This report has been printed on eco-friendly paper with soy ink.
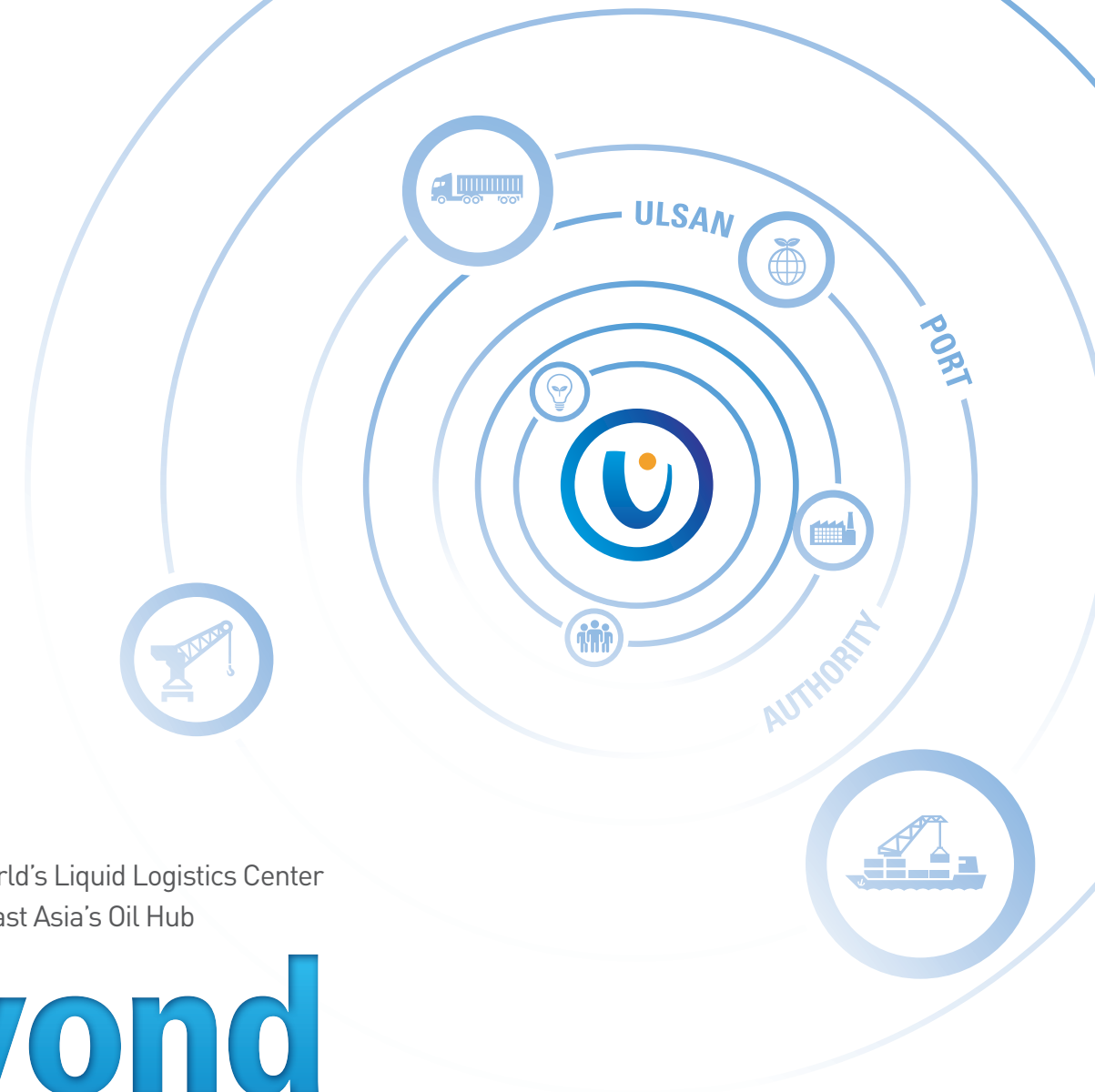
March toward the World's Liquid Logistics Center
beyond being Northeast Asia's Oil Hub

Beyond Oil Hub

UPA Sustainability Report 2013

ULSAN PORT AUTHORITY

UPA
ULSAN PORT AUTHORITY

UPA
ULSAN PORT AUTHORITY

ABOUT THIS REPORT

Features of This Report

This is the second sustainability report published by Ulsan Port Authority (UPA). UPA fulfills its social responsibility as a corporate citizen. It publishes its sustainability report annually to share with all of its stakeholders its economic, social, and environmental sustainability management efforts and performance as well as future activities as a responsible corporate entity in the most transparent manner possible. It published its inaugural sustainability report in September 2013 under the title "2012 Ulsan Port Authority Sustainability Report."

Standards for Drawing up This Report

This report has been drawn up in accordance with GRI G4 Guidelines – Core option as the international standards for sustainability reporting. It has also reflected ISO26000 as the international standards for social responsibility.

Reporting Period, Scope and Boundaries

This report is based on the data of UPA regarding its sustainability management activities from January through December 2013. Some activities that were conducted in the first half of 2014 were included in the report when we deemed such to be significant. This report discloses data for three years from 2011 when deemed necessary for stakeholders to understand better the trends of UPA's quantitative performance over a longer period of time. Currency and other measurement units are properly indicated in the report. We have set boundaries taking into account the impacts of each material aspect on the entire value chain.

Changes over the Previous Year

This report includes some information on UPA including its performance that has not changed since the last reporting period, to help readers understand UPA and its efforts more easily. There are no notable changes in the report scope and boundaries between the previous report and this one. Neither have there been significant changes in the organization's size, structure, assets, and supply chain.

Assurance

The reported details have undergone final checking by internal working-level staff, and the details also 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 complies with GRI's G4 Guidelines – Core option. See the appendix of this report for the third-party assurance statement.

Additional Information and Feedback on this Report

This report has been published in Korean and English. Its digital copy is available at the UPA website (http://www.upa.or.kr), which also includes some additional information on UPA's sustainability efforts. For your input on this report, kindly use the questionnaire at the end of this report or contact us at the following address:

www.upa.or.kr

271 Jangsaengpo Gorae-ro, Nam-gu, Ulsan, Korea 680-050

T. 052-228-5343   **F.** 052-228-5349   **E-mail.** shbae@upa.or.kr

Strategic Planning Department, Ulsan Port Authority

First-class Liquid Logistics Hub Port

ULSAN PORT AUTHORITY

Beyond Oil Hub

UPA Sustainability Report 2013

Cover Image

'Beyond Oil Hub'

The core circle signifies UPA's ambition to become the "HUB" of global liquid logistics.
Other various icons depict its main missions and visions together with its hardworking employees.
March toward becoming the World's Liquid Logistics Center beyond being Northeast Asia's Oil Hub

CONTENTS

Beyond Oil Hub!

Ulsan Port Authority (UPA) strives to help Port of Ulsan grow into the world's
liquid logistics center beyond being Northeast Asia's oil hub.

Dear stakeholders of UPA,
We at UPA are deeply grateful for the care and support you have shown the port of Ulsan and UPA. We are pleased to publish this second sustainability report to share with all of you our economic, social, and environmental activities and performances in 2013.

Overall, the year 2013 saw slower-than-expected economic recovery across the world largely due to Europe's protracted economic doldrums and China's less than impressive economic performance. Combined with the emergence of new competitors in the area of petrochemicals, the port of Ulsan suffered a 3.7% year-to-year decline in cargo volume, posting a total of 191 million tons in 2013. However, in 2013, UPA filed a surplus for the seventh consecutive year since its establishment in 2007 as a result of its best efforts to continue to make substantial improvements in its operation.

The year 2013 marked the 50th anniversary of the port of Ulsan. UPA helped host a variety of celebratory events, taking the occasion to declare "The Port of Ulsan Vision 2030" in a bid to publicize the value of the port for the national economy. To grow into the world's liquid logistics center beyond being Northeast Asia's oil hub while fulfilling its corporate social responsibilities through sustainability management practices, UPA focused its resources on five priorities - such as securing new growth engines, environment and safety, enhancing its internal competencies, and fulfilling its CSR more impressively - in 2013.

First,
UPA launched the Northeast Asian Oil Hub Project as a new growth driver.
As one of the new growth engines not only for the port of Ulsan but for the entire nation, the Northeast Asian Oil Hub Project will enable the port of Ulsan to be equipped with the entire range of infrastructure for oil logistics including oil storage, transport, and financing. It is recognized as one of the country's key projects matching the criteria for "creative economy" for its potential to create high values. Guided by the "Government 3.0" principle, the project is being promoted in partnership with Korea Nationa l Oil Corporation and central government. It kicked off on November 27, 2013 with the attendance of the country's president. It is now proceeding as scheduled.

Second,
UPA made the port cleaner through innovative measures to reduce scattered dust.
Although imported auxiliary raw materials of animal feed are critical for the country's stock raisers, they have been a chronic environmental problem for the port. UPA analyzed the causes of generation of scattered dust at the port by different cargo handling processes. In 2013, it built a total of 12 warehouses exclusive for auxiliary raw materials so that all of them are stored indoors. For the scattered dust produced during the unloading processes, it developed - in partnership with the relevant port organizations - an eco-friendly hopper that reduces scattered dust by as much as 80%. These measures improved the environment of the port of Ulsan remarkably.

Third,

UPA made significant advancement toward becoming a safe port with a remarkable reduction in safety accidents.

Loading/unloading accidents ultimately erode a cargo handling capacity of a port. UPA took various actions to prevent safety accidents during the loading/unloading processes. Most notably, it published different safety manuals by cargo type for the first time in Korea. Likewise, through more practical safety education, it reduced the number of loading/unloading accidents in 2013. UPA spends KRW 4 billion every year on the safety enhancement of port facilities including regular inspections and immediate repair work. Starting in 2014, it will implement the earthquake-resistant structure reinforcement project to make the port even safer.

Fourth,

UPA made notable advancement in its pursuit of qualitative growth in 2013 through companywide efforts to improve its management practices.

The legal status of UPA changed from a miscellaneous public agency to a quasi-market-based SOEs(State-Owned Enterprises) among public agencies on January 31, 2013. It was challenged to make improvements in the whole range of its management practices. UPA faced the challenge head-on. It has obtained the Best HRD (Best Human Resources Developer) certificate for streamlining its HR policies and practices in areas such as hiring, education and training, performance evaluation, and remuneration. In addition, it implemented flexible working hours so that employees could maintain work-family balance while fostering a family-oriented corporate culture. UPA also reinforced cooperative relations with its labor union through various interactive communication channels including "Labor-Management Joint Innovation Workshop." The central government is pushing for reforms in public companies. At UPA, labor and management join forces to eliminate any and all wasteful management practices on a voluntary basis.

Fifth,

UPA did its best to fulfill its social responsibility as one of the highly trusted public companies in the country.

In an effort to realize win-win growth with all its various stakeholders, UPA implemented shared growth, transparent management, and social contributions. In the area of shared growth, UPA implemented electronic bids for all of its new contracts and incorporated a special no-corruption clause into its contracts to root out unfair transactions at the source. UPA also increased the proportion of purchase from social enterprises. As a result, UPA was selected as a model company for its priority purchase from social enterprises on the occasion of the Ulsan Area Joint Orientation for Public Institutions' Priority Purchase Policies. In line with the "Government 3.0" initiative advocating the opening of a new era in the country through the virtues of openness, communication, sharing, and cooperation, UPA enhanced its management transparency by actively disclosing its public information on its website. UPA also won in 2013 the Grand Award for

Excellence in Sustainability Management for its CSR activities such as matching grants, scholarships, hopeful nest program (housing for the underprivileged) and employees' talent donation. I firmly believe that a corporation can secure sustainability only when it stands on solid, stable foundation. Only then can it expect to help create social values while seeking economic profits by Creating Shared Value (CSV) in a bid to fulfill its ultimate goals of "ecosystemic development" and shared growth. In 2014, to strengthen its sustainability foundation further, UPA will come up with a new medium- to long-term development plan and the relevant management strategies given the changes in global business environments and based on its strong commitment to emerging as one of the world's top-tier port authorities. UPA will also reinforce its task force activities with its relevant agencies and organizations in 2014 while actively seeking stakeholders' opinions on various issues for the successful promotion of the Northeast Asian Oil Hub Project - a new growth engine - and the continuous development of the port of Ulsan. UPA will foster a performance-driven organizational culture to transform itself into a "small yet strong organization." It will continue to work hard to fulfill its social responsibility through the development and implementation of CSR activities that suit its main missions.
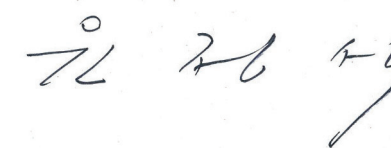
Dear stakeholders of UPA,

For the port of Ulsan to be loved all over the world as a more vibrant, dynamic port, your trust in and harmony with us is more important than anything else. UPA will strive to implement its major projects and tasks successfully. It will also engage in CSR activities proactively. We at UPA will continue to do our very best to boost our fundamental competitiveness. We pursue port operations that "flow like water" and believe in "being stronger together." Rest assured that we are always ready to join forces with you to make sure that the port of Ulsan - and the country for that matter - will continue to thrive down the road. Lastly, I personally hope that this report, prepared based on the passion and devotion of a number of our staff, will greatly help you engage in open communication with us. We look forward to your keen interest and continued support.

Thank you.

October 2014
Yoon Jeong-seok, Acting President of UPA

UPA Sustainability **Highlights**

Historic Groundbreaking Ceremony for the Northeast Asian Oil Hub Project

As a massive national project with budget of KRW 1.6 trillion, the Northeast Asian Oil Hub Project is designed to build the infrastructure required for oil storage and transactions in the port of Ulsan to develop the port into the oil trading center of Northeast Asia. A number of entities such as UPA, Korea National Oil Corporation, central government, and local government have participated in this project as clients. Project commencement was delayed because of the controversy over the project implementation methods among the parties. Through a memorandum of understanding with Korea National Oil Corporation, UPA decided to proceed with the infrastructure project (Phase 1) of the Northeast Asian Oil Hub Project under its leadership. By applying a Fast Track system to a range of activities including design, evaluation, consultation, and launch of the project, UPA shortened the period required for project kick-off by 128 days and saved KRW 9 billion through the implementation of Value Engineering (VE) on the design. On November 27, 2013, UPA held its historic kick-off ceremony with the participation of the country's president, Park Geun-hye; thus enabling the project to gain momentum. We at UPA will strive to become the driving force behind the country's efforts to develop a creative economy through growth in the energy sector.

Enhancing Communication with Communities through Celebratory Events for the 50th Anniversary of the Port of Ulsan

On September 25, 2013, UPA held a host of commemorative events on the occasion of the 50th anniversary of the opening of the Port of Ulsan. Events included a photo contest, a painting contest, a walking event, a tour of the Port of Ulsan, a concert at the Port of Ulsan, and the Port of Ulsan Family Sports Festival. Citizens actively participated in the events. UPA also held a seminar on an oil hub, made an Port of Ulsan-related documentary, and published a book on the 50-year history of the port. The events and programs helped raise public awareness regarding the importance of the Port of Ulsan and boost communication with citizens as to the various aspects of the port. UPA also established and announced its "2030 Vision for the Port of Ulsan," pledging shared growth with its stakeholders. Guided by its vision of "Liquid Logistics-Based, Super First-Class Port" and slogan of "Beyond Oil Hub," UPA vowed to do its best to make the Port of Ulsan the world's central port for liquid logistics beyond being Northeast Asia's oil hub.

Successful Attraction of Companies to the Hinterland Complex of Ulsan New Port

UPA is building a hinterland complex for Ulsan New Port with budget of KRW 126.4 billion. Other port authorities in Korea have built hinterland complexes with government funds. Note, however, that UPA is funding the project on its own as part of its efforts to fulfill its social responsibility as a public company. The project is aimed at completing a high value-added port. Out of three sections, Section 1 was launched in May 2010 and completed in July 2014. Three companies have contracted with UPA, and they are preparing to move in soon. Nearly 90% of the rental space in the complex (Section 1) has already been contracted, thanks to the efforts of UPA to ease the relevant regulations and aggressive target marketing campaigns implemented in advance. The fact that the complex has recorded a 90% rental rate even before its completion speaks of the high competitiveness of the hinterland complex of Ulsan New Port. UPA will complete the entire hinterland complex on time and offer customized services to tenant companies. Through the creation of new freight and jobs for the area, UPA will contribute to the further development of the local economy.

Laying the Foundation for a Clean Port through the Successful Development of Eco-Friendly Hopper

The Port of Ulsan handles 1 million tons of auxiliary raw materials of animal feed per year. The materials generated plenty of scattered dust throughout the stages of unloading from ships, outdoor storage, and loading onto trucks. They degraded the port environment and gave rise to constant complaints. UPA solved the problem of scattered dust generated at the stages of storage and loading onto trucks by building customized warehouses. The scattered dust generated during the unloading process remained unsolved, however. UPA decided that the development of a new type of hopper (unloading facility) suited for the characteristics of the Port of Ulsan would be the only solution. Thus, in March 2013, it launched an R&D project aiming at the development of an eco-friendly hopper. In August 2013, UPA signed a memorandum of understanding with the relevant companies and formed a working-level council to accelerate research and development. As a result, an eco-friendly hopper that can reduce the scattered dust generated by more than 80% was developed. Through the application of the hopper, UPA will continue to make improvements in the working environment in the Port of Ulsan. It will also distribute the technology and know-how to the other major ports of the country and help make the ports much cleaner and eco-friendlier.

UPA Awarded "2013 Grand Awards for Excellence in Sustainability Management" for Implementation of "Shared Management"

To realize "shared management," UPA allocates a certain percentage of its turnover as social contribution funds each year and engages in various social contribution activities such as matching grants, scholarships, housing for the underprivileged, talent donations, Mecenat campaigns, and welfare programs for the disabled and elderly. Having led the sharing of love with communities as well as the underprivileged, UPA was awarded the grand prize at the 2013 Grand Awards for Excellence in Sustainability Management hosted by the Korean Society of Consumer Studies. Guided by its vision of a "Public Enterprise Delivering Love and Happiness" in the area of social contributions, UPA will continue to develop and implement social contribution programs that deliver practical help to communities as a responsible corporate citizen.

Spreading a Culture of Integrity through the Establishment of "Port of Ulsan Clean Belt"

UPA has established "The Port of Ulsan Clean Belt" to lead the way to a culture of integrity among public institutions and public companies in collaboration with the following public agencies: Ulsan Customs; Ulsan Coast Guard; Ulsan Branch of Korea Marine Environment Management Corporation; Ulsan Immigration Service, and; Ulsan National Quarantine Station. UPA took the lead in executing an MoU on the establishment of a clean belt in Ulsan. The signatories join forces to promote a clean, anti-corruption culture through regular meetings and active collaborative measures. They share their respective policies related to clean management as well as best practice cases, hold integrated clean education sessions, and distribute integrity-themed UCC (User-Created Content) as part of their multifaceted efforts to spread a clean culture and upgrade employees' ethical standards. UPA will continue to do its best to crack down on any and all corrupt practices through regular audits on employees' performance in terms of ethics and integrity.

Certification of the Best-HRD Organization in the Public Sector

To achieve its organizational goals more effectively, UPA successfully implemented reforms in its entire human resource management policies and practices. For that, UPA was named 2013's "Best HRD Organization in the Public Sector" by the Ministry of Education and the Ministry of Security and Public Administration at an annual event hosted by the Korea Research Institute for Vocational Education & Training. The Best HRD certification was launched in 2006 for the purpose of presenting standards for the development and management of human resources and honoring organizations that excel in the area. It is a national program designed to promote development in the area of human resources management. UPA won the honor of Best HRD organization in the seventh year of its establishment. To advance into a world-class port authority, UPA will continue to systemize its HR management, realize a sound organizational culture, and foster experts in port logistics and global talents.
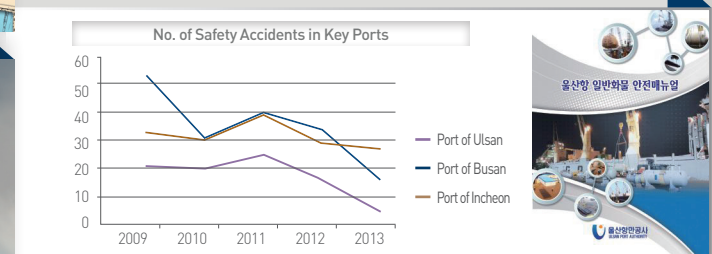
Remarkable Reduction of Loading/Unloading Safety Accidents through the Publication of Safety Manual for General Cargo for the First Time in Korea

UPA is carrying out various safety management activities based on the conviction that safety is the most important factor in the competitiveness of the Port of Ulsan. As part of such efforts, UPA published and distributed a safety manual for nine types of general cargo (pipes, slab, steel, heavy cargo, etc.) with high risk of safety accidents during loading/unloading processes for the purpose of preventing repetitive loading/unloading safety accidents. The manual introduces past accidents and current work practices before presenting the different work stages involved in the handling of each type of cargo, risk factors at each stage, and desirable standard safe cargo handling methods, along with plenty of relevant pictures. The manual is widely referred to at loading/unloading sites throughout the Port of Ulsan. Furthermore, UPA has distributed the manual in PDF format so that users can access the information on their mobile devices anytime, anywhere. Through the publication of the safety manual, UPA has presented the standards for loading/unloading procedures in the Port of Ulsan. It will continue its endeavors to reduce the number of safety accidents in the port to zero through more intensive workplace safety education based on the manual, among others.

UPA Value Flow at a Glance

Value Generation

Value Delivery

Value Linkage

Wharf/terminal Operators

Port Service Providers

Port Management Service Providers

Suppliers

Ship Fueling Service Providers

Customers of the Port of Ulsan

The diverse customers of the Port of Ulsan include shipping companies and their agencies, cargo owners, and port management and operation companies including wharf/terminal operators and water zone tenants and those engaged in port transport business such as port service providers, suppliers, and ship fueling service providers. UPA does its very best to listen carefully to the voices of its customers and provide them with impressive customer services.

- Issue 3 "Safe Operation" ... p50
- Issue 5 "Creation of Customer Value" ... p.68

Employees

UPA strives to protect employees' rights and establish harmonious labor relations to build a worker-friendly workplace. At the same time, it operates diverse educational programs to enhance its workers' core competencies.

- Issue 4 "Enhancement of Employees' Competitiveness" ... p58

Partner Companies

UPA's partner companies include wharf contractors, wharf maintenance service providers, and security companies. Through fair transactions, UPA pursues shared growth with them and improves its own competitiveness.

- Issue 7 "Pursuit of Shared Growth through Partnership" ... p82

Value Purchase

Shipping Companies and their Agents

Cargo Owners

Cooperation

Related Organizations

Related organizations of the Port of Ulsan include UPA, Ulsan Regional Maritime Affairs & Port Administration, Ulsan Customs, Ulsan Coast Guard, Ulsan National Quarantine Station, Ulsan Immigration Service, and Ulsan Branch of Korea Marine Environment Management Corporation. They closely cooperate for the development of the Port of Ulsan.

- Issue 3 "Safe Operation" ... p50

Port Authorities

UPA maintains close friendly relations with other key port authorities in the country including Busan Port Authority, Incheon Port Authority, and Yeosu Gwangyang Port Authority to share know-how on port operation policies and strategies.

- Issue 1 "Securement of Future Growth Engines" ... p32

Value Impact

Communities

UPA implements "shared management" through the promotion of customized social contribution activities. It will continue to return to communities - particularly the underprivileged - the interest and love it receives through constant support measures.

- Issue 2 "Operation in Eco-Friendly Ways" ... p44
- Issue 6 "Engagement in and Contribution to Communities" ... p74

Government

The central government manages and supervises the whole range of roles and functions of UPA as its sole proprietor. UPA adds to the national coffers through the realization of excellent management results and subsequent top-tier dividend distribution among public companies as well as the honest payment of corporate income tax.

- Economic and Operation Performance ... p15
- Issue 1 "Securement of Future Growth Engines" ... p32
- Issue 3 "Safe Operation" ... p50

SUSTAINABILITY OVERVIEW
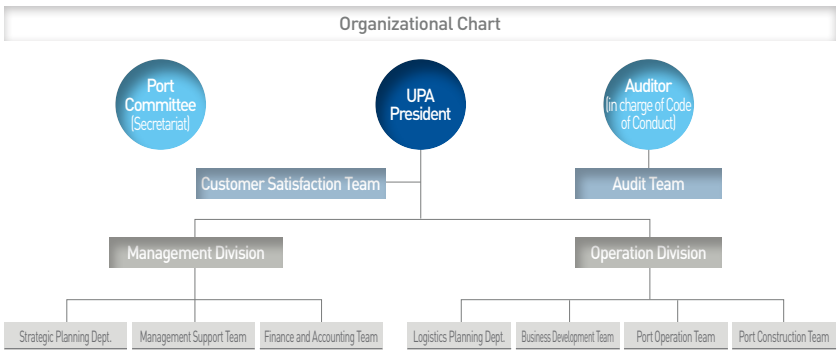
울산항만공사
ULSAN PORT AUTHORITY

About UPA

UPA manages and operates the port of Ulsan based on its differentiated growth strategies designed to boost the business competitiveness of the port, the No. 1 liquid handling seaport in Northeast Asia.

Corporate Profile

UPA is a public agency launched to step up the specialization and efficiency of the port of Ulsan in the areas of port development, management, and operations. UPA strives to develop the port of Ulsan into a competitive shipping logistics hub and contribute to the development of the national economy. 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 Port of Ulsan; human resources fostering; operation of supplementary businesses, and; investment and contribution in relation to the Port of Ulsan.

Organizational Chart

- Port Committee (Secretariat)
- UPA President
- Auditor (in charge of Code of Conduct)
- Customer Satisfaction Team
- Audit Team
- Management Division
  - Strategic Planning Dept.
  - Management Support Team
  - Finance and Accounting Team
- Operation Division
  - Logistics Planning Dept.
  - Business Development Team
  - Port Operation Team
  - Port Construction Team

Association Membership

Organization	Year joined	Organization	Year joined
International Association of Ports and Harbors (IAPH)	2008	Korea Institute of Maritime Law	2012
Sea Explorers of Korea	2008	Korea Electric Engineers Association	2012
Korea Emergency Plan Council	2008	Korea Fire Safety Association	2012
Marine Fisheries Emergency Planning Council	2008	National Quality Award Winner Companies Association	2013
Korea Ports & Harbor Association	2009		
Ulsan Chamber of Commerce and Industry	2009	Federation of Korea Maritime Industries	2013
Security Council of National Strategic Facilities	2009	International Logistics Research Society	2013
The Institute of Internal Auditors	2011	Korea-Russia Business Council	2014

(as of Dec. 2013)

Company name	Ulsan Port Authority
President	- (vacant)
Establishment Date	July 5, 2007
Legal basis	Port Authority Act (Act No. 6918) and its Enforcement Ordinance (Presidential Decree No. 18147)
Total capital	KRW 566.519 billion
Operating profits	KRW 24.509 billion
No. of employees	114
Address	271 Jangsaengpo Gorae-ro, Nam-gu, Ulsan, Korea

Major Awards

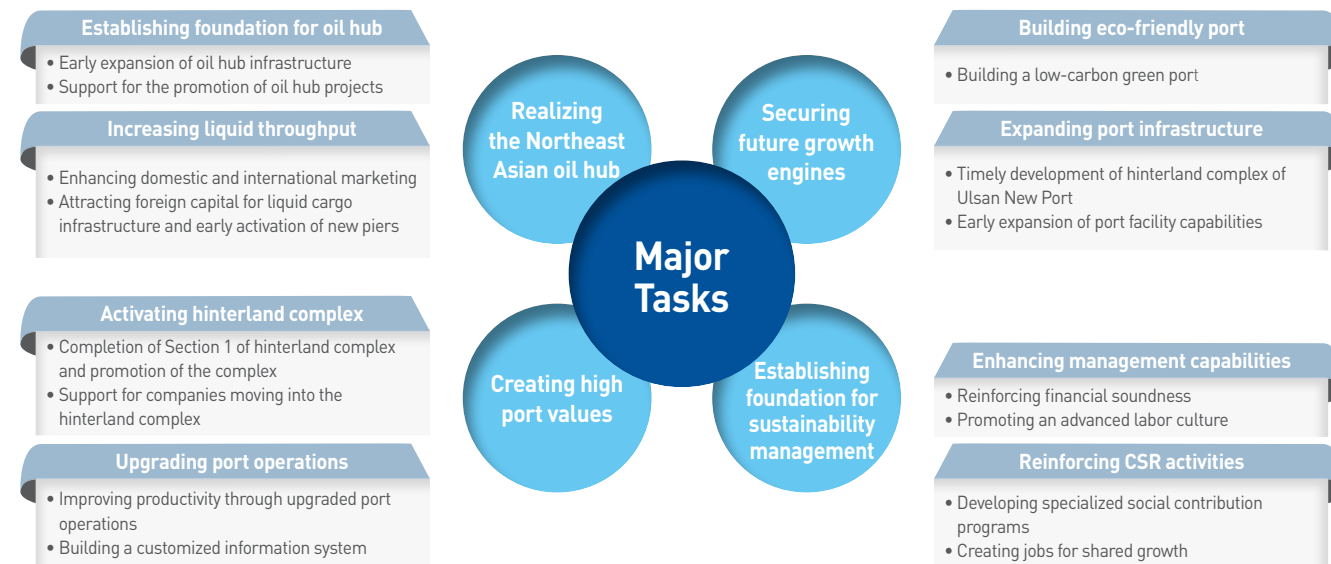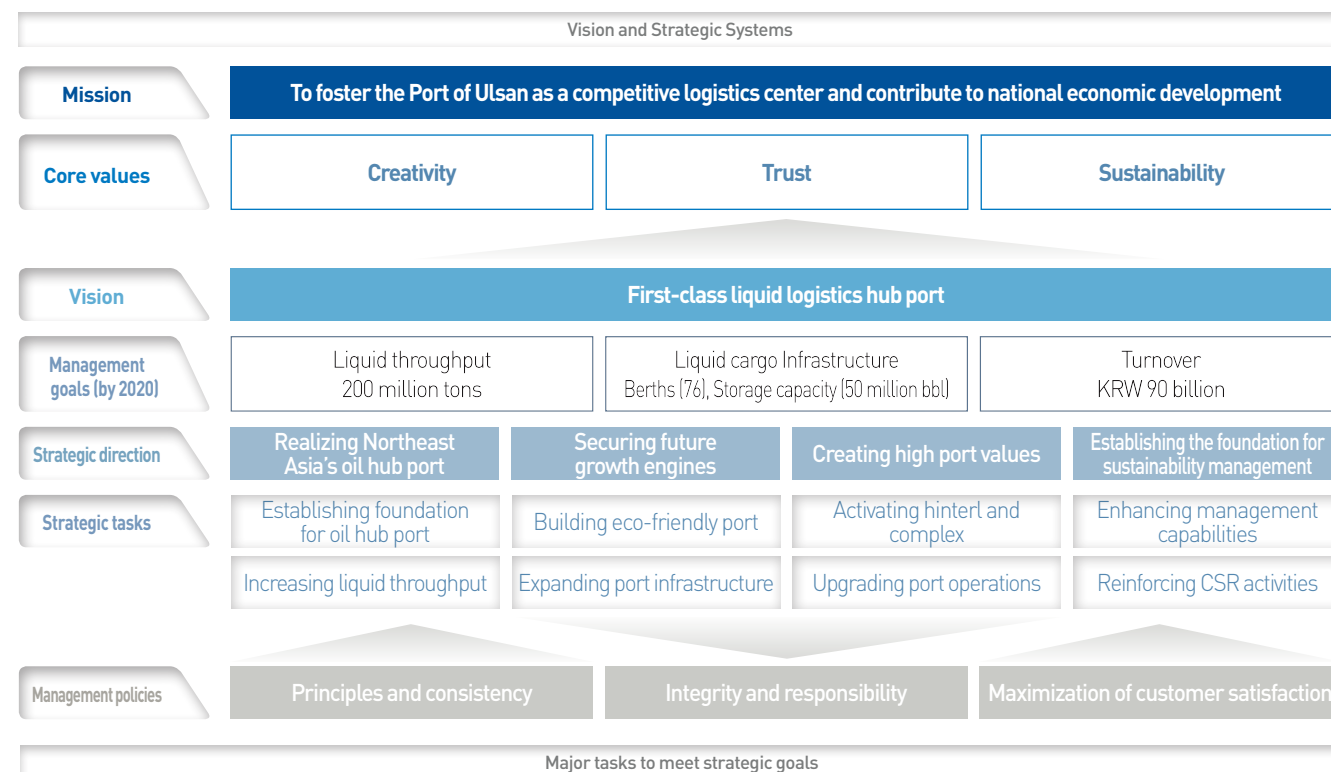|	
2013	• Named 2013's Best HRD organization in the public sector (co-hosts: Ministry of Education, Science, and Technology and Ministry of Security and Public Administration) • Selected as recipient of the first KRCA (Korean Readers Choice Awards) in the area of sustainability report (Korean Standards Association) • Awarded the Grand Award for Excellence in Sustainability Management at the Korea Management Awards (hosts: Korean Society of Consumer Studies, Donga Ilbo, Ministry of Trade, Industry, and Energy, and Ministry of Science, ICT, and Future Planning)
2012	Won the Presidential Prize in the public sector at the National Quality Management Awards

Mipo Port
Port designed to support the shipbuilding industry

Quay capacity: One 20,000-ton ship
Depth of water: 9m
Handled cargo: Steel, equipment and materials for shipbuilding

Ulsan Main Port
Central port of the Port of Ulsan

Quay capacity: Sixty-one 1,000~320,000-ton ships
Depth of water: 7~27m
Handled cargo: Crude oil, coal, cars, auxiliary raw materials of animal feed, steel

Ulsan New Port
Container terminal opened in July 2009
Oil hub-related facilities to be completed by 2020

Quay capacity: Thirteen 3,000~30,000-ton ships
Depth of water: 7~14m
Handled cargo: Container, sand, miscellaneous goods

Onsan Port
Port designed to support the Onsan National Industrial Complex

Quay capacity: Thirty-two 20,000~350,000-ton ships
Depth of water: 7~27m
Handled cargo: Container, ore, miscellaneous goods, oil, chemicals

Major Business

Located along the southeastern shores of Korea, the port of Ulsan is the country's largest industrial port. With liquid constituting approximately 80% of its cargo, the port tops the list of the nation's liquid cargo handling ports. It sits right in the main route of the world's liquid cargo transportation with large-scale liquid cargo storage facilities located in the hinterland. UPA manages and operates the Ulsan Main Port, Onsan Port, Mipo Port, and Ulsan New Port, each tasked with different functions to fulfill.

UPA History

1963
Sep. 25
Port of Ulsan opened

2003
May 29
Port Authority Act enacted

2007
July 5
Ulsan Port Authority established

2008
Jan. 30
UPA designated as a miscellaneous public agency

2011
Dec. 27
Acquired ISO14001 Environmental Management System certification

2012
Nov. 21
Won Presidential Prize in National Quality Management Awards

2013
Jan. 31
Designated as a quasi-market-based SOEs(State-owend enterprises)
July 19
Won 2013 Grand Award for Excellence in Sustainability Management
Nov. 26
Selected as the 2013 Best-HRD organization in the public sector

Vision and Strategic Goals

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 including crude oil and petrochemical products as the major export & import items of the Port of Ulsan. To enhance our implementing power to realize our vision, we have set the following as our new strategic goals: realizing Northeast Asia's oil hub; securing future growth engines; creating high port values, and; establishing the foundation for sustainability management. We have identified the eight strategic tasks required to meet the goals.

Vision and Strategic Systems

Mission	**To foster the Port of Ulsan as a competitive logistics center and contribute to national economic development**
Core values	**Creativity** / **Trust** / **Sustainability**
Vision	**First-class liquid logistics hub port**
Management goals (by 2020)	Liquid throughput 200 million tons / Liquid cargo Infrastructure Berths (76), Storage capacity (50 million bbl) / Turnover KRW 90 billion
Strategic direction	Realizing Northeast Asia's oil hub port / Securing future growth engines / Creating high port values / Establishing the foundation for sustainability management
Strategic tasks	Establishing foundation for oil hub port / Building eco-friendly port / Activating hinterl and complex / Enhancing management capabilities
	Increasing liquid throughput / Expanding port infrastructure / Upgrading port operations / Reinforcing CSR activities
Management policies	Principles and consistency / Integrity and responsibility / Maximization of customer satisfaction

Major tasks to meet strategic goals

Establishing foundation for oil hub
- Early expansion of oil hub infrastructure
- Support for the promotion of oil hub projects

Increasing liquid throughput
- Enhancing domestic and international marketing
- Attracting foreign capital for liquid cargo infrastructure and early activation of new piers

Activating hinterland complex
- Completion of Section 1 of hinterland complex and promotion of the complex
- Support for companies moving into the hinterland complex

Upgrading port operations
- Improving productivity through upgraded port operations
- Building a customized information system

Major Tasks
- Realizing the Northeast Asian oil hub
- Securing future growth engines
- Creating high port values
- Establishing foundation for sustainability management

Building eco-friendly port
- Building a low-carbon green port

Expanding port infrastructure
- Timely development of hinterland complex of Ulsan New Port
- Early expansion of port facility capabilities

Enhancing management capabilities
- Reinforcing financial soundness
- Promoting an advanced labor culture

Reinforcing CSR activities
- Developing specialized social contribution programs
- Creating jobs for shared growth

Economic and Operation Performance

CONTEXT

With revenues from port facilities' port dues accounting for 97.7% of the total revenues of UPA, seaport traffic to and from the port is closely related to its revenue structure. UPA's economic performance and financial status are crucial since they directly affect decisions on investments in UPA's major projects like the Northeast Asian oil hub project. UPA has maintained a stable financial structure with surplus and non-borrowings management for seven years in a row since its establishment. It shares its economic performance outcomes - created through its management activities - with its stakeholders and creates shared values with them.

PROGRESS

Management Performance
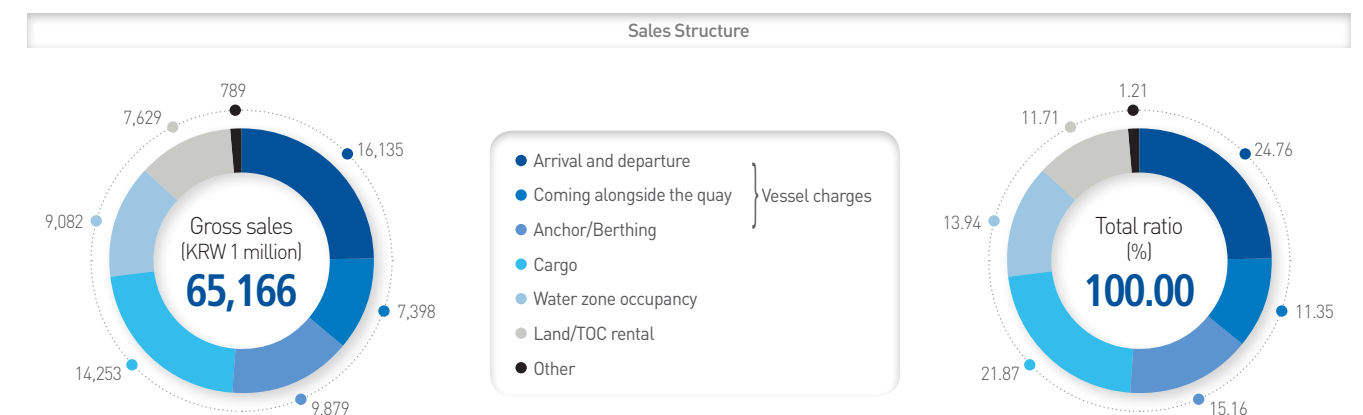
Economic Achievements

UPA has come up with 4 strategic goals, 8 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 its estimation of future management environment changes. For each strategic task, specific 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 the budget allocation based on one-year operation plans.

(unit: KRW 1 million)

	2011	2012	2013
Sales	59,117	62,862	65,166
Operating profit	30,486	18,799	24,509
Net profit	23,965	15,186*	18,383
Net profit to sales ratio (%)**	40.54	24.16	28.21

* Net profit fell due to the KRW 10.7 billion depreciation expenses related to the management right of port facility (KRW 310.9 billion) invested in by the government in 2011 and increase in the cost of sales owing to the KRW 6.1 billion spent on maintenance and dredging.

** Net profit to sales ratio (%) = Net profit/Sales x 100

Sales Structure

Gross sales (KRW 1 million)
65,166

789
7,629
16,135
9,082
7,398
14,253
9,879

- Arrival and departure
- Coming alongside the quay } Vessel charges
- Anchor/Berthing
- Cargo
- Water zone occupancy
- Land/TOC rental
- Other

Total ratio (%)
100.00

1.21
11.71
24.76
13.94
11.35
21.87
15.16

Port Operation Performance

Status of Ships' Arrival and Departure

Ships that arrived at the Port of Ulsan in 2013 numbered 25,200, constituting 12.9% of the total number of ships that arrived in Korea and recording a slight increase in the number of ships (about 0.1%) and a decline of about 1.7% in the total tonnage with a 3.5% drop in large ocean-going ships and a 1.2% increase in small domestic ships.
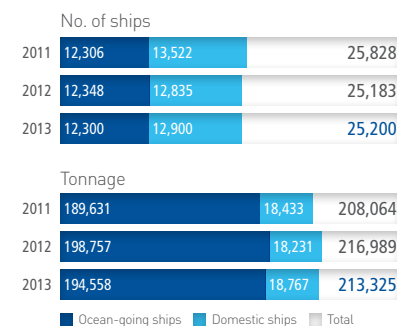
Status of Cargo Volume

The Port of Ulsan handled 191.03 million tons of cargo in 2013, posting a 3% decline compared to the same period in the previous year. Two oil refiners account for a large proportion of the cargo volume handled in the Port of Ulsan. The heated competition between them caused a decrease in their profit margins, which in turn contributed to a notable decline in their crude oil treatment volumes. The crude oil treatment volume in the Port of Ulsan peaked in 2011 with 76 million tons, dropping to 71.58 million tons in 2013 for a 3.4% year-on-year reduction. In 2013, the volumes of petroleum products and chemicals declined by 1.7% and 6.2%, respectively, largely due to China's slower-than-expected economic growth on the one hand and expanding petrochemical facilities on the other. Crude oil treatment volume is estimated to remain at the current level in the near future, with potential of a slight increase in exports of petroleum products following the major expansion of their sophisticated facilities by oil refiners.
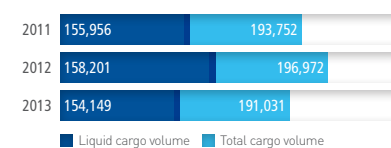
NEXT STEP

To help the Port of Ulsan grow into the world's super first-class port based on liquid logistics, UPA plans to increase its commercial tank storage capacity from the current 21 million barrels to 50 million barrels by 2020 through the continuous expansion of the port's infrastructure and successful promotion of the Northeast Asian oil hub project. UPA has set as its management goal the treatment of 200 million tons of liquid cargo by 2020. At the same time, it will enhance its disaster prevention system in collaboration with related agencies. It will also rearrange the port facilities to reduce carbon emissions and scattered dust generation so that the port will be reborn as an eco-friendly green port by 2020. Massive investments in the Northeast Asian oil hub project, among others, will be made starting 2014. Borrowing will be inevitable. UPA will tighten its financial risk management by resetting its medium- to long-term financial goals and enhancing its financial balance analysis for each imaginable scenario. UPA will also pursue sustainability management taking into account all of its economic, environmental, and social issues in a balanced manner and distribute economic achievements from the Port of Ulsan with various stakeholders fairly so that its related organizations and communities grow with it.
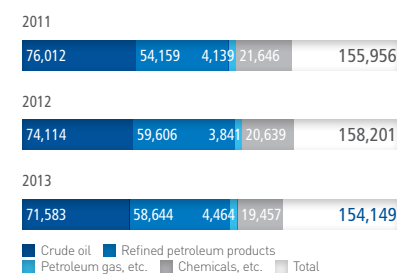
Status of Ships' Arrival (unit: ships, 1,000G/T)

No. of ships

Year	Ocean-going ships	Domestic ships	Total
2011	12,306	13,522	25,828
2012	12,348	12,835	25,183
2013	12,300	12,900	25,200

Tonnage

Year	Ocean-going ships	Domestic ships	Total
2011	189,631	18,433	208,064
2012	198,757	18,231	216,989
2013	194,558	18,767	213,325

■ Ocean-going ships　■ Domestic ships　□ Total

Cargo Volumes (unit: 1,000 tons)

Year	Liquid cargo volume	Total cargo volume
2011	155,956	193,752
2012	158,201	196,972
2013	154,149	191,031

■ Liquid cargo volume　■ Total cargo volume

Liquid Cargo Volumes (unit: 1,000 tons)

Year	Crude oil	Refined petroleum products	Petroleum gas, etc.	Chemicals, etc.	Total
2011	76,012	54,159	4,139	21,646	155,956
2012	74,114	59,606	3,841	20,639	158,201
2013	71,583	58,644	4,464	19,457	154,149

■ Crude oil　■ Refined petroleum products
■ Petroleum gas, etc.　■ Chemicals, etc.　□ Total

Distribution of Economic Achievements

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

We transparently disclose our economic achievements created through management activities and pay taxes faithfully. Our corporate income tax in 2013 was KRW 5.243 billion.

In 2013, we allocated 30.0% of our net profit (KRW 18.383 billion) to our shareholders as dividend. Total dividend payment in 2013 amounted to KRW 5.514 billion.

Central and Local Governments

Corporate income tax KRW **5,243** billion

Shareholders

Dividends KRW **5,514** billion

Employees

Total salaries and wages KRW **7,415** billion

UPA fosters a performance-driven organizational culture by paying salaries and wages according to employees' achievements calibrated through a reasonable employee performance evaluation system.
In 2013, UPA's annual total salaries and wages, various allowances, performance-based pay, and severance pay (excluding severance pay for executives) stood at KRW 7.415 billion.

Communities

Donations KRW **345** million

UPA returns the support and interest of customers by sharing its competencies with society.
In 2013, UPA's total donations - procured through UPA's contributions and employees' donations - stood at KRW 345 million. Total social contributions and donations reached KRW 345 million.
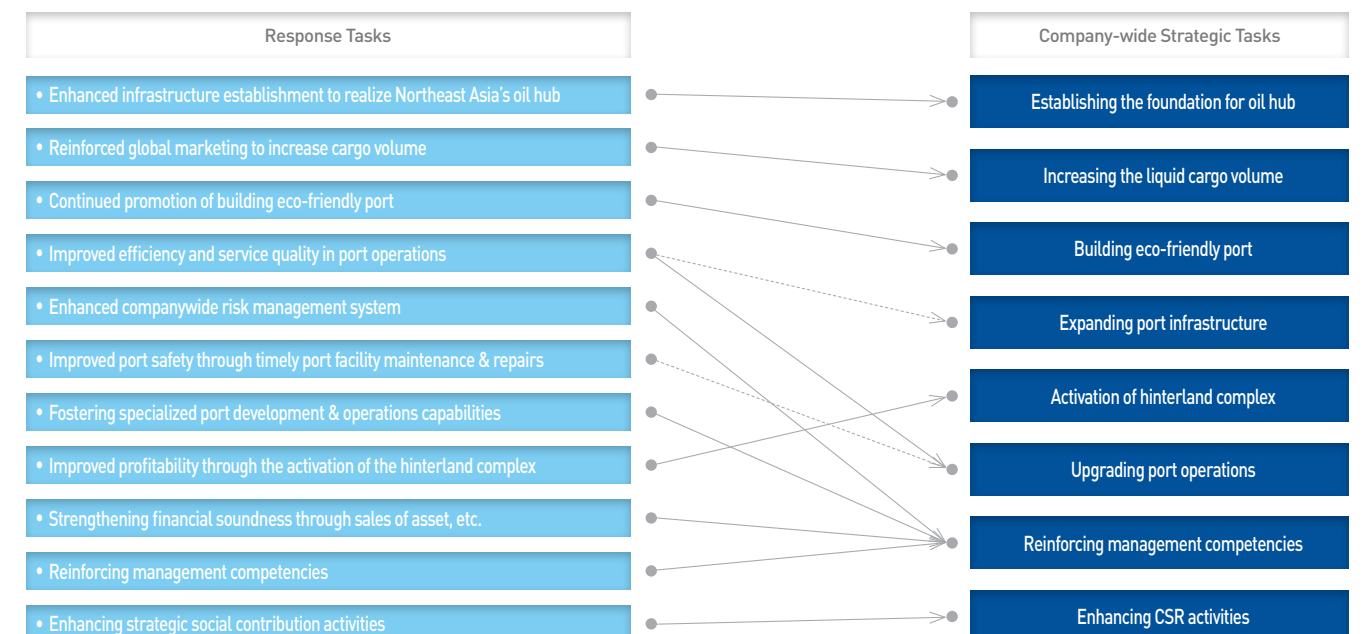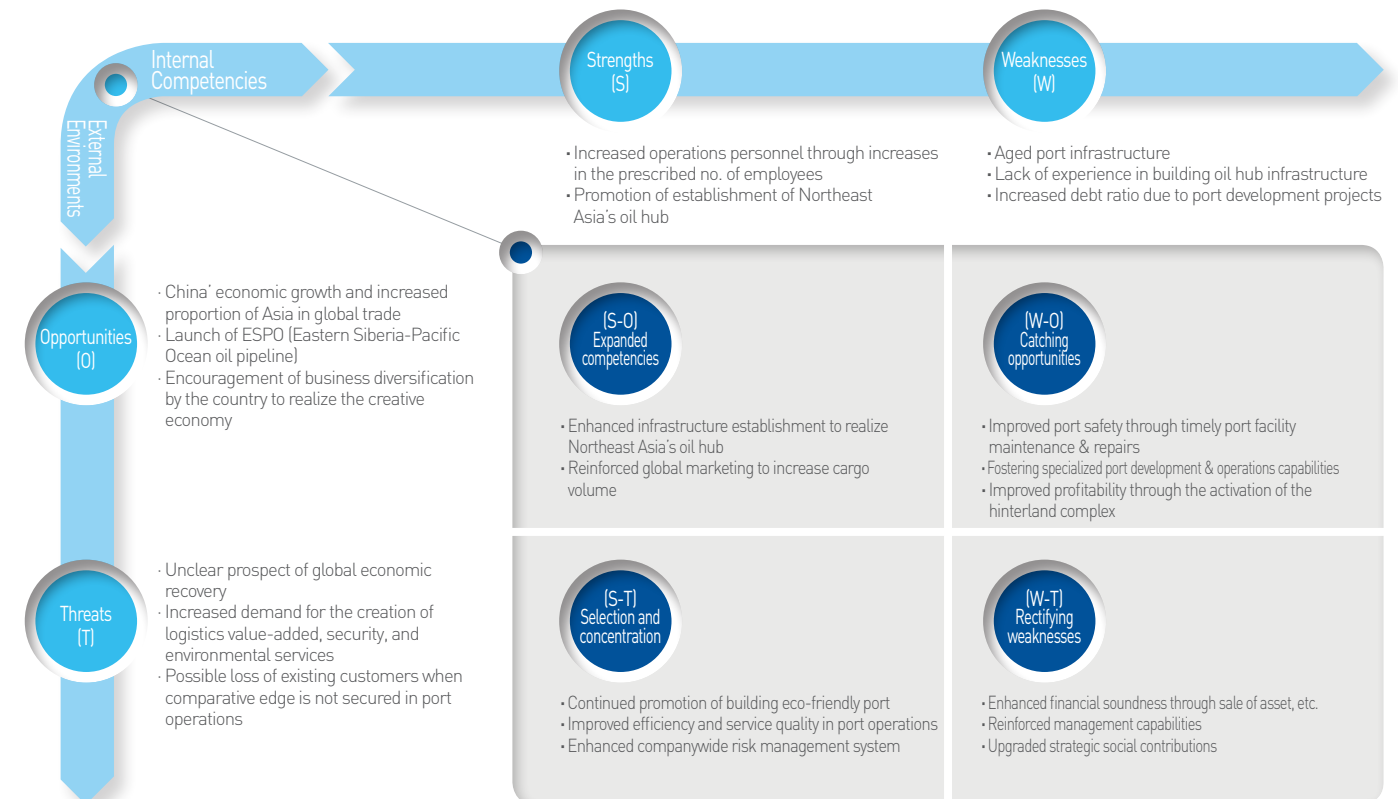
Risk and Opportunity Management

Internal and External Risks and Opportunity Factors

UPA does its best to minimize future uncertainties and boost its sustainability by carefully analyzing domestic and overseas sustainability issues critical for its management activities as well as industry-wide changes in trends and stakeholders' demand ahead of time and taking preemptive measures early on. For its medium- to long-term strategies, UPA performs comprehensive analysis of its domestic and international business management situations, directions underlying the government's policies, and own competencies with the ultimate goal of helping the Port of Ulsan develop into the first-class liquid logistics hub port of Northeast Asia.

Management Environments

Generally, ports in Korea are required to shift their strategic focus from transportation to storage, logistics activities, and value-added when setting their port development and operations strategies. They are further challenged to figure out new sea routes for increasingly bigger vessels and take preemptive responses to the predicted sea changes in maritime transport and logistics environments with the full-fledged shale gas development and opening of the Northern Sea Route. Most notably, efforts to improve port competitiveness involve striking a balance between port expansion and port operations. Therefore, the Port of Ulsan is requested to make up for difficulties in expanding its onshore facilities due to lack of additional land to accommodate the necessity – by maximizing efficiency in its port operations.

Customer

The diverse customers of the Port of Ulsan include port management and operation companies, shipping companies and their agencies, cargo owners, and those involved in the port transport business. Therefore, customers have different sets of interests and demands. It is the responsibility of UPA to strike a balance in their varying opinions and lead the way toward the continuous growth of the Port of Ulsan. Customers have higher expectations from UPA, which must do its best to fulfill them.

Government

The central government demands that public entities meet the public's demand to "normalize" their lax management practices and enhance their debt management. As its underlying policy directions for "the creative economy," the government also focuses on stabilized market economy and job creation. UPA is urged to diversify its business and expand its employment infrastructure.

Business and Finance

The public as well as the central and local governments expect a lot from UPA in relation to its long-term development project, the Northeast Asian Oil Hub Project. UPA must complete it successfully. It should come up with a blueprint for financial management when borrowing funds for the project. Another challenge for UPA is to attract large-scale investments from domestic or international businesses through enhanced marketing efforts.

Organization and Employees

In preparation for the successful implementation of its major projects, UPA has increased the number of its full-time employees through increases in the prescribed number of employees for the past two years. Nonetheless, it must not be complacent with a quantitative increase in its human resources but should pursue qualitative improvement as well. Internal demand for the development of new employees' competencies and enhancement of all of its employees' individual capabilities is gaining momentum. UPA is required to strengthen trust among its employees so that they can create synergistic effects at work. It needs to strengthen further its ability to maintain harmonious labor relations and overcome internal or external crises together.

Communities

There is increasing clamor for UPA to increase its CSR activities in particular and its roles in social contributions in general. Local communities are demanding that UPA share its values with communities as a public organization that has posted profits for seven years in a row.

울산항만공사
ULSAN PORT AUTHORITY

Response Strategies about Risks and Opportunity Factors

External Environments

Internal Competencies

Strengths (S)
- Increased operations personnel through increases in the prescribed no. of employees
- Promotion of establishment of Northeast Asia's oil hub

Weaknesses (W)
- Aged port infrastructure
- Lack of experience in building oil hub infrastructure
- Increased debt ratio due to port development projects

Opportunities (O)
- China' economic growth and increased proportion of Asia in global trade
- Launch of ESPO (Eastern Siberia-Pacific Ocean oil pipeline)
- Encouragement of business diversification by the country to realize the creative economy

(S-O) Expanded competencies
- Enhanced infrastructure establishment to realize Northeast Asia's oil hub
- Reinforced global marketing to increase cargo volume

(W-O) Catching opportunities
- Improved port safety through timely port facility maintenance & repairs
- Fostering specialized port development & operations capabilities
- Improved profitability through the activation of the hinterland complex

Threats (T)
- Unclear prospect of global economic recovery
- Increased demand for the creation of logistics value-added, security, and environmental services
- Possible loss of existing customers when comparative edge is not secured in port operations

(S-T) Selection and concentration
- Continued promotion of building eco-friendly port
- Improved efficiency and service quality in port operations
- Enhanced companywide risk management system

(W-T) Rectifying weaknesses
- Enhanced financial soundness through sale of asset, etc.
- Reinforced management capabilities
- Upgraded strategic social contributions

Response Tasks	Company-wide Strategic Tasks
• Enhanced infrastructure establishment to realize Northeast Asia's oil hub	Establishing the foundation for oil hub
• Reinforced global marketing to increase cargo volume	Increasing the liquid cargo volume
• Continued promotion of building eco-friendly port	Building eco-friendly port
• Improved efficiency and service quality in port operations	Expanding port infrastructure
• Enhanced companywide risk management system	Activation of hinterland complex
• Improved port safety through timely port facility maintenance & repairs	Upgrading port operations
• Fostering specialized port development & operations capabilities	Reinforcing management competencies
• Improved profitability through the activation of the hinterland complex	Enhancing CSR activities
• Strengthening financial soundness through sales of asset, etc.	
• Reinforcing management competencies	
• Enhancing strategic social contribution activities	

Governance

UPA has a transparent, 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.

Composition and Roles of the Board of Directors

The Port Committee consists of seven 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 implemented transparently and reasonably. Committee members need to have high degree of expertise in the areas of shipping, port, and/or logistics in view of the public organization's responsibility for port management. Most notably, 3 out of the 7 members must be appointed by the Minister of Strategy and Finance at the recommendation of Ulsan City where UPA is located. Among those three members, one must be a user organization representative of the Port of Ulsan. A member's tenure is 2 years; a member can serve consecutive terms in unit of one year depending on the relevant ministry's assessment results. The committee chairman is elected by mutual election, and his/her tenure is one year. As of August 2014, the Port Committee consists of one public official, one port user organization's representative, and three experts from the academia, shipping and port, and logistics companies. The remaining two members will be selected soon. All members of the committee are non-executive members. They supervise the entire range of UPA's management activities as independent entities, enabling them to engage in the effective check and control of UPA management. The committee's resolution and report items are stipulated in Article 7 of the UPA Articles of Association. It deliberates and decides on the following: management goals embracing the organization's economic, environmental, and social aspects; budget and funding plans; business and operation plans; reserve fund use and carrying forward; closing of accounts and acquisition and disposal of basic property; long-term borrowings; corporate bond issuance and repayment plans; setting of standards for the rent and port dues of port facilities; revision of the articles of incorporation, and; enactment and revision of internal rules. Committee members also contribute actively to the creation of corporate value through management consulting based on their expertise.

Operation of the Board and Subcommittees

The regular meeting of the board of directors (board) is held three times a year (February,

Status of Shareholders

Government 100%

Port Committee Members by Gender

Male (5)	Female (0)
100%	0%

Port Committee Members by Age

50s	60s	70s
100%	0%	0%

Composition of the BOD (Port Committee) (as of Sept. 2014)

Name	Current Position	Expertise
Lee Jae-wan	· Chairman of Port Committee of UPA · Chairman of Sekwang Engineering Consultants Co., Ltd.	Architecture & civil engineering
Lee Yong-woo	· CEO of Dain Ferry	Shipping and port
Park No-jong	· Chief of Headquarters, Korea Marine Environment Management Corporation · (Former) President of the Ulsan Regional Maritime Affairs & Port Administration	Shipping, finance
Jang Mun-geun	· Vice chairman of the Korea Maritime Pilots · Pilot of the Port of Ulsan · Chapter chairman of the Port of Ulsan pilots Association	Local situations, logistics
Gang Young-hoon	· Manager of Ulsan Development Institute's Economic and Social Research Office	Port strategies

Process of Port Committee Operation
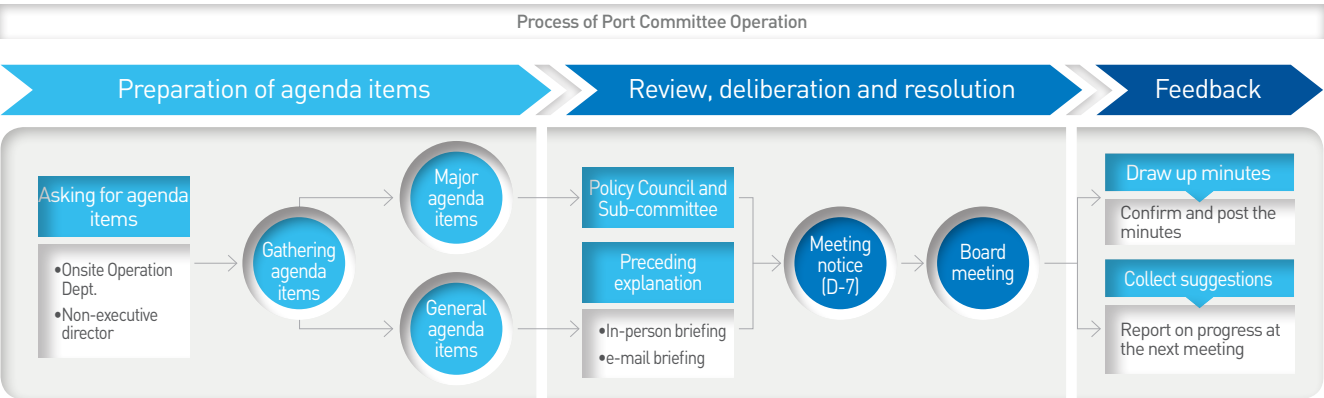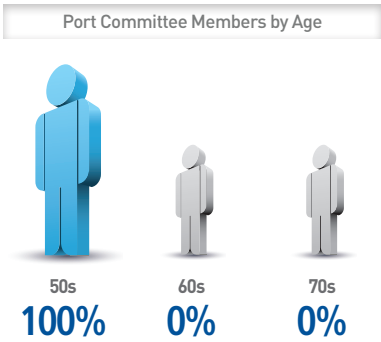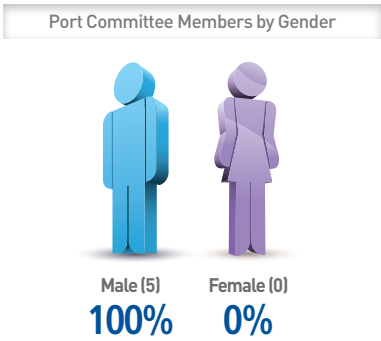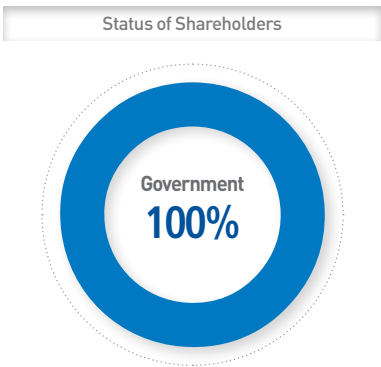
October, and December). Closing accounts and surplus appropriation are the main agenda items in February, management goals, in October, and budget, funding plan and operation plan, long-term borrowings, and corporate bond issuance and repayment plan, in December. Irregular meetings are held when deemed necessary by the committee chairman or UPA president or requested by at least one third of the board members. Resolutions at the Port Committee are made by majority vote. Exclusion provisions are strictly implemented to ensure the fairness of resolutions made at the committee. Consequently, the chairperson or any ordinary committee member who has conflict of interest with agenda items cannot participate in the voting process. In such case, the person does not count as a member present for voting. The port committee discloses the minutes of board meetings through UPA's homepage and Alio (http://www.alio.go.kr), the government's disclosure 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. UPA operates subcommittees for efficient and effective board activities. Subcommittees are formed for the purposes of reviewing budget proposals, evaluating management performance, or recommending executives. Each subcommittee consists of two Port Committee members (five including three committee members and two outsiders in the case of the Executive Recommendation Subcommittee).

No. of Subcommittee Meetings Held

(unit: No. of meetings)

2011	Budget	3
	Management assessment	3
2012	Budget	4
	Management assessment	3
2013	Budget	3
	Management assessment	3
	Recommendation of executives	3

Board Assessment and Feedback

The performance assessment on Port Committee members is stipulated in the Port Authority Act. The Minister of Strategy and Finance decides whether to allow consecutive terms of committee members considering their job performance, among others. UPA actively uses the Port Committee's operational outcome, extent of participation of individual members, and advisory details for improving its organizational performance.

Board Operation Performance

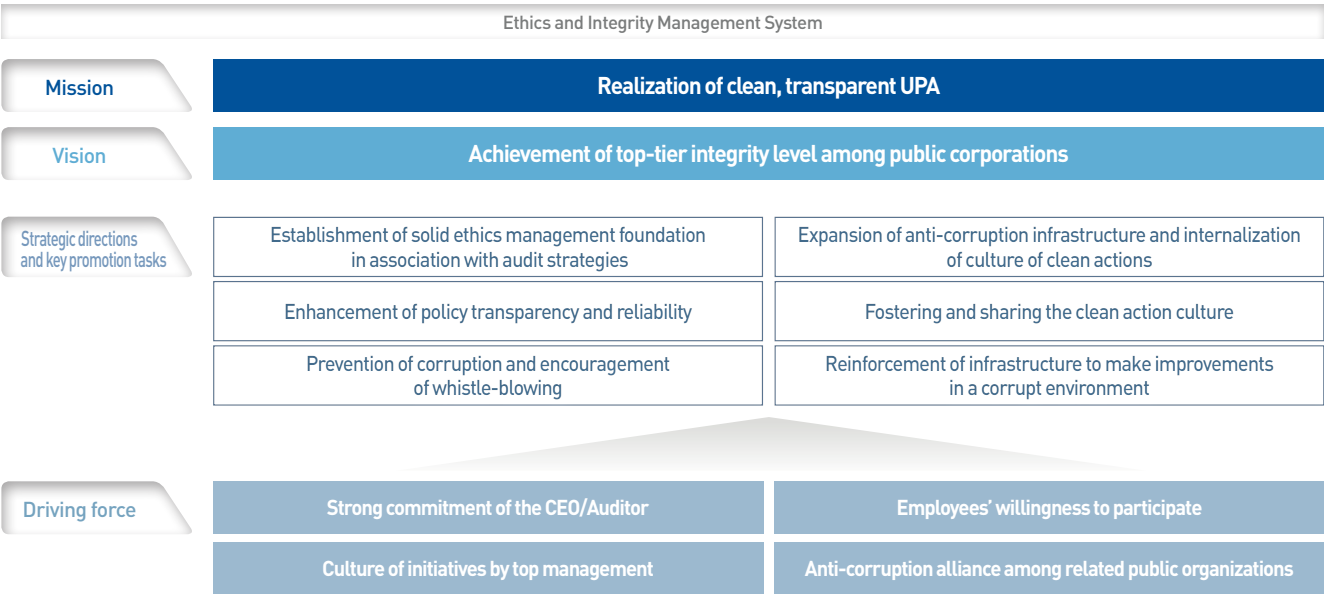| Category	2011	2012	2013
No. of Port Committee meetings	10	9	10
No. of resolutions	15	17	30
Pre-deliberation rate	100%	100%	100%
No. of revised resolutions	6	3	5
No. of report items	7	18	15
Port Committee's attendance rate	82.8%	80.0%	87.3%

Ethics and Integrity Management

CONTEXT

The public's mistrust of public institutions keeps growing due to their moral hazard and reckless management. They are now strongly urged to engage in ethical management and foster a transparent corporate culture. Based on the conviction that even a single case of corruption is detrimental to its management activities, UPA introduced anti-corruption policies early on. Furthermore, it has disseminated them not only internally but externally and strove to promote a clean corporate culture based on decision making that never goes against its ethical standards. It has also established a mutual cooperation/assistance network with all of its related organizations to disseminate a clean culture in local communities and Port of Ulsan.

UPA will do its best to win the trust of its stakeholders in particular and society in general through more transparent, ethical management practices.

PROGRESS

Ethics and Integrity Management System

Since its establishment in July 2007, 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 ethics management implementation plan and devising the operational standards of the Ethics Committee. In keeping with people's increased demand and expectation with regard to a public agency's ethics level, we reinforce ethics management organizations, faithfully enforce various norms and systems, and carry out diverse ethics and integrity activities. Moreover, we conduct analyses and assessments of ethics management performance and manage pre- and post-management activities for various unethical activities.

Ethics and Integrity Management System

Mission	**Realization of clean, transparent UPA**	
Vision	**Achievement of top-tier integrity level among public corporations**	
Strategic directions and key promotion tasks	Establishment of solid ethics management foundation in association with audit strategies	Expansion of anti-corruption infrastructure and internalization of culture of clean actions
	Enhancement of policy transparency and reliability	Fostering and sharing the clean action culture
	Prevention of corruption and encouragement of whistle-blowing	Reinforcement of infrastructure to make improvements in a corrupt environment
Driving force	Strong commitment of the CEO/Auditor	Employees' willingness to participate
	Culture of initiatives by top management	Anti-corruption alliance among related public organizations

Code of Ethics System

	Name of Regulation	Major Contents
Value declaration	Ethics Charter	Six implementation tasks including realization of transparent, righteous management
System	Code of Ethics	Righteous decision making and criteria for ethical judgment (6 chapters, 35 articles)
	Rules on the Operation of the Ethics Committee	Deliberation on and resolution of key policies including the promotion of ethical management
	Rules on the One-strike-out System	Disciplinary actions more severe than discharge plus "0" score for the relevant department's integrity level for an embezzler or a person receiving or giving money or valuables worth more than KRW 1 million
	Regulations on the Handling of Whistle-blowing	Reporting bribery requests/suggestions or other employees' corruptive behaviors plus protecting whistleblowers
	Regulations on the Operation of Integrity Ombudsmen	Citizens or external experts acting as Ombudsmen to enhance the transparency of operations in areas vulnerable to corruption
	Regulations on the Operation of the Integrity Mileage System	Awarding/Reducing mileage scores for employees' execution of integrity or damage to corporate integrity
Rules of Conduct	Employee Code of Conduct	Rules of actions for employees' compliance (6 chapters, 32 articles)
	Regulations on the Employee On-the-Job Integrity Contract	Compliance with various laws and regulations and prohibition of corruptive acts or damage to corporate dignity
	Employee Integrity Pledge	Prohibition of giving or receiving money, valuables, or entertainment in relation to job performance

Ethics and Integrity Management Activities and Performance

Building the Port of Ulsan Clean Belt

UPA jointly implements integrity policies with agencies related to the Port of Ulsan, spreads the integrity culture throughout the organization, and enhances synergy effects. Public organizations related to the Port of Ulsan - such as UPA (host), Maritime Affairs & Port Administration, Ulsan Customs, Ulsan Coast Guard, Ulsan Immigration Service, Ulsan Quarantine Station, and Korea Marine Environment Management Corporation - joined forces to build the "Port of Ulsan Clean Belt" for solidarity in ethics management. They maintain close collaborative relations. They join hands to spread the integrity culture with synergistic effects through various joint programs: plays and educational programs on the subject of integrity; operation of an integrity materials study room; production of a video message on integrity for the users of the Port of Ulsan, and; meetings with customers. Meanwhile, UPA took the lead in the execution of a memorandum of understanding among the four key port management/operations authorities in the country (Busan, Incheon, Yeosu Gwangyang, and Ulsan). They hold regular meetings to share excellent ethics and integrity management cases and renew their commitment to anti-corruption integrity initiatives.

Internalization of Operation of Integrity Ombudsman

The Integrity Ombudsman is a system designed to enhance UPA's operational transparency through citizens or external experts' participation in the organization's business and fields that are vulnerable to corruption. In 2011, UPA established rules on the composition and operation of the Integrity Ombudsman, and it has entrusted its operation. The Ombudsman presents opinions on our anti-corruption policy plan and performance, routinely monitors voices of customers, or analyzes the causes of grievances frequently raised by the public and presents solutions. The Ombudsman also gives advice on UPA's internal audits related to ethics management activities or plays the role of adviser for its ordinary audits upon placing orders for key projects. In 2013, through regular meetings, the Ombudsman set the directions of improvements in the UPA's port security system, which was causing inconvenience to port users, and raised the need to revise UPA's rental contracts since they seem to be biased in favor of UPA.

Dissemination of and Education on Ethics and Integrity Culture

Activities to Disseminate the Ethics and Integrity Culture

To disseminate the integrity culture for UPA employees, a resolution convention has been held and a resolution on the implementation of integrity has been adopted. They are implementing their commitment. The UPA president signed a job integrity contract with the Port Committee chairman, and the head of the Management Division, with the president. The top management of the organization does its best to fulfill its 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 employees' ethical activities characterized by integrity to promote the establishment of an integrity culture. We also conduct diverse activities for sharing the integrity culture, such as holding the "integrity stairs" slogan contest, setting up a bulletin board for integrity catchphrases, sending integrity letters, and issuing integrity warnings.

Ethics and Integrity Education Activities

UPA conducts integrity education in line with employees' life cycle and hierarchy. We require the completion of basic integrity education in case of new assignment, promotion, assignment as team leader, taking office as an executive, or change in grades or positions. 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 in 4 cyber education courses. In principle, our employees need to complete the entrusted education; if they cannot attend the sessions, we complement the education with cyber education such as Easy Public Officials' Code of Conduct (15 hours) and Cyber Integrity Education (15 hours). We separately offer integrity education to newly assigned employees. Audit Team personnel are required to complete a total of 144 hours of integrity education provided by ACCRC, including 35 hours for newly promoted personnel, 7 hours for middle managers, and 45 hours of cyber education. We help our employees internalize integrity by autonomous learning through self-directed learning. Every week, we post on the groupware integrity board Q&A and actual case centered on "Detailed Description by Code of Conduct Behavior Standards" (dubbed "Conquering the Code of Conduct") for 16 weeks prior to the integrity learning. We also provide employees with information on the learning periods, methods, potential trainees, and evaluation methods with regard to self-directed integrity. In addition, we diagnose trainees' advancement through comprehensive learning assessment, with the assessed results reflected on departments' common assessment indicator (degree of integrity). In 2013, we conducted education designed to embody zero corruption and internalize integrity awareness among employees by holding presentations on public office service management and anti-corruption and integrity plans. By staging a play titled "I am the King of Integrity (at the Sejong Industrial Education Institute)," we enhanced the effect of integrity education that would have otherwise been dull.

Per-person Integrity Mileage Points (unit: points)

Year	Points
2011	14
2012	24
2013	35

Results of Self-Directed Integrity Learning Assessment (unit: points)

Year	Average score	Engagement ratio
2011	63	82.8
2012	95.5	98.6
2013	97	100

Per-person Ethics Management Education Hours (unit: hours)

Year	Hours
2011	8.2
2012	10.4
2013	12.0

Ethics & Integrity Education Operation System

Classification		Trainees	Contents			Means of Education
Common education		All employees	Integrity plays	Lectures by external specialists	Education by internal instructors	Collective education
Lifecycle		New recruits	Education by internal integrity instructors	ACRC Integrity Training Institute		Collective / cyber education
		The promoted, middle managers and executives	ACRC Integrity Training Institute			
Job-specific education		Integrity instructors, employees in charge of taxation, construction, civil engineering, architecture, budget, contracts, and the environment				
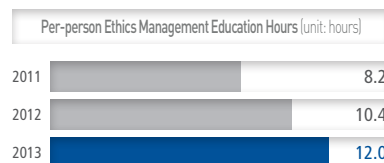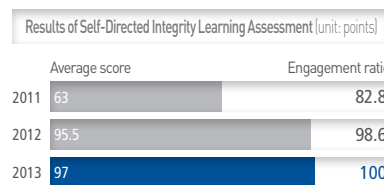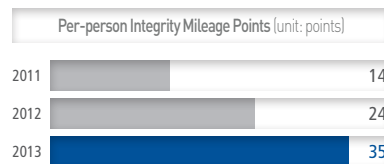
Reporting System for Code of Ethics Violation and Response

UPA strives to prevent irregularities by establishing prosecution procedures 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. For reporters who are worried about their identities being revealed, we receive reports through the Anonymous Corruption Reporting Center, which is run by an independent outside expert company that fully guarantees the anonymity of reporters since reporters' IP information on its system cannot be traced. Employees can file reports on unethical acts with the center, including the following: employees' embezzlement; receiving or giving money, valuables, or entertainment; unreasonable involvement in business interests and provision of special favors; influence peddling, requests for favors, and exercise of pressure; unreasonable budget implementation and wasteful acts; other job-related irregularities, and; sexual harassment. They can also make reports on unreasonable systems or practices. Meanwhile, we have introduced and are operating a conscientious irregularity reporting system that lowers the penalty levels when our employees voluntarily report mistakes or past irregularities. Our employees can apply for voluntary reporting anytime; the received details are investigated, and the penalty could be adjusted.

Monitoring Activities for Ethics and Integrity Management

Our Audit Team conducts monitoring to inspect and check whether ethics and integrity management (EIM) is properly enforced. For the enforcement results, feedback is given for constant improvement. We bolster incentives for ethical performance in connection with internal assessment. Through inspection on ethics and integrity management and improvement process, we diagnose the level of ethics management experience of employees and use the results for institutional improvement and for setting the future direction.
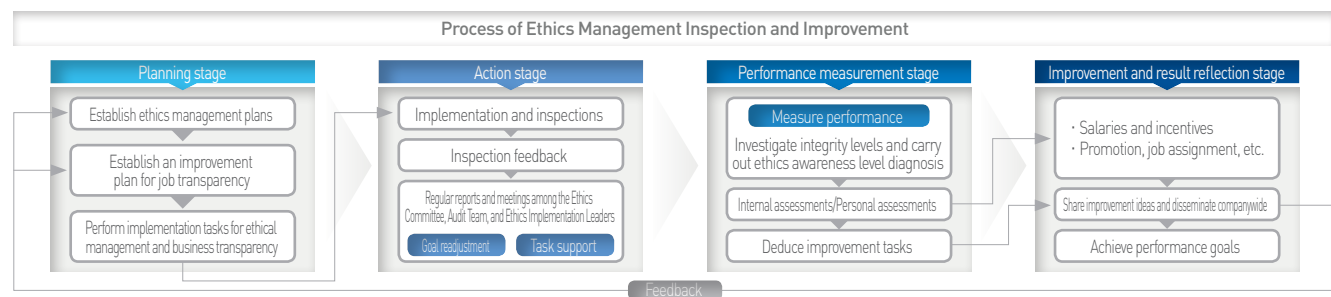
UPA General Integrity Level by ACCRC (unit: points)

Year	Points
2011	9.09
2012	8.92
2013	8.19
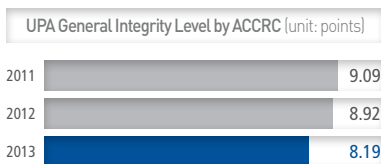
* Self-assessment scores were substituted for 2011 and 2012 since UPA was excluded from the ACCRC evaluation targets in both years.

Status of Audit Implementation and Enforcement of Audit Results

Category	External audit	Internal audit	Total	Completion rate
2011	3*	3	6	100%
2012	15**	16	31	100%
2013	2***	5	7	100%

* No. of corrective actions required in the 2011 external audits: 2 from the Board of Audit and Inspection of Korea plus 1 from the Ministry of Land, Transportation, and Marine Affairs
** No. of corrective actions required in the 2012 external audits: 15 from the Ministry of Land, Transportation, and Marine Affairs
*** No. of corrective actions required in the 2013 external audits: 2 from the Board of Audit and Inspection of Korea

Process of Ethics Management Inspection and Improvement

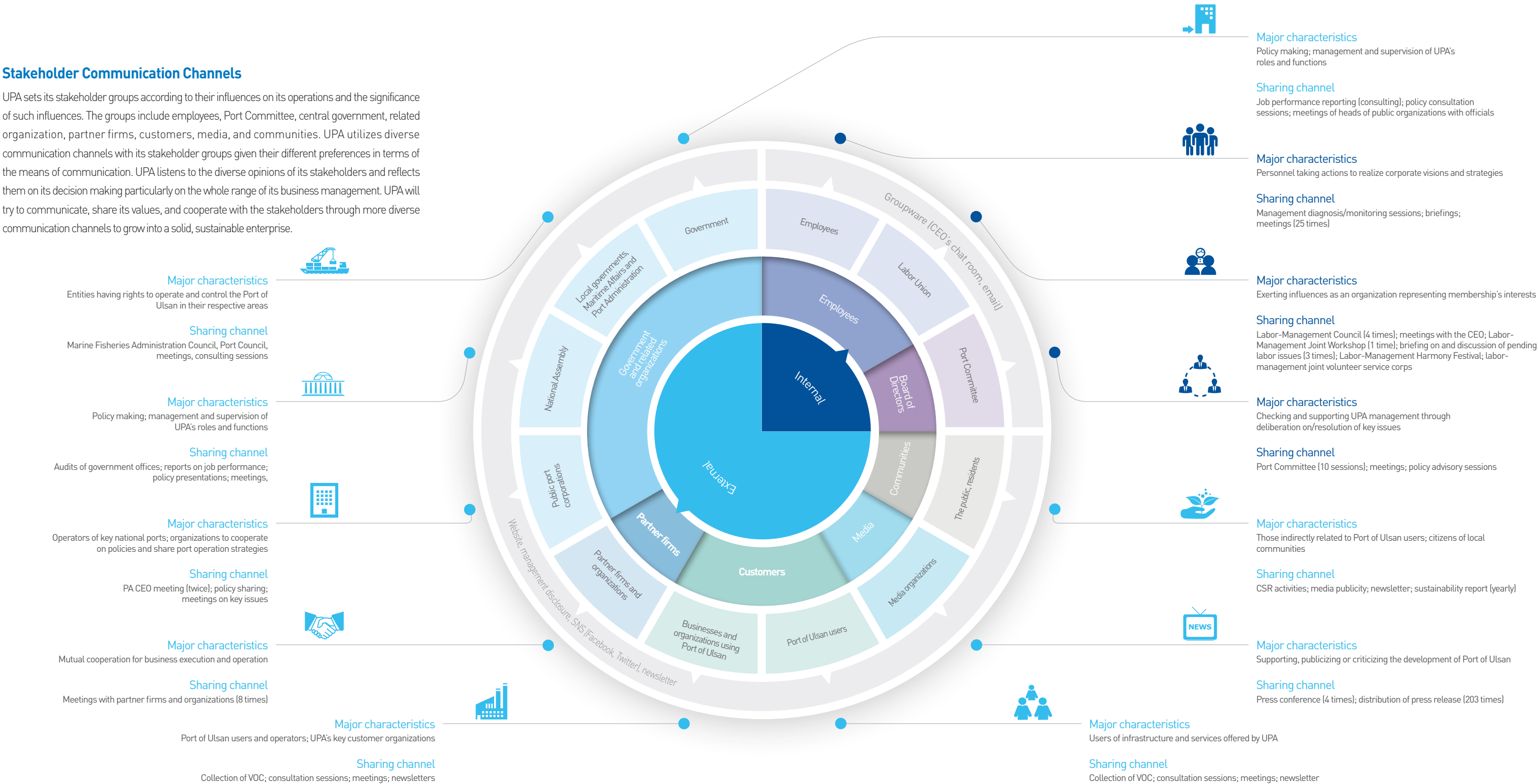| Planning stage	Action stage	Performance measurement stage	Improvement and result reflection stage
Establish ethics management plans	Implementation and inspections	Measure performance	· Salaries and incentives · Promotion, job assignment, etc.
Establish an improvement plan for job transparency	Inspection feedback	Investigate integrity levels and carry out ethics awareness level diagnosis	
Perform implementation tasks for ethical management and business transparency	Regular reports and meetings among the Ethics Committee, Audit Team, and Ethics Implementation Leaders	Internal assessments/Personal assessments	Share improvement ideas and disseminate companywide
	Goal readjustment Task support	Deduce improvement tasks	Achieve performance goals

Feedback

NEXT STEP

UPA plans to improve the Ethics Committee further in terms of the committee's composition and operations. Specifically, it will upgrade to a committee, reelect the chairperson, and appoint outside experts as committee members in a bid to secure transparency. In addition, to step up its ethics management monitoring, it will develop a model that can diagnose the level of the organization's ethics management and self-measure individual employees' levels of ethical behaviors. To improve the organization's level of integrity, UPA will analyze the causes of lower grades in external/internal integrity levels and customers' policy evaluation and reflect them on its efforts to reinforce its ethical management. From the medium- to long-term perspective, UPA plans to reinforce its standards for penalties on employees' corruptive acts and enforce punishment more strictly.

Stakeholder Engagement

UPA listens to its stakeholders' opinions through interactive communication channels. It respects its stakeholders' voices, and it will continuously strive to build a win-win culture through close cooperation with them.

Stakeholder Communication Channels

UPA sets its stakeholder groups according to their influences on its operations and the significance of such influences. The groups include employees, Port Committee, central government, related organization, partner firms, customers, media, and communities. UPA utilizes diverse communication channels with its stakeholder groups given their different preferences in terms of the means of communication. UPA listens to the diverse opinions of its stakeholders and reflects them on its decision making particularly on the whole range of its business management. UPA will try to communicate, share its values, and cooperate with the stakeholders through more diverse communication channels to grow into a solid, sustainable enterprise.

Major characteristics
Entities having rights to operate and control the Port of Ulsan in their respective areas

Sharing channel
Marine Fisheries Administration Council, Port Council, meetings, consulting sessions

Major characteristics
Policy making; management and supervision of UPA's roles and functions

Sharing channel
Audits of government offices; reports on job performance; policy presentations; meetings,

Major characteristics
Operators of key national ports; organizations to cooperate on policies and share port operation strategies

Sharing channel
PA CEO meeting (twice); policy sharing; meetings on key issues

Major characteristics
Mutual cooperation for business execution and operation

Sharing channel
Meetings with partner firms and organizations (8 times)

Major characteristics
Port of Ulsan users and operators; UPA's key customer organizations

Sharing channel
Collection of VOC; consultation sessions; meetings; newsletters

Major characteristics
Policy making; management and supervision of UPA's roles and functions

Sharing channel
Job performance reporting (consulting); policy consultation sessions; meetings of heads of public organizations with officials

Major characteristics
Personnel taking actions to realize corporate visions and strategies

Sharing channel
Management diagnosis/monitoring sessions; briefings; meetings (25 times)

Major characteristics
Exerting influences as an organization representing membership's interests

Sharing channel
Labor-Management Council (4 times); meetings with the CEO; Labor-Management Joint Workshop (1 time); briefing on and discussion of pending labor issues (3 times); Labor-Management Harmony Festival; labor-management joint volunteer service corps

Major characteristics
Checking and supporting UPA management through deliberation on/resolution of key issues

Sharing channel
Port Committee (10 sessions); meetings; policy advisory sessions

Major characteristics
Those indirectly related to Port of Ulsan users; citizens of local communities

Sharing channel
CSR activities; media publicity; newsletter; sustainability report (yearly)

Major characteristics
Supporting, publicizing or criticizing the development of Port of Ulsan

Sharing channel
Press conference (4 times); distribution of press release (203 times)

Major characteristics
Users of infrastructure and services offered by UPA

Sharing channel
Collection of VOC; consultation sessions; meetings; newsletter

Stakeholder Interviews

To listen to various and in-depth opinions on sustainability management activities, we have conducted in-depth interviews with our stakeholders. We have chosen one representative from each stakeholder group that is influential and critical to the operations and performance of UPA. We plan to reflect their opinions on our management activities. We have also used them in our selection of material issues for this sustainability report.

Customer (Value Purchase) - Kim Su-deuk, branch general manager, EUKOR Car Carriers Inc.

"Strive to share outcomes with stakeholders and secure trust"

UPA has continued to produce significant economic outcomes since its inception through the operation and management of the Port of Ulsan. It must look carefully into how it can distribute the results appropriately and fairly so that all its stakeholders can participate in the sharing of the outcomes. Moreover, for UPA to be able to grow continually, it needs to disclose and explain the blueprint of the Port of Ulsan to its stakeholders in a transparent manner to secure their support. UPA must win their trust through ethical management activities.

Customer (Value Delivery) - Lee Neung-hwan, managing director of Shin Heung Co., Ltd.

"Expecting efficient and safe port operations"

The Port of Ulsan has celebrated its 50th anniversary. As a major infrastructure, it has laid the groundwork for the industrial development of the Ulsan Area. Running the port more efficiently requires specializing piers; to that end, UPA needs to identify the characteristics of cargo handled by different ships more precisely. Port facilities must be expanded so that more ships can use the port. Port operations and functions need to be redefined, too. In addition, the current safety guidelines should be complemented. UPA must develop separate manuals for different types of cargo such as chemicals, crude oil, and general cargo and subsequently publicize and distribute them before engaging in related education and consultation. It should assume responsibility regarding the issue of safe port operations.

Local government - Choi Hae-gwan, officer in charge, Port and Fisheries Dept, Ulsan Metropolitan City

'UPA; the Port of Ulsan; Sustainable development of the City of Ulsan'

The sustainable development of UPA is closely related to local communities in terms of virtuous cycle. The successful development and operations of the Port of Ulsan will lay the groundwork for the city's development, which in turn leads to the growth of the Port of Ulsan and UPA. Employees of UPA must take great pride and enhance their competencies in a more aggressive manner. They need to do their very best to fulfill their respective missions and develop the Port of Ulsan.

Associations and Organizations - Lee Gyu-ho, vice chairman of Port of Ulsan Development Council

"Striving for a success in the establishment of the Northeast Asian Oil Hub"

The Northeast Asian oil hub project being promoted by the Port of Ulsan will create huge ripple effects for not only the City of Ulsan but also the national economy. The success of the oil hub project will positively affect the economic performance of UPA. I am sure that it will also increase UPA's value-added. UPA must reinforce the institutional foundation for the project in close cooperation with the central and local governments while taking on a more aggressive stance so that it can secure investments by winning support from the outside. Furthermore, UPA should set up an exclusive division for the project and enhance its implementing power by staffing it with those possessing the necessary expertise.

Labor Union and Labor-Management Council - Kim Seong-yeol, UPA Labor Union Chairman

'Realization of sustainable management through enhanced internal competitiveness"

UPA needs to enhance its internal competitiveness to grow into an enterprise fulfilling its social responsibility through sustainability management. Because of the characteristics of their missions, UPA employees need to have expertise in their respective areas. All the employees must continue working hard to enhance their competencies regardless of how high or low their positions are. When UPA is equipped with internal competencies, it can expect to have enough self-confidence in its ability to pursue its strategies, which translates into its external competitiveness. I hope that all of UPA employees' efforts serve as the foundation for UPA's growth as a financially solid corporation.

Community - Kim Hyun-ah, deputy section chief of ChildFund

"Sharing through diverse CSR activity programs"

CSR is emerging as a social issue. UPA is engaged in balanced CSR activities for various groups of people including children, teens, and seniors as well as services for communities. Most notably, beyond CSR activities targeting community institutions, UPA has expanded its resting space for port users as well as its own employees together with convenience facilities. It has supported the tuition fees of children of impoverished workers at the port, which is very fresh and encouraging. As a member of the local community, I laud the efforts of UPA to return to its stakeholders the love and attention it has received.

Community - Yang Jeong-nam, director of Hyejinwon

"Securing a communication channel through workshops with beneficiary organizations"

UPA reaps the best management results every year and implements "sharing"; it does share the outcomes of its achievements with local communities. Sharing does not mean one-time support. It involves engaging in continuous, regular human and physical support. UPA has been operating a unique set of CSR programs that cannot be replicated by other organizations. From the perspective of a beneficiary, I would like to propose that UPA hold a workshop with its CSR activity beneficiaries annually to run its CSR activities even more productively. I hope UPA provides such opportunity to share the information on its CSR activity plans, policies, and budgets while encouraging beneficiary organizations to come up with better CSR activity ideas, with UPA's CSR programs ultimately helping bring about a win-win situation for both communities and itself.

Material Issues

UPA engages in a wide range of sustainability management activities with major economic, environmental, and social implications. Regarding its diverse sustainability management activities, UPA conducted a materiality test to identify material issues in which its stakeholders have shown keen interest and which should be dealt with by UPA in this report intensively.

Materiality

Materiality Test Process

[STEP 1] IDENTIFICATION	[STEP 2] PRIORITIZATION	[STEP 3] VALIDATION	REPORT
Sustainability Context •Media data analysis •Relevant organization analysis •Diagnosis of the level of ISO26000 implementation	**Materiality** •Materiality assessment •Relevance assessment •Significance assessment	**Completeness** •Checking appropriateness of the scope, boundaries and period	

Stakeholder engagement • Qualitative and quantitative investigation of stakeholders

---

STEP 1   Identification: Figuring out sustainability-related issues

UPA has conducted a materiality test in accordance with the materiality test procedures set forth in the GRI G4 Guidelines and methodology recommended by the Integrated Reporting (IR) Framework of International Integrated Reporting Committee (IIRC). It has identified its internal and external sustainability management issues through media data analysis, relevant organization analysis, diagnosis of ISO26000 implementation level, etc.

STEP 2   Prioritization: Decision on priorities

According to the results of the relevance evaluation made through internal/external environmental analysis, UPA conducted an online questionnaire survey among its stakeholders from the 8th to the 16th of July 2014. It has finally selected 38 material issues (11 trends, 21 impacts, and 6 internal competencies) after carefully reviewing UPA's sustainability management issues selected by UPA's stakeholders.

STEP 3   Validation: Verification and validation

The selected material issues went through internal reviews as well as a validation process, and they are included in this report. UPA has determined the contents of this report after reviewing the reporting level of each issue in connection with UPA's strategic tasks. (This materiality test was designed to accommodate all major trend issues, impact issues, and internal competencies. At the report planning stage, focus was placed on the selected material impacts.)

Media analysis

UPA analyzed information covered by the media from 2011 to 2013 to identify external recognition on issues related to UPA's sustainability management.

Relevant organization analysis

UPA identified recent sustainability management issues by reviewing the sustainability management reports prepared by organizations engaged in the same or similar type of business.

ISO 26000 execution level diagnosis

UPA diagnosed the execution level with regard to social responsibility and deduced issues wherein that UPA are vulnerable on the basis of the ISO 26000 diagnosis tool developed mainly by the Ministry of Knowledge Economy.

Stakeholder interview

UPA conducted in-depth interviews with the representatives of its core stakeholders selected according to legal, financial, and operational responsibilities and impacts on UPA's management.

Key Impact Issues (GRI G4)

Key Trend Issues

•Increasing demand for safety in port and port services
•Demand for success of the Northeast Asian Oil Hub Project
•Fierce competition (rapid growth of Chinese ports, logistics port competition in Northeast Asia)
•Globalization of port logistics
•Diversification of customer needs
•Increasing demand for corporate transparency
•Government's demand for sustainability management by public agencies
•Increasing trade volumes in East Asia
•Increasingly large-scale port development
•Increasing demand for shared growth
•Increasing awareness of sustainability management

Internal Competencies (IIRC 〈IR〉)

•Relations and trust with key stakeholders (customers, local communities, government, etc.)
•Organization's facilities for production and service delivery (buildings, installations, infrastructure (roads, ports, bridges), and waste treatment facilities)
•Securing social support for the organization's business implementation
•Organization's competencies to understand, establish, and implement strategies
•Organization's competencies for shared growth
•Organization's competencies for ethical management, risk management, and governance
•Brands and recognition developed by the organization

Material Issues and Reporting Boundaries

Rank	Key Impact Issues	GRI G4 Aspect	Boundary Int.	Boundary Ext.	Page
1	Economic performance (liquid cargo volume, No. of ships arriving at the port, etc.)	Economic performance	●		15-17
2	Indirect economic impacts (investments in infrastructure)	Indirect economic impacts	●		34-35
3	Environmental impacts including logistics, etc.	Transport		●	44-49
4	Support for social investments in communities	Local communities		●	74-81
5	Engagement in local community development	Local communities		●	74-81
6	Promotion of social responsibility within the scope of corporate influences	Procurement practices		●	82-85
7	Prevention of corruption	Anti-corruption	●		22-25
8	Provision of job creation opportunities to local communities	Local communities		●	74-81
9	Compliance with laws related to social affairs (respect for property rights)	Compliance	●		25
10	Contributions to the educational and cultural development of communities	Local communities		●	74-81
11	Customer safety and health (promotion of customer healthcare and safety)	Customer safety and healthcare	●		50-57
12	Air emissions (scattered dust, GHG, etc.)	Emissions	●		44-49
13	Customer service, support and resolution of complaint and conflict	Product and service labeling	●		68-73
14	Employee diversity and equal opportunity	Diversity and equal opportunities	●		58-67
15	Procurement procedures	Procurement practices	●		82-85
16	Employee education and training	Training and education	●		58-67
17	Energy use (energy consumption per person, energy conservation programs, etc.)	Energy	●		44-49
18	Labor relations	Labor relations	●		58-67
19	Use of raw materials	Raw materials	●		44-49
20	Employment (gender, new and temporary positions)	Employment	●		58-67
21	Governance (decision making structure)	Governance	●		20-21

ISSUE 1

Securement of Future Growth Engines

Key Strategy

Port of Ulsan ranks among the four largest liquid cargo handling ports in the world. With its geographic advantages and excellent port facilities, it is now emerging as a global first-class liquid logistics port through its ongoing Northeast Asian Oil Hub Project. Thanks to its diverse efforts such as creation of hinterland complexes and development of new ports, Port of Ulsan is reinventing itself into a powerful commercial port handling not just liquid cargo but also containers and general cargo, among others. It is rapidly growing into a sustainable global trade port.

Key Issues

● Trend   ● Impact

Significance to Stakeholders (y-axis: 2.80 – 4.20)
Significance of Impact on UPA (x-axis: 3.00 – 4.60)

❶ Demand for success of the Northeast Asian Oil Hub Project
❷ Fierce competition (rapid growth of Chinese ports; logistics port competition in Northeast Asia)
❸ Globalization of port logistics
❹ Indirect economic impacts (infrastructure investments)
❺ Increasing trade volumes in Northeast Asia
❻ Increasingly large-scale port development

Securing Future Growth Engines

• The Northeast Asian Oil Hub Project
• The hinterland complex project
• The new port project
• Enhancing port competitiveness

Demurrage rate (%)
2.967

Cargo volume of Dongbuk wharfs/terminals (unit: 1,000 tons)
1,822

Cargo volume of new port wharfs/terminals (unit: 1,000 tons)
13,051

Facility sales rate of Hinterland Complex - Section 1 (%)
90

Key Performance

CONTEXT

An oil hub refers to an internal oil trading center with flourishing oil trade, logistics, and financial services, creating huge amounts of value-added based on large-scale oil refinery, processing, and storage facilities. Of late, the necessity to build a new oil hub in Northeast Asia has been raised constantly due to the emergence of Northeast Asia - particularly Korea, China, and Japan - as the world's biggest and most attractive oil market combined with the declining leverage of the Singapore Oil Hub in the Northeast Asian market. The Port of Ulsan has been recognized as the best candidate for a new oil hub in the region thanks to its geopolitical location – near China, Japan, and Russia – and the world-class refinery plants it owns and the best natural conditions including its deep water level. Thus, UPA aims to make the Port of Ulsan the fourth largest oil hub port - next to the United States' Gulf of Mexico, Europe's Rotterdam, and Singapore - through the successful implementation of its Northeast Asian Oil Hub Project, which is slated to be completed by 2020 and is expected to help the port to emerge as a global first-class liquid logistics-centered port.

PROGRESS

Progress of The Northeast Asian Oil Hub Project

In 1999, the feasibility of an international oil logistics hub began to be discussed. In February 2008, the Northeast Asian Oil Hub Project was selected by the government as one of the top 100 national tasks; this was followed by the participation of the Ministry of Knowledge Economy (currently known as the Ministry of Trade, Industry, and Energy) in the project, thereby adding to the project momentum. In March 2009, following the ministry's final selection of Port of Ulsan as the site for the country's Northeast Asian Oil Hub Project, work on the port and storage facilities kicked off in the Port of Ulsan. In December 2011, the Ministry finally approved the basic design of the North Port, which is phase 1 of the project. As per the Port Authority Act, UPA will be in charge of the construction of infrastructure, which will be sublet to upper-stream tank operators. Work on the oil hub terminal facilities will be conducted by a special-purpose company (SPC) joined by UPA, Korea National Oil Corporation (KNOC), and private companies. In 2012, UPA commissioned the working design of the North port infrastructure - phase 1 of the oil hub project - to an outside engineering company. It also had an environmental impact assessment performed for the work. In November 2013, phase 1 of the project began with an official kickoff ceremony. UPA is working hard to launch the South Port Project –phase 2 of the project - soon. The construction of a 300,000-ton vessel berth is impossible for safety reasons. Nonetheless, to accommodate the trend of increasing sizes of vessels, UPA decided to build an additional 300,000-ton offshore berth (buoy) in the port. Following the relocation of the crude oil buoy, UPA chose new locations for its two existing crude oil buoys. In February 2014, it had a safety inspection completed for the South Port of the oil hub project.

Global Marketing Activities

UPA is engaged in various global marketing efforts to implement the Northeast Asian Oil Hub Project, the next-generation growth engine for the Port of Ulsan. The CEO of UPA participated in international conferences on liquid cargo storage, including Tank Storage Asia 2013, to give a presentation and

Current Status of the Ulsan Northeast Asian Oil Hub Project	
Timeline	Progress
Dec. 2011	Basic design launched for the Northeast Asian Oil Hub Project - North Port Section
June 2012	Development direction of oil hub project fixed (through an agreement by the Ministry of Land, Transportation, and Marine Affairs and Ministry of Knowledge Economy) * UPA to develop infrastructure facilities and rent them to tank operators and special-purpose company (joint venture company led by Korea National Oil Corporation) to promote the construction of upper-stream facilities
Aug. 2012	Working design launched for the North Port infrastructure
Nov. 2013	North Port infrastructure construction launched (to be completed in 2016)
Feb. 2014	South Port safety inspection conducted

Economic Impacts (unit: KRW 100 million / persons)

	Direct	Indirect	Total
Production inducement	16,357	34,706	51,063
Value-added	6,981	14,835	21,816
Income inducement	4,488	9,537	14,025
Employment inducement	5,595	11,890	17,485

An Overview of the Northeast Asian Oil Hub Project

Classification	Total	Phase 1 (North Port)	Phase 2 (South Port)
Project outline	Seven 10,000- to 300,000-ton berths One 120,000-ton dolphin One buoy Land 899,000㎡	Four 10,000- to 50,000-ton berths One 120,000-ton dolphin Land 295,000㎡	Three 20,000-ton berths One buoy Land 604,000㎡
Storage capacity	28.5 million barrels (68 units)	9.9 million barrels (42 units)	18.5 million barrels (26 units)
Budget	KRW 1.662 trillion	KRW 587.2 billion	KRW 1.748 trillion
Period	2010-2020	2010-2016	2016-2020

* UPA directly engages in the construction of four berths (Phase 1) in the North Port and land development of 295,000 square meters with budget of around KRW 142 billion.

promote the port's oil hub project. At the conference, he held in-depth discussions on the plan of the project and investment conditions with the world's key figures in energy, finance, port administration, and shipping. He also engaged in investment attraction activities with major cargo owners and tank terminal operators. Furthermore, he sought cooperative relations with Vopak, a global leader in the area of liquid cargo storage business, for the Northeast Asian Oil Hub Project through a meeting with its representatives. He attended several international conferences such as 'World Ocean Forum', 'International Association of Ports and Harbors Conferences', 'Korea-Japan Port Logistics Association Conference', and 'Korea-Norway Maritime Transport Meeting' to promote the Northeast Asian Oil Hub Project in Ulsan. He played a leading role in the Northeast Asia Port Director-General Meeting attended by representatives of Korea, China, and Japan, which was part of his significant contribution to promoting the oil hub creation project through active international exchanges and cooperation. Given the importance of China, the biggest oil market in the region, UPA has held press briefings on the development plans of Port of Ulsan in China and invited executives of China Petroleum & Chemical Corporation (SINOPEC). It held another briefing on the project with executives from the headquarters of ODFJELL, a Norwegian shipping and tank terminal company, in Seoul.

NEXT STEP

For Port of Ulsan to grow into one of the world's top 4 oil hubs, better national strategies are needed in terms of the early establishment of commercial storage infrastructure, easing of rules on oil processing and transportation, attraction of oil traders, and upgrades of financial services. Fully aware of the challenges, the central government of Korea has announced measures to promote "Northeast Asia's Oil Hub" to facilitate the development of oil intermediate processing trade in the Port of Ulsan area where construction of commercial storage facilities is in progress for the purpose of developing Ulsan into a hub for oil trade and finance. The government estimates that the short-term and long-term economic impacts of the Northeast Asian Oil Hub Project will reach KRW 3.6 trillion and KRW 60 trillion, respectively. It forecasts an increase of US$25 billion in the exports of petroleum products on an annual basis starting 2021. The project is also expected to help the country's oil trade-related industries - including commissioned oil refinery and port infrastructure construction - grow significantly. It will certainly contribute to enhancing the nation's oil security through efficient domestic and international oil supply and demand as well as indirect oil stockpile effects.
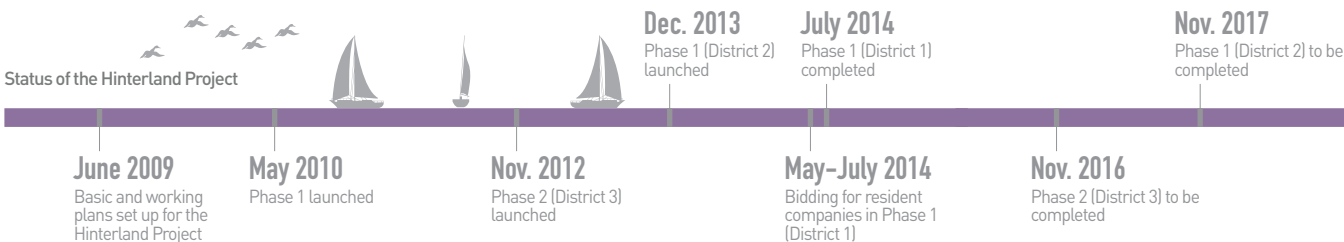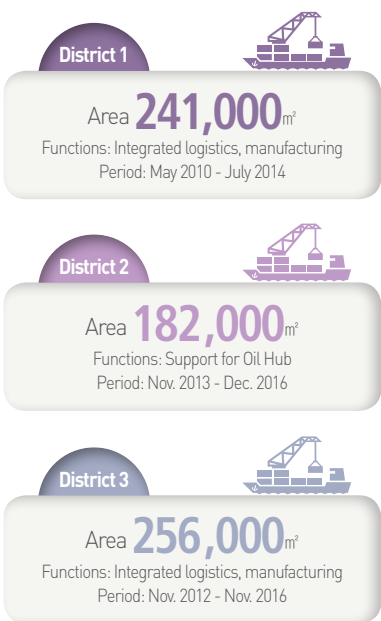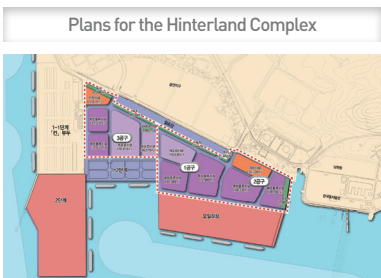
The Hinterland Complex Project

CONTEXT

Global enterprises leading the world economy have adopted Global Supply Chain Management (GSCM) as their core competition strategy to keep up with the rapidly expanding international markets and meet changing consumer demand. A hinterland complex where logistics activities for export and import are concentrated can be considered the most important axis in GSCM. The Ulsan area has developed industrial complexes for its three key industries automobiles, shipbuilding, and petrochemicals according to manufacturing-centered, regional economic development strategies. Still, it lacks the hinterland complex required to support global enterprises' logistics activities for export and import. Such shortage of logistics support facilities causes a disruption in the area's export and import activities, which in turn leads to weakened corporate and regional competitiveness. To address a potential imbalance between supply and demand with regard to the facilities required to support logistics activities in the area, UPA is engaged in the development of a hinterland complex without any budgetary support from the government for the first time among the ports in Korea.

PROGRESS

Status of the Hinterland Complex Project

UPA has promoted the hinterland complex project since 2009 according to its business plan for the development of the hinterland complex for the purposes of supporting export/import logistics activities in and around Port of Ulsan and securing the land required to back the oil hub project, which is being promoted as a key national task. In accordance with the results of a quantitative analysis on the port's cargo handling capacity, port facility size, and demand for land for logistics support, UPA will create a complex on a 679,000㎡ area by 2020 - 423,000㎡ in Phase 1 and 256,000㎡ in Phase 2. A total of KRW 126.4 billion is to be invested in the project. Phase 1 is divided into two sections: District 1 and District 2 , and Phase 2 will constitute District 3. UPA completed all its preparations - including the management plan and operation concepts - for the first hinterland complex of Port of Ulsan at the end of 2013. District 1 and District 3 are designed as a value-added base for manufacturing and combined transport catering to the hinterland complex and its resident corporations' export/import logistics activities. District 2 will be developed as a specialized complex for foreign businesses and their support facilities in the area of energy trading business given the characteristics of the energy industry-centered Port of Ulsan and its mid- to long-term plan as a global oil hub. Thanks to its careful preparations and the early establishment of its operation concepts, UPA has been able to narrow its attention to target customers; as a result, it secured occupants of 119,000㎡ - or 90% of the total land developed for District 1 - as of the end of July 2014 even before the completion of the construction work in District 1. Such feat of 90% sales of land in an unfinished land development project is unprecedented in the country's history of port hinterland development.

Plans for the Hinterland Complex

District 1
Area **241,000**㎡
Functions: Integrated logistics, manufacturing
Period: May 2010 - July 2014

District 2
Area **182,000**㎡
Functions: Support for Oil Hub
Period: Nov. 2013 - Dec. 2016

District 3
Area **256,000**㎡
Functions: Integrated logistics, manufacturing
Period: Nov. 2012 - Nov. 2016

Status of the Hinterland Project

June 2009
Basic and working plans set up for the Hinterland Project

May 2010
Phase 1 launched

Nov. 2012
Phase 2 (District 3) launched

Dec. 2013
Phase 1 (District 2) launched

May–July 2014
Bidding for resident companies in Phase 1 (District 1)

July 2014
Phase 1 (District 1) completed

Nov. 2016
Phase 2 (District 3) to be completed

Nov. 2017
Phase 1 (District 2) to be completed

Business Models of District 1 of Phase 1

Port cluster

Export/import
High value-added transshipment
Ordinary transshipment

Port
Storage

Hinterland complex
Assembly, reprocessing, labeling, storage, etc. (creation of value-added)

industrial complexes / hinterland interests
Automobiles (parts)
Shipbuilding/plant
Oil hub related business
Chemical industry

- About 11 times bigger value-added than ordinary transshipment (PSA)

- Foreign capital attraction
- Job creation for the hinterland area

- Activation of industrial complexes
- Cargo creation (high value-added transship-ment cargo, etc.)

- Support for hinterland logistics complex (HR, capital, technology, etc.)

Expected Effects

The Hinterland Complex Project for Ulsan New Port involves the development and expansion of a comprehensive port hinterland complex with central logistics features in Ulsan New Port. It is expected to make significant contributions to the development of the local economy and the nation's industries. As a result of analyzing the project's economic ripple effects, 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. With 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, the feasibility of the project has been secured.

NEXT STEP

To fulfill its purpose, i.e., export/import support of industrial complexes, effectively and help Port of Ulsan generate sustainable cargo volumes, attention should be paid to the attraction of cargo owner companies that can generate related cargo volumes in the hinterland complex adjacent to the container wharf. In collaboration with the central and local governments, UPA is working hard to identify and make improvements in unreasonable regulations that might hinder investments in the hinterland complex in an effort to attract more cargo owner companies to the hinterland complex. In the first half of 2014, UPA had regulations on the landscaping obligations and on the manufacturing companies' qualifications eased. It will continue to work hard to make the investment environment of the hinterland complex more favorable for potential investors. Meanwhile, although the development of the hinterland complex targets the creation of new container cargo, maximum synergistic effects can be realized when different ports in the area are operated according to their respective characteristics. Therefore, UPA plans to attract commercial financial service functions that can promote the international transaction of liquid cargo for the hinterland complex in association with its ongoing oil hub project.

Ulsan New Port Project

CONTEXT

UPA is promoting the development of Ulsan New Port to respond aggressively and proactively to changes in the logistics environment in the area including a large-scale free trade zone, additional development of the Onsan National Industrial Complex, and increasing investments by domestic and overseas companies in adjacent areas. Through the completion of the New Port, Port of Ulsan will be able to cement its position as the logistics hub in Southeastern Korea - where a continuous increase in cargo volumes is expected from the long-term perspective - and invigorate the local economy further.

PROGRESS

Building 2 Berths in the Northern Quay of Ulsan New Port

The 2-berth construction project 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 pursuant to "the Revised Master Plan for Nationwide Trading Ports" of 2006. In 2009, UPA changed the plan after careful consideration of changes that had taken place during the period at its basic and working design stages. In addition, given the prospect of increasingly large-scale vessels in operation, the water depth for the 20,000 DWT-class berth was revised to DL(-)12.0m so that a 30,000 DWT-class vessel can come alongside the quay; the water depth for the 30,000 DWT-class berth was modified to DL(-)14.0m for a 50,000 DWT vessel to come alongside the quay. We started the design in 2009. The project will be completed in November 2016 after eight years of engineering and construction work. The plan involves building one 20,000 DWT-class berth and one 30,000 DWT-class berth and developing a 120,000㎡ port site. We expect the project to cost KRW 53.3 billion including engineering and facilities.

Construction of Infrastructure for Oil Hub (Phase 1)

UPA decided to promote the infrastructure construction for the oil hub (Phase 1) in April 2012; it commenced working design and environmental impact assessment in August of the same year and began construction in November 2013 with a kickoff ceremony. The Phase 1 project was originally scheduled to build one 10,000DWT berth, one 30,000DWT-class berth, two 50,000DWT-class berths, and one 120,000DWT-class berth as its basic design. During the

Improved Berthing Capacity of Northern Quay of Ulsan New Port

Berth size	Planned water depth
One 20,000DWT berth	DL(-)11.0m
One 30,000DWT berth	DL(-)12.0m

Berth size	Planned water depth
One 30,000DWT berth	DL(-)12.0m
One 50,000DWT berth	DL(-)14.0m

Overseas Benchmarking Cases

West Port	Sebarok Port	Port of Ulsan
• Storage capa. about 7.7 million barrels • Quay 10 berths(15,000-120,000DWT) • Quay water depth DL(-)10.1m~DL(-)13.7m	• Storage capa. around 8 million barrels • Quay 9 berths (8,000-150,000DWT) • Quay water depth DL(-)10.1m~DL(-)17.6m	• Storage capa. about 9.9 million barrels • Quay 5 berths (10,000-120,000DWT) • Quay water depth DL(-)9.0m~DL(-)17.0m

Design of Infrastructure for Phase 1 of Oil Hub

Before modification

Port Hinterland Complex

Southern quay

Oil hub (Phase 1)

Quay

Small vessel wharf

To be reclaimed by Korea East-West Power Co., Ltd.

10,000-ton class   30,000-ton class   50,000-ton class   50,000-ton class

After modification

Port Hinterland Complex

30,000-ton class   Southern quay

Oil hub (Phase 1)

Quay

Small vessel wharf   10,000-ton class

To be reclaimed by Korea East-West Power Co., Ltd.

All berths can accommodate a 70,000-ton class ship

preparation of the working design, however, UPA carried out overseas benchmarking on berth size compared to storage capacity and, as a result, changed its design of four berths from 10,000~50,000DWT-class (DL(-)9.0~14.0m) to 70,000DWT-class (DL(-)15.0m). UPA also changed its design of the southern and northern quays into vertical type quays so that vessels can come alongside right away whenever necessary.

NEXT STEP

UPA will reflect the characteristics of port structures and increasing ship sizes on its new port development plan including Phase 2 of the Oil Hub Project involving the South Port, whose construction will be commenced in the near future, to maximize the economic feasibility and efficiency of the new facilities. In addition, UPA will forge development plans for Phase 2 of the Oil Hub Development Plan, which can respond to the aforesaid plans organically and boost the efficiency of port operations.

Port Competitiveness Enhancement

UPA Sustainability Report 2013   Issue 1

CONTEXT

Post-competetiveness is closely related to wharf productivity, one of the indicators of which is demurrage rate. With a high demurrage rate compared to the country's other trade ports, the annual social logistics costs of the Port of Ulsan are estimated to reach KRW 20.4 billion (based on the calculation method of the Korea Maritime Institute). UPA has made the improvement of efficiency of its wharf operations its top priority to enhance the port's competitiveness. It takes various actions to lower its demurrage rate. UPA will improve the port's productivity through various efficiency improvement activities, which in turn will reduce the port's social logistics costs while helping enhance the port's competitiveness.

Demurrage Rate (unit: %)

Year	Rate
2011	5.136
2012	3.808
2013	2.967
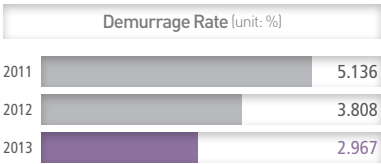
PROGRESS

Joint Operation of Port Facilities

Joint Operation of Dongbuk Pier

The operator of the Dongbuk pier has suffered a sharp decline in cargo volumes due to the country's slow economic growth combined with the heated competition among tank terminals. On the other hand, the nearby cargo owner company has had difficulties shipping its products overseas because of markedly increased outputs following its factory expansions. Previously, the pier operator company installed and operated conveying pipes on its own, earning both cargo storage fees and loading/unloading charges. Now, the cargo owner company has installed oil conveying pipes from its factory to the Dongbuk pier, paying the pier operator only for loading/unloading charges while operating the pier jointly with the pier operator. As a result, cargo throughput of the Dongbuk pier has increased by 139%, enabling the cargo owner to handle its export cargo on time.

Dongbuk Pier Cargo Throughput (unit: 1,000 tons)

2012	2013
760	1,822

139% surge
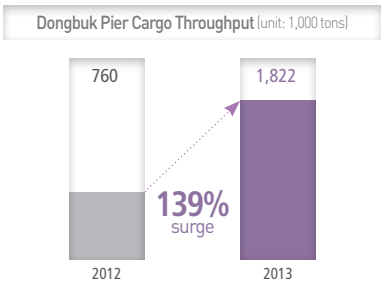
Linked Pier Operation at Onsan Port

The average demurrage rate of Onsan Piers 1~4 reached 23.6%, dramatically surpassing the average demurrage rate of the Port of Ulsan (3.8%). UPA carefully reviewed ways to reduce the demurrage rate and port users' logistics costs. For ores whose demurrage rate was particularly high, UPA decided to improve the efficiency of pier operation through linked pier operation while fixing the problem through additional pier construction in the South Port (2020) from the long-term perspective. Previously, four pier operators operated their piers separately (4 piers, 4 vessels). By linking their pier operations, Onsan Port can now handle a total of five vessels in its four piers. Its cargo throughout has jumped to 101,000 tons (76 vessels).

Linked Operation of Onsan Piers 1-4

Before

4 ships through separate operations

1 ship	1 ship	1 ship	1 ship
Pier 1 (270m)	Pier 2 (210m)	Pier 3 (230m)	Pier 4 (210m)

After

5 ships through linked operations (location adjustment)

1 ship	1 ship	1 ship	1 ship	1 ship
Piers 1-4 (920m)				

Improved Tugboat Operation through Expanded Tugboat Mooring Facilities

2009: 5 vessels assigned	2012: 5 vessels assigned	2013: 4 vessels assigned	2014: assignment completed
• Building a temporary mooring facility with 2 unused barges	• Operation of a tugboat wharf (140m)	• Dredging the turning basin • Operation of a lounge	• Proper tugboat assignment

Collecting opinions and conflict resolution over Tugboat Service for Onsan Port

Classification	Positions of tugboat companies	Solutions
Income reduction	• Tugboat assignment to Onsan Port involves extra travel distance and time and reduces their income.	• Tugboat fuel costs saved through Onsan Port's tugboat mooring facilities • Shipping companies' logistics costs reduced Improved competitiveness of Port of Ulsan Increased vessel traffic • Tugboats can engage in emergency support in Onsan Port.
Building mooring facilities	• Build a separate tugboat wharf in Onsan Port.	• Temporary mooring facilities built (2009) • Construction of a tugboat wharf (2009-2012) • Turning basin dredging and extra tugboat assignment (2013)
Welfare facilities	• Build a 24/7 crew lounge	• A crew lounge for the tugboat wharf opened (May 2013)

Operation of Separate Tugboat Mooring Facilities for Onsan Port

Port of Ulsan maintained its tugboat mooring facilities in the Ulsan Main Port. Vessels departing from or arriving in Onsan Port had to use tugboats coming from the Main Port. Shipping companies had to shoulder the extra costs for tugboat operation between the Main Port and Onsan Port, which took 38 minutes for a distance of 7km. UPA joined forces with the Ulsan Regional Maritime Affairs & Port Administration to build infrastructure for tugboat mooring facilities in Onsan Port so that tugboats can be deployed there. Currently, Onsan Port is equipped with tugboat facilities, turning basin, and crew lounge. Logistics costs for Port of Ulsan have dropped by KRW 10.8 billion. GHG emissions have been reduced by 11,735tCO$_2$ owing to the shorter distance of tugboat operations. Moreover, tugboats in Onsan Port can engage in emergency missions in inclement weather, among others, raising hopes that casualties from safety accidents in the Port of Ulsan area will decline further. The shorter waiting time for vessel arrival/departure has reduced the crew's fatigue. UPA's efforts have been recognized externally. In 2013, UPA won the Security and Public Administration Minister's Prize in the Public Contest for Improvements in Civil Affairs Administration for its achievements.

Modernization of Unloading Facilities

Relocation of Woodchip Unloading Wharf and Automation of Unloading Facilities

In Port of Ulsan, cargo owners had to use the woodchip unloading wharf located far from their business location. To address problems of low efficiency and high logistics costs, UPA moved the woodchip unloading wharf to the Korea Express New Port Wharf, which is closer to the cargo owners. The distance of cargo transport has decreased by 15km (22km→7km), saving them around KRW 2 billion in logistics costs per year. Moreover, UPA has installed woodchip-exclusive automatic unloading facilities in the new location, improving productivity by 66% with the daily unloading capacity rising from 6,000 tons to 10,000 tons. Through wharf relocation and facility automation, the annual woodchip unloading quantity became 1,081,000 tons as opposed to the annul woodchip unloading capacity of 660,000 tons, representing a 163% increase in capacity.

Automation of Woodchip Unloading Facilities

Before (traditional operation)

▼

After (automatic operation)

Enlarging the Liquid Cargo Conveying Pipe

The demurrage rate of Wharf 2 of the Ulsan Main Port, which is highly useful with water depth of 11 meters, rose. As such, UPA has enlarged the liquid cargo conveying pipe. Previously, a pipe with diameter of 6 inches handled 200 ~ 250 tons an hour. Now, a pipe with diameter of 10 inches handles 400~500 tons per hour. Thus, efficiency in loading/unloading has markedly improved.

Support for Modernization of Port Equipment

Despite the urgent need for the 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 borrowing. UPA has implemented a fund assistance program for port loading/unloading equipment modernization and shared in the interest payment of companies on their borrowings according to a plan. With improved cargo handling capacity through the introduction of state-of-the-art equipment, synergy effect between sea and land transportations has been realized through reductions in the ship's duration of stay in the port and the demurrage rate, enhancement of port productivity and competitiveness, and less financial burdens of the loading/unloading companies. For the past six years since the program launch in 2008, UPA has supported a total of KRW 600 million in shared interest payment for 10 port equipment modernization projects.

Efficient Use of Loading/Unloading Wharfs

UPA enhances its operation efficiency by discovering hidden space in the port's wharfs and making the best use of it. Since Wharf 1 was not big enough for efficient loading/unloading operations because of its small width, UPA expanded its space to the body of water adjacent to the East Wharf. Moreover, about 30 meters in Berths 7 & 8 (259 meters long) of the General Wharf could not be used for loading/unloading effectively because of the area's sloped surface. Through the remodeling of the section, UPA has actually expanded the loading/unloading space in the wharf. A water boat was stationed in Wharf 4 in the Ulsan Main Port over a 30-meter long space, increasing the risk of collision with frequently traveling cargo ships in the area. Thus, UPA relocated the water boat to Maeam Wharf (backup wharf), as a result of which efficiency and safety have improved in Wharf 4. Meanwhile, Port of Ulsan completed the largest dredging in 2013. According to the results of the water depth measurement, all low-lying areas in the downstream stretch of Taehwa River, Ulsan Main Port, and Onsan Port were dredged. The total dredging quantity in 10 bodies of water, including Taehwa River, was 254,000 cubic meters. As such, Port of Ulsan operates wharfs 24/7.

Expansion of Loading/Unloading Wharfs			
Location	Before	After	Change
Total	1,090m	1,150m	60m, 5.5% ▲
Wharf 1	149m	149m	open storage yard increased by 1,798㎡ ▲
Wharf 4	292m	322m	30m, 10.2% ▲
General Wharf	649m	679m	30m, 4.6% ▲

Maximization of Port Facility Usage

Improved Efficiency of New Port Wharf Operations

Generally, tankers (mother ships) carrying a large amount of chemicals move between two to three tank terminals for unloading. In Port of Ulsan, a small amount of liquid cargo that needed to be delivered to other ports immediately was transshipped to tenders (smaller craft) at a transshipment wharf for final delivery. A small quantity of liquid cargo involved the additional use of the transshipment wharf of South Breakwater, extending the tanker's stay at the port and incurring extra logistics costs. UPA worked out safety standards for the Jeongil New Port Wharf so that mother ships and tenders could come alongside the quay facilities and engage in onshore and offshore loading/unloading at the same time at the wharf. As a result, 12 ships can load/unload 32,000 tons of cargo offshore, leading to the considerable improvement of productivity in the area. Meanwhile, there was a huge rock in the low-lying area in front of the Hanjin New Port Wharf near the turning basin of the South Breakwater Transshipment Wharf. A 50,000 DWT-class ship or above had difficulty using the body of water. Thus, UPA carried out dredging to remove the rock. By securing a 16-meter-deep, safe body of water, large vessels can now access the area easily.

NEXT STEP

UPA operates the "Federation for Port of Ulsan Productivity Improvement," an organization joined by the port agency and port users, to make continuous improvements in the productivity of Port of Ulsan. UPA will further promote the activities of the federation to boost the productivity of the port. In addition, UPA will do its best to reduce the port demurrage rate to the 2% level through the expansion and improvements of port facilities, user-centered port operations, and reforms in institutions and systems. It also plans to operate Wharf 6 of the Ulsan Main Port as an automobile-exclusive wharf; this is expected to increase annual cargo volume by more than 3 million tons.

Cargo Volume of New Port Wharfs (unit: 1,000 tons)

11,853 (2012) → 13,051 (2013) 10.1% surge
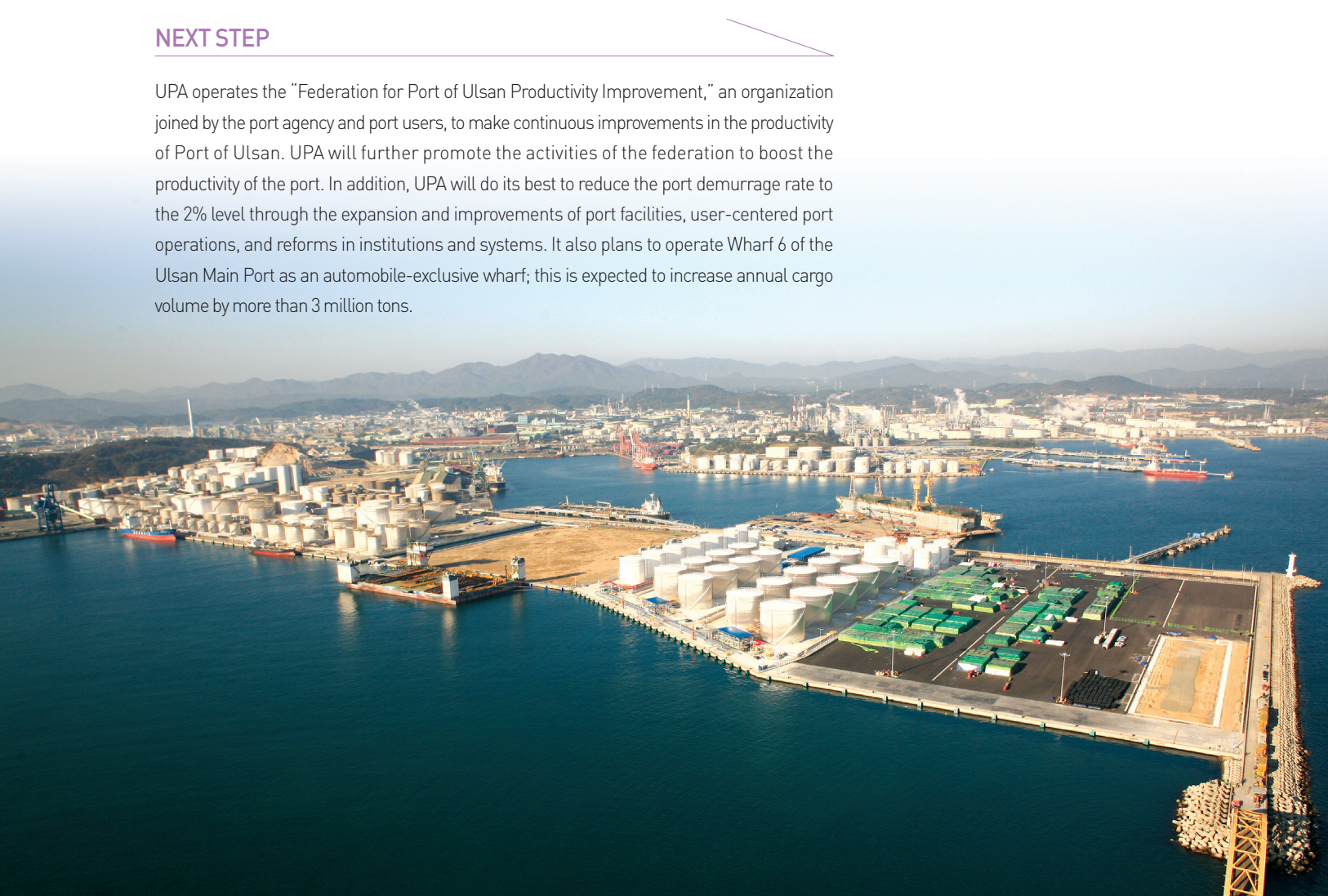
ISSUE 2

Operation in Eco-Friendly Ways

Key Strategy

To realize a sustainable port for future generations, UPA strives to foster Port of Ulsan as a clean port, minimizes the environmental impacts of port operations, and responds to environmental hazards and climate change through its environmental management system.
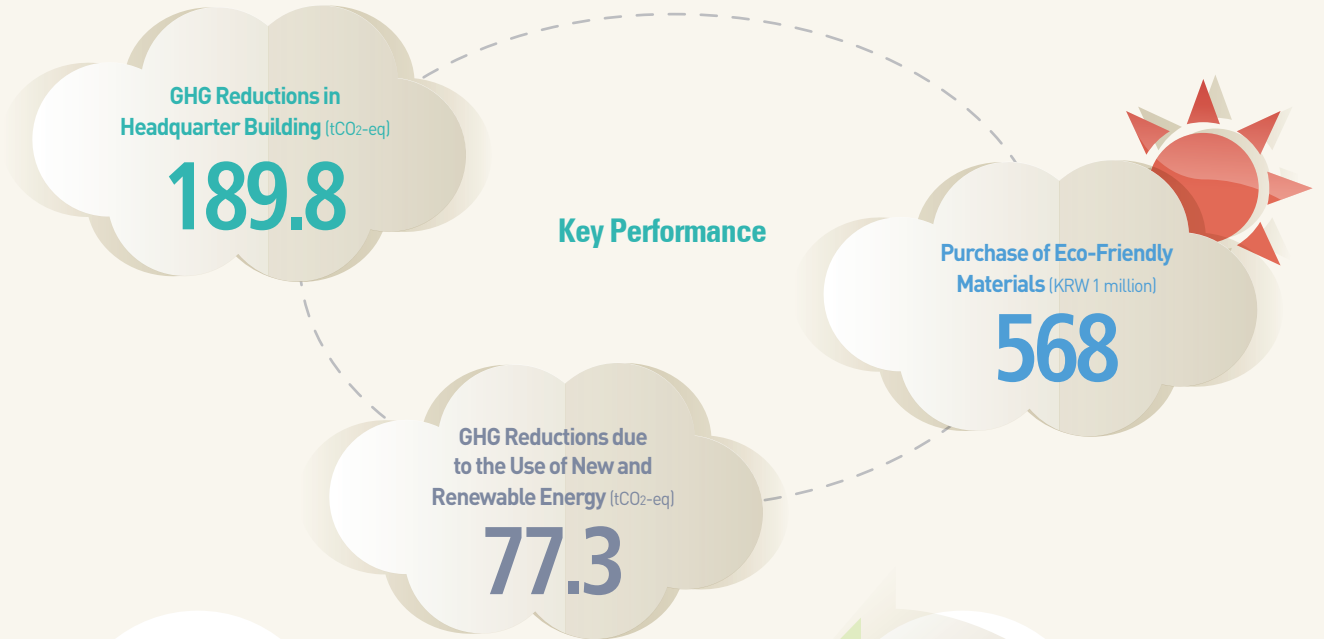
Key Issues

● Trend ● Impact

Significance to Stakeholders

Significance of Impact on UPA
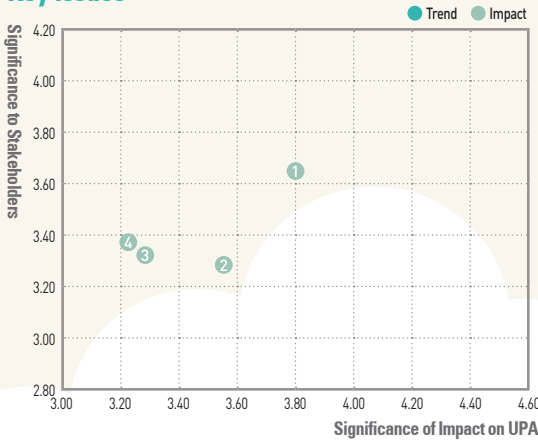
❶ Environmental impacts including transport
❷ Air emissions (scattered dust, GHG emissions, etc)
❸ Energy consumption (energy use per person, energy conservation programs, etc.)
❹ Raw materials use

Eco-friendly port operations
•Building a green port
•Environmental management system
•Responding to climate change

Key Performance

GHG Reductions in Headquarter Building (tCO₂-eq)
189.8

GHG Reductions due to the Use of New and Renewable Energy (tCO₂-eq)
77.3

Purchase of Eco-Friendly Materials (KRW 1 million)
568

Environmental Load				
Classification	Unit	2011	2012	2013
GHG Emissions	tCO2-eq	188.8	679.34	489.6
Electricity use	TJ	2.984	11.824	7.669
City gas use	TJ	-	0.301	0.398
Diesel use	L	2.276	10.125	9.833
Waster (sewage) discharge	ton	-	3,245	4,423
Tap water use	ton	-	3,245	4,423
Direct energy use	MJ	507,390	11,498,240	1,444,173
Indirect energy use	MJ	2,983,500	1,376,000	7,668,770

※ For 2011, city gas use, wastewater (sewage) discharge, and tap water use are not included because the headquarter was situated in a rented building, and the calculation of the three was not made independently. The UPA building was completed in 2012, with headquarter relocation made that same year.
※ The quantities of direct and indirect energy use for 2011 and 2012 have been corrected in this report, the figures in the 2012 sustainability report were miscalculated due to an error in unit conversion.

CONTEXT

UPA is operating Port of Ulsan as a sustainable port for future generations. It is also responding to climate change proactively by minimizing the environmental impacts of its services, complying with environmental regulations, and taking part in efforts to reduce GHG emissions. UPA is fully committed to building an eco-friendly port in Ulsan based on its own initiatives. It will do its best to make Port of Ulsan a low-carbon, green port.

PROGRESS

Systems to Promote the Creation of Green Port

UPA has forged a plan to make Port of Ulsan a green port in response to international environmental regulations, in compliance with the government's policies designed to respond to climate changes, and to develop Port of Ulsan into a more environmentally sustainable port as a responsible corporate citizen.

Activities and Achievements to Build an Eco-Friendly Port

Activities to Reduce Scattered Dust

Improvements in Unloading and Storage Methods of Auxiliary Raw Materials of Animal Feed

By nature, auxiliary raw materials of animal feed generate a good deal of scattered dust during unloading, transport, and delivery processes. Committed to achieving "zero complaints on scattered dust" and building a clean port environment, UPA launched an R&D project to develop an eco-friendly hopper. In partnership with wharf operators and dust collector companies, UPA carried out the research with budget of KRW 120 million. UPA successfully developed an eco-friendly hopper with up to 80% better performance than traditional hoppers as confirmed by experts of the Korea Maritime Institute. With investment of around KRW 1 billion, UPA will complete the electrical facilities needed for the operation of eco-friendly hoppers on the ground. Wharf operators are planning to operate more than six eco-friendly hoppers. As such, the generation of scattered dust from auxiliary raw materials of animal feed during unloading processes is expected to be minimized.

Promotion of the Creation of a Green Port

Vision

Takeoff as a First-Class Liquid Logistics-Centered Port through the Realization of a Low-Carbon Green Port

Tasks to Implement

Setting strategies for a green port

Reducing CO_2 through facility improvements

Expanding purchase of eco-friendly materials

Transplantation of the Sea Jungle around Namhwa Pier

Key Strategies for a Green Port

	Low-carbon green energy port	Sustainable green port	Green partnership port
Key promotion areas	1. Build efficient energy management port 2. Establish carbon-neutral port systems 3. Visualize GHG inventory	4. Establish constant green port management system 5. Lay the foundation for green port PR/marketing 6. Enhance investments in green port technologies	7. Build a cooperation network for climate change responses 8. Establish a system to voluntarily materialize a green port 9. Improve regulations and incentives for a green port
Key strategies	1. Prepare systematic management plans for port carbon monitoring, reductions, recycling, etc. 2. Build a carbon-neutral port through reductions in carbon generation 3. Build a low-carbon, high-efficient port through efficient energy use	4. Prepare sustainable green port management plans including restructuring 5. Lay the foundation for the creation of new cargo through continuous green port PR to shipping companies and cargo owners 6. Build a system to create new green port technologies by securing green technology funds and linkage to the government's R&D projects	7. Prepare plans for a voluntary cooperation and green port realization among shipping companies, operator and authorities 8. Prepare systems and incentives motivating active participation through mutual collaboration

---

Roadmap for Green Port Implementation

		Program Characteristics	Program Types
Stage 1	2014~2017	• Programs with high conservation effects • Programs requiring continuity • Programs already validated	• High-efficiency LED, Eco-Hopper • High-efficiency conveyor belts Idle operation preventing devices Photovoltaic power generation
Stage 2	2018~2021	• Programs requiring consultation with other agencies • Programs requiring time for introduction • Programs requiring technical verification	• Compressed natural gas powered ships • High-efficiency unloader, e-RTGC, AMP
Stage 3	2022~2025	• Programs requiring long-term plans • Programs requiring big budgets • Programs difficult to secure budgets	• Coal warehouses • Hybrid tugboats

Reduction through Warehouse Construction

Since 2010, UPA has continued to expand its warehouses for auxiliary raw materials of animal feed to reduce the scattered dust generated during the processes of unloading from ship, loading onto trucks, and transport. By the end of 2013, UPA has built a total of 12 warehouses (two in 2013). The total volume of the cargo is now stored inside warehouses. Such has improved port workers' working conditions and increased the available open storage area by 23,000㎡. UPA will continue to improve the environment in the port.

Purchase of Eco-Friendly Materials

UPA has continued to increase the proportion of eco-friendly materials for its construction projects. Specifically, UPA has purchased KRW 568 million worth of eco-friendly materials including reclaimed asphalt concrete, high-efficiency lighting fixtures, tree protection grilles, and eco-friendly building materials. This way, UPA is building an environmentally healthy port.

Purchase of Eco-Friendly Materials		
Reclaimed asphalt concrete	Hinterland Complex Project for Ulsan New Port	3,000㎡, KRW 168 million
	A port crew lounge building	395㎡, KRW 60 million
	Open storage area pavement	1,414㎡, KRW 97 million
High-efficiency lighting fixtures	Hinterland Complex Project for Ulsan New Port	122 lamps, KRW 166 million
Tree protection grilles	Hinterland Complex Project for Ulsan New Port	437pieces, KRW 57 million
Eco-friendly building materials	A port crew lounge building	Interior materials, KRW 20 million

Activities to Improve Ecosystem

Concerns rose with regard to the potential damage to the underwater ecology including the underwater jungle near Namhwa Pier due to the offshore construction work in the area. Since the damage to the underwater jungle was deemed inevitable, UPA had artificial underwater forests created instead in Ilsan Port and Seuldo Island in Dong-gu, Ulsan. Seaweed (Phyllospadix sp.) growing in the project area is transplanted to the artificially created underwater forests based on a licensed technical method. Through the creation of substitute underwater forests along with the transplantation of sea algae, UPA has demonstrated its commitment to maintaining balance between development and conservation in its port development projects.

Seaweed and Phyllospadix sp.

Seaweed

Around **31** types
Water-bloom (5), brown algae (7), Rhodophyta (19)
Dominant species: Ecklonia kava (at the depth of 5m)

Phyllospadix sp.

About **4,896** algae

An artificially created sea forest
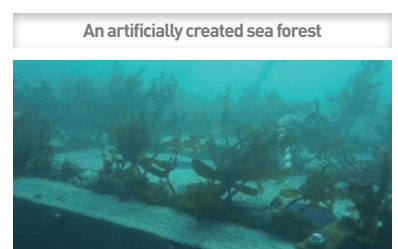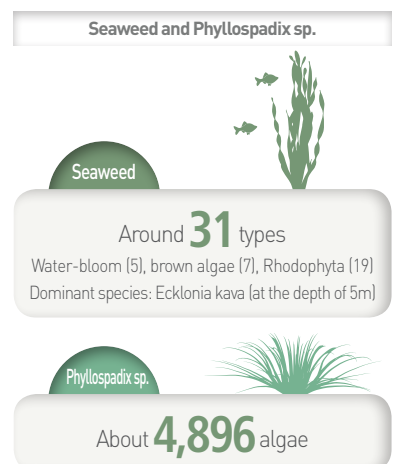
Operating Eco-Friendly Vehicles

UPA has introduced eco-friendly vehicles to minimize environmental impacts due to exhaust gas. At present, it is operating one electric car and one hybrid car as patrol cars within the port in addition to the two hybrid cars used as its official vehicles.

Offshore Cleaning Activities

To maintain a clean, beautiful port, UPA regularly engages in offshore cleaning activities with related agencies and organizations. In 2013, it collected a total of 57 kinds of waste in the body of water in and around Port of Ulsan through its constant efforts to keep it clean. In November 2013, oil contamination occurred in the area as three vessels ran aground. UPA took immediate actions to control the contamination as part of a communitywide campaign to correct the situation. UPA seeks to become a public company that grows together with port users and local communities through its offshore cleaning endeavors carried out with port users and ordinary citizens,

Environmental Management System

On December 27, 2011, UPA acquired ISO 14001:2004 certification for its Environmental Management System (EMS) 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 the environmental aspects and impacts associated with the wharf/terminal operators providing 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 activities. Through environmental education for the employees of UPA and wharf operators, we instill and disseminate environmental awareness and strive to build an eco-friendly workplace. In 2013, 12 employees of UPA and wharf/terminal operators obtained internal environmental assessor certificates through systematic education. In July and December, UPA performed internal inspections on nine wharf/terminal operators' environmental management status and had shortfalls rectified. We continually monitor the condition of EMS operations 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.

Tackling Climate Change

Tackling Climate Change at the Port

UPA replaced lighting fixtures at the port with high-efficiency lamps to make improvements in illumination. On the other hand, it installed LED flood lights in light tower unit 1~5 at Wharf 2 to conserve energy. In addition, for the first time among domestic ports, UPA built a wireless control system. Through the installation of an illumination control software program and a distribution board controller, UPA can now control all light towers simultaneously; thus conserving energy. After establishing an energy conservation plan for Port of Ulsan, UPA took the lead in drawing cooperation from wharf/terminal operators, Tugboat Operator Association, and Port of Ulsan Worker Labor Union for joint efforts to conserve energy. For lighting facilities, we toured the port to check for lights left on after usage. Through the installation of a wireless control system, we prevent wastage of electricity. To save the energy consumed for heating and cooling, we have increased to 30°C the temperature at which people are allowed to switch on air conditioners and

installed standby power blocking controllers. For onshore electrical facilities, we have arranged for electricity supply to non-standby vessels suspended completely while encouraging standby ships to minimize their power consumption.

Response of Marine Center (Headquarter Building) to Climate Change

Implementation of Energy and Greenhouse Gas(GHG) Target Management System

In keeping with the government's policies to reduce public organizations' GHG emissions, UPA monitors its GHG emissions in the building and transportation areas. For buildings, it has measured GHG emissions since December 2012 when its headquarters moved into the Marine Center, whose CHG emissions ceiling is set at 566.9tCO$_2$-eq with the exception of the security headquarters and rented space in the building. The ceiling for 2012 was 709.6tCO$_2$-eq. In 2013, UPA excluded the security headquarters from its total ceiling quantity. The gap between two figures is attributable to such exclusion. To achieve a 20% reduction of the ceiling quantity by 2015, UPA complies with the recommended seasonal indoor temperatures, switches off unnecessary lamps, and encourages carpooling. It has worked out a detailed action plan for energy conservation, making sure that it is implemented faithfully through regular monitoring.

Efforts to Reduce GHG Emissions and Save Energy

To reduce its GHG emissions by 20% by 2015 while conserving energy in accordance with its detailed action plan, UPA deploys Energy Watchers for the aggressive monitoring of progress. To encourage all employees to engage voluntarily in the companywide energy conservation efforts, it plans to introduce a compensation system while increasing the proportion of new and renewable energy in its energy portfolio. UPA will take aggressive measures to conserve energy.

Application of New and Renewable Energy

UPA reviewed the expansion of new and renewable energy application in the building sector. We installed geothermal cooling and heating system and solar energy power generation system in the Port of Ulsan Marine Center in 2011 and the Port Operation Center in 2012. Through the use of new and renewable energy, we succeeded in reducing GHG emissions by 77.3tCO$_2$-eq* (reduction achieved by the Marine Center including rented space) in the building sector in 2013.

NEXT STEP

UPA's long-term goals include improved energy efficiency - centered on renewable energy - in all of its operations and environmentally sustainable port development and operations. Internally, UPA will seek fresh ideas to improve the port environment with a number of its stakeholders and accelerate the development of environment-related technologies through diverse R&D projects. It will join the World Port Climate Initiative by the end of 2014. It will pursue collaboration in the field of environment through a global network consisting of the world's key port agencies. It will also apply the latest GHG reduction technologies and concentrate its resources on the minimization of negative environmental impacts of port operations. Fully aware that a number of local residents are closely related to the port both economically and socially, and that they are consequently affected heavily by the port environmentally, it will enhance its position as an eco-friendly green port that grows together with communities and create high value-added with them.


GHG Emissions (unit: tCO$_2$-eq)

	Direct emission	Indirect emission	Total
2012	66.79	612.56	679.4
2013	92.3	397.3	489.6

■ Direct emission ■ Indirect emission ☐ Total

Generation of New and Renewable Energy

Classification	Energy Output	GHG Reduction
Solar Power	18.5MWh	8.6tCO$_2$-eq
Geothermal Heat	Impossibe to calculate	

ISSUE 3

Safe Operation

Key Strategy

To enhance competitiveness through safe port operations, UPA monitors port infrastructure, raises the safety awareness of all personnel involved in port operations, and engages in the prevention of safety accidents in an aggressive manner. It realizes a safe port by preemptively responding to and preparing for all port-related safety issues including loading/unloading safety, security, offshore safety, facility safety, and disaster safety.
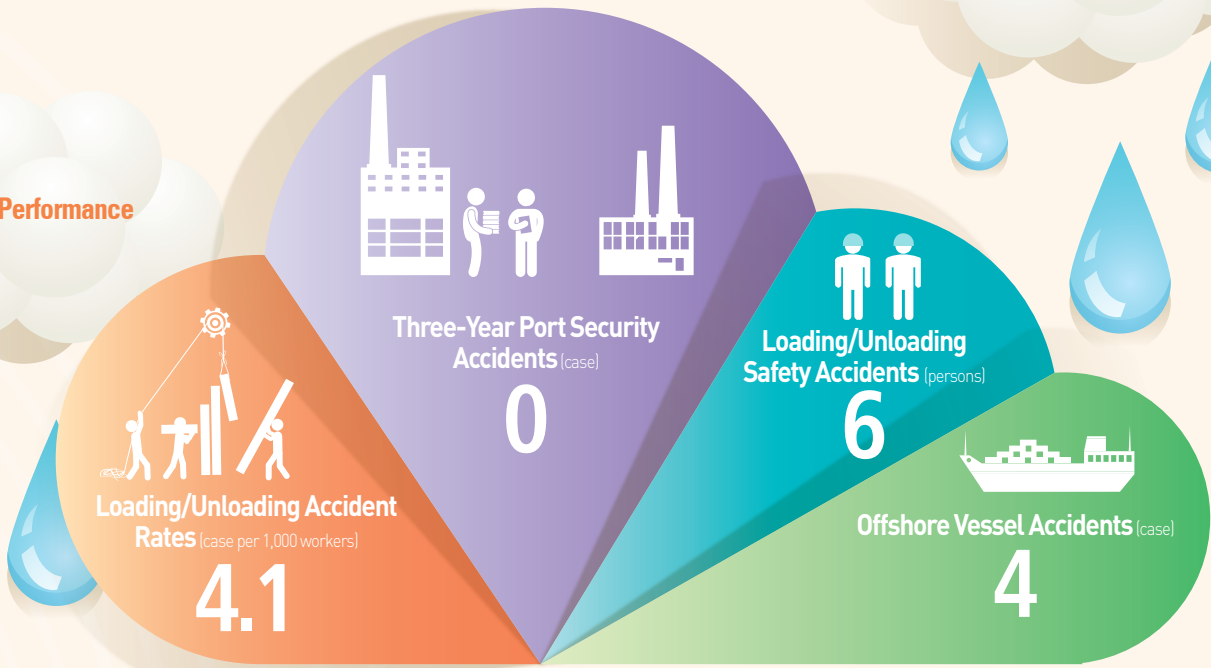
Key Issues

Significance to Stakeholders / Significance of Impact on UPA
● Trend ● Impact
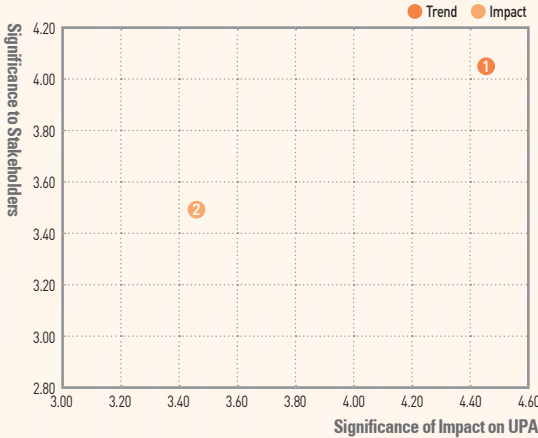
❶ Increasing demand for safety in the port and port services
❷ Customer health and safety and consumer health and safety protection

Securing Future Growth Engines
•Loading/Unloading Safety   •Port security
•Offshore safety   •Facility safety
•Disaster safety

Key Performance

Three-Year Port Security Accidents (case)
0

Loading/Unloading Safety Accidents (persons)
6

Loading/Unloading Accident Rates (case per 1,000 workers)
4.1

Offshore Vessel Accidents (case)
4

CONTEXT

There is increasing interest and demand for the prevention of port safety accidents and enhancement of security activities all over the world. Still, accidents continue to occur among workers dealing with various kinds of freight largely because of a lack of awareness of the importance of safety among all involved. Port of Ulsan is Korea's largest port in terms of the handling of hazardous cargo. Safety management of dangerous goods is critical, and it needs to pay keen attention to port security to maintain zero security accidents record. UPA will continue to upgrade its port facilities to secure safety for all of its personnel and realize a safe port through efforts to prevent safety accidents and enhance security onshore and offshore.

PROGRESS

Loading/Unloading Safety

Efforts to Prevent Safety Accidents of Port Workers
In Port of Ulsan, loading/unloading safety accidents occur repetitively because of deficiencies in safety systems and safety culture, which in turn are attributable to the employment structure (workers supplied by the Port of Ulsan Transportation Union to loading/unloading companies) and the diversity of freight handled by the port, i.e., more than 20 kinds including coal, animal feed, fertilizer, ores, steel, automobiles, and coil. To reduce safety accidents through enhanced safety education for port workers, UPA offers safety guidance, consulting, and information on trends in industrial safety through education commissioned to outside professional education institutions such as Korea Port Training Institute, Korea Industrial Society Association, and Korea Occupational Safety & Health Agency. UPA has made onsite pre-loading/unloading education mandatory. It offers all port workers quarterly safety education by inviting - as resource persons - experts in a variety of fields to enhance their safety awareness. In addition, UPA and loading/unloading companies as well as the port transportation union hold Port of Ulsan Safety Manager Council meetings on a quarterly basis to carry out joint safety inspections and share loading/unloading safety cases and accident-related statistics, UPA has compiled and distributed general cargo safety manuals to loading/unloading businesses and organizations at Port of Ulsan. It enforces "Zero-accident Month" twice a year in the summer and winter and Safety Inspection Day each month for intensive publicity regarding the importance of safety. To raise port workers' safety awareness further, UPA rewards those who have made contributions to safety management each year.

Efforts to Prevent Loading/Unloading Safety Accidents of Hazardous Materials
Port of Ulsan is the country's biggest port handling dangerous goods and the world's fourth largest liquid cargo handling port. It is stepping up its safety prevention activities to become the world's top-tier port. Together with the Ulsan Regional Maritime Affairs & Port Administration, UPA implements comprehensive, systematic safety activities through professional competency enhancement programs for safety managers, study club activities, use of safety manuals, and site-centered prevention activities. On top of that, UPA permits the use of waters for loading/unloading facilities (1 year) only when the facilities pass safety inspections according to the Special Act on the Safety Control of Public Structures and they are found to pose no hazards in port development and operations as a result of safety inspections of crude oil conveying pipes and

Status of Loading/Unloading Safety Accidents

No. of persons involved (unit: person)

2011	25
2012	17*
2013	6

* The number for 2012 is revised from 16 to 17.
(Based on the corrected figure of the Korea Port Logistics Association)

No. of accident per year in thousands

2011	16.8
2012	11.5
2013	4.1*

* The 2013 figure is an estimate pending the final figure from the Korea Port Logistics Association.

Loading/unloading safety accidents of dangerous objects

0 for **4** years in a row

Preventive Activities of Loading/Unloading Safety Accidents of Hazardous Materials

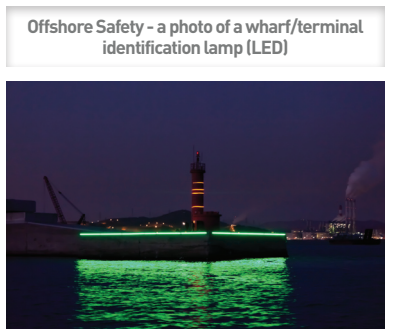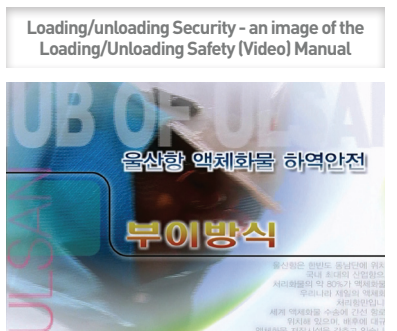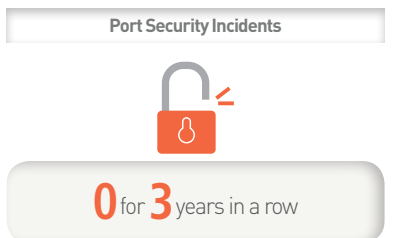| Implementation of Enhance Safety Management of Hazardous Materials		Promotion Results
Education to enhance safety managers' competency	• Implementation of safety education in professional education facilities (Korea Maritime Dangerous Goods Inspection Center) - New and refresher courses for bulk liquid cargo safety managers(Dec. 5-6 / UPA Multipurpose Hall)	20 safety managers trained
Participation in study clubs	• (Composition) 14 persons from the Maritime Affairs & Port Administration, UPA, professional institutions, refinery companies • (Activities) quarterly meetings; safety management ideas for different cargo handling; study of safety management systems for hazardous materials loading/unloading	Facility safety standards enhanced for oil supply ships
Use of safety manuals	• Use of onsite action manuals for fire and explosion accidents in the port • Use of safety management work manuals for loading/unloading of hazardous materials	Efficient and systematic job performance
Enhancement of site-centered accident prevention activities	• Implementation of daily inspections of hazardous materials loading/unloading site - Allocation of safety managers and installation of fire extinguishers and fire doors • Intensive inspections of safety facilities for hazardous materials loading/unloading - Inspection of 36 companies and 19 deficiencies found	Safety facility installation standards in need of reviews for each wharf/terminal - To be commissioned in 2014

hazardous materials loading/unloading facilities. Furthermore, UPA has enhanced its early response capabilities through the installation of explosion-proof distribution boxes designed to prevent explosion and firefighting facilities (2 pumps, 279-meter hoses) necessary in association with the handling of hazardous materials. It has also promoted the gradual relocation of underground liquid cargo loading/unloading manholes to the surface. Through its efforts to enhance safety features designed for the loading/unloading of dangerous goods in the port, UPA has achieved zero loading/unloading accidents in Port of Ulsan for four years in a row.

Port Security

To ensure the safety, speed, and convenience of port security activities, UPA is running an intelligent, comprehensive port operation system. The system enables the Comprehensive Port Control Center to manage the entire process from arrival to departure of vessels. Thanks to CCTV cameras, the center can monitor all the activities going on in the harbor from the moment vessels approach the wharfs/terminal, enabling it to prevent terrorism and respond to disasters early. Through the enhancement of security personnel's competency and sense of responsibility, UPA has succeeded in achieving zero security incidents. To improve security personnel's caliber, UPA has compiled and distributed work guidance, carried out joint exercises with Ulsan Customs, and had them go through shooting training and CS courses. UPA discloses the names of security personnel on duty to increase their sense of responsibility and maintain water-tight security of the port.

Offshore Safety

UPA has established its own offshore safety management plans in connection with water zone management tasks assigned by the Ministry of Maritime Affairs and Fisheries and Korea Maritime and Port Administration. The mooring facilities of Port of Ulsan are known for having the country's highest density. Offshore anchoring is inevitable due to the shortage of facilities for tugboats and barges. Wharf recognition is difficult because of the lights from the industrial complexes behind the port. Thus, UPA promoted the expansion of collective mooring space, secured tugboat and barge mooring facilities, and installed wharf/terminal identifying lamps. Through such efforts by UPA to prevent offshore safety accidents, Port of Ulsan's conditions for vessel maneuverability improved; in fact, the number of vessel collision incidents in 2013 dropped to 4, 3 of which were very minor incidents.

Port Security Incidents

0 for **3** years in a row

Loading/unloading Security - an image of the Loading/Unloading Safety (Video) Manual

Offshore Safety - a photo of a wharf/terminal identification lamp (LED)

Activities to Prevent Offshore Traffic Safety Accidents

Enhanced Activities to Prevent Offshore Traffic Safety Accidents		Promotion Results
Expansion of collective mooring space	• Implementation of a commissioned diagnosis of offshore traffic accidents to expand collective mooring space (Apr. - Dec.) - Expansion of collective mooring space by 5.09㎢ (26.28㎢→31.37㎢; 19% ▲)	Expanded collective mooring space
Securing mooring facilities for tugboats and barges	• Construction of Namhwa Pier: Oct. 2013 - Oct. 2015 / KRW 26.3 billion - To accommodate up to 26 tugboats and barges	Construction of Port of Ulsan's first wharf exclusive for tugboats and barges
Enhancement of night wharf/ terminal identification lamps	• Onsite night inspections by UPA, Maritime Affairs & Port Administration, and pilots (4 times) - Installation of identification lamps in Onsan Wharfs 1-4, and LED identification lamps in four wharfs including Yongjam Wharf	Improved visibility of offshore obstacles
Reinforcement of emergency management systems	• Establishment of a manual on emergency management upon a vessel accident • Establishment and implementation of safety measures for ships staying in port for a long time (Aug.)	Systematic work performance according to manuals
Activities to prevent accidents	• Participation in offshore traffic safety TFT - identified 3 tasks and completed improvements on two • Prevention of storm damage through timely operation of Vessel Evacuation Council meetings • Implementation of PR campaigns about offshore accident prevention - Installing banners (15) about 30% reduction in offshore accidents and running the Month of Offshore Traffic Safety (Sept.)	Improvements in vessel operation conditions and prevention of safety accidents

Port Construction Safety

For safe construction work in port construction sites characterized by a high frequency of major safety accidents, UPA implements innovative safety management. Instead of supervisory safety inspections and safety management practices, it carries out regular inspections of offshore equipment and implements construction process-specific safety management features together with e-monitoring. Aside from its individual efforts, UPA makes sure that contractors, consulting engineers, and clients strictly implement their safety management plans, checks whether their safety management implementation plans have been put into action, and makes improvements in relation to onsite safety hazards. As a result, Port of Ulsan has achieved the feat of zero accidents in its port construction sites for two years in a row.

Port Facility Safety

UPA secures facility security through preventive maintenance of facilities. UPA conducts precise safety diagnosis on Type 1 Facilities every five years, precise inspections of Type 2 Facilities every year, regular inspections of Type 3 and other facilities twice a year, and joint inspections of the facilities in the Ulsan Main Port quarterly. UPA also performs non-scheduled inspections during accident-prone months or on Safety Inspection Day. Based on the inspections results, UPA engages in ordinary or emergency repair work.

Disaster Safety

Preparation of Various Disaster Response Manuals

Fully aware of the risks involved in a disaster, UPA has prepared different manuals for natural disasters, offshore pollution, national security, and man-made disasters to enable quick, varying reactions to each. UPA is ready to respond to various disasters preemptively and, when disasters occur, take quick, effective countermeasures as well as proper relief measures in the wake of disasters.

Emergency Manuals by Emergency Type

Classification	Emergency Situations	Applicable Manual/Plans
Natural disasters	Damage caused by storms, heavy rains, earthquakes and tsunamis	Action Plans on Port of Ulsan Safety Management, Emergency response manuals for earthquake (tsunami) disasters and storm (typhoon) and flood disasters
Offshore pollution	Massive leak of marine pollutants from ships and offshore facilities	Manual for large-scale offshore pollution incidents and offshore accidents (ships)
National security	War or terrorist acts	Port of Ulsan watch and security plan
Man-made disasters	Damage to port operations due to port transport related strikes	Manuals for responses to port union's collective actions, cargo truckers solidarity's strikes, electricity-related crises and radioactive leakages; and Ulsan Marine Center Firefighting Plan

Process of Responding to Crisis Situations

UPA has established an emergency response process. Upon identification of symptoms of a crisis, it deals with the situation pursuant to graduated stages: "interest," "caution," "warning," and "serious." When an emergency situation arises, either an emergency unit is organized by converting the normal management system into a crisis management system, or each department responds to the crisis. UPA continues to respond to the crisis until the situation is judged to have returned to normal through its own progress analysis and its systematic consultation with the relevant agencies. The relevant manual specifies that, in the wake of a crisis situation, damage to facilities must be investigated, and related information must be reflected on future plans. An organization in charge of responses to crisis situations is organized such that it can respond quickly and engage in effective command and control according to the manual. In the event of a disaster, personnel's duties are divided as per Article 42.4 of the Enforcement Ordinance of the Basic Act on Disasters and Safety Management to enable quick responses. UPA ensures that damage is minimized through the quickest dissemination of information on emergency situations and close cooperation among all related parties.

Emergency Response Organization

Emergency Response Processes

NEXT STEP

Loading/Unloading Safety

UPA is enhancing its safety systems to prevent safety accidents among port workers. To prevent accidents caused by violations of safety guidelines, UPA has compiled and distributed a general cargo safety manual and a bulk and Roll-on/roll-off cargo safety manual and arranged for loading/unloading workers to comply with loading/unloading safety guidelines through the execution of a memorandum of understanding with the Port of Ulsan Logistics Association and Port of Ulsan Transport Union. UPA believes that, when it comes to port workers' safety, workers' own awareness of safety is more important than anything else. Thus, in collaboration with the Korea Occupational Safety & Health Agency and Port Training Institute, UPA has continually offered port workers systematic education on safety awareness. UPA strictly enforces the basic rules of the port to prevent accidents caused by human factors, such as speeding, improperly loaded trucks, failure to wear safety gear, and drinking in the port. Compliance with the basic rules is the obligation of everyone working in the port. As such, UPA implements a mileage system that accrues mileage points for any violation reporter. To improve its safety management activities further in relation to loading/unloading, UPA will promote research on ways to secure the overall safety of wharfs/terminals handling hazardous materials. The research will include: safe berthing/unberthing operations in piers handling hazardous materials; securing ships' mooring safety; facility management; wharf/terminal safety management, and; responses to accidents.

Offshore Safety

UPA is doing its very best to secure offshore safety for vessels arriving and departing at and from the port, among others. From a mid-term perspective, UPA is set to commission the diagnosis of the entire port's safety in vessel navigation within the port in connection with the construction of the Oil Hub North and South Ports. Having learned its lesson from the 2013 incident wherein a ship ran aground within the port, UPA is preparing to prevent accidents that might take place in the port in inclement weather. Through research required to come up with standards for vessel evacuation in mooring space due to bad weather, UPA will figure out the precise degree of vulnerability of Port of Ulsan to severe weather and take actions to eliminate the possibility of ships running aground in mooring facilities. UPA has worked out ways to collect the offshore weather information of the Port of Ulsan, comparing it with the weather information provided by the Korea Meteorological Administration. It has also established the necessary system to maintain a meteorologist devoted to the offshore weather information of Port of Ulsan. In partnership with the Ulsan Offshore Traffic Control Center, UPA makes sure that the port's offshore safety is maintained even in inclement weather. In addition to its efforts to reduce density through expanded mooring facilities, UPA plans to commission a research on ways to make improvements in the operations of the port's collective mooring facilities to determine the appropriate number of vessels for each facility and make gradual improvements in the safety of the areas. To boost synergy effects regarding offshore safety, UPA has signed a memorandum of understanding with related agencies, businesses, and organizations of Port of Ulsan and has fostered a sense of community with regard to efforts to improve the safety features in the area. The public and private parties to the MoU pledged to do their best to prevent offshore accidents through their enhanced safety efforts and to join forces in responding to accidents immediately. Based on the spirit of the MoU, UPA will reinforce its leadership for communitywide approaches and efforts for the port's improved offshore safety.

Disaster Safety

UPA focuses its resources for safety on preemptive disaster management and prevention-centered safety management. It will set up an efficient job performance system to meet the requirements of the Framework Act on the Management of Disasters and Safety while continuing to strengthen its ability to respond to crises through the timely establishment of efficient response and recovery measures in the event of a disaster. In collaboration with the Ulsan Regional Maritime Affairs & Port Administration, an agency responsible for overall disaster control in Port of Ulsan, UPA will upgrade its disaster response system and various disaster response manuals and implement regular (biennial) education for disaster officials and managers. In addition, UPA will invite professional outside lecturers and offer disaster response education to all its employees more than once a year. For systematic and practical disaster safety management, it will carry out tabletop or full-scale disaster drills more than once a year.
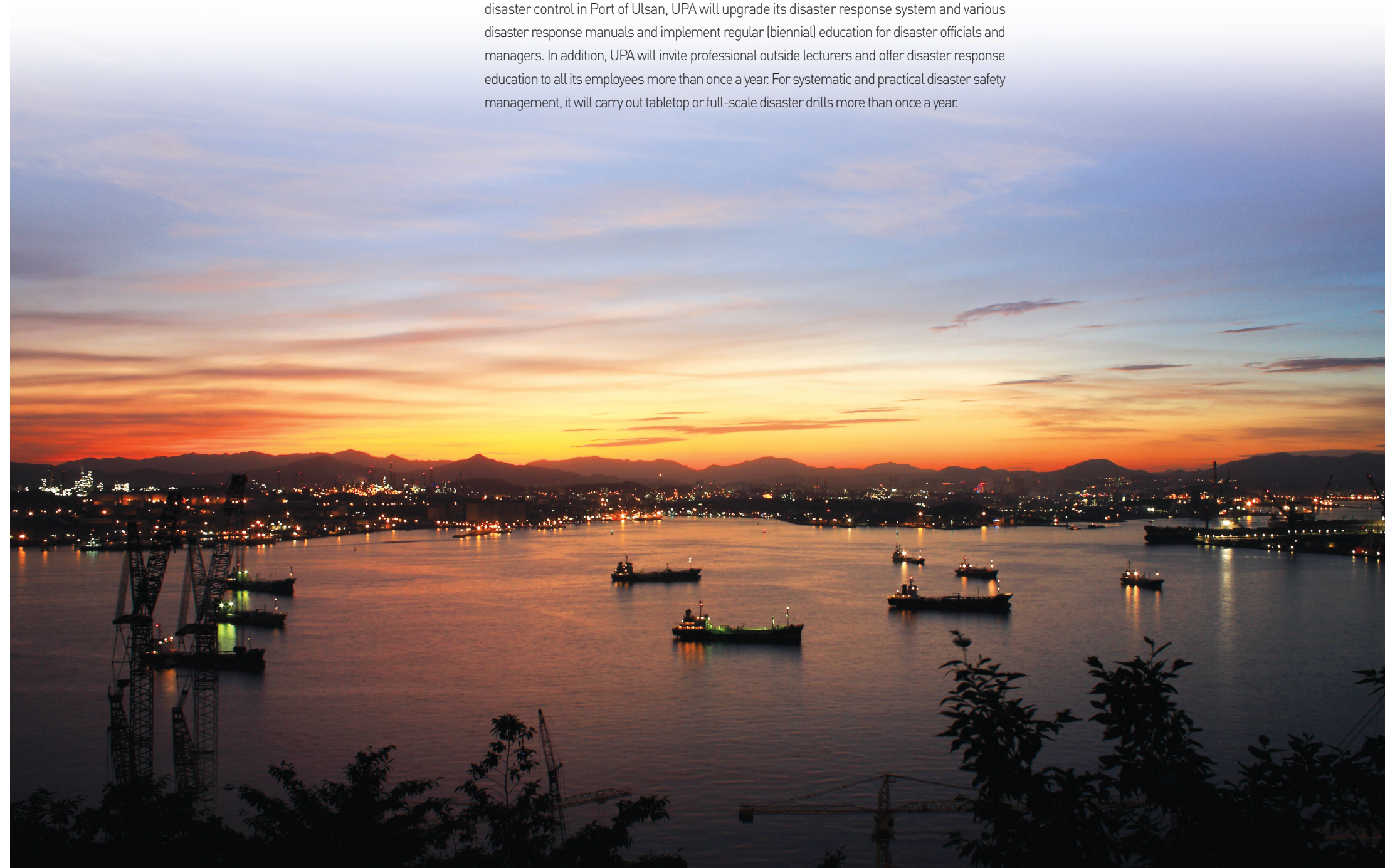
ISSUE 4

Enhancement of Employees' Competitiveness

Key Strategy

UPA fairly employs human resources who can share values. It has a reasonable performance-based HR system in place. Labor and management are cooperating with each other through constant communication. To fulfill UPA's mission and vision and improve UPA's port services through the competency enhancement of HR, we focus on education and training through our own talent fostering program. UPA also works hard to enable employees to maintain work-life balance through various welfare benefit programs.

Key Issues

● Trend ● Impact
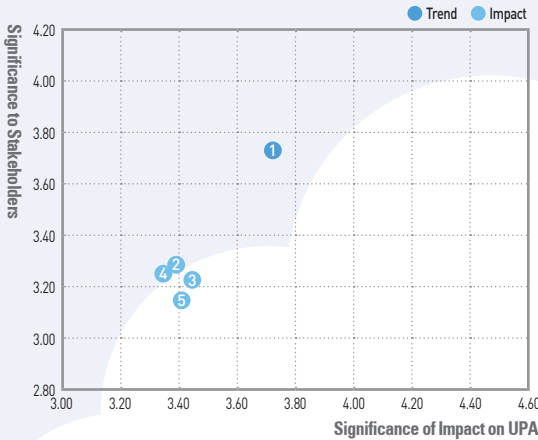
① Expansion of awareness of sustainability management
② Employee diversity and equal opportunity
③ Employee education and training
④ Labor relations
⑤ Employment (gender, new recruits and temporary positions)

Enhancing employee competitiveness
• HR management principles
• Fair evaluation and reasonable remuneration
• Enhancing employee competencies
• Culture of win-win labor relations

Labor-management cooperation index (points)
73.3

Union membership rate (%)
96.6

Per-person training hours (hours)
84.6

Welfare benefit satisfaction rate (points)
77.6

Education & training satisfaction rate (points)
71.9

Personnel management satisfaction rate (points)
63.6

Per-person education & training budget (KRW 1,000)
3,475

Key Performance

CONTEXT

UPA respects employees' individual competency and diversity. Its unwavering principle is discrimination-free personnel management. In its personnel management, UPA places top priority on the creation of an organizational culture that enables employees to maximize their strengths and perform at their peak, fostering of a pleasant workplace that respects work-family balance, and pursuit of win-win labor relations for shared growth. UPA always strives to fulfill its vision and missions based on the unity of all of its employees combined with the synergistic effects of all of the aforesaid factors.

PROGRESS

HR Management Principles

HR Principles and Talent Model

UPA adheres to the principles of personnel management centered on job duties, respect for human, ability system, performance system, and fairness with the ultimate goals of implementing performance-oriented personnel policies, improving productivity and sustainability, and ameliorating employees' life at work. We have established four talent models: a person dedicated to the development of the nation and UPA; a person fulfilling his/her responsibilities with a sense of ownership; a person who values communication, trust, and cooperation between members, and; a person who thinks and behaves from the customer's perspective. We actively use all these for the recruitment and education and training of our staff. In employment, we never discriminate candidates by gender, age, region, religion, educational attainment, or physical disability. We prohibit child labor and illegal labor in accordance with the Labor Standard Act and other related regulations of the country. We provide equal opportunities to all employees and conduct a fair evaluation of their performance according to our employment rules and personnel regulations.

Employees (unit: persons)

Total **114** persons

Males **93** (81.6%) Females **21** (18.4%)
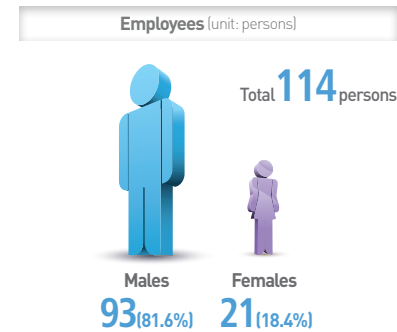
New Recruits (unit: persons)

Classification	2011	2012	2013
Females	0	4	7
Disabled	0	0	0
Local talents	0	6	8
High school graduates	0	3	4
Total	0	13	14

Current Status of Employees (unit: persons)

Classification		2011	2012	2013
Executives		3	3	3
Staff		92	100	111
Form of employ-ment	- Full-time workers	79	88	98
	General/Technical	41	54	68
	Security guards	38	34	30
	- Irregular	13	12	13
	Infinite-period contract workers	10	8	11
	Fixed-period contract workers	3	4	2
Under-privileged	Females	9	13	21
	Disabled	4	3	3
	Patriots and veterans	7	7	7
New recruits	(Based on No. of full-time workers)	0	13	14

Classification		2011	2012	2013
	Executives	3	3	3
	Grades 1-3	16	18	23
	Grade 4	8	10	11
Grade	Grade 5	10	12	9
	Grade 6 or below	7	14	25
	Contract workers	13	12	13
	Security guards	38	34	30
	19-29	8	14	21
Age	30-39	26	30	35
	40-49	28	27	27
	Over 50	33	32	31
Retirement/Resignation	Total No.	5	8	3
	Females (%)	20%	-	-
Average employment length (years)		4.0	4.5	4.8

Open Employment

To promote open employment, UPA is expanding the employment of high school graduates through efforts to identify and develop jobs suitable for them. UPA hires employees through open employment of excellent high school graduates, not limited to those of vocational high schools, etc. As a public corporation located in a provincial area, UPA actively leads local HR employment, aiming for win-win growth with local communities. We offer additional points to candidates from outside the Seoul metropolitan area in our application review process. Among the job applicants from rural areas, we employed six in 2012 and eight in 2013 through such arrangement.

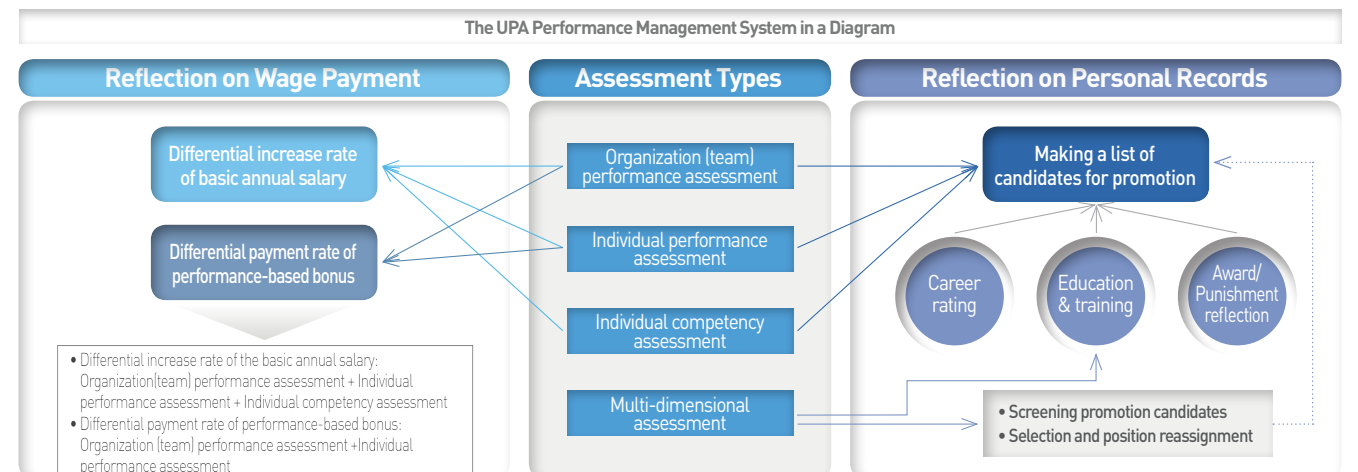### Operation of a Position Competition Program

UPA has developed U-Promap (a CDP program) to rationalize its personnel relocation practices as much as possible. When applicants for a particular position are too many or too few, UPA runs a system dubbed position competition program and determines the most appropriate one among the applicants or from the entire staff in the case of the latter. With the goal of putting the system in place in 2015, UPA worked out the basic directions of the program and established employees' individual career paths and goals in 2013. For nine areas of specialization, we have figured out seven major career paths with their own subsidiary paths - with special career jobs not assigned subsidiary paths – with management support designated as a common denominator. We are planning to offer our employees an opportunity to change their respective areas of specialization every three years.

Fair Evaluation and Rational Compensation System

UPA carries out performance assessment through an integrated performance management system that has combined BSC (balanced score card)-based organizational assessment and MBO (management by objective) -based individual assessment. Each year, we assess employees' competency based on 4 common competencies, 6 leadership competencies, and 6 job competencies as identified through our competency modeling for each position, according to assessment sheets prepared for every position. We also strive to enhance the objectivity of our assessment of all employees by performing multi-dimensional assessment. Organizational performance assessment is conducted in a way that allows engagement by external experts 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,

Personnel Management Satisfaction Rate (points)

2011	50.5
2012	52.7
2013	63.6

The UPA Performance Management System in a Diagram

Reflection on Wage Payment	Assessment Types	Reflection on Personal Records
Differential increase rate of basic annual salary	Organization (team) performance assessment	Making a list of candidates for promotion
Differential payment rate of performance-based bonus	Individual performance assessment	Career rating / Education & training / Award/Punishment reflection
	Individual competency assessment	• Screening promotion candidates
	Multi-dimensional assessment	• Selection and position reassignment

• Differential increase rate of the basic annual salary: Organization(team) performance assessment + Individual performance assessment + Individual competency assessment
• Differential payment rate of performance-based bonus: Organization (team) performance assessment +Individual performance assessment
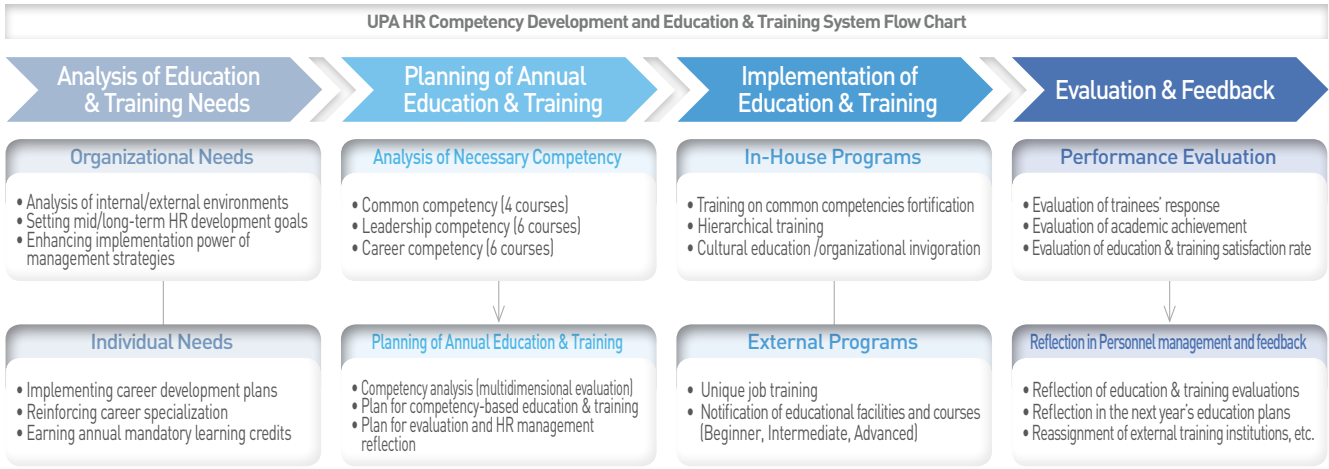
monitoring, and drawing up performance reports. The results of the organizational performance assessment are used as the basis for internal differential performance-based pay as well as the differential pay of the government (up to 200%) based on its performance assessment results for employees grade 2 or above. For employees of grade 3 or below, we use the combined results of organizational and individual performance assessments as the basis for our differential payment of their performance-based pay. We also apply or use the results of individual competency assessment and multi-dimensional assessment as basic data for our decisions on employee promotions. We enhance the objectivity and rationality of our employee promotion system by tallying our employees' records in the areas of years of service, education and training, and rewards or punishments. The organizational and individual performance assessments are equally applied not only to regular but also to contract workers. In particular, we apply a differential performance-based bonus system to security guards - who are responsible for the port's security - based on the results of their daily performance assessment and individual competency assessment. Meanwhile, the performance assessment of UPA's management is based on the results of the government's management assessment of public organizations. When UPA is selected as a public agency subject to the assessment in a particular year, the assessment of the UPA president focuses on leadership (responsible management), management efficiency, and major undertakings based on the management contract he/she signed with the Minister of Maritime Affairs and Fisheries. Thus, UPA is implementing the performance management system it has established and which links the indices used in the government's management performance assessment to its own internal assessment.

Fortifying HR Competencies

Human Resources Cultivation Programs

We at UPA have established mid-and long-term HR development plans aimed at human resource cultivation to fulfill our mission and vision, set mid- and long-term HR development goals, and conducted systematic education and training. Together with reviews of the timeliness and efficacy of our education and training programs, we analyzed the need to cultivate the human resources required for the company to carry out its mid- to long-term development strategies. We then carried out a diagnosis of the current HR's competencies before deciding on the priority of our education and training programs. To improve the likelihood of the training plans being put into place, we identify the company training needs by field and position. Through surveys on the demand for training, we present education and training plans that properly balance in-house and external programs. We operate our education and training programs based on an annual CBC (competency-based curriculum) education/training system, which is made up of 9 fields: common competency consolidation training; core talent fostering training; hierarchical training; unique job training; labor-management partnership; organizational invigoration; mandatory training; basic qualifications education, and; support for self-development efforts. Based on the appropriate timing of education/training for each job category and the results of a survey on the demand for education and training, UPA has its employees trained in outside professional training institutions for their special job competency training and at in-house facilities for ordinary job competency training. All employees must earn 5 credits a year according to the UPA education/training system. For in-house education/training programs, evaluation is conducted with regard to trainees' response to the courses and their educational achievement. For externally commissioned education/training course, evaluation focuses on the

Education/training satisfaction rate (points)

2011	63.0
2012	62.5
2013	71.9

UPA HR Competency Development and Education & Training System Flow Chart

Analysis of Education & Training Needs	Planning of Annual Education & Training	Implementation of Education & Training	Evaluation & Feedback
Organizational Needs	**Analysis of Necessary Competency**	**In-House Programs**	**Performance Evaluation**
• Analysis of internal/external environments • Setting mid/long-term HR development goals • Enhancing implementation power of management strategies	• Common competency (4 courses) • Leadership competency (6 courses) • Career competency (6 courses)	• Training on common competencies fortification • Hierarchical training • Cultural education /organizational invigoration	• Evaluation of trainees' response • Evaluation of academic achievement • Evaluation of education & training satisfaction rate
Individual Needs	**Planning of Annual Education & Training**	**External Programs**	**Reflection in Personnel management and feedback**
• Implementing career development plans • Reinforcing career specialization • Earning annual mandatory learning credits	• Competency analysis (multidimensional evaluation) • Plan for competency-based education & training • Plan for evaluation and HR management reflection	• Unique job training • Notification of educational facilities and courses (Beginner, Intermediate, Advanced)	• Reflection of education & training evaluations • Reflection in the next year's education plans • Reassignment of external training institutions, etc.

reliability of the education/training institutions and trainees' educational achievement. UPA uses the results for the further development of its education/training programs.

Status of Operation of HR Fostering Program

In 2013, UPA focused its education and training resources on the resolution of conflicts between ranks, creation of a healthy corporate culture, support for certificate acquisition, enhanced career education, reinforced R&R awareness, self-directed learning through budget support and credit granting, and customer service education required for UPA's customer satisfaction management. Most notably, to encourage involvement in employees' competency development through self-directed learning, UPA supported CoP activities, acquisition of professional certificates, foreign language study, and granting of credits for employees' individual educational achievements. In 2013, UPA employees spent a total of 6,120 hours, or 84.6 hours per person, on education and training including common competency enhancement, self-directed learning, and rank-specific education and training.

2013 Annual Education and Training Programs

Training Hours and Training Budget Executed			
Classification	Training hours	Hours per person	Budget per person
2011	4,300 hours	71.9 hours	3,825 KRW 1,000(won)
2012	4,963 hours	79.7 hours	3,745 KRW 1,000(won)
2013	6,120 hours	84.6 hours	3,475 KRW 1,000(won)

* No. of trainees: 59.8 in 2011, 62.3 in 2012, and 72.3 in 2013 (including full-time employees and indefinite- and fixed-term contract employees)

Efforts to Improve Employees' Quality of Life at Work

Fringe Benefits

UPA pursues a three-dimensional welfare model to boost employees' morale and increase labor productivity through improvements in employees' personal lives. The 3-dimensional welfare model consists of the following: economic welfare model that contributes to employees' financial prosperity and stability of life; psychological welfare model that helps employees maintain a healthy, joyful life at work, and; environmental welfare model related to improvements in working conditions and environments at work. In line with the readjustment in policy directions and request for restrictions in employee fringe benefits in public organizations by the government as part of its attempts to crack down on their lax management practices, however, UPA focuses on the psychological and environmental aspects in pursuing a 3-dimensional welfare approach. Currently, to boost employees' morale (psychological aspect), UPA provides free annual medical checkup, expanded compensation for internal and external emergency accidents through collective insurance arrangements, support for employees' various club activities, subsidy for foreign language tuition fees, assistance for after-work, job-related learning club activities, support for birthday parties with co-workers, implementation of a reward system, and aid for friendly employees' table tennis tournament. The welfare programs implemented by UPA in the area of environmental benefits include separate lounges for male and female workers, cafeteria offering quality meals at reasonable prices, regular measurement of indoor air quality, installation of large air cleaners in each office, state-of-the-art fitness center that can be used by employees before and after work, and movie time on Wednesday evenings. UPA offers the same fringe benefits to both full-time and non-regular workers with at least one year of service. This way, we fundamentally prevent discrimination between full-time and non-regular position holders.
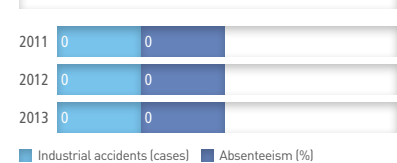
Compatibility of work and family Support System

To guarantee employees' right to pursue work-life balance, we increased the age limit on parental leave from 5 years to 8 years and newly established the pregnant women's protection leave (miscarriage, stillbirth leave) and family care leave through the revision of the employment rules. We help employees with child rearing, advancement of their children to higher schools, and leisure activities through the introduction of various flexible working systems. Through PR, we have minimized resistance to the implementation of the systems. Specifically, we laid the institutional foundation for the implementation of short-time working arrangements, flexible working hours, and remote working system, including the identification of jobs most appropriate for the special arrangements. We also reduced the number of unused annual paid leave days that can be commuted through an agreement between labor and management so that employees will

Fringe Benefit Satisfaction Rate (points)

2011	61.6
2012	66.9
2013	77.6

Healthcare at Work

2011	0	0
2012	0	0
2013	0	0

■ Industrial accidents (cases)　■ Absenteeism (%)

---
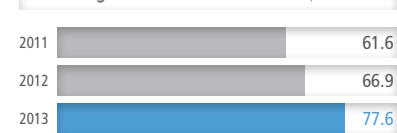
increase their use of annual paid leave days for eventual improvements in labor productivity and work-family balance. Meanwhile, we have designated every Wednesday as "I love my family" Day wherein everybody leaves the office on time that day in a bid to promote work-life balance.

| Results of the Operation of Welfare and Fringe Benefits System				
Classification		2011	2012	2013
No. of maternity leave users		1	1	4
Return rate after maternity leave		100%	100%	100%
No. of flexible working hours users		6	4	6
Industrial accident rate		0.0%	0.0%	0.0%
Rate of subscription to retirement pension		100%	100%	100%
In-house workers welfare fund	Contributed amount	KRW 200M	-	-
	Executed amount	KRW 71M	KRW 98M	KRW 106M

Win-Win Labor-Management Culture

Labor-Management Cooperation

For the first time since its establishment, UPA made a labor-management joint declaration to share the vision of a win-win labor culture. The declaration specifically states that labor and management communicate and cooperate with each other, contribute to social communities, forge a future-oriented, win-win labor-management partnership, resist unnecessary confrontation based on mutual trust and understanding, and create a pleasant workplace through labor-management harmony. Starting with the labor-management joint declaration, the labor and management of UPA continue to expand their interactive communication channels and cooperative labor relations with the goal of realizing the vision of advanced labor relations.

Labor-Management Communication Channel

UPA employees share information easily through a variety of communication channels while preventing the spread of misunderstanding and bias through communication. Moreover, UPA prevents conflicts by sharing information in meetings of various small labor-management cooperation organizations. In 2013, UPA held three Labor-Management Joint Pending Issue Briefings, three Labor-Management Joint Workshops and opened an exclusive online bulletin board to boost communication between labor and management. In addition, UPA holds labor-management council meetings quarterly to review the overall management status and discuss various pending issues. For urgent management issues, we solve them through special council meetings. Through the monthly meetings of the Fun Management Committee chaired by the CEO, the CEO listens to matters for improvement raised by the representative of each rank. The agenda items are then presented during managers' meetings for further discussion and action plans. We also opened a "chatroom with the CEO" in the in-house groupware to foster an organizational culture without a "wall" in the 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 rank, meetings with wharf/terminal and other on-site workers, and regular sporting events.

Labor-management cooperation index (points)

2012	58.14
2013	73.31
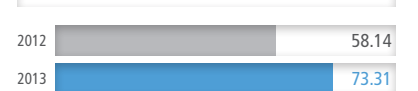
Activation of On/Offline Communication

Offline Communication System
- Invigoration of communication through 10 communication channels
- Building trust between labor and management through the establishment of permanent communication channels

Outcomes of the Strategy to Diversify Communication Channels

Online Communication Channels
- Communication through the website message board and the CEO message board
- SNS channels including Facebook and Twitter

Employee Grievance Handling Process

UPA runs a Grievance Committee participated in by the labor union. In the committee, management is represented by the vice president of the Management Division, with the union represented by the union chairman. The management representative is changed from a team leader to a vice president for more effective grievance handling. UPA has set up Employee Grievance Office. The labor union continues to collect ideas about how to improve working conditions through on/offline channels and reflects the employees' input in its discussions with management.

Activities to Improve the Organizational Culture through the Fun Management Committee

Upon its establishment in 2007, UPA was staffed with ex-government officials, personnel from private port businesses, and new recruits. Thus, the new organization was governed by a hierarchical organizational culture since people without any fellowship had to start working in an organization all of a sudden. The organizational characteristics led to rampant conflicts and mistrust in the company, damaging the organizational productivity considerably. To deal with the side effects, UPA launched the Fun Management Committee in September 2012. Chaired by the CEO, the permanent committee was composed of eight representatives of each rank and one secretary (personnel officer). Major activities of the committee include employees' trust recovery programs among themselves, programs to improve the organizational culture, fun programs promoting employees' pleasant life at work, and programs designed to boost employees' pride. Committee members make suggestions, review the results of departments' implementation, and propose improvements. In 2013, to change the organizational culture and help resolve conflicts between ranks through collaboration between labor and management, the committee staged a public contest of fun photos, selected UPA's Ten Commandments, provided Tap Books to establish a culture of paperless meetings, improved work processes to minimize documents requiring approval, and implemented a system wherein participants are notified in advance of meeting durations to save time and boost productivity.

Labor Union Activities

UPA's labor union was formed in December 2011. As of the end of 2013, 57 out of 59 employees eligible for union membership joined the union, for a 96.6% subscription rate. Those ineligible for union membership are grade 3 workers or higher with department head positions, persons representing management's interests (secretaries, drivers, HR personnel, and computer officers), and security guards who account for about 1/3 of UPA employees; this ensures that there will be no problem with port security even in case of a labor dispute. Meanwhile, a deadline is not stipulated in the collective bargaining agreement with regard to the prior notice of important changes planned for UPA's business, yet labor and management fully cooperate in this area to prevent any occurrence of conflicts.

Fostering a Culture of Gender Equality

In the entire range of personnel management including employment, wage, assessment, promotion, and education and training, we guarantee gender equality as reflected on our employment rules, personnel management regulations, compensation rules, and performance management regulations. We regularly offer employees education on sexual harassment at work and prostitution prevention. In addition, we stipulate in our employment contracts that pregnant women and minors can neither take on excessive workload nor do overtime work.

Conflict Management Programs
Sharing Information
• Labor-management vision proclamation and labor-management joint declaration • Newsletter • Digital board • Workshops by rank
Improvements in Communication
• Fun Management Committee • Courses on organizational invigoratio • In-house employee clubs • Orientation on major pending issues
Active Solution of Grievances
• Grievance Committee • Meetings with the CEO • Meetings between labor unions and Management Support Team to solve conflicts immediately

NEXT STEP

Efficient Personnel Management

UPA will redefine its model employee after considering competency modeling, core competencies, and job values through job analysis and identify the mid- to long-term direction of its organizational competency development. It will figure out the increased demand for personnel for improvements in port productivity, safety enhancement, and establishment of a green port as well as the promotion of its major undertaking such as the Northeast Asian Oil Hub Creation Project, development of a hinterland complex of Ulsan New Port, drawing up of a mid- to long-term HR operation plan to deal with changes in business environments proactively, and implementation of capacity-based personnel management in its HR employment, assignment, and evaluation.

Improving Employee Competencies

To boost employees' competencies, UPA is concentrating on upgrading its existing education and training programs from the short-term perspective, and it will maximize the efficiency and outcome of commissioned job-related education by establishing a training system designed to enhance employees' individual job competencies. UPA has developed a loading/unloading training program an on-site job training program and a walking tour of Port of Ulsan. It will step up site- and job-centered educational courses and contribute to improving the job performance capabilities of its external marketing personnel through the operation of intensive foreign language courses. From the long-term perspective, UPA will develop new, customized internal/external educational programs centered on its job sites and which are reflective of the characteristics of its organization by markedly upgrading its existing unorganized competency development programs. It will actively discover the strategic ways required to secure its core competencies through assignment and transfer based on CDP, so that all the employees are presented with their own growth paths and systems.

Improvements of Employees' Quality of Lives

We will pursue the three-dimensional welfare model to upgrade the quality of our employees' personal lives. At the same time, however, we will do our best to comply with the government's policies of normalizing all lax management practices of public organizations and meet the public's expectations for UPA. We will continue to expand our flextime and implement a compressed workweek for those who need flexible working hours to maintain work-family balance.

Stabilization of Labor Relations

Based on the stabilization of the second union leadership, UPA is working very hard to establish labor relations based on innovation and win-win cooperation and to become an organization that grows through win-win labor relations. Most notably, to invigorate the operations of its grievance system, which was pointed out as a shortcoming, UPA reinforced the Grievance Committee by having the union chairman and vice president of the Management Division lead it, installing grievance reporting boxes, running an online handling system, and introducing EAP (Employee Assistance Program) for the preemptive resolution of grievances. UPA not only eliminates the causes of conflicts between labor and management but also expects advanced labor relations through such arrangements. UPA will take the lead in the execution of collective bargaining agreements based on laws and principles. It will continue to launch various labor-management joint volunteer services in an effort to become a public company leading the local community.
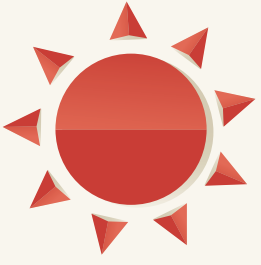
ISSUE 5

Creation of Customer Value

Key Strategy

Through diverse communication activities with a number of its stakeholders, UPA always listens to their voices and enhances cooperation with them. It works hard to reflect the sustainability management issues raised by stakeholders on its overall management activities.
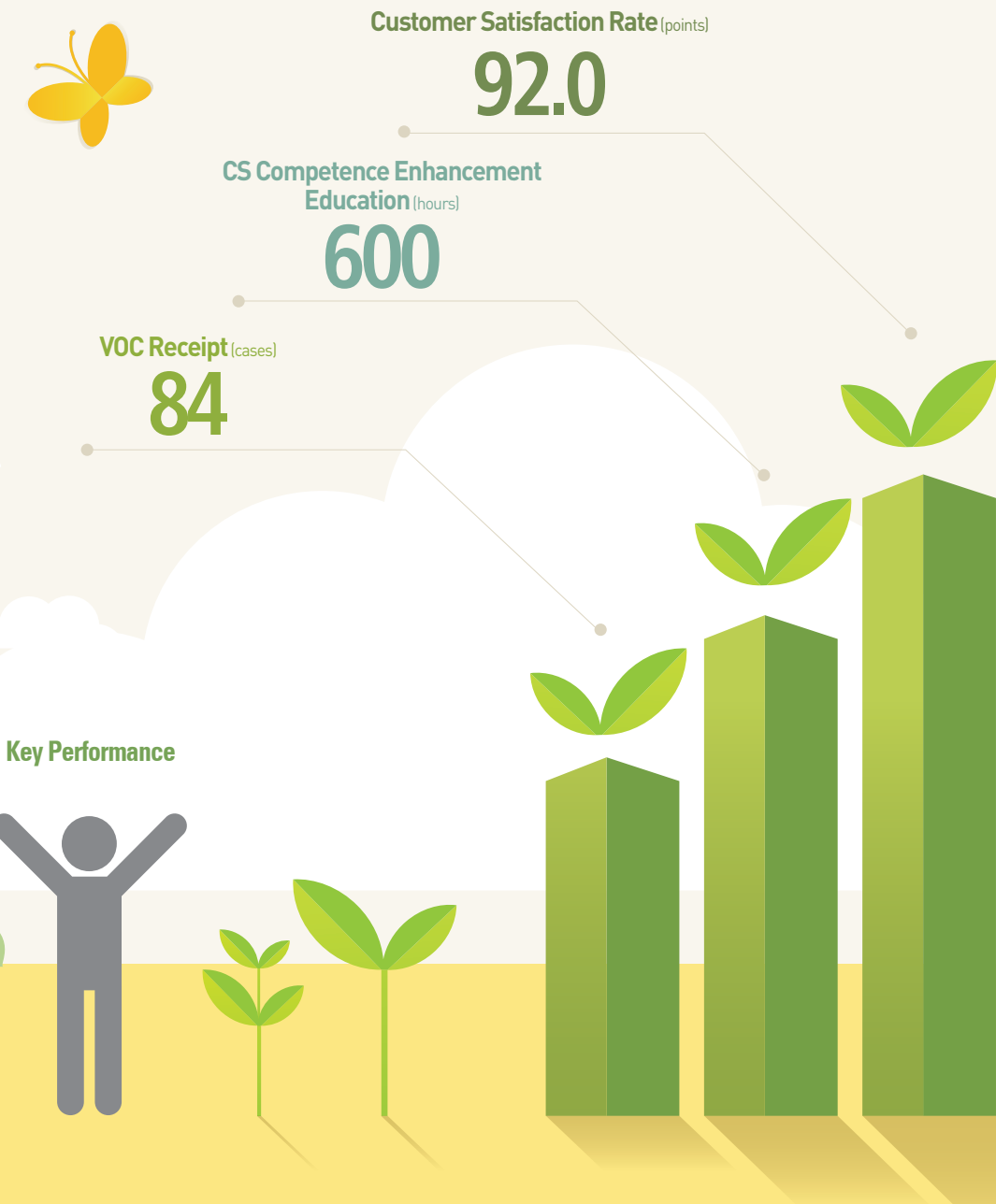
Key Issues

● Trend ● Impact

Significance to Stakeholders

Significance of Impact on UPA
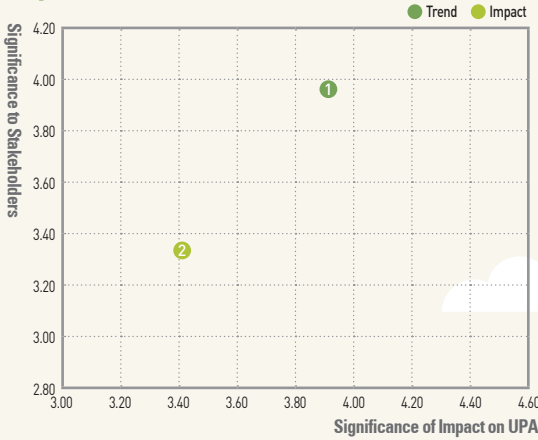
❶ Diversifying customer demand
❷ Support for consumer service and resolution of grievances and disputes

Creation of Customer Value
• Systems of customer satisfaction management activities
• Outcomes of customer satisfaction management activities

Customer Satisfaction Rate (points)

92.0

CS Competence Enhancement Education (hours)

600

VOC Receipt (cases)
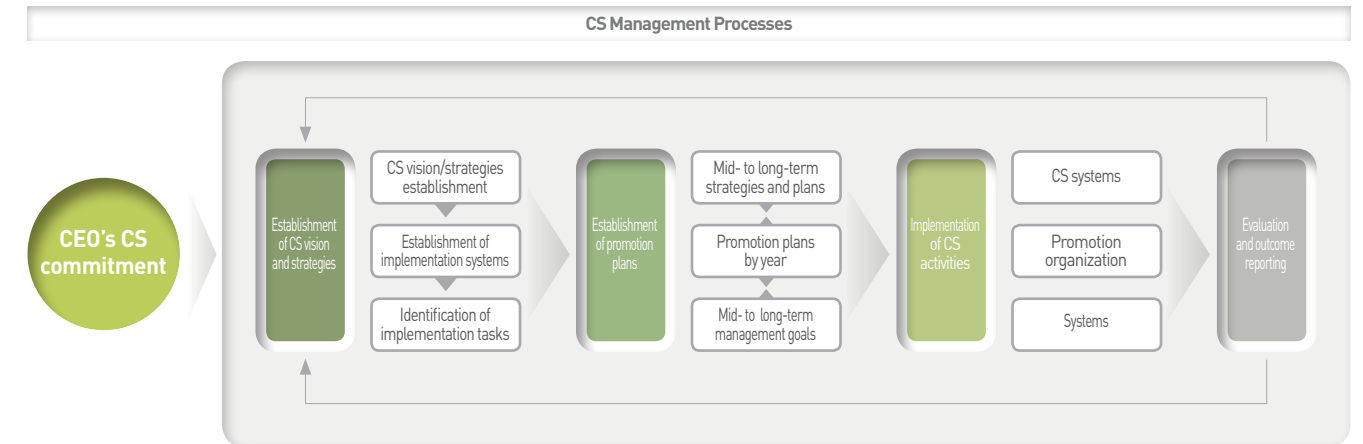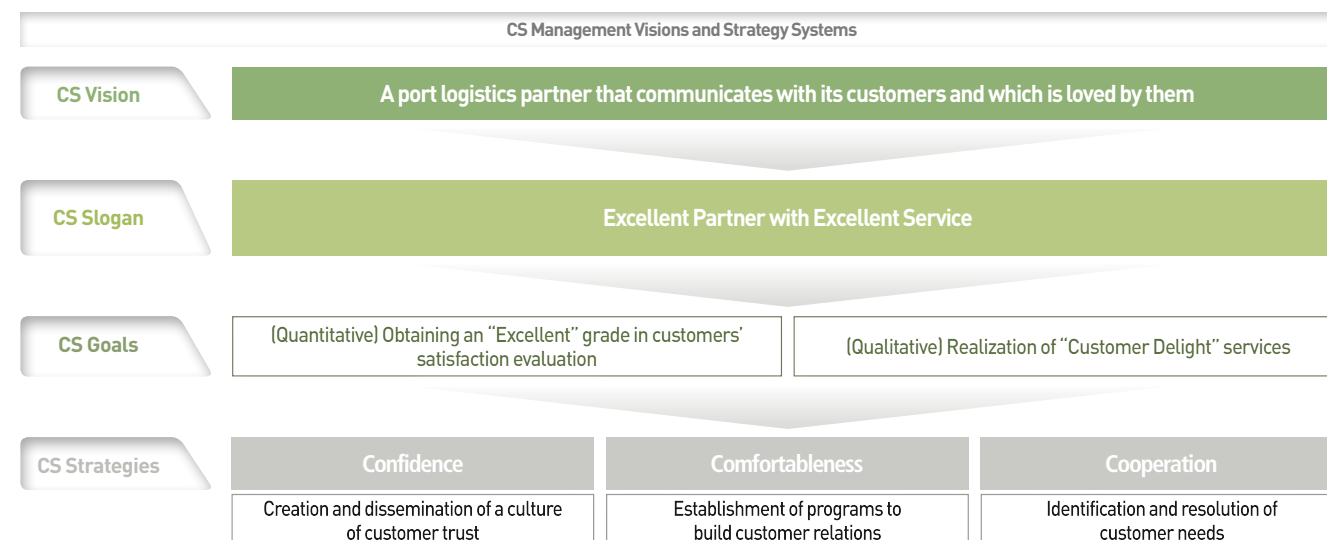
84

Key Performance

CONTEXT

Externally, UPA is faced with the need to upgrade its customer satisfaction management following its business diversification including the following: the promotion of the Northeast Asian Oil Hub Creation Project; UPA's globalization, which renders UPA's customer response more important, and; UPA's transformation from a public agency to a public company leading to a full-fledged competition among the country's four port authorities. UPA has established a Customer Satisfaction Team in charge of the overall CS-related affairs, completed customer satisfaction strategic systems, and built a CS management network to realize CS management from the perspectives of the growth and development of Port of Ulsan and all of its users. UPA's customer satisfaction management is aimed at not only satisfying the users of Port of Ulsan but also ensuring that satisfied customers join forces with UPA to contribute to the further development of the port.

PROGRESS

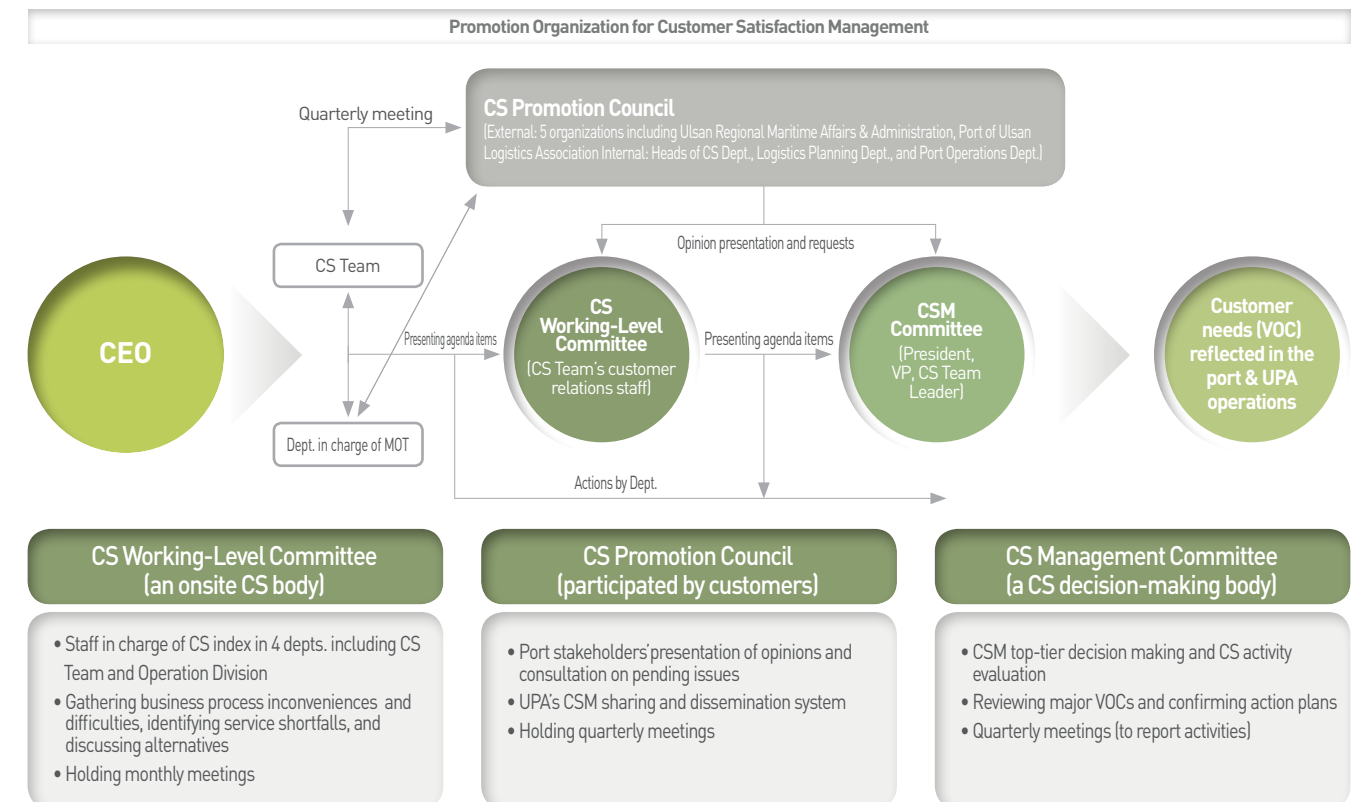### System for Customer Satisfaction Management

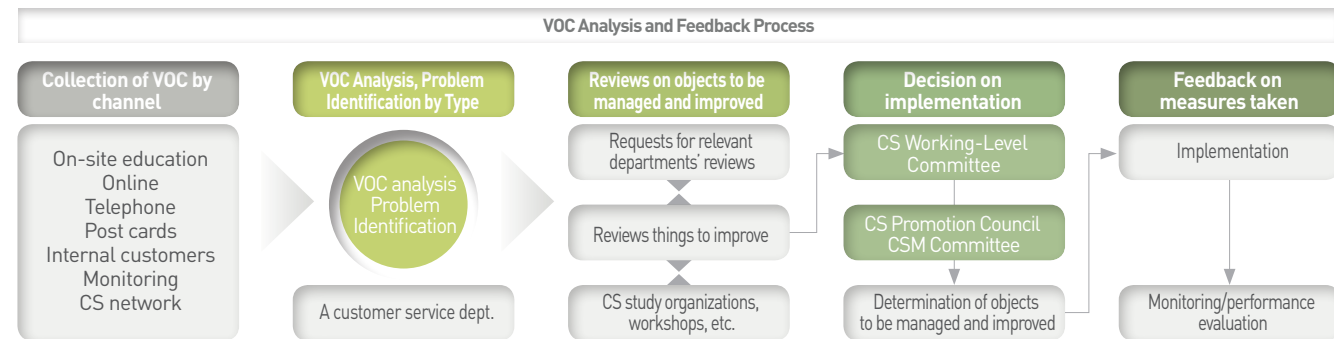**Strategies for Customer Satisfaction Management**

UPA carries out company-wide customer satisfaction management (CSM) to become "the best port logistics partner that communicates with customers and which is loved by them." In 2013, UPA further reinforced the foundation for CS management by establishing a Customer Satisfaction Team in charge of all CS affairs. UPA operates its CS management according to a process ranging from planning according to its CS visions and strategies to the implementation of its CS activities, evaluation of the outcomes, and acquisition of feedback. UPA plans to stabilize its CS management by 2015. To that end, it will work hard to ramp up the CS competencies of its staff, establish diverse CS activity systems, and upgrade its CS management systems.

CS Management Visions and Strategy Systems

CS Vision	A port logistics partner that communicates with its customers and which is loved by them		
CS Slogan	Excellent Partner with Excellent Service		
CS Goals	(Quantitative) Obtaining an "Excellent" grade in customers' satisfaction evaluation		(Qualitative) Realization of "Customer Delight" services
CS Strategies	Confidence	Comfortableness	Cooperation
	Creation and dissemination of a culture of customer trust	Establishment of programs to build customer relations	Identification and resolution of customer needs

CS Management Processes

CEO's CS commitment

Establishment of CS vision and strategies — CS vision/strategies establishment — Establishment of implementation systems — Identification of implementation tasks

Establishment of promotion plans — Mid- to long-term strategies and plans — Promotion plans by year — Mid- to long-term management goals

Implementation of CS activities — CS systems — Promotion organization — Systems

Evaluation and outcome reporting

Promotion Organization

The promotion of UPA's customer satisfaction management is being made by internal organizations as well as an external counseling organization. As the internal organizations, UPA runs CS Working-Level Committee standing at the forefront of CS actions and CS Management Committee, a decision-making body. As an outside counseling organization, it holds the meetings of CS Promotion Committee composed of the representatives of Port of Ulsan users once a quarter.

Promotion Organization for Customer Satisfaction Management

Quarterly meeting

CS Promotion Council
(External: 5 organizations including Ulsan Regional Maritime Affairs & Administration, Port of Ulsan Logistics Association Internal: Heads of CS Dept., Logistics Planning Dept., and Port Operations Dept.)

CS Team

CEO — CS Working-Level Committee (CS Team's customer relations staff) — Opinion presentation and requests — CSM Committee (President, VP, CS Team Leader) — Customer needs (VOC) reflected in the port & UPA operations

Presenting agenda items

Dept. in charge of MOT

Actions by Dept.

CS Working-Level Committee (an onsite CS body)	CS Promotion Council (participated by customers)	CS Management Committee (a CS decision-making body)
• Staff in charge of CS index in 4 depts. including CS Team and Operation Division • Gathering business process inconveniences and difficulties, identifying service shortfalls, and discussing alternatives • Holding monthly meetings	• Port stakeholders' presentation of opinions and consultation on pending issues • UPA's CSM sharing and dissemination system • Holding quarterly meetings	• CSM top-tier decision making and CS activity evaluation • Reviewing major VOCs and confirming action plans • Quarterly meetings (to report activities)

VOC Analysis and Feedback Process

Collection of VOC by channel	VOC Analysis, Problem Identification by Type	Reviews on objects to be managed and improved	Decision on implementation	Feedback on measures taken

Collection of VOC by channel
On-site education
Online
Telephone
Post cards
Internal customers
Monitoring
CS network

VOC Analysis, Problem Identification by Type
VOC analysis Problem Identification
A customer service dept.

Reviews on objects to be managed and improved
Requests for relevant departments' reviews
Reviews things to improve
CS study organizations, workshops, etc.

Decision on implementation
CS Working-Level Committee
CS Promotion Council CSM Committee
Determination of objects to be managed and improved

Feedback on measures taken
Implementation
Monitoring/performance evaluation

VOC Handling Process

UPA operates a VOC process for optimal port services. VOC is collected through various channels including meetings, visits, job councils, telephone and fax, homepage, and SNS. It is then carefully analyzed to identify the causes and figure out action plans for corrective measures. Most notably, we focus on the solution of problems identified through VOC repetitively over time given the B2B firm's features and the port services' special attribute of having almost no change in the composition of customers.

VOC Collection Channel

| Classification		Implementation period	Object	Collection method
Face-to-face interview		When necessary	External customers	Staff in charge monitors and takes action immediately.
CS survey	UPA	Annually	External customers	Questionnaire survey by external professional monitors
	Government	Annually	External customers	Implemented as per "the Act on the Management of Public Institutions"
Meeting and seminar		All year round	External customers	Collection of VOC through face-to-face interviews with many customers whenever necessary
Customer monitoring		Quarterly	External customers	CS Council meetings, collection of customers' opinions, and counseling service
UPA's homepage		All year round	Citizens	Operation of Clean Reporting, Clean Counseling, Message Board, etc.
SNS		All year round	Citizens	Collection of potential customers' VOC through Twitter, Facebook, etc.

Quality Management of CSM

Service Standards Monitoring

Based on Customer Charter and Service Implementation Standards, UPA measures the quality of its MOT services through biannual monitoring and identifies the areas for improvement. The checking items include fast and precise handling of civil services, stable port operations, creation of optimal port facilities, public disclosure of management results, service evaluation, and service areas to be improved. UPA reflects the results on its CS management. UPA shares its service implementation standards with the public on its website.
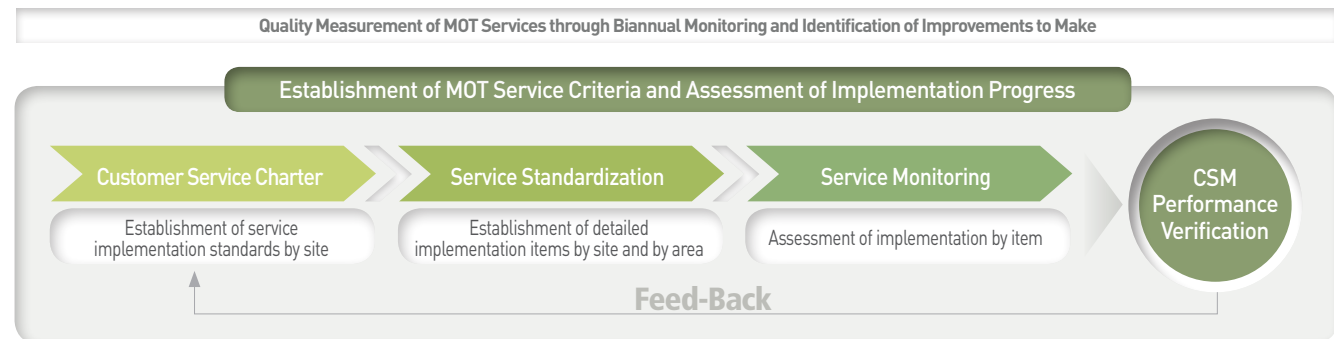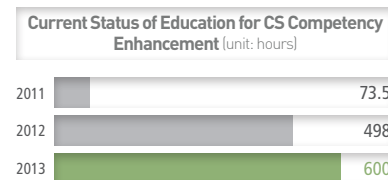
Reinforcing CSM Capability/Competency

UPA offers CS education to all employees in accordance with its CS education and training system and operates an assessment system. To enhance the competency of the department in charge of CS, UPA offers systematic, practice-centered CS courses including CS planning, VOC management, customer experience management, and surveys on customer satisfaction rates. For

Status of VOC Collection [unit: cases]

Year	Value
2011	28
2012	14
2013	84*
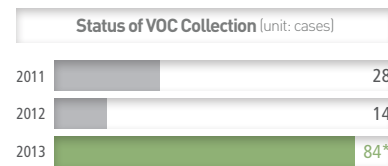
* In 2013, the figure increased largely due to the restructuring of the existing customer management system and diversification of VOC channels.

Major Activities to deal with VOC

VOC	Solutions
Need to operate wharfs/terminals based on the analysis of cargo flows	Commissioning research on improvements in Port of Ulsan's operation and productivity
Requests for repairs of the pier at Wharf 7 of the General Wharf	Rearranged the pier as the quay of the wharf and improved berth efficiency
Requests to improve the operation of the customs' ferryboat terminal	Improvements completed according to a plan to improve the relevant environments
Complementation of wharf indicators of the Ulsan Main Port for safer ship arrival	Repairs and maintenance completed through the replacement of indicator signs in the wharf quay
Requests to maintain the special favor of reduction of/exemption from container terminal handling tariff	Opinion presentation following the government's regulation modification

Current Status of Education for CS Competency Enhancement [unit: hours]

Year	Value
2011	73.5
2012	498
2013	600

Quality Measurement of MOT Services through Biannual Monitoring and Identification of Improvements to Make

Establishment of MOT Service Criteria and Assessment of Implementation Progress

Customer Service Charter	Service Standardization	Service Monitoring	CSM Performance Verification
Establishment of service implementation standards by site	Establishment of detailed implementation items by site and by area	Assessment of implementation by item	

Feed-Back

the department in charge of customer MOT, UPA implements outside professional education designed to improve trainees' CS competency and attitudes as well as MOT service quality. We offer specialized security training to members of the port's security division. Aside from building a CS assessment system, we also carry out a CS survey by individual and by organization, a survey on adaptability to policy, and a survey on public perception of UPA CS. In addition, we set a goal for internal satisfaction, among others, and link it to internal and external management assessments.
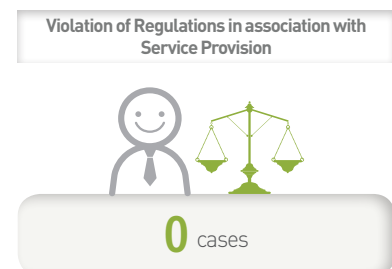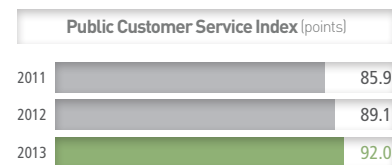
CSM Activities and Outcomes

Customer Satisfaction Management Activities

UPA established Customer Satisfaction Team under direct control of CEO, with the goal of completing customer-centered port operation system in 2013. UPA reinforced the foundation for CS management by redefining its mid- to long-term CSM strategies, CS core values, and CS slogan. It also revised its customer charter and service implementation standards. Through stabilized MOT services, it pursued efficient MOT management and efficient HR operations to boost customer satisfaction. As a result, UPA garnered an "Excellent" grade from the government, which conducted a survey on customers' satisfaction with the services of various public organizations.

NEXT STEP

UPA is an institution in charge of the management and operation of a port specializing in liquid cargo, the biggest in Korea and the fourth largest in the world. It is faced with the challenge of performing its major tasks such as the successful promotion of the Northeast Asian Oil Hub Project, aggressive efforts to create port cargo, establishment of Port of Ulsan's safety management systems, and city-friendly port operation. In addition, it faces another significant hurdle: to enhance further its customer-centered management system and to become a public company trusted by port users and local communities. To this end, UPA will focus on the stabilization of its process as it applies to the quick collection and solution of port users' needs while enhancing the competencies required for the implementation of customer satisfaction management. Most notably, UPA will upgrade its VOC management and cooperation processes to make meeting port users' needs one of its management strategies and establish a company-wide service quality management system.

Public Customer Service Index (points)

Year	Value
2011	85.9
2012	89.1
2013	92.0

Violation of Regulations in association with Service Provision

0 cases

ISSUE 6

Engagement in and Contribution to Communities

Key Strategy

As a responsible corporate citizen, UPA does its very best to fulfill its social responsibility through a host of partnership and contribution activities for communities. To this end, UPA actively develops its own social contribution programs for purposes of growing together with local communities and making such activities part of its corporate culture.

Key Issues

● Trend   ● Impact

Significance to Stakeholders / Significance of Impact on UPA
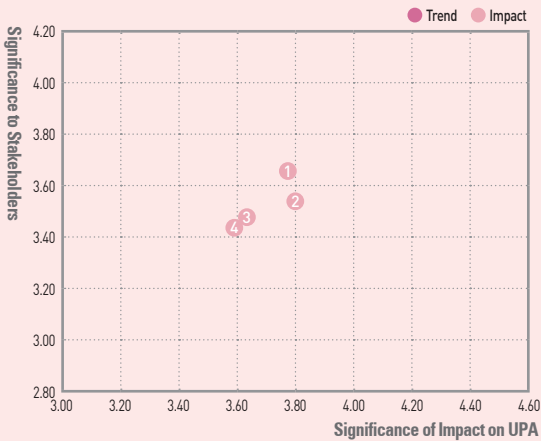
❶ Support for local communities' social investments
❷ Participation in local communities' development
❸ Offering local communities job creation opportunities
❹ Contribution to communities' educational and cultural development

Contributions and Participation in Communities
• CSR Initiative System
• CSR Initiative Outcomes

CSR Amounts and Other Donations (unit: KRW 1 million)
345

Key Performance

CSR Activity Hours per Person (hours)
17.6

Matching Grant Fund (unit: KRW 1,000)
24,820
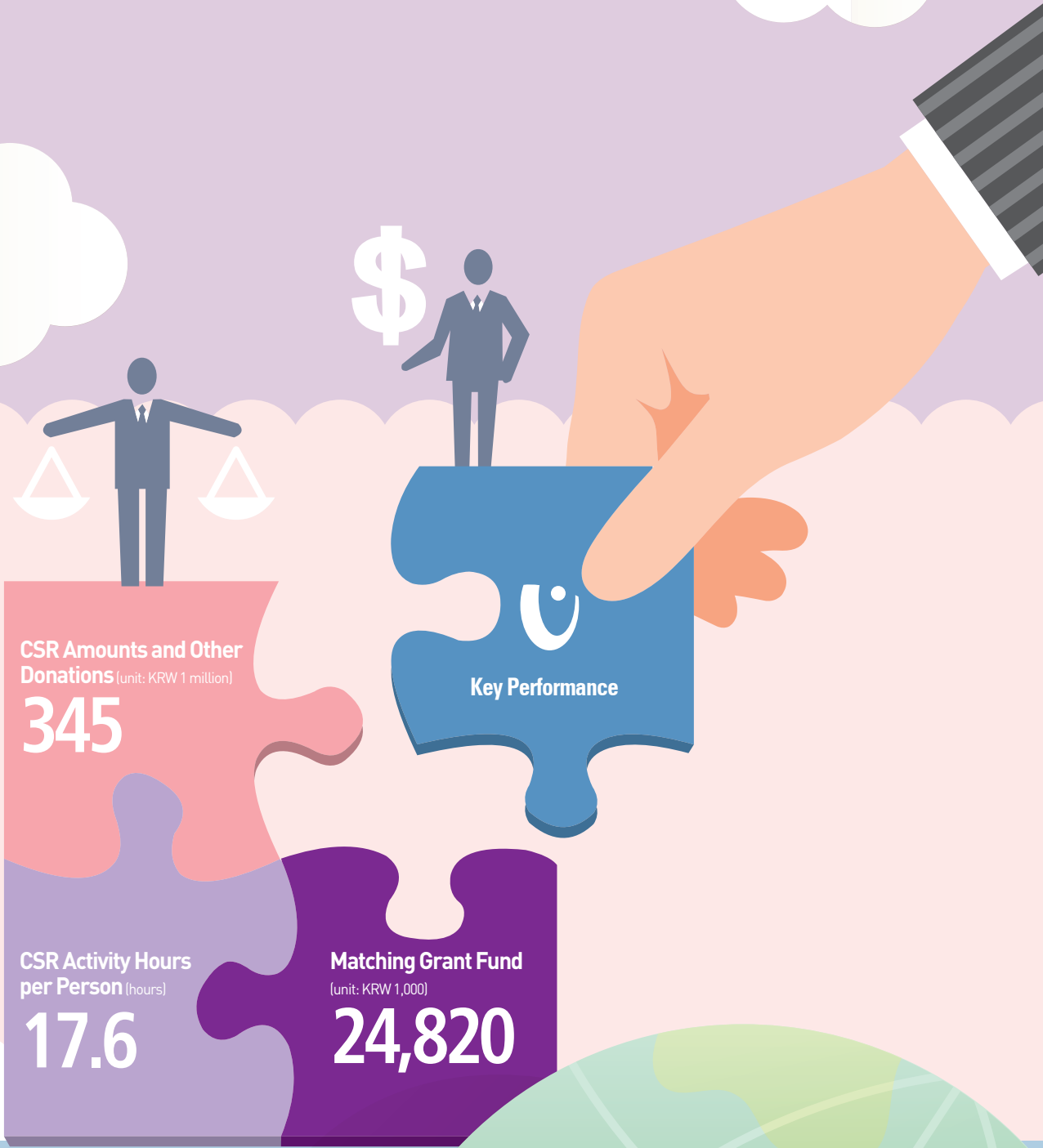
CONTEXT

The business paradigm is shifting from pursuing profits to creating social values and sharing them with communities. While fulfilling its mission to manage and operate Port of Ulsan efficiently, UPA runs its port-specific value sharing programs to meet the social demand of communities. For UPA, its CSR activities are part of its efforts to repay communities for the care and attention it has received from them and grow together with them.

PROGRESS

CSR Initiative System

CSR Initiative Strategies

UPA conducts various CSR activities to spread the culture of sharing as a public agency and expands one-off money donation to activities combining donations and volunteer services. UPA promotes its CSR activities for purposes of strategic social contributions, volunteer services connected to local communities, stabilization of the lives of the underprivileged and alleviation of corporate burdens, and building of social trust. We select CSR programs through internal deliberation and review the budget for each program annually. We operate the Social Contribution Advisory Committee, which reviews our CSR strategies and readjusts our CSR priorities from year to year. Under the leadership of "UPA Volunteer Service Corps to Share Love (UPAV)," the atmosphere of engagement in our employees' CSR activities spreads. UPA strives to foster a corporate culture of practicing sharing and achieve win-win growth by sharing its capabilities with society.

CSR Activities per Person

17.6 hours

CSR Promotion System			
CSR Mission	**Raise the Anchor of Sharing and Sail towards the Era of National Welfare**		
CSR Vision	**A Public Company Delivering Love and Happiness**		
Strategies	Strategic CSR Activities	Volunteer Services connected to local Communities	Stabilization of the lives of the underprivileged and alleviation of corporate burdens	Building social trust
Strategic tasks	• Identification and implementation of port-specific programs • Invigoration of Ulsan Port value sharing programs • Support for residents in neighborhoods and port workers	• Community welfare sharing activities • Mecenat initiatives in education and culture • Operating matching grants • Talent (knowledge) donation	• Efforts to refrain from raising dues • Reduction or exemption of port facility dues • Alleviation of burdens of logistics costs • Operating incentive systems	• Eco-friendly port management and operation • Creating a safe port • Establishing foundation for sustainability management
Processes	Program Discovery and Selection	Program implementation	Monitoring	Feedback
	• Demand survey and program discovery • Experts' counseling • Program selection	• Overall control (Management Support Team) • Support (all teams) • Implementation (UPAV and consultation organizations)	• Internal assessment • Questionnaire and counseling	• CSR outcome analysis • Reflection in the next year's plan, etc.

CSR Funds

UPA allocates more than 0.5% of its annual turnover to CSR activities. In addition, it runs a matching grant fund financed from a certain percentage of employees' monthly salaries/wages. The company also contributes to the matching grant fund at the ratio of 1:1, with the voluntary contributions of employees deducted from their monthly salaries/wages according to their committed number of accounts. In 2013, UPA paid KRW 345 million for its CSR activities and various kinds of donations. The total amount has declined somewhat compared to 2011 (KRW 578 million) and 2012 (KRW 526 million). Despite the slight reduction in its monetary contributions, UPA will continue to increase its CSR commitment in the non-financial areas through the active involvement of its employees.

CSR Activities and Outcomes

Port of Ulsan-Specific CSR Programs

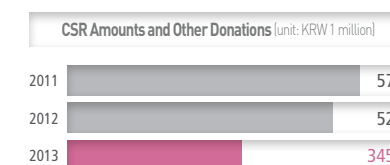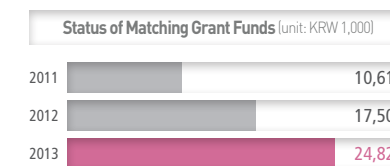**Shipping and Port Scholarships**

UPA contributes to the improvement of customer satisfaction and community development by delivering scholarships each year to the children of employees of shipping and port-related agencies and companies operating in Port of Ulsan. In 2013, UPA delivered KRW 27 million worth of scholarships to the children of the workers in shipping and port operations and who figured in industrial accidents or sustained injuries or the offspring of the workers in shipping and port operations and who excel in their studies.

Hopeful Nest Program

UPA promotes a housing improvement program for impoverished families with children in the neighborhood of Port of Ulsan based on the recommendation of Child Foundation. Through repairs of their houses, UPA contributes financial independence of the households and delivers dream and hope. UPA completed repairs of 7 houses until 2013 with the participation of 100 UPA employees and budget of KRW 150 million.

Talent Donation – "Jack of All Trades"

Amid the recently increasing social interest in pro bono activities, UPA carries out various talent donation programs including knowledge sharing in addition to its various volunteer services. A talent donation group consisting of 13 UPA employees and their families offered after-school Japanese class to the children of Jangsaengpo Elementary School situated near Port of Ulsan for two hours every Tuesday. The group also invited the elderly living nearby and entertained them with food, songs, and dances. UPA will expand its employees' talent and knowledge donation to include haircuts and beauty care, management and tax consulting, small onsite concerts, and traditional Korean music class.

Status of Matching Grant Funds (unit: KRW 1,000)	
2011	10,618
2012	17,500
2013	24,820

CSR Amounts and Other Donations (unit: KRW 1 million)	
2011	578
2012	526
2013	345*

* Donations decreased in 2013 because of diverse CSR and sharing activities launched on the occasion of UPA's 50th anniversary.

Participants at the Shipping and Port Scholarship Delivery Ceremony

At the Hopeful Nest No. 7

An Afterschool Class at Jangsaengpo Elementary School

Sponsoring Motherland Visits by Multicultural Families

UPA supports motherland visits by the multicultural families of port workers who have become exemplary members of the communities in the port area. To support the motherland visits of those sheltered in the Seongsim Hope Center and other multicultural families, UPA provides return tickets to their motherland and sojourn costs there to those recommended by social welfare agencies. In 2013, we showed compassion to neighbors in need by supporting the motherland visits of two multicultural families having financial difficulties doing so on their own.

Port of Ulsan Lighthouse Fund

UPA deposits a fixed amount of money coming from ocean-going ships arriving in Port of Ulsan for social contributions and spends it on the treatment of patients with rare diseases at the beginning/end of the year. In 2013, it collected KRW 12.2 million from 12,200 ships and delivered the money to Ulsan Community Chest for the treatment of people with rare diseases.

Port of Ulsan Boat Tour

2013 marked the 50th anniversary of the opening of Port of Ulsan. UPA offered a boat tour of Port of Ulsan to the residents so that they can learn about the port more intimately and enjoy with their families. Participants got on a ship and had a tour of Port of Ulsan and in the process obtained knowledge about Port of Ulsan, the country's top industrial port, and through the Port of Ulsan Golden Bell Event, had an enjoyable time with their families and friends.

Publicizing Port of Ulsan

UPA subsidizes elementary and secondary school students' visits to the Port of Ulsan PR Hall to publicize the history, features, and roles of Port of Ulsan among the younger generations. UPA provides schools with shuttle buses that would send their students to the Port of Ulsan PR Hall and the observation tower. In 2013, a total of 321 students from 7 elementary schools and 1 high school including Myeongdeok and Guyeong elementary school used the service and learned about Port of Ulsan.

Support for Multicultural Families'
Motherland Visits

Port of Ulsan Boat Tour

CSR Programs linked to Local Communities

Improvements in Educational Environments

As part of its education Mecenat initiative, UPA maintains sisterhood relations with three schools. It delivers scholarships, provides educational equipment and devices, and offers talent donation to the schools. In 2013, UPA delivered a total of KRW 14.92 million worth of scholarships to the students of Seongshin High School and who come from underprivileged families and provided Jangsaengpo Elementary School in the neighborhood of Port of Ulsan with a KRW 13 million donation in 3 areas such as lesson study support, educational environment improvements, and purchase of educational equipment/devices. UPA also offered KRW 6 million to Ulsan Elementary School, which was designated by the Ulsan Office of Education as a model school for marine education for youths through a memorandum of understanding on the reinvigoration of marine education, for the school's marine education for faculty and students and their parents, purchase of books, and tour and field trips.

Support for the Development of Local Culture and Arts

Launched in 2007 under the slogan "Significant Encounter of Businesses and Culture and Arts," The Ulsan Mecenat Initiative is intended to help local cultural and arts organizations in dire financial straits get back on their feet through sisterhood relations or program subsidies so that they can offer cultural and arts services to the culturally disadvantaged in society. UPA has executed a sisterhood agreement with the Cheoyong Traditional Music Symphony Orchestra, and supports their annual performance. In 2013, it provided the orchestra with KRW 10 million worth of performance subsidy and employees' tickets for the performance.

Welfare Programs for Senior Citizens

UPA is concerned about the aging society which is emerging as a social issue in Korea and focuses on social contributions for the welfare of vulnerable seniors. Thus it carries out such diverse social contribution activities such as economic support for single senior households, volunteer services at senior welfare facilities and consolation parties for the elderly. On the occasion of its 50th anniversary, 40 employees paid a visit to the Ulsan Municipal Senior Center and presented necessities, helped with the cleaning, laundry, and cooking, and staged a performance of music and dance by talented members of the group. UPA also delivered KRW 7.8 million worth of rice (156 bags) to impoverished seniors in Jangsaengpo-dong in the neighborhood of the port. During Chuseok or Korean Thanksgiving Day, UPA delivered KRW 4.2 million worth of presents to the Jangsaengpo Social Welfare Center. UPA employees became the company of the day for the elderly and underprivileged. In September, it offered KRW 3 million to the Didimdol Senior Home Care Center, which received financial support from the Ministry of Culture, Sports, and Tourism for the center's "cultural voucher" plan to send single seniors on an autumn trip to Jeju but could not execute the plan for financial reasons. With UPA's contribution, however, the center successfully implemented its plan. In November, UPA held the "Sharing of Kimchi of Love" event in its headquarters, Port of Ulsan Marine Center. A total of 80 persons from UPA and 6 welfare facilities including the Samil Social Welfare Foundation, Seomgim Senior Home Care Center, and Dongpyeong Senior Home Care Center helped make kimchi. In the first annual event, participants made 6,000kg of kimchi. UPA delivered it to single seniors in the neighborhood including the six facilities.

Support for Ulsan Elementary School,
a Model School for Marine Education

Support for Cheoyong Traditional Korean
Music Orchestra

Making Kimchi of Love

Volunteer Service for the Severely Disabled

UPA implemented various CSR activities for Hyejinwon, an institution for the severely disabled with which UPA has forged sisterhood relations. UPA volunteers spent 2013's Day of Persons with Disabilities with the people in the social welfare institution while providing various services including cleaning. Moreover, UPA employees and their families went on a spring picnic called "Time to Share Happiness" with the handicapped children in Hyejinwon, with whom they have a one-on-one matching relationship. The children had a fun time at the amusement facilities and enjoyed the outdoor performances. They also learned a lot through interaction with plenty of people in an outdoor happy environment. Besides, UPA employees paid a visit to Donghyangwon, another social welfare institution for the disabled, and engaged in diverse service activities including cleaning and cooking in addition to the delivery of necessities.

Child Welfare Activities

UPA is also paying attention to the welfare of disadvantaged children in the area. In cooperation with ChildFund, with which UPA has forged sisterhood relations in 2007, Korean Red Cross, and social welfare foundations, UPA engages in economic and educational support for children from impoverished families. During the two biggest national festival days, Lunar New Year's Day and Korean Thanksgiving Day, UPA delivers necessities and funds for traditional ancestral services to impoverished families without parents and beneficiaries of the "Hopeful Nest" program. UPA also carried out an event dubbed "A Magic Lamp for Children's Smiles" for children and youths from single-parent households and provided them with computers. Furthermore, to support children who are studying hard despite their financially challenging conditions, UPA implemented a project called "Building a Clean Study Room in Impoverished Households with Children in the Port Area". In 2013, UPA repaired children's study rooms in three households in the neighborhood of the port and provided computers, desks, and wardrobes so that the children in such households can concentrate on their studies.

Support for Treatment of Patients with Intractable Diseases

At the beginning/end of the year, UPA provided financial support for the treatment of serious diseases like juvenile tumor using the fund accumulated from deducting KRW 10,000 per person from the employees' monthly payroll as well as the company's corresponding monetary contribution. In 2013, UPA presented KRW 24.82 million worth of accumulated funds to ChildFund Ulsan Chapter for children suffering from hard-to-treat diseases.

Support for Local Economy

UPA has responded to the social mandate for sisterhood relations with a traditional market, joining efforts to revive the local economy by supporting small merchants. UPA has forged sisterhood ties with nearby Yaeum Market. It runs "A Day to go to the Traditional Market" on a quarterly basis and helps reinvigorate the traditional market in the local community. In addition, UPA actively uses "Onnuri Gift Certificates," which can be used in any traditional market in the country, when awarding people internally or externally, presenting souvenirs, or making donations to social welfare organizations. It also takes part in campaigns advocating the active use of traditional markets to contribute to the local economy.

Voluntary Service in Hyejinwon on the Day of Persons with Disabilities

At an Event of 'a Magic Lamp for Children's Smiles'

Support for Impoverished Children with Rare/Intractable Diseases

NEXT STEP

Despite its small size, UPA takes the lead in the establishment of a culture of sharing in local communities through various social contribution programs. In addition to its budget for CSR activities, UPA also makes financial contributions through matching grants, which encourages employees to participate in social services more actively. Beneficiaries of its social contributions are also very much content with the volunteer services provided by its employees and their families. UPA aspires to become a small yet powerful corporation leading the way in CSR and dissemination of a sharing culture. Therefore, it considers upgrading its current level of support-centered CSR activities.

UPA plans to discover CSR activities that can be implemented together with local residents while making beneficiary-centered social contributions. To that end, it will enhance its surveys on beneficiaries' satisfaction with UPA's social services. Moreover, UPA will continue to strive to identify and systemize port-specific social services, and present communities in a way that UPA can sympathize with, and participate in them. To that end, UPA plans to organize a social service collaboration encompassing a number of businesses related to the port operations in the area as a mid- to long-term strategy.

It will also take advantage of its core competencies and provide the local communities with more systematic educational donations relevant to Port of Ulsan channels through which college students and well-read citizens in the area can take part in social services.
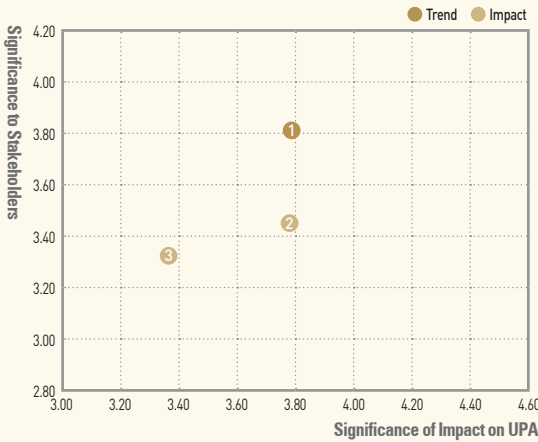
ISSUE 7

Pursuit of Shared Growth through Partnership

Key Strategy

UPA is striving to create a culture of shared growth beyond the level of mutual benefits based on trust and cooperation with its partners. To this end, UPA eliminates unfair contracts, expands engagement opportunities for local businesses, and disseminates the culture of transparent transactions.

Key Issues

● Trend   ● Impact

(scatter chart)
Y-axis: Significance to Stakeholders (2.80 – 4.20)
X-axis: Significance of Impact on UPA (3.00 – 4.60)

❶ Increasing Demand for Shared Growth
❷ Promoting Social Responsibilities within UPA's Sphere Influences
❸ Procurement Processes

Securing Future Growth Engines
• Promotion Systems for Shared Growth
• A Culture of Fair Transaction
• Activation of Public Procurement
• Expansion of Opportunities for Local Small Enterprises
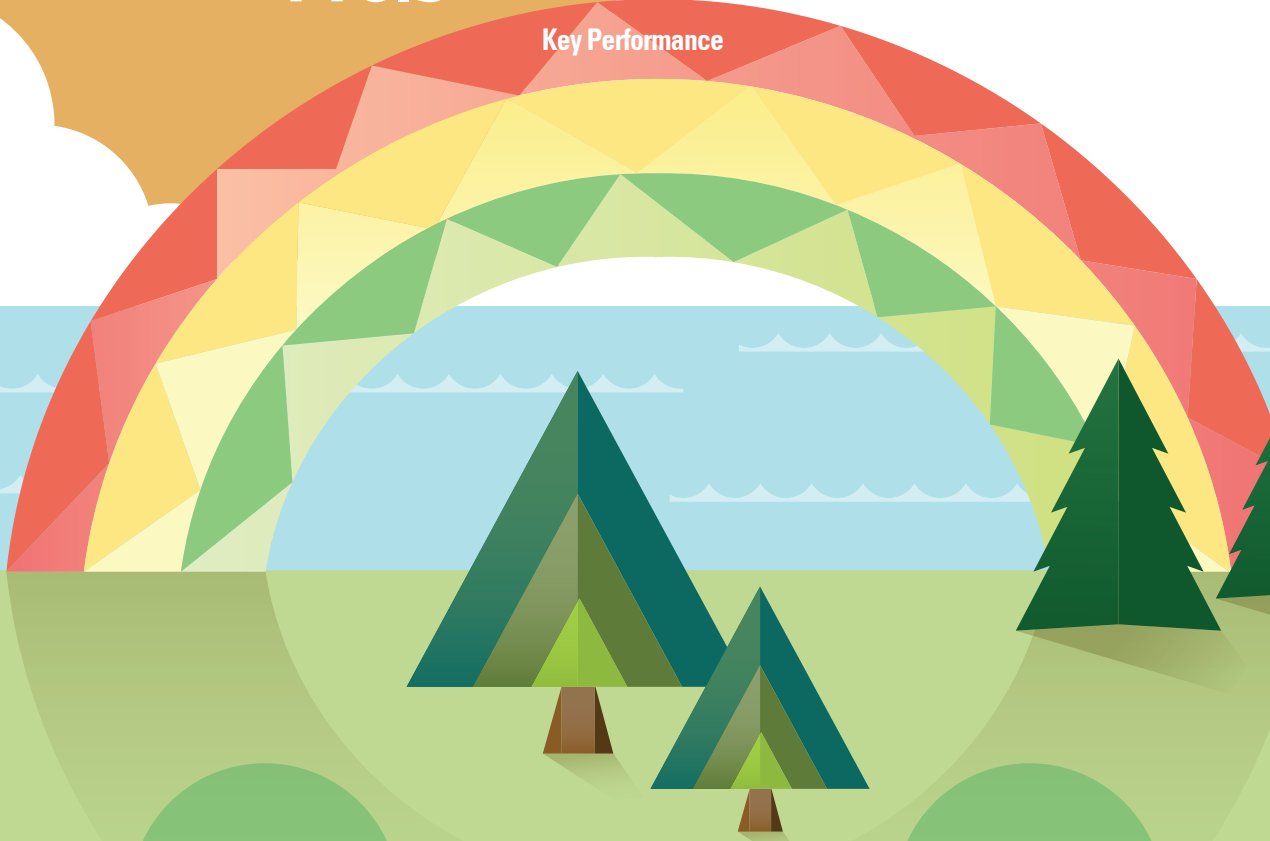
Ratio of Electronic Contracts (%)
80.5

Purchases from SMEs
(KRW 1 million)
49,065

Purchases from Social Enterprises
(KRW 1 million)
116.5

Key Performance

CONTEXT

UPA takes the lead in implementing shared growth for purposes of helping address social bipolarization and realizing sustainable growth and social reconciliation. UPA believes that it is the responsibility of a public entity to pursue shared growth and realize fair society based on trust and harmony with its partners. It will continue to strive to make progress in this regard.
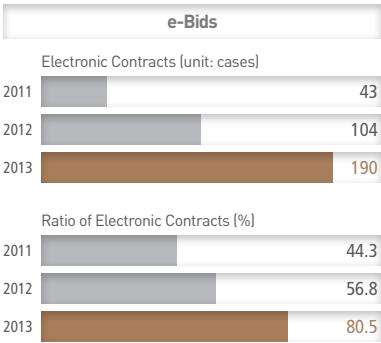
PROGRESS

Promotion System for Shared Growth

UPA has established a system for realizing fair society and shared growth for the purpose of materializing a bigger Port of Ulsan community where everyone lives better together. UPA has set four promotion strategies: establishment and dissemination of culture of a fair, transparent society; fair transactions and outcome distribution; shared enhancement of competitiveness, and; fulfillment of a public company's responsibility. It has also identified and implemented strategic tasks required for the promotion of the strategies.
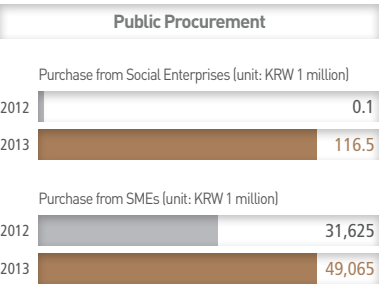
Creation of the Culture of Transparent and Fair Transactions

UPA fully discloses its transaction information in a bid to foster a culture of transparent transactions. Through the active utilization of the National Comprehensive e-Procurement System, UPA recorded an 80.5% ratio of electronically executed contracts in 2013. UPA discloses the details of all its optional contracts worth more than KRW 10 million along with its public procurement status and plans on its website on a monthly basis. It also engages in integrity campaigns to institutionalize the culture of anti-corruption and clean contracts. It sends out requests for integrity to all its bidders and includes a clause regarding the obligation of integrity in its bid announcements. To improve the objectivity and fairness of its evaluation of bid proposals, UPA operates a pool of professional evaluators who are assigned to the evaluation of particular bid projects on the day of evaluation or a day earlier with the attendance of its audit team members.

e-Bids

Electronic Contracts (unit: cases)

Year	Value
2011	43
2012	104
2013	190

Ratio of Electronic Contracts (%)

Year	Value
2011	44.3
2012	56.8
2013	80.5

The Promotion System of Fair Society and Shared Growth

Vision	Realization of a Bigger Port of Ulsan Community where Everyone Lives Better Together

Strategies	Establishment and dissemination of culture of a fair, transparent society	Fair transactions and outcome distribution	Enhancement of shared competitiveness	Fulfillment of a public company's responsibilities
Strategic Tasks	• Identification and invigoration of fair and clean tasks • Opening and disclosure of diverse kinds of information • Enhanced transparency of job execution	• Expansion of subcontractor payments • Support for the economically disadvantaged and active public procurement • Improvement of unfair contracts and business practices	• Creation of win-win culture with SMEs and related organizations • Promotion of joint R&D with SMEs • Support for competency enhancement	• Voluntary improvement of lax management practices • Establishment of labor-management joint vision • Expansion of support and engagement opportunities for SMEs

Activation of Public Procurement

UPA actively engages in public procurement including the purchase of goods produced by the socially disadvantaged by sharing public procurement objectives and enhancing cooperation with its stakeholders. UPA takes the lead in expanding public procurement through not only direct purchase but also the promotion of indirect purchase. UPA includes a special clause regarding the purchase of green goods and/or social enterprises' products in its contracts worth more than KRW 100 million so that its contractors will place priority on the purchase of goods that meet the aforesaid criteria. It also continues to expand indirect purchase through the arrangement of purchase meetings with its partner companies. In recognition of its contributions to expanding indirect purchase from social enterprises, UPA was selected as a model case by the Korea Social Enterprise Promotion Agency under the Ministry of Employment and given a plaque of appreciation along with an individual certificate of excellence.

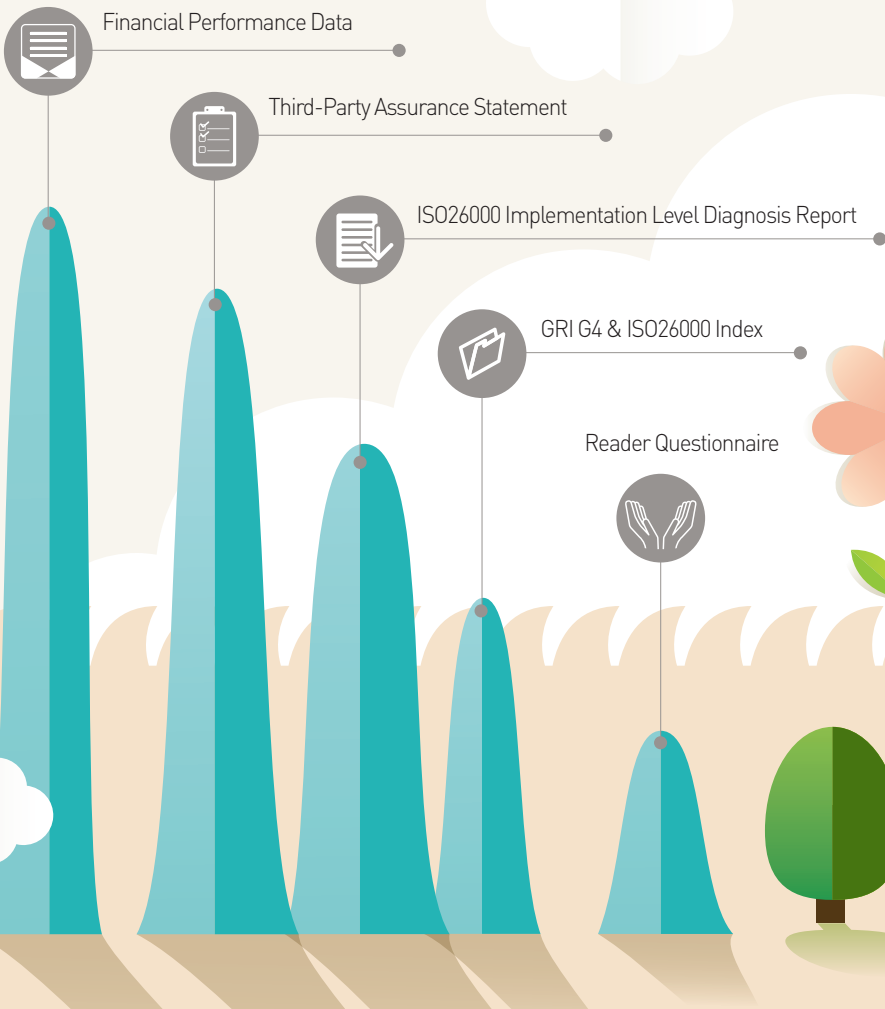### Expanding Opportunities for Local SMEs

UPA strives to increase the proportion of local SMEs in awarding contracts: For a contract worth less than KRW 8.7 billion, only local companies whose main business office is based in Ulsan can participate in its bid. For a contract worth less than KRW 26.2 billion, the proportion of local companies must exceed 30% of the total contract sum. In 2013, local contractors secured three projects worth KRW 20.7 billion thanks to such arrangements by UPA.

Public Procurement

Purchase from Social Enterprises (unit: KRW 1 million)

Year	Value
2012	0.1
2013	116.5

Purchase from SMEs (unit: KRW 1 million)

Year	Value
2012	31,625
2013	49,065

NEXT STEP

UPA will establish detailed, company-wide implementation tasks to realize fair society and shared growth. UPA will contribute to job creation in the private sector through the aggressive promotion of its project. It will take the lead in contributing to the local communities by discovering strategic CSR activities associated with the purpose of its establishment and the characteristics of its business. By being active in the implementation of policies recommended by the government, it will fulfill its social responsibility as a public organization. Most notably, in 2014, UPA launched the Port of Ulsan Forum consisting of 100 stakeholders from port user organizations, port-related organizations, port expert groups, research institutions, civic organizations, and academic circles. Through the quarterly meetings of the Port of Ulsan Forum, stakeholders share and disseminate the visions of Port of Ulsan and UPA and gather ideas regarding the development and operation of Port of Ulsan. UPA will reflect the feedback of the forum on its management and continue to pursue shared growth with its stakeholders. Moreover, UPA will introduce diverse measures intended to institutionalize the culture of fair transactions through its organization. Under the goal of materializing creative contract administration customized to each of its customers, it will strive to create a transparent, fair transaction environment. UPA will place particular emphasis on the prevention of unfair transactions including the following: illegal subcontracts; disclosure of the entire contract process ranging from plans for bids to software supply contracts for completed hardware facilities, and; zero corruption through the elimination of corruption potential throughout its bidding and contract execution processes.

APPENDIX

- Financial Performance Data
- Third-Party Assurance Statement
- ISO26000 Implementation Level Diagnosis Report
- GRI G4 & ISO26000 Index
- Reader Questionnaire

Financial Performance Data

Financial Statement

7th term ending Dec. 31, 2013

6th term ending Dec. 31, 2012

(unit: KRW 1.00)

Category	7th term		6th term	
	Amounts		Amounts	
Assets				
I. Current assets		15,968,422,094		28,949,217,298
(1) Cash and cashable assets	6,967,516,647		8,196,399,761	
(2) Current financial assets	6,000,000,000		18,000,000,000	
(3) Trade receivables and other receivables	1,707,604,780		2,197,513,153	
(4) Current non-financial assets	1,293,300,667		555,304,384	
II. Non-current assets		576,324,460,825		543,986,688,300
(1) Non-current financial assets	1,761,728,450		1,803,055,640	
(2) Long-term trade receivables and other receivables	510,000,000		400,000,000	
(3) Property, plant and equipment	92,263,624,857		62,209,438,758	
(4) Investment properties	191,361,542,980		179,812,075,382	
(5) Intangible assets other than goodwill	288,765,140,730		298,491,298,971	
(6) Deferred income tax assets	1,662,423,808		1,270,819,549	
Total assets		592,292,882,919		572,935,905,598
Liabilities				
I. Current liabilities		14,571,422,108		8,706,215,543
(1) Trade and other payables	3,363,629,592		696,087,685	
(2) Current tax liabilities	3,493,271,118		804,055,852	
(3) Current non-financial liabilities	6,653,963,744		6,230,734,634	
(4) Current provisions	1,060,557,654		975,337,372	
II. Non-current liabilities		11,202,664,860		11,623,608,110
(1) Long-term trade and other payables	130,000,000		130,000,000	
(2) Non-current, non-financial liabilities	10,887,912,798		11,411,276,470	
(3) Employee benefit liabilities	184,752,062		82,331,640	
Total liabilities		25,774,086,968		20,329,823,653
Equity				
I. Paid-in capital		470,212,442,399		470,212,442,399
II. Retained earnings		96,299,408,432		82,386,105,526
III. Other components of equity		6,945,120		7,534,020
Total equity		566,518,795,951		552,606,081,945
Total liabilities and equity		592,292,882,919		572,935,905,598

Statement of Comprehensive Income

7th term: Jan. 1, 2013 - Dec. 31, 2013

6th term: Jan. 1, 2012 - Dec. 31, 2012

(unit: KRW 1.00)

Category	7th term		6th term	
	Amounts		Amounts	
I. Sales		**65,165,878,285**		**62,862,140,457**
1. Revenue from rendering service	65,165,878,285		62,862,140,457	
II. Cost of sales		**28,015,098,313**		**33,276,586,770**
1. Cost of sales from rendering service	28,015,098,313		33,276,586,770	
III. Gross profit		**37,150,779,972**		**29,585,553,687**
IV. Selling and administrative		**12,641,809,518**		**10,786,439,229**
1. Salaries expenses	2,925,561,773		2,483,802,969	
2. Severance pay	174,424,906		32,088,996	
3. Fringe benefits	290,372,623		238,107,912	
4. Insurance premium	519,681,539		474,934,733	
5. Depreciation expenses	1,916,577,275		1,622,836,450	
6. Amortization expenses on intangible assets	811,135,051		456,059,839	
7. Bad debt expenses	103,451,411		-	
8. Service fees	1,056,892,978		1,000,859,776	
9. Advertising expenses	549,087,592		754,463,121	
10. Training expenses	166,973,855		188,000,624	
11. Vehicle maintenance expenses	44,317,215		45,534,603	
12. Publication expenses	179,648,432		133,165,486	
13. Business promotion expenses	44,155,500		145,572,830	
14. Rental	145,324,576		178,886,135	
15. Communication expenses	164,477,809		156,638,305	
16. Taxes and dues	329,205,383		739,944,164	
17. Supplies expenses	86,782,087		134,831,604	
18. Utilities expenses	124,010,720		116,782,635	
19. Repairs expenses	948,257,789		787,934,673	
20. Travel expenses	383,307,830		214,483,551	
21. Clothing expenses	33,435,108		38,441,419	
22. Association dues	17,040,000		31,420,496	
23. Sales commissions	203,642,500		28,145,000	
24. Others	1,424,045,566		783,503,908	

Category	7th term		6th term	
	Amounts		Amounts	
V. Operating income		**24,508,970,454**		**18,799,114,458**
VI. Other income		**260,454,384**		**120,324,062**
1. Rental income	104,294,272		85,667,385	
2. Others	156,160,112		34,656,677	
VII. Other expenses		**345,090,049**		**531,364,305**
Donations	344,909,620		525,842,458	
Others	180,429		5,521,847	
VIII. Other profit (loss)		**(1,472,015,916)**		**-**
Loss on disposal of property, plant and equipment	(96,789,170)		-	
Loss on disposal of investment property	(1,317,396,358)		-	
Impairment loss on investment property	(57,830,388)		-	
IX. Finance income		**674,448,815**		**1,197,209,314**
Interest income	674,448,815		1,197,207,344	
Gain on disposal of financial assets	-		1,970	
X. Financial costs		**-**		**-**
XI. Profit before income taxes		**23,626,767,688**		**19,585,283,529**
XII. Income tax expenses		**5,243,391,688**		**4,399,247,049**
XIII. Net income		**18,383,376,000**		**15,186,036,480**
XIV. Other comprehensive loss, net of income tax		**(154,147,294)**		**(20,529,327)**
1. Items that will not be reclassified subsequently to profit or loss - Remeasurements of net defined benefit liability	(153,558,394)		(20,860,073)	
2. Items that will be reclassified subsequently to profit or loss - Available-for-sale financial assets	(588,900)		330,746	
XV. Total comprehensive income		**18,229,228,706**		**15,165,507,153**

Third-Party Assurance Statement

To: The Stakeholders of Ulsan Port Authority

■ Introduction and objectives of work

BUREAU VERITAS KOREA Co. Ltd.(hereinafter 'BUREAU VERITAS') has been engaged by Ulsan Port Authority to conduct an independent assurance of its 2013 Ulsan Port Authority Sustainability Report(hereinafter Report). This Assurance Statement applies to the related information included within the scope of work described below. This information and its presentation in the 2013 Ulsan Port Authority Sustainability Report are the sole responsibility of the management of Ulsan Port Authority. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

■ Scope of work

The assurance process was conducted in line with the requirements of the Assurance Standard AA1000AS (2008) Type2 and moderate level of assurance. The scope of work included:
* Data and information included in 2013 Report for the reporting period;
* Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyze and review the information reported;
* Evaluation of the Report against the main principles of the AA1000 Assurance Standard (2008)
    Inclusivity / Materiality / Responsiveness
* Evaluation against GRI G4 Accordance Criteria

■ Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities through Bureau Veritas Korea standard procedures and guidelines for external Assurance of Sustainability Reports.:

1. Interviews with relevant managers and personnel of Ulsan Port Authority;
2. Review of documentary evidence produced by Ulsan Port Authority;
3. Audit of performance data;
4. Site visits;
5. Review of Ulsan Port Authority data and information systems for collection, aggregation, analysis and review;
6. Review of stakeholder engagement activities;

■ Our findings

On the basis of our methodology and the activities described above, it is our opinion that:
* The information and data included in 2013 Ulsan Port Authority Sustainability Report are accurate, reliable and Bureau Veritas cannot point out any substantial aspects of material mistake or misstatement;
* The Report provides a fair representation of Ulsan Port Authority activities over the reporting period;
* The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over Ulsan Port Authority's performance and status during the reporting period;
* Ulsan Port Authority has established appropriate systems for the collection, aggregation and analysis of relevant information;
* Ulsan Port Authority has processes in place for consulting and engaging with its key stakeholders in a structured and systematic manner;
* The Report properly reflects the organization alignment to and implementation of the AA1000 Assurance Standard(2008) principles of Inclusivity, Materiality and Responsiveness in its operations. Further detail is provided below;

Alignment with the principles of AA1000AS (2008)

Inclusivity

Ulsan Port Authority has processes in place for engaging with a range key stakeholders including employees, government officials, representatives from a range of NGO's, industry associations, contractors, customers, community and has undertaken a number of formal stakeholder engagement activities. Also the report includes the issues of economic growth, safety, employee capability, community and supplier chain.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that Ulsan Port Authority has identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders views and concerns, and determination of material issues has extracted from prioritizing issues and feasibility review.

Responsiveness

Ulsan Port Authority is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making.

* Based on our work, it is our opinion that 2013 Ulsan Port Authority Sustainability Report has been prepared in accordance with the 'Core Option' of GRI G4. Further detail is provided below;

Evaluation against GRI G4 In Accordance Criteria

Bureau Veritas reviewed General Standard Disclosures and Specific Standard Disclosures whether the Report has been prepared In Accordance with GRI G4 and cannot find out any substantial aspects of omission or misstatement.

General Standard Disclosures: G4-1~2, G4-3~16, G4-17~23, G4-24~27, G4-28~33, G4-34,38~42, G4-44~47, G4-49~51, G4-56~58
Specific Standard Disclosures: Material Aspects, DMAs, G4-EC1, EC7, EC8, EC9, EN2~4, EN6~7, EN15~EN17, EN19, EN30, G4-LA1~LA3, LA4, LA9, LA12, G4-SO1, SO3~SO5, SO8, G4-PR1~PR5

■ Key areas for ongoing development

Based on the work conducted, we recommend Ulsan Port Authority to consider the following:
* Ulsan Port Authority is required to improve the currently applied materiality assessment process into an original process according to the circumstances and characteristics of Ulsan Port Authority
* Ulsan Port Authority is required to consider development of Key Performance Indicators against areas and issues of concern where they do not already exist and incorporating or refining existing performance measures through the use of reporting guidelines such as the GRI G4
* In the field of each report are expressed relative efforts trying to explain the positive aspects and further development. This will help to improve the balance of the report if the performance is poor relief and state the specific planning issues at the same time to solve it.

■ Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:
* Activities outside the defined assurance period and other additional information like homepage and etc.;
* Financial data in the reporting period;
* Greenhouse gas source data in the reporting period;
* Expressions of opinion, belief, aim or future intention by Ulsan Port Authority and statements of future commitment;

■ Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with almost 180 years history in providing independent assurance services. No member of the assurance team has a business relationship with Ulsan Port Authority. We have conducted this verification independently, and there has been no conflict of interest. The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

6th Oct. 2014
Certification Manager
BUREAU VERITAS KOREA
Jeong, Sunghun

ISO26000 Implementation Level Diagnosis Report

■ Diagnosis Standard

The Korea Standards Association (KSA) has developed a checklist to be used for the diagnosis of the level of an organization's fulfillment of social responsibility based on ISO 26000, an international standards for social responsibility, as part of the service for the Korean Agency for Technology and Standards. This diagnosis report is the result of the diagnosis of UPA's sustainability management processes and performance in 7 core subjects according to the checklist of KSA.

■ Scope

KSA has diagnosed the processes used by UPA to fulfill its social responsibility and its performance outcomes. For the diagnosis, KSA has looked into UPA's mid- and long-term strategies and the major measures taken by UPA to execute them, stakeholder engagement, and social responsibility activities.

■ Method

KSA has conducted the following activities to collect the relevant and proper data under the rules for assessment of the implementation level of ISO 26000:

- Reviews of UPA's mid- and long-term strategies and management performance reports
- Interviews with the UPA staff in charge of sustainability management by area together with documents on its performance results
- Identification of sustainability issues that can impact its stakeholders

■ Diagnosis Results by ISO 26000 Social Responsibility Process

In the area of processes, UPA is judged to have made progress compared to the diagnosis results of the previous year. It is particularly encouraging that UPA maintains a variety of stakeholder organizations for consultation. Nonetheless, UPA needs to raise its employees' awareness of sustainability management and corporate social responsibility throughout the entire organization.

■ Diagnosis Results as per 7 Core Subjects of ISO 26000

Organizational governance | We recommend that UPA report CSR issues to the Port Committee – which is the equivalent of a board of directors in the organization - regularly and comply with its enhanced code of ethics in line with the change of its legal status from a miscellaneous public agency to a quasi-market-based, state-owned enterprise (SOE). We also recommend that corporate social responsibility be reflected on the organization's decision-making process more faithfully at the level of corporate governance in accordance with the GRI G4 Guidelines.

Human rights | It is encouraging that UPA has installed the Red Whistle Help Line to enhance internal reporting and has implemented a direct subcontractor payment system to ensure subcontractors' rights to payments. Nonetheless, we recommend that, since human rights abuse of port workers and partner companies may affect its image negatively from the long-term perspective, UPA take measures accordingly.

Labor practices | The pay for contract workers has risen to 95% of that of the full-time staff. Non-financial treatment for them has also improved. This is judged to be an exemplary case compared to other companies' practices in the country. We recommend that UPA continue to make progress in the area for constructive labor relations.

The Environment UPA seems to have progressed considerably over the previous year in the area of environment. Encouraging examples include: training of personnel that will take charge of ISO 14001 exclusively; establishment and implementation of mid- to long-term operation strategies for the Green Port; introduction of eco-friendly technologies; use of recycled raw materials; installation of anti-dust covers and walls in Taehwa River to protect the manila clam habitat there from scattered dust from the coal wharf, and; creation of an undersea forest of Zostera caulescens, a protected species, by transplanting it from Namhwa Pier due to the construction work at the pier. Still, we recommend that UPA control its GHG emissions more strictly and figure out ways to cut down GHG emissions from vehicles to and from Port of Ulsan.
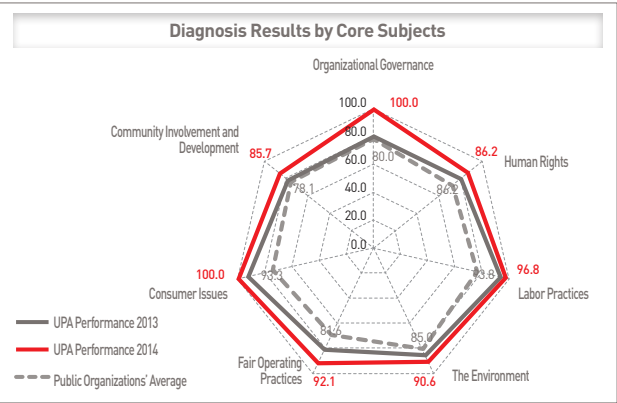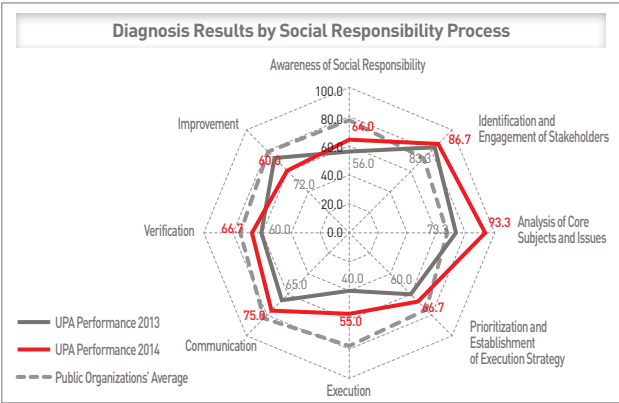
Fair operating practices | It is encouraging that, upon the selection of its partner firms, UPA carried out evaluations according to the rules of the Korean Public Procurement Service regarding the evaluation of subcontractors, and that it played a leading role in the establishment and operation of the Port of Ulsan Clean Belt so that the organizations of Port of Ulsan would spread the culture of integrity among themselves to combat corruption. Meanwhile, we recommend that UPA continue to enhance its internal audits to identify areas for improvement in the area of anti-corruption initiatives.

Consumer issues | UPA has established a healthcare/safety process for port users while holding quarterly meetings with its customers and running a VOC system. Still, we recommend that UPA offer consumers an educational course on all of its safety-related services and the current status of its facilities in operation as well as issues related to personal information security on a regular basis.

Community involvement and development | We found it encouraging that UPA helped nearby Ulsan Elementary School establish a hands-on marine culture experience program by providing it with the necessary educational facilities and devices, and that it waged a blood donation campaign for the Korean Red Cross together with related organizations in the port. We recommend that UPA develop more diverse community involvement programs such as community beautification programs and cultural heritage development programs while attempting to establish its own strategic social contribution system.

■ Conclusion

As a result of the diagnosis of UPA's ISO 26000 response level, UPA has been found to belong to SR level IV, having scored a total of 845.6 points - 254 points (232 points in 2013) out of 360 as full marks in the process aspect and 591.6 points (548.6 points in 2013) out of 640 as full marks in the performance aspect. Thus, UPA is judged to have enough potential to realize sustainable development throughout its operations. The challenge for UPA is transforming its potential into practice. We expect UPA to continue to grow and to become an organization genuinely trusted and loved by its stakeholders.

September 2014
President of the KSA
(Korean Standards Association)
Baek Su-Hyeon

Diagnosis Results by Social Responsibility Process

Awareness of Social Responsibility; Identification and Engagement of Stakeholders 86.7; Analysis of Core Subjects and Issues 93.3; Prioritization and Establishment of Execution Strategy 86.7; Execution; Communication 55.0 / 75.0; Verification 66.7; Improvement 86.0

UPA Performance 2013
UPA Performance 2014
Public Organizations' Average

Recognizing Social Responsibility	Review the current state of organization based on the commitment of managers.
Stakeholder Identification and Engagement	Review the interests and requests of stakeholders and establish engagement strategies.
Analysis of Core Subjects and Issues	Compile a list of issues by reviewing issues and analyzing internal competencies.
Prioritization and Establishment of Execution Strategy	Prioritize the issues to be improved considering the organization's competencies and establish targets and execution plans.
Execution	Implement the strategies, visions, objectives, and action plans and periodically monitor the social responsibility outputs.
Communication	Compile and communicate the performance reports to stakeholders.
Verification	Carry out activities and reporting to raise the reliability of performances.
Improvement	Review performances periodically to ensure continuous improvements.

Diagnosis Results by Core Subjects

Organizational Governance 100.0; Human Rights 86.2; Labor Practices 96.8; The Environment 90.6; Fair Operating Practices 92.1; Consumer Issues 100.0; Community Involvement and Development 85.7

UPA Performance 2013
UPA Performance 2014
Public Organizations' Average

Organizational Governance	Carry out activities to uphold the social responsibility principles and integrate them into existing systems, policies, and practices.
Human Rights	Carry out activities to respect, protect, and uphold human rights within the organization and areas under the influence of the organization.
Labor Practices	Implement policies and practices affecting the labor environments of workers of the organization and its business partners.
The Environment	Carry out activities to take integrated approaches considering the implications of the organization's decisions and activities to minimize the organization's environmental impact.
Fair Operating Practices	Carry out activities to bring attention to ethical practices in transactions between the organization and other organizations, such as partners and suppliers.
Consumer Issues	Carry out activities to protect the rights of consumers, including consumer education, fair and transparent marketing information and contract, and promotion of sustainable consumption.
Community Involvement and Development	Carry out activities to recognize and respect the rights of local communities and to maximize their resources and opportunities.

The Korean Standards Association is a special corporate body established pursuant to the "Law on Korean Industry Standardization" enacted in 1962. It is a knowledge 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), an operational organization of the UN CDM, and an assurance agency of the GHG target management system. It makes significant contributions to the country's sustainable development.

General Standard Disclosure

Index Number	G4 Description	ISO 26000	Page	Assurance
Strategy and Analysis				
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	4.7/6.2/7.4.2	2-5	90-91
G4-2	Provide a description of key impacts, risks, and opportunities.		2-5, 18-19	90-91
Organizational Profile		Respect for international norms of behaviour / Organizational governance /Setting the direction of an organization for social responsibility		
G4-3	Report the name of the organization		12	90-91
G4-4	Report the primary brands, products, and services.		13	90-91
G4-5	Report the location of the organization's headquarters.		12	90-91
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.		12	90-91
G4-7	Report the nature of ownership and legal form.		12, 20	90-91
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	6.3.10/6.4.1-6.4.2/6.4.3/ 6.4.4/6.4.5/6.8.5/7.8	13, 26-27	90-91
G4-9	Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided		12-13, 15-16, 87	90-91
G4-10	a. Report the total number of employees by and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Fundamental principles and rights at work /Labour practices /Employment and employment relationships / Conditions of work and social protection /Social dialogue / Employment creation and skills development / Voluntary initiatives for social responsibility	60	90-91
G4-11	Report the percentage of total employees covered by collective bargaining agreements.		66	90-91
G4-12	Describe the organization's supply chain.		8-9	90-91
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: - Changes in the location of, or changes in, operations, including facility openings, closings, and expansions - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) - Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination		About this report	90-91
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.		18-19	90-91
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.		92-93, 94-98	90-91
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: - Holds a position on the governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views membership as strategic		12	90-91

Index Number	G4 Description	ISO 26000	Page	Assurance
Identified Material Aspects and Boundaries				
G4-17	*List all entities included in the organization's consolidated financial statements or equivalent documents. *Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.		12-13	90-91
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.		30-31	90-91
G4-19	List all the material Aspects identified in the process for defining report content.		30-31	90-91

G 4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows:
	* Report whether the Aspect is material within the organization
	* If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either:
	  – The list of entities or groups of entities included in G4-17 for which the Aspect is not material or
	  – The list of entities or groups of entities included in G4-17 for which the Aspects is material
	* Report any specific limitation regarding the Aspect Boundary within the organization
		5.2/7.3.2/7.3.3/7.3.4	30-31	90-91

G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: - Report whether the Aspect is material outside of the organization - If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified - Report any specific limitation regarding the Aspect Boundary outside the organization	Recognizing social responsibility /Determining relevance and significance of core subjects and issues to an organization /An organization's sphere of influence /Establishing priorities for addressing issues	30-31	90-91
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.		45, 49, 52	90-91
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.		About this report	90-91
Stakeholder Engagement				
G4-24	Provide a list of stakeholder groups engaged by the organization.		26-27	90-91
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	5.3	26-27	90-91
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Stakeholder identification and engagement	26-29	90-91
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.		26-29	90-91
Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.		About this report	90-91
G4-29	Date of most recent previous report (if any).		About this report	90-91
G4-30	Reporting cycle (such as annual, biennial).		About this report	90-91
G4-31	Provide the contact point for questions regarding the report or its contents.	7.5.3/7.6.2	About this report	90-91
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	Types of communication on social responsibility /Enhancing the credibility of reports and claims about social responsibility	About this report, 94-98	90-91
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.		90-91	90-91

Index Number	G4 Description	ISO 26000	Page	Assurance
Governance				
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.		20-21	90-91
G4-38	Report the composition of the highest governance body and its committees by: - Executive or non-executive - Independence - Tenure on the governance body - Number of each individual's other significant positions and commitments, and the nature of the commitments - Gender - Membership of under-represented social groups - Competences relating to economic, environmental and social impacts - Stakeholder representation		20-21	90-91
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).		20-21	90-91
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: - Whether and how diversity is considered - Whether and how independence is considered - Whether and how expertise and experience relating to economic, environmental and social topics are considered - Whether and how stakeholders (including shareholders) are involved	6.2/7.4.3/7.7.5	20-21	90-91
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: - Cross-board membership - Cross-shareholding with suppliers and other stakeholders - Existence of controlling shareholder - Related party disclosures		20-21	90-91
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Organizational Governance/ Building social responsibility into an organization's governance, systems and procedures/Improving performance	20-21	90-91
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.		20-21	90-91
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.		20-21	90-91
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.		20-21	90-91
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.		20-21	90-91
G4-49	Report the process for communicating critical concerns to the highest governance body.		20-21	90-91
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.		20-21	90-91

G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:
	* Fixed pay and variable pay:
	  – Performance-based pay
	  – Equity-based pay
	  – Bonuses
	  – Deferred or vested shares
	* Sign-on bonuses or recruitment incentive payments
	* Termination payments
	* Clawbacks
	* Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees
	b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.
			20-21, 62	90-91

Ethics and Integrity				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.		22-25	90-91
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	4.4/6.6.3	22-25	90-91
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	Ethical behaviour/ Anti-corruption	22-25	90-91

		Specific Standard Disclosure			
Aspects	Index Number	G4 Description	ISO 26000	Page	Assurance
		Category: Economic (ĐĐ)			
Economic Performance	**Generic DMA**			15-17	90-91
	G4-EC1	Direct economic value generated and distributed	6.8.1-6.8.2/6.8.3/ 6.8.7/6.8.9	Community involvement and development /Community involvement / Wealth and income creation /Social investment	15-17	90-91
Indirect Economic Impacts	**Generic DMA**			34-35	90-91
	G4-EC7	Development and impact of infrastructure investments and services supported	6.3.9/6.8.1-6.8.2/ 6.8.7/6.8.9	Economic, social and cultural rights /Community involvement and development /Wealth and income creation /Social investment	34-35	90-91
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	6.3.9/6.6.6/6.6.7/ 6.7.8/ 6.8.1-6.8.2/ 6.8.5/6.8.7/6.8.9	Economic, social and cultural rights /Promoting social responsibility in the value chain /Respect for property rights /Access to essential services /Community involvement and development / Employment creation and skills development / Wealth and income creation /Social investment	34-35	90-91
Procurement Practices	**Generic DMA**			84-85	90-91
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	6.4.3/6.6.6/ 6.8.1-6.8.2/6.8.7	Employment and employment relationships/ Promoting social responsibility in the value chain/ Community involvement and development/Wealth and income creation	85	90-91
		Category: Environmental (ĐĐ)			
Materials	**Generic DMA**			46-49	90-91
	G4-EN2	Percentage of materials used that are recycled input materials	6.5.4	Sustainable resource use	47	90-91
Energy	**Generic DMA**			46-49	90-91
	G4-EN3	Energy consumption within the organization	6.5.4	Sustainable resource use	45, 48-49	90-91
	G4-EN4	Energy consumption outside of the organization			45, 48-49	90-91
	G4-EN6	Reduction of energy consumption	6.5.4/6.5.5	Sustainable resource use/Climate change mitigation and adaptation	45, 48-49	90-91
	G4-EN7	Reductions in energy requirements of products and services			45, 48-49	90-91
Emissions	**Generic DMA**			46-49	90-91
	G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1)	6.5.5	Climate change mitigation and adaptation	45, 48-49	90-91
	G4-EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)			45, 48-49	90-91
	G4-EN17	Other indirect greenhouse gas (ghg) emissions (scope 3)			45, 48-49	90-91
	G4-EN19	Reduction of greenhouse gas (ghg) emissions			45, 48-49	90-91
Transport	**Generic DMA**			46-49	90-91
	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	6.5.4/6.6.6	Sustainable resource use/Promoting social responsibility in the value chain	48	90-91

Aspects	Index Number	G4 Description	ISO 26000	Page	Assurance
		Category: Social			
Sub-Category: Labor Practice and Decent Work					
Employment	Generic DMA			60-67	90-91
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	6.4.3	Employment and employment relationships	60	90-91
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	6.4.4/6.8.7	Conditions of work and social protection / Wealth and income creation	64	90-91
	G4-LA3	Return to work and retention rates after parental leave, by gender	6.4.4	Conditions of work and social protection	64-65	90-91
Labor/ Management Relations	Generic DMA			60-67	90-91
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	6.4.3/6.4.5	Employment and employment relationships / Social dialogue	66	90-91
Training and Education	Generic DMA			60-67	90-91
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	6.4.7	Human development and training in the workplace	63-64	90-91
Diversity and Equal Opportunity	Generic DMA			60-67	90-91
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	6.2.3/6.3.7/ 6.3.10/6.4.3	Decision-making processes and structures / Discrimination and vulnerable groups / Fundamental principles and rights at work / Employment and employment relationships	20, 60	90-91
Sub-Category: Society					
Local Communities	Generic DMA			76-81	90-91
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	6.3.9/6.5.1-6.5.2/ 6.5.3/6.8	Economic, social and cultural rights / The environment/ Prevention of pollution / Community involvement and development	76-81	90-91
Anti-corruption	Generic DMA			22-25	90-91
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	6.6.1-6.6.2/6.6.3	Fair Operating Practices /Anti-corruption	22-25	90-91
	G4-SO4	Communication and training on anti-corruption policies and procedures			22-25	90-91
	G4-SO5	Confirmed incidents of corruption and actions taken			22-25	90-91
Compliance	Generic DMA			22-25	90-91
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	4.6	Respect for the rule of law	25	90-91
Sub-Category: Product Responsibility					
Customer health and Safety	Generic DMA			52-57	90-91
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	6.7.1-6.7.2/6.7.4/ 6.7.5/6.8.8	Consumer issues/Protecting consumers' health & safety/Sustainable consumption/Health	52-57	90-91
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	4.6/6.7.1-6.7.2/ 6.7.4/6.7.5/6.8.8	Respect for the rule of law/Consumer issuesProtecting consumers' health & safety/ Sustainable consumption/Health	52-57	90-91
Product and Service Labeling	Generic DMA			70-73	90-91
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant Product and service categories subject to such information requirements	6.7.1-6.7.2/6.7.3/ 6.7.4/6.7.5/6.7.9	Consumer issues /Fair marketing, factual and unbiased information and fair contractual practices / Protecting consumers' health & safety /Sustainable consumption /Education and awareness	70-73	90-91
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	4.6/6.7.1-6.7.2/6.7.3/ 6.7.4/6.7.5/6.7.9	Respect for the rule of law/Consumer issues /Fair marketing, factual and unbiased information and fair contractual practices /Protecting consumers' health & safety /Sustainable consumption /Education and awareness	73	90-91
	G4-PR5	Results of surveys measuring customer satisfaction	6.7.1-6.7.2/6.7.6	Consumer issues/ Consumer service, support, and complaint and dispute resolution	73	90-91

We at UPA would like to gather our stakeholders' valuable opinions on our 2013 UPA Sustainability Report. Kindly fill out the following form and send it to us via mail, email, or fax: Your input will be reflected on our sustainability management activities as well as our future sustainability reports.

Q1. Which of the following groups do you belong to?

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

Q2. What is your main area of interest? (Multiple answers allowed)

☐ About UPA ☐ Governance ☐ Ethics and Integrity Management ☐ Securement of Future Growth Engines ☐ Operation in Eco-Friendly Ways ☐ Safe Operation ☐ Enhancement of Employees' Competitiveness ☐ Creation of Customer Value ☐ Engagement in and Contribution to Communities ☐ Pursuit of Shared Growth through Partnership ☐ Others ( )

Q3. Please assess the completeness and usefulness of the contents of this report.

	Very good	Good	Fair	Not good	Not very good
Information on UPA	☐	☐	☐	☐	☐
Governance	☐	☐	☐	☐	☐
Ethics and Integrity Management	☐	☐	☐	☐	☐
Securement of Future Growth Engines	☐	☐	☐	☐	☐
Operation in Eco-Friendly Ways	☐	☐	☐	☐	☐
Safe Operation	☐	☐	☐	☐	☐
Enhancement of Employees' Competitiveness	☐	☐	☐	☐	☐
Creation of Customer Value	☐	☐	☐	☐	☐
Engagement in and Contribution to Communities	☐	☐	☐	☐	☐
Pursuit of Shared Growth through Partnership	☐	☐	☐	☐	☐

Q4. Please give your overall assessment of this report.

	Very good	Good	Fair	Not good	Not very good
Design is good, and print type is helpful in understanding the report (legibility)	☐	☐	☐	☐	☐
I trust the contents of the report (reliability)	☐	☐	☐	☐	☐
Material issues are sufficiently explained (materiality)	☐	☐	☐	☐	☐
The contents and terminology are clear and easy to understand (clarity)	☐	☐	☐	☐	☐

Q5. Has this report aided in your understanding of UPA's sustainability management activities?

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

Q6. Please feel free to state your opinions on UPA's sustainability management efforts.

_____

_____

_____

perforated line