

2015 DAEWOO E&C SUSTAINABILITY REPORT

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Cheonan-Nonsan
Highway



Suji Jinsan Village PRUGIO



Papua New Guinea
LNG Production Plant



Northeast Asia Trade Tower



Geoga Grand Bridge

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CEO MESSAGE

I would like to extend my sincere gratitude to all stakeholders of Daewoo E&C for your endless interest and support.



Though the domestic construction market was partly revived by the government’s reflation measures for the real estate business, global conditions continued to lag with the prolonged economic depression and the ever-fluctuating oil prices and exchange rates. Yet, Daewoo E&C not only made a successful turnaround but also accomplished one of the best management performances among Korean construction companies. The success would not have been possible without your support and encouragement, and in turn, Daewoo E&C promises our continuous growth.

In 2015, we will actively secure a well-balanced portfolio - regionally and functionally - in order to enable steady growth in spite of external changes. We expect to obtain quality projects in emerging markets such as Algeria, Oman, Qatar, and Kuwait; win more contracts for civil engineering infrastructure and Independent Power Plant (IPP) projects in Southern Africa as a strategic counterplan to the possible decrease of projects for plant construction in the Middle East region due to the fall of oil prices; and sustain efforts to pioneer new markets in Ghana and in Mozambique. We will strive to ensure profitability in the early stages of obtaining orders through risk management and active deliberation, both of which were significantly strengthened in 2014, whilst innovating production costs and reducing selling and administrative expenses.

Nowadays, companies can no longer achieve financial growth without fulfilling their social and environmental responsibilities. Fully acknowledging the trend, Daewoo E&C embraced the ‘DAEWOO New-Way’ in 2013 to strengthen ethics policies and structures, as well as putting our best efforts into mutual growth with suppliers via fair trade. We also focus on transparent communication with our stakeholders by publicly disclosing Daewoo E&C’s most pressing issues within our sustainability reports.

Relating to the growing importance of Corporate Social Responsibility (CSR), in February 2015, Daewoo E&C introduced the Compliance Program (CP) to raise our credit ratings and to minimize compliance risks. Through the CP, we intend on shifting employee awareness as well as preventing corruption and/or other unreasonable business practices, thereby becoming an exemplary leading company.

2015 shall serve as a foothold for Daewoo E&C’s yet another leap forward, especially after the surplus we reached in 2014. In light of our promising future, I would like to ask you, our stakeholders, for your continuous interest and support.

Thank you.

June 2015.
Daewoo E&C Co., Ltd.
President and Chief Executive Officer (CEO)
Youngsik Park

A handwritten signature in black ink, appearing to read 'Y S Park', written in a cursive style.

2014-2015

Daewoo E&C Top 10 Highlights

Declaration to adopt a Compliance Program

In February 2015, the CEO, Youngsik Park, announced the beginning of a new era for Daewoo E&C in terms of compliance management. Voluntary disclosure, operational regulations for Compliance Programs (CP), promotional posters, newsletters, and employee pledges are all pursuant activities in adopting an enterprise compliance program. With the newly appointed Compliance Leaders (CL) at the forefront, Daewoo E&C shall assess compliance management in a strict and vigorous manner, and take just measures of rewards and punishments to effectively right the wrong in the practices of our daily work routine. The adoption of the CP shall take our public credibility to another level, as well as minimizing potential risks and losses for both the company and our employees.

PRUGIO website is chosen as ‘A.N.D AWARD 2013 Winner’

The website of Daewoo E&C's Apartment Brand, PRUGIO won the ‘Award for New Digital (A.N.D.)’ hosted by Korea Digital Enterprise Association. The PRUGIO website was updated in celebration of PRUGIO's 10th anniversary, and to increase customer accessibility. The renewed website contains ‘PRUGIO cast’ where sales information and photos of apartment complexes are posted, and ‘PRUGIO Life’, a webzine through which Daewoo E&C communicates with our current and future customers. Moreover, Daewoo E&C focused our efforts on customer-friendliness as both visibility and accessibility were enhanced by a simplified menu on the website, and we received certification of web accessibility by Korea Web-accessibility Accreditation Council (KWAC).

Daewoo E&C ranks fifth place in the 50 Best Korean Companies to work for

Daewoo E&C was chosen as the fifth best Korean company to work for, according to Fortune Korea. The ‘50 Best Korean Companies to work for’ by Fortune Korea is the Korean version of the US ‘100 Best Companies to Work for’ where companies are evaluated by their own employees on five categories: promotion opportunity and growth potential, salary and benefits, work-life balance, organizational culture and management leadership. For Daewoo E&C, the results showed that our employees especially appreciate the horizontal corporate culture which stems from our core values, autonomy and accountability and communication.

Declaration of Enterprise Safety Innovation

With the declaration of enterprise safety innovation as of June 2014, Daewoo E&C pledged to step up our safety measures, in accordance with prior efforts to prioritize safety in the business management and on-site operations. During the declaration ceremony, the CEO, Youngsik Park, promised to invest continuously and vigorously in order to prevent irrational practices, and to ensure fundamental safety. The CEO also called for compliance to all basic principles and safety measures in line with Daewoo E&C's change of standard in safety, focusing on preventive activities.

Daewoo E&C wins the Zambia-Botswana Bridge Project

With our technology, know-how, and experience in prior civil projects, Daewoo E&C won the USD 162 million (KRW 165 billion) project to construct Kazungula Bridge which shall connect Zambia and Botswana. Kazungula will be the first bridge to connect the two countries and therefore holds historical significance as “the 40-year cherished ambition of Southern Africa.” Upon construction, the bridge is expected to drastically change the transportation and logistics infrastructures within the area. We, expect to enhance our business capacity in Southern Africa with this project as our foothold.

MOU with Electronics and Telecommunications Research Institute (ETRI)

In February 2014, Daewoo E&C signed a Memorandum of Understanding (MOU) with Electronics and Telecommunications Research Institute (ETRI) in Korea for the purpose of developing innovative construction technology based on a strong foundation of technological convergence. The conclusion of MOU signifies the potential development of cooperative models including domestic and overseas Engineering Procurement Construction (EPC) business, joint projects in the building works and housing sectors, Research & Development (R&D), and shared licenses through the convergence of Daewoo E&C's construction technology and ETRI's Information & Communication Technology (ICT) such as ‘transparent smart windows’, ‘ubiquitous home automation’ and ‘vision-based unmanned parking lot management’.

User-friendly Innovation on Concrete Crack Repair

‘Power Cleaner’, a product to repair concrete cracks, was invented in late October 2014 by Daewoo E&C Institute of Construction Technology (DICT) in partnership with Seric Co., Ltd., a research institute of ceramics at Hanyang University. The product can be easily used both in homes and on-site by simply applying to a concrete crack after spraying water. ‘Power Cleaner’ is more durable than any other product devised for the same purpose, or the previous method in which the crack was coated over by self-healing cement. With the invention of ‘Power Cleaner,’ Daewoo E&C became the first in the construction industry to commercialize and sell construction materials to the general public.

‘Smart Switch’ wins the iF Design Awards

In 2015, Daewoo E&C's very own ‘Smart Switch’ won the main prize in the building technology category of the iF Design Awards. ‘Smart Switch’ is a product that integrates several functions such as a thermostat, a lighting switch, a switch for standby power and a real-time energy monitor. The user-friendly smart design, along with its distinctive practicality and convenience was previously recognized in 2013 when the ‘Smart Switch’ was selected as a Good Design Award winner, a design award of supreme authority in Korea. Following the ‘Green Premium Switch’ which won in the 2013 iF Design Awards, Daewoo E&C's high quality design and technology is becoming increasingly recognized. We plan to keep on leading housing culture trends by developing novel products that reflect our corporate philosophy in their designs.

First to achieve ISO/IEC 20000 certification in the industry

Following the International Organization for Standardization (ISO) / International Electrotechnical Commission (IEC) 27001 for information security management which was obtained in December 2013, Daewoo E&C became the first construction company to be certified for ISO/IEC 20000, the international standard on Information Technology (IT) services as of July 2014. The recent certification shows our competence in the services we provide through internal and external IT-based systems. It has also motivated us to further improve IT service management. Hence, in addition to our efforts to establish a solid knowledge management system by digitalizing our core values, Daewoo E&C promises to become a true global E&C leader through the continuous systematic integration of information systems.

The new ‘Five Zones Security System’

Daewoo E&C's new development, the ‘Five Zones Security System,’ will be installed in PRUGIO apartments. The system applies different levels of security management by dividing an apartment complex into five different zones: the exterior and interior of the complex, the elevator, the entrance to each individual household and within each household. With excellent vision-based monitoring functions such as the smart door camera which automatically takes a picture of whoever approaches within a certain distance, the rate of crime and accidents in the vicinity is expected to decrease radically, thereby providing safe living conditions for Daewoo E&C's customers.



Daewoo E&C

» Civil

🏗️ Building

🏠 Housing

🏭 Plant

⚡ Power Plant



About Daewoo E&C

Since establishment in 1973, Daewoo E&C has relentlessly pursued change and innovation with a firm belief in the power of construction to change the world. Based on the solid and stable system of Korea Development Bank (KDB), our largest shareholder, Daewoo E&C develops new growth engines and a wide variety of business opportunities in Korea and around the world. Moreover, we put our best efforts forward in the development of new technology and human resources, investment and knowledge management, thereby growing into a leading company loved and trusted by society. As a market-leading construction convergence innovator, Daewoo E&C will open up a new and better future.

Overview

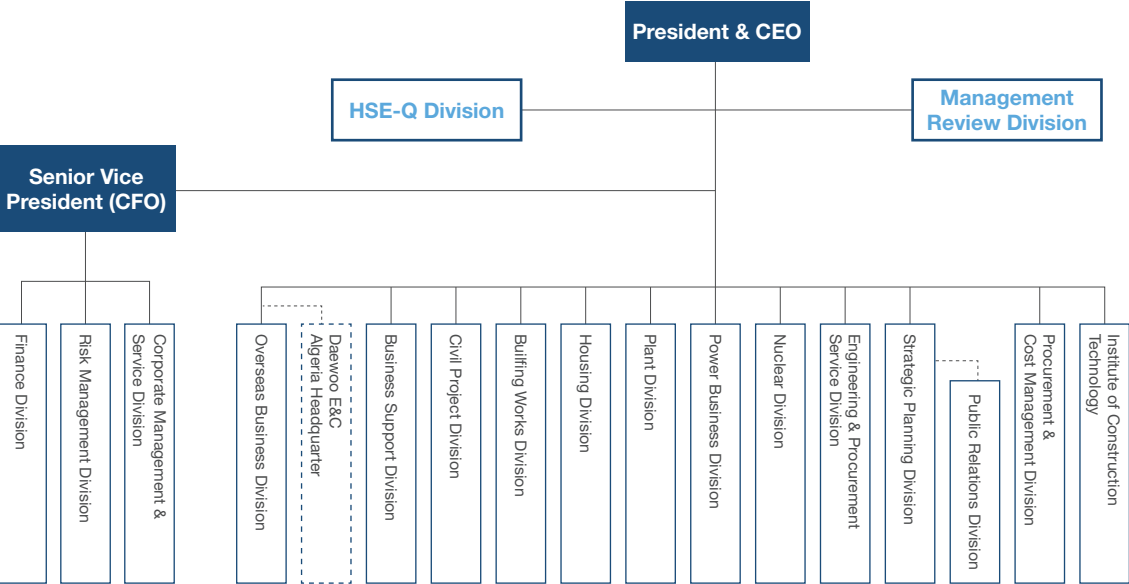
(As of December 31, 2014)

Company Name	DAEWOO Engineering & Construction Co., Ltd.
Date of Establishment	November 1, 1973
Address	75, Saemunan-ro (Sinmunno 1-ga), Jongno-gu, Seoul, Korea
CEO	Youngsik Park
Branches and Affiliates	1 Domestic Branch, 22 Overseas Branches ¹⁾ , and 6 Affiliates
Major Shareholder	Korea Development Bank (KDB Value 6 Ltd.)
Number of Employees	6,211 ²⁾
Website	Korean) www.daewooenc.com / English) www.daewooenc.com/eng/

1) Excludes offices 2) Includes executives, contractors, professionals, full-time workers. Excludes foreigners

Organizational Structure

(As of March 9, 2015)



Domestic Subsidiaries

(Consolidated companies)

Title	Location
Daewoo ST Co., Ltd.	Jincheon, Chungcheongbuk-do
Daewoo Songdo Hotel Co., Ltd.	Songdo-dong, Incheon
PRUGIO Service Co., Ltd.	Seoul
Korea Infra Management Co., Ltd.	Busan
Foodream Co., Ltd.	Seoul
Busan High Tech Industrial Complex Co., Ltd.	Busan
Kangdong Project Financing Vehicle Co., Ltd.	Seoul
Daewoo Energy Co., Ltd.	Pocheon, Gyeonggi-do

Overseas Subsidiaries

(Consolidated companies)



DW America Development, Inc.
New York, U.S.A.



DAEWOO Tripoli Investment & Development Co., Ltd.
Tripoli, Libya



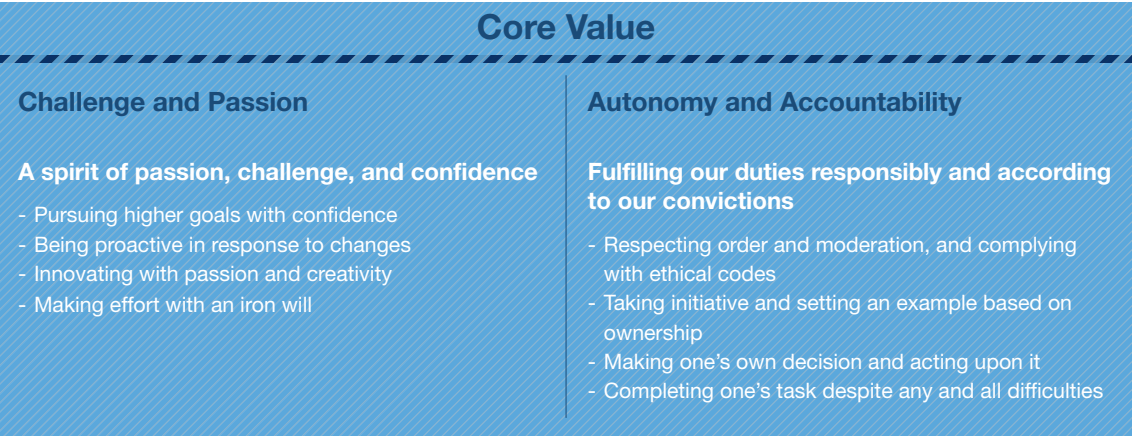
THT Development Co., Ltd.
Hanoi, Vietnam



Saipan Lulau Development, Inc.
Saipan

Vision Structure

Daewoo E&C's vision, 'Global E&C Leader, creating the highest corporate value with best technology and human resources,' shows our promise and determination in becoming a global leader in the construction industry. Leveraging years of hands-on experience and technological prowess, Daewoo E&C envisions a more valuable and comfortable world created by our technology, human resources, and ambition.



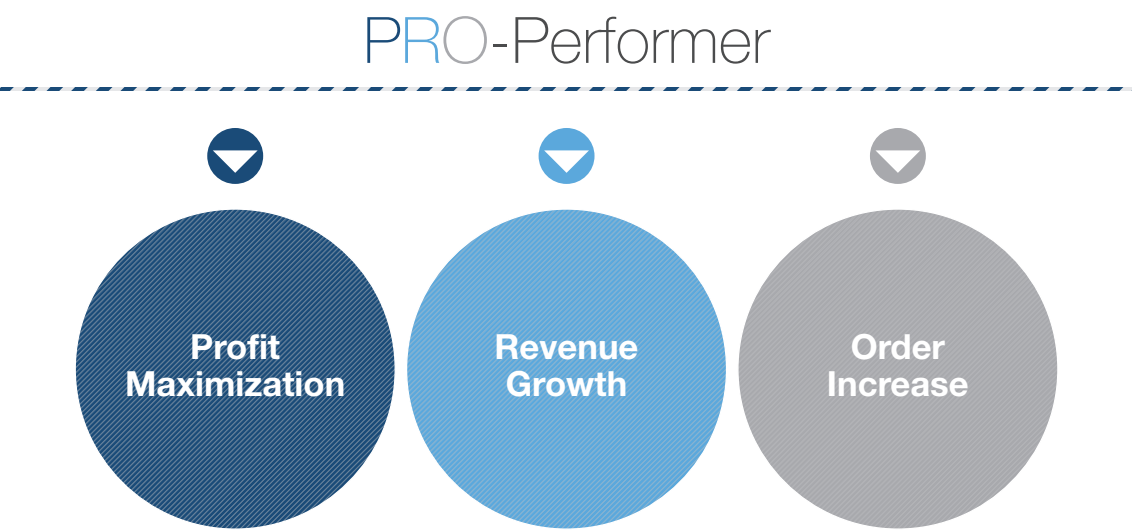
'2014 New Start Campaign'

Undeniably, there have been difficulties in business management externally and internally due to the prolonged period of market downturn in the construction industry, financing issues, government investigations, and an executive bribery incident. Nevertheless, Daewoo E&C's strength to overcome crises (which can only be described as our DNA, coming from countless prior experiences in dealing with crisis situations) was displayed by all employees at Daewoo E&C. In line with such collective effort, the '2014 New Start Campaign' was launched.

Catch Mind	Catch Cost	Catch Bravo
Awareness Campaign to fix the bad and the false	Cost Reduction Campaign to cut down excessive and senseless spending	Loyalty and Motivation Campaign to refresh the work environment and organizational structure
<div><div>- Remedy moral hazards and ill-disciplines</div><div>- Combat corruption and fraud</div><div>- Diminish top-down relationships</div><div>- Prevent safety insensitivity</div></div>	<div><div>- Work intensively and provide refreshing annual leaves when and where appropriate</div><div>- Spend in a purposeful manner</div><div>- Moderate golf unless for business reasons</div><div>- Reduce waste and spendings (by saving office supplies and maximizing purchases from MRO (Maintenance, Repair & Operation))</div></div>	<div><div>- Share best practices to build up teamwork</div><div>- Conduct cheering-up events</div><div>- Improve work environment at the Headquarters</div></div>

Topic of the Year in 2015, 'PRO-Performer'

The topic of the year in 2015, 'PRO-Performer,' is composed of three pillars: Profit Maximization, Revenue Growth and Order Increase. In light of the low-growth domestic and overseas construction markets, Daewoo E&C is creating synergy through enterprise reformation to increase corporate value, a systematic response to the paradigm shift in the construction industry, and the internalization of our new corporate vision as well as our mid- and long-term strategies.



Business Portfolio

Civil Project

With proven technology, high quality service, and successful overseas experience, Daewoo E&C has contributed to Korea's economic development by building a series of major social infrastructures in the 1970s, including highways, railways, and harbors. Despite the reduction in the domestic Social Overhead Capital (SOC) budget in 2014, we carried out activities to obtain orders as part of an overarching diversification strategy to win contracts for overseas projects. In addition to the current markets in Qatar and Algeria, Iraq and the Philippines were newly selected as hub markets, aligning with our vision to establish the foundation to expand into markets with great potential, namely, the Middle East, Asia, and South America. Our selection and concentration strategy targets strategic business units such as subways, ports, bridges, sewage treatment facilities, and immersed tunnels.

Building Works

Despite the stagnant construction market in Korea and the excessive competition in overseas markets, Daewoo E&C's Building Works business is securely diversifying business with high-rise buildings and intelligent buildings. The sophisticated yet comfortable, and the safe yet pleasant designs and spaces provided by Daewoo E&C have now become a landmark of their own all over the world. We lead the industry with our smart and eco-friendly technologies, and our competence in various fields including hotels, exhibition spaces, medical facilities, and factories. Daewoo E&C shall maintain a firm competitive advantage in the domestic market based on our profitability and stability whilst working to increase our competitiveness in Asia and other hub markets based in Middle East and North Africa (MENA) region.



Housing

Throughout the years, Daewoo E&C has secured our position as a forerunner in the housing business. The changes and advances made through PRUGIO show our efforts to provide a prestigious living space that co-exists with nature. Such effort is founded upon detailed market analysis, marketing strategies and outstanding product competitiveness. In addition, PRUGIO creates changes that enrich the lives of our customers in more ways than one – urban residential and commercial complexes, urban development, remodeling and urban reengineering.

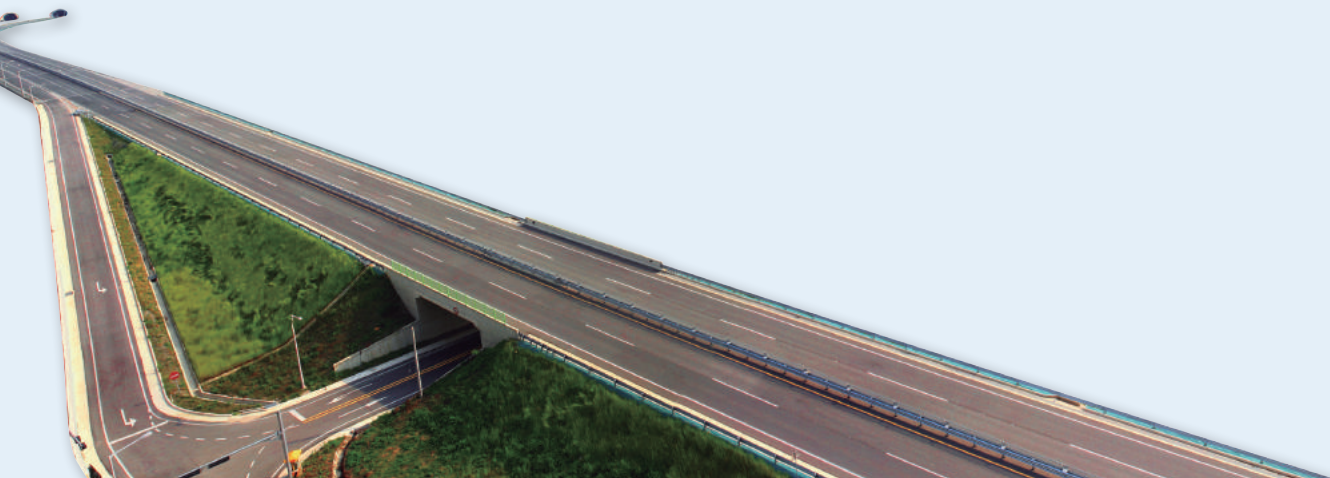
Plant

With the advanced technology and know-how in oil & gas business we have accumulated through the years, Daewoo E&C successfully constructed the IRP II (Inter Refinery Pipelines - Phase 2) Tank in United Arab Emirates (UAE), LNG Production plant in Papua New Guinea, and S-Oil's oil offloading facilities in Korea. Moreover, we are increasing our influence in Nigeria through the Gbaran Infill project and also exploring and extending our business territory in the Middle East by winning the Clean Fuels project in Kuwait and the DGS project in Iraq. Moving forward, Daewoo E&C aims to focus on obtaining LNG projects in the sub-Saharan regions of Africa. Through partnerships with leading construction companies such as Fluor and JGC, Daewoo E&C will not only diversify risks, but also strengthen business management capacities, ultimately increasing profitability.



Power Business

Power business in most countries is promoted strategically by respective governments as it shows a strong potential to grow in emerging markets such as Asia, Africa, and South America where the demands for electricity is surging. In addition to the combined cycle power plants, coal-powered plants and nuclear power plants that Daewoo E&C has been constructing in the MENA region, we are currently in the process of promoting Independent Power Plant (IPP) projects which are widely seen as a next generation growth engine. An order for a 950MW combined cycle power plant in Pocheon, Korea has already been obtained and is planned to commence in February 2017. The project shall serve as a part of the Korean government's sixth basic plan for long-term electricity demand and supply. Furthermore, in order to establish a competitive business structure as a developer in overseas IPP business and Operation & Management (O&M) business, Daewoo E&C is operating and maintaining the Pocheon power plant and strengthening our partnership with domestic and overseas developers.



Corporate Governance

Shareholders and Investors

Daewoo E&C preserves the right of shareholders to be informed by publicly disclosing management information, financial information, Investor Relations (IR) materials and stock information on the IR website (www.dwconstir.com). Material information which Daewoo E&C is legally obliged to disclose is available in Financial Supervisory Service (FSS) Data Analysis, Retrieval and Transfer System (DART) and Korea Investor's Network for Disclosure System (KIND) of Korea Exchange (KRX).

Major Shareholders		(As of December 31, 2014)
Shareholder	Percentage of shares (%)	
Korea Development Bank (KDB Value 6 Ltd.)	50.75	
SEBT Investment Ltd.	12.28	
Kumho Tires Co., Inc.	4.40	
Kumho Petrochemical, Co., Ltd.	3.52	
Asiana Airlines, Inc.	2.20	
KDB Life Insurance Co., Ltd.	0.48	

BoD Organization and Operations

Daewoo E&C strives to establish a transparent corporate governance. The Board of Directors (BoD) consists of experts that ensure sustainable management and growth in their respective fields. In 2014, BoD meetings were held on 17 occasions.

BoD Organization					(As of December 31, 2014)
Category	Name	Background	Rationale	Area of Expertise	
Inside Director	Youngsik Park	- Seoul National University - Previous CEO of Dong Ah Construction Industrial Co., Ltd.	CEO	Business Affairs	
	Kyungtaek Lim	- Yonsei University - Previous Vice President of Customer Banking, Korea Development Bank (KDB)	CFO	Financial Affairs	
Outside Director	Hyungjong Kim	- Hongik University - Current Division Head at KDB Private Equity Fund	Shareholders' Protection	Strategy Advisory	
	Sunjik Kwon	- Korea University - Current External BoD member at NH Investment and Securities Co., Ltd.	Advertising and Marketing Expert	Public Relations Advisory	
	Suntae Jeong	- Seoul National University - Current Director at Haekwan Foundation	Legal Expert	Legal Advisory	
	Khan Park	- Seoul National University - Current Director at Haekwan Foundation	Finance Expert	Financial Advisory	
	Hongkee Jee	- Yeungnam University - Previous President of Korea Foundation of Water Science and Engineering Societies	Sales Expert	Sales Advisory	

Yearly BoD Operations

Category	Unit(s)	2012	2013	2014
Board Meetings	Number of meetings	15	18	17
Agenda Items	Number of items	55	66	48
Board Meeting Attendance	%	93	97	92.9

BoD Committees

Outside directors are transparently nominated by the Outside Director Nomination Committee. Meanwhile the Audit Committee is in charge of overseeing business and accounting within Daewoo E&C.

Yearly BoD Operations			(As of December 31, 2014)
Category	Roles and Responsibilities	Members	
Outside Director Nomination Committee	To recommend suitable candidates for non-executive positions to the general meeting	Youngsik Park, Sunjik Kwon, Suntae Jeong, Khan Park, Hyungjong Kim	
Audit Committee	To oversee financial reporting and accounting	Khan Park, Sunjik Kwon, Hyungjong Kim	

BoD Evaluation and Remuneration

Remuneration for the constituents of BoD is decided upon financial performance, the amount of which may not exceed the limit decided upon the General Meeting. Information on total executive remuneration, average remuneration per person and individual remuneration figures (over KRW 500 million) is publicly disclosed in Daewoo E&C's Annual Report. Retirement pay for executives is provided according to the Rules of the General Meeting (with reference to Article 30, Articles of Incorporation).

Remuneration Status of BoD (2014)				(Unit: KRW million)
Title	Number of persons	Remuneration in total	Average remuneration per person	
Inside Director	2	1,458	729	
Outside Director	2	98	49	
Member of the Audit Committee or Auditor	3	111	37	

Remuneration Status of the Chairman of BoD (2014)			(Unit: KRW million)
Director	Title	Remuneration in total	
Youngsik Park	President & CEO	713	

Sustainability Management

Sustainability Management System

In order to become a leading company in sustainable management, Daewoo E&C established a sustainability management system in 2012. Business activities are largely based on Daewoo E&C's vision and core values, in order to create stakeholder value and to fulfill our corporate social responsibility.

Sustainability Management System



ESG Assessment for Sustainability Management

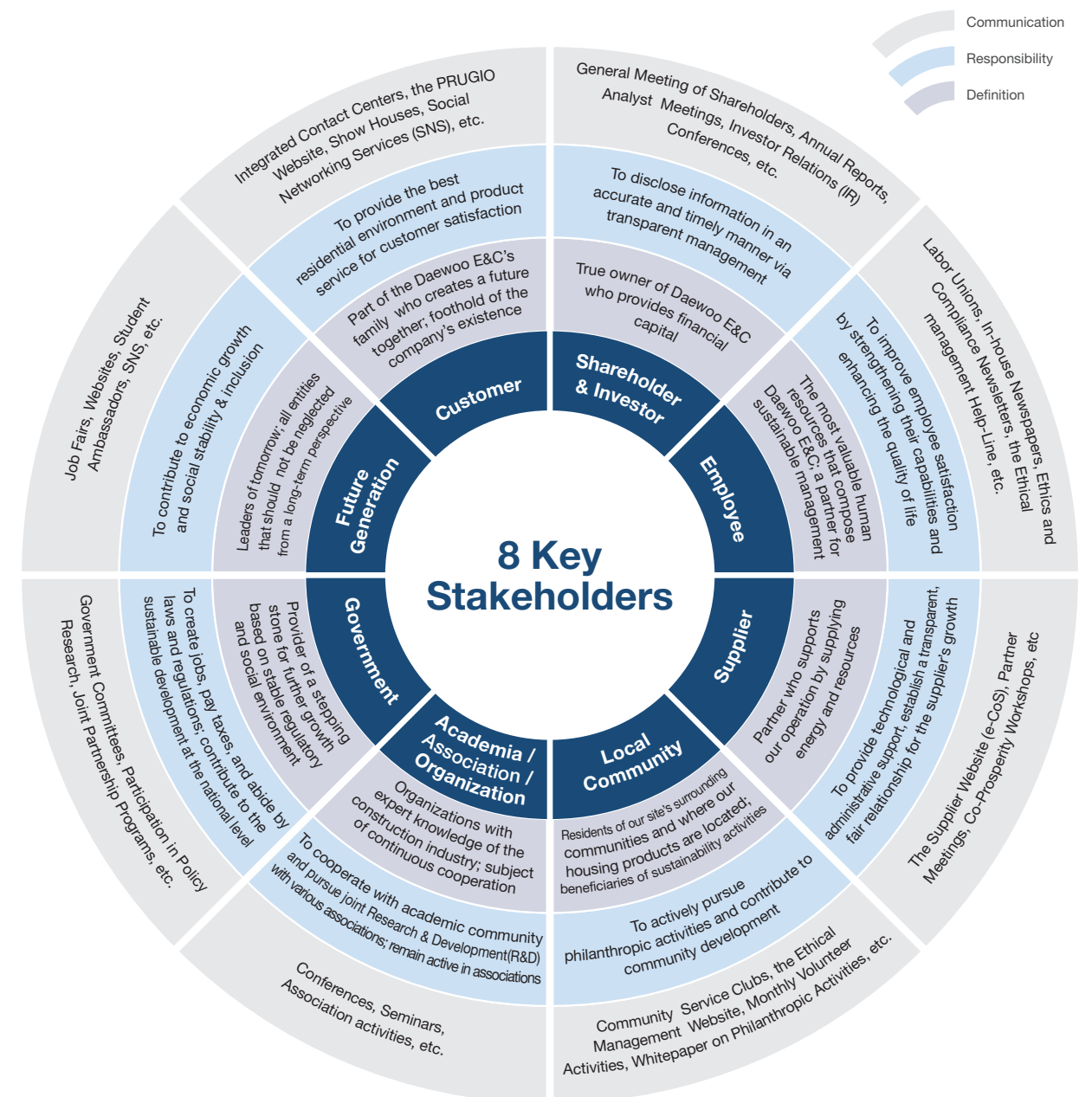
In 2014, an 'Environment, Social, and Governance (ESG) Assessment' was conducted throughout Daewoo E&C in order to evaluate the current conditions of our sustainability management and to map out future plans and targets in detail. Relevant divisions in sustainability management were interviewed, along with an analytic assessment on the activities and performances, and responsible divisions were assigned to establish action plans for selected tasks. After the interim progress review in March 2015, the action plans were revised to pragmatically reflect performance. In the long term, Daewoo E&C endeavors to increase our sustainability with the continuous monitoring, revision, implementation, and evaluation activities that come with the ESG Assessments.

ESG Assessment Cycle



Stakeholder Engagement

We at Daewoo E&C understand all too well that a company can contribute towards a better world by relentlessly communicating with its stakeholders and changing accordingly. Daewoo E&C defines eight key stakeholders and Daewoo E&C's responsibility in regards of each stakeholder. Communication channels have been established to identify the expectations and interests of our stakeholders, and to ultimately reflect them in our overall business activities.



Materiality Assessment

Assessment Process

Since 2012 when the first Sustainability Report was published, Daewoo E&C has been conducting annual Materiality Assessment Surveys to identify material issues. The 2015 Material Assessment Survey in this report was conducted among 90 external stakeholders and 22 divisions at Daewoo E&C that are relevant to sustainable management.

Survey Respondents	Survey Period	Assessment Criteria
<div>- External: Customers, Shareholders & Investors, Suppliers, Local Communities, Academia / Associations / Organizations, Government(s), Future Generations, etc.</div>	<div>- External: Jan 26, 2015 - Feb 5, 2015</div>	<div>- External: The level of influence each issue has on one's decision making process</div>
<div>- Internal: 22 divisions at Daewoo E&C that are relevant to sustainable management</div>	<div>- Internal: Jan 19, 2015 - Feb 4, 2015</div>	<div>- Internal: Business aspects such as the probability of occurrence, level of risk, and relevance to business opportunities</div>

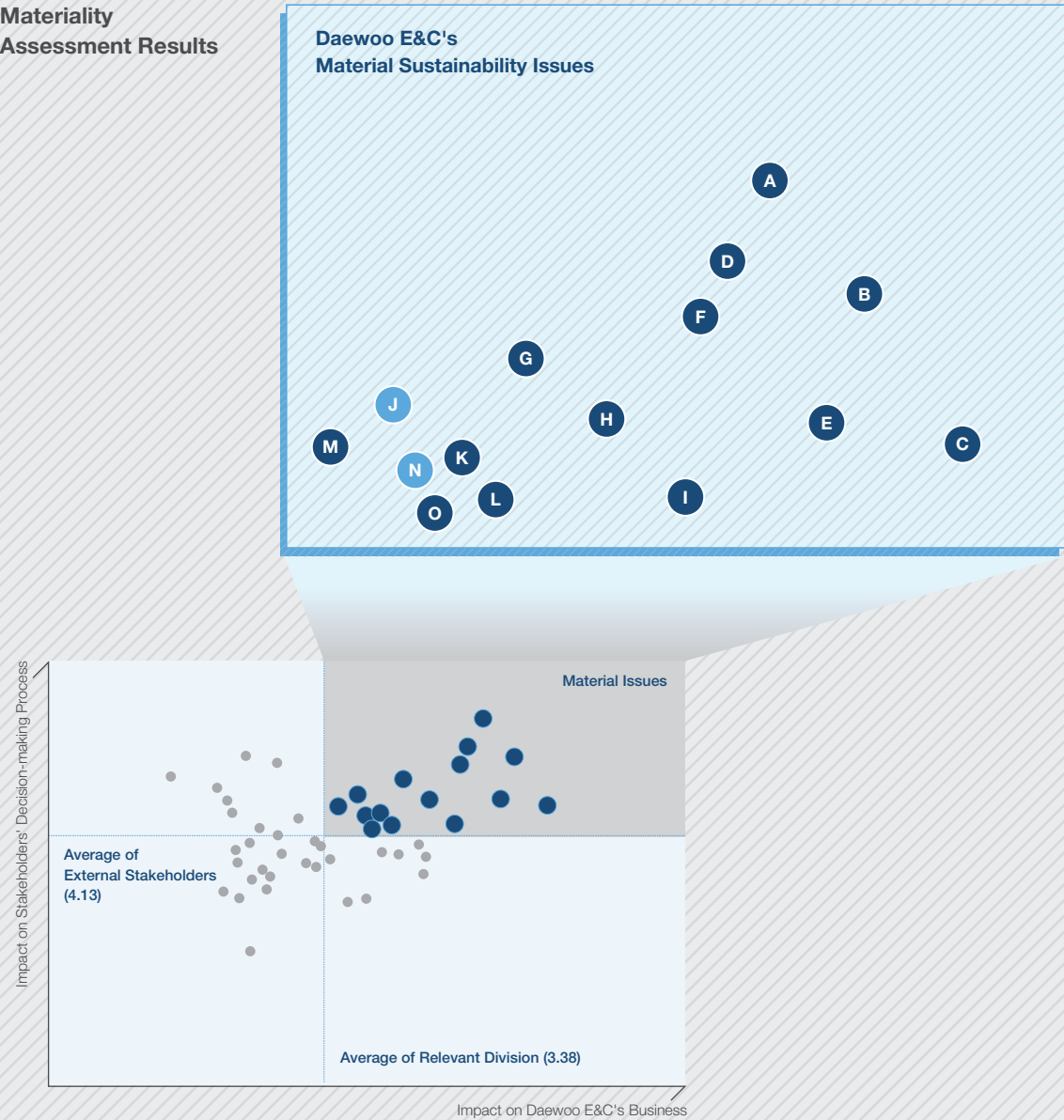
Assessment Results

The compiled results of the materiality assessment survey from Daewoo E&C external stakeholders and internal divisions revealed fifteen material issues which have been reflected in our sustainable management plans. In comparison with the 2014 materiality assessment results, 'Labor-Management Relations' and 'Customer Privacy and Data Protection' emerged as material issues for Daewoo E&C.

Table of Contents Corresponding to Material Issues

Global E&C Leader	p26	Business Performance, New business, and Future Growth
Compliance	p50	Legal Compliance, Anti-corruption, and Fair Trade
Health and Safety	p62	Industrial Health and Safety
Eco-Friendly Construction	p74	Waste Product and Wastewater Treatment, Climate Change/Air Pollution Mitigation, Product Labelling and Eco-Friendly Products/Services
Win-Win Management	p88	Fair Trade
Customer Satisfaction	p96	Customer Health and Safety, Compliance with Product Regulations and Customer Privacy and Data Protection

Materiality Assessment Results



A Customer Health and Safety	B Industrial Health and Safety	C Legal Compliance	D Anti-Corruption	E Fair Trade	Last Year's Material Issues
F New Business and Future Growth	G Shared Growth with Suppliers	H Business Performance	I Waste Product and Wastewater Treatment	J Labor-Management Relations	
K Climate Change/Air Pollution Mitigation	L Product Labelling	M Compliance with Product Regulations	N Customer Privacy and Data Protection	O Eco-Friendly Products/Services	

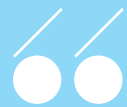
Sustainability at Daewoo E&C

Daewoo E&C is acknowledged worldwide for our continuous achievements. A warm approach to humanity, creative ideas for space, and insight on customers and markets are a few of the many reasons why Daewoo E&C is chosen and trusted worldwide.

A global E&C leader known for our capabilities and values. This is the new Daewoo E&C.



GLOBAL E&C LEADER



Despite unfavorable conditions, Daewoo E&C recorded the largest sales and operating profit yet in 2014.



In 2014, the Korean construction market made a partial comeback with the government's relief measures. The overseas market, however, held many challenges for us in terms of the intense competition against Japanese and Chinese construction companies and the decrease and delay of orders due to the fall in oil prices. Then there was the financial loss in the Independent Power Plant (IPP) business and overseas building works business. Despite such unfavorable conditions, within one quarter into 2014, Daewoo E&C was able to recover the operating and net losses of the last quarter of 2013. In 2014 as a whole, we recorded a historic profit by reaching the largest sales and operating profit yet at Daewoo E&C. Daewoo E&C intends to continue our efforts towards becoming a global leader in engineering and construction in 2015, specifically through 1) the expansion into new businesses and emerging markets; and 2) the enhancement of global business operations.

(Unit: KRW 100 million)



DMA

Disclosure on Management Approach

Goals

- **Expansion into new businesses and emerging markets**
 - Maintain and expand current market shares, search for new markets and diversify market base, and select profitable contracts
- **Enhancement of global business operations**
 - Diversify employee nationality, provide on-site labor management support, and apply an integrated mobile support system to overseas operation sites
 - Ensure safety for employees at domestic and overseas operation sites

Activities and Achievements

- **Expansion into new businesses and emerging markets**
 - Solidified our position in strategic markets, developed new hub markets, and diversified market bases by construction type and region
- **Enhancement of global business operations**
 - Promoted diversity at the workplace, increased job-filling rates at overseas operation sites, managed the performance of foreign employees, rearranged/revised the BAROCON module, contributed to pre-risk checks and early mobile performance through real-time mobile issue monitoring, and supported the establishment of construction plans and blueprints.

Plans for 2015

- **Expansion into new businesses and emerging markets**
 - Collect bidding information, upgrade bid price analysis functions, and take a strategic approach towards potential buyers
- **Enhancement of global business operations**
 - Distribute human resources appropriately according to supply and demand, strengthen the specialty and loyalty of foreign employees, upgrade and increase the coverage of the mobile support system, and conduct guidance checks at overseas operation sites
 - Ensure safety for employees at domestic and overseas operation sites

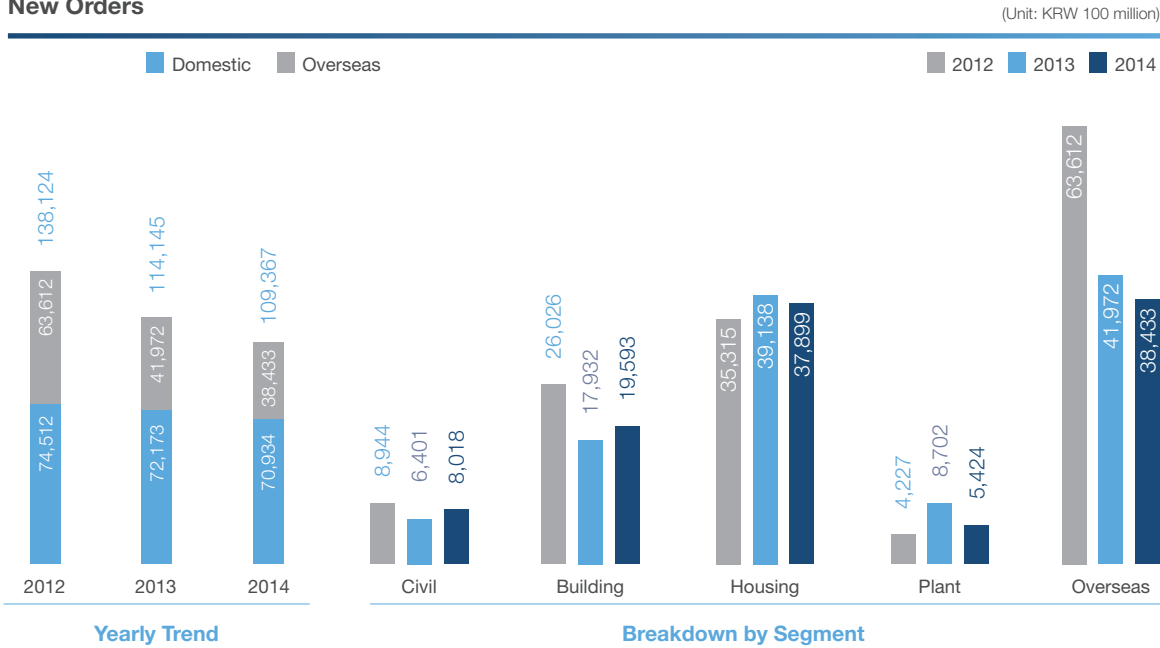
Business Performance

Financial Performance

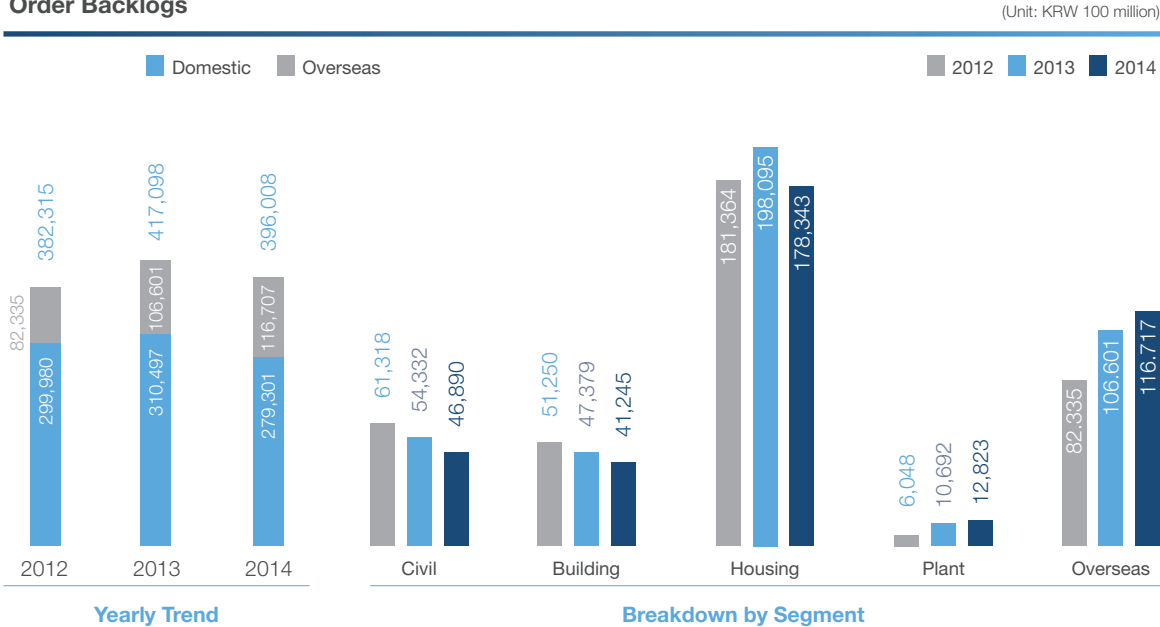
In 2014, Daewoo E&C showed the best business performance since the 2008 financial crisis with the highest sales and operating profits yet. Our sales recorded KRW 9.85 trillion, exceeding the target previously set at KRW 9.67

trillion with a 17.1% increase compared to sales in 2014 (KRW 8.42 trillion). Such outstanding performance led us to a turnaround in operating profit from 2014's deficit of KRW 253 billion. Consequently, the 2015 sales target has been ambitiously set at KRW 10.04 trillion.

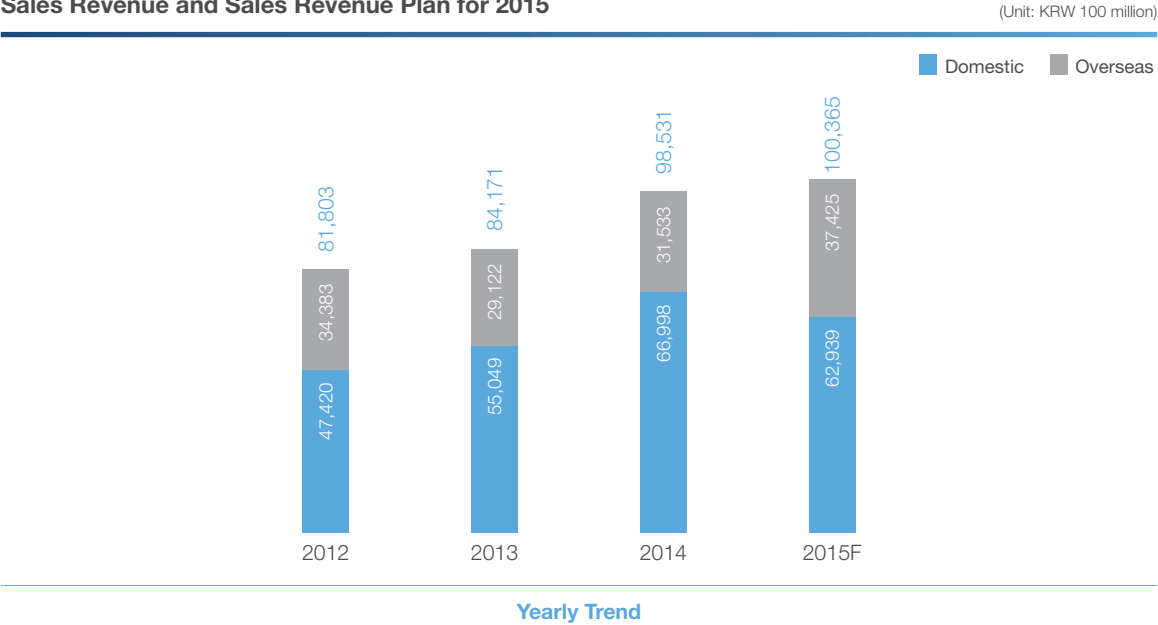
New Orders



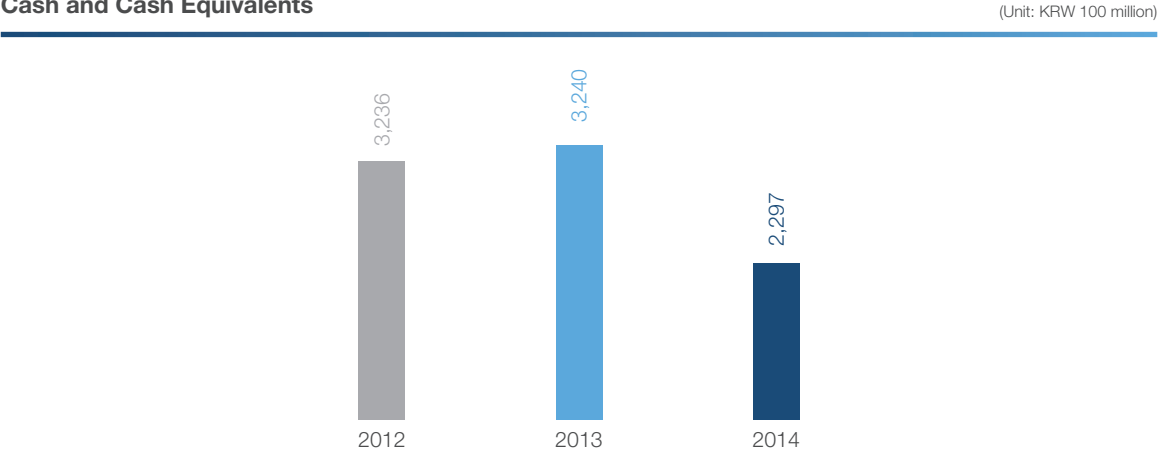
Order Backlogs



Sales Revenue and Sales Revenue Plan for 2015



Cash and Cash Equivalents



Credit Ratings (Commercial Paper)

A2

Credit Ratings by Evaluating Agency

Evaluating Agency	Ratings				Remarks
	Commercial Paper	Evaluation Date	Corporate Bond	Evaluation Date	
Korea Ratings	A2	Dec 15, 2014	A	Apr 17, 2014	Stable
NICE Investors Service	A2	Dec 19, 2014	A	Apr 7, 2014	Stable
Korea Investors Service	A2	Oct 7, 2014	A	Apr 16, 2014	Stable

2014 Major Achievements

Each business division at Daewoo E&C contributed to the financial performance of 2014 with strenuous efforts and achievements. Building Works and Housing stood out, along with the rebound of the domestic real estate market, by marking a 33% increase in sales (KRW 5.18 trillion). Civil Project and Plant also performed well in general and met the 2014 target. Meanwhile, Daewoo E&C suffered losses in the Middle East, i.e. Oman, but much was recovered as rate of cost to sale improved for our African operations in Nigeria and Morocco. With large-scale construction projects such as the Safi power plant in Morocco, overseas revenue amounted to KRW 3.15 trillion, an 8.3% increase from 2014.

Topped USD 50 billion in Cumulative Overseas Orders

Daewoo E&C's cumulative overseas orders amounted to USD 50.6 billion after winning the contract on the Kuwait Clean Fuel Project in February 2014. With this record, Daewoo E&C not only became the second in Korea to ever reach USD 50 billion in cumulative overseas orders but also accomplished it in the shortest period of time. During the 38 years that followed our very first overseas contract in 1976 Ecuador, Daewoo E&C won 423 contracts in 47 different countries. As of recent, Daewoo E&C is further strengthening overseas expansion with a market diversification strategy. In Africa, Daewoo E&C won contracts worth USD 26.3 billion in total (i.e. 35% of all contract value obtained by Korean construction companies), thereby proving Daewoo E&C's dominance in the market. With 161 projects in Libya alone, Daewoo E&C recorded the largest number of operations in a single country by a single company as a Korean construction company. In addition to the Middle East and Asian regions, we stretched to win contracts in developed markets such as Japan and U.S.A. Moving forward, Daewoo E&C shall increase profitability by picking and choosing quality projects on one hand, and pioneering in emerging markets such as South America and sub-Saharan Africa on the other.

Ongoing Construction of a USD 920 million Mega-scale Highway in Qatar

Daewoo E&C is participating in a mega project to construct a 200km-long highway connecting Al Khor and Ras Laffan Industrial City with the Mesaieed region. The designing and construction of the New Orbital Highway fourth zone is the third-largest road construction contract secured by a Korean construction company in a foreign country. The Highway project consists of a 14 lane road that is 42km long and furnished with smart road traffic controls and the latest wastewater treatment systems, as well as 5 interchanges and 21 bridges. Daewoo E&C has executed four projects in Qatar including civil projects and plants since 2005 and recorded USD 2.3 billion thus far. In the near future, Daewoo E&C expects to engage in many more infrastructure projects in Qatar with the Highway project as a stepping stone.

Overseas sales

KRW 3.15 trillion

▼ Fourth zone of the New Orbital Highway, Qatar



▲ Yongsan Hotel Complex

Concluded to build 'Yongsan Hotel,' the largest hotel complex in Korea

In 2014, Daewoo E&C won the single largest civilian construction project to date in Korea to build the largest hotel complex yet in Korea. Upon construction, the hotel complex will have 1,730 rooms which makes it 1.5 times larger than Lotte Hotel in downtown Seoul. The triumph was mainly due to the recognition of our expertise in building world-class hotels in Korea and overseas,

including Lotte Hotel Seoul, Millennium Seoul Hilton, Sheraton Incheon Hotel, Kangwon Land Hotel, Hanoi Daewoo Hotel in Vietnam, JW Marriott Hotel in Tripoli, Libya, and St. Regis Hotel in Kuala Lumpur, Malaysia. Considering the origin of the name 'Yongsan', Daewoo E&C envisions the Yongsan Hotel as a significant landmark in the shape of a dragon.

Seocho PRUGIO Summit, the Highest Pride in a New Summit

The Seocho PRUGIO Summit is currently under construction close to the Seoul metropolitan subway, which gives it easy access to public transportation, cultural facilities, and amenities. In addition to the excellence in design, key features include common facilities, namely Nagwon-Center where the PRUGIO garden, Healing Forest, and Flower Garden, Kids Village (playground for kids), Kids Belt (school/kindergarten zone), Children's Stop (safe bus stop), and Romance Garden (mobile garden and sports facilities). Furthermore, through Daewoo E&C's 'Green Premium' initiative, new technologies such as photovoltaic power generation, elevator power regenerative systems, hybrid security lights, highly water-efficient toilets, sensor-type water saving systems, energy-efficient heating systems, eco-friendly DNA filters, real-time energy monitoring systems, and multi-drop chamber ventilation systems shall soon be introduced to the Seocho PRUGIO Summit.

▼ Seocho PRUGIO Summit

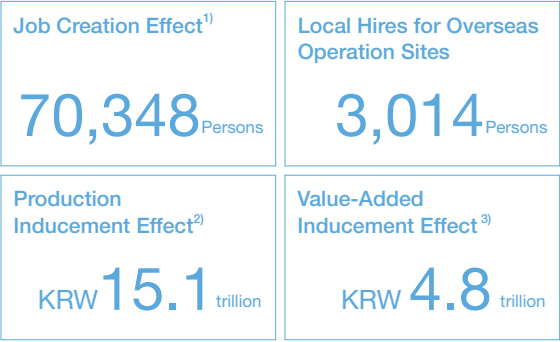


Won the Combined Cycle Power Plant Project in Pocheon

With the conclusion of the contract in October and construction which started shortly afterwards in November 2014, Daewoo E&C secured a Combined Cycle Power Plant project based in Pocheon. The project, marking Daewoo E&C's first step into Independent Power Plant (IPP) business, aligns with the Sixth Fundamental Plan for Long-Term Electricity Demand & Supply which was announced by the Ministry of Trade, Industry and Energy in February 2013. Daewoo E&C and Daewoo Energy Co., Ltd. of Korea Development Bank (KDB) infrastructure have come together to construct the first Liquefied Natural Gas (LNG) Combined Cycle Power Plant of 950MW. Plus, the project is being carried out at the fastest pace yet among confirmed projects of the Sixth Fundamental Plan for Long-Term Electricity Demand & Supply with the synergy created by Daewoo E&C's technologies and the Project Financing (PF) procurement experience of our largest shareholder and financial advisor, KDB Bank, as well as the trust of local residents. Daewoo E&C promises to accelerate our efforts to pioneer in the IPP market.

Indirect Economic Effects

By creating job opportunities and making purchases from local suppliers, Daewoo E&C contributes to revitalizing local communities. In 2014, with the largest sales record yet of KRW 9.85 trillion, Daewoo E&C brought about significant indirect economic effects in employment and production, and also created added value. Using the Bank of Korea's job creation coefficient, a total of 70,348 jobs were created in Korea through Daewoo E&C's business activities. Daewoo E&C also supports the development of human resources overseas by hiring and training foreign employees.



1) Domestic Sales (KRW 6.7 trillion) × employment inducement coefficient (10.5)
2) Domestic Sales (KRW 6.7 trillion) × production inducement coefficient (2.250)
* Production Inducement Effect: The level of directly and indirectly induced production per unit increase in company demand
3) Domestic Sales (KRW 6.7 trillion) × value-added inducement coefficient (0.717)
* Value-Added Inducement Effect: Measures directly and indirectly induced added-value to the industry

▼ Pocheon Combined Cycle Power Plant



Commencement of the Kazungula Bridge Construction

For the first time since the last project in Southern Africa 23 years ago, Daewoo E&C won a tender and commenced construction work of the Kazungula bridge connecting Zambia and Botswana, at a price of USD 162 million (KRW 165 billion). Kazungula is the first bridge to connect the two countries, and therefore holds historical significance as the '40-year cherished ambition of Southern Africa.' Upon construction, the bridge shall drastically change the transportation and logistics infrastructures within the area. For Daewoo E&C, the win signifies the international recognition of our technologies, know-how, and lessons learnt from our rich experience in bridge constructions, including

the Gwangan Grand Bridge and the Geoga Grand Bridge. Furthermore, with this project as a stepping stone, Daewoo E&C plans to strengthen business competence in Southern Africa.

▼ Location of Kazungula Bridge



▼ Kazungula Bridge (Drawing)



Distribution of Economic Values to Stakeholders

Annual Expenditure by Stakeholder				(Unit: KRW million)
Stakeholder	2013	2014	Expenses	
Employee	863,472	864,828	Labor and welfare expenses	
Supplier	6,580,902	7,371,570	Raw material costs, procurement expenses, service costs	
Shareholder & Investor	103,767	111,193	Interest payments	
Government	(127,569)	48,429	Corporate tax	
Local Community	7,576	5,770	Donations and social contributions	

New Business and Future Growth

Strategic Direction

In order to meet the sales target, Daewoo E&C implemented three main strategies: 1) maintenance and expansion of market shares; 2) new market development and market diversification; and 3) contract selection on the basis of profitability. Strategic Business Units (SBU) have been determined for each business division, in order to restructure Daewoo E&C’s business portfolio and to make most of the limited resources under an efficient resource management system.

- **Maintenance and expansion of market shares**
 - Prevent market share erosion
 - Undertake large-scale projects in Kuwait and Qatar
 - Rationalize business portfolio with diversified construction types (e.g. roads and river construction in Botswana and Algeria)
- **New market development and market diversification**
 - Assign management priority to new target markets
 - Encourage research and local level surveys in new markets
 - Develop Iraq and Singapore as hub markets
- **Contract selection on the basis of profitability**
 - Concentrate on profitable projects
 - Reinforce risk management
 - Take a strategic approach to buyers

In the public sector, Daewoo E&C analyzed feasibility and optimized business processes in order to maximize profitability. Bidding strategies were specified in the early project planning stages. Advanced statistics was also used to increase success rates for winning an order.

In the private sector, Daewoo E&C increased business capacity and secured a new growth engine with our expertise and plentiful experience. By developing a framework to manage risks, we were able to increase stability and profitability. We also took a proactive stance to promptly identify and respond to market changes whilst promoting new businesses to ensure future growth. With advanced market intelligence, we were able to seek out outstanding businesses and disperse various business risks.

In Building Works, we increased the amount of project proposals in business activities and enhanced synergy based on the collaboration of finance and construction, looking to increase marketability and profitability in the private sector. Continuing efforts to minimize risks, the Housing Division diversified business with purchase commitment contracts for unsold property and advance payment contracts, as well as carefully examining lease/operating lease businesses, renovations and others in light of the changing demographics and family structures in today’s world.

In the overseas market, Daewoo E&C increased business capacity in sectors that we already have competitive advantage in, such as oil & gas, and cooperated with local suppliers along the likes of professional engineering companies. Moreover, we improved our competence for large-scale Engineering Procurement Construction (EPC) projects in order to explore new business items in key markets and to pioneer in emerging markets.

Activities and Achievements

Corporate Value Committee

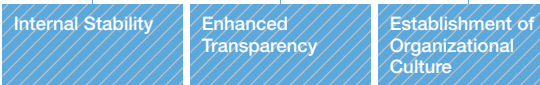
Established in March 2014, Daewoo E&C’s Corporate Value Committee contributes to the revival of our business by thoroughly reviewing and implementing all that relates to increasing corporate value. The committee collects opinions throughout the company in order to identify fundamental tasks that help us increase our corporate value, and prioritizes the tasks according to materiality in terms of four subcommittees, within which the three core tasks are pursued and implemented.

Three Core Tasks and Implementation Timeline

Committee Purpose

- Promote the revitalization of Daewoo E&C by exploring and executing all content related to increasing corporate value

Take the lead in building the foundation for achieving 2014 targets



Secure new growth engines, strengthen overseas competitiveness

Secure a healthy financial structure, strengthen transparent accounting

Recover trust amongst employees, strengthen communication

- ▷ Strengthen mid-long term competitiveness

▷ Strengthen market trust

▷ Create new breakthroughs and a roadmap for the future

▶ **March 2014**

- Announced the organizational structure and operation plans of the subcommittees

▶ **April 2014**

- Announce and share core tasks and action plans according to each subcommittee
- Review and revise implementation of core tasks
- Share additional strategies and issues per division/team

▶ **November 2014**

- Share results of subcommittee core tasks

Overview of the Corporate Value Committee

Chair of the Committee	- Chief Financial Officer (CFO)
Schedule	- On a monthly basis
Agenda	- Consolidation method for competitiveness at division level - Pending issues at divisional/headquarters level and way to make synergy with Korea Development Bank (KDB) - Plans to raise organizational culture and public image - Financial structure improvement measures

Organizational Composition of Subcommittees and Goals

Subcommittee	Lead Team	Participating Divisions	Goal
Strengthened Financial Structure	IR Team	Finance Division/ Risk Management Division	Develop financial policies and roadmaps
Growth Strategy Development	Corporate Planning Team	Strategic Planning Division/Civil Project Division/ Building Works Division/Housing Division/Plant Division/Power Business Division	Establish growth strategies and roadmaps
Securing Global Competitiveness	Overseas Business Strategic Planning Team	Overseas Business Division/ Strategic Planning Division /Civil Project Division/ Building Works Division/Housing Division/Plant Division/Power Business Division	Increase bidding competitiveness
	Global HR Management Team	Corporate Management & Service Division /Overseas Business Division /Procurement & Cost management Division/Finance Division	Enhance EPC management capacity
Organizational Culture Innovation	Communication Team	Public Relations Division/Strategic Planning Division/ Corporate Management & Service Division	Reestablish corporate culture and derive action plans



Strategic Business Unit (SBU) Selection

In order to make the most of limited resources, Daewoo E&C established an ‘efficient resource management system’ for overseas bidding and contract selection. Strategic Business Units (SBUs) at all business sectors restructure Daewoo E&C’s business portfolio and centralize human resources, technologies, and capital. Moreover, by strengthening expertise in each and every SBU, Daewoo E&C is building a foundation for overseas projects and future growth.

Major New Businesses and Emerging Markets [Civil Project]

Eco-Friendly Green Growth Business

In order to quickly respond to market changes and to promote new growth engines, Daewoo E&C plans to strengthen eco-friendly green growth business. Our focal point in winning projects shall be on our cutting-edge technologies for wastewater treatment and biogas plant systems. To elaborate, such projects include sewage reclamation and reuse, bioenergy business, and the construction of comprehensive ‘waste treatment towns.’

Small to Medium-sized Low-Risk Projects in Partnership with Local Businesses

In pursuing overseas operations, the Civil Project Division firstly focuses on securing ties with local suppliers that are either competitive in the respective region or have certain specialties. A rather conservative approach is taken to ensure profitability in new target markets, and small to medium-sized low-risk projects are generally and actively pursued. Competitive market intelligence is collected from overseas branches and professional executives are placed in overseas business management positions. We also aim to expand Daewoo E&C’s market base to countries neighboring our hub markets.

Bidding Strategies of the Civil Project Division

- Partnership with competitive local players (e.g. subcontractors, vendors, and agents)
- Active promotion of mid- and small-sized low risk projects
- Overseas branches equipped with competitive market intelligence in overseas projects
 - Reinforce operations and organizational structure of overseas business support
- Target country setting and market expansion to neighboring countries
 - Hub Market: Middle East (Qatar), Africa (Algeria) and Asia (the Philippines)
 - Market Expansion: Middle East (Oman, Kuwait, Saudi Arabia, and Iraq), Africa (Morocco, South Africa, and Botswana), Asia (Singapore, Cambodia, Laos, Myanmar, and Vietnam), and Australia.

[Building Works]

Lease and Operating Lease Business

Daewoo E&C plans to reduce the risks involved in unsold property while securing profitability by adding asset securitization and lease operations to our existing portfolio. The decision aligns with current societal changes such as an aging society, increase in single-person households, changing demographics, and new family structures. Daewoo E&C shall tailor lease operations to the characteristics of each project as well as searching for methods of trust management in the form of subsidiaries, funds, and Real Estate Investment Trusts (REITs).

Establishing Country-Specific Strategies and Securing Technological Capability

In 2014, we focused efforts on preventing risks in overseas operations and supported the Building Works Division in dealing with contracts and complaints. With detailed market analysis and technology, both of which were reinforced to obtain contracts and commence with projects, country-specific strategies were established to secure a competitive advantage in new target markets.

- Establishment of country-specific strategies
 - Algeria: Obtain contracts for anticipated projects (university hospital, parliament building, CACTICTA)
 - Singapore: Participate in public and private bidding (National Cancer Center, Keng Swee Center)
 - Malaysia: Participate in project bidding via technology sales (Kuala Lumpur 118 Tower Project)
 - Oman: Cooperate with local suppliers for civil projects
 - Indonesia: Cooperate with LG electronics
- Use of element technology in projects
 - Enhance technical sales (hospital, airport, skyscraper, stadium, etc.) in cooperation with Daewoo Institute of Construction Technology (DICT)

[Housing]

Green Premium

Generally, 25.6% of all Green House Gas (GHG) emissions come from the construction and operation of buildings. Daewoo E&C responds to global climate change and leads an eco-friendly housing business with our ‘Green Premium Roadmap’ to produce ‘Zero Energy Houses’. The aim is to take the lead in the green housing market with our Green Premium strategy.

My Premium

A fully customizable service, ‘My Premium,’ is one of our many efforts to adapt to the changing market and to increase customer value. In consideration of the aging society and the increase in single-person households, we custom-tailored our PRUGIO complexes to best suit the wishes and preferences of each and every individual. The prestigious apartment brand is the result of our continuous work to provide outstanding housing products.

Life Premium

The definition of housing has evolved from a mere roof over your head to a space of diverse experiences and services. In light of the renewed definition and role of housing, Daewoo E&C hopes to offer a wide range of lifestyle services, events, and common facilities to promote an advanced apartment culture that will increase customer satisfaction and secure a strong brand identity for PRUGIO.

Exploring New Business Items and Niche Marketing

Daewoo E&C has carefully reviewed innovative business items in order to secure profitability and future growth. PRUGIO Service Co., Ltd. takes on green remodeling and renovation while maintaining a given amount of business portfolio in terms of the expected potential in the housing lease market. As can be seen with the increase in green remodeling projects based on contractor selection, Daewoo E&C is exploring new business items that vary in type and scope.

By strengthening expertise in each and every SBU, Daewoo E&C is building a foundation for overseas projects and future growth.



2014 Performance on New Business

Business Type	Overview	Period
Green Remodeling	Registered and was selected as a Preliminary General Contractor in Green Remodeling	Feb 2014
	Received loan assistance for Daewoo Royal Prime Green Remodeling and executed Green Remodeling project	May 2014
	Won the Grand Prize in the 2014 Korea Green Building Awards	Oct 2014
Renovation	Renovated Yeoksam PRUGIO as a pilot project	Jan 2014
	Renovated Kumho Daewoo Apartment	Apr 2014
	Renovated Yeouido TRUMP WORLD	Jul 2014
	Renovated Yeouido Lotte Castle Empire	Dec 2014
	Established partnership with Woori Housing Operation & Management Company	Nov 2014

[Plant]

LNG EPC Business

Radical increase in demand is said to make Liquefied Natural Gas (LNG) the second most highly sought after energy after oil by 2035, with productions set to grow

twice in size. In line with international effort towards greenhouse gas reduction, retirement of nuclear power plants, and innovative shale gas production technologies, Daewoo E&C created a step-by-step promotion plan to enter into the promising LNG EPC market.

LNG EPC Business Strategy

	2015 Foundation of the basis	2016 - 2018 Preparation stage	2019 - 2024 Performance achievement
Promotion Plan	<ul style="list-style-type: none">Organize LNG EPC TFTAnalyze marketds and market leadersSystemize education programEstablish strategy to secure EP	<ul style="list-style-type: none">Analyze potential risksSecure business planning experts and FEED personnel	<ul style="list-style-type: none">Create LNG EPC TeamTrain gas plant expertsDevelop LNG EPC management systemSecure partial EP performance
Promotion Activities	<ul style="list-style-type: none">Organize TFT experienced members in LNGAnalyze details of market leaders (human resources, personnel, etc.)Plan expert education schemesEstablish strategic measures to secure EP	<ul style="list-style-type: none">Train expert analysts on Feasibility Study, Life Cycle Cost, and Decision MakingSecure process design professionals	<ul style="list-style-type: none">Secure EP Performance via JVDevelop EPC Risk management toolSecure execution capacity to strengthen EPC performanceSecure human resources and risk analysis system through system tool development

Breaking away from the Intense Competition Caused by Reduced Investment after the Fall of Oil Prices

The Plant business aims to increase Daewoo E&C's corporate value through SBUs. Moreover, a growth plan was established after a thorough analysis of internal capabilities and external environmental conditions. Projects

in the Middle East region (the Degassing Station (DGS) in Iraq and the Clean Fuel Project (CFP) in Kuwait) were strategically selected to solidify business relationships (via consortiums or joint ventures), hence reducing risks and increasing business feasibility. Strategic partnerships are repeatedly highlighted in business activities with the relative shortage of international investment due to the

fall of oil prices. Daewoo E&C has also established a conservative business strategy to maintain our portfolio and concentrates on projects that Daewoo E&C has traditionally had competitive advantage in. Daewoo E&C shall focuson our strengths and niche markets for mid- and long-term growth, and ensure profitability through the enhancement of business management and various on-site support.

[Power Business]

Independent Power Plant (IPP) Business

By developing independent power plant business as our new growth engine, Daewoo E&C is exceeding limits as a construction company - we are working on a comprehensive project implementation capacity that includes business planning, construction, financing, and operation capabilities. Daewoo E&C constantly partakes in a government plana for long-term electricity demand & supply and creates synergy with KDB. In 2013, we solely financed the foundation of Daewoo Energy Co., Ltd. in order to start the IPP Business. Daewoo Energy Co., Ltd. specializes in natural gas power and new/renewable energy, and takes charge of the commercial operation of IPP power plants.

Large-Scale Renewable Energy Business at Home and Overseas

In the power businessof 2014, Daewoo E&C continued to explore IPP and renewable energy sectors. In the renewable energy sector, we participated in offshore wind and biomass businesses. Domestically, we developed businesses that incorporate the Korean government's seventh round of electricity demand & supply program. Overseas target countries were (and are) selected through a multilateral analysis on foreign electricity markets, and Daewoo E&C established partnerships with developers, engineering companies, and advisory companies through joint projects. In addition, we developed partnerships with IPP business owners, participated in EPC consortiums with our equipment producers, and established market entering strategies for Southeast Asia and the Sub-Saharan region. With such activities, we endeavor to create business opportunities, diversify the source of information on target markets, and produce successful new business/market strategies through partnerships. In the near future, Daewoo E&C shall secure a foothold in new businesses and in new markets.



Overseas Expansion

Visions and Objectives

Along with the existing management policies to: 1) maintain and strengthen our position in existing markets; 2) diversify our business portfolio; and 3) select contracts based on profitability, Daewoo E&C has established three additional management strategies for 2015, which focus on strengthening our competitiveness in the bidding process and in sales. Daewoo E&C plans to strengthen our dominant market position in 2015. Each business division shall effectively manage limited resources based on SBUs and maximize profitability. Internal stability will also be a key factor in our management, especially in the Middle East and North Africa (MENA) regions and the Southeast Asian region where we have been gradually increasing market shares, as well as the Commonwealth of Independent States (CIS) and the South American region where many of the emerging markets are located. As a whole, our efforts aim for an effective use of limited resources (human rights, technology and the capital).

- **Collection of bidding information**
 - Analyze buying trends, fair market price, competitors, and external factors
- **Analysis of reasonable bid price**
 - Analyze prior to tender offers
 - Deliberate internally and establish review procedures
- **Strategic approach to buyers**
 - Build amicable relationship with current and future buyers

Information & Communication Technology (ICT) Convergence Business

Information Technology (IT) of the construction industry will become more advanced and systemized. IT convergence services are already being commercialized for EPC facilities, housing, and building operations. Daewoo E&C has focused on providing high-quality IT convergence services in business processes, and as a result, we have become a global leader in IT service management certified with ISO/IEC 20000⁴⁾. With our IT capabilities, Daewoo E&C runs automated facilities in nuclear power plants, oil refineries, hospitals, and hotels. Advanced ICT technology is applied in PRUGIO apartments as well, as a means of providing outstanding services and living experiences to our customers. Furthermore, Daewoo E&C signed a Memorandum of Understanding (MOU) with Electronics and Telecommunications Research Institute (ETRI) in Korea to lead the way towards creative innovation through the convergence of construction technology and ICT. As a forerunner in the construction industry with digitalized core capabilities, Daewoo E&C shall solidify our position as a global E&C leader with the convergence of information systems and cutting-edge IT technology.

4) ISO/IEC 20000 (international Organization for standardization/ international Electrotechnical Commission) is an international IT standard for companies to demonstrate excellence in IT management.

Strategic Direction

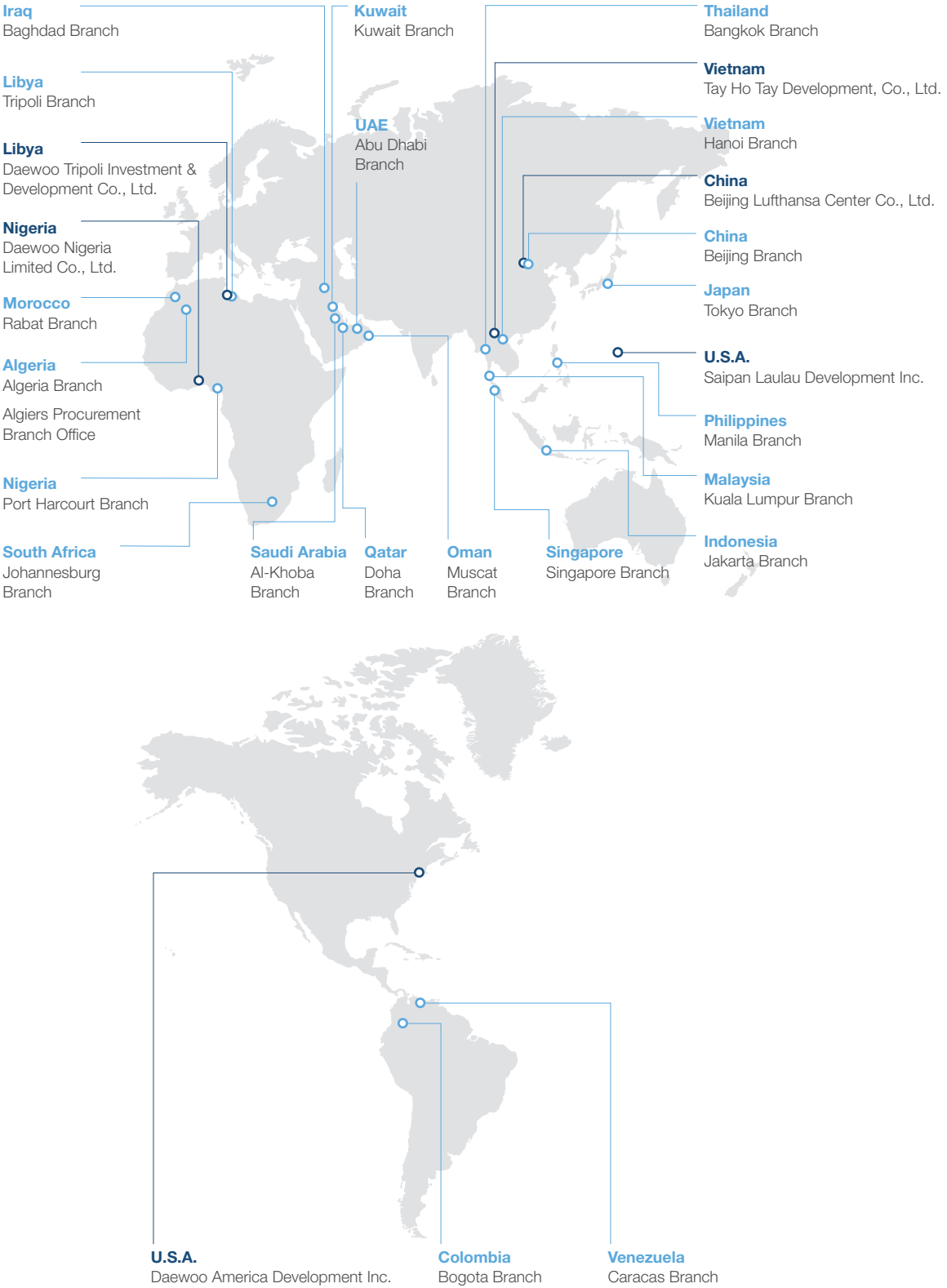
The drastic increase in overseas construction orders in the past five years has served as a foundation for Korean construction companies to prosper. However, the intense competition to win such orders on an international level has reduced reates of return and in some cases, resulted in deficits when coupled with a limited understanding of overseas operations and insufficient management capacity.

In order to become more competitive in overseas markets, Daewoo E&C is improving business management in terms of risks, contracts, and operations, reorganizing corporate structure accordingly, and reinforcing training schemes. In accordance with the action plans drawn from the Environment, Social, and Governance (ESG) Assessment in 2014, the Global Human Resources (GHR) system was significantly improved, thereby globalizing both our team/ operation-site management system and the general work environment at Daewoo E&C. As a consequence, the Global Human Resources (GHR) system was improved. Moreover, Daewoo E&C is fostering respect for cultural diversity through employee awareness programs and intercultural training.

- **Reinforcement of contract deliberation to prevent bad contracts and other potential risks**
 - Adopt the three-step stage gate process on new overseas orders to analyze multilateral risks and feasibility
- **Effective mobile support to optimize construction periods**
 - Establish an integrated mobile support system for new overseas operation sites
- **Diversification of employee nationality and appropriate allocation of human resources**
 - Hire third world country nationals and allocate human resources according to supply and demand
- **Labor management support at overseas sites**
 - Refurbish system for better performance management and provide working-level training sessions



Our Global Network



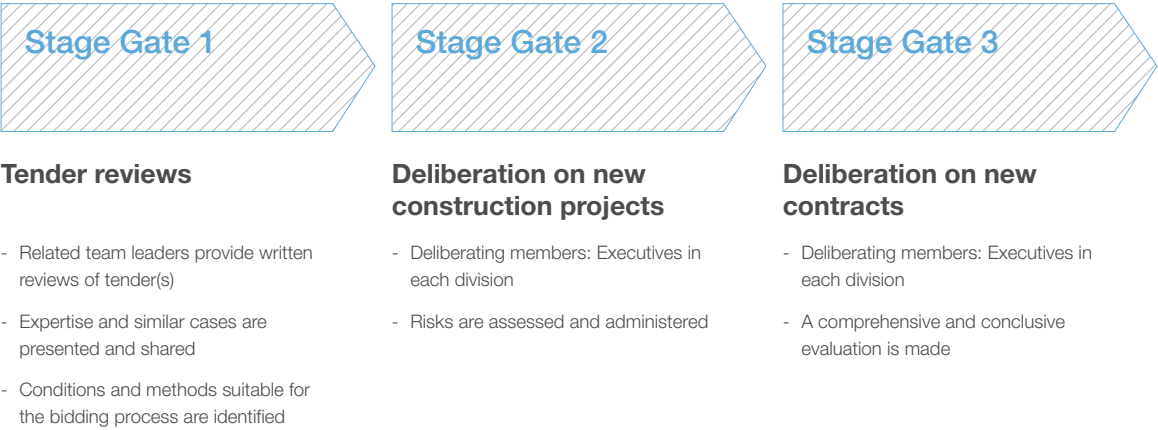
Activities and Achievements

Reinforcement of Overseas Contract Deliberation

Daewoo E&C opts to fundamentally minimize the risk of potentially bad contracts and secure profitability through a sophisticated overseas project bidding process. The process, which was implemented in July 2014, consists of three stage gates: 1) tender reviews; 2) deliberation on new construction projects; and 3) deliberation on new

contracts. In the first stage gate, team leaders provide written reviews (in terms of feasibility and profitability) upon receiving information on a tender. Then, prior to submitting Daewoo E&C’s bid, the deliberating council reviews the profitability and cash flow involved in the project, as well as the countermeasures for assessed risks and contingency plans. In the final stage gate which takes place after winning but before entering into the contract, the deliberating council provides a comprehensive and analytic assessment of the project.

Overseas Project Bidding Process (Three-step Stage Gate)

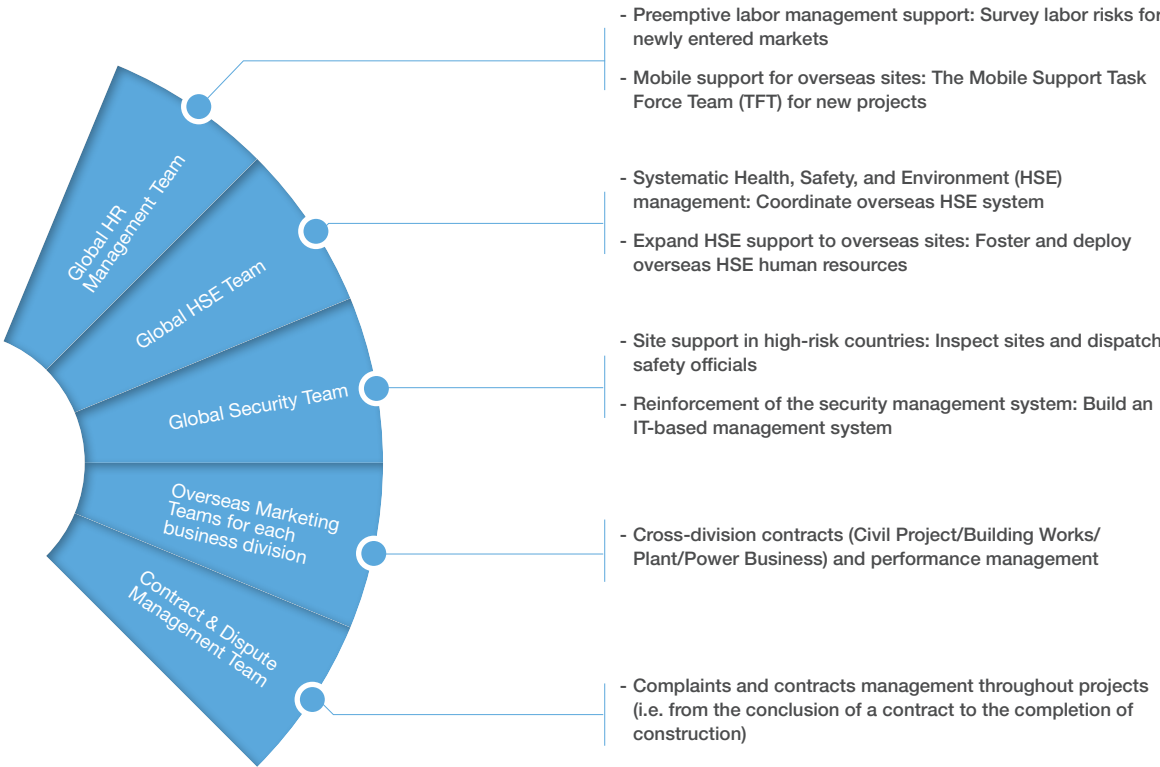




Strengthening the Global Management Structure

The necessity of local and third world country employment has increased in global business operations, and Daewoo E&C has responded with partial reorganization of corporate structure. Accordingly, we redefined and assigned contract management responsibilities according to division (Civil Project, Building Works, Plant, and Power Business) instead of regions (Asia/Africa, Middle East and the Americas/Commonwealth of Independent States (CIS)), allowing for more effective and efficient business activities.

The reorganization also helps improve our marketing capabilities in terms of future contractors/suppliers. In addition, in order to better manage claims in overseas projects which are increasing in number and complexity by the minute, we created the Contract & Dispute Management Team in 2014 to take full responsibility of all complaints and contract management.



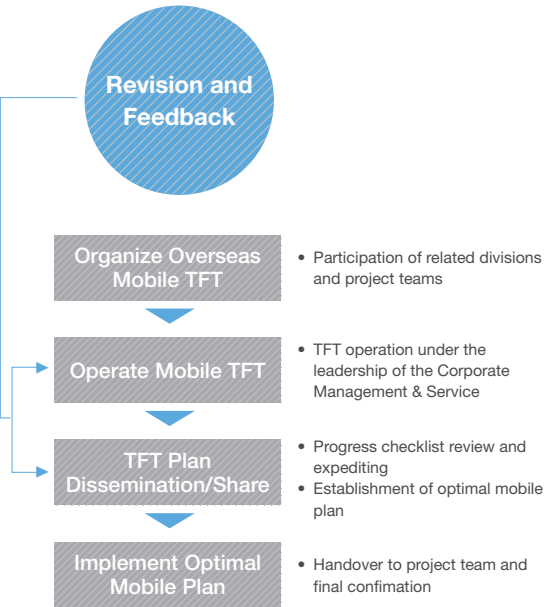
Mobile Task Force Team (TFT) Activation at Overseas Sites

The Task Force Team (TFT) was officially launched in 2014 to activate mobile support for overseas operation sites. The Overseas-Site Mobile TFT contributes towards cost reduction and increased profitability by carrying out constructions when most appropriate, thereby reducing the construction period. The TFT provides a ‘Fast Track’ and ‘Integrated’ function that minimizes possible risks and errors in new markets. Sector-specific experts participate in the TFT and roles and responsibilities are assigned to related divisions through practical and in-depth discussions.

- **Period**
 - From successful bid to the initiation of construction (for three to six months)
- **Members**
 - 1 working expert advisor per sector (human resources, accounting/taxation, logistics/customs clearance, visa/deployment, purchase/material management, outsourcing/construction, legal affairs, construction vehicle, HSE/security, IT, etc.) (15 members maximum)
- **Operating plan**
 - Weekly meetings by default. Irregular meetings are held on a rolling basis upon the occurrence of an issue. On-site visits are conducted when necessary.
 - 76 tasks set in detail within 12 sectors at 8 operation sites in total



Task Flow Chart



Overseas-Site Labor Management Support

Successful labor management is the key to successful overseas operations, as labor is a fundamental part of the construction business. Considering the fact that our sales in the overseas markets account for 50% of the total sales, Daewoo E&C believes that it is important to improve human resources management at overseas sites. Accordingly, we actively invest in global talent development through various activities such as on-the-job training, systemization, and reorganization to support overseas labor management.

- **Activities and performances**
 - Trained newly appointed overseas labor management personnel: 6 times
 - Rearranged and revised the BAROCON labor management module
 - Reduced flight/deployment costs: KRW 450 million
 - Increased relocation service (ticket/visa) staff: 2 persons → 4 persons
 - Launched the Global Human Resources (GHR) System for overseas human resources (HR) (the website provided in English)
- **Site-specific support**
 - Ras Djinet Power Plant (RDPP) Project: Led and checked labor management practices in the operation site
 - Canada, Brazil: Conducted local surveys in newly entered countries
 - Qatar: Established Highway Project Visa and Residence Permit (RP) System
 - Libya: Supported the evacuation of personnel in operation sites (577 persons, on two occasions)

Global Player Growth Plan

Interactive Learning Stage	<ul style="list-style-type: none">- e-Learning combined with Community of Practice (CoP) video-chat- Video-chat with a native speaker (once a week)
Short-Term Intensive Language Course	<ul style="list-style-type: none">- (For beginners) Biz Basic program to develop basic conversation skills- (For those at intermediate and advanced levels) Biz Skill-Up program to develop business conversation skills
Building Global Mindset	<ul style="list-style-type: none">- Overcoming cultural barriers and sharing knowledge on newly entering countries



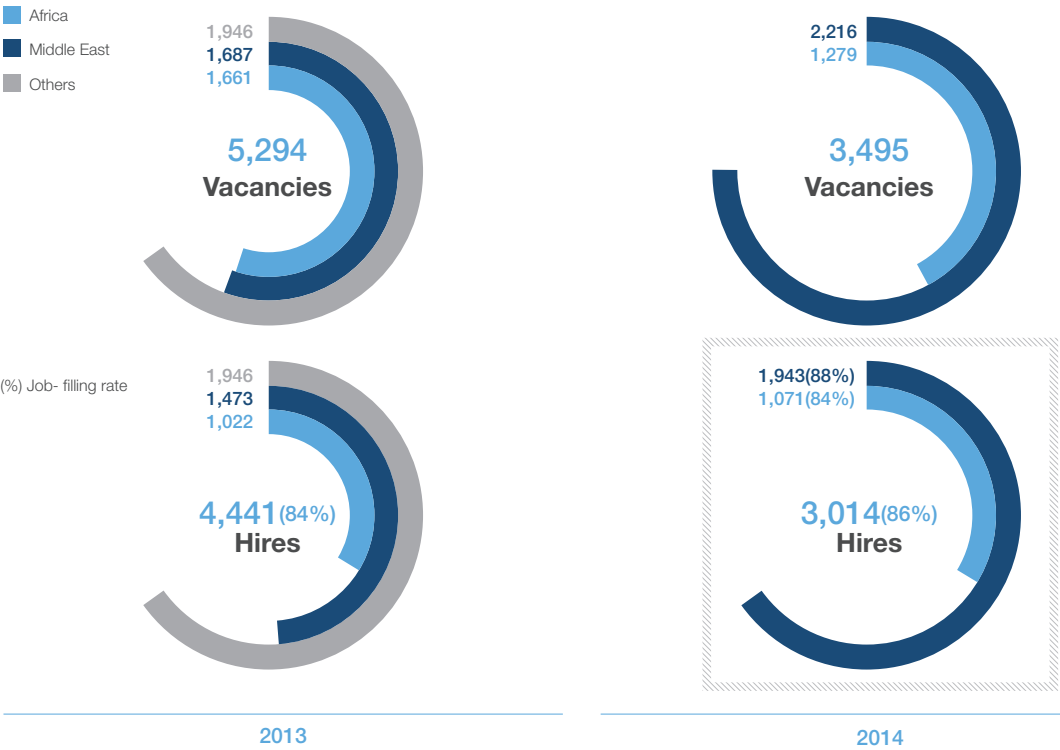
Global Talent Employment

Global talent employment is crucial to Daewoo E&C's business as the demand for experienced and capable global talents grows. Through the reorganization of the performance management system and diversification of employee nationality, Daewoo E&C increased profitability and effectiveness in response to such demand.

- **Employed staff of different nationalities**
 - Hired 3,014 foreign employees in overseas sites through the timely recruitment of third world country nationals. Achieved an 86% job filling rate
 - Indian, Pakistani, and Nepalese employees increased by approximately 350 in numbers (60%) compared to 2014
- **Complemented recruitment procedure according to the increased demand in high quality human resources in overseas site**
 - Used online job search tools in addition to headhunter agencies and increased the recruitment of qualified personnel via designation and recommendation
 - Encouraged job-specific interviews with related divisions and conducted direct recruitment. Also conducted video interviews for recruitment on a rolling basis (direct recruitment effect)
- **Performance management on foreign employees and utilization of human resources based on personnel management system**
 - Increased the number of evaluation: twice a year (June and December)
 - Adopted an Management By Objectives (MBO) evaluation policy
 - Gave best foreign employee awards: Letter of appreciation and prize (KRW 300,000) were awarded on Daewoo E&C's foundation day
 - Terminated employment contract for employees with low performance

Through the reorganization of the performance management system and diversification of employee nationality, Daewoo E&C increased profitability and effectiveness.

Timely Recruitment by Region



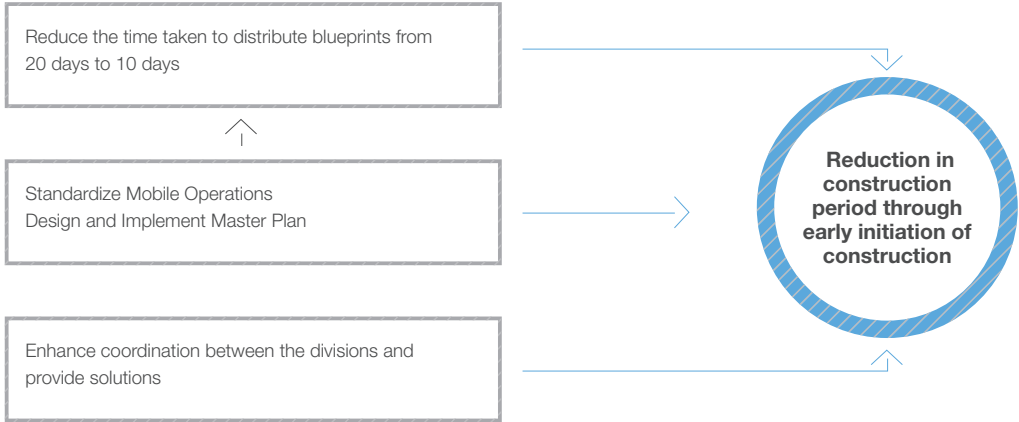
Visions and Objectives

In 2015, Daewoo E&C plans to strengthen our global business capacity under the slogan of ‘total support to maximize performance through a strategic, customized support system.’ We direct our strategy to proactively respond to changes in our business environment and to continuously develop business processes.

- **Distribution of human resources according to supply and demand**
 - Secure timeliness through annual vacancy management and diversification of hiring processes
 - Hire and maintain the best and the brightest and secure personnel management information: Find alternative citizenships (in Cambodia, Myanmar, Vietnam)
 - Increase agency competitiveness: Conduct assessments on a bimonthly basis and establish transparent and fair management
- **Reinforcement specialty and loyalty of foreign employees**
 - Specialty: Foster core talents and specialists (contract

- management, Quality Surveillance (QS), quality management, process management, HSE, etc.)
- Loyalty: Institutionalize rotation between the headquarters and overseas operation sites, giving incentives and rewards for long service
 - **Advancement in mobile support system and expansion of operation support activities**
 - Extend site support: Support newly-entering countries (Ghana/Mozambique/Brunei) in addition to the eight existing sites
 - Support the establishment of construction plans and blueprints (from the bidding to mobile support stages, for 30 expected projects)
 - Reinforce coordination of related divisions, project teams and operation sites: Monitor major issue and provide feedback and solutions
 - **Enhancement of labor management at overseas sites**
 - Perform guidance checks at overseas operation sites: review on managers at all levels
 - Assign full responsibility of labor management to one person per country, in order to stabilize labor management at the initial stages of projects

Effective Mobile Support



Issue Management Plan

Construct business partner database at home and overseas	Shorten the time needed for partner selection
Secure local Public Relationship Officer (PRO)	Accelerate construction permit application
Explore alternative citizenship	Overcome regulations, limited visa quota, etc.
Early decision on equipment mobilization plan	Prevent a state of disorder
Participate in local survey	Be well-informed on tax system and customs formalities in advance
Train third country nationals into IT agent	Secure administrative infrastructure at an early stage
Require familiarization of mobile manual prior to deployment	Reduce mobile period





Daewoo E&C strives to prevent compliance risk factors and promotes autonomous compliance atmosphere within the company.



In today's business environment, compliance risks escalate day by day. Various countries and organizations have implemented anti-corruption policies such as the US Foreign Corrupt Practices Act, UK Bribery Act and Organization for Economic Cooperation and Development (OECD) Anti-bribery Convention, while sanctions are enforced by government organizations such as the Fair Trade Commission within Korea. Nonetheless, though among the top 10 countries in the world in terms of economic power, Korea is 40th in the global anti-corruption indices. In such domestic and foreign environment, Daewoo E&C strives to prevent compliance risk factors and promotes autonomous compliance atmosphere within the company. According to the 2014 Environment, Social, and Governance (ESG) Assessment results, Daewoo E&C recognized the need for a compliance system and introduced the Compliance Program (CP) in February 2015.

Declaration and Disclosure of CP	CP System (Organization, Regulation, Message Board)
Tailored CP Courses and CP Promotion	CP Core Strategic Tasks

Goals

- Secure the transparency and fairness of management through an autonomous compliance of corporate regulations
- Change the work ethics of employees and to innovate work practices through the enforcement of CP
- Increase corporate value and benefits by establishing compliance management

Activities and Achievements

- **Preparation and Implementation of CP**
 - Announced implementation of CP through a 'Chief Executive Officer (CEO) statement' while employees pledged to practice CP
 - Formed CP promotion organizations such as the sustainability management committee & Compliance Team
 - Developed handbooks and manuals for CP operational regulations and fair trade compliance (in terms of fair trade, domestic and foreign corruption preventions, mutual cooperation, labeling/advertisement, IT/information securities)
 - Set up restriction standards for compliance violations
 - Conducted compliance education for all employees
 - Held sustainability management committee meeting
- **Consistent ethical management**
 - Received 'Daewoo New-Way' practice vows, amended code of ethics and procedures, held workshops for ethical management committee & practice group, evaluated the performance of ethical management activities, and participated in Korea Development Bank (KDB) affiliated company Association of Compliance Officers
 - Implemented ethical management education
 - Conducted an ethics status check and a self-assessment on ethics
 - Enforced campaigns (Clean Holidays Campaign, Healthy 119 Drinking Culture, etc.)
 - Fulfilled US Army Administrative Compliance Agreement (AA)

Plans for 2015

- **CP establishment**
 - Hold Compliance Conferences
 - Appoint compliance leader and promote autonomous CP test-operation in each division and headquarters
 - Continuously monitor and evaluate status of Compliance Program activities
- **Ethical management**
 - Consistently implement ethical management campaign and review additional campaign (ex. Campaign for burdenless expenditures for congratulations and condolences)
 - Devise Ethics Help-Line activation plan, strengthen protection of reporter's identity, and implement rewarding system for whistle-blowers
 - Participate in KDB affiliated company Association of Compliance Officers (ACOF)
 - Fulfill US Army AA

Compliance

Strategic Direction

Daewoo E&C raises corporate value and attains sustainable management through the voluntary compliance of concerning laws in all business activities. Upon the introduction of the Compliance Program (CP), our Board of Directors (BoD) expressed their resolution and took initiative, which led the voluntary participation of all our employees, thereby making headway towards the fruition of our CP activities.

- Firm and consistent expression of will of BoD
- Voluntary participation and practice of our employees
- Strict dispensation of justice both to services and crimes related to compliance issues

Activities and Achievements

Establishment of CP Core Strategic Tasks

Daewoo E&C wishes to establish CP not as a mere declaratory slogan for show but as a corporate culture through voluntary participation of our employees. We have established and promoted CP core strategic tasks to state our external and internal practice will towards compliance management.

CP Core Strategic Tasks

Area	Details
① Fair Trade	Prohibit unfair common action (collusion, etc.) Prohibit unfair transactions
② Prevention of Domestic Corruption	Prevent bribery Prevent corruption/misconduct
③ Prevention of Foreign Corruption	Prevent bribery Prohibit unfair common action (collusion, etc.)
④ Mutual cooperation	Prohibit undeserved discrimination / Prohibit demand for unjust economic gain / Prohibit unfair transactions with suppliers
⑤ Information Technology (IT)/ Information Security	Prevent external leakage of company information Prevent internal and external leakage of personal information
⑥ Health, Safety, Environment - Quality (HSE-Q)	Prohibit illegal employment Prohibit discrimination
⑦ Employment and Labor	Prohibit misleading advertising messages Comply with labeling and advertising standards
⑧ Labeling and Advertisement	

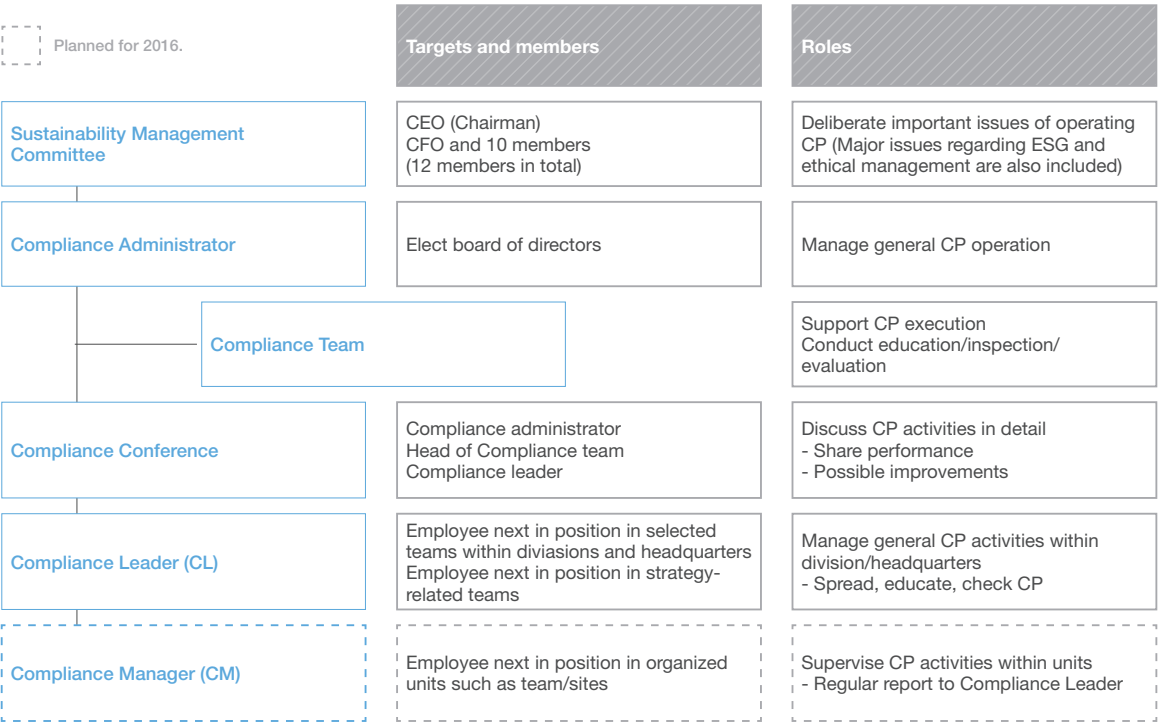


The Constitution and Operation of CP Organization

In order to raise awareness across the company, the Compliance Team and Sustainability Management

Committee (in charge of deliberating major CP operational issues) were formed to promote systematic discussions and activities.

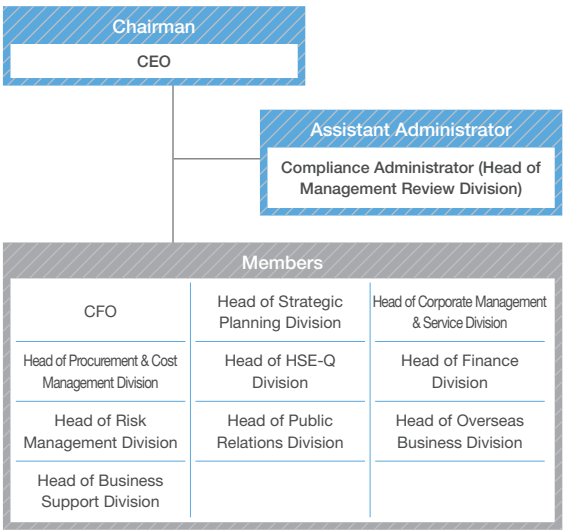
CP Organization & Roles



Sustainability Management Committee

The Sustainability Management Committee took place for the first time in March 2015 as an organization to deliberate and vote on major issues regarding the operational standards, plans, and results of CP. From now on, the CEO and Heads of all related divisions participate in the semiannual committee in order to decide on the major issues of CP and to promote Daewoo E&C's CP activities.

Sustainability Management Committee Organization



CP System

Upon recognizing the need to clearly define criteria to systematically and consistently promote CP, in 2014, Daewoo E&C established the CP system through operational regulations, fair trade compliance handbook, CP manuals, and a bulletin board.

- **CP operational regulations**
 - Constituted CP organization and divided functions, specified methods and procedures of education, inspection, and evaluation
 - Notice of employee CP pledge
- **Fair trade compliance handbook**
 - Basic CP manual includes Fair trade legislations, violations, action guidelines, examples, etc.
 - Distributed to divisions related to CP and fair trade and created compliance bulletin board at company intranet, Baronet
- **CP manual**
 - Developed in six areas including fair trade, domestic corruption prevention, foreign corruption prevention, mutual cooperation (first priority), labeling/advertisement, and IT/information securities
- **Bulletin board**
 - Established compliance bulletin board in Baronet
 - Consistently uploaded standards, trends, and manuals, and devised methods to raise concerns and accessibility of employees through constant monitoring
- **Measures of report**
 - Utilized the Ethics Help-Line

CEO Statement

On February 2, 2015, Daewoo E&C announced the official introduction and implementation of Compliance Program through a statement by none other than the CEO himself, who declared his determination to practice CP and asked all Daewoo E&C employees to follow his lead.

Dear all my beloved employees,

Till now, we have worked towards making a better company for future generation and contributing to the human society as a whole by constructing a better environment to live in. However, the recent cases of violation of compliance have not only defamed our rigorous endeavors, but also dropped the company's reputation and our pride in it. I believe these cases are not irrelevant to some of our faulty work practices and sense of ethics.

All my employees,

The company now attempts to introduce Compliance Program, an autonomous compliance system, in an effort to discard wrongful culture within the company and to evolve into a global engineering and construction leader.

With the introduction of Compliance Program, we have established a foothold to raise the international creditworthiness, and to minimize the damage to the corporate and employees from compliance risk. I expect all employees to participate in Compliance Program to realize prohibition of corruption and irrational work practices, and thus jump up to be a transparent, exemplary, leading company in the world

Today, the market environment requires more and more from companies. Public image of a corporate has exceeded being a mere reputation of a company to a management risk, while compliance risk is now an international standard in global market. The success or failure of Compliance Program is entirely up to your voluntary participation. It is not a for-show program conducted only in compliance related divisions, but an autonomous system where divisions/headquarters and teams/sites educate and evaluate themselves. I clarify that this change may not come true without your interests and concerns, and plead enthusiastic participation of all.

Thank you.

Sincerely yours,

February 2, 2015
Daewoo Engineering & Construction Co., Ltd.
CEO Youngsik Park



CP Education

Daewoo E&C fully understands the fact that CP would not come to anything without the shared understanding of our employees. To raise the awareness and accessibility of employees, we publish 'Let's Compliance! Newsletters'

and notify 'Working together towards compliance' through our intranet, Baronet. In addition, we integrated CP, sustainable management, ESG, and ethical management education into compliance education to maximize its effectiveness.

CP Awareness-raising Program

Category	Action Plan	Implementation Date
Working together towards compliance	<ul style="list-style-type: none">• Publish core subjects in each steps among the contents in CP regulations and CP manual• Announce biweekly or monthly using Baronet notice system	In place
Let's Compliance!	<ul style="list-style-type: none">• Briefly introduce recent trends in CP, columns, learning, activities, and plans• Publish every other month	First published in Feb 2015
Posters	<ul style="list-style-type: none">• Arouse caution on compliance among employees• Post three times a year	Posted up in Feb 2015

CP Education

Activity	Number of Participants
Online compliance education for all employees	6,273
Offline compliance education for all employees	2,292
Compliance education of senior executives	382
Development of educational contents categorized by strategic theme and survey on ethics/compliance education	4,082

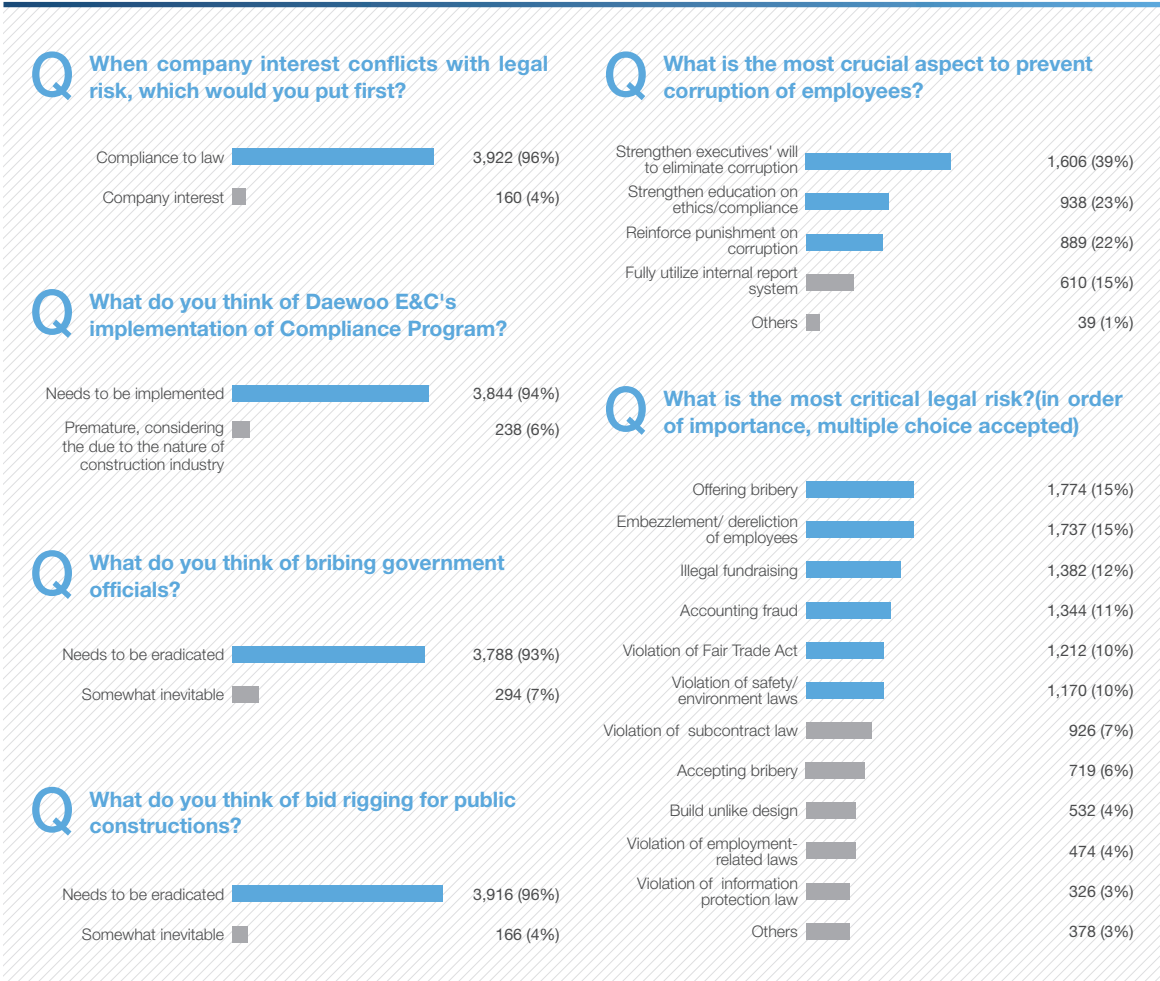
Online Compliance course for all employees

6,273
Participants

The Ethics & Compliance Newsletter
'Let's Compliance!' Issue #1



Ethics & Compliance Education Survey Results



- Survey period (2014): Oct 27 - Nov 8 (1st), Nov 10 - Nov 19 (2nd)
- Number of respondents: 4,082 (82% of 5,005 employees who participated in education)

Visions and Objectives

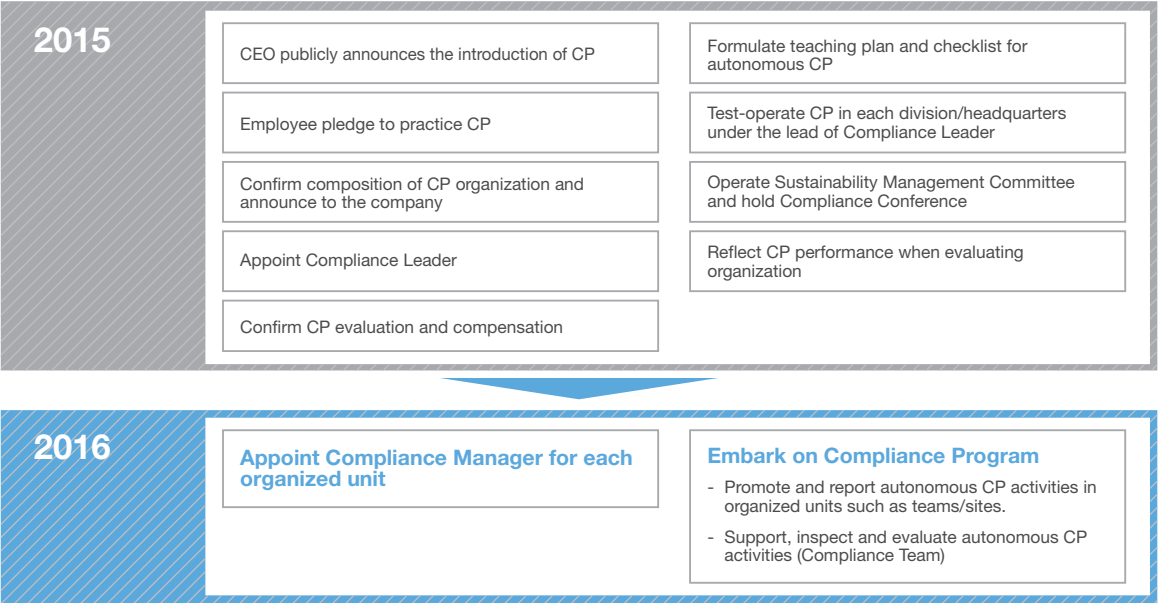
Globally, anti-corruption laws are strengthened every year as shown in the examples of US Foreign Corrupt Practices Act (FCPA) and UK Bribery Act. However, Korea is ranked 27th out of 34 OECD countries in Corruption Perception Index rated by Transparency International, which demonstrates that the level of compliance of Korean companies is rather low. Korean government has intensified sanctions against unfair transactions to promote compliance policies. Now compliance is no longer optional but rather an essential business strategy to

survive the competition. From 2014 to 2016, Daewoo E&C has and will proceed the steps of preparation, introduction and institutionalization of Compliance Program. By doing so, Daewoo E&C wishes to establish compliance as a corporate culture and achieve stance as a global engineering and construction leader.

In 2015 especially, we plan to settle compliance culture within the company by hosting Sustainability Management Committee and Compliance Conference, and by autonomously promoting CP in each division and headquarters led by Compliance Leader (CL).

- **Compliance conferences**
 - Hold semiannually (March and December) to spread the operational procedures and promotional strategy of CP through compliance academy
 - Develop capacity of Compliance Leaders to autonomously operate CP
- **Promotion of CL activities**
 - Appoint well-qualified people from each division, headquarters, and institutes or compliance-related teams (Legal Affairs, International Legal Affairs, Human Resource, etc.)
 - Establish autonomous CP operational plans for divisions and headquarters and comprehend and evaluate possible compliance risks
- Collect results of autonomous CP activities performance. Results shall be reported by compliance administrator semiannually to CEO and included in year-end divisional evaluation
- **Evaluation of CP promotion performance**
 - Develop autonomous CP evaluation tools and checklists
 - Establish an examination system for core strategies of compliance
 - Monitor and reflect changes in concerning regulations
 - Report the performance of and plans for major CP operations to the board of directors

CP Promotion Plan



CP Autonomous Implementation Plan

Category		Implementation Plan	Supervisor
Plan	Establish operational plan	Establish operational plan for CP of each division/headquarters	CL
	Compliance Self-education	Education during workshop, on-site managers meeting, and collective events	CL
	Compliance Talk	Proceed compliance related talks before conference	Head of team/on-site manager
Education	Compliance Message	E-mail compliance related messages	Executive
	Comprehend compliance risk	Comprehend possible compliance risks during team works	All teams
	Enforce inspection	Enforce inspection and receive feedback from teams using checklist by field	CL
Report	Report results of autonomous CP activities	Collect results of CP activities performance and report according to form	CL

Ethical Management

Strategic Direction

Daewoo E&C sincerely desires to improve the wrongful practices and cost structure within the company to accord with ethical standards and principles, and eventually raise corporate value as well as generate economic added value through ethical management. We have set the foundation of and is constantly spreading ethical management under the lead of our Compliance Team in various methods, such as promoting campaigns so that every employee can voluntarily participate in ethical management in all business activities based on high level of ethics.

monitoring and campaigns, and Ombudsman system. We seek to promote higher ethical and moral standards through fundamental and systematic ethical management in focus areas such as education, assessments, and unit inspections.

Ethical Management System

In addition to last year’s ethics charter that provides standards for proper conduct and value judgment of employees and creed that provides ethical principles for key stakeholders, this year we have revised procedures regarding ethical management and regulations. Furthermore, we have incorporated ethical management into employee, investor, and affiliated company activities by including ethical management performance into division and headquarters assessment criteria and participating in KDB affiliated company Association of Compliance Officers. by participating in KDB affiliated company Association of Compliance Officers.

Ethical Management Education

To increase a sense of ethics of our employees, Daewoo E&C provides ethical management education and sends out newsletters. To promote efficiency of education, we have provided the appropriate offline ethical management education according to the position and function of the employee since 2013. We also included the elements related to ethics into our compliance comprehensive education.

- Received ‘Daewoo New-Way’ pledgeand agreement on collection and use of personal information
- Amended procedures regarding ethics regulations and ethical management
 - Includes bribery regulations
- Held workshops for Ethical Management Committee and Practice Group
- Included ethical management and qualitative indicators in evaluation criteria of divisions and headquarters
- Participated in KDB affiliated company Association of Compliance Officers
 - Shared recent trends, major issues, and examples of ethics & compliance among affiliated companies and KDB

Self-assessment on Ethics Awareness

We implemented an online ethics awareness self-assessment program for employees as a means to build a common understanding of ethical management, to foster a culture of voluntary action, and to raise a sense of ethics for individual employees. The assessment is an ongoing program to constantly raise the awareness regarding ethics, as it can be conducted conveniently through our company intranet, Baronet. We ascribed meaning to each nine letters of “DAEWOO E&C” so that employees conduct self-assessment for each letter every month. The assessment results are compared among divisions, analyzed, and are incorporated in ethical management education.

Ethical Management Campaign & Inspection/ Monitoring

Daewoo E&C carried out various campaigns in an effort to settle ethical management culture within the company, including ‘clean corporate culture’ campaign to assure that employees do not receive money or valuables from business-related stakeholders and ethical management campaign to practice mutual growth. In particular, we guaranteed that no gifts or valuables were exchanged between our suppliers and employees before and after Lunar New Year holidays by implementing ‘Clean Holidays Campaign’. We clarified the ethics Help-Line articles on enterprise announcement system while sharing practice guidelines to educate and notify all employees and suppliers. As an extension of the same campaign, General Affairs Team returned all gifts from potential stakeholders to the company during Lunar New Year holidays (with the exception of office supplies). In 2014, we examined ethical management status in twelve different sites.

Activities and Achievements

For sustainable practice of ethical management, Daewoo E&C focused on five areas in 2014 - ethical management system, education and raising awareness, self-assessment,



Self-assessment Criteria

Category		Contents	Survey outline	Month
D	Duty	Duty	Consciousness, attitude, action	Oct 2013
A	Activities of Educating	Education	Ethical management-related Educational programs	Nov 2013
E	Ethical Judgments	Ethical judgment	Rationality, ethical principles	Dec 2103
W	World	Society	Social contribution, improvement of local communities	Jan 2014
O	Ownership	Ownership	Business, company loyalty, cooperation	Feb 2014
O	Obey the Rule	Compliance	Compliance, manners	Mar 2014
E	Environment	Environment	Compliance to environmental regulations, sense of safety	Apr 2014
&	And	Mutual growth	Improvement of power dynamics, fair trade	May 2014
C	Customer	Customer	Customer satisfaction, respect, trust	Jun 2014

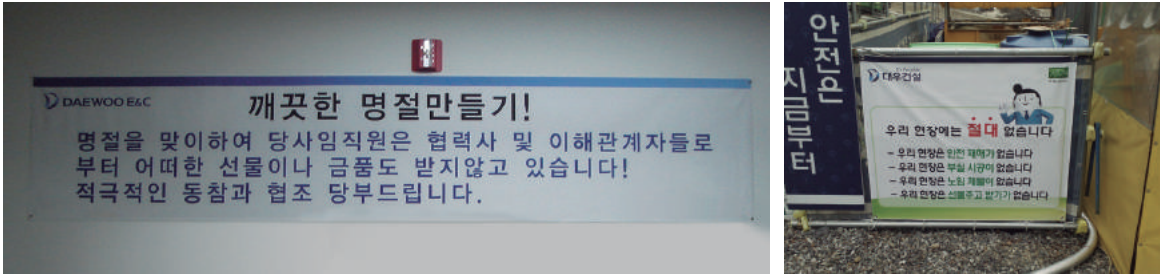
Ethical Management Campaign Activities

Clean Holidays Campaign	We prohibit receiving gifts from stakeholders such suppliers during holidays to establish a clean corporate culture. Headquarters and site offices are constantly inspected in order to prevent incidents of bribery.
Establishment of Healthy ‘119’ Drinking Culture	We promote a healthy drinking culture through ‘119’ campaign which stands for ‘drinking 1 type of alcohol, for 1 round only, to be back home by 9 PM’.
Prohibition of Notifications of Family Events to Stakeholders	For just business transactions, we prohibit all employees from notifying our suppliers of personal or family events such as weddings, as it may be construed as a request for gifts. In the case of immediate family members, announcements are to be made internally.
Voluntary Compliance Pledge on Ethical Management	All employees of Daewoo E&C have participated in the Ethical Management Voluntary Compliance Pledge. By making the pledge, they are committed to practicing ethical management and making it a part of the corporate culture.
Ethics Briefs	By continuously providing employees with the latest news in ethical management, we raise awareness and increase interests in the issue.

Guidelines for Clean Holidays Campaign

- **Campaign period:**
Lunar New Years and Chuseok 2014, Lunar New Years 2015
※ Two weeks prior to holidays
 - **Education on ethical management for employees and suppliers**
 - 1) Educate during weekly meetings or suppliers process meetings
 - 2) Take minutes (signatures, photo mounts)
 - **Return of bribery or gifts from suppliers or customers**
 - 1) Prepare a facility or space in the office to return the gifts
 - 2) Manage returned list
- **Prohibition of exchanging gifts and valuables between employees**
 - **Announcement of ‘Clean Holidays campaign’**
 - 1) Post posters of ‘Clean Holidays campaign’ on noticeable places such as entrance of offices and restaurant
 - 2) Set up banners and other promotional materials related to the campaign
 - **Management of visitors entering the company**

Ethical Management Status Inspection



The Ombudsman System

On October 26, 2010, Daewoo E&C signed a five-year-long Administrative Compliance Agreement (AA) with the US Army Suspension & Debarment Official (SDO) and elected the Chief Ethics & Compliance Officer (CECO). Through the Ombudsman system, we further enhanced the level of ethical management by paying extra attention to ethical management programs, ethics & compliance related trainings, and a website where anonymous reports are possible.

- Implemented yearly ethical management programs for all employees
- Educated on ethical management and compliance
- Ran Ombudsman website

Visions and Objectives

Ethical management of Daewoo E&C shall focus on stabilizing an ethics culture within the company and maintaining corporate reputation. We also plan to foster ethical management among stakeholders, including suppliers, affiliates, and investors.

- **Constant implementation of ethical management campaigns**
 - Run campaigns such as Clean Holidays, preventive education of sexual harassment, Healthy ‘119’ Drinking Culture
- **Development of Ethics Help-Line activation plan**
 - Mention Ethics Help-Line in name cards, implement protective measures for reporters, and reward whistle-blowers
- **Ethics status check**
 - Combine education methods of surveys and in-depth interviews
 - Conduct simultaneously with CP inspection from 2015
- **Participation in KDB affiliated company Association of Compliance Officers**
 - Report monthly ethics & compliance related subjects from each company
 - Submit the number of whistleblowing cases and compliance newsletters on a monthly basis
- **Fulfillment of US Army AA (expires in Oct 2015)**

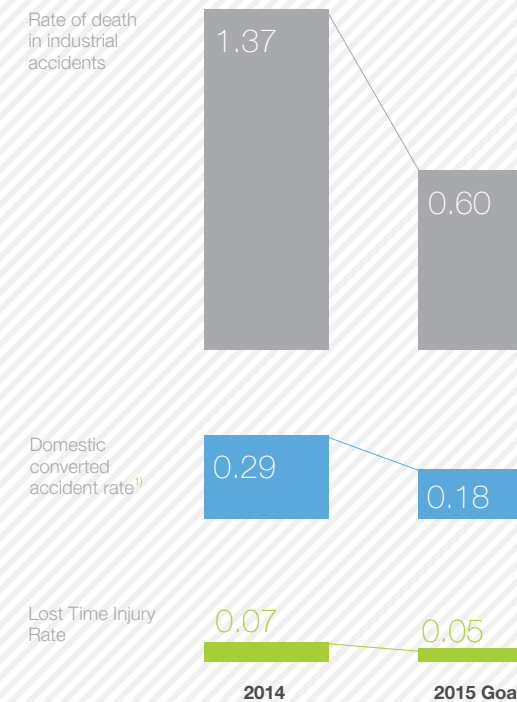


All employees will actively participate in intensive HSE innovation to establish a new safety culture and build a globally acknowledged HSE system for Daewoo E&C.



2014 was a tragic year with major accidents such as the collapse of the Mauna Ocean Resort in Gyeongju in February and the incident of Ferry Sewol in April. Such tragedies call for urgent change in safety management which used to be mere slogans. Daewoo E&C firmly believes that accidents are not justifiable nor inevitable. Starting with the basics such as communication, trust, and participation, as well as our yearly mottoes, 'We build future with technology and happiness with safety,' in 2014, and 'Daewoo E&C of change and innovation, the first step to the challenge is safety,' in 2015, Daewoo E&C is constantly improving our safety culture. By establishing an advanced health and safety culture and increasing expertise in the area, Daewoo E&C will contribute to making the world a safer place.

Management of Accidents Rates



¹⁾ 2014 domestic converted accident rate will be disclosed in June (by Korea Occupational Safety & Health Agency)

Goals

- **Establishment of health and safety system**
 - Establish and operate global standard level Health, Safety, and Environment (HSE) system
- **Enhancement of health and safety culture**
 - Initiate HSE expert development education and create a pool of safety management personnels
- **Management of accident rates**
 - Achieve the following for:
 - Domestic** _ Zero death accident
 - _ Rates of death in industrial accidents: 1.10
 - _ Converted accident rates: 0.25
 - Overseas** _ Lost Time Injury Rate (LTIR): 0.08

Activities and Achievements

- **Established health and safety system**
 - Inspected HSE management system for every stage of projects conducted, and established foreign health and safety system with emergency response system (additional support to dangerous countries)
 - Implemented KOSHA 18001 system
- **Reinforced health and safety culture**
 - Chief executives participated in safety activities (Health and Safety Committee convened, and CEO made on-site inspections)
 - Conducted HSE innovation education, overseas HSE professional education, and manager specific education
 - Operated 'Emergency Call Center', and distributed 'Emergency Wallet Cards'
- **Managed rate of accident**
 - Achieve the following for:
 - Domestic** _ Rate of deaths in industrial accidents: 1.37
 - _ Converted accident rates: 0.29
 - Overseas** _ Lost Time Injury Rate (LTIR): 0.07

Plans for 2015

- **Establish health and safety system**
 - Acquire KOSHA 18001, develop employee safety awareness assessment program, and develop and utilize integrated HSE mobile application
- **Enhance health and safety culture**
 - Develop curriculum for different ranks and positions, and operate safety experience center (experience and practice oriented training site), and safety communication center (develop professionalism and communication skills for safety managers)
- **Manage accident rates**
 - Achieve the following for:
 - Domestic** _ Rate of death in industrial accidents: 0.60 (▽56%)
 - _ Converted accident rate: 0.18 (▽38%)
 - Overseas** _ Lost Time Injury Rate (LTIR): 0.05 (▽30%)

Health and Safety

Strategic Direction

Safety Management Promotion System

With an underlining respect for human life, Daewoo E&C innovates practices and customs to prevent incidents altogether. We promise to comply with the basic principles, get engagement of all our members, and promote continuous improvements, by which we shall lead the culture of safety with an unconditional respect for human life through changes and innovations.

During the 2014 enterprise reorganization, the HSE-Q organization was newly established in order to develop the expertise for each HSE Division. In the same context, Security Team was established as well to protect our employees. Furthermore, through the Health and Safety Committee, we set up and monitor the implementation of health and safety management policies across the company. By operating Compliance Management (CM) in the headquarters division, we supported and managed the health and safety of sites for each headquarters. From a bird's eye's view, HSE-Q Division of headquarter acts as a control tower, directing HSE issues across the company, while operation headquarter examines the implementation of issues regarding innovation. Operation sites constantly carry it out, so that each and every sector can fulfill its own duty. Based on the systematic composition, we work towards the establishment of advanced health and safety system and betterment of expertise in related fields.

Daewoo E&C leads a culture of safety with respect for human life through change an innovation.

In fact, major safety-related businesses and trends are reported during our monthly business performance briefings, while measures to prevent serious incidents are directed at the CEO level, all of which demonstrate the strong will of the executives to prevent disasters and promote safety.

Health and Safety Management Policy

Policy	Daewoo E&C leads a culture of safety with respect for human life through change and innovation		
Action Plan	Compliance with fundamental principles	Participation of all members	Continuous improvements
	<ul style="list-style-type: none">- Comply with health and safety regulations- Promote prior risk assessments- Implement license system for major hazardous operations	<ul style="list-style-type: none">- Establish a good communication system- Allocate roles and responsibilities to all members without exception- Raise safety awareness through consistent education and training	<ul style="list-style-type: none">- Prevent similar and alike accidents- Prioritize health and safety when assessing construction plans- Establish advanced health and safety system through improvements

Health and Safety Organizational Structure



Composition of Health and Safety Management System

Health and Safety Manual	<ul style="list-style-type: none">· Base document that defines health and safety management system· Qualifications from OHSAS 18001²⁾ and KOSHA 18001³⁾ embedded· Precedes Health and Safety Procedures and Guidelines
Health and Safety Procedures	<ul style="list-style-type: none">· Detailed operational procedures to implement the required regulations on safety· Includes standard procedures for safety activities· Precedes Health and Safety Guideline Safety Management Plan
Health and Safety Guidelines	<ul style="list-style-type: none">· Attachment for the implementation of health and safety manuals and procedures· Standard safety working guideline for Daewoo E&C· Detailed procedures are modified on site considering different circumstances

Activities and Achievements

Daewoo E&C is the first construction company to implement Health and Safety Management System for the settlement of self-regulated safety management system. In November 2000, we also became the first in the industry to attain OHSAS 18001 certification from British Standards Institution (BSI). As a pioneer of Health and Safety management, we strive to establish an advanced health and safety management system through the HSE management system inspections, overseas HSE management system, and remote support to sites in countries with risks. Furthermore, we actively support the safety activities of our executives to create safe and healthy culture at home and overseas, while preparing HSE-specialized educations and safety campaigns and programs. Such efforts contributed to the decrease of the number of serious accidents⁴⁾ in domestic and overseas operation sites by 47% compared to the previous year, from 17 accidents in 2013 to 9 in 2014 (Domestic: 11→8, Overseas: 6→1).

Decrease in Serious Accidents
In comparison with previous year

47%

²⁾ OHSAS (Occupational Health & Safety Management System) 18001: International standard of corporate health and safety management system stipulated by British Standards Institution (BSI)
³⁾ KOSHA (Korea Occupational Safety & Health Agency) 18001: Health and Safety Management System developed by Korea Occupational Safety & Health Agency. This is a government certification for firm establishment of voluntary health and safety management systems of companies.
⁴⁾ Serious incident: (1) death of more than one persons (2) two or more persons injured and need medical care longer than three months, (3) a single incident where ten or more persons are injured or suffer occupational diseases

5), 6), 7) Refer to p68

Health and Safety Programs and System

System/Program	Contents	Execution cycle (number of times/year) and Period
1	OHSAS 18001	Health and safety management system authentication acquisition (authority: BSI) Initial authorization: Nov 2000 Reauthorization evaluation (three-year cycle): Apr 2012 (Apr 2012 - Apr 2015) Post-authorization evaluation (annual) Mar - Apr 2014
2	Health and Safety Committee	Deliberation/resolution on major issues of health and safety
3	Life safety campaign	Development of self-regulated culture of safety through habituation of safety
4	On-site safety campaign	Domestic: Hang onto the basic principles! 6 safety regulations Overseas: Safe Work Campaign
5	Safety awareness innovation training for CEO/executives	Safety awareness innovation of executives
6	Safety awareness innovation training for executives/team leaders	Safety awareness innovation of executives/team leaders
7	Specialized training for HSE executives/team leaders	Development of innovative safety through enhancement of expertise
8	Safety training for on-site managers	Improvement of KOSHA 18001 system and safety awareness
9	Safety innovation training for managers	Innovation of safety awareness and cultivation of job knowledge
10	System innovation training for safety officials	Reestablishment of roles of safety officials and innovation of awareness
11	KOSHA 18001 training for construction managers	Understanding of KOSHA18001 system and roles
12	KOSHA 18001 training for safety officials	Understanding of KOSHA18001 system and roles
13	KOSHA 18001 training for development of experts for safety officials	Development of KOSHA18001 system expert
14	International Register of Certificated Auditors (IRCA) senior examiner program	Development of examiners' capacity for effective operation of health and safety management system
15	Specialized training for safety managers	Establishment of health and safety management system and development of capacity to provide operational guidance
16	National Examination Board in Occupational Safety and Health International Construction Certificate (NEBOSH ICC) ⁵⁾	Enhancement of professional competencies of overseas safety managers
17	Occupational Safety & Health Administration (OSHA) 30 hours ⁶⁾	Acquisition of advanced HSE knowledge for overseas safety management
18	TapRoot ⁷⁾	Detection of the root cause of disasters and prevention of similar disasters through countermeasures

HSE Management System Audit

In order to understand the current level of our HSE management system and to continuously improve and manage it, Daewoo E&C subdivided the audit process into initial, regular, and special audits.

In our operations overseas, we conducted five-step HSE management system audits on 35 occasions in 2014 (Pre-mob 6, System 9, Program 10, Compliance 9 and special 1). The audit results are shared with persons in charge for further improvements.

Number of Audits

(Unit: times)

Audits	Domestic	Overseas
Initial	29	6
Regular	48	28
Special	10	1

Reinforcement of HSE Support and Preventive Functions at Overseas Sites

Daewoo E&C provides an initial setting package for HSE management including a database to measure the risks in different types of operations. HSE risk assessment documents necessary in the bidding process and management programs with relation to the Unsafe Act / Unsafe Condition Observation are also provided. In addition, we include the advanced HSE standards as requirements in contracts with overseas suppliers. Further measures are taken if needed, such as the provision of manuals and protocols.

- **Reference for the establishment of HSE management system at the initial stage**
 - Developed and distributed 309 items on HSE management system at the initial stage
- **Risk assessment & job safety analysis database**
 - Established risk assessment & job safety analysis data for 864 different construction types
- **HSE focused examination in bidding process**
 - Compiled HSE risk assessment evaluation for 32 projects and established countermeasures
- **Unsafe Act, Unsafe Condition Observation**
 - Detected and followed appropriate measures for 24,415 cases of dangerous activities and conditions
 - Utilized as leading indicators for the disaster prevention and management activities
- **Benchmark the advanced HSE standards**
 - 20 types of overseas HSE procedures enacted or revised (2 enactments, 18 amendments)



Response System in Dangerous Countries

Potential threats such as diseases, terrors and civil unrest are measured differently in every country. Daewoo E&C has a risk rating management system, various countermeasures, and support measures to protect on-site workers in high-alert level countries. In 2014, we examined the security of 15 different operation sites and 6 different branches including Iraq, Nigeria, Libya and Algeria, and urgently dispatched five Security managers to Iraq, Algeria, and Saudi Arabia, i.e. dangerous countries. We provided step-by-step countermeasures to deal with high level risks in some parts of the world, for example, epidemics like Ebola and civil war in Libya. Emergency evacuations were carried out for on-site employees when needed.

- **Development and implementation of countermeasures for each phase of spread of Ebola**
 - Developed and implemented countermeasures for the spread of Ebola in Nigeria
 - Held emergency working committee to response to Ebola (10 times)
 - Supported the purchase of disinfectants and protectors
- **Directed emergency evacuation of employees from intensified Libyan civil war**
 - 1st evacuation: August (executed KRW 3.5 billion, 655 persons escaped from three sites in a branch)
 - 2nd evacuation: November (100 persons in Zwitina)

Executive Participation in Safety Activities

Enthusiastic participation in safety activities of top executives is a prerequisite in creating a culture where employees pay attention to health and safety. To establish a culture of safety in our operation sites at home and overseas, our top executives are actively participating in the undertaking of safety measures. For example, on Daewoo E&C's quarterly 'Safety Check Days', the executives visit operation sites and conduct safety inspections as well as special inspections and participate in the activities of the Health and Safety Committee.

Executive Participation in Safety Activities



Safety Innovation Declaration Ceremony

In June 2014, Daewoo E&C declared an intensive enterprise innovation in a Safety Innovation Declaration Ceremony. A resolution for safety innovation was read out loud to illustrate the firm will of our employees in front of 370 persons including employees, head of Seoul Regional Ministry of Employment and Labor, and representatives of suppliers. The HSE-Q Division, a safety division created during the 2014 reorganization, establishes enhancement

of safety training for all employees, and development of safety management programs. The declaration empowered Daewoo E&C’s endeavors to establish a new paradigm in safety. Moreover, Daewoo E&C was the first Korean construction company to acquire OHSAS 18001, an international safety standard, in 2000. In 2015, Daewoo E&C aims to attain KOSHA 18001 certificate through safety innovations that comply with basics and principles.

Declaration on Safety Innovation

We pledge to practice safety innovation setting health and safety as the overriding value of corporate management, and resolve as following to accomplish zero-disasters at all operation sites through preemptive actions and measures.	
1	We comply with the basics and principles, and develop practices based on the culture of safety where all employees participate in the familiarization and habituation of safety.
2	We implement awareness reformation education to all stratum from executives to on-site workers for innovative reformation of safety awareness.
3	We secure fundamental safety through introduction and operation of system safety, and install on-site self-regulated safety system through continuous improvement of system for preliminary detection of risks and procurement of safe environment.
4	We all continue active and confident safety activities, and fulfill the responsibilities and roles assigned to each individual to locate safety as an overriding value for the survival of the company.
5	We enhance health and safety supports for our suppliers to establish a mutual safety management system, and our suppliers enthusiastically cooperate to practice safety with prime contracts.
6	We innovate safety system through endless investment, improvement, innovative education and training, and endeavor to fulfill corporate social responsibility by protecting the lives and properties of stakeholders.

Implementation of Domestic and Overseas HSE Education

To raise the safety awareness of our employees and on-site workers, Daewoo E&C is executing safety training on behalf of all our employees and the employees working for our suppliers. We provide customized safety training suited to the different jobs and positions, and is operating HSE innovation education course. For stable procurement and effective arrangement of overseas HSE professionals, we have established and continuously fostered a long term development strategy for the overseas HSE professionals. In addition, to enhance the safety training for overseas construction personnel, we have developed training materials to conduct HSE education for the managers before dispatch to the overseas operation sites. We have implemented advanced safety training programs such as orientation to occupational safety and health (OSHA 30hrs, US), international certificate in construction health and

safety (NEBOSH ICC, UK), and incident investigation and analysis training (TapRooT, US), where 38 persons have participated in and completed this year. Above this, Daewoo E&C managed the Security Manager Capacity enhancement education where the Ministry of Foreign Affairs, National Intelligence Service, and five other like businesses attended to prevent accidents in overseas operation sites.

- Domestic HSE innovation education
 - 12 different courses including executives HSE innovation education
 - 3,140 participants (350% increase from 2013)
- Overseas HSE specialized education
 - Operate orientation to occupational safety and health (OSHA 30hrs, US), international certificate in construction health and safety (NEBOSH ICC, UK), and incident investigation and analysis training (TapRooT, US)
 - 38 participants

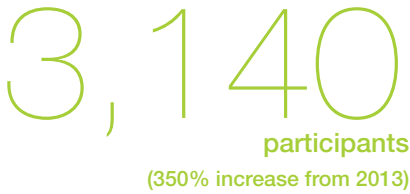
Long Term Strategy for Overseas HSE Professional Development



Enhancement of Safety Culture

Daewoo E&C fosters various activities to encourage safety culture to familiarize and habituate safety within the company. In Safety Cornerstone program, new on-site workers or common visitors are educated of attributes and emergency exit route of the operation site, whereas in Safety Traffic Light 365 Campaign, compliance with legal regulations is emphasized. In Yes, Sir! Safe Work Campaign, familiarization and habituation of culture of safety is highlighted. We also operate Emergency Call Center around the clock to promptly register and react to emergencies in domestic or foreign operation sites. Furthermore, we develop and handed out guidebooks explaining the emergency procedures in cases of safety or security accidents to our employees, while distributing Pocket books and Emergency Wallet Cards to on-site employees.

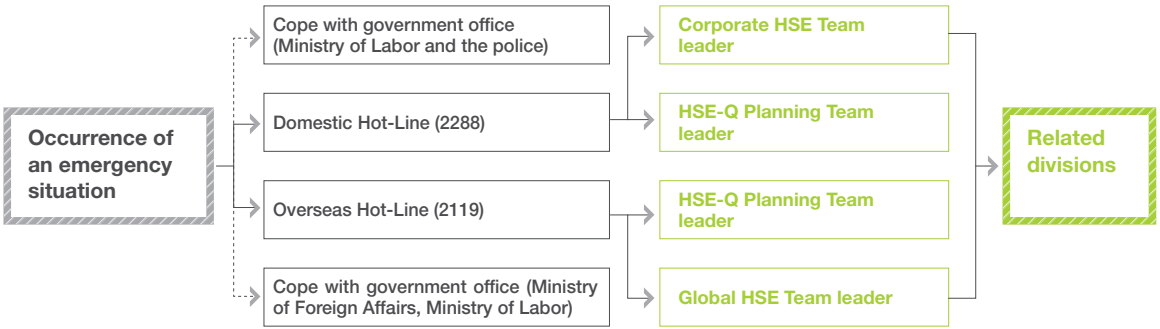
Domestic HSE Innovation Education



Emergency Call Center Registration Status

Category	Emergency situations
Corporate HSE Team	<ul style="list-style-type: none">• Safety accidents: serious incidents, general disasters, property damaged accidents (damage of KRW 5 million or more)• Environmental accidents: predictive social issues
Global HSE Team	<ul style="list-style-type: none">• Safety accidents: Fatality/Lost Workday Case (LWC), Property Damage (damage of USD 5,000 or more)• Environmental accidents: violation of local environmental law
Global Security Team	<ul style="list-style-type: none">• Hostages, kidnapping, terrors, explosions, shootings, and protests• Traffic accidents and natural disasters

Emergency Situation Response System

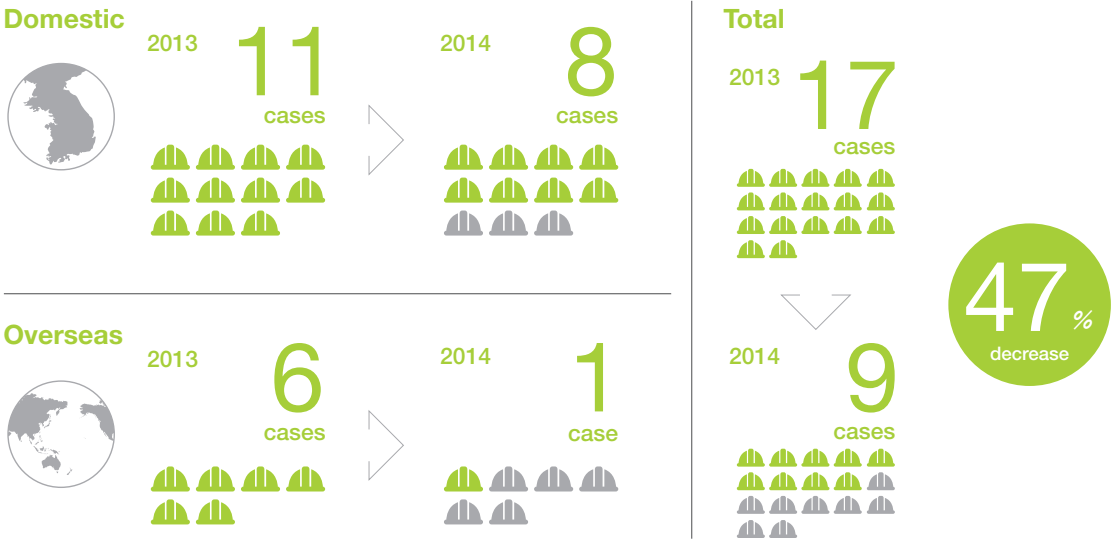


Management of Accident Rates

In 2014, Daewoo E&C successfully decreased the number of serious incidents⁸⁾ at home and overseas by 47% compared to that of the previous year. Domestic rates of

death in industrial accidents has been reduced to 1.37, while achieving converted accident rate of 0.29. The Lost Time Injury Rate (LTIR) recorded 0.07, 12.5% lower than the initial target set beforehand.

Current Status on Serious Incidents



Performance on the Management of Accident Rates

	Category	Target	Performance	Remarks
Domestic	Rate of death in industrial accidents ⁹⁾	1.10	1.37	△ 25%
	Converted accident rate ¹⁰⁾	0.25	0.29 ¹¹⁾	△ 16%
Overseas	Lost Time Injury Rate (LTIR) ¹²⁾	0.08	0.07	▽ 12.5%

Papua New Guinea LNG Plant Operation Site Recorded 30 Million Hours Without Lost Time Injury (LTI)

Daewoo E&C was officially recognized by Chiyoda JGC Joint Venture (CJJV) for recording 30 million man hours without Lost Time Injury (LTI), and received s certificate commemorating the achievement. 30 million hours without incident is only possible when not a single incident occurs for 3,000 days with 1,000 people working 10 hours per day. Daewoo E&C's Papua New Guinea LNG Plant operation site has maintained the record for the past three years and five months by preventing accidents through various methods, including safety management led by executives, introduction of advanced Tunnel Boring Machine (TBM) technique, the enhancement of UA/UC observation, and the extension of safety award/rewarding system.

Visions and Objectives

Being a global E&C leader begins first and foremost with safety. Daewoo E&C will strengthen our health and safety system in domestic and overseas operation sites and increase expertise in health and safety by creating a safe and sound workplace. To enhance health and safety management system, we will reinforce related systems and techniques to prevent emergencies and establish an advanced HSE management system to responsd to risk factors at the right time and at the right place. We plan to provide intensive support to operation sites that are vulnerable in terms of health and safety. In the same context, we will strive to strengthen health and safety

management in overseas operation sites by implementing a grade management system for the countries we have entered, establishing a real-time monitoring system, and enhancing government ministry networks to closely support overseas operation sites. As a final step, we intend to build expertise through various health and safety trainings. To foster on-site safety mangers and securities experts, we will not only provide customized education divided into various stages, but also diversify and systemize education on accident investigation, analysis techniques and cardiopulmonary resuscitation (CPR). By doing so, Daewoo E&C endeavors to innovate safety both realistically and practically.

Enhancement of Health and Safety System

- **Enhancement of advanced HSE management system**
 - Vitalize safe work campaigns regarding 10 high risk works
 - Raise the participation in Unsafe Action and Condition observation programs: increase the number of cases of detection and reaction (24,415 cases in 2014 -> targeting 30,000 cases in 2015)
 - Develop and apply standard tools of Risk Assessment and Job Safety Analysis
 - Establish and implement a management walkthrough standard for both on-site managers and construction managers
 - Strengthen the training for raising safety awareness and publish a guidebook defining the roles of overseas on-site managers
 - Improve on-site safety evaluation, reward and punishment standards, human resources management system, and establish personal history management and workforce assignment procedures
 - Certify KOSHA 18001 system
 - Promptly respond to emergencies by using integrated HSE mobile application
 - Improve HSE management system audits and enhance headquarters consulting
 - Introduce safety awareness assessment program for employees.
- **Reinforcement of preventive activities & Establishment of focused support system for vulnerable sites**
 - Conduct prevention management HSE management system audits: intensively examine and support vulnerable overseas projects
 - Reset HSE management system audits management objectives for each headquarters and raise the level of on-site safety system
 - Set up overseas civil project & building headquarters HSE management system and establish a two-way process
- **Enhancement of overseas operation sites HSE management**
 - Forge different management systems according to each country's safety rating: formulate work manuals in three different languages to be distributed at operation site and hold regular seminars on situations of the particular country
 - Strengthen government ministry networks: Ministry of Foreign Affairs, Ministry of Land, Infrastructure and Transport, National Intelligence Service, and International Contractors Association of Korea, etc.
 - Introduce operation site management IT system: install satellite Hot-Line and establish GPS in cars for three centrally managed countries
 - Always monitor circumstances in dangerous countries (Iraq, Algeria, Nigeria), establish and operate initial response system (in emergencies, establish based on project continuity management (ISO 22301) system)

Enhancement of Health and Safety Expertise

- **Intensification of education for on-site safety officials**
- Develop educational course for different positions
- **Establishment of Security experts development system**
- Implement in a step-wise manner: basic course (employee newly dispatched to overseas operation sites), specialization course (members of the on-site Security team), and advanced course (manager of the Global Security team)
- **Implementation of enterprise education on accident investigation and analysis techniques, and development of application ability**
- Secure the completion of the education for 30% of HSE-Q Division's safety workforce in three years
- **Target of 20 trainees to finish the advanced safety training programs: orientation to occupational safety and health (OSHA 30hrs, US), international certificate in construction health and safety (NEBOSH ICC, UK), and incident investigation and analysis training (TapRoot, US)**
- **Establishment of HSE workforce arrangement standards for overseas operation sites and procurement of pool of experts**

KOSHA 18001 Certification

With the intensified industrial safety policies of the government and the increasing need for a practical system, many companies have implemented KOSHA 18001 to reestablish their health and safety management system. Daewoo E&C, also, is no exception. With the KOSHA 18001 certification, Daewoo E&C will respond to the strengthened government industrial health and safety

policies swiftly and appropriately. In 2014, we especially focused on strengthening on-site instructions to establish the foundation for KOSHA 18001 certification.

- **Enhancement of on-site instructions**
- Enactment and amendment of 43 health and safety procedures articles, 94 consulting sessions, 25 preliminary evaluations, 146 instructions and audits, etc.

Schedule to Obtain KOSHA 18001 Certification



Development of the One Touch HSE-Q Application

The One Touch HSE-Q application is being developed to integrate the management of health, safety, and environment, and to revitalize real-time information sharing and communication. Through the One Touch HSE-Q application, Daewoo E&C's employees are able to check real-time notifications from the HSE-Q Division or operation sites and can also look for the references including the

guidelines on safety and site management. Furthermore, best practices on safety management, related statistics on accidents, and information on operation sites will be shared. In case of any disaster or accident in the construction sites, employees can promptly report the situation through the application. Daewoo E&C hopes to establish a swift initial response system regarding disasters and accidents, and to reduce the damage to our on-site employees by utilizing real-time status reports.

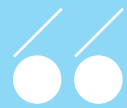
Reduction of Accident Rates

Targets for the Management of Accident Rates

	Category	2014 Performances	2015 Objectives	Remarks
Domestic	Rate of death in industrial accidents	1.37	0.60	▽56%
	Converted accident rate	0.29	0.18	▽38%
Overseas	Lost Time Injury Rate (LTIR)	0.07	0.05	▽30%



ECO-FRIENDLY CONSTRUCTION



In 2014, Daewoo E&C reinforced environmental management system and continuously put in effort to manage greenhouse gas. Our efforts focus on developing environmental technology to reduce environmental impact and diversifying eco-friendly business portfolio.



A company's environmental responsibility on environment is not only a prerequisite for sustainable management but also a new business opportunity. With environmental protection and respect for life as the overriding values of corporate management, Daewoo E&C strives to become a global eco-friendly construction leader by fulfilling corporate social responsibility and continuously expanding eco-friendly businesses. Moreover, we will exert ourselves to work on pursuing environmental management, tackling climate change, and developing eco-friendly technologies and businesses.

(Unit: persons / As of November 2014)



A total of 427 environment managers were appointed

DMA

Disclosure on Management Approach

Goals

- **Environmental management**
 - Accomplish zero violation of environmental laws and occurrence of environmental accidents
 - Set and achieve targets to conserve energy and other resources
 - Achieve the target to reduce costs of waste disposal compared to sales: 0.21%
- **Response to climate change**
 - Establish Greenhouse Gas (GHG) management system: verification of greenhouse gas statement, operation of demonstration site, formulation and distribution of guidelines
 - Expand response activities to public disclosure of environmental information
- **Eco-friendly technologies and businesses**
 - Develop the optimal technology to build 80%-energy-saving apartments
 - Enhance production technology for new renewable energy
 - Establish and operate dehydration facilities to reduce the volume of carbon capture by-products

Activities and Achievements

- **Environmental management**
 - Appointed on-site environment managers and established their roles and responsibilities
 - Strengthened Health, Safety and Environment (HSE) system audits: shared exemplary/poor cases after audits
 - Enhanced environmental management activities: provided environment training for employees of Daewoo E&C and our major suppliers
- **Response to climate change**
 - Upgraded GHG inventory system: measured GHG emission compared to sales;
 - Reduced GHG emissions: decreased 11.5% compared to the previous year
 - Operated demonstration fields to develop items for GHG reduction
 - Expanded public disclosure of environmental information: responded to the disclosure demand of Ministry of Environment and Carbon Disclosure Project (CDP)
- **Eco-friendly technologies and businesses**
 - Developed 'Green Premium' technology
 - Acquired Green Building preliminary certifications and Energy Efficiency Rating certification
 - Constructed super-refineries in Kuwait and undertook the construction of combined cycle power plant in Pyeongtaek, etc.
 - Developed eco-friendly high-liquidity filling technology

Plans for 2015

- **Environmental management**
 - Assign roles and responsibilities of environment managers
 - Reinforce HSE management system audits: expand the sites of regular and dust scattering audits
 - Raise the level of environmental management in operation sites: implement HSE-One Stop Service (HSE-Helper, HSE-Letter, HSE-Starter, HSE-Tester)
 - Comply with environmental regulations, prevent environmental accidents, and reduce the amount of pollutants
- **Response to climate change**
 - Submit 2014 statements to the Ministry of Land, Infrastructure and Transport (MOLIT)
 - Set objectives for GHG emission and develop management system to evaluate performance results
 - Establish GHG/energy management guidelines: prepare for GHG/energy Target Management System, and promote GHG reduction activities
- **Eco-friendly technologies and businesses**
 - Provide technological support for the Green Premium road map
 - Build health-friendly houses, review the use of eco-friendly materials for the prevention of condensation, acquire Leadership in Energy and Environmental Design (LEED) Platinum certification
 - Construct solar power facilities within wind power and Pocheon thermoelectric power plant, etc.
 - Develop DECO2 (Daewoo Elimination of CO₂) integrated process optimal technology, and seek commercializing methods for carbon capture byproducts

Environmental Management

Strategic Direction

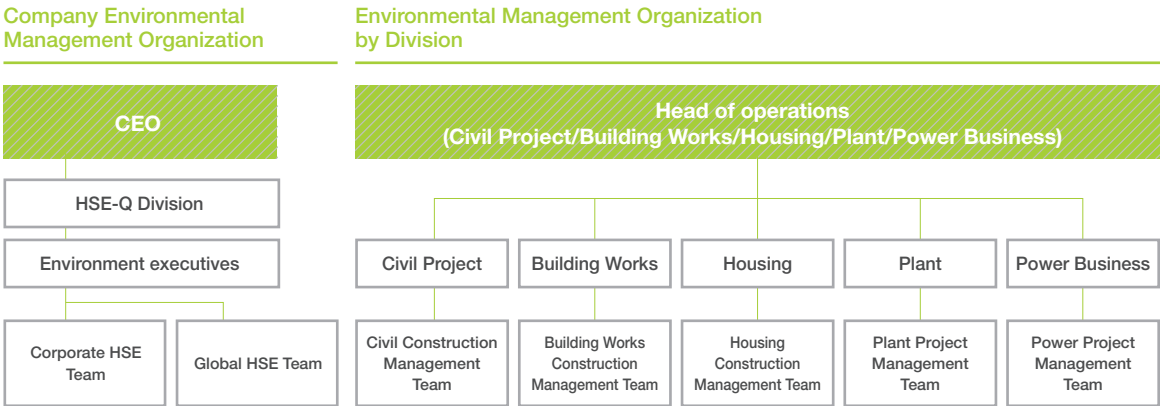
Environmental management is essential in promoting sustainable construction business. Daewoo E&C's environmental management system includes guidelines on complying with regulations, preventing environmental pollution, and responding to climate change. Environmental objectives are set and announced within and outside of the company, while performance results are managed for constant improvement. In addition, we have retained the environmental management system certification, ISO 14001, since 1997 through post-certification inspections.

Environmental Management Organization

Daewoo E&C's Corporate HSE Team supervises enterprise environmental management and oversees the implementation of the environmental management system. We also established the Global HSE Team in line with the trend in overseas expansion, and are constantly strengthening environmental management in overseas operation sites.

- **Environmental policies**
 - Operate environmental management system according to ISO 14001 and comply with environmental regulations
 - Prevent environmental pollution caused by construction activities
 - Reflect and implement stakeholders' opinions on environment and climate change
- **Environmental targets**
 - Prevent environmental regulations violation and accidents
 - Set and achieve targets to conserve energy and other resources
 - Set and achieve targets to reduce costs of waste disposal compared to sales

Environmental Management Promotion Organization



Appointment of Environment Managers

In 2014, the Corporate HSE Team established the roles and responsibilities of on-site environment managers and devised an on-site environmental management system.

Environment managers are appointed according to clear internal appointment standards, and as of November 2014, 427 environment managers were appointed at 151 different operation sites.

Roles and Responsibilities of Environment Managers

Category		Eligible persons	Responsibilities
Environment managers	Environment director	Site general manager, or a senior environment manager	General management of environment
	Environment manager	Project control staff	Coping with authorities, declaration, document management
		Construction staff	Site management, civil appeals management

Activities and Achievements

To become a trustworthy and eco-friendly construction company, Daewoo E&C is improving our environmental management system and enhancing environmental training. HSE management system audits were conducted, the results of which were and are being incorporated in our environmental management. Furthermore, we provided environmental training for our employees, on-site managers, on-site workers and employees of suppliers. With monthly on-site training and the distribution of training materials, the number of participants increased by 180% compared to the previous year.

HSE Management System Audits

Through HSE management system audits, Daewoo E&C reviewed our overall environmental management system, as well as checking compliance with environmental regulations. In 2014, we conducted audits on 71 operation sites and worked on improving the environmental management system by sharing exemplary and poor cases, and also the results of audits. No environmental penalty points were received.

HSE Management System Audits Performance

Category	Civil Project	Building Works	Housing	Plant/Power Business	Total
HSE management system audits (Pre-mob)	2	8	13	1	24
HSE management system audits (regular)	4	2	2	1	9
HSE management system audits (special)	2	0	1	0	3
HSE management system audits (dust scattering)	19	10	5	1	35
Total	27	20	21	3	71



Environmental Management Training

Daewoo E&C provides environmental training for environment managers, on-site managers, on-site workers, and on-site executives of excellent and major suppliers in order to prevent environmental accidents and cultivate functional knowledge on environmental management. On-site trainings are conducted autonomously once a month, based on the environmental training materials prepared by the Corporate HSE Team.

Environmental Training Performance

Name of training	Period	Number of participants
Job competence training for environment managers (Level 1)	1 st session: Dec 22 2 nd session: Dec 23	72
2014 winter job training for technical posts	Mar 5 - 14 (2 nd session)	278
2014 safety training for on-site managers	Feb 10 -18 (4 th session)	181
Training for on-site general executives from exemplary/major suppliers	Oct 7	85
On-site environmental training (Civil Project Division)	Jan 1 - Dec 31	13,340
On-site environmental training (Building Works Division)		17,244
On-site environmental training (Housing Division)		22,054
On-site environmental training (Plant/Power Business Divisions)		2,035
Total		55,289

55,289 participants completed environmental training in 2014

180% increase compared to the previous year

Visions and Objectives

Daewoo E&C will not rest at achieving the desired outcomes of 2014, but systematically reinforce our environmental management system. In particular, we plan to enhance HSE system audits and the level of on-site environmental management by actively operating the HSE -One Touch Service, through which we will achieve zero violations of environmental regulations and environmental

accidents. With the development of the One Touch HSE-Q application, we will be able to handle site wastes with more accuracy and speed than before. This shall promote work efficiency by enabling the connection between internal and external systems such as the BAROCON system. Finally, by establishing and implementing targets to conserve energy and resources, Daewoo E&C intends to minimize the sources of pollution and reduce the costs of waste disposal compared to sales.

HSE-One Stop Service Action Plan

One-Stop Service Categories	Main contents
HSE-Starter	Support early settlement of environmental management system within 3 months after construction begins
HSE-Helper	Visit and support environmental management in case of on-site support requests
HSE-Letter	Share notices, regulations and examples related to environment through mailing service
HSE-Tester	Analyze and support weak points through job competence evaluation of environment managers

- **Reinforcement of HSE management system audits**
 - Increase by 20% compared to 2014 (71 times ⇒ 85 times)
 - Strengthen special audits on dust scattering management (currently: conducted in spring ⇒ to be: conducted in both spring and autumn)
- **Improvement of level of on-site environmental management through the implementation of HSE-One Stop Service**
- **Compliance with environmental regulations and reduction of environmental accidents**
 - Prevent violations of environmental regulations and environmental accidents
- **Development of One Touch HSE-Q application**
- **Reduction of pollutants**
 - Minimize pollution through establishment and implementation of energy and resources conservation goals
 - Achieve the target to reduce costs of waste disposal compared to sales: 0.20%

Key Environmental Performances

Energy¹⁾

(Unit: TJ)

Category	2012			2013			2014		
	Fuel	Electricity	Total	Fuel	Electricity	Total	Fuel	Electricity	Total
Headquarters (HQ)	29.793	50.095	79	34.081	48.347	82	36.14	47.781	83
Daewoo Institute of Construction Technology (DICT)	1.48	13.183	14	4.528	14.004	18	3.255	11.989	15
Dormitory	6.986	8.96	15	8.867	9.454	18	7.725	8.438	16
Asset Management Team	-	-	-	24.57	10.808	35	4.099	44.469	48
Construction sites	171.391	719.391	891	152.412	1,004.554	1,156	127.435	949.241	1,076
Housing gallery	0.41	5.319	5	1.458	9.381	10	0.653	9.286	9
Migliore mall Busan, Lease business	0.	157.044	157	0.	91.144	91	-	-	-
Jungbu Branch	0.226	0.294	0	0.215	0.357	0	0.097	0.354	0
Geoplace Daejeon, shopping mall	0.	1.662	1	-	-		-	-	-
Total	210.285	956.258	1,162.000	226.132	1,185.050	1,410.000	179.404	1,071.559	1,247.000

1) National GHG Management System figures. There is a difference between the sum per energy source and the total.

GHG Emissions²⁾

(Unit: tCO₂-e)

Category	2012			2013			2014		
	Fuel	Electricity	Total	Fuel	Electricity	Total	Fuel	Electricity	Total
Headquarters (HQ)	1,668.195	2,433.004	4,101	1,995.124	2,348.089	4,343	2,137.727	2,320.629	4,458
Daewoo Institute of Construction Technology (DICT)	85.386	640.283	725	241.594	680.143	921	170.36	582.283	752
Dormitory	354.48	435.15	789	449.953	459.175	909	391.987	409.803	801
Asset Management Team	-	-	-	1,246.767	524.918	1,771	208.283	2,159.764	2,368
Construction sites	14,181.07	34,954.216	49,135	9,756.368	48,788.939	58,545	8,244.77	46,102.499	54,347
Housing gallery	21.708	258.32	280	74.816	455.622	530	34.664	451.011	485
Migliore mall Busan, Lease business	0.	7,627.281	7,627	0.	4,426.673	4,426	-	-	-
Jungbu Branch	13.181	14.298	27	12.567	17.352	29	4.914	17.203	22
Geoplace Daejeon, shopping mall	0.	80.725	80	-	-	-	-	-	-
Total	16,324.020	46,443.276	62,764.000	13,777.190	57,700.911	71,474.000	11,192.704	52,043.192	63,233.000

2) National GHG Management System figures. There is a difference between the sum of GHG per energy source and the total.

Waste³⁾

Category	Unit	2013	2014
Waste Volume	ton	479,180	628,471
Treatment Cost	KRW 100 million	89	156

3) Domestic sites only

Climate Change

Strategic Direction

The main agenda discussed at the 2015 Davos Forum, the annual general meeting of World Economic Forum (WEF), was, yet again, climate change. Climate change has now become a global issue that may as well determine the future of mankind. Changes in institutional policies such as Emissions Trading, Target Management System, and Low Carbon Vehicle Cooperation Fund, adjure companies to establish a more reinforced and thorough climate change response system with appropriate strategies. Daewoo E&C is promotes sustainable management in two major strategic directions: 1) understanding climate change risks and opportunities, and 2) preparing a climate change response system. The HSE-Q Division leads the arrangement of climate change response system as the head of HSE-Q Division is the chief officer in climate

change. In charge of climate change response activities including the overseeing of requirements from domestic and foreign regulations related to GHG, public disclosure requirements, and operation of GHG inventories. In addition, as we discharge a large amount of GHG due to the nature of the industry from constructing buildings to using and disposing construction materials, Daewoo E&C constantly monitors and manages the effects of climate change.

- **Establishment of climate change response system**
 - Head of HSE-Q Division: manage the overall climate change response activities
 - Evaluate executives' environmental management activities: conduct annually, examine climate change response activities and performance
- **Climate change risks and opportunities**
 - Analyze risks and opportunities according to changes in regulations due to climate change, physical changes, and changes in customer behavior

Analysis of Risks and Opportunities in Climate Change

Category	Risks	Opportunities
Regulatory factors	<ul style="list-style-type: none">• Target Management System for GHG/energy<ul style="list-style-type: none">- Expenses involved in upgrading GHG inventory• Emissions trading<ul style="list-style-type: none">- Fines levied when exceeding carbon credits• Green Buildings Construction Support Act<ul style="list-style-type: none">- Additional authentication cost when acquiring 'Green Buildings Certificate', technology development expenses	<ul style="list-style-type: none">• Target Management System for GHG/energy<ul style="list-style-type: none">- Cost saving by reducing GHG, less fines levied when targets are accomplished• Renewable Energy Portfolio Standard (RPS)<ul style="list-style-type: none">- Growth of renewable energy market and participation in related projects• Green Buildings Construction Support Act<ul style="list-style-type: none">- Competitive advantage with accumulated eco-friendly/energy/saving technologies
Physical factors	<ul style="list-style-type: none">• Increase in Average precipitation<ul style="list-style-type: none">- Delayed construction period due to flood damage, building durability problems due to increasing moisture• Rise in temperature<ul style="list-style-type: none">- Increased dust scattering, negative impacts on product quality due to changes in construction materials• Changes in natural resources<ul style="list-style-type: none">- Unstable supply of materials, increased project expenses and delayed construction period	<ul style="list-style-type: none">• Increase in Average precipitation<ul style="list-style-type: none">- Increased demand in repair works and loss minimization facilities due to increased number of disaster occurrence• Rise in temperature<ul style="list-style-type: none">- Increased demand in high-insulation, low energy constructions suitable for hot environment
Other factors	<ul style="list-style-type: none">• Reputation<ul style="list-style-type: none">- Increased demand in public disclosure of non-financial information, loss of reputation and fall in stock price when requirements are not fulfilled• Change in customer behavior<ul style="list-style-type: none">- Higher demands in low carbon, eco-friendly constructions, corporate image tarnished when response fails	<ul style="list-style-type: none">• Reputation<ul style="list-style-type: none">- Rise of brand value and sales increase• Change in customer behavior<ul style="list-style-type: none">- Higher demands in low carbon, eco-friendly constructions, expansion of related markets

Activities and Achievements

Reinforcement of GHG Inventory System

To be able to effectively manage GHG emission, Daewoo E&C has been operating GHG inventory system within 'BAROCON', an integrated construction management system, since 2012. The inventory system measures the energy consumption and GHG emissions of all operation sites and buildings in detail. In 2014, the system was updated so that the system automatically estimates the ratio of GHG emissions to sales and shows the level of accomplishment for monthly reduction targets when reduction targets for each department are entered.

Participation in the Demonstration Project of the GHG Energy Target Management System

In June 2014, the Ministry of Land, Infrastructure and Transport (MOLIT) designated five construction companies including Daewoo E&C as GHG and Energy Target Management companies. In the GHG and Energy Target Management System, companies with high GHG emissions are given reduction targets to achieve, and if they fail to do so, fines are levied based on the Framework Act on Low Carbon Green Growth. Daewoo E&C will be provided with reduction targets and evaluated on its performance as of 2016. In order to accomplish GHG emissions reduction target, Daewoo E&C has established 'GHG and Energy Management Guidelines' and plans to manage GHG emissions of domestic sites accordingly.

Process of GHG Energy Target Management System



Reduction of GHG Emissions

The GHG emissions of Daewoo E&C declined by 11.5% compared to the previous year, owing to the decrease in the total number of construction operation sites and operation sites with high GHG emissions. GHG managers at Daewoo E&C and companies in the same line of business have constituted council under the supervision of Korea Infrastructure Safety Corporation to actively discuss reduction of GHG emissions. Furthermore, we established long-term plans to expand our GHG reduction activities through Environment, Social and Governance (ESG) Assessment. In addition to participating in Target Management System, we devised and developed activities to reduce GHG emissions and conserve energy at ten different demonstration sites. Such efforts contributed to the reduction of GHG emissions at Daewoo E&C in 2014. GHG and energy management guidelines shall be written and distributed in 2015.

- **Establishment of step-by-step GHG emissions reduction and energy conservation and performance management**
 - Implemented first at 10 demonstration sites
 - Target for reducing GHG emissions and conserving energy: 0.8%
- **Formulation/distribution of GHG and energy management guidelines**
 - Draft completed according to the 2014 GHG Management Guidelines of the Ministry of Land, Infrastructure and Transport, planned to distribute in 2015
 - Provided guideline education when training environment managers

GHG emissions

11.5%
decrease compared to the previous year

Public Disclosure of Environment Information

Since 2013, our GHG emissions and energy consumption has been certified by third party experts. Daewoo E&C also responded to the public disclosure of environmental information as requested by the Ministry of Environment and the Carbon Disclosure Project. Daewoo E&C strives to raise the confidence of investors and stakeholders by responding to demands in public disclosure of information.

- **Actions to meet the environmental information disclosure demands of the Ministry of Environment**
- Disclosed items: corporate overview, environmental organizations and roles, resources/energy conservation technologies, energy consumption, GHG emissions, waste generation, etc.
- **Response to Carbon Disclosure Project**
- Accomplished disclosure score of 94 and B band performance

Visions and Objectives

Upon assurance by third party experts, Daewoo E&C will distribute guidelines for the systematic management of GHG. From 2016 when the GHG Target Management System comes into effect, we plan to establish targets regarding GHG emissions in domestic sites, and examine the activities and performances according to the guidelines. Furthermore, on-site safety environment assessments will be conducted and Daewoo E&C will continue developing items that could upgrade the GHG inventory system and reduce GHG emissions. By proactively responding to the demands for information disclosure on such management endeavors, Daewoo E&C will raise the transparency and confidence of its environmental management.

- **Distribution of GHG and energy management guidelines**
- Promote enterprise reduction activities by establishing and distributing 'GHG and energy management guidelines' to achieve the reduction targets set within the GHG Target Management System

Road Map for GHG Target Management System

Category	2015	2016	2017
Headquarters	- Submit GHG emissions for 2014 - Set GHG reduction target for 2016 - Submit enterprise GHG reduction plan - Distribute GHG management guidelines	- Training and inspection of GHG management - Quarterly monitoring of reduction performance - Enterprise data QA/QC ⁴⁾	- Submit reduction performance
Operation sites	- Set GHG reduction targets for 2016 - Establish on-site GHG reduction plans	- Implementation and performance management - On-site data QA/QC ⁴⁾	- Accomplish targets

4) QA/QC: Quality Assurance, Quality Control

Eco-Friendly Business

Strategic Direction

Daewoo E&C is diversifying eco-friendly business into various areas such as the development of eco-friendly technologies and construction materials, eco-friendly architecture business, and renewable energy business that aids the reduction of environmental impacts. Eco-friendly technologies, such as Carbon Capture and Storage (CCS), wastewater treatment, advanced water treatment, and bio waste to energy, are being developed to create a cleaner and safer world to live in. Also, Green Premium business is promoted based on passive technologies that reduce energy consumption and active technologies that employ new and renewable energy.

- **Development of eco-friendly technologies**
- Promote eco-friendly Research and Development (R&D) in all areas including civil project, environment, housing, and disaster prevention
- **Development of eco-friendly construction materials**
- Commercialize eco-friendly marine concrete, mass concrete, and resource-saving landfill technologies
- **Eco-friendly architecture business**
- Obtain domestic eco-friendly certifications including eco-friendly architecture and Green Buildings, Green Standard for Energy and Environmental Design (G-SEED) and Energy Efficiency Rating
- **Renewable energy business**
- Expand renewable energy projects such as offshore wind power, solar power, etc.

Activities and Achievements

Development of Eco-Friendly Technologies

In September 2009, Daewoo E&C established construction objectives to build ‘Zero Energy House’, in which energy is produced and used within the apartment complex. We are currently developing and applying ‘Green Premium’ technologies constituted of eco-friendly, renewable energy residential products. In addition, we have devised eco-friendly, high-liquidity filling technology (DECO2-CQC) utilizing carbon capture byproducts. In turn, we designed DECO2 integrated processes including Carbon Capture Rapid-Carbonation and by-products treatment, and procured installation and operation technologies. Raw materials manufacturing facilities and byproducts dehydration facilities were established to secure economy, while substitutes for cement were obtained using byproducts and ground improvement technologies. Such R&D enabled Daewoo E&C to apply for patents and win technological services.

- 16 Patent applications (including 2 overseas applications, 1 trademark registration, and 1 service mark application)
- Technological services order worth KRW 155 million (Liquefied accelerated carbonation pilot plant)

Eco-Friendly Technology, ‘Green Premium’

‘Green Premium’ is an eco-friendly technology developed by Daewoo E&C to accomplish 80% energy reduction apartments, in which residents are able to save energy and cut back on their maintenance fees. In the case of Misa Gangbyun PRUGIO 2 where Green Premium technology has been applied, various functions are provided, including a real-time energy monitoring system, a smart batch control switch enabling gas shut-offs, lights controls, securities settings, and elevator calls all at once, heating energy consumption saving system, and standby power shut-off devices. An elevator regenerative power system (a system in which the potential energy generated by the operation of elevators is converted into electric energy) is applied and the generated electricity is publicly used to save energy. Moreover, we foster an eco-friendly residential culture by installing energy-saving equipment such as air volume control multi-drop chambers, sensor type sink water saving machines, and highly water-efficient toilets.



Coloring our Cities Green, Sejong City PRUGIO

Daewoo E&C was the first to construct private apartments in Sejong City and began to establish a solid foothold as a landmark even before the construction began. Although brand apartments appeared in neighboring areas, Sejong City PRUGIO’s green stands out among all with spaces designed to harmonize with people and the environment. Two apartment complexes connected by a kilometer-long pine grove trail come together as one in all landscapes, including gardens, trails and playgrounds, within the massive greeneries. In addition, Sejong City PRUGIO won the prize in Green Energy sector in 2014 Korean Apartments Awards (an award ceremony in which eco-friendliness, design, technological innovation, and customer satisfaction are evaluated to award outstanding apartments) for the application of ‘Green Premiums’ such as the solar water heating system.

Development of Eco-Friendly Construction

Materials

Daewoo E&C has made effort to reduce resource use and to minimize GHG emissions by developing eco-friendly construction materials. Instead of using cement, which has high CO₂ emissions, Eco-Friendly Mass Concrete was developed through the combination of fly ash, blast furnace slag powder and high contents of other industrial by-products. By using industrial waste and by-products, we were able to reduce cement contents by 40% compared to regular concrete, resulting in a decrease of 79kg of CO₂ per m3. Also, the compressive strength and durability of the concrete was improved to secure structural safety.

Eco-Friendly Architecture Business

In 2014, Daewoo E&C constructed various eco-friendly buildings. Certifications such as eco-friendly architecture, Green Buildings and Energy Efficiency Ratings were also obtained.

Eco-Friendly Construction Completion Status

Project	Eco-friendly factor
Donga Digital Media Center	- Energy Efficiency Rating: 1 st grade
Sejong City Government funded Research Institute	- Energy Efficiency Rating: 1 st grade
Goyang Build Transfer Lease (BTL)/ Paju Yangju BTL	- Energy Efficiency Rating: 2 nd grade
Wirye Songpa PRUGIO	- G-SEED certified ‘Green 1 st grade’ - Energy Efficiency Rating: 1 st grade
New Korea Electric Power Corporation (KEPCO) Headquarters	- used eco-friendly materials certified by Environmental Product Declaration (recycling of valid resources, reduction of indoor air pollution) - used eco-friendly materials certified by Low Carbon Product Certification - 2011 Eco-friendly architecture preliminary certification

Eco-Friendly/Quality Product Certification Status

Project	Eco-friendly and quality product certificates
Gwanggyo Complex Building	- Green Building preliminary certification: ‘Green 3 rd grade’
Gangnam Station 3(sam)-cha Officetel	- Green Building preliminary certification: ‘Green 3 rd grade’
Gangnam Station Officetel	- Green Building preliminary certification: ‘Green 2 nd grade’
Ansan Seongpo 3 reconstruction	- Crime Prevention Through Environment Design (CPTED) preliminary certification
Yongsan PRUGIO Summit	- Green Building preliminary certification: ‘Green 2 nd grade’
Seocho PRUGIO Summit	- Green Building preliminary certification: ‘Green 2 nd grade’
Songdo EduFore PRUGIO	- Green Building preliminary certification: ‘Green 2 nd grade’ - Green Home - Barrier-Free (BF) certification - Building Energy Efficiency Rating: 2 nd grade
Gwangmyeong Station Residential Complex	- Green Building preliminary certification: ‘Green 3 rd grade’
Wirye Unam Station Residential Complex	- Green Building preliminary certification: ‘Green 2 nd grade’ - Building Energy Efficiency Rating: preliminary certification of 1 st grade
Songdo Block D24, Haeundae Joongdong Officetel	- used eco-friendly material
Songpa Park Habio	- Green Building Certification is considered at blueprint level - EPI Plan (energy saving plan for operation, sales, accommodation, and shower facilities) submitted



Renewable and Clean Energy Business

Daewoo E&C actively examines and fosters the expansion of renewable energy business through the application of eco-friendly technologies, such as organic waste-to-energy technology (a technology that produces renewable energy using organic waste such as sewage sludge, livestock manure, and food waste), high efficiency Ultra

Super Critical (USC) technology, CCU (Carbon Capture and Utilization) and CCS (Carbon Capture and Storage)in obtaining contracts. Moreover, with the highly advanced technology that has been accumulated throughout 40 years of experience, Daewoo E&C takes on various eco-friendly/clean fuel production projects.

5) Clean Fuels Project: A facility which produces various high purity, high quality oil refining products that accord with the requirements of global oil market, by modernizing existing oil refining facilities

Daewoo E&C Wins USD 1,129 Million Clean Fuels Project Order from Kuwait

Daewoo E&C won a Clean Fuels Project⁵⁾ worth USD 1,129 million from Mina Abdullah, south of Kuwait City. This set the record as a large scale construction order obtained in Daewoo E&C's very first expansion to Kuwait. Kuwait has established 'National Vision 2035' to vault back after suffering from financial crisis. The country is currently working to double oil production capacity through new oil refineries and Clean Fuels projects to achieve acceleration of oil industry and to secure competitiveness. The project is a successful example of new market frontier, as interests are growing around Daewoo E&C's new construction sites within Kuwait.

▼ Clean Fuels Project Operation Site



Pyeongtaek Complex Stage 2 Operation Site Expects Advent of a High Efficiency, Eco-Friendly Power Plant

To tackle global warming and enhance energy independence, Korea Western Power plans to construct another Combined Cycle Power Plant to secure a smooth supply of eco-friendly, clean energy. The Pyeongtaek Complex Stage 2 operation site is a high capacity, high efficiency complex power plant located at the heart of Pyeongtaek Thermoelectric Station. It already has been contributing to the power supply to the capital area since last summer. To make provisions for extreme shortage of electricity, two sets of gas turbine generators were completed in July 2013 to supply 484MW of electricity and raised electric power reserve rate by 0.8% points. When Pyeongtaek construction site is completed in October 2014, the Pyeongtaek headquarters will operate complex thermoelectric facilities that possess the same capacity as one nuclear power plant, thereby becoming a significant basis of electricity supply in Korea.

Electric power reserve rate at the Pyeongtaek Complex Stage 2 operation site



▼ Tongyeong LNG Production Base



Visions and Objectives

To become a sustainable eco-friendly construction company that raises the value of earth and quality of life, Daewoo E&C will continue to actively promote the development of eco-friendly technologies and businesses such as eco-friendly housing, construction, and energy.

- **Development of eco-friendly technologies**
 - Apply carbon capture byproducts to Building Works
 - Provide technological support to accomplish the Green Premium road map
 - Promote businesses including GHG reduction technology among Independent Power Plants (IPP)
 - Utilize DECO2 integrated process as GHG reduction measures within three years, enter and preoccupy carbon reduction market
- **Development of eco-friendly construction materials**
 - Review eco-friendly materials and condensation prevention measures with the addition of health friendly housing and condensation prevention plans
- **Eco-friendly architecture businesses**
 - Develop the optimum method of accomplishing Zero-Energy House
 - Acquire LEED Platinum certification upon completion of the new KEPCO headquarters construction
- **Renewable energy businesses**
 - Conduct eco-friendly businesses including construction of solar power facilities within wind power and Pocheon thermoelectric power plant, etc.
 - Secure business performance in offshore wind or biomass areas

WIN-WIN MANAGEMENT



Daewoo E&C's shared growth strategy is divided into two approaches: fair trade and support for our suppliers.



Daewoo E&C invests continuously in win-win management activities as we believe that their competitiveness is directly linked to Daewoo E&C's successful business. Our shared growth strategy is divided into two approaches: fair trade and support for our suppliers. Daewoo E&C's win-win management activities take into account the tasks drawn from 2014 Environment, Social and Governance (ESG) Assessment which include: 1) raising awareness on environmental management of our suppliers; 2) invigorating communication with our suppliers; and 3) revising and applying a standardized form for subcontracting in domestic and overseas operations.

Daewoo E&C established an innovative shared growth model of the '4S Structure Safety Cooperative' in partnership with seven SMEs.

DMA

Disclosure on Management Approach

Goals

- **Fair selection and management of suppliers**
 - Actively search for local suppliers overseas
 - Adopt Fair Trade Compliance Program (CP)
- **Boost support for our suppliers**
 - Train and educate employees working for our suppliers to improve job performances, and provide environmental and safety training for CEO and employees
 - Raise shared growth fund of KRW 24.2 billion and to reduce contract guarantee insurance rate
 - Hold shared growth meeting with the CEO and employees of suppliers

Activities and Achievements

- **Fair selection and management of suppliers**
 - Established integrated computer system for selecting local suppliers in overseas operations
 - Provided education on subcontract law and fair trade
- **Boost support for our suppliers**
 - Trained and educated employees working for suppliers to improve job performances, and provided environmental and safety education for the CEO and employees
 - Raised shared growth fund of KRW 24 billion and reduced contract guarantee insurance rates
 - Held shared growth meeting with the CEO and employees of suppliers
 - Developed 'Oe-Cos' to communicate with overseas suppliers
- **Promotion of a shared growth culture**
 - Established an innovative shared growth model of the '4S Structure Safety Cooperative' in partnership with seven small and medium sized businesses

Plans for 2015

- **Fair selection and management of suppliers**
 - Adopt standard subcontractor contract in domestic and overseas operations
 - Improve terms and conditions of business with our suppliers, payment period and cash payment ratio
- **Boost support for our suppliers**
 - Expand training and education for employee working for suppliers to improve their job performances and to promote environmental and safety education for CEO and employees
 - Prepare technology education on employees working for our suppliers and carry out joint technology development
 - Raise shared growth fund of KRW 28 billion and sign a new network loan agreement
 - Continue the meeting with CEO and employees of the suppliers and holding meetings specified by each business sector and construction type

Win-Win Management

Strategic Direction

Daewoo E&C’s supply chain is comprised of those who supply materials and those in charge of construction operations. Strategically, we strive to select and manage our suppliers in a fair way, by providing support to the selected suppliers and promoting a culture of shared growth to build a mutually beneficial relationship as win-win partners. Daewoo E&C has fully adopted the ‘4 Guidelines of Fair Trade’ in order to prevent the risks of unfair trade and to ensure fair trade with our suppliers.

Activities and Achievements

Daewoo E&C operates hotline to report unfair trade, and to promote fair selection, management and evaluation of our suppliers. Daewoo E&C’s win-win management activities also include monitoring and evaluating how fair trade activities are being implemented, as well as various education, technology, finance programs reflecting the demands of suppliers. Daewoo E&C plans to reevaluate our current situation since the number of fair trade violations has increased in 2014. Daewoo E&C, our employees and all our suppliers will strive to build a better partnership in the future.

Fair Trade Violations

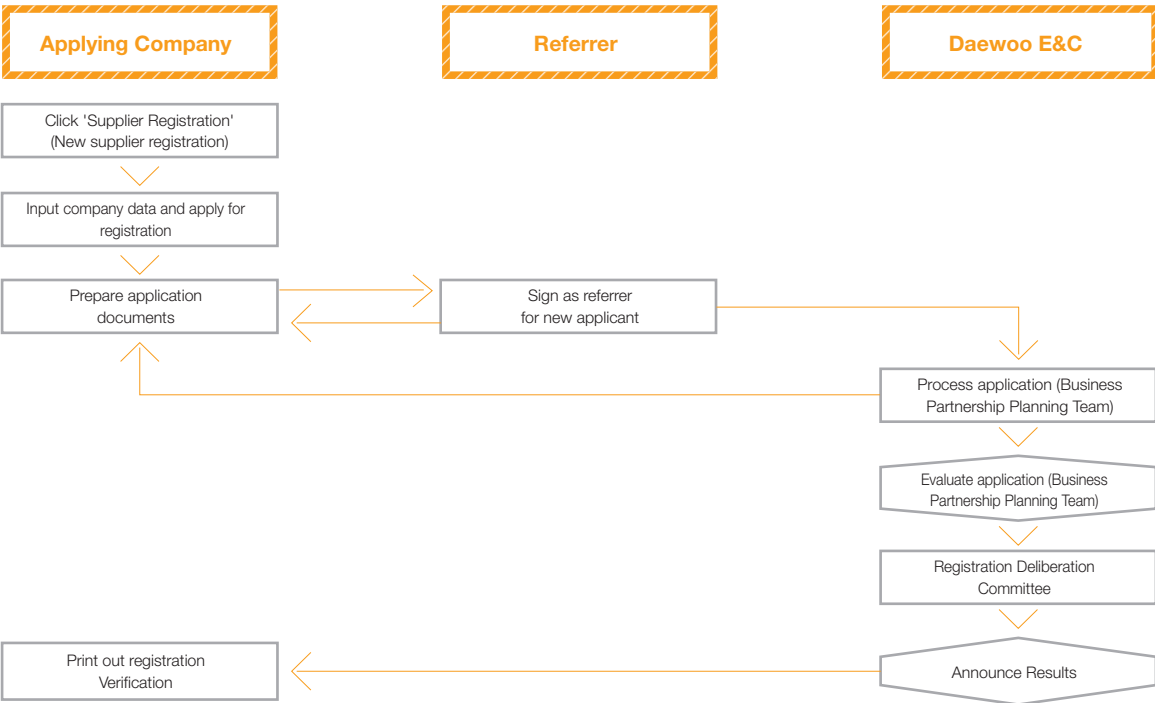
Category		Unit	2013	2014
Breaches of Fair Trade (monopoly, collusion, etc.)	Number of breaches	case	1	7
	Penalties and compensations	KRW million	2,491	34,770

Fair Selection of Suppliers

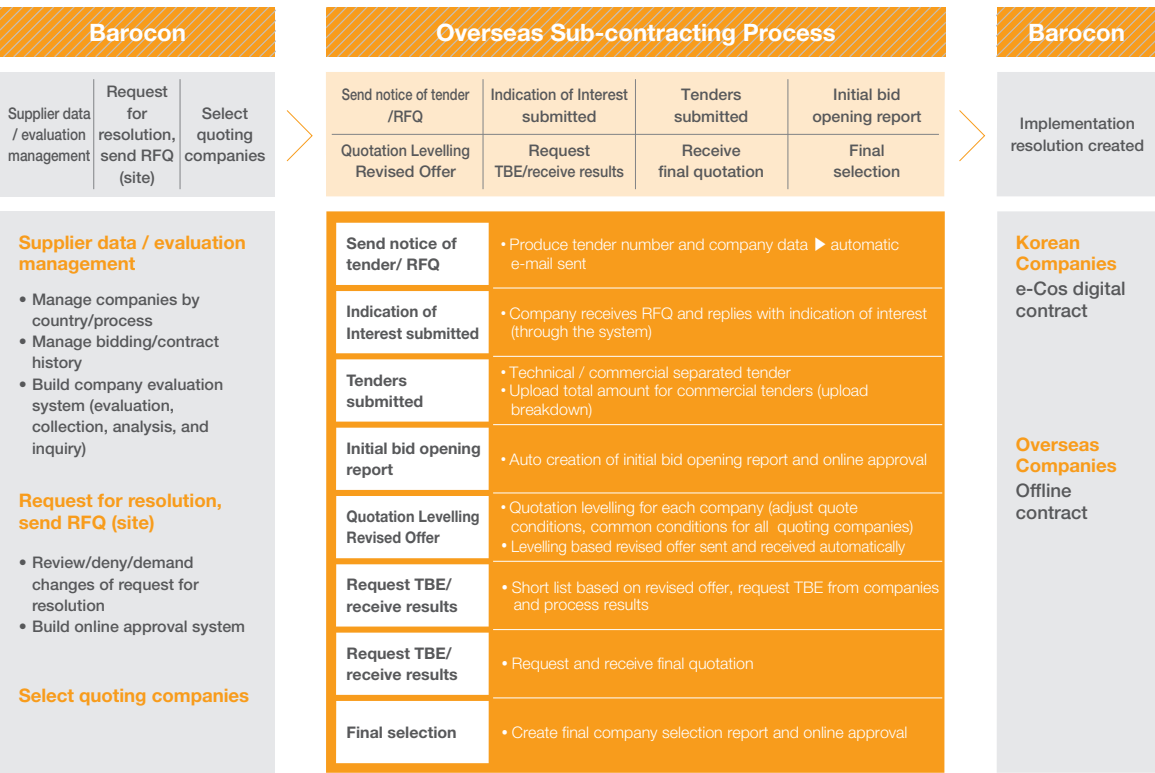
Daewoo E&C adopted a fair selection process for the registration of new suppliers. At the very first stage of the selection process, we hold an annual open call for new suppliers on our supplier website, 'e-Cos.' Companies who respond to the open call are evaluated online. Eligible companies are fairly reviewed by our Business Partnership Planning Team and the Registration Deliberation Committee before being finally selected as our supplier. Our policies prioritize local businesses and give incentives to those who obtained ISO 14001 certifications. We built an online overseas subcontracting system in order to enhance the uniformity and efficiency while selecting overseas suppliers. Incorporated into our integrated construction management system, BAROCON, the online overseas subcontracting system provides helpful services to the whole bidding process, starting from notice of tender, evaluation, company selection to the actual contract.

Systematic support for suppliers include education, technology, finance, and communication. The ‘Business Partnership Planning Team (previous Business Partnership Management Team)’ was created to oversee the fair selection and management of our suppliers and win-win programs. Daewoo E&C leads efforts to secure mutual growth and development based on the strengthened and continued win-win partnership with our suppliers.

New Supplier Registration Process



Overseas Subcontracting Process



Supplier Evaluation

Supplier evaluation was designed to raise the level of sustainability in our suppliers and to enculturate sustainability management in their businesses. The items included in Daewoo E&C’s supplier evaluation process encompass labor, safety, environment, ethical management, and other factors related to sustainability management.

Evaluation results are categorized into three groups: outstanding; adequate; and inadequate. The grades are assigned after the conclusion of the annual headquarters evaluation and the semiannual evaluation on our operation sites. Suppliers with excellent evaluation results are provided with benefits such as private contracts and exemption from contract guarantee insurance whereas inadequate suppliers are strictly restricted. To improve product quality, evaluated items are revised and more weight is put on on-site evaluation when screening materials/equipment suppliers.

Overview of Supplier Evaluations

Evaluation Category	Evaluation Cycle	Evaluation Items
Headquarters	Annually	Safety management, quality (defects) management, financial status, level of cooperation, level of contribution, feasibility
Operation sites	Semiannually	Construction management, quality management, labor/materials/equipment/environment management, management evaluation, post-construction management

Supplier Screening Criteria Related to Sustainability Management

Items
Companies that withhold pay or other related issues
Companies that have caused financial loss or reputational damage to Daewoo E&C
Companies that have not addressed significant defects or request for repair
Companies that have colluded with others and spread rumors
Companies with repeated safety accidents (Companies with more than three major incidents a year; Companies with accidents that resulted in more than three deaths; Companies with unsatisfactory record in safety assessment for two consecutive years)
Companies that cause serious impact to quality and the environment

Advancement in Supplier’s Sustainability Management

Daewoo E&C has fully adopted the ‘4 Guidelines of Fair Trade’ and monitors the implementation of the guidelines in order to prevent unfair trade practices. To be prepared for emergencies, we added a dedicated banner and opened ‘Daewoo Shinmungo’ on our supplier website 'e-Cos' so that any breaches of fair trade can be reported.



Supplier Education

To improve job performance, we provide five education programs for employees working for our suppliers. The programs include education on construction function, subcontract law, and construction industry law. We also hold quarterly ‘Safety Inspection Days’ during which the persons concerned, including the CEO, and the construction manager of our suppliers participate in briefings and meetings on safety. To raise safety awareness, we provide safety training for the suppliers and also special education on safety management to enhance the understanding of CEO and construction managers of our major and newly-registered suppliers.

In terms of environmental management, Daewoo E&C developed education materials for on-site environmental manager to use in training for 54,673 supplier employees. The environmental manager of the Corporate HSE Team provided the training for the executives of 85 suppliers as well.

- Education on the improvement of job performances for suppliers
 - Conducted nine times with 354 participants
- Education on subcontracting law and fair trade for suppliers
 - Proceeded in four regions in Korea on an annual basis for on-site officials
- Education on environment for suppliers
 - Employees: 54,673 participants (directed by on-site environmental manager)
 - Executives: 85 participants

Education on Safety for Suppliers

Category	Course content	Schedule
CEO of Suppliers	Raising awareness on safety amongst CEO of major suppliers	Oct 2014
CEO / Construction Manager of Newly-Registered Suppliers	Understanding the Health, Safety and Environment (HSE) system and raise awareness on safety	Oct 2014
Construction Manager of Suppliers	Understanding potential risk factors	Mar - Apr 2015



Communication with Suppliers

We prepare multiple channels to broaden interactive communication with our suppliers through various programs and events. In 2014, a CEO meeting was held in Laolao bay, Saipan, where 35 CEOs of suppliers gathered to discuss shared growth activities and related policies (principles, plans and so forth). A shared growth workshop was arranged with 99 employees working for our outstanding / major suppliers. Beside the direct communication, we set up a dedicated banner to ensure timely report on any breaches of ethical management and opened ‘Daewoo Shinmungo’ on our supplier website, ‘e-CoS’. Reports are handled with great discretion and limited access in order to keep confidentiality and protect the reporter. Daewoo E&C consults procurement and purchase practices with our suppliers on a regular basis and a special system is operated to manage complaints. In accordance to Environment, Social, and Governance (ESG) Assessment results, ‘Oe-Cos’ was developed and to invigorate communication with employees working for our suppliers in overseas operation sites.

Shared Growth Workshop with Supplier

Category	80 executives working for outstanding / major suppliers of Daewoo E&C who hold full responsibility to manage operation sites
Workshop Content	Shared growth, safety management, environment management, labor management, health/stress management

Financial Support to Suppliers

Daewoo E&C raised a shared growth fund of KRW 24 billion and supported operations by lending KRW 6.6 billion to 15 suppliers free of interest and security. Our shared growth fund provides loans at rates lower than that of the market. Daewoo E&C’s contribution to the fund accounts for KRW 12 billion, mounting the same level of contribution as Korea Development Bank (KDB). Currently the loan performance records KRW 23.9 billion. We also signed a new network loan agreement with Korea Export-Import Bank and exempted outstanding suppliers from contract guarantee insurance.

Reduction of Contract Guarantee Insurance Rates



An Innovative Shared Growth Model, Engineering-cooperative with Small and Medium-sized Businesses

Daewoo E&C established the ‘4S Structure Safety Cooperative’ in partnership with seven small and medium-sized businesses who have expertise in civil and building businesses. 4S stands for Smart, Structure, Safety and System. This innovative shared growth model shall combine Daewoo E&C’s innovative technology with suppliers’ practical skills. For our suppliers, structural weaknesses shall be overcome, namely, limited human resources or research technology. In addition, expansion of business as well as business competitiveness is anticipated. Our global competitiveness in structure technology can be witnessed in the Hybrid Damper System for wind/earthquake induced vibration control, Structural Health Monitoring (SHM) System that monitors structural health and Building Movement Control (BMC) System that analyzes, monitors and controls the structure’s displacement before construction and after. The merger of our software technology and the hardware technology of suppliers will enable integrated engineering technology at all phases of construction including designing, construction, completion and maintenance. The innovative structure of ‘Shared Growth model’ is different from one-time financial support and contributes to strengthening competitiveness, creating added value for the small and medium sized businesses and facilitating shared growth.



Visions and Objectives

Under the unstable conditions of the construction market both domestically and overseas, we believe that our suppliers’ further growth directly leads to Daewoo E&C’s future growth and sustainable development. To realize win-win management, Daewoo E&C will continue our strenuous efforts in fair trade, fair supplier management, and support in education, technology, finance, communication and safety management for our suppliers.

- **Fair selection and management of suppliers**
 - Fully utilize nomubi.com to ameliorate terms and conditions of business with our primary and secondary suppliers and adopt standard subcontractor contract for domestic and overseas operations
 - Improve payment conditions: to Reduce payment period (from 20 days to 19 days) and to increase cash payment ratio (from 88% to 90%)
- **Boost support for our suppliers**
 - Education: conduct education programs commissioned by the Construction Associated of Korea (subcontract law, construction industry law, cost control, labor management and so forth) for employees working for suppliers and provide environmental and safety education for employees and CEOs of our suppliers
 - Prepare education on technology for suppliers (for example training on welding technologies) and pursue joint technology development (transfer intellectual property right if needed)
 - Finance: Provide operational funds at KRW 14 billion (free of interest, one-year guarantee condition), raise shared growth fund of KRW 28 billion (where Daewoo E&C and KDB make contribution of KRW 14 billion each), and sign new network loan agreement
 - Communication: Hold CEO meetings and meetings on shared growth with outstanding / major suppliers, and hold additional meetings for different business sectors and construction types
 - Safety: Penalize suppliers who show inadequate performance in safety management, and give incentives to suppliers with outstanding safety management performances

CUSTOMER SATISFACTION



Daewoo E&C puts our customers first, and strives to reinforce our information protection system in order to create the best customer value possible throughout all business activities.



Customer satisfaction is a critical factor in determining the sustainable future and value of a company. It is demonstrated by the quality of products and services, and the secure protection of customer information. In today's world where customer product service sensitivity and the need for customer information protection continue to grow, Daewoo E&C puts our customers first, and strives to reinforce our information protection system in order to create the best customer value possible throughout all business activities. Especially in 2014, we accomplished tasks derived from our Environment, Social and Governance (ESG) Assessment and upgraded our information protection system by developing contingency manuals in terms of customer information leakage and enhancing the access control to personal information processing system.

External Certificates

ISO 9001 International Organization for Standardization	KEPIC Korea Electric Power Industry Code
ASME American Society of Mechanical Engineers	NBBI The National Board of Boiler and Pressure Vessel Inspectors

DMA

Disclosure on Management Approach

Goals

- **Establishment of the step-by-step quality management system and procurement of the highest quality and maximization of customer satisfaction through consistent business standardization**
- **Brand identity and power enhancement through customer communication and customer satisfaction activities**
- **Establishment of personal information protection system and stable and integrated information leakage management system**

Activities and Achievements

- **Quality management**
 - Secured quality competitiveness through external quality certifications
 - Strengthened quality fulfillment capacity by constantly improving quality system
 - Implemented integrated management of penalties by improving site quality inspection system
 - Created synergy between quality and Health, Safety, and Environment (HSE) with the enhancement of company-wide control functions of HSE-Q Division
 - Promoted quality awareness through quality education activities
- **Customer satisfaction**
 - Invigorated communication with an integrated call center, Voice of Customer (VOC), customer satisfaction surveys, and Family Garden
 - Developed products customized to customers' needs, such as the Five Zones Security System, Life Premium, Uz Center, and Green Library
- **Privacy and Information Protection**
 - Examined the current status of personal information management
 - Conducted subsequent surveillance audits for ISO 27001
 - Inspected enhanced hacking prevention measures
 - Enhanced PC & mobile security

Plans for 2015

- **Quality management**
 - Achieve Quality Performance Index (QPI) goals
 - Strengthen quality system implementation capacity through procedural innovations
 - Prevent quality accidents through close support of operation sites
 - Reinforce on-site purchase/technology supports
- **Customer satisfaction**
 - Ask for regular customer satisfaction surveys
 - Continuously promote Life Premium
- **Privacy and Information Protection**
 - Convert the version of the ISO 27001 certification: upgrade from the version certified in 2005
 - Expand coverage of the Two Factor system
 - Examine the current status of personal information management: preparations for inspections from Ministry of Government Administration and Home Affairs and self-management
 - Reinforce security of DICT: protection of patents and intellectual properties
 - Revise personal information protection manual

Quality Management

Strategic Direction

To become a global engineering and construction leader, Daewoo E&C is promoting two major quality management strategic directions: the adoption of global quality competence and prevention of serious quality accidents. With the endeavors of all our employees in strict quality management and follow-up management, we are working to strengthen our brand power by maximizing customer trust.

- Establishment of a leading quality system foundation
 - Adopt of global quality competence
 - Prevent serious quality accidents

Quality Management Promotion Organizations

Organization	Major tasks
Quality Management Team	Operate quality management system, maintain and manage quality certifications, conduct quality educations, audit headquarters quality system, evaluate quality on materials suppliers
Quality Control Team	Manage operation site quality, audit on-site quality system, evaluate on-site quality activities, manage and analyze penalties, manage purchases/ technologies
Division CM Teams	Perform quality management for each division, manage on-site construction and after-service quality



Activities and Achievements

External Quality Certifications

In 2014, Daewoo E&C acquired certifications from ISO 9001, KEPIC, ASME, and NBBI, and was publicly recognized for our quality management capabilities.

External Certifications

International Organization for Standardization (ISO 9001)	Korea Electric Power Industry Code (KEPIC)	American Society of Mechanical Engineers (ASME)	The National Board of Boiler and Pressure Vessel Inspectors (NBBI)
Subsequent surveillance audits for Quality management system (Apr)	Nuclear energy construction certification (Feb)	Nuclear energy construction certification (Aug)	Nuclear energy repair/ replacement (Nov)

Quality System Improvements

Daewoo E&C has constantly ameliorated our quality system and upgraded quality management through manuals, procedures, and guidelines. By auditing the quality system and analyzing its results, Daewoo E&C provided numerous feedback (123 to teams at HQ and 33 in operation sites) whilst securing the quality of purchases by consolidating the quality evaluation of materials suppliers. The company-wide control function of HSE-Q Division was reinforced in 2014. Accordingly, information on site quality inspection system was revised to change the existing divisional management of penalties to integrated management of penalties supervised by HSE-Q Division. Inspections and feedback on HSE were also given during quality system audits (conducted 6 times). We created synergy between quality and safety by supporting the establishment and examination of inspection procedures and standards regarding construction equipment.

Quality Education

10 different quality education courses are operated in order to raise the quality awareness and competitiveness of Daewoo E&C and suppliers. The 10 courses are comprised of four separate categories: Awareness innovation, fundamental competencies, professional competencies, and expert development. In 2014, 1,467 participants completed the program.

Courses

Category	Course	Target group
Awareness innovation	Quality management education for suppliers	Supplier executives and employees
Fundamental competencies	Project Manager (PM) capability development education	PMs
	HSE-Q education for overseas employees	To-be-dispatched employees to overseas operation sites
	Online quality management education	All employees
	BAROCON user education (document management)	Project control managers at domestic operation sites
	Introductory education for new employees	New employees
Professional competencies	Winter vocational course	Engineers
	Professional competencies improvement education for quality control managers	Quality control managers
	Welding management	Welding managers
Expert development	Training education for international certification auditors	Qualified employees

Visions and Objectives

Daewoo E&C will persistently pursue a world-class quality management system and prevent serious quality accidents. We will continuously invest in various elements of our quality management system such as the procurement of quality competitiveness, enhancement of quality awareness, improvement of quality evaluation system for purchases, establishment of construction quality foundation and on-site quality evaluation system, and development of on-site purchase/technology support system.

- Achievement of quality performance index objective
 - Accomplish operation site quality goals
 - Minimize inadequate elements of certifications
 - Minimize factory inspection failure rates
- Enhancement of quality system implementation capacity through process innovations
 - Improve the audit procedure of the quality system in headquarters/operation sites and strengthen the implementation inspections on construction quality
 - Focus on the management of vulnerable operation sites; and
 - Enhance the quality evaluation through improvement of materials suppliers quality evaluation system
- Prevention of quality accidents by closely supporting operation sites
 - Minimize penalties through the management of site quality inspection system
- Establishment of on-site purchase/technology support system
 - Concentrate on the management of purchased materials quality requirements and factory inspections
 - Seek technological advices on special constructions (welding, non-destructive inspection, heat treatment, etc.)



Customer Satisfaction

Strategic Direction

Daewoo E&C considers customer satisfaction as a top management priority, and therefore strives to communicate with and provide the highest service to customers. We therefore provide service-oriented housing products that offer various experiences to the residents. By developing products customized to the diverse needs of individual customers, we seek to raise customers’ safety, health, quality of life, and cultural standards while empowering brand identity and power through customer satisfaction activities. We promote marketing strategies aligned with the domestic and foreign laws to increase the effectiveness of product communication.

- **Customer communication**
 - Integrated Call Center, customer satisfaction surveys, and Family Garden
- **Product development customized to customers' needs**
 - Five Zones Security System, Life Premium, Uz Center, Green Library, etc.



Activities and Achievements

Integrated Call Center

In March 2013, Daewoo E&C launched the Integrated Call Center to maximize efficiency in our customer service system. The Integrated Call Center allows for the unified management of the entire customer experience through a single channel ranging from sales, contracts, move-in to after-service processes. In 2014, Voice of Customer (VOC) and Integrated Call Center were connected to increase the quality of our complaint response system and to enhance the classification and management functions of customer complaints.

Family Garden


Family Garden is an online and offline integrated prosumer (producer + customer) group run by Daewoo E&C since 2006 in order to reflect customer opinions in housing products and services. Family Garden is comprised of 240 male and female members in their 20s to 50s. Members may participate online or visit Daewoo E&C's model houses to provide prior evaluations and ideas for improvement. As ideas are presented by members themselves and reflected in the actual development of housing products, the level of satisfaction is very high among customers.

- **Online activities**
 - Participated in various online events including surveys
- **Offline activities**
 - Participated in events such as model house screening, meetings, cultural lectures, etc.

Life Premium

With the utmost goal of satisfying the three principle housing needs of customers – existence, relation, and growth -, Life Premium service was implemented to provide a high-class residential culture.

Life Premium Overview

Housing Needs	Existence	Relation		Growth		
						
Guideline	Healthy Life	Comfort Life	Active Life	Social Life	Creative Life	Proud Life
Concept	Safe and comfortable living environment	Convenient and easy service	Uz Center and Planning for added vitality	Support system for communication with neighbors and community events	Cultural activities that bring special joy	Pride in enjoying the outdoors
Products and Services	<ul style="list-style-type: none">• Healing Forest• Essay Walkway• Seniors' Playground• Remember Tree• Kids' Belt• Sprout's Stop• Kids' Safety Classroom	<ul style="list-style-type: none">• Family Love service• Endless Love service• Love Nature service• Love the Sky service• Handy-man service	<ul style="list-style-type: none">• Bike-sharing• Uz Center• Uz Planning• Fitness Trainer• Everyday-fitness Center• Kid's Traditional Chinese class• Aerobics class• Yoga class	<ul style="list-style-type: none">• Complex Welcome Party• Story telling• Concerts• Bubble Show• Cheery Sports Meet• Korean farm dance• Lifestyle information for residents• Kids' Conference• Hand Memory• Green Library• One-point golf lessons	<ul style="list-style-type: none">• Free rental of everyday cultural goods• Cooking class• Beauty class• Bicycle class• Brunch Cinema	<ul style="list-style-type: none">• Petting Zoo• Glass House• Together Workshop• Mid-forest School• Gardening School• Tending vegetable gardens

Uz Center

Uz, a combination of the words ‘you’ and ‘needs’, is a term coined by Daewoo E&C to express our willingness to provide customer-oriented convenience that meets the various needs of residents. PRUGIO Uz Center is where a number of facilities are combined to foster socialization among residents, a Unique Zone only available at PRUGIO. Daewoo E&C promotes the enhancement of quality of life and community value by supporting the healthy lifestyle of residents with amenities such as fitness club, driving range, and reading room.

Green Library

Green Library was established to support children’s reading activities within the PRUGIO apartment complex. In addition, we ran a campaign with the motto ‘Sleeping Books to Dreaming Books’, in which households were asked to donate books to the Green Library in exchange for gift certificates. The library is stocked with high-quality books all readily available to residents.

Organization of the Uz Center

Residence Amenities	<ul style="list-style-type: none">• Provide amenities considering the needs of residents<ul style="list-style-type: none">- A daycare center for working couples, a reading room in which children can study in a comfortable atmosphere
Life Culture Center	<ul style="list-style-type: none">• Provide customized life cultural center for the health and socialization of residents<ul style="list-style-type: none">- A fitness club equipped with various exercise equipment for physical training, an indoor driving range where residents can enjoy screen golf

Five Zones Security System

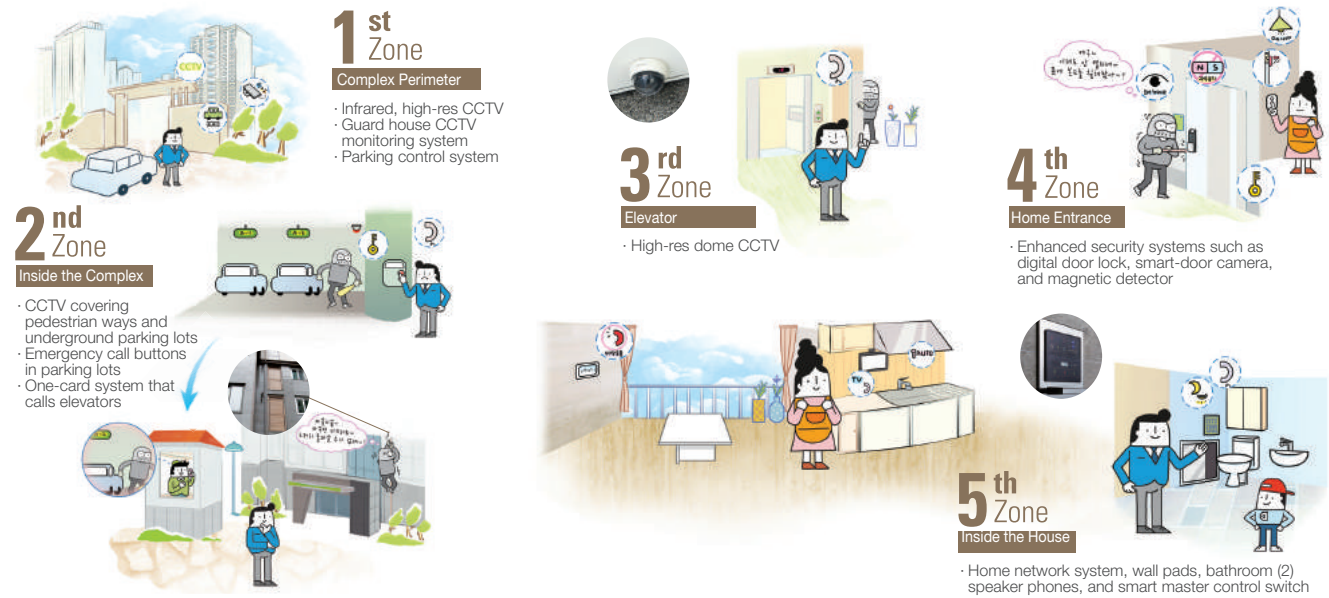
‘Five Zones Security System’ divides the apartment complex into five different zones (exterior and interior of the complex, elevator, entrance to the individual households and indoors) and applies cutting-edge security facilities for each level to systematically manage security within the complex. The chief note of the system lies in its video surveillance function. Video surveillance is done by 2.0 megapixel high-definition CCTV and a Smart Door Camera that automatically takes pictures when a person approaches within certain distance. With the growing safety concerns of customers, the system illustrated our persistent efforts to develop a differentiated security system that provides a safe and comfortable residential environment. Daewoo E&C will continue to lead the way in creating a safe apartment complex with no crimes or accidents.



Maximum security from the complex entrance to inside the house!

PRUGIO Summit protects family safety

Composition of Five Zones Security System



Visions and Objectives

To raise the customer satisfaction, Daewoo E&C will incorporate customer opinions in the development and improvement of products to provide high-quality products and services that truly meet the needs of our customers. In an effort to gather the opinions of customers more systematically, we plan to regularize customer satisfaction surveys and continuously promote and upgrade Life Premium in order to enhance the brand value of PRUGIO.

- **Regularization of customer satisfaction surveys**
 - Establish customer satisfaction survey system for residents in apartment complexes within one to three years of residence period
 - Regularize the implementation of annual customer satisfaction survey
 - Collect customer opinion on location/product/service
- **Continuous promotion of Life Premium**
 - Establish programs considering the business and regional characteristics
 - Design and promote programs for specific apartment complexes
 - Constantly track and improve management of apartment complexes in which additional supports have expired
 - Foster cooperation with related industries (for example, concierge, residential services)

Privacy and Information Protection

Strategic Direction

Daewoo E&C recognizes that ‘information’ encompasses corporate assets as well as the personal information of stakeholders. Under the lead of the CEO as Chief Security Officer (CSO) and executives in charge of customer service as Chief Privacy Officers (CPO), Daewoo E&C has established and is managing various policies to secure the information of our company and stakeholders. We believe that strengthening the management of customers' personal information will enhance the brand credibility. Development of IT systems and IT capacity building may provide Daewoo E&C with possible opportunities to increase competitiveness as a global engineering and construction leader. We plan to improve our system by establishing an information database, while creating business opportunities through joint researches and education based on the convergence of construction and information technology.

- **Promote system management**
 - Offer real time information between sites and headquarters
 - Develop contents for Engineering Procurement Construction (EPC)/Independent Power Plant (IPP) database of the company
- **Cost reduction**
 - Support Information and Communication Technology (ICT) branch in the stage of winning contracts bidding construction of operation headquarters
- **Improve convenience of system**
 - Improve task system performance
 - Improve mobile integrated approval system
 - Establish smart work environment
- **Strengthen IT capacity**
 - Establish system for ICT Business joint project and Research & Development (R&D)
 - Develop construction and IT convergence specialist

Activities and Achievements

The protection and security of personal information are the starting point of establishing a strong trust relationship with our customers. To enhance customer information protection, Daewoo E&C has acquired external certifications, conducted situation and prevention inspections, and strengthened security. We also improved the convenience in using our system by establishing a mobile system.

Acquisition of ISO 27001 Certification

In 2014, we maintained the certification acquired in 2005 after passing the posterior evaluation on compliance of ISO 27001 (International Standard for Information security management). The evaluation was conducted in May and October.

Protection of Customer Information

In order to strictly protect our customer information, Daewoo E&C conducts regular and irregular inspections to evaluate the current situation of information protection management. We provide training on the treatment of personal information to employees at suppliers to constantly strengthen information protection. We have established and strengthened the internal references including policies on personal information to build a thorough customer information protection system.

Inspection on Personal Information Management Situation

Daewoo E&C conducts situation inspections to improve information security. Situation inspections are comprised of technological protection measures of the Act on the Protection of Personal Information and PC inspections for personal information protection in terms of managerial, physical, technological security. Managerial situation inspections are composed of quarterly regular checks and irregular checks, following the life cycle process of collection/access/storage/disposal.

Checklist for Personal Information Security in PC

Check points	Verification Methods
Are personal information files stored inside PC appropriately?	Verify personal information search program
Are the uses of USB and external hard drives controlled?	Verify installed PC security program
Is the screen saver locked with a password?	Verify PC security check program
Are security measures applied to personal information within PC?	Verify encrypted storage (DRM)
Is vaccine program designated by company used and updated to the latest version?	Verify installation and updates of V3
Are personal information files permanently deleted?	Verify installation and uses of WPM
Is a password of at least 8 characters of letters and numbers used?	Verify PC security check program
Is Windows security program updated to the latest version? (once a month)	Verify PC security check program

Habituation of Information Security Checks

Daewoo E&C implemented an Office Diet Campaign to habituate information security checks and establish a pleasant working environment through business environment improvement. We promote autonomous organization of working environment by shredding documents, organizing employees’ personal records, and checking for documents unaccounted for.

Inspection to Prevent Hacking

Daewoo E&C conducted a hacking simulation to identify the vulnerability and degree of personal information exposure in sections between internet services and web based system environment. Tests were aimed at major websites of Daewoo E&C, including Daewoo E&C Official and PRUGIO. By testing and analyzing the results, we plan to establish an effective information protection policy.

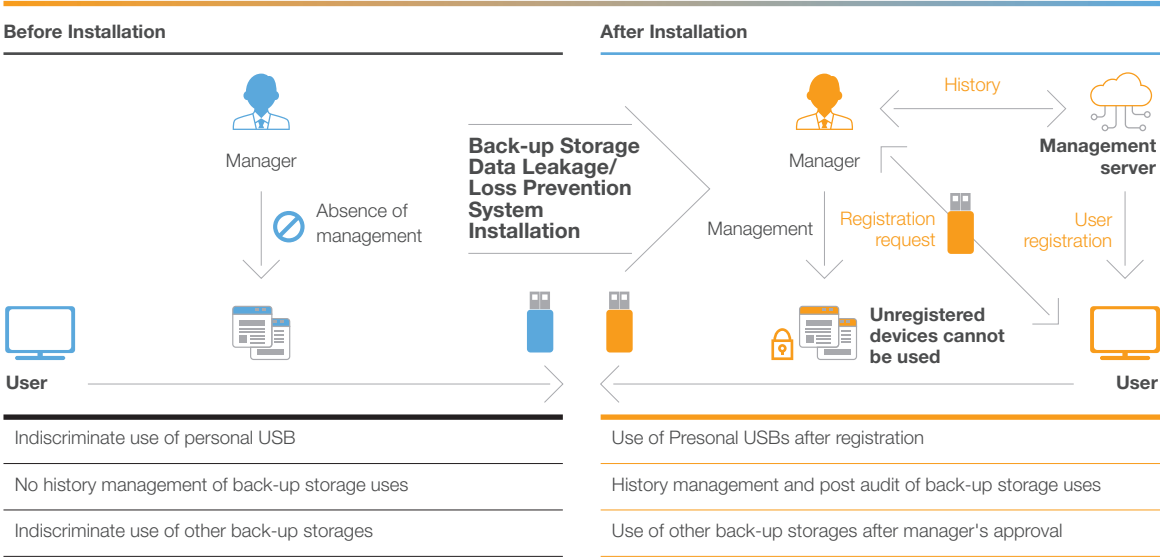
Procedure of Hacking Simulation

Steps	
Collect information	Collect the information of network and of the system providing the service
Conduct vulnerability analysis and attack WEB/DB system	Conduct vulnerability analysis for attack and attempt actual attack
Assess simulation test	Assess simulation test in terms of certification, cookies and session management, encrypted transmission, and privacy policy

Establishment of PC and Mobile Devices Security System

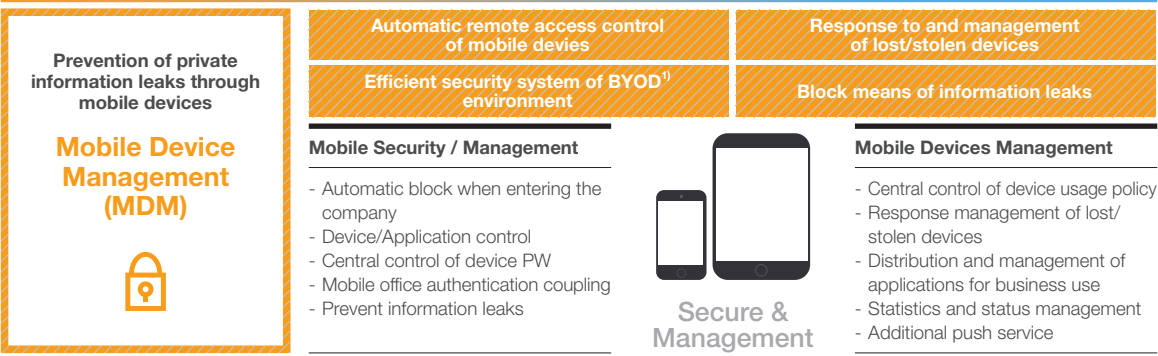
In an effort to prevent the threat of information leakage, Daewoo E&C established PC security system in August 2014. The system helped to block the illegal access of personal information and enabled history management in terms of advance registration system for personal USBs and control on other back-up storages, thus enhancing efficiency, availability and confidentiality of information. With the higher risk of critical information leaks through mobile devices (ex. smartphones, tablet PC) used at work, Daewoo E&C installed Speed-Gate, a company entry system, while automatically shutting off photographing/recording functions of smartphones to prevent information leaks by electronic devices. Through Mobile Device Management (MDM), users can protect their personal information on lost and stolen devices through remote control and reclaim the devices. Daewoo E&C is willing to protect personal and corporate assets by establishing information protection management system encompassing all software and hardware.

Expected Effect of the PC Security System



1) BYOB: Bring Your Own Device

Mobile Device Management (MDM)



Operation Effects of MDM

- Automatically shut off major photograph/recording functions of smartphones when entering the company
 - Prevent major company information leakage through smartphones
 - Reduce the time required for security checks when employees enter the company
 - Strengthen mobile physical security and reduce time when suppliers enter the company
 - Protect personal & corporate assets by remote-controlling lost and stolen smartphones
- Respond effectively to lost/stolen devices by central & self-management
 - Free utilization of company mobile announcement service for employees through Push Service
 - Set up security measures for mobile working environment
 - Boost management efficiency with integrated operation through central management

Visions and Objectives

Daewoo E&C plans to manage the organizational system of personal information protection, educate managers and suppliers to raise awareness of information security, conduct regular management and status inspection to enhance security, and acquire Personal Information Protection Level of Ministry of Government Administration and Home Affairs (PIPL) certification. We believe these are the steps to establishing a concrete system of personal information protection. In addition, Daewoo E&C constantly strives to establish a defense system to tackle APT (Advanced Persistent Threat), intercept constant

target attacks and cyber terrors, and prevent IT information property loss. We will interconnect and apply an IT system, IT infrastructures, and security system at different phases while collecting and analyzing integrated log information, and shutting of source of information leakage. By doing so, we will be able to prepare an integrated information leakage management system. In 2015, we plan to focus on switching to ISO27001 certification, expanding the coverage of the Two Factor certification, constantly evaluate personal information protection management, enhance security of DICT, and provide education on personal information leakage.

- **Update of ISO 27001 certification**
 - Update the version of already acquired ISO 27001 from 2005 version to 2013 version
 - **Expansion of the Two Factor certification**
 - Expand and apply the system of employee two factor certification with smartphones when entering the system
 - **Reinforcement of situation inspection of personal information protection management**
 - Prepare in advance for situation inspection of Ministry of Government Administration and Home Affairs, and conduct self-inspection of management
 - Conduct regular inspection semiannually and strengthen random inspections from consignment company
- **Enhancement of education relating to DICT security**
 - Encrypt documents and apply additional control of USBs to secure the patents and intellectual properties of Daewoo E&C
 - **Education on personal information leakage**
 - Establish education plans for all stakeholders including housing business sector agents and call center employees
 - Establish reaction manuals for customer information leakage educate personal information managers
 - **Amendment of personal information protection manuals**
 - Main contents: understand personal information protection, personal information protection guideline, tasking procedure and corrective measure, self-assessment checklist and manual, case-by-case scenario, and personal information FAQ

Sustainability Performance

Daewoo E&C is acknowledged worldwide for our continuous achievements.

A warm approach to humanity, creative ideas for space, and insight on customers and markets are a few of the many reasons why Daewoo E&C is chosen and trusted worldwide.

Employees participated in
social responsibility activities

Unit: Persons

11,508

Completed
compliance course

Unit: Persons

6,273



Risk Management

Risk Management Framework

In order to maintain a sustainable and profitable business in an increasingly competitive market environment, Daewoo E&C developed a framework to improve enterprise risk management in 2014. Within the framework, annual risk assessments are conducted, followed by preemptive countermeasures that correspond to the identified risks. Daewoo E&C hopes to build a healthy risk culture through the newly established management framework.

- **Development of project risk management tools**
 - Upgrade the risk assessment checklist for overseas projects, establishing a country risk database (DB)
- **System management**
 - Implement a Key Performance Indicator (KPI) guarantee system that applies throughout the construction periods and two additional years (so as to clarify responsibility and liability if and when persons in charge are changed mid-project)
- **Monitoring**
 - (Preemptively) detect construction costs and changes
- **Limit management**
 - Manage limits in pre-tax profit targets and corporate bonds, Project Financing (PF) guaranties

Risk Management Methods of 2015

Steps
1. List unfavorable provisions in project contracts and countermeasures
2. Upgrade risk evaluation checklists for domestic and overseas projects
3. Establish a country risk database
4. Monitor project KPIs
5. Establish an integrated project management system
6. Manage exchange risks
7. Manage target profits
8. Manage liquidity and project financing risks
9. Monitor construction costs
10. Monitor supplier management procedures
11. Monitor construction schedules
12. Reinforce enterprise risk management training

Risk Management System

Daewoo E&C is currently in the process of systematically integrating the risk management of individual business divisions. The Enterprise Risk Management Committee (2011), the BAROCON system (2012) and the RM Division (2013) are all examples that represent our continuous effort to build and increase risk management capabilities. In 2014 and 2015, not only were project risk management procedures reinforced but the RM Division came under the direct supervision of the CFO, allowing for an independent, unbiased and balanced point of view in Daewoo E&C's risk management.

Risk Management Committee

The quarterly Risk Management Committee provides a strategic sense of direction to Daewoo E&C's enterprise risk management policies. The committee provides periodic reports on the current management of key risks, quarterly issue reports, enterprise risk management regulations and/or their revisions, decisions on the degree and scope of manageable risks and reviews in terms of limits management.

Chair of the committee	- CFO
Schedule	- Regular meetings on a quarterly basis - Working Group meetings (when necessary)
Roles and functions	- Direct risk management policies that align with CEO management goals and corporate values - Decide the degree and extent of controllable risks

Risk Review Committee

The meetings of the Risk Review Committee consist of different members (from Strategic Planning, Finance, Legal Affairs, Marketing, Risk Management, business divisions etc.) that participate in specific meetings according to the business, project and function at hand. Such members gather to deliberate and make decisions on material issues for Daewoo E&C.

Chair of the committee	- Head of the RM Division
Schedule	- When necessary
Roles and functions	- Held when in need of a material decision in an ongoing project - Minimize risks and improve profitability

Risk Occurrence Investigation Committee

When Daewoo E&C suffers financial loss from falling profits, the Risk Occurrence Investigation Committee locates liability and identifies the causes for the loss, which are then corrected. The findings of the Risk Occurrence Investigation Committee are also used as examples in Lessons Learned programs in order to prevent recurrence.

Chair of the committee	- Head of the RM Division
Schedule	- On a monthly basis
Roles and functions	- Locate liability when risks occur - Analyze the cause of occurred risks and to prevent recurrence

Project Risk Assessment System

Daewoo E&C manages risks that are found in the bidding process of projects using risk assessment checklists and management registers. Executives provide a comprehensive review of the findings and corrective action plans made from the risk assessment of new construction projects, and project risks are managed with systematic follow-up measures. Daewoo E&C attempts to quantify risks that were assessed in the early stages of the project, ultimately securing the profitability of the project. In the near future, Daewoo E&C shall promote and upgrade the risk assessment checklists by quantifying and subdividing assessment methods.

Enterprise Risk Management Guideline

Daewoo E&C has developed a guideline that systematically defines and establishes the subject, organization, process and methods of enterprise risk management. Within the guideline, there is detailed guidance on how to identify, analyze, evaluate, treat, monitor and report risks.

Analysis of Unfavorable Provisions

Daewoo E&C lists examples of unfavorable provisions in project contracts and methods to deal with such provisions as a means of preventing possible risks and damages in the process of concluding overseas project contracts. The list is categorized according to possibility, and can be applied to various operations, countries and clients. Daewoo E&C plans to form an active information-sharing system between business divisions and supporting divisions by continuously expanding the list.

Establishment of a Country Risk Database

Daewoo E&C's new country risk database identifies a multitude of risks (in terms of 69 different categories such as finance, taxation, politics, culture, etc.) in 21 operating countries and 25 prospective countries. With the database, Daewoo E&C is able to identify country risks effectively and efficiently, thus contributing towards enterprise risk management.

Innovative Technology

About Daewoo Institute of Construction Technology

Founded as the first research center for construction technology in the country, Daewoo E&C Institute of Construction Technology (DICT) makes strenuous efforts for the innovation of construction technology. As a recognition for such endeavor, Order of Science and Technology Merit, the Presidential Award on Construction Technology's day, and the President's Award for the Best Corporate Research Institute were granted. DICT contributes to Korea's competitiveness in construction industry by participating in the government's core R&D projects. Its steady investment in renewable energy and green technology, and high value-added products development enables innovative technology for our new growth engine and improvement in the quality of our social infrastructure constructions.

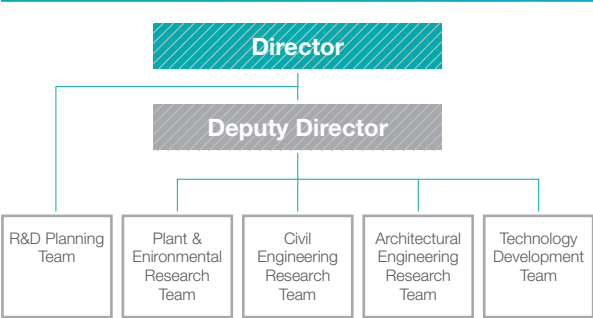
By innovating technology in terms of business, support, and development, DICT strives to exceed the perceived limits of traditional corporate research centers as cost centers and seeks future growth engines. The establishment of DICT as the first standalone R&D center in the construction sector is in itself an action plan that redefines the role of research centers from cost center to profit center. DICT endeavors to become a global leader of innovative technology through site-oriented, future-oriented innovations which create value and world class competitiveness in technology for Daewoo E&C.

DICT is composed of five teams under the director of the institute. Within the Institute, the R&D Planning Team leads the development and management of the enterprise technology strategies. The Plant & Environmental Research Team, Civil Engineering Research Team and Architectural Engineering Research Team perform specialized research in each respective field for effective R&D management. The newly established Technology Development Team aims to maximize the application and overall use of new technology on sites. About 85% of the researchers at DICT are those with master's or doctor's degrees in their respective fields. The researchers develop new technologies as well as new construction methods, and prepare to take a new leap towards becoming the world's best research facility of construction technology by supporting sites and strengthening technology infrastructure.

DICT Management Goals



DICT Organization



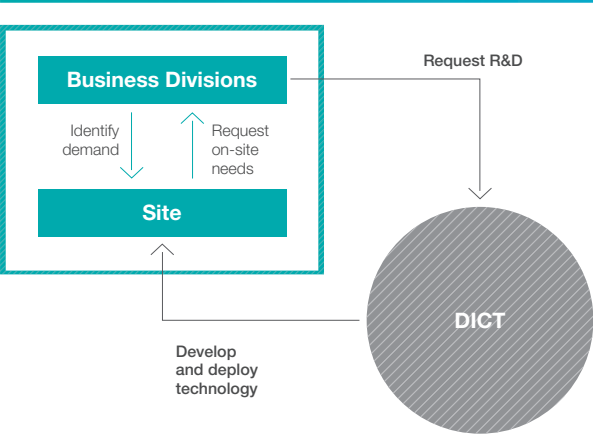
Site-Oriented R&D

Through a site-oriented R&D system, Daewoo E&C achieves competitiveness along with construction time and cost reduction. The system enables active communication between the business divisions and DICT, to convey on-site request on technological needs to the DICT and the headquarters. Through enhanced communication, DICT conducted 35 research projects as requested by the business divisions in 2014.

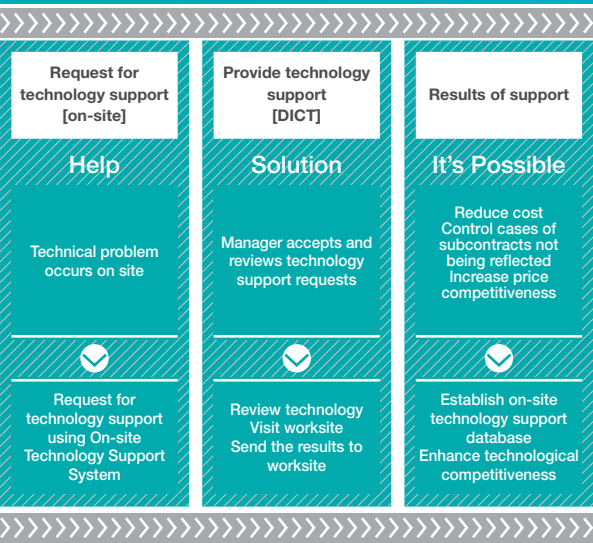
Furthermore, we employ an on-site technology support system to provide convenience and quantify the performance of such support. If a technological problem occurs on-site, technology support requests can be submitted to DICT via the system, where upon DICT reviews the submission and

promptly provides support. Our task proposal reward system encourages proposals on on-site-oriented technologies by rewarding proposers, developers, and those who make such proposals and enhance our business performances.

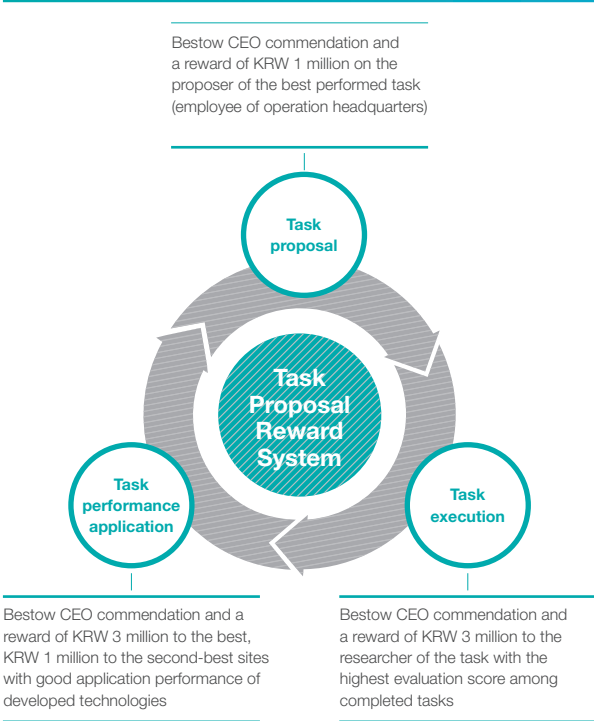
Site-Oriented R&D Structure



On-Site Technology Support System



Task Proposal Reward System



R&D Performance

Daewoo E&C continues to build momentum for mid- to long-term growth by developing eco-friendly technologies such as renewable energy technologies including offshore wind power and waste-to-resource technology. Actively participating in government projects, we contribute to the national development of the construction industry as well as the innovation of our core R&D products and services.

Annual DICT R&D Achievements

Category	Subcategories	2012	2013	2014
Research Projects	Projects requested by headquarters	29	41	35
	General projects	19	7	0
	Government projects	17	16	12
Industrial Property Rights	New Technology	13	10	3
	Patents	82	44	55
Papers	Foreign	44	28	15
	Domestic	116	88	43
On-site support for business divisions		597	786	329
Awards		15	12	14

[Civil Project]

Daewoo E&C analyzes diverse issues that arise from our operation sites and provides optimum solutions which save construction costs and reduce construction periods.

Industrial Waste Utilization for High Quality Groundwork

In laying out the groundwork for construction, the number of cases in which mid-long term structural safety is threatened due to sub-terrain sinking, and distortion has increased in recent years. To respond to such risks, industrial wastes produced on-site, such as coal ash cement and construction waste sand, are reused for laying high quality grounds creation, dredging and reclamation and weak ground improvements. Lower construction cost and contribution to environment are expected by the application of the groundwork technology in consideration of costly disposal of the materials.

Super Long-span Bridge Technology

DICT participates in the super long-span bridge project of the Ministry of Land, Infrastructure and Transport and has developed high performance concrete along with on-site concrete placement techniques. These breakthroughs made it possible for us to deposit 400m-high concrete at once, thereby drastically enhancing structural health through a shape and maintenance manage program. The super long-span bridge technology was employed in the Geoga Bridge, significantly shortening the construction period and is currently being applied to the Aphae-Amtae New Millennium Bridge zone 1 construction.

Tuned Mass Damper (TMD) for Long-span Sea Bridges

A tuned Mass Damper (TMD) is installed at the top of the pylon to secure the stability of the long-span bridge under construction. Continuous resilience against wind can be obtained by tuning the frequency of the TMD according to the construction stages. The TMD technology is cost-effective and also eco-friendly in that it does not require temporary foundations, and thus reduces sub-surface pollution while preventing ship collisions.

[Plant]

To make the world a cleaner and safer place, we develop eco-friendly technologies such as Carbon dioxide Capture and Storage technology (DECO2), Bio-waste total Solution (DBS), wastewater and advanced water treatment.

Carbon Capture and Utilization Technology (DECO2)

Daewoo E&C’s carbon capture and utilization technology is an eco-friendly technology that captures, separates, and reuses CO₂ produced in power plants, incinerators, and biogas treatment facilities, reducing CO₂ in atmosphere, the main cause of global warming. Our technology, Daewoo Elimination of CO₂ (DECO2) has gained a wide recognition around the world, by obtaining the Green Certification from the Ministry of Environment as well as earning 16 patents. We operate DECO2 in a pilot plant in the Environmental Corporation of Incheon’s Cheongna plant and will apply it to thermal Independent Power Plant projects.

Organic Waste-to-Energy Technology

The Daewoo Biogas System (DBS) is a technology that produces renewable energy using organic waste such as sewage sludge, livestock manure, and food waste. This exceptionally eco-friendly technology was chosen as one of the top 10 innovative technologies in 2009, awarded two Green Certificates from the Ministry of Trade, Industry, and Energy (MoTIE), the Green Technology of the Year Award in 2012. After successful construction, Daegu Food Waste and Excreta Treatment facility is now operated with our DBS technology which has the highest treatment capacity (300 tons/day) in Asia.

[Building Works / Housing]

We lead Korean housing culture by developing building and housing technologies that enhance the quality of life and make a better world.

Green Premium

Daewoo E&C runs the Green Premium initiative with a vision to create a zero-energy house by applying both the passive technologies that reduce energy consumption and the active technologies that employ renewable energy. In particular,

insulation has been maximized using window frames combining aluminum and Acrylonitrile Butadiene Styrene (ABS), and this technology has been applied to projects such as Dongtan PRUGIO Heim and the LG Electronics R&D Center in Gangnam.

User-friendly Innovation on Concrete Crack Repair

‘Power Cleaner’, a concrete crack repair product was invented in October 2013 by Daewoo E&C in partnership with Seric Co., Ltd. Having applied for a patent, we became the first in the industry to commercialize construction material to the public. This user-friendly product enables both use-at-home and on-site in a way simply applying the product to the crack after spraying water. Our technology to induce self-healing behavior of the material comprises the best feature of this high-quality product.

Eco-Friendly Buildings

Daewoo E&C’s eco-friendly construction capability has been approved by third party green building certifications. As of May 2014, a total of 62 certificates (formal and preliminary) have been approved and Daewoo E&C aspires to obtain many more in the future.

Structural Health Monitoring (SHM)

Structural Health Monitoring (SHM) enables real-time monitoring and evaluation on structural movements and provides appropriate countermeasures when a mysterious symptom of any type occurs in order to maintain structural safety. SHM was applied to the North-Eastern Asia Trade Tower in 2010 and the Se-bit River floating island in 2011. Winning the Gold Medal at the 2011 Construction Industry Creative Innovation Competition, the technology was also applied to the Myeongdong Cathedral expansion project as a cultural artifact protection system. As a result of the successful vibration management during the construction, we were awarded the ‘International Environment and Labor Commissioner Award’ at the 2013 Best Practice Competition on Construction-Environment Management.



Environment

Air Pollution Mitigation

Daewoo E&C conducts ‘HSE management system inspection on fugitive dust’ in spring when fugitive dust is especially problematic. Inspection ascertains the status of fugitive dust management and any issue found in the inspection are reported to the Corporate HSE Team within a week. We disclose the inspection result and share good practices as well as poor practices throughout our operating sites to achieve zero environmental accident.

HSE Management System Audit Results on Fugitive Dust

HSE management system audit (Dust scattering)	Civil Project	Building Works	Housing	Plant/Power Business	Total
	19	10	5	1	35
Inspection Result	Strengths		Opportunities		Challenges
	55		50		17

Energy Consumption¹⁾

Steps	Unit	2012			2013			2014		
		Fuel	Electricity	Total	Fuel	Electricity	Total	Fuel	Electricity	Total
HQ	TJ	29.793	50.095	79	34.081	48.347	82	36.14	47.781	83
DICT	TJ	1.48	13.183	14	4.528	14.004	18	3.255	11.989	15
Dormitory	TJ	6.986	8.96	15	8.867	9.454	18	7.725	8.438	16
Asset management team	TJ	-	-	-	24.57	10.808	35	4.099	44.469	48
Construction sites	TJ	171.391	719.391	891	152.412	1,004.554	1,156	127.435	949.241	1,076
Housing gallery	TJ	0.41	5.319	5	1.458	9.381	10	0.653	9.286	9
Migliore mall Busan, Lease business	TJ	0.	157.044	157	0.	91.144	91	-	-	-
Jungbu Branch	TJ	0.226	0.294	0	0.215	0.357	0	0.097	0.354	0
Geoplace Daejeon, shopping mall	TJ	0.	1.662	1	-	-	-	-	-	-
Total	TJ	210.285	956.258	1,162.000	226.132	1,185.050	1,410.000	179.404	1,071.559	1,247.000

1) National Greenhouse Gas (GHG) Management System figures. There is a difference between the sum per energy source and the total.

Waste Product

Daewoo E&C stores waste product in separate by type and required treatment after which an external contractor is in charge of the treatment. In 2011, we launched our waste management company registration system and in 2013, the system was implemented throughout the country. After

Energy

Daewoo E&C manages energy consumption by operation site, building, and energy source. In order to reduce energy consumption and raise awareness on inefficient energy use, we operate an energy conservation program for the headquarters and DICT employees.

evaluation, outstanding companies with excellent performance in operations were selected. Reward and punishment based on the performances followed in order to motivate and incentivize appropriate waste treatment.

- 2014 waste management assessment result
- 7 companies with the lowest performances deregistered, 13 outstanding companies newly registered.

Daewoo E&C disposed waste of 628,471 ton in 2014, and set a goal to keep disposal-cost-to-revenue ratio at 0.20% for 2015. Furthermore, we will develop and apply measures to recycle on-site wastes in next three years.

Annual Volume of Waste Product Treatment

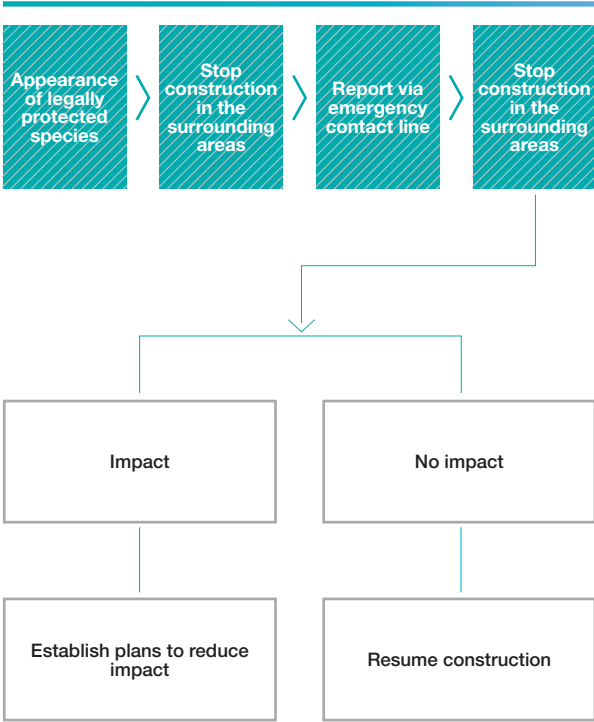
Steps	Steps	Steps	2013	2014
Waste Product	Waste Volume	ton	479,180	628,471
	Treatment Cost	KRW 100 million	89	156
	Recycling rate	%	0%	0%



Biodiversity

In order to protect biodiversity, Daewoo E&C not only complies with the Wildlife Protection Act but also includes a biodiversity protection process in construction procedures. We assess our environmental impacts to examine the biodiversity status of endangered species in the surrounding area and prepare measures prior to the construction in order to minimize any damage on the ecosystem.

Biodiversity Protection Process



Harmful Chemical Substances

Daewoo E&C implements internal manuals for the management of, by which bentonite slurry, paints, oils, epoxies, and industrial strength adhesive are identified and stored in separate for safety. Waste oil, waste lacquer, and other designated wastes are stored in separate facilities as well to meet the environmental regulations. The stored wastes are then disposed by specialized waste treatment companies.

Environmental Campaign

As part of our environmental activities, Daewoo E&C hosts environmental campaigns for each division, team, and operation site in an effort to preserve the local community’s environment and establish an eco-friendly organizational culture. In 2014, 4,848 of our employees participated in environmental campaigns to clean up the environment, clear snow, and take care of one-stream and one-ocean for one-company.

Environmental Campaign Status

Category	Unit	2013	2014
Campaign participants	Number of persons	3,935	4,848

Legal Compliance

Daewoo E&C strictly abides by environmental law and regulations. As a result of our thorough management, there was no violation of environmental law and regulations in 2014.

Eco-Friendly Purchases

Daewoo E&C promotes eco-friendly purchases, and the Business Partnership Planning Team makes purchases for divisions upon request. In order to encourage such practices, Daewoo E&C plans to establish a ‘green consumption guideline’ in 2015, and to award certificates or incentives on delivery performances to suppliers that provide with eco-friendly materials.

Category	Category
Electricity Materials Procurement Team	Lighting products (LED lighting, solar powered security light), photovoltaic power generation, fuel cell, electric vehicle charging system, solar lighting system, Green all-in-one switch
Mechanical Materials Procurement Team	Solar heating system
Civil-Engineering Materials Procurement Team	E0-grade particle board, E0-grade Micro Dot Process (MDP), Acrylonitrile Butadiene Styrene (ABS) Bathroom ceiling material
Domestic Subcontract Management Team 1	Geothermal system

Awards and Achievements

With our outstanding performance on environmental management activities, Daewoo E&C excels in many external awards and environmental competitions as the industry leader.

Environmental Awards and Achievements in 2014³⁾

Site	Date of Award	Grantor	Rationale
Ahyeon new town redevelopment sector 3	Feb 25	Mapo-gu Office	Good environmental practice in construction sites
Gaebong-1 reconstruction maintenance project	May 12	Guro-gu Office	Good environmental practice in construction sites
Plant & Environmental Research Team	Jun 11	President of Korea Environmental Industry and Technology Institute (KEITI)	Grand prize in the Environmental Technology of the Year Award
Civil Engineering Research Team	Nov 20	Minister of Environment	Winning the competition
Disaster Prevention Research Team	Nov 20	Head of National Assembly Environment and Labor Committee	Winning the competition
Corporate HSE Team	Dec 31	Minister of Environment	Contribution to preserving the environment

3) Minister award: 2 / Head of National Assembly Environment and Labor Committee award: 1 / Gu-office award: 2 / President of Korea Environmental Industry and Technology Institute award: 2



Society

Employee

Human Resources Development Strategy

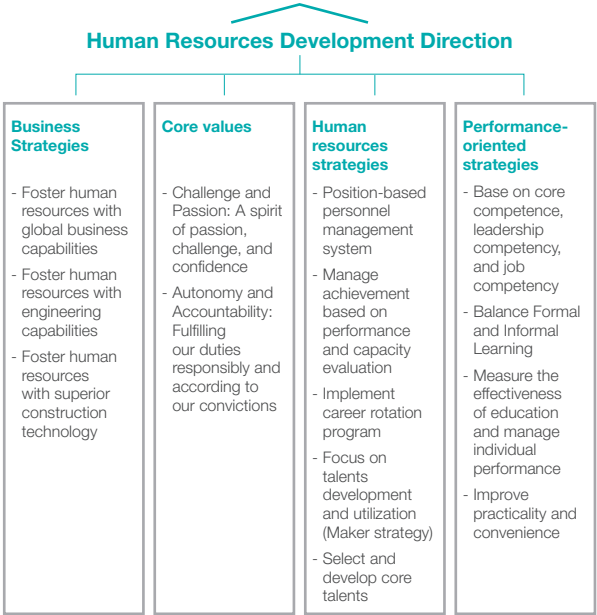
Daewoo E&C established four human resources development strategies aligned with its core values, business strategies, human resources strategies and performance-oriented strategies. We provide quality education and training programs customized to different jobs and positions in order to support talented individuals in the construction industry.

Employment

We make our best effort to hire talented employees while creating new jobs and diversifying the pool of our employees. In an effort to actively recruit female employees and local talents who are prone to be neglected in terms of employment opportunities, Daewoo E&C introduced an allocation policy for female employees and a local talents employment policy. Furthermore, we aim to provide more opportunities with ‘Recruitment Concerts’ where participants are evaluated based on their presentations without any information given to the interviewer on participants’ academic backgrounds and qualification. The successful candidates of Recruitment Concerts are exempted from documentation screening.

Status of Employment

Category	Detailed Category	2012	2013	2014
Total number of employees		6,115	6,449	6,211
Type of employment	Executive	91	64	47
	Full-time	3,961	4,117	4,089
	Contracted	306	384	389
	Other	1,757	1,884	1,686
Employment by region	Domestic	4,932	5,194	5,002
	Overseas	1,183	1,255	1,209
Diversity of employees	Male	5,464	5,739	5,591
	Female	651	710	620
	Aged (55 or older)	457	488	432
	Foreigner	81	110	75
	Disabled	68	77	64
	Number of managers (section-chief or higher)	65	72	80
New employment	Female	-	-	-
	Foreigner	-	-	-
Employee turnover / retirement	Male	323	241	136
	Female	49	49	19
Employee turnover / retirement	Male	123	128	144
	Female	2	8	8



Human Resources Development

Daewoo E&C believes that investment in fostering global human resources will directly enhances our competitiveness, which is why we establish systematic education and training programs to develop talented human resources. Devised as a system for job classification and career development,

‘JUMP’ is an acronym for ‘Job-based’ system, in order to ‘Upgrade competencies’, taking initiatives by ‘Myself’ to establish ‘Professionalism’. The competencies and careers of our employees are effectively promoted through JUMP and a career management system is also provided for regular employees.

Job Classification and Career Development System ‘JUMP’

Division	Program	activity
Job-based System	New Job Classifications	- Redefine job classification system - Define job classification based on correlation between functions
Upgraded Competence	Career Rotation Program	- Redesign career rotation program according to fuctions and positions - Define career roadmap
Led by Myself	'Wannabe (飛)'	- Set individual career goals and develop programs supporting competency improvement
Establish Professionalism	Daewoo University	- Establish educational training programs and development system to accomplish career goals

Employee Education and Training Program Status

Category	Unit	2012	2013	2014
Total number of education hours	Hours	703,996	757,485	627,428
Total amount of education cost	KRW million	4,710	4,390	3,833
Education hour per capita/year	Hours per capita	115	117	101

Fostering Female Leaders

By nature in the construction industry, there is a significant lack of female human resources. Daewoo E&C endeavors to foster female leaders by collecting and analyzing annual data on female employment while submitting action plans and reports in order to overcome the current employment situation. Related programs for the development of female leaders are currently being devised.

Active Foreign Employee Rotation

Daewoo E&C reorganized our human resources system and related policies with regards to foreign employees. By stimulating employee rotation between headquarters and operation sites, we promote continuous employment and personal history management. Considering the work hours and working conditions at overseas operation sites, Daewoo E&C raised overseas service allowances from USD 20 per day to USD 40 per day.

Fair Evaluation & Compensation

We evaluate our employees objectively and fairly based on their job performances and contributions, not on their position, working period or gender. Employees are evaluated individually according to their performances and competencies. Differential increase rates are then applied to compensate each employee.

Performance Evaluation System

Performance Evaluation	<ul style="list-style-type: none">• Executives, division chiefs, managers: Management By Objectives (MBO) Evaluation - MBO & performance evaluation• Division member: Contribution evaluation - Achieve organization objectives and evaluate level of contribution
Competency Evaluation	<ul style="list-style-type: none">• Core competence evaluation• Leadership competence evaluation• Job competence evaluation - Subdivide and systemize evaluation set according to job functions (increased from 20 criteria to 52 criteria)

Evaluation System for Foreign Employees

In 2014, Daewoo E&C improved the evaluation system for foreign employees which is applied in our headquarters, operation sites, and branch offices. Depending on evaluation based on employees’ work objectives setting and performance evaluation conducted semiannually, divisions are graded and rate of salary increment is decided. Individuals who have performed poorly may be dismissed.

Incentives for Foreign Employees

Our compensation system provides payment on behalf of foreign employees based on different jobs and positions. On Daewoo E&C’s foundation day in 2014, we carefully selected outstanding on-site engineers, staffs and foreign employees and bestowed a certificate and KRW 300 thousand as a token of our gratitude and encouragement.

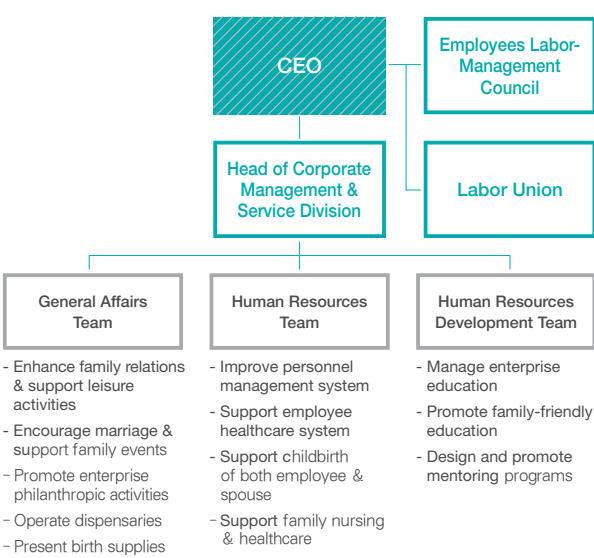
Work-Life Balance

Family-Friendly Management

Daewoo E&C proactively promotes family-friendly management to such an extent as to be the first in the industry to be chosen as ‘excellent family-friendly company’ in 2013. With the emphatic support of top executives,

Daewoo E&C has implemented family-friendly educations to establish family-friendly culture across the company. As a part of our family-friendly policy, we encourage active family communication while supporting family healthcare, enhancement of family relationship and leisure time. We also encourage marriage and provide support on family matters.

Family-Friendly Management Operational Organization



Family-Friendly Programs

Basic benefits	Specialized benefits
<ul style="list-style-type: none">- Employee healthcare system: provide medical check-ups, group insurance, and antismoking campaign- Childbirth support system: provide maternity leave, present birth supplies including prenatal music CD, provide lactation room and employee lounge- Child rearing and education support system: provide childcare leave and expenditures, invite employee’s children for in-house education, provide tuition and school entrance gift for employee’s children	<ul style="list-style-type: none">- Family healthcare system: provide medical check-ups for employee’s spouse, medical expenses of family and of disabled family member, healthcare education, leave of absence (ex. family nursing)- Support leisure time with family: hold events with employee’s family members, provide vacation, vacation bonus and leisure facility, support in-company leisure clubs- Marriage encouragement & family event support system: provide matchmaking services, wedding expenses, expenditure for congratulations and condolences, and funeral services

Childbirth Support System

With the amendment of the Labor Standards Act, Daewoo E&C provides pregnant female employees with reduced working hours to create a mother-friendly work environment. For the benefit of female employees in their first twelve or last two to six weeks of pregnancy, we give the opportunity to

work two hours less every day and provide payment equal to that of normal working hours. We also provide childcare leave and maternity leave, all of which may be why so many of our employees return to work after childbirth.

Status of Maternity & Child-care Leave

Category	Detailed Category	Unit	2012	2013	2014
Maternity Leave	Persons on leave	Number of persons	198	204	178
	Persons returned from leave	Number of persons	195	201	171
	Return to work rate	%	98	99	96
Childcare Leave	Persons on leave	Number of persons	10	35	36
	Persons returned from leave	Number of persons	11	17	25
	Average days of leave	Days	243	244	245

Labor-Management Relations

Labor Union

Daewoo E&C fully respects the freedom and rights of collective bargaining of all our employees, including full-time, contracted, and foreign operations employees. All our employees are free to seek admission and withdrawal from the labor union. For 16 years since the establishment of our integrated labor union in 1999, Daewoo E&C has had zero dispute and zero strike, sustaining a culture of cooperative labor-management.

Joint Labor-Management Committee

We have operated our joint labor-management committee since 1999 when the integrated labor union commenced. The committee represents the entire spectrum of employees. Our joint labor-management committee is aimed at developing a healthy labor-management culture and creating a common interest of labor and management. We discuss major issues with a mutual understanding and appreciation to find the best way to resolve the problem. Moreover, we immediately notify and discuss major changes in our management within committee meetings.

Status of Join Labor-Management Committee

Category	Unit		2012	2013	2014
Portion of union registrants	%		26.2	26.4	26.5
Labor-management committee performance	Number of meetings	Times	4	4	4
	Number of issues voted	Cases	4	4	4

Labor Practice and Human Rights

Labor Practice and Human Rights Policies

Daewoo E&C complies with the domestic Labor Standards Act and has publicly committed to support the Conventions and Recommendations on child labor of International Labor Organization (ILO). We strictly prohibit child labor and forced labor in all our operations at home and overseas. In 2013, we joined the United Nations Global Compact (UNGC) and publicly declared the fulfillment of our social responsibility with respect to human rights and labor.

Prevention of Sexual Harassment

Daewoo E&C integrated educations with relation to Compliance, Sustainability, ESG and Ethics (including issues of sexual harassmtent and human rights) into a single compliance education. Since 2014, we have implemented such education for all our employees at home and overseas. As of 2014, 6,273 employees have participated in the compliance education.

Participants of Sexual Harassment Prevention Education ⁴⁾			(Unit: Number of persons)
2012	2013	2014	
6,039	6,169	6,273	

4) The education on the prevention of sexual harassmtent was integrated with the compliance education in 2014.

Labor Practice and Human Rights of Foreign Employees

When a foreign employee faces difficulties related to labor practice and human rights issues, he or she may file the predicament via our Global HR Management team manager, Help Desk, or mentoring programs. In an effort to create a better work environment for our foreign employees, Daewoo E&C is currently reviewing the global labor practice and human rights guidelines to reflect changes in the revision process of our guidelines in 2015.

Overseas Labor Risk Management

In an effort to successfully execute overseas business operations, we have enhanced our efforts related to the labor management of foreign employees. We thoroughly analyze the labor risks when entering into new countries to make the operation process and human resources management progress favorable. The case of Sadara Tank project in Saudi Arabia is commonly introduced as the best practice of our successful overseas labor management. In the project, we published a company rulebook for local employees to effectively respond to the demands of local Saudi Arabian government while preventing unnecessary labor-management problems. In addition, Daewoo E&C conducts cross-cultural labor-related education for overseas operations manager before they are dispatched in order to assist in recognizing possible labor risks that may arise in our overseas operations and to efficiently response to such issues.



Local Community

Strategic Direction for Social Contribution Activities

Daewoo E&C has established three major areas of our social contribution activities - environmental protection, increase

of convenience facilities, and livelihood safety - in an effort to benefit the neglected social class. We constantly move forward, beyond the mere act of donation to utilize our core resources and competencies as the leading construction company. We practice sincere corporate citizenship activities while fostering voluntary participation of our employees across all our contribution activities.

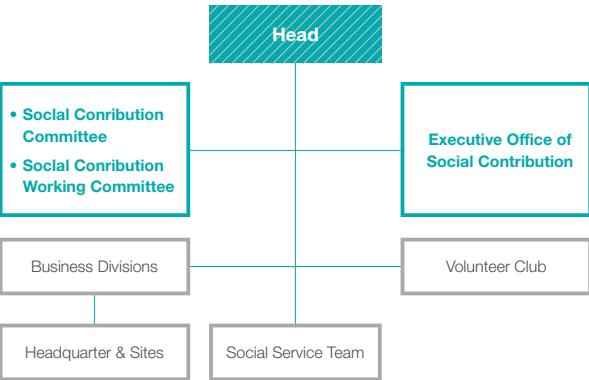
Strategic Direction of Corporate Philanthropy

Major Areas	Core Values of Corporate Social Contribution	Beneficiaries	Main Activity
Environmental Protection	Clean	Neglected social class	Improve infrastructure for neglected social class
Increase convenience facilities	Convenient		
Livelihood safety	Safe		

Organization for Social Contribution

In order to enculturate an active volunteering culture among our employees, Daewoo E&C operates Social Contribution Committee, Social Contribution Working Committee, and Executive Office of Social Contribution under the leadership of the Head of the Community Service Corps. We also operate ‘Daewoo E&C Social Service Team’, encompassing different business divisions, the headquarters and clubs to develop and implement our major contribution activities.

Organizational Structure of Daewoo E&C Community Service Corps



Achievements of Contribution Activities

In 2014, Daewoo E&C spent KRW 4.2 billion in social contribution to help those in need – in Korea and overseas.

Annual Social Contribution Achievements

Category	Detailed category	Unit	2012	2013	2014
Social contribution activities achievements	Annual number of participants	Number of persons	10,637	11,927	11,508
	Amount spent	KRW million	4,226	3,406	4,200
	Average contribution hours per capita	Hours per capita	2.9	3.3	2.7
Relay Volunteer Activities	Number of times conducted	Times	78	99	6
	Number of participants	Number of persons	1,379	1,826	424
Donation	Culture & Arts	KRW 100 million	25.2	0.3	6.8
	Others	KRW 100 million	41.7	33.6	23.5

Contribution Programs

Enterprise Relay Volunteer Activities

The Relay Volunteer Activities represents a wide spectrum of our contribution activities, operated based on the voluntary participation of our employees. The Relay Volunteer Activities contribute to spreading the culture of volunteerism within the

company as the activities are not limited to an one-time event nor mere donations but requires increased participation of employees by nature as a relay program. In 2014, Daewoo E&C carried out six relay volunteer activities including briquette deliveries and house repair for the benefit of low-income families with disabled family member.

Spring Picnic with the Disabled

On March 2014, 60 employees of Daewoo E&C and 10 Daewoo E&C university PR ambassadors visited Lotte World at Jamsil with 60 mentally handicapped people from a social welfare organization Wusung Sanatorium for the Disabled. This was a part of our ‘Enterprise Relay Volunteer Activities’ where employees voluntarily participate in various community services. The participants enjoyed the rides and parades by assisting and together with the disabled who would have otherwise had limited opportunities to leave for a picnic.



Community Service at Seoul Municipal Peace House

77 of employees from the Engineering Division visited Seoul Municipal Peace House at Eunpyeong-gu to spend time with elderlies with dementia. Our employees assisted elderlies during field trips and meal time and massaged their feet. Daewoo E&C also set up the dryers, cleaned and decorated the external environment for a pleasant life at the center. Daewoo E&C has collaborated with Seoul Municipal Peace House since 2009 and helped facility operation ever since.



Volunteering at Holt Community Center

In October 2014, 70 employees visited Holt Ilsan Center to spend time with disabled and assist showers and baths, field trips and clean the facilities of the community center. Since 2008, Daewoo E&C’s employees have donated through “Coin Collecting Fund” program for the Holt Community Service.

Sharing Briquettes of Love

On December 17, 120 employees including the executives of Daewoo E&C’s headquarters and representatives of our employees visited 104 town located in Junggyebon-dong, Nowon-gu in Seoul to deliver 3,000 briquettes to the elderly who live alone and the low-income households. Daewoo E&C donated 20,000 briquettes as a whole and 3,000 briquettes were directly delivered by our own employees to support warmer winters for those in need.



KRW 500 Million Donated to Community Chest of Korea for the Victims and Families of Ferry Sewol

4,380 employees of Daewoo E&C made donation of a total of KRW 500 million to Community Chest of Korea to be used for the benefit of victims and families of Ferry Sewol accident. Daewoo E&C is committed to show our continued interest to the victims and their families of the accident.

Sustainable Management Performances

Economic Performance

Category	Details	Unit	2012	2013	2014	Notes
Orders	New orders	KRW 100 million	138,124	114,145	109,367	
	Order backlog	KRW 100 million	382,315	412,696	396,008	
Sales	Domestic sales ratio	%	42.0	34.6	68.0	
	Overseas sales ratio	%	57.7	65.4	32.0	
	Misc. sales ratio	%	0.3	0.0	0.0	
Sales by business division	Total enterprise sales	KRW 100 million	81,803	84,171	98,531	
	Civil Project Division	KRW 100 million	13,551	13,174	14,606	
	Building Works Division	KRW 100 million	16,665	21,176	26,779	
	Housing Division	KRW 100 million	14,786	19,996	28,909	
	Power Business Division	KRW 100 million	18,343	13,932	12,877	
	Plant Division	KRW 100 million	18,253	15,708	15,169	
	Other	KRW 100 million	205	185	191	
Stakeholder value distribution	Employees	KRW 100 million	-	863,472	864,828	
	Suppliers	KRW 100 million	-	6,580,902	7,371,570	
	Investors, shareholders	KRW 100 million	-	103,767	111,193	
	Government	KRW 100 million	-	(127,569)	48,429	
	Local Communities	KRW 100 million	-	7,576	5,770	
Board of Directors (BoD) operation performance	Meetings convened	Number of meetings	15	18	17	
	Agenda items	Number of items	55	66	48	
	Attendance	%	92.8	96.6	92.9	
Audit Committee Meetings		Number of meetings	6	5	5	
External Director Nominating Committee Meetings		Number of meetings	-	2	-	

Environmental Performance

Category	Details	Unit	2012	2013	2014	Notes
Greenhouse Gas (GHG) emissions ¹⁾	Total site emissions	tCO ₂ -e	49,135	58,545	54,347	Scope 1+2
	Total building emissions	tCO ₂ -e	13,629	12,929	8,886	Scope 1+2
	Total emissions	tCO ₂ -e	62,764	71,474	63,233	Scope 1+2
	GHG intensity	tCO ₂ -e/KRW 100 million	1.311	1.284	0.944	(Scope 1+2) / Domestic Sales
Energy consumption ¹⁾	Total site consumption	TJ	913	1,156	1,076	
	Total building consumption	TJ	275	244	171	
	Total consumption	TJ	1188	1,400	1,247	
	Energy intensity	TJ/KRW 100 million	0.025	0.026	0.019	Total consumption / Domestic Sales
General material consumption	Ready-mixed Concrete	m ³	1,817,168	2,160,913	2,269,622	Domestic site
	Rebars	ton	325,735	370,800	365,113	Domestic site
	Cement	ton	201,075	209,206	217,468	Domestic site
	Asphalt concrete	ton	451,192	189,869	133,075	Domestic site
	Sand	m ³	187,937	247,399	280,250	Domestic site
Waste	Volume treated	ton	700,082	479,180	628,471	Domestic site
	Treatment cost	KRW 100 million	115	85	156	Domestic site

1) 2011 to 2012 GHG and energy consumption figures differ from last year's report due to changes in variables

Social Performance

Category	Details	Unit	2012	2013	2014	Notes
Total Employees		Number of persons	6,115	6,449	6,211	Executives, Contracted, Professionals, Full-time (foreigners excluded)
Type of Employment	Executives	Number of persons	91	64	47	
	Full-time	Number of persons	3,961	4,117	4,089	Specialized Executives included
	Contracted	Number of persons	306	384	389	Contracted Executives included
	Others	Number of persons	1,757	1,884	1,686	
Employment by region	Domestic	Number of persons	4,932	5,194	5,002	
	Overseas	Number of persons	1,183	1,255	1,209	
Employee diversity	Male	Number of persons	5,464	5,739	5,591	
	Female	Number of persons	651	710	620	
	Seniors	Number of persons	457	488	432	Over 55 (born before 1960)
	Foreigners	Number of persons	81	110	75	Not included in total head count
	Disabled	Number of persons	68	77	64	
New hires	Male	Number of persons	323	241	136	Full-time only
	Female	Number of persons	49	49	19	
Retirement/ resignation	Male	Number of persons	123	128	144	
	Female	Number of persons	2	8	8	
Training and education performance	Total training hours	Hours	703,996	757,485	627,428	
	Total Cost	KRW 100 million	4,710	4,390	3,833	
	Training per person	Hours/person	115	117	101	Total training hours / total number of employees
Childbirth leave	Persons on leave	Number of persons	198	204	178	
	Persons returned from leave	Number of persons	195	201	171	
	Return to Work rate	%	98.0	99.0	96.0	
Parenting Leave	Persons on leave	Number of persons	10	35	36	
	Persons returned from leave	Number of persons	11	17	25	
	Average leave	Days	243	244	245	
Labor Union membership		%	26.2	26.4	26.5	
Domestic	Deaths	Number of deaths	9	10	8	
	Accident rate ¹⁾	%	0.13	0.22	0.25	
Overseas	Deaths	Number of deaths	1	6	1	
	LTIR ²⁾	Million hours	0.07	0.10	0.07	
Social Contribution Activity Outcomes	Annual participation	Number of persons	10,637	11,927	11,508	
	Total investment	KRW 100 million	4,226	3,406	4,200	
	Average activity time	Hours/person	2.9	3.3	2.7	
Customer Satisfaction Survey Result		Rank	3 rd	3 rd	4 th	National Customer Satisfaction Index (NCSI)

1) Accident rate = (Number of Casualties, Converted / Number of full-time workers) x 100

2) Lost Time Injury Rate = (Number of fatal accidents + Number of Lost Workday Cases) x 1,000,000 hours / total worked hours

Independent Third-Party Assurance Statement

Introduction

DNV GL Business Assurance Korea. (hereinafter “DNV GL”) is commissioned to carry out the assurance engagement of the 2014 Sustainability Report (hereinafter “the Report”) of Daewoo Engineering & Construction Co.,Ltd.(hereinafter “Daewoo E&C”). This engagement focused on the information provided in the Report and the underlying management and reporting processes. Daewoo E&C is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV GL’s responsibility in performing the work follows terms of reference and scope of work agreed. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and authentic. Daewoo E&C’s stakeholders are the intended recipients of the assurance statement.

Scope of Assurance

This Assurance Engagement covered data from the calendar year 2014. The scope of DNV GL’s Assurance Engagement includes only for operations under control in Korea the review and assessment of followings:

- DNV GL Verification Protocol VeriSustain 4.1 with a moderate level of assurance
- Verification of disclosures to check the Report is prepared ‘In accordance’ with the GRI Guidelines G4 (Core option) (Aggregated level of data that refers to the period between January and December in 2014)
- Visit to Daewoo E&C Head office in Seoul, Korea in April 2015.

Limitation

The engagement excluded the sustainability management, performance and reporting practices of Daewoo E&C’s suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Any financial information from Daewoo E&C’s annual report and company reporting on operations in 2014 or other sources are not included in the scope of the Assurance. Economic performances based on the financial data were cross-checked with internal documents and the audited financial statements. The aggregation and calculation process for building economic performances is reviewed and tested by the verification team. The baseline data for Environment and Social performance are not verified, while the aggregated data are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Verification Methodology

The Assurance Engagement was planned and carried out in accordance with the VeriSustain 4.1. As part of the verification, we challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In accordance with the Protocol, the Report was evaluated with regard to the following criteria: DNV GL has examined and reviewed documents, data and other information made available by Daewoo E&C. We acquired the information and technical data from the certified management systems. We performed sample-based audits of;

- The process for determining the materiality of the contents to be included in the Report;
- The process for generating, gathering and managing the quantitative and qualitative data included in the Report.
- The accuracy of data verified.

Conclusion

In DNV GL’s opinion, the Report provides a reliable and fair representation of Daewoo E&C’s policy, practices and performance in 2014. DNV GL confirms that the report is ‘in accordance’ with the Guidelines – Core. Further conclusions and observations on the Adherence to the principles of Inclusivity, Materiality and Responsiveness, as set forth in the VeriSustain 4.1 are made below:

Stakeholder Inclusiveness

Regarding sustainability issues, DAEWOO E&C has engaged with a wide range of stakeholders. 8 Stakeholder groups which are Customers, Shareholders, Suppliers, Employees, Government, Local communities, Future generation and Academy/Association/ Institution are defined in the Report. Various ways of engaging stakeholders and key issues associated with respective stakeholder groups are also presented in the Report. Concerns of the stakeholders are reflected in the report through the survey.

Materiality

The materiality determination process is clearly presented in the Report. The inventory of material issues is reviewed every year. Material issues have been determined through review of peer group benchmarking, media analysis, survey and interview based on the international standard (GRI G4 Aspects). The material issues have been identified and prioritized based on the stakeholder’s opinion.

Responsiveness

Communication process with stakeholders has been established and responsiveness information on material issues is communicated. Stakeholders’ views, interests and expectations have been considered in the preparation of the Report. Daewoo E&C presents sustainability management strategy, DMAs, management approaches, performance and activities which correspond to key material issues grouped into six key aspects.

Reliability

Errors identified through sampling verification have been corrected. Information disclosed in the Report is observed reliable. 3 years historical data presented in the Report enable a reader to compare Daewoo E&C’s performance over time. Daewoo E&C has secured the consistent way of collecting data so that the accuracy is ensured.

Neutrality

The report provides a balanced account of an organisation’s performance, delivered in a relatively neutral tone. The negative performance that is fact-based and unbiased is presented in the Report and the action plan corresponding to the problem recognized is developed and being implemented.

Completeness

Information with regard to material issues is reported across three dimensions; scope, boundary and time.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported to DAEWOO E&C’s management. However, these do not affect our conclusions on the Report and are provided to encourage continual improvement.

- It is recommended that the opinion and concern identified from various communication channels as defined in the Report are considered when determines the materiality

Statement of Competence and Independence

DNV GL is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the verification process.

May 2015
Seoul, Republic of Korea



In-Kyoon Ahn
Country Representative DNV GL
Business Assurance Korea, Ltd.



Assurance Statement on Greenhouse Gas Emissions

KSA-15-GHG-09

KSA

GHG Verification Summary

Daewoo Engineering & Construction Corporation.

75, Saemunan-ro, Jongno-gu, Seoul, Korea

Verification Scope

Korean Standards Association has conducted reasonable GHG emissions verification based on GHG report provided by Daewoo Engineering & Construction Corporation which includes direct and indirect emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied Korean GHG & Energy Target Scheme guidance(2014-186) provided by Ministry of Environment, Republic of Korea and KS Q ISO 14064-1,2,3 : 2006.

Verification Conclusion

As a result of verification activities, verification team has found no significant errors(±2.5% materiality). Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

GHG Emissions

Year	Direct	Indirect	Total
2011	16,749.686	55,711.616	72,457
2012	16,324.020	46,443.276	62,764
2013	13,777.190	57,700.911	71,474
2014	11,192.704	52,043.192	63,233

(unit : tonCO₂eq)

※ There is gap between the total quantity of GHG emissions and the sum of each workplace's emissions.(Decimal is not considered when calculating the emissions of each workplace.)

May 22, 2015

PRESIDENT OF KSA

Back, Soo Hyun

KOREAN STANDARDS ASSOCIATION

GRI Index



General Standard Disclosure※ Refer to p128-129 for detailed information on external assurance

Description	Page	External Assurance	Notes
Strategy and Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization (incl. strategy relates to sustainability, impacts of the activities in relation to the stakeholders).	p6	✓
Organization Profile			
G4-3	Report the name of the organization	p12	✓
G4-4	Report the primary brands, products, and services	p16~17	✓
G4-5	Report the location of the organization's headquarters.	p12	✓
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	p41~42	✓
G4-7	Report the nature of ownership and legal form.	p12	✓
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	p16~17, p41~42	✓
G4-9	Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided	p12	✓
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	p117, p127	✓
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	p120	✓
G4-12	Describe the organization's supply chain.	p88-95	✓
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	p12~13, p136	✓
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	p108~109	✓
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	p133	✓
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: - Holds a position on the governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views membership as strategic	p135	✓
Identified Material Aspects and Boundaries			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	p12~13, p41~42	✓, p128
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	p20~23, p136	✓, p128
G4-19	List all the material Aspects identified in the process for defining report content.	p22~23	✓, p128
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: - Report whether the aspect is material within the organization - If the Aspect is not material for all entities within the organization (as described in G4-17) - Report any limitations regarding the aspect boundary within the organization	p26~27, p50~51, p62~63, p74~75, p88~89, p96~97	✓, p128
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: - Report whether the Aspect is material outside of the organization - If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material - Report any specific limitation regarding the Aspect Boundary outside the organization	p26~27, p50~51, p62~63, p74~75, p88~89, p96~97	✓, p128
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	p126	✓, p128
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	p136	✓, p128
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization.	p21	✓, p128
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	p21	✓, p128
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	p21	✓, p128
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	p26~27, p50~51, p62~63, p74~75, p88~89, p96~97	✓, p128
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	p136	✓
G4-29	Date of most recent previous report (if any).	p136	✓
G4-30	Reporting cycle (such as annual, biennial).	p136	✓
G4-31	Provide the contact point for questions regarding the report or its contents.	p136	✓
G4-32	GRI Index a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	p128~129, p131~132	✓
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	p128~129	✓
Governance			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	p18~19	✓
Ethics and Integrity			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	p58~59	✓

GRI Index

Specific Standsure

※ Refer to p128-129 for detailed information on external inspection

Material Aspects	DMA and Indicators	Indicator Detail	Pages	External Assurance	Notes
Economy					
Economic Performance	DMA	Disclosure on management approach	p27	✓	
	G4-EC1	Direct economic value generated and distributed	p28~29	✓	
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	p80	✓	
	G4-EC4	Financial assistance received from government	None		
Indirect Economic Impacts	DMA	Disclosure on management approach	p27	✓	
	G4-EC7	Development and impact of infrastructure investments and services supported	p32~33	✓	
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	p32	✓	
Environment					
Emissions	DMA	Disclosure on management approach	p75, p80	✓	
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	p79	✓	
	G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	p79	✓	
	G4-EN18	Greenhouse gas (GHG) emissions intensity	p126	✓	
	G4-EN19	Reduction of greenhouse gas emissions	p126	✓	
	G4-CRE3	Greenhouse gas emissions intensity from buildings = Annual kilograms CO ₂ equivalent in total/ Floor area (m ²) or number of people in total	p126	✓	
	G4-CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity = Annual CO ₂ equivalent emissions (tons) in total/ Annual turnover from the construction activities in total (million)	p126	✓	
	G4-DMA	Disclosure on management approach	p75~76	✓	
Effluents and Waste	G4-EN23	Total weight of waste by type and disposal method	p79	✓	
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	p115	✓	
Products and Services	G4-DMA	Disclosure on management approach	p75, p83	✓	
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	p83~87	✓	
Society					
Labor Practices and Decent Work					
Labor/ Management Relations	G4-DMA	Disclosure on management approach	p120	✓	
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	p120	✓	
Occupational health and safety	G4-DMA	Disclosure on management approach	p63	✓	
	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	p64	✓	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of Work related fatalities, by region and by gender	p70	✓	
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	p67	✓	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	p65~66	✓	
	G4-CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	p65~66	✓	
Society					
Anti-corruption	G4-DMA	Disclosure on management approach	p51	✓	
	G4-SO4	Communication and training on anticorruption policies and procedures	p54~56	✓	
	G4-SO5	Confirmed incidents of corruption and actions taken	p52~54	✓	
Anti-competitive Behavior	G4-DMA	Disclosure on management approach	p51~89	✓	
	G4-SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	p90	✓	
Compliance	G4-DMA	Disclosure on management approach	p51	✓	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	p79	✓	
Product Responsibility					
Customer Health and Safety	G4-DMA	Disclosure on management approach	p97	✓	
	G4-PR1	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	p98~99	✓	
Product and Service Labeling	G4-DMA	Disclosure on management approach	p97, p100	✓	
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	p83~85	✓	
	G4-PR5	Results of surveys measuring customer satisfaction	p127	✓	
Customer Privacy	G4-DMA	Disclosure on management approach	p97, p103	✓	
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None		
Compliance	G4-DMA	Disclosure on management approach	p97~98	✓	
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None		

United Nations Global Compact

In 2012, Daewoo E&C joined the UN Global Compact (UNGC), a strategic policy initiative for businesses that are committed in their corporate social responsibilities. By upholding the 10 Principles on human rights, labor, environment, and anti-corruption and participating in the global standards, we show our dedication towards corporate social responsibility.



UN Global Compact Ten Principles & Related Activities

Areas	Principles	Activities	Pages
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	• Specifies in the Daewoo E&C Ethics Charter "We uphold all international and national laws governing human rights, the environment, culture and the economy" • Sexual harassment prevention training for all employees (CP education)	p58~61, p121
	2. Businesses should make sure they are not complicit in human rights abuses.		
	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	• Abides by Korean Labor Standards Act • Operates Labor Union and Joint Labor-Management Committee	p120
	4. Businesses should uphold the elimination of all forms of forced and compulsory labor.		
Labor	5. Businesses should uphold the effective abolition of child labor.	• Abides by the International Labor Organization (ILO)'s Convention Concerning the Prohibition and Immediate Actions Toward the Elimination of the Worst Forms of Child Labor • Abides by Korean Labor Standards Act	p121
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	• Operates family-friendly welfare and benefits program • Develops female leaders	p118~120
	7. Businesses should support a precautionary approach to environmental challenges.	• Participates in the government's Greenhouse Gas and Energy Target Management System (TMS) for the construction industry • Obtains and maintains environmental management system certification	p74~82
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	• Operates a Waste Management Company Registration System • Environmental compliance and accident minimization • Environment campaigns for each division, team and site	p74~82, p116
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	• Developed Green Premium Roadmap • Developed CCS technology • Developed bio waste to energy technology	p83~87, p110~113
	10. Businesses should work against corruption in all its forms, including extortion and bribery.	• Implemented CP • Autonomously promoted CP in each division/headquarter • Operated Ethics Help Line • Conducted Employee Ethics Awareness Assessment • Conducted business unit ethics condition evaluation	p50~61

ISO 26000

ISO 26000 is an international standard for Corporate Social Responsibility that is comprised of seven core subjects: organizational governance, human rights, labor practices, the environment, fair operating practices, customer issues, and community involvement and development. Daewoo E&C will use ISO 26000 as a guiding principle to further strengthen sustainable management and fulfill roles and responsibilities as a corporate citizen.

Core Subject	Issues	Related Activities	Pages
Governance		Operated Audit Committee and Outside Director Recommendation Committee under the Board of Directors	p18~19
	Due diligence	Operated Ethics Help line, conducted employee ethics awareness assessment	p58~61
	Human rights risk situations	Conducted ethics awareness assessment for individual organizational units	p58~61
	Avoidance of complicity	Included sustainability factors in supplier assessment, penalized unqualified suppliers	p88~95
Human rights	Resolving grievances	Operated system for receiving grievances including Ethics Help line	p50~61
	Discrimination and vulnerable groups	Developed female leaders, fairly evaluated foreign employees	p118~119
	Civil and political rights	Complied with Korea Labor Standards Act, ILO standards	p121
	Economic, social and cultural rights	Operated family-friendly programs, childbirth and parenting leave policy	p119~120
	Fundamental principles and rights at work	Complied with Korea Labor Standards Act, ILO standards, conducted sexual harassment prevention training	p121
	Employment and employment relationships	Complied with Korea Labor Standards Act, ILO standards	p121
	Conditions of work and social protection	Improved working conditions, family-friendly programs, conducted employee satisfaction surveys	p119~120
	Labor practices	Social dialogue	Operated Labor Union and Joint Labor-Management Committee
	Health and safety at work	Operated Health and Safety Committee, Permit To Work (PTW) system for risky operations, and risk evaluation	p62~73
	Human development and training in the workplace	Provided training and education based on talent development strategy	p117~118
	Prevention of pollution	Enhanced HSE management system audits including special inspections on Dust Scattering management	p76~78
	Environment	Sustainable resource use	Developed groundwork techniques using industrial byproducts, made eco-friendly purchases
	Climate change mitigation and adaptation	Strengthened GHG Inventory System, participated in GHG and Energy Target Management System (TMS), disclosed environmental information	p80~82
	Protection of the environment, biodiversity and restoration of natural habitats	Complied with environmental regulation, established wild animal protection guidelines	p76~78, p115
	Anti-corruption	Introduced CP	p50~57
	Responsible political involvement	Signed in and participated in relevant associations and academic societies of business divisions	p135
Fair operating practices	Fair competition	Introduced Fair Trade CP	p90~92
	Promoting social responsibility in the value chain	Applied sustainability factors in supplier evaluation, penalized unqualified suppliers	p92~94
	Respect for property rights	Operated Daewoo E&C ‘Shinmungo,’ regional subcontracting law training	p93~95
	Fair marketing, factual and unbiased information and fair contractual practices	Complied with domestic and foreign laws on advertisement	p100
	Protecting customers’ health and safety	Developed high-quality groundwork techniques using industrial byproducts, developed Five Zones Security System	p96~97, p102
	Sustainable consumption	Acquired Green Building certification, established and implemented Green Premium Roadmap	p83~85
	Customer service, support, and complaint and dispute resolution	Operated integrated call center, conducted pre-move-in quality control activities, operated Family Garden	p100~102
	Customer data protection and privacy	Acquired ISO 27001, inspected management status of personal information, established PC/ Mobile security, inspected for hacking prevention	p103~105
	Access to essential services	Sharing briquettes of love	p123
	Education and awareness	Operated move-in exhibition and Family Garden	p100
	Community involvement	Conducted enterprise community service relay and social contribution activities in overseas sites	p122~123
	Education and culture	Operated Green Library	p101
Community involvement and development	Employment creation and skills development	Diversified the nationality of foreign employees, evaluated the performance of foreign employees	p47~48
	Technology development and access	Conducted Information and Communication Technology (ICT) integrated business	p40
	Wealth and income creation	Expanded local hiring, complied with local labor standards, provided incentives for outstanding foreign employees	p47~48, p118~119
	Health	Community Service at Seoul Municipal Peace House	p123
	Social investment	Built national infrastructure such as roads and ports	p33

Membership

Division	Associations and Institutes
Engineering & Procurement Service Division	Korea Electric Engineers Association, Engineering Financial Cooperative, Korea Engineering and Consulting Association
HSE-Q Division	Construction Safety Organization of CEOs, Maekyung Safety & Environment Institute, Korea Industrial Safety Association, Construction Safety Manager Committee, Association of Construction OHS Manager, The Society for Environmental Construction, Korea Safety Supervisor Association, KOSHA 18001 Council, KEPIC WEEK Contribution (Korea Electric Association), Korea Construction Quality Association, Korean Society for Construction Quality, Korea Nuclear Quality Association (KNQA)
Building Works Division	Korea Military Supplies Cooperative, Korean Institute of Illuminating and Electrical Installation Engineers, Korean Institute of Electrical and Electronic Material Engineers, IBS Korea, Society of Air-Conditioning and Refrigerating Engineers of Korea, Korean Association of Air Conditioning Refrigerating and Sanitary Engineers, Korean Society of Living Environment System, Korea Institute of Ecological Architecture and Environment, Korea Green Building Council, Korea Society of Geothermal Energy Engineers, Korean Institute of Electrical Engineers, Korean Recycled Construction Resource Institute, Korea Institute for Structural Maintenance Inspection, Korea Society of Disaster Information, Architectural Institute of Korea, Council on Tall Buildings and Urban Habitat, Korea CPTED Association, Korea Institute of Building Construction, Korea Institute of Healthcare Architecture, Korea Facility Management Association, Korean Council on Tall Building and Urban Habitat, Korean Solar Energy Society, Korea Association of Procurement and Supply Management, Korea Developer Association, KMU Industry-Academic Cooperation Foundation
Corporate Management & Service Division	SeriCEO, Korea Emergency Plan, Korean Human Resource Development Association, Korea Construction Engineers Association, Korea Employers Federation, Korea International Trade Association, Korea Fire Facility Association, Korea Software Technology Association, Korea Personnel Improvement Association, Korea Information Systems Audit and Control Association, UN Global Compact Korea, Construction Industry Human Resource Manager Council, National Association of Reservist Battalion Commander, National Commander's Council
Daewoo Institute Of Construction Technology	Korea Industrial Technology Association, Korea Construction Transport New-Technology Association, Korea Concrete Institute, Earthquake Engineering Society of Korea, Korea Institute of Construction Technology, Korea Institute of Science and Technology Information, Architectural Institute of Japan, Japan Society of Civil Engineers, American Concrete Institute, American Society of Civil Engineers, International Federation for Structure Concrete, Acoustical Society of America, International Association for Bridge and Structural Engineering (IABSE)
Business Support Division	Korea Specialty Contractors Association, Korea Information & Comm Contractors Association, Korea Electrical Contractors Association, Korea Federation of Construction Contractors, Korea Facilities Maintenance Association, Construction Association of Korea, The Construction Management Association of Korea, Construction Economy Research Institute of Korea
Nuclear Division	Korea Office of Offshore Wind Power, Korea Electric Association, Korea Atomic Industrial Forum, Korean Nuclear Society, Korean Radioactive Waste Society, Korea Coating Experts Society, Korea Project Management Association, Korea Nuclear Association For International Cooperation
Finance Division	Korea Listed Companies Association, Listed Companies CFO Forum, Korea Association For Chief Financial Officers
Strategic Planning Division	Federation of Korean Industries, Korea Chamber of Commerce and Industry, Korea Federation of Construction Contractors, Engineering Financial Cooperative, Korea-Indonesia Partnership Council
Housing Division	Korea Housing Association, Korea Remodeling Association, Korean Institute of Landscape Architecture, Korea Society of Environmental Restoration Technology, Korean Institute of Traditional Landscape Architecture, Korea Green Roof & Infrastructure Association, Korea Institute of Information & Telecommunication Facilities Engineering
Civil Project Division	Korean Society of Civil Engineers, Korean Tunneling and Underground Space Association, Korea Road & Transportation Association, Korean Society of Road Engineers, Road Engineering Association of Asia & Australasia, Korea Road Forum, Korean National Committee on Large Dams, Korean Wetlands Society, Korea Water Resources Association, Korea Water and Wastewater Works Association, Korea Railway Association, Korea Ports & Harbors Association, Korean Society of Coastal and Ocean Engineers, Korean Society of Hazard Mitigation, Korea Association of Waste to Energy Technology, International Hydropower Association, Korean Society of Steel Construction, Korea Institute of Construction Engineering and Management, Korean National Committee on Irrigation and Drainage, Korean Society of Coastal Disaster Prevention
Plant Division	Korea Institute of Plant Engineering & Construction, Korea Gas Union, Korea Plant Industries Association (PEA Club)
Overseas Business Division	Korea-Middle East Association, Korea Plant Industries Association, Korea-Vietnam Friendship, International Contractors Association of Korea, Korea-Arab Society, Korea-Algeria Association

Consolidated Subsidiary List

(As of December 31, 2014, Unit: KRW million)

Company Name	Main Business	Total Assets
Daewoo Steel Tech Co., Ltd	Steel structure manufacture, equipment lease	86,021
Daewoo Songdo Hotel Co., Ltd	Hotel business	171,655
PRUGIO Service Co., Ltd	Construction and maintenance	9,874
Korea Infrastructure Management Co., Ltd	Storage and logistics service	6,065
Foodream Co. Ltd	Food and beverage industry	5,321
Busan Hi-technology Industrial Complex Development Co., Ltd	Real estate development and sales	59,455
Gangdong Project PFV Co., Ltd	Building construction	65,364
Daewoo Energy Co., Ltd	Electricity generation	17,533
Daewoo America Development, Inc.	U.S. development business	5,567
Daewoo Tripoli Investment& Development Co.	Libya Tripoli hotel	185,161
THT DEVELOPMENT CO.,LTD	Real estate investment and development	176,870
SAIPAN LAULAU DEVELOPMENT,INC.	Saipan golf resort	67,750

About this report

This is the fourth consecutive sustainability report by Daewoo Engineering and Construction Co., Ltd. since 2012. Our annual sustainability reports are a means for us to reflect on the sustainability of our business, and to communicate our efforts and accomplishments on the issues at hand to external stakeholders. Daewoo E&C, the “Warmhearted Construction Company that Changes the World”, will continue to uphold our commitment and fulfill our duties as a corporate citizen, growing together with our stakeholders. On a side note, as of 2015, we made the decision to name our reports in accordance with the year of publication, hence the “2015 Sustainability Report.”

- Reporting Standard
This report is based on the Global Reporting Initiative (GRI) G4 Guidelines and Construction & Real Estate Sector Supplement. In terms of the ‘accordance’ principles set forth in the G4 Guidelines, this report satisfies the ‘In Accordance – Core’ level of disclosure.
- Reporting Period
This Report covers key sustainability activities and achievements from January to December 2014 (Qualitative performance data includes those up to March, 2015). In terms of quantitative performance, data for the last three years is presented for time series analysis.
- Reporting Scope
This report covers all sites and buildings in which our operations take place – both domestic and overseas. Quantitative environmental data, however, is limited to domestic sites and buildings in use as of 2014, i.e. 284 sites and 6 buildings in total.) Financial performance is reported based on separate standards of K-IFRS.

Questions about the Report

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