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2023 Sustainability Report

KOBC, Maritime Finance Global Leader

Kobc KOREA OCEAN BUSINESS CORPORATION

# Korea Ocean Business Corporation 2023 Sustainability Report



## About this Report

### Report Overview

This report is the second sustainability management report published by the Korea Ocean Business Corporation (hereafter referred to as "KOBC"). It transparently discloses the KOBC's ESG (Environmental, Social, and Governance) management activities and achievements by understanding the concerns of stakeholders regarding these activities. Additionally, KOBC pledges to actively communicate with its stakeholders by publishing an ESG management report annually.

### Reporting Criteria

This report is prepared based on the Global Reporting Initiative (GRI) Standards. Additionally, it reflects the contents of the UN Global Compact (UNGC) and the UN Sustainable Development Goals (SDGs). Financial performance is presented using the Korean International Financial Reporting Standards (K-IFRS) consolidated financial statements.

### Reporting Period, Scope, and Boundary

This report covers the activities and achievements from January 1, 2022, to December 31, 2022. Quantitative achievements have included data trends over the recent three years (2020 to 2022) for ease of comparison in terms of decreases or increases. Some data also encompasses achievements up to September 2023. This report focuses on the Busan headquarters as our geographical scope, and there have been no notable organizational changes during this period.

### Report Verification

To enhance the objectivity and credibility of this report, third-party verification was conducted according to the AA1000AS v3 international standard. Detailed verification results can be found in the appendix.

### Additional Report Information

This report is available in both Korean and English and can be accessed on the KOBC's website. If you have any comments or inquiries related to this report, please do not hesitate to contact us via the following contact information.

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### Environment

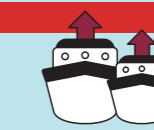
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# About KOBC

## Maritime Finance Global Leader

part 1

### About KOBC

Maritime Finance Global Leader



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### Environment

Leading a Clean Maritime Environment



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### Social

Driving the Mutual Growth of the Maritime Industry



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### Governance

Establishing a Fair and Transparent Governance Structure



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Key Achievements

Establishment of The KOBC **2030 Vision and Mid-to-Long-Term Strategy**

Support of a Total of **KRW 961.4 billion in Ship Finance**

Successful Issuance of **'300 million dollars** in Global Market Bonds' to Respond to the Shipping Companies' Foreign Currency Financial Demand

Moody's International Credit Rating **'Aa2'** Obtained for 3 Consecutive years ('21~'23)

## CEO Message



### KOBC: Preserving Maritime Environments, Fostering Maritime Collaboration, and Promoting Open Communication

Dear citizens and stakeholders in the shipping, port, and logistics industry,

The Korea Ocean Business Corporation (KOBC) is a public institution dedicated to providing financial support to the maritime industry. Since its establishment in 2018, we have completed approximately KRW 9 trillion in financial support for 120 companies, including large, medium, and small shipping companies, over the past 5 years. Our support played a decisive role in restoring the global competitiveness of the Korean maritime industry.

Despite its relatively short history compared to other financial public institutions, KOBC has been acting as the hub of maritime finance by promoting differentiated investment and guarantee businesses. We've especially made efforts to address gaps in maritime finance through custom-tailored financial support programs for small and medium-sized shippers. Moving forward, KOBC will continue to expand its business areas not only in ship finance but also in port logistics to further drive Korea's maritime industry, in line with the government's national agenda of building a leading global maritime transport and logistics system.

#### We Will Build a Robust Maritime Financial Ecosystem through the KOBC's Three Core Businesses!

For The KOBC's sustainable management, our three core businesses should continuously grow. With each business having its characteristics, environmental conditions, and key customers, it's essential to promote sustainable management tailored to each situation.

## CEO Message

**In Maritime Finance**, we secure a competitive funding base to lower the interest burden for our shipper and port logistics clients while ensuring a stable income structure. We need to develop tailored financial products in response to varied stakeholder demands, diversify our business structure, and continuously identify effective support measures that strengthen competitiveness.

**Through our Policy Support Business**, we work in cooperation with central government agencies to support policies like 'responding to global eco-friendly and decarbonization regulations,' 'strengthening win-win cooperation between shippers and ship owners', and 'securing essential national ships.' We'll continue to play a solid protective role for our maritime industry by timely developing innovative policies in response to the rapidly changing domestic and international maritime environments and addressing the concerns of our citizens.

**In our Maritime Information Service Business**, we're committed to enhancing our information capability at par with foreign maritime information institutions that have over 100 years of experience. We've focused on offering unique services like the active utilization of a self-developed sea freight index, an environmental regulation database for Korean shippers, and tailored consulting for small and medium-sized shippers based on our financial information foundation.

#### Our Core in the KOBC's ESG Management is Environmental Support, Focusing All our Resources on Securing Eco-friendly Ships!

Last July, the International Maritime Organization declared carbon neutrality for the global shipping sector by 2050. Stemming from this declaration, global environmental regulations have become a matter of survival for our shipping companies, making 'eco-friendly ship finance' a pressing concern. We'll continuously provide tailored support from financial, policy, and maritime information perspectives to ensure that our shipping companies equip themselves with eco-friendly capabilities and enhance their global competitiveness. I call upon all our employees to actively participate and show interest in sustainable management and ESG management, reinforcing public trust.

CEO of Korea Ocean Business Corporation.



## Introduction of KOBC

### Company Overview

Founded in July 2018, the Korea Ocean Business Corporation (KOBC) aspires to be a global frontrunner in maritime finance. Its mission is to bolster the shipping industry's competitiveness by delivering timely financial solutions and information, ultimately fueling national economic growth.

### International Credit Rating and Certification Status

<b>Moody's Aa2</b> <b>Fitch AA-</b>	<b>ESG Bond Certification Evaluation:</b> <b>Highest Grade</b> <b>ST1</b>
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\* Holds the same credit rating as the South Korean government.  
\* Competitive fund-raising both domestically and internationally based on superior credit ratings.

\* Issued sustainable bonds valued at KRW 150 billion in November 2021.

### Capital and Shareholder Status

**Statutory Capital:** KRW 5 trillion

**Paid-in Capital:** Approximately KRW 2.9941 trillion (as of the end of 2022) Contribution

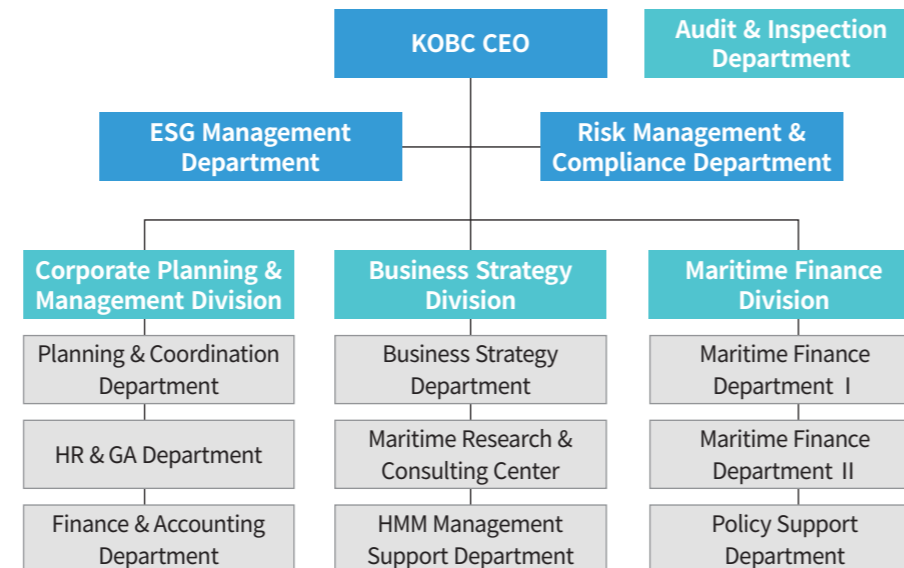
Name of the Shareholder	Paid-in Capital	Equity Ownership Ratio (%)
ROK Government	1,592,308	53.2
Korea Development Bank	651,963	21.8
Korea Exim Bank	547,790	18.3
Korea Asset Management Corporation	104,174	3.5
Others (59 shipping companies)	97,823	3.3

(Unit: KRW 1 million, %)

### General Overview

<b>Establishment Date</b>	July 05, 2018	<b>CEO</b>	Kim Yangsoo
<b>Competent Authority</b>	Ministry of Oceans and Fisheries (MOF)	<b>Organization Category</b>	Other Public Organization
<b>Legal Basis for Establishment</b>	The Korea Ocean Business Corporation Act	<b>Number of Employees</b>	174 (As of the end of Dec. 2022)
<b>Head Office</b>	7th floor, Bldg. C1, 38 Marine City 2-ro, Haeundae-gu, Busan		
<b>Seoul Office</b>	7th floor, Bldg. 17, Gukhoe-daero 68gil, Yeongdeungpo-gu, Seoul		

### Organizational Chart



## History (Major Milestones)

**2018~2020**

- Jul. 2018** KOBC was founded with Hwang Ho-sun as the first president.
- Jan. 2019** Designated as a public institution.
- Feb. 2019** Introduction of a special guarantee product for eco-friendly facility improvements.
- Jun. 2019** Launched a loan interest support program for small to medium shipping companies.
- Aug. 2019** Container box lease support program began.
- Mar. 2020** Implemented emergency support measures in response to COVID-19 for the maritime industry.
- Jul. 2020** Premier Ship-owner Certification Center inaugurated.
- Oct. 2020** The maritime finance expert training program began.
- Dec. 2020** Coastal shipping support project received initial approval.

**2021**

- Feb.** Financial support for the 'Busan ESG Fund for Economic Vitalization(BEF)' commenced.
- Jul.** Inauguration of the maritime industry job experience center, "Smart Maritime Center."
- Aug.** Inauguration of the second president, Kim Yangsoo.
- Sep.** Launch of the Korean Maritime Collaboration (K-Alliance).
- Nov.** Issued ESG bonds for eco-friendly ship finance and support for small to medium-sized shipping companies.
- Dec.** Held a joint labor-management declaration ceremony for practicing ESG management.

**2022**

- Jan.** Awarded the Minister of Oceans and Fisheries Award at the Innovative Excellence Competition.
- Feb.** Launch of the comprehensive platform '1876 Busan' to support startups in maritime, port, and logistics businesses.
- Mar.** Launched the support project in response to global low-carbon ship policies.
- Apr.** Selected as an excellent institution in customer satisfaction by the Ministry of Strategy and Finance.
- Apr.** Joint labor-management ethical management declaration ceremony held.
- Jun.** Joined 'Love's Fruit' as a distinguished philanthropic company (Busan No. 40).
- Apr.** For the second consecutive year, selected as an outstanding agency in customer satisfaction by the Ministry of Strategy and Finance.
- Jul.** Established KOBC's 2030 vision and mid-to-long-term strategy.
- Apr.** Successfully issued a debut \$300 million global bond.
- Nov.** Official announcement of the Korean Container Freight Index (KCCI).
- May.** Guaranteed a new ultra-fast passenger ship route between Pohang and Ulleung.
- Jun.** Launched the crisis response fund for the maritime industry.

**2023**

- Support Initiatives for Global Low-Carbon Ship Policies

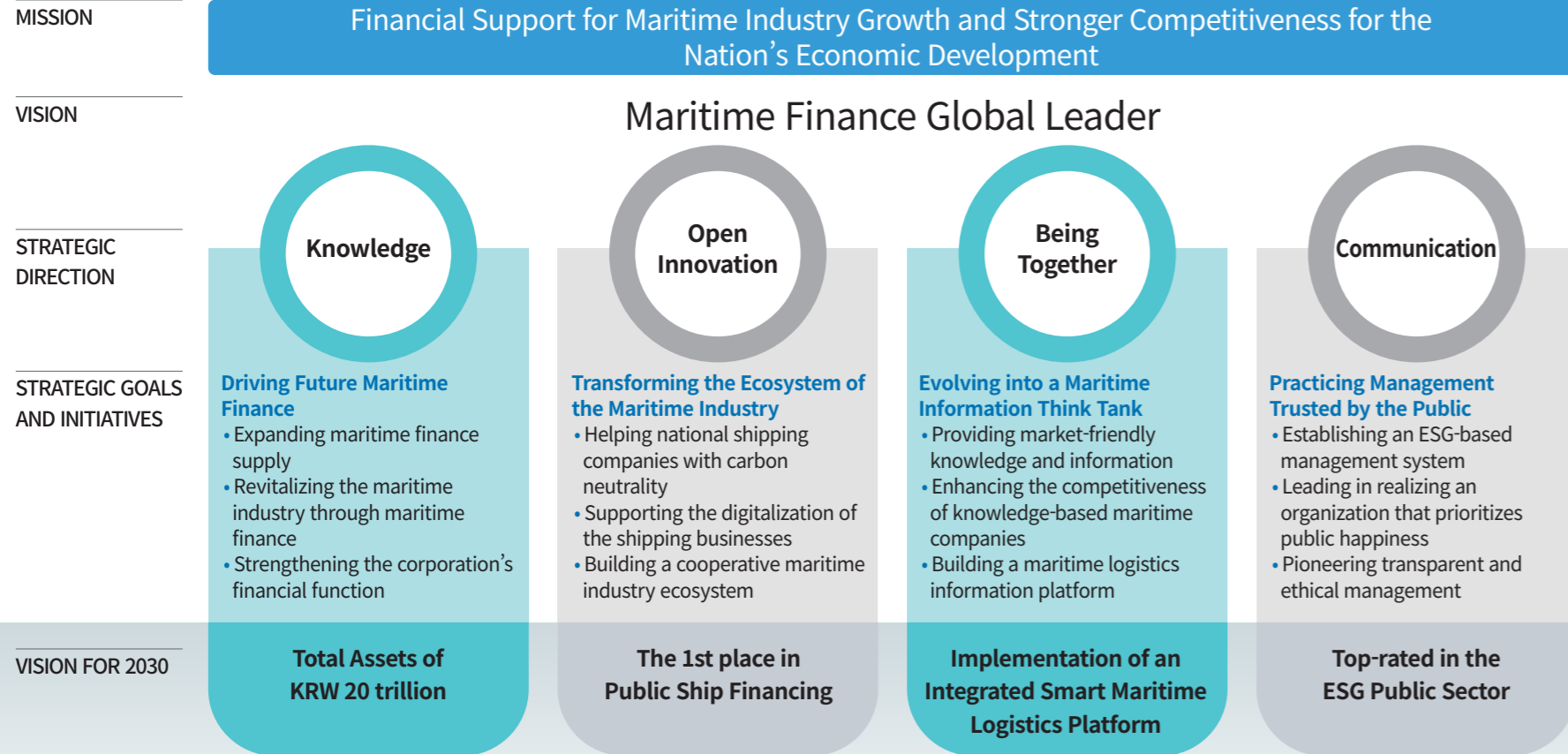
## KOBC Mission & Vision

### Purpose of Establishment

Our mission is to support the Korean maritime industry by facilitating the secure acquisition of ships and ensuring financial stability for shipping companies, and to provide essential services that promote the growth and competitiveness of the maritime sector, ultimately contributing to the advancement of the national economy.

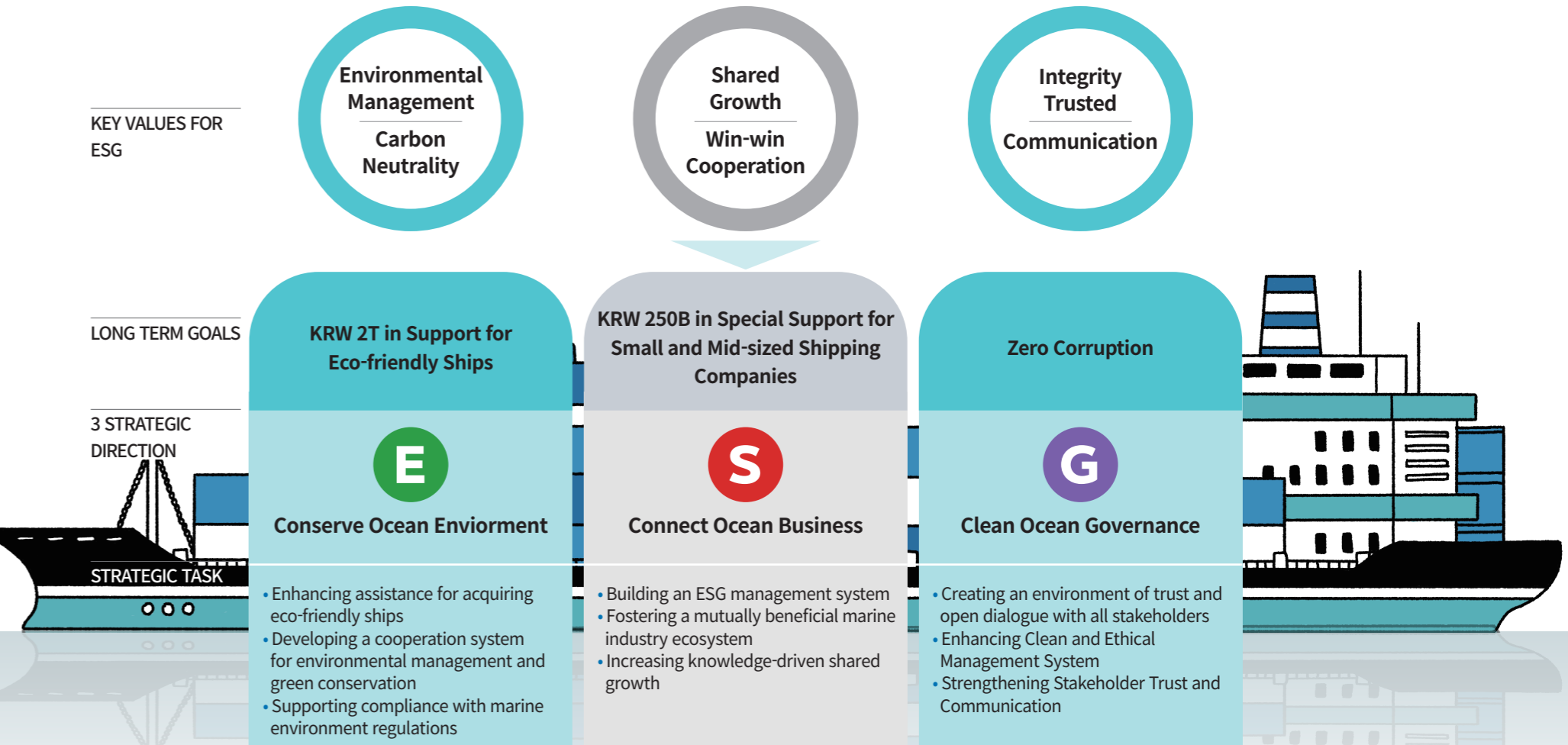
### 2030 Vision Structure

Building on the successful implementation of the Five-Year Maritime Reconstruction Plan (2018-2022), the vision and strategy of the Korea Ocean Business Corporation(KOBC) aims to leap forward as a leading maritime nation by 2030



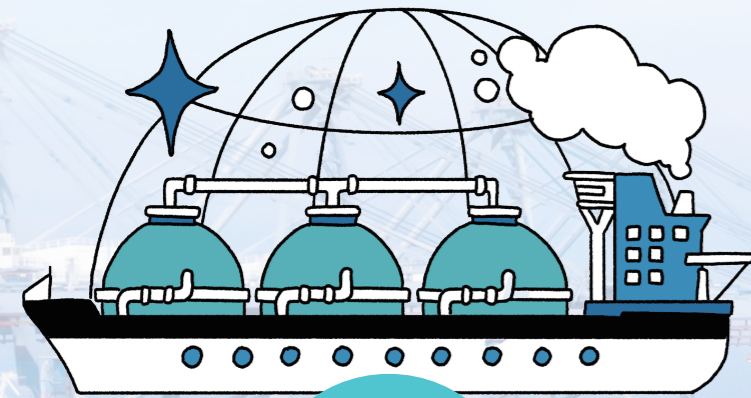
## ESG Management Strategy

VISION Clean Marine Environment, Your Marine Industry Partner, Interacting the KOBC



## Key Business

The KOBC has carried out various financial support programs related to ships, including the Domestic Shipping Company Ship Introduction Investment Program and the Eco-friendly Ship Support Program. We have also engaged in investment projects related to port facilities and infrastructure, playing a crucial role in the development of the maritime industry.



### Ship Finance

- Ship Introduction Investment Program
- Ship Introduction Guarantee Program
- Owned Ship Investment Program
- Owned Ship Guarantee Program



### Facilities · Infrastructure

- Container Box Lease Program
- Eco-friendly Facility Improvement Program
- Port Terminal/Logistics Facility Investment Program
- Port Cargo Handling Facility Investment Program

## Key Business

The KOBC has committed to supporting the continuous growth of domestic shipping companies. We have provided a range of financial assistance measures, such as credit guarantees and interest rate subsidies, to help these companies thrive. Additionally, we've offered consulting services and delivered maritime information both locally and globally to assist domestic shipping operations.



### Management Support

- Corporate Bond Acquisition Program
- Loan Interest Subsidy Program
- P-CBO Support Program
- Performance Guarantee Program
- Credit Guarantee Program



### Information · Policy

- Maritime/Port Logistics Professional Training Program
- Global Low Carbon Ship Support Program
- Outstanding Ship-owner Certification System Operation Program
- National Essential Fleet Program Operation Program
- Maritime Information Service Provision Program
- Ship Valuation Program
- Shipping Business Diagnosis and Consulting Program

## Awards and Certifications

**Excellent Award** at the Innovation Excellent Case Competition

당신의 열정! 바다의 미래를 이끄는 원동력!  
- 2022년 하반기 신형정 우수공적자 시상식 -  
일자 | 2023. 1. 30 | 장소 | 대회의실 | 해양수산부

**Grand Prize** at the Web Award Korea Public Sector Category

WEB AWARD iECO AWARD

**Award** at the 2022 Deal of the Year

MARINE MONEY  
2022 DEAL OF THE YEAR  
STRUCTURED FINANCE  
The Editorial Staff of Marine Money Congratulates:  
Korea Ocean Business Corporation  
Junior Lender as fund investor in KDB KIAMCO

**Achived** Ranked 3rd in Overall Cleanliness among 12 Public Institutions under the Ministry of Oceans and Fisheries

2023년 종합청렴도 3위  
해양수산부 장관 기증

**Minister's Award** at the Fair Recruitment Excellence Competition

2022 공정채용 우수사례 경진대회 시상식  
2022 공정채용 우수사례 경진대회 시상식

**Excellent Award** at the Outstanding Utilization Case of the Electronic Government Standard Framework

상 장  
목 주 상  
지원명 : 한국해양진흥공사 차입명 : 유해배양수처리장 구축  
2022년도 전자정부 표준프레임워크 우수 활용사례 공모전에서 최우수사례로 선정됨  
이에 이 상장을 수여합니다.  
2022년 12월 7일  
한국이동통신진흥원장 최기일 오 경 관

## Business Highlights (Annual Performance in 2022)

**Management Support**

- Capital strengthening and structural improvement support (corporate bond acquisition) **KRW 18.1 billion**
- Support for credit guarantee business **1.1 KRW billion**
- Support for loan interest payments **KRW 55 billion**
- P-CBO **KRW 150 billion**

Total support of KRW **224.2 billion**

**Ship Finance Support**

- Support for vessel acquisition (investment and guarantees) **KRW 718.8 billion**
- Financial support for owned vessels (investment and guarantees) **KRW 242.6 billion**

Total support of KRW **961.4 billion**

**Maritime Policy Operations**

- Support for the replacement with eco-friendly vessels **KRW 20.5 billion**
- Certification of outstanding shipper companies **6 companies**
- Support for the training of maritime and port logistics professionals **40 individuals**
- Support for the national essential ship program **KRW 5.6 billion**

**Maritime Information Provision**

- Shipping industry information provision (average monthly views) **1,256 times**
- KOBC Maritime Conference held (on-site attendance) **357 participants**
- Ship valuation reports issued for **108 vessels**

**Port Logistics and Infrastructure Finance Support**

- Investment in port terminals and logistics business **KRW 180 billion**
- Investment in container box leasing business **KRW 51.1 billion**
- Financial support for eco-friendly ship equipment upgrades **KRW 54.8 billion**

Total support of KRW **291.2 billion**



## ESG Highlights

The following information outlines The KOBC's ESG management-related awards and achievements for 2022. It is composed of a total of 16 representative achievements in the areas of Environment (E), Social (S), and Governance (G). These achievements primarily include certifications from professional institutions and government awards.



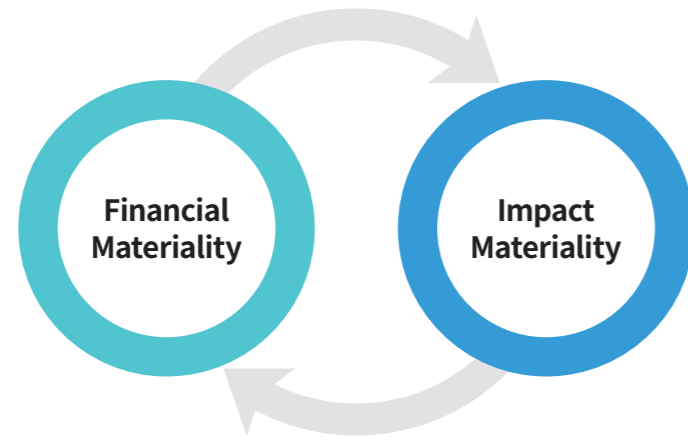
## ESG Highlights



## Dual Materiality Assessment

The KOBC conducts a Dual Materiality Assessment by analyzing the financial significance and social/environmental significance of key stakeholders. This assessment helps identify major issues based on transparent and reliable ESG core issues, aligning with global standards and adapting to changes in global initiatives. The evaluation takes into account international standards, media analysis, benchmarking, and comprehensive surveys, both internal and external, to identify the issues. In 2023, a total of 13 major issues have been identified.

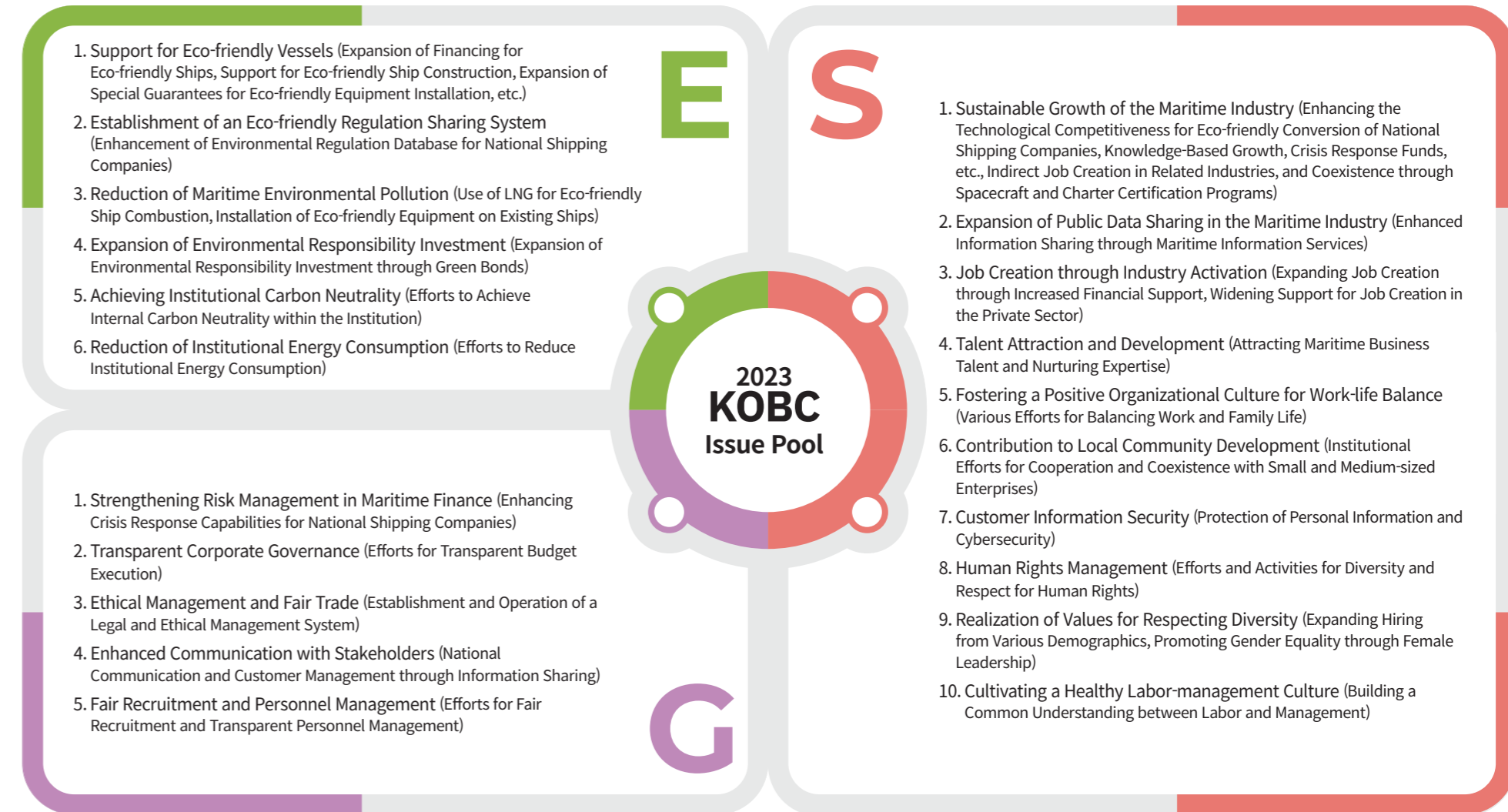
### Financial Materiality Process



### Social and Environmental Materiality Assessment Process



## Dual Materiality Assessment



## Dual Materiality Assessment

Classification	Major Issue	Impact		Stakeholders						GRI Standards	UN SDGs	Page Number
		Financial	Social-Environmental	Employees	Government	Shipping Company/Shipper	Partner Companies	Local Residents	General Public			
E	E1. Environmental Ship Finance Support	H	H	○	○	○	○	○	○	GRI 302: Energy		27 - 30
S	S1. Sustainable Growth of Maritime Industry	H	H	○	○	○	○	○	○	GRI 413: Local Communities		40 - 45
E	E3. Maritime Environmental Pollution Reduction	H	M	○	○	○	○	○	○	GRI 304: Biodiversity		27 - 30
G	G1. Strengthening Risk Management in Maritime Finance	M	H	○	○	○	○	○	○	GRI 2: General Disclosures		84 - 88
G	G3. Ethical Management and Fair Trade	M	H	○	○	○	○	○	○	GRI 205: Anti-Corruption		78 - 83
G	G2. Transparent Management Structure	H	H	○	○	○	○	○	○	GRI 2: General Disclosures		84 - 88
S	S10. Cultivating a Healthy Labor-Management Culture	H	M	○	○	○	○	○	○	GRI 402: Labor/Management Relations		52 - 55
E	E2. Establishment of an Eco-friendly Regulation Sharing System	M	L	○	○	○	○	○	○	GRI 415: Public Policy		31
G	G5. Fair Recruitment and Personnel Management	H	M	○	○	○	○	○	○	GRI 401: Employment		89 - 91
S	S8. Realization of Human Rights Management	M	M	○	○	○	○	○	○	GRI 2: General Disclosures		66 - 69
S	S5. Positive Organizational Culture	H	M	○	○	○	○	○	○	GRI 405: Diversity and Equal Opportunity		54
G	G4. Strengthening Stakeholder Communication	M	M	○	○	○	○	○	○	GRI 2: General Disclosures		92 - 93
S	S3. Job Creation Through Industrial Activation	M	M	○	○	○	○	○	○	GRI 413: Local Communities		43

\*Classifying factors that impact the company into financial, environmental, and social impact levels using H: high/M: medium/L: low notation.  
 \* Indicating the relative importance of each issue for each stakeholder group using the following notation:  
 1st quartile → ○ / 2nd quartile → ◐ / 3rd quartile → ◑ / 4th quartile → ◒ / 5th quartile → ◓ as a measure of relative importance.

## Stakeholder Interview

Transforming the Maritime Industry into a Unified Ecosystem by Coordinating Diverse Opinions, with Ship and Cargo Owners as Customers

ESG management is especially important in the maritime industry. As we move towards the future, the social responsibility and governance aspects of businesses are gaining increasing emphasis in society. The maritime industry, unlike domestic industries, primarily operates internationally and relies on cooperation and trust between nations. Therefore, ESG management, which is being pursued as a global goal, is not a choice but a necessity.

The KOBC, being a public institution, should actively support ESG management in Korean shipping companies, which may seem passive compared to its importance. Small and medium-sized shipping companies may recognize the importance of ESG management, but they often prioritize economic viability. It can be challenging to address ESG management when economic factors take precedence. However, we should consider taking small steps to promote ESG management, including providing educational opportunities.

In a short period, we have achieved remarkable and visible results, setting an unprecedented example among public institutions. Furthermore, it is a significant achievement given the complexities of coordinating diverse opinions from small and medium-sized ship owners and cargo owners, who are equipped with long-standing expertise. Regardless of individual cases, we need to define the maritime industry as an ecosystem and work towards making it a sustainable one that encompasses regional economic development. I commend and support the efforts of KOBC employees who are working tirelessly to achieve this goal. I hope that KOBC will continue to be a strong force for the sustainable development of the maritime industry.



**Jae-Hwa Lim, Director**  
 Future Maritime Industry Leadership Education at CJ Logistics

### Stakeholder Interview

Middle and Small Shipping Companies Have Gaps in their 'S' and 'G' Aspects. KOBC Should Create a Platform or Consortium to Help them Improve.



**Young-Ran Shin, Professor**  
Department of Maritime Port Logistics, Graduate School of Global Logistics, Ocean University of Korea

ESG management is an undeniable trend. From my perspective as a member of the Ethics Management Committee at the KOBC, I can see that the company is making significant progress in its ESG management, outpacing many other organizations. In the maritime industry, especially within private companies, governance-related issues are prevalent. When considering ESG management as a whole, it's primarily driven by the need for survival, and most efforts are directed towards addressing environmental regulations set by the IMO. In this regard, KOBC's achievements in the 'S' and 'G' aspects can serve as exemplary cases.

The KOBC was established with the aim of revitalizing the maritime industry, particularly after Hanjin Shipping's bankruptcy. Being a public institution, the decisions and roles of KOBC in various policies and issues within the maritime industry carry substantial implications. Recent developments, such as the sale of HMM, have put a spotlight on KOBC's decision-making and role as the major shareholder of HMM. Hopefully, these decisions will ultimately benefit our national interests.

In the case of small and medium-sized shipping companies, due to their inadequate internal systems, it would be beneficial for KOBC to establish a platform or cooperative body for them, taking on the role of governance. This would help distribute resources fairly and address the issues faced by smaller businesses, ultimately contributing to KOBC's social responsibility and the realization of shared values. Internally, it's essential for KOBC to maintain a transparent governance structure. Externally, by becoming a robust platform for small and medium-sized shipping companies, KOBC can solidify its position as one of the most distinctive public institutions in the country.

### Stakeholder Interview

KOBC's Vital Role in Promoting Domestic and International Co-prosperity and Crisis Management in the Maritime Industry

Among the major ESG management issues in 2022, I believe that "Promoting the Mutual Growth value of the Maritime Industry" is the most crucial. KOBC was established under the Korea Ocean Promotion Act, which mandates "providing various financial support and policy information services" to foster the concurrent growth of the maritime industry. As a public institution operating with the mission of contributing to the nation's economic development, KOBC recognizes that its core responsibility is to support the concurrent growth of the maritime industry.

The maritime industry is responsible for transporting 99.7% of South Korea's imports and exports and has significant ripple effects on related industries such as shipbuilding and port logistics. It handles not only essential consumer goods but also vital resources like energy (e.g., oil and coal) and raw materials (e.g., iron ore). Given its critical role, the maritime industry is susceptible to external factors such as global economic conditions, in addition to the individual companies' vulnerability in crisis response. Hence, the role of KOBC in supporting this industry is of paramount importance.

While financial support for eco-friendly ships is essential within the context of ESG management, the Excellent Ship-owner Company Certification system, which KOBC operates to promote cooperation between ship and cargo owners, has made significant contributions to the concurrent growth of ship and cargo owners, as well as enhancing the competitiveness of South Korea's imports and exports. Furthermore, KOBC's specialized services, such as maritime information provision and maritime policy support, have played a vital role in strengthening the maritime industry's ecosystem.



**Sung-Ho Park, Manager**  
Maritime Industry Policy Support Team 1, Policy Support Division of the KOBC

part 2

# Environment

## Leading a Clean Maritime Environment

part 1

About KOBC

Maritime Finance Global Leader



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Environment

Leading a Clean Maritime Environment



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Appendix



Key Achievements

Secured and Supported the Construction of **31 Eco-friendly Vessels** (With a Financial Scale of Approximately KRW 643.7 billion)

Achieved a **69% Acquisition Rate** of Eco-friendly Regulation Databases

Achieved Support for the Construction of **Eco-friendly Cessels by 303% Compared to 2021**, Which Drove the Transition of Domestic Shipping Companies Towards Eco-friendliness.

Pursued **Second-tier Support Projects** through Eco-friendly Equipment Upgrades.

# Strengthening Sustainable Capabilities in the Maritime Industry

In response to the growing carbon reduction regulations from international bodies like the IMO and EU, KOBC has been actively supporting the domestic shipping industry to enhance its competitiveness. We have accomplished this by providing specialized maritime financial support and fostering distinctive capabilities that align with our national shipping companies. To achieve this goal, we have introduced three major programs dedicated to supporting eco-friendly vessels and strengthening the environmental prowess of our national shipping companies.



## Support for Eco-friendly Vessels

We fully Executed the Eco-friendly Vessel Conversion Grant Budget of KRW 20.5 billion.

We Supported the Conversion and Construction of 21 Eco-friendly Ships for 7 companies.

We Secured Support for Constructing 31 Eco-friendly Vessels, Amounting to Approximately KRW 643.7 billion.

# Promoting Eco-friendly Ship Financing for Gradual Decarbonization of National Shipping Companies

Eco-friendly ships are vessels that reduce air and Maritime pollutant emissions by using environmentally friendly fuels or installing eco-friendly equipment. Ships using alternative fuels like LNG and methanol have emerged as practical alternatives in the global shipping market. Therefore, it's crucial for national shipping companies to actively work towards acquiring high-efficiency and eco-friendly ships. In this regard, KOBC actively participates in joint investment programs with policy finance institutions. In 2022, we supported the acquisition of 31 eco-friendly new buildings, including LNG-powered vessels, to assist national shipping companies in their gradual transition towards decarbonization.

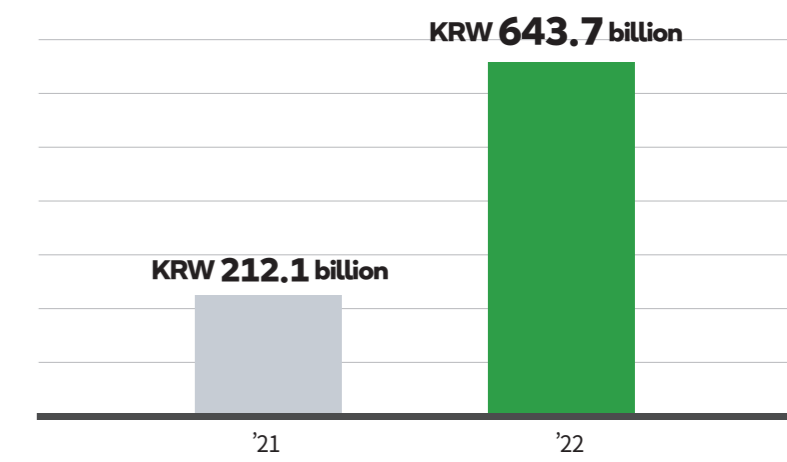
**Investment to Ease Financial Burden on Shipping Companies for Eco-friendly Ships**

Offering substantial capital procurement and competitive financial terms → Reducing the burden of ship acquisition funds through expanded investments (lower interest rates and an increase in the loan-to-value ratio (LTV) to 90%)

**Supporting the Expansion of Eco-friendly Ships through Financial Participation in New Shipbuilding**

Expanding support for the construction of eco-friendly ships through cooperation with other financial institutions → Implementing a joint investment program with policy financial institutions (KOBC, Industrial Bank of Korea, Export-import Bank of Korea, and Korea Asset Management Corporation)

## Size of Financial Support for Eco-friendly Ship Newbuilding

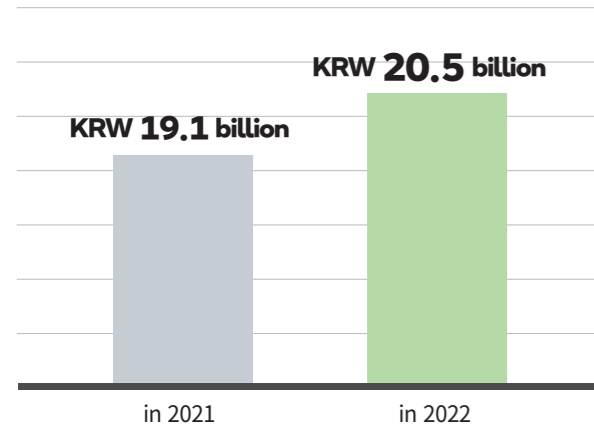


Here is a glimpse of the HL ECO, an LNG-powered bulk carrier of H-Line Shipping, benefiting from KOBC's Eco-friendly Ship Conversion Support Program

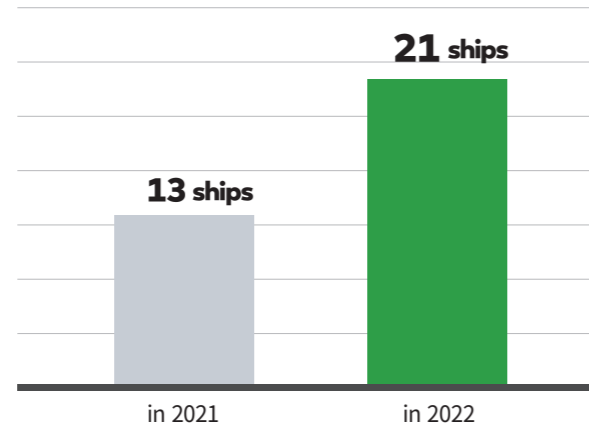
## The Eco-friendly Ship Conversion Grant Support Program contributes to Greenhouse Gas Reduction

With the maritime industry's mandatory environmental protection and decarbonization measures, the need to improve existing ships became crucial. KOBC has provided up to a 10% grant to operators who decommissioned and replaced old ships with eco-friendly vessels, encouraging domestic shipping companies to enhance their competitiveness. In 2022, we supported the replacement construction of 21 eco-friendly ships for 7 domestic shipping companies. As a result, we anticipate an annual reduction in greenhouse gas emissions of approximately 63,000 tons.

The Eco-friendly Ship Conversion Support Grant



The Eco-friendly Ship Replacement Support

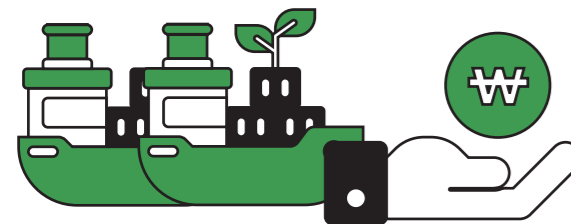


### The Expected Effects of Eco-friendly Ship Conversion Include

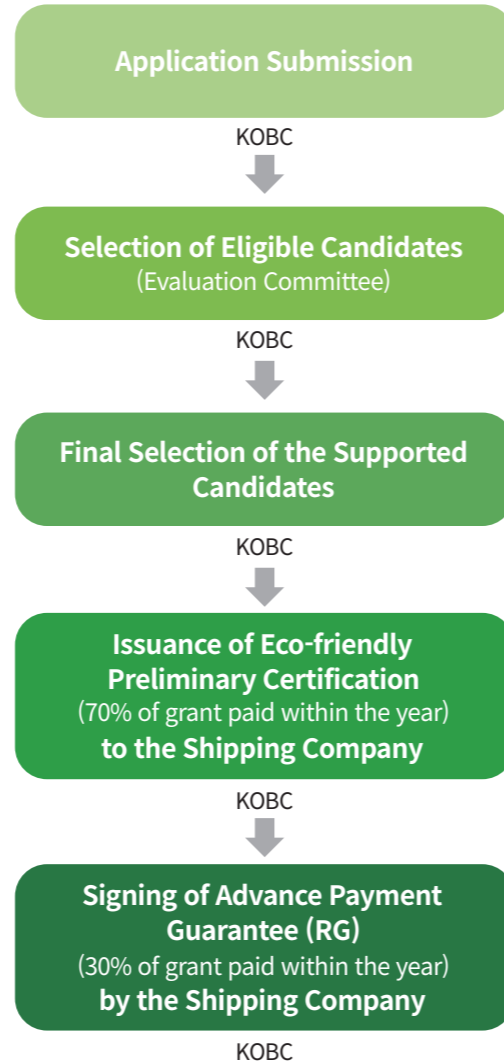
A reduction of approximately 63,000 tons of greenhouse gas emissions.

Cost savings of about KRW 6.8 billion annually through the reduction of carbon emissions allowances.

The calculation is based on the exchange rate and the EU carbon allowances in 2022. [6.3 million tons x KRW 107,342\* /ton = KRW 6.77 billion (\*Based on the price of EU carbon allowances at the end of December in 2022)]



## Global Eco-friendly Ship Policy Support Program Application Procedure:



## Financial Support for Eco-friendly Ship Equipment Upgrades

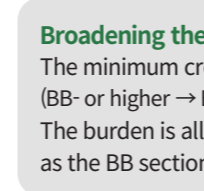
### (Eco-friendly Ship Equipment Upgrade Special Guarantee Business & Eco-friendly Ship Equipment Upgrade Second-pier Support Projects)

The KOBC has provided special guarantees to domestic shipping companies for upgrading their ships with Eco-friendly equipment. In 2022, we expanded our efforts to benefit a larger audience by increasing the number of financial institutions involved, expanding the scope of targeted equipment, broadening the support for special guarantees, and increasing the guarantee ratio for small and medium-sized shipping companies. As a result, we supported 50 equipment upgrades for 19 domestic shipping companies. We remain committed to continuously supporting the installation of eco-friendly equipment on domestic vessels, contributing to a cleaner marine environment.



### Expanding Financial Institutions and Targeted Equipment

Expanding agreements with new banks (2 banks → 5 banks)\*  
 \*(Existing) Shinhan, Industrial (New) IBK, Hana, Busan  
 Adding the Energy Efficiency Improvement Devices (ESD) in response to strengthened environmental regulations.



### Broadening the Support for Special Guarantees

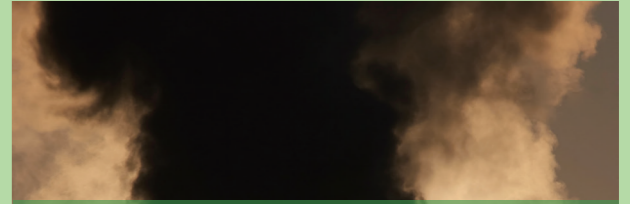
The minimum credit rating has been relaxed (BB- or higher → B- or higher), expanding the scope of support. The burden is alleviated by applying the same guarantee rate of 1.7% as the BB section.



### Expanding Guarantee Ratio for Small and Medium-sized Shipping Companies

The Guarantee ratio for small and medium-sized shipping companies with low credit ratings (B- to B+) increased from 95% to 100%

## CARD NEWS

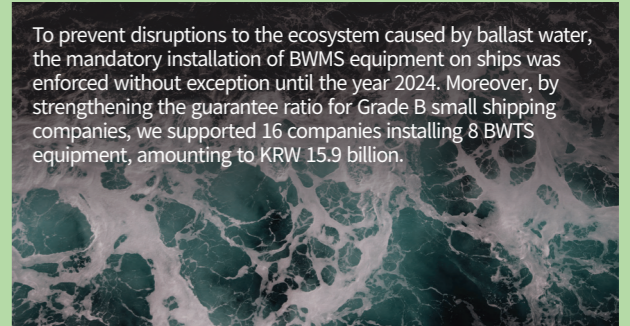


We provide guarantees when shipping companies borrow funds from financial institutions to install pollution reduction equipment on ships, such as Exhaust Gas Cleaning Systems (Scrubbers) and Ballast Water Management Systems (BWMS).



In 2022, we conducted tailored business presentations during visits to shipping companies, resulting in the identification of additional demand.

As a result, we provided 12 scrubber facilities to three shipping companies, amounting to KRW 38.9 billion.



To prevent disruptions to the ecosystem caused by ballast water, the mandatory installation of BWMS equipment on ships was enforced without exception until the year 2024. Moreover, by strengthening the guarantee ratio for Grade B small shipping companies, we supported 16 companies installing 8 BWMS equipment, amounting to KRW 15.9 billion.

## Second-tier Support Projects for Environmental Facility Upgrades

Starting in 2019, The KOBC has been actively managing the “Second-tier Support Projects” in partnership with the Ministry of Oceans and Fisheries and agreement banks. This program is designed to align with strengthened maritime environmental regulations, including ballast water management agreements, sulfur emissions regulations, and carbon emissions regulations, ensuring compliance and eco-friendly upgrades in the maritime industry.

The Eco-friendly Facility Improvement Second-tier Support Projects is a collaborative effort between the Ministry of Oceans and Fisheries, KOBC, and consortium banks to boost the competitiveness of national Maritime companies in response to escalating environmental regulations!

By installing eco-friendly equipment such as BWMS and scrubbers on ships, we can contribute to reducing marine environmental pollutants!

KOBC supports eco-friendly facilities such as BWMS (Ballast Water Management Systems) and scrubbers for sulfur oxide reduction.

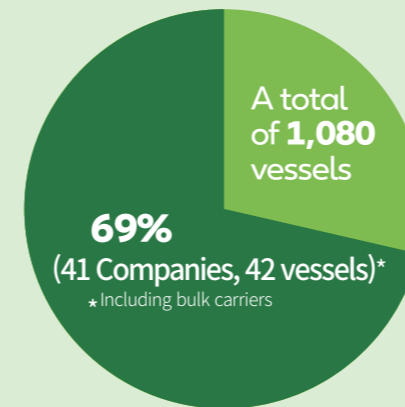
Facilities	Coverage	2021	2022
BWMS	Equipment (EA)	25	38
	Approval Amount	12,118	15,878
Water Purification device	Equipment (EA)	-	-
	Approval Amount	-	-
Scrubbers	Equipment (EA)	9	12
	Approval Amount	29,871	38,933
Total	Equipment (EA)	34	50
	Approval Amount	41,989	54,811

The list of eco-friendly facility support is as follows! If you compare it with the previous year, you can see that the amount of support has increased.

1) Mandatory Installation of Ballast Water Treatment Systems on All International Shipping Vessels (Obligatory Installation by September 2024)  
 2) Limitation of Sulfur (SOx) Content in Ship Fuel Emissions (From the Previous 3.5% to Below 0.5%)  
 3) Ship Energy Efficiency Existing Ship Index (EEXI) and Ship Carbon Intensity Indicator (CII) (Effective from November 2022) / Refer to Page 31 of this Report for Details

## Responding to Global Regulations

With the growing emissions of greenhouse gases from large vessels, there is an increasing demand for international environmental regulations. The Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) regulations, previously applicable only to new ships, have now been expanded to cover all existing vessels starting from 2023. KOBC has been actively involved in establishing a system for sharing environmental regulations to address these evolving international maritime regulations. We are committed to enhancing the readiness of our national shipowners in response to these stricter regulations and contributing to their sustainable development.



2022 <Environmental Regulation Database Acquisition Rate>

**CARD NEWS**

Would you like to learn about the environmental regulations of the International Maritime Organization (IMO)?

International Maritime Organization (IMO) environmental regulations can be broadly divided into two categories: those related to the design and construction of ships, including EEDI and EEXI, and those related to ship operations, such as CII.

The implementation of regulations in 2023 is just around the corner, but there has been a lack of awareness and preparedness for environmental regulations.

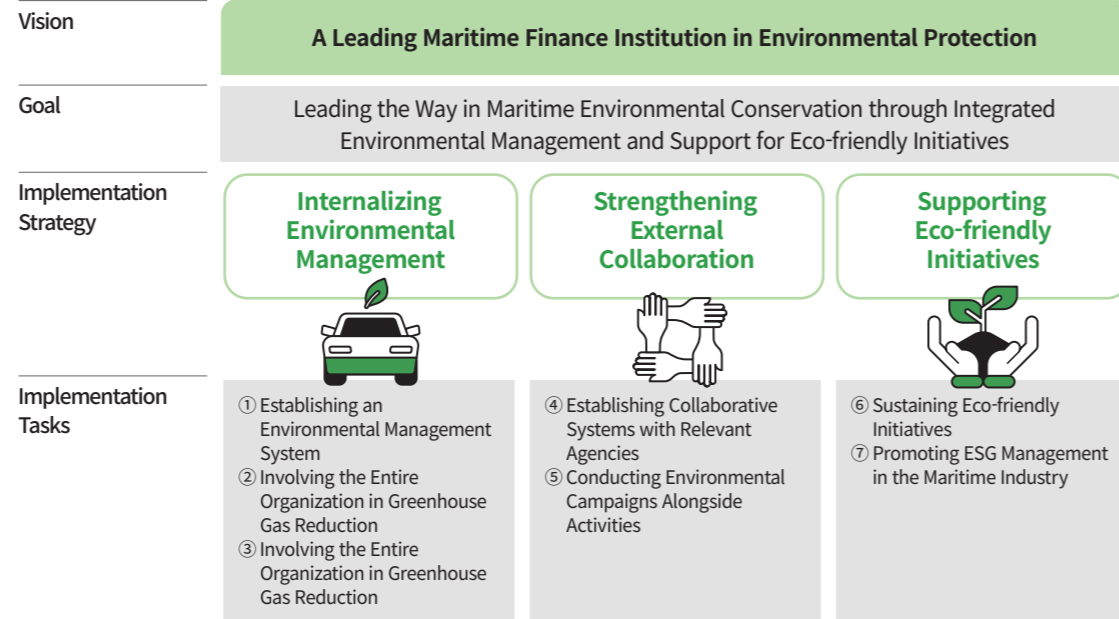
So, KOBC has been making efforts to visit 46 domestic shipping companies directly to collect information about vessel types, sizes, and other relevant data. This is done to enhance information security and build trust relationships.

Vessels from 41 international shipping companies and is working to establish a foundation for environmental regulation compliance.



# Internalizing Environmental Management

The KOBC has devised the KOBC Environmental Management Strategy with the aim of assuming a leadership role in maritime finance for environmental preservation. Grounded in three pivotal strategies: the integration of environmental management, bolstering external collaborations, and promoting eco-friendly business support, KOBC seeks to fully incorporate environmental management and foster support for environmentally sustainable initiatives. This approach allows KOBC to effectively fulfill its role as a pioneer in maritime environmental protection.



## Establishment of Committees for Integrating Environmental Management

The KOBC has set up the ESG Management Committee and a working-level consultation committee under its board of directors to ensure the systematic implementation of environmental management. Furthermore, we oversee and drive improvements in energy efficiency and greenhouse gas reduction performance through the Energy Conservation Promotion Committee.

### Environmental Achievements through the Energy Conservation Promotion Committee

CO <sub>2</sub> Reduction: 192.3kg	Electricity Savings: 15.21 kWh	PET Reuse: 9,000 bottles	Bottle Caps Reuse: 3kg
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## Fostering Company-wide Participation in Greenhouse Gas Reduction Efforts

Fostering Company-wide Participation in Greenhouse Gas Reduction Efforts  
 The KOBC is fostering company-wide participation in greenhouse gas reduction efforts to internalize environmental management. Through activities such as joint labor-management eco-relays, company-wide recycling campaigns, establishing a paperless work environment, and distributing tumblers, we are continuously enhancing environmental protection awareness.

<b>Joint Labor-management Eco-relays</b> +NEW	Carrying out environmental protection activities such as tumblers and waste sorting → 33 people participated over 13 weeks, reducing CO <sub>2</sub> by about 7kg	
<b>Company-wide recycling campaigns</b> +NEW	Placement of plastic collection boxes and reuse of resources → Reuse of 9,000 PET and 3kg of bottle caps	
<b>Establishing a Paperless* work environment</b>	Reduce printing paper and improve productivity → 120 boxes of A4 paper per year (40 trees)	
<b>The distribution of tumblers</b> +NEW	Reduction of disposable cups by providing environmental tumblers to all employees → Reduction of approximately 175 kg of CO <sub>2</sub>	

\* Replacement Paper → with Tablet PCs for major meetings

## Participant Reviews

### Participation in the 19th Energy Day

The KOBC organized the 19th Energy Day to heighten employee awareness of environmental protection. The program included adjusting air conditioning temperatures during peak energy consumption hours and encouraging individuals to turn off lights at home and in their lodgings.

Employees voluntarily extinguished lights in their homes and lodgings around 9 PM and participated in a campaign where they certified their participation time and shared their experiences.

**Business Strategy Department - Mr. Lee**  
 It was a meaningful time, despite the short duration, to have the opportunity to participate in greenhouse gas reduction through energy saving.

**Personnel and General Affairs Department - Mr. Yun**  
 I have always been diligent about recycling and conserving energy, such as unplugging unused plugs. However, during the 5-minute lights-off campaign, I realized the importance of light and energy.

**Maritime Consulting Team - Ms. Lee**  
 Participating in the Energy Day event made me realize the importance of energy-saving habits in our daily lives.

## Generating Synergy in Environmental Management through Social Enterprises

The KOBC has been actively engaged in campaigns to promote awareness of marine life and environmental protection on an external level. In 2022, as part of our company-wide recycling campaign, we collected around 6,000 plastic cups and 3kg bottle caps. These materials were used to create eco-friendly upcycled products such as pillows and cup coasters. These products aim to raise awareness about protecting marine life, specifically the 'Dokdo sea lion,' a species designated by the Ministry of Oceans and Fisheries. This initiative was carried out in collaboration with social enterprises.



Dokdo Sea Lion Neck Pillow and Cup Coaster



Recycling Campaign Plastic Collection Box



Recycling Campaign by Korean Job World

## Spreading ESG Management Across the Maritime Industry

On September 1, 2023, The KOBC collaborated with the Korea Shipowners' Association and the Korea Register of Shipping to organize the Practical Training for Designing ESG Strategies in Maritime Companies. This educational program was designed to help participants, especially those from small and medium-sized enterprises, understand the concept and significance of ESG management. It aimed to elucidate the reasons behind implementing ESG management and provide insights into how companies can bolster their competitiveness through ESG practices. The program, structured around ESG management consulting, featured Mr. Park Ki-ho, CEO of Na-Eun Mi-Rae(Better Future) Platform Co., Ltd., as the lead instructor and attracted over 50 participants. During the training, attendees engaged in discussions and shared ideas on how to enhance the ESG responsiveness of small and medium-sized enterprises.



The scene from the ESG Strategy Practical Training session

## Practical Training for Designing ESG Strategies in Maritime Companies

We have witnessed domestic shipping companies' keen interest and active engagement in this program, signifying their strong commitment to ESG management practices. In light of this, KOBC is poised to broaden further its support in multiple dimensions, including the expansion of practical ESG management training and tailored support measures for various sectors in environmental, social, and governance domains, to advance the adoption and strengthening of ESG management within the domestic shipping industry."

- Director **Young-Doo Jung**, KOBC ESG Management Division

### Participant Reviews



**S Shipping Com. Mr. Lee**

It was a valuable time to think about the importance of ESG management in small and medium-sized enterprises and strategies for ESG adaptation. It would be great if these educational lectures could be held regularly.

**J Marin Com. Mr. Moon**

It was a good opportunity to learn about ESG and its historical background. In the future, it would be great if we could have the opportunity to conduct an in-depth analysis of ESG reports from leading groups in ESG management.



**S Marin Com. Mr. Yoo**

I found the concept of ESG from an investment perspective, as well as the broader trends and understanding, very helpful.

## Stakeholder Interview



### Urgent Financial Support Needed for Small and Medium-sized Shipping Companies in Eco-friendly Ship Transition

I understand that the world is currently making collective efforts to address climate change, and the maritime industry is also working towards responding to these global challenges. However, it's crucial to acknowledge a significant gap in the adoption of ESG (Environmental, Social, and Governance) management among domestic small and medium-sized shipping companies for various reasons. Unlike larger shipping firms, many of these smaller companies encounter difficulties implementing ESG management practices. At KOBC, while you value your own ESG management initiatives, I hope to see strong support from KOBC for adopting and stabilizing ESG practices among small and medium-sized shipping companies until they can independently thrive in this global movement.

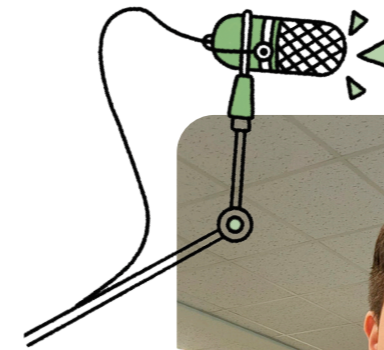
Among the various projects related to ESG management within our organization, I believe that the "Financial Support for Eco-friendly Ships" is of paramount importance. The conversion of existing ships into eco-friendly vessels necessitates significant investments in technologies such as LNG (Liquefied Natural Gas) and, in the future, alternative fuels like methanol or hydrogen, along with eco-friendly energy-based equipment for ships. These transformations are critical to ensure compliance with stringent environmental regulations. Therefore, financial support from KOBC is urgently required for the success of this endeavor.

Furthermore, I hope that KOBC will offer various ESG-related educational opportunities for employees in the maritime industry. Specifically, these programs should focus on enhancing their understanding of global environmental regulations. I believe that providing practical, case-based educational programs, rather than concept-centered ones, will empower staff members to address environmental regulations tangibly effectively. Your support in this regard would be greatly appreciated.



**Min-Jong Kim, Director**  
Planning Team (ESG), Janggeum Shipping

## Stakeholder Interview



### Enhancing Interest Rate Incentives Based on Shipping Companies' ESG Management Effort



**Soo-Young Kim, Manager**  
Eco-friendly General Projects & New Business Development Affairs, Business Strategy Department of the KOBC

According to IMO regulations, ships must transition to eco-friendly propulsion systems by 2030 to remain operational. Therefore, the issue of "eco-friendly ships" is not just about ESG compliance; it's a matter of survival. Consequently, KOBC is dedicating significant efforts to multifaceted initiatives aimed at supporting eco-friendly ships, including step-by-step financing for eco-friendly facilities and a goal of transitioning to eco-friendly fuels.

While the primary objective of our organization is evident, the maritime industry relies on a healthy ecosystem. Shipping requires cargo, trade depends on shippers transporting goods, and shipowners need shipyards to build vessels. A symbiotic ecosystem consisting of three pillars—ships, cargo, and shipyards—must function robustly. Supporting this ecosystem comprehensively through financial assistance is the fundamental purpose of our organization.

As a public institution, KOBC is willing to take calculated risks to support small and medium-sized shipping companies that may not meet the stringent conditions of private banks. Consequently, we shoulder the ethical responsibility of providing assistance. However, many small and medium-sized shipping companies are burdened with numerous documentation requirements and complex procedures, leading some to file complaints. In the future, if non-compliant shipping companies are excluded from financial support due to their lack of ESG efforts, KOBC will be the last option. Instead, we plan to lead ESG management by raising or lowering interest rates depending on the ESG efforts of shipping companies that have received financial support.

part 3

# Social

## Driving the Mutual Growth of the Maritime Industry

part 1

About KOBC

Maritime Finance Global Leader



part 2

Environment

Leading a Clean Maritime Environment



part 3

Social

Driving the Mutual Growth of the Maritime Industry



part 4

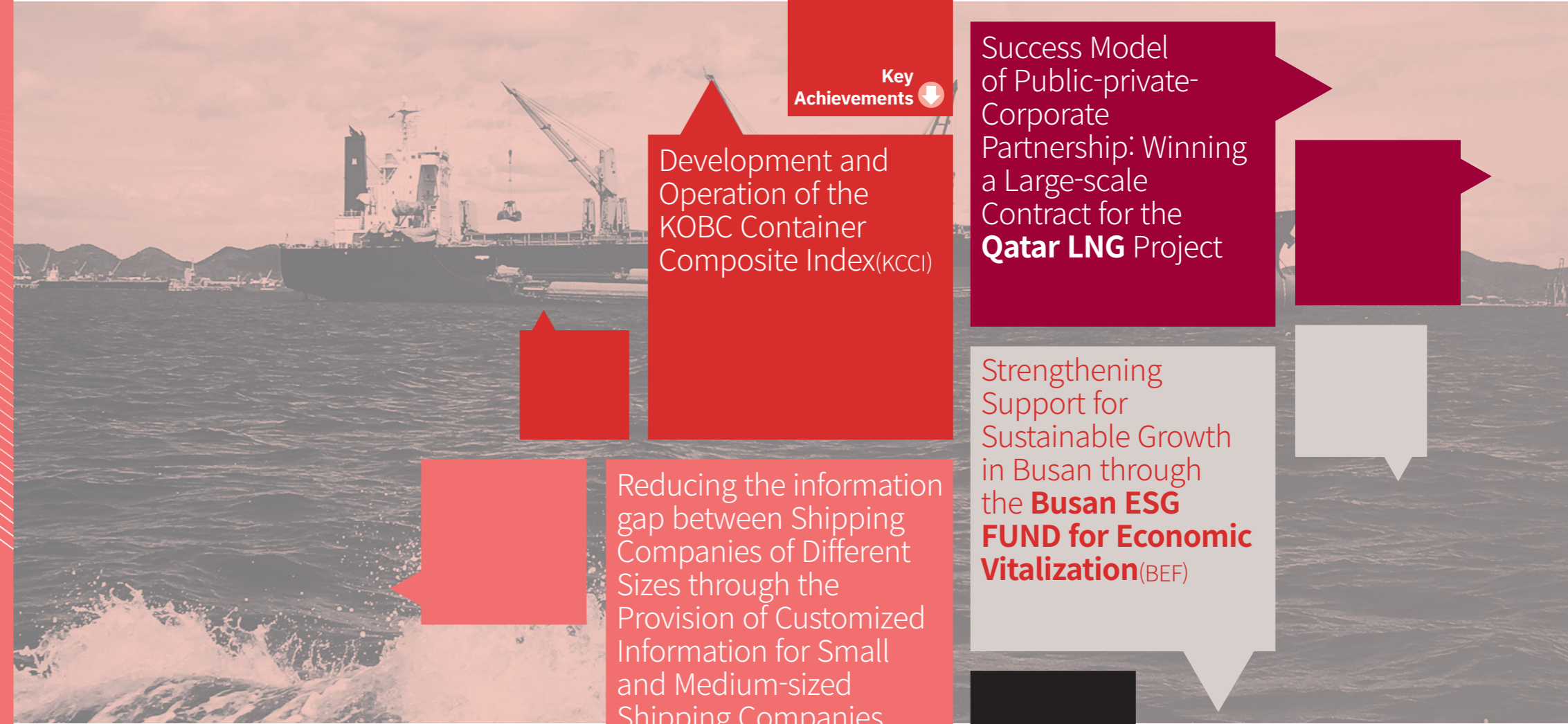
Governance

Establishing a Fair and Transparent Governance Structure



part 5

Appendix



Key Achievements ↓

Development and Operation of the KOBC Container Composite Index(KCCI)

Success Model of Public-private-Corporate Partnership: Winning a Large-scale Contract for the **Qatar LNG** Project

Reducing the information gap between Shipping Companies of Different Sizes through the Provision of Customized Information for Small and Medium-sized Shipping Companies

Strengthening Support for Sustainable Growth in Busan through the **Busan ESG FUND for Economic Vitalization**(BEF)

# Maritime Industry Co-prosperity

The KOBC is playing a vital role in supporting the Korean maritime industry. By providing competitive financing and a variety of policy programs, KOBC is helping Korean shipping companies respond to the ESG paradigm shift and build a foundation for crisis response. In 2022, It launched a new special support program for small and medium-sized shipping companies. The program provides funding, liquidity support, and consulting to help small and medium-sized shipping companies strengthen their capabilities.

## Performance of Support for National Shipping Companies

303% Increase in Support for the Construction of Eco-friendly Ships Compared to the Previous year

Completed Support for 5 Companies and 6 Ships Worth KRW 129.5 billion through the Special Support Program for Small and Medium-sized Shipping Companies

New Program to Establish a Crisis Response Fund of KRW 500 billion to 1 trillion

Support for the Construction of Eco-friendly Ships



Implementation of a Special Support Program for the Simultaneous Growth of Small and Medium-sized Shipping Companies



Establishing a Safety Net for the Management of National Shipping Companies through a Crisis Response Fund



# Special Support Program for the Growth of National Shipping Companies

In response to the worsening financial conditions of national shipping companies due to rising interest rates and market volatility, the KOBC established a special support program for national shipping companies. It has implemented a variety of programs, including transferring financial know-how to national shipping companies by utilizing its expertise in ship finance and procuring low-interest funds.



### Ship Finance Benefits

Support for reducing financial costs (discount on investment yield and application of special guarantee rate)  
Support for 5 small and medium-sized shipping companies and 6 ships (KRW 129.5 billion)



### Ship Finance Education

Ship finance education and consulting for 13 companies at small and medium-sized shipping companies



### Hosting Business Explanatory Meetings

Identifying the needs of small and medium-sized shipping company executives and practitioners

## Case Examples of Special Support Programs for Small and Medium-sized Shipping Companies



Customer

"We have already invested our funds, but private financial institutions are hesitant to invest. It's a big deal that we can't attract funding!"

"This is a great project with excellent business prospects as it is linked to domestic shipbuilding and shipping companies! We will do our best to ensure you can introduce the ships on time by providing guarantees through the KOBC special support program for small and medium-sized enterprises."



KOBC

Current Issue	Results
<p><b>Difficulty in Attracting Private Finance</b> Reluctance of private finance due to poor financial structures of passenger shipping companies</p>	<p><b>Encouraging Private Sector Participation</b> Attracting Industrial Bank of Korea, Hana Bank, and private finance markets by providing special guarantees for 80% of the priority</p>
<p><b>Financial Burden</b> Urgent need for corporation guarantees due to the increased financial burden in the high-interest rate environment</p>	<p><b>Cost Reduction for Shipping Companies</b> ① Loan approval and reduced loan interest rates through corporate guarantees ② Alleviation of guarantee fee burden through special rates</p>
<p><b>Aging of Existing Ships</b> Concerns about non-compliance with safety and environmental standards and fuel inefficiency due to the aging of existing ships introduced in 2002</p>	<p><b>Local Economic Cooperation and Environmental Sustainability</b> Support for local shipyards, orders for eco-friendly vessels, compliance with IMO environmental regulations, and the introduction of safe and efficient ships</p>

## Activation of Maritime-related Industries

The KOBC is working to create an ecosystem for collaborative growth with maritime-related industries to facilitate sustainable development in the domestic shipping industry. It supports the introduction of innovative vessels by domestic shipping companies through investments and guarantees, with the goal of fostering the advancement of both the shipping industry and related sectors.

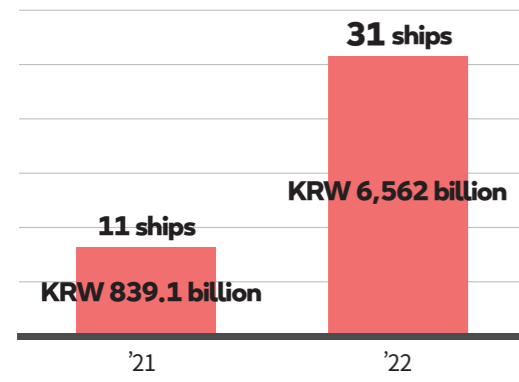
### Mutual Growth and Job Creation in the Shipbuilding and Shipbuilding Material Industry

- Enhancing competitiveness in shipbuilding through support for orders of 31 new vessels to domestic shipyards (100% support for supported vessels)
- Utilizing skilled labor in shipbuilding-related industries and preventing the outflow of advanced technology
- Creating jobs for Korean seafarers through the expansion of domestic shipping companies' fleets

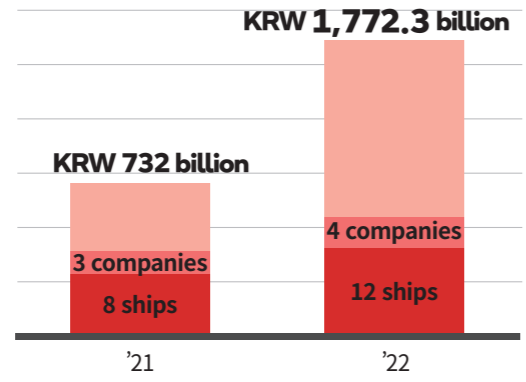
### Activation of Private Ship Finance

- Encouraging the participation of private financial institutions in domestic ship finance through the acquisition of secondary financing by the corporation
- Establishing a foundation for mutual growth in the maritime finance-related industry through the participation of domestic asset management companies, domestic accounting firms, and law firms

### Total Value of Investment and Guarantee Support Projects

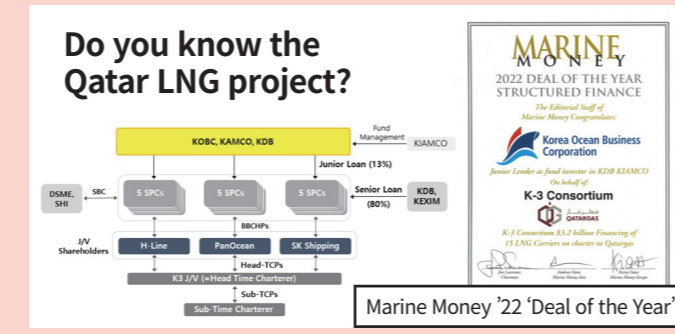


### Expansion of Private Financial Participation Projects



■ Ship ■ Shipping Company ■ Business Scale (Based on Ship Price)

## Excellent Cases of Co-prosperity in 2022



The three shipping companies are expected to generate about USD 300 million in stable operating cash flow each year from 2026. They have also ordered 15 174K CBM-class LNG carriers from domestic shipyards, which has created economic benefits for related industries through co-prosperity.

- ### +Achievements
- Domestic shipping companies to receive financial support for a total of 30 new ships
  - Expanding global LNG shipping market share

## Job Creation through Industrial Activation

The KOBC has worked to create jobs and improve the quality of employment for the sustainable development of the domestic shipping industry based on ESG management. KOBC developed the KOBC Job Creation Index based on a comprehensive survey of shipping companies. Through this, it has contributed to the development of the Korean shipping industry by identifying KOBC's annual job creation results and laying the groundwork for the creation of a high-quality employment environment in the future.



### +Achievements

Through the provision of KRW 1.2473 trillion in maritime finance, it contributed to **the creation of 8,988 jobs in the private sector.**

## Enhanced Job Creation through Expanded Financial Support

The KOBC has actively expanded its financial support to minimize the damage to domestic shipping and port logistics companies due to the prolonged COVID-19 pandemic. Through support for ship introduction and improvement of eco-friendly facilities, KOBC has contributed to the creation of jobs in the shipping, shipbuilding, and related industries.

**Ship Finance** Provided KRW 718.8 billion in ship acquisition finance to 11 shipping companies for a total of 36 ships (an increase of 54% from the previous year)

**Port Finance** Provided KRW 180 billion in support for UNCT in Ulsan New Port and HPNT in Busan New Port (an increase of 9.9 times from the previous year).

**Container Finance** Provided KRW 51.1 billion in financing for 39,278 containers to 3 shipping companies (an increase of 169% from the previous year)

**Liquidity Supply** Provided KRW 242.6 billion in S&LB liquidity support to 5 shipping companies for a total of 9 ships (an increase of 19% from the previous year)

**Green Facility** Provided KRW 54.8 billion in support for the production and installation of green facilities (domestic equipment: 34 cases in 2021 → 50 cases in 2022, domestic shipyards: 17 cases in 2021 → 26 cases in 2022)

**Port Infrastructure** Established a foundation for overseas investment and entry of our companies by investing in port infrastructure and expanding overseas networks (visited the Georgia Port Authority in the eastern United States in July 2022 and discussed suitable sites for logistics investment)

**Public Shipowner Business** The KOBC directly acquired new ships and purchased used ships to prevent the sale of the national fleet at a low price overseas during a recession and to support the business activities of national shipping companies.

**Private Ship Finance** Established a foundation for the promotion of legislation to promote private ship investment through tax incentives → Conducted a preliminary feasibility study by the Ministry of Strategy and Finance (February 2022) and discussed follow-up measures with the relevant ministries

**BEF** Provided support for financial, consulting, and overseas market development for social enterprises and cooperatives located in Busan through the Busan ESG Fund\*

\*Busan ESG Fund for Economic Vitalization, with the participation of 9 public institutions in the Busan area → Supported a total of 116 companies with KRW 2.887 billion over five years (2018-2022)

**Career Experience Center** Signed a memorandum of understanding on the construction of a career experience center for the shipping industry in Busan (June 2022) and confirmed a budget of KRW 300 million

**Maritime Rescue Team** Provided KRW 30 million worth of disaster relief supplies for the second consecutive year to support the stabilization of maritime rescue jobs

## Upgrading the Certified Excellent Shipping Company and Shipper Program

The KOBC introduced the Certified Excellent Shipping Company and Shipper Program to prevent unfair trade between shippers, promote win-win cooperation, and improve the loading rate of Korean shipping companies. KOBC opened a certification center in 2020 and has been operating it since then. As of 2022, KOBC has certified 22 companies.

<b>System Improvement</b>	Support for the amendment of the Special Tax Reduction and Exemption Act - Extension of expiration completed (2022 → 2025) Revision of operating regulations	
<b>Construction of Shipper Database</b> +New	Construction of shipper Value Chain DB based on about 3 years of data → Basis for discovering potential shipper companies	
<b>Establishment of Punctuality System</b> +New	Development of a DB platform for managing data transfer by shipping company → Dedicated platform for automatic collection, creation, and production of DB for calculating punctuality	
<b>Strengthening of Promotion and Communication</b> +New	First operation of student supporters First production and release of system guidance video First implementation of <Explanatory meeting>	



Launch Ceremony of the 2022 Excellent Shipper Certification Program Student Supporters for Promotion



2022 Excellent Shipper Certification Program Award Ceremony

### +Achievements

- Extension of the Excellent Shipper Certification System Expiration by 3 Years
- Completion of New Certification for 2 Small and Medium-sized Enterprises in 2022 under the Excellent Shipper Certification System
- Improvement in the National Shipping Company Compliance Rate through Certification Granted to a Cumulative 22 Companies (46.2% → 46.7%)

## Establishment of a Shipping Industry Crisis Response Fund

The KOBC has established a crisis response fund to prepare for a preemptive management safety net in response to the shipping industry crisis. The crisis response fund will be composed of a shipping industry restructuring support fund and a Korean shipping company ESG support fund and is expected to expand to a maximum of KRW 1 trillion in the future.

<b>Implementation Direction</b>	<b>Differentiated Support Program</b>	<b>Support for High-risk, Low-return Businesses</b>	<b>Reinvestment of KOBC Revenue, including Restructuring Results</b>
	Pursuing differentiated support for national shipping companies through restructuring and environmental regulations	Focusing investment on shipping companies and operations marginalized due to high risk and low return characteristics	Reinvesting profits from successful restructuring to establish the foundation for mutual growth in the maritime industry
<b>Establishment of Business Strategy</b>	<ul style="list-style-type: none"> <li>• Initial consultations with relevant agencies for new investment in the shipping industry (FSC, MOHW, KDB, KDB Asset Management, etc.)</li> <li>• Specification of business purpose, target, scale, etc.</li> </ul>	<b>Business Purpose</b>	<b>Business Scale</b>
		<ul style="list-style-type: none"> <li>① Support for restructuring of Korean shipping companies in times of crisis</li> <li>② Fund support for financial needs for ESG capacity-strengthening activities</li> </ul>	Investment of a fund worth KRW 500 billion to 1 trillion won, with HMM restructuring results (dividends, etc.) as the main source
<b>Establishment of a New Support Program</b>	<ul style="list-style-type: none"> <li>• Differentiation from existing KOBC support programs</li> <li>- Alleviation of financial product constraints through indirect operation of funds</li> <li>- Prioritization of support for small shipping companies that are relatively marginalized due to their high-risk, low-return characteristics</li> </ul>	<b>Support Areas</b>	<b>Crisis Response Fund</b>
		<ul style="list-style-type: none"> <li><b>Restructuring Support</b></li> <li><b>ESG Investment Support</b></li> </ul>	<p>When a restructuring reason occurs, financial structure improvement, M&amp;A, etc. (acquisition of corporate bonds, capital increase, etc.)</p> <p>Support for the issuance of green bonds for ships using environmentally friendly fuels</p>



Introduction to the Crisis Response Fund

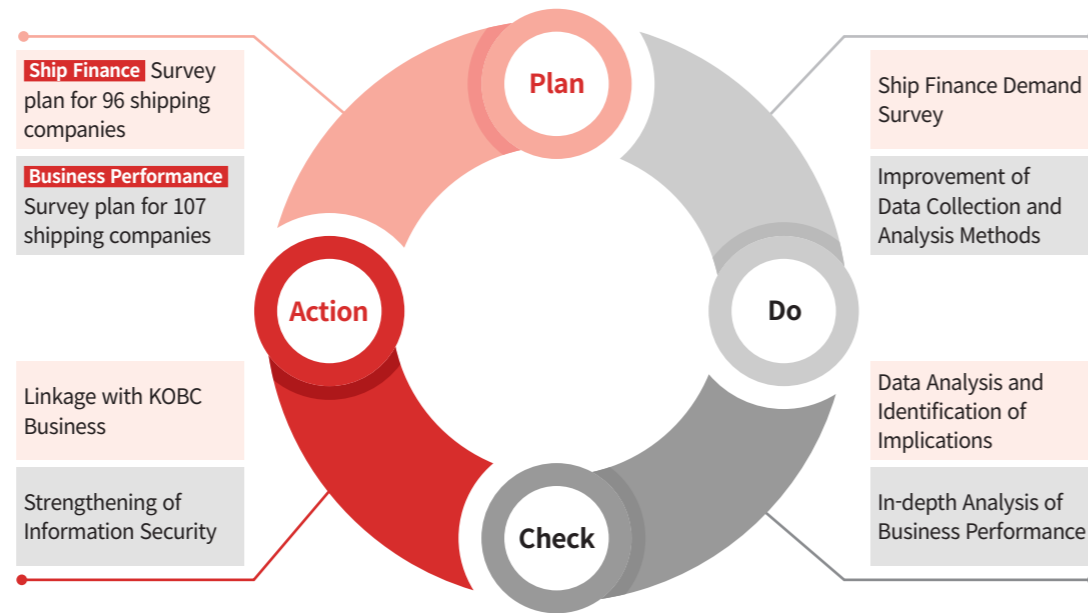
# Expansion of Maritime Industry Public Data

The KOBC has built a data foundation for the maritime industry as a compass for the shipping industry and to realize the social value of public institutions. As a result, we have secured a significant amount of ship finance database and prepared tailored financial policies and support measures for domestic shipping companies. In addition, KOBC has expanded the scope of target users for shipping market information services and is providing high-quality information to contribute more to the sustainable development of the maritime industry.



## Acquisition of Ship Finance and Business Information DB

To provide systematic and tailored support to domestic shipping companies and build a crisis response system for the maritime industry, the KOBC has established a ship finance data foundation, such as financial limits by financial institutions. KOBC has secured 95% of this ship finance DB and has laid the groundwork for developing tailored policies related to environmental regulations.



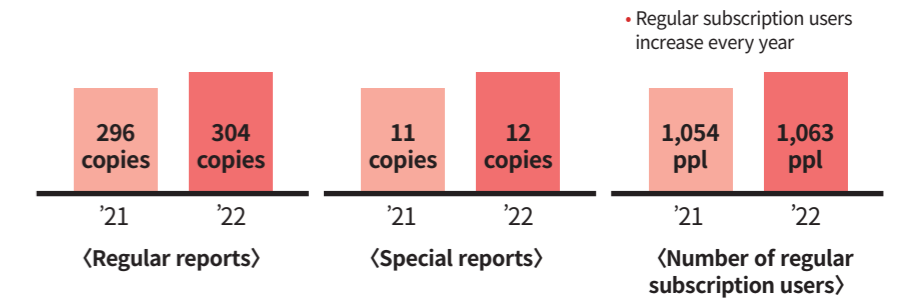
### +Achievements

- Achievement of 95% acquisition of ship finance DB, preparation of tailored financial policies and support measures
- Regularization of shipping company performance analysis (4 times a year), laying the groundwork for "Establishment of a Crisis Response System for the Maritime Industry"

# Expansion of Shipping Market Information Provision and Enhancement of Market Forecasting Capabilities

The KOBC has activated online information channels that can quickly deliver information to improve the timely response capabilities of domestic shipping companies in the rapidly changing shipping market. In addition, KOBC has made efforts to provide maritime industry information in a variety of ways, such as strengthening customized shipping market consulting for small and medium-sized shipping companies and increasing the number of shipping market reports.

- Tailored Information Provision**
  - Expansion of market conditions for non-core ship types (liquefied gas carriers, chemical tankers) (2 outlook reports published)
  - Expansion of one-on-one shipping market consulting tailored to each shipping company (6 companies, 13 times in '21 → 11 companies, 15 times in '22)
- Strengthening of Forecasting Capabilities**
  - Development and improvement of fuel oil price forecasting model
    - Development of a total of 12 forecasting models (3 types of fuel, 4 ports), improvement of models reflecting monthly forecast evaluations
  - Acquisition of 3 sets of forecasting model source codes
- Expansion of Market Report Publication**
  - Expansion of regular report publication (296 copies → 304 copies)
  - Expansion of special report publication (11 copies → 12 copies)
- Activation of Online Information Channels**
  - Simultaneous operation of KakaoTalk channel and shipping information service channel
  - Collection of customer opinions through regular satisfaction surveys
- Reopening of Offline Networks**
  - KOBC Maritime Conference held
  - 2 maritime market forums for practitioners held



KOBC Maritime Conference



## Improvement of Ship Value Appraisal Business

The KOBC has expanded its domestic ship value appraisal business to reduce its reliance on overseas institutions when evaluating the value of ships purchased and to prevent foreign currency and information leaks. Through continuous improvement of the system through internal and external environmental diagnosis and opinion gathering, it has achieved a 94% trust rate in ship value appraisals in customer surveys.

### Active Feedback: Examining Internal and External Environments to Identify Improvement Points and Develop Business Strategies

#### Improvement Points through Customer Feedback

- Recommendations for improving the issuance conditions, such as expanding cost support for small shipping companies
- Expansion of fee discount items through internal regulations revision

- Expansion of the scope of ship value appraisal evaluation to include sister ships and ships that have been re-commissioned

#### ➕Achievements

- 108 ship value appraisal certificates issued, a total of USD 29,500 in discounts in 2022
- Average discount of 27% per case compared to the list price

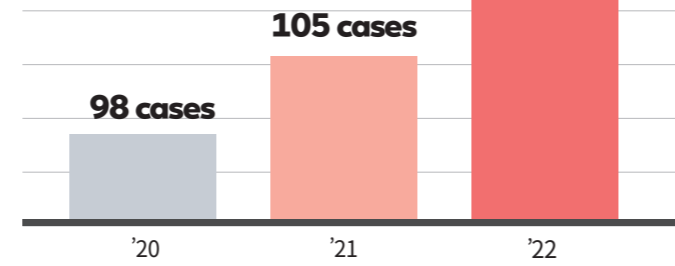
#### Business Strategy Formulation through Self-inspection

- Increase in the number of issuance requests from regular customer groups(58% in 2021 → 71% in 2022)
- Ineffective promotional effect through overseas shipping magazines
- Limited to 2 cases of ship value appraisal certificates issued to foreign shipping companies

- Additional acquisition of regular customer groups for stable business operation
- Face-to-face briefing on the sales market for each shipping company's main ship types
- Promotion of expanding overseas financial institutions that recognize KOBC evaluation certificates

- Improved satisfaction with the evaluation business through active collection and reflection of customer opinions
- ➔ Overall satisfaction rate in customer survey increased from 92% in 2021 to 95% in 2022

Ship value appraisal certificates issued



#### Visiting Shipping Companies and Public Relations in Connection with Marketing Reinforcement Consulting for Domestic Shipping Companies

- Expansion of 1:1 customized marketing through visits to shipping companies
- Start external marketing through media publicity

- Visit marketing in connection with market consulting (8 companies)
- Posting banner ads in domestic and overseas shipping magazines (7 companies)

## Development of KOBC Container Composite Index 'KCCI'

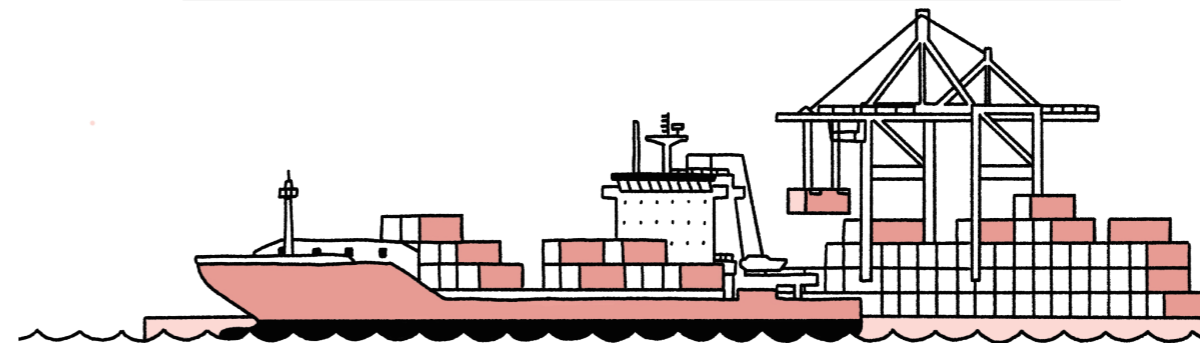
The KOBC has developed a new container shipping freight index called "KCCI" to reflect the characteristics of the domestic shipping market. KCCI is based on data from 13 routes, with Busan Port as the base. This will help Korean exporters, importers, and related companies accurately grasp the freight level. In the future, KOBC will do its best to enhance the representativeness and completeness of the container freight index by actively sharing data with related government agencies and collecting opinions from the industry.

### Official Announcement of the KOBC Container Composite Index from Busan Port (November 2022)

- Official launch of KCCI for 3 routes and 13 lanes
- Enhancing the stability and utilization of the new index
- Securing accuracy and convenience by publishing on a weekly basis (every Monday at 2 p.m.)
- Pursuing the establishment of an access path outside the KOBC website through cooperation with external media organizations

### Securing the sovereignty of the freight index through the development and operation of a Korean-origin freight index

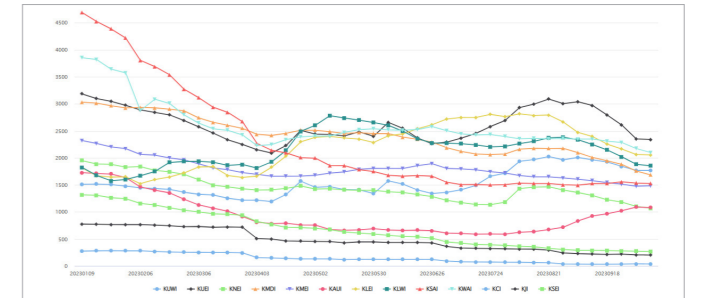
- Obtaining freight information for Korean-origin Asia intra-regional routes that are not covered by the existing China-based SCFI
- ➔ Supporting the development of sales strategies for national shipping companies



Publication of Freight Indices on the KOBC Website and in Shipping Magazines

Providing Realistic Freight Standards for National Shipping Companies that Reflect Domestic Realities

→ Awarded the Minister's Award at the "Ministry of Oceans and Fisheries Innovation Excellent Cases Competition"



The KOBC Container Composite Index (KCCI)



2022 Innovation Administration Meritorious Award Ceremony

# Attracting and Developing Talent

The KOBC is nurturing professional experts who will lead the growth engine of the maritime industry based on the personnel values of responsibility and expertise. We will establish a job-centered education system to enhance the expertise of each job, and we will create an educational environment where individuals and organizations can grow together through continuous feedback.



Talent Profile	Responsibility and Expertise	Respect and Collaboration	Challenge and Innovation
HRD Vision	Nurturing professional experts who will lead the reconstruction and growth engine of the maritime industry		
Implementation Strategy	<p><b>Job Experts Leading the Reconstruction of the Shipping Industry</b></p>	<p><b>Enhancing Internalization Education to Align with Government Policies</b></p>	<p><b>Employee-friendly Education Operation to Adapt to Environmental Changes</b></p>
Implementation Task	<ul style="list-style-type: none"> <li>Strengthening Job Competencies by Level</li> <li>Consideration of introducing a CDP-based education and training system</li> <li>Expansion of specialized education in response to future businesses</li> <li>Managerial competency enhancement and conflict management education</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening ESG management education</li> <li>Strengthening human rights, integrity, and ethical awareness</li> <li>Strengthening safety awareness</li> <li>Creation of social value</li> </ul>	<ul style="list-style-type: none"> <li>Changes in educational channels in response to gradual recovery of daily life</li> <li>Advancement of the education completion system</li> <li>Demand-oriented education operation</li> </ul>

## Employee Competency Enhancement Efforts

The company has taken steps to strengthen the job competencies of its employees by developing a standard operating procedure (SOP) manual and expanding educational opportunities, such as report writing training.

- New** Development of Standard Operating Procedure (SOP) Manuals (25 Teams)
- New** Report Writing Training (4 Sessions)
- New** Expansion of Training Period and Subjects for New Employees
- Improvement** Enhancement of Internal Training
  - Implementation of KOBC Academy
  - Expansion of Essential Job Training

# Advanced Professional Human Resource Development Project

Through the curriculum roadmap for the period of '20 to '23, the Corporation has made efforts to further enhance the training of professional manpower. We have gone through a gradual process of organizing the training curriculum and diagnosing and improving the training environment, and we will continue to expand the professional manpower training project to help those working in the shipping industry enhance their professionalism and foster future talents.

Introduction Period (2020-2021)	Advanced Period (2022)	Expansion Period (2023 onwards)				
<ul style="list-style-type: none"> <li>Launch of outsourced professional human resource development project</li> <li>Curriculum development and education operation</li> </ul>	<ul style="list-style-type: none"> <li>Assessment and stabilization of the educational environment</li> <li>Establishment of a foundation for in-house</li> </ul>	<ul style="list-style-type: none"> <li>Launch of in-house education business by the company</li> <li>Expansion and improvement of the curriculum</li> </ul>				
<p><b>Continuous Improvement of Annual Outsourced Project Operation</b></p> <ul style="list-style-type: none"> <li>Online education conducted during the COVID-19 period                             <ul style="list-style-type: none"> <li>➔ Resumption of on-site industry learning (2 Sessions)</li> </ul> </li> <li>Curriculum revision, Close management of trainees, etc.</li> </ul>	<p><b>Advanced Annual Outsourced Project Operation</b></p> <ul style="list-style-type: none"> <li>Enhanced promotion of the curriculum to relevant industries, resulting in early closure of enrollment</li> <li>Curriculum revision completed by gathering feedback</li> <li>Revamping of instructors with a focus on practitioners, leading to active and responsive lectures</li> <li>Implementation of class-based meetings, surveys, and feedback</li> </ul>	<p><b>Establishment of a Mid- to Long-Term 2-track Education Promotion Strategy</b></p> <table border="1"> <tr> <td><b>Track1 [Busan]</b></td> <td> <ul style="list-style-type: none"> <li>Busan Finance Center (BFC) and Industry-academia-government Cooperation for the development of maritime finance talents: Signing of phased MOU and start of education in 2023</li> </ul> </td> </tr> <tr> <td><b>Track2 [Seoul]</b></td> <td> <ul style="list-style-type: none"> <li>Initiative to operate a master's program for the development of practical personnel by utilizing specialized educational institutions</li> </ul> </td> </tr> </table> <p><small>*BFC: Busan Finance Center</small></p>	<b>Track1 [Busan]</b>	<ul style="list-style-type: none"> <li>Busan Finance Center (BFC) and Industry-academia-government Cooperation for the development of maritime finance talents: Signing of phased MOU and start of education in 2023</li> </ul>	<b>Track2 [Seoul]</b>	<ul style="list-style-type: none"> <li>Initiative to operate a master's program for the development of practical personnel by utilizing specialized educational institutions</li> </ul>
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## +Achievements

Employees' graduation rate of maritime and financial education program increases by 72% (40 to 69)

# Efforts to Cultivate Specialized Professional Managers

The KOBC has improved the stay period for specialized jobs from 2 to 3 years to ensure the maintenance of expertise in the relevant field. In addition, we have systematized the foundation for mid- to long-term human resource development by identifying rotational departments for specialized job groups.

- Special Recruitment**

  - To ensure the stability of organizational manpower management by securing specialized personnel for specialized jobs
- Job Rotation Criteria**

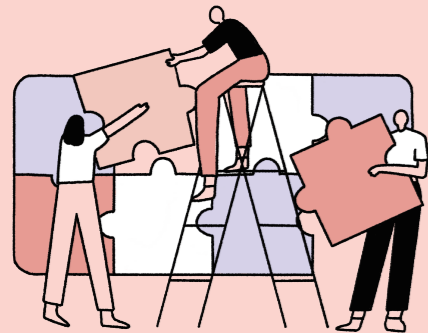
  - To maintain expertise in the relevant field by making the job rotation criteria more flexible
- Rotational Departments**

  - To establish a foundation for mid-to-long-term human resource development by identifying rotational departments
- Korea Electric Power Corporation Special Lecture**

  - To conduct customized lectures tailored to the needs of the relevant institution, such as the use of ship finance and structured finance, which are the specialized fields of the KOBC, and the understanding of the acquisition and disposal of ships

# Happy Organizational Culture

The KOBC has internalized a communication-based organizational culture by holding a company-wide unity workshop and launching a young people's council to motivate and facilitate communication among its members. KOBC will continue to strive to strengthen organizational solidarity and create a better work environment.



## +Achievements

- Joint development of the company-wide workshop program (activities to strengthen camaraderie among members, company-wide quiz, etc.) → Workshop satisfaction rating: 4.24 points (out of 5.0)
- Strengthening the communication-based organizational culture innovation system through the expansion of club activities via amendments to operating regulations.
  - \*① Relaxation of the initial membership requirement (from 5 members to 3 members)
  - \*② Allowance for multiple club memberships (previously, simultaneous participation in multiple clubs was not allowed)
 → In 2022, 8 clubs were in operation (compared to 1 in 2021, with the establishment of 7 new clubs).

## Expansion of KOBC Communication Channels

The KOBC is expanding existing meetings and meeting bodies and holding regular current affairs review meetings in accordance with the will of the head of the institution to actively collect the voices of employees, identify various company issues, and strengthen communication.

<b>Expansion of Weekly Meeting Participants</b>	• Expansion of the target audience for weekly regular business meetings to enhance sharing of key initiatives and current issues. → In addition to the existing participants (headquarters directors and department heads), planning team leaders from each department and direct sub-organizations were invited.
<b>Ongoing Issue Review Meetings</b>	• To share current issues related to management and major projects with related departments and to prepare countermeasures in a timely manner, the number of current affairs review meetings is increased.
<b>Increased Employee Meetings</b>	• To expand opportunities to directly collect the opinions of junior-level employees, the number of employees (below team leader) communication days presided over by the head of the institution is increased. This strengthens communication and empathy management. (From 37 times in 2021 to 56 times in 2022)
<b>Strengthened Opinion Gathering in Executive Meeting Bodies</b>	• Through regular executive (department head and above) meetings, cooperation between departments and divisions to resolve major issues of the company is increased, and prompt decision-making is promoted. (From 6 times in 2021 to 37 times in 2022)

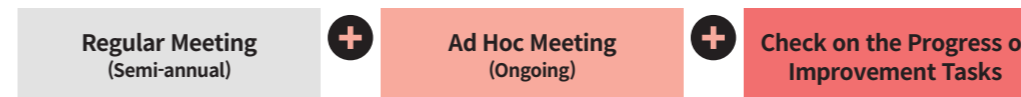
## Company-wide Unity Workshop Held

After the COVID-19 pandemic, the KOBC has prepared a variety of communication programs, such as team-building programs, innovation team discussions, and presentations, to rekindle the sense of unity within the organization.

<b>Team Building Program Implementation</b>	• Strengthening networks through group competitions composed of various departments and ranks • Sharing core issues and management/business-related matters through company-wide quizzes
<b>Innovation Assignment Discussions, Presentations, and Awards</b>	• Discovery of a total of 40 innovation proposals in 6 specific categories (Collaboration Enhancement, Future Innovation, Integrity and Health, Customer Satisfaction, National Communication, National Development)

## Improvement of Work Environment for Junior-level Employees through the Operation of the Young People's Council

The KOBC has launched the first Young People's Council to reduce generational, cultural gaps and improve communication channels for junior-level employees on current business issues, thereby enhancing work efficiency.

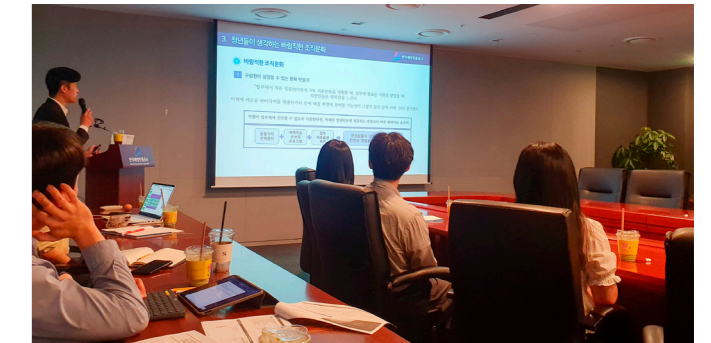


### Activities of the Young People's Council

- Enhancement of New Employee Adaptation Program**
  - Introduction of Mentor-mentee System
  - Holding Meetings between New Employees and the Young People's Council
- Establishment of a System to Enhance Employee Expertise**
  - Establishment of Education and Training Guidelines, with Selection of Graduate Students for 2023 Following
- Providing Speaking Opportunities for the Youth Executive Council Members in Workshop Program Composition**
  - Workshop Planning Based on Input
- Enhancing the Effectiveness of the Interview System for Departing Employees**
  - Conducting Separate Surveys in addition to Interviews



KOBC Young People's Council Meeting



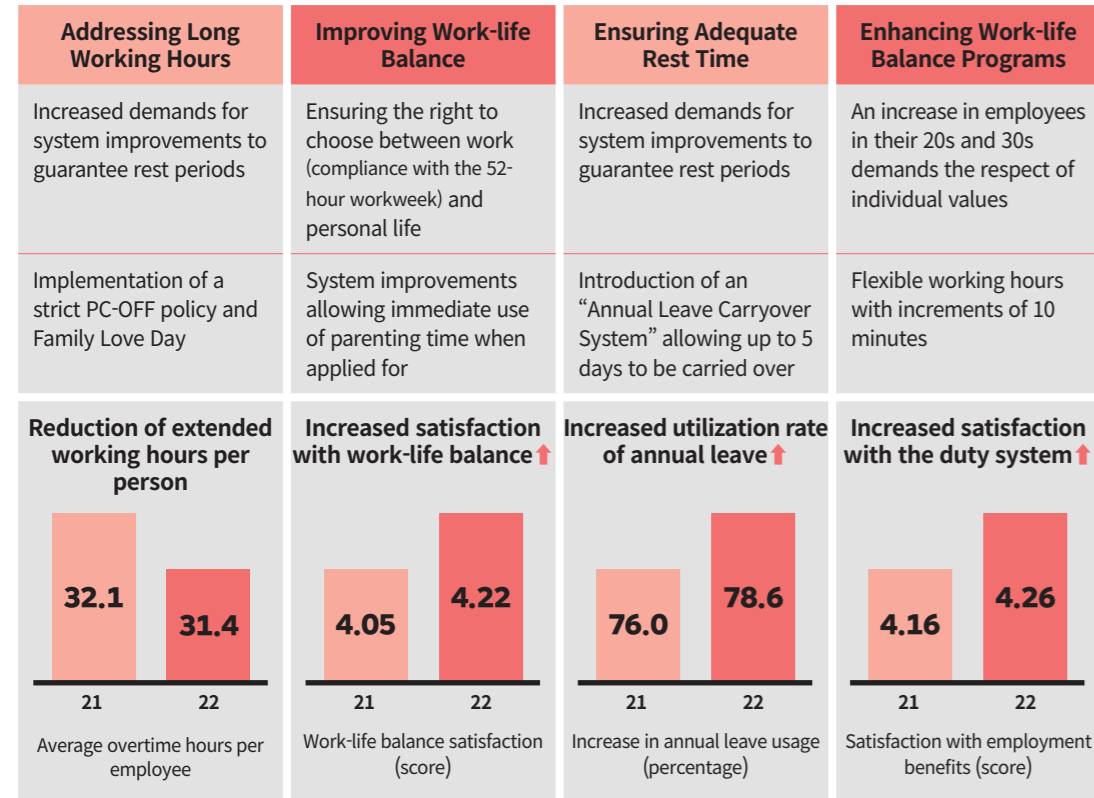
Major Agenda Announcement at KOBC Young People's Council Meeting



KOBC And KIBO's Young People's Council MOU Ceremony

## Enhancing Work-Life Balance and Creating a Flexible Working Environment

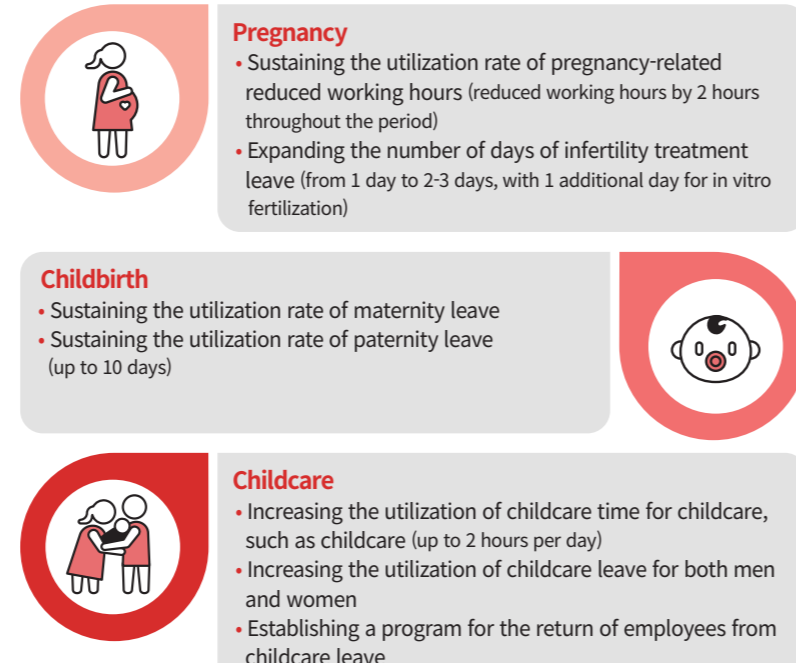
The KOBC has established a systematic strategy to address childcare leave and long working hours, such as expanding childcare support programs and introducing a compensatory leave system to help employees balance work and family life. In addition, KOBC has worked to create a flexible and comfortable working environment for employees by reviewing and improving work-life balance guarantee systems.



## Strengthening and Enhancing Support for Pregnancy, Childbirth, and Parenting

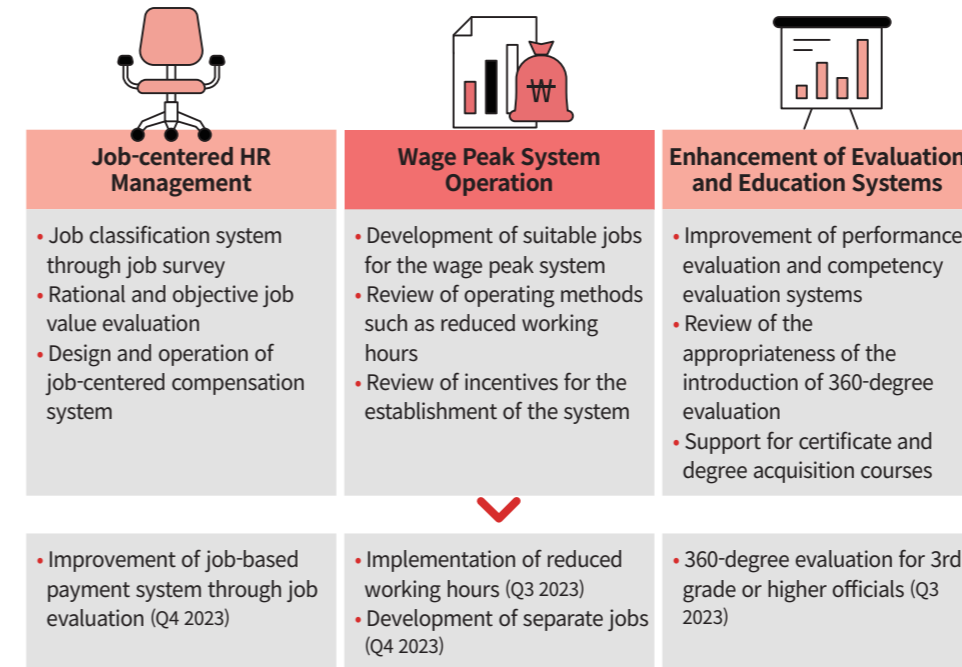
The KOBC, as a family-friendly certified public institution, operates family-friendly programs related to pregnancy, childbirth, and childcare support. It has maintained 100% utilization rates for pregnancy-related reduced working hours and maternity leave and has established a program to support employees' return from childcare leave. These efforts are part of the company's commitment to helping employees balance work and family life.

### Main Contents of Family-friendly Programs



## Joint Labor-management HR System Improvement TF Underway

The KOBC has conducted a joint labor-management HR system improvement TF to build a cooperation system. We discussed key issues such as job-centered HR management and wage peak system operation.

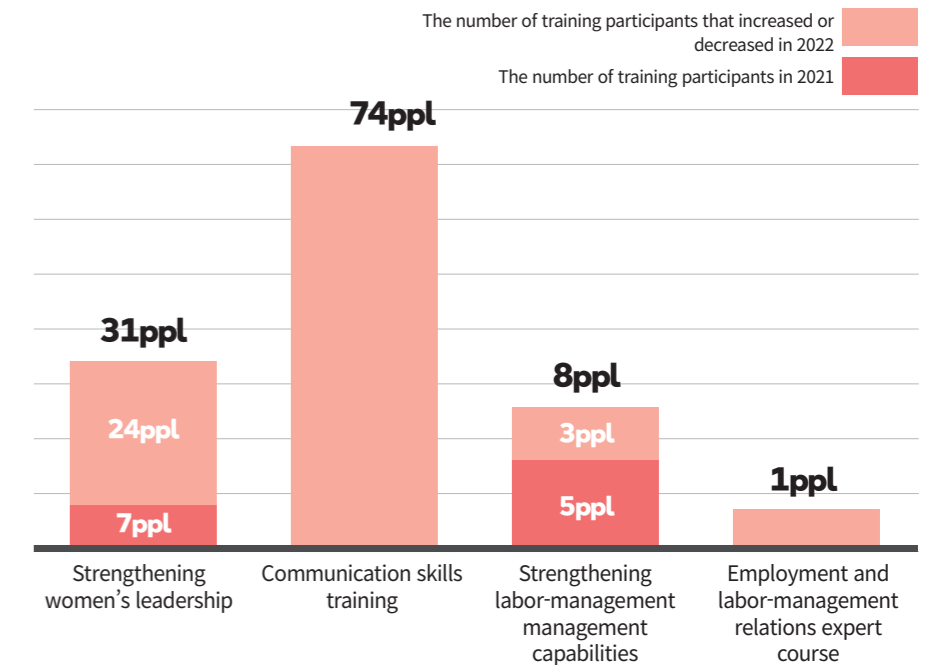


### +Achievements

- All labor-management issues (including the employee uniform fund, sexual harassment organizational culture diagnosis, and wage agreement) were resolved 100%.
- The labor-management cooperation index rose from 4.23 points in 2021 to 4.27 points in 2022.
  - The agreement rate on the agenda of the labor-management council was 96%, and the negotiation rate on the agenda of the labor-management agreement was 100%.
- The wage agreement was signed without a dispute for two consecutive years.

## Conducting Stratified Education to Strengthen Labor-management Management Capabilities

The KOBC conducted stratified education for managers and labor relations personnel to strengthen labor-management management capabilities, and the number of training participants increased compared to the previous year.



# Contribution to Local Community Development

The KOBC selected our four core themes (H·O·P·E) based on the slogan “Hope More + Ocean”, which was selected as the best in the national slogan contest in October 2022.

Based on these four core themes, we have opened social contribution programs and are practicing our social responsibility as a public institution through active participation.



## Health Wave

- Support for private marine rescue teams

- Support of disaster relief supplies worth KRW 30 million

### Achievements

Certified as a ‘Sharing Excellence Company’ by the Busan Social Welfare Fundraising Association

Entered into a Business Agreement with Marine Money, the World’s Largest Specialized Marine Finance Event Organizer

Contributed to the Revitalization of the Local Economy through the Expansion of International Events



## Outreach Wave

- Donation of wandering detection devices for socially vulnerable groups
- Utilization of traditional markets before holidays
- Participation in BEF (Busan ESG Fund for Economic Vitalization) and “1876 Busan” initiatives
- **+New** Free distribution of wandering detection devices, cooperation with the Korea Maritime Foundation, reduction of coastal litter

- Support for 2,000 elderly individuals in vulnerable groups
- Establishment of four new committees to facilitate systematic corporate social responsibility projects



## People Wave

- Operation of a vocational experience center
- **+New** Exploration of marine culture (Korea Maritime Foundation)

- A 690% increase in visitors compared to the previous year



## Eco Wave

- **+New** Launch of the first-ever KOBC Sea Love Volunteer Corps

- Collection of 200 liters of marine debris through two beach cleanup activities by employees

# Job Creation for Young People in Busan

The KOBC has promoted job creation for young people in Busan by cooperating with local universities and encouraging private entrepreneurship in the region.

### Job Support for Local Universities

- Expansion of the proportion of local talent recruitment
  - By reflecting additional points for each type of application, the goal of hiring local talent was exceeded (72%)
- Expansion of cooperation with local universities
  - Support for a seminar on the maritime and port logistics field for 120 college students in Busan
- Operation of student external activities (University Student Press Corps ‘Haejini’)
  - Strengthening the expertise in the maritime industry through external activities

### Private Sector Entrepreneurship Support

- Establishment of a joint fund for the revitalization of the economy of Busan
  - Support for the overseas market entry of social enterprises through the contribution of a joint support fund from 9 public institutions
- Operation of a maritime and port startup platform
  - Operation of the Busan 1876, a technology startup platform for the maritime and port industry in collaboration with Busan Port Authority 10 start-up companies moved in

(Jobs) A 70% increase in direct job creation within the region (from 17 jobs in 2021 to 29 jobs in 2022).  
 (Private Sector Startups) Support for the establishment of 10 startup companies in the Busan area



The KOBC University Student Journalism Team ‘Haejini’ was honored with the Best Team award during the inauguration ceremony of the 4th generation, following the achievements of the 3rd generation.



Group photo of the 4th generation ‘Haejini’

# Busan Cements Its Position As the Host of the World’s Largest Maritime Finance Conference

The KOBC contributed to hosting the “Busan Maritime & Finance Week (BMFW)” by signing a memorandum of understanding with Marine Money, a leading organization for maritime finance events.

### Marine Money MOU Signing, Busan to Host World’s Largest Maritime Finance International Conference

- Signed MOU with Marine Money to participate as a Strategic Partner in the Ship Finance Forum
- Hosted Busan Maritime & Finance Week by linking major conferences related to the industry hosted by the Corporation (Maritime Conference, Ship Finance Forum)
- About 500 participants from maritime industry officials and local members, contributed to the branding of the maritime city image



## Identifying Local Needs through Communication Channels

The KOBC has identified the needs of the local community through the Social Contribution Operating Committee, local related organizations, etc. and did not spare support to resolve them.

Communication Channels	Social Contribution Operating Committee	Cooperation with Local Related Organizations	Ongoing Communication through Social Media
Major Issues	Sharp decline in traditional market sales	Need for support for vulnerable groups in terms of safety	Efforts for culturally deprived areas
Implementation Achievements	<b>Local</b> Purchase of holiday goods through traditional markets, KRW 200 million per year	<b>Marine</b> Support for equipment for private marine rescue teams <b>Local</b> Support for wandering detectors	<b>Metropolitan area</b> Operation of an experience center linked to Job World <b>Busan</b> MOU signed for establishment in 2023

## Operating a Gateway to Prevent Unfair and Excessive Competition and Promote Fair Development of the Shipping Industry

The KOBC implemented the freight disclosure system to prevent unfair competition in the Korean maritime industry. KOBC also established a maritime transaction unfair practice reporting center so that anyone can report prohibited practices between carriers and shippers that aim to create contracts that deviate from the published freight. KOBC has made efforts to promote the development of a fair maritime industry.

**Freight Disclosure System**

Operated through the Shipping Port and Logistics Information System (<https://new.portmis.go.kr>)

**Maritime Transaction Unfair Practice Reporting Center**

Anyone can report prohibited practices between carriers and shippers, such as transporting at a price higher or lower than the published freight or unfairly inducing contracts by using a superior position.

Playing the Role of a 'Watchdog' to Prevent Unfair Competition in the Korean Maritime Industry

## Strengthening Cooperation between Government Agencies and Businesses

The KOBC implemented three key tasks to strengthen social publicness as a public institution and promote cooperation with small and medium-sized enterprises. As a result, the number of applications and payments for advance payments has increased for three consecutive years. In addition, the corporation established a communication channel between the corporation and preferential purchasing companies and regularized the implementation of meetings twice a year.

**The establishment of a fair economic order includes:**

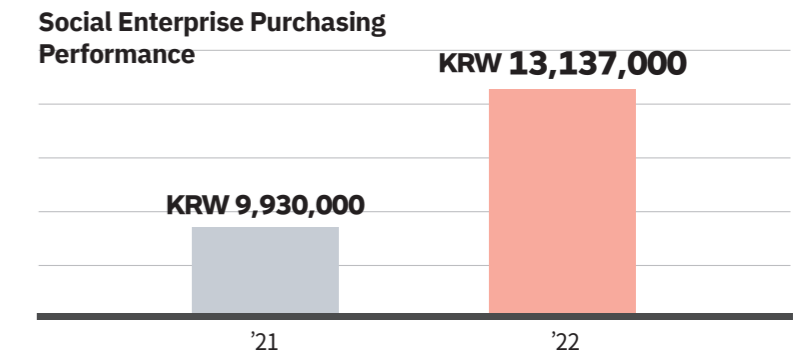
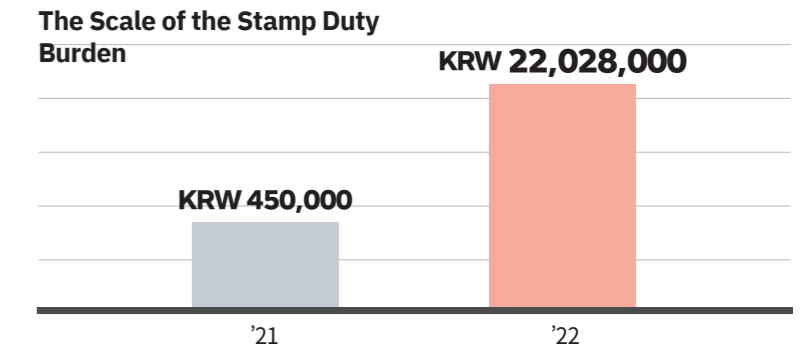
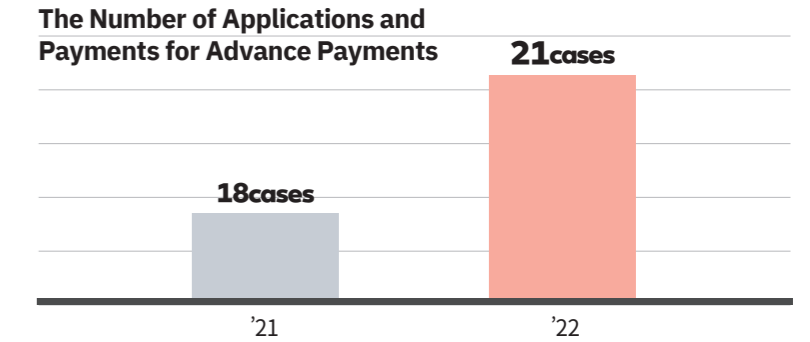
- Increasing the target for advance payments (80%) to support the liquidity of service providers
- Shortening the bid announcement period (from 14 days to 5 days) to enhance the activity of companies

**Enhancing support for small and medium-sized businesses:**

- Increasing the share of purchases from priority purchase companies with shared financing from 50% (in 2021) to 60% (in 2022)
- Continuously strengthening support for social enterprises and unifying the management system for priority purchases

**Strengthening the contract procedures for priority purchase target companies:**

- Strengthening contract procedures for priority purchase target companies through regulation amendments
- Introducing procedures to confirm whether competing products among small and medium-sized enterprises are green products
- Adding procedures to confirm priority purchase target companies to enhance cooperation



## KOBC Walks with Social Enterprises

As a public institution, the KOBC is working to help social enterprises overcome their crises and create a more collaborative society. In particular, KOBC has contributed to increasing the purchase of social enterprise products by activating a dedicated platform for real-time matching of demand items.

- Activation of a dedicated platform for real-time matching of demand items for social enterprises
  - Ordering and inquiry by department, real-time inquiry of transaction history, management of budget and statistical data
- Adjustment of the joint burden rate of stamp duty for preferential purchasing companies (from 50% in 2021 to 60% in 2022)
- Regularization of meetings to listen to suggestions and opinions from preferential purchasing companies (at least once a year)

## Establishment of a Sustainable Local Economic Ecosystem

The KOBC has launched a fund project called “BEF” (Busan ESG Fund) with public institutions to support the sustainable growth of social enterprises in Busan. The project has contributed to the creation of 183 new jobs and an increase in sales of 6.6 billion won through financial support projects until 2022.

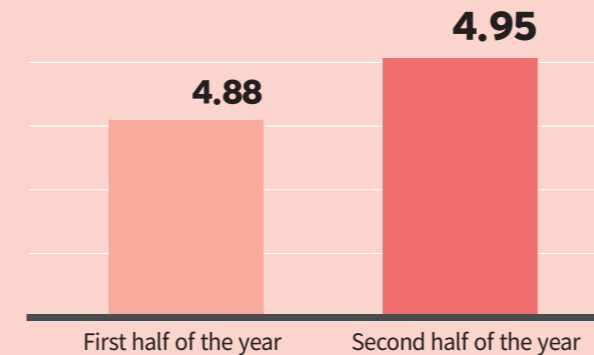
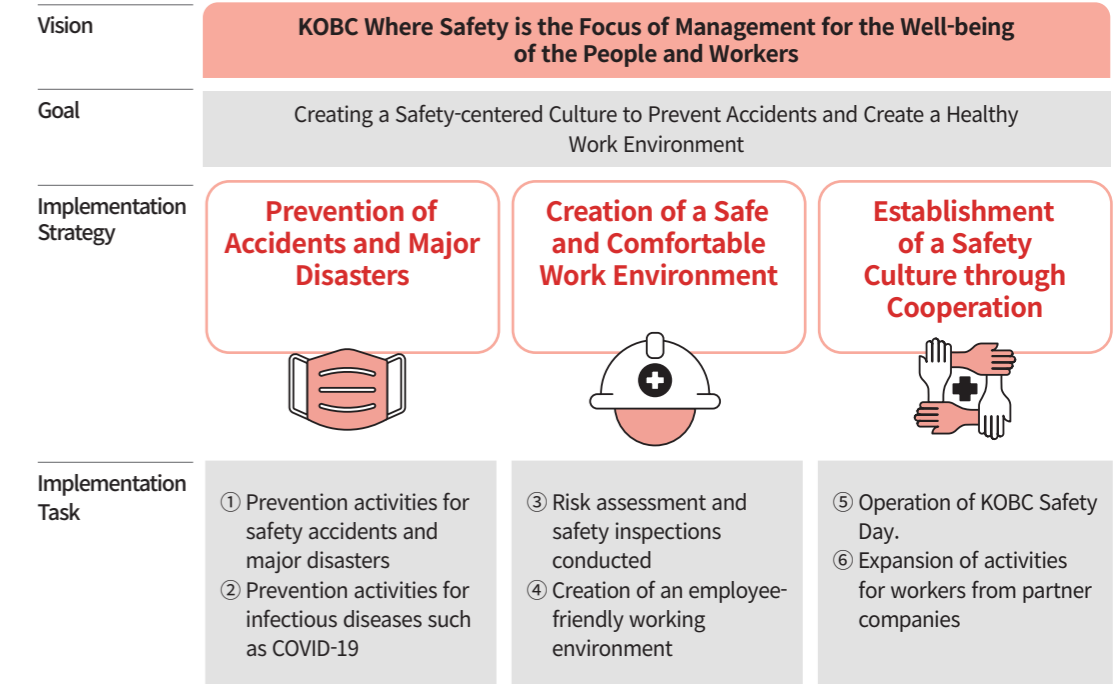
Category	Implementation Achievements
Financial Support	• KRW 530 million in support for 19 companies
Cloud Funding	• 14 companies participated, 13 companies supported
Idea Contest	• 6 teams (18 people) participated and won the idea contest
Management Consulting	• 19 sessions of consulting and on- and off-line marketing promotion for business growth
Social Impact Reward Project	• KRW 55 million in investment and an incentive of KRW 14.5 million for achieving a 100% target
Policy Projects	<ul style="list-style-type: none"> <li>• Opening of the 6th BEF smart farm (Beolbit Farm) in Yongho-dong, Nam-gu, using idle land by public institutions</li> <li>• Opening of the 8th BEF smart farm (Busan Kosin University) for healing agriculture</li> </ul>



BEF Smart Farm Opening Ceremony Photo

## Safety and Personal Information Protection

The KOBC has prepared safety measures for its facilities and workers in response to the enactment of the Occupational Safety and Health Improvement Act and the government’s safety reinforcement policy. KOBC has strived to create a safe and comfortable working environment by establishing a preemptive preparedness system for safety accidents and major accidents.



### Employee Stress Prevention Program Satisfaction

#### +Achievements

- 27 Safety Measures for Subcontracting Projects + 12 Improvement Items for Follow-up Measures of Risk Assessment
- ➔ Achieved no accidents or disasters

## Refinement of Safety Management Implementation System

The KOBC has reorganized its safety management promotion system around three major pillars: accident and disaster prevention, providing a safe work environment, and creating a safety culture. KOBC has also developed corresponding implementation tasks. We will continue to build a safer management system by using the management performance of the implementation tasks as a feedback indicator.

## Implementation of Safety and Health Prevention Programs

The KOBC is committed to ensuring the safety and well-being of its employees by implementing various support activities. In particular, we have established a safety management system for subcontracted work to prevent accidents and have implemented a health and safety program to create a safe and secure working environment. We are dedicated to providing the best possible support for the health and safety of our employees.



### Prevention of Safety Accidents and Major Disasters

- Establishment and Implementation of Safety Management Systems for Subcontracted (Outsourced) Projects ('22. 4.-)
  - As of '22, safety management was conducted for 27 subcontracted projects (establishment of safety activity plans, monitoring, etc.).
- Ongoing COVID-19 Prevention and Response Activities
  - Office disinfection conducted 17 times, preparation of COVID-19 trends data and prevention of spread, a total of 64 activities, etc.

### Creating a Safe and Clean Working Environment

- Risk Assessments and Follow-up Measures ('22. 8.-12.), Safety Inspections for Floods, Typhoons, and Wind-related Hazards ('22. 6.-9.)
  - Conducting risk assessments ('22. 8.) → Identifying harmful and hazardous factors ('22. 10.) → Implementing 12 measures ('22. 12.)
  - Inspection of vulnerable areas and facilities related to heavy rain, strong winds, and typhoons, and ensuring the staffing system in the disaster prevention room
- Introduction and Operation of an Employee Assistance Program (EAP) to Prevent and Manage Work-related Stress



### Building a Safety Culture Through Collaboration

- Conducting Safety and Health Programs Through KOBC Safety Day (Bi-monthly, 100% Implemented)
  - Conducting bi-monthly events such as safety workshops, emergency response training and fire evacuation drills to enhance safety awareness
- Establishing Collaboration Systems to Strengthen Safety Management for Partner Companies and Contract Workers
  - Conducting workplace inspections of partner companies during risk assessments and developing safety activity plans when performing contract work



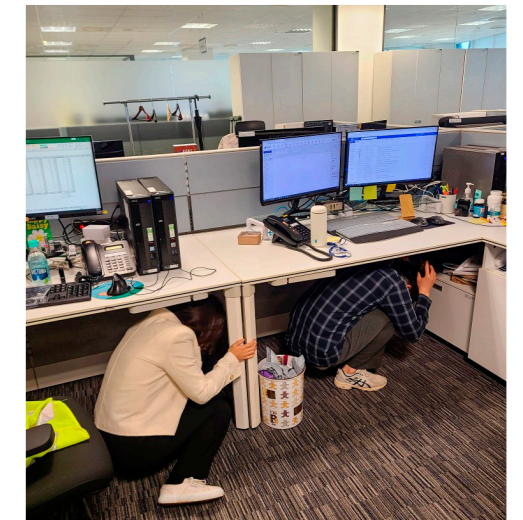
Facility Safety Inspection Site

## Establishing Comprehensive Disaster Management System

The KOBC has established a comprehensive disaster management system throughout the company to prevent accidents and ensure the safety of employees and workers. KOBC operates a set of guidelines and disaster management systems for each type of disaster and is reviewing and improving the response system after disaster response.

Category	Prevention	Response	Recovery
COVID-19	<ul style="list-style-type: none"> <li>• Regular disinfection of offices</li> <li>• Establishment of emergency contact network (e-Alert)</li> </ul>	<ul style="list-style-type: none"> <li>• Activation of response system for confirmed cases</li> <li>• Rapid transmission through the emergency contact network</li> <li>• Operation of temporary testing centers, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in confirmed cases → Reorganization of reporting system</li> <li>• Distribution of kits by department to enable proactive testing</li> </ul>
Fire	<ul style="list-style-type: none"> <li>• Pre-inspection of fire protection facilities</li> <li>• Sharing of evacuation routes and equipment status, etc., with safety officers in advance</li> </ul>	<ul style="list-style-type: none"> <li>• Joint fire drill and first aid training with related organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback on the time required for fire evacuation and the results of the drill</li> </ul>
Typhoon	<ul style="list-style-type: none"> <li>• Preparation of manuals for each warning level and establishment of an emergency contact network (e-Alert)</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-transmission of precautions according to warning issuance and adjustment of commuting</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement of zero damage even though Typhoon Hinnamnor (September) passed through the Busan area</li> </ul>
Earthquake	<ul style="list-style-type: none"> <li>• Preparation of manuals by magnitude and establishment of emergency contact network (e-Alert)</li> </ul>	<ul style="list-style-type: none"> <li>• Reception and transmission of warnings to employees</li> <li>• Implementation of step-by-step protection and evacuation measures</li> </ul>	<ul style="list-style-type: none"> <li>• Inspection of manuals</li> <li>• Promotion of response training in preparation for earthquake situations</li> </ul>
Information Leakage	<ul style="list-style-type: none"> <li>• Regular security checks (once a month) and disaster response training (twice a year)</li> <li>• Pre-emptive measures for security vulnerabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Blocking of additional information leakage</li> <li>• System shutdown, network shutdown</li> </ul>	<ul style="list-style-type: none"> <li>• Notification and reporting of intrusion and leakage accidents</li> <li>• Guidance on compensation for victims of information</li> <li>• Preparation and implementation of measures to prevent recurrence</li> </ul>
Cyber Disaster	<ul style="list-style-type: none"> <li>• Periodic backup (once a day) and disaster recovery training (twice a year)</li> </ul>	<ul style="list-style-type: none"> <li>• Confirmation of the scope of loss and classification of crisis levels</li> <li>• Implementation of technical and physical safety measures for information systems</li> </ul>	<ul style="list-style-type: none"> <li>• Recovery of systems according to priority</li> <li>• Testing of work and verification of data</li> </ul>

When Typhoon 'Hinnamnor' Passed through the Busan Area, Proactive Preventive Measures and Disaster Management System Operation Allowed Us to Achieve Zero Damage.

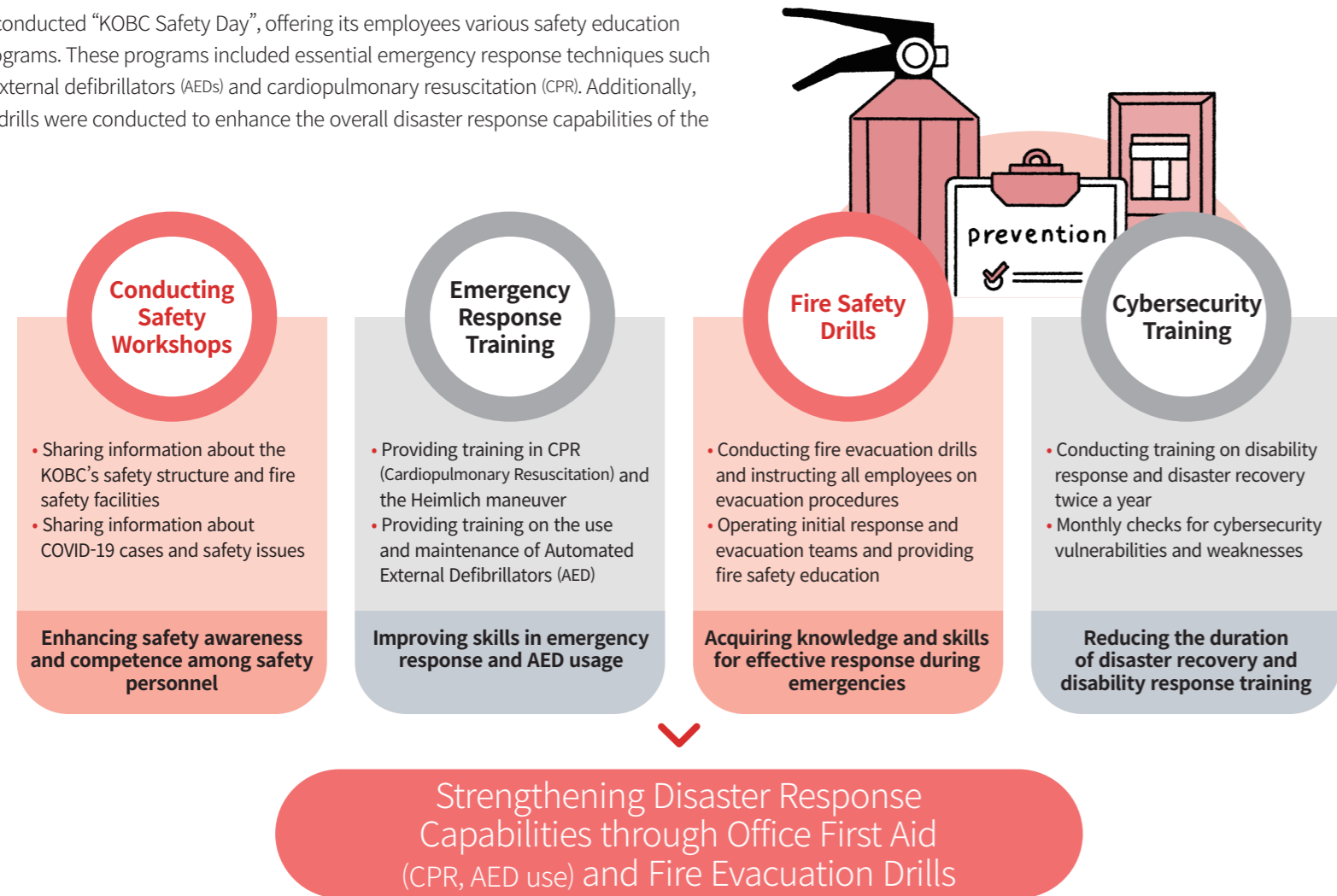


KOBC Earthquake Evacuation Drill



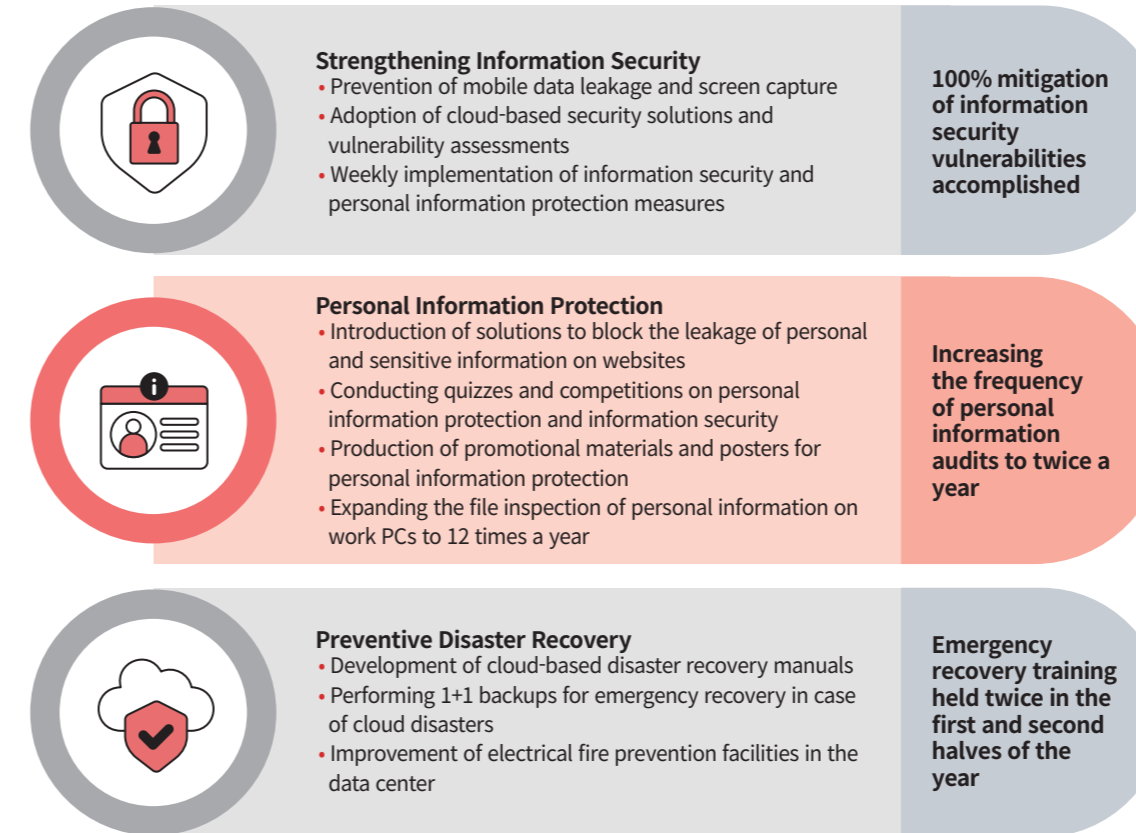
## Strengthening Disaster Response Capabilities through Safety Education and Training

The KOBC has conducted “KOBC Safety Day”, offering its employees various safety education and training programs. These programs included essential emergency response techniques such as automated external defibrillators (AEDs) and cardiopulmonary resuscitation (CPR). Additionally, fire evacuation drills were conducted to enhance the overall disaster response capabilities of the institution.



## Proactive Information Security and Protection to Minimize Accident Risks

The KOBC conducted a thorough security audit during the transition of its information system to the cloud. Additionally, we created a cloud-based disaster recovery manual and conducted training for emergency recovery in case of cloud-related disasters. KOBC is committed to ensuring robust information security to minimize the risks of accidents in the future.



### +Achievements

- The Personal Information Protection Commission (PIPC) rated the KOBC cyber attack response training as “fair” in 2021 and **“excellent” in 2022.**
- ‘Ministry of Oceans and Fisheries(MOF) rated KOBC’s security audit and hacking email response training as **“excellent.”**
- MOF rated KOBC’s outsourced security monitoring operation as **“excellent.”**(The number of harmful incidents at KOBC was half the average at other agencies.)
- PIPC has rated KOBC as **“excellent” in its three consecutive annual** public agency personal information protection assessments.
- MOF found **‘No Deficiencies’** in the disaster recovery system for public information systems in the maritime and fisheries sector at KOBC(Only public agency under the MOF to receive this rating.)



# Realization of Human Rights Management

The KOBC is practicing people-centered management through protecting and respecting human rights. We are working to implement sustainable human rights management by establishing a human rights management promotion system and preventing human rights violations in advance.

## +Achievements

- Publication and disclosure of a human rights management report in accordance with the guidelines of the National Human Rights Commission of Korea
- **Zero violations** of guidelines
- Achieved a human rights maturity **score of 4.04**
- Achieved an internal employee satisfaction **score of 4.95**
- Stress prevention education in the second half of 2022
- **Zero reports** of human rights violations by partner companies
- Three consecutive years of recognition as a **leading institution for fair employment**
- Selected as a **best practice** for fair employment by the Ministry of Education
- Achieved external professional institution certification for the human rights management system for two consecutive years
- Human rights impact assessment results  
→ **Increased by 3.15 points** compared to the previous year

## Enhancing the Effectiveness of the Human Rights Management Implementation System

The KOBC has established individual human rights management strategic tasks to strengthen the effectiveness of its human rights management system and actively internalize a culture of respect for human rights. The implementation results are included in the Human Rights Management Report published by the KOBC to transparently disclose its human rights management practices.

<b>Human Rights Vision</b>	<b>A People-centric KOBC through Human Rights Protection and Respect</b>			
<b>Human Rights Goal</b>	<b>Achieve ZERO Human Rights Violations through Preventive Measures</b>			
<b>Strategic Directions</b>	Strengthening the Effectiveness of the Human Rights Management System	Enhancing the Implementation of Human Rights Management and Improving Vulnerable Areas	Creating a Human Rights-friendly Environment and Internalizing a Culture of Human Rights Respect	Strengthening Efforts to Prevent Human Rights Violations and Ensuring Transparency and Disclosure
<b>Strategic Tasks</b>	① Establish a Sustainable Human Rights Management System ② Strengthen the Operation of the Human Rights Committee	③ Enhance the Effectiveness of Impact Assessments ④ Strengthen the Grievance Mechanism	⑤ Expand Human Rights Management Education ⑥ Enhance Human Rights Respect Programs	⑦ Actively Promote the Remedial System ⑧ Publicly Disclose Human Rights Management Achievements
<b>Implementation System</b>	<b>Norms</b> • Human Rights Pledge and Manuals • Human Rights Management Implementation Guidelines	<b>Organization</b> • ESG Management Team (Overall Responsibility) • Human Rights Management Committee, etc.	<b>Communication</b> • Human Rights Counseling Center • Open Labor Counseling	<b>Monitoring</b> • Human Rights Maturity • Human Rights Impact Assessment Results

### Strengthen Efforts to Prevent Human Rights Violations and Enhance Transparency

Precautionary Measures	Post-management Procedures	Achievements
<ul style="list-style-type: none"> <li>• Production and posting of human rights grievance procedure stickers</li> <li>• Quarterly labor consultation at the Human Rights Counseling Center</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of regulations for the participation of external experts in human rights violation investigations and a principle of zero tolerance in case of violations</li> </ul>	<ul style="list-style-type: none"> <li>• Zero cases of human rights violations among employees</li> <li>• Achievement of a recognition score of 3.8 for the grievance procedure (an 11.8% increase compared to the previous year)</li> </ul>

## Creating a Human Rights-friendly Environment and Internalizing a Culture of Human Rights

The KOBC has strengthened employee human rights education program based on their life cycle. KOBC conducted customized training for managers, employees, new employees, and human rights officers. We have also prepared a customized human rights respect program for external stakeholders to ensure that the culture of respecting human rights is established internally and externally.

**Managers**

- Conducted customized training for managers, including training on sexual harassment and sexual assault for managers and training to improve communication skills for departmental interviews

**Employees**

- Launched a customized online human rights management platform for the company
- Conducted legal training on disability awareness and prevention of workplace bullying
- Made it mandatory to provide human rights management education during new employee training **+New**

**Human Rights Officers**

- (Director) Completed human rights understanding, relief procedures, and counseling courses.
- (Officer) Completed courses on human rights system construction and human rights cases.

**Executives/ Employees**

- The CEO sent a letter on human rights, and posted posters on human rights respect and login screens.
- Introduced employee support programs, conducted stress prevention programs, and sent monthly "heart letters" **+New**

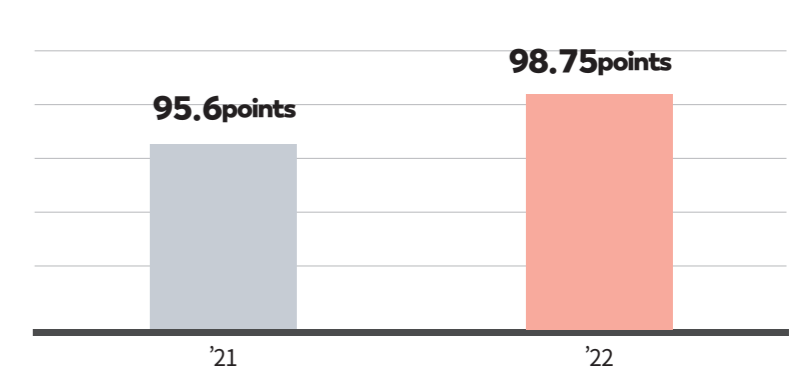
**Customers and Partners**

- Operated a period for concentrated reporting of human rights violations and conducted a workplace bullying investigation on contracted companies
- Held a visiting workplace bullying counseling for shipping companies, and one representative of a partner company of the Human Rights Commission participated

**Citizens**

- (For all citizens) Made card news on "World Human Rights Day" and conducted Instagram promotion **+New**
- Implemented blind recruitment and empathy recruitment programs for job seekers

Human rights impact assessment



## Realization of Diversity and Respect Values

The KOBC is leading the way in social equity recruitment to realize the value of respect for diversity. KOBC has established a social equity-oriented customized process to allow people from diverse backgrounds, such as high school graduates, local talent, people with disabilities, and low-income households, to have job opportunities.

**Person with a Disability**

- Conduct a recruitment program for disabled people for internship positions
- Secure the quality of employment through regular employment (1 person)
- Establish a medium-term plan for employment expansion

**Local Talent from Outside the Metropolitan Area**

- Participation in orientation sessions aimed at enhancing interpersonal skills (1 time)
- Implement a point system for document screening and written examinations

**Persons Eligible for Employment Support**

- Limited competition recruitment for "certain" employment
  - Employ 1 person (5 years in a row)
- Continuously grasp the status quo through cooperation with related agencies

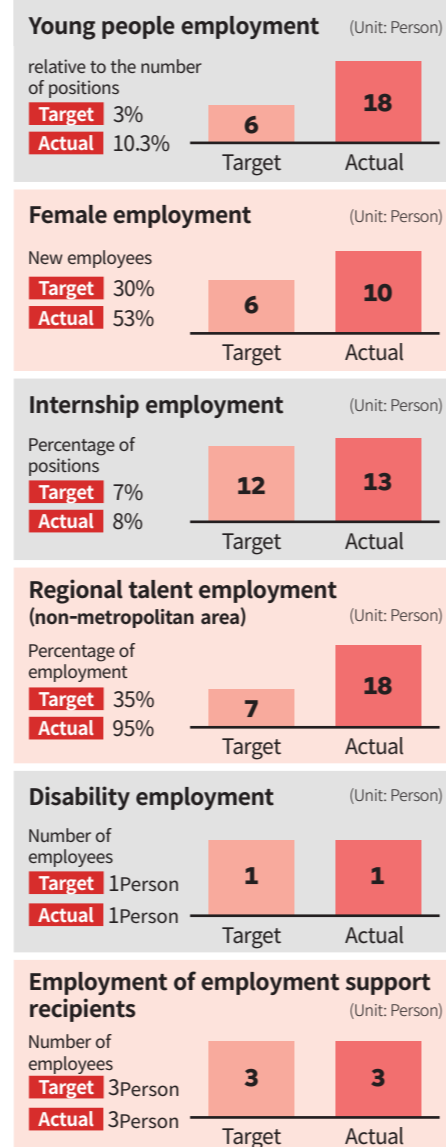
**Female Talent**

- Establish women-friendly systems at the highest level in Korea
  - Ministry of Gender Equality and Family family-friendly management certification, friendly companies, etc.
- Pre-education for the pool of interviewers related to gender equality

**High School Graduate Talent**

- Discover suitable jobs for high school graduates, including accounting, human resources, and general affairs.
- Pay based on job, regardless of education

Operation of a  
'Tailor-made'  
System



## Establishment of an Education System for the Specialization of Female Talent

The KOBC has actively recruited female talent to implement gender equality. We are working to nurture female leaders and experts by establishing a systematic education system that can strengthen the expertise of female talent.

## Expansion of the Activities of Female Non-executive Directors

To expand the activities of female non-executive directors, KOBC encouraged them to actively participate in meetings such as the personnel committee and the risk management committee. In addition, we held a meeting of female managers to discuss agendas for the development of female talent.

**Team Building Activities**

- Leadership promotion through group activities
- Simultaneous promotion of teamwork skills

**Strengthening the leadership of female managers**

**Increased Communication among Female Talent** +New

- Sharing of growth mindset and promotion of communication among female talent

**Implemented for female managers (31 people)**

**Leadership Development Training**

- Connect Leadership Training for Women Managers Held (November)

**Training Satisfaction 4.48 (out of 5)**

**Meeting Participation Expanded**

- Number of meetings increased from 3/5 (2021) to 4/18 (2022) for non-executive directors.

Classification	21	22
Human Resources Committee	1	8
Social Contribution Operations Committee	1	2
Executive Nomination Committee	3	5
Risk Management Committee	-	3
<b>Total</b>	<b>5</b>	<b>18</b>

*"Target capital adequacy ratio should be approached from a conservative perspective..."*

**Set to 14% in compliance with Basel III standards**

**Women Managers' Roundtable Held** +New

- Mentoring role through a roundtable with women managers (October)

*"Education activation needed to nurture women managers..."*

**Women Managers' Education Held**

**New Internal Club Mentorship Program** +New

- Non-executive directors participate in clubs to build relationships with employees

*"Direct channel for employees to raise concerns to non-executive directors"*

**Average post views: 177**

### Stakeholder Interview

“Continued Expectation for Environmental, Social, and Governance (ESG) Strengthening Activities with All Employees”



**Moon-Sung Kim, Team Leader**  
Safety & Environment, General Affairs, Labor Management, and Welfare  
General Affairs and Welfare Team of the KOBC

In relation to the internalization of environmental management, we are conducting environmental-related campaigns for employees, such as waste separation and recycling and carbon reduction activities. The company’s initiatives such as the conversion of all institutional vehicles to electric vehicles and energy-saving campaigns are being actively carried out through the voluntary participation of employees.

In the case of institutional ESG management, internalization is possible through employees’ awareness sharing and voluntary participation. Through annual collective bargaining through the labor union, quarterly labor-management consultation activities, and monthly regular exchanges called “labor-management bridge day,” ideas and opinions on environmental, social, and governance issues included in ESG management are presented, freely discussed, and determined as new rules. Since the CEO is leading by example, all employees are following him.

In this way, the KOBC is sharing the importance of ESG management based on the consensus of employees and gradually practicing it. In addition, we are working to establish a corporate culture of “safety,” “human rights,” and “work-life balance” in connection with our main business. We hope our efforts will be a good example for small and medium-sized companies that are relatively weak in ESG management.

### Stakeholder Interview

“Happy Organizational Culture for Young KOBC, Communication and Cooperation Based on Mutual Understanding between Labor and Management are Essential.”

The KOBC Labor Union is affiliated with the National Office and Financial Services Labor Union and was established in 2021. From the perspective of my job as the head of the labor union, I believe that the most important issue for the sustainable management of the KOBC is the formation of a healthy labor-management culture and a good work environment. This is because the success or failure of KOBC’s core business depends on the employees who carry out the business. A good work environment requires a healthy labor-management culture, and the formation of a consensus between labor and management is essential.

The KOBC is a new corporation, but in other words, it is a “young corporation”. We have a shorter history and experience than old large public institutions, but we are a new and vibrant organization. We are therefore enthusiastic about creating a happy work environment for our employees, and the participation rate is high, so we are making many different decisions quickly. This is a testament to the fact that internal communication and cooperation are well established.

Going one step further, I will work to improve the rights of union members, which is the purpose of the establishment of the labor union. I will listen to the various opinions of the union members and will lead well the negotiations with the management for the expansion of in-house welfare and improvement of personnel systems. As is often thought, a labor union is not just about defending the rights of workers, but also about creating a communication channel to create a healthy organizational culture. The KOBC plays an important role in strengthening the competitiveness of the maritime industry, so we will become a trusted labor union.



**Jeong-Hoon Kim, Head**  
Labor Union of the KOBC

part 4

# Governance

## Establishing a Fair and Transparent Governance Structure

part 1

About KOBC

Maritime Finance Global Leader



part 2

Environment

Leading a Clean Maritime Environment



part 3

Social

Driving the Mutual Growth of the Maritime Industry



part 4

Governance

Establishing a Fair and Transparent Governance Structure



part 5

Appendix



Key Achievements

“2022 **Excellent Case** of Internal Audit Agency” selected by the Ministry of Oceans and Fisheries

First Public Institution among the Ministry of Oceans and Fisheries to Establish an **ESG** Governance System under the Board of Directors

Establishment of New Social media Channels and Expansion of Content Resulted in **Achieving 1 million** Communications through Social Media

Awarded the “**Minister of Education Award**” at the 2022 Fair Hiring Excellent Case Competition.

# Responsible Board of Directors Operation

The KOBC has been working to promote active management participation by board members, strengthen their expertise, and ensure sustainable board operations through board operations based on autonomy, responsibility, and transparency. In 2022, KOBC established an ESG governance system under the board of directors, the first among other public institutions under the Ministry of Oceans and Fisheries, to accelerate ESG management.

## Achievements in the Operation of the Board of Directors

Board of Directors Satisfaction Increases by 8%p from 84% in 2021 to 92% in 2022

Attendance of Outside Directors and Various Committees Doubles from 22 in 2021 to 48 in 2022

Leading in Smart Board Meetings and Proactive Implementation of Government Guidelines (Separation of Executive Compensation Payment Method in the Board of Directors)

### GOAL\_Achieving Autonomous, Responsible, and Transparent Management through the Activation of the Board of Directors, Strengthening its Substantial Role, and Enhancing Operational Transparency

**[Autonomous]**  
Actively Participating in Management

Advance explanation and feedback on agenda items(11 cases)  
Decision on agenda items → Review of recommendations  
→ Incorporation into the next board meeting  
Increased participation in committees: 9 in 2021 (22 meetings)  
→ 12 in 2022 (48 meetings)  
Site visits to container terminals to enhance understanding of the maritime and port industry

**[Responsible]**  
Utilizing Expertise and Expanding Support

Job training, women's meetings, and mentorship activities within the organization  
Active participation in vision declarations, conferences, and events  
Changes in attendance allowances are explained in advance and agreed upon by all members

**[Transparent]**  
Open Board

Employee representatives engage in prior discussions and questions  
Smart transformation of board meetings using tablet PCs

# Board Composition

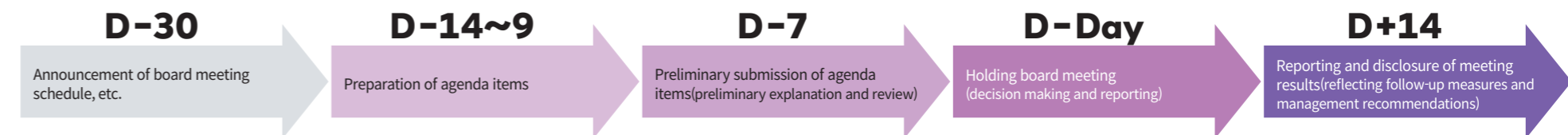
The board of directors of the KOBC reviews and approves the strategies and policies necessary for the corporation's operation. In accordance with the articles of association, the board consists of one president, one permanent director, up to six non-executive directors, and one auditor. The Minister of Oceans and Fisheries appoints the president on the recommendation of the board of Directors' nomination committee, and the corporation's president appoints the permanent director after the recommendation of the Board of directors' nomination committee. The president's term of office is three years, and the term of office of the directors is two years. Both the president and directors may be reappointed for one year at a time.

<b>Title</b>	<b>Chairman</b>	<b>Executive Directors</b>			
<b>Name / Gender</b>	<b>Yang-Soo Kim</b> (Male)	<b>Woo-Ho Kim</b> (Male)			
<b>Title / Expertise</b>	CEO	Head of Management Planning Division			
	<b>Non-Executive Director</b>	<b>Non-Executive Director</b>	<b>Non-Executive Director</b>	<b>Non-Executive Director</b>	<b>Non-Executive Director</b>
	<b>Byung-Tae Kang</b> (Male)	<b>Sang-Yeol Kim</b> (Male)	<b>Jae-Geun Sul</b> (Male)	<b>Sam-Dong Park</b> (Male)*	<b>Jin-Soo Lee</b> (Male)
	Public and Maritime Finance	International Logistics and Ports	Maritime Market and Trading	Budget and Administration	Non-Executive Secretary

\*Young-Jeong Cho (Female) Had been worked before Mr. Park assigned.

# Board of Directors Operating Process

The KOBC holds regular board meetings quarterly. Extraordinary board meetings are held when one-third or more of the directors in attendance request a meeting or the chairman requests a meeting. To increase attendance by members, KOBC has regularized board meetings to the second Wednesday of every month. It has also promoted attendance for urgent matters by diversifying the methods of board operation, such as video conferencing and written meetings. The operation of the board of directors is carried out in the following order: announcement of the schedule of the meeting, preparation and sharing of the agenda, and holding the board meeting. Before the board meeting, a specialized committee is held to explain and report on important agenda items or management issues. After deliberation, the agenda is processed at the board meeting. Each department manages management recommendations made at the board meeting to enhance their effectiveness. In addition, the results of board meetings are transparently disclosed to stakeholders inside and outside the company.



## ESG Management Promotion System

The KOBC established an ESG governance system under the board of directors in 2022. The system was established to promote KOBC's three ESG goals (1. Carbon neutrality of the shipping industry by 2050, 2. Implementation of social responsibility and roles of public institutions, 3. A public institution trusted by the people).

The ESG Management Committee, under which the ESG Management Working Group was established, is responsible for the systematic management of KOBC's environmental, social, and governance (ESG) issues, as well as the effective execution and supervision of ESG management.

In 2022, KOBC held two ESG Management Committee meetings to establish the ESG Management Working Group and approve the 2022-2023 ESG Management Promotion Plan.



## Composition and Roles of the ESG Management Working Group

The ESG Management Committee of the KOBC is composed of three or more board members, including a chairperson. The term of office is until the expiration of the term of office as a board member. KOBC may establish and operate separate committees for the necessary period depending on the characteristics of the projects being promoted.

The ESG Management Working Group is composed of employees with the rank of 2nd grade or higher from 7 organizations, with the ESG Management Department Director as the chairperson and the ESG Management Team Leader as the secretary.

The ESG Management Working Group can be convened when requested by the chairperson or a majority of the operating members.

Category	ESG Management Working Group Operational Details
<b>Composition</b>	Employees with the rank of 2nd grade or higher from 7 departments (4 in management, 2 in major businesses, and 1 in general)
<b>Operating Team</b>	Chairperson: Director of the ESG Management Department Secretary: Team Leader of the ESG Management Department
<b>Convening</b>	Convening: At the request of the chairperson or a majority of the operating members

## Independence and Expertise of the Board of Directors

The KOBC ensures the independence of its board of directors by having a majority of non-executive directors on the board and its committees. In addition, KOBC selects directors with a variety of backgrounds and expertise in the election process. KOBC actively reflects non-executive directors' advice and management suggestions based on their expertise and experience in the company's management activities.

Classification	Committee Affiliation (currently)
<b>Business Site Visit</b>	Contributes to enhancing the understanding of the business and activating management suggestions through the visit of board members to business facilities. - Visited Busan New Port (HPNT, HMM PSA New Port Terminal) in 2022 - Visited Ulsan Hyundai Heavy Industries in 2023, etc.
<b>Lecture</b>	Employee training is conducted using the expertise of non-executive directors. - Education on shipping finance in 2021 - Education on the outlook for the energy market in 2022
<b>Meeting</b>	Presents a roadmap for women as executives. - Held a meeting between female non-executive directors and female managers in 2022
<b>Club Activities</b>	Direct two-way communication between management and staff is conducted. - Through the operation of a cooking club by a female non-executive director in 2022, mutual grievances were empathized and conveyed to the board of directors.

## Compensation and Evaluation of the Board of Directors

Executive and non-executive directors follow the same compensation system. The total payment limit is set with the approval of the general meeting of shareholders, and compensation is paid in accordance with the board of directors' compensation guidelines. The compensation for non-executive directors has been changed to a structure in which they can receive fees when attending board meetings. The head of the KOBC will be evaluated based on the management contract signed with the Minister of Oceans and Fisheries, and the executive director will sign a performance contract with the president and be evaluated on their implementation performance based on the competency evaluation criteria and a quantitative evaluation criterion. The appointing authority will be evaluated on the management performance and performance contract through the board resolution.

### Board of Directors Composition

Category		Composition	Decision-making Method
Board of Directors		Two regular directors and four non-executive directors	Two-thirds of the regular members
Committees of the Board of Directors	ESG Management Committee	One regular director and two non-executive directors	Two-thirds of the members present
	Risk Management Committee	One regular director and two non-executive directors	Two-thirds of the members present

### Board of Directors Operating Status

Category	2020	2021	2022
Number of resolutions/reported items(case)	56/32	44/24	35/29
Number of board meetings held(case)	15	10	11
Attendance rate(%)	97	97	95
Number of non-executive director suggestions	30	26	25

# Ethical Management and Fair Trade

The KOBC is preparing to leap forward as a leading clean institution. KOBC will strengthen the foundation of ethical management, raise the ethical awareness of employees through education programs, and consolidate the ethical management promotion system. In addition, we will establish an ethical management system to strictly respond to corruption cases and fulfill our clean duty as a leader in maritime finance.

## Strategic Direction



### 12 Strategic Tasks

1. Establish an ethical management strategy
2. Proactively improve ethical management systems
3. Activate the promotion organization
4. Strengthen employee integrity
5. Spread integrity culture both internally and externally
6. Declare commitment to ethical management
7. Strengthen ethical management education
8. Build a public-private cooperation system
9. Establish a conflict of interest prevention system
10. Improve the reporting channel operation
11. Develop ethical management evaluation indicators
12. Implement preventive corruption audits

# Strengthening Organizations and Regulations to Enhance the Implementation of Ethical Management

The KOBC has strengthened its ethical management foundation through the operation of its ethical management organization. KOBC has established the Ethical Management Committee, which is responsible for reviewing and approving policies, and the Ethical Management Office, which is responsible for carrying out the work of the committee. In addition, in 2022, the company selected ethical management leaders from each department to form the Ethical Management Promotion Team for the first time. KOBC also revised the guidelines for the operation of the conflict of interest prevention system for employees and the code of conduct to improve the implementation of ethical management.

## Activation of the Operation of the Ethical Management Promotion Organization

<b>Ethics Management Committee</b> (Ethics Management Policy Review and Approval Body)	<b>Decisions on Policies for Promoting Ethics Management and Inspection and Evaluation of Operation Status</b> Held twice a year, once in the first and second half Reporting on the results of the implementation of the ethics management system diagnosis and restructuring project Strengthening the professionalism of the committee through the appointment of a new external member (lawyer)
<b>Ethics Management Office</b> (Direct body for executing the affairs of the Ethics Management Committee)	<b>Securing Systematic Promotion and Implementation of Ethics Management</b> Planning and managing the progress of ethics management promotion Providing administrative support for the operation of the Ethics Management Committee Enacting and amending regulations related to ethics management
<b>Ethics Management Promotion Team</b> (Ethics Management Leaders by Department)	<b>Establishment of Public Ethics Management and Sharing Activities to Establish Public Discipline</b> Composed of 1 person per department (total of 10 members) and held an annual meeting (total of 2 times) Education on the status and role of ethics management, listening to opinions on the activities of the promotion team Selection of 5-6 grade employees to promote upward-style and ethics management culture



Ethical Management Committee

<b>Establishment of Guidelines for the Operation of the Conflict of Interest Prevention System for Employees (Apr. '22)</b> Specification of the behavior standards of employees of the company related to job performance Regulation of procedures for reporting and submitting obligations (5 items), restricted and prohibited acts (5 items)
<b>Amendment of the Code of Conduct for Employees (Feb. '22)</b> Improvement of work procedures related to the reporting of external lectures by employees and establishment of a disposition standard for violation of obligations
<b>Amendment of the Code of Conduct for Employees (Jul. '22)</b> Cleaning up overlapping clauses per the enactment of the Conflict of Interest Prevention Act, etc.



## Various Efforts to Establish an Ethical Management Culture

The KOBC is committed to fostering a healthy organizational culture free from sexual harassment, sexual violence, workplace bullying, harassment, and human rights violations. Based on the commitment to ethical management practices, efforts are being made to spread a culture of integrity internally and externally. Various ethical management programs have been implemented to raise employees' awareness of ethical management and enhance the internal capacity for ethical management through activities such as simulations of reporting under the Anti-corruption Act, ethical management quizzes, and self-assessments for eradicating workplace bullying.

Category	Current Committee
<b>Corruption Prevention Education Activation</b>	<ul style="list-style-type: none"> <li>Increased corruption prevention training courses on ethics management laws and guidelines and encouraged all employees to participate through diversification of channels such as online</li> </ul>
<b>Conducted Customized Training for In-house Instructors</b>	<ul style="list-style-type: none"> <li>Additional training of in-house instructors for corruption education hosted by the National Integrity Commission</li> <li>Increased in-house ethics management training led by in-house instructors that are appropriate for the company's business characteristics</li> </ul>
<b>Implemented Demand-oriented Training</b>	<ul style="list-style-type: none"> <li>Conducted a pledge of non-acceptance of improper solicitation and gifts and compliance with the restriction on trading of stocks and other assets by employees</li> <li>Conducted training focused on frequent cases that occur at the position of promoted employees</li> </ul>
<b>Conducted Anti-bullying Education</b>	<ul style="list-style-type: none"> <li>Conducted anti-bullying education twice on public sector bullying cases and procedures for the anti-bullying reporting system (December 9, 2022 / December 19, 2022)</li> </ul>

### +Achievements

Corruption Prevention Education Completion Rate: **100%**  
 Increased number of corruption prevention training courses: 1('21) → 4('22)  
 Training of in-house corruption prevention instructors: 1('21) → 2('22)

In-house instructor attendance record: 5 times('21) → 11('22)  
 Completion rate and pledge rate: **100%** achieved  
 Education results: 4 times for new employees, 2 times for promoted employees  
 First implementation of in-person anti-bullying education

## Promotion of Ethical Management Culture

We are striving to promote a culture of integrity in the maritime industry. Joint integrity campaigns involving public agencies in the ocean and fisheries sector have been conducted to instill anti-corruption and integrity values among the general public in the Busan area. Additionally, visits to shipping company sites have been conducted to create an environment for foreign shipping companies free from harassment and bullying.

Corruption Prevention Reporting Simulation	Distribution of Conflict of Interest Prevention Leaflets	Ethics Management Quiz	Bullying Prevention Activities
<ul style="list-style-type: none"> <li>Internal reporting simulation training for cases of violation of the Act on Prohibition of Bribery and Improper Solicitation</li> </ul>	<ul style="list-style-type: none"> <li>Guidance on the Conflict of Interest Prevention Act</li> <li>Guidance on the anonymous reporting procedure</li> </ul>	<ul style="list-style-type: none"> <li>Quiz competition to promote understanding of ethics management</li> </ul>	<ul style="list-style-type: none"> <li>Self-diagnosis and survey</li> <li>Establishment of new disciplinary standards for bullying prevention</li> </ul>



Corruption Prevention Reporting Simulation Scene



Bullying Prevention Activity Scene

## Strengthening Internal Audit Capabilities for Establishment of Anti-corruption and Transparent Governance

The KOBC aims to become a healthy institution trusted by the people through proactive and excellent internal audit activities. We have activated department-based internal audits to perform preventive-oriented audits and improve 35 irrational systems. We have enhanced the expertise of the audit department by providing a total of 229 hours of compulsory education hours and strengthened the independence of the audit department through institutional improvement.

### Enhancing Activity

Types of Audits	Strengthening Internal Audit Activities				
	Comprehensive Audit	Specific Audit	Performance Audit	Financial Audit	Routine Audit
<b>Implementation Results</b>	1 time	3 times	4 times	2 times*	169 times
<b>Expected Effects</b>	Prevention of recurrence and improvement of work efficiency	Preparation of improvement measures for systems, etc.	Establishment of public service discipline	Management of financial risk	Minimization of risk through proactive audit
<b>Measures Taken</b>	Administrative and personnel-related measures: 17 cases/On-site measures: 16 cases Recommendation for procedural improvement: 1 case → Request for measures: 267% increase from the previous year				

\*Additionally conducted 1 planning inspection

### Strengthening Independence

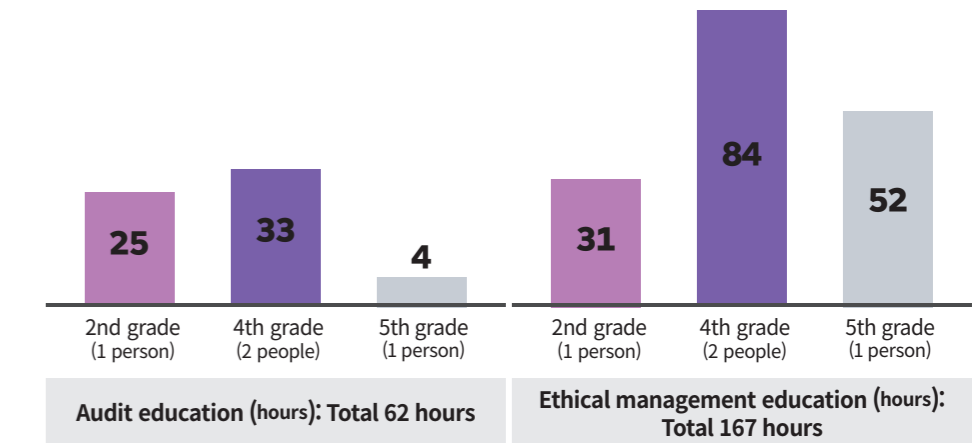
Content of Independence Assurance	Auditor Candidate Recommendation Authority
<ul style="list-style-type: none"> <li>Operating independence assurance systems for the internal audit organization, such as organizational structure, delegation and approval, and audit activities, in a manner that meets the recommendation level, etc.</li> <li>Securing the independence of audit results by verifying the validity of the level of measures through self-audit consultations, etc. (2 cases)</li> <li>Establishing and operating systems for strengthening internal control</li> </ul>	<ul style="list-style-type: none"> <li>(Audit Office → Human Resources Department) Request for recommendation of new auditor candidates</li> <li>(Human Resources Department → Audit Office) Provide a list of candidates with expertise in audit work and necessary qualifications for job performance</li> <li>(Audit Office → Human Resources Department) Confirm and notify the final candidate among the recommendations → Personnel appointment completed (1 person, February 28, 2022)</li> </ul>

\* Establishment of a 3-line of defense internal control system (May 19, 2022)

\* Article 10 of the Audit Regulations (Appointment and Transfer of Auditors)

### Enhancing Expertise

Audit Department Work Allocation	Strengthening the Expertise of the Audit Department
<ul style="list-style-type: none"> <li>Conducting internal audits and responding to external audits</li> <li>Auditing of complaints and reports</li> <li>Anti-corruption and clean government work</li> <li>Development and implementation of basic plans for ethical management</li> <li>Operation and promotion of the proactive administration system</li> </ul>	<ul style="list-style-type: none"> <li>Mandatory training hours are provided to ensure the capabilities of internal audits → Completion of 229 hours of specialized training</li> <li>Participation in internal audit professional education to enhance understanding of internal audits and create audit results (April 2022)</li> <li>Participation in external lecturer education on conflict of interest for employees to realize a clean public service (May 2, 2022)</li> <li>Participation in the audit professional course sponsored by the Ministry of Oceans and Fisheries (October 2022)</li> </ul>



## Realizing Internal Control through Strict Financial Audit

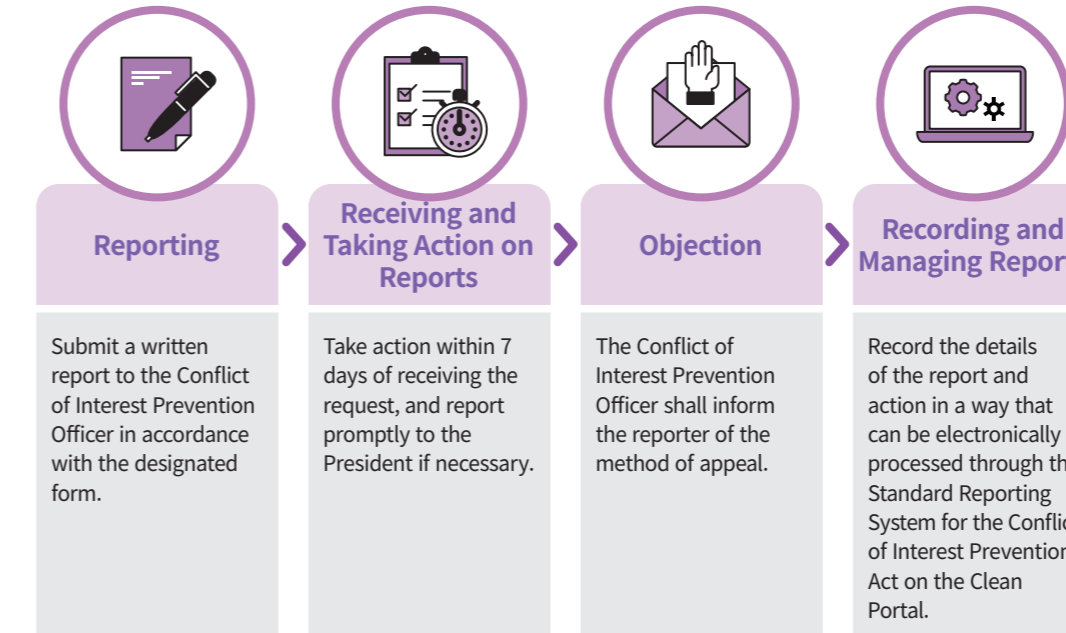
The KOBC sought to establish “impartial public ethics” through strict internal control. KOBC conducted an internal control self-inspection targeting 533 audit evaluation items, discovered 15 deficiencies, and took action to improve them. In addition, a control process was established to prevent embezzlement of funds, and a cross-checking system was established between the finance department and the internal control department to improve work transparency. Through these efforts, KOBC was selected as an excellent case of internal audit organizations among the organizations under the Ministry of Oceans and Fisheries in 2022.



Category	Risk Factors	Audit Activities	Achievements
1st Financial Audit (Apr. '22.)	Security management of safes, etc.	<ul style="list-style-type: none"> <li>• Checking the security status through surprise inspections of safes, etc.</li> <li>• Checking the physical asset management ledger</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of a self-inspection procedure for physical assets</li> <li>• Change of safe management in terms of internal control</li> </ul>
	Improvement of accounting reliability	<ul style="list-style-type: none"> <li>• Checking for vulnerabilities due to changes in the accounting management environment</li> </ul>	<ul style="list-style-type: none"> <li>• Pursuing external agency services for the introduction of an internal accounting management system</li> </ul>
	Checking the possibility of financial accidents	<ul style="list-style-type: none"> <li>• Checking the entire process of the cash disbursement process</li> <li>• Checking the cash and deposit and withdrawal details</li> </ul>	<ul style="list-style-type: none"> <li>• In establishing new regulations for all aspects of financial affairs (procurement, operation, management, etc.)</li> </ul>
2nd Financial Audit (Oct. '22.)	Checking of abnormal transactions and deposit and withdrawal documentation	<ul style="list-style-type: none"> <li>• Checking the appropriateness of transactions that deviate from the usual deposit and withdrawal patterns by selecting samples</li> </ul>	<ul style="list-style-type: none"> <li>• ZERO instances of violations in income and expenditure resolutions and supporting documentation</li> </ul>
Financial Accounting Field Planning Inspection (Dec. '22.)	Re-checking of abnormal transactions and deposit and withdrawal documentation	<ul style="list-style-type: none"> <li>• Full inspection of accounts excluded from the 2nd financial audit</li> </ul>	<ul style="list-style-type: none"> <li>• ZERO instances of violations in income and expenditure resolutions and supporting documentation</li> </ul>
	Attendance at physical inspections by the internal control department	<ul style="list-style-type: none"> <li>• Joint inspection between the Internal Control Department and the Financial Accounting Department to identify areas for improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of inspections to cover the entire financial operation beyond cash management and disbursement</li> </ul>

## Employee Conflict of Interest Prevention System

The KOBC operates an “Employee Conflict of Interest Prevention System” in accordance with the Conflict of Interest Prevention Act, which guarantees that public officials can pursue public interests rather than private interests when performing their duties. This system applies to all employees of the KOBC and includes a process that starts with the reporting of conflicts of interest by employees and proceeds through the investigation, actions, and appeals related to such reports. The department in charge of ethical operations, led by the Chief Conflict of Interest Prevention Officer, receives regular education on this system at least once a year. Additionally, an advisory body for conflict of interest prevention is in place to enhance the expertise of the system.



## Korea Ocean Business Corporation Code of Ethics (Established on December 17, 2018)

The KOBC is a proud public institution that contributes to the development of the national economy by strengthening the maritime competitiveness of our country by providing the services necessary for the growth of the maritime industry. With this pride and confidence, we aim to be an institution that is loved and trusted by the people through ethical management and compliance management. To this end, we pledge to actively implement the code of ethics, which sets out the standards of behavior and value judgment that all employees must follow.

### Article 1

We will strive to achieve our mission with creative thinking and a challenging spirit, perform our duties in a fair manner, and work to prevent corruption and create a clean public service environment.

### Article 2

We will comply with all laws and social norms, aiming to build a cooperative relationship with all stakeholders to pursue mutual prosperity.

### Article 3

We will respect the dignity of each employee and not discriminate, and we will ensure that employees receive fair opportunities and fair evaluations based on their abilities and achievements while also working to improve their health and quality of life.

### Article 4

As members of society, we will actively participate in public activities. As a reliable partner in the development of the maritime industry, we will contribute to the development of the nation and society.

# Transparent Management Structure

The KOBC is committed to ensuring the transparency of its management through rational and efficient budget planning and execution. KOBC has analyzed its historical budget execution records on a periodic basis and used the information to manage the funding schedule for its 2023 projects. We have also reorganized its existing budget system and launched a budget planning working group and a three-step budget review process for outsourced projects. These measures are designed to prevent excessive budget allocation and ensure the transparency of KOBC's management structure.

## Achievements

By Managing the Business Funds Schedule, KOBC has allocated a Significant Budget of KRW 1,423.1 billion for the Key Projects in 2023

Zero-based Budgeting for Expenses and a 92% Reduction in the Budget for General Administrative Expenses Compared to the Previous year

### Current Issues and Challenges

- Increased funding needs due to increased spending budgets
- Government policy (Public Institution Innovation Guidelines) to prevent unnecessary budget expenditures, and public institutions need to lead by example



### Efforts in Progress

- Strengthening funding expenditure/income management functions
- Minimizing unnecessary spending budgets through budget system improvement and zero-based review

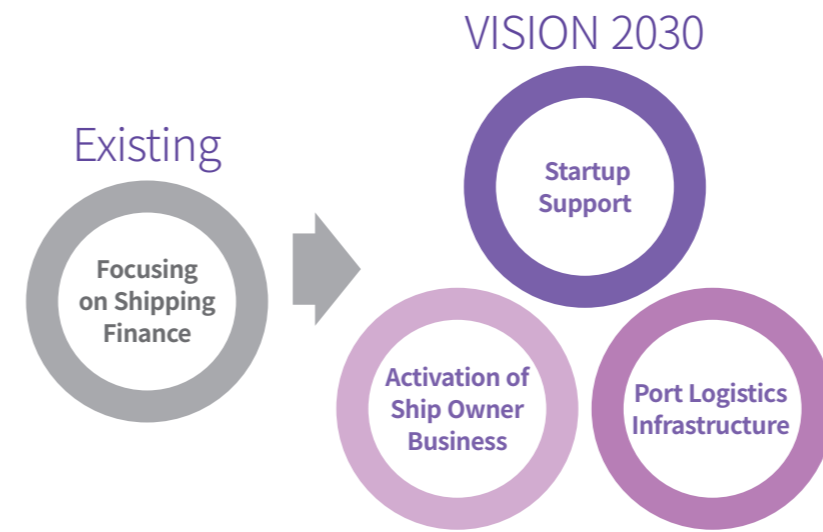


### Key Initiatives

- Strengthening Funding Management**
  - Predicting the monthly expenditure scale of business funds for 2023 based on monthly project approval information
  - Surveying monthly foreign exchange demand for 2023 and subdividing budget items for fund procurement → Strengthening funding management in cooperation with the Financial Accounting Department
- Budget System Improvement**
  - Changing the expenditure cause action criteria for project expenses (approval criteria → execution criteria) to appropriately allocate project expense budgets
  - Holding a budget briefing for budget managers (newly introduced in October 2022) to minimize errors in budget input by practical staff
- Zero-based Budget Preparation**
  - Preventing excessive allocation of outsourcing budgets through three-stage verification of outsourcing budgets (budget department → department head → general manager)
  - Re-examining the expenditure reasons for discretionary expenditure expenses at the budget preparation working-level meeting → Preventing excessive allocation of expense budgets

# Review Committee Renewal and Enhancement of Members' Capabilities

As the scale of the company's business, which had been focused on shipping finance, has continued to expand, the need to improve the capabilities of the budget review committee for fair and transparent business performance has emerged. In response, the KOBC conducted in-depth interviews with relevant departments of the review committee to hear opinions on organizational improvement measures. At the same time, searched for new candidates for review committee members. Through these processes, we are building capabilities to respond to its 2030 vision by strengthening review committee members' qualifications, renewing the review committee, and introducing a certification system for evaluators.



### Implementation Background

- (Vision 2030) The company is promoting the diversification of its business portfolio.
- (Business expansion) The company's business scale is continuously expanding ▲
- The need to strengthen the expertise of review committee members and internal audit capabilities



### Implementation Efforts

#### Internal Investigation

- Internal Investigation for a New Candidate of the Review Committee
- Candidate selection through recommendation and internal investigation (44 people)
  - New appointment after reviewing career and expertise and visiting interview (18 people)

#### Opinion Collection

- Collection of opinions on improvement measures for the review and deliberation committee
- In-depth interviews with related departments (6 weeks, 6 teams)
  - Suggestion of measures to improve expertise through reorganization of review committee members



### Implementation Contents

#### Strengthening the Qualifications of Review Committee Members

- Holds a doctorate and is a full-time professor or higher
- Holds a professional license and has over 5 years of experience

**Previous** Professionals in the fields of maritime or finance

**Enhancement** Strengthening the qualification requirements (educational degree and professional certifications) and imposing stricter experience criteria for review committee members

#### Diversifying the Sectors of Review Committees

**Previous** Universities and research institutes

**Previous** Financial institutions and related organizations

**Previous** Legal and accounting professionals

**New** non-shipping sectors

Diversification of professional fields and new expansion of non-shipping sectors  
→ New appointment of 18 people

#### Introduction of the Certification System for Evaluators

**Previous** None

**New** Development of measures to strengthen review capabilities, including review of specialized education and job management



## Strengthening the Financial Soundness through the Establishment of a Two-stage Project Feasibility Verification System

The KOBC has introduced a two-stage project feasibility verification system at the project planning and implementation stages to strengthen its financial soundness. KOBC has approved the project plan and budget through the board of directors and the Ministry of Oceans and Fisheries after prior consultation with the project manager through the working and budget committees. At the project implementation stage, we have established a verification system to review the detailed conditions and feasibility of the project.



### Implementation Results

Revision of the Qualifications of the Review Committee Members to Strengthen the Professionalism and Fairness of the Review Committee

→ Appointment of 18 new review committee members

Establishment of a Foundation for Enhanced Professionalism through the Introduction of the Review Engineer Certification System

Promotion of Strengthening the Qualifications and Personnel Renewal of the Review Committee

→ Improvement of the professionalism and fairness of project review



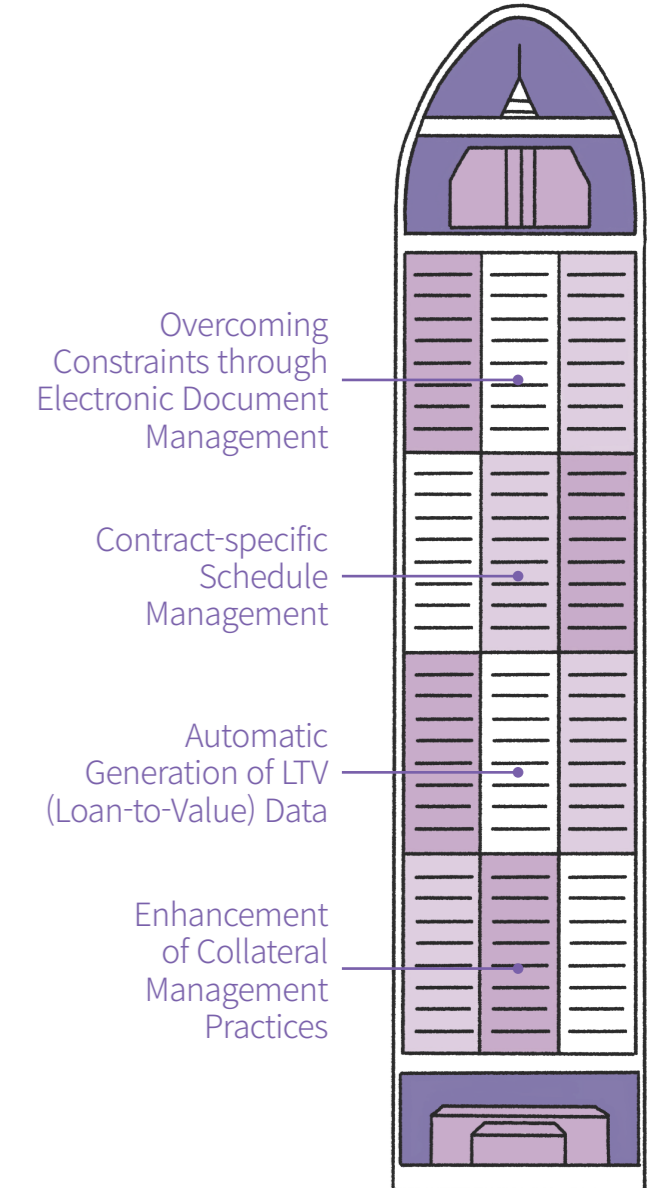
## Digitalization of Ship Finance Contract Management

The KOBC is enhancing the accessibility and efficiency of its ship finance contract management process by utilizing systems such as schedule management, collateral management, and external data integration. As a result, manual documents that were previously only accessible to the responsible person have become more accessible, and constraints such as management personnel and space have been overcome through electronic document management. In addition, accounting and risk management have been facilitated through contract-specific schedule management, automatic calculation of LTV (Loan to Value ratio) data, and advanced collateral management practices.

### Digitalization of Ship Finance Contract Management Using the Next-generation Business System

Category	Before the Introduction of the Next-generation Business System	After the Introduction of the Next-generation Business System
<b>Digitization of Manual Documents</b>	<ul style="list-style-type: none"> <li>Manual documents can only be accessed through the responsible department and personnel.</li> <li>Insufficient personnel for managing manual documents due to annual contract growth</li> </ul>	<ul style="list-style-type: none"> <li>Employees with reading permissions can constantly access electronic documents</li> <li>Able to verify relevant evidence by project and project stage</li> <li>Overcoming constraints in personnel and space management through electronic document management</li> </ul>
<b>Enhancement of Contract Management</b>	<ul style="list-style-type: none"> <li>Difficulty in managing contract schedules due to an increase in contracts</li> <li>Manual queries for LTV (Loan-to-Value) management data</li> <li>Operational difficulties in accounting, risk management, and other departments due to inadequate collateral management</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of work omission through alarm functions for contract management by schedule</li> <li>Automatic calculation of LTV through external data integration.</li> <li>Enhancement of collateral management practices through the definition of collateral management requirements, etc.</li> </ul>

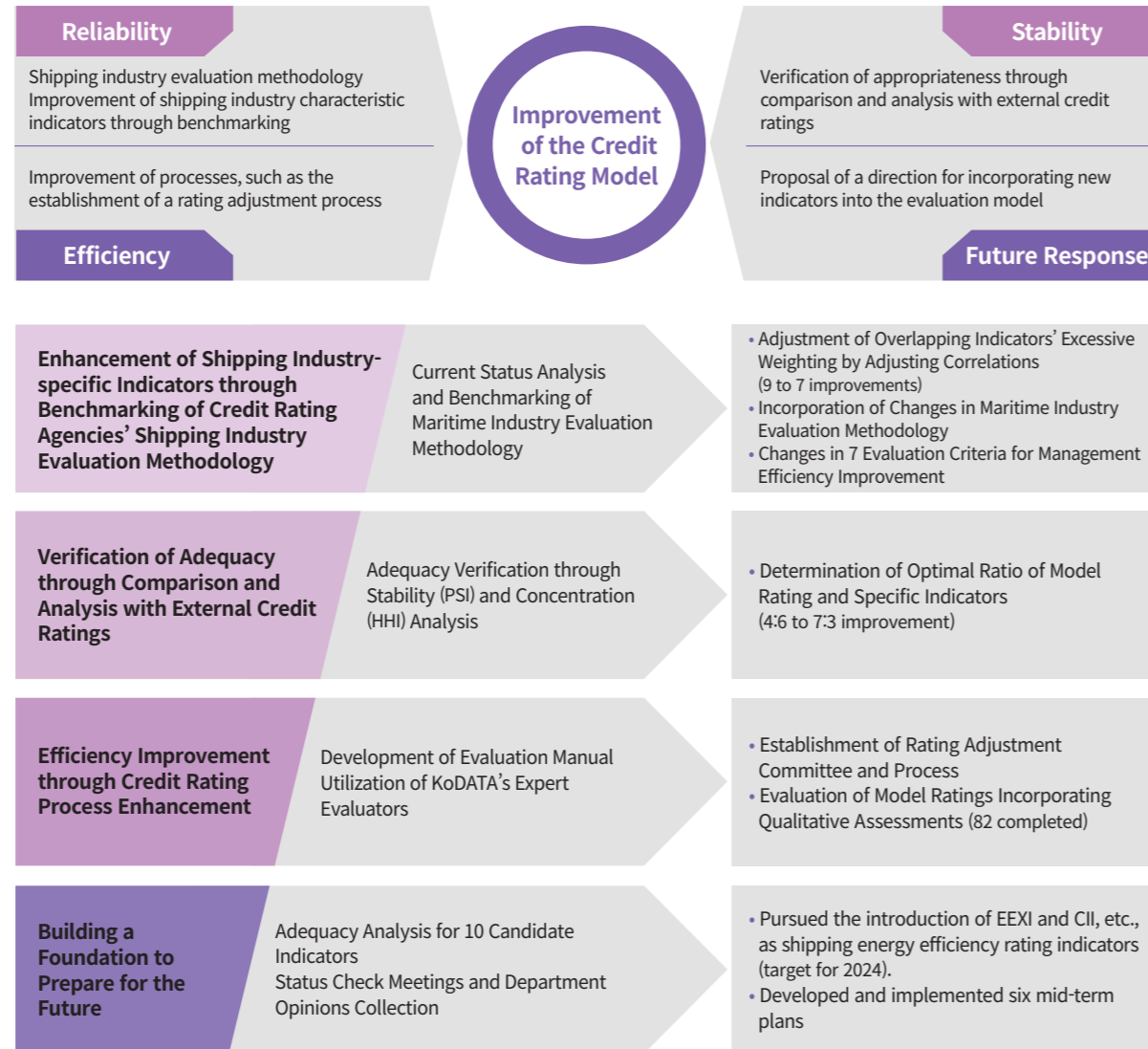
Establishment of a ship finance contract management process using system functions such as schedule management, collateral management, external data integration, etc.



## Improvement of Credit Rating

To actively support shipping companies, the KOBC has been working to improve the credit rating evaluation model. By introducing qualitative evaluation and enhancing shipping industry characteristic indicators, we have created an environment for rational credit evaluation of shipping companies. We have reflected qualitative indicators such as shipping companies' unique business prospects and sales capabilities in credit evaluation. We have performed improvement work on characteristic indicators that consider the shipping industry's characteristics. As a result, we have improved the credit rating of about 70% of the shipping companies subject to credit evaluation, thereby strengthening the financial stability of the maritime industry.

### Four Strategies for Improving the Credit Rating Model



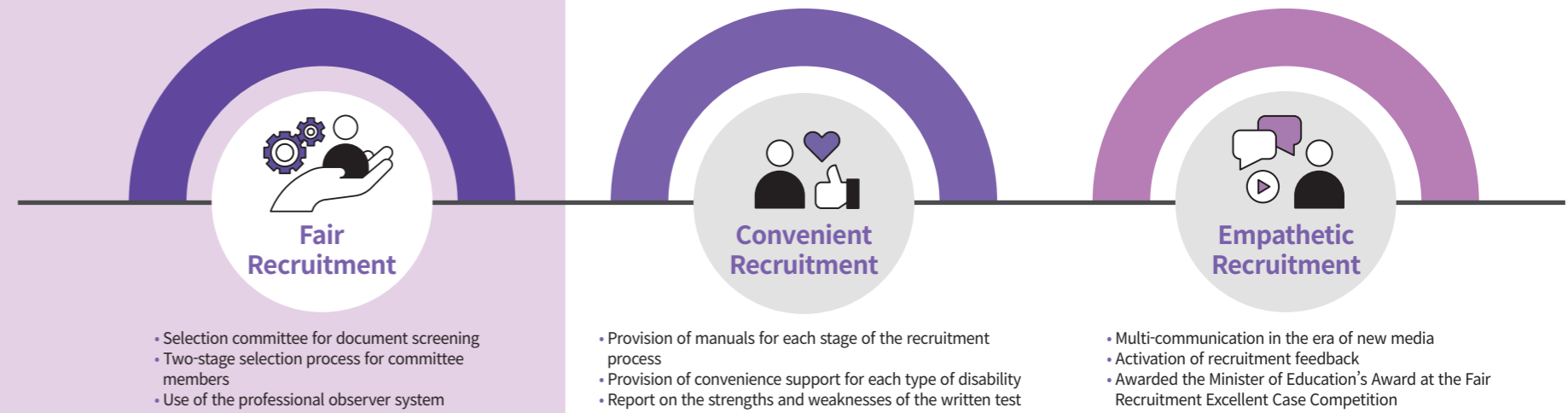
## Fair Recruitment and Personnel Management

The KOBC sought to ensure the fairness of recruitment by eliminating public sector recruitment irregularities and establishing the KOBC-style empathy recruitment model for the selection of talents based on job competency. We have established fair recruitment procedures, provided manuals for each stage of the recruitment process considering the perspective of applicants, and utilized various communication channels to provide useful information. Through these efforts, we received the Minister's Award for Outstanding Cases of Fair Recruitment from the Ministry of Education in 2022.

### Achievements

- 2022 Fair Recruitment Excellent Case Competition → Awarded the Minister of Education's Award
- Public Sector Recruitment Irregularities Special Inspection Results, Four Consecutive years of 'ZERO' Disciplinary cases
- Awarded the "Excellent Fair Recruitment Institution" Certification for Three Consecutive years (Korea Management Certification Institute)

### Goal: Beyond 'Fairness', KOBC Establishes 'Empathy' Recruitment Model



## Prevention of Recruitment Irregularities through Improvement of Recruitment Procedures

The KOBC has improved its recruitment procedures in order to prevent recruitment irregularities from the outset. In order to minimize errors in the document screening process, KOBC has introduced a double-checking procedure using AI. In the second stage of the recruitment process, the operation of the evaluation committee, which was previously limited to regular employees, has been expanded to all types. In addition, monitoring by professional observers in the interview stage has been strengthened. As a result of these efforts, KOBC has achieved four consecutive years of zero disciplinary action and three consecutive years of certification as an excellent fair recruitment institution as the result of the special inspection of public sector recruitment irregularities.

Sustained High Scores in Recruitment Satisfaction Surveys, up 0.09 points from the Previous year (4.47 points in 2021 to 4.56 points in 2022)

Improvement of Blind Error cases through Manual Provision (541 ases in 2021 to 244 cases in 2022)

Increase of Recruitment Fairness Survey Results by 0.16 points from the Previous year (4.59 points in 2021 to 4.75 points in 2022)

Category	2021	2022
<b>Document Screening Committee</b>	<ul style="list-style-type: none"> <li>100% manual screening of document applications</li> <li>Possibility of subjective judgment</li> <li>Double-checking by humans</li> <li>Excessive review time → Decreased efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Committee held to minimize human error</li> <li>Final evaluation results produced under the supervision of an auditor</li> <li>Systematization of AI-based double-checking and verification procedures</li> <li>AI review → Company and hiring staff → Committee</li> </ul>
<b>Two-stage Committee Selection</b>	<ul style="list-style-type: none"> <li>'Limited' two-stage committee selection</li> <li>Only operated for regular employment</li> <li>'Two-stage selection method' not implemented</li> </ul>	<ul style="list-style-type: none"> <li>Unification of two-stage committee selection through 'regulation'</li> <li>Two-stage committee selection conducted for all recruitments</li> <li>Selection of 2 times the number → Random selection under the supervision of an auditor</li> </ul>
<b>Professional Observer System Operation</b>	<ul style="list-style-type: none"> <li>Monitoring during the interview</li> <li>Real-time monitoring of inappropriate questions, etc.</li> <li>Inspection by self-selected members</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of interview screening</li> <li>Double-checking through cooperation with related organizations 'Audit Office'</li> <li>Discovery and improvement of recruitment improvement points</li> <li>Actively reflecting improvements and promoting advancement</li> </ul>



Recruitment-related card news for job seekers

## Support for Job Seekers throughout the Recruitment Process

The KOBC is implementing a KOBC-style friendly and empathetic recruitment model that considers job seekers' perspective. KOBC uses various social media channels to provide job seekers useful information, such as KOBC internship stories, application mistakes, and employment tips. KOBC also provides accurate guidelines for each recruitment stage and reports on the strengths and weaknesses of unsuccessful applicants to help job seekers improve their employment skills. Through these efforts to consider the perspective of job seekers, KOBC has maintained a high level of satisfaction in its 2022 recruitment satisfaction survey.

### Providing Manuals for Each Recruitment Stage

- Providing accurate guidelines for each stage
- Providing evaluation points to maximize skills
- Promoting the employment skills of applicants
- Cultivating the applicant's "employment skills" through repeated learning, such as blind writing standards and stage-specific precautions

### Providing Reports on the Strengths and Weaknesses of Unsuccessful Applicants

- Providing your actual score and average score
- Understanding your strengths and weaknesses through comparison
- Promoting the employment skills of applicants
- Providing "area-specific" analysis comments so that the applicant's experience with the company can be helpful for job preparation

### Previous

Recent 3 years (cumulative 6 rounds)

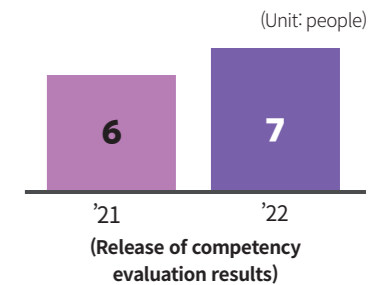
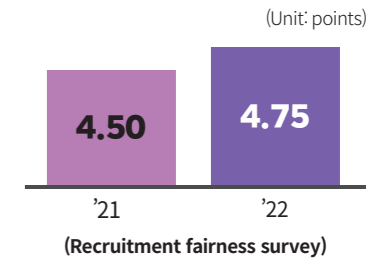
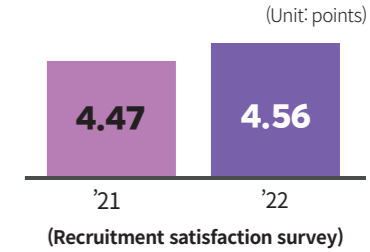
- Cumulative average score

### Improved

Recent 3 years (by year or round)

- Scores for each round within the requested period

2022 Competency Evaluation Results Announced to Applicants who Requested Disclosure through Labor-management Consultation. - Improved Transparency and Fairness of Personnel Evaluation



# Communication with the Public

The KOBC has implemented customer-tailored communication activities based on the level of business involvement of the institution. In addition to various media channels, KOBC is listening to the voices of the maritime industry through various customer-tailored communication activities, such as the operation of student supporters and business briefing sessions in the maritime industry sector, and is making it a driving force for innovative growth.

Highly Engaged Stakeholders

**Target** Shipowners, shippers, existing supported companies, and related organizations  
**Goal** To generate interest in and promote collaboration with the KOBC's business  
**Channel** Monthly newsletter, in-house magazine, planned articles, etc.

Moderately Engaged Stakeholders

**Target** Employees of maritime, logistics, and trade-related companies  
**Goal** To enhance understanding and interest in the KOBC's business  
**Channel** Blogs, in-house channel broadcasts, and student journalist groups

Minimally Engaged Stakeholders

**Target** All citizens of the Republic of Korea  
**Goal** To raise awareness of the KOBC and provide information on the maritime industry  
**Channel** social media, contests, events, YouTubers (collaboration), etc.

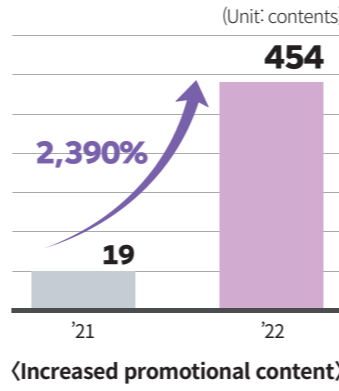
## Achievements

Increased Public Awareness of the Korea Maritime Finance Corporation

→ According to a professional institution (Embrain) survey, 77.2% of the respondents were aware of the corporation's existence.

Achieved 1 million Social Media Interactions through the Opening of New Social Media Channels and the Expansion of Content

→ Instagram 3,000 + Blog 200,000 + YouTube (including collaborations) 770,000



Holding business briefing sessions and a 2030 vision declaration ceremony



Distributing in-house magazines and producing a TV documentary on maritime finance



Creating and operating YouTube, Instagram, Facebook, and blog content channels



# Stakeholder Communication

The KOBC actively listens to the opinions of the maritime industry, related industries, and the public and reflects them in its business. In 2022, KOBC responded to requests from domestic shipping companies for support for the construction of eco-friendly ships to respond to global environmental regulations and for a Korean logistics freight index. KOBC also supported global supply chain issue response and activation of the excellent shipper certification system for port, terminal, and shipper customers. To open up new business, including social contribution, KOBC actively listened to the opinions of the public through contests.

### Maritime Industry Opinions

"Please consider measures to respond to international environmental regulations!"

"We need support to respond to the construction of eco-friendly ships by IMO!"

"We need a container freight index in addition to the dry bulk freight index based on Korea!"

We have reflected the "Measures to Strengthen the Competitiveness of the Shipping Industry" in the crisis response fund for support for the construction of eco-friendly ships and officially announced the KCCI, a KOBC Container Composite Index.

### Maritime Related Industry Opinions

"We should not be complacent with domestic facility investment due to the characteristics of the shipping industry."

"I hope the certification system will be more activated and the benefits for participating companies will increase."

"We need a base camp for overseas logistics for domestic companies!"

We have proposed a revision of the corporation law to include the scope of overseas port logistics corporation work. The number of certified companies has increased by 6 companies compared to last year, and the corporate tax deduction has been extended through the revision of the law.

### Public Opinions

"I hope the KOBC will actively engage in social contribution projects!"

"What are the competitions that the KOBC is promoting?"

We held a slogan contest for social contribution activities and selected the slogan "Hope More + Ocean." In addition, a total of 54 ideas from the public were received through the corporation's new business competition.

We also have discovered 7 cases, including ESG management-related topics, and relevant departments are currently commercializing them.

## Stakeholder Interview

*“Strengthening the Substantive Decision-making of the Board of Directors Based on the Participation of Governance Members”*



**Jin Seo**, Assistant Manager  
Board Operations, Management Planning Team,  
Planning and Coordination Office of the KOBC

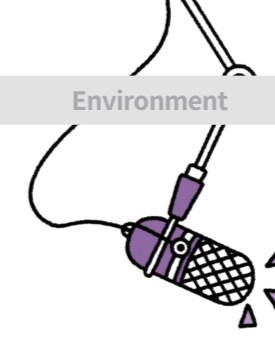
In terms of ESG management, I believe that governance plays a crucial role, and there are three key aspects I consider important. Firstly, it's essential to assess how efficiently the board of directors, shareholder meetings, and various committees operate within the organization. Secondly, evaluating the level of participation from board members and committee members is vital. Lastly, transparency in the functioning of these governance structures is paramount. To ensure the sustainability of this governance framework, I believe that the process of recommendations and feedback is of utmost importance. For this purpose, after each board meeting or committee session, we compile the recommendations and disseminate them to the relevant departments. If any issues are identified, we work on improving them. Subsequently, we report on the progress of these improvements back to the board, thus reinforcing our commitment to sustainable management within the organization.

KOBC is making a lot of effort to ensure that the decisions made through the board of directors are reflected in reality. With the conviction that this is the foundation of governance, we are providing the directors with as much information as possible about KOBC and especially providing sufficient materials on board agenda items. We also visit the directors individually to provide materials. In addition, we invite the directors to important events of KOBC or visit the site together when visiting the industrial site. We are proud that these information and experiences are reflected in the decision-making through the board of directors and are being built into a healthy governance.

In terms of governance operations, the recent emphasis has been on enhancing transparency. This is because trust in governance is essential for underpinning sustainable management. To achieve this, the KOBC has introduced an employee observation system. When labor union representatives have matters related to employee welfare and so forth, they participate in board meetings, observing the decision-making process, and even make direct contributions. This is done to establish transparency in board decision-making. Furthermore, KOBC has undertaken regulatory revisions to transition non-executive directors' remuneration from fixed monthly salaries to an attendance-based payment system during board meetings. These modifications not only bolstered transparency in remuneration but also resulted in increased attendance rates, yielding a two-fold benefit. Building trust in governance is an ongoing commitment, and KOBC is dedicated to pursuing it further.

## Stakeholder Interview

*“Financial Risk Management is Fundamental, but Non-financial ESG Management, Such as Ethical Governance and Integrity, is also Crucial.”*



The KOBC's main business is financial services such as investment and guarantee, so financial risk management is important. However, we manage financial risk under the supervision regulations of the Ministry of Oceans and Fisheries, not the Financial Supervisory Service. KOBC does not have the concept of customers, unlike ordinary financial institutions, and we have established and managed control mechanisms to prevent financial accidents in accordance with the internal control system.

In relation to ESG management, we are not providing better support to companies that are good at ESG management like ordinary financial institutions, but rather setting a threshold for ESG management and supporting them to cross that threshold together. Of course, if the companies that have crossed the threshold with the help of KOBC grow to become excellent companies and pass the evaluation of ordinary financial institutions, there would be nothing to wish for, and perhaps such cases are the reason for the existence of KOBC.

The challenge is that we are a public institution that provides financial support to small and medium-sized shipping companies that are difficult to support from ordinary financial institutions and have high financial risk. Therefore, risk management is tight and thorough. This is also the social responsibility of KOBC and the governance that supports it. It is natural to be financially sound, and non-financial ESG management, such as ethical management, integrity, and conflict of interest prevention, should be supported.



**Hyun-Jun Kim**, Manager  
Financial Risk Management Specialist  
Risk and Compliance Department of the KOBC





part 5

# Appendix

## Economic Performance

### Summary Consolidated Statement of Financial Position

	Classification	Unit	2020	2021	2022	Other
Assets	Current Assets	KRW Million	689,760	822,037	401,653	
	Non-Current Assets	KRW Million	8,136,640	14,218,722	11,381,293	
	<b>Total Assets</b>	KRW Million	8,826,400	15,040,759	11,782,946	
Liabilities	Current Liabilities	KRW Million	49,536	86,557	199,651	
	Non-Current Liabilities	KRW Million	3,811,950	5,758,505	4,194,171	
	<b>Total Liabilities</b>	KRW Million	3,861,486	5,845,062	4,393,822	
Equity	Capital	KRW Million	2,919,326	2,949,326	2,994,057	
	Other	KRW Million	2,040,864	6,246,294	4,394,800	
	Equity Attributable to Owners of the Parent (A+B)	KRW Million	4,960,190	9,195,620	7,388,857	
	Non-controlling Interest	KRW Million	4,724	77	267	
	<b>Total Equity</b>	KRW Million	4,964,914	9,195,697	7,389,124	

### Summary Consolidated Statement of Comprehensive Income (K-IFRS)

	Classification	Unit	2020	2021	2022
Revenue		KRW Million	3,564,521	5,450,116	324,012
Net Sales		KRW Million	3,564,521	5,450,116	324,012
Cost of Goods Sold		KRW Million	130,443	465,152	2,102,343
Operating Expenses		KRW Million	22,130	26,743	38,411
Operating Profit		KRW Million	3,411,948	4,958,221	(1,816,742)
Other Income		KRW Million	35,317	50,790	132,088
Other Expenses		KRW Million	37,952	46,768	129,161
Other Profit		KRW Million	0	0	0
Financial Income		KRW Million	0	0	0
Financial Expenses		KRW Million	0	0	0
Profits or Losses from Equity-Method Investees		KRW Million	9,296	800,253	(1,000,352)
Profit Before Income Tax		KRW Million	3,418,609	5,762,496	(2,814,167)
Income Tax Expense		KRW Million	811,668	1,575,046	(827,851)
Net Profit for the Year		KRW Million	2,606,941	4,187,450	(1,986,316)
Other Comprehensive Income		KRW Million	2,726	18,128	70,943
<b>Total Comprehensive Income</b>		KRW Million	2,609,667	4,205,578	(1,915,373)

part 1

About KOBC

Maritime Finance Global Leader



part 2

Environment

Leading a Clean Maritime Environment



part 3

Social

Driving the Mutual Growth of the Maritime Industry



part 4

Governance

Establishing a Fair and Transparent Governance Structure



part 5

Appendix





## Economic Performance

### Summary Consolidated Statement of Comprehensive Income (K-IFRS)

	Classification	Unit	2020	2021	2022
Safety	Current Ratio	%	1,392	950	201
	Debt Ratio	%	78	64	59
Profitability	Operating Profit Margin	%	96	91	-561
	Net Profit Margin	%	73	77	-613
	Return on Total Assets	%	30	28	-17
	Operating Cash Flow Ratio	%	-4	-2	7
Growth and Activity	Net Sales Rate	%	1,637	53	-94
	Operating Profit Growth Rate	%	-2,942	45	-137
	Net Income Growth Rate	%	-1,657	61	-147
	Total Profit Growth Rate	%	103	70	-22
	Total Assets Turnover Ratio	%	40	36	3

### Summary Consolidated Statement of Comprehensive Income (K-IFRS)

	Classification	Unit	2020	2021	2022
Productivity	Total Capital Investment Rate	%	72	59	4
	Capital Investment Efficiency	%	71,162	85,425	6,480
	Increase in Labor Cost per Person	%	6	-2	5
	Increase in Value Added per Person	%	1,413	137	6
	Number of Permanent Employees	Person	125	139	149
	Average Compensation per Person	KRW Thousand	79,535	78,157	81,676
Tangible Assets	Value Added per Person	KRW Million	28,573	39,139	2,170
	Tangible Assets	KRW Million	5,236	6,380	5,000

The productivity metrics are calculated based on value-added. However, KOBC receives tax-exempt income such as guaranteed revenue. Therefore, instead of using value-added, we have calculated these productivity metrics using total revenue as the basis.

\* Productivity Metrics Formula:

Value Added / Total Capital x 100

\* Growth rate of average remuneration per person

(Added value per person this year / Added value per person last year) x 100



## Environmental Performance

### Organization's Energy Consumption\*

	Classification	Unit	2020	2021	2022
Greenhouse Gas Emissions**	Total Greenhouse Gas Emissions	tCO <sub>2</sub> eq	176.65	3.15	4.76
	Scope 1	tCO <sub>2</sub> eq	4.93	3.15	4.76
	Scope 2	tCO <sub>2</sub> eq	171.73	0.00	0.00
	Greenhouse Gas Reduction Performance***	tCO <sub>2</sub> eq	2.50	4.82	3.21
Energy Consumption	Total Energy Consumption	TJ	3.60	3.38	0.5
	Gasoline, Diesel, LPG	TJ	0.07	0.05	0.07

\* Energy consumption and energy intensity results for the organization are limited to the Busan headquarters.

\*\* Greenhouse gas emissions and energy usage are calculated according to the National Greenhouse Gas Comprehensive Management System (NGMS) standards and are detailed as follows:

- Greenhouse gas emissions: Busan headquarters (Scope 2 emissions from leased buildings have been excluded since 2021 due to changes in aggregation criteria).

- Energy usage: Busan headquarters.

- NGMS (National Greenhouse Gas Management System) verification results show that separate energy usage measurement for the Busan headquarters has been difficult since 2022, so energy usage aggregation is excluded.

\*\*\* Greenhouse gas reduction achievements are based on the year of the organization's establishment in 2018.

### Water Usage

	Classification	Unit	2020	2021	2022
Tap Water Usage*		ton	388	407	397

\*Water Usage for the organization is limited to the Busan headquarters

### Waste Discharge \*

	Classification	Unit	2020	2021	2022
General Waste		ton	15,5625	14,175	14,00625

\* The recycling rate of waste is provided solely for the Busan headquarters.

### Green Product Acquisition Results

	Classification	Unit	2020	2021	2022	비고
Green Product Purchase Plan (A)*		KRW Million	189	43	50	
Green Product Purchase Performance (B)		KRW Million	163	108	66	
Green Product Purchase Ratio (B/A)		%	85.9	251	132	

\*Green Product Purchase Plan: Based on the total purchase target amount of green products for each institution, according to the evaluation criteria of public agencies.

### Environmental Regulation Violation

	Classification	Unit	2020	2021	2022
Environmental Law and Regulation Violation		Case	0	0	0

## Social Performance

### Employees Status

Classification	Unit	2020	2021	2022	Other
Total Number of Employees	Person	151	169	174	
Employment Type	Executives	Person	2	2	2
	Regular Employees	Person	144	162	167
	The Permanent Contract	Person	5	5	5
	The Dispatch and Subcontract	Person	0	0	0
Area	Domestic	Person	151	169	174
	Overseas	Person	0	0	0
Gender*	Female Employees	Person	27	29	39
	Female Managers	Person	1	1	0
Social Equity	Disabled	Person	2	4	5
	Veterans	Person	10	10	12

\*Female Employess: Regular Employee Standard/ Female Managers: Managerial Positions (Assistant Manager or Higher)

\*\*Excluding pre-employment personnel such as interns.

### The Ratio of Average Salary to the Highest Salary

Classification	Unit	2020	2021	2022	Other
Total Amount of the Highest Salary (A))	KRW Million	187	192	194	
Average Salary of Total Employees (B)	KRW Million	75	80	78	
Ratio (A/B)	%	250	242	248	

### The Ratio of the Highest Salary Growth Rate to Average Salary Growth Rate

Classification	Unit	2020	2021	2022	Other
Salary Increase Rate of the Highest Salary (A)	%	0.00	2.80	0.90	
Average Salary Increase Rate (B)	%	4.87	2.23	1.73	
Ratio (A/B)	%	0.0	125.56	52.02	

### Retirement Pension System

Classification	Unit	2020	2021	2022	Other
Retirement Pension Fund Amount (Defined Benefit)	KRW Million	2,443	3,724	5,227	
Retirement Pension Fund Amount (Defined Contribution)	KRW Million	58	88	97	
Total Retirement Pension Fund Amount	KRW Million	2,501	3,812	5,324	
Enrolled Members (Defined Benefit)	Person	122	143	152	
Enrolled Members (Defined Contribution)	Person	1	2	2	
Total Enrolled Members	Person	123	145	154	

### New Employee Wage per Hour Compared to Minimum Wage

Classification	Unit	2020	2021	2022	Other
Statutory Minimum Wage	KRW	8,590	8,720	9,160	
New Employee Wage (Male)	KRW	16,963	17,410	17,000	
New Employee Wage (Female)	KRW	16,743	16,960	16,707	
Ratio (Male)	%	197	200	186	
Ratio (Female)	%	195	194	182	

## Social Performance

### Number of New Hires, Transfers, and Departures

Classification	Unit	2020	2021	2022	Other
New Hires (by Gender)	Male	Person	19	7	9
	Female	Person	5	5	10
New Hires (by Age Group)	Under 30	Person	6	7	16
	Age 30-50	Person	17	4	3
	Over 50	Person	1	1	0
New Hires (Local Talents)	Local Talents from non-metropolitan areas	Person	13	10	18
	Local Talents from the previous local commuinty	Person	0	0	0
Total Number of New Hires	Total	Person	24	12	19
Number of Employees Who Left (Transferred/ Retired)	Person	2	7	3	

### Parental Leave Usage

Classification	Unit	2020	2021	2022	Other
Parental Leave Users	Male	Person	2	3	11
	Female	Person	3	8	10
	Total	Person	5	11	21
The number of Employees Returning After Parental Leave	Empoyees who finished Parental Leave	Person	3	3	13
	Employees who Have Worked for Over 12 months After Returning from Parental Leave	Person	3	3	6

As of July 31, 2023

### Utilization of Flexible Working Hours

Classification	Unit	2020	2021	2022	Other
Hourly Work	Person	0	0	0	
Flexible Working Hours System	Staggered hours Scheme	Person	27	40	42
	Selective working hours Scheme	Person	67	75	93
	Total	Person	94	115	135
Remote Work System	Work from home	Person	129	141	135

### Safety Management

Classification	Unit	2020	2021	2022	Other
Industrial accident rate	%	0	0	0	
Number of accident victims	Person	0	0	0	

### Employee Performance Evaluation Implementation Rate

Classification	Unit	2020	2021	2022	Other
Number of employees subject to evaluation*	Person	112	125	123	
Evaluation ratio	%	77	82	73	

\*ERP performance bonus recipients based on the number of employees (excluding retirees).

### Discrimination Cases

Classification	Unit	2020	2021	2022	Other
Discrimination Cases	Case	0	0	0	

## Social Performance

### Employee Human Rights Education Status

Classification	Unit	2020	2021	2022	Other
Education on Sexual Harassment (4 Types)*	Internet Webinars	Person	155	26	178
	Group Training	Person	-	30	99
Education on Workplace Bullying (Gapjil)	Group Training	Person	44	44	37

\*Sexual Harassment Training Targets Include Interns

### Average Educational Credit\* per Employee \*

Classification	Unit	2020	2021	2022	Other
Number of Employees Eligible for Education * *	Person	116	120	120	
Total Educational Credit Earned	Point	3,526	2,299	2,414	
Educational Credit per Individual	Point	34.40	19.16	20.12	

\*KOBC conducts employee education based on the required educational credits by rank.

\*\*Education is provided to employees ranked at Grade 3 and below.

### The Ratio of the Diversity of Employees (by category)

Classification	Unit	2020	2021	2022	Other
By Gender	Male	%	79.1	75.1	69.8
	Female	%	20.9	24.9	30.2
By Age	Under 30	%	15.7	17.2	19.0
	Age 30-50	%	73.9	74.0	72.0
	Over 50	%	10.5	8.9	9.0

### Ratio of Basic Salary and Compensation between Men and Women(by Worker Category)

Classification	Unit	2020	2021	2022	Other
Executives	Ratio of Male to Female Basic Salary	%	0.0	0.0	0.0
	Ratio of Male to Female Total Compensation	%	0.0	0.0	0.0
Employees	Ratio of Male to Female Basic Salary	%	71.6	73.6	71.3
	Ratio of Male to Female Total Compensation	%	72.9	75.2	71.6

### Expenditure on Local Suppliers

Classification	Unit	2020	2021	2022	Other
Total Buying Amount	KRW Million	4,740	7,197	8154	
Small and Medium-sized Enterprises (SMEs)	KRW Million	3,501	5,713	4261	
Technology Development	KRW Million	334	305	664	
Women-Owned Businesses	KRW Million	698	346	790	
Social Enterprises	KRW Million	211	308	253	
Severely Disabled Individuals	KRW Million	83	151	109	
Self-Reliant Village Volunteers	KRW Million	0	0	0	

### Customer satisfaction survey results

Classification	Unit	2020	2021	2022	Other
Public-Service Customer Satisfaction Index	Point	83	84	84.4	

## Social Performance

### Labor Union Membership Status\*

Classification	Unit	2020	2021	2022	Other
Number of employees eligible to join a labor union	Person	150	158	145	
Number of employees belonging to labor unions	Person	125	123	135	
Percentage of employees belonging to labor unions	%	83	78	93	

\*The scope of application, as agreed upon in the agreement between KOBC and the KOBC labor union, includes union members who are also KOBC union members.

### Social Contribution Costs

Classification	Unit	2020	2021	2022	Other
Spending Method	Donations (Direct Costs)	KRW Million	50	208	478
	Cash	KRW Million	6	165	460
Spending Form	In-kind	KRW Million	44	43	18
	Total	KRW Million	50	208	478

### Privacy

Classification	Unit	2020	2021	2022	Other
Results of Personal Data Management Assessment	Grade	Fair	Fair	S	

(1) Among the indicators used in the assessment of the level of personal data management, there is a measure for informing individuals about the results of requests such as access, correction/deletion, and processing suspension of personal data. However, the organization has no records of receiving such requests.

(2) The assessment of the level of privacy is conducted annually by the Personal Information Protection Commission under the Office of the Prime Minister, targeting approximately 800 public institutions, including central administrative agencies, public organizations, and local governments. The assessment indicators are divided into quantitative and qualitative indicators. As of 2022, a total of 61 indicators are used to calculate scores, which are then categorized into five grades: S (90 points or higher), A (90-80 points), B (80-70 points), C (70-60 points), and D (below 60 points).

### Board of Directors Operation Status

Classification	Unit	2020	2021	2022	Other
Number of Board Meetings Held	Case	15	10	11	
Number of Resolutions Proposed	Case	88	68	64	
Number of Amended Resolutions Proposed	%	100	100	100	
Number of Reporting Items	Case	30	26	25	
Attendance Rate	%	97	97	95	

### Stakeholder Value Distribution

Classification	Content	Unit	2020	2021	2022
Shareholders	Dividends	KRW Thousand	0	0	0
Employees	Salaries, bonuses, and fringe benefits	KRW Thousand	11,843,965	13,109,041	18,661,789
Local Community Contribution Fund	Contribution to the Busan ESG Fund	KRW Thousand	300,000	430,000	630,000
Government	Taxes	KRW Thousand	1,792,225	1,993,767	2,767,950
	Public fees	KRW Thousand	813,702,019	1,574,206,379	-831,317,536
	Corporate income tax,	KRW Thousand	827,638,209	1,589,739,187	-809,257,797
	Corporate income tax (cash payment amount)	KRW Thousand	12,784,394	23,457,422	44,556,330

### Employees' Satisfaction (New)

Classification	Unit	2020	2021	2022	Other
Internal employee satisfaction (Welfare and Benefits)	Point	3.3	3.60	3.79	On a scale of 1 to 5



## GRI Standards Index

### Universal Standards

#### GRI 2: General Disclosures 2021

Classification	Disclosure	Contents	Page
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	2-2	Corporations Included in Sustainable Reporting	8
	2-3	Reporting Period, Frequency, and Contact Information	2
	2-4	Information Rewriting	2
	2-5	External Verification	109~111
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	2-10	Identification and Selection of the Top Governance Body	75
	2-11	Chairperson of the Top Governance Body	75
	2-12	Role of the Top Governance Body for Oversight of Impact Management	75
	2-13	Delegation of Responsibilities for Impact Management	75
	2-14	Role of the Top Governance Body in Sustainability Reporting	76
	2-15	Conflicts of Interest	81~83
	2-16	Communication on Material Concerns	92~93
	2-17	Collective Knowledge of the Top Governance Body	77
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### Universal Standards

#### GRI 2: General Disclosures 2021

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### Universal Standards

#### GRI 3: Material Topics 2021

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	3-3	Management of Material Topics	104



## GRI Standards Index

### Topic Standards

#### GRI 200 : Economic Topics

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	201-3	Defined Benefit Pension Obligations and Other Retirement Plans	100
Market position	202-1	Ratio of starting wage to minimum wage in the region where the place of business is located (By Gender)	100
Indirect economic effect	203-1	Social infrastructure investment and service support activities	40~51, 56~60
	203-2	Significant Indirect Economic Impacts	40~49, 56~60
Procurement practices	204-1	Percentage of purchases paid to local suppliers by major locations of operation	102
Anti-Corruption	205-2	Communication and training on anti-corruption policies and procedures	80~83

### Topic Standards

#### GRI 300 : Environment Topics

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	305-2	Indirect (Scope 2) GHG emissions	99
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### Topic Standards

#### GRI 400: Social Topics

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	403-4	Worker participation and communication on occupational safety and health	62
	403-5	Worker training on occupational health and safety	62
	403-6	Programs to promote workers' health	62
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	62
	404-1	Average hours of training per year per employee	102
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Training and Education	404-3	The percentage of employees undergoing regular performance and career development reviews.	101
	405-1	Diversity of governance bodies and employees	68~69, 75
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Customer Information Protection	418-1	Complaints regarding customer privacy violations and loss of customer data	103

## Management of Maternity Issues

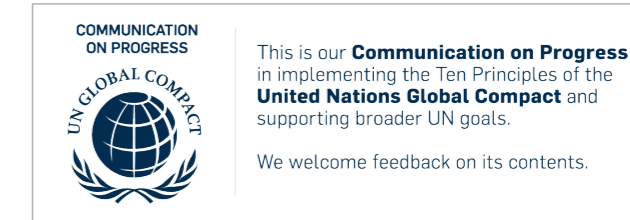
In 2021, KOBC embarked on its journey of ESG management through the ESG Management Declaration, dedicated to establishing a sustainable ecosystem within the maritime industry. This year, following the reinforcement of our governance framework in alignment with GRI Standards, KOBC has taken significant strides by incorporating pivotal governance issues. We have identified a total of 5 ongoing themes from 2022 and introduced 8 new issues to ensure effective management of our key concerns.

Moreover, KOBC has meticulously put in place an ESG governance structure that encompasses the ESG Management Committee, ESG Management Office, and ESG Management Consultation Council. These comprehensive efforts are geared towards solidifying KOBC's position as a leader in maritime finance and spearheading the dissemination of ESG principles throughout the industry.

Ranking	2023	2022
E	Promoting Eco-friendly Ship Financing	Maritime Environment Protection and Management
	Reducing Maritime Environmental Pollution	Development and Implementation of Environmental Management Plans
	Establishing an Eco-friendly Regulatory Sharing System	Greenhouse Gas Emission Management and Climate Change Response
		Supporting for Eco-friendly Ship Financing
S		Strengthening the Digital Ecosystem in the Maritime Industry
	Fostering Co-prosperity in the Maritime Industry	Creating a Safe Global Environment and Promoting Safety Awareness
	Cultivating a Healthy Labor-Management Culture	Protecting for Human Rights
	Implementing Human Rights Management	Expanding Diversity among Stakeholders for Sustainable Management
	Nurturing a Positive Organizational Culture	
	Job Creation through Industrial Activation	
G	Strengthening Maritime Financial Risk Management	Increasing Stakeholder Engagement and Communication
	Ethical Business Practices and Fair Transactions	Employee Competency Development and Enhancement
	Transparent Management Structure	
	Fair Recruitment and Personnel Management	
	Enhancing Communication with Stakeholders	

## UN Global Compact

KOBC joined the United Nations Global Compact (UNGC) in 2022 and adheres to its Ten Principles. The UNGC Ten Principles encompass four key areas: human rights, labor, environment, and anti-corruption. The company incorporates these principles into its overall management, actively engages in activities to fulfill them, and discloses its efforts and achievements in this regard.



Classification	Principles
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
	Principle 2: Businesses are not complicit in human rights abuses.
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	Principle 4: Businesses should eliminate all forms of forced and compulsory labor.
	Principle 5: Businesses should effectively abolish child labor.
	Principle 6: Businesses should eliminate discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



## UN SDGs

The United Nations Sustainable Development Goals (UN SDGs) provide a global framework to address poverty issues and achieve sustainable development from 2016 to 2030. These goals consist of 17 main objectives and 169 specific targets. KOBC actively supports the UN SDGs and strives to ensure sustainability in its business operations, making every effort to contribute to the achievement of these goals.



Classification	SDGs	KOBC's Major Activities	SDGs	KOBC's Major Activities	SDGs	KOBC's Major Activities
1	No poverty	- N/A	8	Decent work and economic growth	13	Climate action
2	Zero hunger	- N/A	9	Industry, innovation and infrastructure	14	Life below water
3	Good health and well-being	- Enhancing work-life balance and creating a flexible working environment. - Strengthening support and utilization for pregnancy, childbirth, and childcare. - Improvement and maintenance of safety management systems. - Implementation of safety and health prevention programs. - Establishment of KOBC comprehensive disaster management system. - Strengthening disaster response capabilities through safety education and training.	10	Reduced inequalities	15	Life on land
4	Quality Education	- Enhancing employee capabilities. - Cultivating specialized managers for specific job roles. - Strengthening labor-management relations and conducting management training. - Providing education for the specialization of female talents.	11	Sustainable cities and communities	16	Peace, justice, and strong institutions
5	Gender equality	- Providing education for the specialization of female talents. - Providing education for the specialization of female talents. - Enhancing work-life balance and creating a flexible working environment. - Strengthening support and utilization for pregnancy, childbirth, and childcare.	12	Responsible consumption and production	17	Partnerships for the goals
6	Clean water and sanitation	- Preventing disruption to maritime ecosystems through Ballast Water Treatment System (BWTS) installation support.	13	Climate action		
7	Affordable and clean energy	- Collaboration with various domestic and international organizations on decarbonization efforts. - Introduction of eco-friendly electric vehicles (EVs) for the company's vehicle fleet, including the addition of three new EVs for lease.				



## Independent Assurance Statement

### Dear Stakeholders of KOBC

#### Assurance Outline

Korea Productivity Center Quality Assurance (hereinafter "KPCQA") was commissioned by KOBC (hereinafter "KOBC") to conduct an independent assurance on the 2022 Sustainability Report (hereinafter "the report") and issues an assurance statement. KOBC has sole responsibility for the preparation of the data within the report. KPCQA's responsibility is to provide objective opinions on this report with the specified criteria and scope of assurance.

#### Scope

This report describes KOBC's sustainability efforts and performance. The scope of assurance was included on activities from January 1, 2022 to December 31, 2022. The report was assured focusing on the reporting of sustainable management policies, strategies, goals, businesses, and performance, and conformity of data collection and analysis, and the report creation process.

#### Criteria

- The assurance was carried out in accordance with the following standards:
- AA1000AS v3
  - KPCQA ESG Report Assurance Protocol

#### Levels

The assurance of this report was conducted in line with the requirements of the AA1000AS v3 Type 1 (Adherence to the AA1000 four principles) at moderate level of assurance. The assurance was applied by professional judgement about materiality. The report has been produced in accordance with GRI Standards. We confirmed that the report was complied with reporting principles of GRI Standards, Universal Standards, and Topic Standards based on the data and information provided by KOBC.

Universal Standards	
Organizational and its reporting practices	2-1 ~ 2-5
Activities and workers	2-6 ~ 2-8
Governance	2-9 ~ 2-21
Strategy, policies and practices	2-22 ~ 2-28
Stakeholder engagement	2-29 ~ 2-30
Material topics	3-1 ~ 3-3

## Independent Assurance Statement

Topic Standards	
Economic performance	201-1, 201-3
Market Presence	202-1
Indirect Economic Impacts	203-1, 203-2
Procurement Practices	204-1
Anti-corruption	205-2
Energy	302-1
Water and Effluents	303-3
Emissions	305-1, 305-2
Waste	306-3
Employment	401-1, 401-3
Occupational Health and Safety	403-1, 403-3, 403-4, 403-5, 403-6, 403-7
Training and Education	404-1, 404-2, 404-3
Diversity and Equal Opportunity	405-1, 405-2
Non-discrimination	406-1
Local Communities	413-1
Customer Privacy	418-1

### Methodology

- Review of Sustainability Performance Data and Management System
- Review of the reporting process and data management framework
- Review of materiality assessment process and Internal Analysis Procedure
- Review of media report on sustainability
- Interviews with executives and employees involved in material topics and report preparation
- Review of the overall report

### Limitations

This assurance is limited assurance in limited criteria with comparative review of data provided by KOBC. It has its own limitations depending on the characteristics and calculation method of the data.

### Conclusions

KPCQA conducted assurance on the draft by review of the data, onsite verification and interview with the employees. It was confirmed that all errors identified during the assurance were corrected.

As a result of the assurance of this report, no material errors or improper descriptions have been found and the conclusions are as follows.

## Independent Assurance Statement

### ▸ Inclusivity : Participation of stakeholders

KOBC operates stakeholder communication channels to gather opinions from various stakeholders to derive material topics and ensure that they are reflected in decision-making.

### ▸ Materiality : Selection and reporting of material topics

KOBC presented sustainability performance data without any material omissions. Relating to the material issues in the report, nothing had come to our attention that would cause problem in decision-making process.

### ▸ Responsiveness : Organizational response to issues

KPCQA checked and reviewed the data related to the internal and external stakeholders of KOBC, we confirmed KOBC identified the reporting scope and stakeholders' interests and reflected them. we confirmed KOBC has management process of material topics through materiality assessment.

### ▸ Impact : Monitoring and measurement of business activities

KPCQA reviewed KOBC identified and monitored the impact of KOBC's business activities on stakeholders. we confirmed the impact associated with material issues have been properly measured.

### Independence of Assurance

KPCQA is a 3rd Party Conformity Assessment Body that conforms to ISO/IEC 17021:2015 and has documented policies, assessment processes, and quality assurance systems with assurance team of ESG experts. KPCQA was not involved in any of the business operations of the KOBC and the assurance was conducted with independence.



October 2023

Korea Productivity Center Quality Assurance

President Kyung Hui, Oh 오경희





## Membership of Associations

Korean Institute of Certified Public Accountants

UN Global Compact

Korea Maritime and Ocean University International Cooperation Center for  
Maritime Safety

### Contact Information for the KOBC 2023 Sustainability Report:

This report is available in both Korean and English and can be accessed on the KOBC's website.  
If you have any comments or inquiries related to this report, please do not hesitate to contact us via the following contact information.

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