



UPA ULSAN PORT AUTHORITY

2012 Ulsan Port Authority Sustainability Report



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About This Report

Features of This Report

This report is the first sustainability report published to disclose the economic, social and environmental sustainability management efforts and performance of the Ulsan Port Authority (UPA) as well as future activities with stakeholders. We at UPA are committed to becoming a transparent public corporation sharing information and communicating with stakeholders by publishing the sustainability report annually.

Standards for Drawing up This Report

This report has been drawn up based on GRI G3.1 Guidelines, the international standards for sustainability management reporting. It has also reflected ISO 26000 items as the international standards for social responsibility.

Reporting Period and Scope

This report has been drawn up based on UPA's data on sustainability management activities from January 2012 through December 2012. Some activities in the first half of 2013 have been included in this report since such performance has been judged to be meaningful. This report discloses data for three years from 2010 to aid in the understanding of quantitative performance. The currency unit was Korean Won (KRW), and various measuring units have been separately used in the report.

Assurance

The reported details have undergone the final checking procedure by internal working-level staff, and they have been assured by an independent external agency to enhance the accuracy and reliability of this report.

The assurance provider has confirmed that this report is rated A+ in terms of the level of application of G3.1 Guidelines. For assurance opinions, see the appendix of this report.

Additional Information and Feedback on this Report

This report has been published in Korean and English; anybody including stakeholders can read and check this report on UPA's Website (<http://www.upa.or.kr>). For your opinions on this report, feel free to use the questionnaire at the end of this report or make an inquiry using the following contact information:

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CEO MESSAGE

Greetings!

This is the president of the Ulsan Port Authority (UPA).

Amid the persistent uncertainties of the global economy in 2012, UPA has made enormous efforts to improve port operational service and expand infrastructure. The Port of Ulsan has recorded the highest cargo volume since it was opened; it has positioned itself as a leading central port of Korea's industrial logistics and a hub port of liquid logistics in Northeast Asia, ranking no. 1 in Korea and No. 4 in the world in terms of liquid cargo volume.

Despite its nature as a public agency operated by a small number of personnel and short history of five years, UPA won the Quality Management Prize (presidential citation in Korea) in the National Quality Management Convention as the first public port authority to do so, thanks to various management innovation efforts including the enhancement of management efficiency. We also acquired ISO 14001, the eco-friendly certification, for the first time among Korean ports; thus we have been recognized for our endeavor to build an environmental management system for the port. All in all, we have become a company that receives social attention. In fact,

UPA can become a company benchmarked by other corporations by overcoming its limitations as a latecomer in the industry.

UPA's remarkable growth in such a short period of time is attributable to the passion and efforts of all our employees dedicated to responding actively to environmental changes, achievement of organizational goal, and constant support and encouragement of stakeholders based on deep trust. Thus, I would like to deliver my heartfelt thanks to our employees and stakeholders.

Today, social contribution activities are widely recognized as an issue of survival-rather than a choice in both public and private sectors. This means that social contribution activities emerge as a core factor to realize sustainability management, beyond being simple charity activities.

We can see why the strategy of creating shared value (CSV), which pursues both corporate competitiveness enhancement and social development, is emphasized beyond corporate social responsibility that focuses on company growth through good legal, economic, and ethical activities of the company.

Given such global trend, UPA as a corporate citizen is committed to realizing a better world to live based on understanding and bond of sympathy in the community by fulfilling its corporate social responsibility (CSR) and through communicating with various stakeholders.

My dear stakeholders!

The year 2013 is a significant year for UPA, since it marks the 50th anniversary of the Port of Ulsan's opening. Moreover, this year will be an important year to prepare for the second take-off including the hinterland shaping project of Ulsan New Port and a project to build Northeast Asia's Oil Hub.

Therefore, we publish our first sustainability report describing our performance and efforts to realize our vision of "First-class liquid logistics hub port" and our dream of a "Better Tomorrow" through sharing and communicating with communities so that more people including stakeholders understand UPA. We at UPA will strive to grow into the 21st century's liquid logistics-centered port in Northeast Asia by enhancing port competitiveness and securing future growth engines. I cordially ask for your constant interest and support so that our sustainability management activities can evolve further.

Thank you.

August 2013
President **Park Chong-rok**



UPA Sustainability Highlights

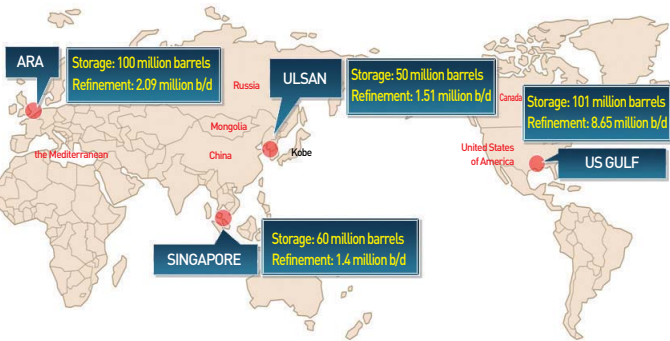
Record Cargo Volume since the Opening of the Port of Ulsan

As Korea's largest industrial supporting port, the Port of Ulsan has recorded the largest cargo volume since its opening by handling 196.97 million tons of cargo in 2012. Of these, liquid cargo including crude oil and petroleum products and petrochemical products accounted for 80% or about 158.20 million tons, enabling the Port of Ulsan to rank no. 1 in Korea and no. 4 in the world. The Port of Ulsan solidified its status as a nonpareil liquid cargo-centered port in Northeast Asia, not to mention Korea.



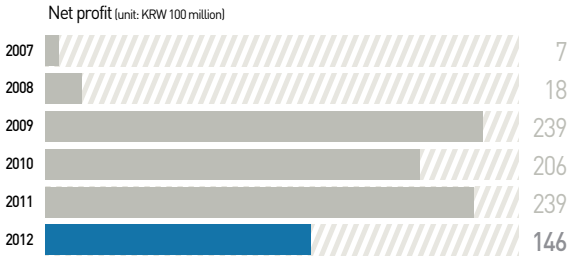
Building the Port of Ulsan as Northeast Asia's Oil Hub

UPA is implementing a project to build the Port of Ulsan as an oil hub in Northeast Asia jointly with Korea National Oil Corporation. Having been selected as a state project, the oil hub project to develop Ulsan New Port by injecting KRW 1.5 trillion from 2010 to 2020 is set to build 9 berths for 300,000 ton-ships, 886,000m² site development, and 28.40 million barrels of storage tank. The first phase of construction of North Port infrastructure with capacity of 9.90 million barrels will be launched in the second half of 2013. Completion is targeted in 2016. The production effect of the oil hub project is estimated to be KRW 4.5 trillion, with employment effect of 22,000 people. The successful implementation of the project is expected to contribute considerably to national and local economic development through win-win growth of associated industries such as storage, transport, logistics, and financing industries.



Posting Surplus Management for 6 Years in a Row, Receiving Presidential Citation in Quality Management Awards

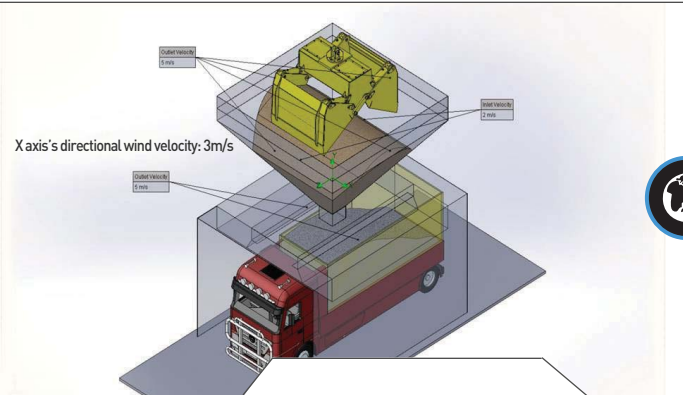
UPA maintained stable financial structure by realizing surplus management for six years in a row since its establishment on July 5, 2007. It also posted record high sales of KRW 62.9 billion in 2012. We contribute to national finance by allocating high dividends of more than 25% for the past four years to the government via surplus management. UPA's propensity to dividend was 29.5% in 2012, the highest among government-affiliated public agencies. As a result of promoting the quality management system, in addition to efforts to bolster financial soundness, we won the quality management prize (presidential citation) in the quality organization sector at the 38th National Quality Management Convention as the first public port management agency to do so, in recognition of our contribution to the improvement of national industrial competitiveness by spearheading quality management activities.



* Year 2007 indicates the result from July 5 to December 31, 2007.

Shaping an Eco-Friendly Port in Line with International Standards

UPA has operated the Port of Ulsan in an eco-friendly manner in line with ISO standards since acquiring ISO 14001 certification in 2011 as the first Korean port managing public institution, through annual reinforcement of environmental facilities, and training for port employees. From 2010 to 2013, we dramatically expanded environmental facilities for cargo causing scattered dust including coal, auxiliary raw materials of animal feed, and wood chips in cooperation with stevedoring companies. We also enhanced environmental improvement effects through the re-deployment of wharf functions and improvement of port facilities. In particular, the eco-friendly hopper development-launched in 2013 as an R&D project - is at its completion stage to reduce chronic scattered dust caused by the loading/unloading process of auxiliary raw materials of animal feed. If its performance is objectively proven, the hopper is expected to contribute considerably to the scattered dust reduction of ports nationwide as well as the Port of Ulsan. In line with the government's response to climate change and low carbon, green growth efforts, we are establishing green port strategies in 2013. We endeavor to have the Port of Ulsan reborn as a green port by preparing step-by-step roadmap and action plans.



Enhancing Customer Convenience and Reducing the Demurrage Rate through the Enhancement of Port Operation Efficiency

UPA has built a berth operation supporting system for the first time among Korean ports and has enhanced customer convenience considerably. Port users' inconvenience has declined considerably with the provision of real-time berth allocation result online instead of the previous offline manual mode. We also installed identification lights at the wharf angular positions and protruding breakwaters so that ships can safely arrive and depart at night. In addition, nighttime loading/unloading safety has been dramatically improved by replacing lights with highly efficient LED lights with wharf lighting of at least 75 lux. By executing nighttime and holiday loading/unloading in collaboration with loading/unloading companies and port transportation union to reduce demurrage of carriers of auxiliary raw materials of animal feed, the demurrage rate fell from 5.1% in 2011 to 3.8% in 2012.

Realizing Community-Centered Sharing Management

UPA practices social responsibility management by carrying out community-tailored social contribution activities. We offer port tour services all-year-round for the elderly, disabled, social welfare facilities, related organizations, and citizens who had difficulties accessing the port due to special attributes including security. Since 2009, we have been implementing a project of Hopeful Nest to improve the inferior residential environment in Ulsan City through repair in linkage with the child foundation. By organizing a Talent Donating Volunteer Service Group in November 2012, we undertake knowledge sharing beyond simple volunteer services including study room operation and foreign language learning assistance. We were named best sustainability management company in the 2013 Korea Management Awards organized and sponsored by the Korean Society of Consumer Studies, Ministry of Trade, Industry, and Energy, and Ministry of Science, ICT, and Future Planning, in recognition of our activities. UPA will strive to diffuse a sharing culture through constant aid to communities and neighbors.



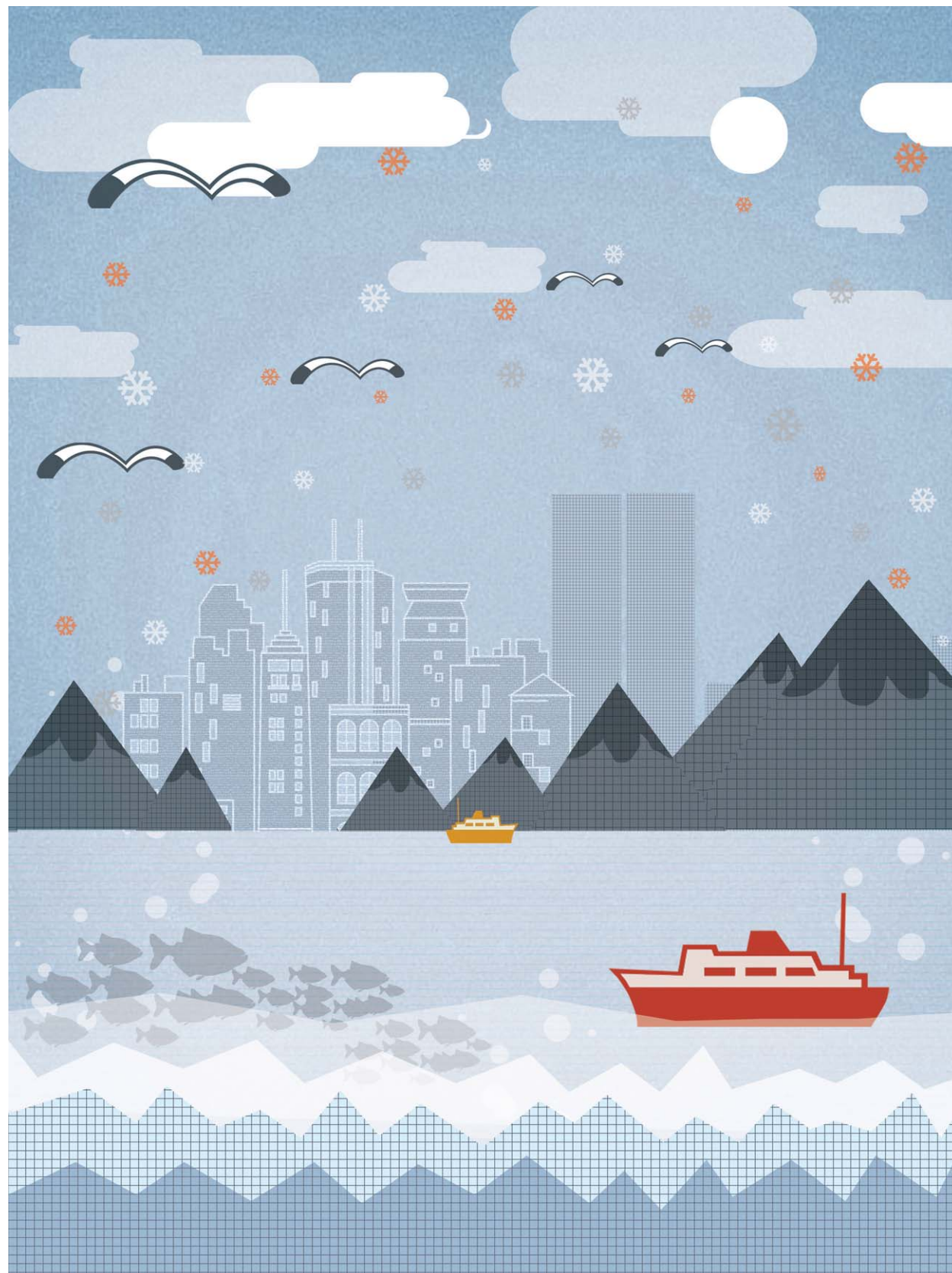
Zero Irregularities by Consolidating Ethical Management

We have maintained zero irregularities since UPA's launch through the consolidation of ethical management system including systematic integrity education, active implementation of integrity policies such as building a clean belt of Ulsan Port, proactive enforcement of one-strike-out system, and prevention-centered internal control activity through risk-based audit system and e-audit system. We were named excellent agency during the 2012 assessment of public office service management by the government. Such assessment aims to establish strict public office discipline and embody public offices that enjoy society's trust.

Completing the Port of Ulsan Marine Center, Acquiring Grade 1 in Energy Efficiency

UPA carried out the construction of its new company building in the hinterland of Ulsan Port to ensure smooth support of shipping and port business. The Port of Ulsan Marine Center was completed on January 25, 2012. Facilities with various purposes such as business spaces, multipurpose hall, berth conference room, and fitness center were built. By installing the Port of Ulsan Publicity Hall and an observation deck and opening these facilities to the general public free of charge, we help people know about the Port of Ulsan. The Marine Center reduced energy consumption by 50% vs. general architecture by using highly efficient and certified materials and renewable energy. Furthermore, the center acquired-from the Korea Institute of Construction Technology-grade 1 certification in architecture energy efficiency for the first time in Ulsan City. The Marine Center is expected to spearhead green growth as an eco-friendly building, not to mention energy efficiency improvement.

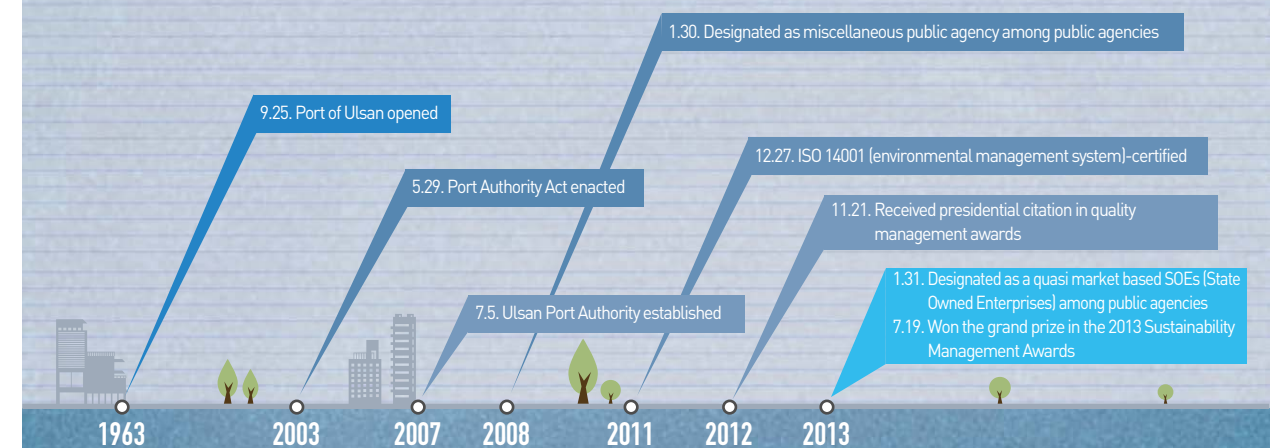




SUSTAINABILITY OVERVIEW

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UPA History



About UPA

UPA constantly endeavors to enhance the business competitiveness of the Port of Ulsan, the 21st century's liquid logistics-centered port in Northeast Asia.

Background and Purpose of Establishment

With the Port Authority Act enacted in May 2003 and its enforcement ordinance established in November 2003, the Ulsan Port Authority (UPA) was established on July 5, 2007 based on the enforcement ordinance. Following the government's adoption of corporate management principle in port management and operation, UPA was launched as a public agency in the fashion of Ulsan Port Authority by taking over the relevant business from the state agency. The purpose of establishment is to contribute to national economic development by fostering the Port of Ulsan as a highly competitive shipping logistics hub.

[As of December 2012]

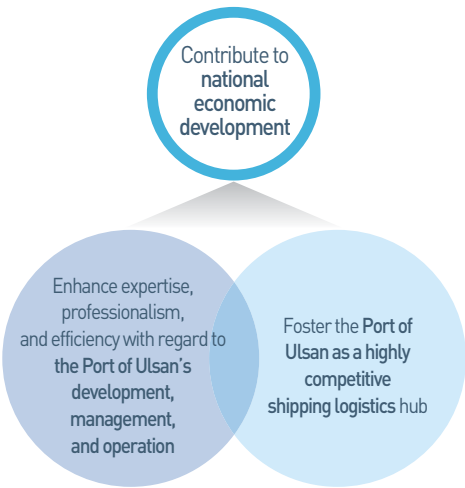
Company name	Ulsan Port Authority
President	Park Chong-rok
Date established	July 5, 2007
Legal basis	Port Authority Act (Act No. 06918) and its Enforcement Ordinance (Presidential Decree No. 18147)
Total capital	KRW 551.724 billion
Operating profit	KRW 18.086 billion
No. of employees	103
Address	271 Jangsaengpo Gorae-ro, Nam-gu, Ulsan-si, Korea



Major Tasks

UPA mainly undertakes the following: development, management, and operation of port facilities; development, management, and operation of logistics terminal and hinterland; survey, research, and development of Ulsan Port; human resources fostering; execution of supplementary businesses, and; investment and contribution in relation to the Port of Ulsan.

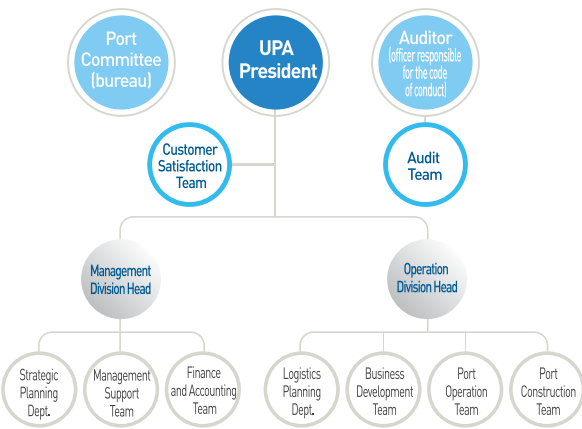
● Role of UPA



Organization

The organization of UPA consists of two divisions, two departments and seven teams. Under the Management Division are three departments: Strategic Planning Dept., Management Support Team, and Finance and Accounting Team. The Operation Division has four departments: Logistics Planning Dept., Business Development Team, Port Operation Team, and Port Construction Team. The Customer Satisfaction Team is under the President's direct supervision, with the Audit Team directly supervised by the Auditor.

● Organization Chart



Awards

2012	Presidential Prize during the National Quality Awards (public sector)
2013	Sustainability Management Grand Prize during the Korea Management Awards organized by the Korean Society of Consumer Studies, DongaIlbo, Ministry of Trade, Industry, and Energy, and Ministry of Science, ICT, and Future Planning

Major Businesses

UPA manages and operates the Ulsan Main Port, Onsan Port, Mipo Port, and Ulsan New Port based on geographical location and functions. The Port of Ulsan is Korea's largest industrial port located at the southeastern tip of the Korean Peninsula and is also the country's top liquid cargo handling port (about 80% of cargo handled is liquid cargo). The Port of Ulsan is located in the main route of the world's liquid cargo transportation, with large-scale liquid cargo storage facilities located in hinterland.

Status of Membership in Associations

Organization	Year joined
Emergency Planning Council of the Land, Transportation, and Maritime Affairs Ministry	2008
International Association of Ports and Harbors (IAPH)	2008
Sea Explorers of Korea	2008
Korea Emergency Plan Council	2008
Korea Ports & Harbor Association	2009
Ulsan Chamber of Commerce and Industry	2009
Security Council of National Strategic Facilities	2009
Institute of Internal Auditors	2011
Korea Association of World Association for Waterborne Transport Infrastructure (PIANC)	2012
Ulsan Economic Forum of Samsung Economic Research Institute	2012
Korea Institute of Maritime Law	2012
Korea Electric Engineers Association	2012
Korea Fire Safety Association	2012
National Quality Award Winner Companies Association	2013
Federation of Korea Maritime Industries	2013
International Logistics Research Society	2013

Vision and Strategy

UPA is doing its best to fulfill its mission of contributing to national economic development by fostering the Port of Ulsan as a competitive logistics center.

Vision and Strategy System

Vision and Strategic Goal

UPA has established its vision of "First-class liquid logistics hub port" to embody a first-class port providing top-tier, prime services by specializing in the logistics of liquid cargo-the Port of Ulsan's major export & import item-together with oil and petrochemical resources and industrial goods. To realize our vision and mission, we have set four strategic goals: taking off as a global port; securing future growth engines; sustainability management, and; enhancement of corporate value.

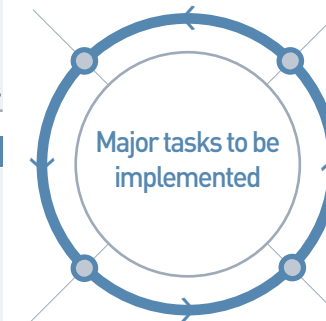
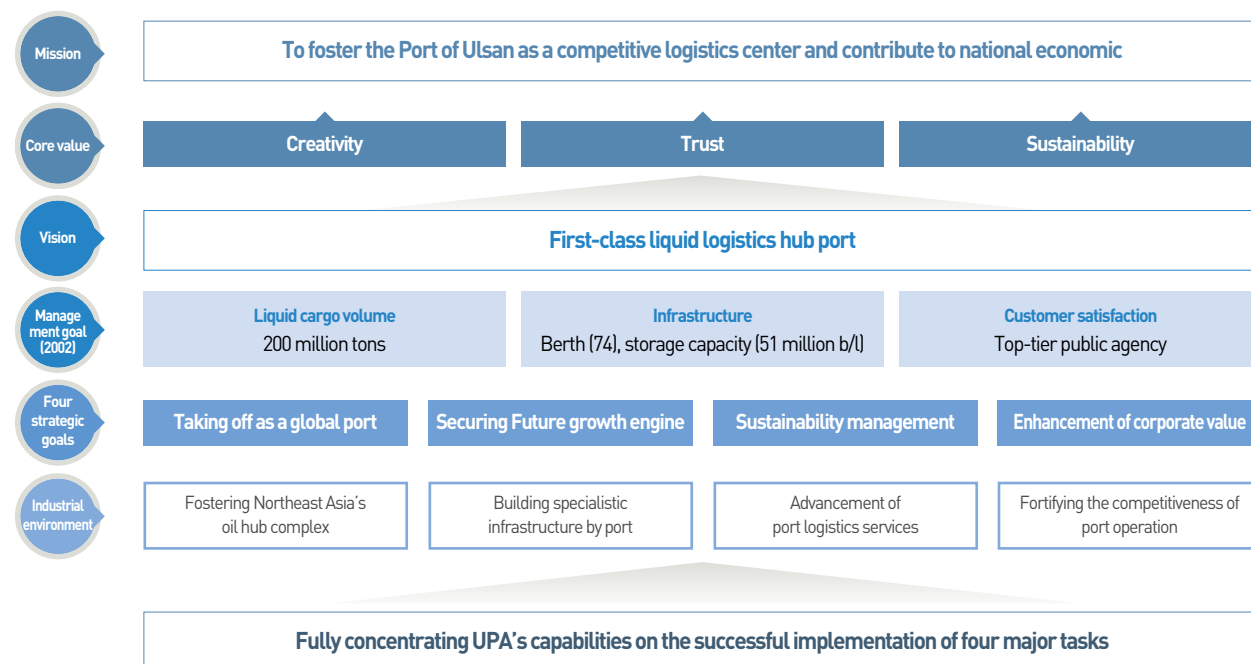
Management Goals (2020)

Taking into account our vision, industrial environment, and strategic goals, we have set three management goals: 200 million tons of liquid cargo volume by 2020; building infrastructure equipped with 74 berths and 51 million b/l of storage tank, and; realization of top-tier customer satisfaction in the port management and operation industry. We are continuously making efforts to realize our establishment goal and vision by achieving our management goals by 2020.

Major Tasks to Implement according to Strategic Goals

UPA has deduced 4 strategic goals, 12 strategic tasks, and 15 detailed tasks to enforce from 3C standpoints-internal operation aspect (company), customer-responding aspect (customer), and external environment-responding aspect (competitor)-based on

● Vision and Strategy System of UPA



future management environment change.

For each strategic task, specifically measured and non-measured targets were set by identifying three-year, mid-term management goals. We have actually established a system wherein annual targets can be implemented in linkage with budget allocation based on one-year operation plans.

Mid- and Long-term Management Strategies

UPA has set a mid- and long-term strategic roadmap to take off as a first-class liquid logistics hub port by building a liquid logistics hub port in Northeast Asia and operating an integrated logistics information system through the capability management of port

● Mid- and Long-term Management Strategies



Management Philosophy

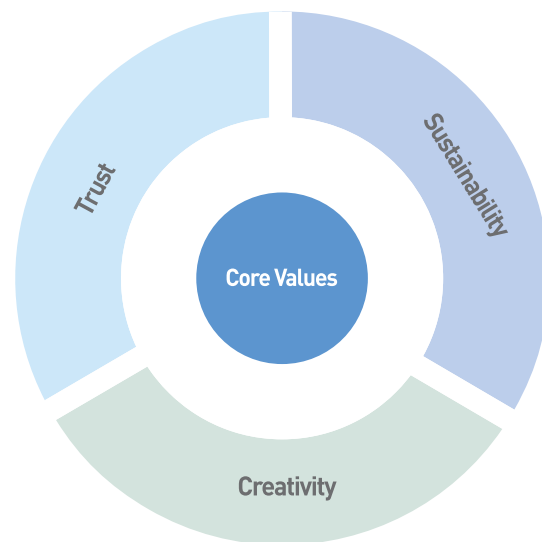
Core Values

UPA has set sustainability, trust, and creativity as its core values based on unchanging principles and standards for mission and vision realization from four standpoints: organizational vision & philosophy; management environment & management strategy; strengths & weaknesses, and; advanced company cases to establish unique core values.

Sustainability means pursuing corporate sustainability while securing the basis for constant growth to embody the world's top liquid logistics port, including comprehensively considering economic, environmental, and social issues in a balanced manner. Trust as a value involves establishing trust with customers based on integrity and transparent management and pursuing win-win growth through trust-based customer relations management. Creativity means fostering an organizational culture of creation and change and creating high-performance values.

Based on its core values, UPA deduces the principles of conduct, basic capability model at the enterprise level, and code of ethics.

Core Values

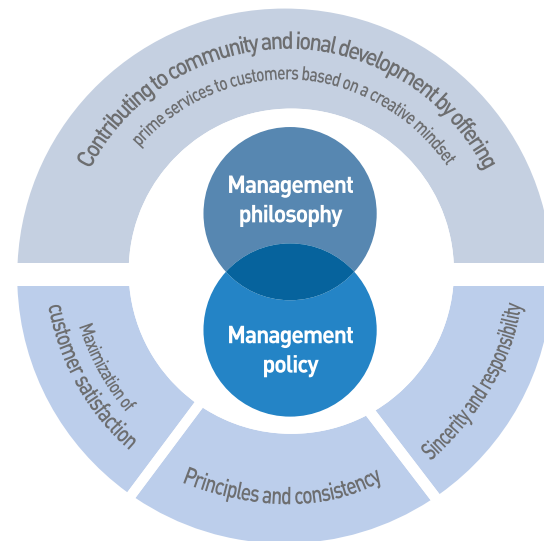


Management Philosophy and Policy

UPA has set up its management policy based on principles and by maximizing consistency, sincerity and responsibility, and customer satisfaction, guided by its management philosophy of contributing to the community and national development by offering prime services to customers based on a creative mindset.

Principles and consistency mean agreed upon compliance with principles and consistent task implementation. Sincerity and responsibility refer to initiatives for maximizing organizational performance and undertaking jobs responsibly. Maximization of customer satisfaction is the policy of exercising management that satisfies stakeholders including expanding customer engagement, information, and organization members.

Management Philosophy and Policy



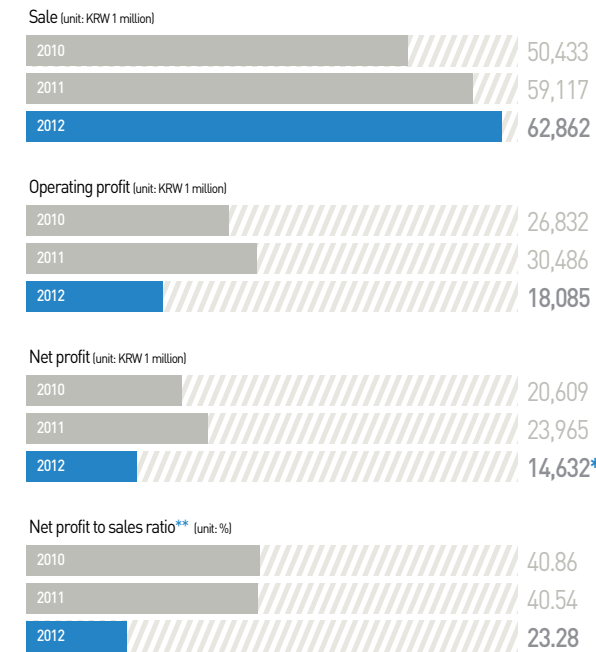
Creating Economic Value

UPA has realized surplus management for 6 years in a row since its establishment, sharing the outcomes of economic performance with stakeholders.

Economic Performance

UPA has maintained a stable financial structure with surplus and non-borrowings management for 6 years in a row since its establishment on July 5, 2007. As cargo volume increases each year, sales rose 17.22% in 2011 vs. 2010 and 6.33% in 2012 vs. 2011. UPA is recording more than 23% of net profit ratio with its own income without government subsidy; more than 27% of net profit is allocated to the government-as shareholder-as dividend.

Economic Performance

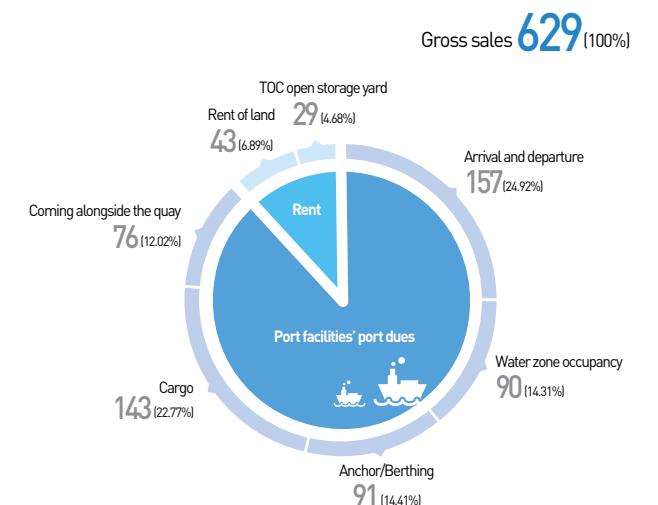


* Net profit fell, due to the KRW 6 billion depreciation expenses related to the management right of port facility (KRW 310.9 billion) newly invested in by the government in 2011. Another contributing factor was an increase in the cost of sales, with KRW 5.6 billion spent on for maintaining the dredging business.
** Net profit to sales ratio (%) = Net profit/Sales x 100

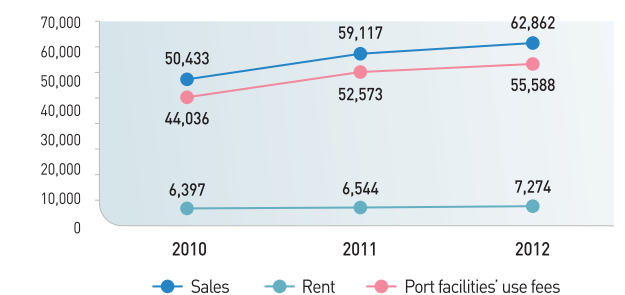
Sales Structure

UPA's sales structure mainly consists of port dues and rents according to the use of port facilities such as waters, terminal (wharf), and open storage yard. Of the KRW 62.9 billion sales in 2012, about 90% came from port facilities' port dues related to ship arrival and departure and cargo loading/unloading.

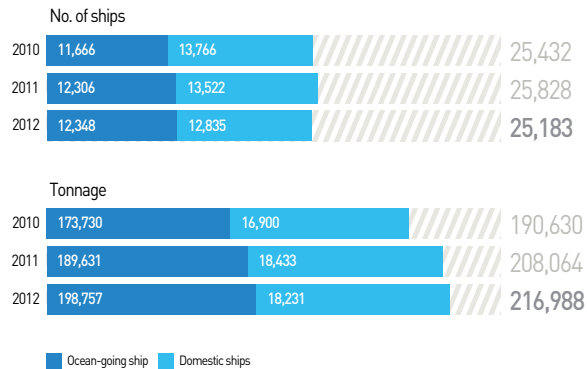
Main Sales Structure (unit: KRW 100 million)



Trend in Sales (unit: KRW 1 million)



● Status of Ships' Arrival (unit: ships, 1,000G/T)



Port Operation Performance

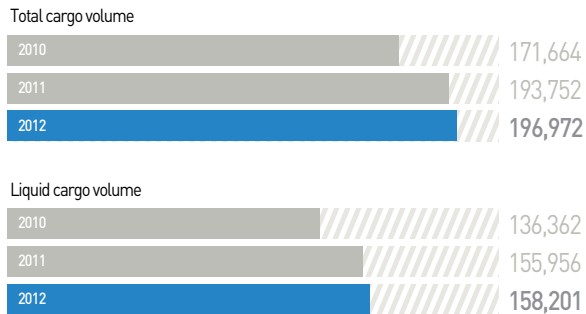
Status of Ships' Arrival and Departure

Ships that arrived at the Port of Ulsan in 2012 numbered 25,183—the third largest nationwide—but dropped 2.5% compared to the previous year. Total tonnage of the ships that arrived at the Port of Ulsan rose 4.3% compared to 2011.

Status of Cargo Volume

Total cargo volume is a core performance indicator determining the status of Ulsan Port and UPA's management performance. The Port of Ulsan handled 196.97 million tons of cargo in 2012, posting record high performance since its opening. UPA is nearing the 200 million ton mark in terms of cargo volume handled. Liquid cargo including crude oil, petroleum products, and petrochemical products was 158.20 million tons or 80% of the total cargo volume, accounting for 35.1% of the total nationwide liquid cargo in 2012. Despite our efforts to expand port infrastructure, the increase of cargo volume in the Port of Ulsan in 2012 was only 2% due to the global economic recession. Nonetheless, we will strive to grow continuously by beefing up marketing activities to reinforce port facilities and increase cargo volume.

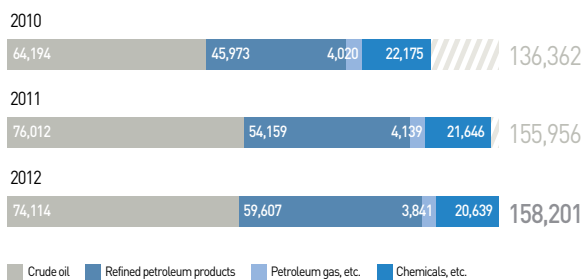
● Status of Cargo Volume (unit: 1,000 tons)



Status of Liquid Cargo Handling

We actively support the increase in the relevant companies' liquid cargo terminal facilities and storage tanks and operate the port for smooth loading/unloading work related to crude oil, which accounted for 46.8% of liquid cargo in the Port of Ulsan at 74.114 million tons in 2012; thus becoming a driving force of Korea's economic activities. Refined petroleum products showed an uptrend in cargo volume through the increase in the relevant companies' petrochemical facilities and our active overseas marketing. Accounting for 2.4% of total liquid cargo volume, petroleum gas showed a continual growth trend each year but slightly fell compared to 2011 owing to the global economic downturn. As a result of the relevant companies' facility expansion and its active overseas marketing to respond actively to the global demand in the petrochemical industry, the Port of Ulsan handles more than 20 million tons of chemical (chemical industry products) cargo volume each year.

● Status of Liquid Cargo Handling (unit: 1,000 tons)



Major Achievements in 2012

Infrastructure Development Launched for the Successful Implementation of Northeast Asia's Oil Hub Project

In June 2012, the implementation of the first phase of Northeast Asia's oil hub project was decided. We launched infrastructure design for the first-phase project in August 2012. We have actively carried out activities to activate the oil hub project through seminars on oil hub development strategies and signing of agreement on the establishment of an oil hub with Ulsan National Institute of Science and Technology (UNIST).

Efforts to Enhance Productivity

We dramatically reduced the demurrage rate from 5.14% in 2011 to 3.81% in 2012 by transferring cargo such as wood chips from the

main port to the new port following the opening of new port wharf facilities. We also deregulated nighttime arrival and departure control through nighttime lights increase and dredging. Moreover, we endeavor for a clean port through the construction of 7 tentative warehouses for auxiliary raw materials of animal feed (32,788m²) and paved coal open storage yard (122,000m²) as well as the installation of dust layer (1,130m).

Expanding Port Infrastructure to Accommodate Higher Cargo Volume

We recorded process rate of 74.6% in section 1 of the port hinterland complex in 2012 and launched two berths in Ulsan New Port and hinterland complex (construction section 3). With the operation of 6 out of 9 berths in the first-and second-phase constructions of Ulsan New Port commencing, we have built the basis for accommodating higher cargo volume.

Distributing Economic Achievements

UPA shares its economic achievements with stakeholders including government, public agencies, shareholders, employees, and communities.

● Creation and Distribution of Economic Achievements in 2012

Communities

Social contribution cost **526**

UPA returns the support and interest of customers by sharing its competencies with society. In 2012, total donations stood at KRW 526 million; this was procured through our contributions and those of our employees and used for social contribution activities and donated to communities.

Government and Public Agencies

Corporate income tax **4,256**

We transparently disclose the economic achievements of management activities and pay the corresponding taxes faithfully. Our corporate income tax in 2012 was KRW 4,256 billion.

Employees

Total salaries and wages **6,628**

The achievements created through individual employee's capabilities and efforts foster a performance-oriented organizational culture based on a rational performance assessment system and are fairly paid according to the vision and goal achievements. In 2012, UPA's annual total salaries and wages, various allowances, performance-based pay, and severance pay (excluding severance pay of officers) were pegged at KRW 6,628 billion.

Shareholders

Dividend **4,317**

We gave 29.5% of the KRW 14,632 billion net profit in 2012—according to management performance—to shareholders as dividend. The total dividend paid to our shareholders in 2012 was KRW 4,317 billion.

Governance

UPA has a transparent and fair governance system. At the same time, we guarantee the independence and specialty of the Port Committee, which takes charge of deliberation and decision on management issues.

Shareholders and Governance

UPA is a public agency established under the Port Authority Act, and all management activities are operated in accordance with the Act on the Management of Public Institutions and the Port Authority Act. As of 2012, capital stood at KRW 440.5 billion; UPA is 100% owned by the government.

Composition, Role, and Rights & Responsibilities of the Board of Directors

UPA operates the board of directors and "Port Committee" it has organized as per the Port Authority Act according to the related ministry's authoritative interpretation. This is because the Act on Public Agency Operation and the board operation regulations under the Port Authority Act have a slight discrepancy. The Port Committee consists of 7 members as per Article 11 of the Port Authority Act and Article 5 of its Enforcement Ordinance. The recommendation and election procedures of the members are operated transparently and reasonably. Committee members need to have sophisticated expertise and specialization in shipping and port fields in view of the port-managing public agency's features; in particular, 3 out of the 7 members must be appointed by the Oceans and Fisheries Minister at the recommendation of Ulsan City as the management activity base in view of the local government nature of the port authority. Among those three members, one must be a user organization representative of the Port of Ulsan. The member's tenure is 2 years; a member can serve consecutive terms in unit of one year, based on the relevant ministry's assessment results. The committee chairman is elected by mutual election, and his/her tenure is one year. As of December 2012, the Port Committee consists of two public officials, two port user organizations' representatives, and 3 experts in academe, shipping and port, and logistics companies. All members of the committee are non-executive members, supervising UPA's management activities in an independent body fashion; thus enabling control of management. The committee deliberates and decides on the following: management goal; budget & funding plans; business and operation plans; reserve fund use and carrying forward; closing accounts, acquisition and disposal of basic property; long-term borrowings;

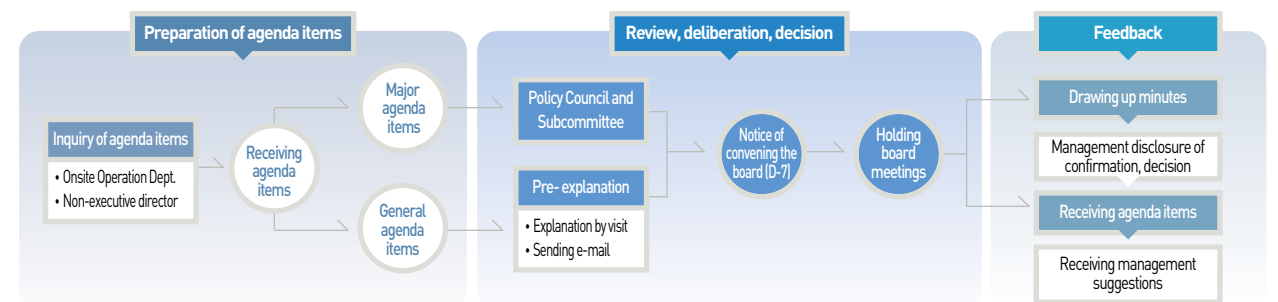
corporate bond issuance and repayment plan; setting the standards for the rent and port dues of port facilities; revision of the articles of incorporation, and; enactment and revision of internal rules. The committee is also in charge of UPA's (miscellaneous public agency: designated as a semi-market-type public agency on Jan. 31, 2013) management performance assessment. Committee members also contribute vigorously to the creation of corporate value through management consulting based on their expertise. The Port Committee

Composition of the Board (Port Committee)

Name	Dept. (position)	Education and Career
 Lee Yong-woo	Port Committee member of UPA	<ul style="list-style-type: none">• PhD in business administration, ChungAng University• Current CEO of Dain Ferry• Chief director of Korea Marine Environment Management Corporation• Director of Oceans and Fisheries Ministry's Marine Policy Bureau• Manager of Oceans and Fisheries Ministry's Planning and Management Dept.
 Park No-jong	Port Committee member of UPA	<ul style="list-style-type: none">• Wonju High School• Current president of the Ulsan Regional Maritime Affairs & Port Administration• President of the Donghae Regional Maritime Affairs & Port Administration• PR and Collaboration Team Leader of Oceans and Fisheries Ministry
 Kim Gi-soo	Port Committee member of UPA	<ul style="list-style-type: none">• Master in Public Administration, Graduate School of Public Administration, Dongguk University• Current manager of Ulsan City's Economy and Commerce Office• Director of Ulsan City's Administration Support Bureau• Director of Ulsan City's Culture and Sports Bureau
 Jang Mun-geun	Port Committee member of UPA	<ul style="list-style-type: none">• Mokpo Maritime Junior College• Current vice chairman of the Korea Maritime Pilots Association• Current pilot of the Port of Ulsan• Current Chapter chairman of the Ulsan Port pilots Association
 Lee Jae-wan	Port Committee member of UPA (Committee chairman)	<ul style="list-style-type: none">• PhD in Transportation and Logistics, Université Paris 1 Panthéon-Sorbonne• Current chairman of Sekwang Engineering Consultants Co., Ltd.• Vice chairman of the Korean Society of Ocean Engineers• Manager of Oceans and Fisheries Ministry's Port Development Dept.
 Gang Young-hoon	Port Committee member of UPA	<ul style="list-style-type: none">• PhD in Economics, Pusan National University• Current manager of Ulsan Development Institute's Economic and Social Research Office• Director of Ulsan Strategic Industrial Planning Agency
 Ha Sung-gi*	Port Committee member of UPA	<ul style="list-style-type: none">• Current chief vice president of S-OIL• Former chairman of the Ulsan Port Development Council

* Committee member Ha Sung-gi resigned on April 16, 2013.

● Process of Port Committee Operation



discloses the board meeting minutes through UPA's homepage and Alio (<http://www.alio.go.kr>), the government's disclosing system for information on public agency management. UPA is immediately informed of the decisions and handling results of reporting agenda items for reflection on management activities. Members with interest in the relevant issues are excluded from the deliberation and decision process. In this manner, the committee faithfully applies the exclusion regulation.

Board Operation

The regular meeting of the board of directors [board] is held three times annually (February, October, December). Closing accounts and surplus appropriation are the main agenda items in February, management goals, in October, and budget, funding plan and operation plan, long-term borrowings, and corporate bond issuance and repayment plan, in December. Irregular meetings are held when issues requiring the decision of the Port Committee or important reporting issues arise. Matters that should be decided and reported by the Port Committee are specified in Article 7 of the articles of incorporation. Main matters for decision are as follows: management goals, budget and funding plans, business and operation plans, reserve fund use and carrying forward, closing accounts, acquisition and disposal of basic property, long-term borrowings, corporate bond issuance and repayment plan, setting the standards for port facilities' port dues and rent, surplus appropriation, investment in and contribution to and debt guarantee for other companies, revision of articles of incorporation, enactment and revision of internal rules, appointment of Officers Recommendation Committee members, setting up branches or branch offices, officer's compensation, matters whose deliberation and decision by the committee are requested by the CEO, and matters deemed by the committee to be specially necessary across the economic,

Board Operation

Category	2010	2011	2012
No. of Port Committee meetings held	7	10	9
No. of Agenda items for decision	13	15	17
Pre-deliberation rate	100%	100%	100%
No. of Agenda items for revised decision	0	6	3
No. of Agenda items to report	6	7	18
Rate of attendance in Port Committee meetings	83%	82.8%	80%

environmental, and social sectors. The main matters to report include those raised (findings) in the audits of government offices, accounting audits, and Board of Audit and Inspection, related action plans and achievements, collective agreement results, estimated budget, and matters whose reporting to the president of UPA is requested by the committee.

Operation of Subcommittees

UPA operates the subcommittees it has organized for efficient and effective board activities. Subcommittees were organized for budget formulation and management assessment, and they consist of two Port Committee members.

No. of Subcommittee Meetings Held

2010		2011		2012	
Budget	Management assessment	Budget	Management assessment	Budget	Management assessment
1	2	3	3	4	3

Board Communication

The decision of the Port Committee is adopted based on the consent of majority of the current members. To secure fairness of decision making, the committee chairman or members with special interests in the agenda items cannot vote. In this case, a member who cannot participate in the decision making is not counted in the number of members required for decision.

Board Assessment and Feedback

The performance assessment on Port Committee members is stipulated in the Port Authority Act. When a member with a two-year tenure needs to stay on for one more year, the Oceans and Fisheries Minister decides whether to allow consecutive terms of the member concerned considering job performance. UPA actively uses the Port Committee's operational performance, extent of participation of individual members, and advisory details for improving organizational performance.

Risk Management

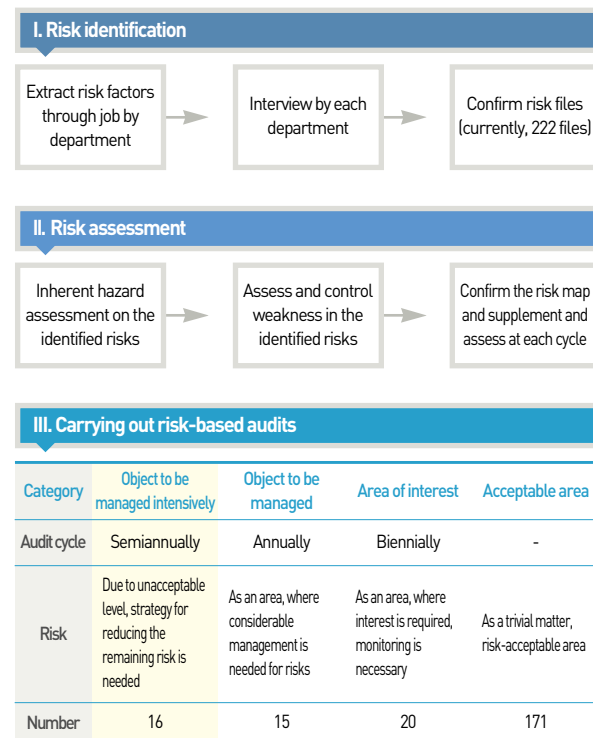
UPA identifies the risks that may occur throughout management activities in advance and systematically and proactively responds to such according to risk types.

Risk Management System

UPA enhances the acceptability of audit results by converting the exposure/uncovering-oriented audit practice into a prevention-oriented audit system through pre-inspection. By building ERM(enterprise risk management system), we are shaping an audit basis that can contribute to our non-delivery support and achievement creation.

In addition, we prevent risks in advance through CSA (control self-assessment) on the government's management policy that public agencies need to observe. We actually inspect matters with high risks intensively based on each department's self-assessment results.

● Diagram of Risk Management System



Operational Risk Management

UPA maintains financial soundness through routine inspection as to whether human and physical resource are efficiently used as well as management-related risk factors by building an efficient audit system. It also checks whether the internal control system works properly. In this manner, we help ensure the appropriateness, fairness of operation, and trust of citizens. We also review the legality, i.e., the status of compliance with the relevant laws and regulations, and instructions, and verify whether data such as financial statements are drawn up and disclosed accurately and faithfully. In this manner, we enhance the transparency of UPA. Audits are divided into internal and external audits.

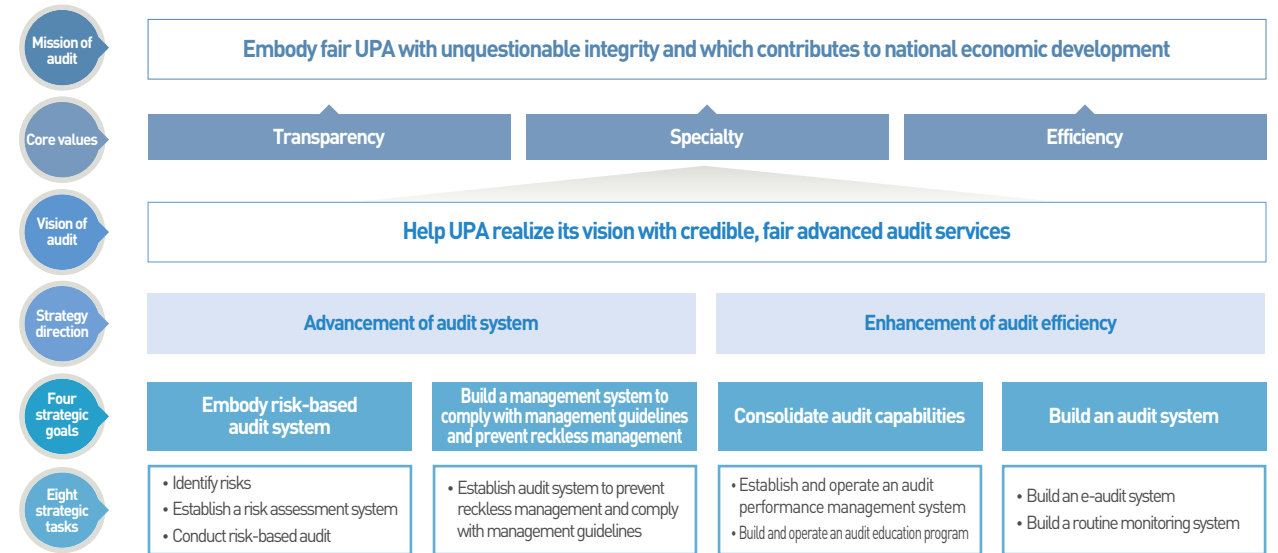
For internal audit, we implement the management control function through routine audit, general audit, specific audit in weak fields, and audit on matters received from the Clean Reporting Center. As a result of audits, the organization head takes the necessary action for correction or improvement requests and notifies the auditor of the results. When there is an objection, formal objection and re-audit can be requested to the auditor.

If the auditor judges that the reason for re-audit request is not justifiable, he/she reports the fact to the Port Committee. Regarding external audit, we receive external audits on our overall management activities since UPA has been designated as a public agency subject to audits by the Board of Audit and Inspection and the ministry in charge pursuant to the Act on Inspection on National Assembly, Government Offices, and Act on

● CSA Flowchart



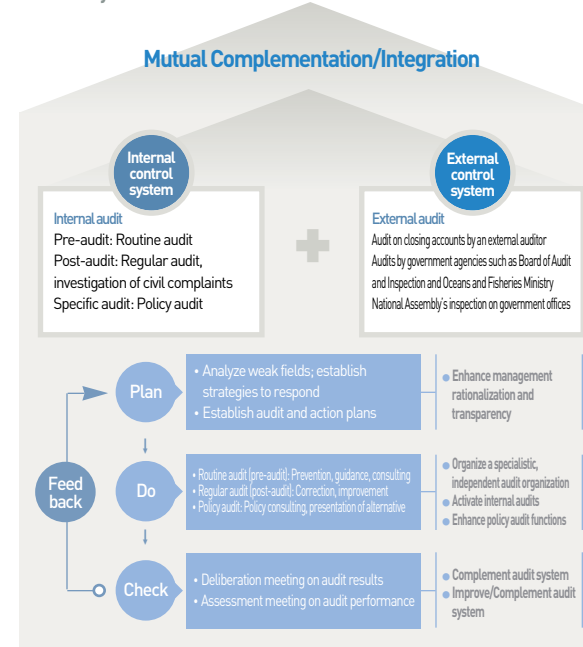
● Audit Strategy System




the Management of Public Institutions and the Act on Public Sector Audits. The non-executive auditor appointed by the Strategy and Finance Minister-after multiple recommendations by persons from the Officers Recommendation Committee and deliberation and decision by the Public Agency Operation Committee-is in charge of supervising internal audits. The non-executive auditor and Audit Dept. staff carry out audits, maintaining their independence from UPA's deliberative and executing organizations as per the Port Authority Act and its Enforcement Ordinance, articles of incorporation, audit regulations of UPA, and detailed execution regulations.

As a small department with the smallest number of audit personnel among public agencies, the Audit Team of UPA establishes audit strategies that can address the problem of human resources shortage, including means to enforce the strategies. In particular, the Audit Team recognizes that it is fundamentally impossible to conduct overall audit activities with a small number of audit personnel; thus, it strives to secure the audit's propriety and efficiency while selecting and concentrating on the weak fields.

● Audit System



● 2012 Audit Activity System

	Improve audit quality	Consolidate non-executive auditor's role	Audit activity's propriety	Propriety of follow-up actions on audit results
Plan	<ul style="list-style-type: none">• Establish strategy for improving audit quality for internal audit reform• Assess internal audit quality• Build internal control infrastructure	<ul style="list-style-type: none">• Conduct active audit duty• Conduct regular surveillance monitoring• Enhance expertise of non-executive auditor• Form bond of sympathy with employees	<ul style="list-style-type: none">• Establish an annual audit plan• Operate an efficient audit organization• Carry out data-based surveillance• Consolidate pre-audit service	<ul style="list-style-type: none">• Deliberate on full account of execution, execution plans• Make audit findings DB• Reinforce the backflow function through audit performance analysis
Do	<ul style="list-style-type: none">• Conduct consulting on assessment of internal audit quality, strategy establishment• Conduct e-audit system consulting	<ul style="list-style-type: none">• Hold weekly audit monitoring meetings and notify the relevant Dept. of audit opinions• Complete training offered by an external institution• Employees' participation in autonomous experiences	<ul style="list-style-type: none">• Conduct audit according to audit plans• Develop attitude of respecting the audited Dept.• Substantiation of routine audit• Use external experts in specialistic fields	<ul style="list-style-type: none">• Check status of action request execution• Announce the audit results• Performance analysis of audits
Check	Deduce problems through cyclical inspection and performance analyses			Establish countermeasures for items to be improved
Act	Reflect on audit plans for the following year			

Efforts to Improve Audit Quality

UPA has performed internal audit quality assessment to improve audit quality. We have diagnosed the current situation and prepared measures to improve the auditor's specialty, independence, effectiveness, and internal audit plan and execution as well as internal audit operation and system. Based on the assessment results, we have established mid- and long-term audit strategies to reorganize the audit strategy system and enhance quality, including 8 strategic tasks and execution plans.

We have established a master plan to build an e-audit system that computerizes the audit work flow including audit plans, execution, results and follow-up actions, status of disciplinary actions, and response to external institutions. For this, we are carrying out the first-phase project. Likewise, we are currently building a routine monitoring system to monitor operation sectors routinely including port facilities' use fee imposition, service management, company credit cards, assets & purchase, fund management, business expense management, and business expense misuse and embezzlement.

Efforts to Fortify the Role of a Non-Executive Auditor

As part of the government's policy of enhancing management efficiency (conversion from executive auditor system into non-executive auditor system), we have made various efforts to fortify the non-executive auditor's role given the need for the early establishment of the non-executive auditor system. A non-executive auditor actively presents opinions on pending management issues to management and minimizes judgment errors by deciding the action level on the findings from audit/inspection activities through an Audit Council organized by the non-executive auditor. Likewise, his/her role is being consolidated by performing audit duties including the revision of the code of conduct for employees. Through weekly audit monitoring, the non-executive auditor conducts internal control

● Audit Work Flowchart



activities by instructing the complementation of weekly job performance and plans and checking routine audit results.

Efforts for the Propriety of Audit Activities

UPA strives to enhance employee satisfaction with internal audits by carrying out proper audit activities based on efficient audit work flow. Data are collected prior to audit execution; based on the data, preliminary review-such as identification of audit work status, civilians' interest, and detailed work and problems-is conducted. UPA draws up an audit plan specifying the audit purpose, required number of personnel, period, and inspection items based on the analyzed and arranged preliminary review data, and then notifies the department concerned of the audit schedule in advance to enhance efficiency.

An audit is conducted by primarily judging the legality, economic efficiency, effectiveness, equity, and logic. Audit is then carried out

2012 Audit Performance

Category	Matters to implement	Actions
Internal audit	Inspect the feasibility of budget support for the Ulsan Cargo Owners Logistics Council	Caution: 1 person
	Inspect the propriety of investment preservation by private port authority	Warning: 1 person Caution: 1 person Notice to the department
	Investigate the breakdown of the IT system	Disciplinary action: 2 persons Warning: 2 persons Caution: 1 person
	Status of enforcement of security measures for the Port of Ulsan	Notice to the department
	Check contracting and fund management	Notification: 2 cases Improvement: 2 cases
	Accounting audit	Review the propriety of accounting audit and closing accounts in 2011
Routine audit	Review the feasibility of implementation of 248 projects including HR, budget, contracts, port operation, construction, IT	Presentation of 42 audit opinion cases
	Discipline checking	Execution of discipline check, special inspection activities during the weak period by quarter: 7 times
External audit	Ministry of Land, Transportation, and Maritime Affairs Comprehensively audit the overall work of UPA	Disciplinary action: 1 person Warning: 10 persons Caution: 11 persons Penalty imposition: KRW 396 million*

*Took action of additionally imposing port facilities' port dues, since smaller dues had been imposed on customers

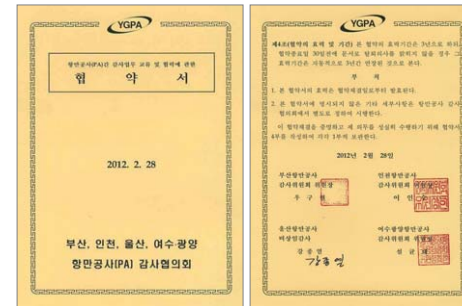
Status of Auditing and Enforcement of Audit Results

Category	Total			External audit			Self-audit			Completion rate
	No. of cases	Completed	In progress	No. of cases	Completed	In progress	No. of cases	Completed	In progress	
2010	9	7	2	-	-	-	9	7	2	78%
2011	6	6	-	3	3	-	3	3	-	100%
2012	31	30	1	15	14	1	16	16	-	97%

*Tasks under progress (3 cases) are long-term tasks and will be managed intensively until their completion.



Publication of Audit Manual



Signing of MOU between Port Authorities



Holding a Port Authority Workshop

based on the purposes of laws, regulations, and systems, basic duties of the audited departments, and pursuit of systems targeted for the audit, environment of audited work implementation, sound practices, and expert's opinions. The request standards for actions on findings after an audit are decided in agreement through an Audit Council meeting.

Efforts to ensure taking Follow-up Action faithfully

UPA prevents the recurrence of similar cases in advance by sharing audit details at the enterprise-wise level and diffusing other institutions' best cases. If audit results are confirmed, we disclose the details on our homepage, "Alio," to secure the transparency of results and prevent recurrence. For external audits, we share the results by notifying all our departments and posting them on the in-house message board.

Efforts to Strengthen Audit Competency

UPA enhances audit competency so that it can conduct internal control of the overall work through elitism of audit personnel and respond to external environment change including the government's inspection consolidation regarding reckless management. An auditor enhances the audit quality level by reinforcing job capabilities and professionalism through education/training related to various audit activities. We establish annual training plans of the Audit Team based on a strategy for consolidating mid-and long-term audit competency; an auditor then completes the training based on such plan. Audit personnel's training hours numbered 130 on the average in 2012.

● Strategies for Bolstering Mid- and Long-term Audit Competencies

- Continual backflow of competency fortification programs and mature auditor selection process
- Re-establishment of competency model according to Audit Team's strategy
- Establishment of optimized competency assessment
- Self-education/Training contents development
- Establishment of training performance assessment system
- Feedback activation of education program participants, adoption of education completion certification system
- Continual program operation and development
- Education/Training system consolidation with audit personnel exchange by organizing the regional joint council in the public sector
- Expanded reproduction of established education programs, systematization of selection process for capable auditors
- Establishment of assessment system based on the actualization of a competency model
 - Common competency/Leadership competency/Job competency
 - Efforts to enhance organizational acceptance
- Customized education suitable for auditing-Means of using external experts
- Establishment of systematized competency model
- Coordination of education program, according to the satisfaction survey
- Program development to foster in-house instructors
- Implementation of important and preferential tasks for systematic programs to consolidate professional auditor's competency
- Capability verification according to job analysis
- Operation of programs for internal competency assessment of Audit Team, for individual competency management
- Selection of external educational institution, conducting education/training
- Establishment and operation of plan to support the acquisition of audit certificate
- Adoption of competency assessment suitable for job competency
- Internal sharing through training and case study on diffusion of internal audit work
- Selection of new auditor based on competency model

Maturity period
2015~2016
Reinforcing the training system specializing in internal audit

Growth period
2014~2015
Establishment of training system for auditors

Adoption period
2012~2013
Forming the educational basis for competency consolidation

In 2012, UPA published an audit work manual after working on it for five months. The manual provides a guide to the general audit theory in detail including the audit system and the auditor’s rights, obligations, responsibilities, and independence. In addition, the manual systematically contains matters that departments conducting and undergoing audits should know, such as practical work handling methods by audit type and process including general and routine ones, performance, and job audits, matters to be announced in audit, and relevant laws and regulations. We secure the early-stage familiarization of audit work through the publication and use of audit work manual and objectivity of audit work. On February 28, 2012, UPA signed an MOU for the audit council with Incheon, Busan, and Yeosu/Gwangyang Port Authorities to share information related to audit work and consult closely on cross-audits and benchmark the best practice as well as coping jointly with pending issues common to port authorities. In November 2012, a workshop was held to share information and explain the execution progress. We actually enhance audit work specialty and expertise through all these activities.

Disaster Risk Management

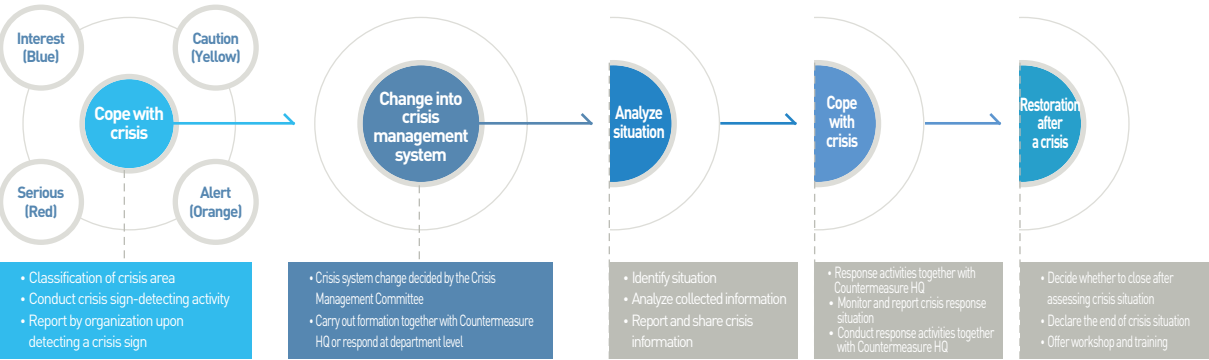
Preparation of Manuals to Cope with Each Accident Type

UPA has prepared manuals to cope with each emergency type by dividing disasters into natural disaster, marine pollution, national security, and human disaster by recognizing disaster risks. We proactively respond to any disaster and take actions for quick and effective response and recovery upon its occurrence.

Process of Responding to Crisis Situations

UPA has established a process of responding to emergency situation. By detecting emergency situation signs, we respond to a

● Process of Responding to Emergency



Manuals to Respond to Emergency by Type		
Area	Emergency Situation	Manual for Responding
Natural disasters	Damages caused by typhoon, torrential rain, tsunami	Safety management plan for the Port of Ulsan, manual for responding to earthquake, tsunami
Marine pollution	Massive leak of marine pollutants from ships and offshore facilities	Manual for responding to large-scale environmental pollution
National security	War and terrorist act	Security plan for the Port of Ulsan
Human disaster	Port operation damages due to port operation union's strike	Manual for responding to port operation union's strike, Manual for responding to cargo solidarity's strike

crisis situation by categorizing it into interest, caution, warning, and serious stages. Either an emergency unit is organized by converting the normal management system into a crisis management system, or each department responds to the crisis. In this manner, we respond to the crisis until its resolution by analyzing the progress and through organic consulting with the relevant agencies. The relevant manual specifies that damages of facilities need to be examined, and that these need to be reflected on the establishment of future plan even if the crisis situation ends. An organization responding to the crisis situation is set up to respond quickly based on the manual for responding to emergency situations; thus enabling effective directive action and control. Duties are divided so that quick response can be made as per Article 42.4 of the Enforcement Ordinance of the Basic Act on Disasters and Safety Management; upon the occurrence of a crisis situation, damages are minimized by diffusing the situation and through mutual collaboration between the relevant departments.

Activities to Respond to Crisis

Activities to Respond to Natural Disasters

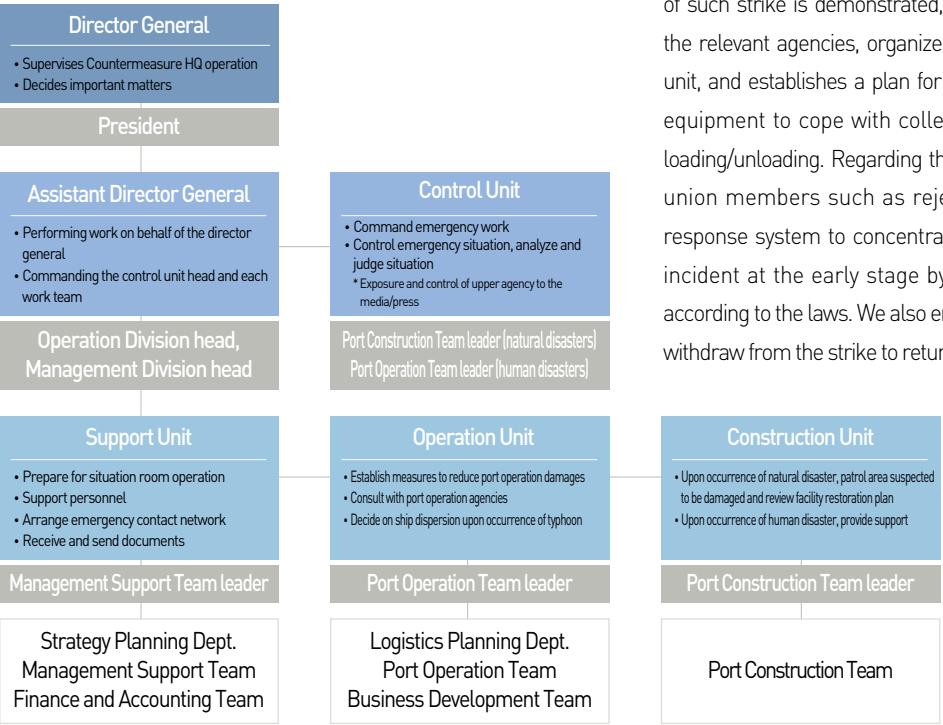
Upon the occurrence of a natural disaster, we respond by dividing the response stages into interest, caution, alert, and serious

stages. Interest stage is the period when typhoons frequently take place; hence the need for checking and confirming the relevant organizations’ cooperative system and coping with the situation. Caution stage is the period when a weather forecast is issued due to the direct/indirect impacts of the typhoon. At this stage, the Disaster Safety Countermeasure HQ needs to be organized, and emergency work is executed; the status of port-anchored/berthed ships needs to be identified, and loading/unloading equipment within the terminal/wharf are inspected to cope with any accident. Alert stage is the period when storm, torrential rain, or tsunami warning is issued due to the direct/indirect impact of a typhoon. During this period, the ship’s evacuation time and preferential evaluation of ships are decided. Serious stage is the period when the typhoon’s direct impacts are delivered. At this stage, movable loading/unloading equipment need to be moved outside of the port area so that they are not damaged; an emergency restoration plan should be reviewed for the damaged facilities.

Activities to Respond to Marine Pollution Accidents

We actively respond to marine pollution accidents by sending our staff to the Disaster Countermeasure HQ set up mainly by the Ulsan Regional Maritime Affairs & Port Administration (URMAPA). UPA builds a cooperative system to support the prevention of disasters together with URMAPA, Ulsan Coast Guard, and Korea

● Organizations to Respond to Emergency Situations



Marine Environment Management Corporation as well as industry companies and organizations. In the accident settlement stage, we identify the areas where ship navigation is restricted through a pollutants collection activity and notify the relevant companies accordingly. This way, we take action so as not to spread safety accidents and damages.

Activities to Respond to Terrorist Acts

UPA obtains information on terrorist acts at the stage wherein signs of such act are demonstrated, diffuses the information to the relevant agencies, consolidates security action such as access control of wharf, searches for vehicles, and thoroughly checks suspected people and goods taken into/out of the wharf/cargo terminal. Upon the occurrence of a terrorist act, we have a relevant system in place: Specifically, the situation should be immediately reported to the relevant agencies through situation receipt and reporting, and an alert needs to be issued in the area in question by deploying security guards; the injured are administered first aid and are transferred to hospitals. We also disclose the terrorist’s personal details and take action so that the damages do not spread. In the responding stage, we set up a command post at the site and handle the accident by organizing a joint investigation unit with the relevant agencies.

Activities to Respond to a Strike by the Port Operation Union

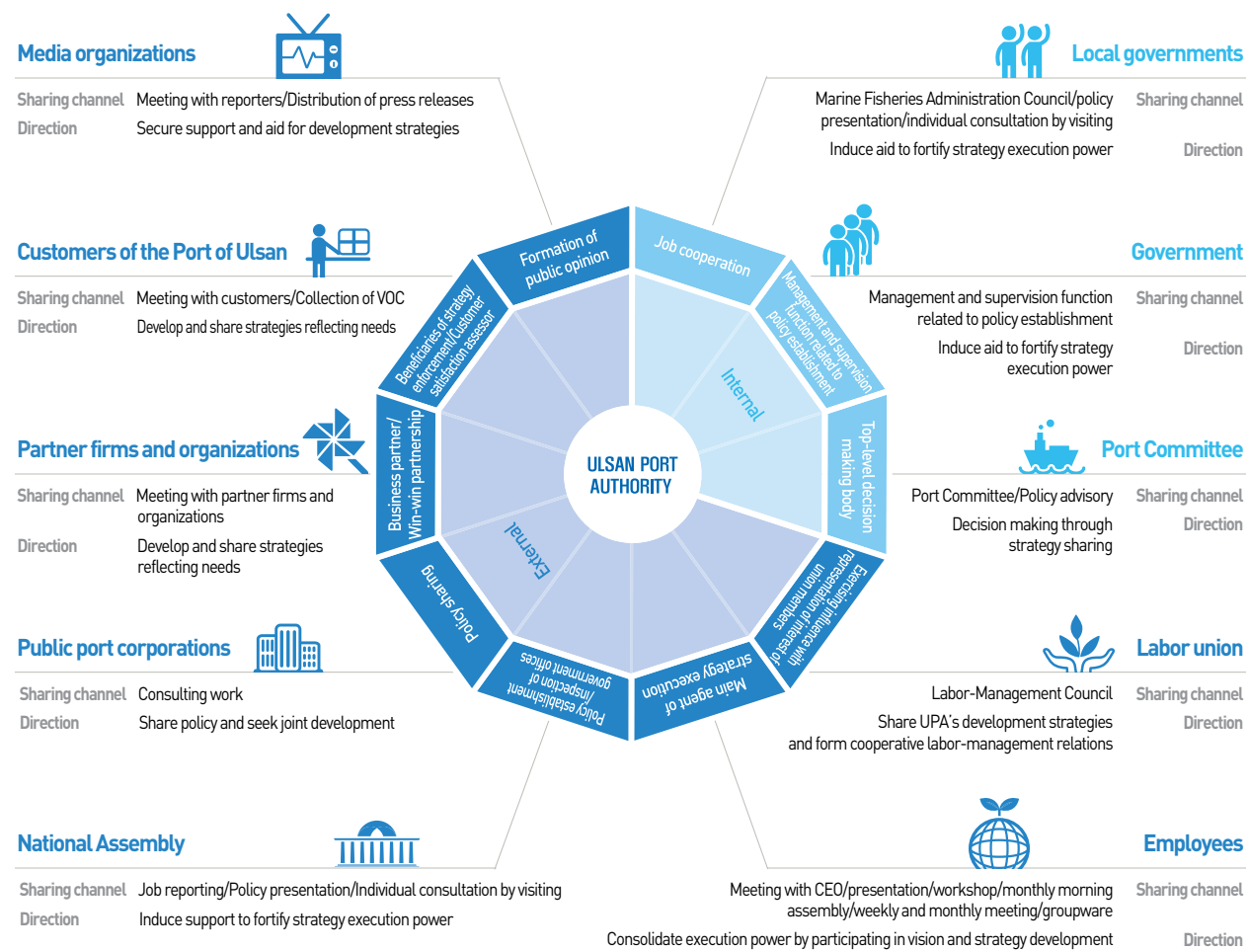
UPA obtains information on the strike at the stage wherein a sign of such strike is demonstrated, builds a cooperative system with the relevant agencies, organizes an emergency countermeasure unit, and establishes a plan for inputting alternative workers and equipment to cope with collective acts including rejection of loading/unloading. Regarding the collective acts of port operation union members such as rejection of work, we have built a response system to concentrate our capabilities on ending the incident at the early stage by handling the illegal offenders according to the laws. We also encourage the union members who withdraw from the strike to return quickly to port stevedoring work.

Stakeholder Communication

UPA builds trust through regular communication with stakeholders, listens to various opinions, and actively uses such opinions in decision making related to sustainability management.

Stakeholder Definition and Communication Channels

UPA sets stakeholder groups including employees, labor union, port committee, central and local governments, National Assembly, public port corporations, partner firms and organizations, customers of the Port of Ulsan, and media organizations considering the impacts on and importance in UPA's operation and builds various communication channels according to their characteristics. We have in place a two-way sharing system, which we activate when communicating with stakeholders. We actively collect stakeholders' opinions and reflect them on overall management activities. We will develop more diverse sharing channels, communicate more effectively, and solidify trust with stakeholders further.



Key Issues of Sustainability Management

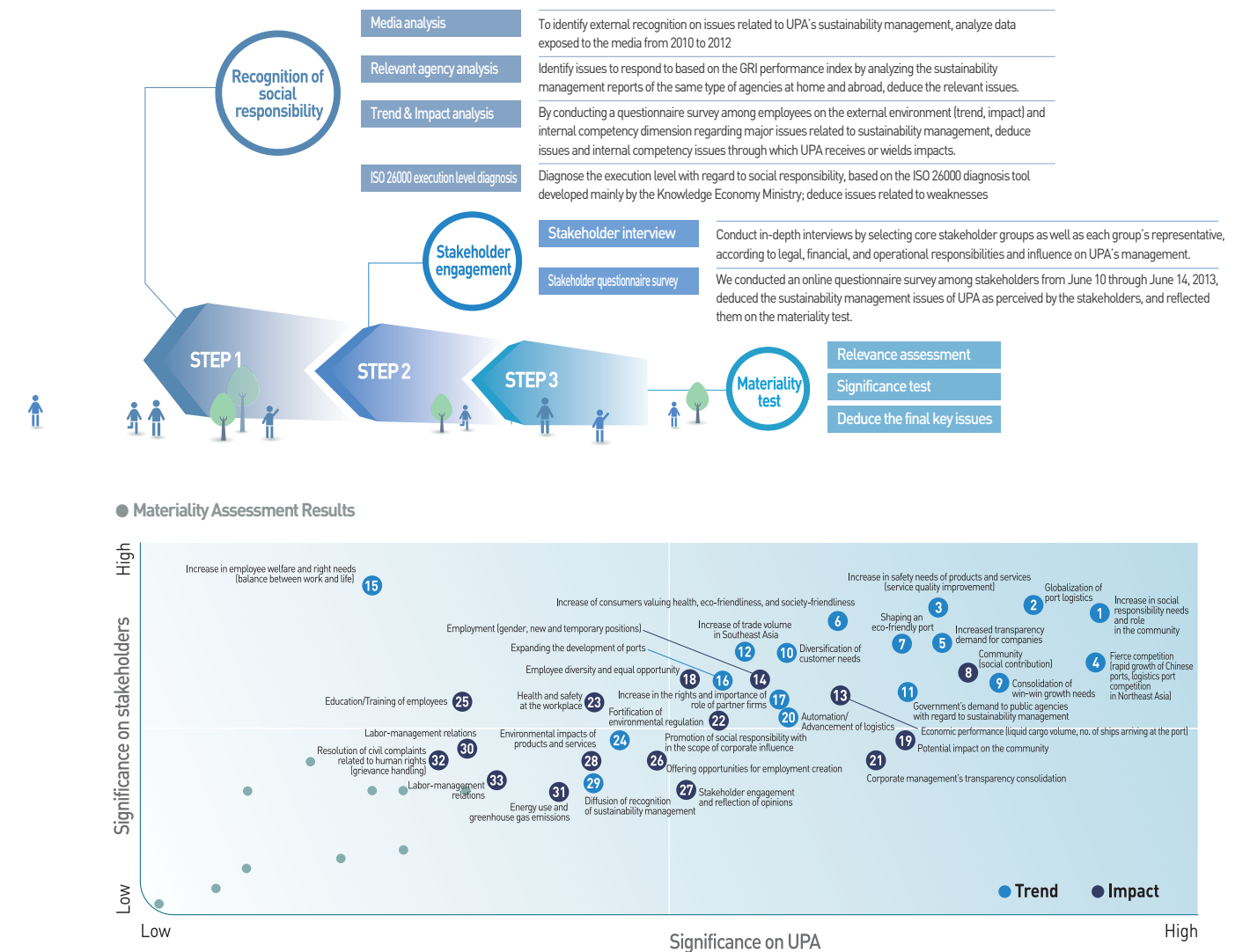
To report sustainability management activities efficiently and systematically, we selected key issues related to UPA according to the materiality test procedure specified by GRI details definition rules and ISO 26000.

Materiality Test Process

UPA has carried out a series of processes that deduce material issues in its sustainability management by reviewing issues closely related to and significant for UPA and stakeholders based on recognition of UPA's activities of fulfilling UPA's social responsibility via media analyses, relevant company analyses, trend & impact analyses, and ISO 26000 execution level diagnosis.

Results of Deducement of Main Issues

We have decided sustainability management-related issues through the first and second phases of the materiality test process and have deduced 33 core issues considering the importance to UPA and stakeholders, respectively. UPA has selected the report details and planned this report by linking enterprise strategies focusing on these issues.



Stakeholder Interviews

To listen to various and in-depth opinions on sustainability management activities, we have conducted in-depth interviews by selecting representatives of stakeholders.

Issues identified through interviews are used as reporting issues and will be reflected on the sustainability management activities of UPA.

Government _ Kim Sun-jong

Deputy Director of the Port Logistics Planning Dept., Ministry of Oceans and Fisheries

Contributing to Community and National Economic Development with the Success of Northeast Asia's Oil Hub Project

Operated and managed by UPA, the Port of Ulsan is closely linked with Ulsan's typical industries such as petrochemical, automobile, and shipbuilding industries. In particular, the Northeast Asia's Oil Hub project brings about huge ripple effects to the national economy as well as Ulsan City; thus, the role of UPA is particularly important, and it has a huge responsibility. I hope UPA contributes to the community and national economy by successfully implementing the Northeast Asia's Oil Hub project through the reinforcement of employee capabilities and by building a collaborative system with stakeholders.

Partner Firm _ Kang Bu-won

Planning and Coordination Office Manager, Busan Port Authority

Establishment of Eco-Friendly Green Port considering the Marine Environment Problems

I believe UPA needs to be differentiated from other port authorities in business, since it mainly handles liquid cargo. Still, UPA should pay more attention to marine environment problems since liquid cargo including oil is mainly handled. Currently, the Port of Ulsan sufficiently complies with domestic laws and regulations related to the environment, but I think UPA needs to determine the impacts on the environment and manage them additionally. I hope UPA strives to build a green port so that the Port of Ulsan can become an eco-friendly, safe port, realizing that failure to consider environmental problems may pose a risk to UPA in the future.

Customer (Value Purchase) _ Baek Sang-hun Dept. Head of Asung Marine

Securing Wharf Efficiency through the Improvement of Worn-out Facilities

Although the Port of Ulsan is a major port with a 50-year history, the loading/unloading environment is inferior due to worn-out facilities. The port also generates environmental pollutants such as scattered dust. UPA has been actively improving the port's services and the terminal environment; it has endeavored to offer services that immediately respond to and satisfy and reflect customer needs. I expect UPA to enhance the terminal's efficiency and lead the resolution of environmental problems through investment in existing facilities and infrastructure improvement as well as the new port.

Customer (Value Delivery) _ 000 Dept. Head of Company A

Diversification of Two-Way Communication Channels for Stakeholders

UPA's efforts to listen to the voices of customers, identify the essence of problems, and respond to them in a responsible way are very encouraging. Nonetheless, I believe there will be many difficulties in listening to customers' opinions and collecting them all, since there are many conflicts of interests regarding the port, due mainly to diverse stakeholders in view of the industry's features. I hope UPA diversifies two-way communication channels for stakeholders, listens to more opinions, and delivers UPA's standpoint. Likewise, I expect UPA to secure support and consent for its operational activities and pursue win-win growth of all the people engaged in businesses related to the port.

Associations and Organizations _ 000

Member Company of Ulsan Port Logistics Association

Public Corporation Achieving its Foundation Purpose, Fulfilling its Social Responsibility

For UPA to grow and develop continuously, I believe it needs to conduct management activities in line with its foundation purpose. To offer advanced port services, UPA should provide more convenient, specialistic services by reorganizing worn-out port facilities and actively investing in anti-pollution facilities for the wharf by securing the necessary financial resources. Moreover, UPA should not neglect its social responsibility as a public corporation. I hope UPA grows into a company trusted by stakeholders and communities through corporate operations that are not socially criticized in terms of fair operation, community engagement, and human rights protection of women and socially underprivileged people.

Labor-Management Council _ Lee Hae-sung UPA Labor Union Head

Need to Diffuse Employees' Recognition on Sustainability Management and Bolster Capabilities

UPA is at the starting point of sustainability management. For it to grow as a company fulfilling its social responsibility, based on sustainability management, UPA needs to recognize risks related to the external environment from the economic, environmental, and social aspects and establish strategies for proactively responding to the risks. Training is also required for the employees to spread recognition on sustainability, specify and practice it, and designates individuals who will take charge of important roles to enhance their capabilities.

Community _ Moon Hyun-jin

Facility Dept. Head of Ulsan Joong-gu Service Center to Support the Elderly at Home

Carrying out Strategic Social Contribution Activities for Win-Win Growth with the Community

Given the increasing importance of social responsibility, it is desirable for a company to develop and pursue win-win growth together with communities instead of surviving alone and pursuing profits only. UPA has been carrying out social responsibility activities continually including shaping an in-house donation culture as well as practicing sharing and engaging in various social contribution activities. I hope UPA discovers various fields-including aid for social companies and cultural contents-and constantly carries out strategic social contribution activities in the future as well.

I. Fostering a High Value-Added Port

> 30 Consolidating Financial Soundness

Financial Management System
Mid- and Long-term Financial Plan
Financial Risk Management

> 33 Enhancing Port Efficiency

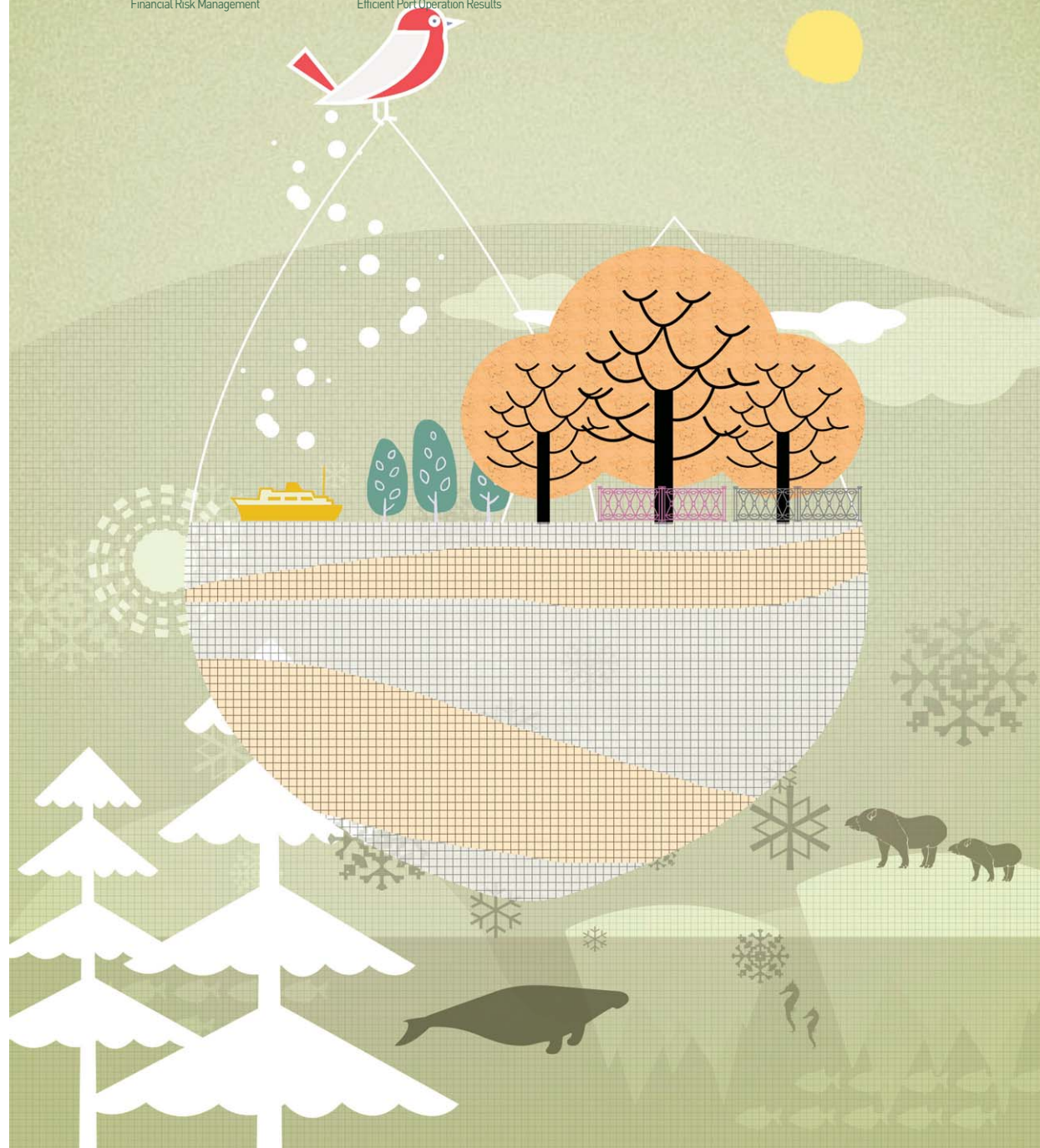
Consolidating Port Operation Efficiency
Efficient Port Operation Activities
Efficient Port Operation Results

> 35 Building an Eco-Friendly Port

Embodying a Clean Port
Building a Green Port

> 38 Fortifying Environmental Management

Environmental Management System
Tackling Climate Change



Sustainability Strategy

I. Fostering a High Value-Added Port

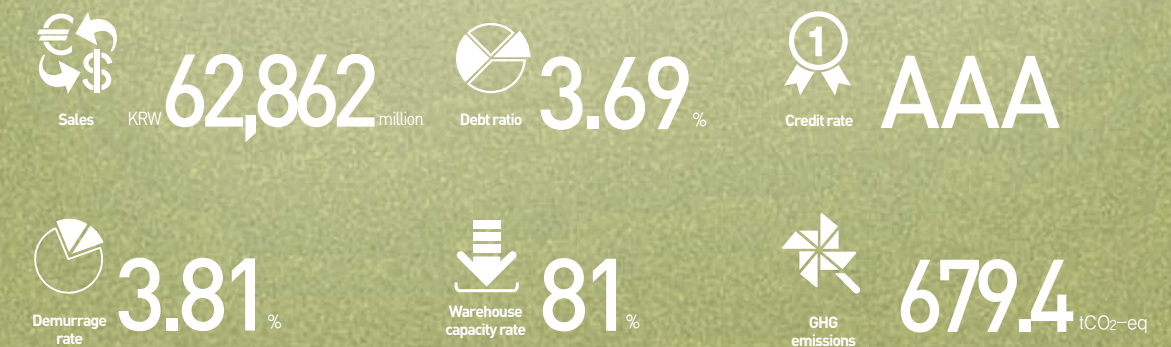
Key Strategy

UPA enhances financial stability by maintaining an excellent financial structure, which is based on financial management in linkage with mid-and long-term strategies to foster the Port of Ulsan as a high value-added port. Likewise, we enhance the port's competitiveness by consolidating port operation efficiency. We also minimize environmental impacts through port operational activities by maintaining a clean port. Finally, we respond to environmental hazards and tackle climate change by building an environmental management system.

Key Issues

- Economic performance
- Fierce competition
- Fostering an eco-friendly port
- Strengthening environmental regulations
- Environmental impacts of products and services
- Consolidation of energy use and greenhouse gas (GHG) emissions

Key Figures



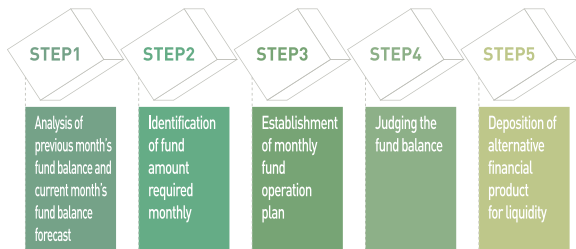
Consolidating Financial Soundness

UPA maintains stable business structure, outstanding management performance, and financial structure based on solid legal and institutional status. Through systematic financial management, we strive to boost our financial soundness.

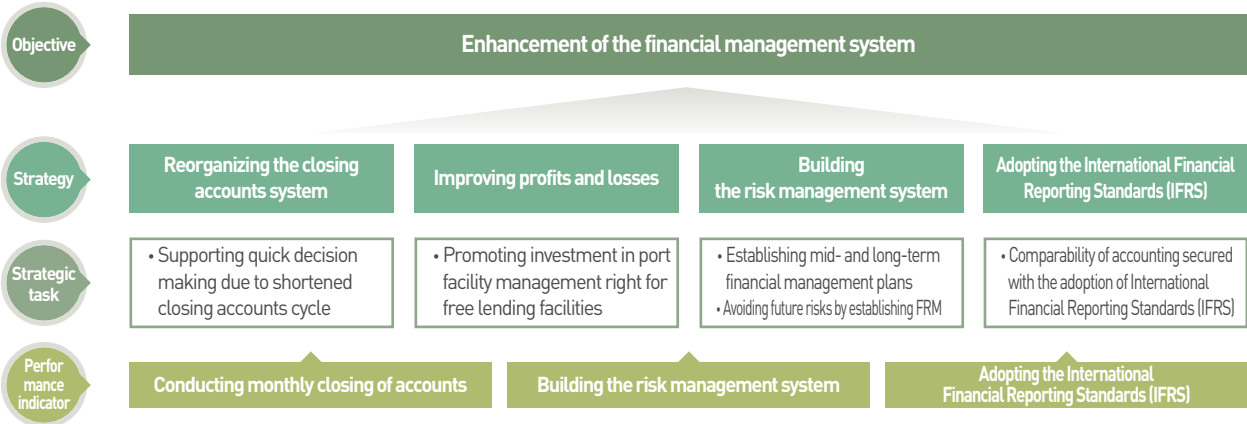
Financial Management System

UPA establishes financial plans linked with mid- and long-term strategies for sound financial structure and to operate reasonable budgets. We have also established a strategy to enhance the financial management system. We set up and operate monthly and annual fund operation plans by identifying the fund requirements of major businesses for proper liquidity operation and interest income maximization. We build a stable financial management system by establishing and operating measures for the expenditure risk management of liquid funds and financial products, so as to cope with financial accidents that may occur

● Financial Management System



● Strategy to Enhance the Financial Management System

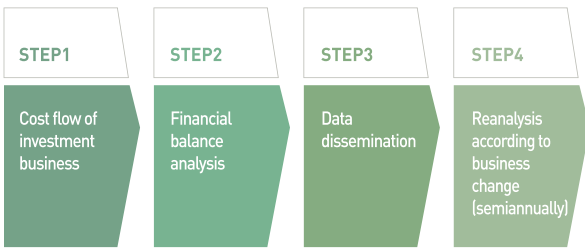


during fund operation. This way, we build a stable financial management system.

Mid- and Long-term Financial Plans

We have never been faced with a financial crisis. We have been in the black based on the increase in sales since UPA's foundation in 2007. We expect to incur borrowings from 2014 due to new business investments. We make efforts to manage funds successfully by analyzing the fund operation status every six months and reflecting the analysis results on the mid-and long-term financial balance. According to the results of the mid-and

● Financial Plan Process



● Businesses Causing an Increase in Mid-and Long-Term Debts

Causes of Debts Increase	
Northeast Asia's Oil Hub Project	Port Hinterland Project
<ul style="list-style-type: none">• First-phase investment cost KRW 141.1 billion (Infrastructure) *, KRW 412.4 billion (Northeast Asia oil hub terminal)• Second-phase investment cost KRW 378.8 billion (including design cost)* Of the first-phase investment cost (Infrastructure), KRW 1.7 billion was spent up to 2012.	<ul style="list-style-type: none">• Investment cost of section 1: KRW 44.2 billion*• Investment cost of section 2: KRW 39.6 billion• Investment cost of section 3: KRW 51.6 billion• Northern quay: KRW 53.6 billion* KRW 30.6 billion of the investment cost of section 1 was already spent up to 2012.
• Total investment cost: KRW 932.3 billion	• Total investment cost: KRW 189.0 billion

long-term financial balance analysis, if the Northeast Oil Hub project and Ulsan New Port Hinterland Complex project are implemented, borrowings are expected to increase rapidly to KRW 472.1 billion in 2022. Accordingly, financial soundness has been estimated to deteriorate since the debt ratio will rise to 75.4% and interest coverage ratio will increase to 1.79. UPA plans to carry out financial risk management continuously by adopting an accounting system managed by the business sector and financial risk management (FRM) to ensure the investment plan's propriety.

Financial Risk Management

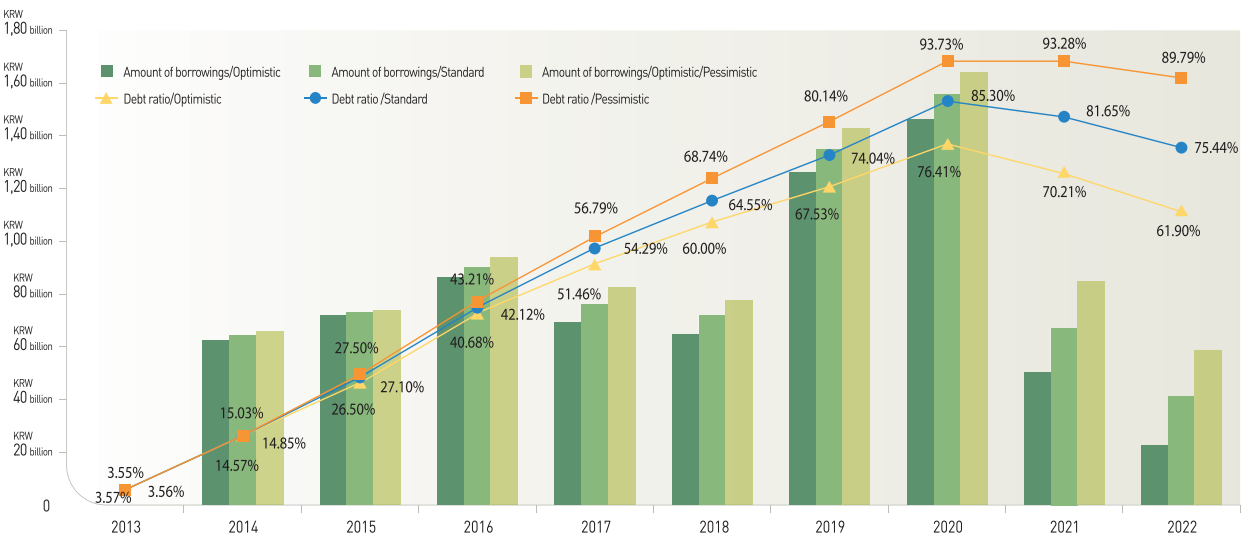
Establishment and Execution of Budget Plans

When making an important strategic management-related decision, such as establishment and execution of large-scale investment plans worth more than KRW 1 billion, we carry out

Estimated Financial Ratios

	Category	2013	2015	2018	2020	2022
Safety	Liquidity ratio	70.5%	60.0%	14.0%	10.9%	12.6%
	Debt ratio	3.6%	27.1%	64.6%	85.3%	75.4%
	Interest coverage ratio	-	8.56	2.45	1.43	1.79
Profitability	Operating profit to sales ratio	28.4%	28.5%	31.2%	25.8%	32.0%
	Net profit to sales ratio	22.7%	22.3%	24.4%	20.1%	11.1%
	Return on assets (ROA)	2.5%	2.0%	2.0%	1.4%	0.9%
Activity	Turnover ratio of assets	11.1%	9.1%	8.2%	7.2%	8.5%
	Sales growth rate	2.7%	1.5%	5.2%	1.6%	1.1%
Growth	Operating profit growth rate	1.5%	-3.0%	15.2%	-17.3%	4.5%
	Net profit growth rate	0.2%	-2.6%	18.4%	-17.3%	17.5%

● Debt Ratio by Scenario



step-by-step internal reviews such as new business working-level meeting, in-house investment and budget deliberation committee meeting, management diagnosis meeting-where at least grade 4 organizational members attend-and officers’ meeting. As the last stage, through final decision making of our board of directors, the “Port Committee,” we fundamentally curb duplicate over-investments and carry out strategic distribution of resources. In particular, we stipulate that budget can be injected only through precise demand prediction, including the need and feasibility reviews of new businesses in linkage with mid-and long-term strategies. We proactively respond to the changing management environment through the routine operation of the Budget Deliberation Committee. We also selected 17 core businesses, since large-scale external borrowings are forecast in relation to an infrastructure construction project in the northern part of the Northeast Asia’s Oil Hub project after 2013. We chose them after analyzing mid-and long-term investment plans and financial balance. With all these, we fully cope with potential financial risks.

Financial Management according to Mid- and Long-term Financial Prospects

UPA forecasts its financial soundness to weaken due to the increase in debt ratio in 2020. Thus, based on our mid-and long-term financial prospects, we will strive to analyze the crisis stages by department in charge, operate financial strategic TFT upon the occurrence of each stage of the crisis, and secure financial soundness.

● Composition of the Finance and Accounting Advisory Committee



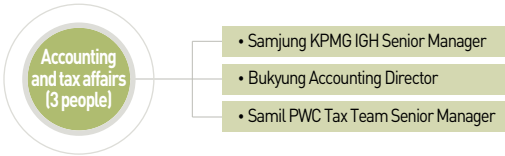
We have acquired the highest rating, AAA (stable), from the Korea Investors Service in terms of agency credit rating. Therefore, we have secured conditions under which we can reduce financial expenses considerably, since we can have favorable conditions in issuing long-term, low interest-bearing bonds if we borrow funds externally for new businesses such as oil hub development, together with the enhancement of internal and external trust and recognition.

Organizing the Finance and Accounting Advisory Committee

UPA tries to minimize financial risks through consulting on UPA’s pending issues and borrowings by holding advisory meetings. We commission experts in the bond, banking, accounting, and tax fields as advisory committee members.

Execution of Enhancement Strategy of the Financial Management System

According to the enhancement strategy of the financial management system, we establish the International Financial Reporting Standards (IFRS) through the reanalysis of the closing accounts system in accounting under the International Financial Reporting Standards (IFRS) by adopting advanced accounting standards. We also build an internal accounting control system through the establishment of job process and analysis and build a tax and accounting risk management system. We have actually enhanced financial soundness by receiving investment in port facility management right (KRW 310.9 billion) from the government in 2011-as part of the port facilities operated through free lease-since UPA’s launch.



Crisis Stage According to Financial Indicators						
Financial indicator	Dept. in charge	Normal	Caution	Alert	Serious	Current stage
Debt ratio	Finance & Accounting	50% or less	Over 50 ~60%	Over 60~70%	Over 70%	Normal (3.6%)
Interest coverage ratio	Finance & Accounting	4.00 or higher	2.50 ~ below 4.00	1.00~below 2.50	Below 1.00	Normal (0 times)
Net profit/loss	Operation Division	KRW 10 billion or more	KRW 5 billion ~ below KRW 10 billion	KRW 0 billion~ below KRW 5 billion	Net loss	Normal (KRW 14.6 billion)
Total lawsuit amount	Dept. in charge	-	Below KRW 500 million	KRW 500 million or more	Serious case	Normal
Dishonoring of bonds	Port Operation	-	Below KRW 20 million	KRW 20 million ~ below KRW 100 million	KRW 100 million or more	Normal

Enhancing Port Efficiency

UPA continually enhances the competitiveness and efficiency of the Port of Ulsan through various activities for improving port efficiency based on the port master plan.

Consolidating Port Operation Efficiency

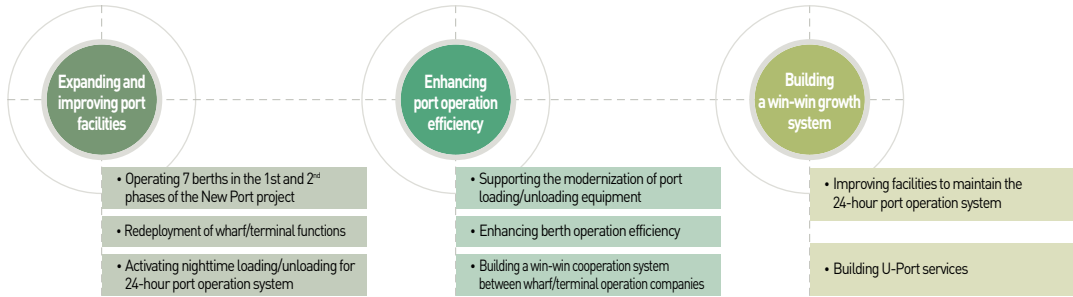
UPA promotes the productivity of the wharf/terminal through port management and by enhancing operation efficiency-including use permission of port facilities (buildings, site, waters, open storage yard)-and managing wharf/terminal operators. Moreover, it strives to cut down social logistics cost and reinforce port competitiveness with a reduction of demurrage rate, which is higher than that of other trading ports nationwide. As a result of analyzing the annual demurrage rate of the Port of Ulsan, about 5% of the demurrage rate-which is higher than other trading ports nationwide-is recorded each year; thus, KRW 90.1 billion in social logistics cost was incurred (by applying the formula for demurrage cost of the Korea Maritime Institute). In this context, we have established a demurrage rate reduction plan as the most preferential task for enhancing wharf/terminal operation efficiency, and we are managing our goal and target in this manner.

Efficient Port Operation Activities

Building an IT system for Berth Operation and Allocation

UPA has made all-out efforts to improve wharf/terminal productivity through efficient berth operation via real-time monitoring of berth meeting results and DB creation of statistical data with the online

● Comprehensive Plan for Enhancing Wharf/Terminal Operation Efficiency



computerization system for berth operation status, instead of the existing inefficient offline berth allocation and management work.

The berth operation support system was completed in April 2012, and we have been setting up berth meeting rooms as well as the necessary equipment to cope with relocating our company building. The application for online berth reservation (change), berth allocation management, and result inquiry have been enabled for the first time in Korea as a trading port; thus, user convenience has increased. Autonomous berth meeting has become feasible, including the berth’s reallocation through the port mismatch database. As a result, statistical management has become convenient. In recognition of such effort, we were designated as a best practice agency for port operation improvement by the Ministry of Land, Transportation, and Maritime Affairs (MLTM).

Infrastructure Expansion and Improvement

UPA has contributed to demurrage rate reduction by opening and operating 7 berths in the 1st and 2nd phases of the Ulsan New Port project. It has built the relevant port infrastructure to distribute ships arriving at the Ulsan Main Port to Onsan New Port. Consequently, woodchip cargo (1.2 million tons annually) handled by the Ulsan Main Port (Wharf No. 5) was instructed to be transferred to the Ulsan New Port; thus, the transport distance of woodchips was reduced by 25km, saving KRW 2 billion in logistics cost annually. By installing and operating woodchip loading/unloading equipment in berth no. 7 of the New Port, we increased the daily loading/unloading cargo volume from 4,800 tons to 8,000 tons and supported the preservation amount of interest difference of loading/unloading equipment modernization funds for port productivity improvement. Furthermore, we installed more LED lights at the central breakwater and identification LED lights at nighttime to avoid problems in nighttime arrival and departure and prevent obstacles to maintain the 24-hour port operation system.

Enhancing Berth Operation Efficiency

We are performing real-time monitoring of the berth operation status linked with the GIS-based customer support system and general ship information system to enhance berth operation efficiency. We also analyze each wharf/terminal’s demurrage rate and intensively manage

Preservation Amount of Interest Difference for Borrowings of Port Loading/Unloading Equipment Modernization Funds		
2010	2011	2012
KRW 80 million	KRW 151 million	KRW 119 million

7 wharves/terminals with more than 15% demurrage rate for the past 3~4 years, including 2 wharves/terminals with more than 20% demurrage rate for the past 2 years. We held a meeting concerning wharves whose demurrage rates are intensively managed in July 2012; we analyzed the demurrage factors of each wharf operator and deliberated on measures to reduce the demurrage rate.

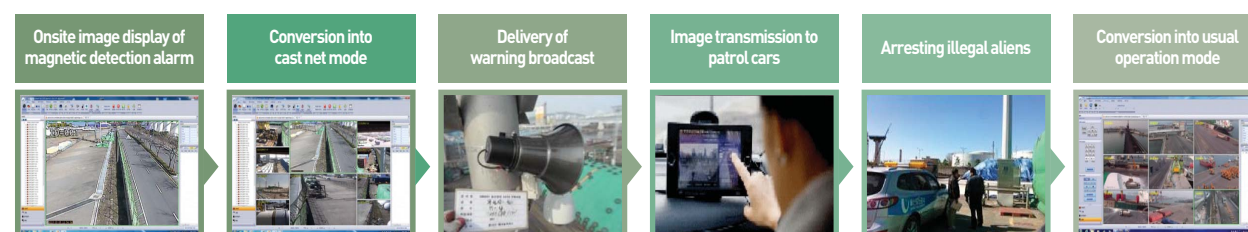
Building U-Port Services

To build U-Port services, UPA operates an RFID-based port arrival and departure certification system and an image recognition system. After improving the RFID access system in July 2012, we have revised detailed enforcement guidelines regarding the issuance of wharf access cards and port access procedure by carrying out reassessment of security. We have also set a preventive control function on security-related accidents such as ID chip loss and theft. Meanwhile, we have been implementing a smart intelligent port integrated operation system since August 2012. This system, which is scheduled to be operated, is equipped with wireless communications infrastructure between the security control center and port patrol personnel, together with a security surveillance system to cope with security-related accidents and terrorist acts, a preventive system for various safety accidents and incidents within the port, and a warning system against natural and human disasters.

Compulsory Loading/Unloading of Auxiliary Raw Materials of Animal Feed at Nighttime and on Holidays

The demurrage rate of the Port of Ulsan was 5.1% in 2011; this was way higher than 2.9% as the average demurrage rate of trading ports nationwide (29 ports) in 2010. In particular, the demurrage rate of the wharves (Wharf Nos. 1, 2, and 3) handling auxiliary raw materials of animal feed was 25%, which has become a major cause of low efficiency in operating port facilities. To reduce the demurrage rate and fortify port competitiveness, we tentatively implemented compulsory loading/unloading of auxiliary raw materials of animal feed at night and on holidays in the first half of 2012. We signed an agreement with

● Smart Intelligent Integrated Port Operation System



Demurrage Rate			
	2010	2011	2012
No. of ships arriving at the port (ocean-going vessel)	11,666	12,306	12,348
No. of ships in demurrage	516	632	470
Demurrage rate (%)	4.42	5.14	3.81

loading/unloading companies, cargo owners, agents, and Ulsan port transportation labor union following consultations. We actually negotiated to extend the compulsory loading/unloading at night and on holidays to the second half of 2012 (June–December). With the compulsory loading/unloading of auxiliary raw materials of animal feed at nighttime and on holidays at the Port of Ulsan, nighttime loading/unloading rose 46.1% during weekdays, and daytime loading/unloading during holidays grew 67% compared to the previous year. Cargo volume went up 2.3%, whereas demurrage rate fell 6.1% compared to 2011.

Efficient Port Operation Results

The most important task in efficiency enhancement of the Port of Ulsan is to improve productivity through the reduction of demurrage rate. The demurrage rate in 2012 was 3.81%, which exceeded the target rate; thus contributing to an increase in wharf/terminal operation efficiency and competitiveness consolidation.

We deduced 8 tasks in 3 areas—expansion and improvement of port facilities, enhancement of port operation efficiency, and building of a win-win growth system—and actively executed them to reduce demurrage. In particular, we promoted the enhancement of wharf/terminal operation efficiency through the reduction of demurrage rate by building an organic win-win growth cooperation system with the relevant agencies, partner companies, and organizations, including compulsory loading/unloading of auxiliary raw materials of animal feed at nighttime and on holidays, transfer of wood chip cargo to Onsan Port, and dispersion of ships arriving at the port following the new port opening. All these contributed to our selection as the best port in the assessment of port operation improvement by MLTM in 2012. Among the implemented projects, three projects—building and operating the customer support system for berth operation management, environmental improvement project of the Ulsan Main Port, and loading/unloading of auxiliary raw materials of animal feed at nighttime and on holidays—have been presented as best innovative practices.

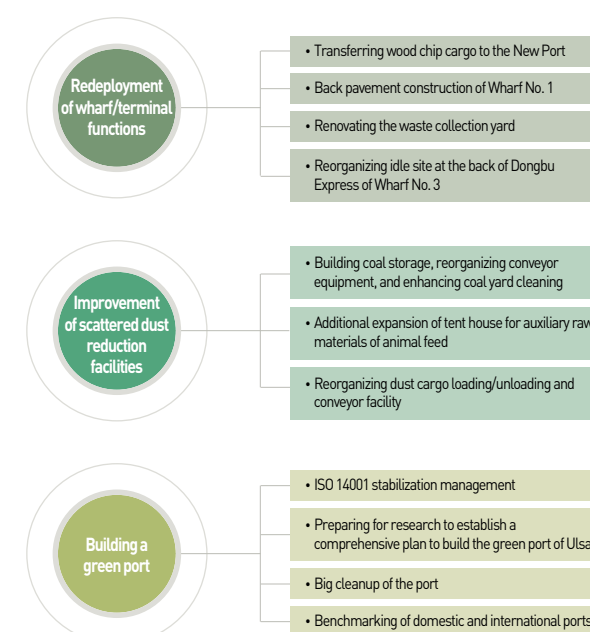
Building an Eco-Friendly Port

UPA is committed to helping the Port of Ulsan emerge as one of the world's top 3 liquid cargo hub ports by making efforts in fostering an eco-friendly port and spearheading autonomous green growth.

Making a Clean Port

In the Ulsan Main Port, large-scale dust-causing cargo handling has become an aggravating factor in the port environment. Considering the frequent civil complaints regarding scattered dust and Ulsan City's recommendation of improvement, we have made efforts to foster an eco-friendly port in keeping with environmental regulations by actively searching for areas to improve and have executing improvement. We have established mid- and long-term plans and complemented and implemented them since 2010. In 2012, we have established a comprehensive plan to improve the environment of the Port of Ulsan and selected and executed 11 tasks to practice in 3 fields, including the reduction of scattered dust.

● 2012 Comprehensive Plan to Improve the Environment of the Port of Ulsan



Redeployment of Wharf/Terminal Functions

We reduced scattered dust generated by wood chip loading/unloading through the transfer of wood chip handling from the Ulsan Main Port (Wharf No. 5) to the Ulsan New Port. We also contributed to environmental improvement surrounding the open storage yard. In addition, we improved the daily loading/unloading capacity from 4,800 tons to 8,000 tons following a KRW 2.8 billion facility investment in wood chip conveyor facility and dust layers. In this manner, we have contributed to the embodiment of the Port of Ulsan as an eco-friendly port.

By performing back covering construction for Wharf No. 1 of the Port of Ulsan, we covered the uncovered zone within the open storage yard of the wharf; we took action to prevent marine pollution caused by byproducts upon loading/unloading. On the other hand, by reorganizing idle site at the back of Dongbu Express at Wharf No. 3, we improved the port environment and established

● Facilities to Reduce Scattered Dust of the Coal Terminal





Warehouse for Auxiliary Raw Materials of Animal Feed

order within the port by reorganizing illegally parked loading/unloading equipment and auxiliary equipment for loading/unloading. Meanwhile, we renovated the narrow and worn-out waste collection yard within the Port of Ulsan, endeavoring to improve the inferior port facility environment.

Efforts to Reduce Scattered Dust

UPA oversees facility investment for the reduction of cargo causing scattered dust. We supervised the KRW 39.4 billion facility investment in paving the coal yard, built coal storage and warehouse for auxiliary raw materials of animal feed, and installed wood chip loading/unloading facilities from 2010 through 2012. The Port of Ulsan realized remarkable environmental improvement by paving the coal yard and through facility investment/operation. In particular, it sharply reduced the dust generated by loading/unloading and vehicle passage by paving the

Status of Atmospheric Pollution around the Ulsan Main Port (Yeocheon-dong measuring point)				
Measured item		Unit	2011	2012
Fine dust (PM-10)	Annual average,	μg/m³	58	53.7
Sulfurous acid gas (SO₂)	Annual average,	ppm	0.014	0.011
Ozone (O₃)	8-hour average,	ppm	0.02	0.03
Nitrogen dioxide (NO₂)	Annual average,	ppm	0.024	0.024
Carbon monoxide (CO)	8-hour average,	ppm	0.9	3.2

coal yard, installing breast wall and dust layers, and constantly operating sprinklers and wheel washing system. To reduce scattered dust generated from the loading/unloading process of auxiliary raw materials of animal feed and the mounting and delivery process of materials at the ground surface yard, we built 3 warehouses up to 2011 and additionally expanded 7 tent houses in 2012; thus improving the warehouse capacity rate to more than 80%. The warehouse capacity rate is constantly monitored, and we strive to reduce scattered dust by minimizing open air storing in various ways. On the other hand, UPA manages atmospheric pollution through the environmental improvement project and proper operation to address environmental hindering factors. Consequently, the result of the 365-day monitoring from the measuring point in Yeocheon-dong around the Ulsan Main Port- where dust is generated from coal and auxiliary raw materials of animal feed-by the Ulsan City Public Institute of Health and Environment revealed average fine dust density of 53.7μg/m³; this is similar to that of main cities nationwide (53μg/m³). After operating the watering facility to control scattered dust, we carry out precipitation and chemical processing suitable for the legally allowed standard. Regarding waste and byproducts, we manage them through permitted processors. Recyclable waste is separately sorted and discharged.

Investment in Eco-Friendly Port Operation

UPA has been contributing to the environmental improvement of the Port of Ulsan, enhancing the quality of handled cargo, improving loading/unloading productivity, and maximizing the efficiency of wharf/terminal operation by fostering a bond of sympathy for environmental improvement with port users and inducing aggressive facility investment. We will improve environmentally hindering factors through constant cooperation with wharf/terminal operators, foster an eco-friendly port, and nurture sustainable win-win relations.

Status of Investment in Eco-Friendly Port Operation (2010 ~ 2012)				
Investment period (Y/M)	Investor	Business details		Amount (KRW)
① Facility investment to reduce scattered dust				39.4 billion
2010.6~2011.12	UPA/ Korea Express	Coal terminal	· Paving the coal open storage (113,000m ²)/drain installation: 3,192m · Installation of breast wall and dust layer (H: 15m/L: 1,642m), · 35 sprinklers, 1 unit of wheel washing system	12.8 billion (total business cost preservation: 11.9 billion)
2011.8	Korea Express		· Loading/Unloading facility for conveyance: New installation of 1 unit of loading tower	
2012.2			· Warehouse facility: coal storage (2,240m ²)	0.4 billion
2012.4			· Repair of conveyor facility: Reinforcement of hopper	0.3 billion
2010.1	Korea Express/ Dongbu Express	Terminal Nos. 1, 2, and 3 Storage for auxiliary raw materials of animal feed	· 3 warehouses: Korea Express (1), Dongbu Express (2)	15.0 billion
2012.8			· Tent house (7): Korea Express (5), Dongbu Express (2)	7.7 billion
2011.7~2012.3	Korea Express	Onsan New Port	· Scattered dust reduced by foregoing mounting and transfer arising from the installation of wood chip loading/unloading facility	2.5 billion
2012.7~2012.10			· Installation of layers for wood chips that cause scattered dust	0.3 billion
② New construction of loading/unloading byproducts storehouse				2.8 billion
2012.2~2012.9	UPA	· Improvement of port facility environment by reorganizing (new construction) the existing worn-out byproduct storehouse		2.8 billion
③ Development and installation of LED lights for port				0.4 billion
2009.6~2011.10	UPA	· Developing and testing LED flood lights with suitable durability and illumination intensity befitting the port · Installation of 60 540W LED flood lights, 28 180W LED flood lights (installation of 112 lights) · Energy savings: 30%		0.4 billion
④ Adoption of ISO 14001 environmental management system				0.2 billion
2011.8~2011.12	UPA	· Consulting to build the environmental management system to acquire ISO 14001 certification		0.2 billion
Total				40.1 billion



Results of the Major Cleanup of the Port

Major Cleanup of the Port Together with Users

UPA handles marine waste by carrying out large-scale port cleaning jointly with wharf/terminal operators and port transportation union every quarter. We also conduct our own cleaning activities to maintain a clean and beautiful port. In particular, after typhoon Bolaven hit the northern part of Korea in the summer of 2012, huge marine waste and household waste were generated following emergency evacuation from the fishing boat pier. Thus, we waged cleaning and collection activities in conjunction with the fishermen's association and Jangsaengpo Development Council. We cleaned the port zone by performing a major cleanup of the port together with port users and formed a bond of sympathy as well as earned support for port management from the community and port users.

Major Cleanup of the Port

	No. of participants	Collected waste (ton)				Handled volume (ton)			
		Total	General	Shells	Fishing gear	Total	Recycling	Landfill	Incineration
Total	77	15		3	12	15		3	12
Main port	52	6	1		5	5			6
Jangsaengpo	20	5		3	2	5		3	2
Onsan New Port	5	5			5	5			5

Building a Green Port

UPA has established mid-and long-term roadmaps and action plans to build a green port, not to mention the liquid cargo hub port in Northeast Asia. It surveys greenhouse gas emissions and devises measures to reduce the emissions. In this manner, we strive to make the Port of Ulsan an eco-friendly port. In establishing a comprehensive plan to improve the environment of the Port of Ulsan in 2012, we set the basic direction in building a green port and verified it by benchmarking advanced ports. By promoting research on establishing strategies for making Ulsan a green port, we sufficiently reviewed the research task scope through job consultation between each department. The research is currently in progress. In November 2013, a comprehensive outline-including the mid- and long-term green port strategies and detailed action plans, execution system, and required budget-is slated to be presented. We plan to make the Port of Ulsan a green port that can embody its potential capacity and value based on green port building strategies to be implemented in the future. We will do our best to lay the foundation for Ulsan's takeoff as a global port.

사료부원료 창고수용률 모니터링 결과

(2012. 12. 23일 기준 : 12월 3주차)

□ 주간 입·출고 및 재고량

단위 : 천톤

구분	전주제고(12월29)				주간입고				금주제고(12월31)			
	계	노면	창고	수용률	계	노면	창고	수용률	계	노면	창고	수용률
대한통운	73	21	52	21	6	15	16	6	10	78	21	57
동부ex	80	18	62	-	15	11	1	10	84	17	67	
계	153	39	114	21	6	30	27	7	20	162	38	124

비고	· 재고량 : '12.11월말 대비 변동없음
	전주 대비 입고량 증가로 재고량 약 9천톤 증가
	· 노면아적량 : '12.11월말 대비 변동없음, 전주 대비 6천톤 감소
	· 창고보관량 : '12.11월말 대비 변동없음, 전주대비 6천톤 증가

□ 창고수용률 : 77% 수준

단위 : 천톤

구분	합계(제고량기준)				대한통운				동부EX			
	소계	노면	창고	수용률	소계	노면	창고	수용률	소계	노면	창고	수용률
'12.10월 (1주차)	193	58	135	69%	113	38	75	66%	80	20	60	75%
'12.11월 (1주차)	162	58	104	64%	97	38	59	61%	65	20	45	69%
'12.11월 (2주차)	152	53	99	65%	97	35	62	63%	55	18	37	67%
'12.11월 (3주차)	161	45	116	72%	92	28	64	69%	69	17	52	75%
'12.11월 (4주차)	161	39	122	75%	78	24	54	69%	83	15	68	82%
'12.12월 (1주차)	143	37	106	74%	64	20	44	68%	79	17	62	78%
'12.12월 (2주차)	153	39	114	74%	73	21	52	69%	80	18	62	78%
'12.12월 (3주차)	162	38	124	77%	78	21	57	73%	84	17	67	80%
비고	Capa 대비 78%				Capa 대비 71%				Capa 대비 84%			
	<포함시설 Capa 8만톤 x 2개사 = 16만톤>											

Monitoring the Warehouse Capacity Rate

Consolidating Environmental Management

UPA operates the environmental management system it has established to minimize the impacts of its services on the environment and comply with environmental regulations.

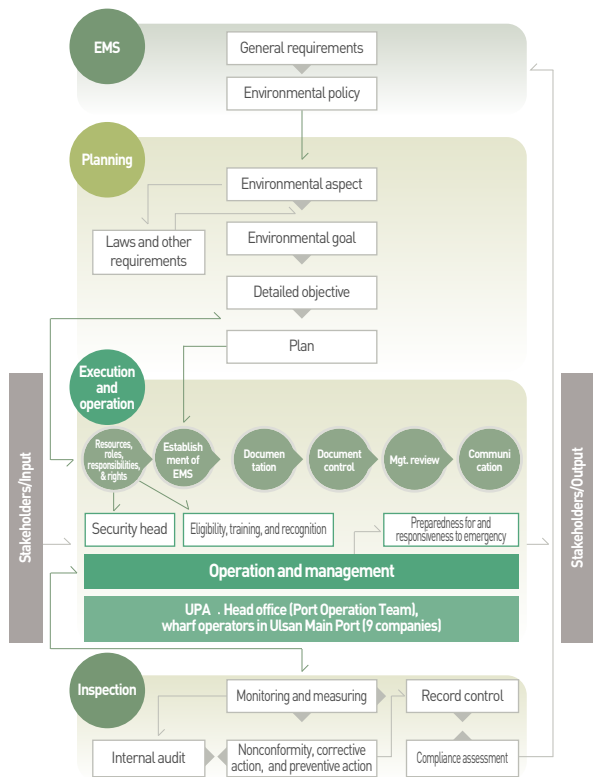
We also respond to climate change by pursuing the reduction of greenhouse gas emissions.

Environmental Management System

Building an Environmental Management System

On December 27, 2011, UPA acquired ISO 14001:2004 certification for its EMS (environmental management system) for the first time among Korea's port agencies. Designed in the second half of 2011, the ISO 14001 EMS for maintaining a clean port is used to manage and oversee environmental aspects and impacts associated with the wharf/terminal operators offering port logistics service within the Ulsan Main Port. We set measurable environmental policy and goal-as well as our own environmental standards-to prevent environmental pollution and implement constant improvement

● EMS Diagram



EMS Certification

activities. Through environmental education for the employees of UPA and wharf operators, we instill and disseminate environment awareness and strive to build an eco-friendly workplace. We continually monitor the operation performance of EMS together with LRQA Korea, a Lloyd certification body. Finally, we channel all our capabilities toward realizing eco-friendly port service for the stakeholders of the Port of Ulsan by establishing measures to improve the environment.

Environmental Management Activities and Performance

UPA collects basic environment data from wharf/terminal operators (status of facilities and equipment, amount of raw materials and auxiliary raw materials used, waste volume) to build ISO 14001 EMS. It identifies the environmental aspects by work process in each loading/unloading process and performs environmental impact assessment. Afterward, we deduce the major environmental factors, register them on the environmental impacts register, and manage the relevant environmental issues and matters systematically. Based on all these, we set the major environmental goal and detailed objective by wharf/terminal operator, establish environmental management plans, and strive to achieve the goals and objectives efficiently. Through constant monitoring and quarterly internal audits, we diagnose problems in environmental operation and management and seek solutions. We avert environment-related risks by constantly identifying environment laws and regulations and other requirements; we also offer systematic training for organizations and personnel carrying out environmental activities (twice, Feb. 14 and Nov. 17, 2012). In this manner, we boost the competencies of environmental managers and help them foster problem-solving abilities. By striving to improve items that do not conform to EMS requirements every year

2012 EMS Management Activities	
2011.12.27 (Y/M/D)	ISO 14001 EMS approved by LRQA for the first time among Korea's port agencies
2012.02.14	ISO 14001 EMS stabilization presentation held
2012.03.15	Corrective action requested and confirmed after the ISO 14001 certification audit Corrective action requested in 2012 in relation to the first-phase internal environmental audit Result reference announced in 2012 in relation to the first-phase internal environmental audit
2012.05.15	Correction checked for the first-phase internal environmental audit in 2012 Corrective action requested in 2012 in relation to the second-phase internal environmental audit
2012.09.25	Correction checked for the second-phase internal environmental audit in 2012 Corrective action requested in 2012 in relation to the third-phase internal environmental audit
2012.11.12~13	Correction checked for the third-phase internal environmental audit in 2012 Corrective action requested in 2012 in relation to the fourth-phase internal environmental audit
2012.11.22~23	Post-certification audit in 2012 (LRQA)

and reduce them to zero, we plan to minimize the nonconformities (7 cases in certification audit in 2011) to less than 2 cases in the 2013 post-audit and reduce them to zero after 2014. We will build an autonomous EMS through which UPA and wharf/terminal operators can continuously collect environmental information and execute measures for improvement.

Tackling Climate Change

Responding to the Energy and Greenhouse Gas(GHG) Target Management System

In response to the government's GHG emissions reduction policy, UPA has calculated 709.6tCO₂-eq as base emission by identifying GHG emissions. To reduce GHG emissions by 20% by 2015 compared to the base emission, we have established detailed plans to comply with the indoor temperature standard of each season, turn off unnecessary lights, and wage a car pool campaign. Through routine monitoring, we strictly control and manage such activities.

Application of Renewable Energy

UPA reviewed the expansion of renewable energy application such as solar energy, geothermal energy, and wind power in the building sector from 2010 to 2012. We installed the geothermal cooling and heating system and solar energy power generation system during the construction of the Port of Ulsan Marine Center in 2011 and Port Operation Center in 2012. As a result, we succeeded in reducing GHG emissions by 8.6tCO₂-eq in the building sector in 2012.

Efforts to Reduce GHG Emissions and Save Energy

UPA plans the following for the smooth reduction of GHG emissions by 20% by 2015 compared to the base emission and to

Target of GHG Emissions (unit: tCO ₂ -eq)					
2010	2011	2012	2013	2014	2015
190.1	190.1	709.6	638.6	591.1	567.7

* Base emission, 709.6tCO₂-eq (recalculated and adjusted the base emission according to the relocation of our company building in 2012)

Status of Renewable Energy Operation

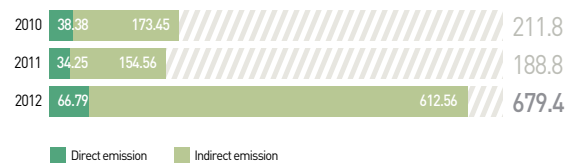
Category	Energy output	GHG emissions reduction
Solar energy	18.5MWh	8.6tCO ₂ -eq
Geothermal energy	Cannot be calculated	

save energy: consolidation of active monitoring using energy watchers; adoption of reward system to induce the involvement of all employees in autonomous energy saving, and; expansion of diffusion of renewable energy. All in all, we will take powerful measures to save energy.

Tackling Climate Change at the Port

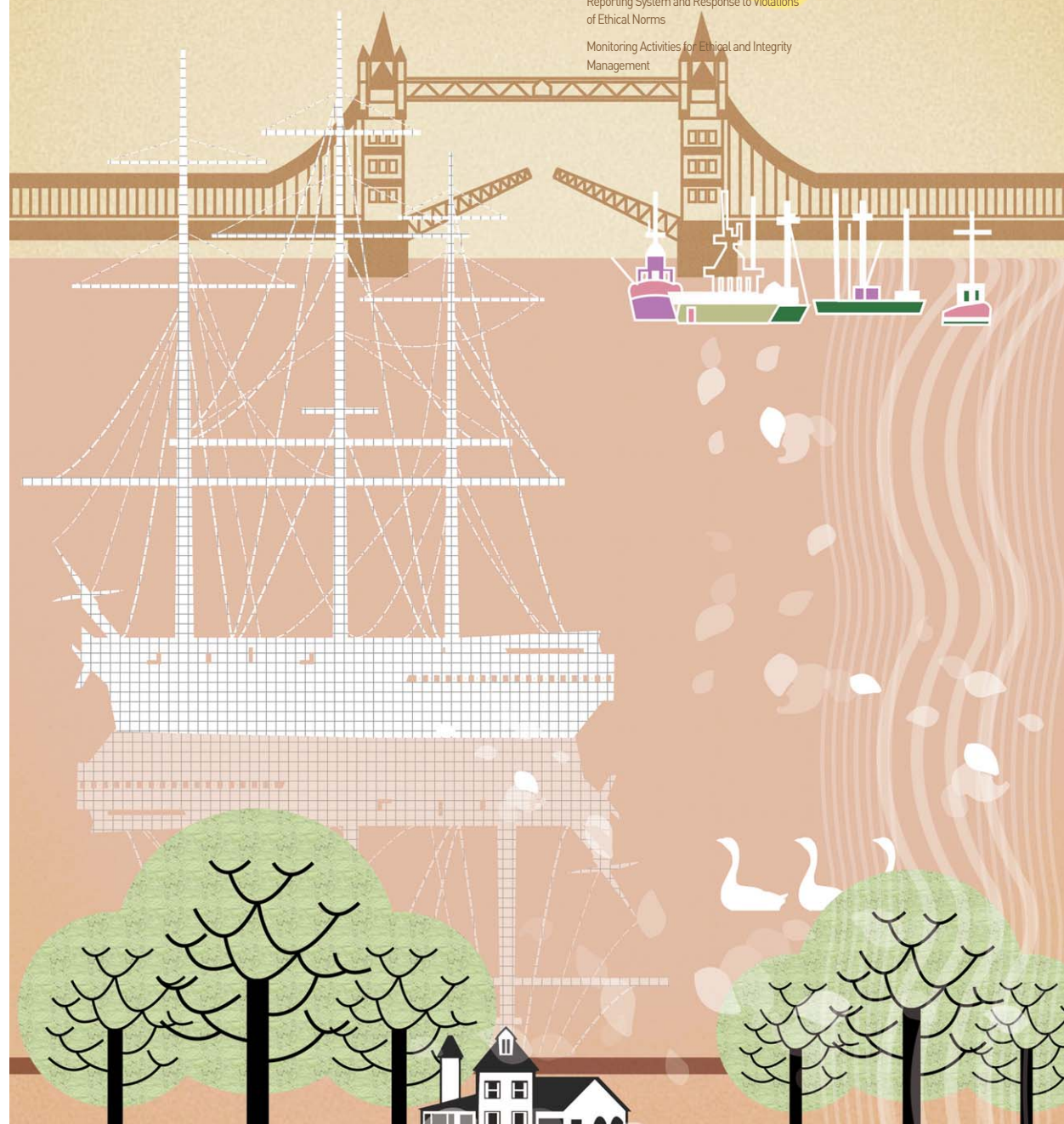
As measures to tackle climate change in Korea, the government announced its plan to reduce GHG emissions by 20% by 2020 at the Cabinet Council in 2010. Similarly, each industrial sector makes efforts to lay the foundation for low carbon, green growth following the enactment of the Basic Act on Low Carbon, Green Growth in January 2010. Moreover, we review various activities to make the Port of Ulsan a green port. The department concerned establishes a comprehensive plan for building a green port. We actually prepare mid-and long-term roadmaps to build the Port of Ulsan as an eco-friendly port, not to mention the liquid cargo hub port in Northeast Asia. By November 2013, mid- and long-term strategies and action plans and detailed execution plans will be specified. We plan to respond actively to climate change caused by global warming by establishing step-by-step green port plans, based on the specified strategies and action plans. Actually, we estimate GHG emissions, identify items for GHG emissions reduction, and set the reduction target.

● GHG Emissions (unit: tCO₂-eq)



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Sustainability Strategy

II. Strengthening HR Competencies

Key Strategy

UPA employs fairly and squarely human resources who can share values. It has a reasonable HR system in place based on individual performance. To realize UPA's mission and vision, the management and unions are cooperating with each other via constant communication. UPA focuses on HR development and training to strengthen the core competencies of employees and help them develop the core capabilities they lack. Meanwhile, we recognize all management activities as an object of ethical management. UPA takes the lead in performing social duties by fostering an in-house environment of ethics and integrity.

Key Issues

- Labor-management relations
- Employment (gender, new and temporary positions)
- Dissemination of sustainability management recognition
- Employee education/training
- Consolidation of corporate management transparency
- Increasing demand for corporate transparency
- Prohibition of discrimination (contract relationship, treatment of underprivileged groups)
- Increasing demand for employee's welfare and rights (balance between work and life)
- Employee's diversity and equal opportunity
- Workplace health and safety

Key Figures



Activating Sound Labor-Management Culture

UPA adheres to principles of HR and management, i.e. pursuing development of the company by maximizing each individual’s strength and improving the work environment by taking advantage of the differences and capabilities of members.

Fair HR System

HR Principles and Talent Model

UPA adheres to the job-centered principle, human-respecting principle, capability-oriented principle, performance-based principle, and fairness principle based on the HR management goals of productivity enhancement and improvement of quality of working life. We reorganize various HR systems and focus on the creation of organizational culture to be equipped with international competitiveness as a public corporation. In particular, we carry out competency modeling internally to foster and secure human resources for the fulfillment of our mission and realization of vision. We have established four talent models: a person dedicating himself/herself to UPA’s development; a person fulfilling his/her responsibility with a sense of ownership; a person valuing communication, trust, and cooperation between members, and; a person thinking and behaving from the customer’s position. We

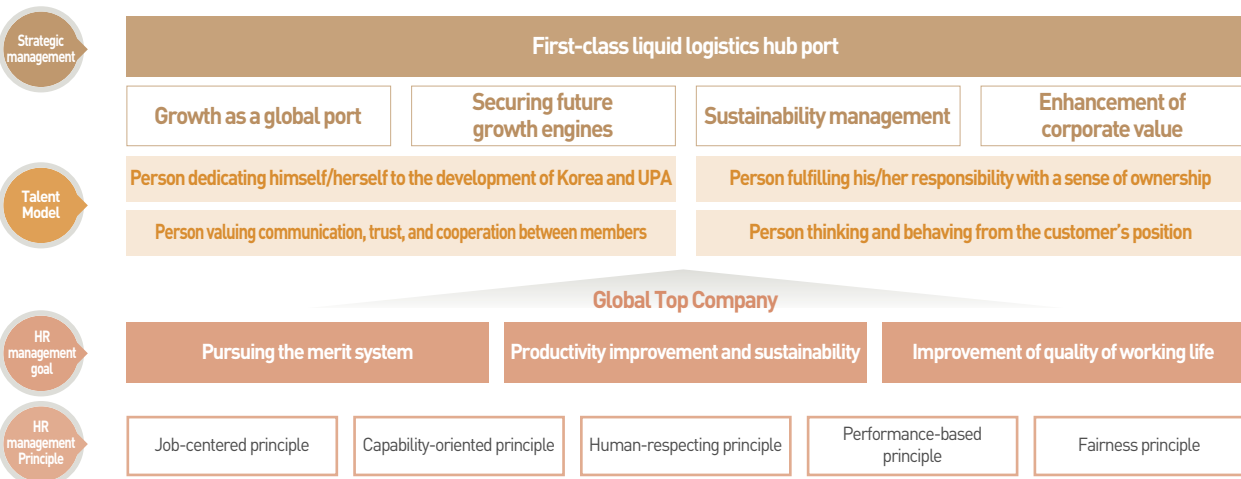
actively use all these for the recruitment and education/training of talented HR.

We pursue employment without discriminating by gender, age, school, religion, or physical disability in the HR system. We prevent child labor and illegal labor in advance by complying with the Labor Standard Act, provide equal opportunities to all employees based on our own employment rules and HR regulations, and conduct fair assessment in HR management.

Status of Employees

As of the end of 2012, we have 3 executives, 88 regular employees, and 12 irregular workers, for a total of 103. To implement the Northeast Asia’s Oil Hub project, new port development, and hinterland complex fostering smoothly, we plan to add an additional 14 staff in 2013. Average turnover rate was 3.0%, 6.1%, and 0.0% in 2010, 2011, and 2012, respectively, and is on a steady decline. (The turnover rate in 2011 was attributed to the expiration of contract of 4 contractual employees; voluntary turnover rate was 2.0%).

● HR Management System



Status of Employees (unit: people)

Category	2010	2011	2012
No. of executives	4	3	3
No. of employees	96	92	100
- Regular position	80	79	88
• General/Technical position	42	41	54
• Security guard	38	38	34
- Irregular position	16	13	12
• Contractual position with non-fixed term	8	10	8
• Contractual position with fixed term	8	3	4
No. of newcomers	10	2	13
No. of people who resign annually	3	6	7

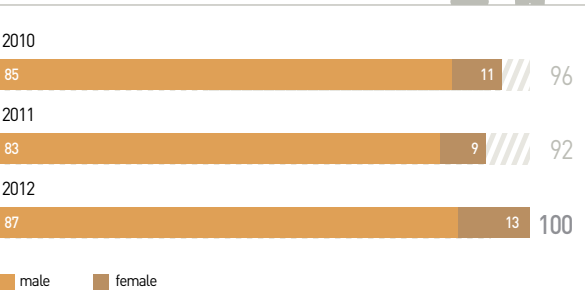
Open Employment

As a public corporation located in a provincial area, UPA actively leads local HR employment, aiming for win-win growth with local communities. We employed 100% local human resources in 2010, none in 2011 (no employment), and 69.2% in 2012. Actually, we operate an additional point system for human resources from non-Seoul Metropolitan areas in document screening. To share jobs with the underprivileged class in local communities, we employed 2 from the low income bracket and 8 disabled people in 2011 and 2012, respectively, by creating short-term jobs (6~7 months). We also spearheaded the employment of local high school graduates. The initial pay of a college graduate entry-level staff was KRW 2.86 million per month in 2012, which is approximately 280% of the legal minimum wage; we do not apply pay difference according to gender.

Activities Protecting Irregular Positions

UPA prohibits discrimination by gender, age, school, and religion and realizes perfect equality but operated a slightly unreasonable system for irregular positions in the human rights aspect and

● Status of Male and Female Employees (unit: people)



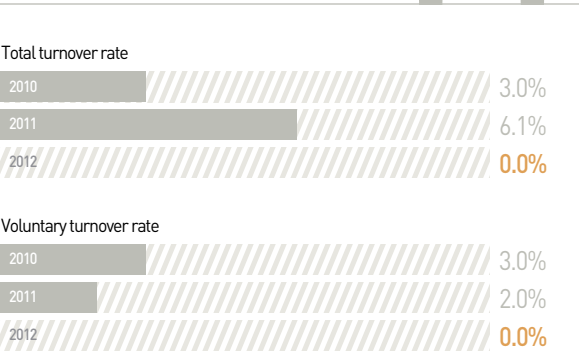
Status of Socio-Equitable HR Employment in 2012

Category	Result	Details
Low income bracket and elderly	8 people	<ul style="list-style-type: none">• 1 for UPA’s property status examination• 1 for parking lot control• 3 assistant security guards• for safety management and energy keeper of fitness center• 2 for port cleaning
High school graduate	3 people	<ul style="list-style-type: none">• 3 people were employed based on the results of job analysis (office work, payment, salary&wage).
Local HR	9 people	<ul style="list-style-type: none">• Employed all 9 employees from local HR except 3 experienced positions and 1 overseas staff member
Science and engineering sector	5 people	<ul style="list-style-type: none">• By employing 5 people among science and engineering majors (electricity, civil engineering, computer science), we assigned them to the departments concerned.

economic equality aspect, i.e., the same wage for the same labor. Note, however, that we have actively accepted the requests of labor union and employees regarding awareness change and system improvement. Subsequently, we have significantly raised irregular workers’ wage level from 56% to 70% of that of regular workers since 2011. We also improved the irregular positions wage system- which had been operated partly differently from regular position workers-to be the same as that for the regular position.

By taking action to regularize irregular workers who showed excellent performance based on performance assessment (3 positions), we practiced performance-based, capability-focused HR principles by rewarding hardworking people as well as boosting irregular workers’ morale. Likewise, in 2012, we promoted by one rank-as of the first half of 2013-two contractual employees with non-fixed term who showed excellent performance for the first time since UPA’s foundation. We were also the first to improve the promotion system (revision of the relevant regulations) for irregular positions among public corporation in Korea.

● Yearly Turnover Rate



* Among the six who retired in 2011, four left UPA due to contract expiration; the four who retired in 2012 reached the legal retirement age.

Performance-Based HR Management

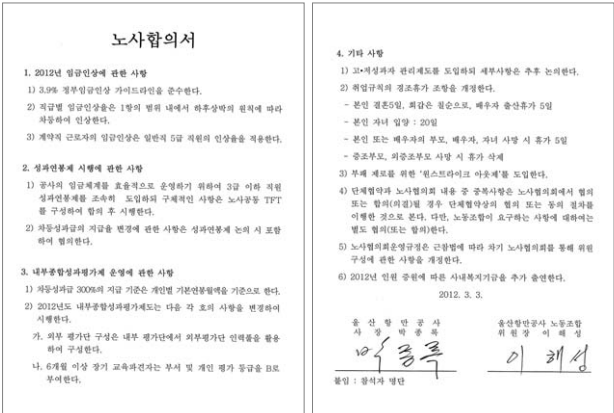
UPA carries out organizational (UPA, head office, departments) and individual performance management through BSC (balanced score card) and MBO (management by objective)-based performance system operation. We carry out competency assessment each year through the hierarchical assessment schedule on hierarchically required competencies [4 common competencies, 6 leadership competencies, and 6 job competencies] established via competency modeling. We have also made efforts to enhance assessment objectivity through the annual multidimensional assessment of all employees. Regarding organizational performance assessment, it is operated in the fashion wherein external experts are engaged by cascading strategic tasks to fulfill our mission and value by division and department, selecting KPI (key performance index) by division and department, establishing index management plans, monitoring the execution of the plans, and drawing up performance reports. The results of organization performance assessment are used as basis for differential payment for internal performance-based pay and performance pay based on external management assessment (700% maximum, 350% minimum). By tallying the results of individual performance assessment and individual competency assessment, we use them as basis for differential increase in the individual annual salary. For grade 3 employees or lower, we use the combined results of organizational and individual performance assessments as basis for differential payment of performance-based pay. We also apply or use the results of individual competency assessment and multidimensional assessment as basic data for the HR promotion system. We actually operate an objective and rational promotion system by tallying career, education/training, and rewards/punishments. The organizational

and individual performance assessments are equally applied and operated not only to regular but also to irregular workers. In particular, we operate a system of paying performance-based pay differentially to the security guards in charge of port security, based on the results of the daily work assessment system as an individual performance assessment system and the individual competency assessment system. Performance assessment for management is divided and operated into the government's management assessment and the Port Committee's management assessment. When the organization is selected as a public agency for assessment, the head is assessed in terms of leader-led management, management efficiency, and major businesses based on the management contract signed with the Oceans and Fisheries Minister. If the organization is excluded from assessment, however, the results of the Port Committee's agency management assessment are applied. The director general is assessed in terms of management performance by the president of UPA, based on the Port Committee's agency management assessment as per the management contract entered into with the UPA president. In other words, UPA builds a performance management system in linkage with internal assessment in terms of indicators by field, according to the scope of senior management assessment.

Win-Win Labor-Management Culture

Labor Union Activities

UPA's labor union was formed in December 2011 and was excluded from the membership object scope as of the end of 2012. Thus, there is no problem in port security management despite the occurrence of dispute and emergency. Currently, 37 employees



717 Joint Declaration of Labor-Management Agreement

out of the 48 membership objects are union members, and the membership rate is 77.1%. Those excluded from the membership object are grade 3 workers or higher and with department head position, management, and personnel such as secretary, driver, staff in charge of HR, labor, and IT. Security guards who account for about 1/3 of UPA employees-are excluded from the union membership object. For this reason, there is no problem in port security in case of a dispute occurs or in emergency.

Labor-Management Cooperation

UPA and its labor union mutually recognize that both have very close relationship-similar to a lake and a boat floating on it-and strive to contribute to national development and that of UPA as a public corporation and labor union. Labor union executives and officers, who are UPA's core talents, participate in various management-improving activities and task force teams actively and fulfill their roles as core personnel in important departments and as labor union executives; thus, faithfully playing the role of partners in UPA's business. UPA actively lets union executives engage in new employee interviews, work as internal TF personnel



Conversation with the Organization Head

for various UPA-ordered services and important external services, and participate in UPA's management. In this way, they can experience and share our management transparency. We minimize any likelihood of conflict between labor and management through frequent meetings with labor union executives. We also fortify common competency for labor-management relations management with the labor-management common declaration including the 717 Labor-Management Agreement in March 2012 and labor-management social contribution activities. In addition, we operate actual communication channels including the activation of pre-working level consultation for the stable operation of the Labor-Management Council.

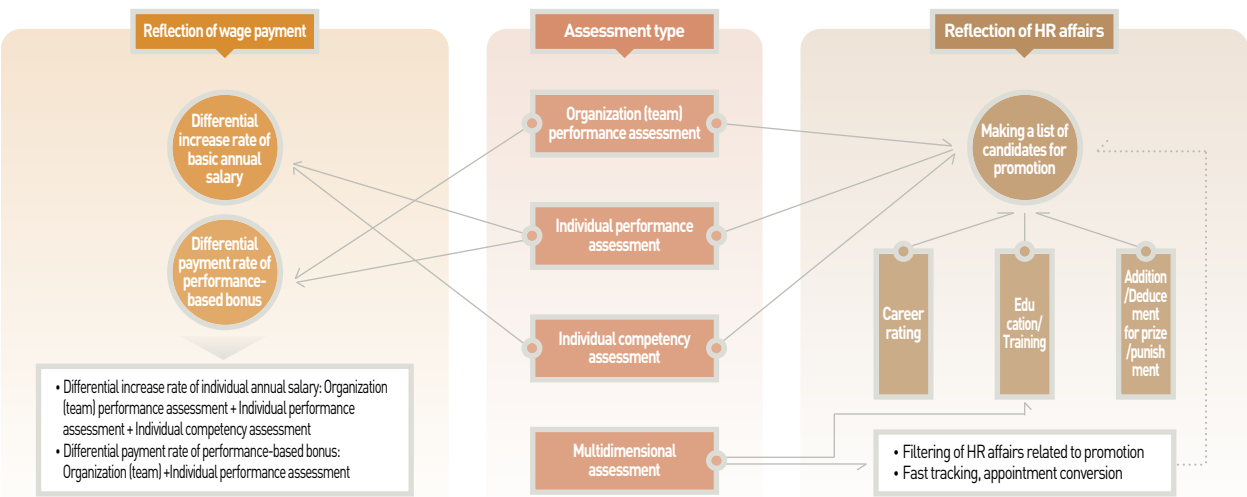
Employees' Grievances Handling Process

UPA appoints and operates grievances handling committee members from labor and management for the smooth handling of employees' grievances. The union member chairman is appointed as the workers' representative, and the director general of the Management Division (vice president), as the employer representative. In particular, since 2011, actual grievances handling has been done by raising the position of employer representative from team leader to director general, which is the rank of vice president.

Fostering a Culture of Gender Equality

In the aspects of employment, wage, assessment, and education/training, we operate a system through which gender equality is embodied in employment rules, HR regulations, compensation regulations, and performance management regulations. We regularly offer education on sexual harassment and sex trade prevention. We also take action to avoid excessive workload through the employment contracts with pregnant women, and minors; thus, they are prohibited from overtime work.

Diagram of UPA's Performance Management System



Communication Activities

Channel	Details
Dialogue with organization head	• Frequent meeting by position and hierarchy • Operation of dialogue channel with management (in-house groupware, email, luncheon and dinner)
Athletic meet of employees	• Arena to strengthen trust, harmony, and communication between labor and management
Autonomous experience	• Breaking down the wall of communication
Grievances handling instrument	• Organizing and operating the Employees' Grievances Handling Committee (employees' requests and dissatisfaction management)
Sharing on/offline management information	• Sharing vision, mid- and long-term management plans, business plans and budget, organization/HR/compensation/welfare systems
Organization head's visit to sites	• Listening to difficulties of onsite wharf/terminal personnel and security guards, asking their inputs for customer satisfaction activities



Athletic Meet of Employees

Labor-Management Communication Channel

UPA holds the labor-management council meeting quarterly for labor-management communication and consults with council members representing the workers regarding UPA’s management status and various pending issues. For urgent management issues, we solve them through special council meetings. In 2012, 4 regular labor-management council meetings and 2 special meetings were held. By regularly convening each month the Fun Management Committee chaired by the CEO, the CEO listens to matters for improvement as raised by hierarchical representatives; the discussed matters are then presented in the executives’ meeting, and the measures to implement them are prepared and enforced. We have created our own labor-management problem technique, the LP-JIP technique (labor problems-just in time: a technique applying the JIT technique, an inventory management technique in the production management sector), and have continually made efforts to solve issues immediately upon their occurrence to prevent labor-management issues from becoming full-blown conflicts. We also opened a conversation room with the CEO in the in-house groupware to shape an organizational culture without a wall of communication between management and employees, not only to share management values but also enable direct communication. Furthermore, we operate various programs including frequent meetings by position and hierarchy, meeting with onsite workers including wharf/terminal, and regular athletic meet. In particular, we have carried out since 2011 autonomous experience group activities lasting for 2~4 days; here, the organization head and employees participate, making them an arena for fostering mutual trust, harmony, and communication.



Charity Walking Event to Practice Sharing

Major Labor-Management Cooperative Activities in 2012

UPA held in 2012 a 717 Labor-Management Joint Workshop attended by 7 workers’ representatives, 1 conflict management expert (coordinator), and 7 employer’s representatives for intensive consulting to solve urgent pending issues affecting labor-management relations and wage bargaining issues (one night and two days, March 2~3). The labor-management came to an agreement by bargaining wages for general positions and contractual positions with non-fixed term in 2012, deliberated on the following agenda items, and reached agreements: change in individual differential performance payment standards; improvement of the 2012 performance assessment system, and; revision of employment rules including congratulatory and condolatory benefits and holiday pay standards, adoption of one-strike-out system for zero corruption, and amendment of the Labor-Management Council operation regulations. Moreover, we held the athletics meet of employees in the first half of 2012 (May 2012), employees’ table tennis competition (August 2012), Hiking to Beautiful Autumn Mountains (October 2012), and Bell Challenge of Employees (December 2012) as joint labor-management events. On the other part of joint labor-management social contribution activities we participated in the Beautiful Partnership (September 2012) and Charity Walking Event (October 2012).

● Employee Satisfaction (unit: points)



Bolstering Port Operation Capabilities

We operate various HR fostering programs to realize our mission and vision and enhance port service quality by consolidating HR competencies.

Fortifying HR Competencies

HR Fostering Program

UPA has established mid-and long-term HR development plans aimed at HR fostering to achieve our mission and vision, set mid-and long-term HR development goals, and conduct systematic training. We analyze the needs of HR development that can carry out timely, effective training and mid-and long-term development strategies and diagnose the current HR’s competencies. We then conduct training through training prioritization. To enhance the feasibility of the training plan’s execution, we search for training needs by field and hierarchy and survey training demand. All in all, we apply properly combined employees’ training methods of in-house training and entrusted training. Our education/training is operated by adopting a CBC (competency-based curriculum) education/training system and is made up of 9 fields: common

● Mid- and Long-term HR Development Goals

- Fortification of teamwork and improvement of corporate culture to increase labor productivity
- Team leader’s management capability for change management and organizational reform
- Fostering port development personnel for sustainability management and creating growth engines
- Fostering marketing specialists to improve global marketing abilities
- Bolstering labor affairs management competency for long-term labor-management relations

Diagram of CBC-Based Annual Training System

Category	Common competencies	Core HR fostering	Hierarchical training	Unique job training	Labor-management partnership	Activation of organization	Mandatory training	Basic quality education	Self-development support
Grade 1	Annual competency diagnosis Program for common competency fortification	Education by dispatching to overseas ports Education at domestic graduate schools Education at overseas graduate schools	Leadership capability Assessor training Team leader	Unique job-entrusted training of duties in charge	Labor-Mgt. joint workshop for increasing mutual understanding Benchmarking training on advanced domestic and overseas labor-mgt. relations Autonomous experience activities to break down obstacles between depts. Course on organizational culture improvement	Training on sexual harassment prevention/security	Training for ISPS staff Integrity education Training on health/sound work life /financial technique	Support for acquiring job-related professional license Support for learning club activities Supporting foreign language education cost support Support for domestic colleges (graduate school) tuition	
Grade 2									
Grade 3									
Grade 4									
Grade 5									
Grade 6									
Grade 7									
Non-fixed period									

competency consolidation training, core talent fostering training, hierarchical training, unique job training, labor-management partnership, organization activation, mandatory training, basic quality education, and self-development.

Training for common competencies and leadership fortification is operated, focusing on the in-house training courses we developed. Job competency course befitting the trainee’s level is conducted by monitoring the external training agency’s curriculum, based on time and demand research requiring training and by job field.

Status of Operation of HR Fostering Program

UPA has operated various HR fostering programs, such as training on common competencies fortification, training by dispatching to overseas ports, education at overseas graduate schools, and hierarchical training. We recorded a total of 6,602 hours of training annually and 82.5 hours per employee.

Status of Operation of HR Fostering Program

Category	Operation Status
Training on common competencies fortification	Course for understanding port operation and laws (all employees, 6 times)
Training by dispatching to overseas ports	Singapore (1 person, 3 months)
Education at overseas graduate schools	Graduate school of Cardiff University, UK (1 person, 1 year)
Hierarchical training	Leadership capability course: 4 times, assessor training: once, newcomers: 3 times, elementary employees: once
Workshop	Labor-management joint workshop to enhance mutual understanding: twice
Benchmarking	Benchmarking of domestic and international labor-management relations (once for overseas relations, once for domestics relations)
Autonomous experience	Autonomous experience activities for breaking down obstacle between departments (organizing 10 units targeting all employees, 3 days and 2 nights)
Improvement of organizational culture	Course on organizational culture improvement for grade 3 executives and higher: once

● Training Hours and Results of Training Expense Execution

Category	Annual training hours	Training hours per person	Training cost per person
2010	7,573 hours	95.9 hours	KRW 1,564 thousand
2011	6,821 hours	85.3 hours	KRW 2,871 thousand
2012	6,602 hours	82.5 hours	KRW 2,936 thousand

Details of CoP (Community of Practice: Learning Club) Activities

Club name	Composition and activity	Main learning details	Remarks
Grasping HR, labor- management, and knowledge of laws	<ul style="list-style-type: none"> Members: 7 people Activity period (Y/M/D): '11.10.10- '12.02.28 (5 months) 	Textbook learning on laws from employment to retirement	Club centered on members of the Management Support Team
UPA Port Research Society	<ul style="list-style-type: none"> Members: 15 Activity period: '12.04.01~'12.11.30 (8 months) 	Learning about overall port logistics	Selected as the best CoP in 2012
Real Estate (Port) Development Research Society	<ul style="list-style-type: none"> Members: 12 Activity period: '12.05.01~'13.12.31 (1st phase) 	Learning studies on real estate, real estate development, management, rights analysis, appraisal assessment	Selected as excellent CoP in 2012
UPA Tax School	<ul style="list-style-type: none"> Members: 12 Activity period: '12.04.01~'13.12.31 (8 months) 	Learning about tax laws	-
UP! FM	<ul style="list-style-type: none"> Members: 10 Activity period: '12.05.01~'13.12.15 (1 year and 9 months) 	Research on repair/reinforcement of Ulsan port facilities and related problem-solving type learning	Club centered on staff of the Port Construction Team
Strategic Management CoP	<ul style="list-style-type: none"> 9 members registered: '12.06 	Research on strategic management	-

CoP Activity Support

UPA actively encourages and activates learning clubs in various fields and supports employees' autonomous learning.

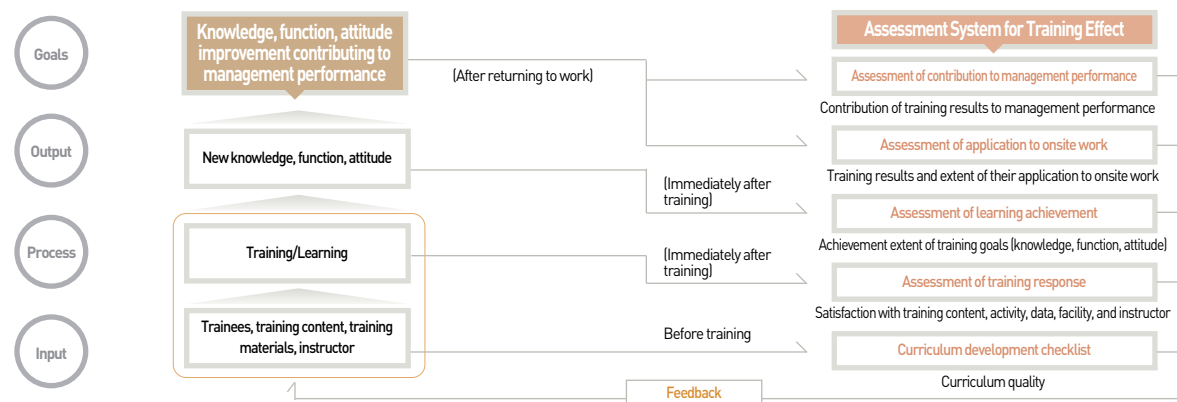
Performance Measurement and Feedback for HR Fostering Program

UPA lets all employees earn 5 mandatory credits annually by operating the credit system for all employees' training completion. For in-house training, we assess training response and learning achievements. For external entrusted training, we evaluate the training agency's reliability and learning achievements. We actually use the results for curriculum development.

● Training Satisfaction (unit: points)



● Diagram of Training Assessment System



Activities for Organizational Culture Improvement to Realize GWP

Due to uniform organizational culture that emphasizes only the concept of boss and subordinate under the weak senior and junior concept and lacks colleague awareness, UPA saw prevalent mutual conflict and distrust and side effect of declining organizational productivity. This is because UPA consisted of personnel from the public sector, figures in the private port field, and new personnel when it was established in July 2007. To improve the organizational culture, the CEO, who took office in February 2011, organized in September 2012 the Fun Management Committee with the CEO as committee chairman, 8 representatives of each hierarchy, and a secretary (in charge of HR). The committee began its activities as a standing committee. The committee member's tenure is 6 months; thus, the second term of the Fun Management Committee began in March 2013. Regarding the Committee's main activities, the members suggest trust restoration program among employees, program for organizational culture improvement, Fun program enabling employees to enjoy working life, and program to instill pride in employees' minds. Each department then executes those programs. Finally, the members monitor the execution results and improve the programs.

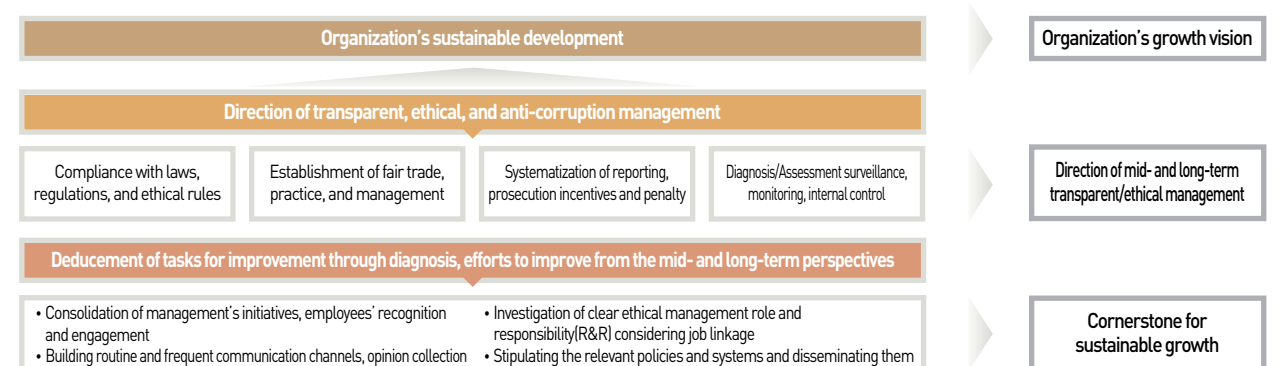
Establishment of Ethical and Integrity Management (EIM) System

We instill an anti-corruption mindset among the staff at the beginning through the proactive adoption of strict anti-corruption and integrity policies

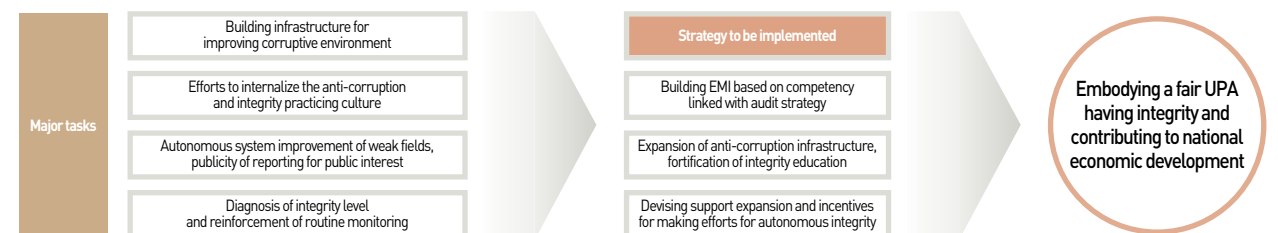
Ethical and Integrity Management (EIM) System

Since July 2007 when it was founded, UPA has been making efforts to fulfill its social responsibility and mission as a public agency with the establishment of EIM in UPA by making an ethical management implementation plan and devising operational standards of Ethical Committee. In keeping with people's heightened demand and expectation with regard to a public agency's ethical level, we reinforce ethical management organizations, faithfully enforce various norms and systems, and carry out various ethical and integrity activities. All in all, we conduct analyses and assessments of ethical management performance and manage pre- and post-management activities for diverse unethical activities.

● Ethical and Integrity Management System



● Goals of 2012 Anti-Corruption and Integrity Policies



guidelines for internal public interest reporting, we encourage reporting for public interest by adopting voluntary reporting on employees' corruption and conscientious reporting on irregularities (voluntary reporting). We also stipulated the necessary matters including informant/reporting person's protection and procedures for reporting handling. By expanding the additional point offering items in the integrity mileage system, we adjusted the allocated points. In this manner, we strove to complement the activation of such system.

Operation of One-Strike-Out System to Realize Zero Corruption

As UPA's business becomes diverse, and the business structure becomes complex, the likelihood of ethical accidents has gone up, and corruption including public money embezzlement and offering and receiving money and valuables due to paternalism cannot be ignored. Therefore, we have adopted the One-Strike-Out System wherein anyone involved in public money embezzlement (even if the amount involved is just KRW 1) is slapped with harsh disciplinary action such as dismissal. Aside from public money embezzlement, offering and receiving entertainment and money and valuables worth KRW 1 million or more can be grounds for dismissal, and performance-based pay for the relevant year is withheld. Moreover, the department head concerned should allocate zero points for the department's common indicator—"integrity assessment"—so that the entire department is jointly responsible.

Building a Network of Port-related Agencies

UPA jointly implements integrity policies with agencies related to the Port of Ulsan, builds integrity-related solidarity between domestic port authorities, spreads the integrity culture of each of those agencies, and enhances synergy effects. In 2012, the Maritime Affairs & Port Administration, Coast Guard, Customs house, Quarantine station, Immigration office, Korea Marin Environment Management Corporation (public agencies related to the Port of Ulsan), and Ulsan Port Authority conducted integrity education jointly. These agencies plan to expand gradually the solidarity scope including integrity policy sharing and joint production of organization head's message in the future; they have also established a clean belt building plan for the Port of Ulsan. Likewise, we consult and exchange information on audits with Busan, Incheon, and Yeosu/Gwangyang Port Authority by signing an MOU.

Internalization of Operation of Integrity Ombudsman

The Integrity Ombudsman is a system for enhancing operational transparency by citizens or external experts' participation in the agencies' business and fields vulnerable to corruption. In 2011, UPA established the Integrity Ombudsman -- which consists of 9 people: 2 in construction, 2 in port operation, 3 in IT and communications, 1 in accounting, and 1 in law -- and entrusted its composition and operation. The Ombudsman presents opinions on our anti-corruption policy plan and performance, routinely monitors voices of customers, or gives advice on routine audits upon placing orders for the main projects. In 2012, the Ombudsman reviewed design documents by debating on operational performance and operational direction for the following year by holding a regular meeting, and inputting an IT specialist Ombudsman in the IT sector. The Ombudsman also attended the Integrity Ombudsman Debate Convention.

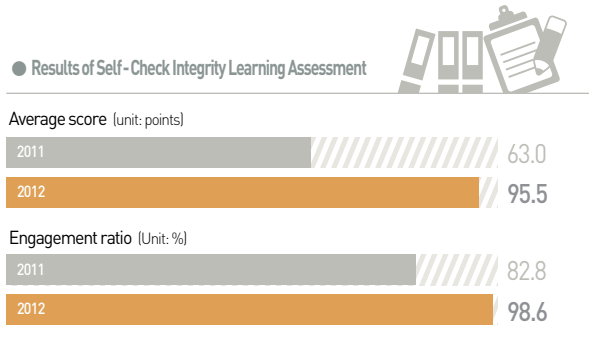
Activities to Disseminate the Integrity Culture

Our employees practice the integrity practicing resolution adopted through a resolution convention on integrity practice to spread the integrity culture. The organization head signed a job integrity contract with the Port Committee chairman, and it strives to fulfill integrity obligations. Our newcomers draw up an integrity oath and receive mandatory integrity education upon being assigned. On the other hand, by operating the integrity mileage system, we offer incentives for employee's ethical activities characterized by integrity to promote the establishment of an integrity culture. We also conduct diverse activities of sharing the integrity culture, such as holding the integrity slogan contest, producing and distributing integrity mirrors, sending integrity letters, writing columns in local newspapers to disseminate the integrity culture, and disseminating best practices of congratulatory and condolatory activities and requesting the handling of other agencies.



Ethical and Integrity Education Activities

UPA conducts integrity education in line with employees' life cycle and hierarchy. We set forth the completion of basic integrity education in case of new assignment, promotion, assignment as team leader, taking office of an executive, and change in position or grade. For education by lifecycle, there are 31 sessions in 9 education courses entrusted to the Anti-Corruption and Civil Rights Commission (ACCRC) and 15 sessions of cyber education. In principle, our employees need to complete the entrusted education; if they do not attend the education, we complement the education with the Easy Public Officials' Code of Conduct (15 hours) and cyber integrity education (15 hours). We separately offer integrity education to newly assigned employees, whereas Audit Team personnel need to complete 35 hours, 7 hours, and 45 hours for promotion, middle managers, and cyber education, respectively, in terms of the integrity education of ACCRC. We help our employees internalize integrity by autonomous learning through self-check integrity learning. Every week, we post on the groupware integrity board Q&A and detailed description by code of conduct standard focusing on cases (Conquering the Code



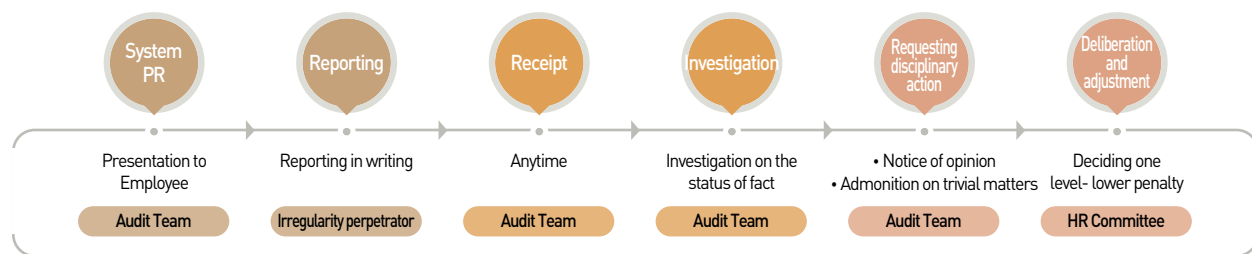
of Conduct) for 16 weeks prior to the integrity learning; we guide employees on the learning period, method, object, and assessment method. In addition, we diagnose performance through the comprehensive assessment of learning, with the assessed results reflected on the department common assessment indicator (integrity). We also conducted education to embody zero corruption and internalize integrity awareness by holding presentations on public office service management and anti-corruption and integrity plans. By watching a play titled "Batman's Day" (Sejong Industrial Education Institute) with integrity as subject, we enhanced the educational effect since integrity education may be slightly dull. Likewise, by inviting an ACCRC instructor, we offered joint education together with five port-related public agencies under the topic "Public Officials and Integrity." Six port-related public agencies also received joint education under the topic "Change and Competitiveness" by inviting a specialist instructor. We recorded an average of 19 hours of ethical and integrity education per employee in 2012.

Reporting System for Ethical Norm Violation and Response

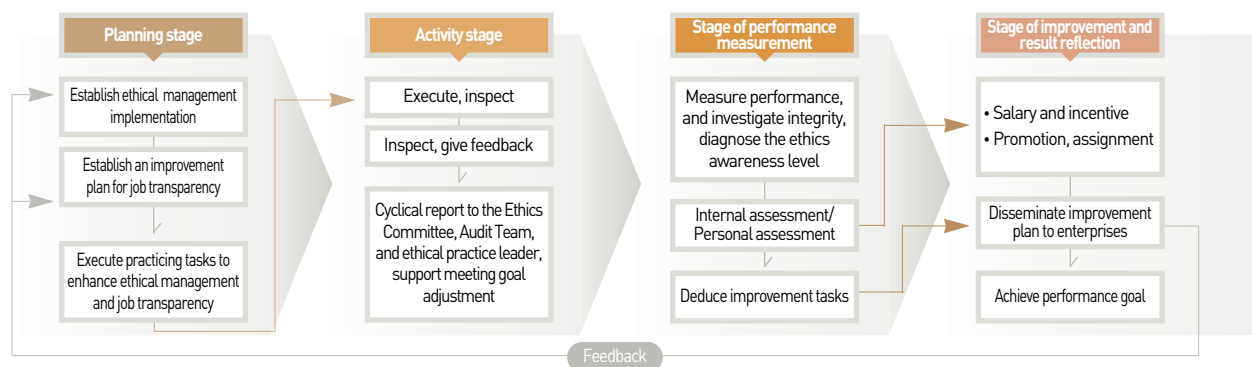
UPA strives to prevent irregularities by establishing the prosecution procedure and detailed guidelines for job-related crimes. We also operate the Clean Reporting System, a tip-off system that can be used by internal and external stakeholders including our employees and partner firms regarding civil complaints involving unethical acts such as UPA's irregularities and corruption.

We have actively used business cards, calendars, diaries, email

● Operation Process of the Conscientious Irregularity Reporting System



● Process of Ethical Management Inspection and Improvement



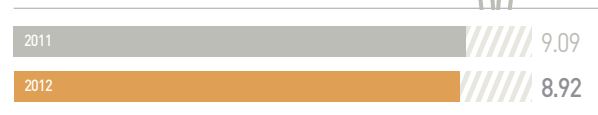
closing remarks, and integrity mirror to let people know about the setup of the Clean Reporting Center. Tip-off cases numbered 5-3 clean reporting cases and 2 clean consulting cases-in 2012. Meanwhile, we actively prevent ethical norm violation by adopting a conscientious irregularity reporting system through the revision of the operating guidelines for internal reporting for public interest. The conscientious irregularity reporting system originated an idea from the US's Plea Bargaining system, i.e., when our employees voluntarily report mistakes or difficulties, the penalty level is reduced. Our employees can apply for the voluntary reporting anytime, and the received details are then investigated. For trivial matters, onsite warning is given. For irregularities subject to disciplinary action, one level-lower penalty is deliberated on by holding an HR Committee meeting.

Monitoring Activities for Ethical and Integrity Management

To inspect and check whether ethical and integrity management (EIM) is properly enforced, our Audit Team conducts monitoring. For the enforcement result, feedback is given for constant improvement; we bolster incentives for ethical performance in linkage with internal assessment. Through EIM inspection and improvement process, we diagnose the level of ethical management experience of employees and use the results for institutional improvement and as data to set the EIM direction.

Although UPA is excluded from ACCRC's integrity assessment, we diagnose the integrity level by investigating integrity on our own and establish ethical management by devising improvement measures. We then use the result to set the EIM direction for the following year. Our own integrity survey is carried out in the same manner as the government survey on external and internal integrity by commissioning a specialist agency to enhance the survey's objectivity. As a result of the 2012 survey, we garnered 8.92 points in general integrity (9.23 points for external integrity, 8.05 points for internal integrity) and ranked among the top tier of all public corporations in comparison with ACCRC's integrity assessment among all public agencies in 2012. Note, however, that our internal integrity fell by 0.17 points compared with 9.09 points in 2011; thus, we make an effort to analyze and improve the causes. We actually improve the anti-corruption system, including enhancing the internal tip-off system's effectiveness and ensuring the appropriateness of disciplinary actions and penalties considering the relatively lower integrity level. Simultaneously, we enhance fairness of HR, budget execution and job instructions.

● General Integrity (self assessment) (unit: points)



Making a Great Workplace

UPA operates a system that offers various fringe benefits to improve the quality of working life.

We actively promote harmony between work and life.

Fringe Benefit System

UPA pursues a 3-dimensional welfare model to embody a fringe benefit system that contributes to employees' labor productivity improvement. The 3-dimensional welfare model pursues the following: First is a welfare system that can contribute to employees' prosperity and stability of life. We operate the low interest-bearing housing mortgage system for employees, retirement pension system, no-interest bearing tuition loan system for employees and their children who are in college, tuition support for secondary school students, private academy tuition assistance of up to KRW 100,000 monthly to subsidize the private education cost for secondary school students using Infra-Company Labor Welfare Fund, family allowance according to the size of family, and selective fringe benefit payment system.

Second is a welfare system enabling healthy and joyful working life as a mental welfare model. We operate annual medical checkup, private compensation for internal and external emergency accidents, support for various clubs, sound leisure with colleagues at the workplace, subsidy of foreign language education cost to aid in self-development, and assistance system for after-work learning clubs to improve job capability.

Third is the welfare system related to labor conditions and job environmental improvement as an environmental welfare model. We offer male and female employees the following: resting place that they can use during break time; company cafeteria supported by UPA for convenient meals; installation of large-scale air cleaners in each office to measure and improve regularly the indoor air quality in view of the office features, i.e., located within the industrial complex; state-of-the-art fitness center for employees, which can be used before or after business hours, and; offering of vouchers for one-day recreational facility use to enhance the holiday user's convenience. We apply the same fringe benefits to both regular and irregular workers with at least one year of service. This way, we fundamentally prevent discrimination between regular and irregular position holders.

Employees' Health Support System

UPA annually offers general medical checkups to all employees for their health management. In particular, we operate the fitness center we have installed, which accommodates more than 20 people at a time. The fitness center is equipped with modern facilities, and it has considered the users' convenience. One safety guard is appointed in the fitness center. Since the safety guard is employed as a socio-equitable employee, we reap employment creation effects as well. On the other hand, we value the enhancement of employees' physical strength and encourage participation in club activities by supporting sport clubs for employees.

Work and Life Compatibility Support System

To guarantee employees' right to pursue balanced work and life and happiness, we increased the maternity leave from 5 to 8 days, newly established the pregnant women's protection leave (miscarriage, stillbirth leave), and family care leave through the revision of the employment rules in 2012. In this manner, we have built the institutional basis for securing work-life compatibility. We help employees in child rearing and advancement of their children to higher schools as well as in securing leisure time through the activation of a flexible working system. We also reduced the number of annual paid leave days commuted based on an agreement between labor and management regarding the recommendation of active annual paid leave use and replaced it with encouragement payment for annual paid leave. Meanwhile, we have designated every Wednesday as the "Day to Love Our Family" wherein everybody leaves the office on time on that day. In this manner, we support harmony between work and life.

Operation Performance of the Fringe Benefit System

Category		2010	2011	2012
No. of maternity leave users		1	1	1
Work return rate from maternity leave		100%	100%	100%
No. of Flexible work system users		0	6	4
Industrial accident rate		0.0%	0.0%	0.0%
Rate of subscription to retirement pension		100%	100%	100%
Status of operation of in-house work welfare fund	Contributed amount	KRW 600 million	KRW 200 million	-
	Executed amount	KRW 30 million	KRW 71 million	KRW 98 million

● Fringe Benefit Satisfaction (unit: points)



III. Securing Future Growth Engines

> 56 Improving Port Infrastructure

Plan for Port Infrastructure Improvement

Activities for Port Infrastructure Improvement

> 59 Building an Oil Hub Base

Project of Fostering Northeast Asia's Oil Hub

Status of Project of Fostering Northeast Asia's Oil Hub

Future Plan for Project of Fostering Northeast Asia's Oil Hub

> 61 Business Diversification

Project to Develop the Hinterland Complex

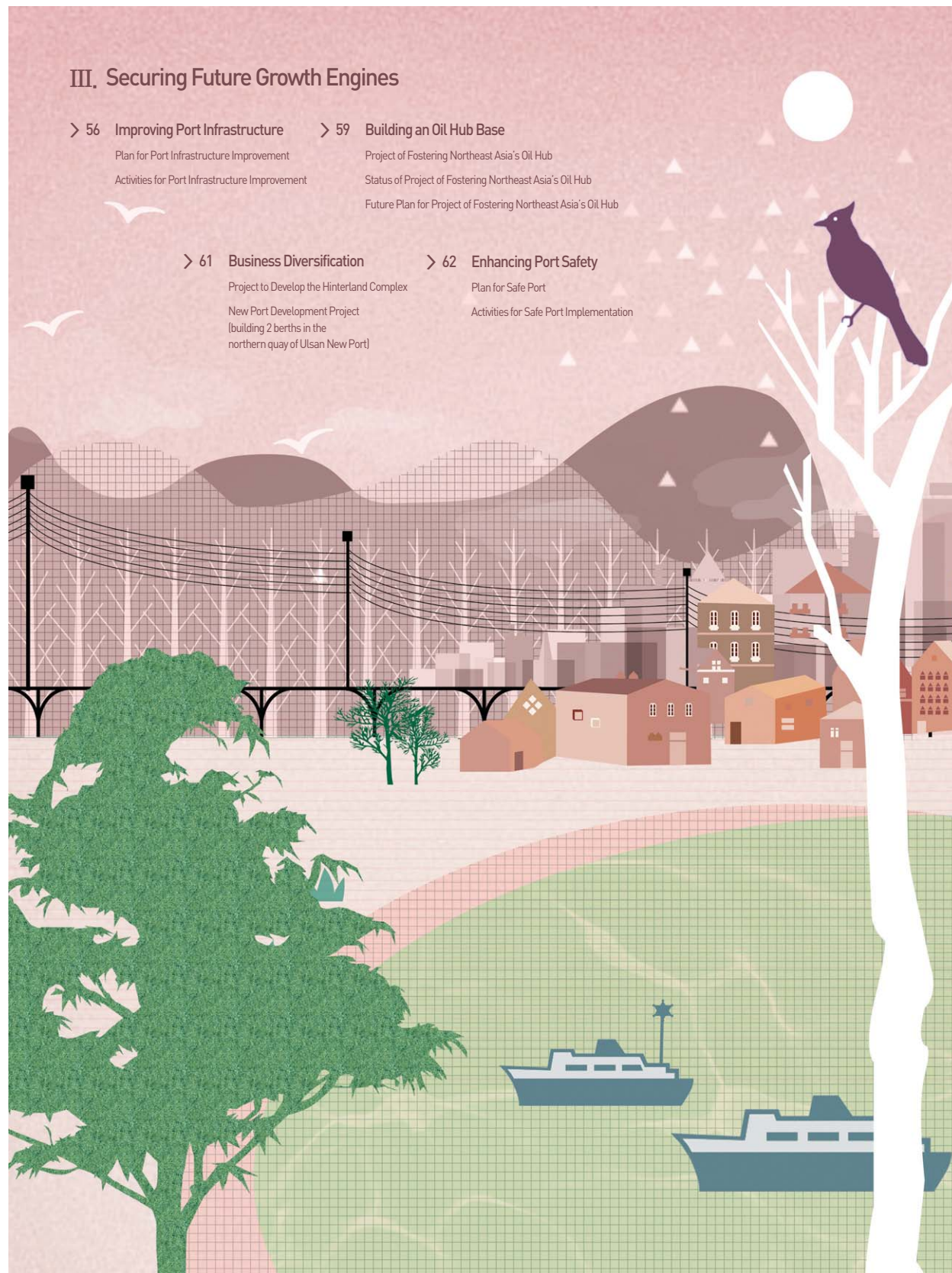
New Port Development Project

(building 2 berths in the northern quay of Ulsan New Port)

> 62 Enhancing Port Safety

Plan for Safe Port

Activities for Safe Port Implementation



Sustainability Strategy

III. Securing Future Growth Engines

Key Strategy

We at UPA have established mid-and long-term plans to foster the Port of Ulsan as Northeast Asia's oil hub, and we are concentrating our capabilities on it. We have developed Port Hinterland and Ulsan New Port for a logistics-centered port. We continually improve port infrastructure and enhance the competitiveness of Ulsan port by managing and operating it as a safe port.

Key Issues

- Developing a large-scale port
- Automation/Advancement of logistics
- Increase in needs for safety of products and services (service quality improvement)

Key Figures



Emergency
maintenance/repair

KRW **260** million



Repair/Reinforcement
construction

38 cases



No. of loading/unloading
safety accident victims
among 1,000 workers

10.26

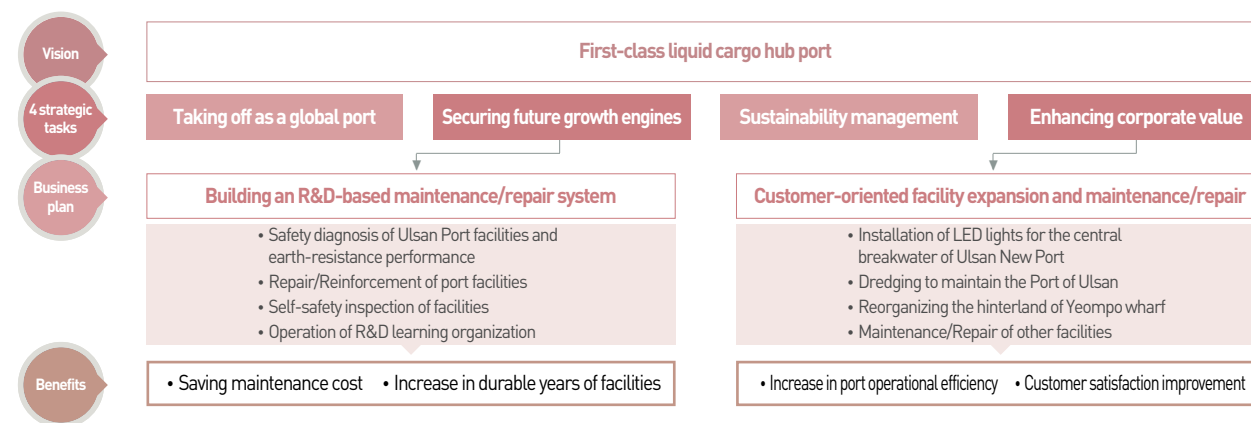
Improving Port Infrastructure

We continuously improve and build infrastructure for the Port of Ulsan and enhance competitiveness through activities for port efficiency enhancement as well as promote user convenience.

Plan for Port Infrastructure Improvement

UPA improves port infrastructure to secure future growth engines and enhance corporate value based on four strategic tasks. As a result of safety inspection and diagnosis, we have established plans for mid-and long-term infrastructure improvement considering policies, change in external environmental factors, and customer needs together with facility, equipment status, and grade. We also operate the detailed execution tasks we have selected.

● Plan for Port Infrastructure Improvement



● Mid- and Long-term Plans to Improve Port Infrastructure

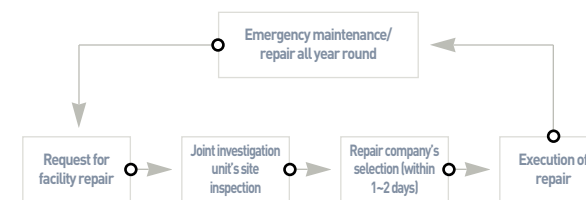


Activities for improvement of port infrastructure

Activities for Emergency Maintenance/Repair

UPA seeks to minimize inconvenience of use of the port by repairing damaged facilities of the port as a matter of urgency. Activities for emergency maintenance are a series of processes wherein, after inspection of the site, the repair company is selected at the user's request. In 2012, we carried out 36 cases of emergency maintenance/repair including fence and drain repair as well as pavement and electricity repair. We contribute to

● Emergency Maintenance/Repair Process



Emergency Maintenance/Repair Performance

Category	No. of cases	Construction amount (KRW million)
Pavement repair	5	35
Electricity repair	10	74
Fence repair	3	17
Repair of drain, manhole, buffer stop(bumper post), bollard	7	37
Fender repair	5	47
Miscellaneous repair	6	50
Total	36	260

promoting customer satisfaction by minimizing customer complaints and inconvenience through activities for emergency maintenance. In addition, we enhanced the durability of the facilities in the port by removing hazardous elements, preventing safety accidents and repairing damaged facilities.

Expansion of Amenities and Operation of Facilities for Port Users

To enhance the convenience of Ulsan New Port users, we operate the seamen's lounge we have built at the completed Onsan Port tug boat mooring location. With the setup of the resting facilities, 10 tug boats are deployed, which helps cut down shipping companies' logistics cost. We were rated highly for our efforts to improve seamen's welfare and shippingsupport services.

The Ulsan Main Port has integrated and relocated to a tentative building form the wharf/terminal operators scattered within the existing wharf/terminal zone, and the existing wharf/terminal operators' sites are used as open storage yard. With such operation of wharf/terminal operators in an integrated manner, efficient port operation and security have been reinforced. The increase of open storage yard contributes to productivity enhancement and job capability improvement.

● Repair of Damaged Pavements



● Seamen's Lounge at the Onsan Port Tug Boat Mooring Place



● Wharf/Terminal Operation Center



Activities for Securing Navigation Safety



UPA secures navigating ships' safety by securing proper water level through dredging to maintain the water level. In 2012, we have additionally secured a tug boat standby safe water zone for the Onsan Port through the dredging of the Onsan Port tug boat mooring place. Through the installation of LED lights at the breakwater, we increased navigation safety at the Port of Ulsan. Similarly, by installing 382 LED lights on the Ulsan New Port's central breakwater bridge, we let ships navigating around the central breakwater at night easily identify port facilities. The installation of LED lights was designed to use the bridge structure's features well; thus providing a good and harmonious night view, which is acclaimed as a landmark of the Ulsan New Port.

Activities for Enhancing Wharf Operation Efficiency

We have reorganized idle site at the back of the no. 3 berth as open storage yard to secure open storage yard for Yeompo Wharf, which lacks open storage yard, and incorporated the existing road as open storage yard. For the secured open storage yard, we prepared drain facility and set up a fence for port security. Accordingly, we secured more convenient and efficient port operation. Together with concrete pavement for the damaged road within the Ulsan Port zone, we performed repair construction by reorganizing 4 gates of the main wharves/terminals. By repairing the road damaged by heavy vehicles, we have secured vehicle passage safety and realized additional budget cut by minimizing paved surface damage. We also ensured smooth vehicle passage and reinforced port security by reorganizing the gates.



Dredging of Onsan Port Tug Boat Mooring Place

R&D Activities for Port Facilities Maintenance

UPA uses port facilities management as an opportunity to create public demand and reinforce capability by approaching at the R&D level. We search for measures for improvement through case studies of maintenance/repair of port facilities apply them to repair. Consequently, we enhance port efficiency by cutting down facility maintenance/repair cost. For facility repair/reinforcement construction in 2012, we applied fire-retardant ERF and transparent GRID construction methods. The fire-retardant ERF construction method is a method of using epoxy panel that combines glass fiber with epoxy and anchor and attaching them on the concrete structure to reinforce load carrying capacity by charging epoxy. The transparent GRID construction method involves unifying grid reinforcing materials such as carbon and glass fiber with transparent panel, and then increasing strength by injecting into and attaching epoxy adhesive on concrete structure. UPA has received internal/external experts' advice to secure transparency and retain objectivity in selecting such construction methods. By selecting and applying the most suitable and verified methods, we maximized the durability-increasing effect of structures.

● Facility Repair/Reinforcement Construction



View of LED Recognition Lights at the Breakwater

Building an Oil Hub Base

UPA concentrates its capabilities on the building of logistics infrastructure to develop the Port of Ulsan as Northeast Asia's oil hub.

Project of Fostering Northeast Asia's Oil Hub

Background

As a business opportunity emerges in the region's oil market against the backdrop of high crude oil demand by three Northeast Asian countries and limit of Singapore's Asian oil hub, Northeast Asia's oil hub project is aimed at securing in a timely manner the infrastructure for oil storage trade to preempt Northeast Asia's oil logistics market. In February 2008, the project was selected as one of the government's top 100 state tasks, with the Ministry of Knowledge Economy (currently known as the Ministry of Trade, Industry, and Energy) participating in the project. Thus, the driving force has become stronger. The Knowledge Economy Ministry finally chose the Port of Ulsan as Northeast Asia's oil hub candidate site in March 2009, and it implements port and storage facilities construction.

Port of Ulsan's Oil Hub Location Environment

The water level of the Port of Ulsan is deep; its tidal difference is small, and it is gifted with rich natural conditions and temperate

● Port of Ulsan's SWOT Analysis for the Northeast Asia's Oil Hub Project

Strengths <ul style="list-style-type: none"> • Geographical center of Northeast Asia • High petroleum product production capacity and export size • Building a petroleum industry cluster • Equipped with oil refining technology competitiveness • Good logistics and port facilities • Huge oil storage facilities 	Weaknesses <ul style="list-style-type: none"> • Lack of commercial storage facilities • High cost of developing site • Lack of supporting infrastructure, restriction of foreign companies' business • Underdeveloped oil trading market
Opportunities <ul style="list-style-type: none"> • High growth attributes in Northeast Asia • Singapore's oil logistics progressing toward the southeastern direction • China's oil refining capacity limit vs. demand • Expansion of new oil supply sources • Bolstering of linkage with the pan-Pacific market 	Threats <ul style="list-style-type: none"> • New construction of large-scale oil storage stations in China • Rapid expansion of China's logistics/port facilities • Expansion of Singapore's commercial storage facilities

climate. Thus, the port has been the center of marine trade for a long time. In 2012, about 200 million tons of cargo was handled in the Port of Ulsan, more than 80% of which was liquid cargo including crude oil and petroleum products. Located in the main sea route of liquid cargo for America and Asia, the Port of Ulsan meets the high demand of domestic and international customers since it is equipped with sufficient industrial infrastructure such as liquid cargo storage tanks. The Port of Ulsan has the most favorable conditions as Northeast Asia's oil hub, considering the geopolitical location, oil industry and port infrastructure development, and deep water level as well as nature-blessed port conditions. UPA aims to make the Port of Ulsan as the fourth largest oil hub port-next to the US's Gulf of Mexico Coast, Europe's Rotterdam, and Singapore-through the Northeast Asia's oil hub building project by 2020 as a first-class liquid cargo hub port.

Effects of the Project of Fostering Northeast Asia's Oil Hub

According to the 2009 preliminary feasibility study of the Ulsan region for Northeast Asia's oil hub project, the project's economic ripple amount was estimated to reach KRW 4.4647 trillion nationwide; KRW 2.5419 trillion or 56.94% of the total amount was estimated to be generated in Ulsan City in terms of production inducement amount. In terms of wage inducement effect, it was pegged at KRW 605.9 billion nationwide; approx. KRW 326.3 billion or 53.87% was assumed to be generated in the Ulsan region. Employment creation effect and job inducement effect in Ulsan City were 54.13% and 52.26%, respectively. Value-added inducement amount within the region was calculated to be KRW 948.2 billion, thanks to the Northeast Asia's oil hub project. The regional economic activation index of the project was 1.92% based on gross production of KRW 49.3669 trillion within Ulsan City in 2008. This value was higher than 0.18% as the average regional economic activation index of 40 targeted areas for the preliminary feasibility survey in 2007. It was also higher than other areas in terms of impacts on the regional economy.



Plan to Foster Northeast Asia's Oil Hub Project in the Port of Ulsan

Period (Y/M)	Details
2011. 12	Master design service of oil hub in the North Port region (Ministry of Knowledge Economy)
2012. 06	Confirmation of direction of oil hub development (agreement between the Land, Transportation, and Marine Affairs Ministry and Knowledge Economy Ministry) * UPA develops Infrastructure facilities and rents them to tank operators; SPC establishment is implemented mainly by KNOC.
2012. 08	Launching the Infrastructure infrastructure design service of the North Port region
2013. 11	Launching the Infrastructure infrastructure of the North Port region in the second half of 2013

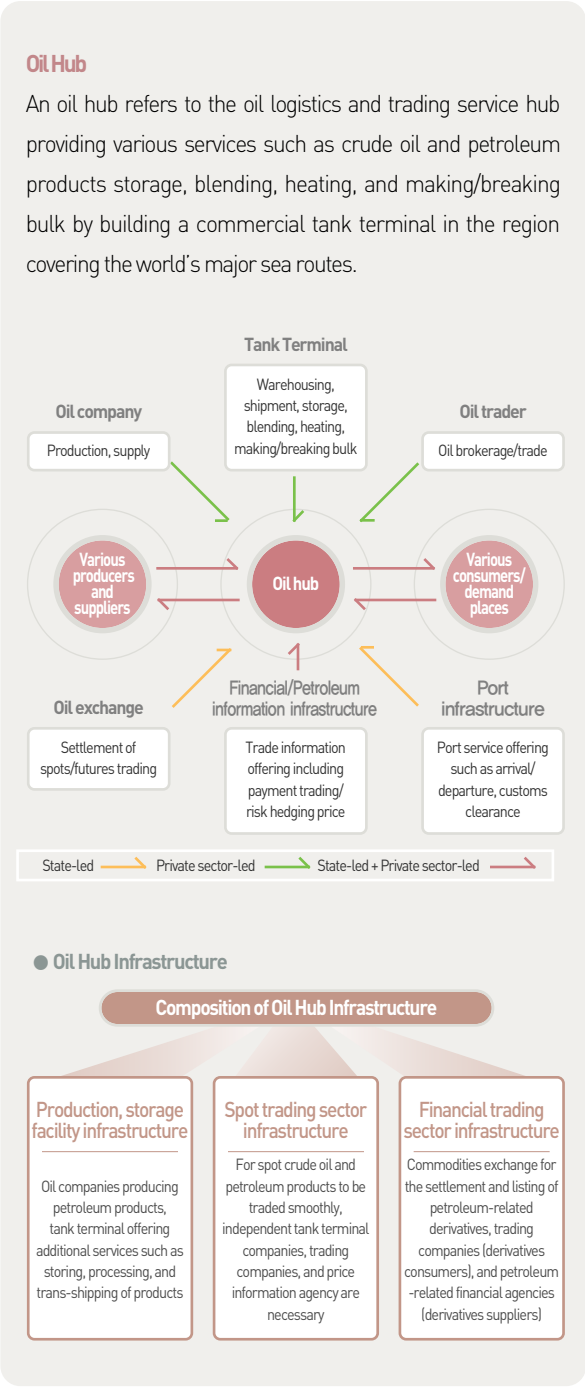
Status of the Project of Fostering Northeast Asia's Oil Hub

UPA finished the oil hub master design of the North Port region supervised by the Ministry of Knowledge Economy in December 2011. UPA develops the infrastructure and rents it to upper-stream tank operators as per the Port Authority Act. The Northeast Asia oil hub terminal facilities are slated to be developed by launching a special-purpose company (SPC) jointly by UPA, KNOC and private companies. In August 2012, the order for the design of infrastructure of North Port as the first phase of the oil hub project was placed; environmental impacts assessment was also conducted.

Future Plan to Foster Northeast Asia's Oil Hub

From Aug. 16, 2012 to Aug. 15, 2013, the Infrastructure facility design for North Port region was ordered and executed; the launching of the construction is slated for November 2013 when the environmental impacts assessment, traffic impacts assessment, marine transportation safety assessment, and execution plan approval are completed. If the project is carried out as planned, Korea is forecast to play a pivotal role as Northeast Asia's commercial energy terminal after 2020. If a synergy effect is demonstrated with the oil refining facilities in the Port of Ulsan, Ulsan is expected to take off as an energy mediation city beyond Singapore in Asia.

Category	Details	Expected date of completion
North Port	Attraction of investors for the Northeast Asia oil hub terminal tank terminal, establishment of SPC	Second half of 2013
	Completion of construction of Infrastructure facilities	First half of 2016
	Design and completion of the Northeast Asia oil hub terminal tank terminal	December 2016
South Port	Preparation of measure to link North port, project implementation measures	2014
	Design and construction of Infrastructure and Northeast Asia oil hub terminal facilities	2015~2020



Diversification of Business

Ulsan Port promises a bright future as a Global Hub Port through the Port Hinterland and the development of Ulsan New Port.

Project of Developing the Port Hinterland

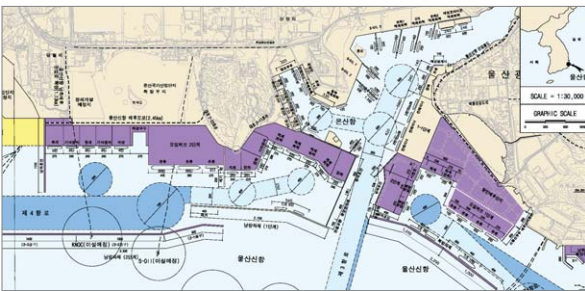
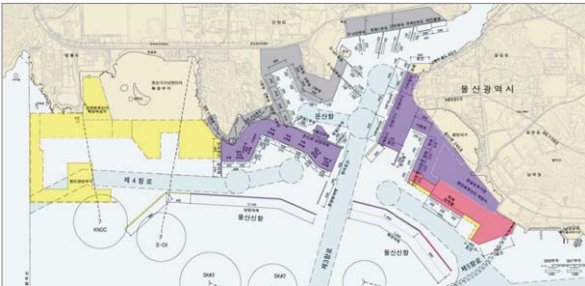
UPA established a plan for the port hinterland complex development project, and it has been pursuing the project since 2008 in support of export and import in the Yeongnam Region and in aid of the function of the surrounding industrial complex as well as to serve as to activate the pan-East Sea and trading with northern regions. According to the results of the quantitative analysis on the cargo handling capacity, port facility size, and secured open site of the Port of Ulsan, the demand area of the port hinterland complex was forecast to be 936,000m² by 2015 and 1,300,000m² by 2020. UPA has established a plan to secure an additional 423,000m² in the first phase and 256,000m² in the second phase, for a total of 679,000m² by 2020. KRW 135.5 billion is invested in this project; the first-phase development plan is divided into sections 1 and 2 according to the maser plan, with the second-phase development plan scheduled to be executed section3. Equipped with a logistics function, Port Hinterland in Ulsan New Port is expected to contribute to the regional economy and national industrial development. As a result of analyzing the project's economic ripple effect, the production inducement effect is pegged at KRW 321.6 billion in all industries. In particular, the storage and warehousing industry is forecast to have the biggest effect of KRW 150.3 billion or 46.7% of the total inducement amount. Likewise, the value-added inducement effect is estimated to be KRW 150 billion. The storage and warehousing industry accounts for more than half of the total with KRW 80.4 billion or 53.6%. Because of the job inducement effect, which is estimated to be a



total of 2,275 people, and employment inducement effect of a total of 1,983 people according to the analyzed value-added inducement effect and production inducement effect, the feasibility of business progress has been secured.

New Port Development Project (building 2 berths in the northern quay of Ulsan New Port)

UPA implements the new port development project to cope actively with changes in the logistics environment including additional fostering of large-scale free trading zone in the hinterland region of the Port of Ulsan, Onsan national industrial complex, and investment expansion of domestic and international companies. The project of building 2 berths in the northern quay of the Port of Ulsan was originally intended to build 4 berths in the North Port of the Ulsan New Port and was established based on the revised plan of the nationwide trading port master plan in 2006. Toward this end, after launching the master and execution design services in 2009, UPA actually revised the project plan as a result of reviewing the master plan considering the design condition change. We started the design of the project in 2009 and completed it in November 2016, taking us 8 years. The plan involves building one 20,000 DWT berth and one 30,000DWT berth including 120,000m² of port site. We expect the project to cost KRW 52.4 billion including service and facility. We expect to enhance the role of the Ulsan Port as a logistics stronghold in the Dongnam region to cope with the increase in cargo volume following the new port development and promote the activation of the regional economy.



Enhancing Safety of Port

UPA implements a safe port by promoting safety awareness among workers and starting activities on the active prevention of safety accidents.

Plan for a Safe Port

Due to the dualization of the employment structure (cargo handling suppliers, port transport union) and diversification of cargo handling method according to the loading and unloading of various cargoes, loading and unloading accidents repeatedly occur every year. Thus, we have drafted a plan for a safe port. UPA establishes a safe port plan each year according to the comprehensive management plan for loading/unloading of the Port of Ulsan. We actually carried out safety education for loading/unloading workers, designation of a Zero-accident Port Operation Month, loading/unloading site inspection by the organization head, and video production on loading/unloading safety management. Consequently, the Port of Ulsan conducts the

● Plan to Implement Safe Port in 2012

<div> <div> Loading/Unloading safety management </div> </div>	<ul style="list-style-type: none"> Observance of Zero-accident Port Operation Month Operation of the Loading/Unloading Safety Management Association Safety management for cargo handling within the wharf/terminal Safe and excellent workplace management Safety education for loading/unloading workers
<div> <div>Marine safety management</div> </div>	<ul style="list-style-type: none"> Safety management for the ship block-towing barge's navigation within the port Operation of the Ship Evacuation Association to cope with typhoons
<div> <div>Inspection improvement for port facility</div> </div>	<ul style="list-style-type: none"> Safety diagnosis for port facility Repair/Reinforcement of port facilities Improvement of nighttime lights, easing facilities' restriction on nighttime arrival and departure



Water Curtain for Firefighting Safety



Patrol of the Safety Management Council



Safety Education

prevention of accidents harming the human body based on thorough safety management of loading/unloading, prevention of ship accidents during navigation within the port, and environmental improvement of quay facility as well as property protection and reduction of accident risk with management of port facility and disaster prevention.

Activities for a Safe Port

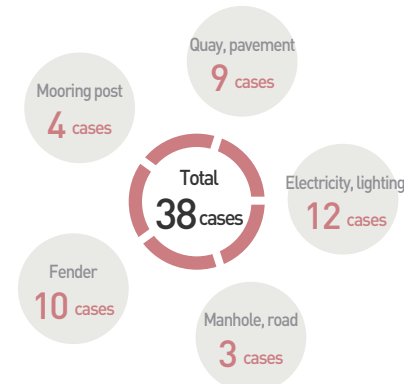
Efforts for Loading/Unloading Safety Management

UPA observes a zero-accident port operation month twice a year in summer and winter. During the zero-accident month, we carry out various activities focusing on port loading/unloading safety management for the protection of loading/unloading workers and prevention of safety accidents within the wharf through the establishment of order within the port. We are doing our very best

Performance of Safety Management Training for Loading/Unloading Employees in 2012

Training name	Details	Object
Repair training of personnel managing hazardous liquid safety	Training for safety management personnel handling hazardous liquid cargo	Personnel managing liquid cargo safety (40 people)
Loading/Unloading safety training	Safety accident by type of loading/ unloading, prevention measures, and supervision of personnel managing safety in summer	Qualified loading/ unloading technician, personnel managing port transportation safety (40 people)
First aid	CPR training/practice	Qualified loading/ unloading technician, personnel managing port transportation safety (24 people)

● Repair/Reinforcement Construction of Port Facilities



for loading/unloading safety management including the following: safety education of the Busan Training Center of the Korea Port Trading Institute, port safety campaign, operation of Loading/Unloading Safety Management Association (22), description of safety accident status & presentation of cases of port operators figuring in many accidents, training on first aid method (Ulsan Nam-gu Chemical Rescue Squad), guidance activities for safety management including vehicles and open space piling of cargo for the establishment of order within the port, and operation of the Ship Evacuation Association to cope with typhoons.

Efforts for Marine Safety Management

In May 2012, we installed LED lights in the central quay and nighttime identification LED recognition panels at the Dolphin Wharf to inspect and maintain nighttime lighting facilities and ease the restriction on nighttime arrival and departure, so that safety accidents are prevented during nighttime loading/unloading. We also conducted port-maintaining dredging in four areas within the port-Main Port, Onsan Port, New Port, and Jangsaengpo Port-to secure safety during nighttime arrival and departure. Meanwhile, we have organized and operate the Ship Evacuation Council together



Safety Management Council



Ship Evacuation Association

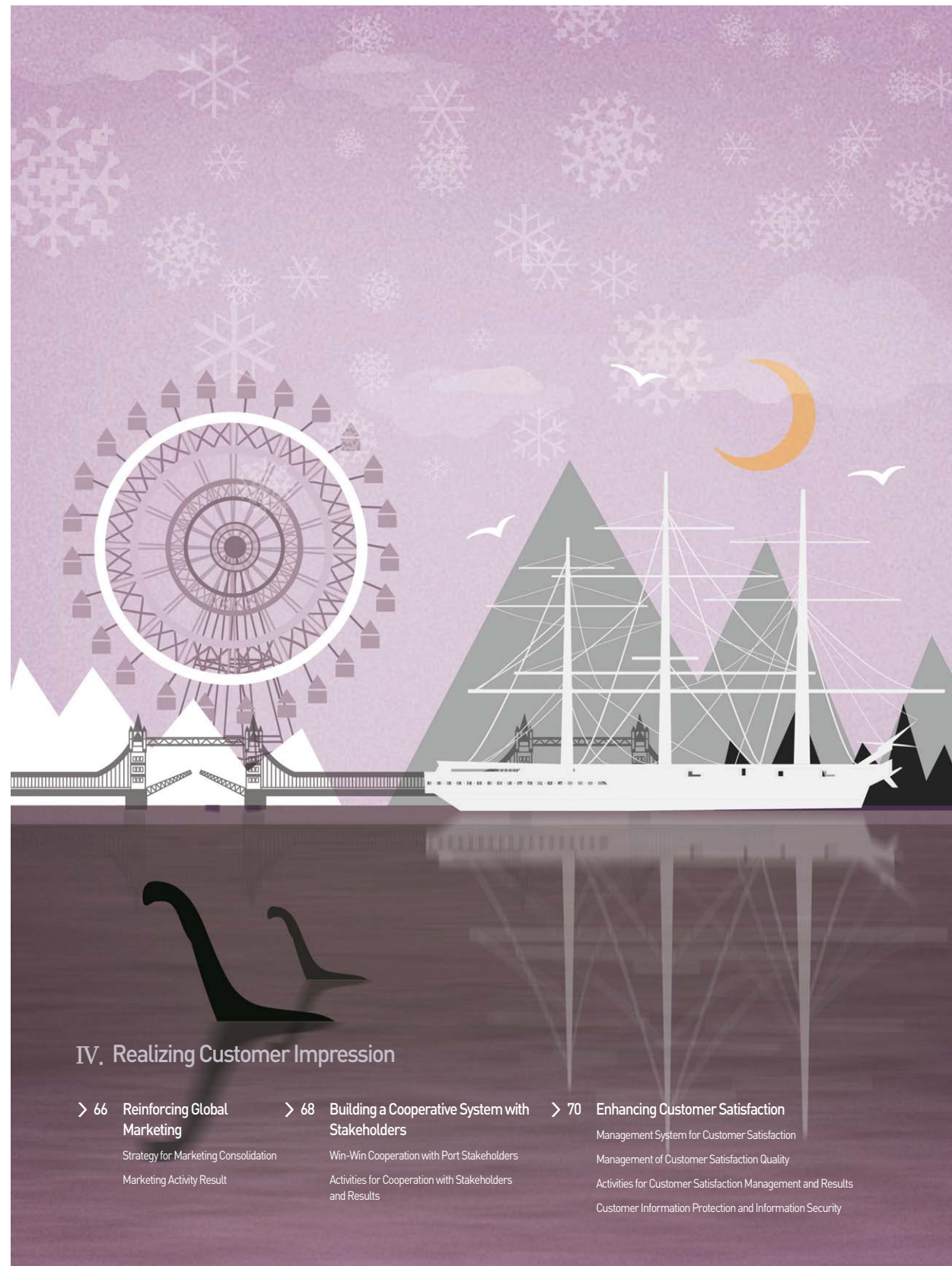
● Status of Loading/Unloading Safety Accidents



with 32 council members from 25 agencies-chaired by the UPA Operation Division head-to secure the ship's safety, prevent marine pollution, and protect port facilities through the timely evacuation of ships in case of inclement weather such as typhoon and tsunami.

Inspection and Improvement of Port Facilities

UPA prevents accidents particularly hazardous safety factors in advance through timely repair and reinforcement via the safety diagnosis and precise inspection of port facilities. In 2012, we carried out diagnosis and inspection on 21 locations including Yanggok wharf and inspected and maintained life-saving equipment in 37 locations in Ulsan Main Port and Onsan Port. We carried out 38 cases of repair and reinforcement of port facilities in 2012 and managed hazardous safety factors. By implementing a project to build a smart intelligent integrated port operation system, we have constructed communications infrastructure for the surveillance system (infrared ray CCTV) and mesh-based wireless network throughout all sections within wharves/terminals. With all these, we can do real-time image transmission between the security center and patrol vehicles, take quick initial action upon the occurrence of safety accident and fire, and prevent hazardous safety factors within the wharves/terminals.



Sustainability Strategy

IV. Realizing Customer Impression

Key Strategy

UPA identifies the economic, environmental, and social responsibilities that its many stakeholders expect UPA to fulfill and reflects them on its overall management activities through various types of communication with those stakeholders. We also build a support system to cooperate with our stakeholders. We establish active marketing strategies and practice them to let our stakeholders know about the capabilities and competitiveness of the Port of Ulsan.

Key Issues

- Globalization of port logistics
- Increase of trading volume in East Asia
- Improvement of civil complaints related to human rights (grievances handling)
- Increase in consumers valuing health and eco-friendly society
- Engagement of stakeholders and reflection of their opinions
- Diversification of customer needs

Key Figures



Budget support to strengthen port user's capabilities

KRW 8,000 million



Public service satisfaction index (PCSI)

89.1 points



Education to bolster customer satisfaction capability

498 hours

Reinforcing Global Marketing

We propel marketing to attract new cargo and investment from global customers beyond Korea so as to enhance capabilities constantly including the competitiveness of the Port of Ulsan.

Strategy for Marketing Consolidation

We focus on letting people know about the value of the Port of Ulsan based on our marketing vision and strategies to promote port users' use of the Port of Ulsan; we also increase cargo volume by enhancing customer satisfaction with the port and contribute to increasing UPA's earnings by activating the attraction of investments. Our marketing vision and strategies pursue marketing centered on cargo owners instead of shipping companies, considering the features of the Port of Ulsan. The marketing vision and strategies have been established to attract liquid cargo vigorously as a liquid logistics hub port, fortify the brand of the Port of Ulsan, which focuses on exports and imports, and enhance recognition of the port. We have set as mid-term marketing vision the "Construction of liquid cargo hub port in Northeast Asia" through the attraction of liquid logistics, including 3 marketing strategies and 8 strategic tasks. We also have devised action plans by establishing annual action plans by strategic task. As for the direction of global marketing activity to attract liquid

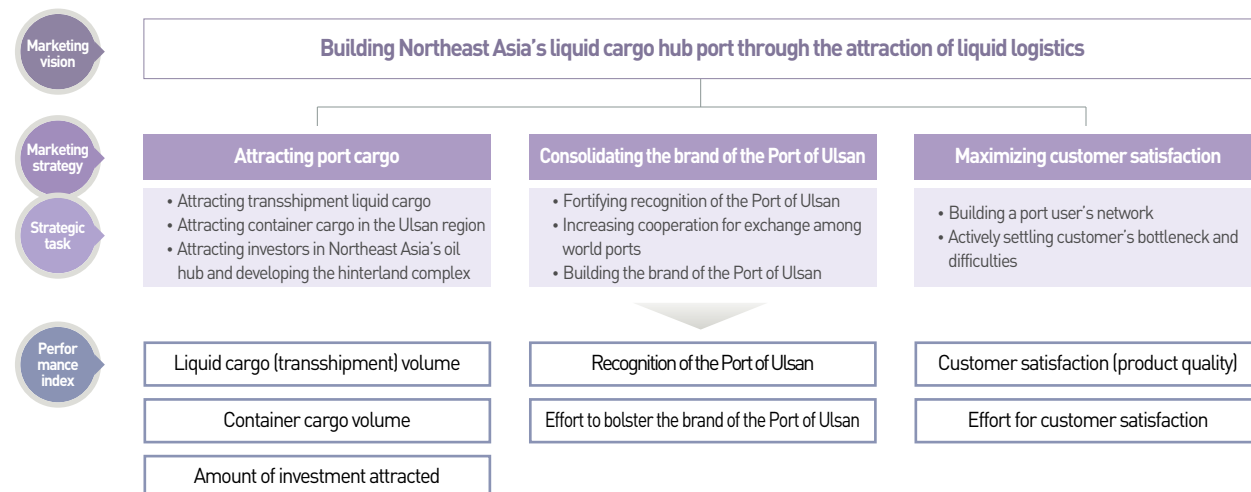
cargo for UPA, crude oil transported through ESPO (Eastern Siberia-Pacific Ocean Oil Pipeline) from Russia will be actively attracted to the Port of Ulsan. We will make our utmost efforts to invigorate marketing activities to develop our port as one benefitting from handling energy logistics by proactively participating in the development of the North Pole Route, as route development looms.

Results of Marketing Activities

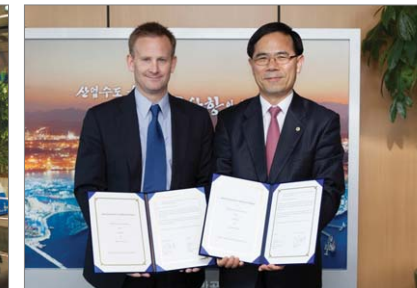
Marketing Activities to Strengthen Investment Attraction

UPA is in charge of the Infrastructure facilities of Northeast Asia's oil hub, with Korea National Oil Corporation (KNOC) handling Northeast Asia oil hub terminal facilities (tanks and pipes). Therefore, KNOC actually organizes the attraction of oil hub project investments, but UPA is making marketing efforts targeting global liquid cargo corporations to ensure the success of the oil hub project. UPA visits the HQ and Asian branches of tank terminal companies located in the Port of Ulsan, hold presentations on the Northeast Asia's oil hub project, and invites investment. By visiting the Asian branches of global tank terminal operators Vopak and

● Marketing Vision and Strategy



Visit to Rotterdam, Netherlands



Signing an MOU for investment attraction with Odfjell



Establishing sisterhood relations with Ningbo Port, China

Odfjell, we explained the circumstances of the Port of Ulsan according to the building of Northeast Asia's oil hub, asked their investments, and listened to their bottlenecks and difficulties. In the case of Vopak, we also visited its HQ in the Netherlands, and carried out marketing activities. As a result, we signed an MOU for the attraction of investment- including expansion of tank terminal and input of large-scale ships-with Odfjell in March 2012.

Marketing Activities to Secure Cargo

The Port of Ulsan's export/import cargo consists of more than 80% of liquid cargo such as crude oil, petroleum products, and chemicals. Attracting new cargo was a difficult task in view of the features of liquid cargo, but we carry out marketing by establishing an attraction plan for liquid transshipment cargo. UPA has carried out target marketing for the Ulsan Port in Japan to attract liquid transshipment cargo. We held a business presentation on the Port of Ulsan in Tokyo, Japan, with some 70 Japanese business people in attendance including manufacturers and logistics firms. Through the presentation, we enhanced recognition of the Port of Ulsan and introduced the hinterland complex development of the Port of Ulsan. We have endeavored to create new cargo volume through the origin destination (OD) analysis of cargo volume by cargo type and cargo owner for liquid cargo.

● Mid- and Long-term Marketing Strategies



Building a Cooperative System with Stakeholders

By building a cooperative system with various stakeholders related to the Port of Ulsan, UPA pursues win-win growth through win-win cooperation.

Win-Win Cooperation with Port Stakeholders

UPA conducts diverse activities to foster the Port of Ulsan as a first-class liquid cargo hub port by sharing port values, enhancing mutual understanding, cooperating, and consolidating customer satisfaction services through the establishment of direct and indirect cooperative relations with stakeholders. We have selected customer satisfaction as a strategic task for sustainability management, based on the CEO's solid commitment to customer satisfaction management. We actually execute the strategies we have established for increasing cooperation with port stakeholders to carry out such strategic task. We actually manage value delivery and customers intensively by type, including comprehensive bodies related to the Port of Ulsan, shipping companies, cargo owners, and port facilities lessees.

Activities for Cooperation with Stakeholders and Results

Consolidating Ties with Port Stakeholders

UPA has cyclically carried out meetings with port users by customer type to listen to difficulties in their logistics activities, including communication activation with port stakeholders, sharing of policy direction, and value delivery, and reflected them on port operation. We have also solved user inconveniences

through the timely repair/reinforcement construction of port facilities, installation of convenience facilities (toilets, parking lot, seamen's lounge), operation of automatic call receipt conversion for service improvement in receiving telephone calls, and structure improvement of the civil service center.

Win-Win through Cooperative Businesses with Port Stakeholders

So far, despite the need for the urgent introduction of new port loading/unloading equipment, loading/unloading companies could not invest in new equipment due to the high prices of the equipment and burden of new borrowings. Thus, UPA has implemented the fund assistance project for port loading/unloading equipment modernization to cut down the interest of borrowings in part. We operate the project systematically by selecting the companies to be assisted and establishing a plan to manage the project. With improved cargo handling competency through the introduction of state-of-the-art equipment, a synergy effect between sea and land transportations has been created, and the effects of reducing the ship's duration of stay in the port and demurrage rate have been demonstrated. In this manner, we contribute to easing loading/unloading companies' burden and enhancing the port's productivity and competitiveness.

Amount of Yearly Budget Support and Support Details of the Korea Port Training Institute		
2010	2011	2012
KRW 100 million	KRW 100 million	KRW 80 million
Video production related to loading/unloading safety, purchase of bus for training	Development of loading/unloading safety program, lecture room repair	Manufacture of excavator for training, production of loading/unloading safety manual

Consolidating Port Users' Capabilities and Supporting the Prevention of Various Safety Accidents

UPA offers opportunities for free training to people engaged in port work based on budgetary support from the Korea Port Training Institute. We not only foster and supply personnel specializing in ports; we also provide various opportunities to acquire national technical license. To prevent and reduce various port accidents, we offer programs for port accident prevention focusing on onsite workers who are vulnerable to safety accidents and help them access safety manuals and videos on/offline easily by producing them.

Improvement of the Working Environment and Welfare-Enhancing Services for Port Users

Environment Improvement within the Port

UPA encourages the construction of tentative warehouses to store dust-causing cargo in loading/unloading companies as a means of improving the deteriorating working environment and declining productivity due to dust generated from the loading/unloading of auxiliary raw materials and coal cargo within the Main Port. With the completion of those warehouses, port workers can work in a more pleasant working environment owing to the sharp reduction of dust.

Implementation of Projects of Improving Port Users' Convenience and Welfare

Since there was only one tug boat mooring place within the Port of Ulsan, stakeholders experienced inconveniences including additional towage fees owing to the long-distance movement from the Ulsan Main Port to Onsan Port and New Port for the towing of ships arriving at and departing from Onsan Port and New Port. To address this problem, we promoted the reduction of shipping companies' logistics cost by additionally constructing and completing the tug boat mooring place of the Onsan Port/New Port; we also operate the New Port tug boat sailors' resting place we have built to minimize the inconveniences of tug boat-related workers in relation to the building of the new tug boat pier. In addition, we operate one port workers' resting place we have built for port users' convenience. To address the problem of supply



Completing the seamen's lounge at the New Port Tug boat Mooring Place



Meeting with Shipping Companies' Agents



Signing the MOU for the Development of Port Loading/Unloading Work

compared to demand, we are building a new port resting place at Ulsan Port No. 5 wharf as well.

Supporting Workers for Win-Win Cooperation

UPA strives to improve the quality of labor by supporting various goods and cultural life for the enhancement of port workers' welfare through an MOU for loading/unloading work development of the Port of Ulsan. We help ease the burden of shipping and port workers with regard to their children's education and promote a stable learning environment through scholarship offering. Through the signing of an MOU, nighttime loading/unloading work is done for the ship's arrival and departure at night; thus, we offer unique, differentiated high level of port services.

Enhancing Customer Satisfaction

Based on the CEO's solid commitment to customer satisfaction management, we listen to VOCs (voices of customers) and reflect them on our management activities strategically as well as protect customers' information safety. In this manner, we are doing our very best for customer satisfaction activities.

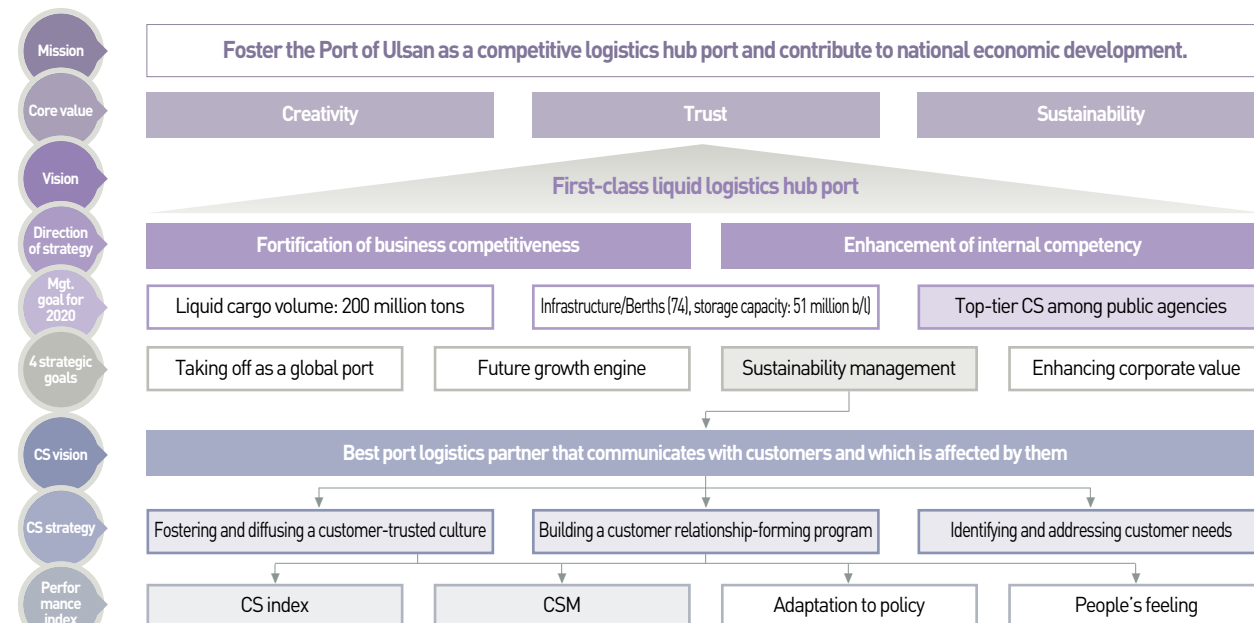
System for Customer Satisfaction Management

UPA carries out customer satisfaction management (CSM) at the enterprise level to be the best port logistics partner that communicates with customers and which is influenced by them. Based on our CEO's robust CSM leadership, our Customer Satisfaction Team supervises

CSM Process



CSM Strategy System



CS (customer satisfaction)-related business. We embody CSM by composing the CSM network and onsite moment of truth (MOT) organizations from the perspective of the growth and development of the Port of Ulsan and its users. Our CSM not only satisfies the users of the Port of Ulsan but also aims to develop the port further together with UPA and the satisfied customers.

Management of Customer Satisfaction Quality

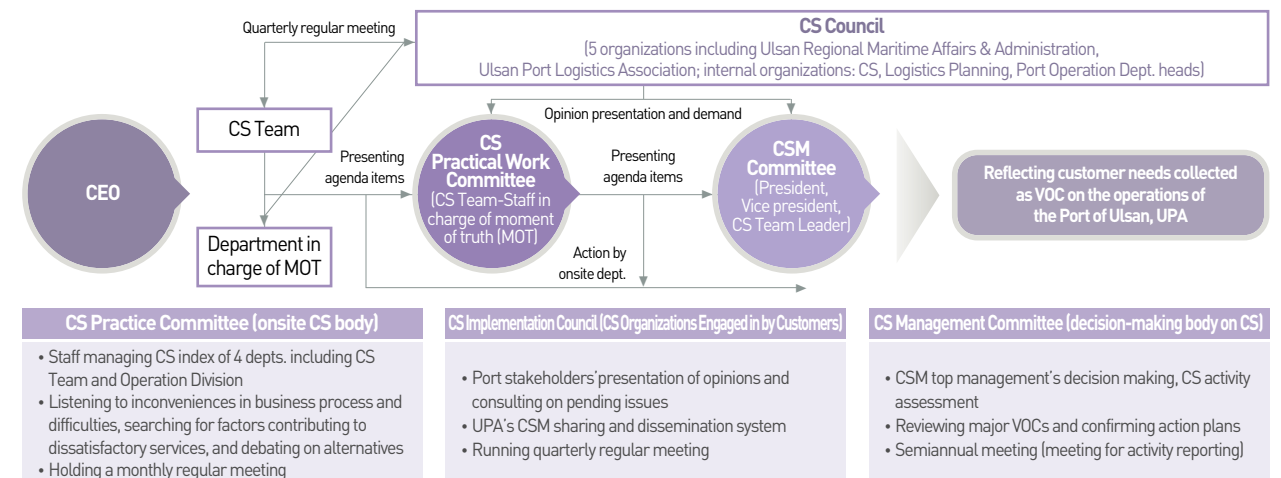
CSM Organizations and VOC Handling Process

UPA's CS management is carried out by internal organizations as well as an external advisory organization. With regard to internal organizations, we run the CS Practice Committee, a type of CS action organization, and CS Management Committee, a decision-making body. Every quarter, we convene the CS Implementation Council-consisting of user representatives of the Port of Ulsan-as an external advisory organization. UPA operates a VOC process optimized for port services and vigorously improves the quality of operation service of the port using such VOC process. Actions on VOC-collected through various channels including meetings, visits, job councils, telephone and fax, homepage, and SNS-are taken after identifying the causes via rigorous analyses. Specifically, we focus on problem solving through long-term and repetitive VOC management considering the B2B firm's feature, i.e., having no general public customers, and the port services' special attribute of having almost no change in

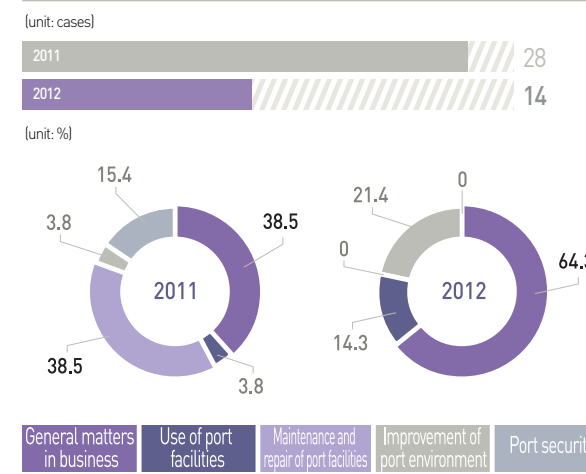
Management of CSM Index

UPA measures the quality of customer MOT services through semiannual monitoring based on customer charter and service

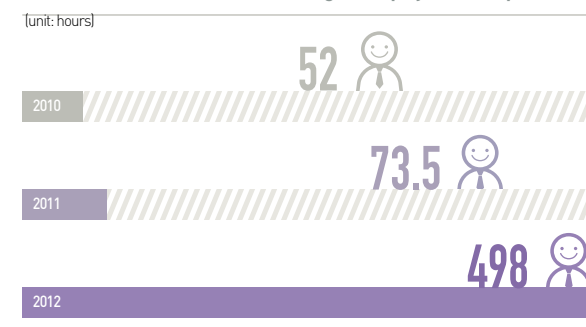
CSM Organizations and VOC Handling Process



Status of VOC



Status of Education on Consolidating All Employees' CS Capabilities



Management of CSM Index (unit: %)

	2010	2011	2012
Achievement of port operation goal thru no holidays all year round	100	100	100
Achievement of demurrage Mgt. goal	100	94.71	100
Rate of compliance with standards for civil complaints handling	98.30	96.69	100

standards and deduces matters for improvement. For customer-oriented performance management from a quality management perspective, we manage various indices including the achievement of port operation goal thru no holidays all year round, and rate of compliance with standards for civil complaints handling.

Reinforcing CSM Capability/Competency

UPA offers CS education to all employees based on annual CS plans and operates the assessment system. For the dept. in charge of CS, staff members need to complete the expert level of competency training such as CS planning, VOC management, customer experience management, and CS survey. For the dept. in charge of customer MOT, staff members need to complete the entrusted training on MOT service quality. We offer specialistic security training for the Port Security Part. We also build a CS assessment system, carry out a CS survey by organization, a survey on adaptability to policy, and a survey on peoples feeling, set a performance goal for internal satisfaction, and link' the results of these with the management assessment. We operate a compensation system for employees' voluntary engagement and increasing self-esteem.

Activities for Customer Satisfaction Management and Results

Customer Communication Channel

UPA has built a CSM system through which it can actively respond to changes in the management environment, including conversion into a semi-market type of public corporation, building of a 4-port authority system nationwide, take-off as an oil hub port, and fierce competition among liquid cargo hub ports nationwide. We vigorously enhance customer services by fortifying internal and external CS networks. We

operate a variety of customer communication channels to offer customer-desired optimal value as quickly as possible by defining the customer type and precisely identifying customer needs and preferences according to value flow.

Activities for Customer Satisfaction Management

Operating a System Exclusively in Charge of Customers

UPA actively solves its port users’ difficulties and enhances port services through the system exclusively in charge of customers; this is a form of close customer management at the enterprise level. We received various types of VOCs related to the operations of UPA and the Port of Ulsan through the system exclusively in charge of customers [one employee, one customer] up to 2010 and the system by 4 departments belonging to the Operation Division between 2011 and 2012. Actually, we have been managing the process as follows: review→ action → feedback process.

Operation of System for Open Budget Organization

We have been enhancing awareness of sharing to fulfill our responsibilities. Specifically, we operate and develop the Port of Ulsan through a system that actively reflects needs of stakeholders based on the establishment business plans and organizing budgets since 2011. We earned raves for having organized and executed the KRW 6,245 billion budget for customer needs in 17 cases, including dredging at 5 wharves of the Main Port for 2 years up to 2012 and KRW 2 billion quay construction.

Enhancing Satisfaction through Creative and Innovative Activities for Port Operation

UPA spearheads efforts to contribute to national economic development and enhance CS through the fortification of competitiveness and inducement of logistics cost savings. By building

UPA's Customer Types		
Value flow	Customer type	Example of customer
Value production	Internal customer	UPA employees
	Port developer	Wharf/Terminal construction company/Maintenance and repair company
	Outsourcing company	Outsourcing company for special security
Value delivery	Port management and operation company	Wharf/Terminal operator/Water zone tenant
Value purchase	1st-phase value purchase	Shipping company (shipping company's agent)
	2nd-value purchase	Cargo owner, simple lessee
Value linkage	People engaged in the port transportation business	Port service, goods supply, fueling to ships, container repair
Value impact	Government agency	Ministry of Oceans and Fisheries (formerly known as the Ministry of Land, Transportation, and Maritime Affairs), Maritime Affairs & Administration
	Local government	Ulsan City and affiliated agencies
	Civic organization including NGO	Environmental organization, fishermen's association
	Media/Press	Central and regional media/press

a section of the breakwater as wharf for the first time in Korea, we cut down wharf construction cost and enable smooth loading/unloading work involving liquid cargo. We actually handled 2.218 million tons of cargo from domestic ships and ocean-going vessels in 2012. By actively accommodating the requests of port users and companies located close to the port with regard to improvement of the port environment including the reduction of harmful dust, we have carried out port management and operation since 2012 based on ISO 14001.

Building an RFID Port Access System

Reflecting port users’ request for the simplification of the port access system, we built the RFID-based access system for UPA’s wharf/terminal management in 2012. Through the system, we sharply improved logistics flow and prevented security accidents by minimizing the inconveniences arising from access control and check by security guards during port access and by enabling smooth access by vehicles.

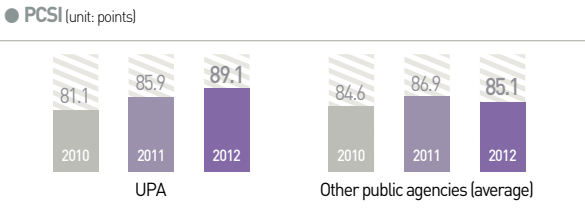
Customers’ Human Rights Protection Activities

UPA operates an officer system responsible for the code of conduct-the Clean Reporting Center-and links its banner zone with ACR’s banner to protect customers’ human rights and listen to and solve problems. We have not received human rights complaints from customers over the last 3 years.

Customer Satisfaction Assessment

Based on the Act on the Public Agency’s Operation, we conducted a CS survey among customers aged between 20 and 64 years and who had experienced port facility services use, port facilities rental, and port security services with UPA at least once within the recent one year. UPA’s PCSI [public service satisfaction index] score continually rose for 3 years from 2010 to 2012, thanks to activities for customer service enhancement through company-wide efforts for CSM embodiment.

Customer Communication Channel				
Category	Implementation period	Object	Collection method	
face to face interview	As necessary	External customers	Immediately handle by monitoring of the staff in charge	
CS survey	UPA, local government	Annually	External customers	Questionnaire survey by external specialistic monitoring
	government	Annually	External customers	Execution as per the Act on the Management of Public Institutions
Meeting and seminar	All year round	External customers	Customer opinion collection by face-to-face interview between the staff in charge and several people	
Customer monitoring	Once a quarter	External customers	Holding the CS Council, listening to customer's opinion, and consulting	
UPA's homepage	All year round	Citizens	Clean reporting, clean consulting, message board	
SNS	All year round	Citizens	Listening to voices of potential customers through Twitter and Facebook	



Customer Information Protection and Information Security

Activities for Strengthening Personal Information Protection

ICT services are offered in diverse sectors of society alongside the rapid development of digitalization society. In such process, dependence on personal information and its utilization are gradually growing. As the need for collection and use of personal information rises in keeping with the advancement of digitalization society, the risk on people’s privacy breach is also on the rise due to excessive personal information collection and abuse. In this regard, we are fully prepared against personal information violation incidents by analyzing beforehand the impacts on privacy by businesses related to personal information handling, establishing measures for improvement, and performing an assessment of personal information impact and subsequently reflecting the assessment results on the actual business.

As such, we have conducted privacy impact assessment to find out the risk of personal information breach in advance, prevent errors in building and operating the information system, and establish effective measures. We strive to prevent accidents of personal information violation in advance by devising a privacy protection system as well as protection actions in each stage of personal information handling, by reorganizing privacy protection organizations in keeping with the improvement plan deduced based on the impact assessment.

Activities for Fortifying Technical Security to Prevent Cyber Accidents

UPA has physically divided the Internet network and intranet through net division to prevent cyber accidents in advance. Physical network division involves separately building the external network and internal network. We can directly see the divided status, thanks to secured visibility through physical network division; we can also ensure systematic safety. Through this, we have laid the foundation for preventing breaches from the outside and outflow of information from the inside. By reorganizing current security solutions, we improved the security level technically.

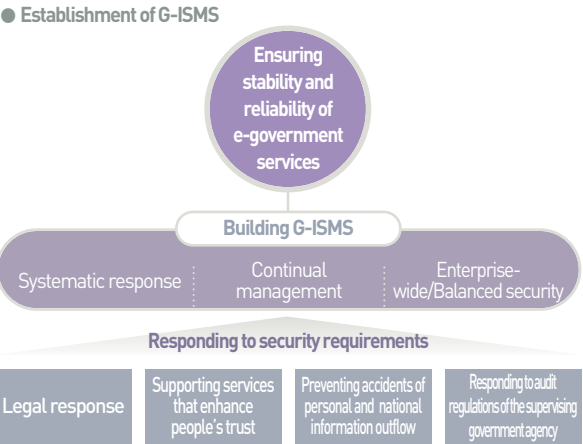
Fact-Finding Assessment of Information Security Management

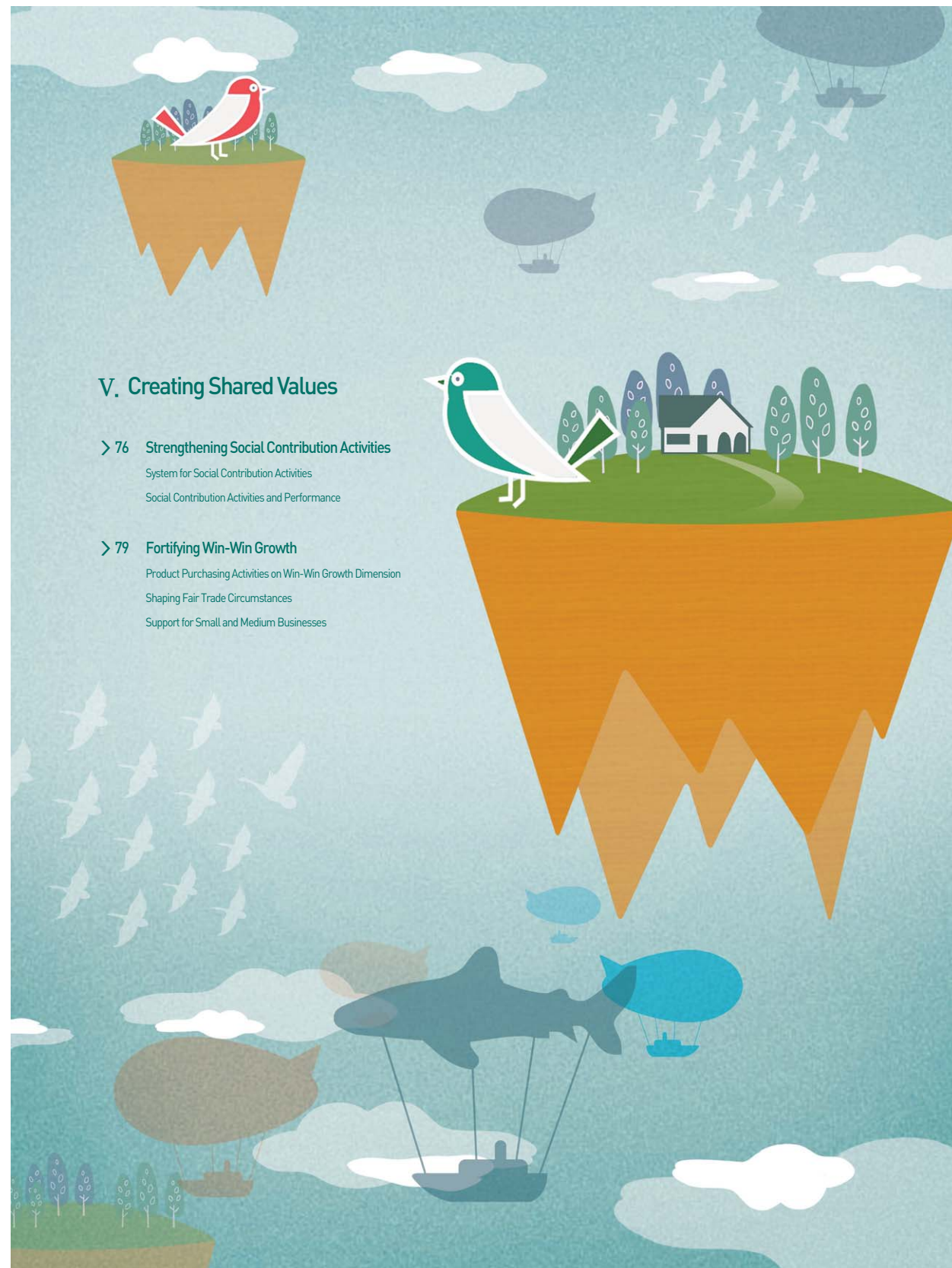
UPA has gone through fact-finding assessment of information security

management, which was organized by the National Intelligence Service in May 2013. As a result, we have been rated excellent in terms of fortification of disaster/accident recovery system, efforts to improve the security level (security point system), enactment of information security regulations and manual to respond to cyber crisis, adoption of portable security storage media management system, and separate use of the system for confidential and general uses. We plan to take actions by consulting with the National Intelligence Service and Ministry of Oceans and Fisheries regarding our areas for improvement, such as the lack of information security personnel and non-execution of training on responding to our own cyber crisis.

Activities to Improve Weak Areas in Information Security Management

UPA strives to build the G-ISMS (Government Information Security Management System) to improve weak areas in information security management. The information security management system is a comprehensive management system for an organization to respond organically to cyber violation threats and to protect its information property. G-ISMS refers to a comprehensive information security management system established according to the features of organizations such as government administrative agencies and their services. We plan to apply for G-ISMA certification, which is valid for 3 years. We should have active preventive system for violation accidents by building G-ISMS and minimize damages on e-government services. We also expect to be able to prevent the outflow of personal and national information beforehand, establish comprehensive (management, technology, physical) information security measures, and respond systematically to various legal requirements related to information security/protection. Comprehensive security benefits-through which we can embody information protection measures together with actions to ensure safety against new security threats-can be had with constant information protection management.





V. Creating Shared Values

> 76 Strengthening Social Contribution Activities

System for Social Contribution Activities
Social Contribution Activities and Performance

> 79 Fortifying Win-Win Growth

Product Purchasing Activities on Win-Win Growth Dimension
Shaping Fair Trade Circumstances
Support for Small and Medium Businesses

Sustainability Strategy

V. Creating Shared Values

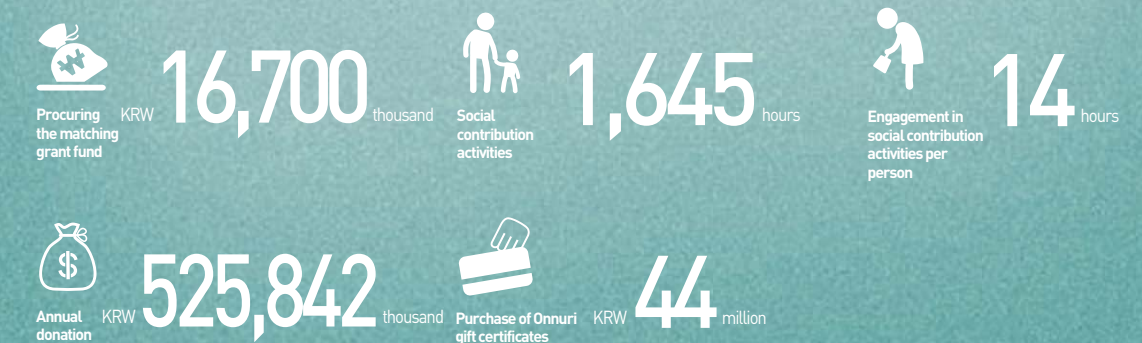
Key Strategy

UPA is doing its best to fulfill social responsibility through various partnership activities with communities and social contribution (SC) expansion. Likewise, we strive to solve bipolarism in society and integrate society by conducting activities for win-win growth. We plan to practice vigorously a corporate culture enabling the establishment of such activities in our future strategic management activities.

Key Issues

- Increased need for social responsibility and role in communities
- Communities (social contribution)
- Potential impacts on communities
- Offering employment creation opportunities
- Government's request for sustainability management to public agencies
- Responding to the need for win-win growth
- Increase of rights and roles of partner firms
- Promotion of social responsibility within the scope of corporate influence

Key Figures



Strengthening Social Contribution Activities

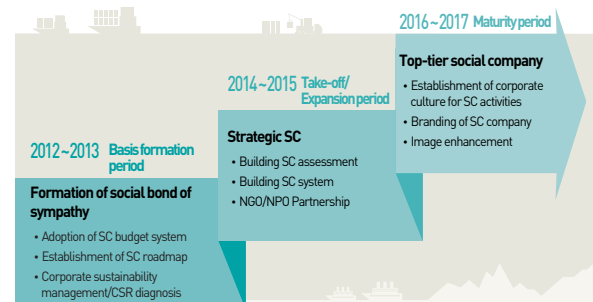
UPA carries out social contribution (SC) activities by establishing implementation strategies and system. These are in accordance with the mid- and long-term SC plans to search and operate strategic SC programs in line with UPA's establishment purpose and business areas.

Social Contribution (SC) Activities System

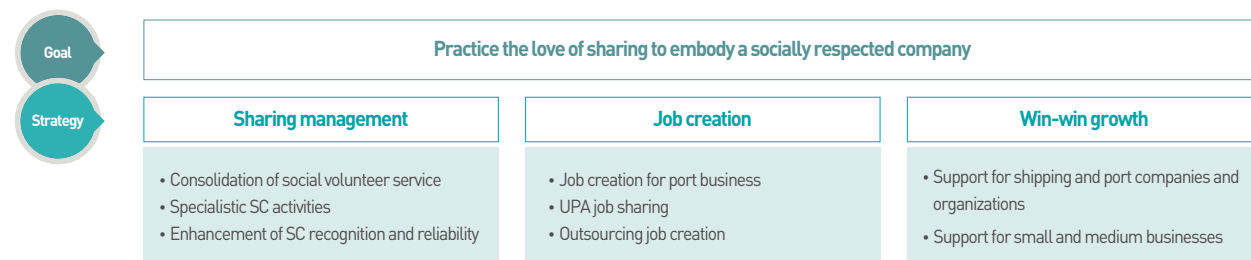
Social Contribution Strategies

UPA conducts various SC activities to spread the culture of sharing as a public agency and expands one-off money donation into activities combining donations and volunteer services. Centered on "Volunteer Service Corps to Share Love," our SC organization, the atmosphere of engagement in our employees' SC activities spreads, and a corporate culture of practicing sharing is fostered. In this manner, we strive for win-win growth and develop it further by sharing our capabilities with society. Strategies for our SC activities are established and executed considering the aspects of sharing management, job creation, and win-win growth. We cooperate with communities through various SC activities and put SC into practice together with underprivileged neighbors. We select the SC object annually through internal deliberation and review the budget of each service or project. We

● Strategies for Mid- and Long-term Social Contribution Activities



● Social Contribution Strategy



review SC strategies by operating the Social Contribution Advisory Committee and choose priorities. In this way, we receive consulting from the committee.

Social Contribution Organizations

Our SC activities are carried out through "Volunteer Service Corps to Share Love" consisting of our employees. Headed by the CEO, the corps is made up of 4 volunteer service groups such as planning, publicity, arrangement, and execution. The corps conducts SC activities at the site centered on leaders, their annual performance is analyzed, and the future direction is then set. In 2012, the corps members numbered 103 in all, and volunteer services were conducted 3 or 4 times monthly on the average.

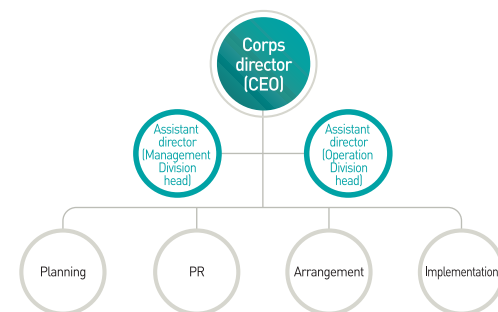
Procuring the Social Contribution Fund

SC activities are operated through a matching grant fund. The matching grant fund is a system wherein the company contributes the same ratio of donation in proportion to the fund deducted from employees' monthly salaries/wages according to the number of accounts opened voluntarily by employees. In other words, the company makes donation according to employees' donation monthly at a ratio of 1:1 and accumulates fund. We have been operating this system since 2011.

Social Contribution Activities and Performance

Aside from activities assisting the underprivileged class, and community support activities, UPA conducted various SC activities

● Volunteer Service Corps to Share Love



● Status of Matching Grant Fund (unit: KRW thousand)

2011	10,618
2012	16,700

Support for Social Contribution Activity Cost (unit: KRW thousand)

	2010	2011	2012
Alienated class	43,800	32,227	84,934
Community	8,400	39,374	111,914
Environmental preservation	6,000	18,000	-
Cultural exchange	20,500	31,500	10,000
Training support	64,870	91,763	45,916
Multicultural and social company	25,000	45,627	13,750
Hopeful nest	20,000	40,053	50,000

including environmental preservation and community supporting activities in 2012. Our employees engaged in such activities for 14 hours per person, for a total of 1,645 hours. Our activities spearhead the practice of sharing of love to embody a socially respected company and lay the foundation for sustainability management system, and they have been recognized externally. Moreover, we had the honor to be selected as the best sustainability management company in the 2013 Korea Management Awards organized and sponsored by the Korean Society of Consumer Studies, Ministry of Trade, Industry, and Energy, and Ministry of Science, ICT, & Future Planning.

Programs to Support the Underprivileged



Visiting Facilities for Severely Disabled People

Volunteer Service to Share Love with Severely Disabled People

UPA's Volunteer Corps to Share Love has provided volunteer services such as facility cleaning, meals assistance, bathing, and emotion sharing at facilities for severely disabled people (accommodating 280 severely disabled people), in commemoration of the corps' 5th anniversary. We also visited a social welfare corporation, Donghyangwon, and delivered love and smiles to neighbors suffering from difficulties in the facilities. We will constantly carry out SC activities to share hopes with the disabled in the communities.

Subsidizing the Cost of Surgery for Eyesight Recovery by Hiking on Beautiful Mountains

Some 50 employees of UPA held a beautiful mountain hiking event around the Unmunryeong Pass of Mt. Gajisan, Ulju-gun in November 2012. The event was intended to raise funds by finishing the hiking-

● Social Contribution Activity Hours (unit: hours)

Total SC activity hours	
2010	800
2011	908
2012	1,645

Engagement hours per person

2010	14
2011	14
2012	14

● Total Annual Donation (unit: KRW thousand)

2010	890,113
2011	578,230
2012	525,842



Hiking on Beautiful Mountains

with the participating employees wearing a pace counter-and to practice sharing to support alienated people. The raised funds are used to cover the cost of surgery for eyesight recovery for those who are nearly blind

through the Korean Foundation for the Prevention of Blindness. The employees' mountain hiking is not merely a rally to strengthen unity; it also helps underprivileged people by raising funds. The event becomes a model case of SC activities in the community.

Sharing Young Radish Kimchi of Love

In September 2012, we bought 5 tons of young radishes at Yaeum market and made Kimchi for the winter for the elderly living alone within the relevant region by visiting Ulsan City's Volunteer Service Center Training Center to deliver the Kimchi to our underprivileged neighbors.

Sharing Love for Elderly Living Alone



Delivering Briquettes and White Rice of Love

UPA held an event to make Kimchi for the winter for 2,500 elderly living alone and an event to deliver briquettes and white rice of love to elderly living alone and having financial difficulties but who are in the blind zone of community welfare. This way, we showed compassion to neighbors in need so that they can spend a warm winter.

Community Development Programs



Forging Sisterhood Relations Based on One Company, One Traditional Market

Establishing Sisterhood Relations for One Company, One Traditional Market

By establishing sisterhood relations for one company, one traditional market, we vigorously engage in the activation of the community economy beyond helping ordinary people. Based on sisterhood relations forged with the Merchant Association and Prosperity Association of Yaeum Market around UPA, we promote the activation of the traditional market by establishing and operating an event dubbed "Day of going to the traditional market," every quarter. We contribute to local economic development by waging a campaign of purchasing Onnuri gift certificates and goods and reinvigorating the traditional market.

Holding a Senior Citizens' Consolation Event

We have held a senior citizens' consolation event by inviting those who have financial difficulties and live alone in our community. For those senior citizens, we gave consolation performances, offered meals, and distributed long underwear. Through this event, we warmed their hearts and made them happy. We also donated KRW 14.040 million to the Ulsan Joong-gu Service Center to Support the Elderly at Home as part of the event.

Purchase and Donation of Social Companies' Products

UPA promotes social companies' reinvigoration by purchasing soap and detergents produced by Disabled Friends' Village, a social company, and donates the purchased products to welfare facilities and facilities for severely disabled people in the community. This way, we practice love of sharing.

Education Support Programs

Scholarship Support

UPA contributes to the improvement of customer satisfaction and community development by delivering scholarships each year for children of employees of shipping and port-related agencies and companies. In 2012, we gave away KRW 23 million worth of scholarships to those children. As part of the Education Mecenat campaign, we forged sisterhood relations based on one company, two schools and awarded KRW 14.92 million worth of scholarships each quarter (for 4 quarters) to the underprivileged of Sungshin High School. In 2012, based on sisterhood relations established with Jangsaengpo Elementary School, we delivered 3 PDP TVs and 20 types of rocks as

part of an education project for environmental improvement.

Sponsoring Multicultural Families in Visiting Their Motherland



Sponsoring Multicultural Families in Visiting Their Motherland

As a specialistic social contribution program, UPA plans and assists visits to their motherland by model multicultural families who live uprightly as part of Korean society. We subsidize the return ticket and sojourn cost for the people recommended by social welfare agencies to sponsor the Sungshim Hope Center and multicultural families visiting their motherland. In 2012, we showed compassion to neighbors in need by supporting the "Visit to the Home of Married Woman's Parents" by those who wish to do so but have financial difficulties.

Sponsoring the Making of Hopeful Nest



Making Hopeful Nest

Another specialistic social contribution program of UPA is sponsoring the "Making of Hopeful Nest." We do remodeling for the improvement of the residential environment for children of poor families living in an inferior residential environment based on recommendation from the Child Foundation; thus offering them a pleasant residential environment. In this manner, we contribute to fostering the independence of children and keeping their hopes and dreams alive.

Organizing the Talent Donation Volunteer Service Group and Activities

Amid the recent increase in social interest in pro bono activities, UPA carries out various talent donation activities-including knowledge sharing-beyond simple volunteer service. We organized a Talent Donation Volunteer Service Group with 9 employees in November 2012. The service group supported students' foreign language learning for 1 hour and 30 minutes every fortnight on Thursday at the study room in the alienated area. The group also donated songs while holding a senior citizens' consolation event by inviting the elderly living alone. We plan to continue the talent donation service in diverse fields such as beauty care and haircut, management/tax consulting, cultural Mecenat campaign, small visiting concert in linkage with arts organizations with which sisterhood relations were established, and national traditional music class.

Fortifying Win-Win Growth

UPA spearheads the practice of win-win growth to solve the problem of social bipolarism and realize sustainable growth and society integration.

Product Purchase on Win-Win Growth Dimension

UPA reflects the government's policy of "Purchase Execution Rate" on its departments' KPI and establishes annual public procurement plans for win-win growth with small and medium businesses (SMBs). We actively publicize preferentially purchased products including the products of SMBs and spearhead the purchase of such products. Since 2013, we have allowed special terms to be included in the contract terms and conditions regarding the purchase of green products and social company's products in case of construction contracts worth more than KRW 100 million. Through this, the other contracting party must buy green products when purchasing the goods and materials required for construction, and social companies need to purchase those green products preferentially. In this manner, we continually expand indirect purchase of SMBs' products. We have waged a campaign for sisterhood relations with traditional markets, based on which we purchase products in traditional markets to promote society-friendly value creation through win-win development by strengthening ties as a member of community, in an effort to contribute to the activation of the traditional market. We strive for the continuous purchase of those products.

Shaping Fair Trade Conditions

UPA has produced and distributed a standard contract manual. We also enforce a One-Strike-Out system targeting our employees to prevent unfair and corruption-inducing factors beforehand.

● Purchase of Onnuri Gift Certificates (unit: KRW million)



Furthermore, we restrict the bid engagement qualification of companies with corruption factors by letting all contracts stipulate special terms of the integrity contract from the bidding process. Through the consolidation of competitive bids and expansion of e-bid contracts, we quickly handle contract work and disclose the assessment results on the e-bid system. In this manner, we strive to foster a fair and transparent culture in bids, contracting, and contract performance.

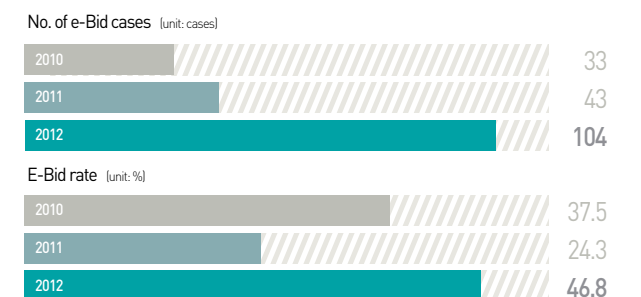
Support for Small and Medium Businesses

UPA makes advance payments of up to 70% for SMBs to secure liquidity and pays the service/goods/construction cost in full and in cash. By preventing illegal subcontracts in advance and executing the direct payment system and payment checking system, we curb cost payment delay or wage payment delay.



Presentation on the Purchase of Social Companies' Products Targeting Staff in Charge of Purchase (2013)

● No. of e-Bids and Amount





APPENDIX

- > 81 Economic, Environmental, and Social Performance
- Third-Party Assurance Statement
- Diagnosis Report on ISO 26000 Fulfillment Level
- GRI G3.1 Contents Index & ISO 26000
- Key Issues Index of Sustainability Management
- Reader's Opinion Questionnaire

Economic, Environmental, and Social Performance

Economic Performance

Summarized Financial Statements/Income Statement (unit: KRW million)

Category		2010	2011	2012
Summarized financial statements	Assets	218,246	558,445	572,078
	Current assets	40,030	35,179	29,056
	Non-current assets	178,216	523,266	543,022
	Liabilities	8,577	14,764	20,354
	Current liabilities	8,547	14,702	8,706
	Non-current liabilities	30	62	11,648
	Stockholders' equity	209,669	543,681	551,724
	Capital stock	154,499	440,488	440,488
Summarized income statement	Sales	50,433	59,117	62,862
	Rent	6,397	6,544	7,274
	Port facilities' use fee	44,035	52,573	55,588
	Sales cost	14,908	19,570	33,413
	Gross profit	35,525	39,548	29,449
	Selling and administrative expenses	8,693	9,061	11,364
	Operating profit	26,832	30,486	18,085
	Non-operating profit	1,417	1,446	1,334
	Non-operating expense	890	587	531
	Corporate income tax	6,750	7,380	4,256
	Net profit	20,609	23,965	14,632
	Gross income	51,850	60,563	64,196
	Gross expense	31,241	36,598	49,564

Status of Corporate Income Tax Payment

Category	Unit	2010	2011	2012
Corporate income tax	KRW million	6,750	7,380	4,256

Social Performance

Status of Employees

	Category	Unit	2010	2011	2012	
Status of employment	Prescribed no. of employees	people	46	45	57	
	Current no. of employees	people	100	95	103	
	No. of minority	No. of female employees (ratio)	people(%)	11(11.0)	9(9.5)	13(12.6)
		No. of female team leaders and higher (ratio)	people(%)	0	0	0
		Disabled people (ratio)	people(%)	4(4.0)	4(4.0)	3(3.1)
Status of employees by position	Executive	people	4	3	3	
	Manager level	people	10	10	11	
	Employee level	people	86	82	89	
Status of employees by age	19-29	people	12	9	14	
	30-39	people	27	27	30	
	40-49	people	29	27	27	
	50 and over	people	32	32	32	
Status of new employment and retirement	Regular position recruitment	Women	people	1	0	4
		Disabled people	people	0	0	0
		Local talents	people	2	0	3
		High school graduates	people	0	0	3
		Science and engineering graduates	people	0	0	5
	Irregular position recruitment	Total	people	3	0	13
		Interns	people	3	2	13
		Contract workers with fixed term	people	4	2	2
	Retirement and continuous service	Dispatched workers	people	1	0	0
		No. of regular retirees	people	0	0	5
		No. of voluntary retirees	people	0	1	0
		Average number of years of continuous service	- 3 years and 2 months	4 years and 2 months	4 years and 8 months	

Training of Employees

Category		Unit	2010	2011	2012
Annual training hours		hours	7,573	6,821	6,602
Training hours per person		hours	95.9	85.3	82.5
Training expense per person		KRW thousand	1,564	2,871	2,936

Welfare of Employees

Category		Unit	2010	2011	2012
Employee satisfaction		points	—	58.2	63.8
Ratio of returning to work and job retention by gender after child care leave		%	100	100	100

Health Within the Workplace

Category		Unit	2010	2011	2012
Accident occurrence		cases	0	0	0
Absence rate		%	0	0	0

Customer Satisfaction

Category		Unit	2010	2011	2012
No. of civil complaints handling		cases	105,565	28	14
Customer satisfaction of public agencies		points	81.1	85.9	89.1

※ Due to the revision of the customer charter, the difference in the no. of civil complaints handling cases in 2011 and 2012 was huge.

Ethical Management

Category		Unit	2010	2011	2012
Comprehensive integrity (in-house assessment)		points	-	9.09	8.92

※ As a miscellaneous public agency, UPA was excluded from the comprehensive integrity assessment up to 2012.

Contribution to the Community

Category		Unit	2010	2011	2012
Social contribution amount and donation		KRW thousand	890,113	578,230	525,842

Environmental Performance

Total Environmental Protection Expenditures and Investments

Category		Unit	2010/2011	2012
Environmental protection expenditure and investment		KRW 100 million	286	115

※ Of the KRW 40.1 billion environmental protection expenditure and investment from 2010 to 2012, UPA's investment was KRW 12.6 billion, and that of the private sector was KRW 27.5 billion.

Environmental Load

Category		Unit	2010	2011	2012
Greenhouse gas emissions		tCO ₂ -eq	211.8	188.8	679.34
Amount of electricity use		TJ	3,348	2,984	11,824
Amount of city gas use		TJ	-	-	0.301
Amount of diesel use		L	2,609	2,276	10,125
Amount of wastewater (sewage) discharge		ton	-	-	3,245
Amount of waterworks use		ton	-	-	3,245
Amount of direct energy use		MJ	3,348,000	2,984,000	11,824,000
Amount of indirect energy use		MJ	-	-	301,357

※ Concerning the amounts of city gas use, wastewater (sewage) discharge, and waterworks use in 2010 and 2011, we excluded them from the calculation due to difficulties arising from the use of rented buildings (construction and relocation of the UPA building in 2012).

Third-Party Assurance Statement



Assurance Statement 2012 UPA Sustainability Report as of December 31, 2012

Scope

This assurance statement has been drawn up for Ulsan Port Authority (UPA). LRQA (Lloyd's Register Quality Assurance Ltd.) has received a request for the independent assurance of the 2012 UPA sustainability report ("the report") as of December 31, 2012. This report has been drawn up based on the HQ of UPA, and the Port of Ulsan. The assurance scope of LRQA includes UPA's systems and activities during the entire and relevant period of this report.

Responsibility of Management

The management of UPA is responsible for drawing up the sustainability report and maintaining effective internal management of the data and information of the report. The responsibility of LRQA is limited to the assurance of the report through an agreement signed with UPA. This report is approved by UPA and is under the responsibility of UPA management.

Assurance Method of LRQA

Assurance by LRQA has been carried out according to the following standards:

- Type II of AA1000 Assurance Standard 2008 (AA1000AS)
- The assurance purpose of the sustainability report guidelines (GRI G3.1, 2011) of GRI (Global Reporting Initiative) is as follows:
- To check compliance with the principles of inclusivity, materiality, and responsiveness of AS1000AS standard and reliability of the specified sustainability management data and information
- To check whether this report meets the requirements of GRI G3.1 application level A
- To check the effectiveness of UPA's own declaration on GRI G3.1 application level A+

LRQA has deduced the assurance conclusion through the following assurance activities using a sampling method:

- We have reviewed the stakeholder engagement process, materiality issues, and relevant information of UPA.
- We have benchmarked LRQA's independent stakeholder issue analysis regarding UPA's material issues and have reviewed the sustainability reports drawn up by other corporations in the same industry.
- We have identified organizational decisions, responses, and reporting methods on the materiality issues of UPA.
- We have conducted interviews with the top management to check the use and reporting processes of sustainability management performance data within UPA's business decision-making process.
- We have done interviews with core personnel to check the processes of establishing performance index and monitoring reporting by UPA during the reporting period.
- According to the assurance agreement on the disclosed data and information in this report, we have assured the data and information management system at the HQ of UPA at 271 Jangsaengpo Gorae-ro, Nam-gu, Ulsan, Korea and have reviewed available evidentiary data.

Note 1: We have not checked all source information for preciseness and completeness.

Note 2: We have checked the economic performance indices through the assurance-targeted accounting report.

- We have checked whether stakeholders can access the sustainability management performance indices through GRI G3.1.



Guarantee Level and Materiality

The opinions specified in this assurance statement have been drawn up based on the materiality and moderate level of guarantee, according to LRQA's professional judgment.

LRQA's Opinions

As a result of the audit based on LRQA's assurance method, we did not find any reason to suspect that UPA's report breached AS1000AS principles. The following need to be noted regarding principles:

Inclusivity UPA has a process of inquiring with stakeholders and letting them engage through various operational activities. We have confirmed that UPA reflects stakeholders' issues of interest and matters on the management and decision-making process to develop a systematized engagement process and to respond to sustainability issues.

Materiality UPA has a review process to let internal and external stakeholders engage in the materiality test process and decide material issues. This report has reflected UPA's key issues in a balanced manner; the Assurance Audit Team does not know whether there were material issues that have been excluded.

Responsiveness UPA has a process of responding to the government, employees, communities, partner firms, shareholders, and investors with various methods using many important functions. We did not find any reason to suspect that the specified performance data and information are not reliable.

As a result of audits, based on LRQA's assurance method, we did not find anything that will give us reason to suspect that UPA's report does not meet GRI G3.1's application level A+.

August 13, 2013

17F Shinsong Bldg., 67 Yeoinaru-ro, Yeongdeungpo-gu, Seoul, Korea
on behalf of LRQA (Lloyd's Register Quality Assurance)

LRQA Agreement No.: SEO 6018180



Assurance Audit Team Leader
Lim Hee-jung

This document shall comply with the following conditions:

This assurance statement is valid if published together with the report mentioned in the assurance statement; partial publication is not allowed.

LRQA, its affiliated companies and subsidiaries, and their respective employees or agents are regarded as the Lloyd's Register Group individually and collectively in this clause. The Lloyd's Register Group is not liable for any loss, damage, or cost incurred by depending on the information or advice offered by this document or other methods and it has no obligation to compensate for such, except when a specific person has entered into a contract with the Lloyd's Register Group on the offering of the information or advice concerned. In this case, any responsibility or obligation shall comply with the terms and conditions specified in the contract.

Any corruption, error, or non-compliance with laws and regulations may not be detected due to the innate limitation in internal management. Internal management is not conducted continually throughout the assurance period, and assurance on internal management is undertaken based on tests. In this context, all flaws or errors existing in internal management related to the requirements specified above may not be detected through the assurance. Regarding the prediction of management assessment in the future, risks of improper processes arising may occur due to any change in terms and conditions and quality decline of the process compliance level. The internationally used English version of this document supersedes other language versions in the Lloyd's Register Group.

Diagnosis Report on ISO 26000 Fulfillment Level



■ Diagnosis Standard

The Korea Standards Association (KSA) has developed a checklist for diagnosing the level of fulfillment of social responsibility, which may diagnose the processes regarding social responsibility fulfillment and 7 core themes (organizational governance, human rights, labor practices, fair operation practices, consumer issues, community engagement, and development) under ISO 26000-an international standard for social responsibility-as part of the service for the Ministry of Knowledge Economy and Korean Agency for Technology and Standards. This diagnosis report shows the diagnosed results of UPA’s social responsibility processes and performance based on 7 core themes, according to KSA’s diagnosis checklist.

■ Scope

KSA has diagnosed the processes and fulfillment performance to realize UPA’s social responsibility. Toward this end, KSA has comprehensively considered the mid- and long-term strategies, execution activities, stakeholder engagement, and social responsibility activities of UPA.

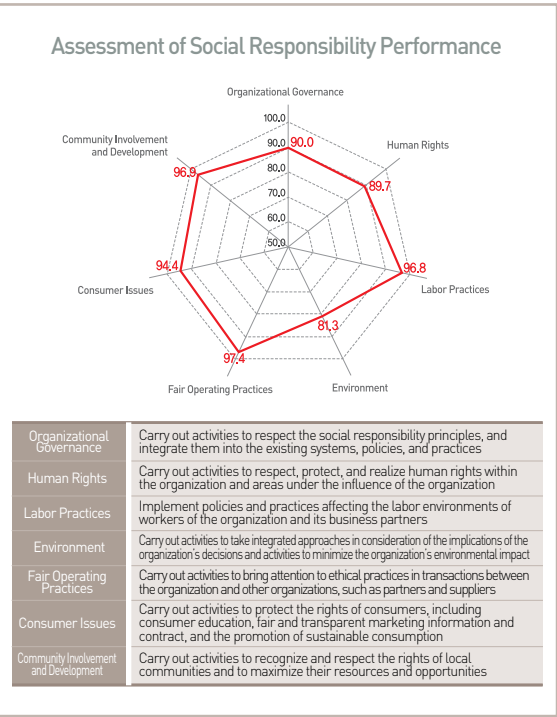
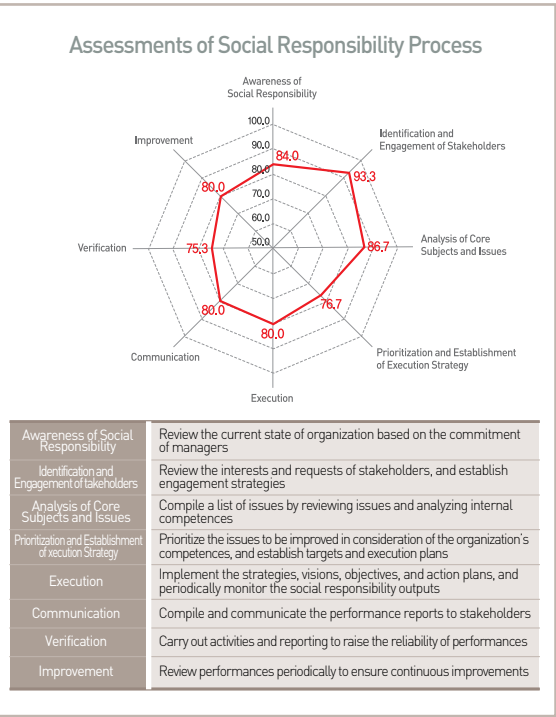
■ Method

KSA has conducted the following activities to collect relevant and proper

grounds under the diagnosis standard for ISO 26000 fulfillment level:
- Phase 1 diagnosis: Review of UPA’s internal documents including mid- and long-term strategies and management performance reports
- Phase 2 diagnosis: Interviews with the staff in charge of UPA’s social responsibility fulfillment and checking of performance documents

■ Results

Diagnosis Results by ISO 26000 Social Responsibility Process
The establishment purpose of UPA, i.e., to foster the Port of Ulsan as a competitive logistics hub port and to contribute to national economic development, is closely associated with contributing to the sustainability of the company and society and fulfillment of social responsibility through organizational operation. UPA recognizes that fulfilling its intended business including the development, management, and operation of the facilities of the Port of Ulsan is tantamount to fulfilling social responsibility by contributing to the community and national economic development. UPA solidifies the organizational commitment to social responsibility management including the first publication of the UPA sustainability report in 2013 and strengthens execution activities. Nonetheless, UPA needs to have a system that can integrate social responsibility with the management strategic system and process to fulfill social responsibility



The Korean Standards Association is a special corporate body established pursuant to the “Law on Korean Industry Standardization” enacted in 1942. As an intelligence service institution that supplies and expands industrial standardization, quality management, sustainability management, and KS/ISO accreditation to companies, KSA is also a national administrative organization for ISO 26000, a designated educational institution for GRI guidelines, an AA1000 assurance institution, and an operational institution of the Korean Sustainability Index (KSI). It is an organization that

and monitor its performance throughout the value chain. Moreover, UPA should improve the performance goal and indices for social responsibility management to embody ISO 26000’s social responsibility principles and 7 core themes. In addition, UPA needs to appoint staff in charge of cyclical monitoring, systematic execution, and management of such activities and performance.

Diagnosis Results Based on 7 Core Themes of ISO 26000
Organizational governance Social responsibility activities should be integrated into all decision making processes in overall management instead of independent management activities. UPA needs to report regularly the goal and performance of social responsibility to the decision-making body and review and use them actively for its operation-related decision making.

Human rights The policy for human respect and to eliminate discrimination is managed at the level of discrimination clauses of employment rules and code of ethics, and a grievances handling mechanism has been established. Note, however, that UPA makes passive responses to due diligence to identify, prevent, and handle human right impacts. Moreover, the grievances handling process is not actively used. We recommend that UPA build a grievances handling mechanism that is accessible through various channels, which guarantees justification and anonymity, and which is effective and useful so as to manage the impacts of UPA’s decision making on human rights.

Labor practices UPA operates programs that respect individual employees’ lives, such as fostering harmonious culture of work and life, employees’ family invitational events, and health enhancement. It also offers special lectures to manage workers’ stress by inviting external instructors. UPA’s operation of the promotion system and a program to convert contractual position into regular position for contractual workers is truly encouraging.

Environment UPA systematically carries out environmental management through ISO 14001 certification and improves it through performance inspection. It also complies with environmental laws and regulations, and no violation case has occurred. It will be more desirable if all users of the Port of Ulsan form a bond of sympathy-beyond compliance with environmental laws and regulations and policies-hroughout the organization and build a cooperative system together.

Fair operation practices Audits on anti-corruption and integrity are managed on the prevention dimension. UPA also runs the internal public interest reporting system, but its use is minimal. The right to audit anti-

corruption needs to be consolidated, and management and supervision of anti-corruption should be cyclically conducted. We recommend preparing various means including incentives to induce reporting in terms of the internal public interest reporting system.

Consumer issues UPA provides information to be disclosed-such as port use fee rate and management status-precisely and fairly through various channels. By setting up a Customer Satisfaction Team, UPA collects information on the various needs of stakeholders. It is very encouraging that UPA set up risk prevention facilities for port users in relation to port operation. We recommend that UPA build a health and safety system for users, and systematically manage it. Community engagement and development UPA cooperates with communities through various social contribution activities, such as supporting activities for the alienated class, sponsorship of multicultural families visiting their motherland, and aid in making hopeful nest, and strives to foster and establish a culture of social contribution. A system and the basis establishment are required so that strategic social contribution linked with UPA’s features can be made. UPA needs to develop various social contribution programs for local residents’ livelihood improvement and operate them constantly from the long-term perspective considering UPA’s sphere of influence.

Conclusion
As a result of the diagnosis of UPA’s ISO 26000 response level, UPA has been assessed to belong to SR level 3, having scored 232 points out of 360 as full marks in the process aspect and 548.6 points out of 640 as full marks in the performance aspect.

UPA is at the stage where recognition on social responsibility and sustainability management spreads throughout the organization. In particular, response to labor practices, environment, and consumer issues in the performance aspect was outstanding. Note, however, that the process aspect is slightly insufficient; hence the need for a process of integrating social responsibility principles and themes throughout the value chain. We hope UPA manages stakeholders’ opinions in an integrated manner by fortifying communication with the stakeholders, becoming a trusted agency through clear communication of expected matters.



August, 2013
President of the KSA
(Korean Standards Association)
Kim Chang-Ryong

김창룡

GRI G3.1 Contents Index & ISO 26000

● Reported ① Partially Reported ○ Not Reported ◇ Not Applicable

Indicator no.	Description	ISO 26000	ISO 26000 key social responsibility topic and theme	Satisfaction	Reporting section	비 고
Principle of stakeholder involvement		6.8.2	Involvement in the community	●	24-25	
Border protocol		6.6.5	Promotion of social responsibility in the value chain	●	About This Report	
Strategy and analysis						
1.1	from the most senior decision-maker of the organization (e.g. CEO, chair, or equivalent senior position) on the relevance of sustainability to the organization and its strategy	6.2	Organization governance	●	2-3	
1.2	Description of key impacts, risk and opportunities			●	2-3	
Organizational Profile						
2.1	Name of the organization	6.2	Organization governance	●	8-9	
2.2	Primary brands, products, and/or services			●	8-9	
2.3	Operational structure of the organization, including main departments, operating companies, subsidiaries, and joint venture companies			●	8-9	
2.4	Location of organization's headquarters			●	8-9	
2.5	Number of countries where the organization operates, and names of countries with either major operation or that are specifically relevant to the sustainability issues covered in the report			●	8-9	
2.6	Properties of ownership and legal form			●	8-9, 16	
2.7	Markets served (including geographic division, business sector, and types of customers/beneficiaries)			●	8-9, 13-15	
2.8	Scale of the reporting organization			●	8-9, 13-15	
2.9	Significant changes during the reporting period regarding size, structure, or ownership			●	8-9	
2.10	Awards received in the reporting period			●	8-9	
Report Parameters						
3.1	Reporting period (e.g., fiscal/calendar year)			●	About This Report	First report
3.2	Date of most recent previous report (if any)			●	—	
3.3	Reporting cycle (annual, biennial, etc.)			●	About This Report	
3.4	Contact point for questions regarding the report or its contents.			●	About This Report	
3.5	Process of defining the contents in the report			●	25	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures) Refer to the GRI boundary regulation for additional guideline.			●	About This Report	
3.7	Any specific limitations on the scope or boundary of the report			●	About This Report	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations			●	About This Report	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report			①	About This Report	Assumptions and techniques are omitted in some cases
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement			●	—	First report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report			●	—	First report
3.12	Table identifying the location of the Standard Disclosures in the report			●	88-91	
3.13	Policy and current practice with regard to seeking external assurance for the report.	7.5.3	Validation	●	About This Report, 84-85	
Governance, Commitments & Engagement						
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	6.2	Organization governance	●	16-17	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	6.2		●	16-17	
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	6.2		●	16-17	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	6.2		●	16-17	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	6.2		●	17, 44	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	6.2		●	16-17	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees (gender and other indicators of diversity	6.2		●	16-17	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	6.2		●	10-12	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	6.2		●	16-17, 18-22	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	6.2		●	16-17	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	6.2		●	18-23	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	6.2		●	9, 86-87, 88-91	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	6.2		●	9	
4.14	List of stakeholder groups engaged by the organization	6.2		●	24, 26-27	
4.15	Basis for identification and selection of stakeholders with whom to engage	6.2		●	24, 25	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	6.2		●	24, 25, 26-27	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	6.2		●	25, 92	

● Reported ① Partially Reported ○ Not Reported ◇ Not Applicable

Indicator no.	Description	ISO 26000	ISO 26000 key social responsibility topic and theme	Satisfaction	Reporting section	비 고
Economic				●	30-32	
EC1	Economic value generated and distributed (e.g. revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments)	6.8/6.8.3 /6.8.7/6.8.9	Engagement in the community and its development / Engagement in the community / Creation of wealth and profit / Social investment	●	13-15	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	6.5.5	Mitigation and adaptation of climate change	●	39	
EC3	Coverage of the organization's defined benefit plan obligations	6.4.4/6.8		●	53	
EC4	Significant financial assistance received from government			●	—	No assistance from government
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	6.4.4/6.8	Working condition and social care / Engagement in the community and development	●	43	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	6.6.6/6.8 /6.8.5/6.8.7	Promotion of social responsibility in the value chain / Engagement in the community / Job creation and function development / Creation of wealth and profit	●	79	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	6.8/6.8.5/6.8.7	Engagement in the community and its development / Engagement in the community / Creation of wealth and profit / Social investment	●	43, 82	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement	6.3.9/6.8/6.8.3 /6.8.4/6.8.5/6.8.6 /6.8.7/6.8.9	Economic, social and cultural rights / Engagement in the community and its development / Engagement in the community / Education and culture / Technology development and approaches / Creation of wealth and profit / Social investment	●	76-78	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	6.3.9/6.6.6/6.6.7 /6.7.8/6.8.5/6.8.5 /6.8.6/6.8.7/6.8.9	Economic, social and cultural rights / Promotion of social responsibility in the value chain/ Respect the property rights / Approach to vital services / Engagement in the community and its development/ job creation and function development / Technology development and approaches / Creation of wealth and profit / Social investment	●	59-60, 61, 76-78	
Environmental Performance Indicators				●	29, 35, 37, 38	
EN1	Materials used by weight or volume	6.5/6.5.4	Environment / Use of sustainable resources	●	—	No use of materials in business
EN2	Percentage of materials used that are recycled input materials			●	—	No use of materials in business
EN3	Direct energy consumption by primary energy source			●	83	
EN4	Indirect energy consumption by primary source			●	83	
EN5	Energy saved due to conservation and efficiency improvements			●	39	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives			●	39	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved			●	39	
EN8	Total water withdrawal by source			●	83	
EN9	Water sources significantly affected by withdrawal of water			●	—	No affected water source, using tap water
EN10	Percentage and total volume of water recycled and reused			●	—	No use of recycled water
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.5/6.5.6	Environment / Environmental protection, diversification and restoration of natural habitats	①	—	Assessment of affection to biodiversity by environmental effects evaluation
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas-			①	36	Assessment of affection to biodiversity by environmental effects evaluation
EN13	Habitats protected or restored -			●	—	Assessment of affection to biodiversity by environmental
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity			●	—	Assessment of affection to biodiversity by environmental effects evaluation
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk			N/A	—	Not related to business
EN16	Total direct and indirect greenhouse gas emissions by weight	6.5/6.5.5	Mitigation and adaptation of environment / Climate change	●	39, 83	
EN17	Other relevant indirect greenhouse gas emissions by weight			●	—	No other relevant indirect greenhouse gas emissions
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved			●	39	
EN19	Emissions of ozone-depleting substances by weight	6.5/6.5.3	Environment / Pollution protection	●	—	No ozone-depleting substances
EN20	NO, SO, and other significant air emissions by type and weight			●	—	No air emission facility.
EN21	Total water discharge by quality and destination			●	—	No water discharge facility
EN22	Total weight of waste by type and disposal method			①	37	Some waste is under control, but not a whole business wastes.
EN23	Total number and volume of significant spills -			●	—	No occurrence
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally			●	—	No occurrence of transported waste
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	6.5/6.5.4/6.5.6	Environment / Use of sustainable resources / Environmental protection, diversification and restoration of natural habitats	●	36	No affected water bodies, in comply with legal discharge standard

2012 UPA Sustainability Report 90	Indicator no.	Description	ISO 26000	ISO 26000 key social responsibility topic and theme	Satisfaction	Reporting section	비 고
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	6.5/6.5.4/6.6.6/6.7.5	Environment / Use of sustainable resources / Promotion of social responsibility in the value chain / Sustainable consumption	●	35-37, 38-39	
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	6.5/6.5.4/6.7.5	Environment / Use of sustainable resources / Sustainable consumption	●	—	Low relevance to business
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations - No violations	6.5	Environment	●	—	No violation
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	6.5/6.5.4/6.6.6	Environment / Use of sustainable resources / Promotion of social responsibility in the value chain	●	—	Low relevance to business
	EN30	Total environmental protection expenditures and investments by type	6.5	Environment	●	36-37, 83	
Social : Labor Practices & Decent Work					●	41, 42-45	
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	6.4/6.4.3	Custom of labor relations / Employment and employment relationships	●	43, 82		
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region			●	43, 82		
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	6.4/6.4.3/6.4.4	Custom of labor relations / Employment and employment relationships / Working condition and social protection	●	43, 53		
LA4	Percentage of employees covered by collective bargaining agreements	6.4/6.4.3/6.4.4 /6.4.5/6.3.10	Custom of labor relations / Employment and employment relationships / Working condition and social protection / Social communication / Basic principle and right of labor	●	44		
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	6.4/6.4.3/6.4.4/6.4.5	Custom of labor relations / Employment and employment relationships / Working condition and social protection / Social communication	●	—	Prior agreement with labor and union, but it's not noticed in collective agreements,	
LA6	Percentage of total workforce represented in formal joint management – worker health and safety committees			●	53		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	6.4/6.4.6	Custom of labor relations / Health and safety of labor	●	83		
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	6.4/6.4.6/6.8 /6.8.3/6.8.4/6.8.8	Custom of labor relations / Health and safety of labor / Involvement in the community and development / Involvement in the community / Education and culture / Health	●	53, 77		
LA9	Health and safety topics covered in formal agreements with trade unions	6.4/6.4.6	Custom of labor relations / Health and safety of labor	●	53		
LA10	Average hours of training per year per employee by gender, and by employee category	6.4/6.4.7	Custom of labor relations / Human development and training at the work place	●	47, 82		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	6.4/6.4.7/6.8.5	Custom of labor relations / Human development and training at the work place/ Job creation and function development	⓪	47-48		
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	6.4/6.4.7	Custom of labor relations/ Human development and training at the work place	●	44	Performance based HR management to all employees	
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	6.3.7/6.3.10/6.4 /6.4.3	Discrimination and vulnerable group / Basic principle and right of labor / Custom of labor relations / Employment and employment relationships / Working condition and social communication	●	43, 82		
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	6.3.7/6.3.10/6.4 /6.4.3/6.4.4	Prohibition on discrimination for vulnerable group / Guarantee the rights of economy, social and culture for company and members in the community	●	43	No discrimination of basic salary and remuneration by genders	
LA15	Return to work and retention rates after parental leave, by gender		Discrimination and vulnerable group / Basic principle and right of labor / Custom of labor relations / Employment and employment relationships	●	82		
Human Rights					●	42, 45	
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	6.3/6.3.3/6.3.5 /6.6.6	Human rights / Actual inspection / Evasion of conspiracy / Promotion of social responsibility in the value chain	●	—	While there is no human rights assessment, restrict joining a bid of potential corruption corporate	
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken	6.3/6.3.3/6.3.5 /6.4.3/6.6.6	Human rights / Actual inspection / Evasion of conspiracy / Employment and employment relationships / Promotion of social responsibility in the value chain	●	—	There is no human rights assessment	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	6.3/6.3.5	Human rights/ Evasion of conspiracy	●	45		
HR4	Total number of incidents of discrimination and corrective actions taken	6.3/6.3.6/6.3.7 /6.3.10/6.4.3	Human rights / Ombudsman / Discrimination and vulnerable group / Basic principle and right of labor / Employment and employment relationships	●	—	No discrimination	
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	6.3/6.3.3/6.3.4/ 6.3.5/6.3.8/6.3.10/ 6.4.3/6.4.5	Human rights / Actual inspection / Human rights in danger / Citizenship and political rights / Basic principle and right of labor / Employment and employment relationships / Social communication	●	44-45	Guarantee freedom of assembly labor union and freedom of association	
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor - No risk of child labor	6.3/6.3.3/6.3.4	Human rights / Actual inspection / Human rights in danger / Evasion of conspiracy / Discrimination and vulnerable group / Basic principle and right of labor / Employment and employment relationships / Social communication	●	42	No risk for incidents of child labor	
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor- No forced or compulsory labor	6.3.5/6.3.7 /6.3.10	Human rights / Evasion of conspiracy / Employment and employment relationships / Promotion of social responsibility in the value chain	●	42	No risk for incidents of forced labor	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	6.3/6.3.5/6.4.3/6.6.6	Human rights / Ombudsman / Discrimination and vulnerable group / Basic principle and right of labor / Employment and employment relationships	●	42	Operate security guard	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken - No violations	6.3/6.3.6/6.3.7 /6.3.8/6.6.7	Human rights / Ombudsman / Discrimination and vulnerable group / Citizenship and political rights / Respect the property rights	●	—	No operation site with significant potential or actual negative impacts on local communities	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments		Actual inspection / Human rights in danger	●	—	No human rights assessment	
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms		Ombudsman	●	—	No human rights related grievance	

● Reported Partially Reported ○ Not Reported ◇ Not Applicable						
Indicator no.	Description	ISO 26000	ISO 26000 key social responsibility	topic and theme	Satisfaction	비 고
Society				●	49	
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	6.3.9/6.8/6.8.5 /6.8.7/6.6.7	Economic, social and cultural rights / Community engagement and development / Job creation and function development / Creation and wealth and profit / Respect the property right	●	59-60, 61	
S02	Percentage and total number of business units analyzed for risks related to corruption			●	49-52, 79	Not counted
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	6.6/6.6.3	Fair operating practices / Anti-corruption	●	51	
S04	Actions taken in response to incidents of corruption			●	49-52	
S05	Public policy positions and participation in public policy development and lobbying	6.6/6.6.4/6.8.3	Fair operating practices / Responsible political engagement / Community engagement	●	8-9, 59-60, 61	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country			●	—	No contribution to political parties
S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	6.6/6.6.5/6.6.7	Fair operating practices / Fair competition / Respect the property right	●	—	No legal action
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	6.6/6.6.7/6.8.7	Fair operating practices / Respect the property right / Creation of wealth and profit	●	—	No violation
S09	Operations with significant potential or actual negative impacts on local communities		Community engagement and development	●	35-37	
S10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities		Community engagement and development	●	35-37	
Product Responsibility				●	65, 66, 70-71	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures	6.3.9/6.6.6/6.7 /6.7.4/6.7.5	Economic, social and cultural rights / Promotion of social responsibility in the value chain / Consumer issue / Protection of consumer's health and safety / Sustainable consumption	●	62-63	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes-			●	—	No occurrence
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	6.7/6.7.3/6.7.4 /6.7.5	Consumer issue / fair marketing, realistic and unbiased information and fair contract practice / protection of consumer's health and safety / sustainable consumption/ support and resolution of complaint and conflict / improvement of education and awareness	●	33-34	Detail information related to service is offered via website.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	6.7.6/6.7.9		●	—	No violation of regulation related to offering service information
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	6.7/6.7.4/6.7.5/6.7.6 /6.7.8/6.7.9	Consumer issue / protection of consumer's health and safety / sustainable consumption / consumer service, support and resolution of complaint and conflict / Approach to required service / improvement of education and awareness	●	70-73, 83	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	6.7/6.7.3/6.7.6 /6.7.9	Consumer issue / fair marketing, realistic and unbiased information and fair contract practice / consumer service, support and resolution of complaint and conflict / improvement of education and awareness	●	49	All marketing communication related activities of UPA are operated fairly and transparently based on ethic integrity management
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes- No violations			●	—	No violation occurred
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7/6.7.7	Consumer issue / Protection of data and privacy	●	—	No occurrence occurred
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	6.7/6.7.6	Consumer issue / Consumer service and support; solution to the complaint and dispute	●	—	No fine

※ Declaration of GRI G3.1 Application Level

UPA has drawn up this report according to GRI G3.1, the international guidelines for drawing up sustainability reports. It declares that the report meets the A+ level from the application level aspect.



Material Issues Index of Sustainability Management

The core issues of sustainability management as deduced through the materiality test process are described in the relevant pages of the report.

Rank	Issue	Pages
1	Increased need for social responsibility and role in the community	76-78
2	Globalization of port logistics	66-67
3	Increase in safety needs of products and services (improvement of service quality)	56-58, 62-63
4	Fierce competition (rapid growth of Chinese ports, logistics port competition in Northeast Asia)	33-34
5	Increase in demand for companies' transparency	49-52
6	Increase of consumers valuing health, eco-friendliness, and society-friendliness	70-73
7	Fostering an eco-friendly port	35-37
8	Community (social contribution)	76-78
9	Consolidation of win-win growth needs	79
10	Diversification of customer needs	70-73
11	Government's demand for sustainability management to public agencies	76-78
12	Increase of trade volume in Southeast Asia	66-67
13	Economic performance (liquid cargo volume, no. of ships arriving at the port)	13-15, 30-32
14	Employment (gender, new and temporary positions)	42-46
15	Increase in needs for employee welfare and right (balance between work and life)	53
16	Expanding the development of ports	56-58
17	Increasing importance of the rights and role of partner firms	79
18	Employee diversity and equal opportunity	53
19	Potential impact on the community	76-78
20	Automation/Advancement of logistics	56-58
21	Corporate management's transparency consolidation	49-52
22	Promotion of social responsibility within the corporate influence scope	79
23	Health and safety at the workplace	53
24	Fortifying environmental regulations	35-37, 38-39
25	Education/Training of employees	47-48
26	Offering employment creation opportunities	76-78
27	Stakeholder engagement and reflection of opinions	24-27, 68-69
28	Environmental impacts of products and services	38-39
29	Diffusion of sustainability management recognition	47-48
30	Prohibition of discrimination (contract relations, treatment of weak groups)	53
31	Energy use and greenhouse gas emissions	38-39
32	Improvement in civil complaints related to human rights (grievance handling)	70-73
33	Labor-management relations	42-46

Cut

Reader's Opinion Questionnaire

UPA welcomes the opinions of our stakeholders on the 2012 UPA sustainability report. Please fill out the following form regarding your opinions on the report and send it via mail, e-mail, or fax. Your opinions will be actively reflected on our sustainability management activities and the sustainability report to be published in the future.

Q 1. In which category do you belong?

☐ Employee ☐ Customer ☐ Government ☐ Local government ☐ Port-related association and organization
☐ Partner firm ☐ Industry sector ☐ Academe ☐ Press and media ☐ Community and local resident ☐ Civic and social organization like NGO ☐ Expert in sustainability management ☐ Others ()

Q 2. What is your main area of interest? (Multiple answers allowed)

☐ About UPA ☐ Vision and Strategy ☐ Creating Economic Value ☐ Governance ☐ Risk Management
☐ Fostering a High Value-Added Port ☐ Fortifying HR Competencies ☐ Securing Future Growth Engines
☐ Realization of Customer Impression ☐ Creating Shared Values ☐ Others ()

Q 3. Assess the completeness of this report's content and the usefulness of information.

	Very good	Good	Fair	Not good	Not very good
About UPA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vision and Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Creating Economic Value	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Governance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fostering a High Value-Added Port	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fortifying HR Competencies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Securing Future Growth Engines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Realization of Customer Impression	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Creating Shared Values	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q 4. Please give your overall assessment on this report.

	Very good	Good	Fair	Not good	Not very good
Design is good, and print type is helpful in understanding the report (legibility).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I trust the content of the report (trust).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Material issues are sufficiently explained (materiality).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The content and terms used are clear and easy to understand (clarity).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q 5. Has this report aided in your understanding of UPA's sustainability management activities?

☐ Very good ☐ Good ☐ Fair ☐ Not good ☐ Not very good

Q 6. Please give your opinions on the sustainability management activities of UPA.
