export contracts signed (Cases)

48 → 85

2016

2017

Stronger Support for Overseas Expansion Utilizing Economic Diplomacy

KOTRA capitalizes on the economic diplomacy capabilities to solidify foundations for SMEs' global market entry. We have established virtuous cooperation cycle linking the private and public sectors based on the economic diplomacy platform and improved the selection process of economic missions. We also promote follow-up projects of MOUs in each region by supporting economic cooperation agendas.

Sophistication of Economic Diplomacy Platform

The economic diplomacy platform is a system where the government, companies and related organizations work together to generate practical results including domestic companies' overseas market entry, exportation, investment, and contracts. To enable tangible achievements, KOTRA is stepping up economic diplomacy platform to carry out more tasks, from identifying areas of potential cooperation in target countries, exploring demands, to conducting follow-up monitoring.

Subsequent Support for Economic Diplomacy

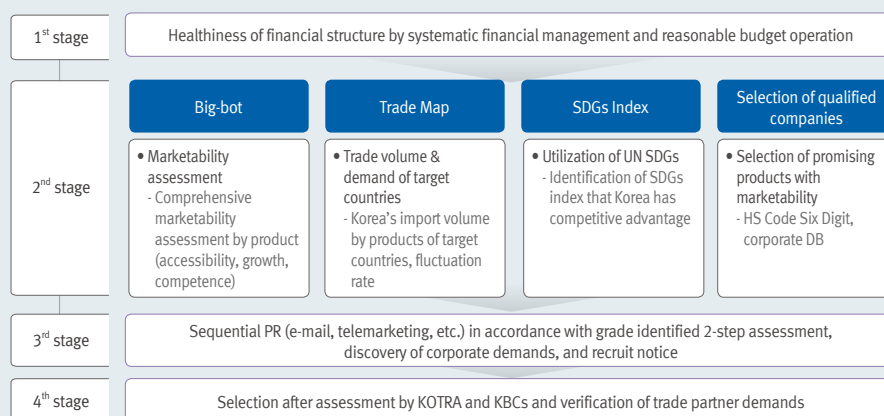
KOTRA explores overseas expansion opportunities for domestic companies through one-on-one meetings and agreements made between Korea and foreign countries at the government level. We have substantiated and successfully initiated projects based on 12 out of 33 MOUs signed between KOTRA and our foreign counterparts. The achievements are shared through online and offline channels.

Best Practice

Setup of Selection Criteria for Companies Participating Economic Missions

To ensure fruitful outcomes of the economic diplomacy, KOTRA has improved the criteria for selecting strategic companies that meet the purpose of economic cooperation agendas. The collaboration with related organizations, customer opinions, and relevant data are utilized to identify which companies qualify for economic missions. The criteria also include big-bot marketability assessment, Trade Map import volume, and UN SDGs index. Internal assessment of KOTRA and the target market demand are also considered to finally select participating companies.

Business Partnership Participants Selection Procedure



Performance & Profitability-focused Business Conduct

✓ Utilization of KOTRA's Global Market News



➤ Total no. of visitors
(10 thousand persons)

317 → 497

➤ No. of daily average visitors
(persons)

9,247 → 13,643

2016

2017

✓ Utilization of Market Expansion Strategy Report



➤ Online views (No. of times)

97,332 → 236,886

2016

2017

Collection and Distribution of Overseas Market Information

To help domestic companies' global expansion, KOTRA has upgraded the types and contents of overseas market information. And the authority to offer information was shared with even the private sector and related organizations. As a result, the number of visitors to our overseas market news increased 47.4% than before.

Strengthening of the Response System to Global Issues

We have strengthened our response system to global issues such as the protectionism of the US and China risks. Any unusual movement is reported to the headquarters immediately and the treated by both the headquarters and relevant KBC.

Provision of Customized Information for Overseas Expansion

KOTRA is proactive in identifying global business trends, generating and disseminating relevant information to support overseas expansion of Korean companies. We established a system to collaborate with internal and external experts in analyzing global and in-depth issues, in which customers can join entire process from planning to production and dissemination of information. Particularly, we published strategic reports targeting 83 countries and 10 regions to give guidelines for overseas expansion to companies. To ensure higher quality of the reports, we invited more researchers by region, conducted in-depth review and supplementary works, unified reporting structure according to strategies by issue and business, and improved readability. Moreover, we hosted Global Market Strategy Forum including the response to changes in the China market environment in major cities.



Market expansion strategy report by country



Global Market Strategy Forum

Stronger Support for Overseas Procurement

KOTRA provides a packaged procurement service ranging from demand survey to delivery by expanding overseas bases to emerging countries. In February 2017, we surveyed bidding procedure to international organizations, thereby identifying that domestic companies had difficulties in participating in global procurement due to different requirements on products among them and complex processes. To address this issue, KOTRA divided companies into two groups – export beginner and promising company – to provide procurement information and consulting services customized to their growth stage. As a result, our performance in public procurement support rose by 18.9% from the previous year to USD 63 million in 2017.

Business Operation Centered on Communication, Openness, and Cooperation

Creation of a Cooperative Ecosystem for Sharing and Co-existence

To create a cooperative ecosystem for sharing and co-existence, we have divided our support recipients into two groups of general suppliers and large company suppliers (Shared Growth Company). By doing so, we promote fair trades and win-win relations with suppliers, while pursuing joint overseas expansion with shared growth companies to cultivate them as global exporters.

Expansion of Shared Growth Foundation and Organization in Charge

With the setup of operation guidelines for the Shared Growth Committee in February 2017, KOTRA expanded the number of supporting units from 7 to 20 and KBCs responsible for shared growth from existing 30 to 127. Moreover, shared growth index is reflected in performance evaluation of executives and all organizations at home and abroad.

Expansion of Partnership

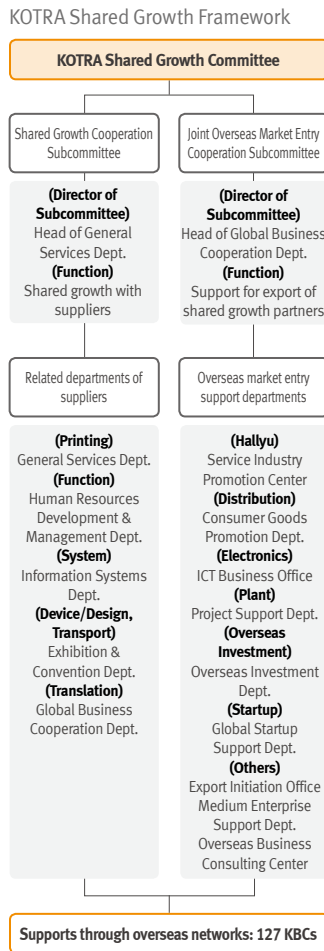
KOTRA has established a partnership with 59 companies in 6 cooperation areas of printing, interpretation, equipment/design, transportation, traveling, and system. Based on the partnership, we support our partner companies' training, promotion, consulting, marketing and market research activities to help enhance their competitiveness. In addition, they can promote their businesses through our website and use our partnership logo on their websites, catalogues, and business cards.

Partner Company Protection System

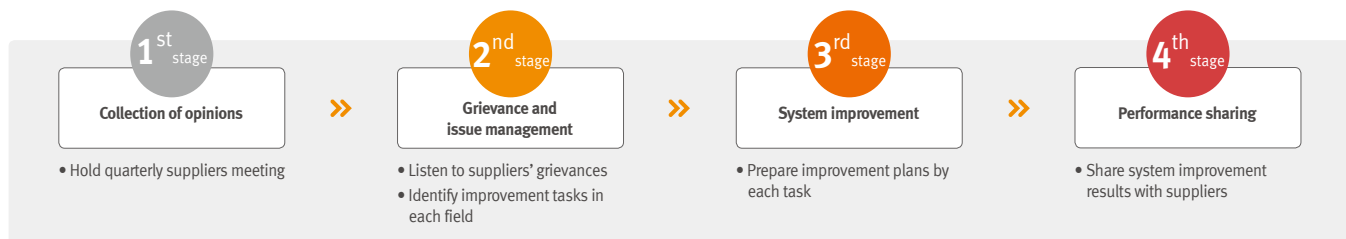
KOTRA is running diverse systems to enhance productivity and business management capabilities of small- and medium-sized partner companies. For example, the Win-win Partner Loan helps the 2nd tier suppliers liquidate the payment we have made to 1st tier suppliers quickly at minimum financial cost. This system is encouraged to share with more suppliers and subcontractors. In addition, we have made the General Affairs Team take full charge of printing contracts since November 2017, receiving specifications required from each unit without quotations. This helps us to provide equal project-winning opportunities to all our registered partner companies.

Effective Communication

We share the value of win-win cooperation with partner companies through effective online and offline communication channels. We host offline meetings on a quarterly basis to listen to our partner companies, ease their difficulties, and improve systems. Online surveys are also utilized to reflect their opinions in business planning. These activities help us simplify the project application procedure and diversify the type of services.



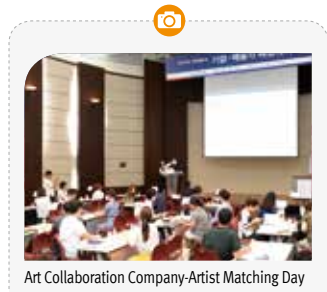
Improvement Process through Communication



Business Operation Centered on Communication, Openness, and Cooperation

Performance in Customized Supports for Overseas Expansion

Classification	Unit	2015	2016	2017	
No. of conferences held	Times	33	38	49	
Participants	Large companies	Companies	24	57	71
	SMEs	Companies	472	578	814
No. of contracts signed	Cases	137	181	195	
Contracts amount signed	USD in millions	73	96	106	



Product Purchasing Results (Unit: KRW in millions)

Classification	2015	2016	2017
SMEs Purchasing amount	17,561	23,782	46,137
Female-owned companies Purchasing amount	1,641	3,239	7,498
Companies with the severely handicapped Purchasing amount	587	770	926
Social enterprises Purchasing amount	667	1,048	1,698
Total purchasing amount	19,693	28,315	53,523

* Companies with socially disadvantaged classes: Female-owned companies, social enterprises, social cooperatives, and self-support veterans' business

* Total purchasing amount does not include duplicated purchasing cases.

Enhancing Competitiveness of Shared Growth Companies

KOTRA puts together industrial, regional, and corporate demands to implement overseas expansion projects. In 2017, 814 domestic SMEs participated in our projects and made exportation of USD 106 million.

Tailored Support for Shared Growth Companies' Overseas Expansion

KOTRA makes effort to develop joint overseas market entry projects with shared growth companies by combining their requirements and our capabilities. By selecting promising areas in target markets by business and region, we offered intensive tailored supports for companies engaging in four major business areas in accordance with their demands. This led to the diversification of joint entry projects in consumer goods, electrics, automobiles, and IT sectors.

Enhancing Product Competitiveness of Shared Growth Companies

Shared growth companies need unique design and brand of their own to grow into global exporters. In this regard, KOTRA promotes the Art-Collaboration Program aimed at encouraging the production of art-collaboration products with differentiated design and supporting their exports in conjunction with global marketing activities. KOTRA provides them with customized and phased supports for product designing, sample production, promotion activities, and export, which contributes to differentiating their product design and enhancing global competitiveness.

Promotion of Fair Trade and Co-existence

KOTRA releases the notice of tender to all companies regardless of the contract size. By making all the bidding processes public including small contracts of less than KRW 100 million, KOTRA is promoting the value of fair trade in its businesses. Details on our private contracts are disclosed to the public every month on KOTRA's website.

Improvement of Suppliers' Cash flow

To help improve suppliers' capital operation, KOTRA revised internal rules on contract affairs in November 2017. According to the new rule, the time for inspection procedure was reduced from 14 days after delivery to 7 days and payment period was also shortened from existing 14 days to 5 days after invoice issuance. This rule cut the total number of days spent on inspection and payment from 28 to 12, thereby improving the cash flow of small- and medium- sized suppliers.

Support for Socially Disadvantaged Businesses

KOTRA is applying assessment standards that are stricter than the government recommendation to allow for practical support for socially disadvantaged businesses. We fully implemented the government recommendation by assessing each department's purchasing of products from social enterprises. In April 2017, we adopted a platform to better match the internal needs with socially disadvantaged businesses and to make group purchases so that we can buy more of their products.

Realization of Sustainable Organization and Society

CONTRIBUTION



Business Relevance

The society is paying more and more attention to the CSR activities of enterprises. Companies are also making business activities not only to seek profits but to realize social values. Companies, following these changes in the business landscape, should utilize their capabilities to actively come up with solutions for social issues and be committed to redressing global challenges as well. This is how the growth and development of companies can lead to social stability.



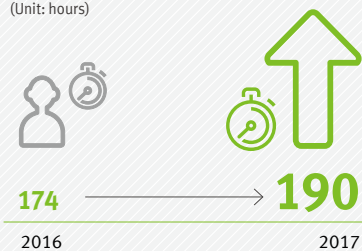
Our Approach

KOTRA is improving the way we work by practicing the values of communication and collaboration, which helps us to internalize leading innovation culture and enhance employee capabilities. We also make contribution to solving problems of countries we operate in, utilizing the unique characteristics of our work and global networks. We implement SDGs in all stages of our work to create business values. We also help emerging countries develop sustainable local business models to promote shared values between Korean companies and the local community.



Key Performance

Average Education Hours per Employee (Unit: hours)



Risk

- Non-smooth communication due to job rotation at home and abroad and increased new employees
- Difficulties in forming organizational consensus due to far-flung sites and jobs



Opportunity

- Increasing requirements on supporting job creation
- Securing talents with global mindset
- Shared value creation through social contribution activities

No. of KSP Projects (Unit: cases)



Interview

Director Jung-hye Lee | Anyang Children's Home

Promoting Trade-investment Education for Teenagers

I wish KOTRA can promote a program to explain what KOTRA does to teenagers at schools, private afterschool classes and local children centers. Teenagers would be able to establish visions for their own future if they get to know stories of SMEs working hard on the global stage and KOTRA KBCs supporting them.

Innovative Organizational Culture Contributing to Society

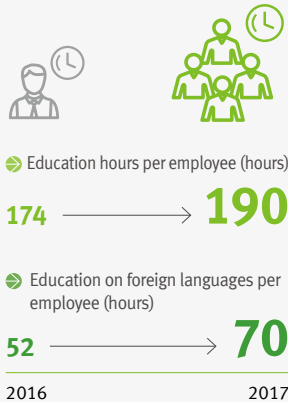
Talent Cultivation

To nurture business experts with a global mindset, KOTRA is enhancing capabilities and expertise of employees based on the capability development system. The primary focus is given to fundamental capabilities to adapt to changes in internal and external business environment, global capabilities to pioneer overseas markets, work skills for the future and leadership skills. We are linking online and offline education to provide more effective training and encourage self-directed learnings.

Human Resources Development Framework



Employee Education



FTA Overseas Utilization Support Center Workshop



In-company education on digital marketing



Workshop for enhancing female leadership competence

Enhancing Global Capabilities

KOTRA runs education programs to enhance global capabilities of local employees. Those who will be dispatched abroad are educated about skills that are necessary to work in other countries and to handle global labor management issues. Local employees are also educated in accordance with their local career development systems. KOTRA shares best practices and business know-how by each region through workshops and invites local employees to educate on diverse areas including the Jisawha service, jobs, exhibitions, defense, etc.

Nurturing Experts

To develop future-oriented talents, we provide new recruits with opportunities for acquiring expertise such as mentoring program guided by export specialists and senior employees. All employees receive job educations specified for business, market, and function to cultivate their capabilities to respond to changes in business environment. Workshops by position level are also held to discuss on pending management issues and the entire process is filmed for sharing with employees working abroad.

Cultivating Female Talents

KOTRA is increasing the number of female workers and creating the culture of gender equality. As of 2017, five out of nine job experts were females. KOTRA is nurturing female job experts to increase the pool of female talents who can reach up to the manager level.

Innovative Organizational Culture Contributing to Society

HR Management

KOTRA promotes fair HR management based on work skills and performance. As a public organization, we try to establish an assessment system which can contribute to realizing social values.

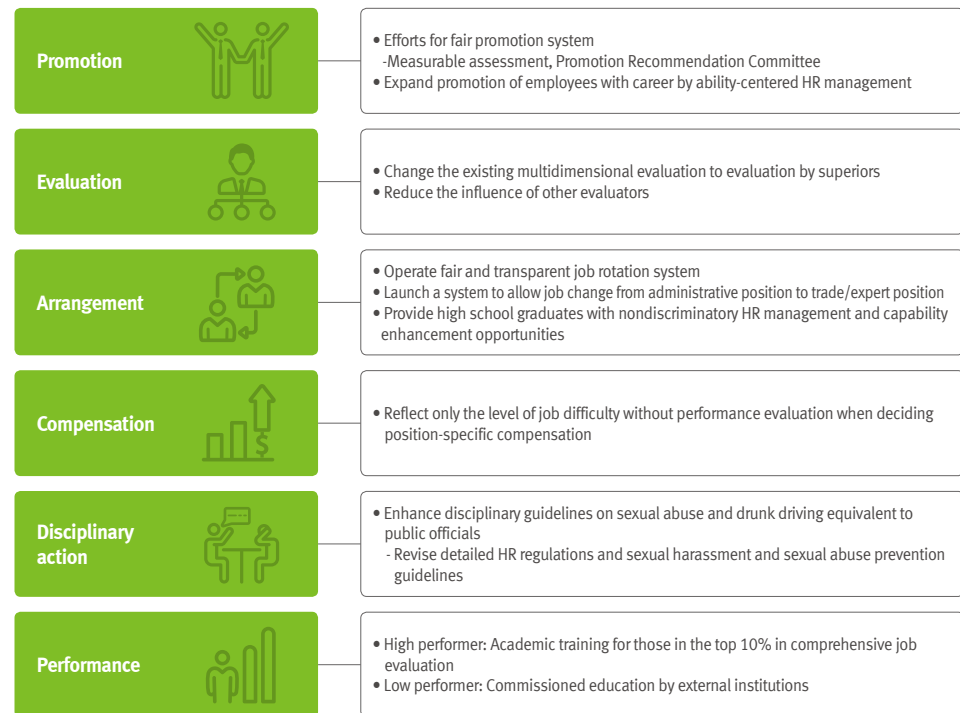
Skill-based HR Management

For fair promotions, KOTRA made quantitative assessments and convened a promotion recommendation committee. We attached more weight to evaluation results by those who better understand evaluatees while reducing the effects of evaluators with less relations to make the screening result more acceptable. KOTRA rotates staff across different posts in a fair and transparent manner. In 2017, we newly established a system where an administrative worker can change his/her position and work in trade or other specialized fields, thereby eradicating the silos between departments.

Performance-based Compensation System

KOTRA runs fair compensation system which emphasizes competence and performance and reflects employee opinions. We award promotion and rewards to employees who show good performances and provide capacity building trainings for underperformers to help them enhance their work outcomes. Basic salary is accumulated at different rates depending on the result of comprehensive working assessment. The performance evaluation is fully reflected in determining how much performance-based salary an employee can receive.

HR Management based on Job Capability



Innovative Organizational Culture Contributing to Society

Communicative Corporate Culture

KOTRA promotes communication and harmony between different job categories and generations, using multi-dimensional communication channels that reflect unique organizational characteristics of KOTRA.

Utilization of Multi-dimensional Communication Channels

Employees at KOTRA make active two-way and field-oriented communication to share pending issues and make cooperation based on trust. We constantly improve our way of work to enhance efficiency and communicate actively with colleagues to dispel misunderstandings that might stem from differences in job categories, ages, experience, and culture.

Stakeholder Comments

KOTRA holds the Corporate Culture Innovation TF meetings every month, where employees with diverse opinions and positions gather together and discuss various issues. This enables us to listen to and share everyday difficulties at work and suggestions for improvement, creating a chance for a far-reaching change within the organization. In 2017, we discussed the problem of insufficient office space and tried rearranging the interior of one floor to create an open-plan workspace that resembles a honeycomb. This led to a horizontal and open office atmosphere and boosted communication among colleagues. With these positive results, the new arrangement will soon be adopted to all floors of the building.

Manager Yeon-Su Jeong
General Affairs Team

Operation of Communication Channels

Classification	Purpose	Major Activities in 2017
Top-down	Reflection of creative ideas	<ul style="list-style-type: none"> Organizational Culture TF: Identification of tasks such as improving the way of working and building horizontal organizational culture (13 times) Open innovation idea contest (once) Proposal system (93 items) Survey (when necessary)
Interactive	Sharing of pending issues and listening to field opinions	<p>[Between executives and employees]</p> <ul style="list-style-type: none"> Meeting with basic level employees (4 times) Lunch meeting with the President (73 times) President's visit to fields (frequently)
	Sharing of experience, time, and knowledge	<p>[Among employees]</p> <ul style="list-style-type: none"> Mentoring, club activity, CSR activity, training on organizational activation (5 times), Team Spirit Day (59 times), etc
Bottom-up	Presentation on corporate visions and promotion plans of key issues	<ul style="list-style-type: none"> Broad executive meeting (11 times), monthly meeting (12 times), other meetings and message delivery (when necessary)

Open Mentoring Education

To expand opportunities of exchanges between different position levels and generations, KOTRA provides new employees with insufficient field and customer-facing experience with open mentoring education guided by export specialists with rich experience and know-how. One export specialist with more than 15 years of field experience is matched with two new recruits who are among the youngest and have been on the job less than a year. The mentor and mentees carry out training on SME export support and customer management and visit export initiators to provide visiting consultation together.

Enhancing Innovative Mindset

We have been running the "Open Innovation TF" since 2017 to encourage company-wide participation in innovation activities. The "Open Innovation TF," which is presided over by the Vice President, consists of 40 members; 30 from the headquarters and 10 from overseas. The taskforce pools capabilities to establish KOTRA's own O2O (Online to Offline) platform.

Social Contribution to Sustainable Development

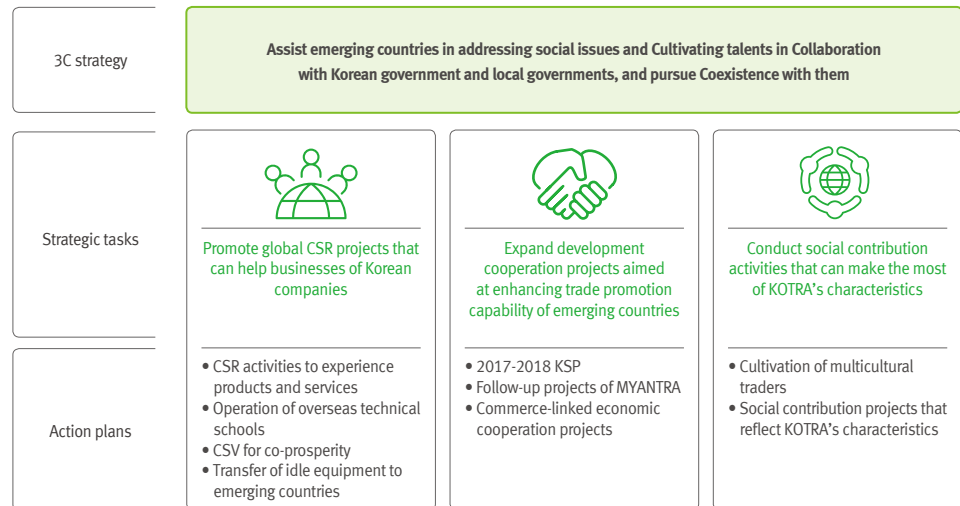
KOTRA's Social Contribution Promotion System

KOTRA carries out contribution activities to fulfill our social responsibilities as a public organization and to proactively respond to global environmental issues. Our global contribution activities are conducted based on Private Development Assistance (PDA^{*}) and Official Development Assistant (ODA^{**}). We make a concerted effort to fulfill our responsibility for global communities and realize social values by utilizing our business characteristics and global networks.

^{*} PDA: Assistance of the private sector – companies, civic groups, etc. – given to address recipient countries' poverty, environment, health, infrastructure, and welfare issues.

^{**} ODA: Assistance of the government and public organization given to recipient countries

Global Social Contribution Promotion Framework



Global CSR Activities in 2017



in **52** countries
100 CSR projects
87 companies joined

Global CSR Activities

Creating a cooperative business ecosystem is becoming more important for the overseas expansion of domestic companies due to the spread of protectionism. KOTRA is running global CSR programs as a part of PDA to help domestic companies execute their CSR activities in foreign countries to contribute to solving local social challenges and making win-win cooperation with emerging countries. These activities contribute to creating a cooperative business ecosystem and improving reputation of Korea on the global stage.

CSR Activities Utilizing Products and Services

KOTRA contributes to resolving societal challenges facing the local communities of the recipient countries by donating products and services of Korean companies. This leads to the creation of a network linking local agencies, buyers and clients and enhances the brand image of the domestic companies. In 2017, KOTRA conducted 34 projects in 22 countries, thereby establishing marketing networks and enhancing awareness among local consumers.



Social Contribution to Sustainable Development



Land Management System School in Tunisia



Indonesia Idle Equipment Transfer



Nepal Organic Coffee CSV

Operation of Global Technical Schools

By operating technical schools in overseas countries, KOTRA shares technologies of Korean organizations and companies with emerging countries. This project contributes not only to nurturing local talents and technologies but also to enhancing ties with local clients, thus strengthening the foundation for project winning of Korean companies. In 2017, we have successfully completed 56 technical school projects in 36 countries.

Transfer of Idle Equipment

KOTRA transfers Korea's idle equipment and experience in the field of test & certification (R&D), product manufacturing and the public service to emerging countries without charge, thereby contributing to their economic development and overseas expansion of domestic companies. This project helps emerging countries to establish cooperative relations with Korean companies and learn from Korea's industrial standards, conformance testing system, and research achievements. In 2017, KOTRA transferred domestic certification system along with the idle equipment of three domestic organizations to three emerging countries.

Creating Shared Value (CSV) Project

The CSV project is to utilize business of Korean companies to help emerging countries increase income levels and improve the local economy. KOTRA's CSV project aims to promote mutual development of domestic companies and recipient countries by supporting local economic development and the establishment of profitable business models. In 2017, we successfully completed 7 CSV projects with 3 countries, which include the OVOP project in Indonesia, which is our flagship CSV model, Cashmere CSV in Mongolia, and Nepal Organic Coffee CSV.



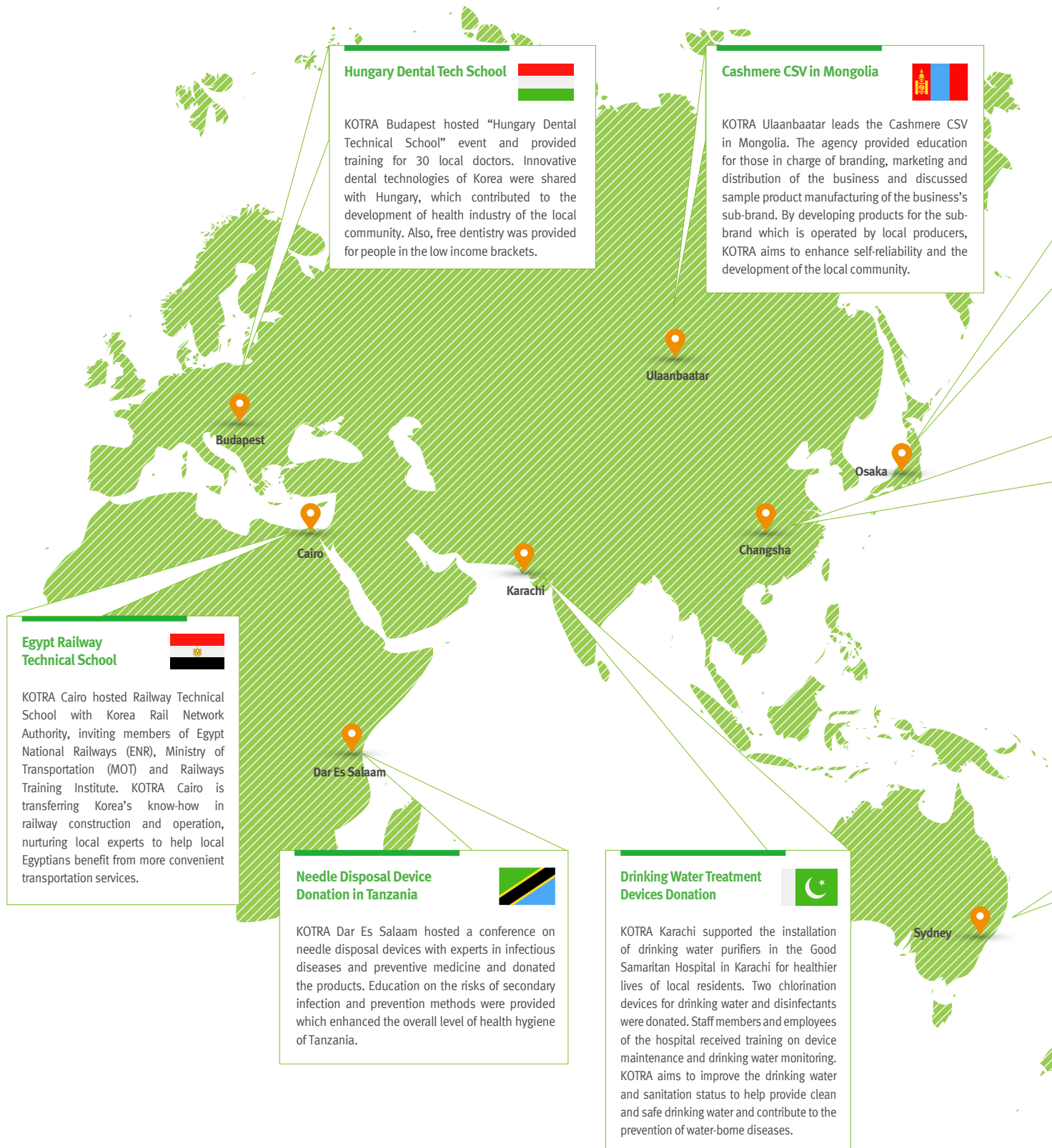
Best Practice

OVOP (One Village One Product) Project in Indonesia

KOTRA has been running the OVOP project in partnership with the Ministry of Cooperatives and SMEs of Indonesia (KUKM) since 2013. The OVOP project is to make an underdeveloped village produce, process and sell one local specialty so that the village can stand on its own. Starting from the year 2017, KOTRA revised the project to ensure the outcomes of one single project are shared among diverse people to benefit more recipients. The revision was to explore social enterprises related to OCOB (One Community One Business) and encourage them to work with Korean companies operating in Indonesia, in addition to the support for OVOP projects. In 2017, we improved the in-store sales and package design of coconut sugar products and improved the quality of coconut oil. Coconut oil producers were assisted in opening stores and branches as well. KOTRA also provided necessary equipment and training for Ketak, Tenun Ikat and Coffee business owners. The total sales from the OVOP projects on sugar, oil and coffee amount to 456 million Rupiah as of 2017, equal to the salaries for 300 months of an average local worker. The sales of Ketak and Tenun Ikat increased 20% as well, helping the local communities become independent and more developed. For the coming 2018, KOTRA plans to not only further develop existing products but secure diverse income sources so that OVOP projects can trigger development of related products and industries as well.

Special

| Global CSR Activities |



Product Donation CSR



KOTRA Osaka promoted a CSR business to donate pain relief products. KOTRA Osaka visited Hometown House (故郷の家), an elderly care center in Osaka, to offer the products. KOTRA Osaka tries to provide practical help in enhancing the quality of senior citizens' lives by engaging in relevant first-hand experiences.

Changsha Beauty Tech School



KOTRA Changsha teaches skills necessary for employment, decent jobs and business activities. In 2017, advanced skin beauty techniques, which are highly preferred and practical, were demonstrated and some of the related products were donated. Local residents could acquire knowledge and skills through KOTRA's daily technical schools which were open to the public for free.

Photovoltaic Facility Donation in Papua New Guinea



KOTRA Sydney supported a donation project under which a high school in Papua New Guinea, an area suffering from serious electric power shortages, was provided with photovoltaic (PV) facilities. The equipment enabled the high school to generate electricity on its own, which expanded the energy infrastructure of Papua New Guinea and enhanced the quality of local residents' lives.

HS2AS Art-collaboration CSR



KOTRA New York assisted education and career development of artists from HS2AS through CSR programs. This provided marginalized teenagers and young generation in the local community with opportunities for training on industrial design and chances to become professional designers.

New York

Quito

Ecuador Idle Equipment Transfer



KOTRA Quito, as part of overseas CSR activities and in connection with the KSP projects, donated test and certification devices of Korea Testing & Research Institute (KTR) to the Ecuadorian Service for Standardization (INEN). KOTRA Quito hosted the technical schools as well.

Social Contribution to Sustainable Development

Development Projects Based on Win-win Cooperation

In 2017, KOTRA carried out Knowledge Sharing Programs (KSPs) aimed at enhancing capabilities of the partner countries through the transfer of Korea's knowledge and experience in economic development, a follow-up project of MYANTRA, and trade- and commerce-linked economic cooperation projects.

KSP for Industry, Trade, and Investment

KOTRA contributes to the sustainable development of emerging and developing countries through KSP programs that support global expansion of Korean companies. KSPs for industry, trade, and investment are a package-type program which not only provides academic research and policy advices but train trade and investment capabilities and develop new business opportunities through public-private partnership. KOTRA serves as a beachhead with which domestic companies can approach recipient countries and promote businesses for economic development. We push forward with industry, trade and investment KSPs on our own and have enlarged private participation in the development and consulting fields. We do not stop at giving policy advice but explore economic cooperation agendas and opportunities to match domestic companies with while making the programs more performance-oriented.

Results of KSPs

Classification	Unit	2015	2016	2017
Policy advice	Cases	6	9	9
Budget	KRW 100 million	5.4	36	18



Best Practice

KSP in Chile

With its vertically stretching land and 70% of the population densely populated in urban areas, Chile is actively trying to advance telemedicine to redress the problem of insufficient medical human resources and budgets. KOTRA provided advice to help enhance their telemedicine capabilities through the KSP project, which led to the implementation of global CSR businesses in Chile in partnership with the Chilean Ministry of Health. In September 2017, a pilot project for ICT-based monitoring on the health status of the chronic patients was implemented.



Chile KSP Interim Reporting Seminar

Operation of KSPs

Russia		Partner Agency / Organization	• The Khabarovsk Krai Government
Subject	• Ways to enhance export capability of Khabarovsk, Russia		
Results and Desired Effect	• Expansion of Khabarovsk companies' exports and Korean companies' investment in the region		
India		Partner Agency / Organization	• Invest India
Subject	• Strategies to develop the investment promotion agency in India.		
Results and Desired Effect	• Expansion of Korean companies' entry into India through investment seminars and 1:1 B2B meetings / Transfer of operation know-how and policies of the Invest Korea, the Korean investment promotion agency selected as the best in addressing grievances of FI companies.		
Cuba		Partner Agency / Organization	• Ministry of Industry
Subject	• Diagnosis on the industrial complex and ways to promote an active operation		
Results and Desired Effect	• Redressing chronic financial deficit through the creation of a business ecosystem by industrial complex revitalization as well as FI attraction. • Exchanges in the private sector expected to increase over the long term.		
Iran		Partner Agency / Organization	• Iranian Ministry of Justice
Subject	• Support for making policies to advance the intellectual property regime.		
Results and Desired Effect	• Improvement in business environment by enhancing awareness of IP and establishing necessary infrastructure in Iran / Domestic companies' easier entry and investment in Iran		
Ecuador		Partner Agency / Organization	• Ecuadorian Service for Standardization (INEN)
Subject	• Transfer of equipment in line with the "Project to Advance National Conformance Assessment System." (Nov 2017)		
Results and Desired Effect	• Lower technical barriers in trade by transferring technologies and organic matter analyzers used in the environment and chemical sectors in Korea. • MOU between INEN-KTR (Korea Testing & Research Institute) on improving standards, conformance infrastructure, and technical trade barriers in Ecuador		
Chile		Partner Agency / Organization	• Ministry of Health
Subject	• Ways to support capabilities in the telemedicine sector of Chile.		
Results and Desired Effect	• Follow-up implementation of the signed MOU and initiation of follow-up projects based on the results of KSPs.		

Social Contribution to Sustainable Development

Cultivation of Multicultural Traders



Education on trade business practices



Job Fair for multicultural traders

Follow-up Project of MYANTRA

KOTRA, since 2014, has been promoting MYANTRA project to help Myanmar establish and operate its own trade-investment promotion agency and develop its economy, utilizing Korea's experience in export-driven economic development. For the smooth operation of MYANTRADE, the trade promotion agency established as a result of the MYANTRA project, KOTRA has carried out a follow-up project since 2017. Under the project, training opportunities in a third country and necessary equipment were provided. Experts from KOTRA were dispatched to advise on trade promotion activities, office organization of MYANTRADE, and the operation of the Special Economic Zones (SEZ).

Trade- and Commerce- linked Economic Cooperation Projects

KOTRA newly introduced trade- and commerce- linked economic cooperation projects to provide economic cooperation assistance in connection with the market opening of the partner countries. KOTRA leads the projects as a supervisory body. We have been working with the Vietnamese Ministry of Industry and Trade (MOIT) to eradicate entry barriers against the Vietnamese market, including tariff, non-tariff, administrative and certification barriers, by promoting a FTA-linked economic cooperation business model since June 2017.

Independent Contribution Activities Based on KOTRA's Capabilities

By promoting diverse social contribution activities that utilize its unique organizational characteristics, KOTRA contributes to nurturing talents in the field of trade and investment and developing local economies.

Nurturing Multicultural Traders

KOTRA provides trade education for migrants with multicultural backgrounds to help them find jobs or start their own businesses. The training program offers curriculums on multiple subjects including practical trade businesses to help trainees grow into global traders based on their language skills and multicultural understanding. In 2017, as many as 129 migrants completed the 9th and the 10th training sessions. KOTRA also provides career advice through job and recruitment fairs of KOTRA and external bodies to support them in getting a job or founding a company.

Independent Contribution Activities

We share our knowledge and experience with teenagers, backed up by the active participation of our employees. We elevate teenagers' interest in and understanding of the world economy by hosting "KOTRA Trade School for Teenagers," and provide education on trade and investment through an education program on FDI's economic contribution. A program called "Get to Know KOREA" is also operated to strengthen the networks with FI companies and foreign journalists residing in Korea and enhance their understanding of the Korean culture. Other CSR activities including the support for the marginalized and the tree-planting in Yangjae Citizens' Forest are also conducted under the cooperation between the labor and management.

Stakeholder Comments

The President and employees of KOTRA have visited our center more than twice a year since KOTRA started sponsoring us in 2015. In particular, KOTRA invited our center's brass band to perform in its events. The kids who participated were inspired by what they saw on the video, about how hard domestic SMEs work despite the harsh global landscape and how supportive KOTRA KBCs are.

Director Jung-hye Lee
Anyang Children's Home

Human Rights Report

With a principle that puts people before everything, KOTRA is committed to protecting human rights of all stakeholders and promoting their rights and interests.



Human Rights Management **55_p**

Ethics Management **62_p**



HUMAN RIGHTS



Business Relevance

Non-financial performance of a company is becoming more and more important in the global business environment, which requires companies to enhance their CSR activities. Enterprises should make constant efforts in internalizing the law-abiding attitude and ethics management, which are the foundations for fulfilling social responsibilities. The international community and countries around the world are applying stricter rules and laws on corporate social responsibilities, making proactive responses imperative to companies.



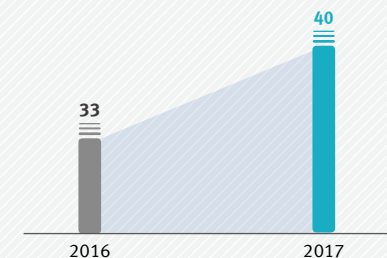
Our Approach

KOTRA respects the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We consider ethics management and sustainability management as part of the human rights management. Thus, we are expanding the scope of human rights management to cover employees at home and overseas, customers, partner companies, related organizations, and local people. KOTRA is also imparting human rights management and focuses on helping companies avoid difficulties arising from human rights issues.



Key Performance

■ No. of Suppliers for Sharing Ethics Code
(Unit: companies)



Risk

- KBC's violation of local regulations
- Unethical behaviors
- Increasing risks such as accident, disaster, and terror
- Information security incidents such as hacking



Opportunity

- Enhance risk management
- Disseminate human rights and ethics management
- Advance safety and accident control system
- Strengthen information security management system

■ Overall Integrity Level
Rated "Great" for 6 consecutive years



Interview

Manager Yeon-Su Jeong |
General Affairs Team

Organization Culture That Guides Active Participation of Employees

KOTRA communicates actively with employees to strengthen support for their work-and-life balance. To improve the quality of employees' lives and create a healthy corporate culture, a communication channel which can fairly listen to and reflect all members' opinions is essential. The communication channel should be continuously expanded to let all members empathize with the leading roles and social responsibilities given to KOTRA.

Human Rights Management

KOTRA Human Rights Charter of Constitution

As a public institution, KOTRA establishes the principle to prioritize people for national welfare and the prosperity of mankind and promises to protect the human rights of everyone concerned, including its employees, partner companies, related organizations and the local community. To achieve this purpose, KOTRA supports the international standards and norms regarding human rights and pledges to enact and practice the Charter of Rights and Freedom.

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

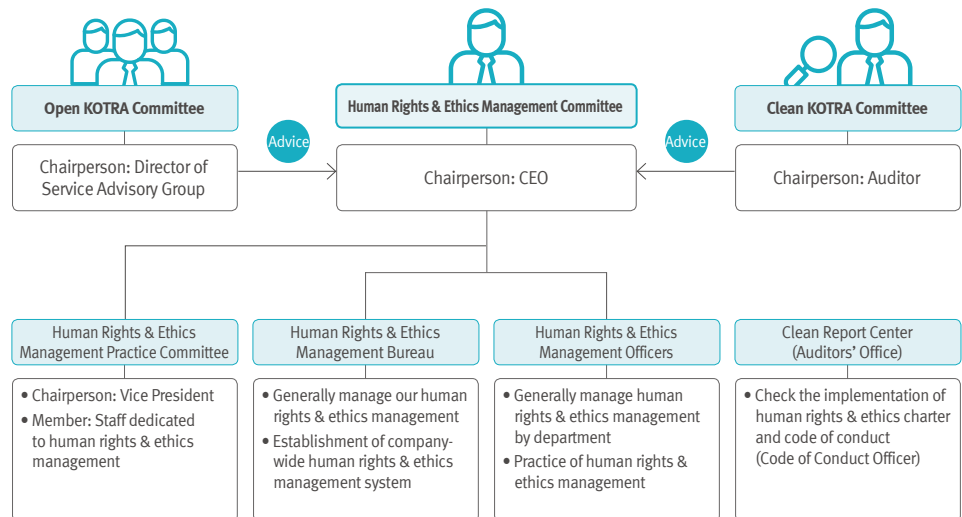
Principles on Human Rights Management

KOTRA established the Human Rights Charter and proclaimed our volition to enhance interests and rights of stakeholders. We respect and support the international standards and principles on human rights, including the Universal Declaration of Human Rights of the UN and the Guiding Principles on Business and Human Rights of the UN Commission on Human Rights. To realize these values, we have enacted "KOTRA Human Rights and Ethics Charter," which serves as a guiding principle for all behaviors and decisions of the executives and the employees of KOTRA. KOTRA is committed to advancing our human rights management to meet the global standard. We not only respect the human rights of our employees and but strive to protect and improve the human rights and interests of our stakeholders including customers, partner companies, and local people.

Framework for Human Rights Management

With a strong sense of responsibility as a public organization, KOTRA works to minimize any negative implications of our business activities on human rights. Human rights management at KOTRA is our commitment to creating a fair society for the future generations and laying a solid foundation for sustainable growth. Accordingly, we strive to establish frameworks on norms and organizations for human rights management promotion, and to internalize and spread the culture of respecting human rights. The top decision-making body in human rights management is the "Human Rights and Ethics Committee" which consists of the President of KOTRA – the chair of the committee –, auditor, executive board member, and the CEO of Invest Korea. Under the committee is "Human Rights and Ethics Working Committee," which is joined by the Vice President and the union representative to ensure all employees work together for the realization of human rights management. In addition, we also operate the Clean KOTRA Committee in charge of making human rights and ethics management fruitful, and Open KOTRA Committee in charge of transparent management which provide consultation and advice on human rights and ethics management.

Organization for Human Rights Management



Human Rights Management

Human Rights Management at Regional HQ by Adopting the UNGC 10 Principles

China



- Discrimination against minorities
- Opportunities to get involved in eco-friendly projects
- Need to respond to customary practices including guanxi

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

Wider Influence on Human Rights

KOTRA supports and implements the global standards and principles that respect human rights and prohibit forced labor and discrimination. We enhance our employees' awareness of the issue by educating them on human rights management, and spread the value through overseas KBCs and domestic companies advancing overseas.

Assessment on Human Rights Impact

In planning or promoting a project, KOTRA runs a human rights impact assessment in case there is a possibility of human right infringement affecting our employees and stakeholders. We identified issues negatively affecting their human rights by assessing the human rights impact of overseas networks in 2016. We are making continuous efforts in improving the human rights and working environment in KOTRA by analyzing the assessment results.

Research on Practices of Overseas KBCs

KOTRA spreads human rights management overseas through 127 KBCs in 86 countries around the world. The KBCs might face human right risks in host countries due to differences in the degree of respect for human rights or awareness of related laws. Therefore, the KBCs apply 10 Principles of the UN Global Compact (UNG) to find out any practices that go against the values. Human rights risk factors are detected at the regional head office level and addressed.

Education on Human Rights Management

KOTRA provides education on human rights management to increase awareness among the executives and employees, and to internalize the respect for human rights into the corporate culture. Employees in charge of human rights management and those who volunteer can receive education on UN Guiding Principles on Business and Human Rights (UNG) of the UN Commission on Human Rights, which helps us spread the global trends regarding the human rights management. In addition, we newly introduced a clause on mutual respect in the code of conduct for executives and employees, thereby forbidding all the activities which might violate human rights at work. Training was provided in this regard as part of the prevention effort.

Education on Human Rights in 2017

Program	Target	No. of Participants	Contents
Prevention of sexual harassment and power abuse	All employees at home and abroad	1,022	Case-oriented education (format of dramas)
Management risk control	All employees at home and abroad	3,531	Internal and external risks with regard to labor, integrity, information security, etc.

Spread of Human Rights Management to Companies Going Overseas

As an organization which supports the overseas expansion of domestic companies, we are proactive in disseminating human rights management to companies to help them conduct business activities in overseas markets without violations of protecting human rights. We have taken part in establishing the National Action Plan (NAP) on Human Rights Policies to disseminate human rights management to companies going global since September 2015. We invite companies wishing to go global and make them write a pledge on their social responsibility to enhance awareness and sense of responsibility on human rights and ethics risks that might emerge in the foreign markets.

Human Rights Management

Respect for Diversity

Open Recruitment and Employment

KOTRA constantly improves its systems for competency-based open recruitment. To eradicate unreasonable and discriminatory elements, we are expanding the blind recruitment system for all stages of hiring based on National Competency Standards (NCS). In 2017, we stopped collecting private information of applicants and increased the number of outside interviewers for fairer and more transparent ability-based hiring.

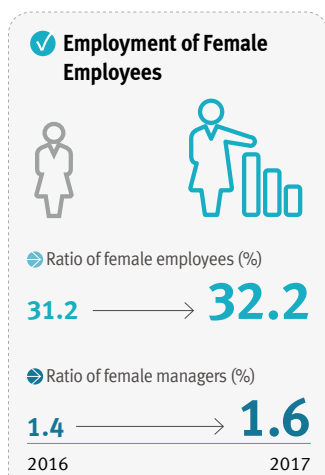
Recruitment for Social Equality

To diversify the employees' background and contribute to making a fairer society, KOTRA tries to expand the hiring of local talents, high school graduates, and people of national merits. Local applicants can receive additional points in interviews and are provided with regional recruitment fair and on-site work experience opportunities. In addition, we enhance the capabilities of high school graduates by exploring suitable work categories, developing employment processes, and providing work-related academic training for them.

Open Employment (Unit: persons, %)

Classification	2015	2016	2017
Total no. of employees	822	886	930
No. of female employees	240	276	299
No. of female managers*	9	12	15
Ratio of employees with disabilities	3.2	2.9	2.7

*Female manager: Level 1 & 2 positions



Female Workforce

To help female employees avoid career discontinuity or problems in workplace due to pregnancy and childbirth, KOTRA has set up a lounge and shortened work hours for pregnant females and new moms. According to the "Mother and Child Health Act," KOTRA guarantees regular medical check-ups for pregnant workers and nursing time for moms of less-than-a-year-old kids. Workers who had to leave KOTRA can receive preferential treatment when trying to come back as indefinite-term contract workers. Open mentoring is also provided to enable easier return to work after maternity/paternity leave. We also support childcare center fees to parents who work in Korea and raise infants or toddlers. These are some of the examples of KOTRA's efforts to protect female workforce and fulfill corporate responsibility of assisting childrearing.

Union-Management Communication

Win-win Union-Management Culture

The labor union of Korea Trade-Investment Promotion Agency was established on April 29, 1988 and is a member of the Federation of Korean Public Industry Trade Unions under the Federation of Korean Trade Unions. As of 2017, 645 out of 855 qualifying workers – 75.4% – joined the labor union. KOTRA holds councils and meetings with the labor union every quarter, and the labor-management working committee every month. With the direct communication channel between the labor and management running constantly, we ensure the two parties share their opinions on relevant issues.

Preventive Handling of Grievances

Employees working overseas might face difficulties due to the time differences and the unique characteristics of the local communities they work in. In 2017, we newly created an online window through which employees can file complaints wherever they work. In particular, we match workers to be dispatched overseas with their predecessors for 1:1 mentoring sessions. All employees are encouraged to assess themselves for any possible problems to preemptively manage grievances.

Use of Maternity Leave (Unit: persons)

Classification	2015	2016	2017
Use of working time reduction system during pregnancy period	-	7	14
Employees who took childbirth leave			
Total	33	37	32
Male	-	4	5
Female	33	33	27
Employees who returned to work after taking leave			
Total	17	22	18
Male	-	3	3
Female	17	19	15
Employees who worked for 12 months or longer after returning to work (percentage)			
Total	13 (87%)	17 (100%)	21 (95%)
Male	1 (50%)	-	3 (100%)
Female	12 (91%)	17 (100%)	18 (95%)

Human Rights Management

Enhancing Quality of Life

We improve our policies and the work culture to help employees strike a work-life balance. To ease the burden of working overtime, which hampers health and family lives of workers, we run diverse policies abiding by the laws on work hours.

Advancement in the Work Culture

KOTRA improves work policies and culture to help employees feel less burdened by overtime and balance their home life and career. We have upgraded and expanded the flexible working policy to allow them to choose working hours of their preference. Through Workplace Innovation Consulting, causes behind the overtime were identified, which led to enhanced work processes and environment. “Happy Friday Policy^{*}” and “PC-Off Policy” were introduced to allow for more efficient practices at work.

^{*} Happy Friday Policy: To do 30-minute overtime from Monday through Thursday and leave work at 4pm on Friday

Family-friendly Management

We listen to employee’s opinions through the labor-management communication channel and reflect them into strengthening support for family-work balance. We have held open mentoring sessions to ease difficulties facing employees, including working moms. “Childcare Leave Policy” was newly initiated to help them attend children-related events and meetings with teachers twice a year. On top of this, every Wednesday is designated as Family Day to encourage employees to spend time with their family.

Health and Safety of Workers

As part of expanding healthcare supports based on the demands of employees, KOTRA conducted a tailored 10-month program for 54 employees working at the headquarters to help them overcome their metabolic syndromes. Particularly, the Employee Assistance Program (EAP) dedicated to managing the mental well-being was offered to their spouses, parents, and children as well as KOTRA employees. Psychology counseling is further provided to employees working in disaster areas overseas to help them manage their stress levels. In 2017, KOTRA adopted a policy to support regions with poor medical environment, under which 24 more KBCs started to provide medical assistance. The SOS service – overseas transfer and evacuation service in case of medical emergency – is also provided by more KBCs.

Creation of Quality Jobs

KOTRA joins the government’s effort to generate quality jobs by improving the work conditions of indefinite-term contract workers. We designated an employee in each department to come up with a reasonable mid-term transition plans for temporary workers. The review system for contract worker recruitment was introduced for temporary and periodic works. Under the KOTRA Human Resources Unified System (KOHRUS) covering both regular and temporary workers, the reward and welfare benefit schemes were revised based on the equal-work-equal-pay principle. The revision enabled indefinite-term temporary workers enjoy the same benefits as regular workers and provided high school graduate workers with the same promotion opportunity, career development, education, vacation, leave and welfare benefits as university graduates.



Union-Management cooperation Hi-Five Day



Stakeholder Comments

Among the diverse programs running under the KOTRA GWP (Great Work Place), I find it most wonderful of the company to express appreciation to family members of our workers who have been supporting them all the way. “Welcome New Family” events, under which parents of a new recruit receive a congratulatory orchid or card, or KOTRA sending gifts to congratulate childbirth or school enrollment of kids can be good examples. I believe a small token of gratitude and attention that a company gives to family members of its employees is a final piece that completes the work-life balance.

Staff Hee Yeon Park
Network Support Team

Human Rights Management

Safety and Disaster Management

Spread of Disaster/ crisis Information to Customers



For the personal safety and security of our customers, KOTRA established a "365 Hot-Line" to share information on disasters and crisis occurring overseas on a real-time basis. In 2017, we published a guidebook to help people on business trips stay safe. The guideline, which is operated in line with the Safe Travel Information run by the Ministry of Foreign Affairs, is available on the webpages of 127 KBCs overseas.

Swift Response and Restoration



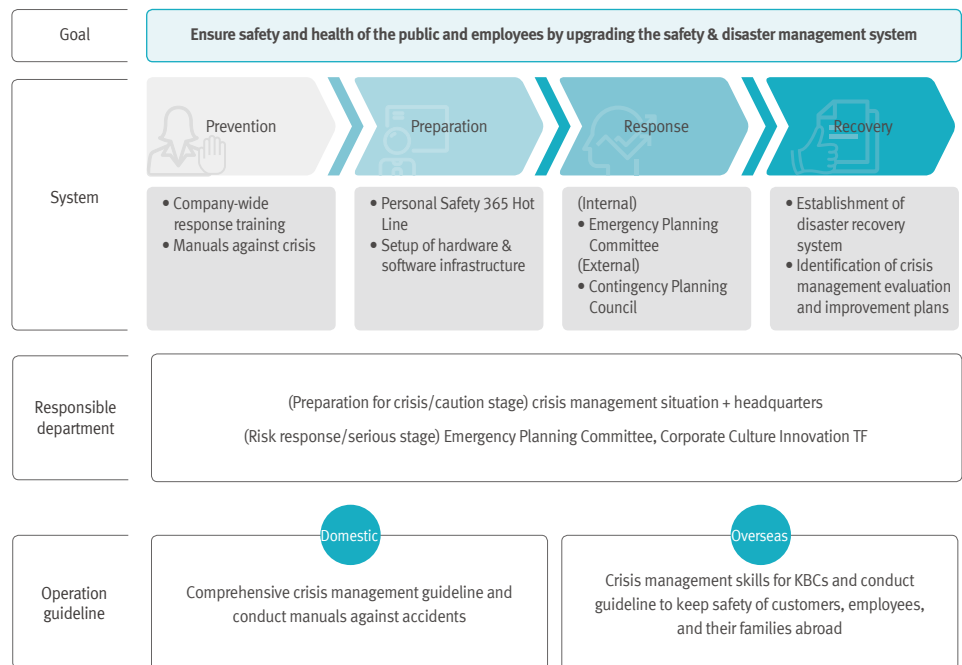
KOTRA formed a consultative group with embassies and legations abroad and related organizations in Korea to allow for immediate response in case of disasters abroad. In 2017, when some Korean people in Bali were isolated due to the airport shutdown after the eruption of Mount Agung volcano, we supported their swift evacuation and quick return to Korea, which led to the official commendation from the Minister of the Foreign Affairs.

Risk factors including extreme weather events, natural disasters, terrorist attacks and infectious diseases are emerging globally, increasing the exposure of domestic companies operating overseas to potential risks. Accordingly, KOTRA is strengthening its differentiated safety management and support systems for employees and the people.

Advancement of Safety and Disaster Management System

To guarantee the safe operation of overseas KBCs and strengthen the disaster response, KOTRA has subdivided the grades of crisis in our disaster/crisis response manual. We also provide necessary supplies depending on the security level considering the characteristics of local communities.

Safety & Disaster Management System



Education and Training

We enhance employees' emergency response capabilities through education and training for proactive safety and disaster management. Disaster prevention education and comprehensive training in Korea are provided focusing on natural disasters scenarios. Staff members in charge of facility maintenance receive dedicated training. KOTRA holds video conferences on disaster/crisis response with regional head offices overseas and conducts diverse anti-disaster drills. In 2017, we have provided education on disaster management to staff members from each regional head office who are in charge. Each KBC ran their own education and training sessions on disaster risk handling in connection with local organizations and agencies.

Human Rights Management

Information Security Management System

Sporadic responses are not enough to tackle an increasing number of cyberattacks and hacking attempts targeting the headquarters of KOTRA. We endeavor to thoroughly control cyber risks and securely protect management information through sustainable information security management system to maintain public confidence.

Enhancement of Information Security Level

KOTRA identifies vulnerabilities through self-assessment and evaluations, and makes intensive efforts in fixing them, thereby enhancing the level of information security. KOTRA's information security level was assessed to be higher than the average of quasi-government organizations in the evaluations on information security management status run by the National Intelligence Service.

Improvement of Information Security

Classification	2016	2017
USB security enhancement	<ul style="list-style-type: none">• Block off unauthorized USB	<ul style="list-style-type: none">• Respond to the latest hacking technology and fundamentally block off USB involving malicious code by advancing the system
Elimination of vulnerabilities in internet	<ul style="list-style-type: none">• Check vulnerabilities through website mock-hacking	<ul style="list-style-type: none">• Eliminate 46 kinds of information detected by complete enumeration of unnecessary system information exposure in internet
Enhancement of website security	<ul style="list-style-type: none">• Respond to website hacking by utilizing one-time technology	<ul style="list-style-type: none">• Remedy 10 shortcomings by initiating a comprehensive security management process ranging from launch to disposal of websites
Upgrade response capability to hacking through e-mail	<ul style="list-style-type: none">• Conduct collective trainings for vulnerable classes• Conduct trainings during certain periods	<ul style="list-style-type: none">• Conduct tailored trainings considering personal job features by further segmenting vulnerable classes• Build a year-round training system by introducing a new system

Sophistication of the Cyberattack Response Mechanism

We perfectly defended the company against a total of 384 external hacking attempts in 2017 by continuously upgrading cyberattack response mechanism. We have completed an integrated response system against cyberattacks by collaborating with 15 partner companies since 2016. In addition, three outsourced information security professionals are now working at KOTRA. These activities enable KOTRA to build a perfect back-up system and eventually ensure business continuity.



- Certification on ISMS (Information Security Management System)

Maintained

2 consecutive
years

Maintenance of Information Security Management System Certification

KOTRA has maintained the Information Security Management System (ISMS) certification for two years in a row, in recognition of its continuous efforts to manage cyber risks. KOTRA analyzed possible threats and vulnerabilities and identified priorities in information assets to figure out what to protect first. Then, we established a phased risk management plan based on the priorities we assigned to information assets of different levels of importance. Under the system, we checked nine websites of KOTRA for vulnerability and improved 12 technical defects that were identified. We have run information restoration drills six times as part of our prevention efforts, thereby enhancing the cyber risk management capabilities.

Human Rights Management

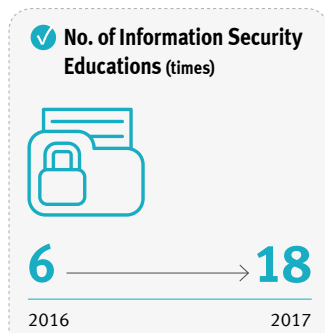
Tailored Security Management

Intensive Management for Overseas KBCs

Our overseas KBCs have maintained zero information security accident on the back of intensive efforts for protecting information security. In 2017, all our KBCs upgraded security equipment to ensure higher technical security. We also encrypted the communication between KBCs and the headquarters to prevent information leaks and strengthened user authentication to root out the possibility of unauthorized access. Information security education videos were produced and distributed to KBCs where collective education can be practically difficult. On top of that, through the cooperation with the Information Security Team and the Auditors' Office, we conducted our first information security audit in KOTRA Tokyo of Japan Head Office to identify three imperfections, which are now fully addressed.

Information Security Education

KOTRA mandated temporary workers as well as regular workers to receive information security education. Recent cases of cybercrimes and information security issues are shared with all employees. In 2017, we focused on raising employees' awareness of information security by offering educations that consider even the characteristics of individual works and diversifying contents. Some of education materials were made in the form of webtoon to help employees better approach and deeply understand the issue of information security.

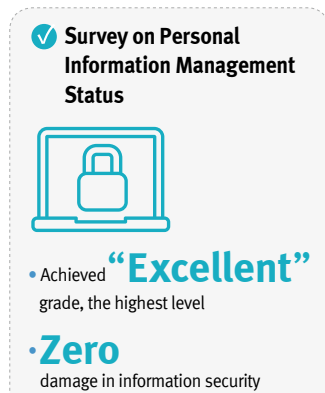


Information Security Webtoon



Information Security Education

Classification	2016	2017	Education Contents
Export experts	-	Once	Prevention of export fraud for employees working at customer interaction sites
Young interns	-	Four times	Basic information security for beginners in business
One-on-one tailored education	-	Twice	One-on-one education for low performers in e-mail mock-hacking
Information security webtoon	-	Twice	Easy understanding of information security through webtoon
Newsletter	Twice	Five times	Introduction of the latest information security trends and new technologies
All employees	Twice	Twice	Education by inviting external professionals
New employees	Twice	Twice	Introduction to information security management system and related works
Total	6 times	18 times	



Improvement of Personal Information Protection

KOTRA encrypted sensitive information such as SMEs' export data in addition to important personal information whose encryption is legally required. We also corrected 11 vulnerable areas such as establishing personal information handling manuals and strengthening the management of access records identified through self-assessment based on the 105 checklists of the government. In particular, thanks to the efforts in making tailored personal information management – self-assessment, training for staff in charge, reviews and feedbacks – part of our daily routine, KOTRA scored 91.1 in the personal information management status assessment conducted by the Ministry of the Interior and Safety in 2017, receiving the highest grade. With the continuous work to respond to hacking attempts and protect private information, KOTRA suffered zero incident in information security.

Ethics Management

Creating Infrastructure for Anti-Corruption and Integrity

We pursue zero-defect in business ethics by focusing on preemptive anticorruption activities. All employees sign a pledge on conducting integrity and ethics management every year and are proactive in participating in ethics educations and campaigns to raise the bar of our ethics management to the global level.

Efforts for Anticorruption

A variety of incentives are provided to encourage employees to put ethics management into action. Specific tasks are given in accordance with job features of each organization and the implementation results are reflected in performance evaluation. Starting from 2017, KOTRA has publicly noticed bids for private contracts, implemented blind recruitment system, and introduced integrated management system for the government subsidies, through which we prevent any potential corruption in advance.



System Improvements in 2017

Classification	Subjects	Performances
Contract	<ul style="list-style-type: none"> • Provide equal opportunities to small suppliers • Prevent mistakes in signing contracts due to unawareness of regulations and guidelines 	<ul style="list-style-type: none"> • Conduct open private contract system • Expand the scope of contract departments' agency business
Budget	<ul style="list-style-type: none"> • Elaborate response plans to exchange risk • Disclose expenses of government subsidies to the public 	<ul style="list-style-type: none"> • Shorten exchange risk monitoring period (from quarterly to monthly) • Introduce the "GOSIMS," a state subsidy integrated management system
Finance	<ul style="list-style-type: none"> • Manage tax risks in KOTRA's outsourcing projects • Systematically manage overseas billing information 	<ul style="list-style-type: none"> • Build a tax treatment plan by business type • Build a database for overseas billing by establishing a documentary evidence handling system
HR	<ul style="list-style-type: none"> • Standardize short-term workers management • Ensure equal opportunities and fair competition when hiring 	<ul style="list-style-type: none"> • Operate an integrated HR management system for non-permanent employees • Implement a blind employment system

KOTRA Helpline poster



Activation of the Whistleblowing Policy

KOTRA is running the Clean Report Center that receives reports on corruption and graft. The "Guidelines for the Protection of and Reward for Public Interest Whistle Blowers" are strictly met to ensure that whistleblowers are well-protected. In 2017, we have newly introduced "KOTRA Helpline," an anonymous report center available in online and mobile settings and further strengthened the whistleblower protection by preventing IP tracking and hiding their information. We encourage active use of the confidential reporting system by allowing the intervention of external experts in case of ethics related complaints.

Stronger Rules and Response

In compliance with the Improper Solicitation and Graft Act (Anti-Graft Act), KOTRA has strengthened the company-wide anticorruption efforts. In 2017, we ran an education program on Anti-Graft Act for the corporate expatriates in relation to their works conducted overseas. The detailed rules for operation of KOTRA's personnel policy were also revised to be stricter toward sexual assaults and drink-driving. The guidelines for sexual harassment & abuse prevention were strengthened as well to apply harsher punishment.

Ethics Management

Audit casebook



Ethics Management Education Based on Work Characteristics

Considering our business features that our employees face different ethics standards in each country, KOTRA has been focusing on establishing ethics management education systems tailored to work characteristics. We enhanced employees' understanding on integrity by hosting discussion and education sessions for each position level semi-annually. Online and on-site education on integrity were further promoted to let overseas KBCs acknowledge changes from the revisions on regulations and guidelines. The education sessions focus on real-life cases to dispel integrity risks stemming from cultural and environmental differences of each KBC. The "Global Culture Information Forum" was hosted for new recruits, which was joined by 407 people. We also published a casebook on common mistakes pointed out in audits and used this as an education material.

Practice of Ethics Management

Classification		Unit	2015	2016	2017
Education on ethics management	Executives	Persons	6	6	6
	Employees	Persons	835	860	894
Sharing the code of ethics with suppliers	Target suppliers	Companies	33	33	40
	Participation rate	%	100	100	100



Expansion of Monitoring and Feedback

KOTRA was rated "Great" in Anti-Corruption and Civil Rights Commission's evaluation on the overall integrity of public agencies for six consecutive years in recognition for our consistent company-wide efforts for the spread of ethics and integrity culture. We also received the highest grade (AAA) in the Korean Business Ethics Index - Sustainability Management (KoBEX SM), which is governed by the Ministry of SMEs and Startups. We are constantly improving ourselves to go beyond Korea and become a world leader in ethics management and integrity. In 2017, we conducted a company-wide self-assessment campaign to ensure higher integrity and activated communications on anticorruption and integrity among different position levels. On top of this, we operate an ombudsman who monitors the practice of business ethics and makes improvements.

Won the "Great" grade in overall integrity for 6 consecutive years



Ethics Management Evaluation

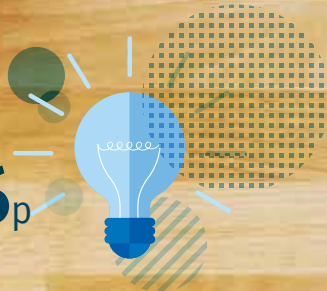
Classification		2015	2016	2017
Integrity check (Points)	Overall integrity	8.49	8.47	8.49
	External integrity	8.64	8.68	8.76
	Internal integrity	8.56	7.91	7.81
	Policy customer evaluation (new)	-	-	8.36
Evaluation on anticorruption policy	Overall result	2 nd grade	1 st grade	Not implemented*
Research on sustainability management practice	KoBEX SM	AA	AA	AAA

* Winning the 1st grade in evaluation on anticorruption policy in 2016, KOTRA was exempted from the evaluation in 2017.

Appendix



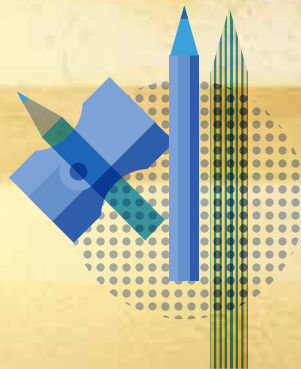
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Corporate Governance



Board of Directors (BOD)

The KOTRA BOD consists of five executive directors and six non-standing directors as of June 2018. In accordance with the fourth clause of Article 18 of Act on the Management of Public Institutions and Article 3 of BOD regulation, the BOD is chaired by the CEO of KOTRA. To ensure the independence of non-standing directors, the regulation stipulates that non-standing directors should hold a majority and convocation of non-standing directors meeting is guaranteed in accordance with the second clause of Article 6 of BOD regulation. The CEO of Invest Korea plays a role as an observer and the auditor states opinions in the decision-making process and checks the execution of results.

BOD Members

*As of June 2018

Classification	Name	Position	Role
Executive Director	Pyung-oh Kwon	President & CEO of KOTRA	BOD Chairman
	Tai-Sik Lee	Senior Executive Vice President for Management Support	
	Seog-ki Sun	Executive Vice President for SME Support	
	Doo Young Kim	Executive Vice President for Innovative Growth	
	Won-Sok Yun	Executive Vice President for Economic Commerce Cooperation and Trade Foundation	
Non-standing Director	Seon-min Kim	Director General for Trade, Ministry of Trade, Industry and Energy	Ex-officio member
	Young Lee	CEO of Teruten	
	Seok-won Kang	Attorney, Jeonmang Law Office	
	Yeong-gyu Kim	CEO of BMC	
	Heung-ho Moon	Professor in Chinese Language, Graduate School of International Studies, Hanyang University	
	Myeong-su Ahn	Former ambassador to Turkmenistan	
Auditor	Ae Kyung Kim	Head of Compliance Office, BC Card	
Head of Invest KOREA	Yong Kook Kim	Head of Invest KOREA	

Operation of the BOD

The BOD meeting is regularly held to deliberate and conclude major managerial issues stipulated in related laws, the articles of association, and BOD regulation. The BOD is convoked by the requirement of the CEO or more than a third of directors and conclusion is made by a majority in attendance and a majority vote. Particularly, in accordance with the third clause of Article 4 of BOD regulation, the voting right of directors with private interest in issues is strictly restricted. The BOD holds face-to-face meeting in principle, while document-based meeting is also available if necessary.

BOD Operation Results

Classification	2015	2016	2017
No. of BOD meetings (times)	16	14	14
No. of agendas concluded (cases)	30	22	16
Attendance rate of BOD members (%) *	92.3	88.6	89.9
Attendance rate of non-standing directors (%) *	94.9	91.4	92.3

* Excluding the attendance of ex-officio position: The ex-officio non-standing director attended only three times out of 17 meetings due to unfavorable export environment.

Corporate Governance

Operation of Subcommittees

KOTRA operates subcommittees - Executive Nomination Committee, Clean KOTRA Committee, and Service Commission Review Committee - under the BOD according to related regulations to ensure efficient decision-making. Each subcommittee consists of three or more directors including non-standing directors and is chaired by a non-standing director. Details of subcommittee meeting and agendas are disclosed through our corporate website.

Subcommittee Operation Results

Classification	Function	Meetings in 2017
Executive Nomination Committee	Recommendation of executive candidates and agreement on contracts with them according to related regulations	Three times
Clean KOTRA Committee	Support for the promotion of ethics management	Four times
Service Commission Review Committee	Deliberation on the introduction, pricing, change, adjustment, and abolition of service commission	Seven times

Director Appointment and Support for Activities

The CEO of KOTRA is appointed by the President after the Minister of Trade, Industry and Energy recommends the most qualified person among candidates by the Executive Nomination Committee. Executive directors are appointed by the CEO, while non-standing directors are appointed by the Minister of Trade, Industry and Energy after plural recommendation of the Executive Nomination Committee and deliberation of the Public Institution Steering Committee in accordance with the Act on the Management of Public Institutions. KOTRA appoints qualified directors with ample experiences and professionalism in our business and impartiality. We also provide non-standing directors with business operation status on a regular basis and materials needed for deliberating major agendas to support faithful operation of the BOD. In 2017, we reflected a total of 21 advice items proposed by non-standing directors in management activities.

Evaluation and Compensation

We evaluate the operation of the BOD based on 10 indicators with regard to independent operation, engagement of non-standing directors, and use of their professionalism. Executive remuneration consists of basic salary and performance-based bonus. The CEO's bonus is determined based on a salary contract and the level of contract execution, while non-standing directors' bonus is paid as determined by the CEO. Performance-based bonus is not applicable to non-standing directors.

Compensation Rate

(Unit: KRW in thousands)

Classification	2015	2016	2017
Maximum compensation (A)	185,535	192,104	193,689
Average compensation per employee (B)	76,562	77,438	76,760
Compensation rate (A/B, multiples)	2.4	2.5	2.5

Risk Management



Company-wide Risk Management

KOTRA has established a company-wide risk management system to effectively respond to diverse risks that can come from business activities. This system ensures our effective prevention, monitoring, response, and follow-up management against five major risk areas of disaster, finance, business, operation, and security. The department in charge of risk management leads the establishment and implementation of risk response strategies and works for comprehensive risk management in cooperation with other departments and overseas KBCs.

Company-wide Risk Management System



Financial Risk Management System

KOTRA operates a company-wide and manual-based response system to key financial risk factors. In 2017, we focused on managing the potential risks from budget cut and exchange rates. For example, we segmented financial risks into government subsidy, revenue of KOTRA, average exchange rate, and foreign currency fluctuation, and then set thresholds for risks in each possible scenario in order to allow for appropriate responses to risks. Moreover, we checked exchange risk on a monthly basis instead of existing quarterly basis to ensure the accuracy.

Risk Management

Response Manuals by Risk Stage

	Classification	Interest	Caution	Warning	Seriousness
Assessment of situation	<ul style="list-style-type: none"> Government subsidy Revenue Average exchange rate Exchange fluctuation 	<ul style="list-style-type: none"> Increase rate $\geq 2.6\%$ Increase rate $\geq 8.9\%$ 1,185±8 KRW/USD CfAR$\leq 100\%$ 	<ul style="list-style-type: none"> 2.6% > Increase rate $\geq \triangle 1.2\%$ 8.9% > Increase rate $\geq \triangle 4.1\%$ 1,201±8 KRW/USD 100% < CfAR$\leq 200\%$ 	<ul style="list-style-type: none"> $\triangle 1.2\%$ > Increase rate $\geq \triangle 3.1\%$ $\triangle 4.1\%$ > Increase rate $\geq \triangle 10.6\%$ 1,217±8 KRW/USD 100% < CfAR$\leq 300\%$ 	<ul style="list-style-type: none"> $\triangle 3.1\%$ > Increase rate $\triangle 10.6\%$ > Increase rate 1,233±8 KRW/USD 300% < CfAR
Response plan	<ul style="list-style-type: none"> Government subsidy Revenue 	<ul style="list-style-type: none"> Monitoring of government policy Stronger cooperation with related institutions 	<ul style="list-style-type: none"> Financial Structure Improvement Promotion Group Additional attraction of national budget Development of more profitable projects 	<ul style="list-style-type: none"> Stronger negotiation with the government and National Assembly (securing supplementary budget) 	<ul style="list-style-type: none"> Emergency Planning Committee Business restructuring Rearrangement of overseas workforce
	<ul style="list-style-type: none"> Average exchange rate Exchange fluctuation 	<ul style="list-style-type: none"> Monthly monitoring of exchange fluctuation 	<ul style="list-style-type: none"> Convocation of the Finance Operation Committee Operation of the daily monitoring system Control of exchange execution time 	<ul style="list-style-type: none"> Review of purchasing F/X hedging products Settlement of external cooperation expense with foreign currency 	<ul style="list-style-type: none"> Emergency fund operation plan

Non-financial Risk Management System

In order to preemptively control non-financial risks that affect business activities, KOTRA operates an internal management system. Even though overseas network related budgets have a high proportion, there is a limit in controlling overseas networks due to physical distance between the head office and 127 KBCs. Moreover, we launched the “Network Risk Management Council” to enhance risk information exchange among departments in response to increasing organization structure and workforce at home and abroad. KOTRA is focusing on upgrading the quality on internal control by tightening prevention activities such as education, checklist, monitoring, and compliance surveillance as well as adjusting the scope of daily audit.

Operation of Internal Check System

	Prevention	Monitoring & Audit	Improvement of Follow-up Management
Strategic direction	Enhancement of internal check system	Expansion of internal check activities	System improvement & follow-up management
Strategic task	<ul style="list-style-type: none"> Reinforce internal check system by utilizing the features of KOTRA Strengthen professionalism and independence of internal check system 	<ul style="list-style-type: none"> Activate internal checks on our unique risks Expand checks through the system Prevent careless management activities 	<ul style="list-style-type: none"> Prevent reoccurrences by strict treatment and system improvement Conduct systematic follow-up management of audit results Expand feedbacks on audit results and benchmarking
Check by	<div>Internal</div> Standing auditor, non-standing director, corruption prevention officer, compliance officer	<div>External</div> Integrity ombudsman, audit consultant group	
Monitoring	Daily audit, e-audit system, restriction on and proactive monitoring of corporate credit card use, whistleblowing channel, and inspection on jobs		

Performances in Sustainability Management

56th period: From January 1st, 2017 to December 31st, 2017
55th period: From January 1st, 2016 to December 31st, 2016

Financial Performance (Summarized Financial Position)

(Unit: KRW)

	56th period	55th period
Assets		
Current assets	52,450,767,561	61,967,676,996
Cash and cash equivalents	38,745,654,369	47,368,759,179
Current financial assets	1,218,327,000	856,112,000
Trade and other receivables	1,423,274,782	1,448,002,519
Current income tax assets	118,677,724	21,548,523
Current non-financial assets	10,944,833,686	12,273,254,775
Non-current assets	72,595,922,854	74,179,265,380
Non-current financial assets	5,297,802,500	5,675,090,000
Long-term trade and other receivables	38,941,672,160	39,436,091,623
Tangible assets	15,396,710,941	15,230,291,012
Real estate investments	2,329,183,585	2,284,503,843
Intangible assets other than goodwill	4,369,422,111	5,903,452,798
Investments in associates and joint ventures	5,994,776,420	5,536,405,109
Non-current, non-financial assets	266,355,137	113,430,995
Total assets	125,046,690,415	136,146,942,376
Liabilities		
Current liabilities	46,045,657,419	43,616,772,571
Trade and other payables	10,869,861,368	15,670,663,339
Current non-financial liabilities	17,169,887,666	11,367,920,294
Liquidity provisions	18,005,908,385	16,578,188,938
Non-current liabilities	16,763,065,745	12,349,047,159
Long-term trade and other payables	785,781,041	694,466,389
Non-current non-financial liabilities	637,214,210	903,738,968
Provisions for employee benefits	15,340,070,494	10,750,841,802
Total liabilities	62,808,723,164	55,965,819,730
Equity		
Paid-in capital	50,000,000,000	50,000,000,000
Retained earnings	10,213,208,286	28,159,429,987
Other components of equity	2,024,758,965	2,021,692,659
Total capital	62,237,967,251	80,181,122,646
Total liabilities and equity	125,046,690,415	136,146,942,376

Performances in Sustainability Management

56th period: From January 1st, 2017 to December 31st, 2017

55th period: From January 1st, 2016 to December 31st, 2016

Financial Performance (Summarized Income Statement)

(Unit: KRW)

	56th period	55th period
Sales	406,411,197,756	408,028,336,401
Revenue from rendering of services	85,918,696,316	78,258,999,380
Transfer earning (sales)	317,351,186,866	326,614,240,154
Other revenues (sales)	3,141,314,574	3,155,096,867
Cost of sales	289,842,622,184	281,817,210,524
Cost of sales on revenue from rendering of services	287,343,170,492	279,311,584,131
Cost of sales on other revenues	2,499,451,692	2,505,626,393
Gross profit	116,568,575,572	126,211,125,877
Selling and administrative expenses	135,773,521,407	130,831,512,932
Labor cost	118,695,894,609	114,749,500,329
Other expenses	17,077,626,798	16,082,012,603
Operating income (loss)	(19,204,945,835)	(4,620,387,055)
Other expenses	34,830,093	34,556,242
Depreciation expense on investment property	34,830,093	34,556,242
Other profit (loss)	(737,605,108)	1,002,921,668
Gain on disposal of property, plant, and equipment	74,607,013	62,008,677
Gains on foreign exchange translations	29,220,132	365,886,847
Gains on foreign exchange transactions	196,298,881	522,099,203
Other gains	2,018,777,319	1,928,021,615
Losses on disposal of property, plant, and equipment	(28,734,301)	(27,793,080)
Losses on foreign exchange translations	(2,310,983,019)	(1,254,476,557)
Losses on foreign exchange transactions	(716,791,133)	(592,825,037)
Financial income	973,852,136	117,850,072
Interest income	973,852,136	117,850,072
Gains (losses) on associates and joint ventures	355,898,695	736,012,198
Gains on evaluation of associates and joint ventures	355,898,695	736,012,198
Net profit before income tax (loss)	(18,647,630,205)	(2,798,159,359)
Profit from continuing operations	(18,647,630,205)	(2,798,159,359)
Net profit (loss)	(18,647,630,205)	(2,798,159,359)
Other comprehensive income	1,744,383,000	2,086,737,384
Total comprehensive income	(16,903,247,205)	(711,421,975)

Performances in Sustainability Management

Economic and Business Performance

Classification	Unit	2015	2016	2017
Operation of retirement pension				
Total amount raised (DB plan)	KRW in millions	26,866	31,294	31,231
No. of pension holders (DB plan)	Persons	607	691	755
No. of pension holders (DC plan)	Persons	275	266	267
Wage level of new employees				
Minimum legal wage	KRW in thousands	13,995	15,123	16,227
Wage paid to new employees (avg.)	KRW in thousands	31,881	32,844	33,675
Wage paid to new employees	Male	32,511	33,388	34,123
	Female	30,584	31,410	32,101

Distribution of Economic Value

Classification	Details	Unit	2015	2016	2017
Employees	Wage, retirement benefit, welfare benefit	KRW	110,547,237,143	121,157,434,001	125,736,723,425
Shareholders	Dividend	KRW	4,041,220,760	1,039,908,190	-
Suppliers	Procurement and outsourcing costs	KRW	2,322,761,071	2,525,601,156	3,577,896,371
Government	Corporate tax, other taxes and dues	KRW	2,110,958,589	2,050,917,640	2,029,869,403
Local communities	Financial donation, social contribution expenditure	KRW	91,882,300	45,151,000	28,700,000

Environmental Performance

Classification		Unit	2015	2016	2017
Recycling of raw materials					
Paper		Boxes	515	902	1,146
Ratio of recycled paper use		%	100	93.3	100
Water use and water reuse rate*					
Water use (underground water)		ton	10,339	12,258	11,287
Water use (water supply system)		ton	16,287	17,991	16,328
Total annual water use		ton	26,626	30,249	27,615
Reused water		ton	1,320	1,595	1,468
Water reuse rate		%	13	13	13
Direct & indirect GHG emissions					
scope1	Total	tCO ₂ eq	530	518	497
	Direct GHG emissions (stationary combustion-city gas)	tCO ₂ eq	381	369	362
	Direct GHG emissions (mobile combustion-gasoline)	tCO ₂ eq	121	120	107
	Direct GHG emissions (mobile combustion-diesel)	tCO ₂ eq	28	29	27
scope2	Total	tCO ₂ eq	2,599	2,664	2,599
	Indirect GHG emissions (electricity)	tCO ₂ eq	2,599	2,664	2,599
Expenses and investments for environmental protection					
Sewer charges		KRW in millions	26	29	29
Sewer treatment cost (wastewater purification and general waste treatment)		KRW in millions	16	23	13
Procurements of eco-friendly products		KRW in millions	674	547	628
Total amount of procurements		KRW in millions	730	576	731
Ratio of eco-friendly products purchased		%	92.3	94.9	86.0

* Water use can be monitored through water meters, while water reuse rate is calculated by using ground water as the denominator.

* Environmental performances are based on the Head Office. KOTRA manages its environmental indicators including GHG emissions according to the government recommendations

Performances in Sustainability Management

Social Performance

Classification			Unit	2015	2016	2017
Employment and turnover						
New employment	Male		Persons	44	55	45
	Female		Persons	29	39	38
	Locally recruited employees		Persons	11	12	3
	Science & engineering majors		Persons	17	14	15
	Non-permanent employees		Persons	15	20	7
Turnover rate	Male		%	3	1.8	1.1
	Female		%	4.4	2.9	5.0
Employee composition						
Position (permanent)	Executives	Total	Persons	7	7	7
		Male	Persons	7	7	7
		Female	Persons	-	-	-
	Level 1	Total	Persons	59	57	58
		Male	Persons	58	56	57
		Female	Persons	1	1	1
	Level 2	Total	Persons	160	165	161
		Male	Persons	152	154	147
		Female	Persons	8	11	14
	Level 3	Total	Persons	154	158	174
		Male	Persons	128	127	136
		Female	Persons	26	31	38
	Levels 4, 5, and 6	Total	Persons	368	499	530
		Male	Persons	220	266	284
		Female	Persons	148	233	246
	Total		Persons	748	886	930
Gender (permanent)	Male		Persons	565	610	631
	Female		Persons	183	276	299
Region (permanent)	Domestic		Persons	400	529	549
	Overseas		Persons	348	357	381
Age (permanent)	35 and below		Persons	271	330	370
	36~45		Persons	241	287	282
	46~55		Persons	192	221	230
	56 and older		Persons	44	48	48
Function (permanent + non-permanent)	Executives	Total	Persons	7	7	7
		Male	Persons	7	7	7
		Female	Persons	-	-	-
	Trade & specialized functions	Total	Persons	741	803	843
		Male	Persons	558	588	608
		Female	Persons	183	215	235
	Special services	Total	Persons	135	62	80
		Male	Persons	47	34	38
		Female	Persons	88	28	42
	Administrative	Total	Persons	79	76	80
		Male	Persons	15	15	16
		Female	Persons	64	61	64

Performances in Sustainability Management

Social Performance

Classification			Unit	2015	2016	2017
Employment type (permanent + non-permanent)	Permanent	Total	Persons	748	886	930
		Male	Persons	565	610	631
		Female	Persons	183	276	299
	Indefinite-term contract positions	Total	Persons	18	62	80
		Male	Persons	9	34	38
		Female	Persons	9	28	42
	Contract positions*	Total	Persons	38	-	-
		Male	Persons	23	-	-
		Female	Persons	15	-	-
	Non-permanent	Total	Persons	17	20	4
		Male	Persons	13	7	3
		Female	Persons	4	13	1
Employment of members of socially disadvantaged classes	Disabled employees		Persons	31	31	41
			%	3.2	3.0	3.5
	Female employees		Persons	183	276	299
			%	24.5	31.2	32.2
	Patriots and veterans		Persons	34	45	45
				4.5	5.0	4.5
Childbirth and childcare leave	Employees who have taken a leave	Total	Persons	33	37	32
		Male	Persons	-	4	5
		Female	Persons	33	33	27
	Employees who returned to work after taking a leave	Total	Persons	17	22	18
		Male	Persons	-	3	3
		Female	Persons	17	19	15
	Employees who have worked for 12 months or longer after returning to work following a leave	Total	Persons	13	17	21
		Male	Persons	1	-	3
		Female	Persons	12	17	18
	Employees working for 12 months or longer	Total	%	87	100	95
		Male	%	50	-	100
		Female	%	92	100	95

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

Performances in Sustainability Management

Classification			Unit	2015	2016	2017
Employee education						
No. of employees who have received education			Persons	857	948	930
Total education cost			KRW in thousands	2,502,000	2,348,065	2,189,148
Total No. of education sessions			Sessions	763	940	786
Total hours of education			Hours	230,060	165,291	176,938
Education cost per employee			KRW	2,919,487	2,476,862	2,353,923
Education hours per employees	Total		Hours	268	174	190
	Gender	Male	Hours	268	177	185
		Female	Hours	271	170	202
	Position	Executives	Hours	45	43	41
		Level 1 & 2	Hours	307	203	162
		Level 3 or lower	Hours	258	167	194
Foreign language education hours per person			Hours	58	52	70
Ethics management						
Education on ethics management	Executives		Persons	6	6	6
	Employees		Persons	835	860	894
Corruption risk assessment by business location	No. of targets		Locations	34	40	41
	Achievement rate		%	25	29	30
Sharing ethics code with business partners	No. of targets		Organizations	33	33	40
	Achievement rate		%	100	100	100
Corruption cases and actions taken						
Employees	No. of corruptions		Cases	1	-	-
	Disciplinary actions		Actions	1	-	-
Education on human rights						
No. of sexual harassment education sessions			Cases	6	7	8
Employees who have received education on sexual harassment			Persons	935	948	930
Unionized employees and employees covered by collective bargaining						
No. of employees eligible for the labor union			Persons	633	763	855
No. of unionized employees			Persons	506	539	645
Ratio of unionized employees			%	79.9	70.6	75.4
Grievance settlement						
Labor-Management Joint Grievance Settlement Center	Reported and settled		Cases	7	10	9
EAP (employee assistance program)	Users		Persons	17	54	22
	No. of inquiries		Cases	139	115	74
Clean KOTRA center	Reported and settled		Cases	12	13	11
Customer satisfaction survey						
Customer satisfaction	Head Office		Points	95.6	94.1	96.8

Performances in Sustainability Management

Social Performance

Classification			Unit	2015	2016	2017
Injuries and diseases						
Accident injury rate	Total		Per million hours	0.67	-	-
	Gender	Male	Per million hours	0.89	-	-
		Female	Per million hours	-	-	-
	Position	Executives	Per million hours	-	-	-
		Level 1 & 2	Per million hours	-	-	-
		Level 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	Executives	Per million hours	-	-	-
		Level 1 & 2	Per million hours	-	0.23	-
		Level 3 or below	Per million hours	-	-	-
	Region	Domestic	Per million hours	-	0.96	-
		Overseas	Per million hours	-	-	-
Rate of days off taken	Total		%	0.00015	0.00019	-
	Gender	Male	%	0.0002	0.00028	-
		Female	%	-	-	-
	Position	Executives	%	-	-	-
		Level 1 & 2	%	-	0.00077	-
		Level 3 or below	%	0.00022	-	-
	Region	Domestic	%	-	0.00032	-
		Overseas	%	0.00032	-	-
Absence rate	Total		%	0.38	0.50	0.49
	Gender	Male	%	0.19	0.28	0.24
		Female	%	0.96	0.98	1.00
	Position	Executives	%	-	-	0.12
		Level 1 & 2	%	0.10	0.20	0.04
		Level 3 or below	%	0.50	0.60	0.63
	Region	Domestic	%	0.65	0.77	0.83
		Overseas	%	0.07	0.09	-
No. of work-related fatalities	Total		%	-	1	-
	Gender	Male	%	-	1	-
		Female	%	-	-	-
	Position	Executives	%	-	-	-
		Level 1 & 2	%	-	1	-
		Level 3 or below	%	-	-	-
	Region	Domestic	%	-	1	-
		Overseas	%	-	-	-

GRI Standards Index

Universal Standards(GRI 100)

Topic	No.	Title	Reporting Status	Page	SDG
Organizational profile					
	102-1	Name of the organization	●	6	
	102-2	Activities, brands, products, and services	●	8~9	
	102-3	Location of headquarters	●	6	
	102-4	Location of operations	●	8~9	
	102-5	Ownership and legal form	●	6	
	102-6	Markets served	●	8~9	
	102-7	Scale of the organization	●	6	
	102-8	Information on employees and other workers	●	73~74	SDG 8
	102-9	Supply chain	●	6	
	102-10	Significant changes to the organization and its supply chain	●	6	
	102-11	Precautionary Principle or approach	●	68~69	
	102-12	External initiatives	●	82~83	
	102-13	Membership of associations	●	84	
Strategy					
	102-14	Statement from senior decision-maker	●	2~3	
	102-15	Key impacts, risks, and opportunities	●	2~3	
Ethics and integrity					
	102-16	Values, principles, standards, and norms of behavior	●	55	SDG 16
	102-17	Mechanisms for advice and concerns about ethics	●	62	SDG 16
Governance					
	102-18	Governance structure	●	66~67	
	102-22	Composition of the highest governance body and its committees	●	66~67	SDG 16
	102-23	Chair of the highest governance body	●	66	SDG 16
	102-24	Nominating and selecting the highest governance body	●	67	SDG 16
	102-25	Conflicts of interest	●	66	SDG 16
	102-27	Collective knowledge of highest governance body	●	67	SDG 4
	102-35	Remuneration policies	●	67	
Stakeholder engagement					
	102-40	List of stakeholder groups	●	12~13	
	102-41	Collective bargaining agreements	●	57, 75	SDG 8
	102-42	Identifying and selecting stakeholders	●	12~13	
	102-43	Approach to stakeholder engagement	●	12~13	
	102-44	Key topics and concerns raised	●	18, 25, 26, 34, 42, 54	
Reporting practice					
	102-45	Entities included in the consolidated financial statements	●	About this Report	
	102-46	Defining report content and topic Boundaries	●	14~15	
	102-47	List of material topics	●	15	
	102-48	Restatements of information	●	21, 41	
	102-49	Changes in reporting	●	About this Report	
	102-50	Reporting period	●	About this Report	
	102-51	Date of most recent report	●	About this Report	
	102-52	Reporting cycle	●	About this Report	
	102-53	Contact point for questions regarding the report	●	About this Report	
	102-54	Claims of reporting in accordance with the GRI Standards	●	About this Report	
	102-55	GRI content index	●	77~79	
	102-56	External assurance	●	80~81	

GRI Standards Index

Universal Standards(GRI 100)

Topic	No.	Title	Reporting Status	Page	SDG
Management Approach					
	103-1	Explanation of the material topic and its Boundary	●	15	SDG 12, SDG 13, SDG 14,SDG 15
	103-2	The management approach and its components	●	18, 25, 26, 34, 42, 54	SDG 1, SDG 5, SDG 8, SDG 13, SDG 14, SDG 15, SDG 16

Economic Performance(GRI 200)

Topic	No.	Title	Reporting Status	Page	SDG
Economic Performance					
	201-1	Direct economic value generated and distributed	●	72	SDG 2, SDG 5, SDG 7, SDG 8
	201-3	Defined benefit plan obligations and other retirement plans	●	72	SDG 9
Indirect Economic Impacts					
	203-1	Infrastructure investments and services supported	●	46~51	SDG 2, SDG 5, SDG 7, SDG 8, SDG 9, SDG 11
	203-2	Significant indirect economic impacts	●	46~51	SDG 1, SDG 2, SDG 3, SDG 8, SDG 9, SDG 10, SDG 17
Anti-corruption					
	205-2	Communication and training about anti-corruption policies and procedures	●	62~63	SDG 16
	205-3	Confirmed incidents of corruption and actions taken	●	75	SDG 16

Environmental Performance(GRI 300)

Topic	No.	Title	Reporting Status	Page	SDG
Materials					
	301-1	Materials used by weight or volume	●	72	SDG 12
	301-2	Recycled input materials used	●	72	SDG 12
Water and Effluents					
	303-1	Interactions with water as a shared resource	●	72	SDG 6
	303-3	Water withdrawal	●	72	SDG 6, SDG 8, SDG 12
Emissions					
	305-1	Direct (Scope 1) GHG emissions	●	72	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
	305-2	Energy indirect (Scope 2) GHG emissions	●	72	SDG 3, SDG 12, SDG 13, SDG 14, SDG 15
Environmental Compliance					
	307-1	Non-compliance with environmental laws and regulations	●	72	SDG 12, SDG 13, SDG 14, SDG 15, SDG 16

GRI Standards Index

Social Performance(GRI 400)

Topic	No.	Title	Reporting Status	Page	SDG
Employment					
	401-1	New employee hires and employee turnover	●	73	SDG 5, SDG 8
	401-3	Parental leave	●	74	SDG 5, SDG 8
Occupational Health and Safety					
	403-1	Occupational health and safety management system	●	75	SDG 8
	403-2	Hazard identification, risk assessment, and incident investigation	●	76	SDG 3, SDG 8
Training and Education					
	404-1	Average hours of training per year per employee	●	42~43, 75	SDG 4, SDG 5, SDG 8
	404-2	Programs for upgrading employee skills and transition assistance programs	●	43	SDG 8
	404-3	Percentage of employees receiving regular performance and career development reviews	●	44	SDG 5, SDG 8
Diversity and Equal Opportunity					
	405-1	Diversity of governance bodies and employees	●	57, 66, 73~74	SDG 5, SDG 8
	405-2	Ratio of basic salary and remuneration of women to men	●	72	SDG 10
Non-discrimination					
	406-1	Incidents of discrimination and corrective actions taken	●	58	SDG 5, SDG 8, SDG 16
Child Labor					
	408-1	Operations and suppliers at significant risk for incidents of child labor	●	56	SDG 8, SDG 16
Forced or Compulsory Labor					
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	●	56	SDG 8
Rights of Indigenous Peoples					
	411-1	Incidents of violations involving rights of indigenous peoples	●	56	SDG 2
Human Rights Assessment					
	412-1	Operations that have been subject to human rights reviews or impact assessments	●	56	
	412-2	Employee training on human rights policies or procedures	●	56, 75	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	●	38, 56	
Local Communities					
	413-1	Operations with local community engagement, impact assessments, and development programs	●	46~49	
	413-2	Operations with significant actual and potential negative impacts on local communities	●	46~49	SDG 1, SDG 2
Customer Health and Safety					
	416-1	Assessment of the health and safety impacts of product and service categories	●	59	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	●	59, 75	SDG 16
Customer Privacy					
	418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	●	75	SDG 16

Third Party's Assurance Statement

To the Readers of 2017 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 2017 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

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.

The team checked whether the Report has been prepared in accordance with the 'Comprehensive Option' of GRI Standards which covers the followings.

- GRI Standards Reporting Principles
- Universal Standards
- Topic Specific Standards
 - Economic Performance: 201-1, 201-3
 - Indirect Economic Impacts: 203-1, 203-2
 - Anti-Corruption: 205-2, 205-3
 - Materials: 301-1, 301-2
 - Water: 303-1, 303-3
 - Emissions: 305-1, 305-2
 - Environmental Compliance: 307-1
 - Employment: 401-1, 401-3
 - Occupational Health and Safety: 403-1, 403-2
 - Training and Education: 404-1, 404-2, 404-3
 - Diversity and Equal Opportunity: 405-1, 405-2
 - Non-Discrimination: 406-1
 - Child Labor: 408-1
 - Forced or Compulsory Labor: 409-1
 - Rights of Indigenous Peoples: 411-1
 - Human Rights Assessment: 412-1, 412-2, 412-3
 - Local Communities: 413-1, 413-2
 - Customer Health and Safety: 416-1, 416-2
 - Customer Privacy: 418-1

This Report excludes a 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

Third Party's Assurance Statement

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 are 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

We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

- KOTRA derived key topics based on its well-developed materiality assessment and faithfully covered them in the sustainability report. We advised the organization to formulate a medium/long-term strategy and thoroughly manage related performance indicators in order to promote sustainability.

Our independence

With the exception of providing third party assurance services, KMR is not involved in any other KOTRA's business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

June, 20th, 2018



AA1000
Licensed Assurance Provider
000-129

E. J. Hwang

CEO Eun Ju Hwang

Sustainability Management Initiatives



UN GLOBAL COMPACT (ADVANCED LEVEL)

Since joining the UN Global Compact in August 2007, KOTRA has been proactive in fulfilling its social responsibility and reporting performances in sustainability management every year. The UN Global Compact adopted the “Advanced Level” to the “Communication on Progress (COP)” regulation in order to encourage corporations to fulfill their social responsibilities and engage in dialogue with stakeholders. It helps corporations autonomously declare their reflection of corporate governance and management strategy in disclosing sustainability performances. KOTRA complies with the 10 principles regarding human rights, labor, environment, and anticorruption. This report contains our commitments and activities regarding 21 criteria the UNGC’s Advanced Level requires.

No.	Summary of Criteria	Page
1	Organization’s roles and business units	6~7
2	Implementation of UN Global Compact principles within the value chain	10~11
3	Strong will, strategies or policies for protecting human rights	55
4	Effective management system to integrate the principles of human rights	56
5	Effective monitoring and evaluation mechanism of principles of human rights	56
6	Strong will, strategies or policies for labor issues	55~58
7	Effective management system to integrate the labor principles	55~58
8	Effective monitoring and evaluation mechanism of labor principles	55~58
9	Strong will, strategies or policies for environment management	72
10	Effective management system to integrate the principles of environment management	72
11	Effective monitoring and evaluation mechanism of principles of environment management	72
12	Strong will, strategies or policies for anti-corruption	62~63, 75
13	Effective management system to integrate the principles of anti-corruption	62~63, 75
14	Effective monitoring and evaluation mechanism of the principles of anti-corruption	62~63, 75
15	Contribution of core businesses to promoting the UN goals and issues	10~11, 82
16	Strategic social investments and social contribution activities (charitable work)	46~51
17	Support for policies and involvement in public policies	10~11, 82~83
18	Partnerships and collaborations	40~41
19	CEO statement and leadership	2~3
20	Explanation of decision-making process and governance structure for corporate sustainability	67~68
21	Description of engagement of all key stakeholders	12~13

Sustainability Management Initiatives

ISO 26000

The 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 complies with the ISO 26000. Please refer to the table for more detailed performances.

Core Subjects	Key Issues	Page
Organizational Governance	Decision-making process and structure	66~67
Human Rights	Due diligence	54~61
	Human rights risk situations	
	Avoidance of complicity	
	Resolving grievances	
	Discrimination and vulnerable groups	
	Civil and political rights	
	Economic, social, and cultural rights	
Labor Practices	Fundamental principles and rights at work	43~45, 57~61, 76
	Employment and employment relationships	
	Conditions of work and social protection	
	Social dialogue / Health and safety at work	
	Human development and training in the workplace	
Environment	Human capital development and training in the workplace	72
	Prevention of pollution	
	Sustainable resource use	
	Climate change mitigation and adaptation	
Fair Operating Practices	Protection of the environment, restoration of natural habitats	40~41, 46~51, 56, 62~63
	Anti-corruption	
	Responsible political involvement	
	Fair competition	
	Promoting social responsibility in the value chain	
Consumer Issues	Respect for property rights	34~39, 40~41, 60~61, 75
	Fair marketing, factual and unbiased information, and fair contractual practices	
	Protecting consumers' health and safety	
	Sustainable consumption	
	Consumer service, support, and complaint and dispute resolution	
	Consumer data protection and privacy	
Community Involvement and Development	Access to essential services	32~33, 46~51, 72
	Education and awareness	
	Community involvement	
	Education and culture	
	Employment creation and skills development	
	Technology development and access	
	Wealth and income creation	
	Health	
	Social investment	

Awards, Associations, and Memberships

Awards

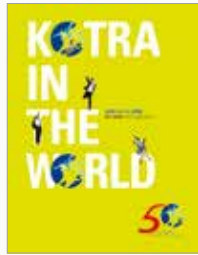
Award	Awarding Body	Date of Award
Letter of Appreciation for CSR	Po Leung Kuk (a philanthropic institution in Hong Kong)	Apr. 2017
Asia Pacific-National Top IPA	SITE Selection Magazine	May 2017
OKTA's Appreciation Plaque	OKTA	Jun. 2017
Appreciation Plaque	Soongsil University	Aug. 2017
Social Contribution Awards (global contribution category)	Korea Chamber of Commerce/ Forbes	Sept. 2017
CSV Porter Award (public sector)	Dong-A Daily News / Channel A / Institute for Industrial Policy Studies (IPS)	Sept. 2017
Green Booth Awards (participation prize)	IPIM (Macao Trade and Investment Promotion Institute)	Oct. 2017
GWP 100 Best Places to Work for (grand prize)	GPTW Korea	Nov. 2017
LACP Spotlight Award (gold prize)	LACP	Nov. 2017
Certification on Excellent Institution in Supporting Culture & Art	Ministry of Culture, Sports and Tourism / Korean Culture and Arts Committee	Nov. 2017
Integrity & Ethics Sector (grand prize)	Public Institution Audit Council	Dec. 2017
Letter of Appreciation (for cooperation and supports in 2017)	City Hall of Encarnacion	Dec. 2017
Citation (International Korean Medicine Bio Industry EXPO in Jecheon, Korea)	Governor of Chungcheongbuk-do	Dec. 2017
Ministry of Science and ICT (Minister Prize)	Ministry of Science and ICT	Dec. 2017
Appreciation Plaque	Tỉnh Quảng Nam	Dec. 2017

Associations and Memberships

Association	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 Reports

Previous Reports



2011



2012



2013



2014



2015



2016

Publication in 2017



Cover Story

The lighthouse that helps vessels keep the right course emblemizes KOTRA's role as a reliable partner supporting overseas expansion of Korean companies and people.



This report is printed in soy ink
and on FSC®-certified paper



kotra

Korea Trade-Investment
Promotion Agency

(06792) 13 Heolleung-ro, Seocho-gu, Seoul, Korea (Yeomgok-dong 300-9)

T. 1600-7119 www.kotra.or.kr

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