

# The Path to the World, the Path to the Future.

Global Business Partner



Global Jobs



Overseas Markets



Social Values



Human Rights and  
Ethics Management



## ABOUT THIS REPORT

### Introduction and Characteristics

KOTRA has shared its sustainable management activities and performances with shareholders by publishing the Sustainability and Human Rights Management Report every year since 2011. 2018 KOTRA Sustainability and Human Rights Management Report is the eighth report and it contains both of financial and non-financial performance including activities for creating social value. This report is prepared in accordance with global sustainability standard and framework such as GRI Standards, UNGP Reporting Framework, UN Global Compact, UN Sustainable Development Goals, etc.

### Reporting Principle

This report is prepared in accordance with the Core Option (100-400) of the GRI (Global Reporting Initiative) Standards.

### Reporting Scope and Boundaries

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

### Reporting Period

The report covers KOTRA's Sustainability management activities and performances from January 1 through December 31, 2018, and some of the activities and performances of first half of 2019 are included. To enable time series analysis, the report includes data from the previous three years.

### Assurance

To ensure reliability and quality of reporting contents, a third-party assurance provider verify the report.

### Additional Information

For additional information, please visit KOTRA's website. If you have inquiries or comments about the report, please contact us.

Korea Trade-Investment Promotion Agency (KOTRA)

Planning & Coordination Dept. / Management Assessment Team

**Tel** +82-2-3460-7075

**Fax** +82-2-3460-7908

**E-mail** sustainability@kotra.or.kr

**www.kotra.or.kr**

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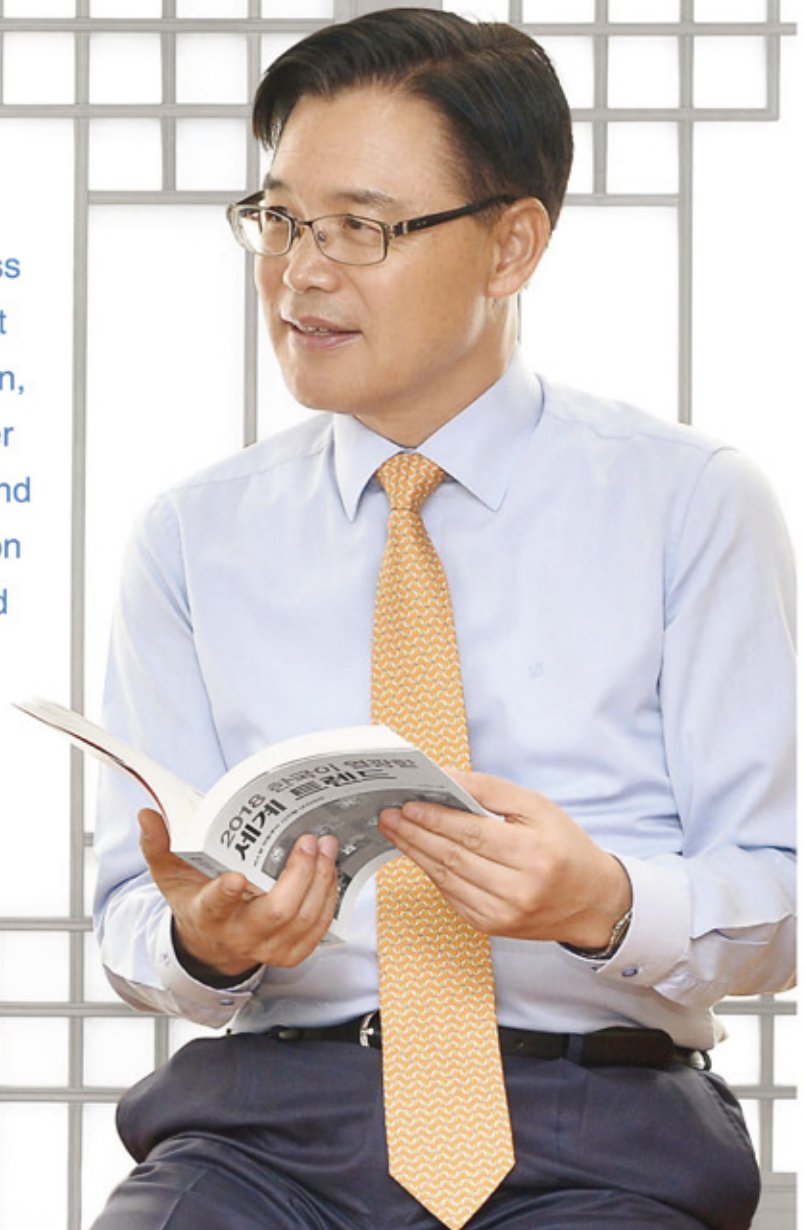


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## CEO Message

KOTRA, as a top-class trade and investment promotion organization, will usher in a brighter future by presenting and leading a new direction for national trade and investment.



In recent years, global trade conditions have intensified due to trade friction among major economies as well as the rise of protectionism. In addition, as technology and industry innovation is progressing rapidly, we are witnessing a radical transformation in the subject, method and structure of trade. KOTRA is responding to such changes and fulfilling our role as a top-class trade and investment promotion organization. In 2018, we aimed to live up to our name and put in our utmost efforts to respond to the call of our times. Reshaping our vision and core values, we established a new management strategy and implementation system. We have actively engaged in communication by focusing on 'customers and the field' and created 'real-life' innovation achievements.

**First, we contributed to the achievement of the highest amount of exports and foreign direct investment in national history.**

KOTRA led the way in achieving the highest ever export value of USD 604.9 billion and foreign direct investment of USD 26.9 billion. We have made efforts to improve our export structure by increasing the number of export companies as well as diversifying items and markets. Notably, we have successfully transformed 2,617 domestic SMEs into new export companies. We also attracted foreign investment which contributed to helping the economy, such as USD 5.55 billion in non-metropolitan area investment, USD 1.75 billion in new growth industries, and USD 2.92 billion in flagship industries. In recognition for this achievement, KOTRA received the World TPO Award from the International Trade Center.

**Second, we have established ourselves as a leading global job creation agency.**

We have contributed to the increase of domestic jobs through investment promotion of industries with the potential to create a high number of jobs by helping our youth work overseas and supporting overseas start-ups. In 2018, KOTRA created 797 overseas employment and 16,296 jobs for foreign-invested firms in Korea. In recognition of this social contribution, we received the Presidential Commendation for overseas employment.

**Third, we actively promoted social value as a trusted public institution.**

In order to achieve KOTRA's social value vision, "Global growth partner trusted by the people," we set four strategic goals and implemented detailed tasks accordingly, such as technical schools, fostering multicultural traders, and CSR activities. We helped 154

social economy companies to export with tailored support. We also promoted partnerships between major firms and SMEs to promote fair trade and coexistence. In recognition of these efforts, we have achieved the highest ratings in the co-growth and customer satisfaction government evaluation.

**Fourth, we have expanded the local ecosystem for balanced development.**


KOTRA strengthened local support by increasing local support staff, establishing a support center for Northern Gyeonggi Province, and increasing local-specialized projects. As a result of local government cooperation and joint projects, local enterprises' new export enterprise performance and non-metropolitan area investment each increased by 6.3% and 6.5%. In particular, we contributed to the 28% increase in automotive and shipbuilding equipment exports through the expansion of customized support projects for the regional crisis industry.

**Fifth, we pursued innovation in the overall operation of the organization.**

Focusing on customers and the field, we have maximized our innovation performance by focusing on performance and value-oriented business. We opened the Korea Business Centers (KBCs) as overseas offices for companies, which was selected as a best practice of public institution innovation. In addition, we opened the director general position of KBCs for the first time to strengthen organizational expertise, and strive to innovate internally by communicating with employees.

Going forward, KOTRA will set the priority for small and medium-sized enterprises to advance into overseas markets and create global jobs. We will support overseas advancement while listening to local and industrial difficulties through on-site visits and meetings with companies. With passion and efforts as a top-class trade and investment promotion organization, KOTRA will usher in a brighter future by presenting and leading a new direction for national trade and investment.

Thank you



President & CEO of KOTRA

## 2018 KOTRA Highlights

01



### Promotion of Continual Innovation

- Received the Most Admired CEO of Korea Award and the Ecosystem Innovation Award from the World Trade Promotion Organization (WTPO Award)
- Reset the vision and core values according to changing business environment
- Discovered and executed 45 practical innovation tasks

02



### Opening of Overseas Job Positions and KBCs (Korea Business Center)

- Selected by the Ministry of Economy and Finance as an exemplary public institution that achieved innovation through 'Open Business Centers'
- Appointed directors of 5 KBCs by opening the job to external personnel
- Opened KBCs to be used as shared office space (123 centers)
- Opened the director position of Washington, Chengdu, Mumbai, Warszawa and Quito Business Centers to external personnel

03



### Formation of Regional Cooperation Ecosystem

- Implemented 70 region-specific projects to increase the ratio of transform into exporters by 6.3% and the amount of investment in non-capital areas by 6.5%
- Increased the number of workers for regional support centers and newly founded KOTRA Support Center, Northern Gyeonggi
- Expanded specialized project expense (KRW 1.1→1.95 billion)
- Visiting of regional companies and metropolitan government heads by the President & CEO of KOTRA for the revitalization of export and investment projects in each region

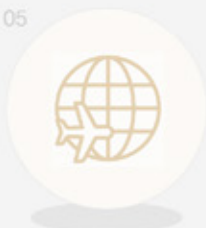
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### Improvement of Customer Support System

- Received the S grade for customer satisfaction (PCSI) announced by the Ministry of Economy and Finance for 5 consecutive years, increasing the number of free consulting clients by 21.4% and the number of clients participating in KOTRA programs by 5.1%
- Operating free consulting services and programs customized for each client
- Reorganized customer services by improving the standard customer reception procedure, expanding the service recall system, and introducing a callback coordinator

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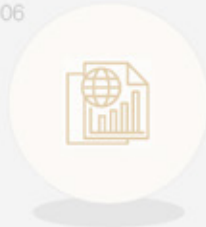


### Support on Globalization of Social Enterprises

- Received Grand Prize for Social Value at the 2018 Korea Management Awards and selected for the 'Social Enterprise Globalization Project' of the Ministry of Economy and Finance
- Providing a total mentoring service to social enterprises by recruiting famous designers
- Reinforcing design capability of social enterprises through collaboration with artists



06



### Contribution to USD 600 Billion of Export

- Turned 2,617 domestic companies into export companies
- Accomplished highest export volume of SMEs in history (2,709 cases of new market finding and USD 10.24 billion of customized export)

Improving the export structure by increasing the number of export companies and diversifying items and markets

07



### Attraction of USD 26.9 Billion of Investment

- Attracted USD 5.55 billion of investment in the non-capital areas, USD 1.75 billion in the new growth industries and USD 2.92 billion in the key industries
- Selected as the 'top investment promotion agency (IPA)' of the Asia-Pacific region for 3 consecutive years

Attracting foreign investment in the non-capital areas, new growth industries and key industries to help our economy

08

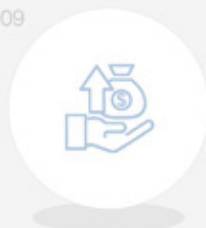


### Leading Creation of Global Jobs

- Received a 'Presidential Citation' for contributing to overseas employment
- Created 797 overseas jobs, 16,296 jobs with foreign investment companies, and 125 jobs with U-turn companies

Securing high-quality jobs by supporting overseas employment and start-up of youths  
Creating jobs within the nation by supporting return to Korea

09

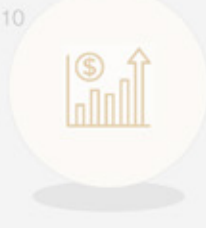


### Promotion of Promising Fields of Innovative Growth and Reinforcement of Collaborative Marketing in Industries Facing Crises

- Accomplished highest 'Excellence' rating for shared growth
- Increased support on export of new growth industries such as service, ICT and medical bio by 25%
- Increased export volume of automobiles and shipbuilding materials by 28%

Discovered and executed support programs for 13 promising fields of innovative growth  
Expanded support programs for SMEs of industries facing crises that show poor export performance

10



### Support on SMEs through Economic Diplomacy and Expansion of New Southern and Northern Entries

- Increased the number of economic diplomacy advices by 26.7% and the amount of outcome of follow-up support by 3.8 times
- Increased the amount of export to new southern and new northern regions by 6% and the number of local advancement of domestic companies by 75.7%

Hosted business partnership and expanded participation of SMEs

Diversified cooperation programs visiting the heads of Vietnam, India, Singapore and Russia

# Company Introduction

## KOTRA's Role

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. In response to internal and external environments that are changing rapidly, KOTRA has lately been trying to contribute to the development of Korea by reinforcing its capabilities as a national trade and investment promotion agency and actively fulfilling government policies.

### Profile

As of December 31, 2018

Company name	Korea Trade-Investment Promotion Agency
Headquarters	13 Heolleungno, Seocho-gu, Seoul, Republic of Korea
Ministry in charge	Ministry of Trade, Industry and Energy
Date of establishment	June 21, 1962
Stockholder	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 55 billion
Number of employees	982 employees
Organizational structure	Headquarters: 6 Divisions, 32 Depts. & 3 Centers (Offices) / Domestic: 12 Support Centers & 1 Support Office / Overseas: 127 KBCs (10 local head office) in 85 countries

## Management Principles

KOTRA places continued efforts to become an organization that meets the needs of the time. In 2018, KOTRA came up with a new vision in order to find the balance between efficiency and social value. Accordingly, we have reset the core values related to the new vision and derived a new slogan called, 'Global Business Partner'.

### Strategic Scheme

Mission	To contribute to the development of the national economy through global business support			
Vision	To be a top-class trade and investment promotion organization, leading the way for SMEs to explore overseas markets and for creating global jobs			
Core values	Innovation & Openness	Customer & On-site	Contribution & Responsibility	Global
Slogan	Global Business Partner			
Code of conduct	<ul style="list-style-type: none"> <li><b>Proactive innovation</b> We lead the global market through proactive and constant innovation</li> <li><b>Accessibility &amp; Openness</b> We pursue publicness through active internal and external collaboration and openness</li> </ul>	<ul style="list-style-type: none"> <li><b>Recognizing customer needs</b> We stand in the shoes of our customers and produce tangible results for them</li> <li><b>Taking on-site action</b> We respond to the changing environment by communicating and taking action on-site</li> </ul>	<ul style="list-style-type: none"> <li><b>Notable contribution</b> We contribute to the public and businesses in a win-win and cooperative manner</li> <li><b>Excellent sense of responsibility</b> We are committed until the end to promote trade and investment of our customers and the nation</li> </ul>	<ul style="list-style-type: none"> <li><b>Reliable global expert</b> We take the lead in creating customer value as a trusted global expert</li> </ul>



7 Pledges to the Public

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

Main Activities

<p>01</p>  <p><b>Development of overseas markets for SMEs</b></p> <ul style="list-style-type: none"> <li>• Performing the role of overseas export infrastructures by operating jisawha service and joint distribution centers</li> <li>• Conduct of export-facilitating activities such as participation in exhibitions and dispatch of trade missions</li> </ul>	<p>02</p>  <p><b>Globalization through overseas entry</b></p> <ul style="list-style-type: none"> <li>• Establishment of local companies, business risk management and protection of intellectual property rights</li> <li>• Overseas entry of future growth industries (service, IT, bio, etc.), ODA, construction, plant, etc.</li> </ul>	<p>03</p>  <p><b>Attraction of foreign investment</b></p> <ul style="list-style-type: none"> <li>• Establishment of strategies and discovery and attraction of investment projects</li> <li>• Handling of grievances of foreign investment companies, support on settlement and attraction of investment</li> </ul>
<p>04</p>  <p><b>Creation of jobs</b></p> <ul style="list-style-type: none"> <li>• Overseas employment of excellent human resources from Korea, globalization of start-ups and attraction of professionals from overseas</li> <li>• Global business training for SMEs and fostering of regional experts</li> </ul>	<p>05</p>  <p><b>Support on shared growth of SMEs and large companies</b></p> <ul style="list-style-type: none"> <li>• Support on export and overseas entry of public institutions and conglomerates</li> <li>• Support on overseas branching of distribution conglomerates that participate in the shared growth project with partners of KOTRA</li> </ul>	<p>06</p>  <p><b>Production, spreading and consulting of overseas market information</b></p> <ul style="list-style-type: none"> <li>• Provision of marketing and investment strategies for each market to cope with changes in the global market</li> <li>• Production of overseas market information and creation of DB</li> </ul>

# Global Network

KOTRA expands export of domestic companies by operating 127 KBCs in 85 countries and 10 regions. KBCs are in charge of handling on-site duties such as market development, investment attraction and information research. New KBCs 'KOTRA Da Nang' in the Southeast Asian region and 'KOTRA Ahmedabad' in the Southwest Asian region were opened in 2018. In addition, KOTRA is operating 'Open Business Centers' that provide conference rooms for trade missions, internet and counseling for free to fulfill public interest. 'Coworking Business Centers' provide a shared office service for companies.

### North America (10 KBCs)

New York\*, Los Angeles, Chicago, Dallas, Washington, Silicon Valley, Toronto, Vancouver, Atlanta, Detroit

### Central & South America (13 KBCs)

Mexico City\*, Panama, Guatemala, Habana, Santo Domingo, Sao Paulo, Lima, Bogota, Buenos Aires, Santiago, Asuncion, Quito, Caracas

### Europe (23 KBCs)

Frankfurt\*, Paris, London, Stockholm, Copenhagen, Amsterdam, Brussels, Milano, Zurich, Madrid, Vienna, Athens, Helsinki, Hamburg, Munich, Budapest, Warsaw, Prague, Bucharest, Zagreb, Sofia, Bratislava, Belgrade

### CIS\*\* (10 KBCs)

Moscow\*, Novosibirsk, Vladivostok, St. Petersburg, Kiev, Almaty, Baku, Tashkent, Minsk, Ulan Bator

### China (19 KBCs)

Beijing\*, Shanghai, Hongkong, Guangzhou, Dalian, Qingdao, Chengdu, Wuhan, Xian, Shenyang, Chongqing, Nanjing, Changsha, Zhengzhou, Hangzhou, Xiamen, Tianjin, Shenzhen, Taipei

### Japan (4 KBCs)

Tokyo, Osaka, Fukuoka, Nagoya

### Middle East (15 KBCs)

Dubai\*, Cairo, Teheran, Tel Aviv, Riyadh, Amman, Tripoli, Casablanca, Kuwait, Muscat, Baghdad, Algiers, Damascus, Istanbul, Doha

### Africa (9 KBCs)

Johannesburg\*, Lagos, Nairobi, Khartoum, Accra, Addis Ababa, Dar Es Salaam, Maputo, Abidjan

### Southwest Asia (9 KBCs)

New Delhi\*, Mumbai, Chennai, Bangalore, Kolkata, Karachi, Dhaka, Colombo, Ahmedabad

### Southeast Asia & Oceania (15 KBCs)

Hanoi\*, Singapore, Manila, Bangkok, Kuala Lumpur, Yangon, Jakarta, Surabaya, Ho Chi Minh, Phnom Penh, Vientiane, Sydney, Auckland, Melbourne, Da Nang



### KBCs Operation



\*Headquarters and KBC  
 \*\*CIS: Commonwealth of Independent States



# Corporate Governance

## Board of Directors (BOD)

The board of directors of KOTRA is the highest decision-making body that deliberates and decides management tasks and performance indicators. The board of directors is comprised of 5 Executive board member, 1 non-standing director (ex-officio), 6 non-standing directors (nominated) and 1 executive auditor (vacant). The President & CEO of KOTRA concurrently serves as the chairman of the board of directors in accordance with Article 18, paragraph 4 of the 'Act on the Management of Public Institutions' and Article 3 of the Board of Directors Regulation, as recommended by the nominating committee, requested by the Minister of Trade, Industry and Energy, and appointed by the president of Korea. Executive directors are appointed by the President & CEO of KOTRA, and non-executive directors are appointed by the Minister of Trade, Industry and Energy after going through multiple recommendations of the nominating committee and deliberation of the public institution steering committee according to the 'Act on the Management of Public Institutions.' KOTRA elects directors who are experienced in operation and management of institutions, and members of the board have broad knowledge in international commerce, SMEs, diplomacy and laws.

### BOD Members

As of April 2019

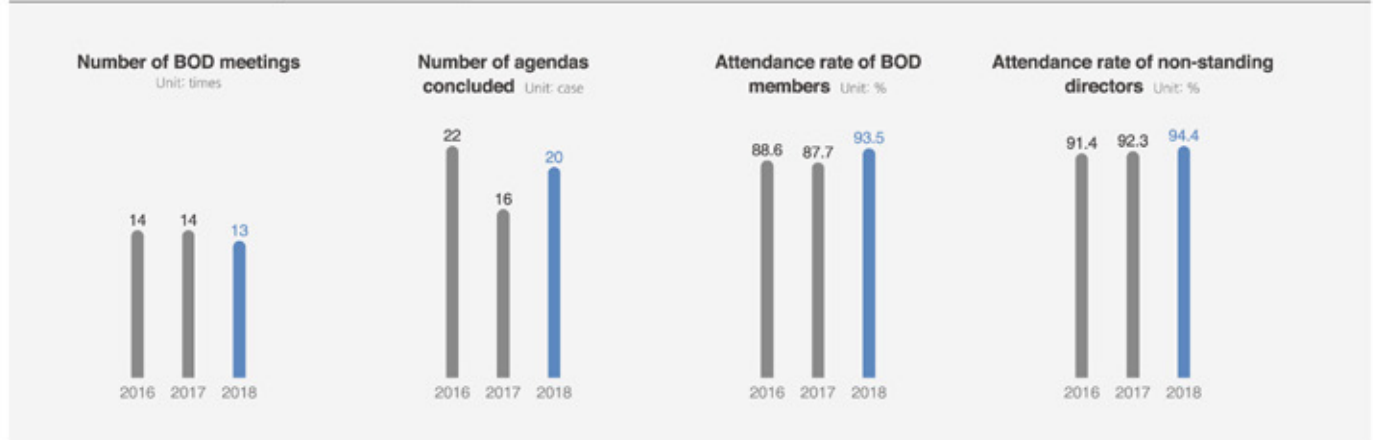
Category	Name	Position and experience	Nominating process
President & CEO	Pyung-oh Kwon	• President & CEO of KOTRA, Chairman of BOD	Appointed by President of Korea
Executive board member	Jongchoon Kim	• Senior Executive Vice President for Management Support	Appointed by President & CEO of KOTRA
	Seog-ki Sun	• Executive Vice President for Small & Medium Enterprise	
	Doo Young Kim	• Executive Vice President for Innovative Growth	
	Sang Mook Kim	• Executive Vice President for Economic Cooperation & Trade Affairs	
	Min-ho Lee	• Executive Vice President for Trade Support Infrastructure	
Non-standing Director	Ho-hyeon Lee	• Director General for Trade, Ministry of Trade, Industry and Energy	Ex-officio member
	Seokwon Kang	• Attorney, Jeonmang Law Office	Executive Nomination Committee recommendation >>> Appointed by the Minister of Ministry of Trade, Industry and Energy
	Yeong gyu Kim	• CEO of BMC • Ceo of Glowith	
	Heungho Moon	• Professor in Chinese Language, Graduate School of International Studies, Hanyang University • Consultant for Policy, Ministry of Trade, Industry and Energy	
	Myeongsu Ahn	• Ambassador to Turkmenistan • Diplomatic Minister of Indonesia	
	Hyeon-ju Seon	• CEO of SUNLAB • Affiliated Professor, Korea University Business School	
	Deok-geun Ahn	• Professor, Graduate School of International Studies, Seoul National University • Consultant for Trade Policy, Ministry of Trade, Industry and Energy	
Auditor	Vacant		
Head of Invest KOREA	Sang Hyun Chang	• Head of Invest KOREA	Appointed by President & CEO of KOTRA

## 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. To ensure transparent operation of the BOD, KOTRA discloses the minutes of board meetings via ALIO.

### BOD Operation Results

Category	2016	2017	2018
Number of BOD meetings (times)	14	14	13
Number of agendas concluded (cases)	22	16	20
Attendance rate of BOD members (%)	88.6	87.7	93.5
Attendance rate of non-standing directors (%)	91.4	92.3	94.4



## Evaluation and Compensation

The wage for members of the BOD is the sum of basic annual salary and performance-based bonus, and the amount is differentiated every year. 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. Details of BOD salaries are disclosed through our corporate website.

(Unit: KRW in thousands)

Category	2016	2017	2018
Highest compensation (A)	192,104	193,689	198,754
Average compensation of employees (B)	77,438	76,760	77,445
Compensation rate (A/B, multiples)	2.5	2.5	2.5

# Ethics Management

## Ethics Management System

KOTRA is continuously put its efforts to create an advanced ethics management system. It has reestablished the 3C system comprised of code, compliance and consensus, and reinforced the connectivity between its management strategy and ethics management. Also, KOTRA has reinforced the ethical management system by improving the KOTRA Human Rights and Ethics Charter, human rights and ethics management practice regulations, and code of conduct for employees.

### 3C System for Ethics Management

Code	General codes	KOTRA Human Rights and Ethics Charter, human rights and ethical management practice regulations, code of conduct for employees
	Detailed regulations	Twenty-two regulations including integrity duty, contract regulation, audit regulation, etc.
	Practical guidelines	Thirty-eight guidelines including action guideline, guideline on the protection, etc.
Compliance	Comprehensive organization	Human Rights and Ethics Committee (highest decision-making body)
	Establishment and implementation	Working Committee (establishment and implementation)
	Operation and management	Secretariat (support on human rights and ethical management)
	Advisory	Clean KOTRA Committee, Regional Business Club, Social Value Committee
Consensus	Consensus activities	President & CEO of KOTRA messages, human rights and ethics tasks, etc.
	Communication channels	Officers in each department, labor-management council, organizational culture TF, etc.
	Report and counseling	Internal reporting and counseling system, solicit prevention officer, integrity ombudsmen, etc.

## Creating Infrastructure for Anti-Corruption and Integrity

### Diversification of Report Systems

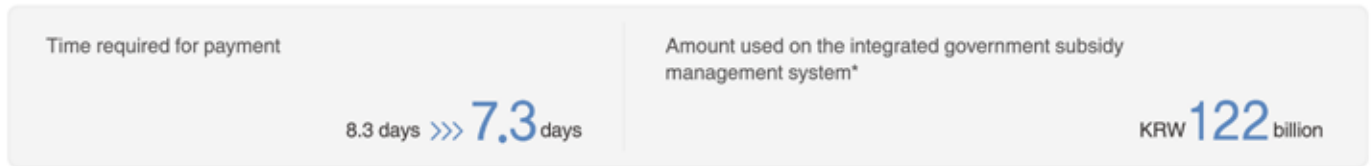
KOTRA strives to be 'Trusted by Customers and Stakeholders' with upright corporate activities. It is expanding and operating various report channels to set the basis for integrity. In addition to existing report channels, it has introduced a variety of new channels to solidify the institutional base for spreading upright culture. There are various measures to protect reporters such as the prohibition of disclosure and tracking of identity, and prohibition of disadvantage and retaliation, in the human rights and ethics management practice regulations and the code of conduct.

### KOTRA's Report Channel

Category	Report system	Description
Internal channel	Report Grievances to the President & CEO of KOTRA	Reporting of irrational affairs such as systems, organizational culture, etc.
	Power Abuse Report and Support Center	Unreasonable work instruction, treatment, internal or external power abuse, etc.
	Corrupt Recruitment Report Center	Personnel soliciting, connections, manipulation of recruitment process, etc.
	Sexual Harassment and Sexual Assault Counseling Center	Sexist words, actions, systems, etc. (Professional counselors available)
	Clean Report Center	Corrupt and unlawful acts, violation of the code of conduct, etc.
	Soliciting Report Center	Acts of violating the Improper Solicitation and Graft Act such as receiving money, etc.
External channel	Help Line (Red Whistle)	An anonymous report system entrusting to a third person, general reporting of unethical behaviors, increased convenience using a mobile application and QR code

**Prevention of Budget Operation Risks**

KOTRA is establishing and operating a system to prevent budget operation risks and enhance integrity. All contracts of KRW 5 million or above must be signed by the exclusive contract department, improving the existing contracting system that excluded special projects. KOTRA also removed the possibility of unfair economy and supply entry barrier by abolishing the partner registration system and operating an open competition system.



**Internalization of Ethical Culture**

**Expanded Participation of Employees**

All employees of KOTRA including its highest management are endeavoring to internalize ethical culture. The President & CEO of KOTRA runs a program called 'Visiting CEO' to examine current status of ethical management, and KOTRA listens to voices of all employees by operating a grievance report channel. Executive board members sign integrity agreements and try hard to internalize ethical culture of KOTRA through the diagnosis of corruption risk. KOTRA also encourages all employees to find and practice improvement tasks through ethics self-diagnosis. There are human rights and ethics management officers in each department to increase participation of employees.



**Ethics Education and Sharing of Best Practices**

KOTRA engages in personalized ethics education and sharing of best internal and external practices to internalize ethical culture. In 2018, KOTRA trained internal ethics experts through external education and reinforced expertise of internal control coordinators. In addition, KOTRA conducted education on the prevention of 4 major categories of violence (prostitution, sexual assault, sexual harassment, domestic violence), anti-corruption and integrity education, and audit education to cope with unethical behaviors that can arise at work. Furthermore, KOTRA increases ethical awareness and consciousness of employees by sharing best and poor practices of ethical management via several channels. In 2018, there were 18 education programs on the prevention of 4 major categories of violence and 7 anti-corruption and integrity education programs.

**Ethics Management Evaluation Results**

Category		2016	2017	2018
Integrity check (points)	Overall integrity	8.47	8.49	8.41
	External integrity	8.68	8.76	8.86
	Internal integrity	7.91	7.81	7.23
	Policy customer evaluation	Not implemented	8.36	8.33
Evaluation on anticorruption policy	Overall result	1 <sup>st</sup> grade	Not implemented**	Not implemented**

\*Integrated government subsidy management system: A system created to prevent problems like corrupt subsidies and redundancies through systematic management of government subsidies and to secure convenience of citizens and transparency through disclosure of information

\*\*Winning the 1st grade in evaluation on anti-corruption policy in 2016, KOTRA was exempted from the evaluation in 2017 and 2018.

# Stakeholder Engagement

## Defining Stakeholders and Communication Channels

KOTRA categorizes its stakeholders according to the flow of value, value creation, value impact, value consumption, and value sharing. We place utmost efforts to identify the needs of different stakeholders and communicate with them by operating customized communication channels. Opinions taken from stakeholders are actively reflected on management for sustainable growth of KOTRA.





Stakeholder	Required value	Communication channel	Efforts for communication	Key performance
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Form a consensus on corporate direction</li> <li>Fostering culture of horizontal communication</li> <li>On-site based communication</li> </ul>	<ul style="list-style-type: none"> <li>Monthly general meetings</li> <li>Enlarged executive meetings</li> <li>Corporate culture TF</li> <li>Open innovation TF</li> <li>Innovative Junior Board</li> <li>Visiting CEO</li> </ul>	<p><b>Visiting CEO</b> Communication with the CEO (20 times)</p> <p><b>Organizational Culture Innovation TF</b> Comprised of employees of different ranks to share difficulties and experiences of each rank and service year</p> <p><b>Innovative Junior Board</b> Comprised of young employees to share opinions between executives and employees (8 times)</p> <p><b>Hi-Five Day</b> Free expression and sharing of opinions regardless of rank and position</p>	<p><b>Increased satisfaction from communication</b> 5.4 points (2017) &gt;&gt;&gt; 5.6 points (2018)</p> <p><b>Overachieved the vision and core values</b> 85.0 points (target) &gt;&gt;&gt; 87.3 points (achievement)</p>
 <b>Labor union</b>	<ul style="list-style-type: none"> <li>Build a healthy corporate culture</li> <li>Ensure work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Union-management Council</li> <li>Union-management joint TF</li> <li>Working-level staff meetings</li> </ul>		
 <b>Government &amp; National Assembly</b>	<ul style="list-style-type: none"> <li>Implement the government's policy</li> <li>Fulfill social responsibility as a public institution</li> </ul>	<ul style="list-style-type: none"> <li>Business contact space with the government and National Assembly</li> <li>Public Institution Job Creation Committee</li> </ul>	<p><b>Overseas One-Roof</b> Operation of one-roof consultative groups among related domestic and overseas institutions</p> <p><b>Overseas Marketing Policy Council</b> Active communication with various institutions including the government, local government entities, export-related institutions, etc.</p>	<p><b>Operation of export voucher projects</b> Commendation from the Minister of the Interior and Safety (excellent open innovation)</p>
 <b>Relevant organizations</b>	<ul style="list-style-type: none"> <li>Share overseas infrastructure</li> <li>Develop integrated support services through cooperation</li> </ul>	<ul style="list-style-type: none"> <li>KBCs' one-roof infrastructure</li> <li>Regular council of export support institutions</li> </ul>		
 <b>SMEs</b>	<ul style="list-style-type: none"> <li>Offer services reflecting customer needs</li> <li>Generate outcomes from overseas business</li> </ul>	<ul style="list-style-type: none"> <li>Regional global business forum</li> <li>Face-to-face and non-face-to-face consulting infrastructure</li> <li>Voice of customer</li> <li>Online counseling system</li> </ul>	<p><b>Regional Business Club</b> A regular communication channel for regional clients, comprised of 833 SMEs regional companies</p> <p><b>Service Advisory Group</b> Delivery of opinions from export sites and reflection on projects and strategies</p>	<p><b>Public-Service Customer Satisfaction Index (PCSI):</b> <b>Achieved S grade for 5 consecutive years</b> 96.8 points (2017) &gt;&gt;&gt; 97.4 points (2018)</p>
 <b>Buyers &amp; investors</b>	<ul style="list-style-type: none"> <li>Develop new business opportunities</li> <li>Overcome distance restrictions through online channels</li> </ul>	<ul style="list-style-type: none"> <li>KOTRA businesses including export forum</li> <li>Online platforms including buyKOREA</li> </ul>		
 <b>Local communities</b>	<ul style="list-style-type: none"> <li>Promote cooperation with public institutions for the development of local communities</li> <li>Conduct social contribution with local communities</li> </ul>	<ul style="list-style-type: none"> <li>Yangjae R&amp;CD Innovation Hub TF</li> </ul>	<p><b>Specialized Regional Development</b> Specialized in Yangjae R&amp;D Zone, promoting regional development with Seocho-gu</p> <p><b>Citizen Participation Innovation Group</b></p>	<p><b>Develop new services through contest of citizens</b> 6 cases</p>
 <b>People</b>	<ul style="list-style-type: none"> <li>Strengthen communication with potential customers</li> <li>Expand public institutions' information disclosure and involvement of people</li> </ul>	<ul style="list-style-type: none"> <li>Homepage, SNS channels</li> <li>Public contest</li> <li>Citizen Participation Innovation Group</li> </ul>	<p>Reflection of feedbacks from Citizen Participation Innovation Group when selecting projects</p>	

# Materiality Test

## Materiality Test Process

KOTRA has conducted materiality test to reflect a various interest of stakeholders and business environment at home and abroad that affect KOTRA's sustainability management in the report. KOTRA reviewed its internal issues including business strategy and performance, etc., and international guidelines such as GRI Standards and UNGC Principles. Furthermore, KOTRA conducted media research and reviewed excellent cases, and form an issue pool. Reporting topics were selected according to stakeholder interest and business impact.



**Issue pool** | KOTRA implemented a variety of internal and external environment analysis to grasp issues to be reported. 589 issues which are important to KOTRA, were deducted through media research, analysis on government policy and regulation, etc.



**Selection of reporting topic** | After a process of deduplication and integration in 589 issues, and process of business impact and stakeholder interest analysis, 20 reporting issues were selected.



**Materiality test** | KOTRA implemented stakeholder survey for prioritization of reporting topics. Stakeholders' opinion from survey was revised on the KOTRA strategic and financial perspective for the final prioritization.



**Third party assurance** | For the objectivity and transparency in material test process, third party assurance took place.

### Materiality Test Result

KOTRA selected the top 5 topics as key reporting topics, and covered them in priority in the report. Also, KOTRA put its effort to report other topics in the report.



Topics	Boundary					Reporting contents	Page
	Employee	Customer	Partner	Community	Government		
1 Ethics and integrity	●		●		●	Ethics Management	12-13
2 Economic performance and business strategy	●	●			●	Support on Global Competitiveness of SMEs Support Export of SMEs Supporting Overseas Entry of Domestic Companies Attraction of Foreign Investment and Follow-up Management	28-31, 32-35, 36-39, 40-43
3 Support for overseas expansion of SMEs		●	●		●	Support Export of SMEs	32-35
4 Human rights protection and respect	●		●		●	Human Rights Management	50-57
5 Job creation		●		●	●	Sustainable Creation of Jobs	44-47
6 Attraction of foreign investments				●	●	Attraction of Foreign Investment and Follow-up Management	40-43
7 Customer and field-oriented operation	●	●			●	Customer-Oriented Management	72-73
8 Advancing business structure	●	●			●	Support on Global Competitiveness of SMEs Support Export of SMEs Supporting Overseas Entry of Domestic Companies Attraction of Foreign Investment and Follow-up Management	28-31, 32-35, 36-39, 40-43
9 Support for overseas investments		●	●		●	Support on Global Competitiveness of SMEs Support Export of SMEs Supporting Overseas Entry of Domestic Companies	28-31, 32-35, 36-39
10 Risk management	●				●	Risk Management	80-81
11 Innovation in organizational culture	●					Human Resources Management	76-77
12 Employee training and education	●					Human Resources Management	76-77
13 Transparent corporate governance	●				●	Corporate Governance	10-11
14 Social contribution				●		Participation and Development of Local Community	61-65
15 Employee safety and health	●					Reinforcement of Environment and Safety Management	68-69
16 Shared growth		●	●			Shared Growth	74-75
17 Customer information security		●				Information Security Management System	78-79
18 Customer health and safety		●				Reinforcement of Environment and Safety Management	68-69
19 Environmental management		●			●	Reinforcement of Environment and Safety Management	67-68
20 Stakeholder engagement	●	●	●	●	●	Stakeholder Engagement	16-17

# Social Values of KOTRA

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Kotra



# KOTRA History

Founded with the history of trade in Korea, KOTRA has been contributing to the development of national economy and leading trade of the nation for over 50 years. Also, KOTRA tries to work for citizens through social values by creating high-quality jobs and supporting socially disadvantaged.

- 1971**  
Achieved USD 1 billion of export
- 1974**  
Started opening regional business centers for regional development
- 1977**  
Achieved USD 10 billion of export

- 1983**  
Formed an industrial base for exhibitions in Korea through Korea International Food Technology Exhibition, etc.
- 1985**  
Diversified the export market by opening KBCs for the first time in Eastern Europe



KOTRA HISTORY

1960s

1970s

1980s

1990s

**1962**  
Founded in accordance with the Korea Trade-Investment Promotion Agency Act

**1964**  
Achieved USD 100 million of export

**1995**  
Revised to Korea Trade-Investment Promotion Agency

**1998**  
Opened Foreign Investment Support Center to overcome the IMF crisis





**2011**

Achieved USD 1 trillion of trade volume (USD 555.2 billion of export, USD 524.4 billion of import)

**2011**

Received the Korea HRD Award

**2012**

Celebrated the 50th anniversary of KOTRA

**2013**

Opened global M&A support centers to help globalization of small, medium and mid-sized companies

**2015**

Hosted an export counseling session at Boom Up Korea

**2017**

Opened the Korea Pavilion at the Astana Expo

**2018**

Hosted innovative technology counseling to lead innovation of global technologies

Hosted a global job fair to help overseas entry of youths

Hosted Invest Korea Week 2018 to attract investment

Korea Management Awards (Grand Award for Social Value)



2000s

2010s

2018

**2003**

Launched Invest Korea to support foreign investment attraction of companies and institutions

**2004**

Received the World's Best Trade and Investment Promotion Agency Award from WTO/ITC

**2008**

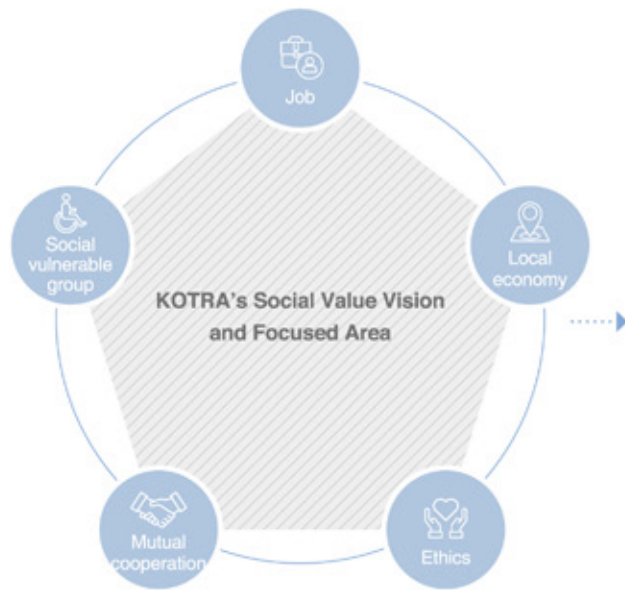
Opened Contact Korea to support professional global human resources



# Social Values Created by KOTRA

## Strategies to Create Social Values

The vision of KOTRA for social values is to be a 'Global Growth Partner Trusted by Citizens'. KOTRA sets up 4 strategic objectives and practices detailed strategic tasks. We are trying to become a responsible member of the international society by linking social value activities to UN SDGs.



Goals and Tasks	
<ul style="list-style-type: none"> <li>Advanced job creation projects</li> </ul>	<ul style="list-style-type: none"> <li>Reinforced support on overseas employment and start-up</li> <li>Attraction of foreign investment centered on jobs</li> <li>Finding of private jobs in connection with the needs of companies</li> </ul>
<ul style="list-style-type: none"> <li>Practice of inclusive win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Overseas projects in cooperation with small, medium and large companies</li> <li>Reinforcement of capability of shared growth companies</li> <li>Support on growth of partner companies</li> </ul>
<ul style="list-style-type: none"> <li>Expansion of support on socially disadvantaged</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcement of support on social enterprises</li> <li>Creating jobs for artists through art collaboration</li> <li>Fostering of multicultural traders and employment support</li> </ul>
<ul style="list-style-type: none"> <li>Leading global social contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>CSR projects to create a business ecosystem</li> <li>Expansion of development cooperation projects in emerging nations</li> <li>Reinforcement of company-wide CSR capability</li> </ul>

## Linking KOTRA Activities with UN SDGs

The Sustainable Development Goals (SDGs) adopted by the UN are global goals to be achieved by 2030 for sustainable development. UN SDGs consisting of 17 goals and 169 targets encompass diverse topics throughout the economy, society, and environment for sustainable development of all countries around the world. As a public institution playing public roles as well as serving as an accountable member of the international community, KOTRA contributes to achieving UN SDGs by leveraging its competencies

1 No Poverty	2 Zero Hunger	3 Good Health and Well-being	4 Quality Education	5 Gender Equality	6 Clean Water and Sanitation
7 Affordable and Clean Energy	8 Decent Work and Economic Growth	9 Industry, Innovation, and Infrastructure	10 Reducing Inequality	11 Sustainable Cities and Communities	12 Responsible Consumption and Production
13 Climate Action	14 Life Below Water	15 Life On Land	16 Peace, Justice, and Strong Institutions	17 Partnerships for the Goals	



UN SDGs goal	Contributions of KOTRA	Detailed activities of KOTRA
<p><b>1</b></p> <p>End poverty in all its forms everywhere</p>	<p>The first goal of UN SDGs is to end poverty in all places. KOTRA tries to eradicate poverty caused by calamities.</p>	<p>KOTRA provided aid for the 2018 Laos dam collapse and devoted to cooperate on restoration of accident sites.</p>
<p><b>3</b></p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p>The third goal of UN SDGs is related to health. KOTRA tries to provide essential health services to everyone.</p>	<p>KOTRA conducts medical activities for elders, children, adolescents and women. It donates medical supplies such as blood sugar measuring devices, dust masks, antibiotics and senior products. We are trying to guarantee healthy life of everyone by supporting CPR schools and injection needle schools.</p>
<p><b>4</b></p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>The fourth goal is to provide high-quality education. KOTRA supports everyone including socially disadvantaged classes to receive education such as technical training and job training.</p>	<p>To resolve financial difficulties of socially vulnerable multicultural families and help them settle down stably, we provide trade and start-up education for multicultural individuals and support their economic activities. In 2018, 12 multicultural individuals succeeded in employment or start-up.</p>
<p><b>5</b></p> <p>Achieve gender equality and empower all women and girls</p>	<p>The fifth goal is gender equality, KOTRA tries to guarantee equal participation of women in all sectors including politics and economy by abolishing discrimination against women.</p>	<p>In 2018, KOTRA appointed non-executive board members to represent women and started to give merit points to women who are returning to the society after discontinuing their career. In addition, KOTRA guarantees equal participation of women by constantly increasing the number of female managers.</p>
<p><b>7</b></p> <p>Ensure access to affordable, reliable, sustainable and modern energy</p>	<p>The seventh goal is to supply sustainable energy for all. KOTRA engages in various programs and activities to ensure energy access of Korea and other nations.</p>	<p>KOTRA supports all nations to use modern energy by connecting Knowledge Sharing Program, which shares power generation experience of Korea with economic partner nations, to the global CSR project. In 2018, domestic companies participating in the KSP project donated 3KW hybrid photovoltaic generation facilities to the Cuban government.</p>
<p><b>8</b></p> <p>Promote inclusive and sustainable economic growth, employment and decent work for all</p>	<p>The eighth goal is focused on job creation and economic growth. KOTRA puts efforts into provision of global job information, start-up support and protection of rights of laborers so that everyone can get a high-quality job.</p>	<p>KOTRA is leading the efforts to create global jobs. It discovers the needs for workers by expanding overseas infrastructures and engages in job placement activities through job fairs. In 2018, KOTRA successfully helped overseas employment of 797 persons.</p>
<p><b>9</b></p> <p>Build resilient infrastructure, promote sustainable industrialization and foster innovation</p>	<p>The ninth goal can be achieved through industrial expansion by eco-friendly processes and increased investment in scientific research. KOTRA supports eco-friendly industrial development by utilizing its institutional characteristics.</p>	<p>KOTRA shares diverse environmental information to enhance sustainable industrialization. KOTRA shared 64 best practices in 31 nations such as environment-friendly products and packaging. We provided information about business opportunities such as packaging-free and green energy by publishing environmental reports.</p>

## Future of KOTRA

### Survey on Stakeholders

KOTRA conducted a survey on stakeholders in order to identify the domain of social values that it needs to focus on in the future. A variety of stakeholders participated in the survey, including employees, foreign investment companies, government agencies, local communities and citizens in general. We were able to listen to opinions about the future directivity of KOTRA in creating social values. The survey was carried out from March 20, 2019 until April 8, 2019. KOTRA will continue to examine social value domains regarded as important by stakeholders and actively utilize such information as a stepping stone to create social values of KOTRA.

#### Stakeholders' Opinion

Stakeholder group	Top1	Top2	Top3
Customer	Job creation reflecting the demand of domestic corporations	Enhancing competitiveness of shared growth companies	Support employment and start-up in overseas
Employee	Cooperating with SMEs and larger companies and enter the global market		Trade promotion and shared growth of emerging countries
Foreign company, foreign investments	Job creation through foreign investment attraction	Job creation reflecting the demand of domestic corporations	Enhancing support of social enterprises
Partner company and invested company			Cooperating with SMEs and larger companies and enter the global market
Government and related organization	Cooperating with SMEs and larger companies and enter the global market	Enhancing competitiveness of shared growth companies	Support growth of partner companies
Local community, NGO, and citizen	Job creation reflecting the demand of domestic corporations	Cooperating with SMEs and larger companies and enter the global market	Enhancing competitiveness of shared growth companies
Media		Enhancing competitiveness of shared growth companies	Job creation through foreign investment attraction
Academic and research institute	Support employment and start-up in overseas		Cooperating with SMEs and larger companies and enter the global market
Others		Job creation through foreign investment attraction	Job creation reflecting the demand of domestic corporations

#### Number of Selections for Each Social Value Creation Area

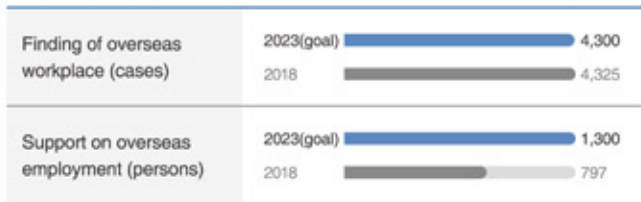
Areas for social value creation	Number of selections	Rank	Weight (%)
Enhancing competitiveness of shared growth companies	377	1	11.8
Cooperating with SMEs and larger companies and enter the global market	375	2	11.8
Job creation reflecting the demand of domestic corporations	347	3	10.9
Job creation through foreign investment attraction	338	4	10.6
Support growth of partner companies	317	5	9.9
Support employment and start-up in overseas	307	6	9.6
Trade promotion and shared growth of emerging countries	287	7	9.0
Enhancing support of social enterprises	239	8	7.5
Nurturing vulnerable social group	199	9	6.2
CSR programs for build business ecosystem	198	10	6.2
Corporation and art collaboration to create jobs for artists	107	11	3.4
Strengthening competency for promoting company-wide CSR promotion	97	12	3.0

### Social Value Score Card

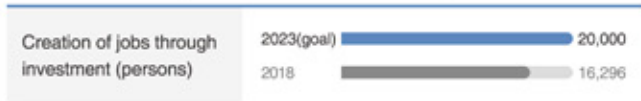
KOTRA manages objectives and outcomes of social value tasks systematically in order to accomplish economic and social values. Representative social value objectives are as presented below.

- Promoting creation of jobs

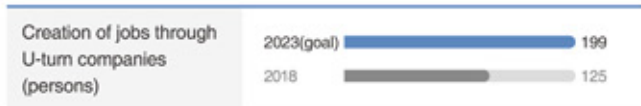
#### Increased support on overseas employment and start-up



#### Attraction of foreign investment focused on jobs

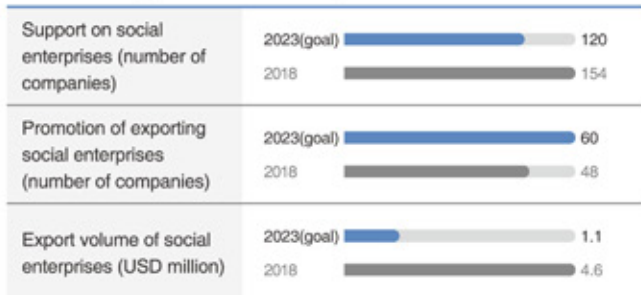


#### Finding of private jobs based on the needs of companies



- Expanding support on socially disadvantaged

#### Increased support on social enterprises



#### Fostering and employment support on multicultural trade workers



- Realization of inclusive cooperation

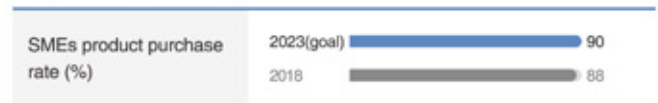
#### Overseas entry with small, medium and large companies



#### Increased capability of shared growth companies

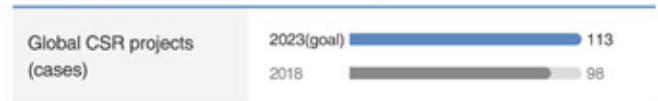


#### Support on growth of partners



- Leading social contribution activities globally

#### CSR projects to build business ecosystem



#### Reinforcement of capability to promote CSR



# Fair and Innovative Trade Support

Support on Global Competitiveness of SMEs .....	28
Support Export of SMEs .....	32
Supporting Overseas Entry of Domestic Companies .....	36
Attraction of Foreign Investment and Follow-up Management .....	40
Sustainable Creation of Jobs .....	44



# 01

## Support on Global Competitiveness of SMEs

### WHY

Why is This Topic Important?

After the financial crisis, there are many changes in the global trade market. The conditions of world trade are worsening due to industrial protectionism of major countries around the world, and securing new growth engines has become an important issue of the 4th industrial revolution. In order to secure a stable basis for export of Korea in the changing global trade market and lead sustainable growth of export, it would be necessary to improve the export structure that is focused too much on large companies and expand the national base by increasing the number of SMEs. In addition, it has become ever more important to diversify items and nations of export by pioneering new markets and secure new growth engines to prepare for the future.

### HOW

What is Our Approach?

KOTRA turns domestic companies into export companies through support projects such as export capability reinforcement, overseas marketing support and finding of buyers. It also helps existing export companies to continue exporting. Also, KOTRA seeks to diversify the export market by identifying new opportunities in each market and promoting strategic projects in each region.

### EVALUATION

How is Performance Managed?

**Finding of new markets for SMEs**  
(Unit: case)



Increased by

**335** cases

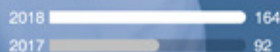
**Number of regional clients**  
(Unit: company)



Increased by

**862** companies

**Globalization of start-ups**  
(Unit: company)



Increased by

**72** cases

# Fostering New Export Companies



Global market entry strategy seminar

Number of companies that successfully turned into export companies

Success rate compared to previous year ▲ 11%p (3,000 companies) **1,333** companies

Number of innovative startups that were successfully globalized

Compared to previous year ▲ 78% **164** companies

## Turning Domestic Companies into Export Companies

KOTRA is a national infrastructure agency that supports export of Korea, placing efforts to overcome limitations of the export structure and expand the national export base. Especially, KOTRA promotes businesses like export mentoring, overseas marketing support and export initiation support in order to help excellent SMEs in the domestic market become export companies. After they successfully start exporting, KOTRA offers a variety of follow-up support services so they can continue exportation.

### Promotion of Export Mentoring Business

For successful exportation of domestic companies, it is important to provide stepwise and customized support that takes care of the entire business process instead of one-time support. Accordingly, KOTRA promotes the export mentoring business, which offers close support of the overall export process by pairing up retired trade experts with companies.

#### Stepwise and Customized Support Through Export Mentoring Business



### Prevention of Export Suspension of SMEs and Support of Retrial

Preventing export suspension of companies that newly started exporting is as important as supporting entry of new companies into overseas markets. Based on statistical data, about 25,000 companies stopped exporting in 2017. In particular, 66.9% of companies that just began to export end up suspending their export business within 2 years. Therefore, KOTRA helps Korean companies promote continual export by expanding its preemptive support to prevent export suspension through follow-up mentoring and finding of buyers. Moreover, KOTRA expands opportunities for domestic companies to participate in overseas marketing businesses such as trade missions, jisawha service and regional specialization.

### Support of Globalization of Innovative Startups

Various technical cooperation businesses are being developed and promoted as there is increasing worldwide interest in and demand for open innovation. Accordingly, KOTRA perceives such global trend as an opportunity for growth of domestic startups. It develops startup incubating programs with global companies in the fields of innovation such as health care, communication, fintech and artificial intelligence so that Korean startups can participate. For example, KOTRA is jointly developing and operating a startup accelerating program with Bayer, a global life science company, and providing chances for global networking and overseas expansion to Korean startup companies. In addition, KOTRA supports globalization of Korean startups by utilizing crowdfunding and overseas conferences. Local startups are supported by 20 new business centers in the startup bases.

<b>Best Practice</b> Atrial fibrillation measuring device of Company S	Successful globalization after the KOTRA-Bayer startup incubating program • Attracted investment of USD 60,000 using 13 domestic and overseas references • Commenced a clinical trial with the three major heart transplant research institutes of the world
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## Diversification of Export Market

### Promotion of Strategic Businesses Based on Characteristics of Overseas Markets

A strategic approach to new markets is required to increase competitiveness of our companies and expand the foundation for export in the global economic market where various opportunities and risks coexist. KOTRA promotes businesses optimized for characteristics of each region by classifying overseas markets into strategic markets, mainstream markets and future markets and analyzing each market.

#### Analyzing Market Opportunity and Business Direction

	New southern strategic markets	New northern strategic markets	Mainstream markets	Future markets
Region	<ul style="list-style-type: none"> <li>• ASEAN</li> <li>• Southwest Asia</li> </ul>	<ul style="list-style-type: none"> <li>• CIS</li> </ul>	<ul style="list-style-type: none"> <li>• North America</li> <li>• China</li> <li>• Europe</li> <li>• Japan</li> </ul>	<ul style="list-style-type: none"> <li>• Africa</li> <li>• Middle East</li> <li>• Central and South America</li> </ul>
Opportunity	<ul style="list-style-type: none"> <li>• Increase of middle class and spreading of Korean culture</li> <li>• Increase of demand for industrial advancement</li> </ul>	<ul style="list-style-type: none"> <li>• Demand for far east development</li> <li>• Long-term anti-Russia sanctions</li> </ul>	<ul style="list-style-type: none"> <li>• Increase of demand for cooperation on advanced technologies</li> <li>• New consumer market trend</li> </ul>	<ul style="list-style-type: none"> <li>• Increase of demand for industrial diversification</li> <li>• Rise of new demand for public health, etc.</li> </ul>
Business direction	<ul style="list-style-type: none"> <li>• Utilizing popularity of Korean culture</li> <li>• Entry into global value chain</li> </ul>	<ul style="list-style-type: none"> <li>• Project</li> <li>• Niche market entry</li> </ul>	<ul style="list-style-type: none"> <li>• Technical cooperation</li> <li>• Support export of consumer goods corporations</li> </ul>	<ul style="list-style-type: none"> <li>• Domination of new demand</li> </ul>
Program	<ul style="list-style-type: none"> <li>• International Premium Consumer Goods Fair</li> <li>• Korea contents conference</li> <li>• Koran franchise cluster development project</li> </ul>	<ul style="list-style-type: none"> <li>• Project order conference</li> <li>• Agricultural cooperation plaza</li> </ul>	<ul style="list-style-type: none"> <li>• New advanced industry exhibition and conference</li> <li>• Global parts supply conference</li> <li>• Technical cooperation conference, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Project plaza</li> <li>• Consumer goods conference</li> <li>• Road show, export conference</li> <li>• Trade mission</li> </ul>
Number of new markets found	<p><b>694 cases</b></p> <p>Increased by 18.6% compared to previous year</p>	<p><b>179 cases</b></p> <p>Increased by 9.8% compared to previous year</p>	<p><b>1,287 cases</b></p> <p>Increased by 15.0% compared to previous year</p>	<p><b>2,709 cases</b></p> <p>Increased by 14.1% compared to previous year</p>

Buyer information turned into core assets

**380,000 cases**

Number of times the big-bot used by external customers

Compared to previous year ▲76.1%

**14,235 cases**

### Formation of Basis to Find New Markets

KOTRA has accumulated information and know-how for 55 years. KOTRA provides big data consulting services including comprehensive trade investment data analysis using the big-bot, overseas expansion capability analysis, recommendation of promising markets and support business guidance to SMEs that desire to start exporting. In addition, KOTRA is creating a big data platform to effectively deliver information about overseas markets based on the analysis of trade investment big data to customers. Big Data Team comprised of big data experts and data design experts was formed to work on the platform. KOTRA will continue to provide customized market information for customers in real time, accumulate information and improve its services. Furthermore, KOTRA assists SMEs to find new markets through global marketing businesses such as conferences, exhibitions and trade missions.



# Provision of Services Recognized by Citizens

Free consulting

Compared to previous year ▲21.4% **34,965** cases

Outcome of operating open business centers

Compared to previous year ▲28.7% **233** cases

WTO Awards 2018



**Ecosystem Innovation Award**

Commendation from the Minister of Public Administration and Security



**Excellent open innovation**

## Support of Export of Regional SMEs

KOTRA has expanded regional support infrastructures for regional companies that are relatively difficult to access export support services compared to the capital area. The number of regional support centers was increased from 11 to 12 by establishing KOTRA Support Center, Northern Gyeonggi. The number of workers at support centers was also increased from 50 to 80 persons. In addition, KOTRA increased the effectiveness of businesses by extensively adding specialized regional businesses. As a result, 1,856 regional companies were successfully turned into new exporter in 2018 and 1,938 new markets were found.

## Reinforcement of Free Support Services

As the demand of SMEs for overseas markets is increasing through internal and external collaborations and free consulting, KOTRA has expanded its consulting channel that used to be focused on online consulting to e-mail, phone and visit. A customer reception manual was prepared to increase quality of consulting by standardizing the scope of services and response know-how. Consulting was substantialized by appointing customer reception officers of each department. Quality of free consulting is being increased by implementing satisfaction assessment. KBCs of KOTRA are opened as office space for SMEs as they have difficulty finding office space during overseas business trips.

### Opening of KBCs for SMEs



## Support of Overseas Market Entry of Social Enterprises

KOTRA places efforts to support social enterprises, cooperatives, community businesses, self-support companies and social ventures. Social enterprises are classified into domestic companies, new companies and export companies according to their global capabilities to provide customized package services. KOTRA helps overseas expansion of social enterprises by providing selective services like export conferences, overseas electronic commerce platforms, etc. On the one hand, KOTRA was acknowledged for the excellence of the open platform ecosystem in the export voucher business, which allowed for easy entry of the public service market by private companies by gathering overseas expansion services of various institutions in a single online platform. KOTRA received the Ecosystem Innovation Award from the International Trade Center (ITC) in October 2018 and a commendation from the Minister of Public Administration and Security in July 2018.

# 02

## Support Export of SMEs

### WHY

Why is This Topic Important?

The Republic of Korea is an export-driven nation that is ranked 6th in the world for export, despite the fact that it is ranked 107th for national territory and 27th for population. However, conglomerates that only account for 0.9% of all export companies are taking up 66.3% of export volume. In addition, the 5-year survival rate of small companies with export volume below USD 100,000 is only 4.9% and needs to be improved. In nations with an export-driven economic structure like Korea, quantitative expansion of export volume through SMEs can have significant influence on national economy. In particular, overseas entry of SMEs must be revitalized in order to overcome stagnation of the domestic economy.

### HOW

What is Our Approach?

KOTRA tries to expand export scale of SMEs in Korea by providing customized services and discovering promising fields. Stepwise projects to foster SMEs through the growth ladder reinforce our support on SMEs, and we improve the outcome of export support by taking a strategic approach to promising industries. Especially, KOTRA contributes to the finding of new export growth engines of Korea by focusing on ICT projects and innovation fields.

### EVALUATION

How is Performance Managed?

**Outcome of customized services**  
(Unit: USD million)



Increased by

USD **1,785** million

**Outcome of overseas entry with SMEs and large companies**  
(Unit: USD million)



Increased by

USD **22** million

**Supporting ICT export**  
(Unit: USD million)



Increased by

USD **17** million

## Support of Growth Ladder in Each Stage of Export Capability

SMEs of Korea have different needs according to their growth stage. Therefore, it would be important to provide customized services based on the growth stage and capability of each company instead of offering the same services. KOTRA promotes a global growth ladder business that divides small, medium and mid-sized companies into export capability stages for sustained growths.



### Reinforcement of Export Capability of Domestic and New Export Companies

KOTRA understands that domestic and new export companies have difficulty promoting overseas businesses due to the lack of capability and human resources. We offer active support to handle these issues. First off, companies that lack digital capability are supported to increase their capability for new commercial transaction methods by conducting digital marketing education using Amazon and Facebook. KOTRA also helps global market entry of domestic and new export companies by reinforcing customized education on each market and capability. In addition, various programs such as periodic seminars at regional support centers and visiting academy are developed to help reinforce capability of regional companies.

Number of small giants and mid-sized companies supported

Compared to previous year ▲35% **283** companies

Outcomes of small giants and mid-sized companies support

Compared to previous year ▲72% **USD 6,860** million

Export volume per small giant or mid-sized company supported

Compared to previous year ▲26% **USD 24** million

**Best Practice**

Webcam screen of company S  
Achieved no. 1 sales in the webcam category on Amazon US after participating in the digital marketing education business of KOTRA

Smart globe of company C  
Sold USD 73,000 of globes as children's gifts for the Christmas season after entering Amazon

### Expansion of Mid-Sized Export Company Fostering Business

KOTRA develops and promotes various programs for quantitative increase and qualitative growth of mid-sized companies. World-Class Product Show is a representative business that conducts export conferences specialized in small giants and mid-sized companies. KOTRA offers support programs that accommodate for individual needs of each customer through customized businesses for small giants and mid-sized companies. Especially, KOTRA accomplished export volume of USD 1.5 billion in 2018 through an overseas marketing support program, which is the one and only marketing support program for mid-sized companies in Korea intended to facilitate globalization of mid-sized companies.

Number of companies participating in the jisawha service

Compared to previous year ▲38% **4,828** companies

Customer satisfaction score on happy calls during the jisawha service

Compared to previous year ▲3.1 points **93.8** points

### Optimization of the Integrated Jisawha Service for Private and Public Sectors

The jisawha service is a customized support business where local workers of KOTRA function as overseas branches of SMEs. As the demand of companies for the jisawha service of KOTRA has been increasing lately, KOTRA expanded its service by conducting collaboration survey, collecting opinions from participants for optimization, and applying the optimized business to services. In particular, the conventional operation method was improved through optimization to increase convenience of the participant recruitment procedure and the number of regions supported by the business.

#### Improvement of Operation Through Optimization of the Jisawha Service

	Previous	Revised
Recruitment procedure	About 2 months per term	 Advancement of the system by shortening the assessment period to 1 month
Frequency of recruitment	Non-periodic recruitment, 3 times a year	 Extensively expanded opportunities through 5 periodic recruitments
Available regions	Limited to 5 regions at most	 Expanded to 8 regions (up to 12) to provide diverse market opportunities

## Finding New Growth Engine

### Finding and Fostering Promising Fields of Innovative Growth

The existing industrial boundaries are collapsing due to the acceleration of digital revolution with big data, artificial intelligence and the Internet of Things. The industrial paradigm is shifting to convergence technologies. In the midst of rapidly-changing industrial structure, KOTRA has established a business promotion road map in 13 areas by combining external assessment and internal assessment to find new growth engines and reinforce export competitiveness. These are the efforts to find and foster promising fields of innovative growth.



KOREA-ICT startup meeting

### Reinforced Support of Service Leading Companies

KOTRA is increasing the effectiveness of its businesses by expanding the scope of the leading company support business, which was focused on the manufacturing industry in the past, to startups and promising services. KOTRA expanded its base for overseas expansion services and helps our companies with professional marketing programs such as forums, exhibitions and conferences. KOTRA also finds creative overseas business models and provides close support to launch services in overseas. On the one hand, KOTRA hosts Hallyu Expo in different nations to help Korean companies benefit from the popularity of Korean culture.

### Intensive Support of ICT Projects and Innovation Fields

KOTRA reinforces intergovernmental cooperation for successful overseas expansion of Korean companies in the fields of ICT such as smart city and supports ICT projects by creating large, medium and small cooperation consortiums. Furthermore, overseas IT support centers were turned into open space to revitalize exchanges among different industries. In addition, KOTRA makes various efforts to revitalize overseas expansion of companies in promising fields. In the biomedical field, KOTRA supports global market entry of startups by creating a technical partnering channel with world-class companies such as Pfizer (pharmaceuticals) and Medtronic (medical devices). Globalization of SMEs in the biomedical field is supported by reinforcing collaborations at home and abroad. KOTRA has shown visible results like opening of new markets, increased export volume and new export companies by supporting our companies in a variety of fields including smart city, innovative consumer goods, etc. In 2018, KOTRA accomplished USD 6.86 million of export in the fields of service, biomedicine and ICT new growth.

Successful contracting through consortiums



#### Vietnam (Hanoi)

Smart lighting control system based on IoT (USD 6 million)



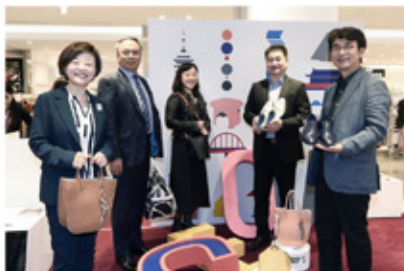
#### Laos (Vientiane)

Construction of intelligent CCTV control solutions (USD 1.5 million)

# Securing Export Competitiveness Through Win-Win Marketing

Outcome of supporting export of automobile and shipbuilding industries

Compared to previous year ▲28% **USD 353 million**



Pop-up stores of social enterprises selling bags and shoes

## Support of Industries Facing Crisis

Poor performance of the major fields of export in Korea such as automobile and shipbuilding can lead to worsening of employment, stagnation of regional economy and crisis of SMEs. Accordingly, KOTRA resolves difficulties of SMEs in regions and industries that are facing crisis such as automobile (Gunsan) and shipbuilding (Busan, Gyeongsangnam-do) by expanding the customized support business for them. KOTRA examined the needs of these industries and local governments by analyzing actual conditions in order to restore vitality of regional economy. Based on the actual condition survey results, KOTRA expands and promotes businesses to support industries facing crisis by finding global demand, reinforcing corporate matching and promoting marketing businesses.

## Spreading of Win-Win Cooperation and Joint Expansion Model

KOTRA promoted joint overseas expansion businesses by collaborating with large companies, public power generation corporations and global companies of Korea with an intent to support partners and subcontractors experiencing difficulties in business management due to economic downturn at home and abroad. The number of contracts signed was 215 and the amount was USD 200 million in 2018.

### Stepwise and Customized Support Through Export Mentoring Business

Target of collaboration	Industrial field	Participants	Support of KOTRA	Support of collaborating companies
Large distribution companies	Consumer goods	<ul style="list-style-type: none"> <li>• Lotte</li> <li>• Hyundai</li> <li>• CJ</li> <li>• GS Home Shopping</li> <li>• SK</li> <li>• E-mart</li> </ul>	<ul style="list-style-type: none"> <li>• Finding of powerful consumer goods vendors in Southeast Asia</li> <li>• Invitation of vendors to local online and offline sales promotions and conferences</li> <li>• Finding of excellent SMEs and support of overseas expansion of large distribution companies</li> </ul>	<ul style="list-style-type: none"> <li>• Export of partners using MD of local subsidiaries of large companies</li> <li>• Support of entry into local online platforms and online sales promotion for SMEs</li> </ul>
Public power generation corporations	Power material	<ul style="list-style-type: none"> <li>• KEPCO</li> <li>• Korea South-East, Southern and Western Power</li> </ul>	<ul style="list-style-type: none"> <li>• Collection of information about overseas markets and finding of inquiries</li> <li>• Export mentoring for partners using retired workers of KOTRA</li> <li>• Dispatch of trade missions to Seoul International Electric Fair, Japan, Europe and Southeast Asia</li> </ul>	<ul style="list-style-type: none"> <li>• Recruitment of partners like KEPCO and Korea South-East Power and support of business budget</li> <li>• Finding of KOTRA inquiries and support of partner matching</li> <li>• Education of partners on essential export certifications (AEO, KNPC, etc.)</li> </ul>
Global companies	Automobile parts	<ul style="list-style-type: none"> <li>• HKMC</li> <li>• GM Korea</li> </ul>	<ul style="list-style-type: none"> <li>• Hosting of conferences with purchase departments of global companies at the site</li> <li>• Finding of plant facility upgrade projects with local OEMs</li> <li>• Planning and execution of SMEs cooperation booth at GTT exhibition conference</li> </ul>	<ul style="list-style-type: none"> <li>• Increase of competitiveness through overseas marketing know-how and quality certification</li> <li>• Introduction of partners to local OEMs</li> </ul>

### Best Practice

Support of social enterprises by a famous American designer through 'total mentoring'

Exclusive mentoring of 4 social enterprises making shoes and bags by a famous American designer

>>> Reinforcement of global capability and support of market entry of social enterprises



# 03

## Supporting Overseas Entry of Domestic Companies

### WHY

Why is This Topic Important?

For successful overseas entry and localization of SMEs, it is essential for the nation to create amicable economic environment and atmosphere for our companies. In particular, since diplomatic problems can act as opportunities and risks for companies at the same time, active support policies need to be promoted to increase positive influence and reduce negative influence. In addition, it is important to resolve difficulties of SMEs and improve the outcome of overseas entry by implementing various programs, as SMEs lack human and material resources compared to large companies.

### HOW

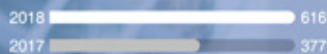
What is Our Approach?

In order to create amicable economic environment for domestic companies, KOTRA places efforts to help successful overseas entry of SMEs by creating an economic diplomacy platform and diversifying economic diplomacy programs. Also, KOTRA establishes collaboration systems and responds to global issues in connection with experts and relevant agencies to support overseas entry and difficulties of Korean companies. There are efforts to resolve delay of projects by diversifying the project market expanding the domain through investment projects. KOTRA will faithfully function as a global business partner of Korea by creating fine business environment for domestic companies and settling any difficulties.

### EVALUATION

How is Performance Managed?

**Established overseas offices**  
(Unit: Cases)



Increased by

239 cases

**Outcome of new southern and new northern projects**  
(Unit: USD million)



Increased by

USD 316.1 million

**Successful uses of FTA**  
(Unit: Cases)



Increased by

89 cases



# Support of Overseas Expansion of Korean Companies

## Outcome of supporting overseas investment

Compared to previous year ▲63.4%

**616** companies

## Outcome of supporting new southern and new northern projects

### Increased order volume



2017: 4 orders USD 17.1 million  
2018: 8 orders USD 333.2 million

### First exportation of defense materials to 3 Baltic states

## Online consulting by global regional experts

Compared to previous year ▲76.9%

**566** cases

## Increased Support of Overseas Investment

KOTRA provides various services to help successful overseas investment our companies. M&A Information Newsletter is sent out to deliver lively investment information to companies that have needs for overseas investment. KOTRA hosts quarterly investment seminars for financial investors. In addition, KOTRA is operating Korean investment company support centers at 21 KBCs in 14 nations to support business activities of our companies that have already entered overseas markets.

## Diversified Methods of Overseas Expansion

The project market must be expanded in order to increase project orders and improve performance. Accordingly, KOTRA has diversified existing projects focused on the Middle Eastern market to new southern and new northern markets. We help our companies get project orders by expanding the scope of subcontracting projects to investment development (PPP) projects. In addition, KOTRA creates new contracts by closely supporting administrative procedures and early implementation stage of export contracts between nations. Project outcome is improved by providing detailed support including follow-up management.

## Support of Difficulties in Overseas Expansion

KOTRA helps SMEs experiencing difficulties in overseas expansion through external expert consulting businesses, support businesses responding to each issue, and management consulting support businesses. Especially, management consulting support businesses contribute to stable localization of our companies by settling various problems that arise in different fields such as bottleneck, labor, safety and intellectual property rights with experts. KOTRA builds a collaboration system with relevant companies to cope with international issues like the US-China trade war and sanctions against Iran, examines current status of SMEs in such regions, and operates support programs to resolve issues faced by our companies.

## Tackling Global Issues to Support Overseas Expansion

Global issue	Response system	Details of support
US-China trade war	Formation of a US-China trade war inspection team	<ul style="list-style-type: none"> <li>Counseling on troubles of companies, focused on tariff rate</li> </ul>
Sanctions against Iran	Operation of an emergency response team in Iran	<ul style="list-style-type: none"> <li>Investigation and counseling of companies that suffered from accounts receivable (1,264 cases)</li> <li>Hosting of seminars in Seoul and major regional cities (13 times)</li> <li>Sending of weekly letters (43 times to 954 companies)</li> </ul>
Effectuation of GDPR by EU	Formation of a response system centered on IT experts	<ul style="list-style-type: none"> <li>Investigation and counseling of companies that suffered from accounts receivable (1,264 cases)</li> <li>Hosting of seminars in Seoul and major regional cities (13 times)</li> <li>Sending of weekly letters (43 times to 954 companies)</li> </ul>
Brexit	Formation of monitoring and response teams	<ul style="list-style-type: none"> <li>Production of local trend information</li> <li>Operation of a Brexit response support desk</li> </ul>

### Best Practice

Investigation of damages related to intellectual property rights and on-site crackdown

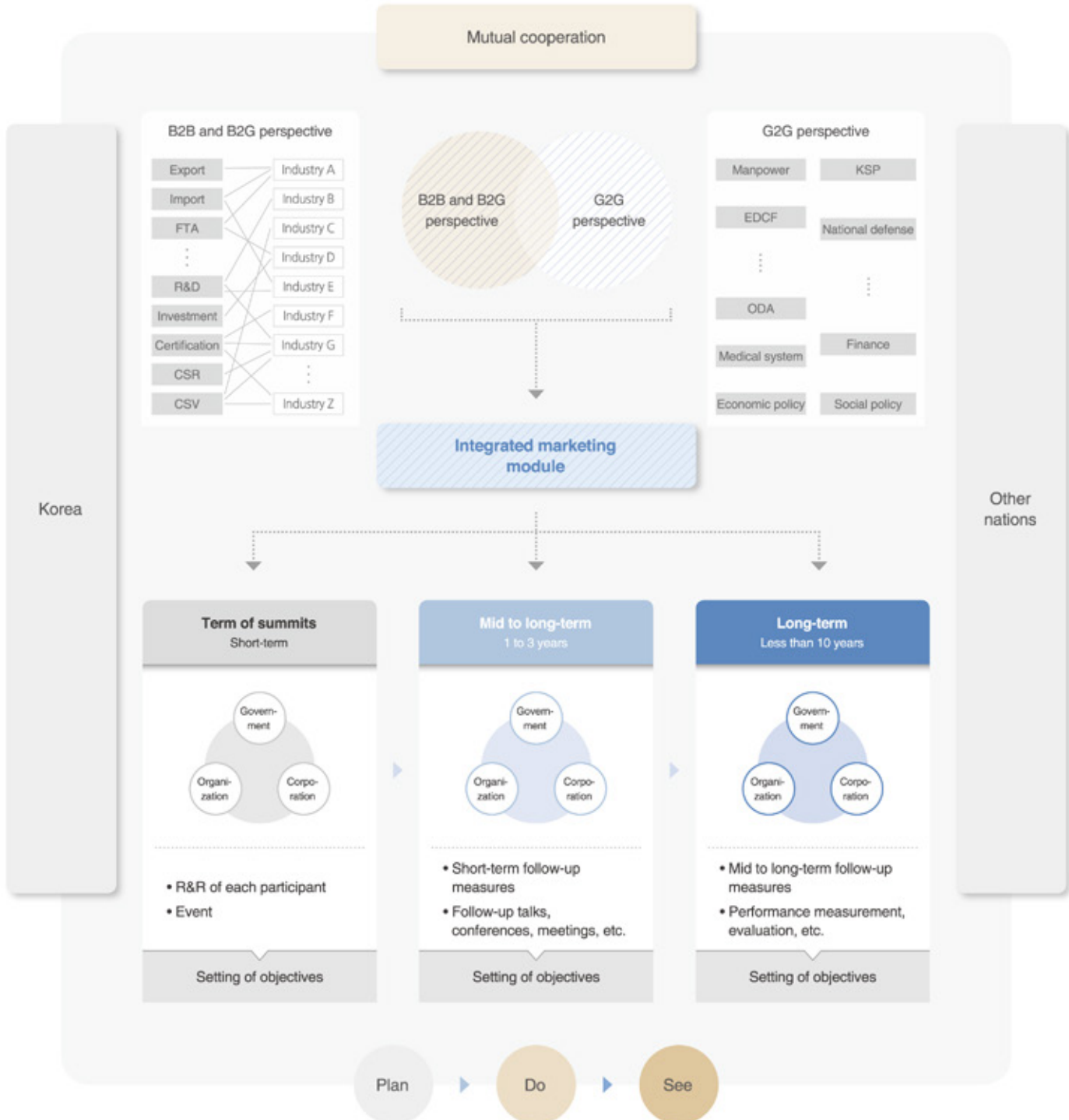
Protection of intellectual property rights of our companies by investigating MUMUSO (a consumer goods distribution company that utilizes the popularity of Hallyu culture) and on-site crackdown



# Creation of Amicable Expansion Environment

KOTRA operates global win-win economic cooperation K-package, a cooperation package model linked to the new commercial order. Global win-win cooperation K-package is a model that derives the fields of cooperation by investigating the demand in both nations, examining the necessity and objective of cooperation and the demand of governments, institutions and companies, and analyzing agenda with the target nations.

Global Win-Win Cooperation K-Package System





Follow-up performance of economic diplomacy programs

89 cases of  
62 companies **USD 244 million**

Examples of successful use of FTA

Contracts: 78 cases  
Settlement of troubles: 56 cases **134 cases**

FTA utilization rate

Export **73.5%**  
Import **75.3%**

## Increased Sharing of Global Expansion Information

### Creation of an Economic and Diplomacy Platform

Instead of conducting one-sided diplomacy, KOTRA establishes global win-win cooperation strategies reflecting import and export demands of both nations in promoting various economic cooperation programs. In addition, KOTRA reinforces global competitiveness by expanding participation of regional companies and socially vulnerable companies in the developed economic diplomacy programs. Furthermore, KOTRA assigns an exclusive part manager (PM) to companies participating in the economic diplomacy programs to continue creating follow-up results instead of one-time outcome. Situations after participation in the program are managed and supported as well.

### Enhanced Performance Using the FTA

KOTRA expanded 11 FTA support centers in 4 nations to 13 centers in 6 nations to help our companies fully utilize FTA in overseas. We also support our companies so they can actively benefit from the FTA through FTA-related marketing businesses such as FTA manual, exhibition and consulting of FTA promising companies and FTA public relations consulting. KOTRA helps our companies show better performance by promoting commerce-based collaboration businesses\*.

### Reinforcement of the Information Production System

KOTRA is reinforcing the information production system by reflecting opinions of parties that demand information. We convene Information Investigation and Review Committee with external experts to establish a demand-based information planning procedure and reflect the demand of customers on evaluation. In addition, KOTRA attempts to take suggestions of customers via an open submission system and online forum. In the evaluation stage, KOTRA invites external experts to participate and also utilizes online customer survey results. In 2018, 404 customers participated in the survey.

#### Efforts to Improve the Information Production System



### Expansion of the Information Sharing Base

KOTRA strives to build open DB for companies to share and reprocess information more easily. IN the case of information with high demand like overseas market entry information, KOTRA expands the information sharing base by establishing open API\*\*. In addition, KOTRA shared overseas market information on private portal websites 62 times, which recorded 4.95 million cumulative views.

\*Commerce-based collaboration businesses: Refer to businesses that reinforce economic cooperation with emerging nations for the purpose of resolving current commerce issues between two nations

\*\*Open API (Application Programming Interface): A program that externally shares a data platform so that users can process data and develop services

# 04

## Attraction of Foreign Investment and Follow-up Management

### WHY

Why is This Topic Important?

Strategic investment attraction activities have become ever more important due to fierce global competition for investment attraction caused by the abolition of investment regulations in emerging nations and U-turn policies\* of developed nations. With the 4th industrial revolution, nations are competing to get hold of next-generation technologies. This gradually intensifies investment attraction activities of each nation to secure new technologies. To attract investment and improve outcome in the global market becoming increasingly fierce, it is important to come up with mid to long-term strategies and provide optimal business environment for foreign investment companies.

\*U-turn policy: A policy to return domestic companies that entered overseas back to the domestic market

### HOW

What is Our Approach?

KOTRA is attempting to attract foreign investment by forming a comprehensive investment support platform and creating business-friendly investment environment. It conducts investment activities appropriate for industries by monitoring economic situation of key industrial areas at all times. The outcome of investment attraction is improved by establishing investment attraction strategies for each of 8 innovative growth industries. KOTRA also contributes to the balanced national development by reinforcing its support on investment attraction in non-capital areas.

### EVALUATION

How is Performance Managed?

**Investment attraction**  
(Unit: USD billion)



Increased by

USD **3.95** billion

**Contract investment attraction projects**  
(Unit: cases)



Increased by

**136** cases

**Number of grievances of foreign investment companies handled**  
(Unit: cases)



Increased by

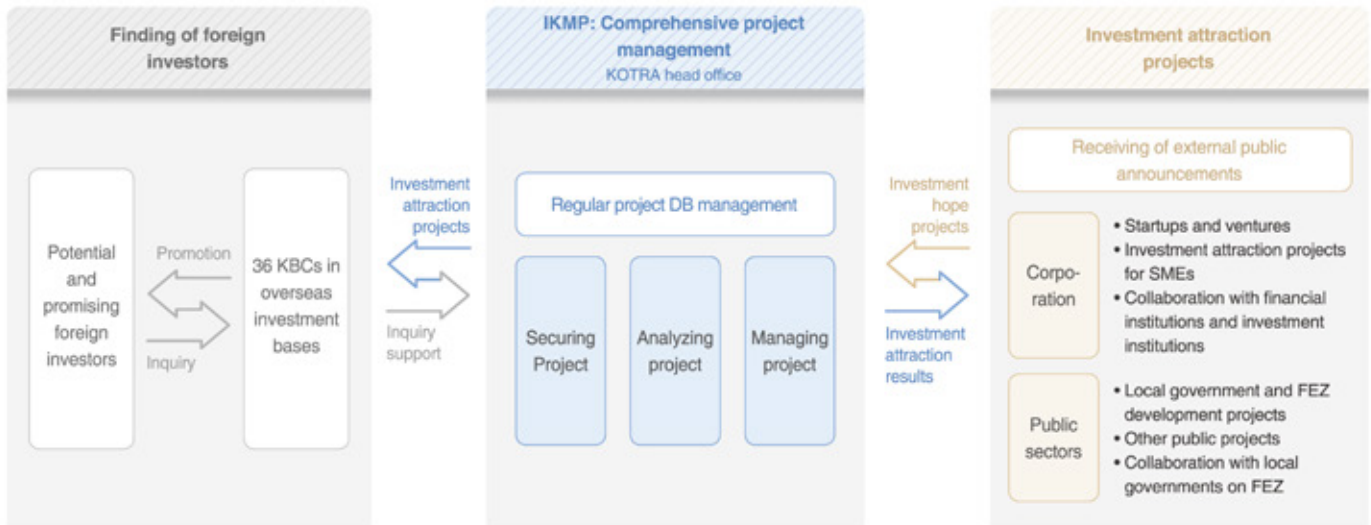
**12** cases

# Attraction of Investment Contributing to National Economy

## Attraction of Investment for Startups and SMEs

The demand of our companies for global capital growth is increasing with the increase of domestic startups and SMEs trying to enter overseas markets. Accordingly, KOTRA helps our companies attract global capital by creating a comprehensive investment attraction support platform optimized for startups and SMEs called IKMP (Invest KOREA Market Place). IKMP is the nation's best comprehensive foreign investment attraction support platform for startups and small, medium and mid-sized companies. This platform provides various services including matching of foreign investors, IR on foreign investment attraction, negotiation support and follow-up management. In addition, KOTRA creates foreign investment attraction funds for newly rising industries to help domestic companies attract foreign investment and enter the global market.

### IKMP Platform System



### Number of projects in non-capital areas

Compared to previous year ▲52.5% **61 cases**

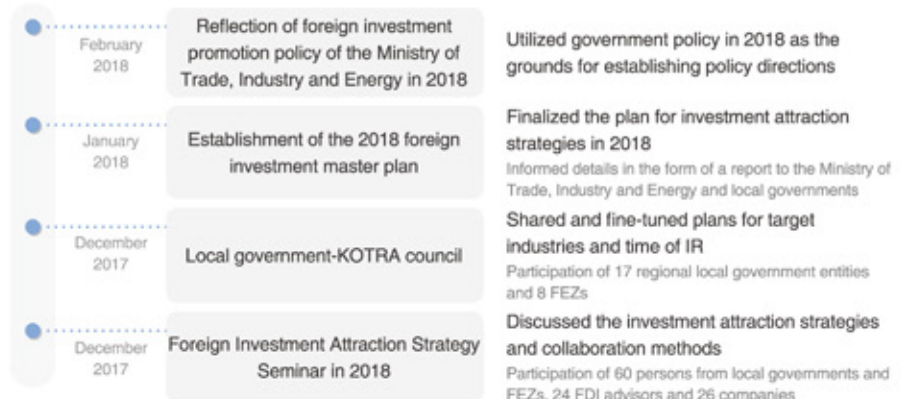
### Amount of investment contracts in non-capital areas (excluding Jeju Province)

Compared to previous year ▲6.5 points **USD 5.55 billion**

## Increased Support of Investment Attraction in Non-Capital Areas

KOTRA contributes to the balanced national development by supporting regional investment attraction in non-capital areas. KOTRA established the 2018 foreign investment master plan in collaboration with local governments and FEZs (Free Economic Zones) to reinforce investment attraction in non-capital areas. Through strategic investment attraction connected with key industries of each local government, KOTRA attracted investment of USD 5.55 billion in 2018.

### Establishment of 2018 Foreign Investment Master Plan for Local Government-KOTRA



# Revitalization of Investment Attraction to Create Growth Engines

Outcome of investment attraction in the key industries

Compared to previous year ▲51.3% **USD 2.92 billion**

## New growth industries

Targeted 454 companies and signed contract with 27 companies **USD 1.75 billion**

## R&D centers

Targeted 156 companies and signed 19 contracts **USD 0.227 billion**





## Investment Attraction for Advancement of Key Industries

KOTRA monitors key export industries of Korea at all times and promotes investment attraction activities appropriate for industrial conditions. In the case of industries in good conditions such as semiconductor, display and secondary cell, KOTRA creates values for Korea and investment companies by attracting greenfield investment\* and R&D investment. In the case of industries in poor conditions such as common machineries and automobile parts, KOTRA helps domestic companies increase their competitiveness by attracting M&A investment.

## Investment Attraction Responding to Environmental Changes

KOTRA makes efforts to maintain the trend of increasing investment through continual monitoring. In December 2017, EU (European Union) categorized Korea as a non-cooperative nation because the Korean government offers tax benefits to foreign companies that invest in foreign investment areas and FEZs. This corresponds to a discrimination among domestic and foreign companies or residents and non-residents, which can lead to tax avoidance. Accordingly, KOTRA recovered the status of a cooperative nation by increasing and reorganizing cash incentives instead of abolishing the corporate tax reduction system for foreign investment companies. KOTRA also maintained the bases for investment attraction.

## Improvement of the Cash Incentive System

	Previous	Revised
Budget	Annual incentive of KRW 6 billion	 Annual incentive of KRW 50 billion
Target	<ul style="list-style-type: none"> <li>• New growth technologies in 11 fields</li> <li>• R&amp;D of source technologies in the stage prior to commercialization</li> </ul>	 <ul style="list-style-type: none"> <li>Total of 35 fields</li> <li>Added domestic technologies that need to be transferred</li> <li>R&amp;D of source technologies, advanced products and applied materials prior to commercialization</li> </ul>
Support criteria	<ul style="list-style-type: none"> <li>Share of national expense: 60%</li> <li>Share of regional expense: 40%</li> </ul>	 <ul style="list-style-type: none"> <li>Increased the share of national expense to 80% and reduced the share of regional expense to 20% in consideration of the financial burden of non-capital areas</li> </ul>
Follow-up management	The Ministry of Trade, Industry and Energy and 1 exclusive employee of KOTRA	 <ul style="list-style-type: none"> <li>Opening of Foreign Investment Cash Support Center by the Ministry of Trade, Industry and Energy and KOTRA</li> <li>3 exclusive employees of KOTRA</li> </ul>

## Strategic Investment Attraction for New Growth Industries

KOTRA is reinforcing strategic investment attraction activities to open up future markets and secure global competitive advantage in the midst of fierce competition among nations to dominate next-generation technologies. KOTRA establishes investment attraction strategies for each of 8 innovative growth industries to attract investment in high value-added industries of the 4th industrial revolution and promotes target-based investment attraction activities. We increase the success rate of investment attraction by operating a close support system throughout the year by assigning exclusive PM to each target company. In addition, KOTRA contributes to the creation of an open innovative ecosystem by attracting investment in R&D centers and platform businesses.

\*Greenfield Investment: Investment which foreign investment creates a new physical facility and business site after purchasing land

Best Practice

Boeing, U.S.

**Establishment of a next-generation aerospace R&D center** USD 6 million, Seoul

- An R&D center in the field of 4th industrial revolution technologies (big data, AI-based autonomous flight, etc.) applied to the aerospace field
- Promotion of joint R&D to combine avionics technologies of Boeing with excellent IT of Korea
- Attracted investment in the R&D center by finding promising technical partners (17 companies total) in the fields of IoT and AR technologies in 2 years
- Planning to recruit about 150 engineers in 2018–2020, jointly develop technologies with technical startups of Korea, and also conduct equity investment



## Creation of Business-Friendly Investment Environment

Ease of doing business index of the World Bank

Top 5 in the world for 5 consecutive years

First place among G20

Increased volume of investment

Compared to previous year ▲68.5% **USD 14.03 billion**

For 3 consecutive years

Selected as a

Top Investment Promotion Agency

### Reinforced Follow-Up Support of Companies

The competition among nations to attract investment is intensifying with the active abolition of investment restrictions by emerging nations and U-turn policies of developed nations. Accordingly, KOTRA strives in various ways to collect grievances and troubles of foreign investment companies and create business-friendly environment. KOTRA communicates with foreign investment companies on a regular basis through diverse online and offline channels including newsletters and meetings for each job position, industrial field and region. Residential conditions are improved by supporting localization of lifestyle. In addition, KOTRA contributes to the growth of national economy by reinforcing the U-turn company support system and investment attraction activities targeting foreign investment companies.

#### Efforts to Revitalize Communication with Foreign Investment Companies

Category	Description
Interactive communication	<ul style="list-style-type: none"> <li>• Creation of an online communication channel that does not simply make announcements but also takes opinions from foreign investment companies</li> <li>• Support of prediction of legislative regulations through prior notice of bills</li> </ul>
Increased communication with high-ranking government officers	<ul style="list-style-type: none"> <li>• Support of high-ranking government officers and foreign investment companies to improve regulations and exchange opinions about suggestions by creating a new cooperation hot-line between ombudsmen and the Office for Government Policy Coordination</li> </ul>
Increased number of meetings	<ul style="list-style-type: none"> <li>• New meeting in the field of 3D printer and 11 meetings total</li> </ul>
Increased collaboration with local governments	<ul style="list-style-type: none"> <li>• Removal of grievance blind spots by revitalizing meetings with foreign investment companies in regions by reinforcing collaboration with local governments</li> </ul>

### Increased Promotion of National Investment Environment

KOTRA is operating a national investment attraction portal (Invest Korea) to publicize investment environment of Korea, actively appealing the charm of investment in Korea to global investors through various promotion channels and contents. Especially, KOTRA spread investment environment of Korea to the world in 2018 by hosting 'Foreign Investment Week of 2018' and inviting foreign press. KOTRA tries to publicize investment environment effectively through foreign press, investment ambassadors and cultural experience events for employees of foreign investment companies. KOTRA discovered 2,380 potential projects through its promotion activities in 2018.

# 05

## Sustainable Creation of Jobs

### WHY

Why is This Topic Important?

Social interest in job creation of the public sector is increasing as the unemployment rate increases with low growth and polarization. The new government is actively promoting a job creation policy. The 8th goal of Sustainable Development Goals (SDGs) is to promote sustained, inclusive and sustainable economic growth and full and productive employment. Major nations around the world are making efforts to create jobs by promoting various job-related policies. As such, sustainable job creation has now become an important economic and social issue of the entire world.

### HOW

What is Our Approach?

KOTRA came up with its unique job creation model to resolve the problem of increasing youth unemployment rate and discover high-quality jobs. Using this model, KOTRA contributes to the creation of high-quality global jobs through projects that utilize its characteristics and social value projects.

### EVALUATION

How is Performance Managed?

**Overseas employment**  
(Unit: persons)



Increased by

141 persons

**Creation of jobs through attraction of foreign investment**  
(Unit: persons)



Increased by

1,208 persons

**Creation of jobs by supporting U-turn companies**  
(Unit: persons)



Increased by

23 persons

## Job Creation of KOTRA

To become an agency that resolves economic and social issues like youth unemployment and creates jobs, KOTRA has come up with a systematic job creation model divided into unique job creation businesses of KOTRA and job creation businesses based on social values.

### KOTRA's Job Creation Model

Creation of jobs by utilizing characteristics of KOTRA	Direct job creation	<ul style="list-style-type: none"> <li>• Creation of global job infrastructures and expansion of related businesses</li> <li>• Survey on human resource demand and employment of export companies</li> <li>• Strategies to attract foreign investment companies that focus on employment</li> </ul>
	Indirect job creation	<ul style="list-style-type: none"> <li>• Contribution to increased employment through analysis of job creation effects of trade, investment and construction businesses</li> <li>• Creation of jobs through customized support of startup companies</li> <li>• Increase of jobs in the private sector through introduction of internal ventures</li> </ul>
Creation of jobs through attainment of social values	Corporation	<ul style="list-style-type: none"> <li>• Provision of jobs through matching of businesses and arts</li> <li>• Support of employment of SMEs by training multicultural trade workers</li> </ul>
	Public sector	<ul style="list-style-type: none"> <li>• Advanced support of overseas expansion of social enterprises</li> <li>• Reinforced competitiveness of partners and improvement of treatment</li> </ul>

## Job Creation Based on Core Capability of Agencies

Number of persons who found jobs overseas

Compared to previous year ▲21.5% **797** persons

Number of persons who found jobs with global companies

Compared to previous year ▲85.0% **209** persons

Presidential citation

Government reward for job creation



Government reward for job creation

### Support of Overseas Employment of Youths

More youths are looking for overseas employment due to increasing youth unemployment rate. KOTRA assists youths in finding jobs overseas by creating a collaboration system with companies and local governments and supporting the entire employment process from demand survey to settlement. Aiming to help 1,000 persons per year with overseas employment until 2020, KOTRA is expanding KBCs and exclusive workers to support overseas employment. We have selected promising industries and regions with high employment success rates such as Japan and Southeast Asia to promote employment support businesses specialized in each region and industry. In addition, KOTRA endeavors to provide follow-up support on youths by forming communities of overseas workers and conducting overseas employment mentoring businesses.

#### Best Practice

Global Young Challenger Program

- Development of an overseas employment support program in collaboration with Shinhan Financial Group and Hankuk University of Foreign Studies
  - KOTRA (job placement), Hankuk University of Foreign Studies (domestic and overseas training), Shinhan Financial Group (budget), domestic and overseas training (100 youths who wish to get a job in Japan and Vietnam)
- >>> Finding of job openings + job placement



### Job Creation Through Globalization of Innovative Startups

KOTRA actively supports globalization of innovative startups by considering high employment effects of innovative startups. In 2018, 164 companies started exporting and created 160 jobs. In particular, KOTRA prepared the groundwork for systematic support by reorganizing the startup globalization support system in 2018. We are expecting to help overseas expansion of 150 companies and create 750 jobs in the next 3 years.

### Job Creation Through Foreign Investment Attraction and Support of U-Turn Companies

KOTRA contributes to job creation and economic growth by attracting foreign investment with high job creation effects. A full-time recruitment support system exclusive for foreign investment companies is in place to improve job creation performance. KOTRA helps foreign investment

Creation of jobs by attracting U-turn companies

Compared to previous year ▲22.5%

125 persons

Creation of jobs in Korea by utilizing foreign investment

16,296 jobs

Number of persons who found jobs at job fairs conducted in connection with export marketing

Compared to previous year ▲14 times

70 persons



The 13th job fair with foreign investment companies

Number of private agencies conducting export voucher businesses

Compared to previous year ▲40%

924 companies

companies in recruiting workers in Korea by hosting large-scale job fairs with foreign investment companies in the first half and second half of each year. After helping job-seekers in finding jobs, KOTRA provides follow-up support by managing a database of workers employed by foreign investment companies. Internally, KOTRA endeavors to find new jobs using an evaluation indicator for job creation. In addition, KOTRA tries to find jobs by supporting export companies return to Korea and promoting job fairs in connection with export marketing.

Job Creation in Korea by Utilizing Foreign Investment

Industry	2017		2018	
	Number of companies	Number of jobs	Number of companies	Number of jobs
Distribution	178	5,491	187	4,600
Tourism and leisure	15	1,613	18	3,006
Business service	116	2,807	174	3,034
Logistics and finance	49	933	59	1,334
Vehicle and machinery	68	1,414	72	1,409
Electronics	54	1,011	50	1,156
Chemistry and pharmaceutical	66	1,128	83	1,191
Others	62	691	61	566
Total	608	15,088	704	16,296

Job Creation Through License Acquisition

In response to the increasing demand of companies for overseas expansion consulting and the educational needs of KOTRA employees planning to retire, KOTRA developed a global business consultant license program for its employees and citizens in 2018. Contents of the global business consultant license program were developed in collaboration with various educational institutions, and the 1st term of the program was operated from June to September 2018. This program produced 42 graduates, and 32 of them including 10 employees of KOTRA acquired a license. KOTRA contributed to the creation of conditions for outplacement or startup after retirement.

Job Creation Through Indirect Support Activities

KOTRA contributes to the creation of jobs in the private sector by participating in job-creating financial programs. For instance, we indirectly help create jobs by depositing surplus fund in financial instruments related to job creation for youths and donating certain ratio of the deposit for job creation. In addition to financial programs, KOTRA also creates a job creation ecosystem in the private sector by increasing the number of agencies conducting export voucher businesses and establishes a job-friendly work system by operating a system that gives advantages to excellent job-creating companies. For reference, KOTRA offers various benefits through this system such as discount on overseas market survey service fees, discount on KAPP expenses, and advertisement of products on the main screen of buyKOREA.



# Job Creation Through Attainment of Social Values

## Art-preneur business

21 participants

5 startup companies

## Art collaboration business

8 companies and 148 product

USD 70,000 of export

## Number of persons employed in Japan

2017 216 persons

2018 249 persons

## Finding of the demand for workers in Japan

4,325 cases


### Innovative Job Creation

KOTRA supports startup of art-preneurs to help artists who have difficulties finding jobs. Art-preneurs refer to artists who engage in artistic activities and art management activities at the same time. KOTRA successfully helped startup of 5 innovative art-preneurs through this business. By supporting startup of art-preneurs, KOTRA expects to increase the number of startup companies and job creation effects.

**Best Practice**

Convenience Store for the Mind

'Convenience Store for the Mind' by an artist named K, who gave up on business startup due to the difficulty of art psychotherapy business but was able to come up with a new business model through the 'KOTRA art-preneur business'



### Warm-Hearted Job Creation

There are many artists in Korea who face difficulties from the lack of work and income. KOTRA understands such difficulties and conducts an art collaboration business by matching companies with artists. Art collaboration businesses are intended to provide jobs and resolve the low-income issue of artists. These businesses help improve product designs of companies and provide sources of income to artists by matching companies with artists. In addition to art collaboration businesses, KOTRA promotes a 'job placement business for multicultural trade workers' that help multicultural individuals find jobs through job education programs. This business was started out by supporting employment of multicultural individuals and was expanded in 2018 to also support multicultural individuals with startups.

### Finding of Overseas Jobs Through Collaboration

Unlike the labor shortage of Japan where there are two job openings available for each worker, Korean youths are suffering from the continued unemployment crisis. Accordingly, KOTRA introduces outstanding human resources to Japanese companies and provides high-quality job opportunities to Korean youths by collaborating with Japanese agencies like JETRO.

### Art Collaboration Business

Category	Contents	
Background	Settlement of the income shortage of artists and provision of jobs	
Direction for support of KOTRA	Provision of opportunities for companies to improve product designs and for artists to make income by matching companies with artists	
2018 performance	Improved design 148 cases	Improvement of product designs from the perspective of artists through matching of companies with artists
	Manufactured and promoted prototypes 21 companies	Exhibition of products of companies participating in the art collaboration business using KOTRA Exhibition Center
	Support of exportation 84 companies	Supporting overseas market entry of art collaboration companies through participation in the export marketing business of KOTRA

# Human Rights Report

Human Rights Management ..... 50





# 01

## Human Rights Management

### WHY

Why is This Topic Important?

With the increasing social interest in human rights, violation of human rights by companies has arisen as a serious business problem at home and abroad. The international society led by international organizations such as UN and OECD are standardizing the human rights responsibility of companies, preventing problems, and quickly relieve any problems that occur by expanding the scope to the overall business value chain. Global sustainability indicators such as DJSI and EcoVadis also regard the human rights problem as important. In Korea, the National Action Plan (NAP) for the Promotion and Protection of Human Rights was established in August 2018. There are active efforts to enact related laws including the Basic Act on Human Rights and Comprehensive Anti-Discrimination Act. In 2018, the National Human Rights Commission of Korea recommended 860 public institutions to establish and practice a human rights management plan. The human rights indicator was newly added to the evaluation of public institutions in 2018.

### HOW

What is Our Approach?

KOTRA is a public institution that strives to improve its human rights system and wishes to help companies cope with the human rights problem to control management risks of export companies. We are inspecting human rights risks of each project and nation through annual human rights impact evaluation. Inadequate areas are being improved gradually.

### EVALUATION

How is Performance Managed?

Business impact assessment

4 businesses

Human rights impact assessment

10 regions

Sexual harassment prevention education (Unit: persons)

2018 939  
2017 930

Increased by

9 persons

Human rights and ethical management officers in domestic network (Unit: persons)

2018 51  
2017 39

Increased by

12 persons

## Creation of Human Rights Management Process

### Human Rights Policy

KOTRA actively follows international human rights standards and principles including the UN Universal Declaration of Human Rights, ILO Labor Pact, UN Guiding Principles on Business and Human Rights. KOTRA strictly complies with relevant laws of all nations and regions in which businesses are conducted. KOTRA Human Rights and Ethics Charter was enacted under the principle of placing foremost priority on people as a public agency. This policy applies to all interested parties including employees, customers, partners, relevant institutions and communities. KOTRA identifies and removes adverse effects in its business and value chains to prevent all interested parties from experiencing human rights infringement.

### Human Rights Management System

KOTRA has established its own human rights management process and places efforts to identify human rights issues, find vulnerable groups and resolve problems every year. In addition, KOTRA inspects and improves the human rights situation through internal and external monitoring activities.

### Human Rights Management Organization

KOTRA has an exclusive organization to promote human rights management in an organized way. Important matters related to human rights are reported to 'Human Rights and Ethics Committee,' the highest decision-making organization comprised of the president & CEO of KOTRA as the chairman, auditors, executive directors, representative of Invest KOREA and external members. Planning & Coordination Department, General Services Department and Human Resources Development & Management Department are in charge of human rights management.

### KOTRA Human Rights and Ethics Charter

As a public institution, KOTRA establishes the principle of prioritizing people for national happiness and prosperity of civil society and vows to protect the human rights of all stakeholders including employees, customers, business partners, related agencies and local community.

To this end, we support the international standards and norms on human rights, and pledge to enact and implement the Human Rights and Ethics Charter.

One, we shall strive to prevent the violation of human rights in advance and to actively relieve any such violation.

One, we shall not discriminate on the grounds of race, religion, disability, gender, place of birth, political views, etc.

One, we shall not permit forced labor in any form.

One, we shall not permit child labor in any form.

One, we shall guarantee freedom of association and collective bargaining among employees.

One, we shall provide workers with a safe and comfortable working environment.

One, we shall make transparent and fair transactions with business partners and advise them to implement human rights and ethical management practices.

One, we shall conduct social welfare activities and seek cooperation in the course of business to promote the human rights of local residents not only domestically but also overseas.

One, we shall comply with environmental regulations at home and abroad and respond to climate change.

One, we shall respond promptly and accurately to our customers' needs and protect customer information collected in the course of business.

# Human Rights Management Focused on Influence

Number of persons who completed compulsory education on awareness about disabled persons

1,473 persons

Number of collective education programs on the prevention of 4 major types of violence

18 times

Number of persons who completed online education on the prevention of 4 major types of violence

1,217 persons

## Expanded Scope of Human Rights Protection

KOTRA engages in responsible human rights management by expanding the scope of human rights protection to overseas. In Korea, KOTRA helps multicultural individuals participate in economic activities through trade and startup education programs. Participants were given a chance to participate in job interviews and startup seminars through follow-up support services, and 12 persons who completed the trade and startup education programs succeeded in finding jobs or starting businesses. In overseas, KOTRA makes various efforts such as donation of braille smartwatches to persons with visual impairment in Kenya. There are many other efforts to improve human rights management and human rights protection capability of customers through seminars and newsletters. Online and offline mentoring services that include information about labor laws in different places and responses emergency situations are available to Korean residents abroad.

## Internalization of Culture Respecting Human Rights

KOTRA aims to enhance awareness of employees and internalize culture respecting human rights through education on human rights management. KOTRA conducted compulsory education to create work environment that stresses win-win relationship, inclusion and equality in 2018, and 1,474 persons participated in this education program. KOTRA educated employees on 4 major types of violence such as sexual harassment and domestic violence 18 times, increasing the participation rate by conducting online education at the same time. KOTRA also started conducting human rights education for directors of KBCs in 2018 in order to reinforce human rights management of KBCs. In addition, KOTRA came up with a response system to identify and respond to human rights issues that can arise between different interested parties by reinforcing human rights risk management at home and abroad.

## Risk Management for the Settlement of Human Rights Culture

Type	Employee - Employee	Employee - Partner	Customer - Employee	Customer - Partner
Risk	<ul style="list-style-type: none"> <li>Harassment at work, unjust work instructions, discrimination against race or sex, etc.</li> </ul>	<ul style="list-style-type: none"> <li>All types of power abuse including delay of payment, informal treatment, verbal abuse, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Excessive service demands</li> <li>Civil complaints about verbal abuse, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Human rights damages of partners such as interpreters, etc.</li> <li>Human rights infringement against academy trainees</li> </ul>
Response	<ul style="list-style-type: none"> <li>Organizational culture improvement campaign</li> <li>Human rights respect education</li> <li>Grievance system for local employees and efforts to improve work environment</li> </ul>	<ul style="list-style-type: none"> <li>Hosting of grievance counselling sessions and guidance of support systems and human rights management principles of KOTRA</li> <li>Integrity pledge</li> </ul>	<ul style="list-style-type: none"> <li>Training for customer service, making manual for customer complaints</li> <li>Introduce human rights related information in customer documents</li> </ul>	<ul style="list-style-type: none"> <li>Short-term service damage prevention education and investigation</li> <li>Guidance of human rights compliances for external instructors and collection of written pledge</li> </ul>
Report channels	<p>Internal channels: Power Abuse Report and Support Center, Sexual Harassment and Assault Counseling Center, Special Customer Report Center</p> <p>External channels: Integrity Ombudsman, Public Interest Report Center, Anonymous Report Center</p>			

## Human Rights Impact Assessment on Agency Operation

KOTRA annually evaluates human rights impact on agency operation in order to manage risks in advance by inspecting management activities related to human rights in accordance with Article 34 of the Human Rights and Ethical Management Practice Regulations. KOTRA establishes and diagnoses its own impact assessment system appropriate for organizational

characteristics based on the checklist in the 'Human Rights Management Guideline for Public Institutions' provided by the Human Rights Commission, identifying risks by making interested parties participate in the system. The results of human rights impact assessment on agency operation in 2018 are informed to related departments and utilized to develop various regulations, systems and tasks to increase the level of human rights.

### Human Rights Impact Assessment on Major Businesses

Human rights impact assessment on major businesses is not mandated by law unlike environment, but its importance is being stressed in the recent due to increased human rights risks in the public sector. In 2018, KOTRA performed impact assessment by selecting 4 large-scale businesses that have a large influence on interested parties. After identifying human rights risks and impact of each business, KOTRA evaluated the possibility and severity of risks and adverse effects of human rights risks on KOTRA. Based on the assessment results, the following businesses were found to have relatively high human rights risks.

Business name	Inspection area	Important human rights risk	Inspection of human rights impact
New export company business	Inspection of 6 processes including business design, request, selection, etc.	Violation of personal information protection in documents during the application process	Inspection of policies for the collection, storage and destruction of personal information (resident registration number)
		Information protection during the consulting process	Thorough protection of intellectual property rights of companies
Overseas jisawha service	Inspection of 7 processes including business design, request, selection and support	Infringement of human rights in the application process	Possibility of infringing linguistic or physical human rights of workers
		Human rights awareness of service providers	Education on language use, power abuse, anti-corruption awareness and information protection
		Potential human rights issues that can arise during business trips and overseas exhibitions	Possibility of human rights infringement when there is no work guide for business trips (working hours, weekend duties, etc.)
Overseas employment support business	Inspection of 7 processes including finding of the demand for overseas employment, employment support and follow-up management	Screening of companies that infringe human rights	Inspection of previous human rights issues and possibility
		Demanding something in return for job placement	Inspection of cases in which job-seeking persons are demanded to provide something in return
		Infringement of human rights in the interview process	Need to present a human rights guideline for interviews as sexually discriminative remarks and forced labor mentions can be made if interviews are conducted by hands-on workers instead of HR experts in small companies
		Guarantee of basic human rights such as safety of job-seekers, etc.	Inspection of residential safety, medical and accident insurances and information about endemic diseases that need to be checked
		Possibility of disappearance and human trafficking of job-seekers at the site	Inspection of the emergency contact network that can be operated 24 hours a day during emergencies (checking of actual operation of the help desk)
		Possibility of disappearance and human trafficking of job-seekers at the site	Need to check basic life and safety issues, especially with a stronger inspection system in vulnerable nations
		Infringement of human rights of local residents by job-seekers	Inspection of human rights awareness of job-seekers about local residents as infringement of human rights due to misunderstanding of culture can damage image of nation
Emergency situations that cannot be resolved by individual workers such as safety, forced labor, etc.	Advanced review of processes and abilities to get involved to resolve problems		
Foreign investment attraction marketplace business	Inspection of 2 processes including company recruitment, review and selection	Screening of companies that infringe human rights	Reinforcement of human rights issues in the overseas investment trend, existence of contracts recollecting investment against companies that infringe human rights, inspection of participating companies in advance to check and prepare for human rights management

# Human Rights Impact Assessment in Each Regions

KOTRA has expanded its scope to 85 nations, which have varying standards such as labor laws and awareness of discrimination and infringement due to differences in culture. KBCs investigate human rights practice of each region by reflecting cultural and historical characteristics, presenting and managing solutions to risk factors. In 2018, KOTRA inspected 10 common issues for 10 areas, 17 regional human rights issues (discrimination, forced labor, child labor) and 22 target human rights issues (safety of workers, prevention of human rights infringement, protection of pregnant women and disabled persons, prevention of human rights infringement by partners, and respect and protection of human rights of residents).

## North America

This area has high human rights awareness like Europe and well-organized laws, but there are issues related to minorities including laborers who do not have citizenship.

Low possibility of human rights risk but high severity of risk due to high awareness and level of human rights

## Europe

This area has high awareness of human rights compared to other areas, and relevant laws are organized well. There are human rights issues related to multicultural and multiracial families due to increasing migration and refuge from nearby nations.

Overtime work of foreigners who are not familiar with overtime work culture

Need a stronger emergency response compared to Korea due to high legal standards for safety inspection

## Central and South America

This area is facing a human rights crisis and needs to prepare for frequent infringement of human rights such as detention of children and excessive force caused by political issues.

Inspection of possibility of overtime labor and forced labor through detention or confinement of laborers

Overall inspection of child labor

Lack of support of safety and health such as work environment of laborers

Need for protection of pregnant women and disabled persons

Need for response to possible human rights infringements against partners and subcontractors

Review of human rights infringement of residents during businesses

## Africa

Various human rights issues exist in this area including health right, freedom from poverty, human rights of women and human rights of children. In addition, this area shows slow rate of human rights improvement due to suppression of human rights activists.

Discrimination against sex, religion, social status, region of origin, etc. during employment

Unjust discrimination against foreign laborers

Need to inspect possibility of forced labor by subsidiaries and partners

Inspection of overall possibility of child labor

Need for a response to infringement of safety and human rights of laborers

Need for a response to the lack of human rights awareness on pregnant women and disabled persons

Prevention of human rights infringement by partners

Review of human rights infringement against residents during businesses



CIS

Citizens in this area are exposed to excessive labor environment, and there is possibility of human rights infringement by political forces.

Discrimination against sex, religions, social status and region of origin during employment

Inspection of compulsory overtime work unwanted by laborers

Need for inspection of health to protect health of laborers

China

There are discriminations against minority groups that reside in China, and freedom of religion is not guaranteed compared to other areas. China also does not guarantee human rights of women.

Risk of discrimination against foreign laborers and infringement of religious and cultural rights of multiracial laborers

Vulnerability of laborers to injuries and diseases

Need to support disabled laborers

Need to review infringement of human rights of residents during businesses

Japan

There are no critical human rights issues, but there are recent discriminations against foreigners when it comes to education, employment, etc.

Importance of efforts to protect workplace safety and health of workers

Middle East

The Middle East is an area of Arab nations that take Islam as the state religion. This area is governed by strict religious precepts. Human rights issues must be managed in this area because social custom and culture work against gender equality and human rights of women.

Discrimination against sex, religion, social status, region of origin, etc. during employment

Infringement of religious and cultural rights of foreign laborers

Need for efforts to secure safety equipment at workplaces, facility safety, sanitation issues and health

Review of infringement of human rights of residents during businesses

Southeast Asia and Oceania

The human rights situation has lately been worsening in this area due to oppression against human rights activists. In some nations, violent military operations were taken against minority groups. Some nations still have bribery custom of public servants, and freedom of association is controlled in some cases.

Discrimination against physical conditions of female laborers

Inspection of possibility of forced labor such as compulsory overtime work of laborers

Importance of securing emergency facilities and medical staffs if companies are far away from hospitals

Inspection of infringement of human rights of pregnant women

Southwest Asia

The Constitution of India prohibits discrimination against caste, but caste still has a significant effect on daily life. There are various factors of human rights infringement. Especially, it is necessary to prepare for the possibility of child labor and forced labor.

Discrimination against sex, religion, social status and region of origin during employment

Inspection of possibility of receiving human resources or goods from companies that are involved in human trafficking and debt labor

Need for thorough inspection due to high possibility of child labor

Need to respond to risks of laborers, pregnant women and disabled persons due to the lack of support of overall labor conditions and safety

## Efforts to Improve Human Rights of Employees

Ratio of female managers



### Open Recruitment and Respect of Diversity

KOTRA removes unreasonable discriminations by recruiting employees based on the National Competency Standards. In 2018, KOTRA regulated non-collection of information and pre-release of recruitment information in order to expand blind recruitment. In addition, KOTRA applies fair recruitment by giving preference to regional human resources, high school graduates, disabled persons and persons of national merit.

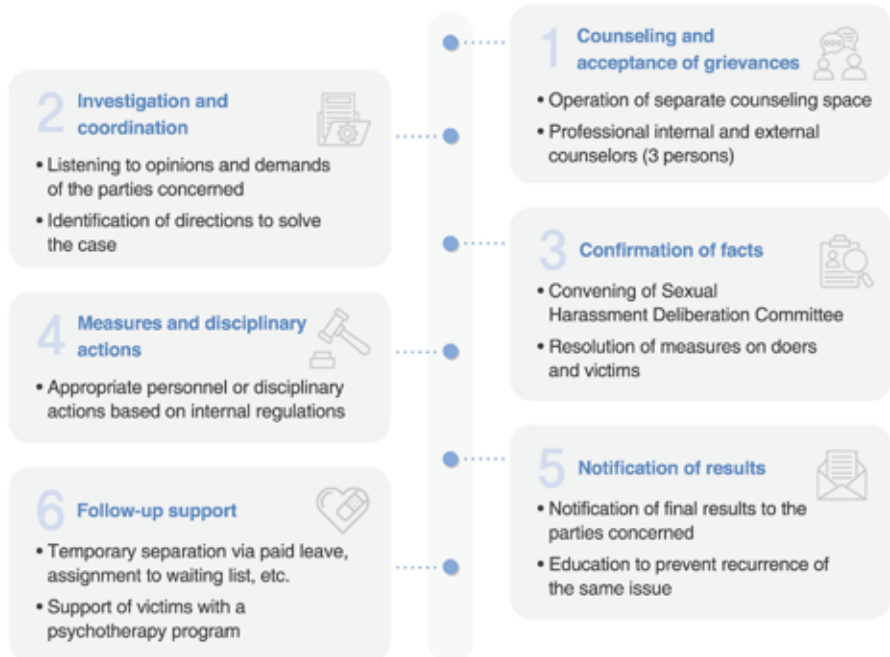
### Reinforcement of Female Human Resource Management

KOTRA continues to foster female human resources to achieve gender equality. A female standing auditor was appointed in 2018, and promotion and recruitment of female workers were expanded. The ratios of female managers and new female employees were increased in comparison to previous year, and KOTRA has implemented a bonus point system to help women return to the society after career breaks. Also, more female workers are assigned to executive positions such as directors of KBCs to increase their expertise. On-the-job training was reinforced to train 542 employees in 2018, which was increased by 95 persons compared to previous year. The shortened working hours system was implemented so that female employees would not experience career breaks or difficulties because of pregnancy and childbirth. KOTRA guarantees regular medical checkup of pregnant women and nursing time for employees with infants below 1 year of age in accordance with the 'Mother and Child Health Act.'

### Handling of Human Rights Grievances

KOTRA is operating a grievance counseling system to handle grievances of employees related to human rights. A grievance counseling channel was formed by designating internal counselors for disabled workers. We have increased expertise of counseling by assigning counselors who acquired the 'license for vocational life counseling of disabled persons.' In addition, the human rights and ethics officer system that was only operated in the head office and overseas were expanded nationwide to handle grievances of all employees. There are additional systems in place to aid sexual harassment, sexual assault and follow-up management.

#### Sexual Harassment and Sexual Assault Aid and Follow-up Management Process



Rate of increase in users of the  
flexible work systems

20.1%

Listed among 100  
best companies to work  
For 7 consecutive years

Maintaining status as a  
family-friendly agency

### Improved Quality of Life

KOTRA is continuously expanding the flexible work system appropriate for its characteristics. In 2018, KOTRA introduced the selective working hour system, flexible working hour system and compensation leave system in order to expand the flexible work systems. Through these systems, all employees are working 40 hours per week on average. When they work overtime, they are provided with compensated leaves that correspond to 1.5 or 2 times the amount of overtime work. From July to December 2018, 61 employees used the selective working hour system, 76 employees used the flexible working hour system and 88 employees used the compensation leave system. Other flexible work systems introduced earlier are still in place, and 598 employees used the flexible work systems in 2018. In addition, KOTRA introduced the PC-OFF system in 2018 to have all employees leave work before 7 PM. It has been trying to establish a custom of leaving work at the regular time by implementing the core time system (twice a day, 90 minutes each). KOTRA also encourages employees to keep the balance of work and life through family-friendly systems like paternity leaves, shortened working hours during pregnancy and childcare leaves.

#### Current Status of the Flexible Work System

(Unit: persons)

Category	2017	2018
Flexible time system	15	17
Flexible work system	480	441
Remote work system	3	3
Selective working hour system	-	61
Flexible working hours system	-	76
Total	498	598

### Protection of Vulnerable Workers

KOTRA makes efforts to protect vulnerable workers such as disabled workers and workers in special regions increased by fair recruitment and entry into emerging markets. KOTRA is constantly increasing the number of facilities available to everyone for disabled workers of Korea, and environment-friendly facilities are provided for health and safety of pregnant workers. KOTRA engages in activities to improve work space for employees in special overseas regions and provides safety supplies necessary in each region. In addition, counseling services have been expanded for employees who work in overseas disaster areas to manage their stress. KOTRA is expanding medical services in KBCs and emergency patient transport services (SOS services) for employees who work in medically underdeveloped regions.

#### Activities for Vulnerable Workers at Home and Abroad

Vulnerable workers at home	<ul style="list-style-type: none"> <li>• Additional installation of elevators for the disabled</li> <li>• Furnishing of wheelchairs for the disabled</li> <li>• Installation of an exclusive parking lot for pregnant women</li> <li>• Improvement of lounge facilities for pregnant women</li> <li>• Improvement of lounge facilities for security and cleaning workers</li> </ul>
Vulnerable workers abroad	<ul style="list-style-type: none"> <li>• Relocation of offices in insecure regions</li> <li>• Provision of supplies according to disaster type (bulletproof film, earthquake kit, etc.)</li> <li>• Reinforcement of monitoring through the Personal Security 365 Hot-Line</li> </ul>

# A Community Growing Together

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# 01

## Participation and Development of Local Community

### WHY

Why is This Topic Important?

As stakeholders are increasingly paying attention to and demanding the fulfillment of social responsibilities by domestic companies such as increased social values of public institutions and legislation of corporate CSR, profit creation and social responsibilities are regarded as the basic factors of company operation. In addition, stakeholders are expecting the settlement of global issues with the global expansion of the business scope. Accordingly, companies are fulfilling their social responsibilities by fully utilizing their characteristics and capabilities in various regions around the world. KOTRA strives to resolve problems faced by our companies in overseas and promote social development through growth of companies by fulfilling win-win overseas expansion and social responsibility for local communities.

### HOW

What is Our Approach?

KOTRA helps resolve social issues at home and abroad by utilizing its unique characteristics and global network. The global CSR promotion system helps settle social issues faced by Korean companies that enter overseas and contributes to the development of communities. In Korea, KOTRA conducts various activities to support education and employment for multicultural individuals. In addition, KOTRA makes contributions to attain the global goal by relating its contribution projects with UN SDGs.

### EVALUATION

How is Performance Managed?

Number companies participating global CSR projects (Unit: companies)



Increased by

32 companies

Support on employment and start-up of multicultural traders (Unit: cases)



Increased by

2 cases

## Global CSR Activities of Each Region

For global business, cooperation with local sites is essential. KOTRA is operating a various of programs including operation of technical and business schools, CSV for creation of win-win values, and transfer of idle equipment to emerging nations, etc. In this regard, Korea companies which try to expand overseas market, solve negative issues and contribute to development for local sites.

### North America & Central and South America

KOTRA is promoting various global CSR businesses to reinforce capabilities of recipient nations including energy, industries and infrastructures by reflecting characteristics of North, Central and South America including the United States, Canada, Columbia and Cuba. In 2018, 16 CSR businesses were promoted in 13 cities of 7 nations including HS2AS art collaboration in the United States, technical school on photovoltaic power generation in Cuba, donation of food to a low-income aid organization (Quest) in Canada, and transfer of electrical, electronic and organic matter analysis equipment in Colombia.

### Africa

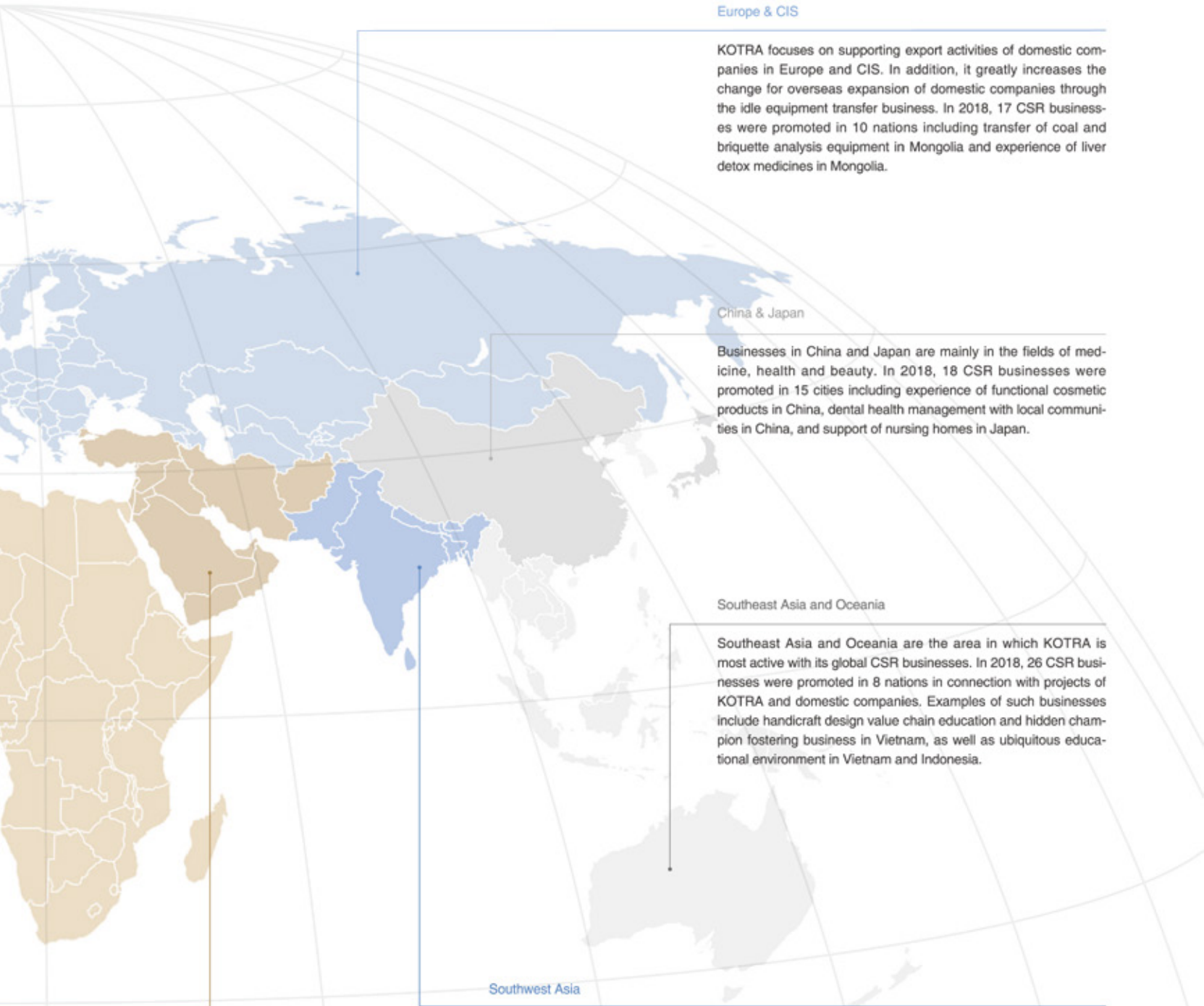
KOTRA provides and shares products and know-how of our companies in Africa. It promotes global CSR businesses to improve local environment and reinforce capabilities. In 2018, 9 CSR businesses were promoted in 7 nations including donation of braille smartwatches in Kenya, Hallyu beauty venture startup school in Nigeria, photovoltaic technology school in Ghana and Ethiopia, and fiber filtration water treatment technology school in Mozambique.

### Middle East

Global CSR businesses are conducted in the fields of product experience, energy, industries and infrastructures in the Middle Eastern nations such as Egypt and Oman. In 2018, 9 CSR businesses were promoted in 7 nations including railway technology school in Egypt, KEPCO-MEW photovoltaic power demonstration project in Kuwait, and water treatment facility technology school in Oman.







#### Europe & CIS

KOTRA focuses on supporting export activities of domestic companies in Europe and CIS. In addition, it greatly increases the change for overseas expansion of domestic companies through the idle equipment transfer business. In 2018, 17 CSR businesses were promoted in 10 nations including transfer of coal and briquette analysis equipment in Mongolia and experience of liver detox medicines in Mongolia.

#### China & Japan

Businesses in China and Japan are mainly in the fields of medicine, health and beauty. In 2018, 18 CSR businesses were promoted in 15 cities including experience of functional cosmetic products in China, dental health management with local communities in China, and support of nursing homes in Japan.

#### Southeast Asia and Oceania

Southeast Asia and Oceania are the area in which KOTRA is most active with its global CSR businesses. In 2018, 26 CSR businesses were promoted in 8 nations in connection with projects of KOTRA and domestic companies. Examples of such businesses include handcraft design value chain education and hidden champion fostering business in Vietnam, as well as ubiquitous educational environment in Vietnam and Indonesia.

#### Southwest Asia





KOTRA conducts global CSR businesses to pioneer the markets in Southwest Asian nations like India and Pakistan. Excellent technologies and experiences of Korea are shared with Southwest Asia to reinforce capabilities of the recipient nations while supporting local market entry of our companies. In 2018, 7 CSR businesses were promoted in 4 nations including power plant piping technology school in India, Korean beauty school to create of jobs for women in Pakistan, and light-rail train technology school in Sri Lanka.

SPECIAL PAGE

KOTRA supports overseas expansion of domestic companies by operating a variety of global CSR businesses, trying to resolve problems faced by different nations. KOTRA will continue to help all participants of global CSR programs.

## Railway School in Egypt



 <p><b>Railway school hosted in Egypt</b></p>	<p>KOTRA hosted the 'railway school in Egypt' to create a network with the nation and spread railway technologies before entering the railway market of Egypt.</p>
 <p><b>Education of public servants in Egypt</b></p>	<p>The 'railway school in Egypt' was hosted every year starting in 2014 to educate public servants of the Ministry of Transportation, Egyptian National Railways and National Authority for Tunnels as a part of global CSR businesses of KOTRA.</p>
 <p><b>Railway service order in Egypt</b></p>	<p>This education program was completed by 165 local public servants, and it showed the excellence of Korean railway technologies. This resulted in a PMC order for 118km Nagaa Hammadi-Luxor railway signal modernization project in Egypt.</p>
 <p><b>Contribution to traffic problems and job creation</b></p>	<p>This business resolved the traffic congestion issue of Egypt and is expected to also help business expansion of Korea Railway Authority and create jobs.</p>

## Dental Health Management with Local Communities in China



 <p><b>Donation of products and provision of experience opportunities</b></p>	<p>Company C is a Korean company that is expanding its business in the Chinese market. This company conducted a CSR business with KOTRA to donate its products and provide experience opportunities.</p>
 <p><b>Donation of natural toothpastes and education</b></p>	<p>Organic natural toothpastes were donated to neglected residential areas of Dalian, China in 2018. Residents were educated on dental care methods.</p>
 <p><b>Increased awareness of dental health</b></p>	<p>These activities were produced and broadcasted as a special program for the Double Ninth Festival of Dalian Jinpu New Area Broadcasting Station. This program improved dental health awareness of China and greatly contributed to the positive product image of company C.</p>

# Domestic CSR Activities

## Multicultural Trade Worker Fostering Business

KOTRA is fostering multicultural trade experts by conducting trade education for multicultural migrants living in Korea. In 2018, KOTRA conducted practical education on trade laws, startup and support systems twice, producing 124 trainees with 24 nationalities including Bulgaria, Taiwan and Morocco. In addition, KOTRA supports job-seeking activities of multicultural trade workers by hosting job conferences and fairs. KOTRA hosted the Job Fair with Foreign Investment Companies and Job Fair for Multicultural Trade Workers, increasing the possibility of finding jobs by operating a separate counseling booth for multicultural trade workers.

### Supporting Multicultural Trade Workers through Job Conference



Business conference and job conference for multicultural trade workers



Practical trade education for multicultural trade workers-to-be

Job conference	Date	Key performance
Job Conference for Multicultural Trade Workers in the First Half of the Year	May 2018	<ul style="list-style-type: none"> <li>• Companies looking for workers: 9 companies</li> <li>• Multicultural trade workers: 26 persons</li> <li>• Support of interviews: 44 cases</li> </ul>
The 13th Job Fair with Foreign Investment Companies	June 2018	<ul style="list-style-type: none"> <li>• Participating companies: 132 companies</li> <li>• Multicultural trade workers: 2 persons</li> <li>• Support of interviews: 4 cases</li> <li>• Multicultural trade workers-to-be: 45 persons</li> </ul>
Job Conference for Multicultural Trade Workers in connection with Consumer Goods Showcase	June 2018	<ul style="list-style-type: none"> <li>• Participating companies: 13 companies</li> <li>• Multicultural trade workers: 17 persons</li> <li>• Support of interviews: 52 cases</li> <li>• Recruitment results: 2 cases</li> </ul>
G-Valley Job Fair with Excellent Companies	March 2018	<ul style="list-style-type: none"> <li>• Participating companies: 41 companies</li> <li>• Multicultural trade workers: 5 persons</li> <li>• Support of interviews: 9 cases</li> </ul>
Job Fair for Multicultural Trade Workers and Foreigners	September 2018	<ul style="list-style-type: none"> <li>• Participating companies: 74 companies</li> <li>• Multicultural trade workers: 18 persons</li> <li>• Support of interviews: 40 cases</li> <li>• Multicultural trade workers-to-be: 62 persons</li> </ul>
Job Conference for Multicultural Trade Workers in connection with Export Gateway	September 2018	<ul style="list-style-type: none"> <li>• Participating companies: 3 companies</li> <li>• Multicultural trade workers: 4 persons</li> <li>• Support of interviews: 7 cases</li> </ul>
Job Fair for International Students	October 2018	<ul style="list-style-type: none"> <li>• Participating companies: 126 companies</li> <li>• Multicultural trade workers: 14 persons</li> <li>• Support of interviews: 39 cases</li> <li>• Multicultural trade workers-to-be: 94 persons</li> </ul>
IKW Job Conference with Foreign Investment Companies	November 2018	<ul style="list-style-type: none"> <li>• Support of business promotions</li> <li>• Support of participation</li> </ul>
Job Conference for Multicultural Trade Workers in connection with World-class Product Show	November 2018	<ul style="list-style-type: none"> <li>• Support of business promotions</li> <li>• Support of participation</li> </ul>
Job Conference for Multicultural Trade Workers in the Second Half of the Year	November 2018	<ul style="list-style-type: none"> <li>• Participating companies: 20 companies</li> <li>• Multicultural trade workers: 23 persons</li> <li>• Support of interviews: 77 cases</li> <li>• Recruitment results: 2 cases</li> </ul>

**Best Practice**

Hosting of Business Conference for Multicultural Trade Workers

- Hosting of a conference for persons who completed practical multicultural trade education and companies looking for workers
- Sharing of stories about multicultural individuals who succeeded in finding jobs and starting businesses, know-how for multicultural trade workers, and necessity of recruiting multicultural trade workers
- Connection of multicultural trade workers with companies looking for workers through job counseling (85 cases)

# 02

## Reinforcement of Environment and Safety Management

### WHY

Why is This Topic Important?

Corporate activities are greatly contributing to the survival and convenience of the humankind, but they also have an adverse impact on the environment. Natural disasters such as drought, flood and heat wave are occurring globally due to global warming, and increased concentration of particulate matter in Korea has a huge impact on health and everyday life of citizens. Accordingly, environmental protection and energy regulations are being reinforced. During sustainability evaluation, companies are required to fulfill environmental responsibilities including greenhouse gases and biodiversity. As there is an increasing social interest in the environment and safety, companies are demanded to engage in thorough safety management.

### HOW

What is Our Approach?

KOTRA utilizes its characteristics to support the development of eco-friendly and green energy industries, while protecting the environment through active participation in national environment policies. KOTRA is operating a safety and disaster management system to secure safety of citizens and employees, endeavoring to achieve zero safety accidents in Korea and overseas through preemptive prevention and perfect preparation.

### EVALUATION

How is Performance Managed?

**Safety accidents at home and abroad**  
(Unit: cases)



Zero safety accidents

**Green products purchase**  
(Unit: KRW million)



Increased by  
KRW 540 million

**Environmental protection and investment** (Unit: KRW million)



Increased by  
KRW 543 million

# Tackling Climate Change

## Strengthening Competitiveness of Environment and Energy Industries Through Main Businesses

KOTRA reinforces competitiveness of the domestic environment industry by utilizing its characteristics and global networks. This greatly improves national environmental preservation capability. KOTRA delivers latest trends of the overseas environment markets by sharing eco-friendly products and packaging examples of developed nations on its website. Environmental reports are published to share information about environment-friendly business opportunities such as green energy. In addition, KOTRA urges environment and energy companies of Korea to reinforce their capabilities and respond to climate change by providing business consulting services in the field of environment.

### Environmental Preservation Activities Through Main Businesses

Category	Activity	Performance
Provision of environmental information	<ul style="list-style-type: none"> <li>Finding and spreading of stories about developed nations like the United States and Japan and emerging nations</li> <li>Spreading of on-site information such as environment-friendly disposables and packaging in developed nations, recycling markets in emerging nations, reportages at environmental exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>Found 64 cases from 31 nations</li> <li>95,387 views</li> <li>5 press releases in Korea</li> </ul>
Publication of the environmental trend report	<ul style="list-style-type: none"> <li>Provision of information about business opportunities like green energy</li> </ul>	<ul style="list-style-type: none"> <li>Sold 12,016 copies of the environmental trend report</li> <li>38 press releases in Korea</li> </ul>
Cooperation with relevant agencies	<ul style="list-style-type: none"> <li>Finding, spreading and overseas support of overseas projects by operating a support system for the Ministry of Environment, Korea Environmental Industry and Technology Institute, etc.</li> </ul>	<ul style="list-style-type: none"> <li>7 cooperation businesses</li> <li>133 projects</li> <li>Promotion of the AMI business in Ukraine</li> </ul>
Comprehensive overseas expansion consulting	<ul style="list-style-type: none"> <li>Environmental business consulting and practical export consulting</li> <li>Operation of a life-cycle support system that includes project vendor registration, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Provided 168 consulting services to 71 companies in the fields of environment and energy</li> </ul>
Domestic events	<ul style="list-style-type: none"> <li>Operation of environment and energy forums and seminars by inviting 230 domestic companies and 104 overseas companies</li> </ul>	<ul style="list-style-type: none"> <li>636 consulting services, 6 MOUs, USD 6.5 billion</li> </ul>

Participation rate in emergency PM reduction measures of the government

100% (6 times)

Reduction of particulate matter (PM)

5,123<sub>g</sub>

### Agency-Wide Efforts to Protect the Environment

KOTRA actively participates in the national environmental protection policy. The alternate driving system was enforced in 2018 according to the emergency particulate matter (PM) reduction measure issued by the government. The ratio of low-pollution vehicles purchased by the government to create pleasant atmospheric environment was increased to 100%, and KOTRA reduced personal driving of cars by operating commuting buses. Moreover, KOTRA reduced the use of recycling water by 5.7% compared to previous year by regulating water pressure of the recycling water inverter and replacing water-saving devices. Office lights were replaced by high-efficiency LEDs to save energy, and KOTRA encourages employees to prevent unnecessary energy uses. The amount of electricity used in the second half of 2018 was 727,000kWh, reduced by 20,000kWh compared to previous year.

Rate of reduction of expenses to purchase disposable products

11%

Increased purchase of green products



## Safety and Disaster Management

### Environmental Protection Activities in Practice

KOTRA creates environment-friendly organizational culture and sustainable management environment by encouraging all members practice environmental protection. Various recycling campaigns are conducted to reduce the use of disposable products, and contests are hosted to induce participation of employees. Also, KOTRA yields greater results from the environmental protection efforts of employees by providing supplies that help protect the environment.

#### Recycling Campaigns

KOTRA conducts a campaign called 'Changing Three Habits' to carry a tumbler, prevent using paper cups and serving beverages in a mug. The '3GO' campaign is an effort to reduce the use of disposable products by using less, not using and reusing. Also, a monthly meeting of employees called 'Time to Change KOTRA' spends time to explain the campaign for reducing the use of disposable products. This monthly meeting boosts understanding of employees in the campaign. KOTRA hands out promotion materials related to environmental protection that reflect the latest trends to employees and increases participation in the recycling campaigns by posting the materials in public areas of the agency.

#### Increased Participation of Employees

KOTRA takes ideas from employees to reduce the use of disposable products by hosting contests. Employees who present excellent ideas through contests are rewarded to encourage participation. In addition, KOTRA rewards the department that shows highest rate of reduction by checking disposable products used by each department. In December 2018, KOTRA attempted to reduce the energy use by awarding employees who used stairs instead of taking elevators the most.

#### Support of Environmental Protection Activities of Employees by KOTRA

KOTRA helps reduce the use of disposable products by installing hand dryers, providing cleaning equipment, making mugs for visitors, and installing disposable cup collection boxes. KOTRA makes and distributes environmental products like eco bags. KOTRA also achieved the target rate of green product purchase recommended by the government and accomplished the target ratio of low-pollution vehicles.

### Establishment of Safety & Disaster Management System

Safety & Disaster Management System

Goal	Ensure safety and health of the public and employees by upgrading the safety & disaster management system			
Strategic task	<b>Prevention</b> <ul style="list-style-type: none"> <li>Increased disaster management capability</li> <li>Reinforced education and training</li> <li>Reinforced infrastructure and collaboration</li> </ul>	<b>Preparation</b> <ul style="list-style-type: none"> <li>Update of disaster response manuals</li> <li>Reinforced real-time monitoring</li> <li>Inducement of voluntary disaster preparation</li> </ul>	<b>Response</b> <ul style="list-style-type: none"> <li>Reinforced cooperation on pan-government crisis response</li> <li>Spreading of disaster information to employees and customers</li> </ul>	<b>Recovery</b> <ul style="list-style-type: none"> <li>Establishment of a recovery support process</li> <li>Reinforced damage recovery capability</li> </ul>
Risk level	Crisis preparation stage	Wartime, peacetime, defense condition	Crisis response stage	Occurrence of disaster, terrorist attack, etc.
Organization in charge	Crisis Management Headquarters	Emergency Planning Office	Emergency Countermeasure Committee	General Affairs Team and Network Support Team

As various stakeholders of KOTRA's global network are becoming more likely to be exposed to natural disasters and terrorist attacks, KOTRA has established a safety and disaster management system to secure safety of employees and citizens. KOTRA strives to implement differentiated safety management by assigning different organizations to be in charge of safety and disaster in different crisis stages.

**Disaster Prevention Activities**

KOTRA fosters safety and disaster experts for preemptive risk management. It conducts disaster prevention education and comprehensive training by focusing on disaster situations. Employees working overseas receive personal safety education to internalize safety culture. In addition, KOTRA improves its safety infrastructure and provides additional safety equipment by continuously expanding the safety budget.

**Disaster Prevention Activities**

Category	Performance
Comprehensive training Fire suppression evacuation training, fire suppression training, joint firefighting training, etc.	6 cases
Facility safety inspection Main power facility inspection, etc.	17 cases
Personal safety education for employees working overseas	55 persons
Provision of supplies for different types of disasters in overseas	27 offices

**Disaster Preparation Activities**

KOTRA advances the safety and disaster management system through thorough preparation activities. In 2018, KOTRA established a safe evacuation action plan and response manual for employees and families in KBCs. Office building safety and disaster management manuals and practical facility management manual are furnished in noticeable places at all times. 'Personal Security 365 Hot-Line' was created to ensure safety of employees and customers, sharing real-time information about crisis situations in overseas.

**Disaster Response Activities**

KOTRA maintains cooperative relationships with various agencies in preparation for security issues and terrorist attacks. KOTRA has formed an information sharing body with diplomatic offices and relevant agencies to share information about threats and disasters. Safety Measure Council was organized with the Ministry of Foreign Affairs, National Intelligence Service and Korea International Cooperation Agency to share information. When disasters or accidents occur in overseas, KOTRA informs them to employees and customers through internal bulletin boards and newsletters.

**Recovery Support Activities**

KOTRA makes its best efforts to protect the life and properties of citizens and employees through swift disaster recovery support. When a crisis occurs, Crisis Management Headquarters or Emergency Measure Committee is launched for a prompt response. When Laos dam collapse occurred in July 2018, KOTRA operated its hot-line to fully cooperate on recovery support by helping relief activities of Korea Disaster Relief Team at the disaster site.

Zero accident

in KOTRA organizational network in 2018

# Appendix





## Customer-Oriented Management

Public Service Customer Satisfaction Index (PCSI)

Grade S for  
5 consecutive years



Customer meeting in Busan

## Communication Based Service Innovation

### Business Operation from Viewpoint of Citizens

KOTRA hosts various contests to promote innovation from the viewpoint of citizens, reflecting ideas proposed by citizens on its projects. In 2018, KOTRA received opinions from citizens through the innovative idea contest, overseas market information theme contest and collaboration service contest. Some opinions were applied to actual projects and resulted in excellent outcomes.

#### Projects Proposed by Citizens

Contest	Proposal of citizens	Outcome
Innovative idea contest (April)	<ul style="list-style-type: none"> <li>Real-time counseling services such as online chat counseling</li> <li>Increased benefits and support of social enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Increased use of overseas market big-bot by customers (76.1% ↑)</li> <li>Supported 154 social enterprises and achieved 4.5 million dollars of export</li> </ul>
Overseas market information theme contest (July)	<ul style="list-style-type: none"> <li>Current status of domestic start-up companies that entered overseas</li> <li>Trend and examples of drone markets in major nations</li> </ul>	<ul style="list-style-type: none"> <li>Published reports based on the proposal of citizens current status of and cooperation of European start-up ecosystem, start-up policy of China and overseas entry strategy of Korean companies</li> <li>Reflected on the research themes for 2019</li> </ul>
Collaboration service contest (October)	<ul style="list-style-type: none"> <li>Integrated digital marine shipping service</li> <li>Support on an overseas-only O2O transaction platform</li> <li>Use of a mobile export commerce platform</li> </ul>	<ul style="list-style-type: none"> <li>Developed services through collaboration and mentoring of the department in charge</li> <li>Promoted official projects using the services developed</li> </ul>

### Improvement of Services Based on Opinions of Customers

KOTRA listens to opinions of customers through on-site meetings and surveys, continuously improving its services. In 2018, KOTRA established the standard customer reception procedure and created a one-stop counseling system based on opinions of customers. In addition, an integrated follow-up management service was introduced to encourage customers to continue their transactions with buyers. KOTRA promises to continue improving customer and on-site services by actively reflecting opinions of customers.

#### Efforts to Reflect Opinions of Customers

Task of KOTRA	Opinions of customers	Efforts of KOTRA	Outcome
To establish a standard customer reception procedure (New)	<ul style="list-style-type: none"> <li>Discordance of services provided by employees</li> <li>Perception that 'KOTRA has a high threshold'</li> </ul>	<ul style="list-style-type: none"> <li>Prepared a customer reception manual</li> <li>Reinforced CS education</li> <li>Introduced a counseling appointment system</li> </ul>	<ul style="list-style-type: none"> <li>Completed 30,534 counseling services</li> <li>Received 93 points for satisfaction with counseling</li> </ul>
To create a one-stop counseling system (New)	<ul style="list-style-type: none"> <li>Lack of counseling expertise</li> <li>Lack of one-stop support</li> </ul>	<ul style="list-style-type: none"> <li>Designated 53 callback coordinators in different departments</li> <li>Invited experts for education</li> <li>Increased professionalism of counseling through collaboration with external agencies</li> </ul>	<ul style="list-style-type: none"> <li>Reduced missing calls by 37%</li> <li>Reduced redirected calls by 48%</li> </ul>
To introduce a service refund procedure and follow-up support	<ul style="list-style-type: none"> <li>Lack of service refund procedure and follow-up support</li> </ul>	<ul style="list-style-type: none"> <li>Introduced a commission fee refund system</li> <li>Designated recall officers 156 executive officers</li> </ul>	<ul style="list-style-type: none"> <li>Closely supported 296 clients</li> </ul>
To integrate follow-up management services (New)	<ul style="list-style-type: none"> <li>Lack of support after finding of buyers</li> </ul>	<ul style="list-style-type: none"> <li>Newly launched a transaction support service</li> </ul>	<ul style="list-style-type: none"> <li>Confirmed buyer information and provided communication services upon request of clients</li> </ul>

## Service Innovation on the Expectation of Clients

### Reorganization of Organization and Service System

KOTRA tries to secure power for customized innovation by reorganizing its organization and service system. In 2018, we improved our customer reception by developing the organization and service system from the viewpoint of clients using our services. In addition, the organization of the head office was redesigned to divide the support system into free and paid systems. Industrial marketing and economic and commerce cooperation departments were installed to prevent mixing of different areas such as policy projects and trade support. A free counseling appointment system was implemented to reduce discomfort of clients using free services. KOTRA also increased access to refund information by preparing a service refund guideline.

### Improvement of Organization and Service System

Category		Previous	Revised
Organizational structure	Headquarters	<ul style="list-style-type: none"> <li>No differentiation between free and paid systems</li> <li>Mixing of different fields such as policy project and trade support</li> </ul>	<ul style="list-style-type: none"> <li>Redesigned the organization to 'customer counseling → free consulting → paid project'</li> <li>Installed exclusive departments for industrial marketing and economic and commerce cooperation</li> </ul>
	Regional support centers	<ul style="list-style-type: none"> <li>11 support centers, 50 employees</li> </ul>	<ul style="list-style-type: none"> <li>Newly opened one center and increased the number of employees by 30 persons (50 → 80)</li> </ul>
Service structure	Customer reception	<ul style="list-style-type: none"> <li>Services for paid customers</li> </ul>	<ul style="list-style-type: none"> <li>Made an integrated manual for the free counseling appointment system and customer reception</li> </ul>
	Grievance handling	<ul style="list-style-type: none"> <li>Lack of a system to identify the cause and handle complaints</li> </ul>	<ul style="list-style-type: none"> <li>Supported 421 companies through 159 new service recall officers</li> <li>Prepared the refund guideline</li> </ul>
	Follow-up support	<ul style="list-style-type: none"> <li>Lack of means to provide support after termination of services</li> </ul>	<ul style="list-style-type: none"> <li>Introduced a transaction support service to take care of buyers for 3 months</li> </ul>

Moving KOTRA Visiting Customers

4,823 cases

Received opinions of customer  
(Online VOC, phone call, etc.)

116,706 cases

Reduced burden on customers

USD 3.24 billion

Increased the number of free counseling  
by 21.4%

28,806 cases

34,965 cases

### Campaign to Lower the Threshold

KOTRA is conducting a 'campaign to lower the threshold' in order to focus on difficulties of customers and support as many customers as possible. After the inauguration in 2018, the President & CEO of KOTRA visited 20 SMEs in 2 weeks to listen to voices of customers. During the year of 2018, the CEO & President of KOTRA visited 121 SMEs. Also, KOTRA strengthened its role as a partner of SMEs by actively promoting the visiting service called 'Moving KOTRA Visiting Customers.'

### Efforts to Reduce the Burden on Customers

There are needs of customers in the fields that cannot be supported by KOTRA, such as overseas certifications. In this case, KOTRA reduces financial burden of customers by collaborating with various agencies at home and abroad. KOTRA collaborated with 552 external agencies in 2018 and reduced the burden of customers by KRW 3.24 billion.

## Shared Growth

### KOTRA's Shared Growth

#### Shared Growth System

KOTRA has a plan to promote shared growth in connection with its management strategy. We establish challenging annual goals for each task and manage performance in comparison to the goals, trying to become an agency that leads shared growth. Corporate Social Value Office was newly formed as an organization in charge of shared growth in 2018, and the Shared Growth Committee was reformed into the Social Value Committee to expand the scope of shared growth activities and enhance power of execution.

#### Plan for Shared Growth

Goal	Leading inclusive cooperation through the reinforcement of the shared growth and overseas entry platform			
Strategy	Leading globalization of shared growth companies	Reinforcement of competitiveness of socially disadvantaged companies	Diversification of joint overseas entry	Fostering regional innovation ecosystem
Task	<ul style="list-style-type: none"> <li>Expansion of overseas entry and shared growth projects</li> <li>Reinforcement of support on regional crisis industries</li> <li>Facilitation of globalization of partner and shared growth companies</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of projects to reinforce capabilities of small companies</li> <li>Enhancement of design competitiveness through matching of artworks</li> <li>Improvement of partner transaction and operation environment</li> </ul>	<ul style="list-style-type: none"> <li>Diversification of joint entry support programs</li> <li>Sharing of overseas entry know-how</li> <li>Securing of technologies and safety of joint entry companies</li> </ul>	<ul style="list-style-type: none"> <li>Support on globalization of innovative start-ups</li> <li>Contribution to the revitalization of regional economy</li> <li>Expansion of the visiting service in each region</li> </ul>

#### Companies Subject to Shared Growth Support

KOTRA is not only supporting its direct partner companies but also helps partners of large companies and public institutions such as small, medium and mid-sized companies and social enterprises by categorizing them as shared growth companies. KOTRA promotes a fair trade and win-win relationship with partner companies and joint overseas entry projects with shared growth companies to help them grow into global export companies.

#### Targets of Shared Growth Support of KOTRA

<b>Partner companies</b> SMEs in 6 areas of partnership	<ul style="list-style-type: none"> <li>Printing, travel, data processing, interpretation, transportation, device design</li> </ul>
<b>Shared growth companies</b> Partner companies of large companies and public institution	<ul style="list-style-type: none"> <li>SMEs that are partners of large companies</li> <li>SMEs that are partners of public institutions</li> <li>Social enterprises</li> </ul>

### Promotion of Fair Trade and Win-Win with Partners

#### Establishment of Fair Economic Order

KOTRA contributes to the establishment of fair economic order with partners through contracts that reflect all government policies. In 2018, the financial operation conditions of SMEs partner were improved by increasing the prepayment rate. On the other hand, fairness and reliability of contracts were enhanced by making an exclusive contract department handle all contracts. To spread fair trade culture within KOTRA, we conducted 4 education programs for employees on regular and non-regular contracts. For reference, information about all contracts signed by KOTRA is disclosed clearly on the Korea Online e-Procurement System and KOTRA website.

### Improvement of Systems Based on Opinions of Partners

To create win-win culture, KOTRA examines the needs of partners. KOTRA shortened its payment period and tried to resolve the problem of placing too many orders on certain companies in 2018 based on opinions of partners. To shorten the payment period, an indicator for appropriateness of administrative contract processing was newly added to the internal evaluation indicators of KOTRA. In addition, KOTRA implemented a private contract cap system that applies a ceiling on the number or monetary value of contracts signed with the same company every year to handle grievances of partners about unfair orders.

### Support on Socially Disadvantaged Companies

KOTRA has exceeded the government-recommended level of activities to help socially disadvantaged companies including SMEs, female-owned companies and companies of workers with severe disabilities. A system purchasing products from social enterprises was executed in 2018 to purchase KRW 1.82 billion worth of products from social enterprises.

#### Product Purchasing Results

(Unit: KRW in million)

Category	2016	2017	2018
SMEs	23,782	46,137	42,377
Female-owned companies	3,239	7,498	6,524
Companies with the severely handicapped	770	926	712
Social enterprises	1,048	1,698	2,017
Total purchasing amount*	28,315	53,523	48,148

### Globalization of Shared Growth Companies

#### Reinforcement of Capability of Shared Growth Companies

KOTRA conducts various support activities to increase global capabilities of shared growth companies. In 2018, KOTRA provided one-on-one export consulting and hands-on support services to 3,000 domestic SMEs, among which 1,333 companies started exporting products. In addition, KOTRA helped 351 companies in making brochures and websites in foreign languages. Furthermore, KOTRA continued to expand its customized overseas entry package projects in order to reinforce global capabilities of social enterprises, contributing to USD 4.5 million of export.

#### Support on Overseas Entry of Shared Growth Companies

KOTRA offers a foothold for SMEs that had difficulties entering overseas by supporting partners of different industrial fields such as auto parts, shipbuilding materials, power materials, distribution and ICT projects in collaborating with large companies and public institutions. KOTRA engaged in activities to provide consulting with buyers through export marketing events to help overseas entry of social enterprises. In 2018, 50 social enterprises participated in 9 export marketing events. KOTRA also helps social enterprises to receive support on trade insurance expense and export financing interest rate by collaborating with relevant institutions.

#### Customized Overseas Entry Package Projects for Social Enterprises

Category	Service description
Package 1 (reinforcement of capability)	<ul style="list-style-type: none"> <li>Moving KOTRA and big-bot services</li> <li>Training of trade experts</li> </ul>
Package 2 (export initiation)	<ul style="list-style-type: none"> <li>Export company consulting and marketing</li> <li>Making of brochures in foreign languages</li> <li>Operation of buyKorea Hall</li> </ul>
Package 3 (expansion of export)	<ul style="list-style-type: none"> <li>Overseas market research</li> <li>Support on sales trip</li> <li>Digital marketing</li> </ul>

\* Total purchasing amount does not include duplicated purchasing cases.

# Human Resources Management

## Fostering of Human Resources

### Creation of Capability Development System

KOTRA has created a capability development system for employees by accounting for internal and external environments, as well as company management strategies. KOTRA endeavors to foster business experts with a global mindset according to the capability development system. In particular, KOTRA focuses on early adaptation of new employees, reinforcement of capabilities of local employees, cultivation of job competency, and reinforcement of HRD execution capability.

#### Capability Development System

Ideal talent	Fostering business experts with a global mindset			
HRD goal	<ul style="list-style-type: none"> <li>Reinforcement of HRD capability in response to increased human resources and education demand</li> <li>Fostering of experts for advancement of overseas marketing and expansion of global growth support</li> </ul>			
Strategy	Early adaptation of new employees	Reinforcement of capabilities of local employees	Cultivation of job competency	Reinforcement of HRD execution capability
Task	<ul style="list-style-type: none"> <li>Increased education for new employees</li> <li>Cultivation of communication ability</li> </ul>	<ul style="list-style-type: none"> <li>Development of education contents</li> <li>Encouragement of long service</li> </ul>	<ul style="list-style-type: none"> <li>Increased on-the-job training</li> <li>Reinforcement of self-directed learning</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcement of the organization</li> <li>Improvement of the education method</li> </ul>

Satisfaction level with on-the-job training (industries and products)

Satisfied: **88** %

Helpfulness level of on-the-job training for developing projects (industries and products)

Satisfied: **81** %

Reflection of the needs of employees on education and training systems

Positive responses: **93** %

Helpfulness of education and training systems in improving capabilities of individuals

Positive responses: **93** %

### Expansion of On-the-Job Training According to Needs of Customers

KOTRA is continuously expanding on-the-job training to satisfy the needs of customers to reinforce expertise of their employees. In 2018, KOTRA conducted 21 training programs by adding 17 programs on future industries and products compared to the previous year. Primary fields of training included artificial intelligence, pharmaceuticals, eco-friendly shipbuilding materials, future vehicles, smart health care and intelligent robots. KOTRA will continue to provide a comprehensive consulting service from selection of promising markets to suggestion of methods by having all employees possess sufficient knowledge in products and industries of customers.

### Early Adaptation of New Employees

KOTRA expanded the scope of existing education programs for new employees in charge of ordinary affairs to all job types in order to turn new employees into business experts. KOTRA also prepared an essential education program for experienced trade officers. Directors of business centers are supported to acquire necessary capabilities through self-directed learning and close mentoring.

### Reinforcement of Local Employees

KOTRA has been executing 158 new education programs in different local head offices to foster local employees in each local head office. The new education curriculum implemented in 2018 is comprised of courses that are directly associated with marketing, economy, management strategy, overseas market research, industrial information and investment attraction. This education curriculum reinforces capabilities of local employees and greatly helps the development of KOTRA.

**Reinforcement of Activities of On-the-Job Training Department**

As the number of employees who are subject to on-the-job training is increasing, KOTRA expands human resources in charge of education and conducts adequate education to cope with the changing environment. With the introduction of the 52-hour work per week system in 2018, KOTRA scaled down collective education and expanded online and external education programs. In addition, a customized education system was implemented by each head office because each department requires different criteria and fields of education.

**Personnel Management**

**Capability-Based Personnel Management**

KOTRA motivates employees through a capability-based personnel promotion system. When deciding promotion of employees, KOTRA divides the ratio into 50% for the Promotion Recommendation Committee and 50% for the priority of promotion. In addition to the capability and performance-based promotion system, KOTRA has further ensured fairness by expanding the scope of the Promotion Recommendation Committee to employees working for domestic and overseas organizational network.

**Enhancement of Expertise Through External Personnel**

KOTRA is actively recruiting external personnel in necessary fields to reinforce expertise in human resources management. In 2018, a new system was established to externally open up the position of KBC director in order to recruit external human resources at 5 KBCs. Also, KOTRA overcame shortages of job rotation that had limits in accumulating expertise by recruiting 13 professionals in 11 fields including budget, judicial affairs, maintenance management, international logistics, public relations, audit, etc.

**Performance-Based Reward System**

KOTRA is operating a fair performance-based reward system. Basic annual salaries of all employees are differentially accumulated every year based on the results of overall work rating, and performance-based salaries are provided to each individual in connection with performance evaluation. KOTRA places diverse efforts to lessen the burden of employees for evaluation. In 2018, acceptance of the performance and reward system by employees was 79.7 points, increased by 2.7 points compared to the previous year. Moreover, KOTRA operates coaching programs and capability reinforcement programs for departments and employees showing poor performance. KOTRA reduced the number of employees with poor performance by 6 persons in 2018 compared to the previous year, gradually reducing the ratio of poor performance employees.

**Performance-Based Reward System of KOTRA**

Evaluation category	Wage category
Performance evaluation 60% + competency evaluation 40%	<div style="display: flex; justify-content: space-around;"> <div style="border-bottom: 1px solid black; padding: 5px;">Basic salary</div> <div style="border-bottom: 1px solid black; padding: 5px;">Job pay</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border-bottom: 1px solid black; padding: 5px;">Basic annual salary</div> <div style="border-bottom: 1px solid black; padding: 5px;">Performance salary</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border-bottom: 1px solid black; padding: 5px;">Total annual salary</div> </div>
Job evaluation 50% + performance evaluation 50%	
Performance evaluation 100%	

## Information Security

Information Security Management System (ISMS) Certification

Maintained for  
3 consecutive years

### Information Security Management System

#### Enhancement of Level of Information Security Management

Cyber threats are becoming increasingly severe and diverse. Management of information security systems has become an essential requirement for all companies and institutions. Accordingly, KOTRA is increasing the level of information security management by expanding information security professionals, securing independence and increasing the budget. KOTRA reinforced its expertise by newly recruiting professionals in 2018. When evaluating performance, information security workers are evaluated differently from ordinary support departments. Duties that are irrelevant to information security have been transferred to other departments so that information security personnel can solely concentrate on information security. As a result of such efforts, the information security organization of KOTRA was able to find and improve insufficiencies by conducting risk analysis on information assets (488 assets) in 2018. A mock hacking test was carried out on the website of KOTRA to find and fix vulnerabilities. KOTRA has been maintaining the ISMS certification for 3 consecutive years and plans to maintain a thorough information security management system.

#### Reinforcement of Information Security Activities

KOTRA is reinforcing information security through education, training and inspection activities. The scope of mandatory information security education has been expanded to temporary employees. The contents of information security education have been turned into webtoon to help understanding of employees. In addition, KOTRA is reinforcing its responsiveness to unexpected information security risks by conducting various training programs such as DDoS response training. KOTRA attempts to internalize information security by inspecting information security of employees. In 2018, KOTRA enhanced the overall security level through 20 education, training and inspection activities.

#### Information Security Activities

(Unit: times)

	Category	2017	2018	Description
Education	Hands-on education on development security (New)	-	2	Hands-on education on secure coding for information-related employees
	Education for all employees	2	4	Basic education on information security inviting external experts
Training	DDoS response training (New)	-	1	A large-scale network attack response training program
	Hacking e-mail mock training	3	3	A hacking e-mail response training program for all employees
Inspection	Spot security inspection (New)	-	2	Spot check on security vulnerabilities of digital office devices
	Information security guidance visit	4	7	Basic information security inspection, education and hearing of opinions
	Information security audit	1	1	Auditing of KBCs in collaboration with Auditor's Office

#### Advancement of Information Security System

KOTRA responds to information security risks by introducing new intelligent security equipment and updating old security equipment with latest hacking detection and blocking patterns. In addition, the information security guideline and manual were revised to make up for inadequacies found during evaluation of the national Intelligence Service. KOTRA has fundamentally prevented malicious codes via the internet by creating a separate network for security equipment.



**Efforts for Advancement of Security System**

Category	Previous	Revised
Introduction of intelligent security equipment	Simple technology based on pre-defined patterns against hacking attempts	Proactive response to unknown vulnerabilities based on the analysis of network activities through machine learning
Advancement of old security equipment	Problems in system operation and response to hacking due to expiration of technical support	Secured stable operating environment through latest hacking detection and blocking patterns and technical support of the manufacturer
Revision of the information security guideline and manual	Only one information security guideline	Divided into the information security guideline (1 guideline), procedures (5 procedures) and manuals (3 manuals) and improved inspection items to account for vulnerabilities
Reinforcement of security management by the service company	Non-periodic inspection focused on documents	Periodic inspection conducted by project coordinators and spot inspection conducted by Cyber Security Team to secure effectiveness
Reinforced control of access to security equipment	Simple blocking of access using firewalls	Fundamentally blocked malicious codes via the internet by creating a separate network for security equipment

**Protection of Personal Information**

**Reinforcement of Personal Information Protection Organization**

In 2018, KOTRA reinforced the personal information protection organization by creating a new part manager (PM) position in addition to the existing personal information protection coordinator. In addition, about 20 administrators of the KOTRA website were educated on personal information to increase their awareness of personal information protection.

**Diagnosis and Maintenance Activities**

KOTRA performed a comprehensive self-diagnosis as required by the Personal Information Protection Act and engaged in various activities to improve inadequacies such as update of the Personal Information Policy and reinforcement of education contents. KOTRA also strives to protect personal information by conducting periodic preventive activities and maintenance activities. Through such efforts, KOTRA acquired a score of 90.99 points during the personal information management research conducted by the Ministry of the Interior and Safety in 2018, receiving the highest grade (satisfactory) for 3 consecutive years.

Personal information management research of the Ministry of the Interior and Safety

Received the highest grade

Information protection related incident

Zero

## Risk Management

### Internal Control and Risk Management System

KOTRA is constantly developing its internal control and risk management system in response to the rapidly-changing business environment and potential threats. KOTRA established the Internal Control Committee to reinforce preventive measures and inspection processes including risk self-diagnosis and internal control activities. We place efforts to manage internal control and risk in terms of organizational operation, compliance with laws and integrated management. In addition, appropriateness of the internal control and risk management system is evaluated by independent audit activities of Auditor's Office.

#### Composition and Roles of the Internal Control Committee

Composition of the Internal Control Committee	Chairman	Senior Executive Vice President for Management Support
	Members	Manager of Planning & Coordination Department, Manager of General Services Department, Manager of Human Resources Development & Management Department, Manager of Public Relations Office, Manager of Customer Relations Office, etc.
	Department in charge	Planning & Coordination Department
Direction for risk management	Organizational operation	To secure effectiveness and efficiency of organizational operation such as organizational network
	Compliance with laws	To comply with relevant laws, supervisory regulations, policies, government guidelines and procedures
	Integrated management	To remove blind spots through integrated risk management
Risk management process	Self-diagnosis	To conduct internal control activities such as risk self-diagnosis of each department and inspection of systems, regulations and manuals (Semiannually)
	Inspection	To measure risk factors and risks of each field based on the results of self-diagnosis conducted by each risk management department, establish response measures, and report to the Internal Control Committee
	Follow-up measures	To establish improvement measures according to the results of risk inspection and request audit if necessary

### Financial Risk Management System

KOTRA operates a financial risk response system in order to find and respond to financial risks in advance. KOTRA sets and manages the risk level using core risk indicators such as the rate of government subsidy increase, average foreign exchange rate, rate of own-source income increase and rate of budget execution. Different organizations have been set to cope with different risk levels quickly and appropriately. In 2018, foreign exchange rates were monitored frequently because of the trade war between the United States and China. At the same time, plans for fixed overhead expenses and working expenses were lowered in response to potential risks. KOTRA saved its foreign exchange budget by KRW 6.2 billion as a result of operating foreign currency funds efficiently.

**Response Manual for Each Risk Level**

**Determination of Risk Level According to Change of Core Risk Indicators**

Key risk indicator	Attention level >>>	Caution level >>>	Alert level >>>	Serious level
Government subsidy	Rate of increase $\geq 5.1\%$	$1.8\% \leq$ Rate of increase $< 5.1\%$	$\Delta 1.4\% \leq$ Rate of increase $< 1.8\%$	Rate of increase $< \Delta 1.4\%$
Exchange fluctuation	CFaR $< 100\%$	$100\% \leq$ CFaR $< 200\%$	$200\% \leq$ CFaR $< 300\%$	CFaR $\geq 300\%$
Increase in revenue	Rate of increase $\geq 4.8\%$	$3.1\% \leq$ Rate of increase $< 4.8\%$	$1.5\% \leq$ Rate of increase $< 3.1\%$	Rate of increase $< 1.5\%$
Execution rate of budget	Execution rate $\geq 98\%$	$95\% \leq$ Execution rate $< 98\%$	$92\% \leq$ Execution rate $< 95\%$	Execution rate $< 92\%$

**Response process**

<ul style="list-style-type: none"> <li>One of core risk indicators at the caution level</li> </ul>	>>>	<b>Financial Operation Committee</b> Manager of Budget Team	>>>	Data analysis and preemptive response to risks
<ul style="list-style-type: none"> <li>One of core risk indicators at the alert level</li> <li>Three or more core risk indicators at the caution level</li> </ul>	>>>	<b>Financial Structure Improvement Task Force</b> Manager of Planning & Coordination Department	>>>	Risk management for each core risk indicator and sharing of results
<ul style="list-style-type: none"> <li>One of core risk indicators at the serious level</li> <li>Three or more core risk indicators at the alert level</li> </ul>	>>>	<b>Emergency Measure Committee</b> Senior Executive Vice President	>>>	Declaration of risk alert and execution of risk response

**Non-Financial Risk Management System**

KOTRA has the possibility of control-related risks due to its global organizational network comprised of 127 overseas and 12 domestic centers, as well as its business structure centered on overseas operation. In addition, the possibility of management risks is increasing with increasing size of organization, budget, new projects and external cooperation projects. KOTRA is operating an internal check system to control such risks effectively.

**System for Internal Control**

Directions	System advancement	<ul style="list-style-type: none"> <li>Advancement of the internal control system</li> <li>Autonomous internal check</li> <li>Increased expertise and independence</li> </ul>
	Expansion of internal checking activities	<ul style="list-style-type: none"> <li>Reinforcement of checking activities based on the system</li> <li>Enhancement of compliance with ethical and social responsibilities</li> <li>Vitalization of the internal report system</li> </ul>
	Improvement of the system and reinforcement of punishment for violations	<ul style="list-style-type: none"> <li>Securing of a virtuous circle through follow-up management and evaluation</li> </ul>
Checking organizations	Internal	Executive auditor, non-executive board members, solicit prevention officers, compliance officers
	External	Integrity ombudsmen, audit advisory group
Checking activities	Daily audit, e-audit system, restriction on the use of business credit card and proactive monitoring, internal report channel, service inspection, etc.	

## Performances in Sustainability Management

### Financial Performance

#### Financial Performance (Summarized Financial Position)

(Unit: KRW)

	57th period(2018)	56th period(2017)	55th period(2016)
<b>Assets</b>			
<b>Current assets</b>	54,601,603,103	52,450,767,561	61,967,676,996
Cash and cash equivalents	41,402,105,418	38,745,654,369	47,368,759,179
Current financial assets	2,047,797,000	1,218,327,000	856,112,000
Trade and other receivables	1,493,796,685	1,423,274,782	1,448,002,519
Current income tax assets	130,227,506	118,677,724	21,548,523
Current non-financial assets	9,527,676,494	10,944,833,686	12,273,254,775
<b>Non-current assets</b>	80,207,235,572	72,595,922,854	74,179,265,380
Non-current financial assets	5,683,386,500	5,297,802,500	5,675,090,000
Long-term trade and other receivables	42,806,652,768	38,941,672,160	39,436,091,623
Tangible assets	16,650,943,451	15,396,710,941	15,230,291,012
Real estate investments	2,294,353,495	2,329,183,585	2,284,503,843
Intangible assets other than goodwill	3,916,161,365	4,369,422,111	5,903,452,798
Investments in associates and joint ventures	8,659,261,214	5,994,776,420	5,536,405,109
Non-current, non-financial assets	196,476,779	266,355,137	113,430,995
<b>Total assets</b>	134,808,838,675	125,046,690,415	136,146,942,376
<b>Liabilities</b>			
<b>Current liabilities</b>	45,128,514,303	46,045,657,419	43,616,772,571
Trade and other payables	667,460,743	10,869,861,368	15,670,663,339
Current non-financial liabilities	19,904,054,826	17,169,887,666	11,367,920,294
Liquidity provisions	18,550,098,734	18,005,908,385	16,578,188,938
<b>Non-current liabilities</b>	19,131,772,742	16,763,065,745	12,349,047,159
Long-term trade and other payables	725,158,641	785,781,041	694,466,389
Non-current non-financial liabilities	655,866,616	637,214,210	903,738,968
Provisions for employee benefits	17,750,747,485	15,340,070,494	10,750,841,802
<b>Total liabilities</b>	64,260,287,045	62,808,723,164	55,965,819,730
<b>Equity</b>			
Paid-in capital	55,000,000,000	50,000,000,000	50,000,000,000
Retained earnings	13,529,048,670	10,213,208,286	28,159,429,987
Other components of equity	2,019,502,960	2,024,758,965	2,021,692,659
<b>Total capital</b>	70,548,551,630	62,237,967,251	80,181,122,646
<b>Total liabilities and equity</b>	134,808,838,675	125,046,690,415	136,146,942,376

## Financial Performance (Summarized Income Statement)

(Unit: KRW)

	57th period(2018)	56th period(2017)	55th period(2016)
<b>Sales</b>	426,570,738,897	406,411,197,756	408,028,336,401
Revenue from rendering of services	97,628,861,489	85,918,696,316	78,258,999,380
Transfer earning (sales)	325,770,328,887	317,351,186,866	326,614,240,154
Other revenues (sales)	3,171,548,521	3,141,314,574	3,155,096,867
<b>Cost of sales</b>	288,128,947,104	289,842,622,184	281,817,210,524
Cost of sales on revenue from rendering of services	285,615,688,031	287,343,170,492	279,311,584,131
Cost of sales on other revenue	2,513,259,073	2,499,451,692	2,505,626,393
<b>Gross profit</b>	138,441,791,793	116,568,575,572	126,211,125,877
<b>Selling and administrative expenses</b>	137,567,048,425	135,773,521,407	130,831,512,932
Labor cost	120,062,755,926	118,695,894,609	114,749,500,329
Other expenses	17,504,292,499	17,077,626,798	16,082,012,603
<b>Operating income (loss)</b>	874,743,368	(19,204,945,835)	(4,620,387,055)
<b>Other expenses</b>	34,830,093	34,830,093	34,556,242
Depreciation expense on investment property	34,830,093	34,830,093	34,556,242
<b>Other profit (loss)</b>	4,298,593,493	(737,605,108)	1,002,921,668
Gain on disposal of property, plant, and equipment	256,669,901	74,607,013	62,008,677
Gains on foreign exchange transactions	249,052,087	29,220,132	365,886,847
Gains on foreign exchange transactions	776,371,059	196,298,881	522,099,203
Other gains	3,944,195,675	2,018,777,319	1,928,021,615
Losses on disposal of property, plant, and equipment	(39,777,019)	(28,734,301)	(27,793,080)
Losses on foreign exchange translations	(224,313,729)	(2,310,983,019)	(1,254,476,557)
Losses on foreign exchange transactions	(663,604,481)	(716,791,133)	(592,825,037)
<b>Financial income</b>	1,322,618,006	973,852,136	117,850,072
Interest income	1,322,618,006	973,852,136	117,850,072
<b>Gains (losses) on associates and joint ventures</b>	2,908,821,654	355,898,695	736,012,198
Gains on evaluation of associates and joint ventures	2,908,821,654	355,898,695	736,012,198
<b>Net profit before income tax (loss)</b>	9,369,946,428	(18,647,630,205)	(2,798,159,359)
<b>Profit from continuing operations</b>	9,369,946,428	(18,647,630,205)	(2,798,159,359)
<b>Net profit (loss)</b>	9,369,946,428	(18,647,630,205)	(2,798,159,359)
<b>Other comprehensive income</b>	(1,059,362,049)	1,744,383,000	2,086,737,384
<b>Total comprehensive income</b>	8,310,584,379	(16,903,247,205)	(711,421,975)

## Financial Performance

### Economic and Business Performance

Classification	Unit	2016	2017	2018
<b>Operation of retirement pension</b>				
Total amount raised (DB plan)	KRW in millions	31,294	31,231	35,129
No. of pension holders (DB plan)	Persons	691	755	776
No. of pension holders (DC plan)	Persons	266	267	261
<b>Wage level of new employees</b>				
Minimum legal wage	KRW in thousands	15,123	16,277	18,885
Wage paid to new employees (avg.)	KRW in thousands	32,844	33,675	33,140
Wage paid to new employees (male)	KRW in thousands	33,388	34,123	35,473
Wage paid to new employees (female)	KRW in thousands	31,410	32,101	33,418

### Distribution of Economic Value

Classification	Details	Unit	2016	2017	2018
Employees	Wage, retirement benefit, welfare benefit	KRW	121,157,434,001	125,736,723,425	127,213,408,020
Shareholders	Dividend	KRW	1,039,908,190	-	4,339,840,940
Suppliers	Procurement and outsourcing costs	KRW	2,525,601,156	3,577,896,371	2,674,572,092
Government	Corporate tax, other taxes and dues	KRW	2,050,917,640	2,029,869,403	2,155,618,768
Local communities	Financial donation, social contribution expenditure	KRW	45,151,000	28,700,000	47,536,000

## Environmental Performance

Classification	Unit	2016	2017	2018	
<b>Recycling of raw materials</b>					
Paper	Boxes	902	1,146	1,346	
Ratio of recycled paper use	%	93.3	100	100	
<b>Water use and water reuse rate*</b>					
Water use (underground water)	ton	12,258	11,287	13,459	
Water use (water supply system)	ton	17,991	16,328	15,336	
Total annual water use	ton	30,249	27,615	28,795	
Reused water	ton	1,595	1,468	1,750	
Water reuse rate	%	13	13	13	
<b>Direct &amp; indirect GHG emissions</b>					
Scope 1	Total	tCO <sub>2</sub> eq	518	497	540
	Direct GHG emissions (stationary combustion-city gas)	tCO <sub>2</sub> eq	369	362	447
	Direct GHG emissions (mobile combustion-gasoline)	tCO <sub>2</sub> eq	120	107	77
	Direct GHG emissions (mobile combustion-diesel)	tCO <sub>2</sub> eq	29	27	17
Scope 2	Total	tCO <sub>2</sub> eq	2,664	2,599	2,709
	Indirect GHG emissions (electricity)	tCO <sub>2</sub> eq	2,664	2,599	2,709
<b>Expenses and investments for environmental protection</b>					
Sewer charges	KRW in millions	29	29	30	
Sewer treatment cost (wastewater purification and general waste treatment)	KRW in millions	23	13	15	
Procurements of eco-friendly products	KRW in millions	547	628	1,168	
Total amount of procurements	KRW in millions	576	731	1,456	
Ratio of eco-friendly products purchased	%	94.9	86.0	80.2	

\*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

## Social Performance

Classification		Unit	2016	2017	2018	
<b>Employment and turnover</b>						
New employment	Male	Persons	55	45	27	
	Female	Persons	39	38	37	
	Locally recruited employees	Persons	12	3	45	
	Science & engineering majors	Persons	14	15	4	
	Non-permanent employees	Persons	20	7	6	
Employee composition	Male	%	1.8	1.1	2.3	
	Female	%	2.9	5.0	2.9	
<b>Employee composition</b>						
Position permanent	Executives	Total	Persons	7	7	6
		Male	Persons	7	7	5
		Female	Persons	-	-	1
	Level 1	Total	Persons	57	58	53
		Male	Persons	56	57	52
		Female	Persons	1	1	1
	Level 2	Total	Persons	165	161	164
		Male	Persons	154	147	147
		Female	Persons	11	14	17
	Level 3	Total	Persons	158	174	189
		Male	Persons	127	136	145
		Female	Persons	31	38	44
	Levels 4, 5, and 6	Total	Persons	499	530	527
		Male	Persons	266	284	270
		Female	Persons	233	246	257
Total		Persons	886	930	939	
Gender permanent	Male	Persons	610	631	619	
	Female	Persons	276	299	320	
Region permanent	Domestic	Persons	529	549	548	
	Overseas	Persons	357	381	391	
Age permanent	35 and below	Persons	330	370	378	
	36-45	Persons	287	282	272	
	46-55	Persons	221	230	240	
	56 and older	Persons	48	48	49	



Classification		Unit	2016	2017	2018	
Function permanent + non-permanent	Executives	Total	Persons	7	7	6
		Male	Persons	7	7	5
		Female	Persons	-	-	1
	Trade & specialized functions	Total	Persons	803	843	859
		Male	Persons	588	608	600
		Female	Persons	215	235	259
	Special services	Total	Persons	62	80	74
		Male	Persons	34	38	14
		Female	Persons	28	42	60
	Administrative	Total	Persons	76	80	206
		Male	Persons	15	16	83
		Female	Persons	61	64	123
Employment type permanent + non-permanent	Permanent	Total	Persons	886	930	939
		Male	Persons	610	631	619
		Female	Persons	276	299	320
	Indefinite-term contract positions	Total	Persons	62	80	206
		Male	Persons	34	38	83
		Female	Persons	28	42	123
	Contract positions*	Total	Persons	-	-	-
		Male	Persons	-	-	-
		Female	Persons	-	-	-
	Non- permanent	Total	Persons	20	4	6
		Male	Persons	7	3	4
		Female	Persons	13	1	2
Employment of members of socially disadvantaged classes	Disabled employees	Persons	31	41	37	
		%	3.0	3.5	3.2	
	Female employees	Persons	276	299	320	
		%	31.2	32.2	34	
	Patriots and veterans	Persons	45	45	47	
		%	5.0	4.5	4.1	

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

Classification		Unit	2016	2017	2018	
Childbirth and childcare leave	Employees who have taken a leave	Total	Persons	37	32	31
		Male	Persons	4	5	4
		Female	Persons	33	27	27
	Employees who returned to work after leave	Total	Persons	22	18	15
		Male	Persons	3	3	2
		Female	Persons	19	15	13
	Employees who have worked for 12 months or longer after returning	Total	Persons	17	21	15
		Male	Persons	-	3	3
		Female	Persons	17	18	12
	Employees working for 12 months or longer	Total	%	100	95	83
		Male	%	-	100	100
		Female	%	100	95	80
<b>Employee education</b>						
No. of employees who have received education		Persons	948	930	939	
Total education cost		KRW in thousands	2,348,065	2,189,148	2,022,409	
Total No. of education sessions		Sessions	940	786	462	
Total hours of education		Hours	165,291	176,938	143,683	
Education cost per employee		KRW	2,476,862	2,353,923	2,153,790	
Education hours per employees	Total	Hours	174	190	153	
	Gender	Male	Hours	177	185	151
		Female	Hours	170	202	157
	Position	Executives	Hours	43	41	47
		Level 1 & 2	Hours	203	162	111
		Level 3 or lower	Hours	167	194	166
Foreign language education hours per person		Hours	52	70	89	
<b>Ethics management</b>						
Education on ethics management	Executives	Persons	6	6	7	
	Employees	Persons	860	894	912	
Corruption risk assessment	No. of targets	Locations	40	41	41	
	Achievement rate	%	29	30	29	
Sharing ethics code with business partners	No. of targets	Organizations	33	40	40	
	Achievement rate	%	100	100	100	

Classification		Unit	2016	2017	2018	
<b>Corruption cases and actions taken</b>						
Employees	No. of corruptions	Cases	1	-	-	
	Disciplinary actions	Cases	1	-	-	
<b>Education on human rights</b>						
No. of sexual harassment education sessions		Cases	7	8	19	
Employees who have received education on sexual harassment		Persons	948	930	939	
<b>Unionized employees and employees covered by collective bargaining</b>						
No. of employees eligible for the labor union		Persons	763	855	974	
No. of unionized employees		Persons	539	645	709	
Ratio of unionized employees		%	70.6	75.4	72.8	
<b>Grievance settlement</b>						
Labor-Management Joint Grievance Settlement Center	Reported and settled	Cases	10	9	5	
EAP employee assistance program	Users	Persons	54	22	41	
	No. of inquiries	Cases	115	74	67	
Clean KOTRA center	Reported and settled	Cases	13	11	7	
<b>Customer satisfaction survey</b>						
Customer satisfaction	Head Office	Points	94.1	96.8	97.4	
<b>Injuries and diseases</b>						
Accident injury rate	Total	Per million hours	-	-	-	
	Gender	Male	Per million hours	-	-	-
		Female	Per million hours	-	-	-
	Position	Executives	Per million hours	-	-	-
		Level 1 & 2	Per million hours	-	-	-
		Level 3 or below	Per million hours	-	-	-
	Region	Domestic	Per million hours	-	-	-
		Overseas	Per million hours	-	-	-

Classification		Unit	2016	2017	2018	
Rate of occupational diseases	Total	Per million hours	0.57	-	0.0096	
	Gender	Male	Per million hours	0.83	-	-
		Female	Per million hours	-	-	0.0282
	Position	Executives	Per million hours	-	-	-
		Level 1 & 2	Per million hours	0.23	-	-
		Level 3 or below	Per million hours	-	-	0.0126
	Region	Domestic	Per million hours	0.96	-	0.0165
		Overseas	Per million hours	-	-	-
Rate of days off taken	Total	%	0.00019	-	0.0029	
	Gender	Male	%	0.00028	-	-
		Female	%	-	-	0.0086
	Position	Executives	%	-	-	-
		Level 1 & 2	%	0.00077	-	-
		Level 3 or below	%	-	-	0.0038
	Region	Domestic	%	0.00032	-	0.0050
		Overseas	%	-	-	-
Absence rate	Total	%	0.50	0.49	0.0054	
	Gender	Male	%	0.28	0.24	0.0006
		Female	%	0.98	1.00	0.0145
	Position	Executives	%	-	0.12	-
		Level 1 & 2	%	0.20	0.04	0.0005
		Level 3 or below	%	0.60	0.63	0.0069
	Region	Domestic	%	0.77	0.83	0.0054
		Overseas	%	0.09	-	0.0013
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 Index

### Universal Standards(GRI 100)

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Index	Description	Page
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<b>Non-discrimination</b>		
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<b>Child Labor</b>		
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	53-55
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GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	53-55
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<b>Human Rights Assessment</b>		
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	53-55
GRI 412-2	Employee training on human rights policies or procedures	52
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	53-55
<b>Local Communities</b>		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	61-65
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	61-65
<b>Customer Health and Safety</b>		
GRI 416-1	Assessment of the health and safety impacts of product and service categories	53-55
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
<b>Customer Privacy</b>		
GRI 418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	N/A



## UNGP Reporting Framework

### UN Guiding Principles Reporting Framework Index

UN Guiding Principles Reporting Framework is a guideline for reporting human rights issues of companies. Sustainable Management & Human Rights Management Report of KOTRA includes activities to protect and enhance human rights of interested parties and is reported systematically in accordance with the guideline of UN Guiding Principles Reporting Framework.

Criterion	Reporting Principle	Description	Page	
GOVERNANCE OF RESPECT FOR HUMAN RIGHTS	A1	Policy Commitment	What does the company say publicly about its commitment to respect human rights?	51
	A2	Embedding Respect for Human Rights	How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?	56-57
DEFINING THE FOCUS OF REPORTING	B1	Statement of salient issues	State the salient human rights issues associated with the company's activities and business relationships during the reporting period.	53-55
	B2	Determination of salient issues	Describe how the salient human rights issues were determined, including any input from stakeholders.	53-55
	B3	Choice of focal geographies	If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.	53-55
	B4	Additional severe impacts	Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.	53-55
MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES	C1	Specific Policies	Does the company have any specific policies that address its salient human rights issues and, if so, what are they?	51
	C2	Stakeholder Engagement	What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	53-55
	C3	Assessing Impacts	How does the company identify any changes in the nature of each salient human rights issue over time?	53-55
	C4	Integrating Findings and Taking Action	How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	53-55
	C5	Tracking Performance	How does the company know if its efforts to address each salient human rights issue are effective in practice?	56
	C6	Remediation	How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?	56

## Third Party's Assurance Statement

### To the Readers of 2018 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 2018 Sustainability & Human Rights Management Report (hereinafter "the Report"). KOTRA is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

#### Scope and standard

KOTRA describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a type2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. 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 'Core Option' of GRI Standards which covers the followings.

- GRI Standards Reporting Principles

- Universal Standards

- Topic Specific Standards

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

### 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 'Core Option' of GRI standards.

### Recommendation for improvement

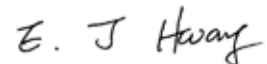
We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

- KOTRA identified key topics based on the due materiality assessment process and faithfully included them in the report. Also, opinions of its stakeholders have consistently been reported in the Social Value Scorecard as part of the effort to implement stakeholder-oriented sustainable management. The organization is advised to advance the mid- to long-term strategy, reflect it into a key performance indicators, and manage it thoroughly to further improve its 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.

May, 31<sup>st</sup>, 2019 CEO E. J Hwang




## Sustainability Management Initiatives

### UN Global Compact Advanced Level

KOTRA joined the UN Global Compact in August 2017 and has been complying with the 10 principles of human rights, labor, environment and anti-corruption ever since. The UN Global Compact has elaborated the 'Communication on Progress' to the Advanced Level with an intent of encouraging social responsibilities of companies and facilitate communication with interested parties. This Report contains 21 practices required by the Advanced Level of the UN Global Compact. The UNGC Advanced Level means that a company has implemented, declared and disclosed a sustainable governance structure and management process based upon 'Blueprint for Corporate Sustainability Leadership' and 'UN Global Compact Management Model'.

Category	Summary of criteria	Page
1	Organization's roles and business units	2-3
2	Implementation of UN Global Compact principles within the value chain	23
3	Strong will, strategies or policies for protecting human rights	51
4	Effective management system to integrate the principles of human rights	51
5	Effective monitoring and evaluation mechanism of principles of human rights	51-52
6	Strong will, strategies or policies for labor issues	51-55
7	Effective management system to integrate the labor principles	51-57
8	Effective monitoring and evaluation mechanism of labor principles	51-57
9	Strong will, strategies or policies for environment management	67-68
10	Effective management system to integrate the principles of environment management	67-68
11	Effective monitoring and evaluation mechanism of principles of environment management	67-68
12	Strong will, strategies or policies for anti-corruption	12
13	Effective management system to integrate the principles of anti-corruption	12-13
14	Effective monitoring and evaluation mechanism of the principles of anti-corruption	12-13
15	Contribution of core businesses to promoting the UN goals and issues	22-23
16	Strategic social investments and social contribution activities (charitable work)	61-65
17	Support for policies and involvement in public policies	98-99
18	Partnerships and collaborations	100
19	CEO statement and leadership	2-3
20	Explanation of decision-making process and governance structure for corporate sustainability	10-11
21	Description of engagement of all key stakeholders	14-15

## ISO 26000

ISO 26000 is a global initiative that suggests the directions for companies to fulfill social responsibilities through 7 core themes including governance, human rights, labor practices, environment, fair operating practices, consumer issues, and community involvement and development. Current status of social responsibilities fulfilled by KOTRA in relation to each of the 7 core themes of ISO 26000 is as presented below.

Core subjects	Key issues	Page
Organizational Governance	<ul style="list-style-type: none"> <li>Decision-making process and structure</li> </ul>	10-11
Human Rights	<ul style="list-style-type: none"> <li>Due diligence</li> <li>Human rights risk situations</li> <li>Avoidance of complicity</li> <li>Resolving grievances</li> <li>Discrimination and vulnerable groups</li> <li>Civil and political rights</li> <li>Economic, social, and cultural rights</li> <li>Fundamental principles and rights at work</li> </ul>	51-57
Labor Practices	<ul style="list-style-type: none"> <li>Employment and employment relationships</li> <li>Conditions of work and social protection</li> <li>Social dialogue / Health and safety at work</li> <li>Human development and training in the workplace</li> <li>Human capital development and training in the workplace</li> </ul>	56-57, 76-77, 88-89
Environment	<ul style="list-style-type: none"> <li>Prevention of pollution</li> <li>Sustainable resource use</li> <li>Climate change mitigation and adaptation</li> <li>Protection of the environment, restoration of natural habitats</li> </ul>	67-68, 85
Fair Operating Practices	<ul style="list-style-type: none"> <li>Anti-corruption</li> <li>Responsible political involvement</li> <li>Fair competition</li> <li>Promoting social responsibility in the value chain</li> <li>Respect for property rights</li> </ul>	12-13, 61-65, 74-75
Consumer Issues	<ul style="list-style-type: none"> <li>Fair marketing, factual and unbiased information, and fair contractual practices</li> <li>Protecting consumers' health and safety</li> <li>Sustainable consumption</li> <li>Consumer service, support, and complaint and dispute resolution</li> <li>Consumer data protection and privacy</li> <li>Access to essential services</li> <li>Education and awareness</li> </ul>	72-75, 78-79
Community Involvement and Development	<ul style="list-style-type: none"> <li>Community involvement</li> <li>Education and culture</li> <li>Employment creation and skills development</li> <li>Technology development and access</li> <li>Wealth and income creation</li> <li>Health</li> <li>Social investment</li> </ul>	44-49, 61-65

## Awards, Associations, and Memberships

### Awards

Award	Awarding Body	Date of Award
Merit of Trade Cooperation in Public Health and Medicine (Award of the Minister of Health and Welfare)	Minister of Health and Welfare	January 2018
Top Investment Promotion Agency (Grand National Prize in Asia-Pacific Region)	Site Selection Magazine	May 2018
Appreciation Plaque for Company Support	Taipei Korean Company Council	July 2018
Citation for Government Innovation in 2017 (Award of the Minister of Public Administration and Security)	Ministry of Public Administration and Security	July 2018
WTPO Award (World Trade Promotion Organization Award), Ecosystem Innovation Award	ITC (International Trade Center)	October 2018
LACP Spotlight Award (Silver Prize)	LACP	November 2018
100 Best Companies to Work for in Korea (Grand Prize)	GPTW Korea	November 2018
Appreciation Plaque for Corporate Social Responsibility (CSR)	Children's Hospital of Fudan University	November 2018
Recognition for National Security (Award of the Minister of Trade, Industry and Energy)	Ministry of Trade, Industry and Energy	November 2018
Merit of Regional Economy Revitalization (Award of the Minister of Public Administration and Security)	Ministry of Public Administration and Security	November 2018
Recognition for Job Creation (Presidential Citation for Overseas Job Placement of Youths)	Ministry of Employment and Labor	December 2018
2018 Korea Management Awards (Grand Prize for Social Values)	Korea Management Association Consulting	December 2018
Recognition for National and Social Development (Award of the Minister of Trade, Industry and Energy)	Ministry of Trade, Industry and Energy	December 2018
Recognition for Revitalization of Social Economy (Award of the Minister of Economy and Finance)	Ministry of Economy and Finance	December 2018

### Associations and Memberships

Korea International Trade Association	Korean Association for Policy Analysis and Evaluation
Korean Association for Public Administration	Korea Institute of Auditors
Korean Red Cross	Seoul Association for Public Administration
The Korean Association for Policy Studies	Korea Character Licensing Industry Academy Society
Korea HR Club	Korea Blockchain Industry Promotion Association
Public Organization Audit Forum	Korean Academy of International Business
Korean Public Organization Audit Conference	Korean Academy of International Business Management
ICSB World Conference	The Korea Association Of Trade And Industry Studies
Korean Association for Small Business Studies	Korean Accounting Association
Business Ethics and Sustainability management for Top performance Forum	Seoul Foreign Correspondents' Club
Korean Society of Public Enterprise	Korea Society of Service
UN Global Compact Network Korea	

# KOTRA's Previous Sustainability Reports

## Previous Reports



2011



2012



2013



2014



2015



2016



2017

## Publication in 2018



A symbolic expression of KOTRA, a global business partner that plays the role of a guide for companies and citizens of Korea in the global market like a signpost that tells where to go on a complicated road



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