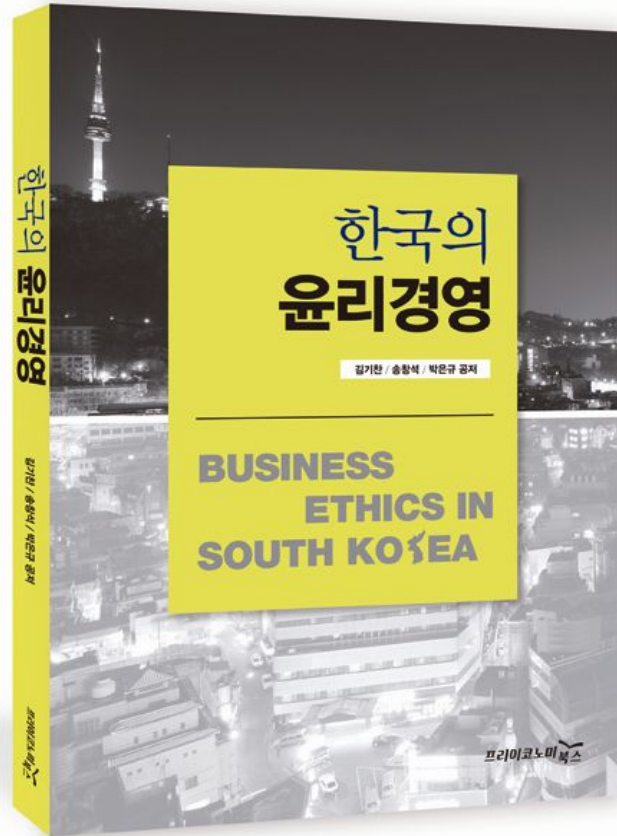


Business Ethics in South Korea



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Nowadays, companies perceive business ethics as the top priority value for their company management. A survey indicates that more than 95% companies listed in the Fortune 500 are introducing compliance and business ethics system. In order to catch up with this trend, most of large companies in South Korea establish the department responsible for compliance and business ethics, operate systematic compliance & business ethics programs and provide compliance & business ethics training. This shows that business ethics became a calling and a mission of our age which companies should keep.

In order to help this trend, FKI-IMI (The Federation of Korean Industries-International Management Institute) and GCEF (Global Competitiveness Empowerment Forum) have implemented the project called NABIS (Northeast Asia Business Integrity School) since 2011. NABIS is the only selected project in South Korea among 31 global anti-corruption projects supported by Siemens AG. It has been educating university students to become aware of importance of compliance and business ethics and to internalize business integrity by educating compliance and business ethics so that they can nurture their business leadership for clean business.

NABIS has collaborated with many leading companies in South Korea for this collective training effort for anti-corruption. In order to elevate this endeavor, to share its learning with wider business and student community and to reflect what would be the more effective Korean model of compliance and business ethics, we have published 'Business Ethics in South Korea' with compliance and business ethics cases of the companies participated in NABIS. We believe that this book can help understanding of next generation leaders about compliance and business ethics. I sincerely appreciate for efforts of co-authors, sub-co-authors, business people and all the NABIS Team members to publish 'Business Ethics in South Korea'.

Lee, Seung-chul

Vice Chairman of FKI (The Federation of Korean Industries)

President of FKI-IMI (The Federation of Korean Industries-International Management Institute)

● Recommendation Remarks

- **Kwak, Soo-keun**, Professor of Business Administration of Seoul National University / Former Chairman of KASBA (The Korean Academic Society of Business Administration) / Chairman of KAOAS (Korean Association of Academic Societies): South Korea has developed rapidly. However, individuals and organizations have not

put integrity as the top priority. Social systems do not function well either. Compliance and Business ethics can restore trust and competitiveness. Corrupt and unclear society may degrade economic development but transparent and sound society can increase quality of life and income. 'Business Ethics in South Korea' is an essential book in the modern society in South Korea with increase of importance for social capital.

- **Lee, Jang-woo**, Professor of Business Administration of Kyungbuk University / Chairman of KASBA (The Korean Academic Society of Business Administration) / President of ICE (Institute of Creative Economy): The South Korean society has met new challenges and opportunities. In creative economy which creativity and imagination can generate high values, it is very important to guarantee fair opportunity for all. Good compliance and business ethics can guarantee fair economic activities and competition chances to all players. We need new mindset and rules for success. 'Business Ethics in South Korea' can make paradigm shift towards business ethics possible.

Part 1. Business Ethics in South Korea

■ Chapter 1. Significance of business ethics

✓ Why can business ethics become competitive advantage?

Capital is important for improvement of productivity. Its focus is varied by time. Physical capital is called as the first generation of capital. Human capital is called as the second generation of capital. Social capital is called as the third generation of capital. Business ethics plays a key role in accumulation of human capital and social capital.

Social capital is also called 'moral' Social Direct Capital (SDC) as an opposite concept of 'material' Social Overhead Capital (SOC). Social capital as 'moral' Social Direct Capital (SDC) has become more important. It consists of four elements, Trust, Integrity, Solidarity and Openness, also known as 'TISO'.

Compliance and business ethics is that people or organizations act properly in doing business. Namely, just and fair business is the business which treats all stakeholders ethically. For this, a company should invest in human capital internally and social capital externally. By doing this, a company can have competitive advantage.

✓ Business ethics in South Korea, why is it difficult?

South Korea has high-context culture, collectivistic culture and authoritarian culture.

High-context culture generally exists in Asian, Arab and Latin America and low-context culture in Western Europe and North America. In high-context culture, background information or unofficial expressions of intention are more important than official and fact based expressions of intention. It is hard to clarify unofficial and implicit expressions and who is responsible for corruption of intention when unethical issues occurred.

In collectivistic culture, people regard trust and loyalty to the group as higher values. They recognize that unethical actions as a group under group pressures are not related to immorality of each individual.

In authoritarian culture, an organization is run by strict ranking system and obedience, adaptation and protection of power elite's interests. Most decision-makings are completed by ranks of power. It is considered that if a decision is good for high ranking power, it is good regardless of situation.

In a country of high-context culture, collectivistic culture and authoritarian culture, a role of the top is very important. Toyota lost its reputation due to huge damages which resulted from recall scandals. Once a company loses a good image of being an ethical company, it is hard to regain trust from consumers, public and the society. This would be one of examples that have high-context culture, collectivistic culture and authoritarian culture.

The financial crisis in the late 1990s in a way helped South Korea realize drawbacks of high-context culture, collectivistic culture and authoritarian culture. After then, many companies have introduced compliance and business ethics based on low-context culture, so they could deal with ethical issues more properly.

✓ **What is the Korean model of business ethics?**

One of the Korean traditional cultures is 'Noble Poverty'. The concept of noble poverty denied material possessions in the old barter trade period. It still remains in public mindset, even in the current capitalism oriented society. Therefore those who make their fortunes in a legitimate manner are also criticized. We need to shift our paradigm from 'noble poverty' to 'noble wealth' which can recognize clean money as legitimate wealth. Business ethics is the way to make this shift possible and the Korean model of business ethics is the shift from 'noble poverty' to 'noble wealth'. If this possible, Corruption Perceptions Index (CPI) of Korea could be improved more.

■ **Chapter 2. Mechanism of business ethics**

Business ethics can be regarded as the most effective and efficient way in management because good business ethics plays a key role to form healthy relationship (necessary condition) and keep it efficiently (sufficient condition).

✓ **Necessary condition**

Good compliance and business ethics play a key role in changing characteristics of relations and they make perfunctory relationship based on mere transactions between a company and consumers into healthy relationship based on trust, reliability, integrity and confidence. In this way, customers respond with loyalty to a company.

The relationship between a company and employees is same. Companies have to make employees feel self-confidence and vision so that they can dedicate themselves and be passionate.

The relationship between a company and partnership firms is same. When a company provide vision based on trust to partnership firms, partnership firms answer with good quality services and dedication.

Compliance and business ethics are the ways that a company treats employees, shareholders, stakeholders and the public ethically.

✓ **Sufficient condition**

Good compliance and business ethics can build trust and trust can reduce transaction costs because trust controls opportunism which is likely to occur in

transaction between companies. Also, good compliance and business ethics reduce agency costs by nurturing ownership and controlling the moral hazards. Through these two mechanisms, compliance and business ethics can realize the minimal transaction cost society.

*** Saving transaction costs**

Transaction costs occur in exchange. The less trust exists between people directly involved in exchange, the more transaction costs occur. Therefore, competence of building trust can save transaction costs and maximize network effects. It can start from compliance and business ethics. Therefore, if compliance and business ethics are fulfilled properly, they could save transaction costs by controlling the opportunism.

*** Saving agent costs**

Agent costs occur when an owner is replaced by an agent. It can cause a problem if there is discrepancy and information asymmetry between an owner and an agent. Information asymmetry can generate moral hazards and adverse selection.

Therefore, the most efficient way is saving agent costs by building trust and preventing moral hazards. Trust has to be spread to all social systems and compliance and business ethics can play a key role to make the society with trust.

■ Chapter 3. Road to business ethics: High road and low road

✓ The philosophical base of business ethics

In the theory of industry organization, the SCP model (Structure-Conduct-Performance model) insists that market structure influences behaviors of companies and this action determines performances. The PSBP paradigm (Philosophy-Structure-Behavior-Performance Paradigm) is a model explaining the relationship between suppliers and customers. It adds philosophy to the SCP model, so that philosophy can decide structure, structure can decide behavior and behavior can decide performance. In this sense, PSBP paradigm is useful to suggest the direction of compliance and business ethics.

Compliance and business ethics should have both philosophy and system. Compliance and business ethics without any will have only slogans. Compliance and business ethics with philosophy and without system will be dependent on a CEO. If this CEO is unethical, compliance and business ethics will fail. Compliance and business ethics with system and without philosophy will be dependent on outsiders without ownership of a company.

A CEO has to be an actor, not an agent in terms of compliance and business ethics. An excellent CEO implements philosophy through system. An actor makes corporate culture

and controls through culture. As a result a company's performances can be much better than expected.

✓ **Rule of law and rule of culture**

There are two dilemmas of compliance and business ethics. One is rule of law based compliance and business ethics generates bureaucracy. The other is philosophy and belief based compliance and business ethics generates exceptions in law enforcement, which results distrust of the society and the public.

The former is the problem of an institutional theory (system and rule of law) in compliance and business ethics and the later is the problem of a climate theory (philosophy and culture) in compliance and business ethics. The former is the problem of low road in compliance and business ethics and the later is the problem of high road in compliance and business ethics. Therefore, these two ways must be complementary in implementing compliance and business ethics.

Thus, OECD suggests two kinds of compliance and business ethics. One is compliance and business ethics of the Low Road type, emphasizing system and utilizing rules and incentives. This is called as rule of law based compliance and business ethics. The other is the High Road type, emphasizing philosophy and utilizing openness and commitment. This is called as rule of culture based compliance and business ethics.

Effective compliance and business ethics should have both characteristics. Rule of law can protect adverse selection of system. Rule of culture can save management costs through autonomous control and ownership. Compliance and business ethics with only one type will not function well. For high-context culture generally exists in Asian, Arab and Latin America, philosophy based rule of culture should be emphasized. For low-context culture in Western Europe and North America, rule of law should be emphasized.

Part 2. Cases of business ethics of business leaders in South Korea

■ Chapter 1. Necessity of business ethics

1. Siemens - Anchoring compliance system into company and business

Siemens is a German multinational engineering and electronics conglomerate, founded in 1847. On November 2006, Siemens experienced seizure and search by the prosecution and the police for the accusation to bribe public institutions and politicians with the total amount of 460 million euro. To overcome this tremendous crisis, Siemens conducted drastic executive reshuffle and invited a former Minister of Finance as an external auditor and Mr. Peter Löscher as a new CEO. It was the first time when Siemens appointed a person from outside of Siemens as a CEO.

Why did this happen? Didn't Siemens have its own compliance system? Yes. Siemens had its own. Then, what went wrong? The reasons were the lack of the culture executing compliance as well as the will of management executives to implement it.

After then, Siemens reorganized compliance processes and organization and tripled the number of compliance officers working in the areas of Prevent, Detect and Respond, in every part of the world where Siemens is located. Through these efforts, anti-corruption and compliance were settled into the way of business and culture of Siemens. Especially, since 2013, Siemens has focused on diffusion of anti-corruption messages and compliance actions by training and nurturing middle managers as disseminating agents into every dimension of the company.

To Siemens, compliance is not a one-off program but the way of doing business. After the corruption scandal, Siemens has been endeavoring for continuous development and sustainable management of the compliance system which consists of various programs covering three areas of Prevent, Detect and Respond.

Moreover, efforts of Siemens are not limited in its own company. Through Siemens Integrity Initiative, it has supported collective actions in all over the world with nonprofit global and local partners. Also, Siemens is courageous enough to open every detail about its corruption scandal to request of business and academic association to showcase Siemens Case in compliance and business ethics. People might doubt or worry whether compliance and business ethics give negative impacts to profits or Siemens is really transformed as a clean company. However, answers are clear. After its compliance system was strengthened, Siemens has produced more profits. After Mr. Peter Löscher was appointed as a new CEO, Siemens had the year with the second highest profit rate in about 170 years of its history. Also, Siemens obtained its reputation in all the industries which it operates as a trusted company with multi-dimensional compliance, audit and control systems. More and more, Siemens will prove its values by itself with healthy profit structure and solid control system.

CEO Interview:

Dr. Kim, Jong-kap, President and Chairman of Siemens Ltd. Seoul

Interviewed by co-authors, Kim, Ki-Chan and Song, Chang-seok

Q: How would you define business ethics?

A: I rather would like to say, 'compliance' and business ethics. I think that compliance and business ethics enable a company to have integrity by helping it to abide by laws and regulations in the every part of the world where it operates. I think this is the good way towards sustainable growth of a company. Siemens has been internalizing business integrity through compliance and business ethics system. Some companies might do compliance and business ethics as seasonal campaigns. However, authentic compliance and business ethics can be functional only if they are implemented within the system. It seems that South Korean companies have begun to realize importance of the system in compliance and business ethics in order to sustain their growth in longer term in hundreds of years.

Q: What would you mention about characteristics of compliance and business ethics of Siemens as a foreign invested company in South Korea?

A: One of them is strong internal control. In Siemens, every detail is checked and opened. For example, even I as CEO, have to obtain confirmation from CFO about every expense detail in order to go business travels. People might say it will slow business process but Siemens people fully understand it, because it will minimize any possible risk beforehand. For CEO, higher standards are expected. One day, after morning exercise, I had breakfast in my office but our internal controller pointed out that I should pay with my personal money. At first, I was embarrassed, but soon after, I became to trust the internal controller's expertise and confidence more, on the contrary.

Q: Do you think that compliance and business ethics have helped business growth? What kind of impacts to business?

A: I think it has helped a lot. Many countries and companies regard Siemens as a clean company and do not expect any bribe from Siemens. Long term growth is more important than short term gain. Sustainability is one of guiding principles of Siemens.

Q: What is your opinion about compliance and business ethics in South Korea?

A: Better and better. The South Korean government is trying to increase consistency and certainty of rules of law. There are three things that I would like to mention for further development of compliance and business ethics in South Korea. Firstly, rules

should be equipped systematically and expected for fair execution. Secondly, CEO should have consistent will for compliance and business ethics with a long term view. Lastly, education for compliance and business ethics should be continued and repeated for memories and actions of all members of a company to implement them.

2. Kyobo Life Insurance – Business ethics is company’s philosophy itself

Kyobo Life Insurance is a leading life insurance company for 55 years through constant change and innovation with its belief that “Education is the future of South Korea”. The history of compliance and business ethics engraved in Kyobo Life Insurance goes way back to the times of its founder. Mr. Shin, Yong-Ho, the founder of Kyobo Life Insurance, had a motto, “Make a hole in a tree with your finger”. This motto represents commitment and passion, which played a critical role in overcoming all kinds of adversity in his life. It also symbolizes honesty and sincerity, the core values of Kyobo Life Insurance and the foundation of its compliance and business ethics. Also, he had challenging spirit, rooted from his motto, “Do not cheat yourself and have self-confidence.” It became the base of compliance and business ethics to all employees of Kyobo Life Insurance.

The financial crisis in the 1990s has made Kyobo Life Insurance go back to the basics by declaring the Kyobo Ethics Charter in order to strengthen its corporate competitiveness, by escaping obsolete ways of practices and systems. Like the way that its founder overcame all the difficulties with his mottos, Kyobo Life Insurance renewed itself with the spirit of change and innovation, vision of Kyobo and corporate culture based on compliance and business ethics, symbolized as honesty and sincerity. To Kyobo Life Insurance, compliance and business ethics is the philosophy of the founder and survival methods of the company. The process how compliance and business ethics have been settled down as core values of Kyobo Life Insurance shows importance of the top management’s will in compliance and business ethics and influence to company, organization and employees.

■ Chapter 2. Introduction and diffusion of business ethics

1. POSCO Energy – Process and implementation of business ethics

POSCO Energy has begun as Kyung-In Energy Company in 1969 which was the first private power company in South Korea. It joined the POSCO family in 2005 with the ambition to make another leap forward as a world-leading energy provider.

POSCO Energy’s basic principle for compliance and business ethics is “Do the right things in the right way”. Compliance and business ethics of POSCO have three phases. Firstly, compliance and business ethics 1.0 as introduction phase by focusing ethical and transparent management until 2007. Secondly, compliance and business ethics 2.0 as internalization phase by focusing corporate responsibility until 2012. Lastly, from 2013,

compliance and business ethics 3.0 as advancement phase by focusing value generating management. 1.0 included introduction of compliance rules and self-implementation programs. 2.0 developed various training programs including Foreign Corrupt Practices Act and to business partners as well as field officers by Executive Auditor. 3.0 introduced compliance and business ethics doing with all stakeholders and global consideration etc. POSCO Energy believes that value based management improves not only values of the company but also values of all stakeholders.

POSCO Energy's compliance and business ethics system is composed of standard, education, implementation and reporting. Firstly, standard defines principles based on legitimacy, fairness and transparency for compliance and business ethics. Secondly, education on business ethics offers various offline and online programs, customized for different levels of employees. Thirdly, a core part of implementation is done by Business Ethics Self-Implementation Program which enables all employees to integrate compliance and business ethics into their daily lives. Lastly, reporting is embodied by various programs such as the business ethics dilemma consultation center, the center for reporting of unethical behaviors and the cyber reporting center etc.

2. Incheon International Airport Corporation – Business ethics working with all stakeholders

Incheon International Airport Corporation was established in February 1999 to facilitate airport construction, air transportation and related management through effective operation of Incheon International Airport. From 2001, opening of the airport, Incheon International Airport Corporation has made remarkable achievement by being listed as the 1st rank in Airport Service Quality Evaluation by the Airport Council International for eight consecutive years.

There are three phases in development of compliance and business ethics. Introduction phase started from 2003 to 2006 by establishing infrastructure of compliance and business ethics. From 2006 to 2012 was expansion phase by expanding compliance and business ethics culture with various training and implementation programs. Settlement phase has started from 2012 up to now by pursuing high performances in compliance and business ethics and collaboration with business partners.

Incheon International Airport Corporation has many risks in implementing compliance and business ethics, since an airport environment itself entails co-existence of numerous private and public partners in one physical unit. Namely, having 45 outsourcing partners and 6,000 people working simultaneously in one building, any breach of compliance and business ethics by one of these people, even he or she is not an employee of Incheon International Airport Corporation, can be seen as an unethical behavior of Incheon International Airport Corporation.

In order to overcome this vulnerability, Incheon International Airport Corporation designed Clean Compact of Incheon International Airport since 2007. By applying

principles of UN Global Compact, it is the mutual pledge by various participating units and stakeholders existing in Incheon International Airport Corporation to agree to comply with standards of safety, ethics, environment, corporate philanthropy, win-win growth between Incheon International Airport Corporation and small and medium enterprises, communication and cooperation.

Clean Compact of Incheon International Airport has settled down as an icon of compliance and business ethics of Incheon International Airport Corporation by successfully engaging with business partners, suppliers, co-existing organizations, in-house store partners, airline companies, logistics firms and construction corporations etc. In order to increase active engagement and implementation, Incheon International Airport Corporation even has supported capacity building for compliance and business ethics of the partners with weak infrastructure of compliance and business ethics, mainly small and medium enterprises.

However, Incheon International Airport Corporation is facing more vulnerable risk since its 5 billion USD worth of construction is going on by targeting to complete by 2017. Incheon International Airport Corporation has reinforced its compliance and business ethics efforts by cooperating with its construction partners in order to prevent any corrupt behaviors. With all stakeholders, Incheon International Airport Corporation will endeavor to achieve the vision of becoming a global hub airport and a leading airport company in the world.

Chapter 3. Practice of business ethics

1. POSCO – Outcomes of continued efforts of business ethics

POSCO was established in 1968 and has been the driving force of Korea's economic development by supplying metal and steel, the basic elements of industrial growth for 40 years. POSCO was ranked as No. 1 of competitiveness among steel companies by World Steel Dynamics in 2010 and sustained the rank for four years consecutively. Also, POSCO was listed as the most admirable steel company by Fortune in 2011.

POSCO has a leading role not only in main business but also in compliance and business ethics. Compliance and business ethics of POSCO starts from its corporate governance with balance between management and board of directors, the independent audit committee and the dedicated department for compliance and business ethics.

In 2003, Business ethics Department was established. It oversees and supports all areas of compliance and business ethics for not only POSCO but also its outsourcing partners as well as POSCO's subsidiaries, which are called as POSCO family companies.

The purpose of POSCO's compliance and business ethics is to become the top ranked global company trusted and respected by all stakeholders in the world. POSCO's principle of compliance and business ethics is "Do the right things in the right way." To POSCO, compliance and business ethics are not just catching wrong behaviors but

rooting compliance and business ethics into every decision and action of employees for their growth as well as company's growth. Customized education and training of compliance and business ethics by life cycle of business careers in POSCO, by function of each department and by different style of education and training methods – e-learning, online training and offline education etc. - are supported to achieve this goal.

POSCO's ethical codes of conducts are based on legitimacy, fairness, transparency. They are provided in the formats of ethical principles, action standards, implementation guidelines and self-assessment. It also published Business Ethics Handbook and Ethical Dilemma Case Book to help employees in the world understand and act better to follow POSCO's ethical codes of conducts. Annually, all employees in the world pledge compliance of POSCO's ethical codes of conducts and renew their commitment. When POSCO contracts with business partners in procurement, POSCO requests them to participate in compliance and business ethics efforts.

In order to settle down compliance and business ethics in corporate and business management, POSCO runs various programs such as rewarding for reporting about unethical behaviors, voluntary reporting & exemption, helpline & hotline, the gift return center which POSCO introduced for the first time in South Korea and the self-regulating implementation program of compliance and business ethics etc. The self-regulating implementation program of compliance and business ethics is the program which discovers ethical risks and to prevent them by leadership of team leaders. It is encouraged to not only POSCO but also its POSCO family companies, its suppliers and business partners. As a result, POSCO and 14 POSCO family companies participated in 2012. For suppliers and business partners without their internal audit capacity, POSCO has supported them by providing education, training and seminars even to 1,000 CEOs of suppliers and business partners in 2011.

POSCO's efforts go beyond South Korea. In order to prevent global ethical risks, POSCO has been visiting and training 38 branches in 6 countries – China, Vietnam, Mexico, Thailand, India and Malaysia – in 2012 regarding compliance and business ethics, especially with POSCO Guidelines for Foreign Corrupt Practices Act (FCPA), the first guideline that POSCO set up as a company in South Korea in 2011.

It's been about 10 years since POSCO started its compliance and business ethics with announcement of POSCO's ethical codes of conducts. In order to culminate a decade's efforts and to open a new era of compliance and business ethics in the future, POSCO recently has declared happiness management as new compliance and business ethics concept. The vision of happiness management is 'For More Happier World with All Together.' It has three core values - Better Tomorrow, Fair Interests and Mutual Success. It is POSCO's continued commitment for the better future locally and globally, long term interests of all ecosystem rather than short term interests of POSCO only and mutual success with customers, suppliers, business partners, shareholders, investors, community, countries and international community.

2. KB Kookmin Bank – Overcoming crisis and restoring trust from the public

KB Kookmin Bank is a leading bank in South Korea with 2,700 customers, more than 50% of Korean population, and 1,213 branches including overseas branches. One of success reasons are compliance and business ethics, which started from 2001 as the first bank introducing ethical code of conducts in finance industry. KB Kookmin Bank's compliance and business ethics practice programs consist of five areas, ethical code of conducts, training & evaluation, monitoring & feedback, integrity contract practices and employee compliance guidelines.

However, in September 2012, it was revealed that KB Kookmin Bank had almost 9,600 cases of arbitrary modification of loan period and interest rates in the loan documents.

First of all, KB Kookmin Bank opened an exclusive window for all the claims and restored all contracts to original states after investigating fact relevance. Also, in August 2012, KB Kookmin Bank declared 'The Right Path Management Pursuing Customer Satisfaction' and pledged its commitment through 'KB Hope Management' in order to restoring trust from customers and practicing its responsibility as a leading bank in South Korea. KB Hope Management consists of three areas. Firstly, Hope Project for Customers changes a bank centered management into a customer oriented management. Secondly, Hope Project for Employees aims to strengthen their ethical awareness and to empower their pride as KB Kookmin Bank employees. Lastly, Hope Project of Corporate Philanthropy is to support youth, the elderly and victims of natural disasters in order to become more responsible corporate citizen.

KB Kookmin Bank learnt a lesson from its own case that regardless any accident or error, it is important to try to its best to restore trust from customers, society and the public. To overcome difficulty, it also realized that wrong traditional practices based on business as usual should be changed innovatively. As a result, in December 2012, KB Kookmin Bank became No. 1 in the national survey for customer satisfaction. KB Kookmin Bank will always put customer values as its top priority and endeavor to practice compliance and business ethics with authenticity.

3. Shinsegae

Shinsegae was established in 1930 as the first department store by opening the door towards the modern retail industry in South Korea. Since then, the company has been at the forefront of change and growth in South Korea's retail industry. In 1999, Shinsegae became the first organization in South Korea's retail industry to adopt compliance and business ethics as philosophy of corporate management. Shinsegae established the CSR Office (the former name was the Business Ethics Practice Office) to implement ethics regulations and to spread a culture of ethical business practices to the entire company.

After 3 to 4 years of successful efforts to set up the base of compliance and business ethics and to disseminate business integrity to all employees, Shinsegae took the next

step to quantify effectiveness of compliance and business ethics by diagnosing and measuring its progress.

In 2011, Shinsegae adopted the CSR evaluation system for CEO and expanded to all executives with the belief that the most important thing is awareness and actions of leaders in compliance and business ethics. The CSR evaluation system includes 19 indexes including unethical behaviors of members, risk prevention activities and customer satisfaction levels etc. Its annual evaluation results from CEO to director level executives are reflected to executive performance evaluation with 20% portion. It has helped Shinsegae's development and dissemination of compliance and business ethics, since one has to be responsible for all the evaluation results of oneself and the members under one's leadership.

Also, Shinsegae has self-developed SCMDEX (Shinsegae CSR Management Index) to diagnose compliance and business ethics practices and to reflect them to corporate and business management. SCMDEX has 7 themes, 29 evaluation indexes and 74 sub indexes. 7 themes are customer satisfaction, compliance, respecting business partners, hygiene management, human resources, social volunteering and transparent management. Compliance consists of 10 parts, employment relations, intellectual property, fair trade, self-regulation for just business, illegal actions, sales related regulations, governmental regulations facility safety, food safety and fire safety. Results of SCMDEX are also reflected to CEO evaluation with 20% portion.

Most of all, significance of Shinsegae's evaluation efforts is that Shinsegae had self-developed its own quantitative evaluation system and integrated it into corporate management and evaluation system, before global standards like GRI and ISO 26000 were introduced to South Korea. At that time, compliance and business ethics were focused on detecting unethical behaviors, not considering aspects of stakeholder relationship, quantifying through index and integrating into corporate management.

Part 3. Ten commandments of business ethics

1. Give priority to business ethics

Business ethics has to be the top priority. The problem of ethics has to be solved by the solutions of compliance and business ethics. Don't go around by offering other solutions such as corporate philanthropy or win-win growth efforts between large and small & medium size enterprises. Otherwise, anti-corporate sentiments will not go away.

2. Keep the principle of zero tolerance

No second chance should be allowed to unethical actions. Otherwise, efforts of a company for compliance and business ethics will fail.

3. Business ethics is the movement to go back to essence

Business ethics is the process of activating the mechanism to recover its essence.

4. Control actions not results.

Since it is hard to measure outcomes of compliance and business ethics, it is important to control actions, not results.

5. Environment and culture are important

The best ways to solve problems are openness and immersion because it is hard to solve all problems with the control based on systems.

6. Ethics as results are better than ethics as purposes

In order to win hearts of employees, it is better to emphasize that compliance and business ethics are natural results of healthy corporate management. If they think compliance and business ethics are purposes, they think them uncomfortable.

7. Business ethics has to be focused on humans

Employees are the most valuable assets and making them happy generates positive effects on productivity.

8. Business ethics has to be established from healthy relationship, not from perfunctory relationship

Good compliance and business ethics establish healthy relationship. The healthy relationship enables quality improvement as a result of relationship exchange.

9. Four gaps of business ethics have to be overcome

Business ethics can be successful when a company overcomes four gaps in compliance and business ethics. The gap between social expectation and CEO's mindset, the gap between CEO's perception on compliance and business ethics and executives, the gap

between compliance and business ethics system and actions of employees and the gap among different departments.

10. Protect a whistle blower for public interest

Hiding corruption will result in more severe damages than the damages that will result from telling the truth. A whistle blower should be protected for public interests.

Appendix. What is NABIS?

What is NABIS (Northeast Asia Business Integrity School)?

www.nabis.kr

The Siemens Integrity Initiative is a collective action initiative for anti-corruption in global scale between Siemens AG and World Bank. This USD 100 million initiative will support organizations and projects that fight corruption and fraud through collective action, education and training. It aims to boost business integrity and fair market conditions globally by building alliances to achieve clean markets and fair competition among companies and institutions.

On December 9, 2009, announcement for application of the first funding round with the amount of USD 40 million had been released to all around the world. There were more than 300 projects applications. Through strict and comprehensive screening process, the final 31 projects were chosen covering more than 20 countries. In South Korea, NABIS (Northeast Asia Business Integrity School) by FKI-IMI (Federation of Korean Industries-International Management Institute)¹ with collaboration with GCEF (Global Competitiveness Empowerment Forum)² is the only selected project.

NABIS is the education and training project for university students, future business leaders through collective action efforts of participating companies and corporate trainers in order to foster a clean and transparent business environment. It aims to empower their self-leadership for business integrity to fight against corruption by developing them as catalysts for change and impacts in South Korea and beyond.

NABIS also works closely with current business leaders to increase awareness of importance of compliance business ethics, and anti-corruption. From 2011, NABIS has been working with twenty four local and foreign invested companies through collective action efforts to educate and training future business leaders. Dispatched corporate trainers has developed NABIS curriculum with their own compliance and business

¹ FKI-IMI is an affiliated non-for-profit organization of FKI, a non-for-profit organization representing the Korean business community (more than 420 members including Korean conglomerates). FKI-IMI nurtures current and future business leaders with diverse education and training programs: CEO programs include a Global Advanced Management Program with over 3,000 alumni of CEOs, intensive education courses for CMO, CFO, CSO, HR, PR and Sales etc. FKI-IMI offers a platform for business leaders to foster their strategic management competence and leadership for the 21st century knowledge economy era through morning, monthly, yearly and seasonal forums. (<http://www.imi.or.kr/education/main.asp>)

² Global Competitiveness Empowerment Forum (GCEF) is a non-for-profit organization to promote Corporate Social Responsibility (CSR), sustainability and business integrity of public, private and social enterprises. GCEF is registered under the Ministry of Trade, Industry & Energy (MOTIE, formerly the Ministry of Knowledge Economy) of the South Korean Government which oversees all matters related with industrial policies and relations. GCEF specializes in multi-stakeholder dialogues, research, education, training, seminars and policy suggestions. GCEF promotes the enhancement of economic and social value creation by nurturing cross sector alliances and collaboration. It aims to help corporations make CSR part of their global competitiveness strategy. (www.g-cef.org)

ethics cases for their lectures to university students about business integrity in the free market economy. All actions of corporate trainers were based on collective and collaborative efforts.

University students are future business leaders and it is important to nurture sense of business integrity and anti-corruption before they start their professional careers in companies. Students are grouped into teams and compete in the Compliance and Business Ethics Presentation Contest by proposing creative solutions towards dilemmas in the assigned areas. NABIS will endeavor to create the fair Korean society with clean business environment together with companies, corporate trainers and students.

- **Name of Integrity Partner: Federation of Korean Industries-International Management Institute (FKI-IMI)**

- PARK, Kyu-won, Secretary General
- LIM, Jae-han, Team Manager
- SHIN Jeong-hwan, Researcher
- SHIN Ja-young, Researcher

- **Project Partner Organization: Global Competitiveness Empowerment Forum (GCEF)**

- Angela Joo-Hyun KANG, Founder and Executive President
- KIM, Dong-soo, Advisor
- PARK, Eun-gyu, Advisor
- OH, Ji-hyo, Coordinator
- KIM, Areum

- **NABIS Advisors:**

- KIM, Ki-chan, Professor, Business Administration, Catholic University
- SONG, Chang-suk, Professor, Business Administration, Soongsil University

- **Objectives:**

Objective 1: Education for future business people

- NABIS Students up to 96 people
- Empowering self-leadership to strive for business integrity and capacity building to fight against corruption by training future business people and developing them as catalysts for change and impacts in South Korea and beyond

Objective 2: Internalization for current business people

- NABIS companies and corporate trainers up to 24 corporations
- Identifying good practices of companies raising sensitivity of business integrity in horizontal and vertical organizational structures and market competition and inspiring organizational and industrial change makers by recognition and awareness raising

Objective 3: Solidarity for strategic alliances

- NABIS community comprising of students, corporate trainers and NABIS team
- Nurturing collective action grounds for knowledge sharing to promote business integrity in industrial, sectoral and national experiences and enhancing solidarity to foster fair market conditions in South Korea.

● Project Cycle

NABIS	Trainer meeting	Workshop for trainers	Screening students	Workshop for students	Graduation ceremony & CEO forum	PR and outreach
Cycle 1	8 companies 2011/9/2	The 1 st 2011/10/4~5 The 2 nd 2011/11/24	The 1 st document screening The 2 nd interview 2011/12/17	2012/2/2~4	2012/2/29	ChosunBiz, Financial Times, Yonhap, JoongAng, Asia Times, Donga, Hankyung Economic Daily
Cycle 2	8 companies 2012/9/18	2012/11/9~10	The 1 st document screening The 2 nd interview 2012/12/7	2013/1/17~19	2013/3/22	Korea Economic Daily, Newsis, JoongAng Ilbo, MTN, Financial News
Cycle 3	The 1 st meeting 2013/9/26	The 2 nd meeting and workshop 2013/12/6~7	The 1 st document screening The 2 nd interview 2012/12/27	2014/1/23-25	2014/2/13	NABIS booklet with 7 cases

● **NABIS Student Team and Winners for Scholarship**

NABIS	The Grand NABIS Prize for the Best Team (KRW3,000,000)	The NABIS Award for the Excellent Team (KRW1,000,000)	The Special NABIS Prize awarded by President of FKI-IMI(KRW500,000)	The Special NABIS Prize awarded by Chairman of Siemens Ltd. Seoul(KRW500,000)
Cycle 1	Team 6 assigned for POSCO	Team 4 assigned for GS E&C	Lee, Ji-yeon, Junior majoring Business Administration, Hanyang University	Lee, Tae-yong, Junior majoring Business Administration, Kunkuk University
Cycle 2	Team 2 assigned for KB Kookmin Bank	Team 8 assigned for KHNP (Korea Hydro & Nuclear Power)	Kim, Jin-hee, Senior majoring History, Yonsei University	Kwak, Min-kyu, Senior majoring Tourism Management, Donga University
Cycle 3	Team 2 assigned for LSIS Co., Ltd.	Team 4 assigned for POSCO E&C	Go, Dae-soo, Senior majoring International Trade, Myungji University	Park, Sang-hyeok, Junior majoring Statistics, Inha University

● **NABIS Companies, Trainers, Cases and Dilemma Questions**

1. NABIS Cycle 1 companies, trainers, cases and dilemma questions (2011-2012)

No.	Company name	Sector	Name	Position & title	Contents of lecture and case	Dilemma question
1	GS Engineering & Construction	B2B /Construction	LEE, Sang-chul	Assistant Manager, Management Assessment Team	Sustainability management and business ethics of a construction and B2B company	How to increase compliance practices of a construction company in a vulnerable industry?
2	KT	B2C /ICT	AHN, Hyo-un	Manager, Business Ethics Team	Employee training system and practices including its core values JUMP – Justice, Uprightness, Morality and Purenness – to improve individual leadership for business integrity	How to improve individual leadership for business integrity into action and increase corporate reputation?
3	SK C&C	B2B /SI	PARK, Eun-kyu	Former Senior Manager, Compliance Team	Consolidation, restructuring and coordination of complex compliance codes and indexes, “Don’ts”	How to internalize compliance into employees and help them take actions?
4	Kyobo Life Insurance	B2C /Life Insurance	KIM, Doo-ho	Former Team Manager, Compliance Team	Sustainability management and business ethics of a financial and B2C company	How to make corporate culture which puts business integrity first?
5	POSCO	B2B /Steel and Mining	LEE, Jin-hee	Manager, Global Business Ethics Group	Holistic system to nurture organizational culture for business ethics and integrity including incentives and remedies	How far can we include as the scope of business ethics?
6	KEPCO	State owned enterprise /Energy	HAN, Jin-hee	Senior Manager, Audit Team	Organizational leadership of a public enterprise for business integrity with various business ethics practices including clean mileage system	How to increase compliance in a public enterprise with complex stakeholder structure?
7	Siemens Ltd. Seoul	B2B /Engineering	JEON, Shi-gyoung	Legal & Compliance Officer, ASP H Lead CO	Strategic alliance and cross industry partnership among inter and intra corporations as well as government, civil society and global organizations to improve business leadership for business integrity	How to increase compliance and business ethics in healthcare industry, vulnerable to corruption?
8	Homeplus	B2C /Retail	CHOI, Young-bin	Team Manager, Compliance	Global and local anti-corruption efforts through CEO leadership improving business integrity	How much can a retail company indemnify misbehaviors of moving-in stores for customers beyond legal responsibility?

2. NABIS Cycle 2 companies, trainers, cases and dilemma questions (2012-2013)

No.	Company name	Sector	Name	Position & title	Contents of lecture and case	Dilemma question
1	Shinsegae	B2B /Retail	CHOI, Hun-hak	Manager, Business Ethics Team	Corporate responsibility for shared growth of company, customers and community	How can large retail stores and small community stores co-exist and grow together?
2	KB Kookmin Bank	B2C /Finance	YOO, Seung-kook	Manager, Compliance Team	Importance of trust and integrity to promote business integrity	How to restore trust and integrity again from the public after a banking company lost trust due to misbehaviors?
3	Doosan Heavy Industries	B2B /Heavy Industries	PARK, Kyung-hwan	Manager, Internal Audit Team	Sustainability management and internal control through compliance and business ethics	How can large companies and SME suppliers grow together?
4	POSCO Energy	B2B /Energy	KIM, Jin-ho	Manager, Sustainability Group	Business ethics and fair trade reflecting energy industry characteristics	How to solve dilemma of conflicts among economic, social and environmental values?
5	Samsung C&T	B2B /Construction	KANG, Young-seok	Senior Manager, Compliance Team	Theory and practices of compliance management	How to calculate and analyze inputs and outputs of compliance?
6	SK Hynix	B2B /Semi-conductor	YOON, Ki-sub	Manager, Sustainability Team	Business ethics and organizational leadership in South Korea and overseas	How to align ethical mindset and behaviors in a company?
7	Incheon Airport Corporation	State owned enterprise /Airport	BAE, Soo-jin	Manager, CSR Team	Business ethics management with multilateral stakeholders	How much should a public enterprise support and share benefits of business ethics and compliance for suppliers and the stakeholders existing in an airport environment?
8	KHNP (Korea Hydro and Nuclear Power)	State owned enterprise /Energy	CHO, Kwan-hyeong	Manager, Planning Team	Compliance of a state owned enterprise and efforts to increase business integrity	How to win support again from the public after a public enterprise lost trust due to corruption?

3. NABIS Cycle 3 companies, trainers, cases and dilemma questions (2013-2014)

No.	Company name	Sector	Name	Position & Title	Contents of lecture and case	Dilemma question
1	Doosan Infracore	B2B /Machinery	LEE, Ji-hye	Manager, CSR and Sustainability	Internalization of compliance into all business units and HQ/subsidiary structure	How to reach CSR (Corporate responsibility rather than narrow concept of CSR in Doosan's concept) consensus within global horizontal structure with different cultures and roots (fast growth through global M&A)
2	DuPont Korea	B2B /Chemical	HONG, Sook-yeon	Manager, Finance	HQ's compliance policies and dissemination into global subsidiaries based on zero tolerance	How to decrease numbers of misstatement of record, such as change of mindset and behaviors?
3	LG Chemical	B2B /Chemical	KIM, Jong-pyo	Manager, Business Ethics Bureau	Practices of business ethics and compliance of a company with diverse business units	How to narrow the compliance gap between people in petrochemical business unit and people in battery & electronics business unit?
4	LS IS Co., Ltd.	B2B /Engineering	YOON, Tae-kyun	Manager, Corporate Communication	Business ethics and compliance of a B2B and B2G company	How to decrease bribery between buyers and suppliers or tier 1, tier 2 and further?
5	Korea Southern Power (KOSPO)	State owned enterprise /Energy	SHIM, Tae-hyun	Manager, Inspection on Demand	Business ethics of an energy company and a public enterprise	Anti-corruption can't be done by one single company. Bribery givers and receivers should be punished together. How can make clean environment in government, public and private enterprises?
6	Korea Rail Network Authority	State owned enterprise /Infrastructure	PARK, Sang-hyun	Sr. Manager, Planning and Innovation	Business ethics of an infrastructure company and a public enterprise	How to ban respectful treatment based on the privileges of former post of government or state owned enterprises?
7	POSCO E&C	B2B /Construction	SHIN Ho	Manager, Business Ethics Bureau	Business ethics of a construction company and a private enterprise	How can empower compliance capacity of our suppliers in order to strengthen our competence of compliance operating in construction industry, vulnerable to corruption?
8	SK Happynarae	B2B /Social Enterprise	BAEK, Nak-hyun	Manager, Strategic Planning	Business ethics and compliance of a social enterprise	As a MRO company, procurement from social enterprises can help social enterprises. However, it can harm fair competition in a way, among SMEs. How can balance social and economic values?

● NABIS Students

1. NABIS Cycle 1 Students

Team	Name	University	Department	Year
Team 1	Kim, Jae-won	Korea Maritime and Ocean University	International Trade and Economics	1
	An, Jung-eun	The Catholic University of Korea	Business Administration	3
	Jung, Da-uhn	Dongguk University	Economics	4
	Jung, Dae-hyun	Sungkyunkwan University	Economics	3
Team 2	Kim, Seo-ha	Pusan National University	Business Administration	2
	Kim, Young-neon	Yeungnam University	Administration	4
	Kim, Ji-yeon	Soongsil University	Business Administration	3
	Lee, Ji-yeon	Hanyang University	Business Administration	3
Team 3	Kang, Dong-hun	Pusan National University	Mathematics	4
	Kim, Min-jung	Chonnam National University	Mass Communication	4
	Son, Jung-hye	Soongsil University	Business Administration	3
	Han Ji-eun	Hansung University	Business Administration	3
Team 4	Park Sae-hyun	Chungnam National University	Chemistry	3
	Park Jung-su	Andong National University	Business Administration	3
	Lee, Hang-chun	Hankuk University of Foreign Studies	International Economics & Law	3
	Choi, Yu-na	Sungkyunkwan University	Economics	4
Team 5	Kim, Sun-ho	Sejong University	Tourism Management	3
	Kim, Hee-eun	Kyungpook National University	Business Administration	2
	Won, In-suk	Dankook University	Law	3
	Yun, Hye-jung	Chung-Ang University	Economics	2
Team 6	Gwan, Ji-hye	Sookmyung Women's University	Economics & Business Administration	2
	Kim, Sung-min	Korea University	Environmental Science & Ecological Engineering	2
	Park, Eun-hye	Sogang University	Economics	3
	Lee, Sung-ju	Incheon National University	Business Administration	3
Team 7	Nho, Dan-bi	Hankuk University of Foreign Studies	Portuguese (Brazilian) Languages	3
	Park, Young-gyu	University of Seoul	Business Administration	2
	Yang, Byung-jin	Chungnam National University	International Business	4
	Yang, So-yeon	Ewha Womans University	Economics	4
Team 8	Kang, Hyun-hee	Sogang University	Department of Electronic Engineering	2
	Go, Jae-rim	Hanyang University	Advertising	4
	Lee, Tae-yong	Konkuk University	Economics	3
	Lee, Hye-young	Dankook University	Molecular Biology	3

2. NABIS Cycle 2 Students

Team	Name	University	Department	Year
Team 1	Kwak, Min-kyu	Dong-A University	Tourism Management	4
	Bae, Won-jun	Sungkyunkwan University	Philosophy	4
	Hong, Yae-ji	Hansung University	Business Administration	4
	Go, Hyun-jun	Hongik University	Economics	2
Team 2	Kim, Sae-chang	Jeju National University	Management Information Systems	4
	Jung, Young-hu	Chosun University	Civil Engineering	4
	Kim, Su-min	Ewha Womans University	International Studies	3
	Ju, Su-hee	University of Seoul	Economics	3
Team 3	Kim, So-young	Kyonggi University	Economics	4
	Yang, Hoae-sung	Korea University	Sociology	4
	Kim, Yun-kyung	Korea University	Economics	3
	Kim, Jun-gu	Sangmyung University	Economics	2
Team 4	Kim, Jun-pyo	Kyunghee University	International Hotel & Tourism Management	4
	Lee, Jun-bum	Seoul National University of Science and Technology	Global Business Administration	4
	Kim, Yun-jin	Ewha Womans University	International Studies	3
	Song, Sung-don	Chung-ang University	Economics	2
Team 5	Kim, Jin-hee	Yonsei University	History	4
	Park, Go-eun	Incheon National University	Business Administration	2
	Kim, Ji-won	Hanyang University	Business Administration	3
	Ahn, Su-hong	Inha University	Global Finance and Banking	2
Team 6	Moon, Eun-jung	Sookmyung Women's University	Culture & Tourism	4
	Jung, Su-hyung	Peking University	Information Management	4
	Kim, Chang-yeon	Yeungnam University	Business Administration	3
	Ahn, Eun-ki	Hanyang University	International Studies	2
Team 7	Min, Kyung-hwa	Hansung University	Real Estate	4
	Ji, Su-kyung	Dankook University	International Trade	4
	Em, Jae-hyun	Soongsil University	Economics	3
	Yoo, Sung-on	Myongji University	Industrial & Management Engineering	2
Team 8	Park, Jin-kyung	Ewha Womans University	Law	4
	Che, Gan-su	Dong-A University	Philosophy	4
	Han, Dong-geun	Seoul national University	Chemistry	3
	Yun, So-young	Kyunghee University	International Trade	2

3. NABIS Cycle 3 Students

Team	Name	University	Department	Year
Team 1	Go, Dae-soo	Myongji University	International Economics & Law	4
	Kim, Eun-jung	Hankuk University of Foreign Studies	Economics	3
	Shin, Dong-jun	Sungkyunkwan University	Economics	4
	Choi, Jong-bu	Chungbuk National University	Business Administration	2
Team 2	Kim, Dong-wock	Hanyang University	Economics and Finance	4
	Park, So-young	Sungshin Women's University	Business Administration	4
	Yoo, Myung-jun	Chungnam National University	Electronic Engineering	3
	Lee, Dong-hoon	Sungkyunkwan University	Law	4
Team 3	Gu, Min-sup	Kyunghee University	Russian Languages	4
	Lee, Sun-jung	Yonsei University	Business Administration	1
	Lee, Ji-won	Sungkyunkwan University	Global Business Administration	2
	Han, Ji-hoon	Sangmyung University	International Economics & Law	4
Team 4	Guen, Na-rae	University of Ulsan	Global Business Administration	4
	Sung, Min-woo	Sungkyunkwan University	Global Leader	2
	Choi, Min-a	Sangmyung University	Geography	3
	Choi, Hyo-dong	Seokyeong University	Business Administration	3
Team 5	Kim, In-kyung	Ewha Womans University	International Studies	1
	Park, Sang-hyeok	Inha University	Statistics	3
	Tack, Min-ho	Gachon University	Industrial Engineering	3
	Ham, Ju-ho	Incheon National University	Consumer & Child Studies	4
Team 6	Park, Da-jung	Kyonggi University	International Trade and Business	3
	Lee, Jae-seong	Incheon National University	International Trade	4
	Lee, Jae-yun	Chungnam National University	Materials and Engineering	3
	Han, Jung-peel	Sungkyunkwan University	Business Administration	3
Team 7	Kim, Dong-ju	Korea University	Economics	3
	Kim, Chang-hyo	University of Ulsan	Mechanical & Automotive Engineering	4
	Woo, Hye-rin	Korea Aerospace University	Business Administration	1
	Lee, Geun-hee	Dongguk University	Law	2
Team 8	Kim, Chul-ho	Hongik University	Business Administration	3
	Kim, Hyung-gu	Gachon University	Industrial Engineering	3
	Ju, Hyun-jung	Chonnam National University	Business Administration	2
	Choi, Seung-huk	Chung-Ang University	Public Service	4

- **Reflections of NABIS Trainers**

- **NABIS Cycle 1 Trainers**

JEON, Shi-gyoung, Compliance Officer, Legal & Compliance, Siemen Ltd. Seoul

I think that I should not lose my face to my child who entered an elementary school this year in any case. Leading companies got together to educate university students about anti-corruption so that they can become future business leaders with integrity. I feel proud that I am in the middle of this effort. We can find corrupt cases easily but I feel consoled to know that there are many companies who try to engage with others in order to learn good practices and try to improve more.

HAN, Jin-hee, Senior Manager of Audit Team, KEPCO

I always think that it's bit late to educate employees after they enter into a company. Education for anti-corruption should start as early as possible. It was good to have quality time with university students by participating in NABIS.

- **NABIS Cycle 2 Trainers**

KIM, Jeong-min, Manager of Compliance Team, KB Kookmin Bank

As a person should keep ethics in order to live a better life, a company should find a way in compliance and business ethics in order to have sustainable growth. By reflecting business ethics of KB Kookmin Bank, I realize that compliance and business ethics with authenticity is a real way of overcoming crisis. Business ethics should be like air. We feel natural but without it, we will be in peril.

KANG, Young-seok, Senior Manager of Compliance Team, Samsung C&T

It is really important to realize importance of compliance and business ethics before university students enter into their professional careers. It was meaningful to meet them in person and I had a fruitful time.

CHOI, Hun-hak, Manager of Business Ethics Team, Shinsegae

I found the way between business administration and humanity, rules and exceptions and reality and idealism.

CHO, Kwang-hyeong, Manager of Planning Team, KHNP(Korea Hydro and Nuclear Power)

Congratulations for publishing this NABIS booklet. I greatly appreciate for Siemens Ltd. Seoul and GCEF to make me participate in NABIS. It was good time to experience indirectly various cases of compliance and business ethics of leading companies in South Korea. It was great to see university students who will become business leaders in

the future. I would like to congratulate again for your precious move and wish NABIS can lead compliance and business ethics in South Korea.

PARK, Kyung-hwan, Senior Manager of Internal Control Team,
Doosan Heavy Industries

I was inspired by NABIS activities, lecturing and discussing with university students, future business leaders in order to make clean business environment. Also, I was deeply impressed with efforts and practices of NABIS companies while I participated in discussions with them on common topics. I hope NABIS can continue in order to make the better society based anti-corruption.

BAE, Soo-jin, Manager of CSR Team, Incheon International Airport Corporation

We can judge the level of the society by seeing the level of compliance and business ethics in the society. Though South Korea made a good progress in business ethics in public and private sectors, there is a long way to go to see higher ranks of South Korean in CPI (Corruption Perceptions Index). I wish the NABIS booklet can be helpful for progress of transparency, compliance and business ethics of the Korean society.

● **NABIS Cycle 3 Trainers**

KIM, Jong-pyo, Senior Manager of Business Ethics Division, LG Chemical

It was a great opportunity to meet like-minded people and exchange our mutual works though we all work in different companies in diverse industries. My business ethics works in my company do not generate visible outputs but I believe my works empower competence of my company and that's why I feel proud of my works.

BAEK, Nak-hyun, Team Manager of Strategic Planning, SK Hynix

Embedding compliance and business ethics into everyday business life is essential for companies and better happiness of our society. NABIS is a very meaningful platform that we can share best practices of many companies especially among corporate trainers. Also, NABIS has provided good chances to nurture ethical mindset to university students from the early stage of their professional lives.

SHIM, Tae-hyun, Manager of Inspection on Demand, KOSPO(Korea Southern Power)

Integrity and ethics are essential values to improve the level of South Korea, development of KOSPO and success of my life. As a small butterfly can make huge storms, I wish NABIS can make good movements in Northeast Asia and beyond.

HONG, Sook-yeon, Manager of Finance, DuPont Korea

Many people think that it is hard to comply with compliance and business ethics. However, it is simple if one can know difference between the things to do and the things not to do. If one can follow this rule and one can be clear to oneself always. While participating in NABIS, I found out huge interests in compliance and business ethics that university students have. I hope these can make future of South Korea brighter.

● **Reflections of NABIS Students**

- [Lecturer] Great to learn from corporate trainers in person with vivid cases.
- [Lecturer] Great to ask questions directly to corporate trainers who are responsible for compliance and business ethics.
- [Contents] Quality of lectures was great.
- [Contents] Business ethics were vague before NABIS but now clear.
- [Contents] I thought companies did not try to improve compliance but came to realize that they have poured a lot of efforts.
- [Contents] I came to know that companies have commonality in compliance and business ethics but difference in actions according to internal and external environments by industry.
- [Contents] I learned that business ethics are not just theories but reality.
- [Contents] Great to learn compliance and business ethics of top brand companies.
- [Contents] I attended business ethics class at the school and learned concept and history of business ethics and un/ethical cases. Since those cases were the ones more than 10 years ago or foreign companies like Nike or GE, they have not influenced me much. However, through NABIS, I learned a lot and felt more closely from the cases of Korean companies and their dilemma as well as efforts. I came to think deeply about my future role as a global business leader.
- [NABIS] NABIS is an invaluable experience. It has become the first trigger of my interests in compliance and business ethics.
- [NABIS] I feel proud of being a NABIS student.
- [NABIS] At first, when I wrote my resume and had in-person interview in order to become a NABIS student, I think business ethics are just mere risks that can be sacrificed for profits. However, NABIS classes changed my perception into the right way.
- [NABIS] It was interesting to make a productive output (NABIS Student Competition Presentation File) together with team members in a short time. I spent very fruitful time. Real and vivid stories of compliance and business ethics by some corporate lecturers made me sink into the world of compliance deeply.