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Building your tomorrow today
2013 Doosan Engine CSR Report



Doosan Engine

About This Report

The Purpose of this Report

This is Doosan Engine’s first CSR (Corporate Social Responsibility) report on performance in sustainable growth management of its economic, social and environmental responsibilities along with its efforts and results aimed at producing the world’s best high performance and environmentally friendly engines.

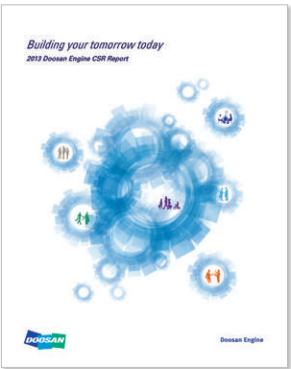
Doosan Engine established a set of CSR strategies and came up with 11 strategic objectives in connection with its value chain. The issues of CSR that are addressed in this report include the context of sustainability, progress and next steps in order to help readers better understand our commitment to sustainability. Through this report, Doosan Engine wishes to make its CSR activities and determination clear to every party involved and continue to communicate with its stakeholders.

Reporting Principles

Written in accordance with the Comprehensive option of GRI(Global Reporting Initiative) G4 Guidelines, this report also applied some of the principles and contents of the IR Framework proposed by the IIRC(International Integrated Reporting Council).

Reporting Period , Scope and Boundary

This report covers the period from January 1, 2013 to December 31, 2013. Three years’ worth of quantitative data of major achievements is included in this report. For measures of some achievements, data from the first half of 2014 was also included. The result contained in the report is limited to domestic branches (data from subsidiary in China, Doosan Marine Industry (DMI), is excluded.), Doosan Engine plans to publish the CSR Report regularly in order to communicate with stakeholders.



The cover symbol represents Doosan Engine's value chain in the form of a cogwheel mechanism in the areas of productivity, transparency and future orientation. Inside the cogwheels is a pictogram of people and technology, which symbolize Doosan Engine's sustainability

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Doosan Aspiration & Core Values



“When asked ‘what kind of company is Doosan,’ our answer is steadfast. We are a company renowned for our unique devotion to cultivating people.”

Chairman and CEO of Doosan Group, Yongmaan Park

The Doosan Credo: Doosan’s Aspiration and Core Values

The Doosan Credo is a set of principles that represent Doosan’s philosophies and our unique way of doing business. These principles have been the foundation of Doosan’s success for the past century. The Doosan Credo is integral to every aspect of our business and people, clearly guiding our decisions and the way we do business. Through the realization of these values, Doosan accomplishes its ultimate goal. The Credo consists of Doosan’s “Aspiration” and “Core Values”.

Aspiration

Doosan’s ultimate goal is the creation of a ‘Proud Global Doosan’.

In our Vision, each of our employees and all of our stakeholders will benefit from and be proud of their association with, Doosan.

Every employee takes great pride in being a member of Doosan. Each customer recognizes and appreciates Doosan’s high-quality goods and services. Every shareholder values our fair and high levels of profit.

Core Values

Doosan people practice the nine core values of the Doosan Credo.

Doosan People practice the nine core values of the Doosan Credo everywhere we operate, every day, to build a “Proud Global Doosan”.

These values guide the way we do business, the way we treat each other and the way we work with all of our partners.

The nine core values of the Doosan Credo are as follows:

- | | | |
|------------------------------|---|--------------------------|
| · People | · Inhwa | · Profit |
| · Cultivating People | · World-class Technology and Innovation | · Social Responsibility |
| · Integrity and Transparency | · Customers | · Safety and Environment |

Doosan Credo

Our Vision

We aspire to be a Proud Global Doosan -a leading innovator of products and services that improve the quality of life for people and communities around the world.

We will achieve this by living the Doosan Credo.

Guided by our Credo, we will drive our second 100 years of growth.

Core Values

Doosan’s people are our greatest asset and the key to our future.

They are at the heart of all our achievements. Our continued and distinguished success will only be possible through developing and cultivating our talent. Our People possess great capacity, willingness and drive to contribute to the Company. They are relentless in enhancing their skills and capabilities. They embrace our Core Values and demonstrate these beliefs and principles in their daily behaviors.

Cultivating people is our highest priority and a shared responsibility.

Attracting and recruiting the right talent, who understand and embrace our values, will be the foundation for developing our people. We believe people develop and grow through performance at work and we give them the authority and responsibility that best match their capabilities. Through experience, people develop to their maximum potential. Fair and immediate feedback and recognition are offered as we believe this is central to self-development. Our People are given the opportunity to develop their strengths and address areas for improvement. As a result, Doosan people are proud of who they are and respected as business professionals.

Integrity and transparency are fundamental Doosan strengths.

We make profit by creating value through fair and transparent activities. We acknowledge our mistakes and keep our promises. We never compromise our principles.

Inhwa best expresses who we are and provides us with a unique competitive edge.

We define Inhwa as teamwork in the truest sense of the word, grounded upon fairness and camaraderie. By carefully following these virtues we have created One Doosan; a collective strength built on the contribution of a wide diversity of individuals. Inhwa means we maximize our organizational strength and potential through true teamwork built on defined, transparent rules of fair play. Selfish rivalries between individuals or departments have no place at Doosan and discrimination of any kind is not tolerated. Inhwa means each individual contributes to the success of their colleagues and team, resulting in both excellent team and individual performances. Inhwa also means we are open; Doosan welcomes proactive ideas and constructive criticism from everyone, regardless of seniority or position. Our unique practice of Inhwa extends beyond the internal organization and embraces the entire Doosan community from our families to our shareholders, affiliates and partners.

Our customers are the reason Doosan exists.

The true measure of Doosan’s success is our customers’ satisfaction and respect. Our goal is to always deliver superior value than our competitors. We achieve this by understanding our customers’ needs and meeting or exceeding their expectations.

Embracing world-class technology and innovation is vital to our survival.

Tomorrow drives today at Doosan; we always look to the future instead of the past. We strive to understand, and stay ahead of, change. We continuously seek to improve our business model, products, services and methods. We celebrate and properly reward successful risk-taking, while also respecting valuable attempts that fail. Doosan applauds the spirit of challenge over complacency. Our future success will be driven by seeking breakthrough ideas, knowledge, technologies and resources regardless of their origin, either internal or external.

Profit measures our success and drives our growth.

Our profit must exceed our capital cost and be sufficient to fuel our continuous growth and investment. Our People understand how the work they do contributes to Doosan’s profit. We recognize that long-term success is built by respecting the rights of our suppliers, distributors and partners to earn fair profits.

Creating a socially responsible enterprise is our duty to society.

We see business and society as a close partnership and an opportunity for mutual growth. Doosan will be proactive in this partnership, contributing the time and resources required for success. Our goal is to develop and grow alongside society, as a trusted and trustworthy partner. Wherever we operate, we do so transparently and lawfully. We aim to contribute to the development of talent in society. Our community service activities promote both corporate and social development.

We provide clean and safe working environments.

Doosan maintains all our facilities to the highest possible standards. This is the basis for superior productivity as well as being our responsibility to our people, their families, our customers and shareholders. Environmental protection is our duty and obligation to every community where Doosan does business. We know this ultimately results in greater value creation.

theDoosanWay

Our story. Our vision.

Doosan Brand Story



★ Doosan Il-Doo(斗山—斗)

★ ‘Doosan Il-Doo’ embodies the business philosophy of the Doosan Group and the wisdom of our founder. The sculpture is an actual replica of a ‘Mal’, a container that was widely used in Korea at the end of the 19th century, when the company was founded, to measure and store grains and liquid.

Doo(斗) San(山)

Doosan means “The little grains of sand that, all together, add up to make a mighty mountain.” It means great achievements can be made only when everyone involved joins forces. The name represents Doosan’s will to never stop walking until its goals are achieved, making history every step of the way.

Doosan: Oldest, Fastest Growing Company with 117 Years of History

Doosan is the oldest enterprise in Korea with 117 years of history. It is also a company that went thorough continuous change and significant growth during the years.



The 117-year history of Doosan began in 1896 with the opening of ‘Park Seung-Jik Store,’ the first modern store in Korea, in Baeogae (Jongno 4(sa)-ga), Seoul. Doosan soon grew into a consumer goods company specializing in beer and other beverages. Following its success in vertical and horizontal systematization of its alcoholic beverage business, Doosan posted an 80% market share in the business during the 1970s and 1980s. During this time, Doosan always topped the list of not only the alcoholic beverage businesses but also many other areas of consumer goods.

However, Doosan was faced with difficult challenges during the mid-90s due to market saturation and the emergence of cut-throat competition in the domestic market. During this time, Doosan realized that it needed a total makeover based on ‘selection and concentration’ and decided to sell its beer division, the OB (Oriental Brewery), and integrate its multiple subsidiaries under the Doosan Corporation. Such a pioneering move for the future enabled Doosan to solidify its position and become even stronger, preparing it to weather the storm of the financial crisis that hit Asia in 1997 and 1998.

At the dawn of the new millennium, Doosan embarked on a massive transformation to become a global company, developing new growth engines and overhauling its business portfolio altogether. Through a series of successful mergers and acquisitions, Doosan completely transformed itself from a consumer goods company to an ISB (Infrastructure Support Business) provider, specializing in power generation, seawater desalination, construction and engineering, heavy machinery and construction equipment, energy, national defense and production facilities.

In the 2000s, Doosan made momentous inroads into the world market by acquiring Babcock (U.K., 2006), in possession of coal-fired boiler technology, and Bobcat (U.S.A., 2007), a manufacturer of compact construction equipment. At that time, the Bobcat acquisition was the largest M&A deal made by a Korean company in history.

This significant achievement was largely due to Doosan’s insight in corporate values and growth potential of international companies. Doosan’s operational excellence post M&A, and its unique organizational skill of creating harmony between employees from various backgrounds and cultures, also played a great role.

As a result, Doosan is now ranked at the top in seawater desalination and power generation facilities in the world. Doosan has also developed 19 products that won the status of ‘World Class Korean Products’. It has secured global competitiveness in its major business areas. Doosan has also proven its global leadership in organizational operations. It hired people based on merits irrespective of races and nationalities. It put foreign executives in the positions of top management. The proportion of foreign employees has reached 50%. In addition, Doosan has implemented up-to-date work procedures throughout its global network so that it can compete with any global business conglomerate.

Doosan’s Growth Engine

Behind the success of Doosan is its unwavering ‘trust in people.’ This was something our founder firmly believed in, who often had said “investment in people makes the foundation for business.” This belief is well summed up in our 2G Strategy (Growth of People, Growth of Business). The 2G strategy has been the driver of our past successes and will guide us through our journey toward prosperity on the global stage. At the heart of the 2G Strategy is the virtuous circle of “growth of people laying the foundation for the growth of the company, and the latter leading back to the former.”



With its trust in its employees and its continuous investment in people, Doosan was able to successfully go through bold restructuring and innovative portfolio transformation.

The Future of Doosan

Doosan hopes to become a ‘Proud Global Doosan’, with firm belief and trust in people.

‘Proud Global Doosan’ means becoming a company that every stakeholder is proud of. Our stakeholders include not only the employees and employers of Doosan but also our customers, shareholders and the communities around us. Our vision is to become a company that everyone involved with us can be proud of.

To bring better life to mankind,
For everyone who works for us and for whom we work for,
Doosan continues to walk forward, doing our best every step of the way.

Message to the Stakeholders



Doosan Engine has successfully completed its project to develop eco-friendly and highly efficient equipment including the world’s first marine engines capable of converting the nitrogen oxide contained in exhaust gas into water and nitrogen, which are harmless to people, prior to discharge. The development has been widely praised as an effective means of tackling the environmental and social issues facing the world today, and represents a giant step forward for the company in its drive to enhance its business-related value.

Dear Stakeholders,

The recent gradual worldwide economic recovery has also led to signs of a revival in the global shipbuilding market, leading shipbuilders into a new round of fierce competition. Fully aware of this tendency, we at Doosan Engine have expanded our business portfolio, which so far has been focused on marine engines, to other areas with the aim of making a more balanced profit-making structure with strong growth in future-oriented business sectors.

We believe that if Doosan Engine is to maintain sustainable and healthy growth, we need to pay more attention to Doosan’s social responsibilities as a member of our society than to its achievements in the business world. That is one of the main factors behind Doosan Engine’s development of the world’s first low-temperature selective catalytic reduction (SCR) engine, which converts the nitrogen oxide contained in exhaust gas into water and nitrogen, substances that are entirely harmless to people. With this new and exciting development, Doosan Engine has been able to develop a highly efficient eco-friendly engine that greatly contributes to the reduction of harmful exhaust gas emissions while fully meeting existing regulations.

Doosan Engine has established a detailed plan comprising eleven CSR strategic objectives as part of its effort to strategically handle a range of sustainability issues that it will face in its future business activities and intends to put it into practice by stages from the year 2014. The company is committed to the effort to boost its capacity to execute its strategic missions in connection with the CSR strategies established by Doosan Group on the basis of a clear understanding of the value chain that optimizes business performance and organizational sustainability.

We at Doosan Engine will continue to actively communicate with all our stakeholders through the regular publication of CSR reports, comply with the ten UNGC principles, and direct all our resources to achieving mutual prosperity with all the stakeholders.

It is our pride and joy to know that one in every four ships sailing the oceans of the world is propelled by a product of Doosan Engine. We know that this is a great achievement, but we will not allow ourselves to become complacent and will try ever harder to become the maker of the Number One Engine in the World by constantly pursuing change and innovation. We will do our utmost to ensure that Doosan Engine is always revered as the global leading company in its chosen business domain.

Your continued support and attention will be greatly appreciated.

Thank you.

Kim Dong chul

Dongchul Kim
President & CEO
Doosan Engine

Company Profile

One quarter of all the ships in the oceans are equipped with marine engines made by Doosan Engine. We at Doosan Engine are not satisfied with current achievements. As a global leader, we will continue to deliver top-tier engines through innovation so we can realize the vision of building the ‘No. 1 Engine in the World’. We will also take initiatives to develop environmental-friendly technologies as a respected global leading company.

Company Summary

Doosan Engine has established itself as a global diesel engine maker by building and managing diesel power plants and selling and servicing engine parts, as well as by producing low and medium speed diesel engines, which are a key component for the shipbuilding industry. Doosan Engine set a number of technological milestones in the industry by achieving a cumulative total production of 90M BHP in the shortest period of time, produced the world’s first large electronically-controlled marine engine and commercialized a dual-fuel low speed marine engine.

Company Name	Doosan Engine Co., Ltd.				
Established	Dec. 30, 1999	CEO	Kim Dong-chul, Cho Nam-suk		
Major Areas of Business	Marine engines, diesel/gas power plants, engine parts and eco-friendly system				
Business Locations	Head Office/Factories: 18, 21 beon-gil, Gongdan-ro, Seongsan-gu, Changwon, Gyeongsangnam-do R&D Center: 10, 112 beongil, Suji-ro, Suji-gu, Yongin, Gyeonggi-do 4 overseas branches (Germany, China, Singapore, Indonesia), 11 offices (4 domestic, 7 overseas)				
Total Capital	1,662.6 Billion Won	Equity Capital	790 Billion Won	Sales	743.9 Billion Won
No. of Employees	1,010 (2013.12)	Credit Rating	A0 (Korea Investors Service, NICE)		
Overseas Subsidiaries	Doosan Marine Industry (Dalian) Ltd. (frame box, bedplate and other engine parts manufacturer)				

Major Areas of Business

Marine Engines (Low/Medium Speed)

Doosan Engine boasts extensive experience as a top-tier builder of marine diesel engines in the global market, and its integrated service system extends from new model design and production to sales and after-sales services. These valuable assets enable the company to meet increasingly diversified customer needs and provide engines that satisfy ever-stricter environmental regulations. In the case of medium-speed engines, Doosan Engine was first to establish a mass-production system with a moving assembly line as well as a foolproof system for zero-defect production.

Diesel/Gas Power Plants

Doosan Engine completed a turnkey project for a 40MW low-speed diesel power plant on the south side of Jeju Island in 1990. In 1995, it completed an 80MW low-speed diesel power plant in Guam. Since then, the company has won additional orders for gas, low and medium-speed engine-based diesel power plants in Papua New Guinea, India, Greece, Eritrea, Indonesia and other parts of the globe that are in need of electricity.

Engine Parts

Doosan Engine supplies a wide range of essential and genuine engine parts. Based on the 3B (Best Speed, Best Quality, Best Price) principle, it delivers customer value through a global network to ensure that its engines run at the optimum condition.

Eco-Friendly System

Doosan Engine applied its proprietary technology to develop a new De_lNO_x system. It’s an eco-friendly system designed to help customers meet a wide range of marine and industrial regulations on nitrogen oxide emissions by converting nitrogen oxides in the engine exhaust gases into harmless pure water and nitrogen.



Governance

Doosan Engine strives to maximize corporate and shareholder value by practicing responsible and transparent management, particularly endorsed by the board of directors. The board of directors is a decision-making body that acts primarily through management of the company, representing the interests of investors. The members of the board also monitor and resolve current major management issues with the shared goal of achieving the long term growth of the business. So when making important decisions, top management listens to the expectations and demands of stakeholders, and takes an active part in the company’s IR activities as well as disclosing any major managerial changes and business performance.

Board of Directors (BOD)

As of March 2014, Doosan Engine’s board of directors consists of 5 inside directors and 6 outside directors. The members of the board are appointed at the general meeting of shareholders in accordance with related laws and articles of association, and outside directors account for more than half of the total number of members to ensure independence of the board.

Before being appointed by the general meeting of shareholder’s, ‘Outside Director Candidate Recommendation Committee’ implements a screening process for all candidates to ensure they don't have special ties with the company. The committee make sure that they have an adequate level of expertise in their respective fields such as economy, society and environment for the sake of professionalism and independence.

The board of directors has the Audit Committee, Internal transaction Committee and Outside Director Candidate Nominating Committee to make effective decisions. These committees consist of outside directors to ensure their professionalism and independence.

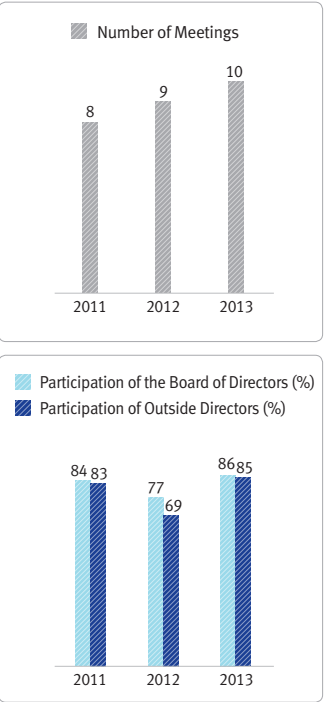
Members of the Board (as of March 31, 2014)

Category	Name	Career Experience	Role	First Appointed On
Inside Directors	Kim Dong-chul	CEO of Doosan Engine	Chairman of the BOD	March 30, 2012
	Cho Nam-suk	CFO of Doosan Engine		Feb. 4, 2008
	Jang Myeong Ho	Vice-President of Doosan Heavy Industries & Construction		March 30, 2012
	Kim Jeong-kwon	Managing Director of Doosan Engine Management Support		March 6, 2006
	Sunwoo Myung-hwan	Managing Director of Doosan Engine Offshore Plant Division		March 28, 2014
Outside Directors	Jeong Ku-yeong	Lawyer at Jeong Ku-yeong Law Firm	Member of the Outside Director Candidate Committee and Internal transaction Committee	July 30, 2010
	Oh Sei-jong	Ex-President of Korea Long-Term Credit Bank	Member of the Outside Director Candidate Committee and Chairman of the Audit Committee	July 30, 2010
	Park Bum Hoon	Professor Emeritus at Chung-Ang University	Member of the Outside Director Candidate Committee and Internal transaction Committee	March 28, 2014
	Song Hou Keun	Professor at Seoul National University Department of Sociology	Member of the Audit Committee and Internal transaction Committee	March 28, 2014
	Yoon Yong Suk	Lawyer at Lee&Ko	Member of the Audit Committee and Internal transaction Committee	March 29, 2013
	Lee Jae Young	Professor at Seoul National University Department of English Language and Literature	Member of the Outside Director Candidate Committee and Internal transaction Committee	March 29, 2013

Committees Under the Board

Committee	Members	Main Functions
Outside Director Candidate Nominating Committee	4 Outside Directors	Recommend outside director candidates
Audit Committee	3 Outside Directors	Audit of financial and accounting records
		Evaluate the management of internal accounting system
		Appoint and approve outside auditors
Internal transaction Committee	5 Outside Directors	Audit and approve transactions between subsidiaries

Performance of the BOD



Activities of the Board of Directors

The board of directors audits, resolves and checks major management issues on the economy, society and environment. Also, it reviews and votes on issues regulated by laws and articles of incorporation, issues delegated to the board by the general meetings of shareholders’, as well as major issues on the basic management and operation of the company. The CEO assumes the additional position of the chairman of the board of directors and is entrusted with overall business management to form a quick decision-making system. The board resolves major issues and reflects stakeholders’ opinions gathered from the general shareholders’ meeting and IR activities in making decisions, and oversees directors’ management activities.

No one can act on behalf of a board member in making any decisions, and board members who have a stake in certain issues cannot exercise their right to make decisions on the issues. All the directors are allowed to send and receive video and voice messages to take part in the decision-making process, and using such methods of communication is regarded as being present at the board of directors meeting. In 2013, the board of directors audited and resolved a total of 22 major issues including the operating results, compliance report and setting up overseas offices. All potential management issues are reported to the board of directors.

Major Activities of the Board

	Meeting Date	Agenda	No. of Outside Directors Presented (of Total No.)
1	Feb. 4, 2013	3 cases including the approval of 14th Financial Statements and Management Report	4(6)
2	Feb. 20, 2013	1 case of the approval of transactions with DSEC	4(5)
3	March 7, 2013	4 cases including the approval of the 14th General Meeting of Shareholders and proposed agenda	5(5)
4	April 1, 2013	2 cases including the appointment of committee members within the board	5(6)
5	May 3, 2013	3 cases including the approval of transactions with major shareholders	5(6)
6	June 13, 2013	2 cases including the appointment of the CEO for issuing bonds	6(6)
7	July 25, 2013	1 case of the approval of transactions with major shareholders	5(6)
8	Oct. 11, 2013	2 cases including the opening of a representative office in Jakarta	6(6)
9	Nov. 1, 2013	2013 third quarter management report	4(6)
10	Dec. 18, 2013	4 cases including the change and appointment of compliance officers	5(6)

Evaluation and Compensation

The board of directors and each of the committees evaluate their own annual activities including their level of participation. Inside and outside directors are paid within the limit approved at the general meeting of shareholders. To ensure the independence of outside directors, they do not get paid extra for their performance measurement and only receive a base salary and allowances for domestic and overseas business trips.

Executives receive performance-based annual salary and stock option in order to encourage them to boost their performance which in turn can help the company achieve its long-term management objectives. In addition to the base salary according to their position, directors are also given performance-related pay based on the company’s management performance. The CEO is paid the most: about 9.92 times higher than the employees’ median pay. The average pay for both inside and outside directors in 2013 amounted to 149 million won a year.

Ethics & Integrity

At Doosan Engine, employees are making multilateral efforts to comply with legal and ethical requirements as strongly encouraged by the CEO. While abiding by the law both in and out of the country, the employees of Doosan Engine are also guided by the Code of Conduct as it is one of the core values of the ‘Doosan Way’. The Company has also implemented a number of compliance programs such as internal control, whistle -blower system and legal compliance for systematic legal and compliance risk management. Through these efforts, Doosan Engine will realize the core values of the ‘Doosan Way’ and fulfill its corporate social responsibility, while also working for the interests of all stakeholders.

Code of Conduct

Doosan Engine has implemented a revised Code of Conduct for every employee to follow in order to ensure sustainable growth. The Company is making efforts to improve its competitiveness through ‘Inhwa’, customer-oriented management, transparent management and innovation, and fulfill its social responsibilities at the same time. Doosan Engine plans to offer educational programs to the employees so that the new Code of Conduct will be firmly established as the principle of carrying out business.

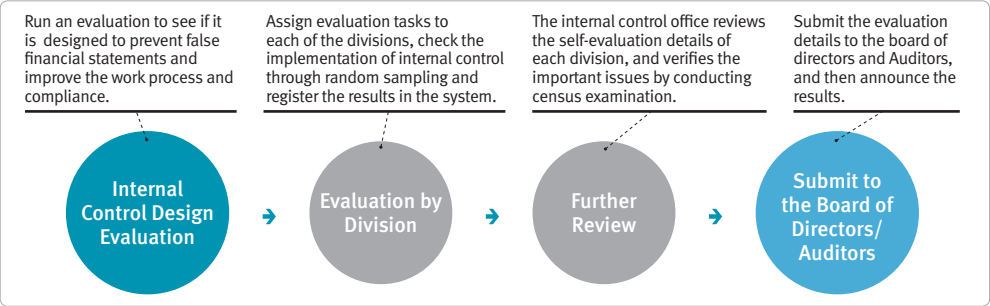
Compliance Programs

Internal Control Program

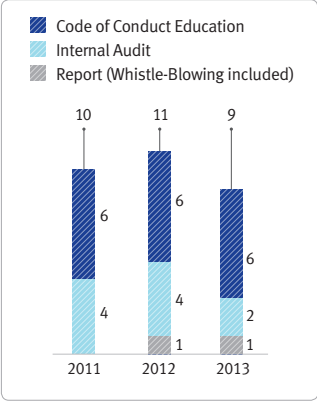
Doosan Engine has developed and implemented an internal control program to ensure the reliability and transparency of accounting data in addition to protecting its assets. The internal control system enables the company to select the items to be controlled throughout the process so they can be checked and evaluated. The results are submitted to the board of directors and audit committee, and the reports are made available to the public.

Doosan Engine not only fulfills the internal accounting management system requirements as required by law, but also includes a number of other various risk factors for self assessment, evaluation and monitoring. The evaluation is performed five times a year through the DICAS (Doosan Internal Control Assessment System). After each of the business division performs an evaluation on their own the results are checked by the internal control office. Those results are then evaluated by an outside accounting firm for a further review on adequacy and sent to all stakeholders inside and outside the company. A new improved system will be implemented from October 2014 to enable more reliable internal control.

Internal Control System



Audit Performance



Internal Audit, Whistle-Blower System and White Paper Program

Doosan Engine runs a whistle-blower system along with an internal control system for preliminary review. It reviews the compliance of its Code of Conduct and illegal activities through management consulting audit, and unscheduled audits upon receiving reports from inside and outside the company. When necessary, disciplinary actions are taken to firmly establish a compliance and ethical management system. Recently, the company has put the white paper program into full effect to prevent recurrence, in accordance with the ‘Doosan Way’ rather than taking disciplinary actions against employees who do not comply with the code of conduct. The ‘white paper’ refers to a document used to record and compile the analyses of fundamental reasons in order to prevent the recurrence of similar incidents so the data can be shared and used in educational activities. Through this program, employees acknowledge their mistakes by themselves and come up with improvement measures to make sure they do not make the same mistakes again.

Doosan Engine also has a ‘cyber internal report center’ on its website. It can be used by any employee or related party outside the company to report the corruption of an employee. Thus far, it has been very useful in establishing a compliance program and ethical management. Anyone can use the report center without pressure since anonymity is guaranteed and the content of the report is made confidential.

Legal Compliance Program

Doosan Engine has implemented a legal compliance system in 2012 in accordance with the Commercial Law. In 2013, the company appointed compliance office and established compliance standards. The legal compliance program is an important part of the compliance system along with the internal control system, and it is used to identify legal risks through self-evaluation and submission of a report to the board of directors. More regulatory details will be added before full implementation of this program. Thus, Doosan Engine will have a more complete compliance and ethical management system.

Evaluation Items	2011	2012	2013
Total Amount of Major Fines (million won)	-	-	300*
Number of Non-Monetary Penalties	-	-	-
Number of Dispute Resolutioin Cases	1*	-	-

* A criminal case in violation of the Act on Unfair Competition Prevention and Trade Secret (lawsuit filed in 2011 and a fine of 3 million won paid in 2013)

Compliance and Ethics Management Activities

Doosan Engine has been carrying out a wide range of compliance and ethics management activities after coming up with a Code of Conduct and compliance program. The company offers compliance and ethics management programs to all the employees in addition to annual training on fair trade, privacy protection and trade secret. All employees are required to complete the compliance and ethical training courses after joining the company and submit their written oath on the Code of Conduct. Team managers and more senior management also write an Interest-Based Relationship Description and submit it to the Legal & Compliance Team once a year. This system is designed to help employees better understand compliance and ethics management and, thus, encourages full participation. The CEO sends a letter to the employees of Doosan Engine and suppliers on New Year’s Day, Chuseok and other national holidays, encouraging them to comply with the Code of Conduct, and monitors their activities based on the internal audit system in order to implement and carry out compliance and ethics management activities.

Doosan Engine plans to strengthen this ethical training system for employees to further improve its compliance and ethical management activities and have the Legal & Compliance Team in charge of compliance management provide more legal services for site operations, through which to continue to reduce legal and compliance risks.

Risk Management

Doosan Engine is establishing risk management processes for each of the business areas with the participation of the management and hands-on staff in order to identify risks and ensure efficient risk management in accordance with ongoing changes in the management environment both inside and outside the company.

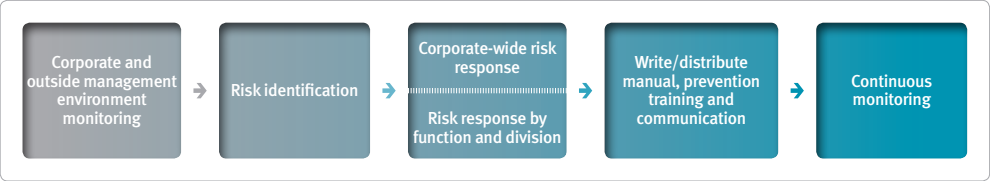
Risk Management System

Major risks that need to be managed corporate wide are managed by the corresponding Risk Management Committee. The risk management process involves the identification of risks that are predicted in the process of monitoring the corporate and outside management environment, making and implementing decisions to avoid or reduce risks, writing a manual on the prevention of recurrence and offering prevention training.

Risk Management Committee



Risk Management Process



Financial Risk Prevention & Management

Doosan Engine has improved its financial structure and efficient asset management system in order to ensure safe and sustainable management performance despite various financial risks including market, credit and liquidity risks. We have initiatives in financial risk identification, evaluation, response and follow-up management periodically, and such activities are systematically controlled and managed in accordance with the Internal Control System and Financial Management Manual.

Foreign Exchange Risks

Doosan Engine is very much affected by exchange rate fluctuations since our business is heavily dependent on overseas sales. Since the KIKO (Knock-In, Knock-Out) crisis of 2008, the company organized a foreign exchange risk management committee, established a foreign exchange hedge policy and strengthened management and monitoring activities. The fundamental strategy in the foreign exchange risk management policy is to prohibit speculative transactions in derivatives and manage foreign exchange fluctuation risks on residual foreign exchange exposure after matching the export and import amounts in order to reduce profit and loss volatility.

Interest Rate Risks

The purpose of managing interest rate risks is to reduce uncertainty caused by interest rate changes and minimize financial costs. We manage interest rate risks by regularly monitoring the interest rate changes in Korea and other countries while also minimizing external borrowing and improving the structure of short and long-term loans.

Credit Risks

Doosan Engine only deals with clients with a certain level of credit score to manage credit risks that can occur in common transactions. We regularly evaluate the clients and contractors’ financial status and credit scores for credit risk management, and set different credit limits for different clients and contractors.

Liquidity Risks

Doosan Engine predicts receipts and disbursements in sales, investment and financial activities based on a regular receipt and disbursement plan in order to manage the maturity structure of debt and assets. Through such activities, we identify and maintain the required size of the liquidity, and manage any possible liquidity risks.

Non-Financial Risk Management

Doosan Engine has policies, organizations, systems and programs in full operation to reduce non-financial risks in accordance with the CSR vision and strategy map for each of the major areas, such as human rights, labor, environment, fair management, consumer and local community.

Category	Areas of Risk Management
Human Resource	Human rights protection, prevention of discrimination, labor law compliance, privacy protection, etc...
EHS	Environmental issues, work environment safety and disaster/emergency management
Supplier	Supply chain risk management, fair trade, anti-corruption
Customer	Customer health and safety, customer information protection, customer complaints
Community	Deal with local community issues, social contribution activities

Project Risk Management

Doosan Engine defines the management details by main stages such as contract, plan, action and accounting that affect individual project performance, and manages the Quality Gate process by measuring and analyzing expected risks in order to manage risks in overall project stages. In the stage of receiving a contract, the Bid Approval Committee evaluates and makes decisions on overall risks such as foreign laws in addition to project profitability as a measure to manage risks in advance and ensure sustainable profitability.



Establishment of Disaster and Emergency Management Infrastructure

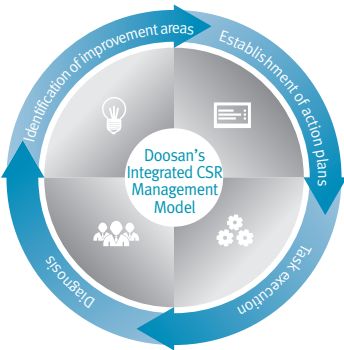
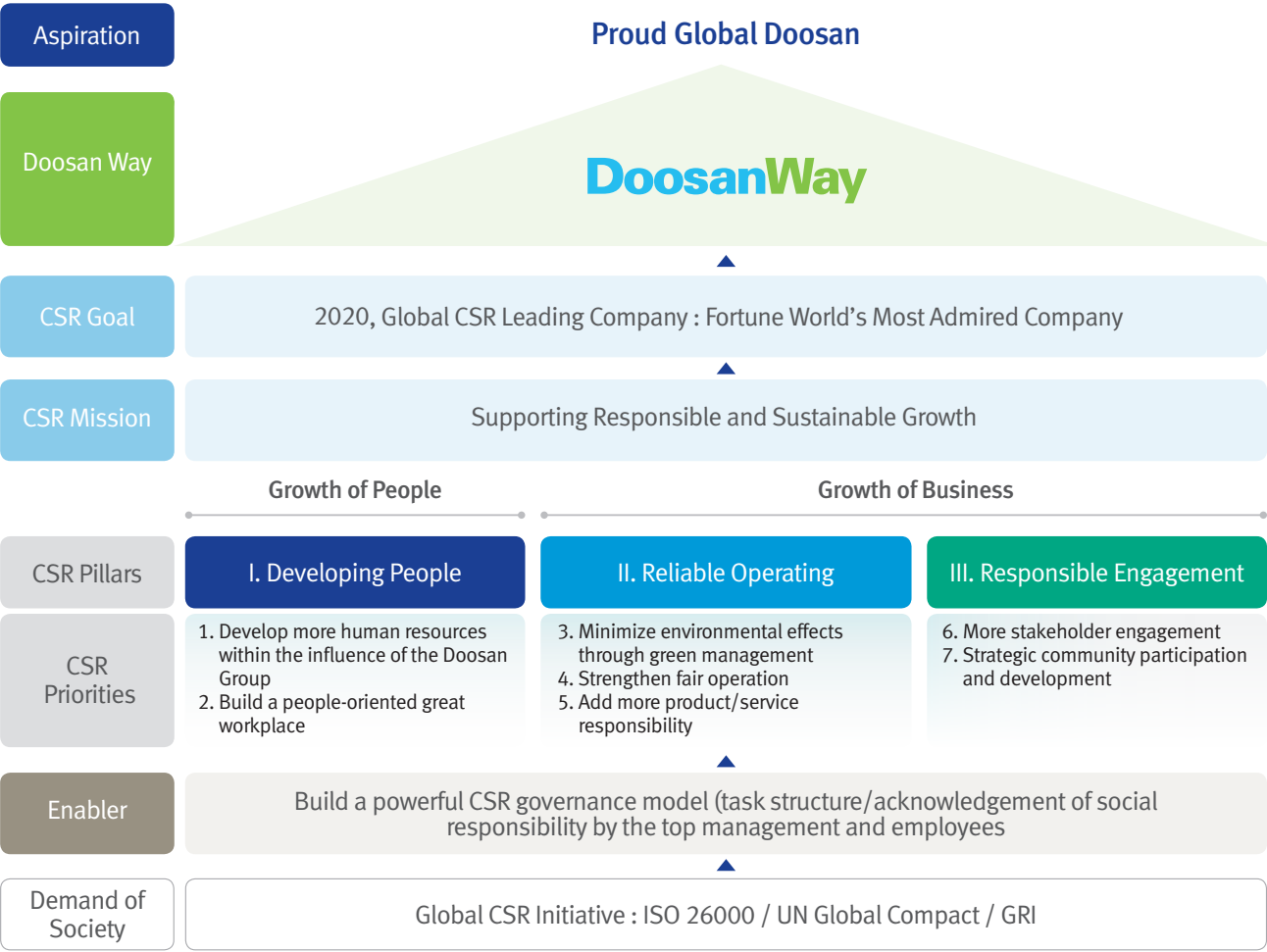
Doosan Engine is building infrastructures that can be efficient even for unexpected disasters in order to secure a platform for business sustainability. In 2013, it organized a Crisis Management TFT, which is now building 20 essential infrastructures in the areas of ‘Management Unit and Reporting System’, ‘People’, ‘Asset’ and ‘Operation’.

CSR Strategy & Management

The structure of Doosan's Corporate Social Responsibility(CSR) strategy is composed of the goal '2020, Global CSR Leading Company', mission 'Supporting Responsible and Sustainable Growth', three CSR strategic directions and seven CSR priorities, which are all aimed at realizing the vision: 'Proud Global Doosan'.

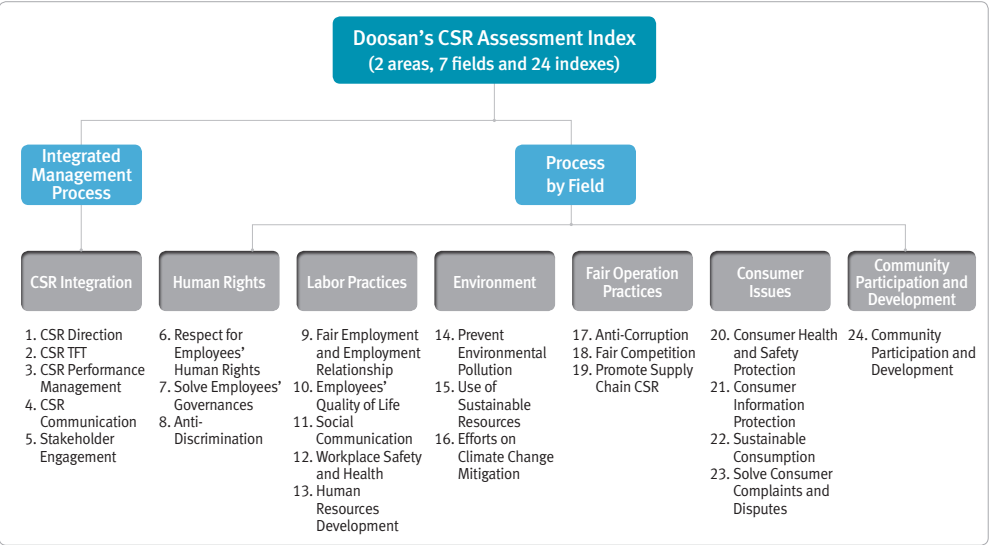
The structure of Doosan's CSR strategy is particularly significant in that stakeholders took active part in identifying core issues of CSR and strategies were developed based on these issues. In addition, Doosan's identity and CSR priorities are highlighted in the structure. Doosan Engine developed CSR promotion activities for each of the business areas based on its CSR strategy map, with which to minimize risks related to main issues and promote activities aimed at improving its competitiveness.

Structure of CSR Strategy



CSR Assessment Tool

Doosan Engine continues to assess CSR status and improve capabilities by using the 'Doosan Assessment Tool'. Doosan's integrated CSR management model is composed of 'establishment of action plans', 'task execution', 'diagnosis' and 'identification of improvement areas'. Assessment index is composed of 2 areas, 7 fields and 24 indexes based on the core subjects of ISO 26000.



CSR Committee

Doosan Engine has organized the CSR Committee with the CEO as the chairman of the committee in order to meet the demands of various stakeholders both in Korea and overseas and fulfill the social responsibilities discussed in the 'Doosan Way'. We established a TFT, developed CSR strategies, programs and action plans, and approved the publication of the CSR Report for CSR communication. Starting from May 2014, the company has been issuing a CSR newsletter "Now on CSR" covering the latest news and trends on CSR both in Korea and other countries to all the employees twice a month to help them better understand CSR, improve their level of professionalism and also give them a glimpse of the domestic and global trends. The Doosan Engine CSR Committee plans to launch a wide range of activities aimed at minimizing CSR risks and improving the company's competitiveness for the future ahead.



Materiality Analysis

Doosan Engine singled out the core issues of CSR that need to be considered in management activities based on the standards for Materiality Analysis as proposed in the GRI G4 Guidelines, and referred the methods suggested by the ISO 26000 and IIRC <IR>. This report was written with the focus on these major issues, and the content in this report was used as basic data in developing mid and long-term CSR strategies and setting goals.

Materiality Analysis and Results

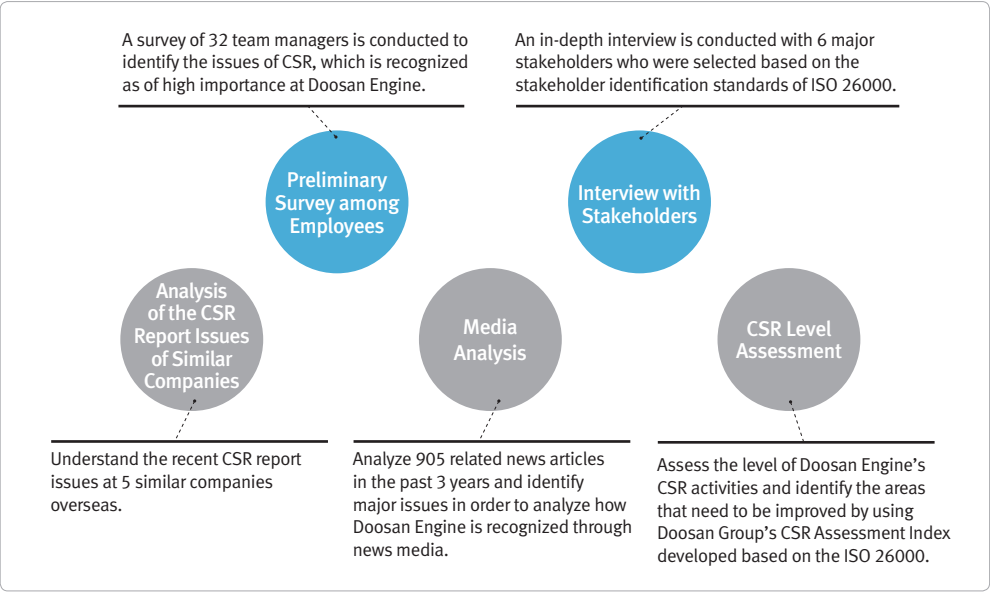
Doosan Engine performed a materiality analysis as well as internal and external analysis based on the principles of Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness in order to identify major CSR issues. In particular, we divided the internal stakeholders (employees) into four levels by their positions and categorized outside stakeholders into five different groups: shareholders, customers, engineers, suppliers and community. After doing so, we tried to reflect the opinions of all the groups.

In the 2013 Materiality Analysis, results showed that compliance of environmental regulations and development of environmentally friendly products had the highest scores. It seemed to be the result of the growing interest in the development of environmentally friendly technologies and eco ships. Other issues with high scores were improvement of customer satisfaction (product and service labeling), compliance of regulations on products and society, and the growing importance of health and safety at the workplace.

Process of Identifying Material Issues

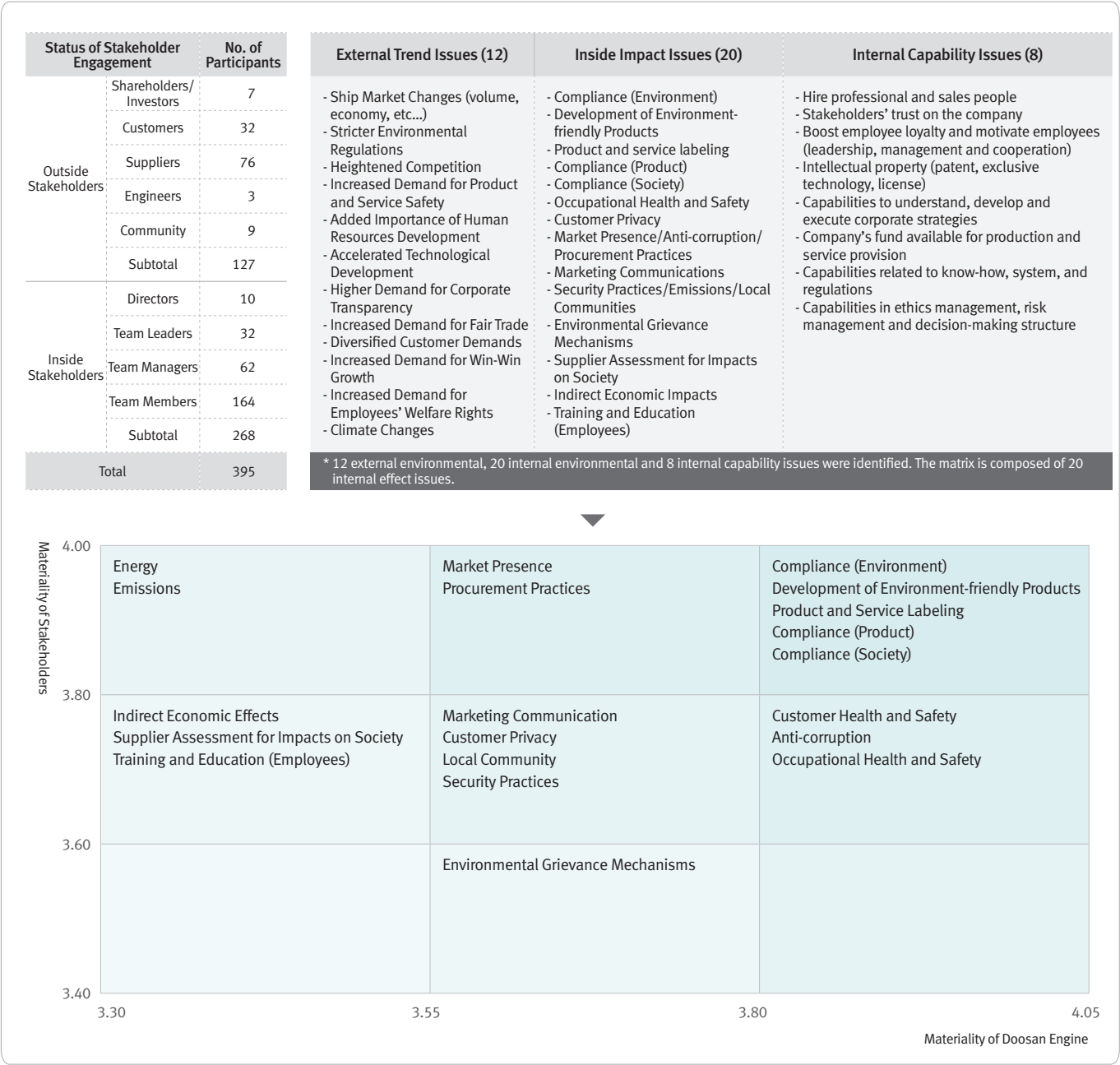
Step 1. Identification

Doosan Engine identified a total of 61 related issues through a preliminary survey among employees, analysis of CSR report issues at domestic and overseas companies, analysis of three years of news articles, assessment based on the group CSR level assessment index, and in-depth interview with experts.



Step 2. Prioritization

Doosan Engine conducted an online survey of 395 stakeholders in order to set priorities on the 61 related issues. As a result, the company identified a total of 40 material issues.



Step 3. Validation

The number of issues was reduced to 40 important issues after prioritization and then to 32 core issues that were identified to have substantial effects on Doosan Engine after a report was submitted to the directors and a TFT workshop was held. The level of report on each of the issues was determined before being added to this report in relation to the 11 strategic objectives.

Key CSR Challenges

Doosan's CSR strategy is to become a 'Global CSR Leading Company' by 2020. Accordingly, Doosan Engine came up with 11 strategic objectives and detailed action plans based on the 40 major issues identified by Doosan Group's 7 CSR Priorities, Enabler and Materiality Analysis. Doosan Engine plans to apply them in its overall management activities to fulfill its social responsibility and become a company respected by stakeholders.



Major Issues Regarding Doosan Engine	CSR Priorities/Enabler	Strategic Objectives and Outline
<ul style="list-style-type: none">Increased social demand for corporate transparencyImportance of capabilities related to risk management and decision-making structureCapabilities to understand develop and execute corporate strategies	Build a CSR governance system	<div>1. Establish the CSR Committee's implementation system and performance management system</div> <ul style="list-style-type: none">Make sure social and environmental issues are regularly reported to the highest decision-making body so that they can be reflected on strategies and reward system
<ul style="list-style-type: none">Doosan's "2G" strategy - Growth of Business by Growth of People.Heightened awareness of the importance of human resources/More people with professional marketing skillsEmployee education and training	Develop more human resources within the influence of the Group	<div>2. Human Resources Development and Growth Support</div> <ul style="list-style-type: none">Provide opportunities to revitalize the corporate culture by ensuring the competitiveness of the organization and manpower, developing human resources with core competence and expertise and implementing the 'Doosan Way'.
<ul style="list-style-type: none">Social demands for employee health and rights (work-life balance)Occupational health and safety/Security practices (prevent the violation of human rights related to security)Boost employee loyalty and motivate employees (leadership, management and cooperation)	Build a great people-oriented workplace	<div>3. Advancement of Health and Safety System</div> <div>4. Create a Culture where Employees' Rights are Respected</div> <ul style="list-style-type: none">The company must recognize that the health and safety of employees are both its social responsibility and business competitiveness, and individuals must strengthen prerequisite safety management activities by implementing its own independent safety management system.Provide a safe work environment for all the employees including the employees of resident suppliers, by creating a corporate culture where every employee's health is ensured and rights are respected
<ul style="list-style-type: none">Environmental trends (IMO Regulations, Atmospheric Pollution Regulations, etc...)Importance of coping with climate changes (minimized use of B-C oil, demand for gas engine and alternative fuel)Development of environment- friendly products/Comply with environmental regulations/Atmospheric emissions/Use of energy/Environmental Grievance Mechanisms (resolve environment-related disputes and complaints)	Minimize environmental effects through green management	<div>5. Advancement of Environment Management System</div> <div>6. Improvement of Energy Efficiency System</div> <ul style="list-style-type: none">Continue to upgrade the existing environmental management system to prevent environmental pollution, enable the use of sustainable resources, mitigate climate changes and promote supply network CSR.Contribute to reducing costs and emissions by improving energy efficiency in workplace operation and management activities.
<ul style="list-style-type: none">Heightened competition (competitor, Chinese market, low price purchasing, dumping, etc...)Comply with social regulations (cope with various social issues)Increased social demand for fair trade and mutual growthMarket presence (labor cost, purchasing, hiring)/Corruption/Procurement practices (purchase from local suppliers)Importance of ethics management competence	Strengthen fair management	<div>7. Continuous Implementation of Ethics Management</div> <div>8. Strengthen Suppliers' Competitiveness</div> <ul style="list-style-type: none">Make sure the management standards of conduct are based on social ethical value so that they can be applied on and practiced by everyone under the influence of the organization including employees in order to improve the Company's competitiveness and fulfill the Company's social responsibility.Support small and medium businesses' sustainable growth by offering technical, quality and management instructions to suppliers.
<ul style="list-style-type: none">Shipbuilding market changes (volume, economy, etc...)/Increased demand for product and service safetyAcceleration of technology development (lightweight, noise reduction, SCR, etc...)/Diverse customer demandsProduct and service labeling (customer satisfaction)/Compliance (product)Customer health and safety/Compliance (marketing)/Customer privacyIntellectual property (patent, exclusive technology, license)Company's fund available for production and service provisionCapabilities related to know-how, system, and regulations	Add more product/service responsibility	<div>9. Development of Emotional Services and Suppliers' Self Quality Control System</div> <ul style="list-style-type: none">Provide substantially more value to customers than competitors, listen to and respect clients' opinions and improve the system of providing quality services.Support suppliers with their quality control system in order to deliver global standard quality
<ul style="list-style-type: none">Stakeholders' trust on the Company	Strengthen stakeholder engagement	<div>10. Operation and Promotion of Stakeholder Engagement</div> <ul style="list-style-type: none">Regularly offer stakeholder engagement program to understand their interests and demands, and reflect their interests and demands on the decision making process.
<ul style="list-style-type: none">Local community (social contribution)/Indirect economic effects (infrastructure investment, effects on related industries)Potential effects on the local community (support local colleges and hire local people)	Strategic community participation and development	<div>11. Further Promote Social Contribution Activities Particularly for the Local Community</div> <ul style="list-style-type: none">Develop and implement social contribution programs that can improve both corporate and social value.



Our Value Chain

Doosan Engine has advanced in tandem with the diesel engine industry. Our product quality is second to none, and we lead the industry in the development of the next-generation electronically-controlled marine diesels.

Doosan Engine strives to build the ‘No. 1 Engine in the World’ as a global leader in the 21 century through change and innovation.



People & Technology
People - oriented Technology
28~35 page



Supply Chain Management
Management of a Mutually Beneficial Supply Chain
36~43 page



Production
Production Based on the Respect for Human Rights and Environment
44~55 page



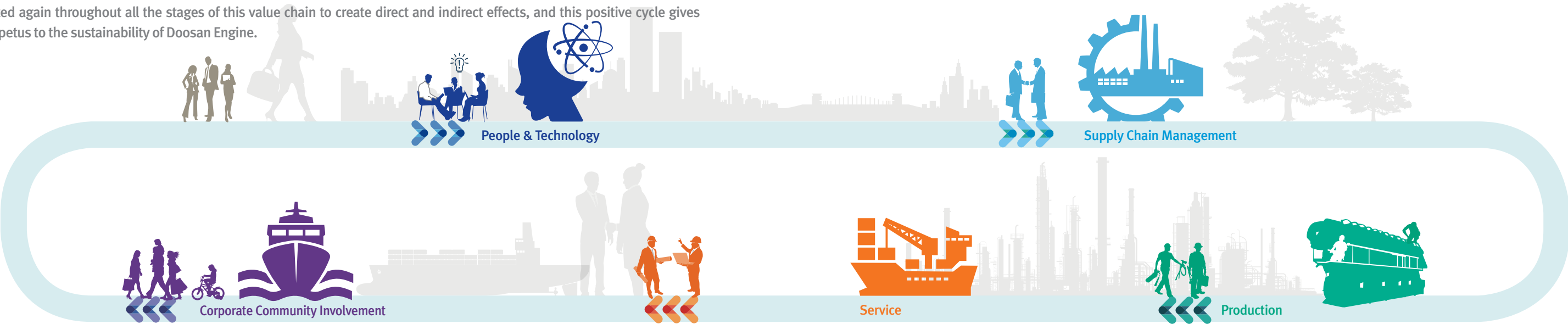
Service
Service for Improving Customer Value
56~61 page



Corporate Community Involvement
Creating Shared Values with Society
62~65 page

Sustainable Value Chain

Doosan Engine’s value chain starts from people-oriented technology. Parts are delivered from a wide range of suppliers to be assembled at Doosan Engine and mounted on ships. These ships then create value by sailing the oceans. All the revenues are distributed again throughout all the stages of this value chain to create direct and indirect effects, and this positive cycle gives fresh impetus to the sustainability of Doosan Engine.

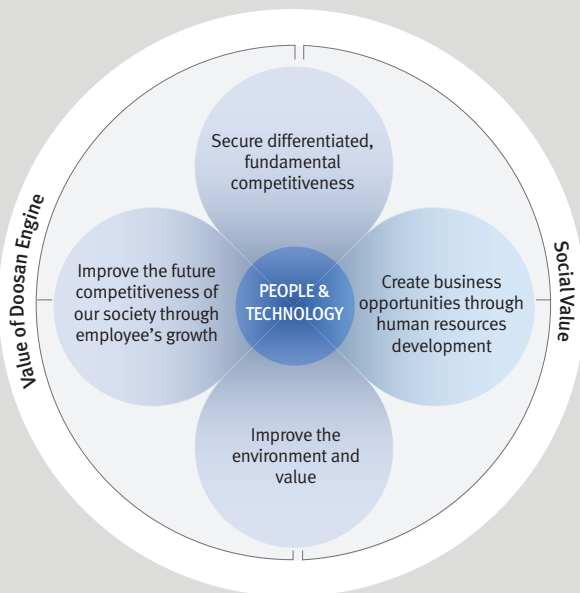
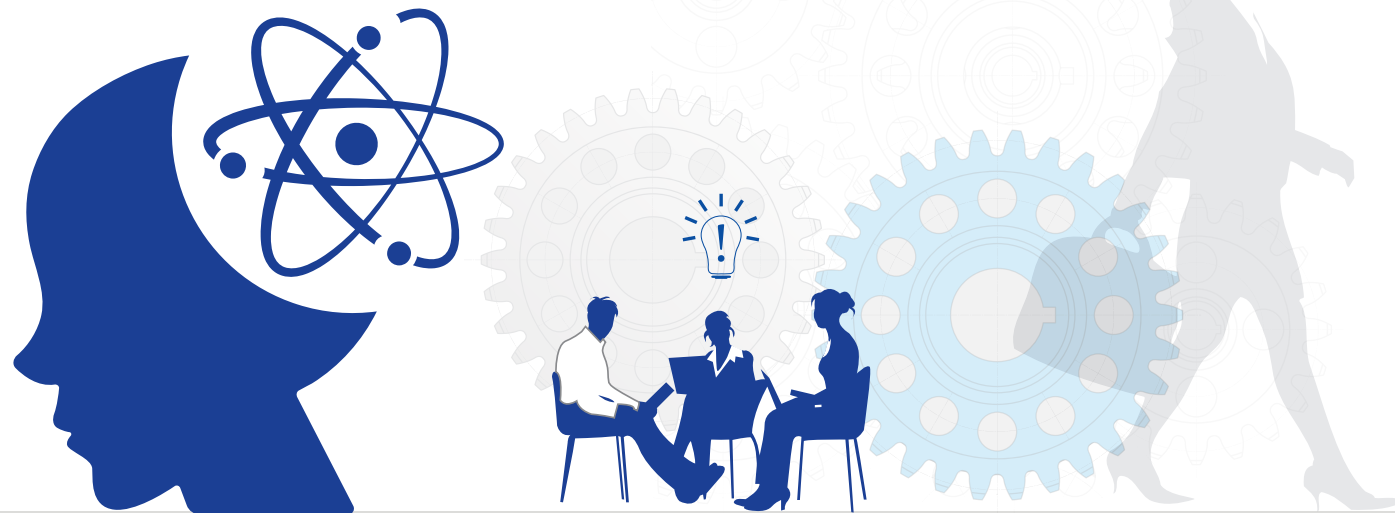


Value Chain	Strategic Subject of CSR	Context	Progress	Commitment
 CSR Governance Governance	Operation and Promotion of Stakeholder Engagement	· The trust of various stakeholders in Doosan Engine’s competitiveness is important	· Designate internal/external stakeholder groups · Conduct an in-depth interview with main stakeholders and have the results reflected on reports on related issues.	· Develop and operate stakeholder engagement programs
	Establish the CSR Committee’s implementation system and performance management system	· It became important to reflect CSR on important management-related decisions as there are now higher social expectations for CSR.	· Establish a CSR strategy system and publish CSR Report after organizing the CSR Committee	· Monitor CSR performance and build a feedback system · Build a consensus on CSR management
	Continuous Implementation of Ethics Management	· Increased demand for transparent and ethical corporate management.	· Show the CEO’s determination and establish a code of conduct · Manage compliance control, white paper and whistle-blowing systems	· Improve the level of awareness in ethics and compliance. · Establish the white paper system
 People & Technology People-oriented Technology	Human Resources Development and Growth Support	· People, particularly those with professional skills and expertise, are becoming a more important competitive factor for businesses.	· Operation of Learning Credit, Pumasi Education System and Human Resources Development Program for production engineers	· Implementation of ‘Pumasi’ Education Program for Increased Level of Professionalism · Continued Improvement of Leadership Program
 Supply Chain Management Management of a Mutually Beneficial Supply Chain	Strengthen Suppliers’ Competitiveness	· Outstanding suppliers have direct effects on Doosan Engine’s competitiveness, and win-win growth and fair trade are demanded by the society at large.	· Organization of a Support Committee for Improving Suppliers’ Competitiveness · Support for Improving Suppliers’ Competitiveness through O.E. Activities and Employee Training · Financial Support Activities such as Fund for Win-Win Growth and Improvement of Payment Terms	· Operation of a Support Committee for Improving Suppliers’ Competitiveness · Diversification of Competitiveness Improvement Program · Agreement with Suppliers for Win-Win Growth · Publicize Training and Support Activities for Suppliers
 Production Production Based on the Respect for Human Rights and Environment	Create a Culture where Employees’ Rights are Respected	· Better employee welfare and more employee rights lead to employee loyalty, which in turn will play an integral part in improving workplace performance at Doosan Engine.	· Hold the Industrial Safety and Health Committee More Than Once a Quarter · Implementation of an Employee Problem Solution System, Labor-Management Cooperation Program and Regular Management Information Session	· Promotion of Employee Communication Program · Development of Human Rights-Related Work Processes, Establishment of Regulations and Implementation of Education and Training Programs
	Advancement of Health and Safety System	· The safety and health of employees are the most fundamental factors for Doosan Engine as a manufacturer.	· Safety Management through Safety Observation and Preventive Maintenance · Revise Safety Rules for Each Process, Facility and Equipment · Operation of Customized Health Care Program and Company Doctor System	· Publicize the Performance of Internal and External Health and Safety Activities · Understand the Environmental Factors for Each Individual · Implementation of EHS Competency Education
	Advancement of Environment Management System Improvement of Energy Efficiency System	· Many environmental regulations (IMO Tier II, III, etc...) related to the shipbuilding industry are becoming ever more strict, and complying with such regulations is now a prerequisite for ship owners in buying an engine.	· Manufacture environmentally friendly high efficiency and low fuel consumption engines and cope with environmental regulations · Energy reduction activities and management of greenhouse gas and emission of environmental contaminants · Operation of environmental regulation monitoring system	· Strengthen the executive ability of environmental management by publicizing the EHS strategies and performance index · Review the implementation of green purchasing process · Continue to monitor the test run fuel reduction activities · Monitor the energy consumption of each factory
 Service Service for Improving Customer Value	Development of Emotional Services and Suppliers’ Self Quality Control System	· Improving the quality of service and products became ever more important as customer demands for better products increase	· Maintain ISO 9001, KEPIC-MN, EN and other quality management system certificates · Carry out ‘3 Zero’ and Single PPM Quality Innovation activities · Conduct a survey on customer satisfaction and manage the results	· Implement customer satisfaction services · Release customer services and the level of quality satisfaction
 Corporate Community Involvement Creating Shared Values with Society	Further Promote Social Contribution Activities Particularly for the Local Community	· Supporting local community development will add to Doosan Engine’s growth potential and reputation.	· Organize the Doosan Engine Volunteer Group composed of 5 volunteer teams with the participation of all the employees · Manage a contribution fund with employees’ voluntary salary deduction · Support Cheonkwang School once a month and implement sea environment protection activities every quarter	· Improve the substantiality of social contribution activities · Develop a program that will help volunteers take pride in what they do

I. People & Technology

People - oriented Technology

- People Development and Growth Support
- Development of Technologies that Create Environment and Value



Doosan's people are our greatest asset and the key to our future.
They are at the heart of all our achievements. Our continued and distinguished success will only be possible through developing and cultivating our talent. Our People possess great capacity, willingness and drive to contribute to the Company. They are relentless in enhancing their skills and capabilities. They embrace our Core Values and demonstrate these beliefs and principles in their daily behaviors.

Embracing world-class technology and innovation is vital to our survival.
Tomorrow drives today at Doosan; we always look to the future instead of the past. We strive to understand, and stay ahead of, change. We continuously seek to improve our business model, products, services and methods. We celebrate and properly reward successful risk-taking, while also respecting valuable attempts that fail. Doosan applauds the spirit of challenge over complacency. Our future success will be driven by seeking breakthrough ideas, knowledge, technologies and resources regardless of their origin, either internal or external.

- Excerpted from Doosan Credo -

People Development and Growth Support



2G Strategy is a virtuous circle in which people drive business growth, which in turn provides our people the opportunity for advancement. Doosan believes that sustained success can only come through people.

Context



Progress

With the belief that Doosan's people are our greatest asset and the key to our future, the company supports the growth of every employee. Doosan Engine is making headway in improving the future competitiveness of both the company and society through fair and advanced recruitment for securing right talent, systematic human resources development system and program, and employees' growth through fair assessment and rewards.

Staff and Employees

Doosan Engine has a total of 1,010 employees as of the end of 2013. There are 854 employees at the headquarters in Changwon, Gyeongsangnam-do and 84 at branch office in Seoul and Doosan Technology Institute in Yongin, Gyeonggi-do. The rest are working at sites in Korea and overseas. There were 17 temporary employees, accounting for 4.36% of the total number of employees at the end of 2013. However all temporary employees who possess good capacity were turned into permanent employees; thus, there was no temporary employee at the end of May 2014.

As for female employee, they account for only 3.96% of the total number of employees due to the characteristics of the shipbuilding industry. Still, women are given an equal opportunity to be hired. We are making efforts to create a pleasant work environment with work-life balance in mind. The underprivileged groups and National Merit recipients are given an advantage in job recruitment. The company is creating more job positions through improving the work environment for people with disability. Doosan Engine evaluates and rewards all the employees on an equal plane, and prohibits discrimination by gender, religion, race, age and educational background. When recruiting employees, the company does not require applicants to enter personal details of their families or school grades but instead focuses on their individual capabilities for equal and fair job opportunity. Newly hired employees take about 247% of the legal minimum wage.

Fair & Advanced Recruitment

'Attracting and recruiting the right talent, who understand and embrace our values, will be the foundation for developing our people.' Based on Doosan Credo, the company accepts online job applications through its website to make sure that every applicant get a fair opportunity. The company applies an advanced recruiting tool, such as Doosan Bio-data Survey, DCAT, 1st job interview and 2nd job interview (3rd job interview for experienced applicants). In particular, top managements take participate in the final job interview.

Human Resources Development

According to the ‘Doosan Credo’, ‘Cultivating people is our higher priority and a shared responsibility.’ One of Doosan Engine’s main goals is cultivating global leaders who have internalized the Doosan Way and expert to sharpen to competitive edge and lead innovation for the Nurture Proud Doosan People. Two of these goals are leadership competency (DCM) and Functional competency. To achieve these goals, the company has established a development plan based on improving individual ability and capacity through work experience in addition to training programs. Training program is comprised of the “Leadership College” and “Professional College”.

Leadership College

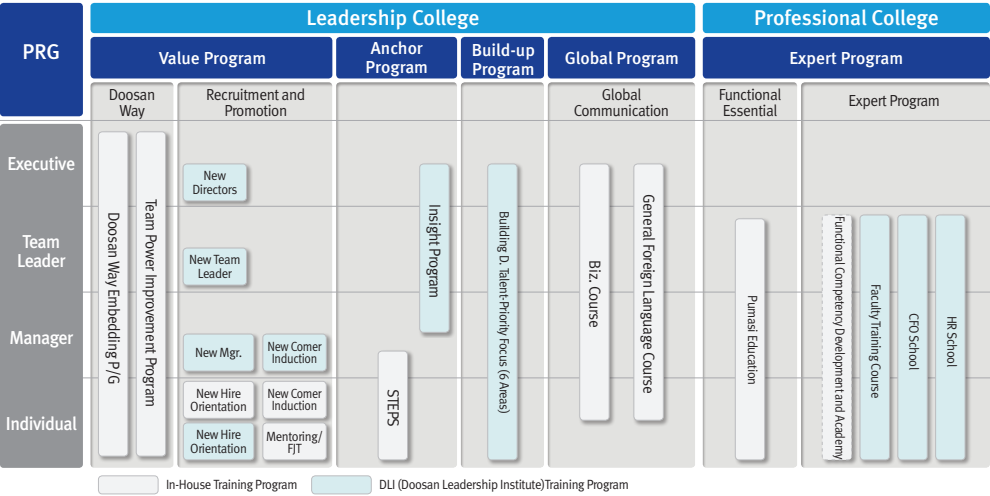
The Insight program is designed to help all Doosan employees, understand and acquire the essential leadership skill for each role level. It is being introduced in stages, starting with executive, team leader, part leader and Individual. The company has also invited well-known people and experts in leadership and innovation to provide input so that employees are provided with information on the latest trends as part of development. In addition, the company also offers Biz Chinese and Intensive English language classes in order to improve global competitiveness as a preliminary stage for tapping into a new market and strengthening its global business competitiveness. The company support for overseas professional technical training and backpacking trips to help employees build a global mindset and experience.

Professional College

Doosan Engine is developing functional competency by identifying unique and global standard expertise and excellence in order to build strong competitive edge. Based on this, the company plans to develop ‘Doosan People’ with real skills based on the philosophy of ‘Doosan Way’ and provide a basis for career development plan.

Individual Development Plan

Doosan has its own development plan which includes customized individual development activities aimed at identifying and meeting development needs through interactive discussions between the assessor and assessee. In the past, It was stressed leader initiated development. This has changed to voluntary personal development with the person taking full responsibility of the action, and the team leader continuing to provide support in team members’ personal development activities. When creating a development plan, it is easier to identify root cause of development and provide examples of various development activities. In particular, DP evaluation (competency growth) is reflected in annual salary increase rate to better motivate people to develop themselves.



Next Step

Fair Evaluation and Reward

Doosan Engine maintains the highest level of rewards to recruit and develop talented people. Doosan Engine conducts a DCM assessment (Competency : How to achieve) and an MBO assessment (performance : What to achieve) based on the traits required of Doosan People. Compensation is determined by competency and performance with a salary and reward system determined through each evaluation annually. In 2013, the company stopped scoring people and implemented a new evaluation and reward system that shift in perspective from evaluation people to developing people. The new system is focused on identifying individual employees’ strong and weak points for development and employees are promoted and rewarded based on their capabilities and ability to play a higher role. It’s not a one-way direction when evaluators assess their staff, as they are required to talk to their staff one-on-one throughout the evaluation and development process as a measure to increase objectivity. In performance evaluation, evaluators do not focus only on the short-term performance of their staff but also in their good attempts in order to avoid excessive difference in rewards. This means that they no longer practice the forced distribution methods and employees are rewarded according to their performance result, leading to a better alignment between performance and rewards. In the case of technical staff, competency evaluation and standardized performance evaluation processes are applied as well.

In order to create more jobs, Doosan Engine plans to establish a more systematic roadmap to make hiring more detailed and realistic while also encouraging employees to make more effort in personal development. As for underprivileged groups and National Merit recipients, Doosan Engine will take more interest in them and provide them with more opportunities to minimize the loss of skilled manpower. We will continue to offer programs for employees to achieve work-life balance.

We will also continue to strengthen our leadership programs for people development with the focus on leadership and professionalism, so we have more employees with leadership skills in new and core businesses. To achieve this, we will promote the implementation of the ‘Learning Credit’, ‘Faculty training Program’ and ‘Pumasi Training’.

Learning Credit

Doosan Engine will implement the Learning Credit and practice the ‘Doosan Way’ to establish a voluntary learning culture, and support employees to develop their leadership skills and increase their expertise at the same time.

Faculty Training Program

Doosan Engine will identify experts in each respective area and have them teach others in their teams as part of its expertise training program as well as ‘Pumasi Training’. These selected experts will learn how to program their classes and give lectures with the support of the company.

Pumasi Training : Exchange of education, Cultivation of expert by field and reflecting individuals’ wishes

The Pumasi Training is designed to help employees better understand, learn and develop skills in other areas and the value chain with the goal of achieving higher performance. This is Doosan Engine’s unique training program through which employees are informed of important factors of work competence. In the short term, the ‘Pumasi Training’ works like a stepping stone between teams, which means customized training sessions are made available for different teams. Once the FC system is established for each function in the near future, this training will be integrated with other existing academic classes of each business division in order to form a more structured training system.





Development of Technologies that Create Environment and Value

Doosan Engine is making efforts to improve the marine environment and competitive environmentally friendly technology for future growth through technical training with the aim of becoming a global company that will play a leading role in the next 100 years.

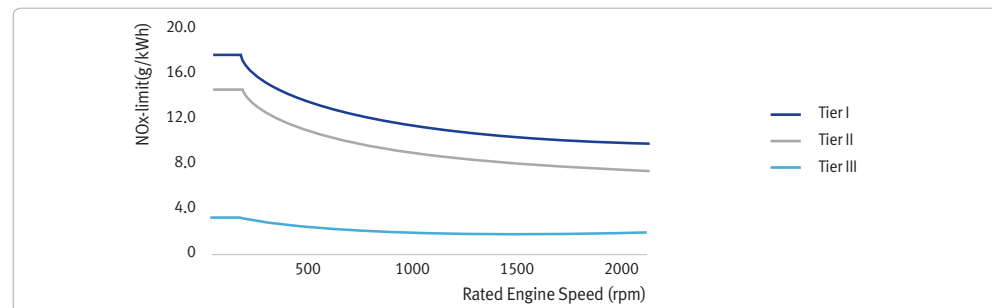


Context

The IMO* has been regulating NOx emissions since 2000 in order to improve the atmospheric environment by controlling NOx emissions from diesel marine engines. Today, the Tier II Regulation is in effect, and it will be followed by the Tier III (NOx 3.4g/kWh or less) in 2016. The implementation of this tier has been confirmed, and it will be first applied on the U.S. coasts, and the Baltic Sea, North Sea and Australian Seas will follow suit.

*IMO; International Maritime Organization

Doosan Engine is now developing more environmentally friendly technologies such as higher efficiency, environmentally friendly engines and DeNOx systems in order to comply with these stricter marine environmental regulations and the fierce competition in the marine engine industry. Doosan Engine is also strengthening its diesel power plant business by improving the energy efficiency of diesel power generation. Doosan Engine will continue to improve the Earth's environment by producing environmentally friendly and high efficiency engines, and achieve sustainable competitiveness in this area.



IMO NOx Regulations



Progress

Development of High Efficiency, Environmentally Friendly Engines

High Efficiency Environmentally Friendly Engine (MDT-G, Wartsila-X Engine)

This environmentally friendly engine has an increased piston stroke within the engine cylinder to increase fuel efficiency by up to 7% and reduce gas emissions by 7%. It is designed to satisfy the Tier II Environmental Regulations of the IMO. Doosan Engine and partner engineering companies have developed high output marine engines with higher fuel efficiency and less noxious gas emissions. With these environmentally friendly engines that can satisfy the needs of its clients who place great importance on being environmentally friendly, Doosan Engine is playing a leading role in the market for environmentally friendly engines.

Electronically Controlled Dual-Fuel Engine (ME-GI, DF Engine)

In February 2013, Doosan Engine won a contract from a U.S. shipping company to build a large low-speed marine engine with supply system that can use both LNG and diesel oil for the first time in the world. This will serve as a basis for the company to build the commercial production of electronically controlled dual fuel engines. Electronically controlled dual fuel engines primarily used clean, environmentally friendly LNG as its primary fuel instead of diesel oil, which is used only as auxiliary fuel. These next-generation environmentally friendly engines will significantly reduce not only ship operation cost, but also carbon dioxide, nitrogen oxide and sulfur oxide emissions.

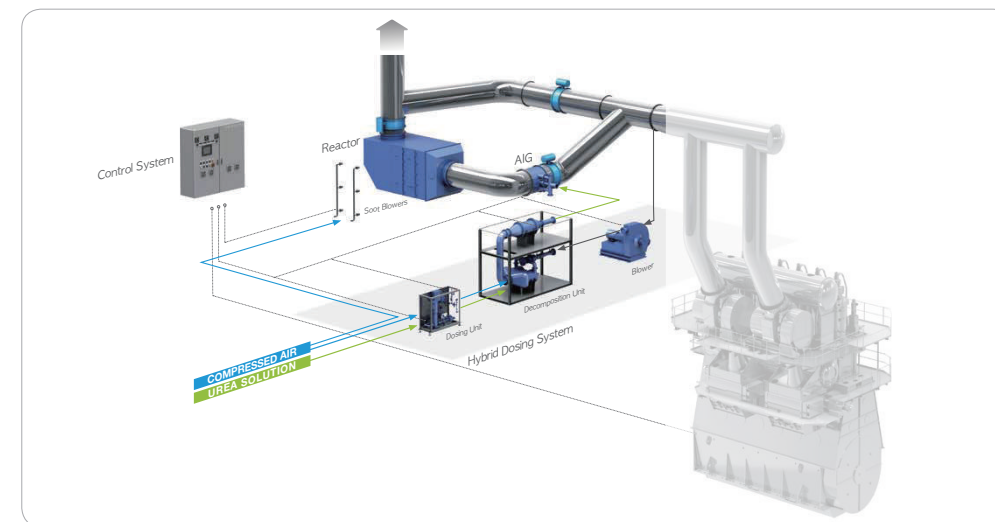


SCR (Selective Catalytic Reduction)

Environment

There is a growing interest in marine environment protection. For this reason, the IMO's Tier III Regulation will require NOx emissions to be reduced by 80% in order to prevent atmospheric pollution, taking effect from 2016. Doosan Engine, a top tier engine maker with advanced engineering, analysis and applied control technology, has been developing marine SCR since 2011 based on its expertise in the area.

The SCR is an environmentally friendly technology that converts NOx(NO and NO₂) in emissions into harmless N₂ and H₂O by using catalyst and reductant.



SCR System

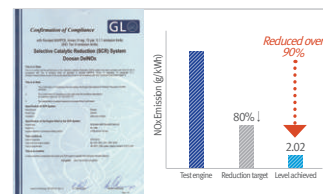
Technology

Since the conventional of SCR works at a temperature of over 300 degrees Celsius, its main components had to be installed around the engine. This takes up much of the space in the engine room. To overcome this technical limitation of SCR, Doosan Engine has been focusing on the development of a new SCR system while also developing a low temperature catalyst with the cooperation of global research institutes. We succeeded in developing a prototype low-speed engine for the first time in the industry to have the performance and technology of the catalyst and SCR system verified, and in June 2013, we became the world's first company to receive a certification from the GL classification for satisfying the IMO Tier III Regulation.

Doosan Engine's new SCR named DelNOx has excellent performance even in low temperatures, making it much easier to install the SCR since it can be installed away from the engine for more space efficiency. This will also add more versatility to designing a ship.

Service

Doosan Engine will provide a differentiated total solution by providing the package of engine and SCR as well as technical services to our clients based on years of expertise in the engine industry and our global network. We will also continue to create environmentally friendly future value.



GL COC Certification

*COC (Confirmation of Compliance)



Diesel/Gas Power Plants

Doosan Engine provides clients inside and outside Korea with a complete service package for the design, manufacture, construction and operation of power plants driven by low and medium speed diesel/gas engines. The company meets the requirements of the individual client and to satisfy various environmental regulations enacted by governments. Doosan Engine built the world’s first pollution-free 80MW diesel power plant in Jeju Island. This environmentally friendly power plant is equipped with all the necessary environmental pollution prevention systems such as deSOx, DeNOx and electrostatic precipitator. The Company has also supplied 100% of the emergency diesel generators to nuclear power plants in Korea, and it continues to build diesel power plants, providing a stable source of light and energy all over the world. We plan to maximize our EPC (Engineering, Procurement & Construction) capabilities to secure our position as a leading provider of diesel power plants.

Offshore Plants

Doosan Engine will continue to develop more advanced engineering technology based on its expertise in engine manufacturing technology with the goal of becoming a leading provider of offshore plants. The offshore plant market is growing as a result of increased deep-water development projects. To this, the company plans to become an expert in offshore plants to seek business diversification and sustainable growth, since its business is now heavily focused on marine engines.

Improved R&D Capabilities

R&D Organization Expansion and Technology Network Enforcement

Doosan Engine continues to increase the number of R&D staff and diversify R&D network in order to explore new business opportunities and maximize R&D synergy.

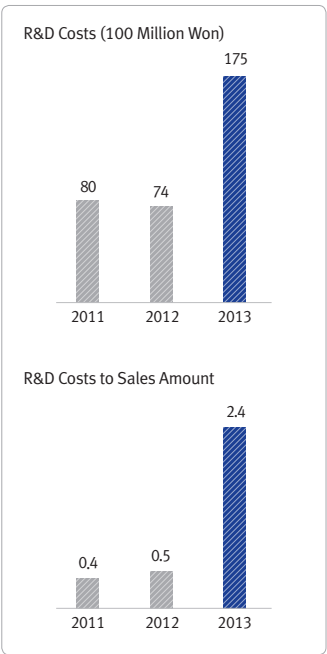
Our Changwon R&D Center is tasked with engine and mechatronics technology development, engine tests/ support, catalyst development and SCR test. One of our main tasks is to develop environmentally friendly technology and products and support commercialization. The Suji R&D Center has built a global technology network with the cooperation with the R&D centers of Doosan Group’s subsidiaries, industry-academia partnership research institutes and global engineering companies. By making effective use of this great research infrastructure, this R&D Center develops marine engines, environmentally friendly technology and cutting edge ICT (Information & Communication Technology).

Differentiated R&D Human Resources Development System

Doosan Engine has been developing its R&D people with globally applicable skills through the R&D Functional Competency Program since 2013.

The R&D Functional Competency Program is focused on improving the competitiveness of existing business and developing the core technologies for new business, while also increasing both corporate and personal value through people development. We have established and implemented a mid/long-term competency improvement roadmap with which to improve the competence of our researchers.

Research Fund Status



Next Step

Doosan Engine plans to develop manufacturing technology for electronically controlled dual fuel engines by 2014 in order to improve the value of the shipbuilding and marine industries and set new global technological trends with these new high-tech environmentally friendly engines and ship materials. Doosan Engine will increase its lineup of SCR products to include catalysts that can be applied in stationary engines in addition to low/medium-speed engines based on the Doosan's low temperature SCR technology in the area of marine engine. We will continue to develop new products such as SCR packages and high-performance catalysts. With this new lineup, we plan to maximize our corporate value and play a leading role in improving the environment.

INTERVIEW



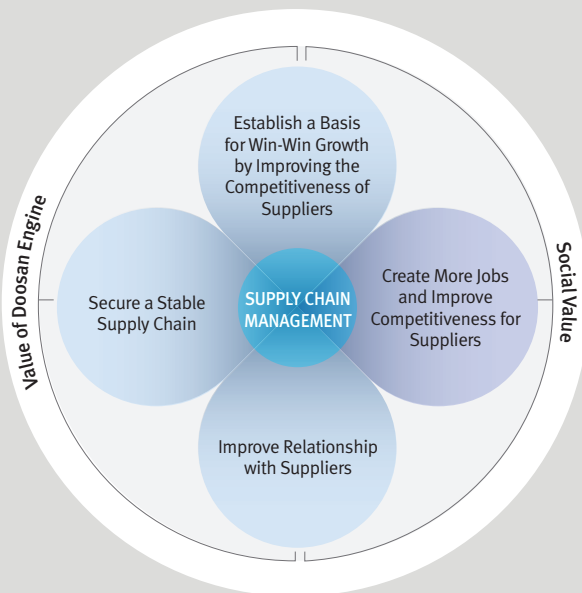
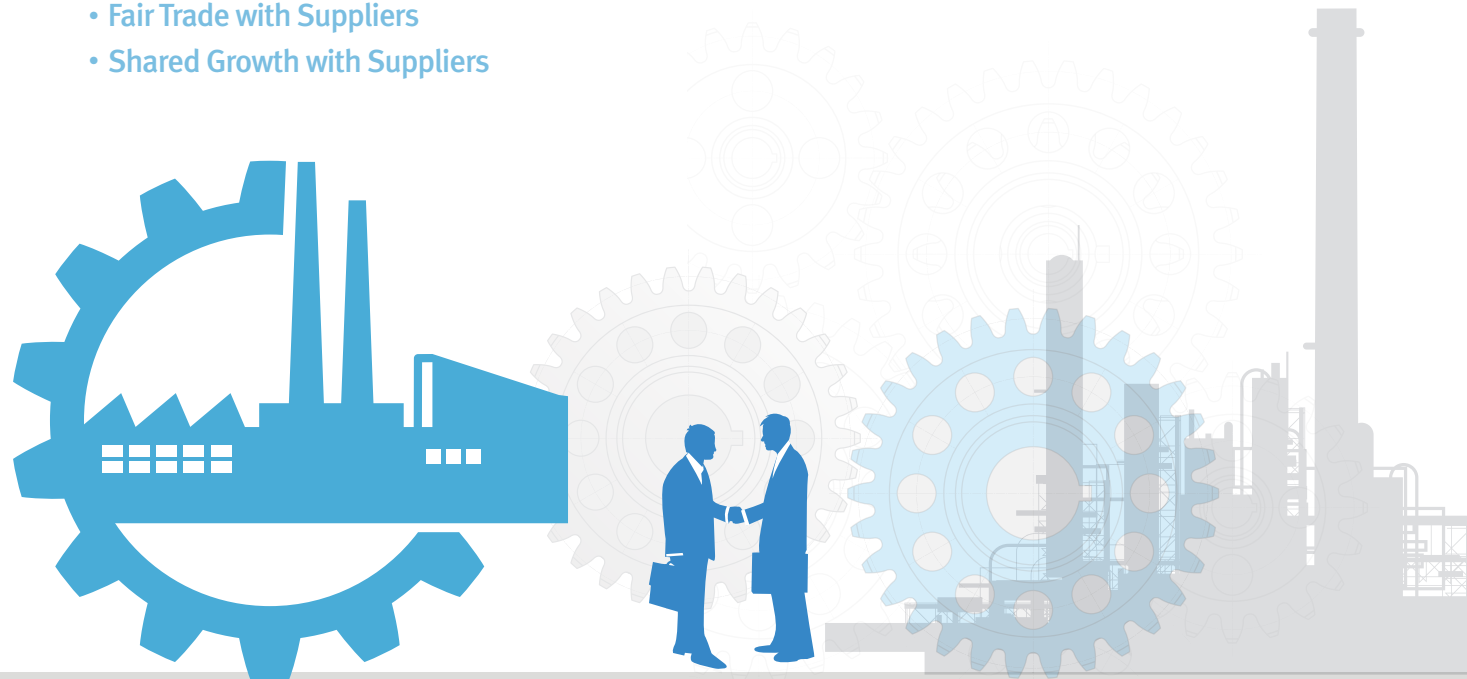
Today, there is a growing interest in fuel efficient engines due to oil price hikes and environmentally friendly engines for those seeking to build a 'green image'. As in the case of Doosan Engine which succeeded in developing new SCR systems, you can play a leading role in the development of marine engine technology through continuous improvement of R&D competence. Doosan Engine can secure its own unique license by actively participating in joint development projects with its technical partners.

SungBok Yoo, CEO of Wartsila Korea

II. Supply Chain Management

Management of a Mutually Beneficial Supply Chain

- Fair Trade with Suppliers
- Shared Growth with Suppliers



Integrity and transparency are fundamental Doosan strengths.
We make profit by creating value through fair and transparent activities. We acknowledge our mistakes and keep our promises. We never compromise our principles.

Our unique practice of Inhwa extends beyond the internal organization and embraces the entire Doosan community from our families to our shareholders, affiliates and partners.

We recognize that long-term success is built by respecting the rights of our suppliers, distributors and partners to earn fair profits.

- Excerpted from Doosan Credo -

Fair Trade with Suppliers



Doosan Engine has implemented a compliance program in order to improve transparent management and fair trade, and also established a code of conduct on fair trade. We are making continuous efforts to realize fair trade and transparent management by complying with our code of conduct.



Context

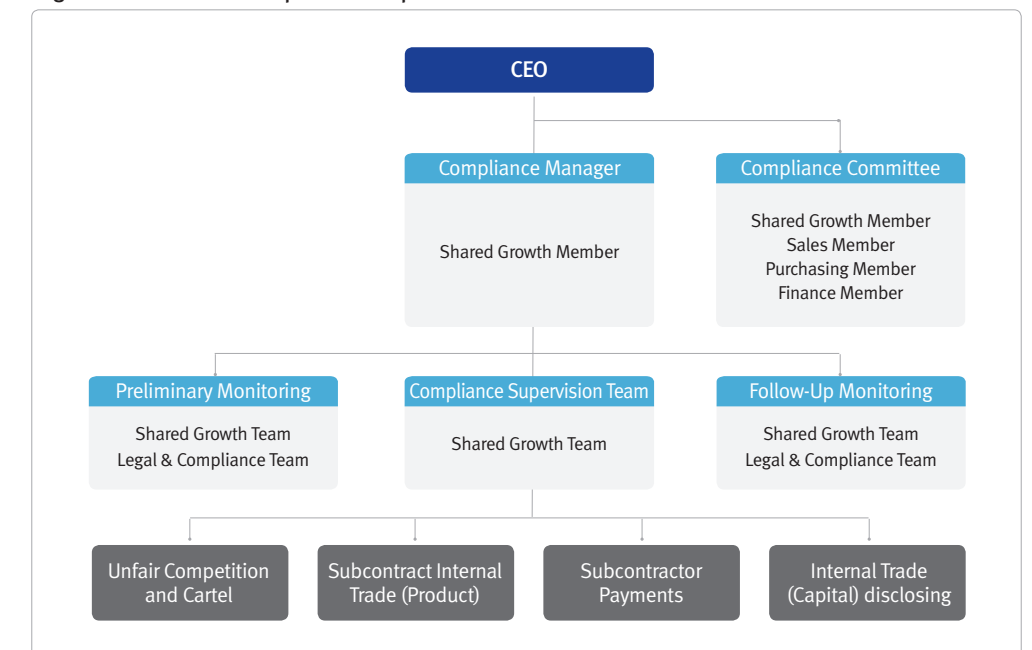
Doosan Engine implemented a compliance program in 2004, and has been practicing transparent and fair work process since then in order to meet demands for corporate social responsibility and for fair trade when dealing with suppliers. Doosan Engine has its own compliance program in order to comply with fair trade regulations. This program is designed to prevent violation of such regulations, monitor compliance and inform employees of related regulations. The company has published and distributed a handbook on compliance to help employees better understand relevant regulations.



Progress

Doosan Engine has also organized a compliance group under the direct supervision of the CEO in order to improve competitiveness through fair trade and transparent management. The compliance group is composed of the Compliance Manager approved by the Board of Directors, and the compliance group submits a compliance management plan and performance to the Board in the first and second half of each year.

Organization & Role of Compliance Group





Fair Trade Guideline

Doosan Engine has 4 Guidelines as its company regulations to ensure fair trade with suppliers.

First is the ‘Guideline on Recommended Contract Signing’ with the aim to fairly reflect suppliers’ profit and prevent the breach of the principle of freedom of contract by abusing the company’s superior negotiation power in signing contracts. Related persons are advised to follow the content of this guideline to practice and promote reasonable and fair trade.

Second is the ‘Guideline on the Organization and Operation of Internal Audit Committee for Subcontracts’ with the aim to review the fairness and legality of the contract in advance by organizing an internal audit committee for subcontracts that are worth over a certain amount, and contribute to ensuring fair subcontracting practices.

Third is the ‘Guideline on Selecting and Managing Suppliers’ with the aim to improve the transparency and fairness in selecting and managing suppliers by announcing the process and result of selecting suppliers as well as standards for selecting certain suppliers. It also provides standards for cancelling registered suppliers to ensure transparent management.

Fourth is the ‘Guideline on Recommended Issue and Preservation of Written Documents’ for encouraging the issue and preservation of written contracts when and after signing a contract with a supplier to prevent unfair trade with suppliers in advance, seal subcontracts and protect the rights of suppliers.

Compliance Program

Doosan Engine has implemented a compliance program in order to improve transparent management and fair trade, and also established a code of conduct on fair trade. The Company is making efforts to ensure fair trade and transparent management by complying with this code of conduct.

Doosan Engine first established the management regulations for this compliance program in 2004 in order to practice the 7 factors of the program, and has been carrying out various activities.

Doosan Engine ensured more detailed activities by developing set of procedures such as the ‘CP Monitoring System Management Procedure’, ‘CP Education Program Management Procedure’, ‘CP Document Management Procedure’ and ‘Management Procedure on Penalties for Employees Violating the Competition Law’.

7 Factors of the Compliance Program

1. The CEO expresses his determination on compliance (every year)
2. Appoint the Compliance Manager as decided by the board of the directors (upon occurrence)
3. Print and distribute handbook on compliance (every two years)
4. Offer education program (every year)
5. Establish and implement compliance monitoring system (every quarter or half year)
6. Penalties on violation of the law (upon occurrence)
7. Document management (every year)

As a result, Doosan Engine has not had cases of violation of fair trade and subcontract laws in the past 10 years, and has continued to receive ‘A’ or ‘BBB’ in compliance program management from the Fair Trade Commission.



Selection and Evaluation of Suppliers

Doosan Engine provides fair trade opportunities to all the suppliers through a collaboration system called the COVAN system, and accepts on and offline applications from suppliers to reflect their opinions and problems.

After a applicant company’s basic information is entered on COVAN according to the manual and submitted to the purchasing staff for review, the submitted application is categorized by case so related teams (purchasing, quality, engineering, etc.) can visit and evaluate the applicant company, which can be registered in accordance with the final internal regulations. In addition, the supplier will be provided with feedback on the evaluation results (business management, purchasing/manufacturing, technical skills, quality, etc...) to make the evaluation system transparent.

Fair competition and trade are a basis for strengthening the supplier’s competitiveness. We will continue to make efforts to apply fair and transparent management principles in all the transactions with suppliers, and fulfill our social responsibilities.



Next Step

The company will improve the CP manager’s level of expertise in order to become a company that is loved and respected by the clients for complying with the laws and principles on fair trade and contributing to healthy business transaction. We also plan to operate our compliance program by taking initiatives in fair trade issues and prevent violation of the law.

INTERVIEW



During the economic crisis of 2009, Doosan Engine was one of the few companies that practiced mutual growth management for the sake of suppliers even though there was less demand in the shipbuilding market. This is why Doosan Engine’s suppliers have trust in its parent company. In addition, Doosan Engine has also been hosting quality forums with its suppliers to share relevant issues with them in effort to ensure mutual growth between the parent company and suppliers. I hope Doosan Engine to continue to make room for mutual growth through continuous exchange, mutual cooperation, education and field visits.

Hong-kyu Hwang, President of Yu-sung Machinery Ind.



Shared Growth with Suppliers

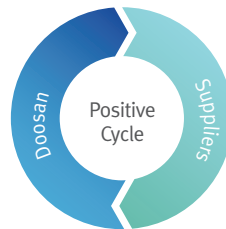
Doosan Engine's motto in shared growth is creating a 'positive cycle of partnership' to ensure shared growth with suppliers, and we offer a wide range of programs on strengthening suppliers competitiveness. This is part of our endeavor to ensure fundamental competitiveness for both Doosan Engine and our suppliers and to realize sustainable growth.



Context

The purpose of creating a 'positive cycle of partnership' is to include all of our suppliers in our own technology/quality/management and business systems so as to turn them into a unitary system. The aim is to improve the competitiveness of the overall production and supply system instead of being limited to a mere purchasing agreement/subcontract. Through this, we seek to build a stronger partnership with the suppliers by sharing profits.

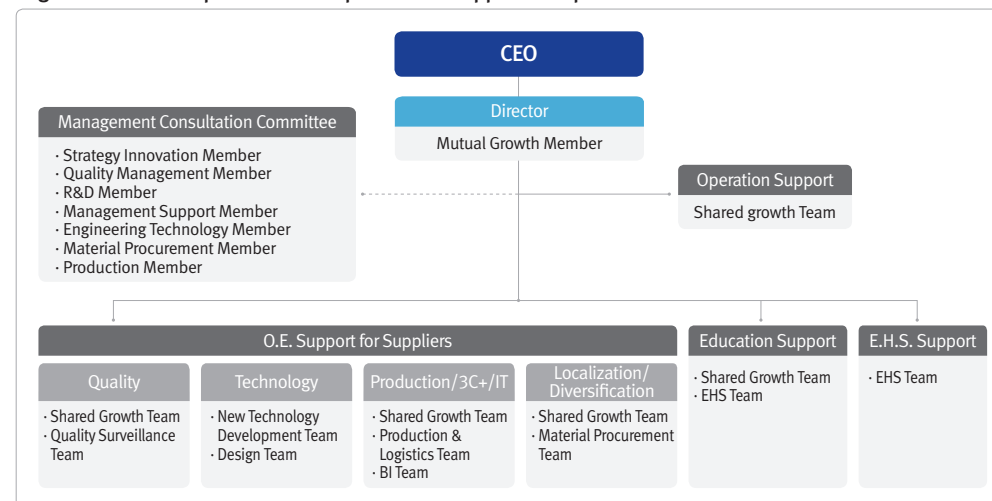
Create a 'Positive Cycle of Partnership' for Shared Growth with Suppliers ⇨



Progress

Doosan Engine developed a support program for shared growth in order to create a 'positive cycle of partnership' and sign a 'shared growth agreement' with suppliers every year. We have the Shared Growth Team, which carries out competitiveness improvement activities with suppliers under the supervision of the Competitiveness Improvement Support Group.

Organization of Competitiveness Improvement Support Group



Competitiveness Improvement Support

O.E. Activities of Suppliers

Doosan Engine is carrying out O.E. (Operational Excellence) activities with the aim to resolve issues by visiting the suppliers in the areas of quality, technology, production, IT system and factory innovation through which to meet their needs. In particular, we support suppliers' domestic development to contribute to increasing their sales.

Domestic Part Development Support for Suppliers with Purchase Conditions

Doosan Engine has participated in the new product development project with purchase conditions that was promoted by the Small & Medium Business Administration from 2005 to 2013, and helped suppliers receive government grants that amounted to a total of 1,977 million won for 12 projects. As a result, Doosan Engine has contributed to improving the suppliers' competitiveness.

Category	Before 2011	2012	2013
New Product Development with Purchase Conditions (Item)	11	0	1
Government Grants (Million Won)	1,727	-	250

Sub-vendor Quality Guidance Team

Doosan Engine has a sub-vendor quality guidance team dedicated to improving the quality of its suppliers. The team offers single PPM(parts per million) instruction activity every year. As of the end of 2013, a total of 186 items from 104 companies received the Single PPM(parts per million) Certification from the government.

Category	2011	2012	2013
No. of Single PPM(parts per million) Quality Instruction Companies	100	102	104
No. of Single PPM(parts per million) Certified Items	172	184	186

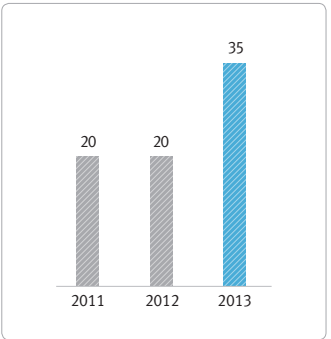
Health and Safety Evaluation and Education for Suppliers

Doosan Engine has been supporting its inside and outside suppliers with their health and safety programs since 2012, and helped them receive an 'A' grade from the Ministry of Employment and Labor Changwon. In 2013, Doosan Engine conducted a risk assessment of 41 suppliers, installed safety rails and hosted a total of 120 safety sessions. In these sessions, safe crane operation training was offered, safety regulations at each of the sites were attached, the safety of lifting tools was assessed, plan forms for safety-related work plans were provided, instructions were given on how to create safety plan forms and special safety instructions were provided.

Training for Suppliers' Employees

Doosan Engine offered 77 hours of training to a total of over 600 supplier employees in 2013 alone, with topics such as change management, cost improvement in 8 areas, functional training, welding, processing and facility. In the same year, Doosan Engine also offered 61 hours of financial, quality and production training sessions to 45 supplier employees with the support of Changwon National University in order to improve the competence of suppliers' employees. Doosan Engine plans to continue to offer job training sessions to improve the competence of suppliers' employees.

Amount of Shared Growth Fund
(Unit: Billion Won)



Financial Support

Shared Growth Fund

With the aim to provide suppliers with direct and indirect financial support, Doosan Engine raised a fund of 35 billion won with a financial institution to provide suppliers with a loan at lower interest rate.

Category	2011	2012	2013
Amount of Shared Growth Fund	20 Billion won	20 Billion won	35 Billion Won
Loans from Shared Growth Fund	-	17.8 Billion Won	20 Billion won
Recipients of Shared Growth Fund Loan	-	17 Companies	18 Companies

Improvement of Payment Terms

Doosan Engine paid 96 high performing suppliers in cash (20%~100% of monthly payment) in 2013, and helped them improve their cash flow by changing the payment term from twice to three times in October 2012. Doosan Engine also donated 100 million won to the Small & Medium Business Support Foundation, provided management consulting for its suppliers, supported them with raw material purchasing and offered raw material cost-linked utility rate system.

Group Purchase

Doosan Engine has been promoting group purchasing activities for its suppliers to purchase steel plates, welding rods and raw/subsidiary materials at a competitive price. Doosan Engine finds companies with competitive price and quality for suppliers so they can group-purchase the materials that are hard to buy at a competitive price on their own.

Promote the local economy by purchasing parts in the local area

Local Purchase Amount by Year

(Unit: 100 Million Won)

Category	2011	2012	2013
Internal Capital	9,368(80.9%)	6,906(77%)	4,246(81.6%)
External Capital	2,208(19.1%)	2,062(23%)	958(18.4%)
Total	11,576(100%)	8,968(100%)	5,204(100%)

Improved Communication with Suppliers

Doosan Engine provides its suppliers with consulting services to help them with their problems, holds conferences with suppliers, hosts forums and workshops and has the CEO visit the suppliers in order to communicate more effectively better with them and promote mutual understanding and trust.

Category	2011	2012	2013
CEO Visits	-	8 Companies	12 Companies
Conferences with Suppliers	18 Times	15 Times	13 Times



Shared Growth Workshop

Doosan Engine invited the sales representatives of 101 suppliers to the ‘Shared Growth Workshop’ in November 2013 to share the survey results, open a session on fair trade, share outstanding cases and listened to their problems to improve communication with them.

Shared Growth Quality Forum

Doosan Engine hosts a quality forum with its suppliers to boost their quality awareness. The quality forum held in June 2013 was attended by the CEO, directors and team leaders of Doosan Engine and representatives of 160 suppliers, who announced their quality policies, shared related issues and had a discussion on cooperation.

Heath Check-Up for Suppliers

Every year, Doosan Engine supports health check-ups for the representatives (and their spouse) of 10 suppliers with outstanding performance after a comprehensive evaluation of suppliers as part of shared growth program.

Category	2011	2012	2013
Health Check-Up Support (Number of Beneficiaries)	-	9	10



Next Step

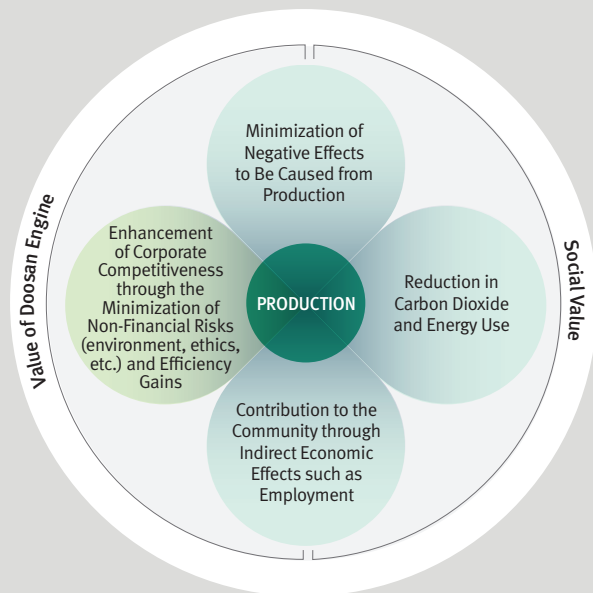
Due to the recent social paradigm shift, the concept of global competitiveness has changed from competition between individual companies and systems to competition between supply chains including the suppliers. Doosan Engine plans to actively cope with this shift and continue to develop and support a number of shared growth programs that meet the needs of suppliers.

In 2014, Doosan Engine plans to promote a total of 33 activities with three KPI strategic objectives: competitiveness improvement support, financial support and communication improvement. Doosan Engine will also sign a shared growth agreement with 104 of its suppliers and run a support team for improving suppliers’ competitiveness in order to support shared growth program and keep its promise in creating a healthy corporate ecosystem for shared growth with our suppliers.

III. Production

Production Based on the Respect for Human Rights and Environment

- Respect for Employees' Rights
- Safety and Health Management
- Green Management



Inhwa best expresses who we are and provides us with a unique competitive edge.
We define Inhwa as teamwork in the truest sense of the word, grounded upon fairness and camaraderie. By carefully following these virtues we have created One Doosan; a collective strength built on the contribution of a wide diversity of individuals. Inhwa means we maximize our organizational strength and potential through true teamwork built on defined, transparent rules of fair play. Selfish rivalries between individuals or departments have no place at Doosan and discrimination of any kind is not tolerated. Inhwa means each individual contributes to the success of their colleagues and team, resulting in both excellent team and individual performances. Inhwa also means we are open; Doosan welcomes proactive ideas and constructive criticism from everyone, regardless of seniority or position. Our unique practice of Inhwa extends beyond the internal organization and embraces the entire Doosan community from our families to our shareholders, affiliates and partners.

We provide clean and safe working environments.
Doosan maintains all our facilities to the highest possible standards. This is the basis for superior productivity as well as being our responsibility to our people, their families, our customers and shareholders. Environmental protection is our duty and obligation to every community where Doosan does business. We know this ultimately results in greater value creation.

- Excerpted from Doosan Credo -

Respect for employees' rights



Employees are important stakeholders and concurrently the subjects who lead business. We are well aware that employees are the backbone of business growth, and comply with laws and regulations related to human rights and working conditions. We also make various efforts such as systemic improvements, to respect the rights of our employees.

Context

We are enhancing our core competence by managing various environments based on the talent management philosophy of 'People are the Future' and the basic concept of 'The development of people leads to that of business.' In addition, we are improving the competitiveness of the organization by running various programs, such as enhancement of communication capability, grievance resolution process, strengthening of the welfare system, fair evaluation and remuneration, to ensure the rights of employees and to form a proper work culture. We are endeavoring to enhance personal empowerment ultimately by boosting loyalty to the Company and motivating people through welfare benefit strengthening and rights improvement.

Progress

Programs to Respect the Rights of Employees

Doosan Engine is building the working environment for employees to continue to work in a stable environment aligned to in-house policy established throughout the whole process, such as recruitment, hiring, and retention. The company complies with laws and regulations related to human rights and working conditions through work types and employment, and prohibits child labor and forced labor in all workplaces in accordance with the Labor Standards Act and the policies of the International Labor Organization(ILO).

Doosan Engine does not discriminate employees on the basis of gender, religion, race, age, education, etc. The Company shows low female employment rate relative to male due to the nature of the industry. However, we are making plans to increase the rate of female employment every year. We actively promote female personnel taking maternity leave before and after childbirth and parental leave to prevent career breaks. In addition, we are striving to respect various rights of employees systematically and culturally in such a manner that gives them training in sexual harassment prevention and operates the system for redressing their grievances in accordance with the Equal Employment Opportunity and Work-Family Balance Assistance Act. Employment rate for people with physically challenged people was 2.1% in 2013, and we plan to push for an increase in their figure going forward.

The company encourages employees to establish their own short-, medium-, and long-term career development plans individually; communicate regularly with their line managers; and place their jobs in rotation in a way that reflects their desire and ability, in order to assist them in realizing their own vision through the work performance. In addition, we are conducting the Why campaign that explains the purpose and core of work to employees and encourages communication with each other without carrying the burden even about incomprehensible matters.This helps employees to develop a two-way communication culture.

Coexistence of Labor and Management

Doosan Engine holds a regular meeting of the labor-management council on a quarterly basis and an extraordinary meeting thereof from time to time to promote the welfare of employees, address their grievances, improve working conditions, and build up employees' health. The labor-management council, make an effort to promote the common interests of both labor and management through unreserved discussions on matters brought before the council.

In addition to the labor-management council, the occupational safety and health committee, grievance committee, joint labor-management safety inspections, musculoskeletal hazards investigations, etc also exist for cooperative working. Informal gatherings between labor and management have also been encouraged to facilitate discussion on matters a mutually acceptable resolution on matters where possible.

Occupational Safety and Health Committee

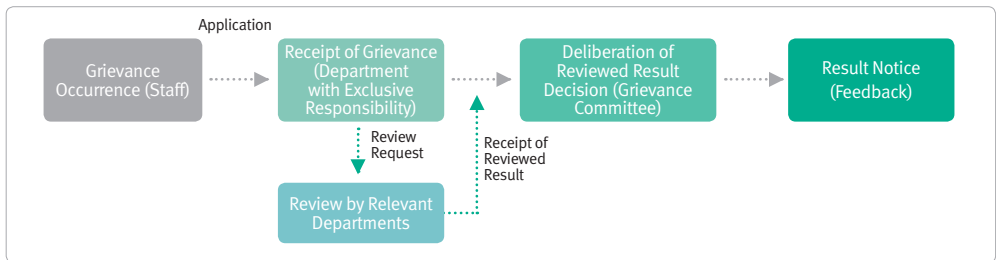
The occupational safety and health committee consists of equal numbers of members from employees and the employer, and is organized to consider or resolve important matters concerning occupational safety and health. The committee represents approximately 75% of employees except for team leaders and officers and deliberates on and operates the whole labor-management EHS through a regular meeting, extraordinary meeting, working-level meeting, and the like once or more per quarter.

Classification	Meeting Cycle	Composition of Committee
Regular Meeting	once or more /quarter	· Labor side: employee representative Honorary occupational safety supervisor (head of occupational safety and health department), nine workers or less designated by the employee representative · Employer side: business representative (safety and health officer) Safety and health manager, nine department heads or less designated by the business representative
Extraordinary meeting	When necessary	Same as above
Working-level meeting	once or more /month	· Labor side: honorary occupational safety supervisor, and two members of the occupational safety and health committee or less. · Employer side: EHS team leader, safety manager, health manager

Grievance System for Employees

Doosan Engine operate a grievance system to raise the morale and work satisfaction of employees by collecting and addressing their grievances. Grievances are addressed as either individual or organisation grievances through the following stages: hearing the opinion of grievance unit; reviewing various regulations and situations for such grievance; conducting an interview(s) with staff in charge of grievance treatment; reporting the result internally; and making a final decision. Doosan Engine plans to continue to study the grievance treatment process in the future, which is angled towards situations of the times and employees and then increase employees' satisfaction.

Grievance Treatment Process



Reinstatement after maternity leave, and the rate		(unit: persons, %)		
Classification		2011	2012	2013
Parental leave Number of persons having obtained leave	Men		1	
	Women	3	2	1
Rate of the return to work after maternity leave	Men			
	Women	100	100	100
Rate of working for more than 12 months after the return to work	Men			
	Women	100	100	100

Welfare Benefits

Work/Life Balance

Doosan Engine is supporting various programs under the principle that work performance is maximized when employees live in comfort and satisfaction. The company encourages two weeks of summer vacation and one week of winter vacation each year, and supports programs for the work - life balance through the designation of the 'Family Day' every Wednesday. In addition, welfare benefits are provided to employees through the home loan support system and the operation of company housing, medical support, educational expenses support system for children of employees, and the opening of a day care center in Changwon support couples where both parents work.

Status of Major Welfare Benefits

Support Programs	Contents of Support
Leisure Support	Summer vacation, winter vacation, refreshment vacation, condominium support, etc.
Housing Assistance	Provision of dormitories for unmarried persons, provision of company housing for the non-homeowners, assistance of home loans, etc.
Childcare Support	Operation of day-care facilities, education expenses aid, reference book aid, etc.
Vehicle Support	Operation of commuter buses, vehicle support for an occasion for celebration and condolence
Total Mutual Aid Services	Support for the mutual aid support service system, leave for celebration and condolence, support for expenses for gifts of celebration and condolence
Medical and Health Support	Surgery support, support for comprehensive health examination, taking out of group accident insurance and savings insurance, operation of medical office and physical therapy management, influenza vaccination, operation of the primary care physician system, etc.
Other Supports	Long-service awards, provision of uniforms, provision of gifts for traditional festive days and anniversary, athletic meets for each department, Doosan family festival, camp support for officers' and employees' children, support for birthday and wedding anniversary gifts, etc.

Support for Hobbies and Leisure Activities

Doosan Engine has organized employee clubs and also provides allowances to support employees' hobbies and leisure activities. As of the end of 2013, there were a total of 18 clubs including sports, potted plants, photograph and music, and more than 90% of the employees have joined at least one club.

Employee Retirement Benefit Plans, and Support for Retirees

Doosan Engine has taken out a defined benefit retirement pension(DB) to ensure stable retirement payment. In addition, we assist employees in acquiring skills to achieve strategic goals in changing work environment. In particular, we provide retraining for prospective retirees with continuing work in mind, and assist employees in preparing for life after their retirement by taking their age and length of service into consideration sufficiently and giving retirement allowances.



Next Step

Doosan Engine will build the foundation for its growth as a global company in a manner that our employees continue to maintain, develop and create a better working environment and conditions so as to respect their rights, improve productivity, and boost their loyalty to the company. Also, the company will spare no effort to raise the quality of life of employees through various means, such as communication programs, and development, education and training of human rights-related business processes.

INTERVIEW



Because Doosan Engine forms the basis of employees' livelihood, the labor union also hopes for the Company's lasting development. To elevate the Company's status as a major domestic enterprise, Doosan Engine needs to make an effort to consider employees' position from a long-term perspective rather than from a short-term advantage. In particular, it is necessary for the company to increase CSR activities to consider the supply chain in such a manner that expands welfare and convenience facilities for outside vendors and suppliers which reside on the premises.

Sang-Woo Lee, Union Leader of Doosan Engine

Safety and Health Management



Doosan Engine endeavors to make a safe and healthy workplace for employees by not only complying with safety and health requirements at home and abroad but by applying internal standards that are more stringent than legal standards. Further, the company does its utmost to expand the scope of safety and health management to suppliers and the community to make it an accident-free and pollution-free workplace.



Context

Safety and Health are the basics of all production activities, and workers are entitled to work in a safe, comfortable environment. Doosan Engine is well aware that the safety and health of workers is an essential element of the company's sustainable development, and considers the safety of workers a top priority in all production activities. In addition, we are examining how to operate in the most safe manner by identifying and taking measures against risk factors in advance through systematic safety evaluations, hazard investigations, and other methods, from design to production to investment.



Progress

Safety and Health Management Policy

Doosan Engine is establishing and abiding by the EHS management policy to realize workers' safety and health, and internal and external stakeholders' satisfaction in all business activities, based on the management philosophy of human dignity.

EHS Management Policy

Doosan Engine is a world-class manufacture and supplies of diesel engines for ships and power generation. As such it has established an Environment, Health and Safety management policy. All employees are required to follow this policy for all aspects of work. The policy is based on the management philosophy of human dignity and a comfortable environment being maintained for all, and comprises.

1. Place a top priority on prevention of accidents related to environment, health, safety and create a safe, comfortable working environment.
2. Operate the emotional safety management and make preemptive safety culture take root.
3. Improve the health care system to maintain and promote the health of workers.
4. Establish the greenhouse gas management system to continuously strive to reduce greenhouse gases.
5. Build integrated safety management with suppliers to establish an autonomous safety management system.
6. Set goals for environment, health safety and ensure improvement in implementation.
7. Comply with international conventions and domestic laws and regulations concerning environment, health safety.

President and CEO of Doosan Engine
Dongchul Kim

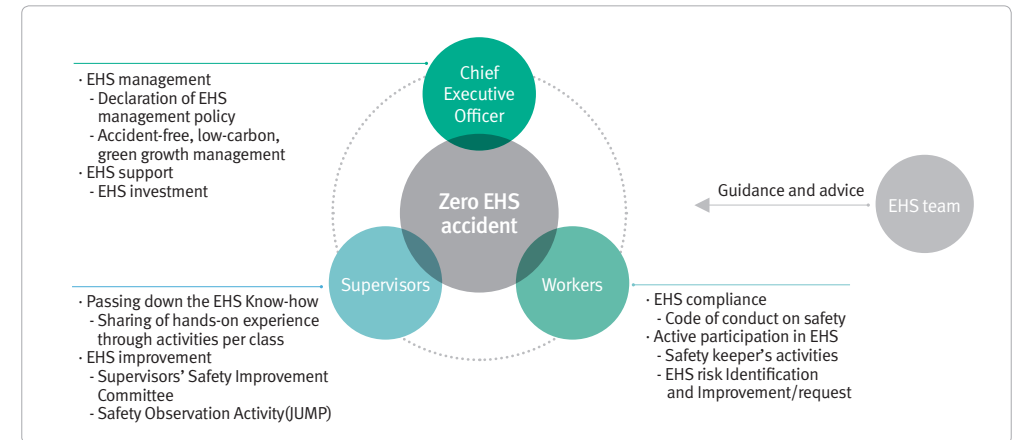
Kim Dong Chul



Organizations and Systems for Safety and Health Management

Doosan Engine is operating the safety and health management system under OHSAS18001 and KOSHA18001 to create a healthy and safe working environment. The occupational safety and health committee consisting of eight members (from four labor and four management) discusses details of environmental improvement, accident prevention, health diagnosis and education, etc., and each employee sets and practices his/her own safety goal to reduce the event rate.

Hierarchical role in EHS



Safety Supervision

Doosan Engine Work is fostering worker's awareness of safety by formulating codes of conduct on safety for each work process, processing equipment, and transporting equipment and using them before the start of a given job and as TBM (tool box meeting) materials. We are carrying out preventative EHS activities by each position and department to prevent accidents on the shop.

Safety keeper's activities

Safety keeper's activities are those in which all workers participate to enhance the effectiveness of the safety management on the floor and to prevent accidents. In this regard, a worker is designated as a safety keeper for a period one week to improve unsafe acts and conditions voluntarily. This contributes greatly to not only maintaining the safety of workplace and colleagues but raises the responsibility for the safety on the shop floor in a manner that leads workers to continuously participate in such safety activities. As a result of this ongoing safety supervision, Doosan Engine showed a low rate of injury and occupational illness incidence in 2013.

Accident rate in 2013

	Total workforce (total number of employees + supervised workers)	Injury rate (total number of injuries / total working hours) * 200,000	Occupational illness incidence rate (total number of occupational illness incidence/ total working hours) * 200,000	Lost workday rate (total number of lost workdays / total working hours) * 200,000
Men	1,027	0.17	0.08	6.39
Women	0	0	0	0

Supervisors' Safety Improvement Committee

The supervisors' safety improvement committee composed of managers on the shop floor identifies risk factors on site every month, takes corrective measures, and provides training in line with those measures.

Real-time inspections and measures by safety managers dedicated to each section of the shop floor

Safety managers dedicated to each section for the shop floor identify unsafe acts and conditions in real time and register the results in a computer system after taking immediate rectifying measures. The rectified results are analysed comprehensively for feedback, reflected in the “EHS evaluation” to induce voluntary participation.

System for managing harmful chemicals and hazardous, dangerous equipment

We apply strict management standards in the entire phase from purchase to disposal of harmful chemicals to minimize such substances that may result in adverse effects on humans and the environment. To this end, an inventory of all chemical substances to be used, and reviewed harmfulness of and investigate reproductive toxicity / carcinogenicity of products containing new chemicals to establish a database on the results of such review and investigation.

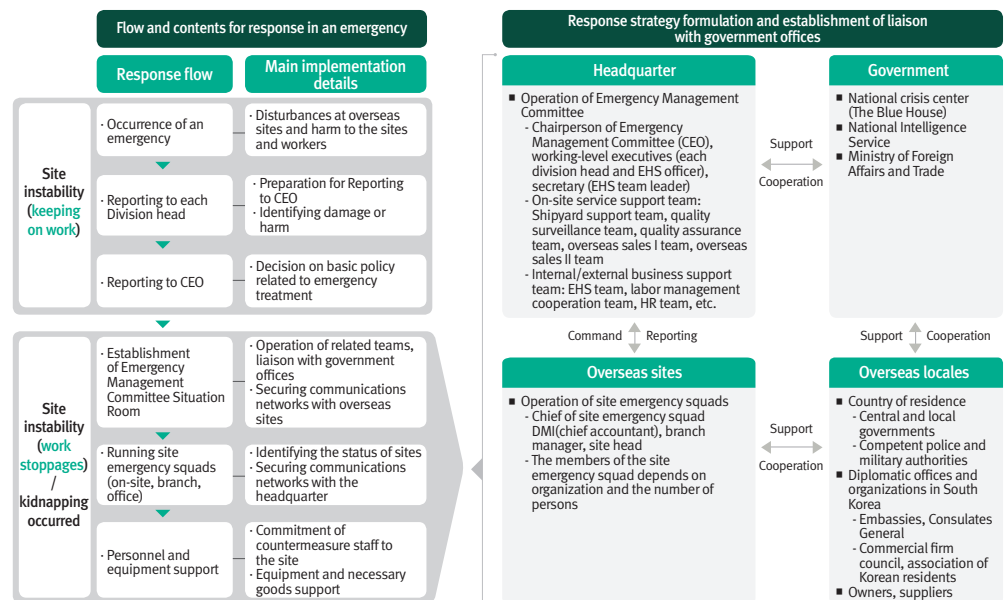
We not only prevent serious occupational accidents being caused from harmful or dangerous equipment by implementing the PSM(Process Safety Management) system, but also work to ensure workers' safety and prevent a neighborhood near the workplace from suffering damage through the establishment of an autonomous accident prevention system on site.

Establishment of Emergency Response System

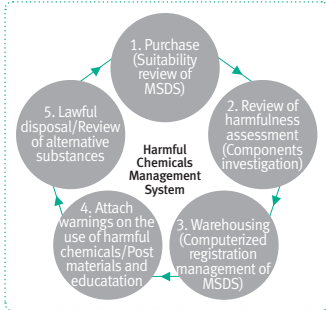
Doosan Engine conduct regular emergency drills for employees to ensure the ability to respond to such a state of emergency as fires and explosion accidents, and is pushing to build an essential infrastructure against disasters. through the organization of an emergency response TFT.

Establishment of Crisis Management & Response System at Overseas Workplaces

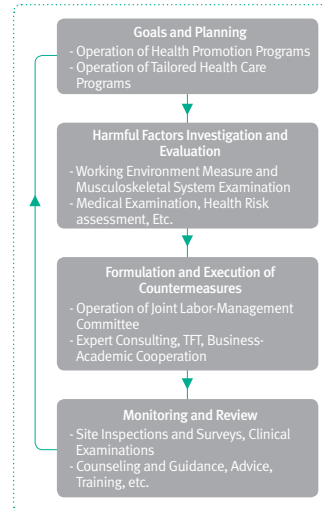
The company is operating the overseas workplace risk management and response system to prevent risks that may occur at overseas workplaces or any location employees are dispatched. This system minimises damage even in crisis through the protection of major assets abroad as well as employees when damage or harm occurs.



Harmful Chemicals Management System



Health Care Management



Health Management

Doosan Engine periodically investigates and evaluates factors harmful to potentially the health of an employee to prevent occupational and adult diseases that could be manifested due to lifestyle changes. The company actively gives employees support so they work in a healthy, comfortable environment through the operation of health promotion programs and tailored health care programs for individuals. In particular, we are well aware of such diseases as noise-induced hearing loss, musculoskeletal disorders and cardiovascular diseases, all of which could occur to certain groups of workers and so are monitored continuously.

Health Promotion Programs

Doosan Engine operate health promotion programs to support in the prevention of various adult diseases, cerebropathias, cardiovascular diseases and musculoskeletal disorders that could arise from repetitive tasks, handling of heavy materials, or other causes; as well as aging and lack of exercise, lifestyle changes, etc. The company actively assists employees in maintaining a healthy life to minimise risk through: risk assessment of disease outbreak (based on the results of various examinations); comprehensive regular physical examinations for risk groups (low/medium/high); primary care physicians' health care(counseling and medical treatment, prescription); and guidance on improvements in healthy life styles(exercise instruction, low-salt diet, no smoking clinic). Further, Doosan Engine operates a system for the health care and health promotion of employees' families, such as each year's seasonal flu and novel flu vaccination, comprehensive physical examination, and medical expense support.

Tailored Health Care Programs

Doosan Engine operates a health care program considering individual health characteristics through a collaborative team connected with external experts and business-academic complex, such as Yonsei University Graduate School of Public Health, occupational environment medical center, and KOSHA. We have set up exercise rooms and fitness centers, and also built operate a Wellness Clinic System which has introduced physical strength-diagnosing equipment and personalized exercise guidance equipment. For those who suffer musculoskeletal pain and personal injuries, support is provided through personalized exercise programs (KEMA) every day at the exercise therapy room after medical evaluation. For patients with chronic diseases, such as adult diseases, we operate a primary care physician system through which employees can receive diagnosis, clinical examination, lifestyle modification guidance, and stress counseling services.

Health Care for Suppliers

For employees of suppliers working on the premises, we are also taking pains with not only prevention of occupational disease but personal disease management, through primary care physicians, vaccination, harmfulness evaluation of chemicals, measurement of working environment, etc. In the event of an unexpected accident or illness, the company operate a system for the families and acquaintances to get convenient and numerous benefits through cooperation with a variety of medical institutions.



Next Step

The primary purpose of safety management is to respect humans. We are examining all of the stages from design to investment to production so the safety of workers in all activities can be made a top priority. In addition, we will continue to strive to attain the top level of safety culture in the world to not only strengthen the ability to execute the EHS on the shop floor by continuously developing and supporting various EHS-related education, practice, experience programs, but also identifying individual environmental factors and making public the results of health and safety activities.

Green Management



Doosan Engine perceives green management as the social, ethical responsibility of corporations. We are making efforts to minimize the environmental impact that occurs in the entire process of corporate management from development to assembly, transport and disposal of products. We hope to be reborn as an eco-friendly company by fostering environmental awareness through green management activities.



Context

With concerns about climate change and energy issues being spread throughout the world, changes in corporate paradigms to preemptively respond to environmental issues, such as strengthening of various environmental regulations, are continuously required. We are engaging in multi-faceted efforts to minimize possible environmental risks: participate in climate change policies at home and abroad, develop an eco-friendly engine, and set company-wide energy-saving activities as strategic tasks.

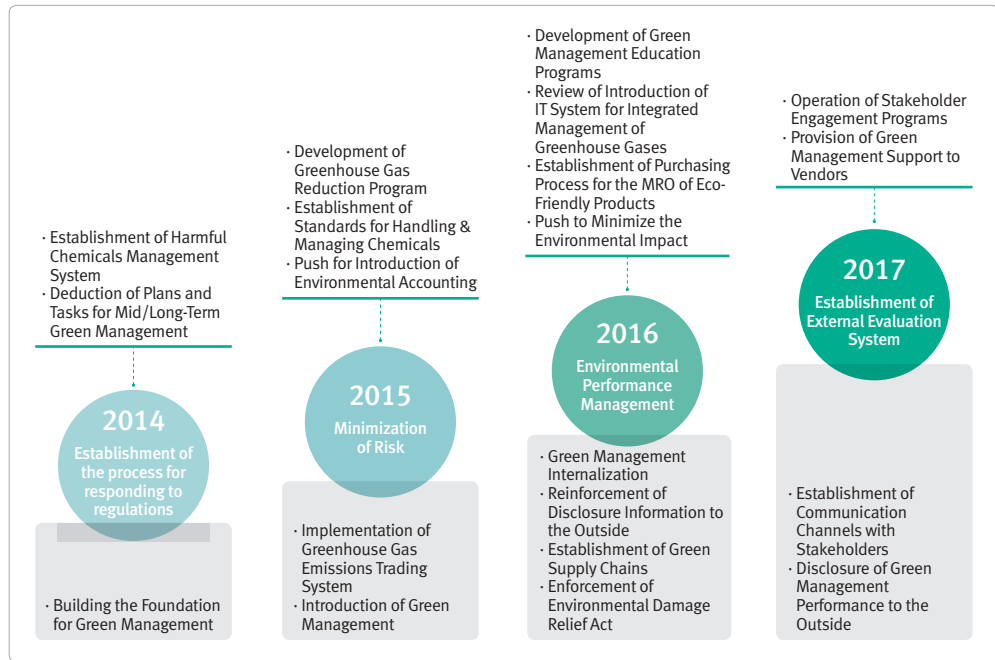


Progress

Green Management Policy and Strategy

With the increase in demand for environmental information disclosure and environmental management system standardization, we operate organized systems under the green management policy, and adopt gradual green management strategies with a view to establishing in the future an external evaluation system which will begin with building an infrastructure through the response to regulations and the establishment of process.

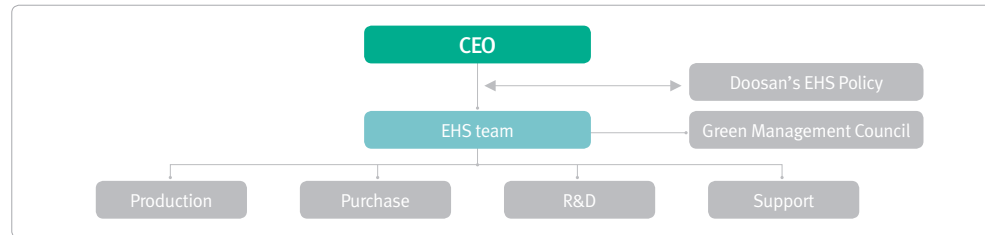
Road Map to Medium- and Long-Term Green Management



Green Management System

Doosan Engine's Changwon establishment formulates environmental management plans each year for methodical operations of the Green management system to review the environmental impact on the place of business and push to continuous monitoring and improvement activities. We have been maintaining the Green management system to international standards through regular follow-up and recertification examination since the achievement of ISO 14001, the standard for the environmental management system issued by the International Organization for Standardization in 2007. We are doing our utmost to be an eco-friendly company through continuous system improvement activities.

Green Management Promotion Organization



Energy Management

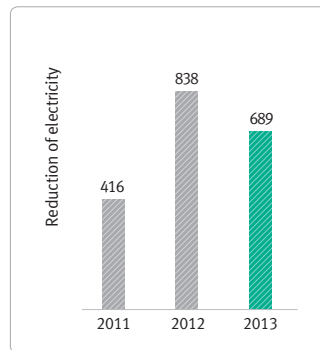
Doosan Engine is managing energy consumption in a systematic, specific manner. We are managing power consumption as well as the total usage for each energy source by measuring them by factory and office. In addition, we have enhanced the efficiency of energy consumption fundamentally by discovering and improving new items each year to introduce an equipment system improved in connection with energy.

Energy and Raw Material Consumption

Classification	Unit	2011	2012	2013
Electricity	MWh	45,347	38,628	31,500
B-A	kℓ	10,072	6,630	5,096
LNG	Thousand cubic meters	1,144	850	488
Gasoline	kℓ	76	100	71
Diesel	kℓ	175	160	60
Kerosene	kℓ	81	95	84

Energy Reduction

(unit: MWh)



Energy-Saving Activities

Doosan Engine is carrying out various activities to save energy. As a part of making energy savings throughout the company a way of life, we turn off lighting in all factories and offices at lunch time, and install skylights on the roof at the time of the design and construction of factories to induce natural lighting. As a result, we can carry out operations in some sections without any artificial lighting during working hours. In addition, we have restricted the operation of the air conditioning and heaters during the power regulation hours requested by the government. The volume of production has been managed flexibly through the adjustment of time segments since the introduction of the system to control air conditioning and heater use in 2013 to actively participate in the government's effort to mitigate power shortages during summer and winter peak hours.



Management of greenhouse gas emissions

Doosan Engine calculated the sources and quantities of emissions in the Changwon establishment by building a greenhouse gas inventory in accordance with international standards, such as IPCC, WRI, and ISO14064. We continue to make efforts to manage the increase or decrease in emissions of direct greenhouse gases (Scope 1) and indirect greenhouse gases (Scope 2).

GHG emissions (unit: thousand tCO₂)



Doosan Engine have selected curtailment of fuel for trial runs, the largest source of greenhouse gas emissions, as an innovative task theme and continuously improved such curtailment, and produced high-efficiency, low fuel, and environmentally-friendly engines. Also, all employees participate in greenhouse reduction activities through the introduction of central cooling and heating control systems, use of high-efficiency lighting, and company-wide power-saving campaigns.

GHG reduction		(unit: tCO ₂)	
Classification	2012	2013	
Process improvement	3,604	1,160	
Replacement with high-efficiency equipment	208	343	
Total	3,812	1,503	

Disclosure of information on climate change

Doosan Engine are providing investors and external stakeholders with information on our response to climate change and making public greenhouse emissions and reduction activities by participating in CDP (Carbon Disclosure Project). We are striving to place ourselves as an excellent carbon management company by continuously managing and improving such areas as corporate governance structure, risk and opportunity factors, greenhouse gas emissions accounting, communication, all of which are related to response to climate change issues.

Environmental pollutants emission management

Air pollutants

Doosan Engine have established and comply with internal environmental standards thoroughly so dust as a major pollutant can be discharged to not more than 30% of legal emission standards. Our departments in charge of operations, inspection and management are jointly monitoring and continuously improving proper operational conditions of emissions and prevention facilities, and replacing supplies, fillings for prevention facilities, etc. on a regular basis so such facilities can display their optimal performance.

Water pollutants

Doosan Engine are committing a small amount of wastewater fully to a specialized company's care and building and operating a thorough management system to prevent leakages from the wastewater storage tank to the outside. This is not in conflict with water pollutants-related regulations because we do not currently operate a wastewater treatment plant.

Quantity of entrusted wastewater disposal		(unit: ton)	
Classification	2011	2012	2013
Waste throughput	142	48	40

Soil Pollution and Oil Spill Prevention System

Doosan Engine have operated the department dedicated to inspecting and improving the oil tank (B-A) used for the trial run process of engines and conducted the test for land pollution and leakage consistent with legal standards. In addition, we have installed oil surveillance sensors and CCTVs in the main storage areas to prevent oil spills, and built scenarios and emergency drill systems for rapid response in an emergency to thoroughly block harmful pollutants from being emitted to the outside.

Dust emission concentration



Resources Recycling and Management

Doosan Engine recognize the importance of limited resources and are continuously seeking various resource management methods, such as by-product management and waste recycling, to use resources efficiently.

By-products and Waste Management

Scrap metal, processing chips, and copper scraps are separated and recycled or sold. Waste generated within factories is classified into general waste or designated waste, and dedicated forklifts are used to transport them to waste storages, to allow treatment in accordance with disposal standards under the Waste Control Act. In addition, we are minimizing waste incineration and landfill rate and instead looking for companies to recycle waste. We are actively participating in the waste-recycling policy by collecting refinable waste oil and sorting waste wood(used for parts packaging) to recycling.

Status of daste disposal (unit: ton)

Disposal methods	2011	2012	2013
Incineration	2,100	1,870	1,517
Landfills	-	-	-
Recycling	1,532	1,186	853
Total	3,632	3,056	2,370

Status of By-product sale		(unit: ton)	
Classification	2011	2012	2013
Scrap metal machined chips	3,940	3,240	2,300
Copper scrap	5	6	10
Total	3,945	3,246	2,310

Communication with Stakeholders

The company is identifying and managing the needs of stakeholders(neighboring companies, NGO) due to exhaust gas (sooty smoke) and noise arising from the final trial run stage after the assembly of marine engines. In 2013, we invested about 1.5 billion won and completed the installation of improvement equipment, such as exhaust dust collecting equipment, and soundproof facilities. As a result of these efforts, we received zero complaints during that year.

Response to Environmental Statutes

Doosan Engine are responding to environmental laws and regulations by applying strict EHS internal management standards and guidelines and have not violated environmental statues or been ordered to pay negligence fines since our foundation in 2000. With respect to new statutes that are to be enacted or revised and being gradually strengthened, we are running a statute-monitoring system for quick response to such statutes.

Doosan Engine plan to continuously manufacture eco-friendly engines that allow for reduction of exhaust gas emissions, fuel curtailment, etc. from the development stage thereof, and make EHS strategies and results public. In addition, the company intends to respond in advance to environmental issues for new projects and actively react to climate change and greenhouse gas reduction through curtailment of trial run fuels and power consumption, together with production of gas engines using cleaner fuels(LNG) and eco-friendly shipping materials(air pollutant reduction device).



Next Step

INTERVIEW



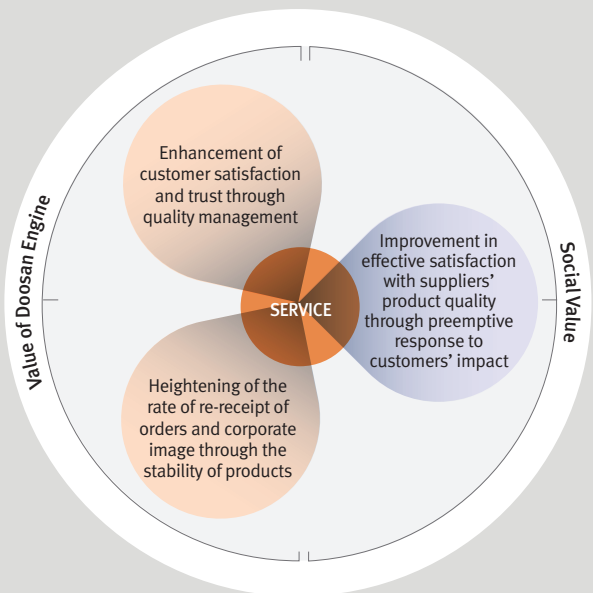
Doosan Engine is maintaining firmly as a global engine manufacturer, and global shipbuilding companies also continue to order engines. The shipbuilding market showed a declining tendency from 2003 to 2008, but it is recently recovering on the upturn. Doosan Engine should identify a global trend in EEDI(Energy Efficiency Design Index), restriction on the use of B-C oil, and so on. The company will maintain its current reputation when reflecting the needs of shipowners for eco ships that consider fuel efficiency and leading relevant industrial technologies.

Won-Kyung Choi, Research Fellow, Kiwoom Securities Co., Ltd.

IV. Service:

Service for Improving Customer Value

- Quality Management
- Customer Satisfaction Management



Our customers are the reason Doosan exists.

The true measure of Doosan's success is our customers' satisfaction and respect. Our goal is to always deliver superior value than our competitors. We achieve this by understanding our customers' needs and meeting or exceeding their expectations.

- Excerpted from Doosan Credo -

Quality Management



Quality is the reputation and pride of Doosan Engine. We conduct quality management across the entire cycle of production to improve customer satisfaction through the production and supply of the highest quality level of engines based on quality competitiveness. In addition, we make all-out efforts to provide customers with accurate information and maximize their value.

Context

The needs of our customers with respect to engines continue to be strengthened and specified, so the importance of improvement in the quality of products and services is emerging. We establish and operate a quality assurance system in an organized, systematic manner under the quality policy that the company should guarantee the performance that customers require in the field of engines for diesel/gas power plant and ships and provide the engineering, production, construction and services of quality with which customers satisfied. The quality assurance system consists of quality assurance plans, procedures, and guidelines. Our company has acquired and maintained various certificates from international certification institutions implementation of the quality system. It has been rated as fully meeting the global standards by customers and regulatory authorities.

Progress

Quality Policy

The quality policy emphasized by Doosan Engine is being implemented on the 'creation of customer value based on trust in the quality'. We are raising the value of customers, along with pride in the quality, through activities for 3 Zero and single PPM quality innovation.

Quality Management System

Doosan Engine meets the quality requirement of certification institutions, but also amasses its reputation and pride of 'quality' through ceaseless maintenance and improvement of quality system.

Quality Certification

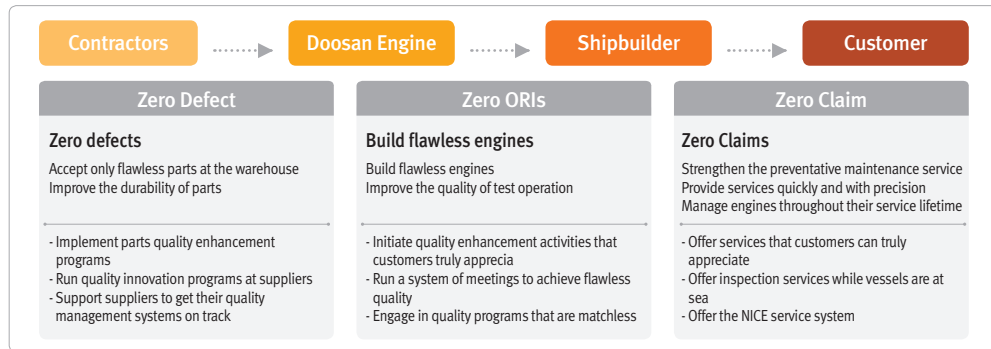
We have acquired ISO9001 certification to ensure customers' trust in its products and maintained the quality management system certification for the production and supply of the products. We also obtained a qualification for producing emergency diesel generators for nuclear power plant through certification of KEPIC-MN & EN and are carrying on nuclear-related business.

	ISO9001 : 2000	KEPIC-MN	KEPIC-EN
Cert No.	0601-2000-AQ-KOR-RvA	MN-243	EN-177
Certification by	Det Norske Veritas (DNV)	Korea Electric Association (KEA)	Korea Electric Association (KEA)
Scope of Certification	Design, Manufacture and Associated Services of Diesel Engine for Use in the Shipbuilding Industries, Co-Generation Plant and Diesel Power Plant	On-site Manufacture, Factory Assembly, and Relevant Services for Nuclear Piping Subassembly of Grade 3	Production of Nuclear Class 1E Diesel Generators, and Factory Assembly and Installation of Relevant Equipment

3 Zero⁺ Quality Innovation

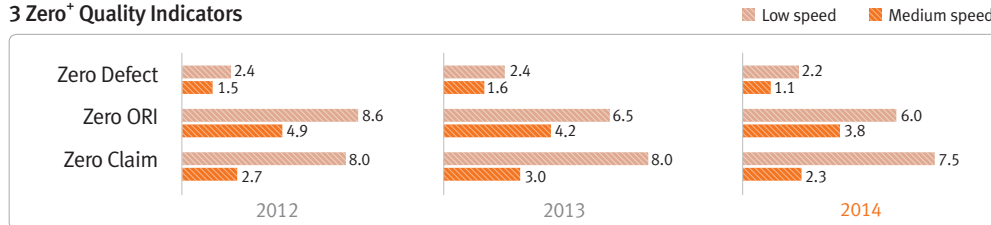
Doosan Engine's quality policy is focused on creating customer value based on the customers' trust in its quality. To this end, the company's '3 Zero' (Zero Defects, Zero ORIs and Zero Claims) quality innovation initiative has turned its diesel engine quality and services into global standards. This in-house initiative became the starting point for building engines that are unrivalled in the industry.

System for 3 Zero⁺ Quality Innovation



- Zero Defect: Securing trust in parts and in the quality of suppliers parts
- Zero ORI (Owner Request Item): Securing perfect quality without ORI in the process of engine assembly/trial run
- Zero Claim: Decrease in claims by customers due to trust and confidence in engines

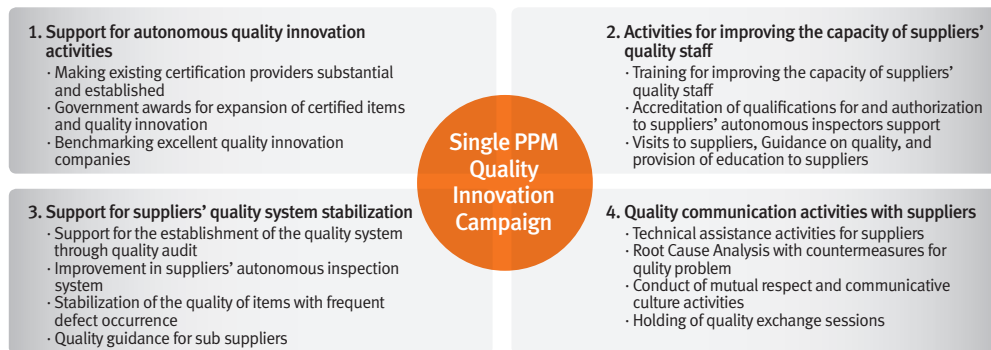
3 Zero⁺ Quality Indicators



※ Zero Defect means the number of defects arising from parts warehoused by suppliers; Zero ORI means the number of customers' comments arising in the process of assembly/trial run; and Zero Claim means the number of claims received after the delivery of products to customers.

Single PPM Quality Innovation

The Single PPM Quality Innovation is the world's unique system that the government certifies the quality of products and the zero-defect quality production activities with the aim of establishing zero-defect rate. The government awards the 'Single PPM Quality Certificate' to suppliers that manage to achieve the single PPM level at which defective products of 1,000,000 products should be reduced to a single digit number and are concurrently accepted. Doosan Engine introduced this system in 2005 and thereafter made suppliers practice the quality innovation program, which leads about 80% of suppliers to receive certifications from the government.



Status of Single PPM Certified Suppliers By Year

The certification is subject to suppliers that meet the promotion qualifications required by the single PPM, and are selected among non-large enterprises whose items subject to recommendation are 5% or more of total sales or production.

Government awards for quality innovation

We have been promoting activities for excellent single PPM implementors and persons of merit to receive awards from the government and achieved the brilliant feat of winning six consecutive government awards.

Year	Award winner (suppliers)
2011	Presidential Award to Jungsan Enterprise Co., Ltd.
2012	Presidential Award to Keumyong Machinery Co., Ltd./Hanmi Hydraulic Machinery Co., Ltd.
2013	Prime Minister's Award to Kyung Sin ETM Co., Ltd.



Activities for improving quality satisfaction that customers can feel

To maximize customers' satisfaction with the quality of engines, parts, and services, we have been pursuing activities for improving customers' real satisfaction and also make the results available to public. We practice the activities for improving customer satisfaction in such a manner that increases the quality level of engine parts through support for building vendors' self-management quality system, and improves service quality qualitatively and established trust relationship with customers through provision of differentiated customer-friendly sensibility services. In the future, we also plan to do ongoing quality improvement activities to maintain the quality for customers to satisfy with.

Satisfaction with the quality of engines that customers can feel	Satisfaction with the quality of parts that customers can feel	Satisfaction with the quality of service that customers can feel
<ul style="list-style-type: none">· The level of quality before the launch· The level of quality before the delivery· Customer VOC scores	<ul style="list-style-type: none">· The level of quality of warehoused parts· The level of quality of delivered parts· Quality System· Quality improvement activities (Single PPM)· Number of customers' comments after their inspection	<ul style="list-style-type: none">· Number of flaws(defects)/ flaw incidence· Quickness with which flaws are addressed· Rate of measures against flaws· Satisfaction with the quality of services· Regular notification rate of claim status

INTERVIEW

As International Maritime Organization (IMO) enforces emission regulations on sulfur dioxide and nitrogen oxide, eco friendly demand on marine engine becomes the issues. Also the interest in eco-friendly technologies, such as fuel efficiency improvement (FOC reduction) and denitrifying material reduction facilities increases continuously. Doosan Engine should have constant interest in changes in these technologies, and it can increase a long-term corporate value when the company cultivates manpower with both expertise and business ability through systematic plan and development of human resources.

Heon-Yong Yang, Deputy Head of Department, Ex. Daewoo Shipbuilding & Marine Engineering

Customer Satisfaction Management



Doosan Engine is providing customers with differentiated customer-friendly sensitivity services, and actively continues to improve the quality of products and services for customer satisfaction.



Context

The company listens to the voice of customers through various channels, provides them with the best value by products and services corresponding to their needs. To this end, we strive for customer satisfaction management through various activities, including the establishment of service systems to quickly respond to customers' needs, efficient operation of CS organizations, and education of employees for their capacity development.

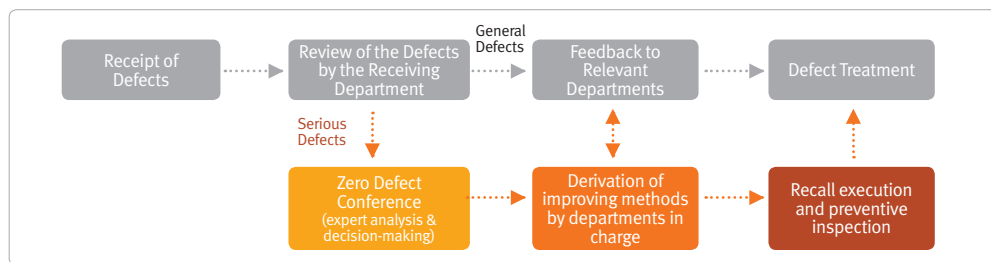


Progress

Product Stability

Doosan Engine have established the process for caring defects and responding to the Product Liability Act through to relevant statutes to minimize customers' impact related to defective products. As a result, we are executing a system for responding to the occurrence of problems and complaints by all stages for design, sales, operation & maintenance of products, and continuously improving the stability and reliability of the products.

Process for Caring and Responding to Defects



C/S quickness and customer service offer

Doosan Engine provide 24-7 Anycall Service to our valuable customers in order to give the greatest satisfaction for operation, maintenance and technical service. We provide periodic feedback with necessary information related to operation, maintenance & new technologies for products and services through NICE Service System (Internet & Mobile Website).

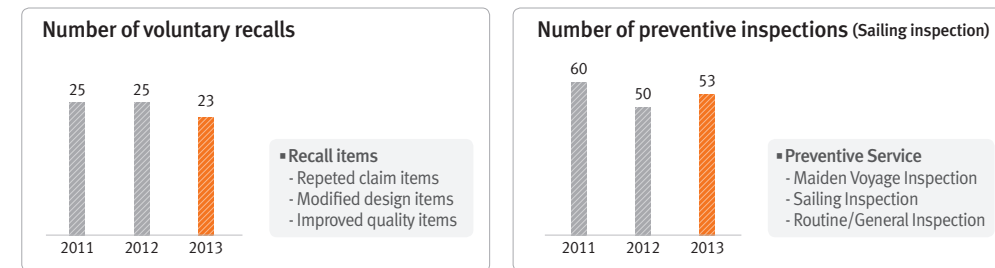
Protection of Customer Information

The company has formulated and operated the 'Doosan Information Security Policy' if a customer should suffer damage due to the leakage of customer information. The 'Doosan Information Security Policy' aims at protecting the Company's information assets from various internal and external threats and maintain its competitiveness, and regards customer information as most important. All employees are subject to education to protect information belonging to the company and customers, and we also carry out security checks every month. As a result of these activities, no complaint has been received concerning violations of customer privacy and losses of customer data last year.



Preemptive Defects Prevention

Doosan Engine executes voluntary recalls for nonconforming products in order to continue quality management and develop trust relationship with customers. In addition, we prevent potential defects in advance by preventive services, and improve customers' satisfaction who can feel through preemptive defects prevention.



Information about products and services offered

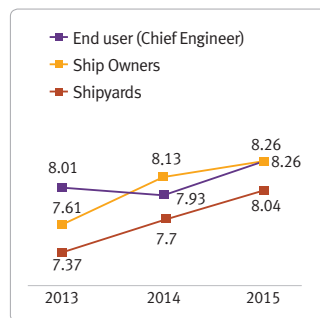
The engine instruction manual given when an engine(s) is delivered consists of a total of five volumes, and contains in detailed disassembly/assembly procedures, features and measures of normal/abnormal state in operation, essential spare & tool list, etc, all of which are required to operate & maintain the engine. In addition, we provide information on the latest technology trends regularly and consult convenience of customers by supplying caution plate for safety operation & maintenance of main components in customer's desired language.

Improvement of Service Quality by Customer Satisfaction Survey

Doosan Engine regularly carry out customer satisfaction survey of services in order to provide differentiated customer-friendly services. Create a list of customer demands that require long-term management, and continue to develop and improve the list.

Customer survey results

Doosan Engine visits customers throughout the year as considering their characteristics and get their real-feel satisfaction and needs through open communication, and carry out a survey periodically at least once a year. We analyze various information and customers' needs collected through such communication and surveys, and then identify current level and execute improvement measures. Also, we continue to improve the ability for products, services & defects caring.



Following the 2013 customer survey, we reflected customer-provided needs in establishment of the quick defect treatment system & technical support organizations, enhancement of customer visit activities and executed them immediately. We are also improving customers' real-feel satisfaction and strengthening the ability for products and services through continuous listening to VOC and improvements.

Provision of Hands-On Support and Customized Services for Shipyards through Local Site Office

Doosan Engine has established a total of 11 sites in key locations and shipyards in Korea and overseas (3 in Korea and 8 in foreign countries-as of the end of 2013). Resident professional staff provide customized services to customers by prompt identified technical support for customer's requests and problems during installation of the engine on ship or offshore and trial after engine delivery to shipyard. We also do the training for improvement of technical & work skill which were required from shipyard in order to prevent & settle the problem preemptively, and these efforts are significantly improving the customers' real-feel satisfaction.



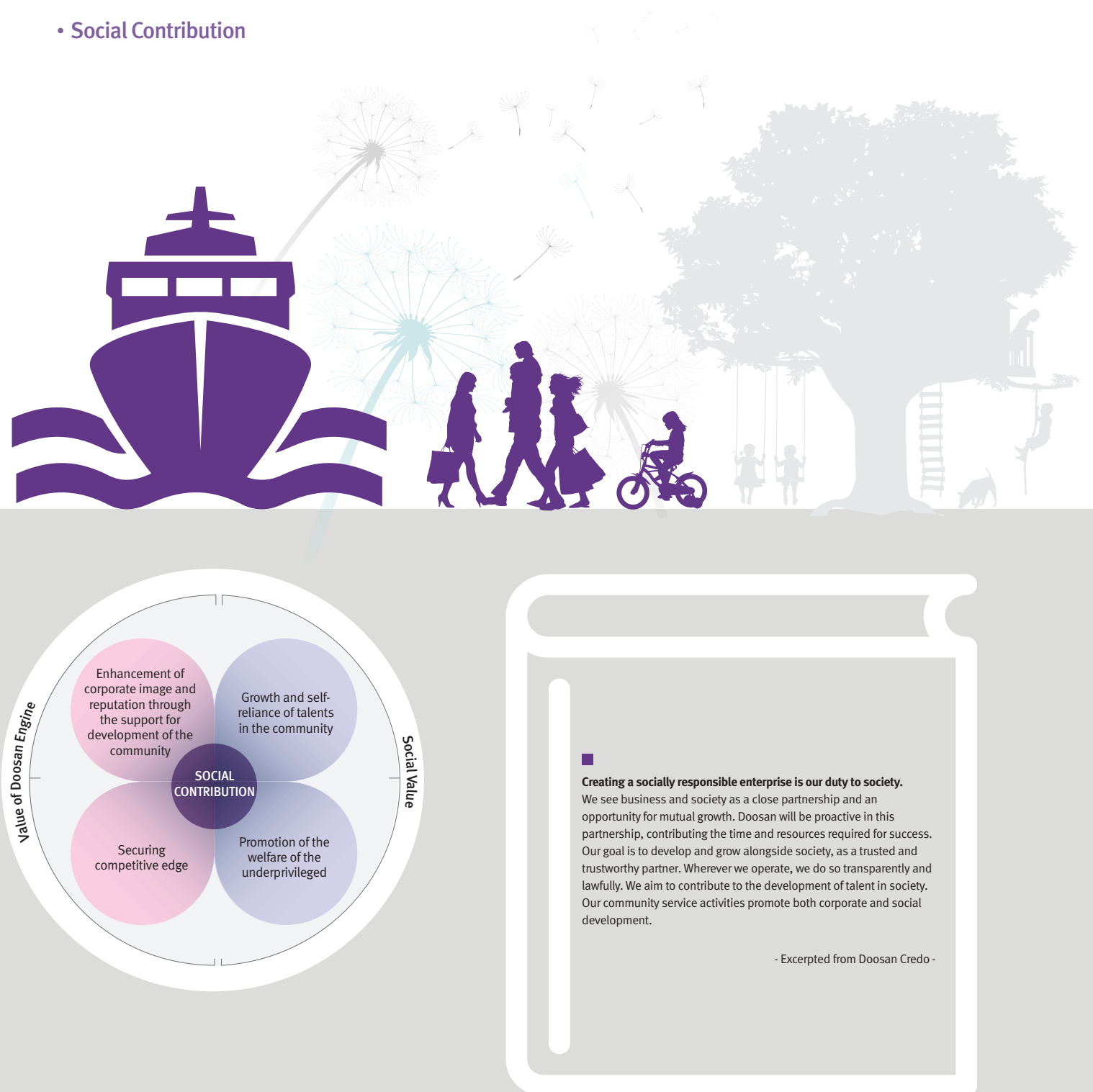
Next Step

The needs of customers with respect to quality and service of engines are constantly increasing. We strive for active response to any complaint or opinion from customers, and to do so, visit customers regularly and listen to their voice on the spot, while analyzing and responding to the opinions collected through the VOC channel. We will also play an active role in the stabilization of the quality of products and customer satisfaction.

V. Corporate Community Involvement

Creating Shared Values with Society

• Social Contribution



Social Contribution



Doosan Engine's social contribution activities are the process of creating better social value. Doosan Engine's social contribution activities are divided into two main categories: the growth and self-reliance of talents; and environmental protection activities focused on the sea.

Context

Recent contribution activities go beyond simple donations and evolve into CSV (Creating Shared Value) activities that corporate business activities themselves solve social problems and create mutual value of business interests and social environment. Amid such trends, companies can build positive corporate images and secure competitive edge through positive social contributions and increase employees' loyalty to the companies through employees' participation. In addition, both growth potential and reputation of Doosan Engine can be enhanced through support for community development. Doosan Engine undertakes to secure the reputation for social contributions through voluntary participation by its employees and strengthen the value of both the organization and the society concurrently.

Progress

Doosan Engine's Social Contribution System

Vision and Mission



Strategic Directions

- Securing the reputation for social contributions based on activation of employees' voluntary participation
- Strengthening social contribution activities of the community through the activation of social volunteer corps

Activity Principles

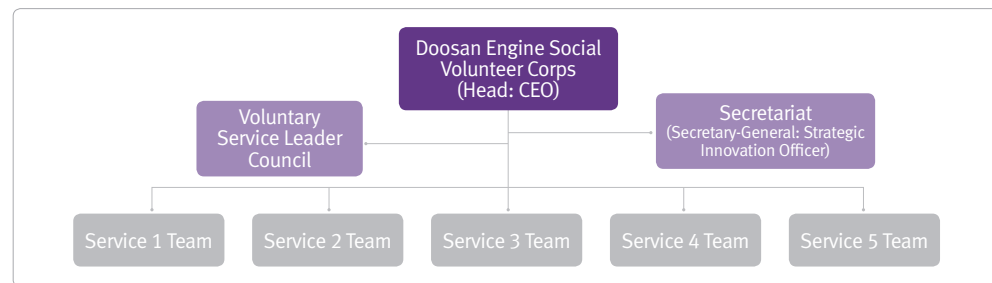
- 1) Develop/run social contribution programs that reflect the characteristics of a profession.
- 2) Effect substantive changes on the part of beneficiaries through constant performance.
- 3) Guarantee employees paid service hours to ensure their voluntary participation.
- 4) Executes the Matching Grant fund with respect to the donations by employees.
- 5) Makes an effort to create the culture for employees to voluntarily participate in social contribution activities.



Doosan Engine's Social Contribution Organizations

Doosan Engine's Social Volunteer Corps Organizations

Doosan Engines' Social Volunteer Corps headed by the CEO assigns all employees to any of five service teams and makes them render shared services to the community. The company runs the voluntary service leader council which consists of service leaders selected by each voluntary service team. Through this council, we not only collect the opinions of employees about social voluntary service activities and presents their directions, but do transparent, efficient voluntary service activities through the review and consultation of social voluntary service fund operations.



Social Voluntary Service Fund

Doosan Engine's social voluntary service fund is provided by voluntary fund subscription by employees, deduction of odd sums from their pay, and the company's 100% grant matching the former two. As of the end of 2013, 830 employees (82%) were participating in deduction of salary by their subscription.

Doosan Engine's Major Social Contribution Activities

Doosan Engine Social Volunteer Corps is spurring social contribution activities as a happiness-sharing engine. Doosan Engine Social Volunteer Corps activities are divided into two main categories: the growth and self-reliance of talents; and environmental protection activities focused on the sea.

Growth and Self-reliance of Talents

The growth and self-reliance of talents are the main motto of social contribution activities continuously emphasized to practice Doosan's corporate philosophy, "People are the future." Doosan Engine makes use of the characteristics of the industry that produces diesel engines for ships, and actively develops environmental protection activities in the community centering on the sea while professing to an environment watchdog.

Assistance for Cheon-gwang School

Doosan Engine has entered into an MOU with Cheongwang School where 200 hearing impaired, and handicapped students are enrolled, and offers various activities to help such students support themselves. The Social Volunteer Corps visits Cheongwang School every third Friday of the month to operate sports lessons. Students who cannot participate in outdoor activities due to their physical discomfort/limitations/problems ride their wheelchairs to participate in outdoor learning experiences. Students with majors who have already finished their high school curriculum practice selling with the volunteer corps organic snacks personally produced and soaps made from paprika and strawberries, and learn to adapt to the real world.

Support for Community Childcare Centers

Volunteer Groups at Doosan Engine have signed a sisterhood agreement with 6 local childcare centers in Changwon and to support creative activities for children. The company supports children's growth and independence by helping the centers with costs and offering scholarships to excellent students.



Environmental protection activities with an emphasis on the sea.

Doosan Engine Social Volunteer Corps also concentrates on environmental protection activities with a focus on the sea. Although the history of mankind started from land, the Doosan Engine Social Volunteer Corps endeavor to protect the precious sea, a place that could be the base of our future, with the belief that the sea is still our territory.

Sea Preservation Activities

The Social Volunteer Corps, on a quarterly basis, have done activities to preserve the sea cleanly, such as collecting abandoned Styrofoam, empty bottles, plastic in and around Namcheon and Changwon, near Doosan Engine Shipping Dock, and developing coastal environment purification activities in Jinhae, in concert with civilian-government-military sectors, to preserve Jinhae Bay famous for its Jinhae naval port festival and cherry blossom.

Sandbar Ecology Experience Center Management

In order to preserve Bong-am sandbar ecology experience center that looks across to Doosan Engine in Changwon, the Social Volunteer Corps has done various activities. By planting trees for the migratory birds looking for shelter and installing a frame explaining unique characteristics of different migratory birds, we have helped the visitors of the ecology experience center gain a better understanding of the birds. In order to provide a clean environment for those creatures that inhabit the tidal flats, such as crabs, worms, and salt marsh plants, we collected trash and did environmental purification activities. Bong-am tidal wetland was designated as the 11th wetland sanctuary in the country, and we intend to put forth as much devotion and care as this valuable area deserves.

Welfare support for the underprivileged

Doosan Engine Social Volunteer Corps targets the underprivileged to share its heartwarming love and happiness. As one of programs for single-parent families that live near the company, the Volunteer Corps visits their home and throws small birthday parties to celebrate birthdays and share happiness. In addition, the company has done various volunteer activities: donated money towards school field trips for low-income youths, created a volunteer organization called 'small love corps' to visit nearby nursing homes, paid the food market every month to create a better nutrition for the malnourished, provided helping hands in farming area, donated blood to help children with leukemia and so on.

Activities of the Volunteer Service Club, 'Small Love'

'Small Love' is a voluntary service club organized by Doosan Engine employees who are interested in volunteer activities. The club has over 300 members, all of whom make a donation of less than 1,000 won directly from their paycheck. The members visit local welfare centers on the third Saturday of every month to help them organize, clean and repair their facility. They also give them a haircut and mow the grass. While they're at the welfare center, they serve lunch and talk to the elderly people with a disability and bathe them. The volunteer members also give free rice and daily necessities to the elderly who live alone.



Next Step

Doosan Engine plans to lower the local economy's dependence on companies by grooming talent and emphasizing independent work and to do its specialized corporate philanthropic activities. For this purpose, the Social Volunteer Corps will manage and promote its voluntary service careers and activities record and consistently recruit more participants. Also, with its environmental protection activities centering on the sea, the Social Volunteer Corps intends to strengthen the value of the community and continually do the existing corporate philanthropic activities, and discover and run new social contribution programs to coexist with the community.

INTERVIEW



The employees of Doosan Engine join hands with the physically disabled kids of Cheon-gwang School in Changwon, who cannot perform physical activities alone, by sponsoring them to the Friday Sports Day Program, while actively supporting the sale of onion juice made in the school's 'school & company skylight'. Corporate goals used to seek profit alone, but social contributions came to serve as another standard. If Doosan Engine continually respects the community's standards and values to create an intimate relationship as they have done until now, they will be able to improve a corporate image as a company going with the community, and concurrently to grow sustainably.

Tae-Suk Oh, Principal, Cheongwang School in Changwon

APPENDIX

- 67 Facts & Figures: Economy, Environment, Society
- 72 Third-party Assurance Statement
- 74 GRI Index

Economic performance

Stability indicators	2011	2012	2013
Current ratio	82%	89%	91%
Debt ratio	257%	139%	110%
Fixed rate	184%	153%	149%
Dependence on borrowings	16%	17%	19%

Profitability indicators	2011	2012	2013
Operating profit rate	14.9%	5.1%	0.1%
Net profit rate	11.2%	13.8%	-0.7%
ROA	10.6%	9.9%	-0.3%
ROE	48.7%	28.8%	-0.7%

Growth indicators	2011	2012	2013
Sales growth rate	9.5%	-31.3%	-46.0%
Growth rate of net profit	12.0%	-15.3%	-102.8%
Growth rate of total assets	-7.1%	-12.9%	-6.9%

Activity analysis	2011	2012	2013
Total capital turnover (times)	4	2	1
Receivables turnover (days)	25	29	26
Inventory turnover (days)	66	78	115

Distribution of economic performance

Income tax	2011	2012	2013
Continuing operations income before income tax (100 million won)	721	177	-1

R&D	2011	2012	2013
R&D expenses (100 million won)	80	74	175
R&D expenses to sales (%)	0.4%	0.5%	2.4%

Dividend	2011	2012	2013
Earnings per share (won)	3,234	2,739	-75
Dividend per share (won)	0	0	0
Dividend yield (%)	0	0	0
Total dividends (100 million won)	0	0	0

Labor costs	2011	2012	2013
Total annual salary (100 million won)	897	901	700
Average per capita wage (million won)	70	77	69

Governance

Performance of the Board of Directors

Results of operation of the Board of Directors	2011	2012	2013
Times of meetings held (times)	8	9	10
Board attendance rate (%)	84%	77%	86%
Attendance by outside directors (%)	83%	69%	85%

Audit results

Audit results	2011	2012	2013	Total
Tip-off	0	1	1	2
Internal audit	4	4	2	10
Education on code of ethics	6	6	6	18
Total	10	11	9	30

Safety and environment results

	Classification	Unit	2011	2012	2013	Remarks
Materials used	B-A	kℓ	10,072	6,630	5,096	
	LNG	Thousand cubic meters	1,144	850	488	
	Gasoline (vehicles)	kℓ	76	100	71	
	Diesel	kℓ	175	160	60	
	Kerosene	kℓ	81	95	84	
Energy Usage	Power	MWh	45,347	38,628	31,500	
	Electric Power/Sales	MWh/Million Won	0.02	0.03	0.04	
Water	Industrial water	m³	594,424	443,144	336,378	
	SCOPE1	tco2	31	21	18	
Greenhouse gas emissions	SCOPE2	tco2	21	18	12	
	Unit emission	Tco2/one million won	0.026	0.028	0.04	
Air pollutants	Dust	mg/m³	7.4	7.7	7.6	Legal standard:50mg/m³
	Total hydrocarbons(THC)	ppm	42	41.8	44.4	Emission standards:200ppm

	Classification	Unit	2011	2012	2013	Remarks
Waste	Incineration	ton	2,100	1,870	1,517	
	Recycling	ton	1,532	1,186	853	
Wastewater	Waste throughput	ton	142	48	40	
By-product recycling	Scrap metal, Machined chips	ton	3,940	3,240	2,300	
	Copper scrap	ton	5	6	10	
	Waste wood	ton	1,223	922	647	
Environmental investment	High-efficiency lighting replacement	Won	-	390 million	-	
	Cooling and heating control system	Won	-	-	112 million	
	Environmental protection costs	million won	390	1002	34	
Compliance with environmental statutes	Number of sanctions	Case	0	0	0	
	Fines	Won	0	0	0	

	Classification	Unit	2011	2012	2013	Remarks
Assistance to suppliers	EHS support	No. of suppliers	23	42	41	
	Injury rate (IR)	%	0.35	0.55	0.17	
Accident rate	Occupational disease rate (ODR)	%	0.07	0.07	0.08	
	Lost day rate (LDR)	%	26.77	26.55	6.39	

Status of remuneration

Classification	No. of persons	Total remuneration	Average per capita remuneration
Inside directors	5	1,284	257
Outside directors	6	350	58
Total	11	1,634	149

Status of shareholders

Number of shares issued	69,500,000
Doosan Heavy Industries and Construction	42.7%
Samsung Heavy Industries	14.1%
Daewoo Shipbuilding & Marine Engineering	8.0%
Employee stock ownership	2.4%
The others	32.8%

Social performance

Workforce status

	Classification	Unit	2011	2012	2013
Total number of employees	Officers	Persons	26	18	20
	Employees	Persons	1224	986	990
By business area	Clerical staff	Persons	625	521	512
	Technical staff	Persons	625	483	498
By employment type	Full-timers	Persons	1243	989	993
	Non-regular employees	Persons	7	15	17
	Rate of non-regular employees	%	0.56%	1.49%	1.68%
Retirement rate	Rate	%	4.24%	4.08%	4.36%
	Employees eligible for the union	Persons	954	723	678
Labor union	Joined members	Persons	649	498	492
	Membership rate	%	68%	69%	73%
Female staff	Number of persons	Persons	38	39	40
	Rate	%	3.04%	3.88%	3.96%
Employment of the Disabled	Number of persons	Persons	28	27	22
	Rate	%	2.24%	2.69%	2.18%

	2011		2012		2013	
By age/gender	Male	Female	Male	Female	Male	Female
50 and older	185	0	115	0	139	0
In 40s	274	8	233	5	238	6
In 30s	405	11	371	9	408	13
In 20s	348	19	246	25	185	21

Status of employment and retirement	2011		2012		2013	
	Male	Female	Male	Female	Male	Female
New employees	36	2	42	0	35	2
Retirees	49	4	37	7	33	5

*Excluding the 266 people who have voluntarily retired or were transferred to another subsidiary company in 2012.

Status of Parental leave use and reinstatement	2011		2012		2013	
	Male	Female	Male	Female	Male	Female
Number of employee(s) who obtained parental leave	-	3	1	2	-	1
Number of employee(s) who returned to work	-	3	-	2	-	1
Rate of employee(s) working for more than 12 months after the return to work	-	100%	-	100%	-	100%

	2011	2012	2013		2011	2012	2013
Average length of service (years)	7.2	8	8.42	R&D personnel (persons)	39	61	66

Social Contribution	2011	2012	2013
Donations for social contribution (100 million won)	100	81	27

Hours of training per person

Classification		2011	2012	2013
		Annual average Training hours	Annual average Training hours	Annual average Training hours
Gender	Female	41	25	42
	Male	33	29	36
Employment category	Officers	19	84	16
	Managers (Head of Departments-Chief of Sections)	48	57	35
	Team member (Mere employees-Acting section chief)	44	22	71
	Production and Technical staff	31	26	43
	Researchers (R&D)	76	83	46

* Training hours are calculated based on those of full-time staff.

Financial assistance to suppliers (Shared Growth Fund)

Classification	2011	2012	2013
Raised amount of Shared Growth Fund	20 billion won	20 billion won	35 billion won
Loans from Shared Growth Fund	-	17.8 billion won	20 billion won
Beneficiaries of Shared Growth Fund	-	17	18

Associations and Memberships

Category	Name of Association/Society	Remarks	Category	Name of Association/Society	Remarks
1	Industrial Complex Civil Defense Association	Member	15	Fair Competition Federation	Member
2	Gyeongnam Employers Federation	Director	16	Korea Customs Logistics Association	Member
3	Gyeongnam Community Development Association	Director	17	Korea Association of Machinery Industry	Director
4	The Korean Society of Mechanical Engineers	Corporate Member	18	The Korean Society of Mechanical Engineers	Diamond Group
5	Plant & Mechanical Contractors Financial Cooperative of Korea	Member	19	Korea International Trade Association	Member
6	Korea Mech. Const. Contractors Association	Non-Member	20	Korea Industrial Technology Association	Member
7	The Society of Naval Architects of Korea	Member	21	Korea Industrial Complex Corp.Public Relations Council	Council
8	Machinery Financial Cooperative	Director	22	Korea Productivity Center	Member
9	The Federation of Korean Industries	Member	23	Korea Federation of Combustion Engines	Member
10	Electric Contractors' Financial Cooperative	Member	24	Korea Nuclear Association for International Cooperation	Regular Member
11	Changwon Chamber of Commerce & Industry	Standing Member	25	Korea Electric Engineers Association	Member
12	Changwon Plant Mangers Association	Member	26	Korean Standards Association	Executive Director
13	Changwon Labor and Management Cooperation Association	Council	27	Korean Standards Association Six Sigma Research Group	Member
14	Korea Economic Research Institute	Member	28	Korea Marine Equipment Research Institute	Director

(2014. 5. 22)

Summary of Consolidated Financial Statements

(unit: million won)			
Title	2011	2012	2013
Assets			
I . Current capital	993,825	641,108	489,183
Quick assets	746,383	436,032	311,109
Inventories	247,442	205,076	178,074
II . Non-current assets	1,055,993	1,145,095	1,173,426
Investment assets	330,311	458,375	467,391
Tangible assets	570,125	592,944	627,446
Intangible assets	14,863	18,814	25,004
Other non-current assets	140,694	74,962	53,585
Total assets	2,049,818	1,786,203	1,662,609
Liabilities			
I . Current liabilities	1,216,981	717,758	538,143
II . Non-current liabilities	259,153	320,673	334,428
Total liabilities	1,476,134	1,038,431	872,571
Equity			
I . Capital	69,500	69,500	69,500
II . Capital surplus	367,215	367,215	367,215
III . Other capital items	136	397	355
IV . Accumulated other comprehensive income	(2,718)	(22,211)	4,439
V . Earned surplus	139,551	332,871	348,529
Total shareholders' equity	573,684	747,772	790,038
Total liabilities and shareholders' equity			
Total liabilities and shareholders' equity	2,049,818	1,786,203	1,662,609

Summary Consolidated Statements of Income

(unit: million won)			
Title	2011	2012	2013
I . Sales	2,007,409	1,378,778	743,879
II . Cost of sales	1,641,315	1,223,597	691,242
III . Total sales profit	366,094	155,181	52,637
Selling and administrative expenses	66,735	85,415	51,916
IV . Operating profit	299,359	69,766	721
Financial income	82,945	121,270	100,930
Finance costs	78,362	120,127	107,260
Other non-operating income	4,307	12,713	4,666
Other non-operating expenses	23,254	11,813	8,502
Income on equity method	11,892	136,225	4,147
V . Income before income taxes (loss)	296,887	208,034	(5,298)
Income tax expense (income)	72,111	17,654	(62)
VI . Current Net income (loss)	224,776	190,380	(5,236)
VII . Earnings per share (loss) (won)	3,234	2,739	(75)

Assurance Statement

To Doosan Engine’s management team:

The CSR was requested by Doosan Engine to provide independent assurance of the 2013 Doosan Engine CSR Report (“Report”). The Report was prepared by Doosan Engine, with the overall activities - including those for data collection and materiality assessment - reviewed by Doosan Engine’s CSR Committee. This assurance statement is provided to Doosan Engine’s management team, not to any other agency or for any other purpose.

Assurance standards

Assurance was performed by applying principles of AA1000AS (2008), GRI G4 Guidelines, ISO 26000, International Integrated Reporting Framework, and the UN Global Compact.

- AA1000AS (2008) Principles of Inclusivity, Materiality, and Responsiveness
- GRI G4 Guideline Principles on report contents and quality
- Guiding Principles of the International Integrated Reporting Framework
- ISO 26000 and 10 Principles of the UN Global Compact

Assurance level

Type1 (moderate assurance level) was adopted for this Assurance, which is mainly focused on adherence of the AA1000AS (2008) principles. This means that data sampling and interview were applied to a limited level. The following activities were performed for the assurance:

- Interview with officers and employees in charge: Assurance provider visited the Changwon head office to interview middle managers of departments of Win-Win Growth, EHS, HR, and CSR to check the whole process of materiality test during the Report period.
- Inspection of the stakeholder management system: The assurance provider surveyed the system for the management of stakeholders at head office through an interview with its department dedicated to CSR and also inspected the processes of stakeholder engagement based on the submitted documents.
- Review of evidences for computing CSR achievements: Checked the computing system of CSR performance data and related documents
- Review of the materiality assessment process: Traced rationality of materiality assessment processes for identifying material issues

Assurance limitation

Since the assurance provider’s opinion is presented based on the participation of limited internal stakeholders and review of documents, the credibility of the reported contents was based on the viability of limited information.

Assurance outcome and opinion

The assurance provider submits the following statements based on a series of processes for proving compliance with the internationally accepted AA1000AS (2008) assurance standards and principles of international guidelines:

Inclusivity

Has Doosan Engine performed diverse stakeholder-engagement activities as a major approach to create CSR performance?

The assurance provider checked Doosan Engine’s processes how they identified their stakeholders but found no important groups that have been excluded from such engagement process. Likewise, no reason was found to believe that Doosan Engine has failed to apply the inclusivity principle in performing its social responsibilities. Nonetheless, the assurance provider recommends that Doosan Engine would enhance its system for stakeholder participation by setting priority orders while mapping stakeholder groups.

Materiality

Has Doosan Engine disclosed essential or important information for both Doosan Engine and its stakeholders?

The assurance provider has checked Doosan Engine’s procedure for deciding report issues to ascertain whether the procedure and contents are duly described. The assurance provider found no serious problems in applying the procedure for assessing materiality. It is recommended that Doosan Engine strengthens the qualitative approach to the assessment of materiality while coordinating the operational methods of the existing communication channels with stakeholders.

Responsiveness

Has Doosan Engine reasonably responded to the demand of stakeholders?

The assurance provider found no problems in response activities and reporting in regard to core stakeholders’ issues. In particular, assurance provider evaluates, that Doosan Engine has made its efforts to integrate the Doosan Group’s strategy structure with Doosan Engine’s CSR strategy in its first reporting cycle.

Standard Disclosures

The assurance provider confirms that the report was written in accordance with the comprehensive options of the GRI G4 Guideline, and the material aspect, DMA and report index have been properly described in the report. The assurance providerhas reviewed all the 20 aspects (energy, occupational health and safety, anti-corruption, etc...) based on the 'Specified Standard Disclosures' whose effectiveness have been assured through a materiality test including the governance of 'General Standard Disclosures'.

Independence of assurance

The CSR has no relations of interest with Doosan Engine, which may influence the verification outcome of the Report. Therefore, it presents its assurance opinion is provided while securing the independent and ethical status of an assurance provider.

Recommendation on management improvement

In the process of publishing its first CSR Report, Doosan Engine developed a CSR strategy structure and compiled data related to its achievements. The verifiers recommend that Doosan Engine implement two-way CSR policies focusing on communication with stakeholders by reflecting the followings:

- It is recommended that Doosan Engine would settle its unique culture of stakeholder management by engaging in a dialogue with its stakeholders periodically based on its efforts of CSR awareness building among employees.
- It is recommended that Doosan Engine would manage its existing stakeholder communication channels in an integrated manner by applying CSR perspectives to each function’s independent engagement activities.
- It is recommended that Doosan Engine would maintain its reporting framework of Context-Progress-Next step.By providing specific goals and commitments, the report would provide Doosan Engine’s stakeholders with better opportunities to communicate.

Assurance team

The CSR, which was requested by Doosan Engine to provide the third party assurance, is an agency founded in December 2013. Specializing in the assurance of CSR reports, it is operated with a multi-national knowledge network of CSR experts boasting of CSR research achievements in the UK and Germany as well as in Korea. The assurance team consists of the best experts equipped with sufficient knowledge and expertise in the relevant areas.

June 23, 2014

Se Woo Jung, CEO&Founder, The CSR



Doosan Engine 2013 CSR Report GRI G4 Index

GENERAL STANDARD DISCLOSURES				
General Standard Disclosure		Page	Assurance	Note
Strategy and Analysis				
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	8-9	72-73	
G4-2	Provide a description of key impacts, risks, and opportunities.	16-17, 26-27	72-73	
Organizational Profile				
G4-3	Report the name of the organization	10-11	72-73	
G4-4	Report the primary brands, products, and services.	10-11	72-73	
G4-5	Report the location of the organization's headquarters.	10-11	72-73	
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.	10-11	72-73	
G4-7	Report the nature of ownership and legal form.	68	72-73	
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	10-11	72-73	
G4-9	Report the scale of the organization, including: <ul style="list-style-type: none">• 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	10-11	72-73	
G4-10	a. Report the total number of employees by and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	29	72-73	
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	29	72-73	
G4-12	Describe the organization's supply chain.	26-27	72-73	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none">• Changes in the location of, or changes in, operations, including facility openings, closings, and expansions• Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)• Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	-	-	None
Organizational Profile: Commitments to External Initiative				
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	16-17	72-73	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	75	72-73	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none">• Holds a position on the governance body• Participates in projects or committees• Provides substantive funding beyond routine membership dues• Views membership as strategic	70	72-73	
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.	2	72-73	
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.	20-21	72-73	
G4-19	List all the material Aspects identified in the process for defining report content.	20-21	72-73	
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none">• Report whether the Aspect is material within the organization• If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either:<ul style="list-style-type: none">- The list of entities or groups of entities included in G4-17 for which the Aspect is not material or- The list of entities or groups of entities included in G4-17 for which the Aspects is material• Report any specific limitation regarding the Aspect Boundary within the organization	72-74	72-73	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none">• Report whether the Aspect is material outside of the organization• If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified• Report any specific limitation regarding the Aspect Boundary outside the organization	72-74	72-73	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	-	-	N/A
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	-	-	N/A
Stakeholder Engagement				
G4-24	Provide a list of stakeholder groups engaged by the organization.	20-21	72-73	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	20-21	72-73	
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.	20-21	72-73	
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.	20-21	72-73	
Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	2	72-73	
G4-29	Date of most recent previous report (if any).	2	72-73	
G4-30	Reporting cycle (such as annual, biennial).	2	72-73	
G4-31	Provide the contact point for questions regarding the report or its contents.	2	72-73	
Report Profile: GRI Content Index				
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	2, 72-74	72-73	

General Standard Disclosure		Page	Assurance	Note
Report Profile: Assurance				
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.	-	-	N/A
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.	12-13, 18-19	72-73	
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	12-13	72-73	
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	12-13, 18-19	72-73	
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	18-19	72-73	
G4-38	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none">• Executive or non-executive• Independence• Tenure on the governance body• Number of each individual's other significant positions and commitments, and the nature of the commitments• Gender• Membership of under-represented social groups• Competences relating to economic, environmental and social impacts• Stakeholder representation	12-13	72-73	
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	12-13	72-73	
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none">• Whether and how diversity is considered• Whether and how expertise and experience relating to economic, environmental and social topics are considered• Whether and how stakeholders (including shareholders) are involved	12-13	72-73	
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none">• Cross-board membership• Cross-shareholding with suppliers and other stakeholders• Existence of controlling shareholder• Related party disclosures	12-13	72-73	
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	18-19	72-73	
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	19	72-73	
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	12-13	72-73	
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	16-17	72-73	
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	16-17	72-73	
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	-	-	
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	18-21	72-73	
G4-49	Report the process for communicating critical concerns to the highest governance body.	12-13	72-73	
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	-	-	
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none">• Fixed pay and variable pay:<ul style="list-style-type: none">- Performance-based pay- Equity-based pay- Bonuses- Deferred or vested shares• Sign-on bonuses or recruitment incentive payments• Termination payments• Clawbacks• Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	12-13	72-73	
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	12-13	72-73	
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	12-13	72-73	
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	12-13	72-73	
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-	-	
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.	4-5, 14-15	72-73	
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	14-15	72-73	
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	14-15	72-73	

SPECIFIC STANDARD DISCLOSURES							
Material Aspect	Boundary		DMA and Indicators		Page	Assurance	Note
	Within	Outside					
			Category: Economic				
Market Presence		●	G4-EC5	RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION	29	72-73	
			G4-EC6	PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION	-	72-73	100%
Indirect Economic Impacts		●	G4-EC7	DEVELOPMENT AND IMPACT OF INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED	34-35	72-73	Product-Diesel / Gas power generation-Supply results 31 Projects, 847MW
			G4-EC8	SIGNIFICANT INDIRECT ECONOMIC IMPACTS, INCLUDING THE EXTENT OF IMPACTS	32-35	72-73	
Procurement Practices	●		G4-EC9	PROPORTION OF SPENDING ON LOCAL SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION	42	72-73	100%

Material Aspect	Boundary		DMA and Indicators		Page	Assurance	Note	
	Within	Outside	Category: Environmental					
Energy	●		G4-EN3	ENERGY CONSUMPTION WITHIN THE ORGANIZATION	53	72-73	Due to the technical reasons, Doosan Engine is currently unable to collect these data	
			G4-EN4	ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION	-	-		
			G4-EN5	ENERGY INTENSITY	68	72-73		
			G4-EN6	REDUCTION OF ENERGY CONSUMPTION	53	72-73		
			G4-EN7	REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES	32	72-73		
Emissions	●		G4-EN15	DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)	54	72-73	Due to the technical reasons, Doosan Engine is currently unable to collect these data	
			G4-EN16	ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)	54	72-73		
			G4-EN17	OTHER INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 3)	-	-		
			G4-EN18	GREENHOUSE GAS (GHG) EMISSIONS INTENSITY	68	72-73		
			G4-EN19	REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS	54	72-73		
			G4-EN20	EMISSIONS OF OZONE-DEPLETING SUBSTANCES (ODS)	-	-		N/A
			G4-EN21	NOX, SOX, AND OTHER SIGNIFICANT AIR EMISSIONS	-	-		N/A
Compliance	●		G4-EN29	MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS	55	72-73		
Environmental Grievance Mechanisms	●		G4-EN34	NUMBER OF GRIEVANCES ABOUT ENVIRONMENTAL IMPACTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS	55	72-73		

Material Aspect	Boundary		DMA and Indicators				Page	Assurance	Note	
	Within	Outside	Category: Social							
			Sub-Category: Labor Practice and Decent Work							
Occupational Health and Safety	●		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				46	72-73	
			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				49	72-73	
			G4-LA7	WORKERS WITH HIGH INCIDENCE OR HIGH RISK OF DISEASES RELATED TO THEIR OCCUPATION				51	72-73	
			G4-LA8	HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS				49-51	72-73	
			G4-LA9	AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER, AND BY EMPLOYEE CATEGORY				70	72-73	
Training and Education	●		G4-LA10	PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDINGS				47	72-73	
			G4-LA11	PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS, BY GENDER AND BY EMPLOYEE CATEGORY				-	72-73	100%
Sub-Category: Human Rights										
Security Practices	●		G4-HR7	PERCENTAGE OF SECURITY PERSONNEL TRAINED IN THE ORGANIZATION'S HUMAN RIGHTS POLICIES OR PROCEDURES THAT ARE RELEVANT TO OPERATIONS				-	72-73	100%
Sub-Category: Society										
Local Communities	●		G4-S01	PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS				-	-	N/A
			G4-S02	OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES				-	-	N/A
Anti-corruption	●		G4-S03	TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION AND THE SIGNIFICANT RISKS IDENTIFIED				-	72-73	None
			G4-S04	COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES				14-15	72-73	
			G4-S05	CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN				14-15	72-73	
Compliance	●		G4-S08	MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS				14-15	72-73	
Supplier Assement for Impacts on Society	●		G4-S09	PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING CRITERIA FOR IMPACTS ON SOCIETY				-	72-73	None
			G4-S010	SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON SOCIETY IN THE SUPPLY CHAIN AND ACTIONS TAKEN				-	72-73	None
Sub-Category: Product Responsibility										
Customer Health and Safety	●		G4-PR1	PERCENTAGE OF SIGNIFICANT PRODUCT AND SERVICE CATEGORIES FOR WHICH HEALTH AND SAFETY IMPACTS ARE ASSESSED FOR IMPROVEMENT				-	72-73	100%
			G4-PR2	TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES DURING THEIR LIFE CYCLE, BY TYPE OF OUTCOMES				-	72-73	None
Product and Service Labeling	●		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"				60-61	72-73	
			G4-PR4	TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELING, BY TYPE OF OUTCOMES				61	72-73	
			G4-PR5	RESULTS OF SURVEYS MEASURING CUSTOMER SATISFACTION				61	72-73	
Marketing Communications	●		G4-PR6	SALE OF BANNED OR DISPUTED PRODUCTS				-	-	N/A
			G4-PR7	TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING MARKETING COMMUNICATIONS, INCLUDING ADVERTISING, PROMOTION, AND SPONSORSHIP, BY TYPE OF OUTCOMES				-	-	N/A
Customer Privacy	●		G4-PR8	TOTAL NUMBER OF SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA				-	72-73	None
Compliance	●		G4-PR9	MONETARY VALUE OF SIGNIFICANT FINES FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS CONCERNING THE PROVISION AND USE OF PRODUCTS AND SERVICES				14-15	72-73	

The UN Global Compact's ten principles

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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