

KDB DAEWOO SECURITIES
SUSTAINABILITY REPORT

2013



THINK

About This Report

This is the fourth KDB Daewoo Securities Sustainability Report since KDB Daewoo Securities became the first Korean securities firm to publish a sustainability report in 2006. The company published its 2013 sustainability report, with the purpose of disclosing to our stakeholders the company's sustainability management activities and performance in a transparent way.

Reporting Guidelines

This report was compiled based on the G3.1 Guidelines of GRI (Global Reporting Initiative), which are global guidelines for sustainability reports, and the Financial Services Sector Supplement Guidelines. It is also based on the ten major principles of the UN Global Compact, which the company has supported since 2006.

Reporting Period

All information in this report is based on the three years from 2010 to 2012 inclusive. For financial information, fiscal years were used according to the company's public announcement system. Non-financial information uses calendar years, with footnotes added for information that does not satisfy the criteria above. Some qualitative information deemed important from the first half of 2013 has also been included.

Reporting Scope

The scope of this report encompasses the company HQ, the Human Resources Development Institute, the IT Center, our domestic branch network, and our overseas subsidiaries and offices. It is based on where KDB Daewoo Securities performs actual business activities; however, where data collection was excessively difficult owing to restrictions in relation to material management and assessment, the reporting scope was defined as business sites solely in Korea, excluding overseas business sites such as overseas subsidiaries, offices, etc.

Third Party Assurance

To ensure the complete internal and external credibility of this report, we requested third-party assurance from DNV, a professional assurance organization. DNV's detailed opinion is on page 96 of this report. The assessment checked how well the report applied GRI criteria, and it confirmed that the report has earned an application rating of A+.

Major Characteristics of the Report

This report was created with the aim of further strengthening stakeholder communications by advancing the stakeholder management system and identifying major issues through in-depth interviews to reflect them in the report's content. In addition, a progressive matrix was created for an easy understanding of the company's sustainability management performance and execution. Finally, the task force team which created this report voted for the best stakeholder management activities to create the Special Features.

Additional Information of the Report

For further information or any suggestions on the report, please contact:

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Cover Story

'Think' is the key word for the company's brand communications strategy. It is also the slogan for the KDB Daewoo Securities Sustainability Report 2013, embodying our philosophy of thinking first about our stakeholders at all times.

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CEO Message

KDB Daewoo Securities is continuing to grow, thanks to the sincere interest and support of all our stakeholders. We shape a sustainable future by creating the balance between economic, social, and environmental values.

Dear KDB Daewoo Securities stakeholders,

I would like to begin by thanking you most sincerely for your unwavering trust and interest in KDB Daewoo Securities.

More and more emphasis is being placed these days not just on what growth is being achieved, but on how sustainable corporate growth can be realized.

Since becoming the first company in the Korean securities industry to issue a sustainability report, KDB Daewoo Securities has continued to strengthen its communications with its stakeholders. We are constantly seeking to be a company that undertakes real sustainability management by engaging in diverse activities, and thinking in-depth about the kind of company we want to build. This KDB Daewoo Securities Sustainability Report 2013 will share with all our stakeholders our activities across various fields, including the economy, society, the environment, and the outcomes of those activities.

Amidst the ongoing uncertainties in the global economy, we continue to strengthen the company's fundamentals and diversify the sources of our revenues through innovation and challenge, thus building the foundations of our sustainable growth.

In wealth management, we have boosted the competitiveness of our financial products and services, based on detailed analyses of market changes, which has in turn enabled our total client assets to surpass KRW 110 trillion, building a firm foundation for asset management business. There were major achievements in investment banking, such as becoming the first company in Korea to arrange the issuance of a hybrid bond for a public corporation, and our participation in a biomass power generation project in Britain, the largest project of its kind in the world. Our sales and trading division improved its capital efficiency by expanding its foreign currency bond management business, helping to make this division a key source of profitability. We are committed to building up our overseas network, so that we can become a truly global financial investment company. As part of that commitment, we acquired the management right for e-Trading Securities in Indonesia, and established subsidiaries in Singapore and Mongolia, despite the challenging global economic environment.

We could not have achieved these successes on our own. They were supported by the sincere interest and support of all our stakeholders, including customers, shareholders, investors, staff, and our local communities. We strive to share our successes with our stakeholders, and to provide better value to the nation and to society as a whole.

As a result of these efforts, in 2012 KDB Daewoo Securities was listed on the Dow Jones Sustainability Index (DJSI) World for the first time, after the DJSI evaluation which chooses outstanding companies in sustainability management from across the globe. The company was then listed for a second consecutive year in 2013, adding to the worldwide recognition of our sustainability management.

Think you very much



We will undertake responsible sustainability management which contributes to the success of customers and shareholders, the happiness of our staff, and the development of local communities. We will focus the following four areas in our efforts to create a better society for all stakeholders and to ensure sound finances.

We will focus on customer-centric management and our business integrity to improve customer satisfaction and protection.

We are committed to thinking from a customer perspective. This includes building better customer communication channels, such as Voice of Customers and Viewfinder D, and role-playing trainings to strengthen our staff's ability in customer services. In addition, we continually examine our sales practices so that every detail is considered and accounted for in protecting financial customers. We will adopt even the smallest changes if that will benefit our customers, so that the thoughts of our customers become those of our company.

We will establish a foundation for sustainable growth and maximize shareholder value through innovation and challenge.

Innovation will drive advances in our financial products and management, and we will continue to improve our ability to respond quickly to market changes. We will also diversify the sources of our profitability by making investments and by developing the best in asset and risk management skills, to strengthen the underpinnings of the company. Our overseas network and product line-up will expand, so that we can meet the diverse financial needs of our customers in Korea and abroad.

110

KRW trillion

Total client assets exceeded
KRW 110 trillion as of end 2012

ECONOMIC VALUE

2

Consecutive years

Listed on the DJSI World for
two consecutive years in 2012 and 2013

SOCIAL VALUE

Based on the belief that our staffs are our main asset, we will improve both their skills and job satisfaction.

We aim to develop global financial leaders. We will continue to offer the best possible training as befits our reputation as a securities firm which develops highly-qualified financial experts. We will also build a flexible, lively corporate culture by strengthening our internal communication channels, and by implementing a wide range of staff welfare programs which will further enhance job satisfaction. Compensation will be assessed through fair performance evaluations, so that our entire staff feel appropriately rewarded for their contributions. As such, we will do our utmost to improve work environment of our staff.

We are committed to developing the local communities and to spreading a culture of sharing through sincere social contribution activities.

The focus of our social contribution activities is on “providing help to those who need it most”, “through company and staff together”, and “participation in the local community”. In particular, as part of our efforts to spread a culture of sharing, we implemented the ‘Lovemeter’, a voluntary donation program. We have undertaken various support activities for multi-cultural families and children from low-income backgrounds since 2009, and they have become our main social contribution activities. We are also active in overseas, including the Republic of the Congo, Mongolia, and Indonesia, as part of our commitment to fulfilling social responsibilities as a global financial investment company.

KDB Daewoo Securities stakeholders,

There is a saying in Africa that says, “Go alone if you want to go fast, and go together if you want to go far”. This difficult business environment is likely to persist in Korea and abroad, but we will overcome this crisis in partnership with all of our stakeholders. We are proud of our position as a company that has shaped the history of the Korean financial industry. We are now committed to sharing the fruits of our growth so that we can become a trusted, loved, and sustainable company.

I would like to express my deepest gratitude to all of our stakeholders for your continued support and encouragement for every step that KDB Daewoo Securities will take in the future.

Thank you.

President & CEO
KDB Daewoo Securities
Kibum Kim




THINK YOU VERY MUCH!

KDB Daewoo Securities thinks.

KDB Daewoo Securities always strives to think from the customer's perspective, to do our best for shareholders and investors, to be in partnership with our staff, and to be at the heart of local communities. We always remember that our growth came about through the joint efforts of our stakeholders, and we believe that a sustainable future will be realized when the growth is shared.

succeed with



Total client assets exceed KRW 110 trillion

Despite a difficult market environment, including low interest rates and low growth, we introduced changes to help us become a major player in asset management. Aiming to become an 'elite PB house with top consulting capabilities', we engaged in advanced asset management, increased efficiency in customer services, and quickly responded to market changes. As a result, our total client assets exceed KRW 110 trillion at the end of 2012.

people



Listed on the DJSI World financial services category for two consecutive years

KDB Daewoo Securities was listed on the DJSI (Dow Jones Sustainability Index) Asia Pacific for the first time in 2010. Then, in 2012, the company gained its first listing on the DJSI World, and has been listed again in 2013, meaning that KDB Daewoo Securities has received global recognition as a sustainable company for four consecutive years. It is one of 333 companies on the DJSI World, chosen from among approximately 2,500 companies around the world that were evaluated, and is one of only 12 securities firms that were chosen. This is an excellent new milestone for the company.

win for



**Received the Grand Prize for management innovation
at the 2012 Korea Securities Awards**

KDB Daewoo Securities received the Grand Prize for management innovation in the securities category at the 2012 Korea Securities Awards, held in November 2012. The company was recognized for building an innovative corporate culture by creating a dedicated management organization for innovation to establish five major innovation initiatives, and for implementing innovation projects based on its corporate vision of becoming 'Asia's pioneer investment bank'. This proves that our efforts towards financial have received recognition.

better



**Received a Presidential Citation
for supporting multi-cultural families**

At the '2012 National Multi-cultural Family Support Network Tournament', KDB Daewoo Securities received a Presidential Citation in recognition of its multi-cultural family support programs that have been in place since 2009. The company was praised for its efforts to raise awareness of cultural diversity in Korea, which is becoming a more multi-cultural nation. This served as an opportunity to reaffirm the company's sincere commitment to its programs, and to recognize the accomplishments achieved by these programs.

invest in



Chosen as the best securities firm by 'Finance Asia'

At the 2013 Finance Asia Awards held in July 2013, KDB Daewoo Securities won in two categories – 'Best Securities' and 'Best IB'. This was the result of the efforts made to develop our global position as a Korea's No. 1 financial investment company despite difficulties in the market environment. Such efforts include improving our competitiveness in prime brokerage and developing new profit sources, such as the acquisition of e-Trading Securities in Indonesia.

tomorrow



No. 1 securities firm for brand value

In September 2013, KDB Daewoo Securities was named the No. 1 securities firm in Korea for brand value by Brand Stock, a brand value measurement company. While other securities firms have suffered a steady drop in their brand value, in contrast, KDB Daewoo Securities has continued to emphasize systematic brand management, including the change of its company name for external communications. These efforts enabled KDB Daewoo Securities to overtake Samsung Securities, the long-time winner, to take first place in 2013.

KDB DAEWOO SECURITIES IS MOVING TOWARD OUR GOALS WITH THE FOCUS ON SUSTAINABILITY

Despite unfavorable economic conditions,
KDB Daewoo Securities has maintained
joint growth in partnership with our
local communities. We will always strive
for sustainable growth.

FY2011

KDB Daewoo Securities adopted as company name for external communications

On September 9th, 2011, 'KDB Daewoo Securities' was adopted as the company name for external communications, and unified with the visual identity of the KDB Financial Group to create synergy. The company's brand value was increased by adopting the global brand of KDB.

Subsidiary in Hong Kong completed a capital increase of USD 200 million and opened its Global Trading Center

The company's subsidiary in Hong Kong completed a capital increase of USD 200 million in February 2012. KDB Daewoo Securities became the first Korean securities firm to open a Global Trading Center in Hong Kong, enabling it to build know-how on managing foreign currency bonds and developing independent overseas management.

Strengthened global alliances

KDB Daewoo Securities has established business agreements and strategic partnerships with various overseas financial companies, including IPM in Sweden, Marshall Wace in the UK, and Mercury Capital in the USA. In doing so, the company strengthened cooperation in the capital markets and laid the foundation for further advances in overseas markets.

Education to develop the financial experts of the future

In December 2012, KDB Daewoo Securities signed an agreement with the Ministry of Education and Science Technology and the Korea Foundation for the Advancement of Science and Creativity to help to develop the financial experts of the future. These agreements include a 'practical course in becoming economic and financial experts' for teachers, and the 'junior finance program' for elementary school and junior high school students.



Opened the Global Trading Center



Strengthened global alliances



Installed the Viewfinder D



Supported the Jump Up project for young social entrepreneurs



Created an animation to improve understanding of multi-cultural families



FY2012-2013

Open HR in selecting the best talent

KDB Daewoo Securities implemented its 'Open HR' system to discover outstanding talent and to help staff fulfill their potential. This system enables the company to select the optimal talent for the right positions, and helps staff strengthen their work skills.

Installed a customer communication channel – Viewfinder D

Viewfinder D was installed on the electronic bulletin board on the 17th floor of the company's HQ. It is designed to share customer opinions, and thus to develop a better understanding of customer perspectives and ultimately to offer higher quality service.

Jump Up project for young social entrepreneurs

In June 2012, KDB Daewoo Securities implemented the Jump Up project, which involves choosing an outstanding business start-up team and then sponsoring that team to build a social enterprise. Support is provided to enable the continued growth of young social entrepreneurs.

Created an animation to improve understanding of multi-cultural families

Together with KBS (Korean Broadcasting System), KDB Daewoo Securities created a TV animation entitled 'Red Bicycle', to air every Friday starting in August 2013. This animation series is intended to improve understanding of multi-cultural families.

No.1

Competitiveness and reputation as a leading financial investment company in Korea

No.1

Established an advanced corporate governance system for ethical and transparent management

THINK PROSPERITY

We pursue prosperity and happiness for all of our stakeholders. We are opening the door to a new future by building on economic value that we have generated as a leading financial investment company in Korea over the last 40 years, and by increasing social and environmental value as a model corporate citizen.

Company Profile

KDB Daewoo Securities is the top financial investment company in Korea.
We lead the industry in revenues, total shareholders' equity and market share.

Company Overview

KDB Daewoo Securities was founded in September 1970, and has grown alongside the development of the Korean capital markets. With its strong reputation, KDB Daewoo Securities has led the development of the Korean financial industry by taking it in new directions, and pioneering new markets. KDB Daewoo Securities seeks to go beyond national boundaries and become a truly global comprehensive financial investment company, based on its market-leading competitiveness and reputation.

Size and Status

KDB Daewoo Securities is Korea's largest comprehensive financial investment company, with 105 domestic branches, seven overseas subsidiaries, three representative offices, and one branch overseas. Headquartered in Yeouido, Seoul, KDB Daewoo Securities had 3,109 employees all of whom are striving to offer top-quality financial services to customers in Korea and abroad.

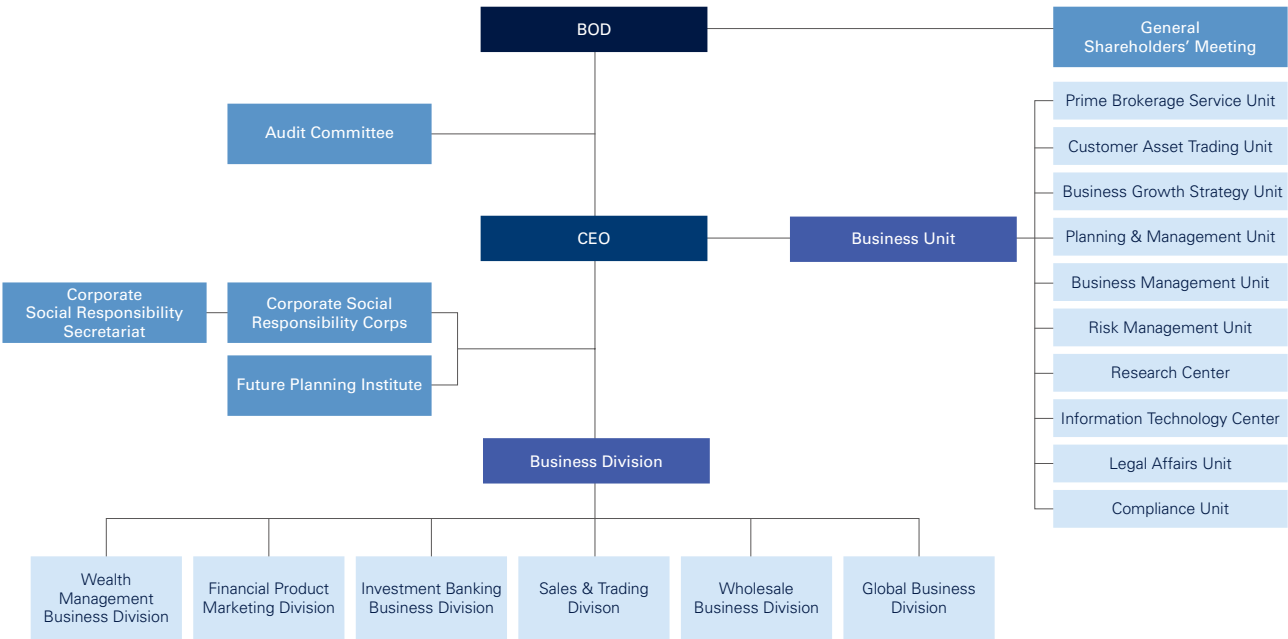
Key Information

(As of March 31, 2013)

Name	KDB Daewoo Securities Co., Ltd.
Headquarters	KDB Daewoo Securities Building, Gukjegeumyung-ro 56, Yeongdeungpo-Gu, Seoul, Korea
Establishment	September 23, 1970
CEO	Kibum Kim
Domestic Network	105 Branches
Overseas Network	7 Overseas Subsidiaries, 1 Branch, 3 Representative Offices
No. of Employees	3,109
Key Business Areas	Brokerage, IB, Wealth Management, Sales & Trading
Share Ownership	KDB Financial Group 43.0%, Individuals 31.6%, Foreigners 13.4%, Institutions 10.6%, Treasury Stock 1.4%

Organization Chart

(As of August 31, 2013)



History of KDB Daewoo Securities

Established in 1970, KDB Daewoo Securities has led the Korean capital markets for more than 40 years, and is now advancing towards an even better future. It will develop into a global financial investment company that grows in partnership with all its stakeholders.

1970-1980s

Sep. 23, 1970	Established Dong Yang Securities Co., Ltd.
Oct. 20, 1983	Changed company name to Daewoo Securities Co., Ltd.
Dec. 19, 1983	Acquired Sambo Securities Co., Ltd.
May 14, 1984	Established the Korea Fund for the first time in Korea
May 19, 1984	Opened the Daewoo Economics Research Institute
Sep. 28, 1984	Became the first Korean securities company to open an office in New York
Feb. 13, 1988	Established Daewoo Investment Advisory
Dec. 28, 1989	Established MHB-Daewoo Bank

1990s

May 03, 1991	Established a subsidiary in Europe
Jun. 01, 1992	Became the first Korean securities company to acquire approval to do business in China
Jul. 07, 1992	Established a subsidiary in New York
Feb. 03, 1993	Established a joint venture bank in Vietnam
Oct. 23, 1993	Completed construction of the Information Center
Jul. 27, 1994	Held the Korean securities industry's first securities forum
Sep. 29, 1994	Established a subsidiary in Hong Kong
May 13, 1996	Established Seoul Investment Trust Management Company
Oct. 01, 1999	Became fully independent from Daewoo Group

2000s

May 16, 2000	Korea Development Bank becomes largest shareholder
Oct. 28, 2009	Established KDB Financial Group
Oct. 15, 2010	Marked the 40th anniversary of company founding
Aug. 30, 2011	Opening ceremony for the Tokyo branch
Nov. 07, 2011	AA+ rating assigned by the Korea Investors Service
May 03, 2012	Capital increase of USD 100 million for subsidiary in Hong Kong
Apr. 18, 2013	Acquired 80% shareholding and management control of e-Trading Securities of Indonesia
Jun. 24, 2013	Held the opening ceremony for a subsidiary in Mongolia

Global Network



Beijing, China

- Beijing Representative Office
- KDB Daewoo Investment Advisory (Beijing) Co., Ltd.

Shanghai, China

- Shanghai Representative Office

Hong Kong

- KDB Daewoo Securities (Hong Kong) Ltd.

Singapore

- KDB Daewoo Securities (Singapore) Ltd.

Jakarta, Indonesia

- PT. KDB Daewoo Securities (Indonesia)

Ho Chi Minh City, Vietnam

- Ho Chi Minh Representative Office

Ulaanbaatar, Mongolia

- KDB Daewoo Securities (Mongolia) LLC

Tokyo, Japan

- Tokyo Branch Office

New York, USA

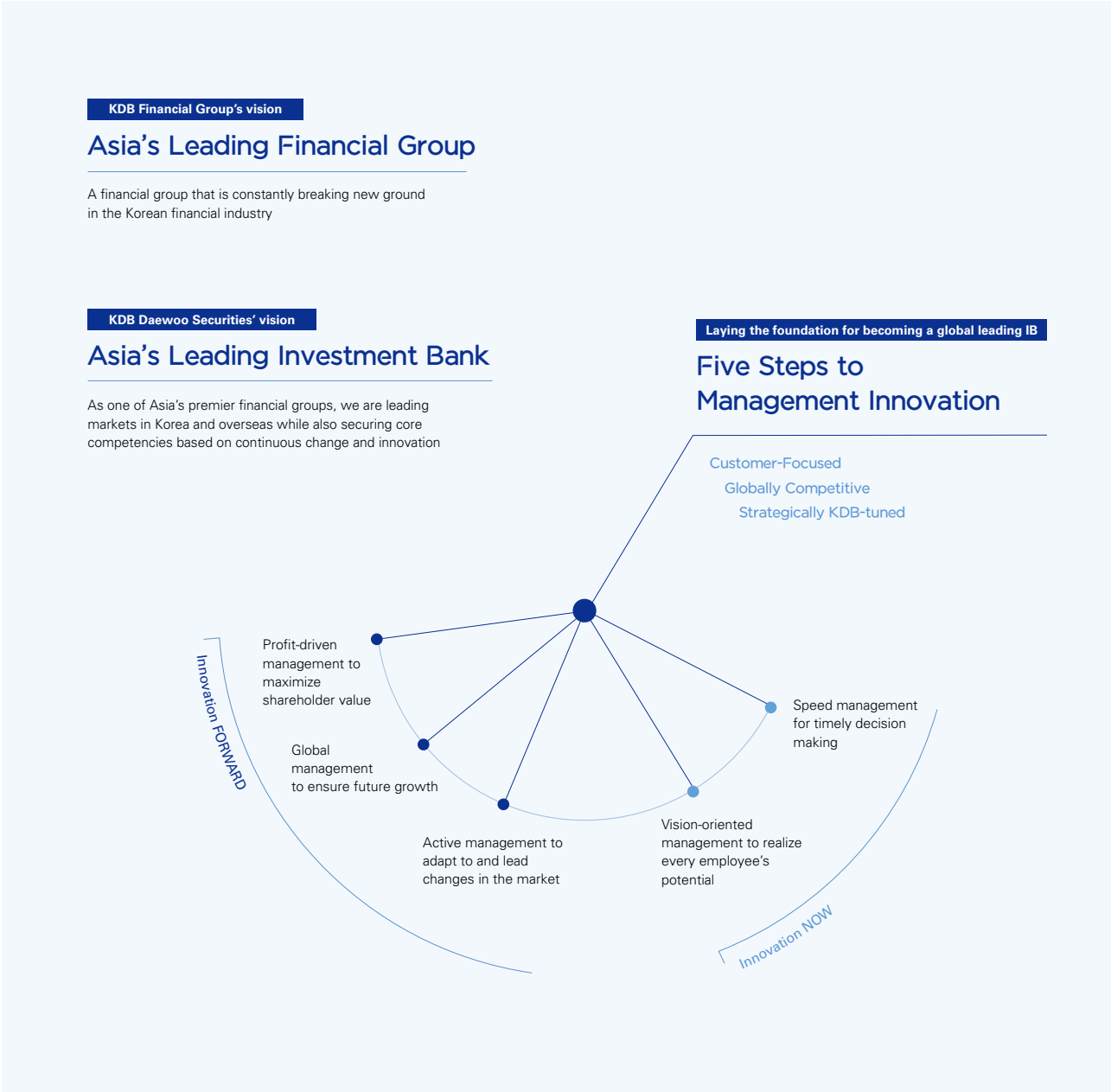
- KDB Daewoo Securities (America) Inc.

London, UK

- KDB Daewoo Securities (Europe) Ltd.

Vision and Five Steps to Management Innovation

KDB Daewoo Securities is implementing five steps to management innovation to help it become a global investment bank. These innovations will fulfill the corporate vision of becoming ‘Asia’s pioneer investment bank’ and will be pivotal in KDB Financial Group’s progress towards becoming ‘Asia’s pioneer financial group’.



Corporate Governance

Think you very much

Our advanced corporate governance system guarantees the independence of the BOD and operates independent and professional sub-committees.

BOD Policies and Activity

Composition of BOD

KDB Daewoo Securities has a single board system. Its BOD is comprised of two standing directors, one non-standing director, and four outside directors. Having four outside directors, a majority of the BOD, results in transparency and neutrality. KDB Daewoo Securities' CEO serves as the BOD chairman. The Audit Committee consists of one internal director and two outside directors.

BOD Composition

Executive Directors (Standing)	
Kibum Kim (1956.10)	<ul style="list-style-type: none">Currently President & CEO of KDB Daewoo SecuritiesCEO of Meritz SecuritiesManaging Director for International Business at Daewoo Securities <p>Member: Steering Committee, Risk Management Committee, Compensation Committee, Outside Director Nomination Committee</p>
SonghanYoon (1957.09)	<ul style="list-style-type: none">Currently Statutory Auditor of KDB Daewoo SecuritiesHead of Tokyo Representative Office at Financial Supervisory ServiceDirector of Coordination Planning Secretariat at Financial Supervisory Service <p>Member: Audit Committee</p>
Executive Directors (Non-Standing)	
Manho Yoon (1955.01)	<ul style="list-style-type: none">Currently Non-Standing Director of KDB Daewoo SecuritiesCurrently President of KDB Financial GroupDirector & Division Head of Strategic Management Division at Korea Development Bank <p>Member: Steering Committee, Outside Director Nomination Committee</p>
Non-Executive Directors	
Sangwoo Kim (1945.08)	<ul style="list-style-type: none">Currently Senior Non-Executive Director of KDB Daewoo SecuritiesStatutory Auditor of Cho Heung BankDeputy Assistant Governor of Financial Supervisory Service <p>Member: Steering Committee, Compensation Committee</p>
Jungho Kang (1948.12)	<ul style="list-style-type: none">Currently Non-Executive Director of KDB Daewoo SecuritiesDeputy Governor of Political Affairs at Gyeongsang Nam Do ProvinceExecutive Director of Korea Futures Exchange <p>Member: Risk Management Committee, Audit Committee, Outside Director Nomination Committee</p>
Hojoo Shin (1949.12)	<ul style="list-style-type: none">Currently Non-Executive Director of KDB Daewoo SecuritiesPresident and CEO of The Kosdaq Stock Market, Inc.Director-General Council of Finance and Economy Cooperation <p>Member: Risk Management Committee, Audit Committee, Outside Director Nomination Committee</p>
Keesang Cho (1953.07)	<ul style="list-style-type: none">Currently Non-Executive Director of KDB Daewoo SecuritiesDeliberation Committee Member of Credit Counseling & Recovery ServiceDirector of Financial Affairs at Lotte Capital <p>Member: Audit Committee, Outside Director Nomination Committee</p>

(As of September 30, 2013)

BOD Decision Making Process

Unless otherwise specified in relevant laws, resolutions are passed by the affirmative votes of the majority of the directors in attendance, where the majority of directors are in attendance. Any director who has a special interest in the agenda at the meeting is prohibited from exercising his/her voting rights. Outside director candidates are chosen through the Outside Director Nomination Committee and then recommended at the General Shareholders' Meeting, after which final appointments are made.

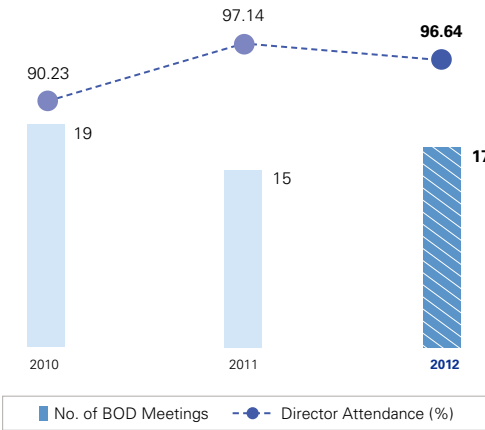
BOD Performance Evaluation

After the end of each business year, a self-evaluation is carried out focusing on factors such as the duties performed by outside directors, the efficiency of BOD operations, governance structures, and the committees under the BOD. This is in accordance with 'Model standards on operating and managing outside directors and an audit committee of financial investment companies, etc.' The outcome of the evaluation is announced publicly to the Korea Financial Investment Association ahead of the regular General Shareholders' Meeting.

BOD Activities

The BOD finalizes management goals for each business year. It decides on and supervises major policies and activities related to corporate management. In 2012 there were 17 BOD meetings and the director attendance rate was 97%.

BOD Meetings and Activities from 2010 through 2012



Committees under the BOD

Steering Committee

This Committee is in charge of examining and adopting resolutions concerning the company's organizational strategy in light of the prevailing business environment. It consists of three or more directors, including the CEO, who serves as the Committee's chairman. A total of 25 Committee meetings were held from 2011 to 2012.

Outside Director Nomination Committee

This Committee screens and selects candidates to be outside directors on the BOD, and recommends the candidates at the regular General Shareholders' Meeting. It is also in charge of handling matters related to reviewing the efficiency of each Board sub-committee. All of the four incumbent outside directors were recommended by the Outside Director Nomination Committee and elected at the General Shareholders' Meeting. One new outside director was elected in 2013. Two Committee meetings were held from 2011 to 2012.

Risk Management Committee

This Committee formulates risk management strategies that are in line with the company's overall strategy, and supervises management activities from a risk perspective. It is comprised of three or more directors, and includes two outside directors. Nine Committee meetings were held from 2011 to 2012.

Audit Committee

This Committee handles work related to the auditing of the company's accounts. It is also responsible for assessing the company's internal control systems and management performance. It consists of three or more directors, of whom at least two-thirds are outside directors, to ensure the independence of the Committee. An outside director serves as the Committee chairman. 27 Committee meetings were held from 2011 to 2012.

Compensation Committee

This Committee establishes the remuneration ceiling for executives to be laid before the General Shareholders' Meeting. It decides on performance remuneration for registered executives and executive officers. It consists of three or more directors, with outside directors in the majority. It also includes two directors who are members of the Risk Management Committee, to ensure a performance remuneration system that is connected to risk. Five Committee meetings were held from 2011 to 2012.

BOD Sub-committees



Ethical & Transparent Management

Think you very much

We share a company-wide understanding of the need for effective corporate governance, to build an ethical and transparent work environment.

Ethical & Transparent Management Policies

Ethical Management System

To ensure ethical management and enhance transparency, KDB Daewoo Securities has established a 'Code of Ethics' and a 'Code of Conduct', and we are systematically managing them.

The Code of Ethics

The Code of Ethics stipulates ethical principles and behavioral guidelines to help staff engage in appropriate behavior and make proper value judgments. A 'ceremony of commitment to ethics and compliance' is held every year in connection with the annual event celebrating the company's founding, with every staff member taking part. Continuous efforts are made to establish a fully ethical and compliance-focused culture and mindset.

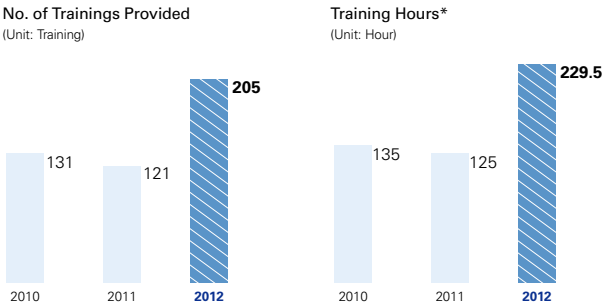
Day of Ethics and Compliance

The first Wednesday of each month is designated the 'Day of Ethics and Compliance'. Every staff member is given training on ethics and compliance, and there are internal inspections to prevent financial irregularities.

Ethics and Compliance Training

The continuous training of our staff strengthens our ethical and compliance mindset. The Compliance Department, which is in charge of ethical management, provided more than 200 training sessions in 2012. These included online training, seminars, training to prevent improper sales of financial products, training to prevent unfair trading, and internal mystery shopping.

Ethics and Compliance Training



* Total training hours were determined by multiplying training hours by the number of times of training

Implementing Ethical Management

Compliance Headquarters has been designated to take charge of the systematic implementation and supervision of our ethical management.

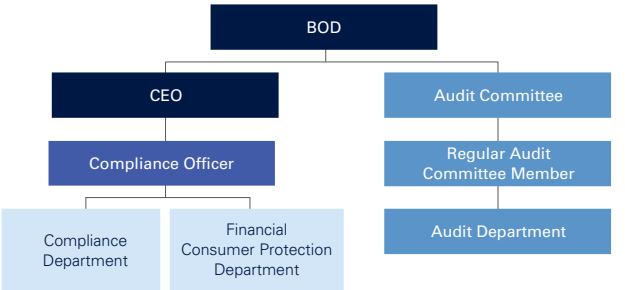
Compliance Department

The Compliance Department is responsible for establishing and managing the overall ethical management execution system. It helps staff to gain a good understanding of the Code of Ethics, and to put it into practice.

Establishing a Company-wide Compliance System

KDB Daewoo Securities appoints compliance officers for the independent supervision of ethics and compliance. A compliance manager (usually the deputy branch manager) and other compliance personnel are appointed at each branch to ensure the implementation of a corporate-wide ethics and compliance system.

Organization for Ethical Management



Composition of Compliance Unit

Compliance Officer and Head of Compliance Unit		
Compliance Department		Financial Consumer Protection Department
Compliance Consulting Part	Compliance Monitoring Part	Financial Consumer Protection Part
<ul style="list-style-type: none">Establish an ethics and compliance cultureBuild and support the compliance monitoring systemProtect information assetsProvide advice on compliance	<ul style="list-style-type: none">Operate the money laundering prevention systemEngage in monitoring to prevent unfair tradeMonitor other matters	<ul style="list-style-type: none">Build and support the consumer protection systemHandle complaints, etc.

Internal Control Systems

KDB Daewoo Securities has set up company-wide internal control systems as part of its efforts to build an ethical and transparent business environment. It prohibits staff from engaging in political activities, and monitors exposure to the risk of corruption at all company premises, thus contributing to the sound growth of financial markets.

Preventing the Inflow of Illegal Funds

KDB Daewoo Securities has an internal system in place that is designed to root out illegal financial transactions such as money laundering and the financing of terrorism. This system also places great emphasis on the relevant staff training.

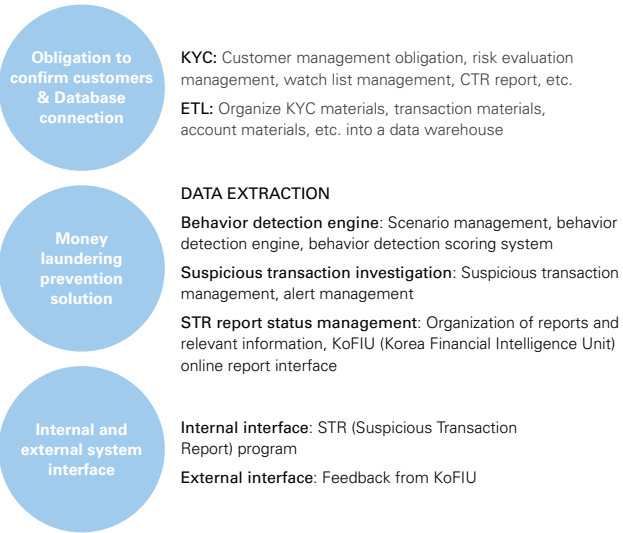
Establishing the TMS System

KDB Daewoo Securities has been operating its TMS (Transaction Monitoring System) to effectively block the inflow and outflow of illegal funds since 2009. It is designed to ensure the active and effective prevention of financial crime by analyzing scenarios and undertaking mandatory customer-checking functions.

Mandatory Training on the Prevention of Money Laundering

To promote the understanding of our money laundering prevention systems, staff receive online mandatory training at least once a year. This training is part of the company's efforts to establish a sound financial transaction order.

Conceptual Table of TMS System



Company Inspections

To establish a company-wide internal control system, KDB Daewoo Securities creates an internal control checklist for each department and branch, and then conducts inspections using the checklist. The checklist notes what needs to be inspected on a daily, weekly, monthly, and half-yearly basis, and reflects the individual characteristics of each department and branch.

Ethics and Compliance Reporting Systems

KDB Daewoo Securities receives reports on violations in relation to ethics and compliance through a variety of means, including the Intranet, telephone, and e-mail. All reports are received by the Compliance Department and incentives are offered to staffs who submit such reports, to encourage active participation in the reporting system.

Financial Irregularities & Corruption Reporting Center

The Customer Support Center operates the Financial Irregularities & Corruption Reporting Center in connection with the VOC (Voice of Customers) system. Through the center, customers can quickly report matters related to any financial irregularities and corruption committed by staff members.

Occurrence of Corruption Cases

Subject		2010	2011	2012	Note
Ethical management violations	KDB Daewoo Securities	-	-	-	No. of cases where a measure more severe than disciplinary action was taken
	Internal employees	7 cases	7 cases	3 cases	
Measures on corruption cases	Dismissal or disciplinary action	1 person	None	None	No. of employees dismissed as a disciplinary measure

No.1

Establishing the
advanced sustainability
management system

No.1

First Korean securities
company listed
on the DJSI World for
two consecutive years

THINK SUSTAINABILITY

KDB Daewoo Securities regards sustainability management as essential to all of our management activities. By combining quality and continuity in our management, KDB Daewoo Securities shares value with our stakeholders, and maintains the highest standards of transparency in management.

Sustainability Management System

Think you very much

To conduct more systematic and future-oriented sustainability management activities, we set up a sustainability management systems and organization.

Sustainability Management Implementation Systems

Strategy for Sustainability Management

KDB Daewoo Securities has a strategy for sustainability with focus on six major initiatives based on its six core values of sustainability management – customer value, communications, human resource development, shared growth, social contributions, and environmental management. Implementation of the relevant initiatives is managed by each relevant department. Information on activities and performance is disclosed in a transparent manner through the company's sustainability report.

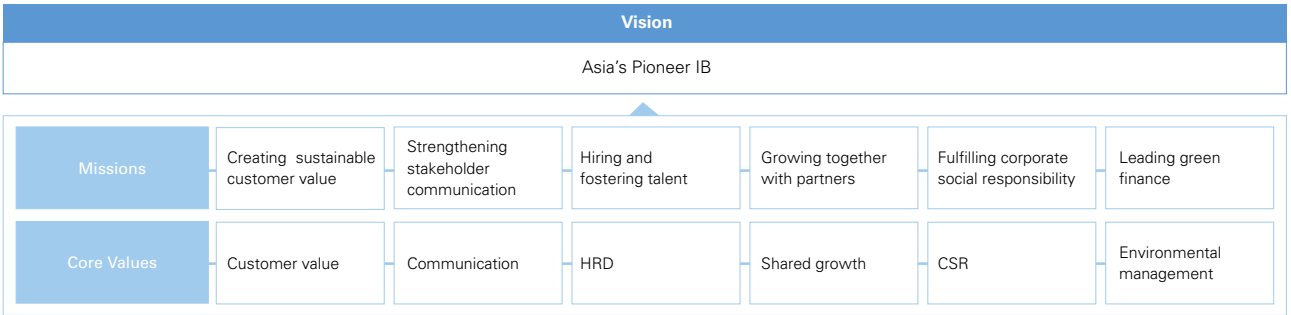
Sustainability Management Organization

The CEO is in charge of decision-making for KDB Daewoo Securities' sustainability management activities. These activities are implemented after review and adjustments by the Head of the Planning & Management Unit, with execution support provided by a taskforce team that consists of members from all relevant departments, including Planning, HR, and General Affairs.

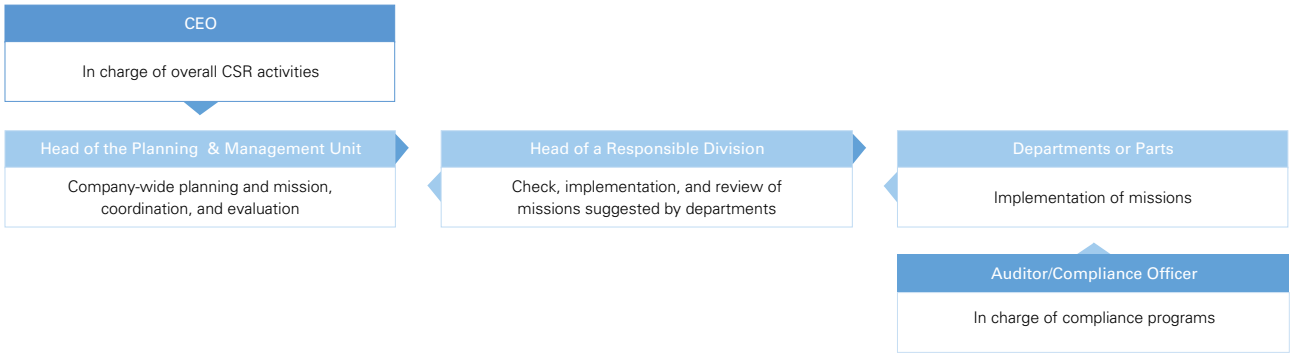
Corporate Social Responsibility Corps

In 2013, Corporate Social Responsibility Corps was reorganized to strengthen our corporate social responsibilities and to make a stronger connection between the company's social contribution activities and its sustainability management. This has both increased the effectiveness of these activities and enabled their systematic implementation.

Strategy for Sustainability Management



Sustainability Management Organization



Sustainability Management Performance

Progressive Matrix

To ensure the transparent disclosure of the status of our sustainability management performance, KDB Daewoo Securities has created a progressive matrix. This discloses major execution goals and performance for each of six

major initiatives and evaluates progress so far. This enables stakeholders to easily ascertain the performance and status of the company's sustainability management.

Achieved

In Progress

None Applicable

Initiative	Details of Initiative	Goals	Key Achievement from 2011 to 2013	Status
Creating sustainable customer value	<ul style="list-style-type: none">Enhance customer satisfactionStrengthen employees' CS competenciesBuild brand communication strategies	<ul style="list-style-type: none">Provide CS trainings to employeesExpand customer communication channelsImprove internal customer satisfaction scores and have zero branches receive a score of less than 90 pointsIncrease brand preference and awareness	<ul style="list-style-type: none">Provided CS training to all employees once a yearInstalled the Viewfinder D at the headquartersReceived 98.8 points in a satisfaction survey conducted on new customers in 2012 (an improvement of 2.1 points from the previous year). None received less than 90 pointsLaunched the brand campaign, 'Think you very much'	<div></div>
Strengthening stakeholder communication	<ul style="list-style-type: none">Stakeholder communicationIssue a sustainability reportRespond to external initiatives	<ul style="list-style-type: none">Build a stakeholder management systemConduct stakeholder interviews and surveysIdentify major stakeholder issuesIssue the 2013 Sustainability ReportRespond to external evaluations such as CDP and DJSI	<ul style="list-style-type: none">Conducted in-depth stakeholder interviewsConducted a survey on importance levels and defined major issuesIssued the 2013 Sustainability ReportListed on the DJSI World in 2012 and 2013	<div></div>
Hiring and fostering talent	<ul style="list-style-type: none">Strengthen internal communicationPromote employee welfareIncrease employees' expertise in finance	<ul style="list-style-type: none">Adopt employee communication programsExpand employee training programsIncrease the number of employees who acquire professional financial certificatesIncrease communication among subsidiariesFully establish and expand career management systems	<ul style="list-style-type: none">Held an X-meeting once a year from 2011 to 2012The number of employees with CFP, AFPK, and CPA certificates increasedThe number of employee training courses in 2012 reached 528 (a year-on-year rise of 16%)Operated the child care center	<div></div>
Growing together with partners	<ul style="list-style-type: none">Strengthen investor protectionProtect customers' personal informationComply with fair trade rules	<ul style="list-style-type: none">Strengthen the financial consumer protection organizationContinually improve financial product sales practicesProvide trainings to employees on information protectionReduce the number of complaints raised by customersDiversify fund management companies	<ul style="list-style-type: none">Established the Compliance Unit and the Financial Consumer Protection DepartmentReceived an 'excellent' grade for mystery shopping in fund category from the Financial Supervisory Service from 2011 to 2012Fund sales of affiliated management companies stood at 16% in 2012Zero fund-related complaints were raised in 2012The entire IT staff completed training on information protection in 2012	<div></div>
Fulfilling corporate social responsibility	<ul style="list-style-type: none">Spread the culture of sharing among employeesSelect and concentrate on key contribution programsCarry out global social contribution activities, together with making advancements into overseas markets	<ul style="list-style-type: none">Execute programs to support multi-cultural families and to improve the general public's understandingIncrease education for teenagers from low-income familiesSupport the development of social enterprisesContinually implement the 'Lovemeter'Conduct overseas contribution activities	<ul style="list-style-type: none">Established the CSR Corps in 2013Implemented the Jump Up project for young social entrepreneursCreated an animation for elementary school students to improve understanding of multi-cultural familiesCarried out volunteering in the Democratic Republic of the CongoEmployee participation in the 'Lovemeter' in 2012 reached 84%	<div></div>
Leading green finance	<ul style="list-style-type: none">Develop and manage ESG financial productsCounter climate changeConduct eco-friendly projects	<ul style="list-style-type: none">Take part in new & renewable energy generation projectsParticipate in initiatives to counter climate changeReduce amount of energy useCurtail use of paper and expensesManage green finance products	<ul style="list-style-type: none">Took part in the photovoltaic generation project in Yeongwol and biomass power generation project in the UKReceived the 2013 CDP Special AwardReduced the amount of paper used by 10% in 2012 from the previous yearManaged the SRI Funds for a Better World and S&P Clean Energy Fund	<div></div>

Listed on 2012/2013 DJSI World

The DJSI (Dow Jones Sustainability Index), jointly implemented by Dow Jones of the USA and SAM of Switzerland, involves evaluating the quality of sustainability management of around 2,500 companies across the globe, and choosing the most outstanding companies. KDB Daewoo Securities was listed

on the DJSI Asia Pacific for two consecutive years, in 2010 and 2011, and was then listed on the DJSI World in 2012 and 2013. The company's high-quality sustainability management has thus gained global recognition.

Stakeholder Participation

Think you very much

Because a sustainable future is shaped through trust and communication, we do our best to communicate actively with as many stakeholders as possible.

Stakeholder Management Systems

KDB Daewoo Securities identifies and communicates in depth with all its major stakeholders to systematically manage their interest and expectations. The company attempts to respond quickly and effectively to all major issues raised by stakeholders in relation to the company's activities.

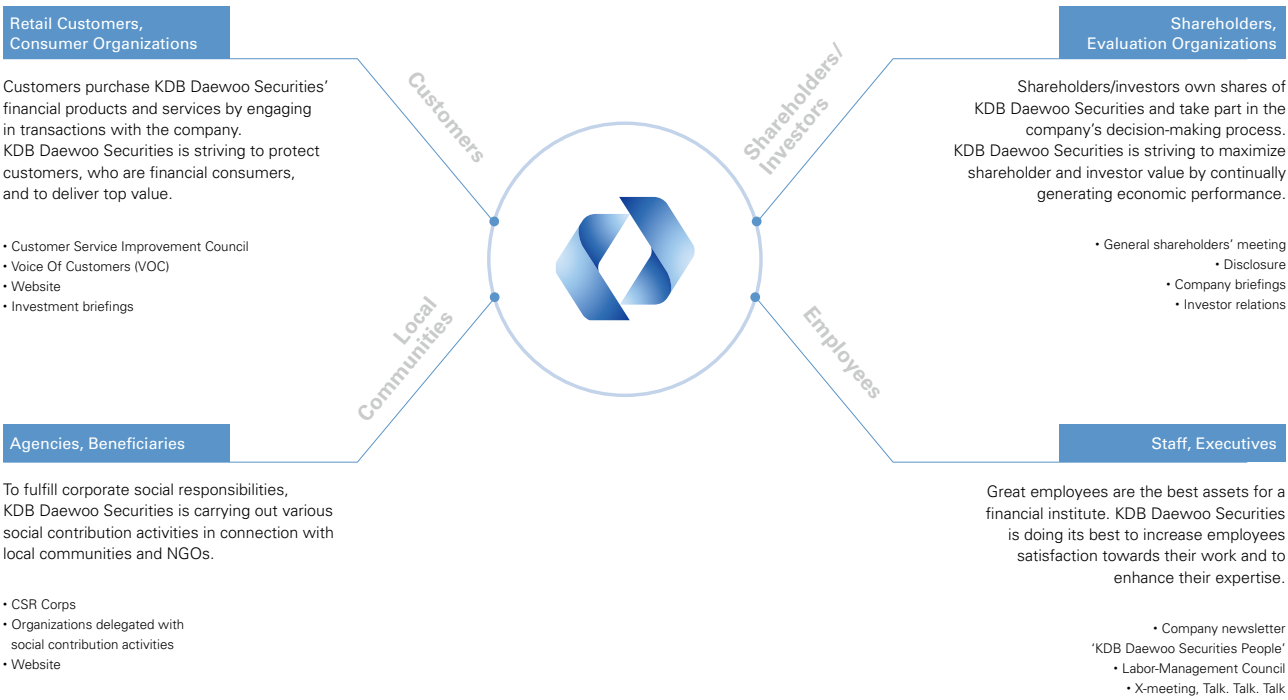
Definition of Stakeholder

A company's stakeholders are the individuals and groups that have an influence on the company and vice versa. Prudent management of stakeholders is required for the sustained development of KDB Daewoo Securities. The company has defined four major stakeholders – customers, shareholders/investors, employees, and local communities – and systematically manages its relationship with them.

Stakeholder Communication Channels

KDB Daewoo Securities has established multiple communication channels to stay up-to-date with stakeholder opinions and expectations. There are regular stakeholder interviews and surveys to ascertain what the major issues are, and information on these is disclosed through the sustainability report.

Stakeholder Management Framework



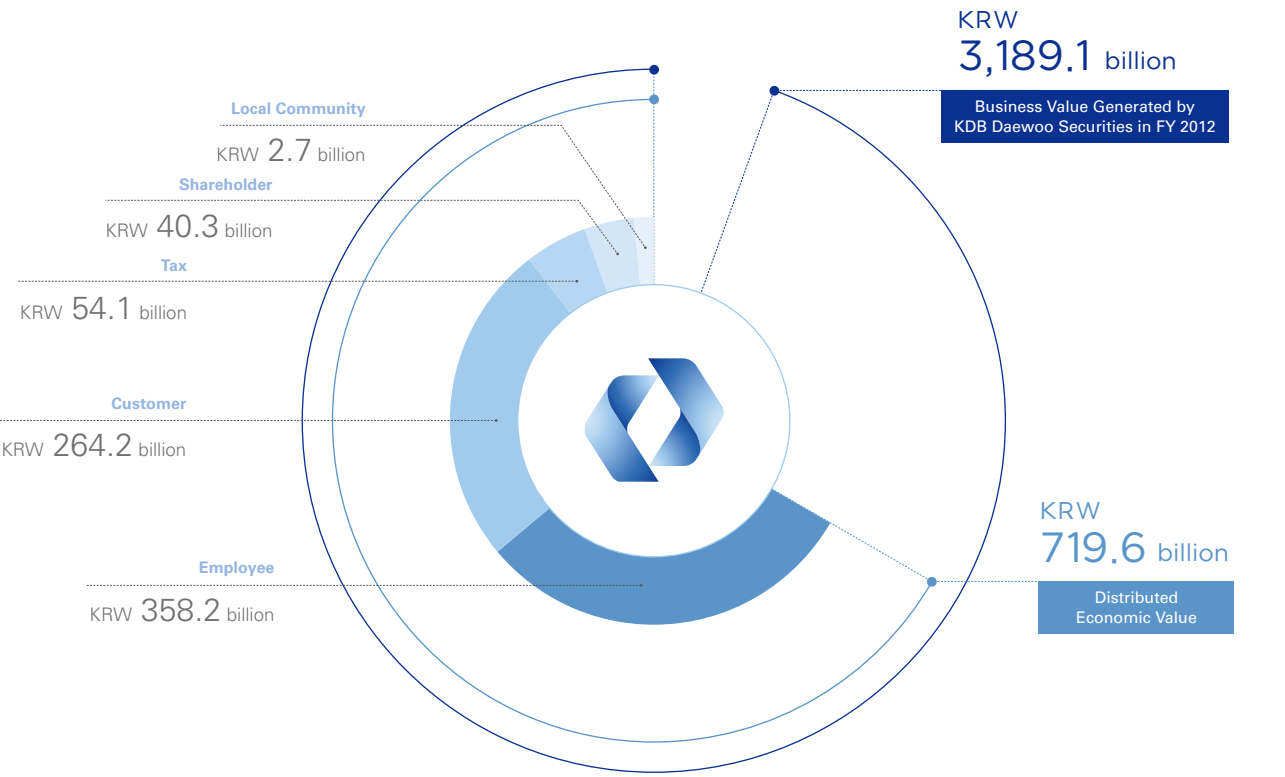
Flow of Value Generation for Stakeholders

A company's sustained growth is not enabled by the company's efforts alone - it is made possible by the effort and support of all of its stakeholders. KDB Daewoo Securities strives to maximize stakeholder value through the fair distribution of economic value generated. In fiscal year 2012, the company's operating revenues reached KRW 3,189.1 billion, which was used for the support and distribution of value amongst major stakeholders, including customers, shareholders/investors, employees, and local communities.

(Unit: KRW 100 million)

Category	Details	FY2010	FY2011	FY2012
Generated economic value	Operating revenue	35,333.0	30,061.9	31,890.9
	Employees (Wage + Welfare)	4,036.1	3,305.8	3,582.4
	Customers (Interest)	2,267.1	2,780.8	2,641.9
Distributed economic value	Local communities & NGOs (Donations, social contribution activity expenses)	36.6	26.8	27.1
	Shareholders/Investors (Dividends)	795.2	536.9	402.9
	Corporate tax and other taxes	1,232.5	830.4	541.1

Value Creation for Stakeholders



Stakeholder Communications

By engaging in close communication with stakeholders, KDB Daewoo Securities identifies issues of importance and is then able to act on them in its corporate activities, thus effectively responding to stakeholder requirements.

Outline of Stakeholder Interviews

KDB Daewoo Securities conducted interviews with major stakeholders (customers, shareholders/investors, employees, and local communities) to ascertain their major subjects of interest and expectation, as well as to examine the company’s sustainability management activities. For around two weeks from July 11th through July 26th 2013, representative figures from each stakeholder group were invited for in-depth, face-to-face interviews. Details on these stakeholder interviews are provided in the body of this report.

Major Issues Identified through Stakeholder Interviews

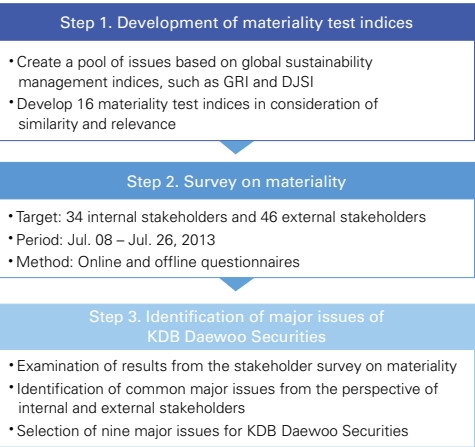
To ensure diversity of stakeholder response, at least two in-depth interviews were held within each stakeholder group, with each interviewee representing different aspects and levels of seniority within that stakeholder group. The following details the major issues uncovered as a result of these interviews. By focusing on disclosing information on KDB Daewoo Securities’ activities and performance for each issue, we strive to effectively respond to stakeholder’s opinions.

Stakeholder	Interviewees		Major Issues	Relevant Content
Employees	New Employees	Staff, Joohyeon Kim Staff, Juna Lee	Establishment of an employee culture where autonomy and responsibility coexist	61
			Full training support and investments in employees for development of global financial experts	65~68
	Executive Director	Executive Director, Yeongchang Min	Support and efforts to increase employee satisfaction towards work	63
			Establishment of a horizontal and flexible organizational culture	61
			Provision of top financial services based on expertise	68
Customers	Retail Customer	Mr. Yeongcheol Choi	Sharing of value with customers by providing sincere financial services	40
			Active communication on KDB Daewoo Securities’ financial products and services	37~39
	Mystery Shopping Agency (KG Zeroin)	Deputy Department Head, Seungyong Woo	Year-round operation of corporate-wide investor protection system	41
Shareholders/ Investors	KDB Financial Group	Executive Managing Director, Samgi Jeong	Strengthening of employee mindset and competencies on investor protection through training	38
			Efforts to maximize shareholder and investor value	47~48
			Development of growth drivers for continued generation of economic performance	49~50
	ESG Evaluation Organization (Corporate Governance Service)	Researcher, Myeongseo Kim	Development of the industry’s top risk management capabilities	51~54
			Active efforts to respond to sensitive issues related to financial institutes	25
Local Communities	Agency (Community Chest of Korea)	Director, Jinok Jeong	Disclosure of transparent information on governance operations	22~23
			Efforts to protect investors through systematic risk management	51~54
			Efforts to maintain and strengthen employees’ voluntary donation culture	79
	NGO (Global Village of Love)	Reverend, Hyeseong Kim	Implementation of KDB Daewoo Securities’ leading social contribution activities	76~77
			Efforts to increase the sincerity and continuity of social contribution	78
			Execution of sincere social contribution that reflects the needs of the people	78
			Achievement of distinctiveness in KDB Daewoo Securities’ social contribution by supporting those who are excluded from welfare programs	76~77
			Global sharing through overseas contribution activities	85

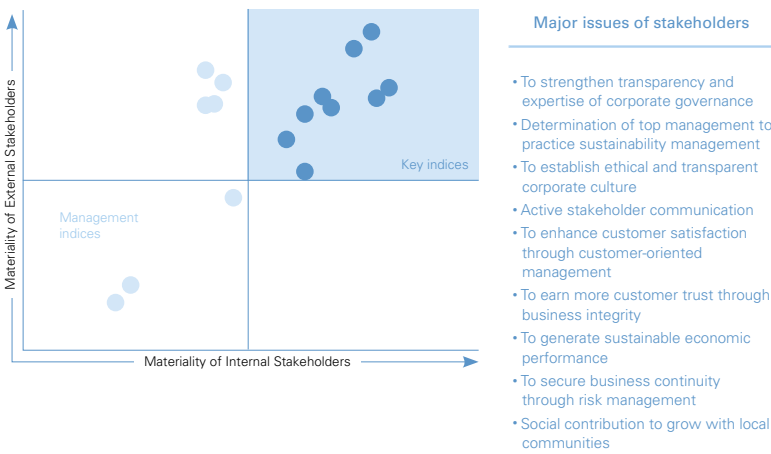
Materiality Test

KDB Daewoo Securities conducted a materiality test to define which sustainability management issues are most important to our stakeholders. Initially, 16 issues were selected by referencing external sustainability management indices, such as GRI and DJSI, and further evaluation led to the identification of nine key issues that are most important to our own internal and external stakeholders. Information on these nine issues have been found to be key to KDB Daewoo Securities’ sustainability management, and a mark on the relevant pages will enable readers to find this information easily.

Materiality Test Process



Materiality Test Results



KDB Daewoo Securities’ Position on Major Issues

Major Stakeholder Issue	KDB Daewoo Securities’ Key Performance	Relevant Content
To strengthen transparency and expertise of corporate governance	Of the total seven directors at KDB Daewoo Securities, four are outside directors, resulting in increased transparency in BOD operations. Also, there are various BOD sub-committee activities to enhance expertise in decision making.	22~23
Determination of top management to practice sustainability management	The CSR Volunteer Corps was established to strengthen corporate social responsibilities. The company is engaging in social contribution in connection with sustainability management. KDB Daewoo Securities was listed on the DJSI World for two consecutive years in 2012 and 2013, thus gaining external recognition for its outstanding performance.	04~06
To establish ethical and transparent corporate culture	The Code of Ethics was enacted to encourage all employees to practice ethical management. Efforts are being made to establish a clean corporate culture by continually training employees and by implementing a corruption reporting system. Based on the money laundering monitoring system, the company is contributing to the establishment of a transparent financial environment that is free from illegal funds.	24~25
Active stakeholder communication	KDB Daewoo Securities operates communication channels all year round in order to receive the opinions of its stakeholders. It conducts in-depth interviews and surveys to identify and respond to major issues.	30~33
To enhance customer satisfaction through customer-oriented management	The company established a new brand slogan, ‘Think you very much’, with the aim of achieving distinctive customer satisfaction. Efforts are being made to ensure strict and thorough customer management through various customer communication channels, including VOC and Viewfinder D.	37~40 43
To earn more customer trust through business integrity	KDB Daewoo Securities is pursuing honest business through strict internal inspections and employee training, thereby doing its best to protect investors. As a result of these efforts, the company achieved positive feedback from mystery shopping evaluations.	41~42
To generate sustainable economic performance	KDB Daewoo Securities is striving to maximize shareholder value by maintaining top-level financial performance and stability as Korea’s leading financial investment institute. The company will build a foundation for the generation of sustainable economic performance by developing new growth drivers.	47~50
To secure business continuity through risk management	KDB Daewoo Securities is operating a systematic risk management system to protect the assets of shareholders, customers, and the company. It quickly analyzes and responds to risks through efficient operation of the risk management organization.	51~53
Social contribution to grow with local communities	KDB Daewoo Securities is continually supporting multi-cultural families and providing educational support to teenagers from low-income families, which have become the company’s leading social contribution activities. It is contributing to the establishment of a sound social, economic ecosystem by supporting social enterprises.	75~79



THINK RESPONSIBILITY

KDB Daewoo Securities fulfills our responsibilities toward all our stakeholders, including customers, shareholders and investors, staff, and local communities. We will continue to implement responsible management in partnership with our stakeholders so that we can generate value for the future.

No.1

The highest credit rating
(AA+) of all Korean securities
companies

No.1

First Korean securities
company to receive
a Presidential Citation for
supporting multi-cultural
families

Customers

Think you very much



Smart Neo, Smart Compass

Viewfinder D



'Excellent' grade at the mystery shopping survey by the Financial Supervisory Service

Customers
Shareholders/Investors
Employees
Local Communities

Customers

We put customers at the center of everything we do, so that we can be a success partner that our customers can really trust.

Enhancing Customer Satisfaction through Customer-Focused Management

Think you very much

All staff at KDB Daewoo Securities places the highest priority on customer satisfaction, and do their best to offer top-quality customer services. Customer communication channels, including the Voice of Customers (VOC) and Viewfinder D, strengthen customer contact. Customers are surveyed regularly on their satisfaction as part of efforts to give full attention to customer management.

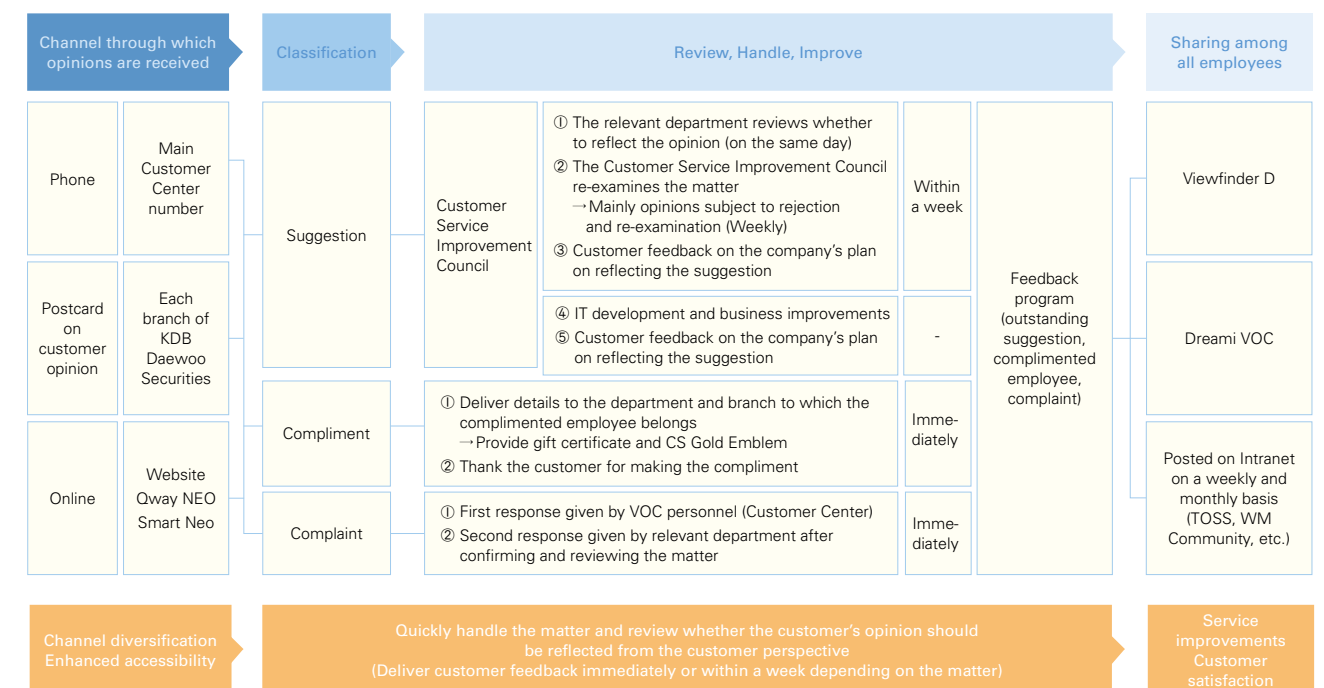
VOC (Voice of Customers)

By operating our VOC system, KDB Daewoo Securities is striving to pay close attention to customers opinions, and thus to provide top-quality services. Customers can deliver their opinions through branches, the company website, and Customer Centers. These opinions are then actively used to improve services and policies. In addition, we provide quick feedback to customers by engaging in real-time sharing of information on the entire process of receiving, reviewing, and handling customer opinions as well as the outcome.

Customer Service Improvement Council

The Customer Service Improvement Council is an internal consultative body which ensures the rapid response to customer requirements. It consists of staff from major departments, including the Customer Center and the Smart Financial Department. Weekly meetings are held to ensure that customer opinions on service improvements are reflected as quickly as possible. Customers who make especially useful suggestions may receive a gift as a token of our gratitude.

VOC Receipt and Handling Process



Dreami VOC

Dreami VOC has been in place since February 2009, to systematically manage customer opinions and to share them at a company-wide level. All customer opinions received via VOC are entered into a database by type (compliment, suggestion, complaint), theme (CS, HTS, policy), and department. This data can then be used to formulate strategies for customer relations. Systematic management of customer opinion and the feedback process allows for more detailed and effective customer responses.

Viewfinder D – Establishing Customer Perspectives

To identify and share information on customer requirements, KDB Daewoo Securities set up Viewfinder D at its corporate HQ, an internal communication channel through which customer opinions, including compliments, suggestions, and complaints, are collected and posted on a weekly basis. This enables all staff to understand customer perspectives and share their ideas.



Viewfinder D 'Viewfinder D' takes its name from the viewfinder of a camera that allows a user to check the subject's shooting range. It embodies the commitment of KDB Daewoo Securities to focusing in on customer perspectives, requirements, and expectations.

Staff Training to Strengthen Customer Service

To strengthen customer service and boost customer satisfaction, KDB Daewoo Securities provides trainings to its staff. The 'Self Motivation Course' is a self-development training program that has been offered once a year since 2011 to staff both at headquarters and in our branches.

Training through Role Playing

By offering practical role playing training, KDB Daewoo Securities is engaged in the continual examination of its sales processes, and at the same time, enhancing customer service capabilities and awareness of investor protection. The third Wednesday of each month is a training day, when staff who will be undertaking customer and PB roles are chosen from each department and branch. After the role playing training, a report on the training outcome is made to the Financial Consumer Protection Department.



Role Playing Checklist

Customers
Shareholders/Investors
Employees
Local Communities

Convenient and Smart Customer Information

KDB Daewoo Securities' unique, advanced MTS (Mobile Trading System) strengthens communications with customers concerning financial products and services.

Smart Neo

'Smart Neo' features advanced order functions, such as stock trading, reserved orders, and automatic trading, convenient stock searches, and extensive investment information, including on overseas indices and foreign exchange rates. Smart Neo was substantially improved by the addition of functions such as stock alerts, which provide detailed information on stocks that customers are interested in, and investment counseling services, which assess stocks and financial products owned by customers.

Smart Compass

Smart Compass' application uses familiar terminology to provide simple summaries of long, complex investment reports. It is designed to allow the easy understanding of important investment information while commuting or taking a break from work. In addition, when urgent issues arise, the relevant information is analyzed in real time so that it can be delivered quickly to customers.

Smart Neo

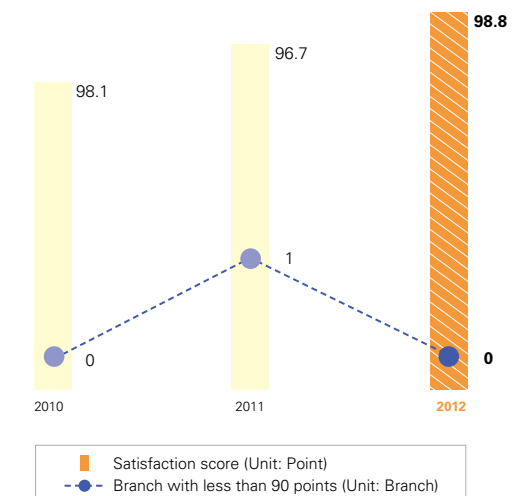
Smart Compass



Customer Satisfaction Surveys for New Customers

KDB Daewoo Securities has conducted surveys of new customers every year since 2008, to examine the quality of our customer service. The surveys give us important data on issues related to customer satisfaction and requirements, so that we can provide better products and services. The satisfaction score for new customers in 2012 was 98.8 points, up 2.1 points over the previous year, and no branch scored less than 90 points.

Results of Customer Satisfaction Surveys of New Customers



Promotional Activities and Events

Performances to Celebrate the Founding of KDB Daewoo Securities

Since 2006, on the anniversary of the company's founding, KDB Daewoo Securities has held cultural performances for customers featuring some of the world's top artists. By doing so, we provide our outstanding customers with high-quality performances that satisfy their cultural needs.

Product Promotions for Customers

KDB Daewoo Securities provides customers with investment guides that reflect the market environment, customer requirements, and any institutional changes. Promotions target the latest financial products, such as property accumulation savings, coupon-type CMA, and Brazilian bonds. These promotions inform customers about the need for financial products, and provide help in managing assets wisely.

Marketing at Branches

KDB Daewoo Securities undertakes a wide array of marketing activities at the branch level. These have included a crafts event, an art seminar, a jewel & beauty seminar, a child education seminar, and the musical actress Sooyeong Jeon telling her "Story about Musicals and Me". These activities have helped the general public break away from the perception that stock trading is difficult.



Performance to celebrate the 42nd anniversary of KDB Daewoo Securities

Marketing at Branches



Financial Product Promotions

Investment Strategy Seminar for VIP Customers

VIP investment strategy seminars were held at all eight of KDB Daewoo Securities' regional headquarters, from January 24th to February 4th, 2013. 515 outstanding customers and prospective customers were invited to the seminars, which were focused on major recent financial issues. The seminars were a great success, with a participation rate of 87% and a satisfaction level of 94%.

'Cool Water' Promotion

Around 20,000 'KDB Daewoo Securities Cool Water' bottles were given to customers who received wealth management services at 107 branches across Korea in July 2012. This top-quality mineral water was also handed out at the G20 Summit in Seoul. It was given out to show the company's commitment to even the smallest detail on behalf of its customers, bringing them some comfort in the severe heat of a Korean summer.

Finance Camp for Juniors

The 'Finance Camp for Juniors' is offered to parents and their elementary school children to help the children develop good financial sense. This financial education program consists of games which allow children both to have fun and to easily learn finance-related information. A special lecture is also provided to the parents on wealth management and child education, resulting in a greater level of satisfaction.



Investment Seminars for VIPs



'Cool Water' Promotion



Finance Camp for Juniors

Customers
Shareholders/Investors
Employees
Local Communities

Earning Customer Trust through Transparent Sales Practices

Think you very much

To protect financial consumers, KDB Daewoo Securities practices the principle of transparency in selling its financial products and in other transactions. We continually examine our sales practices, and strive to protect personal information. There are also strict evaluations for suppliers, to enhance transparency in our supply chain.

System for Perfect Sales of Financial Products

KDB Daewoo Securities has an internal system to prevent mis-selling. This helps in the protection of financial consumers and in establishing a sound investment culture.

Fund Care Service

The 'Fund Care Service' is a standardized wealth management service that is provided through diverse channels, starting from when the customer purchases a fund to when the fund matures. The service ensures that all the company's customers regularly receive important investment information via text messages and e-mail. The investment information includes information on purchasing a product, the earnings rate, investment status, and maturity. In addition, the 'Comprehensive X-Ray Fund Assessment Service' provides comprehensive assessments of successful fund investments by customers.

Financial Product Quality Assurance System

KDB Daewoo Securities has in place a financial product quality assurance system which ensures the appropriate selling of financial products to, and protection for, investors. If a customer is sold an inappropriate product, or did not receive sufficient explanation about the product, they can apply for a product recall within 15 days of the purchase date. The product is resold and the customer is compensated for the difference.

Consumer Protection Performance

The efforts that KDB Daewoo Securities has made to ensure the perfect sales of financial products have led to outstanding results in mystery shopping assessments in and outside of the company.

Outcome of Internal Mystery Shopping

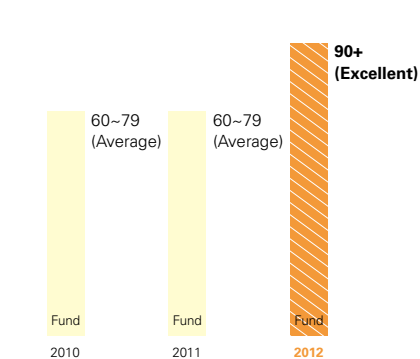
KDB Daewoo Securities has conducted internal mystery shopping since 2009, to protect investors. The results are assessed by all compliance officers in ethics and compliance evaluations, and additional training to prevent mis-selling is given where necessary. As a result, improvements are made every year, and the company received an excellent grade in 2012.

Outcome of Mystery Shopping by External Organizations

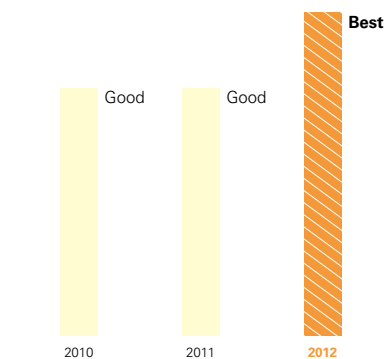
KDB Daewoo Securities was the only securities firm to receive an 'excellent' grade, the highest grade available, in the fund category of the 2012 Mystery Shopping carried out by the Financial Supervisory Service. In an evaluation carried out by the Korea Investors Protection Foundation in 2012, KDB Daewoo Securities saw major improvements in its evaluation results, and received the 'best' rating. Sharp improvements in the company's ranking led to KDB Daewoo Securities' designation as a 'company to pay attention to' by the evaluation organization.

Mystery Shopping Survey by the Financial Supervisory Service

(Unit: Score)

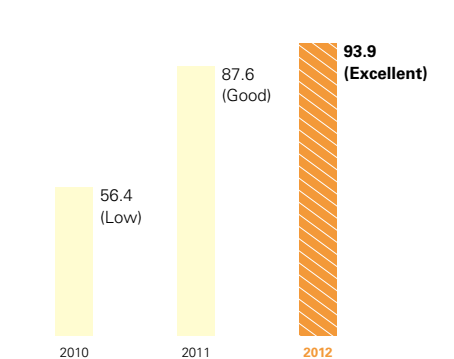


Mystery Shopping Survey by the Korea Investors Protection Foundation



Internal Mystery Shopping Survey

(Unit: Score)



Protecting Customers’ Personal Information

Our Compliance Department is responsible for the systematic protection of customers’ personal information, including customer information protection and management regulations. These regulations apply to all employees of KDB Daewoo Securities, as well as to partner company employees engaged in work related to KDB Daewoo Securities, with the aim to keep all of our customer information safe.

Staff Training on Information Protection

KDB Daewoo Securities provides all employees with training on customer information protection at least twice a year. Training usually takes place by making an online application at the DWS Learning Center, and staffs who are in charge of information protection receive additional in-depth training, including ethics training on information protection, IT, and practical work courses.

Activities to Protect Customers’ Personal Information

User Terminal	
Information leakage prevention system	Detect and block external leakage of customer and personal information
Encryption of important documents	Encrypt important files and documents (DRM)
Document security	Encrypt personal information files that are stored in user PCs
Secure USB and blocking of media	Block external media, and check if files were moved to secure USB
Vaccine	Detect and remove viruses and malicious code
Server and database access control	Prevent server and database access by unapproved users

Electronic Finance Security		
Encryption of communication area	PC firewall	Mobile Device Management (MDM)
Keyboard security and virtual keypad	Prevention of forging and falsification of applications	

Transparent and Thorough Supply Chain Management

To enhance transparency in the selection of partner companies and in purchasing, KDB Daewoo Securities has established ‘regulations on the purchase of items and services’. There are thorough reviews of a potential partner company’s financial state and performance, and of other factors, depending on the item being purchased, to ensure reasonable decisions on making purchases. There were no cases of violations of fair trade during the latest reporting period, including unfair competition and anti-trust.

Procurement Audit Committee

When a purchase is over a certain amount, a Procurement Audit Committee meeting is held to evaluate that purchase. A meeting is convened whenever there is a need to ensure appropriate deliberations. The General Affairs Department is in charge of convening meetings, and submissions on the purchase ahead of the committee meeting are handled by the department that wishes to make the purchase, or jointly by that department and the Procurement Department.

Composition of Procurement Audit Committee

Category	Procurement of items other than computer equipment	Procurement of computer equipment
Chairperson	Head of Procurement Audit Committee	Head of Procurement Audit Committee
Committee members	Four department manager-level personnel	Four department manager-level personnel

Outcome of Information Protection Training in 2012

Target	Month	Training Hours	Completion Rate	Note
Executive	May, July, September, November	4 hours	98%	-
General staff		7 hours	100%	-
IT staff	March, May, July, September, November	9 hours or more	100%	Two seminars additionally held for IT Center employees
Employees in charge of information protection		12 hours or more	100%	The number of hours of practical training completed is different among employees

Special Feature 1

NEW BRAND STRATEGY

We will think of you more, so that we hear “Thank you”.

“ Think you very much ”

We will achieve a sense of unity with customers by being committed to ensuring that “customers’ thoughts are KDB Daewoo Securities’ thoughts”. KDB Daewoo Securities will think of customers first at all times, focusing on the new brand slogan, ‘Think you very much’. And our customers will say ‘Thank you.’



Changing Leadership for Customers

In the second half of 2012, KDB Daewoo Securities undertook a customer and staff survey of the company’s brand for the purposes of good brand management and establishing advertising strategies. The company assessed the brand and formulated a new brand strategy that is aimed at enhancing customer perception, with a focus on ‘changing leadership’.

“Think you” rather than “Thank you”

In 2013, KDB Daewoo Securities announced its new brand slogan: ‘Think you very much’. This fresh beginning in the company’s brand communication activities, which is quite like ‘Thank you very much’, embodies KDB Daewoo Securities’ determination to achieve customer satisfaction by placing the highest priority on thinking from a customer perspective. Rather than unilaterally introducing massive changes, we will move forward with small but essential changes that are supported by our customers, who will truly feel the benefits of those changes.

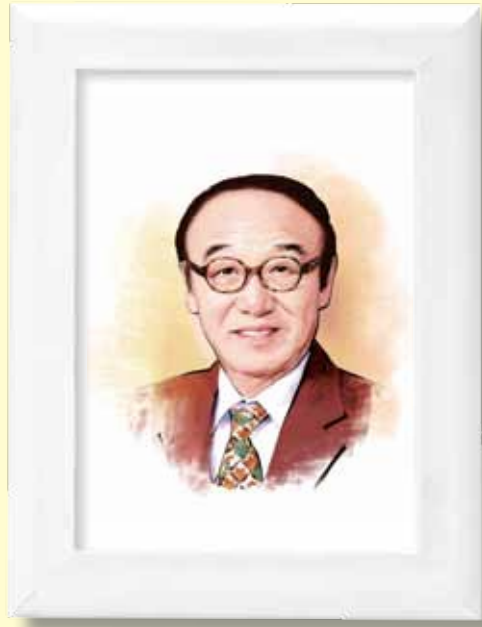
A company that thinks more from the customer perspective
KDB Daewoo Securities has been engaged in a wide array of activities to create a sense of consensus among customers and employees regarding the company’s new brand communication strategy, ‘Think you

very much’. This has included collaboration with the artist Alexa Meade to recreate Rodin’s ‘The Thinker’, which has been gaining great affection since 1880, for an artwork in a TV advertisement. The advertisement garnered attention because the artist also appeared in KDB Daewoo Securities’ advertisement.

In addition, 8,000 ‘Think you boxes’ containing small gifts, such as blankets, tumblers, seeds and flowerpots, were given to customers and staff. The boxes were also given out to the general public without any prior notice in Yeouido, Gwanghwamun, Myeong-dong, Gangnam, and Hongik University areas. In particular, there was a connection between this promotional event and our social contributions – 3,600 items were donated by staff and customers who received the boxes and the proceeds from selling these items were used to help the underprivileged.



CUSTOMER INTERVIEWS



YEONGCHEOL CHOI
KDB Daewoo Securities Customer

Mr. Choi has been a customer of KDB Daewoo Securities for more than 30 years.

Active Communication about Financial Products and Services

I hope to see KDB Daewoo Securities more actively publicize the activities it undertakes for its customers, and the outcome of those activities. It is a great help to customers in conducting their financial activities if KDB Daewoo Securities delivers the information that customers need before they actually ask for it. One example might be to communicate actively with customers about newly-released financial products and services through various channels. This would help the company both to attract new customers and to strengthen ties with existing customers.

Increase Awareness of Sustainability Management Activities and Performance

It is not easy for a financial institution to effectively fulfill its social responsibilities, and there have been times when securities firms have neglected their social responsibilities because they have only looked at the cost aspect of those activities. KDB Daewoo Securities, by contrast, has been engaging in a wide variety of activities to fulfill its social responsibilities, such as sustainability reports, support for multi-cultural families and its 'fund to create a better world'. However, these activities are not well known because of a lack of PR efforts. More effective communication will help sustainability management to have a greater influence, both socially and environmentally. One way of increasing access to information is through online media, such as the company's website, mobile applications, and SNS. Adopting widely-used online platforms to disclose information on the sustainability management activities and performance of KDB Daewoo Securities will enable more effective communications with a greater number of people.

New financial products and services come and go, but the link with customers and their values does not fade so easily once it is established.

Sharing Value with Customers through Financial Services

I have been a customer of KDB Daewoo Securities for more than 30 years mainly due to a strong sense of comfort, familiarity, and trust between KDB Daewoo Securities and me. This can be seen as the sharing of customer values. New financial products and services come and go, but the link with customers and their values does not fade so easily once it is established. I believe this is what has enabled me to be with KDB Daewoo Securities for so long. I hope to see a system in place which focuses constantly on customer satisfaction, to guarantee a relationship of trust and satisfaction. I also hope that all staff at KDB Daewoo Securities will be encouraged to have a customer-focused mindset, so that the company can always stand by the side of its customers.

Customers
Shareholders/Investors
Employees
Local Communities

Establishing Year-round Corporate-wide Customer Protection

The Financial Supervisory Service undertakes mystery shopping on fund and ELS sales, targeting major financial institutions, including banks, securities firms, and insurance companies, with the goal to protect customer. In an evaluation carried out in 2012, KDB Daewoo Securities was the only securities firm to receive an excellent grade, the top grade. The company's efforts to protect customers received external recognition, and the achievement is worth commending. In the future, mystery shopping will be conducted without any prior notices and will be steadily expand to cover ELS products in addition to funds. This calls for financial institutions to engage in more systematic management operations, so I would like to see KDB Daewoo Securities set up a corporate-wide management system to strengthen year-round customer protection.

Staff training on investor protection will be needed to strengthen the customer protection mindset and capabilities. These efforts will result in a more substantive customer protection system that has real substance.

Training to Strengthen the Customer Protection Mindset

Mystery shopping at financial institutions will go beyond routine evaluations, which are carried out based on manuals, and will focus more on qualitative aspects of the sales process. This will demand additional staff training on customer protection, to strengthen the investor protection mindset and capabilities. These efforts will result in a more substantive customer protection system that has real substance. Communications between the company's headquarters and its branches should be emphasized, to maintain the consistency of the management.



SEUNGYONG WOO
Deputy Department Head, KG Zeroin

KG Zeroin is an organization that handles mystery shopping at financial institutions on behalf of the Financial Supervisory Service. It carries out customer protection-related evaluations of major securities firms, including KDB Daewoo Securities.



SHAREHOLDERS INVESTORS

Customers
Shareholders/Investors
Employees
Local Communities

Shareholders/Investors

We aim to achieve continued growth regardless of the ups and downs of the markets, thanks to the trust and support of our investors and all our stakeholders.

Generating a Sustainable Economic Performance

Think you very much

KDB Daewoo Securities strives to maximize value for shareholders and investors. The company has created new opportunities and led the market despite difficult economic conditions in Korea and abroad, and has thus strengthened its reputation as an industry-leading financial investment company.

Major Economic Statistics

In fiscal year 2012, KDB Daewoo Securities recorded net operating revenue of KRW 711 billion, net income before tax of KRW 157.1 billion, and net income of KRW 126.7 billion. As of the end of fiscal year 2012, the company had KRW 25,437.4 billion in total assets, KRW 21,385.7 billion in total liabilities, and KRW 4,051.7 billion in total shareholders' equity.

Brokerage commissions were KRW 241.5 billion, down substantially over the previous year as a result of a sharp downturn in commissions as the business environment deteriorated. However, the wealth management business saw continued growth, and the sales & trading performed very well, and has become a key source of revenue.

Financial Highlights

(Unit: KRW billion)

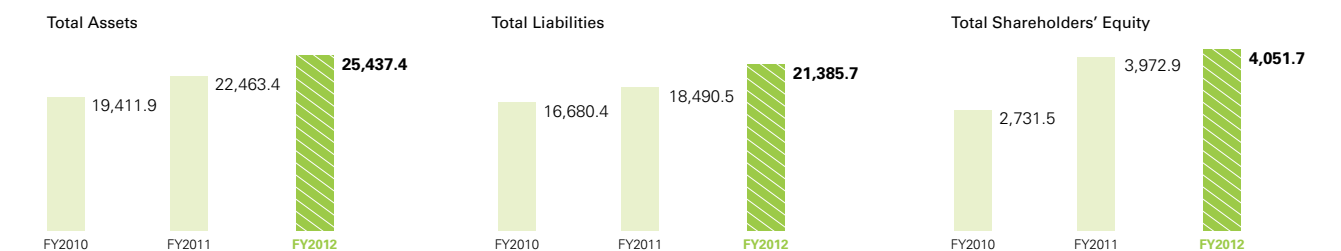
	FY2010	FY2011	FY2012
Net Operating Revenue	963.4	774.3	711.0
Brokerage Commissions	432.4	384.5	241.5
WM Commissions	99.5	100.8	101.9
IB Commissions	54.6	43.6	36.5
Sales & Trading	293.0	231.6	365.5
Interest Income	122.4	50.3	7.0
Others	△ 1.8	△ 0.2	△ 22.1
Commission Expenses	△ 36.7	△ 36.2	△ 19.3

	FY2010	FY2011	FY2012
SG&A Expenses	664.0	562.9	570.1
Operating Income	299.4	211.4	141.0
Non-operating Income	16.5	10.9	16.1
Net Income before Tax	315.9	222.4	157.1
Income Tax	89.9	55.4	30.4
Net Income	225.9	166.9	126.7

* Consolidated financial statements basis

Stability

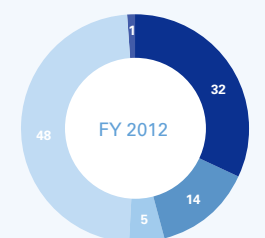
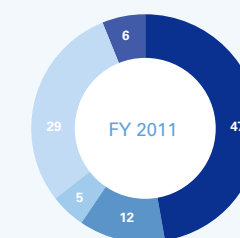
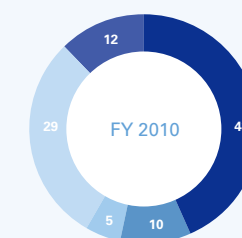
(Unit: KRW billion)



Revenue by Business

(Unit: %)

■ Brokerage
■ Wealth Management
■ Investment Banking
■ Sales & Trading
■ Interest Income

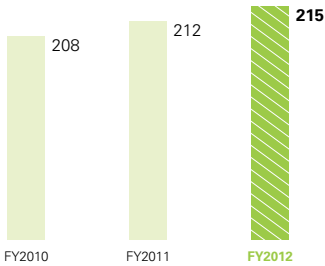


Operational Size

KDB Daewoo Securities’ total client assets were over KRW 110 trillion again in March 2013, a year-on-year rise of KRW 3.8 trillion, thanks to the company’s strong wealth management capabilities and sales strategies, despite the unfavorable market environment. Wealth management balances reached KRW 50 trillion in fiscal year 2012, a year-on-year rise of 6.3%, indicating continued stable growth. The number of customers has risen continually since 2009, and reached 2.15 million.

Customer Base*

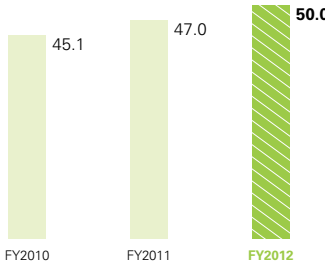
(Unit: 10 thousand person)



* Total number of customers including accounts closed within a year

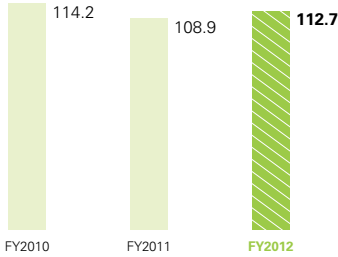
WM Balance

(Unit: KRW trillion)



Asset Under Management

(Unit: KRW trillion)



Credit Ratings

In November 2011, KDB Daewoo Securities received an AA+ grade from the Korea Ratings and the Korea Investors Service for its non-guaranteed corporate bonds, the best credit rating given to a financial investment company since the Asian financial crisis of 1998. As of July 2013, we have maintained an outstanding credit rating of AA+ from many credit rating agencies in Korea, thanks to continued efforts to increase our capital and market-leading competitiveness.

Credit Ratings



Customers
Shareholders/Investors
Employees
Local Communities

Wealth Management

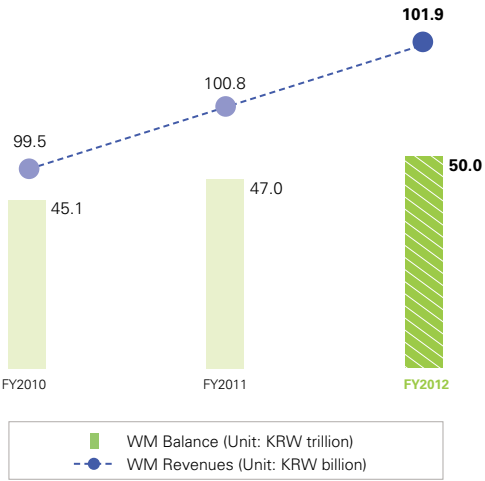
Major Performance

Brokerage revenues, the key revenue source for the wealth management business, were KRW 241.5 billion in fiscal 2012, down from the previous year. This was the result of a sharp reduction in commissions, triggered by deterioration in the business environment, including plummeting trading volumes, reduced individual investor participation in the market, and increased competition. In contrast, our retail market share and the domestic subsidiaries’ brokerage market share were up over the previous year. The company also saw KRW 101.9 billion in revenues from financial product sales, indicating continuing growth. Total wealth management balances were up 6.3% year-on-year, to stand at KRW 50 trillion, the highest in the industry in Korea. The company balanced its revenues across various financial products, including derivative-linked securities and Wrap products.

Business Execution Strategy

In addition to providing high-quality investment information through its dedicated retail research organization, KDB Daewoo Securities seeks to offer a full range of support to retail customers. The company will expand and restructure the Prime Brokerage Service Unit so that it can improve its hedge fund-related business, which has the potential to grow sharply. KDB Daewoo Securities will continue to strive to increase its customers’ wealth by offering competitive products that satisfy customer requirements in the prevailing business environment of low growth and low interest rates.

WM Balance and Commissions



Investment Banking (IB)

Major Performance

KDB Daewoo Securities’ IB revenues in fiscal 2012 were KRW 36.5 billion. In the face of sluggish conventional IB markets, including in debt and equity issuance, the company diversified its revenue sources to include structured financing, power plant project financing, private equity and M&A advisory. The company made important strides in its new businesses by arranging the first hybrid bonds offered by a Korean public corporation, advancing into power plant project financing, and becoming a financial investor in the world’s largest biomass power plant construction project.

Business Execution Strategy

KDB Daewoo Securities will improve its business by offering tailored solutions to reflect the specific characteristics of each customer’s industry. The company will also further strengthen its position in the conventional IB market, where it has remained strong. There will be active measures taken to adapt to changes in the business environment triggered by the amendment to the Capital Market Integration Act. The overall business focus will thus be on developing new customers and new sources of revenue.

FY2012 League Table

(Unit: KRW billion)

	Lead Manager	M/S	Rank
IPO*	97.7	11.3%	3
Rights offering*	89.5	6.9%	5
ABS*	4,589.3	25.7%	1
Corporate bonds*	2,625.6	5.3%	6
M&A**	1,829.3	12.9%	2

* Source: thebell league Table FY2012

** Source: Korean IB ranking by Mergermarket FY2012

Sales & Trading

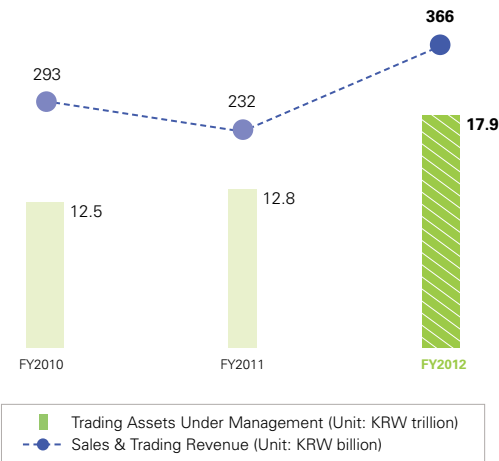
Major Performance

Sales and trading revenues reached KRW 365.5 billion in fiscal year 2012 thanks to a diversification of assets under management, including the successful establishment of a foreign currency bond management business. Also thanks to preemptive responses to market changes. Over the past three years, sales & trading have comprised 30 to 40 percent of the company's overall revenues, helping KDB Daewoo Securities to create the profit model of an advanced investment bank, and breaking away from other domestic securities companies' reliance on brokerage commission income.

Business Execution Strategy

The business environment is not expected to be improved any time soon. The company will therefore focus on maximizing its revenues through accurate market analysis and preemptive risk management. In line with this, the company will strive to generate new revenue sources, such as private equity mezzanine funds, commodities, foreign exchange, and alternative investments, in addition to our traditional businesses in securities, bonds and real estate project finance investment.

Trading Assets Under Management/Sales & Trading Revenue



Global Business

Major Performance

KDB Daewoo Securities is aggressively expanding its overseas sales platform, including its global network, workforce, and capital structure, so as to develop the future competitiveness. For example, our Hong Kong subsidiary's capital was only USD 10 million in 1998, but as of 2012, it is now USD 340 million thanks to continuous capital increases, especially since 2010. Based on this growth, the Hong Kong subsidiary will serve as the center for offshore investments and for the development and sale of offshore products for all of the company's overseas offices.

Business Execution Strategy

KDB Daewoo Securities will implement distinctive strategies for each region, with Hong Kong at the center of activities. In the US market, the focus will on real estate, NPL investments and private equity. In Europe, the company will look to cross-border M&A for LBO-related companies. In Asia, KDB Daewoo Securities will expand using its traditional financial businesses, including retail and investment banking. The company will therefore expand its business in various ways, depending on the region; these will include independent expansion, M&A, joint corporations, and strategic alliances.

ELS/DLS Issuance

	FY2010			FY2011			FY2012		
	Value	M/S (%)	Rank	Value	M/S (%)	Rank	Value	M/S (%)	Rank
ELS	4,021	13.7	1	5,446	13.9	1	6,462	13.7	1
DLS	1,810	18.9	1	2,578	16.5	2	5,366	20.9	1
Total	5,831	15.0	1	8,024	14.7	1	11,828	16.2	1

- Customers
- Shareholders/Investors
- Employees
- Local Communities

Enhancing Business Continuity through Systematic Risk Management

Think you very much

Risk Management Systems

KDB Daewoo Securities has in place detailed risk management regulations and guidelines that have helped to establish a comprehensive, corporate-wide risk management system.

Risk Management Regulations

The Risk Management Committee regulations stipulate matters related to the composition of the Risk Management Committee, which is the company's top risk management decision-making body, and also matters related to its meetings and resolutions. The regulations also specify matters on the composition of the Proprietary Asset Risk Management Council and Trust Asset Risk Management Council, which handle resolutions made by the Risk Management Committee, as well as their meetings and resolutions. The Risk Management Regulations were enacted to ensure the effective management of risks that are borne by the company, and to promote asset soundness and management stability.

Risk Management Guidelines

Guidelines for the management of market risk, credit risk, liquidity risk, operational risk, overseas network risk, and trust asset risk were enacted for the practical application of matters stipulated in risk management-related regulations. These guidelines detail risk management measures by type of asset management and risk, thereby enabling the smooth implementation of risk management policies. They set forth detailed evaluations and follow-up management measures that will allow the stable management of the company's investment positions.

Risk Management Organization

KDB Daewoo Securities has established in full a company-wide risk management organization, so as to enable quick and precise risk control.

Risk Management Committee

The Risk Management Committee is the company's top risk management decision-making body. It formulates risk management strategies that are in line with the company's management strategies, and undertakes supervision to ensure that risk management is carried out appropriately.

Proprietary Asset Risk Management Council & Trust Asset Risk Management Council

The Proprietary Asset Risk Management Council and the Trust Asset Risk Management Council (hereinafter referred to together as the 'Councils') manage all details and issues that have been delegated to them by the Risk Management Committee, and report their results to that Committee.

Investment Review Committee

This Committee carries out reviews of the company's investment transactions. Composed of executive officers, it can convene at any time to facilitate smooth investment decision making.

Risk Management Department

This department is independent from all business departments and back offices. It is in charge of the comprehensive management of overall risk management affairs, including matters related to the execution of risk management systems, and Committee or Council operations.

Risk Management Organization



Risk Management Systems

The business scope of financial investment companies is expanding; financial investment companies, for example, can now independently develop various financial investment products. As a result, there is increased need for risk management and internal control systems. As an industry-leading financial investment company, KDB Daewoo Securities has established a stable and company-wide risk management system which contributes to its advanced financial capabilities.

Total Risk Management System

KDB Daewoo Securities established a total risk management system in February 2011 to meet the ‘Minimal Requirements for Risk Management at Securities Firms’ recommended by the financial authorities, and to support the strengthening of KDB Financial Group’s total risk management system. It therefore now has systems for calculating integrated risk capital and managing risk, and for risk-adjusted performance measurement (RAPM).

New Risk Management System

KDB Daewoo Securities developed its New Risk Management System in May 2008 in response to the increased need for risk management in new business areas and new products, ahead of the enforcement of the Capital Market Act. Through this system, the company established a real-time risk management process for OTC derivatives.

Comprehensive Risk Management System

KDB Daewoo Securities has a comprehensive risk management system which is designed to take pre-emptive actions when crisis situations arise, including substantial increases in risk and major market shocks. The company defines three categories of crisis situation, and has established counter-measures for each and updated the counter-measures.

Risk Management System

	Total Risk Management System	New Risk Management System	Operational Risk Management System	Liquidity Risk Management System
Risk type	Total risk	Market/Credit risk	Operational risk	Liquidity risk
Assessment results	Consolidation of individual risks	Market/Credit VaR, sensitivity, etc.	Operational VaR	Liquidity gap, liquidity ratio
Functions	<ul style="list-style-type: none">Capital adequacy managementRisk-adjusted performance measurementAnalysis of crisis situationsIntegrated risk data and reports	<ul style="list-style-type: none">Integrated risk databaseMarket/credit risk measurement systemRisk analysis by department, product, and typeReview and report results	<ul style="list-style-type: none">Risk & Control Self-Assessment (RCSA)Key Risk Indicators (KRI)Loss data managementRisk measurement and reporting	<ul style="list-style-type: none">Calculation on liquidity by account and maturityLiquidity gap and calculating liquidity ratioRisk assessment and reporting

- Customers
- Shareholders/Investors
- Employees
- Local Communities

Market Risk Management

Market risk refers to the potential loss the company may incur in the course of conducting its asset management business due to changes in equity prices, interest rates, and/or exchange rates.

KDB Daewoo Securities uses a standard method for measuring market risks that is stipulated in the Financial Investment Business Regulations. It has adopted SunGard’s market risk measuring system that can determine the internal model market VaR (Value at Risk: VaR calculates the maximum loss to be expected on an investment over a given period of time and given a specified degree of confidence when market prices move in an adverse direction under normal market conditions). To manage market risks at an appropriate level, KDB Daewoo Securities sets and manages a ceiling amount for market risks on an annual and a quarterly basis. The ceiling amount is set through a Committee resolution.

KDB Daewoo Securities’ market risk status is ascertained and analyzed by the Risk Management Department on a daily basis and the results are reported to senior management. On a weekly, monthly, and quarterly basis, the company’s market risk status is analyzed and reported to senior management. In addition, stress testing is conducted regularly based on various financial market scenarios.

Liquidity Risk Management

Liquidity risk refers to the potential loss the company may incur in the course of conducting its asset management business because the company is unable to acquire assets or dispose of them at normal market prices due to a lack of liquidity in the market or assets under management.

KDB Daewoo Securities measures this type of risk by means of a liquidity risk management system, using liquidity gaps and ratios as key indicators. It monitors its liquidity risk status on a weekly basis and makes a report to senior management. The department in charge of finance regularly reports to senior management the company’s liquidity status.

In addition to normal liquidity risk management, KDB Daewoo Securities has established a comprehensive risk management scheme for liquidity crisis situations. Crisis situations are classified into three level – caution, alert, and risk – depending on the condition of the company’s liquidity and the stability of financial markets. Specific action plans have been established for each level to prepare for crisis situations. Financial market stability is also monitored by selecting specific indicators that take into account the attributes of each management department, and senior management is briefed on a regular basis.

Credit Risk Management

Credit risk refers to losses that KDB Daewoo Securities would incur in the course of conducting its asset management business if a counterparty failed to fulfill its obligations to make a payment or to repay principal and interest.

To measure credit risks, KDB Daewoo Securities is using a standard method set forth in Financial Investment Business Regulations. The company has also adopted SunGard’s credit risk measuring system. To manage credit risks at an appropriate level, KDB Daewoo Securities sets and manages a ceiling amount for credit risks on an annual and quarterly basis. The ceiling amount is set through a Committee resolution.

KDB Daewoo Securities’ credit risk status is ascertained and analyzed by the Risk Management Department on a daily basis and the results are reported to senior management. On a weekly, monthly, and quarterly basis, the company’s credit risk status is analyzed and reported to senior management. In addition, stress testing is conducted regularly based on various financial market scenarios. Strengthened monitoring is carried out for counterparties with a high level of concentration.

Operational Risk Management

Operational risk is the risk of losses that KDB Daewoo Securities would incur because of shortcomings or failures in internal processes, people, or systems, or from external events.

KDB Daewoo Securities manages and controls operational risks based on Risk & Control Self Assessment (RCSA), Key Risk Indicator (KRI) management, loss data management, establishment of countermeasures, and calculation of operational VaR through an internal model. Regular RCSAs are carried out to examine the level of risks that are subject to management for each department. If a risk that is subject to focused management is found as an outcome of an evaluation, countermeasures are established for prior control of risk. In addition, data on all of the company’s financial losses is collected. KDB Daewoo Securities established an operational risk management system to calculate operational VaR based on an internal model.

For company-wide operational risk measurement and management, KDB Daewoo Securities plans to expand operational risk management to the controlling company and overseas subsidiaries.

Investor Risk Management Activities

KDB Daewoo Securities carries out systematic risk management activities throughout the process of financial transactions, thus helping investors engage in safe wealth management. The company stepped up risk management to protect investors and to reduce the risk burden on the firm in consideration of recent conditions in the securities market, where there is a high degree of volatility.

Improvements to Method of Calculating Liquidation Amount for Credit Transactions

A decision was made to allow the credit-based continued resale system in February 2007. Accordingly, the covering liquidation based on partial repayment methods was expected to increase investor discontent and risks of securities firms. KDB Daewoo Securities therefore developed the 'relations-based collection of consignment guarantee money' in 2009. This is a distinctive method that was created by making improvements to a method used to calculate the liquidation amount for credit transactions. This new approach substantially contributed to increased financial soundness, better investor protection and better risk management. Its strengths were fully recognized when this method was selected as a model for the industry, and it was commended by the Board of Audit and Inspection in 2011.

Named 'Best Distributor' at the Asia Funds Awards

In February 2013, KDB Daewoo Securities received the Grand Prize in the best distributor category at the 4th Asia Funds Awards, held at the CCMM Building in Yeouido, hosted by Asia Business Daily and FnGuide, and sponsored by the Financial Supervisory Service, the Korea Financial Investment Association, and the Korea Capital Market Institute. KDB Daewoo Securities received high scores for sales activities that emphasize investor requirements rather than just the size of the sale, and for its investor risk management, including risk management and consumer protection services.



Certificate for 'relations-based collection of consignment guarantee money'



Received the Grand Prize in the best distributor category at the 4th Asia Funds Awards

Received Grand Prize in the Securities Category at the Korea Financial Industry Awards

KDB Daewoo Securities won the Grand Prize in the securities category of the 2013 edaily Korea Financial Industry Awards, held at 64 City, Seoul in February 2013, and organized by EDAILY and sponsored by the Financial Services Commission, the Financial Supervisory Service, and the Korea Federation of Banks. The prize was specifically awarded for 'Folione', an asset distribution wrap product. Recently, the performance of active equity fund products has been sluggish compared to growth in the KOSPI; however, Folione generated much better returns, securing financial security and liquidity by accurately taking into account economic trends and market volatility.

Developing Products from an Investor Perspective

KDB Daewoo Securities always strives to minimize investor risk and think from a customer perspective when developing products. In recognition of these efforts, KDB Daewoo Securities received 'This Year's Seller Award' at the 2012 Korea Fund Awards, held in December 2012. The award recognized funds that are truly faithful to investment fundamentals, and products that are specifically developed for investors.



Received Grand Prize in the Securities Category at the Korea Financial Industry Awards

Special Feature 2

LISTED ON THE DJSI WORLD IN 2012 AND 2013

KDB Daewoo Securities will contribute to the development of the Korean capital markets and fulfill its social responsibilities through sustainability management.



MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

Globally Recognized for Excellence in Sustainability Management

KDB Daewoo Securities has continued to take on the challenge of growing into a global financial investment company, despite rapid changes in the financial markets, and now we have a base to establish a truly global presence. KDB Daewoo Securities was listed for the first time on the DJSI World in 2012, and has been listed for a second consecutive year in 2013. This is recognition of the company as a truly global and sustainable company.

New Milestone in KDB Daewoo Securities' Sustainability Management

For two consecutive years in 2012 and 2013, KDB Daewoo Securities has been listed on the DJSI World, the global sustainability standard. Every year, companies are evaluated on 12 factors, including social contributions, governance structure, human rights, and environment in addition to financial performance, and then the best companies are chosen for the Index. KDB Daewoo Securities was listed on DJSI Korea and DJSI Asia-Pacific in 2010 and 2011, and then listed on the DJSI World in 2012 and 2013. The company has thus received recognition for its world-leading sustainability, having received high scores in ethical management, customer-centered management, internal personnel development, public announcements and reports, and the human rights of workers. It is one of only 12 securities firms listed on the DJSI World in the category of financial services, creating a new milestone for the company's sustainability management.

Growing into a Global Investment Bank

KDB Daewoo Securities engages in a wide range of activities to enhance its

sustainability even during the recent instability in global markets. It became the first financial investment company in Korea to issue a sustainability report in 2006, and now issues a sustainability report every other year as part of its active external communications policy. KDB Daewoo Securities' implementation of sustainability management to fulfill its social responsibilities and to enhance transparency brought about its 2012 and 2013 listings on the DJSI World, which will contribute substantially to the company's image as a trusted global investment bank.

Foundations for Further Growth

KDB Daewoo Securities is determined to leverage this accomplishment to achieve further growth. It will review the evaluation categories in which the company did not excel to make improvements, and will further disclose information on sustainability performance and activities to stakeholders through the sustainability report. There will be strenuous efforts to make KDB Daewoo Securities a sustainable global financial investment company, and one that provides the greatest possible value to investors, customers, staff, and the nation as a whole.



SHAREHOLDER/INVESTOR INTERVIEWS

Maximizing Growth through Group Synergy

The main source of revenue for financial investment institutions in Korea is usually commissions and interest from financial transactions. The institutions have tended to be somewhat easygoing in how they do their business, and this has restricted profits and made it difficult for them to achieve continued growth. KDB Daewoo Securities has been leading the capital market in Korea, and to grow into a true pioneer IB of Asia, KDB Daewoo Securities must enhance its corporate finance capabilities, reaffirming its position as a leading IB. In line with this, KDB Daewoo Securities needs to differentiate itself by actively making use of the corporate financing know-how and the infrastructure of the KDB Financial Group.



SAMGI JEONG
Executive Managing Director, KDB Financial Group

As the largest institutional shareholder of KDB Daewoo Securities, KDB Financial Group is committed to the company's continued growth and development.

Minimizing Losses by Establishing a Systematic Risk Management System

As a top-level financial investment institution, KDB Daewoo Securities must focus on risk management to protect the assets of the company, its shareholders and customers. The planned enforcement of the Capital Markets Integration Act, which calls for securities firms in Korea to further strengthen their risk management systems, will also mandate this. KDB Daewoo Securities is committed to developing the strong risk management it needs in order to become a pioneer IB of Asia. The securities industry has considerable exposure to market risks, such as interest rate and exchange rate risk, and that is why it is important to minimize losses through systematic risk management.

KDB Daewoo Securities will develop profitable businesses that are distinct from those of other securities firms in Korea by making active use of its corporate financing know-how and infrastructure of the KDB Financial Group.

Fulfilling Global Social Responsibilities through Overseas Activities

KDB Daewoo Securities undertakes social contribution activities around the world. In 2011, the company donated tractors to villages in the Democratic Republic of the Congo, and helped farmers to learn how to use and manage the tractors, which will help farming villages to become more independent. This reflects the company's efforts to practice a global 'finance of sharing'. As a global investment institution, KDB Daewoo Securities must diversify the areas where it fulfills its social responsibilities, and formulate effective strategies so that social contribution activities result in both the development of local communities and the strengthening of the KDB Daewoo Securities brand. The company may look to countries like Myanmar and Indonesia, for example, where there is both a need for our social and environmental contributions and the company's name has a high level of marketability. KDB Daewoo Securities will also be able to provide better help if the company undertakes its social contribution activities in cooperation with outside specialists rather than on its own.

Customers
Shareholders/Investors
Employees
Local Communities



MYEONGSEO KIM
Researcher, Corporate Governance Service

The Corporate Governance Service conducts ESG-related evaluations of companies listed in Korea.

A financial investment institution's risk management is essential in protecting shareholder and investor assets, which in turn requires careful and detailed management.

Transparent Disclosure of Information on Governance Operations

A company's governance, including by top management and the BOD, is an extremely important indicator in evaluating the company's competitiveness and soundness. There is growing emphasis on the transparent and professional aspects of governance, especially for financial institutions, and financial authorities are implementing policies that are aimed at improving the fundamentals of financial institutions' governance systems. KDB Daewoo Securities must maintain the highest levels of transparent governance, in line with social demand, so that it can fulfill its leading role as a major investment institution in Korea.

Active Responses to Sensitive Issues Concerning Financial Institutions

The activities of financial institutions can influence the economy in Korea and abroad, and this is one reason why there is demand for financial institutions to fulfill their social responsibilities. Recent cases of recklessness and corruption have increased concern among stakeholders. As a result, there is now a need for prudent management and active measures to deal with all sensitive issues related to financial institutions. KDB Daewoo Securities must actively investigate and explain negative issues that arise, and disclose information through the sustainability report on what countermeasures it has taken. It is important to inform stakeholders about efforts the company is making to resolve any and all issues that affect the company and stakeholders.

Protecting Investors through Systematic Risk Management

There is now a greater emphasis on systematic risk management for financial institutions owing to the prolonged sluggishness and high volatility of the securities market. An institution's risk management is essential in protecting shareholder and investor assets, which in turn requires careful and detailed management. KDB Daewoo Securities must disclose transparently the risk management systems it has in place to protect shareholders and investors, and what the outcome of its risk management is, to increase investor confidence.

EMPLOYEES

Open HR



EAP System



WM Community



KDB Daewoo Securities
Junior Training Academy

Customers
Shareholders/Investors
Employees
Local Communities

Employees

An open corporate culture based on commitment, communication and hiring the best talent will drive KDB Daewoo Securities’ continued growth.

A Sound Labor-Management Culture Based on Mutual Respect

KDB Daewoo Securities respects the diversity of its staff, and strives to establish a sound labor-management culture that is free from discrimination. The company is improving work satisfaction by adopting staff communication programs and operating a practical welfare system.

Workforce

KDB Daewoo Securities’ total workforce stood at 3,150 at the end of 2012, of whom 1,232, or 39.1%, were female. This percentage is growing every year. Non-regular workers comprise approximately 15.5% of the total workforce, and we aim to make more of them into permanent employees so as to enable greater harmony and financial security among all staff.

Recruitment and Retention

In 2012, the number of employees who left for another company or who retired was 124 male employees (6.47%) and 54 female employees (4.38%). This number is falling every year, and has halved since 2010 for both male and female employees. KDB Daewoo Securities will continue to strive to reduce staff outflow through activities that boost workplace satisfaction.

Composition of Workforce

(Unit: Person)

Category	Details	2010	2011	2012
No. of employees	Total	3,176	3,164	3,150
	Male	1,955	1,938	1,918
	Female	1,221	1,226	1,232
	Permanent	2,541	2,691	2,661
	Non-regular	635	473	489
	Domestic	3,155	3,128	3,112
	Overseas	21	36	38

Status of Employment

(Unit: Person)

	Details	2010	2011	2012
New employees	Male	31	75	40
	Female	77	48	40
Experienced employees	Male	124	78	71
	Female	44	27	23
Employees who left the company/who retired	Male	244	172	124
	Female	96	72	54

Employment Policies that Respect Diversity

KDB Daewoo Securities is actively taking part in efforts made by the financial industry to abolish discrimination based on academic background. The company is also pursuing diversity in employment by providing equal opportunities to women, the disabled, and foreigners.

The ‘2012 Job Concert’ for the Employment of High School Graduates

KDB Daewoo Securities participated in the ‘Job Concert for High School Graduates’ held in May 2012. We held employment counseling sessions with job seekers, and hired a total 26 talented high school graduates. The counseling session enabled communication with the best talent, and was based on the theme, ‘KDB, a pioneer of passion, challenge, and innovation’. KDB Daewoo Securities will ensure discrimination-free recruitment, with no restrictions based on academic and educational background.

Employment Diversity



Protecting Human Rights

To protect human rights and establish a work culture free from sexual discrimination, KDB Daewoo Securities undertakes activities that enshrine human rights in its culture, and also provides training on preventing sexual harassment. There were no incidences related to discrimination reported during the latest reporting period.

Compliance with the 10 Principles of the UN Global Compact

KDB Daewoo Securities joined the UN Global Compact in October 2006, and abides by its ten principles of human rights, labor, environment, and anti-corruption, thus fulfilling global standards of social responsibility. The company also prohibits child labor and forced labor.

Training on Sexual Harassment Prevention

KDB Daewoo Securities provides mandatory annual training on sexual harassment prevention to its entire workforce, from most senior to most junior, to prevent discrimination and infringement on human rights. In 2012, all staff completed online training on sexual harassment prevention.

Sexual Harassment Prevention Training

Year	Participation Rate (%)	No. of People Participating	Training Schedule
2010	100.0	3,236	Oct. 4 ~ Oct. 27 (Off-site training, On-line training)
2011	98.3	2,925	Nov. 29 ~ Dec. 8 (On-line training)
2012	100.0	2,943	Nov. 26 ~ Dec. 5 (On-line training)

- Customers
- Shareholders/Investors
- Employees
- Local Communities

Employee Communication

As part of its commitment to a culture of openness and discussion, KDB Daewoo Securities operates ‘Retail Community’, ‘X-meeting’, and ‘Talk. Talk. Talk’. The company collects information on staff needs and suggestions, and aims to make improvements accordingly, based on this information. The company is also doing its best to fully establish a sound culture of discussion.

WM Community

KDB Daewoo Securities’ WM Community has been newly re-launched. Wealth Management Business Division employees are effectively using the WM Community to share various information, materials, and opinions. It is a true arena of communication that enhances expertise and understanding on the market, customers, and products. The previous sales support channels were all integrated into the WM Community to focus on strengthening the competencies of sales employees. The WM Community is also helping to improve understanding and to maximize synergy among employees.

KDB Financial Group’s X-meeting

Operated by KDB Financial Group, ‘X-Meeting’ brings together young staff members from each subsidiary, to promote communication within the Group as a whole. Various teamwork games contribute to an increased sense of unity among subsidiaries, improved networks, and better communications at a Group level.

‘Talk. Talk. Talk’ Communication Channel

The ‘Talk. Talk. Talk’ communication channel promotes the sharing of information among staff, and aims to establish a culture of discussion. It encourages active participation so that ideas and knowledge are shared.

Monthly Webzine – KDB Daewoo Securities People

Each month, KDB Daewoo Securities publishes its company webzine, “KDB Daewoo Securities People”. This is another way in which we communicate with staff and their families. There are interviews, so that our staff can meet, albeit indirectly, their colleagues in other departments and in other fields of work. They can also share their work experience and give advice. The webzine is one of the company’s main internal media; it has existed for 27 years and has a great track record in informing and sharing values.

Dialogue with the CEO

‘Dialogue with the CEO’ is one of KDB Daewoo Securities’ unique internal communications programs. It helps to build an internal personnel network and makes everyone feel truly involved in the organization. All staff are able to communicate directly with the CEO, a leader of the company.



WM Community



X-meeting



Talk. Talk. Talk



KDB Daewoo Securities People

Staff Welfare Programs

KDB Daewoo Securities operates various welfare programs, as well as a retiree support program and a parental leave program, all of which boost staff satisfaction. It has operated a company childcare center since 2011 as part of its active support for staffs who are raising children.

Welfare System

To help staff enjoy their leisure time, KDB Daewoo Securities operates condominiums and provides subsidies for various club activities. The company provides housing loans, so that employees enjoy a sense of stability in their lives, and financial support for tuition and medical expenses. In addition, KDB Daewoo Securities has purchased a group term life insurance policy for its entire staff, and pays all the premiums.

Retiree Support Program

To secure a high quality of life for retirees, KDB Daewoo Securities provides severance pay and offers a variety of development programs for re-employment and business start-ups. The company is expecting to adopt a retirement pension system, subject to the outcome of internal analysis and discussions.

Parental and Child Care Leave

KDB Daewoo Securities guarantees the unrestricted use of its parental and child care leave programs. As a result, in 2012, the return-to-work rate after parental leave was extremely high, at 98% for female and 100% for male staff.

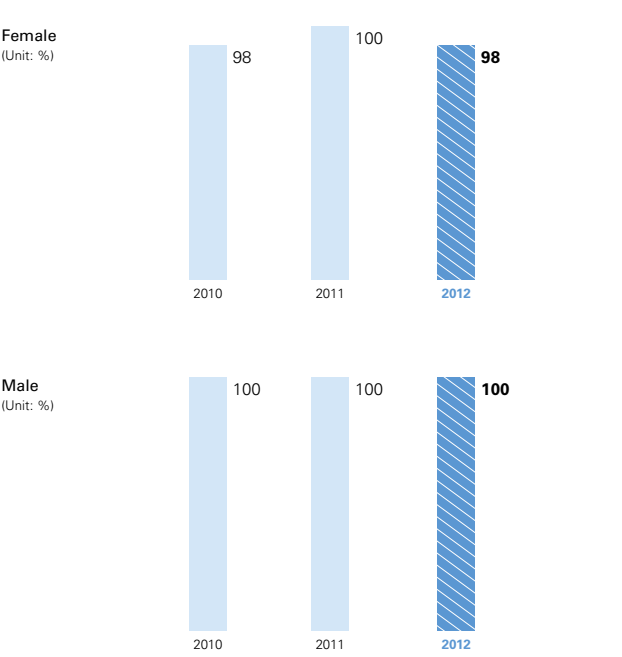
Company Child Care Center

Pursuant to Article 14, Establishment of Company Child Care Center, of the Infant Care Act, KDB Daewoo Securities has been operating a company child care center. This measure was taken as a part of the company’s welfare programs so as to contribute to the resolution of the low-birth rate issue, triggered by the burden of having and raising children, as well as to help employees feel less burdened from child care.

Staff Welfare Programs

Category	Details
Support for leisure life	Operates condominiums and provides subsidies for clubs
Protection and support for new mothers	Wage for maternity leave before and after birth, congratulatory fund for birth
Housing support	Loans for purchasing/renting a home, support employees living outside of their hometown due to work
Medical and health support	Assistance for medical expenses, health checkup, medical room
Educational support	Assistance for school expenses
Vacation system	Health leave for women, maternity leave before and after birth, Paternity leave for spouse, annual leave, regular leave, other leaves related to congratulatory and consolatory events
Support for daily life	Transportation expenses for overtime / compensation for working on holidays, discount for trains, reward for continuous service, employee association operation, EAP, fitness center, group term life insurance, support in relation to congratulatory and consolatory events, etc.

Return-to-work Rate after Parental Leave



Health Management

KDB Daewoo Securities has various programs in place that are designed to promote staff health, including a grievance settlement system, an anti-smoking campaign, and the EAP (Employee Assistance Program) for counseling. Thanks to our commitment to physical and mental health, the number of staff who were absent from work due to a disease or injury went down approximately 30% in 2012 from the previous year to stand at just seven male and nine female staff members.

Grievance Settlement System

The company’s HR system is used to collect information on staff requirements, including any grievances, and there are active efforts made to address them. Prompt HR-related measures are also a vital part of our efforts to boost staff satisfaction.

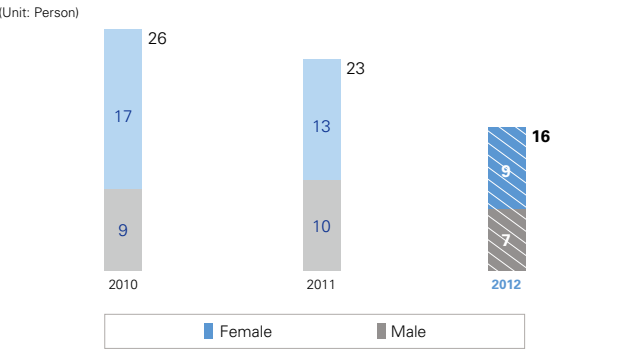
Fitness Center

KDB Daewoo Securities has a fitness center on the 17th floor of its headquarters building in Seoul to promote the health of its staff. The center is open throughout the day, helping employees relieve themselves from stress and strengthen their physical health.

EAP (Employee Assistance Program) Counseling System

KDB Daewoo Securities started the EAP service in 2010 to take the lead in creating a healthy workplace. EAP services include professional psychological counseling and coaching to resolve any issues that staff may have, helping employees manage their mental health.

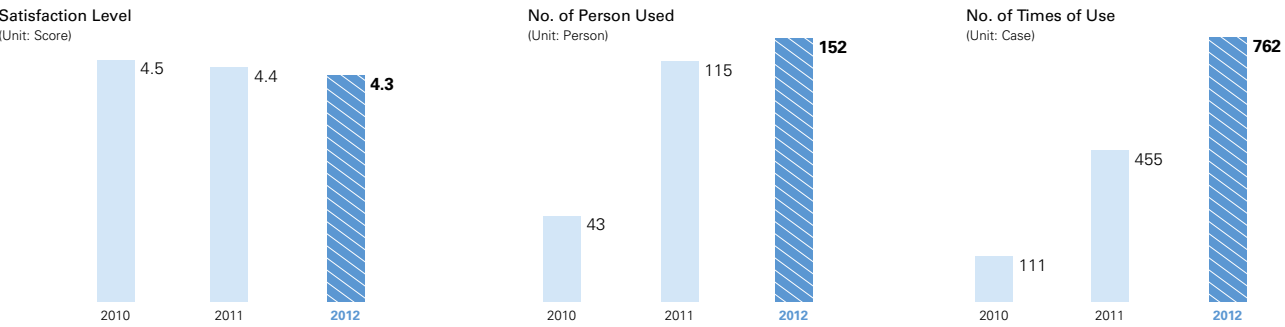
No. of Employees Absent from Work Due to Disease or Injury



EAP System Operation Process



EAP Operation



Cooperative Labor-Management Culture

KDB Daewoo Securities respects all autonomous labor union activities that comply with the relevant laws and regulations. Transparent communication between labor and management is brought about through the Labor-Management Council and the labor union, and there are continuing efforts being made to improve the work environment.

Labor-Management Council

KDB Daewoo Securities enacted the Labor-Management Council regulations in 1990, and holds a Labor-Management Council meeting every quarter. The Labor-Management Council represents all employees at KDB Daewoo Securities, and is in charge of engaging in discussions with senior management with regard to major employee-related issues. Four meetings were held in 2012, during which discussions took place on 16 agenda items. KDB Daewoo Securities does not stipulate a deadline for making notices on important business changes, but mutual compliance is a basic principle upheld at the company.

Internal Labor Union Operation and Membership

KDB Daewoo Securities upholds the three labor rights as stipulated in Article 33 of the Constitution of Korea and does not have any internal regulations or guidelines that counter or curtail the application of the law. It does not take any disadvantageous HR measures against employees for engaging in labor union activities. To guarantee the three labor rights in practice, KDB Daewoo Securities upholds labor union activities and labor disputes that are stipulated in the collective agreement. As of the end of 2012, labor union membership stands at approximately 89.4%, with 2,116 labor union members from among the 2,367 persons who are entitled to membership.

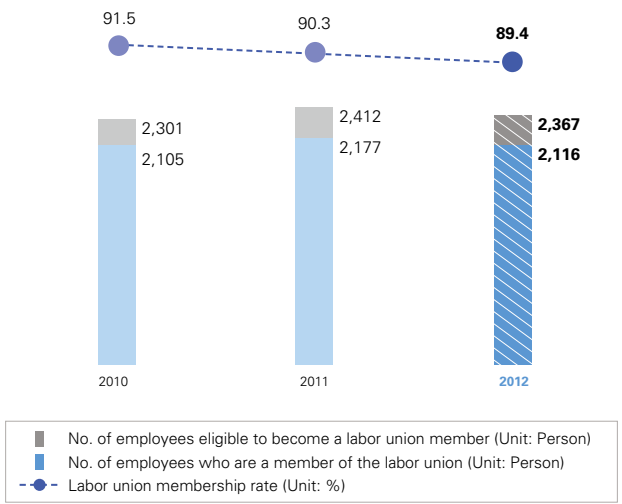
Labor-Management Council Meetings from 2011 to 2012

	2010	2011	2012
No. of council meetings	4	4	4
No. of agenda items discussed	21	16	19

Major Agenda Items Discussed between Labor and Management from 2011 to 2012

Year	Major agenda item	Resolution made on
2011	Retail system improvements, time off agreement	Improvements in BEP adjustment and manager registration standards, Agreement on an annual 10,000 hours
2012	Collective wage bargaining	Wage negotiation Signing of collective agreement

Labor Union Operations and Membership



- Customers
- Shareholders/Investors
- Employees
- Local Communities

Developing Global Financial Leaders

To build a foundation to grow into a global IB (Investment Bank) and to enhance our personnel competitiveness, KDB Daewoo Securities has established a new training system which allows staff to develop and maximize their abilities according to their talents.

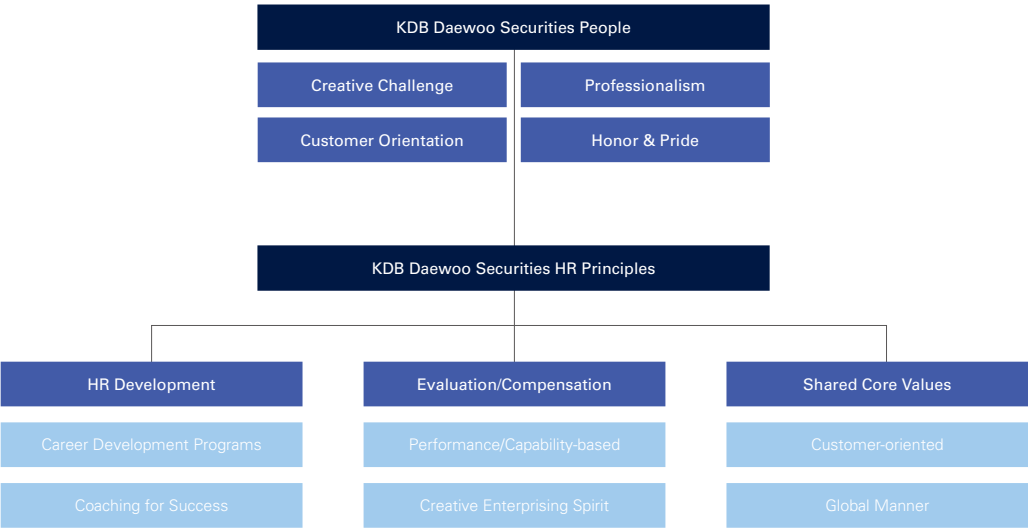
A Model Employee

A model employee is defined as a ‘global financial leader, one who puts the highest value on the customer, has top-level and diverse knowledge, and enjoys taking on creative challenges’. We are seeking to build global financial leaders who relish new challenges, develop world-leading professional skills, and dedicate themselves to customer satisfaction through the application of a customer-oriented mindset.

HR Principles

KDB Daewoo Securities pursues HR principles based on the ‘fostering of outstanding talent’, ‘fair evaluation and remuneration’, and the ‘sharing of core values’. KDB Daewoo Securities selects, fosters, and supports talented people who fit with the company through the application of its clear HR principles.

KDB Daewoo Securities People and HR Principles



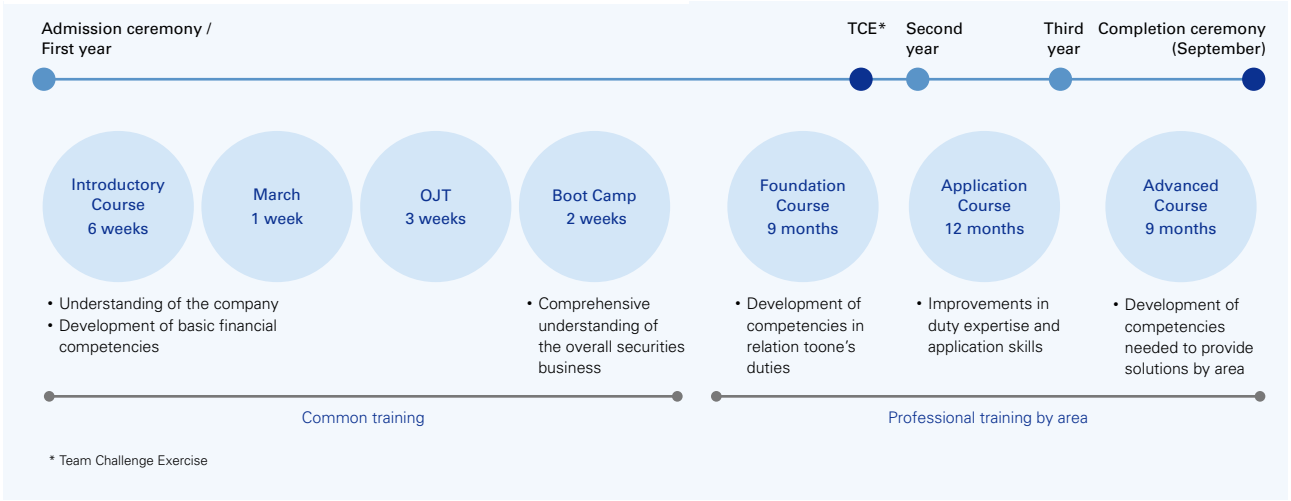
KDB Daewoo Securities Junior Training Academy

The KDB Daewoo Securities Junior Training Academy provides customized, in-depth training that matches each individual staff member's role and seniority level. The company established a training roadmap and completed a pilot course in 2011, followed by full implementation in 2012. Training was provided to 104 new middle-management employees in 2012, as part of our efforts to build their skills to the fullest.

DWS Learning Center

The DWS Learning Center provides one-stop services for acquiring knowledge and information, and handles training-related matters. It serves as the foundation for developing talent within the company. The newly-opened DWS Learning Center breaks away from traditional training methods, and focuses on training in the field and voluntary self-improvement by staff members. Its convenience was further improved by introducing a search function in connection with the Korean search portal, Naver, in addition to the company's online platforms, such as TOSS and WM Community.

Roadmap for KDB Daewoo Securities Junior Training Academy



DWS Learning Center Operation

E-Learning	Apply for training and check results	Share knowledge resources	Search for knowledgew
My HRD	• Staff can view history information on learning through the DWS Learning Center • Staff can check information on the training history, customized training, and certificates		
Learning	• Staff can choose learning content that they need to develop relevant competencies or acquire a certificate • Staff can apply for internal training, external training, online training, real-time training, or correspondence learning		
Knowledge Sharing	• Staff can search for knowledge through IT systems and the knowledge bulletin board • Staff can participate in communities, produce UCC, and engage in online and video meetings		

- Customers
- Shareholders/Investors
- Employees
- Local Communities

Talent Fostering System

KDB Daewoo Securities' education focuses on the three major directions of Leadership, Professionalism, and Insight & Faculty. Specialized curricula allow employees to engage in self-led learning and the development of the skills that are needed for their respective jobs. The company is seeking to develop global financial leaders through the systematic management and development of the right people. This includes developing professional retail capabilities, fostering sector specialists, developing leadership skills, and building the best global talent.

Leadership Curriculum

Leadership training is offered to executives, department managers, branch managers, and staff being promoted. Key personnel who will shape the future of KDB Daewoo Securities get high-quality training in order to develop leaders with a business mindset and the best in leadership skills.

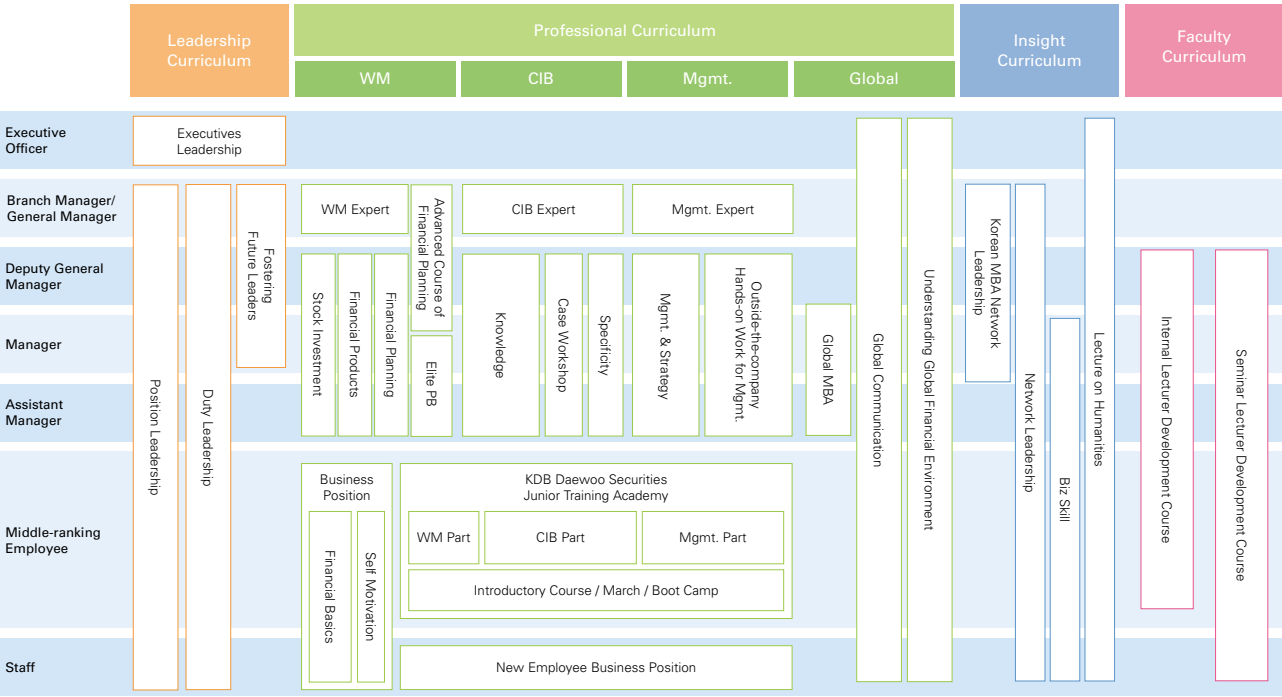
Professional Curriculum

KDB Daewoo Securities provides specialist in-depth training for each business sector in order to foster expertise in every area in which we operate. The company also provides language education to develop globally competitive talent, as well as a global MBA support program, to target key talent at the company.

Insight & Faculty Curriculum

Humanities lectures are given on such themes as literature, history, and philosophy to promote company-wide knowledge about the humanities. Staffs with particular skills in this area become internal lecturers, to enable effective dissemination of knowledge and know-how.

KDB Daewoo Securities' Talent Development Scheme



Fostering Trusted Financial Experts

KDB Daewoo Securities has established training systems to strengthen the expertise of all its employees in finance. The KDB Daewoo Securities Junior Training Academy gives concentrated training to junior personnel, which builds a sustainable foundation for the development of financial expertise. In the retail sector, the company offers a program that nurtures top-class PBs to develop wealth management experts. In corporate investment banking, the company will successfully establish the CIB Expert Course to strengthen professional skills and to maximize the synergy within our value chain.

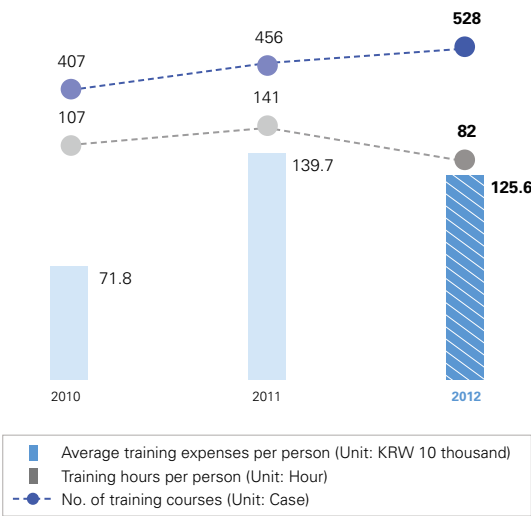
Training Outcomes

KDB Daewoo Securities uses its systematic training programs to maximize the knowledge, skills and expertise of all staff. By offering 528 employee trainings, a 16% increase over 2012, KDB Daewoo Securities fully supported the self-development undertaken by its staff. Employees are also offered support in acquiring professional financial certificates, and the number with CFP, AFPK, and CPA certificates is rising steadily.

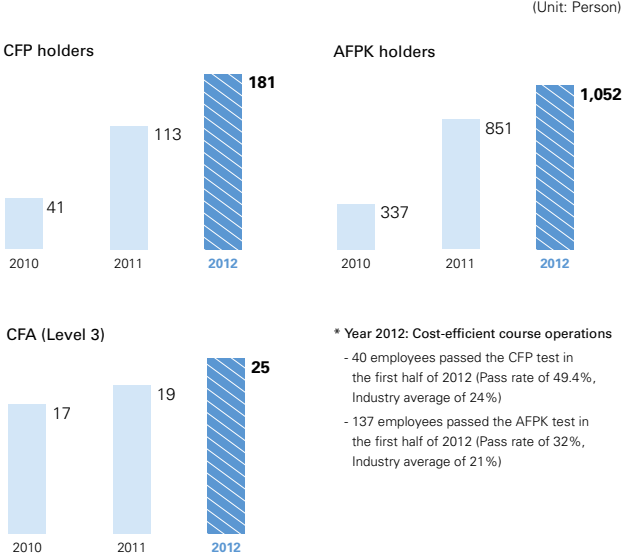
Direction of New Employee Training System



Employee Training Hours/Training Courses



Employees with Professional Financial Certificates



Customers
Shareholders/Investors
Employees
Local Communities

Fair and Reasonable Compensation

KDB Daewoo Securities places great emphasis on a fair and reasonable performance evaluation process, using a transparent procedure and suitable criteria. Outstanding employees receive various incentives, thus motivating staff to perform their duties effectively.

Performance Evaluation Process

Employees are graded on their performance and capabilities based on evaluation factors, such as innovation, creativity, and customer-orientation. Clear feedback is given so as to ensure fair evaluations. There are upward appraisals of executives, department managers, branch managers, and team managers to ensure open communication, fairness and the development of good managers.

Multifaceted Evaluations

All employees have an interview with their department or branch manager to ensure fair performance evaluation. After the first half of the year, employees have an interview with their final evaluator (department manager or branch manager), as an intermediate assessment. This allows impartial evaluations, and offers opportunities for regular communication. We also carry out multifaceted evaluations, which include both top-down and bottom-up assessments, at the end of every year, to maintain impartiality.

Downward Evaluation

Department and branch manager interviews
1. Self-evaluation
2. Initial evaluation
3. Feedback
4. Final evaluation
5. Finalization of evaluation
6. Application for objection
7. Finalization of grade

Upward Evaluation

Category	Main details			
Target of evaluation	Executive, department manager, branch manager, and part manager (team manager) evaluation			
Evaluated categories		Executive	Department manager	Part manager (Team manager)
	Policy competencies	Compliance		
		Leadership		
		Organizational culture improvements		-
		-	Organization value oriented	
	Job competencies	-	-	Work drive
Use of evaluation results	Referenced for provision of opportunities for top-down communication, skill development of unit organizational managers, and organizational operations			

Employee Compensation System

All employees receive both financial and non-financial compensation, fairly assessed according to performance evaluation results. Compensation includes base salaries, bonuses, and welfare benefits. Staff motivation is enhanced through systematic compensation and our various welfare programs. There is no difference in base salaries between female and male staff. In 2012, the new employee wage was 332% of the Korean minimum wage.

Rewarding Outstanding Employees

KDB Daewoo Securities strives to enhance a sense of pride by operating various reward programs, including 'The Best Club' and global IB training.

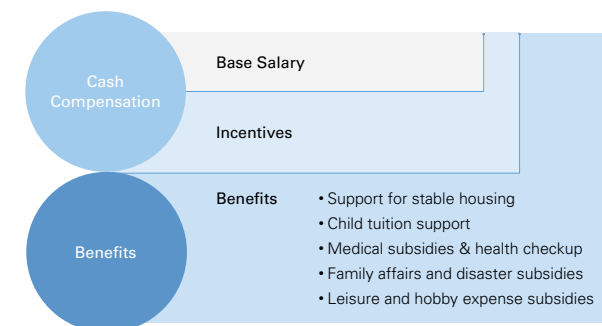
The Best Club

KDB Daewoo Securities held the 'Best Club' event in January 2011, to reward staff members who contributed the most to KDB Daewoo Securities' retail business over the year. The event was held for the second time, followed by its launch in 2010. Two 'Best Branch Managers', 16 'Best Private Bankers', and one 'Best Customer Support Staff' were chosen, and each was presented with prize money of KRW 1 million.

Global IB Training for Outstanding Sales Employees

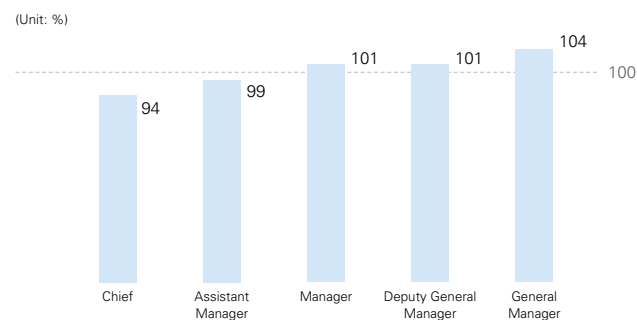
In October 2012, eight leading sales staff went to Hong Kong to receive global IB training. This visit helped them to gain better understanding of the company's global strategies. As well as visiting the KDB Daewoo Securities office in HK, they also visited the offices of major global investment banks, such as Goldman Sachs, Morgan Stanley, and UBS, to broaden their knowledge and experience.

Employee Compensation



'The Best Club' Plaque

Male and Female Base Salary Ratio by Rank in 2012



* Percentage of female employees' base salaries when the base salaries of male employees with the same rank are set as 100 (No. of years working for the company and salary class are reflected)

Special Feature 3

'OPEN HR' TO SELECT THE BEST TALENT

KDB Daewoo Securities uses its new internal recruitment system, 'Open HR', to find the best talent.

The Best People Will Shape Our Future

In November 2012, KDB Daewoo Securities implemented its new 'Open HR' system, aimed at unlocking outstanding talent and supporting employees in accomplishing their professional goals. This system will put the best talent in the right positions and allow staff to expand their work experience, thus increasing their expertise and skills. Departments and branches that are recruiting publish a notice of the number of people needed and the qualifications required, after which the best talent is chosen through open competition.

Qualifications for Open HR

- Staffs who have been with KDB Daewoo Securities for more than four years
- Must have worked in current department for three years or more, or two years for branch staff

Open HR Process



Selecting the Best 11 Personnel

An in-house notice publicized Open HR when it was launched in November 2012. 20 departments and branches submitted applications for recruitment, and 35 staff applied for positions. After a detailed, thorough and confidential screening process at each department and branch, 11 employees were selected and assigned to the appropriate departments and branches. Open HR will be expanded so that departments, branches, and staff alike can benefit from it, and so that it will actively contribute to the development of the company.

How Open HR Works

- Staffs chosen are immediately appointed to the appropriate department or branch
- The manager of the department or branch from which the staff will be departing is notified after the selection process, to ensure there is no disadvantage to the employee, such as evaluation and compensation for performance
- Strict confidentiality is maintained until the final appointments are made
- Any fraudulent conduct is strictly prohibited. If there is such a fraudulent act, such as making personal requests or violating the principle of confidentiality in the selection process, the recruitment is cancelled and appropriate disciplinary measures taken
- The number of staff selected by one department or branch through Open HR is restricted to no more than 10% of the total number of employees in that department or branch (where the number of selected employees exceeds 10%, the longest-serving are given priority)



EMPLOYEE INTERVIEWS

Establishing a Horizontal and Flexible Organizational Culture

Good internal communication activities ensure that staffs always have access to information on what is happening at the company, and know about important issues. There is also a need for an arena of communication to share information with employees. This is why KDB Daewoo Securities has an internal broadcast at the beginning of each month through which the CEO can communicate openly about important corporate matters and discuss issues that are important to our staff. The broadcast has substantially improved corporate-wide awareness of important issues, and has shown the management's abiding commitment towards company-wide communications. It is very important for staff to think that individual performance evaluations and compensation packages are reasonable, so we should build an evaluation process that is acceptable to everyone.



YEONGCHANG MIN

Executive Director, Management Support
Headquarters of KDB Daewoo Securities

Mr. Min is one of the company's executive officers, with particular responsibility for management support.

Supports and Efforts to Boost Work Satisfaction

I believe that customer satisfaction begins with staff satisfaction. KDB Daewoo Securities is striving to build a work culture that considers staff first, and is implementing welfare programs with the aim to help staff focus on work without unnecessary stress. For example, unlike most companies which keep the top floor of the company's headquarters for executive offices, our top floor houses a fitness center and cafeteria for our staff. This symbolizes the highest priority that the company places on the welfare of its staffs.

Expertise to Provide Top-Quality Financial Services

A securities firm must create value for customers at its customer contact points. KDB Daewoo Securities emphasizes the importance of staff training to strengthen financial expertise, thus making us a securities firm that delivers the best in value and service to customers. As the leader in the Korean securities market, KDB Daewoo Securities will assume the responsibility of identifying and pioneering best practice, and will strive to give customers confidence in the company's professionalism and leadership.

As the leader in the Korean securities market, KDB Daewoo Securities will assume the responsibility of identifying and pioneering best practice, and will strive to give customers confidence in the company's professionalism and leadership.

Creating a Mindset Committed to Sustainability Management

KDB Daewoo Securities will achieve sustainable growth by committing to sustainability management and by satisfying stakeholder demand and expectation for real corporate social responsibility. It is therefore important for the company to create a mindset of sustainability management within the organizational culture. KDB Daewoo Securities will establish corporate-wide sustainability management by putting in place systems that commit us to fulfilling our social responsibilities, and by having senior management lead by example.

Customers
Shareholders/Investors
Employees
Local Communities



JUNA LEE

Middle-ranking Employee, Global FI Sales of
KDB Daewoo Securities

Ms. Lee works in Global FI Sales. She was hired in 2013 through the company's open recruitment process.



JOOHYEON KIM

Middle-ranking Employee, Research Center of
KDB Daewoo Securities

Mr. Kim works at the company's Research Center. He was hired in 2013 through the company's open recruitment process.

Establishing a Culture where Autonomy and Responsibility Coexist

I am very happy with KDB Daewoo Securities' organizational culture, through which each individual's opinions and autonomy are respected. This in turn enables staff to demonstrate their creativity. The monthly internal broadcast from the CEO also really contributes to an open corporate culture. In addition, the lobby at the company HQ is used for many types of internal communications, building a corporate culture where ideas are shared and discussed. I think this strong, flexible culture helps to ensure that KDB Daewoo Securities' unique principles and rules are respected, for the benefit of all.

Training to Invest in the Development of Global Financial Experts

KDB Daewoo Securities has an effective and systematic training system, matched by a real commitment to a training culture that befits its reputation as an institution that develops the nation's best financial experts. It is encouraging to know, as a member of KDB Daewoo Securities, that the company provides support for personal growth as well as for the development of work skills. For example, the company supports staff in learning languages and in acquiring professional qualifications. The company is aiming to become a pioneer IB of Asia, so I hope to see it expanding training, and offering more opportunities for the development of global experts, such as by offering a global MBA program or giving staff the chance to work overseas.

Embedding Sustainability Management in the Work Culture

I am proud that KDB Daewoo Securities is involved in a wide variety of sustainability management activities. The company's commitment has been proven by its listing on the DJSI World, support for multi-cultural families, and joining of the UN Global Compact. However, not every staff member is fully aware of these activities and achievements. Internal communication should improve, so that information on sustainability management is shared with everyone at the company. There should be particular focus on the social contribution activities undertaken by staff; this would lead to greater awareness of what KDB Daewoo Securities is doing in its communities around the world.

Received a Presidential Citation at the 'Nationwide Multi-cultural Family Support Contest'



'Jump Up Project' to support young social entrepreneurs



Global CSR activities in the Democratic Republic of the Congo



Lovemeter

COMMUNITIES

Customers
Shareholders/Investors
Employees
Local Communities

Local Communities

We believe that the only path towards sustainable growth is to grow alongside our local communities; that is why we fulfill all our responsibilities as a corporate citizen.

Social Contributions to Grow with Local Communities

Think you very much

KDB Daewoo Securities undertakes social contribution activities so that we can contribute to the local communities in which we are involved, as part of our commitment to sustainability management through sharing.

Social Contribution Schemes

KDB Daewoo Securities' social contribution schemes rest on the three pillars of mutual prosperity, participation, and sharing.

Mutual Prosperity

KDB Daewoo Securities undertakes a variety of programs in partnership with external organizations, focusing mainly on support for multi-cultural families, educating teenagers from low-income families, and the development of social enterprises.

Participation

Everyone at KDB Daewoo Securities is encouraged to participate in volunteer activities in our local communities, emphasizing our commitment to corporate-wide social contributions.

Sharing

Social contribution activities mean more when they are sustained by a culture of volunteering among staff. KDB Daewoo Securities has put in place the 'Lovemeter', a forum through which staff can voluntarily donate part of their salaries. These funds are used to give help where it is needed, such as to charity groups near the company's regional offices nationwide.

Social Contribution Organization

Our Corporate Social Responsibility Corps organizes and carries out our corporate social responsibility activities. In addition, there is a CSR Steering Committee and a Donation Beneficiary Selection Committee, to ensure transparency and fairness in each CSR project.

CSR Steering Committee

Consisting of six executives, the CSR Steering Committee formulates social contribution strategies, allocates budget, evaluates suitable donation amounts, and undertakes the regular monitoring of projects.

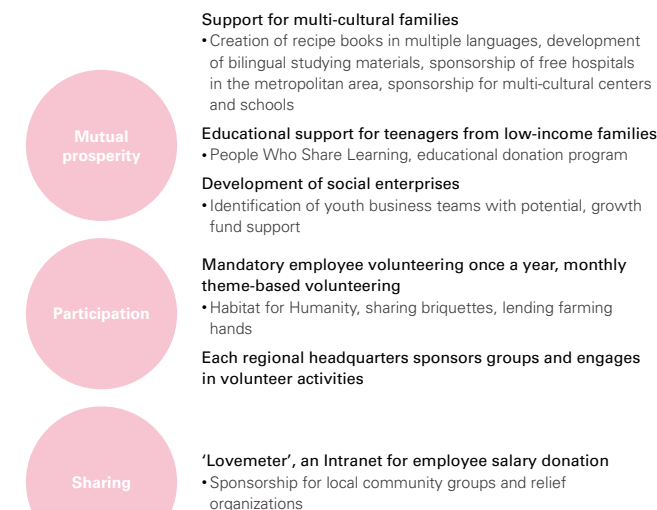
Donation Beneficiary Selection Committee

This Committee consists of staff from the General Affairs, Finance, Human Resources, and Public Relations Departments, as well as the secretary-general of the Corporate Social Responsibility Corps. It determines the beneficiaries and the sponsorship amounts.

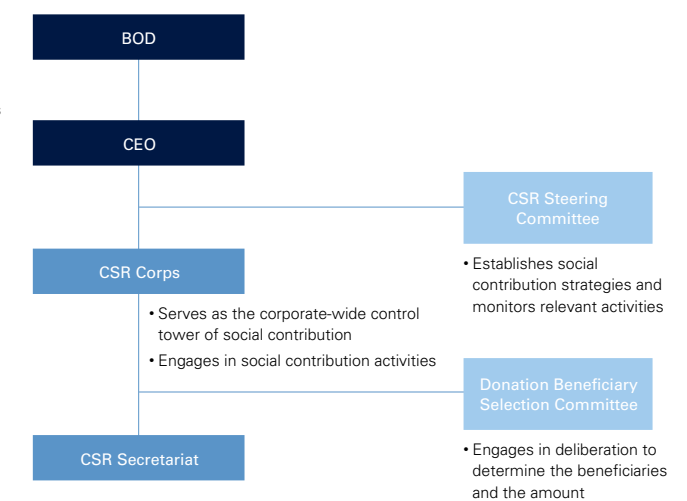
Corporate Social Responsibility Corps

This social contributions team was established in July 2009, to conduct KDB Daewoo Securities' social contribution activities in a professional and systematic manner. It acts as the company-wide control tower for social contribution activities.

Social Contribution Schemes



CSR Organization



Mutual Prosperity: Support for the Under-privileged

Supporting Multi-cultural Families

KDB Daewoo Securities supports multi-cultural families so that they can live stable and integrated lives in Korea. In 2012, the company received a Presidential Citation at the 'Nationwide Multi-cultural Family Support Contest' in recognition of its efforts. The company will continue to take the lead in improving the general public's thoughts on lives of multi-cultural families in 2013.

Cook Books in Multiple Languages

What wives from overseas find most difficult about in living in Korea is the language and the cooking. KDB Daewoo Securities created recipe calendars in seven languages, including Chinese and Vietnamese, in 2009. Starting in 2010, the company made cook books containing 45 Korean recipes in nine different languages and is delivering them, through the Korea Immigration Service, to immigrant women entering Korea for the first time. Also, cook book materials were posted on the company's website so that anybody can easily download the materials. In March 2012, the company moved ahead with commercial publication of the cook books in 10 languages to enable use by a greater number of people. All proceeds from royalties are used for multi-cultural family support.

Bilingual Educational Support for the Children of Multi-cultural Families

To help parents from abroad to teach their part-Korean children mother tongue, KDB Daewoo Securities developed teaching materials in five languages – Chinese, Vietnamese, Mongolian, Japanese, and Russian – in collaboration with Seoul National University in 2011 and Hankuk University of Foreign Studies in 2012. All materials were uploaded to the company's website in 2013 so that they could be easily accessed by any users. To motivate children to continue to learn two languages, the company has held a 'Mother Tongue Contest' every November since 2011, with scholarships awarded to the winners.

Animation to Improve Knowledge about Multi-cultural Families

KDB Daewoo Securities has created an animation that improves knowledge about multi-cultural families in association with 'Red Bicycle', a children's TV show on KBS that talks about social issues. The show looks into scenarios that multi-cultural children may experience with their friends, and the animation shows how the elementary school students can come to understand each other. It has aired every Friday since August 2013. KDB Daewoo Securities worked with an NGO, the 'Global Village of Love', to produce the animation, and we are developing a lesson plan to be used alongside the animation in collaboration with the Seoul National University of Education, to educate elementary school students.

Received a Presidential Citation at the 'Nationwide Multi-cultural Family Support Contest'



Cook books in multiple languages



Bilingual teaching materials



TV animation to improve knowledge about multi-cultural families



Educational Support for Teenagers from Low-income Families

KDB Daewoo Securities seeks to support children's growth and development, so that they can achieve their dreams, and do not give up on learning because of financial difficulties.

Support for College Student Volunteer Groups

KDB Daewoo Securities sponsors college volunteer groups which help children from low-income families to get a better education. 'People Who Share Learning' is a group of around 600 college students who provide private lessons, volunteer activities and essential items for around 350 junior high school students. With sponsorship from KDB Daewoo Securities, the group's education centers grew in number from two in 2009 to nine in 2011.

Learning Aid Equipment for Visually and Hearing-Impaired College Students

Since 2010, KDB Daewoo Securities has provided 40 Braille terminals for the visually impaired, to help students who are passionate about learning but cannot afford expensive learning aid equipment. In addition, in 2013, KDB Daewoo Securities bought 20 hearing aids from a social enterprise and provided them for free to those in need.

Sponsoring Community Child Centers and Study Rooms

KDB Daewoo Securities sponsors community child centers and study rooms that protect and educate children from low-income families. It began by sponsoring seven centers and study rooms in 2009, and this number grew to 50 by 2012. In addition to providing monthly financial support to cover operating expenses, KDB Daewoo Securities provides support through experience programs and learning materials. The company actively seeks out what each center needs, so that it can offer customized social contributions.

'Go, Dream Tree Class'

In 2013, KDB Daewoo Securities began providing an educational program for elementary school students in the study rooms sponsored by the company. The program is tailored for each study room, and the diverse content, such as character, future plan, and culture, focuses on the child's emotional development, which in turn increases the effects of the practical aspects of education. Seven education sessions were held across five study rooms from January through August 2013. In the second half of the year, the company will continue to provide diverse learning opportunities for children, such as the creation of a samulnori (traditional percussion quartet) troupe.

Workshop for teachers of 'People Who Share Learning'



Providing learning aid equipment for visually and hearing-impaired students



Sponsoring community child centers



Field trip of 'Go, Dream Tree Class'



Participating in Local Communities

Annual Volunteer Activities

Once a year since 2006, everyone at KDB Daewoo Securities has continued to choose a facility that needs support and help, ranging from nursing homes and facilities for the disabled to nurseries and hospices. The company encourages its entire staff to experience the sense of happiness that comes from sharing with others, and revels in fulfilling its commitment to the local communities which make up the foundation of the company.

Monthly Theme-based Volunteering

KDB Daewoo Securities has many volunteer programs in place: ‘Habitat for Humanity’, which provides affordable housing for low-income facilities; ‘Kimchi Sharing’, through which this essential Korean food is provided to residential welfare facilities for the benefit of their residents; ‘Lending Farming Hands’ for farming villages where there is a shortage of young workers; and ‘Delivering Briquettes for Humanity’ for senior citizens who have mobility difficulties.



Habitat for Humanity



Kimchi Sharing



Lending Farming Hands



Delivering Briquettes for Humanity

Volunteering with Customers

Since 2011, KDB Daewoo Securities has undertaken volunteer activities alongside customers, to increase the impact of our social contribution activities. Volunteering with customers not only helps the under-privileged and fulfills our corporate social responsibilities, but also strengthens relationships with customers in a very human manner.

Customers
Shareholders/Investors
Employees
Local Communities

Sharing: Employee Participation

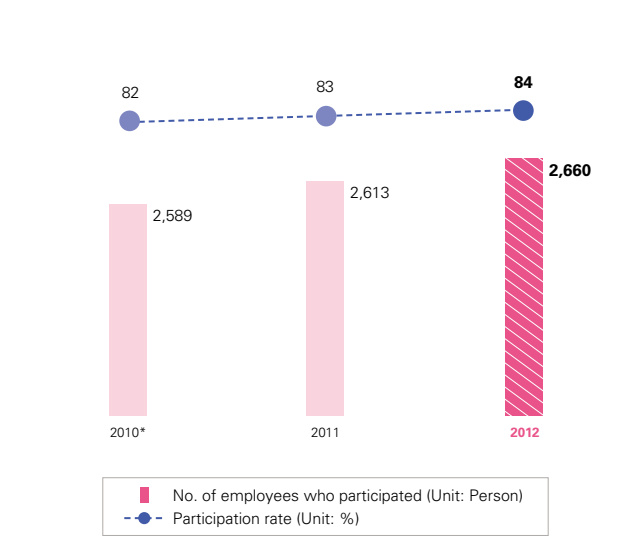
Lovemeter, 1% Sharing, 100% Happiness

KDB Daewoo Securities’ culture of sharing becomes stronger through the voluntary and continuing participation of our staff. Staff can donate a portion of their salaries through ‘Lovemeter’, an internal intranet built for donation activities. The funds donated are then used to sponsor facilities recommended by the company’s regional offices throughout the nation. Lovemeter is growing every year thanks to active staff participation.

Using the Social Contribution Budget

Funds collected through ‘Lovemeter’ are used for KDB Daewoo Securities’ many social contribution activities. The Corporate Social Responsibility Corps combines these donations with those from the budget set aside by the company for its corporate social responsibilities. KDB Daewoo Securities will be completely transparent about the use of the company’s budget on social contribution activities, including the donations made by staff.

Employee Participation in ‘Lovemeter’



Category	2010*	2011	2012
Collected amount	4.6	5.5	4.6

* From April 1 to December 31, 2010

Allocated and Spent Budget for Social Contribution

(Unit: KRW 100 million)				
Category		2010*	2011	2012
Budget set aside for CSR Volunteer Corps		31.1	38.0	35.5
Details on spent budget	Support for multi-cultural families	9.1	11.6	6.7
	Educational support for teenagers from low-income families	4.9	8.0	6.2
	Social enterprises	-	3.0	2.5
	Social welfare facilities (the disabled, childcare, senior)	3.8	4.6	4.6
	Donation to KDB Sharing Foundation	3.0	4.0	9.8
	Project and volunteer support	4.0	2.4	2.0
	Emergency and distress relief	6.3	4.4	3.7

* From April 1 to December 31, 2010

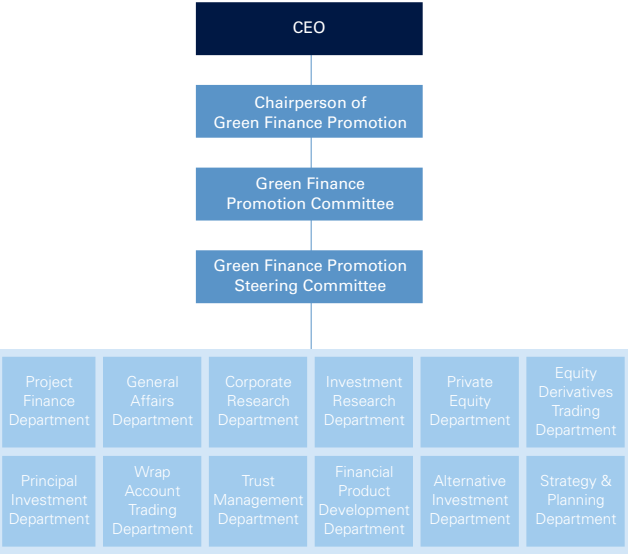
Contributing to Society through Finance

As a major financial investment institution, KDB Daewoo Securities seeks to contribute to society through finance. The company has developed ESG (Environment, Social, Governance)-related financial products that reflect social needs, such as global warming, aging population, and demand for SRI (Socially Responsible Investments). The company is also reducing difficulties experienced by the visually-impaired in using the services through increased web accessibility.

Green Finance Promotion Committee

KDB Daewoo Securities launched the Green Finance Promotion Committee in 2010, to develop ideas for green financial products and raise its corporate image as a green financing leader. Comprised of nine executive members, the Committee collaborates with the Working Council, a group of general managers from related departments, for swift decision-making and an organized workflow through an integrated channel for corporate-wide green financial initiatives.

Green Finance Promotion Committee Implementation System



Developing ESG-related Financial Products

KDB Daewoo Securities has developed various ESG-related financial products, including SRI, clean energy funds, and donation funds. The ‘KDB Bank SRI Fund for a Better World’ is an ESG product that invests in companies that lead the field in sustainability management. The company also manages the ‘KDB Bank S&P Clean Energy Fund’; this fund invests in the S&P Global Clean Energy Index, which consists of new and renewable energy-related companies. The ‘Dongbu Eonation Fund’ is a private equity fund established for high net worth customers with a specific interest in donating; funds are raised based on a percentage of the customer’s salary, and then these funds are used to grant scholarships.

ESG-related Financial Product Management

ESG Financial Products	Appraised Value (KRW 100 million)	Base Month
KDB SRI Funds for a Better World	40.9	June 2013
KDB S&P Clean Energy Fund	9.1	June 2013
Dongbu Eonation Fund	24.2	June 2013

Customers
Shareholders/Investors
Employees
Local Communities

Participating in New & Renewable Energy Generation Projects

KDB Daewoo Securities is involved in new and renewable energy generation projects as part of its commitment to fight climate change, and to develop new business areas.

Yeongwol Photovoltaic Generation Project

This project involves building and operating a 38.9MW photovoltaic power plant in Gangwon Province in Korea. KDB Daewoo Securities has provided financial advice, made financial arrangements, and served as the agent bank for project funds worth a total of KRW 140 billion. The company is also a financial investor in the project, with an 18% stake, demonstrating its commitment to the construction of the largest photovoltaic power plant in Asia. If the plant is registered as a CDM (Clean Development Mechanism) business, additional profit generation is anticipated thanks to the recognition of the plant’s CO₂ reduction performance.

Biomass Power Generation Project in Teesport, England

KDB Daewoo Securities is participating in a project to build a biomass power generation plant at Teesport in northeastern England in partnership with MGT Power, Eco-Frontier, and Korea South East Power. This huge project involves building the world’s largest 299MW biomass power generation plant. Project costs are expected to total approximately KRW 1.2 trillion. KDB Daewoo Securities is in charge of financial advice and the arrangement of project financing. Its role in this project will help KDB Daewoo Securities to become a leader in exporting domestic finance into overseas financial markets, which will boost the reputation not only of the company but of Korean finance in general.



Bird's-eye view of Yeongwol photovoltaic power plant



Signing an agreement for biomass power generation project in Teesport, England

Developing Financial Products for Retirement

By developing financial products for retirement, KDB Daewoo Securities is able to offer financial solutions that are right for customers in an aging society.

Future Planning Research Institute

Established in February 2012, the Future Planning Research Institute conducts research on changes in society and the economy, and on the resulting changes in asset markets. The institute publishes research reports and holds seminars to help customers plan wisely for their future. The Institute offers services which truly distinguish it from other organizations; these include the ‘future-oriented approach’, the ‘professional personnel pool’, which consists of research and product experts, and ‘market-focused planning’.

Golden Age No. 3

Released in 2011, KDB Daewoo Securities’ Golden Age No. 3 has remained popular with retirees looking to a comfortable post-retirement life. Sufficient monthly payments are made, in addition to stable wealth management services. It calculates the monthly payments by offering a pay-back of 0.5% of the investment. Asset allocation aims at matching price rises, which helps customers to guarantee stable profitability for their post-retirement life. Golden Age No. 3 was chosen as an excellent financial product by prestigious organizations, such as the Herald Business and Maeil Business Newspaper in 2011 and 2012, respectively, thus receiving external recognition for its excellence.

Providing Working Capital for Social Enterprises

In April 2011, KDB Daewoo Securities signed a memorandum of understanding for the promotion of social enterprises with the Korea Social Enterprise Promotion Agency and Social Solidarity Bank. Since then, the company has been providing short-term operating funds to social enterprises that are certified by the Korean Government, which helps enterprises that are experiencing short-term cash-flow difficulties. This support was offered to 15 social enterprises in 2011 and five enterprises in 2012.

Developing Young Social Entrepreneurs

KDB Daewoo Securities signed an agreement with the Social Enterprise Gyeonggi Foundation and the Korea Social Enterprise Promotion Agency to promote business start-ups by young people, and to support the sustainable growth of social enterprises. This is part of our support for the ‘Jump Up Project’, which has had outstanding results. From ten social enterprises that have received initial support through the project, five have been successfully designated as preliminary social enterprises. ‘Changing the World’, a book that contains honest stories of social entrepreneurs, has been published, and this has helped to spread the word about how to create the model of a successful social enterprises.

Support for Social Enterprises

Project	Year	Project Size	Note
Short-term operating fund support for social enterprises certified by the Ministry of Employment and Labor	2012	5 enterprises (KRW 30 million per enterprise)	New support of KRW 42 million, including KRW 123 million in repayment made the previous year
	2011	15 enterprises (KRW 10 million per enterprise)	Loan support of KRW 150 million, Operational management of KRW 15 million
Development of social entrepreneurs & PR and marketing support	2013	Total KRW 200 million	Four project teams (more than eight companies) chosen as part of the Jump Up Project were provided with growth funds. A contest was held for undergraduate students and graduate school students across the nation to submit social enterprise papers and a collection of papers was issued.
	2012	Total KRW 200 million	Ten enterprises chosen as part of the Jump Up Project were provided with growth funds, and a book on social entrepreneurs titled ‘Changing the World’ was published.

Increased Web Accessibility for the Visually-impaired

KDB Daewoo Securities became the first company in the Korean financial investment industry to receive the ‘Web Accessibility Certification Mark’ for both its website and its WTS (Web Trading System), which have helped to make financial services available to all. A screen reader program enables the visually-impaired to hear the screen content audibly, and they are designed to help those with color blindness. Visually-impaired software developers provided consulting and verified the WTS during the system’s development, ensuring that it is as user-friendly and efficient as possible.

‘Jump Up Project’ for young social entrepreneurs



Publishing ceremony for the ‘Changing the World’



Increasing web accessibility for the visually-impaired



- Customers
- Shareholders/Investors
- Employees
- Local Communities

Implementing Eco-friendly Management

KDB Daewoo Securities has established a systematic environmental management system. The company thus systematically manages the environmental elements needed in its business activities, and builds a green work environment that minimizes our impact, employing green management throughout all aspects of our business. KDB Daewoo Securities is also participating in global environmental protection initiatives that have been launched to counter climate change, including the CDP (Carbon Disclosure Project) and C4C (Change for Climate).

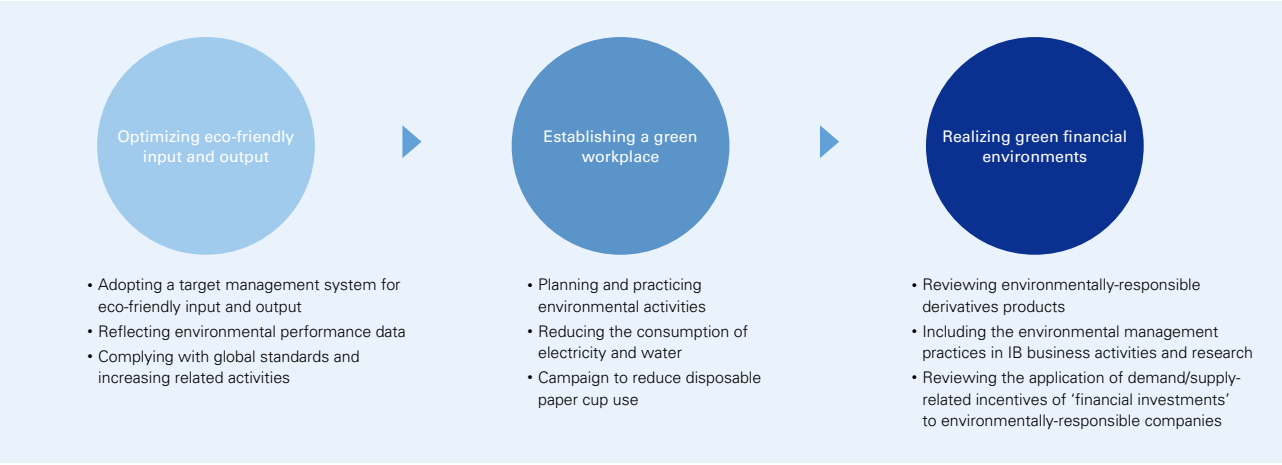
Environmental Management System

KDB Daewoo Securities established the foundation for its environmental policies in 2006, and now implements policies based on a corporate-wide environmental management process. Environmental management policies are categorized into three major areas, and the company selects specific missions in each area, after which results are evaluated and then reflected in future policies.

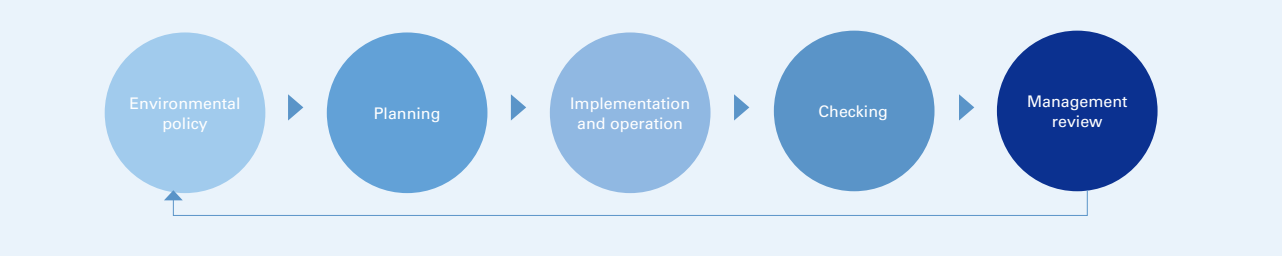
Activities to Counter Climate Change

KDB Daewoo Securities takes part in various global and national climate change initiatives. It is a sponsor of the Korean CDP, and has disclosed its carbon usage information every year since 2010. Also in 2010, the company joined C4C, a climate change initiative for companies based on the UN Global Compact

Environmental Management Strategy Scheme and Missions



Environmental Management Process



Minimizing Our Ecological Footprint through Eco-Friendly Business Operations

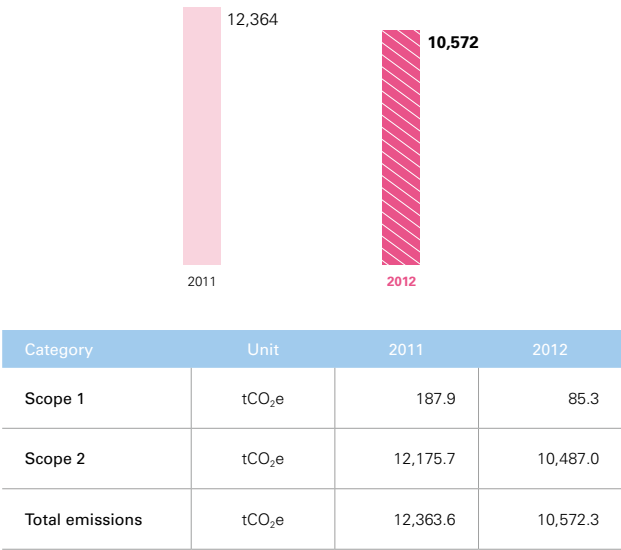
As a financial investment company, KDB Daewoo Securities’ business activities do not have a substantial impact on the environment, but the company is still committed to eco-friendly business activities where it can. These include saving energy and paper, and limiting our emissions of greenhouse gases.

Reducing Energy Usage

KDB Daewoo Securities complies with government policies on the efficient use of energy. The air-conditioning setting is no cooler than 26°C in summer, and the company has implemented a ‘cool business’ policy, whereby staff are not required to wear suit jackets or ties. In winter, the temperature setting is no higher than 20°C. Year-round, lights are turned off during non-working hours and in areas that are rarely used.

GHG Emissions

(Unit: tCO₂e)



* Including two buildings such as the Yeouido HQ in Seoul and the company building in Gwacheon-si

Reducing Paper Usage

KDB Daewoo Securities has been striving to reduce the amount of paper used in its business activities and to curtail expenses by reducing the usage of multi-functional printers and other printing expenses since April 2012. Staff are required to use black & white, and double-sided printing in all but exceptional circumstances, and there is a printer manager designated at each department and branch.

Other Green Management Performance

Category	Unit	2010	2011	2012
Gas	Nm ³	-	84,929	38,541
Electricity	kWh	-	26,114,126	22,492,181
Paper	ton	281	328	295
Copy Paper	ton	87	114	96
Printed Materials	ton	119	110	105
DM	ton	75	104	95
Water	m ³	81,637	74,388	69,367
Waste	ℓ	499,000	403,000	389,000

Special Feature 4

A GLOBAL FINANCE OF SHARING

KDB Daewoo Securities is becoming a ‘global company of hope’ by undertaking many overseas social activities.

Planting a Seed of Hope in the Democratic Republic of the Congo

KDB Daewoo Securities has been carrying out social contribution activities in the Democratic Republic of the Congo (DRC) since 2011, spreading hope and dream around the world. The DRC is a huge, third largest in Africa, mineral-rich country, but it has been rived by war and corruption, so it now lacks infrastructure and basic facilities, resulting in huge difficulties for the vast majority of its citizens.

In November 2011, some 20 staff from KDB Daewoo Securities visited Menkao Village and Mongata Village in the DRC, and delivered tractors and other farm equipment. They also undertook volunteer activities with village residents. In December 2012, ten staff visited Menkao Village, Mongata Village, and Bas Congo Village, and delivered school supplies and soccer balls. In addition, KDB Daewoo Securities donated KRW 70 million to the Lubumbashi area alongside the WFP (World Food Program) to sponsor the construction of the ‘KDB Daewoo Securities School’. This will enable around 700 local children to receive a formal education. We will go beyond, and continue to expand our overseas social contribution activities.



Donating PCs to Mongolia

In December 2012, KDB Daewoo Securities donated 300 PCs to Pure University in Mongolia, where decent computer equipment was beyond their financial reach. From among the 1,050 PCs that were subject to replacement for the company, 900 PCs were donated to Com One, a social enterprise that recycles PCs, and the rest 300 PCs were reassembled and delivered to the university. We are happy and proud of carrying out overseas CSR activities, together with support for a social enterprise.



Educational Support in Indonesia

While expanding its business into Indonesia by acquiring e-Trading, KDB Daewoo Securities is also implementing a program to improve the educational environment at elementary schools in the country. The program has been boosted in size and scope by support for half of its expenses through the public-private cooperation program of the Korea International Cooperation Agency. The project will launch at the end of 2013 in Timor Tengah Selatan, in Nusa Tenggara Timur. This area has suffered severely from natural disasters, including earthquakes and tsunamis, and schools have come under threat. This project will thus provide a safer environment for children to continue their studies in.

LOCAL COMMUNITY INTERVIEWS

Increasing Sincerity and Continuity in Social Contributions

Social contribution activities should never be used just for corporate PR or marketing. If that happens, the activities are then reliant far too much on a company's financial condition. A company should therefore focus on long-term joint development with local communities, and give much thought to the activities as part of its efforts to enhance the sincerity of such activities. The key is to think from a long-term perspective and communicate closely with local communities, thus ensuring continuity in social contribution activities.

For a company's social contribution activities to be truly effective for both the company itself and the society in general, the company must pick the right ones, and manage them systematically.

Key Social Contribution Activities of KDB Daewoo Securities

For a company's social contribution activities to be truly effective for both the company itself and the society in general, the company must pick the right ones, and manage them systematically. Social contribution activities that embody a company's unique characteristics and strengths maximize their effects, and also have a positive effect on the company's image. KDB Daewoo Securities has been very effective in supporting multi-cultural families and providing educational support to children from low-income families; now it should leverage its experience and know-how and develop these programs further, instead of trying some other contribution activities. It would also be good to make a connection with the company's financial products and services, to create social contribution programs in which customers can also participate.

Strengthening the Donation Culture

There are several ways a company can increase the donations it makes to the local community. It can donate a percentage of its revenues, or staff can donate a percentage of their salaries. This second approach is more meaningful because of the staff's voluntary participation, which in turn spreads a culture of donating throughout the company. KDB Daewoo Securities has set an example to other companies in Korea by collecting donations through 'Lovemeter', its salary donation campaign. As of the end of 2012, around 84% of staff took part this program, which reflects the true culture of sharing within the company. 'Lovemeter' has become a unique part of KDB Daewoo Securities, and I hope it will be improved and expanded, so that it can help in the development of a donation culture throughout the nation.



JINOK JEONG

Director, Community Chest of Korea

The Community Chest of Korea uses donations from KDB Daewoo Securities to implement various social welfare programs.

Customers
Shareholders/Investors
Employees
Local Communities

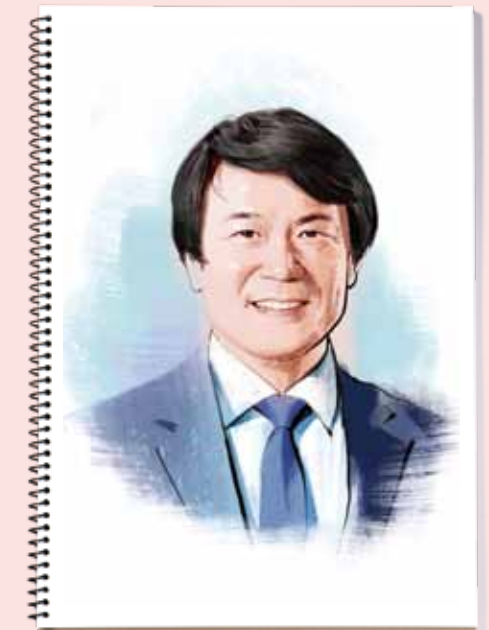
Global Sharing through Overseas Social Contributions

For KDB Daewoo Securities to become a truly global company, the company must fulfill the responsibilities that come with being a global corporate citizen. This means undertaking overseas contribution activities that reflect local social issues and need for welfare. KDB Daewoo Securities should leverage the experience and know-how which the company has accumulated from supporting multi-cultural families, and use that to help families in need overseas.

Distinctive Social Contribution Activities

There are many ways in which a company can contribute to a local community. However, there are always people who experience great difficulties because they are excluded from welfare programs, even though they are in dire need of help and support. This applies, for example, to some foreign workers in Korea who lack access to medical services. They may not be able to receive medical benefits because of financial difficulties, or because of a lack of professional medical facilities in their area, or because they do not get enough support due to prejudice against foreign workers. KDB Daewoo Securities has sponsored several free hospitals for foreign residents since 2006, and has undertaken other social activities that are specifically aimed at foreign residents. Social contributions for those who are alienated, or who do not receive any help from mainstream society and are excluded from welfare benefits, mean so much more than activities involved solely with popular and well-known causes. Developing a unique culture of sharing along these lines at KDB Daewoo Securities would enhance the distinctive aspects of the company's social contribution activities.

I am sure that KDB Daewoo Securities will continue with its heartfelt social contribution activities, providing practical help to local communities and to those most in need.



HYESEONG KIM

Reverend, Global Village of Love

The Global Village of Love carries out programs to support multi-cultural families jointly with KDB Daewoo Securities, including free medical care for foreigners and the Red Bicycle Campaign.

Social Contribution Activities that Reflect People's Needs

Many financial institutions in Korea take part in social contributions, but most of them focus on the corporate PR and marketing effects. Truly sincere social contributions begin by paying attention to local community issues, and really trying hard to understand and respond to them. For example, one major problem for multi-cultural families in Korea is food and cooking. KDB Daewoo Securities and the Global Village of Love noticed this practical issue and committed themselves to creating recipe calendars in several languages, which has helped wives from overseas to cook Korean food. I am sure that KDB Daewoo Securities will continue with its heartfelt social contribution activities, providing practical help to local communities and to those most in need.

we always
think our

PEYONGHWA SON

MIDDLE-RANKING EMPLOYEE,
FIXED INCOME PRODUCT
DEPARTMENT

We always think about what customers really want and how to deliver the best services. Everyone at KDB Daewoo Securities does more than just do their allotted tasks; we really think about what could most benefit our customers and our local communities, and we put that into action. We will all continue to use our professional abilities and experience to enhance the value of customer assets and to shape a better tomorrow for our customers.

customers

INSUN SONG

DEPUTY MANAGER,
CORPORATE FINANCE DEPARTMENT II

Our people are what drive KDB Daewoo Securities forward. We have the best talent in the industry, helped by our staff-oriented management for recruiting and managing the best financial experts over the last 40 years. Our friendly and professional work environment encourages our staff to achieve a balance between their personal and work lives, thus helping to double their abilities.

employ^{us}

JIYE CHOI

STAFF,
STRATEGY & PLANNING DEPARTMENT

Shareholders and investors are also the owners of KDB Daewoo Securities. Everyone at KDB Daewoo Securities pursues consistent, responsible and sustainable growth so that we can grow in partnership with our shareholders and investors who have given us their support, and have enabled us to become what we are today. The whole company is committed to more active communications with shareholders and investors for greater trust, as well as a more transparent governance structure.

shareholders



GAEUN CHEON

DAUGHTER OF YOUNGMIN CHEON,
ASSISTANT MANAGER,
STRATEGY & PLANNING DEPARTMENT

Local communities are KDB Daewoo Securities' closest neighbors who live and grow together. As a member of the communities, we strive to build happier society through management based on mutual prosperity, participation and sharing. Based on our CSR motto of "a company that thinks customers first", "warm-hearted and bright KDB Daewoo Securities", and "harmonious society", everyone at KDB Daewoo Securities is committed to fulfilling our obligations and responsibilities in the development of local communities as a responsible corporate citizen.

communities

and
we will.
continue to
think you
very much

APPENDIX

UN Global Compact 95

Third Party's Assurance Statement 96

GRI Index 98

GRI Statement 104

Membership 105



UN Global Compact

Principles & Pledges

In October 2006, KDB Daewoo Securities joined the UN Global Compact, a voluntary initiative that calls for the fulfillment of corporate social responsibilities. By signing up to the ten principles of the UN Global Compact, on human rights, labor, the environment, and anti-corruption, KDB Daewoo Securities is committing itself to abiding by global standards on corporate social responsibility, and has thus declared its determination to practice sustainability management in Korea and abroad.

KDB Daewoo Securities will fulfill its social responsibilities as a global financial investment company by adhering to the ten principles of the UN Global Compact. The company's activities in this area, and the outcomes of those activities, are listed in the table below.

10 Principles of UN Global Compact

	Principle	Performance Indicators	GRI G3.1	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	•Join the UN Global Compact and obey its 10 principles •Pursue employment diversity for high school graduates, the disabled, and foreigners •Employee education to prevent sexual harassment	HR1 HR2 HR3 HR4 HR5 HR6 HR7 HR8 HR9	60, 95
	2. Businesses ensure that they are not complicit in human rights abuses.		HR1 HR2 HR8	
Labor	3. We practically recognize the freedom of association and collective bargaining rights.	•Operates a labor-management council that represents all employees •Operates an internal labor union and guarantees the three labor rights of employees	HR5 A4 LA5	64
	4. We eliminate all forms of forced labor.		HR7	95
	5. We efficiently abolish child labor.	•Pursues diversity in employment, including the hiring of talented high school graduates, the disabled, and foreigners •Provides training on sexual harassment prevention to all employees •There is no wage discrimination based on gender	HR6	95
	6. We abolish discrimination in employment and work.		HR4 LA2 LA10 LA13 LA14	60, 70
Environment	7. We support a preventive approach to environmental issues.	•Practices eco-friendly green management •Built and fully established a corporate-wide environmental management process	4.11	83
	8. We implement measures that enhance environmental responsibility.		EN5 EN6 EN7 EN10 EN14 EN18 EN26 EN27	83
	9. We promote the development and dissemination of eco-friendly technologies.		EN2 EN5 EN6 EN7 EN10 EN18 EN26 EN27	80, 81
Anti-corruption	10. We oppose all forms of corruption, including extortion and bribes.	•Enacted the code of ethics and held a ceremony for employees to take an oath on ethics and compliance •The first Wednesday of each month was designated as the Day of Ethics and Compliance •Established and operating a monitoring system for money laundering transactions	SO2 SO3 SO4	24, 25

Third Party's Assurance Statement



Introduction

Det Norske Veritas Certification Ltd. (hereinafter referred to as 'DNV') has been commissioned to carry out assurance engagement on KDB DAEWOO SECURITIES CO., LTD. (hereinafter referred to as 'KDB DAEWOO SECURITIES') 2013 Sustainability Report (hereinafter referred to as 'the Report'). This engagement focused on the information provided in the Report and the underlying management and reporting processes.

This Assurance Statement is intended for the readers of the KDB DAEWOO SECURITIES' Sustainability Report. KDB DAEWOO SECURITIES is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV's responsibility regarding this Assurance engagement is to the management of KDB DAEWOO SECURITIES only, in accordance with terms of reference and scope of work agreed. DNV disclaims any liability or responsibility to a third party for any decisions, whether investment or otherwise, based upon this Assurance Statement.

Scope of Assurance

This Assurance Engagement covered data and information in the calendar year 2011 and 2012. The scope of DNV's Assurance Engagement, as agreed with KDB DAEWOO SECURITIES included the verification of:

- Sustainability policy, goals, initiatives, practices and performance for calendar year 2011 and 2012, as described in the Report
- Non-financial data related to the environment, health and safety management, social aspects, and corporate governance issues that refer to the period between January 2011 and December 2012 as contained in the Report
- Evaluation of the extent to which the principles and requirements of the Global Reporting Initiative (GRI) Guidelines for Sustainability Reporting (GRI G3.1) are reflected in the Report

Limitations

The engagement excluded the sustainability management, performance and reporting practices of KDB DAEWOO SECURITIES' suppliers, contractors and any third parties mentioned in the Report. DNV did not interview external stakeholders as part of this Assurance Engagement. Economic performances including financial data were crosschecked with internal documents and the financial statements audited by another third party. The assurance statement on the financial statements issued by another third Party is also provided in the Report. Overseas activities are not included in this Assurance Engagement.

Verification Methodology

This Assurance Engagement was planned and carried out in accordance with DNV Protocol. In reaching our conclusion, we have undertaken the following work.

- Interviewed KDB DAEWOO SECURITIES' management representatives
- Examined relevant documents, data and other information requested by DNV and made available by KDB DAEWOO SECURITIES
- Reviewed a selection of internal communication and external media reports relating to KDB DAEWOO SECURITIES' sustainability management approach, performance and adherence to its policies
- Sampled data for verification

The verification conducted in August and September 2013 with moderate level of assurance.

Conclusions

In DNV's opinion, and based on the scope of this Assurance Engagement, nothing has come to our attention to suggest that the Report is not fairly stated. Further conclusions and observations on the adoption of reporting principles are made below.

Stakeholder Inclusivity

KDB DAEWOO SECURITIES has engaged with a range of stakeholders regarding sustainability issues. Stakeholder communication channels are stated in detail in the Report. Four Stakeholder groups of Employees, Customers, Shareholders and Investors, Local community are identified. Stakeholder engagement is conducted independently to identify the expectation of respective stakeholders.

Materiality

Significant issues are identified by combining business relevance and social impacts. The sustainability issues were sought from various international standards and Stakeholder opinions. The Report generally provides an account of performance on the issues that are most significant to KDB DAEWOO SECURITIES and are most relevant to its stakeholders.

Completeness

The scope and boundary of the Report cover all operations, which are material issues and performances related to KDB DAEWOO SECURITIES and its stakeholders. No significant omission was found in verification of data and information.

Principles for Ensuring Report Quality

The data and information in the Report are presented in a comparable and chronological manner, and are generally reliable on the report. It is recommended to establish a formal process of internal evaluation on data and information.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported to KDB DAEWOO SECURITIES' management. However, these do not affect our conclusions on the Report. These are provided to encourage continual improvement.

- Adopt more structured and systematic processes for data gathering, analysis and reporting
- Establish documented procedure for accounting and reporting criteria for data gathering so that the consistency along the subsidiaries can be achieved
- Conduct internal verification on the data and data control process in order to enhance the reliability of data and information
- Set quantitative objectives and monitor on a regular basis the progress of achievement for the Economic, Environment and Social performance management

Statement of Competence and Independence

DNV is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries.

DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the verification process.

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Seoul, Korea

September, 2013

Country Manager
In Kyoon Ahn

GRI Index

● Fully reported ● Partially reported ○ Non-reported N/A Not Applicable

GRI Index	Description	Page	Level of Disclosure
Profile Disclosures			
Strategy and Analysis	1.1 Statement from the most senior decision-maker of the organization	04~06	●
	1.2 Description of key impacts, risks, and opportunities	32~33	●
Organizational Profile	2.1 Name of the organization	18	●
	2.2 Primary brands, products, and/or services	21	●
	2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	18	●
	2.4 Location of organization's headquarters	18	●
	2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	19	●
	2.6 Nature of ownership and legal form	18	●
	2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	19	●
	2.8 Scale of the reporting organization	18	●
	2.9 Significant changes during the reporting period regarding size, structure, or ownership	19	●
	2.10 Awards received in the reporting period	09~13	●
Report Parameters	3.1 Reporting period (e.g., fiscal/calendar year) for information provided	02	●
	3.2 Date of most recent previous report (if any)	02	●
	3.3 Reporting cycle (annual, biennial, etc.)	02	●
	3.4 Contact point for questions regarding the report or its contents	02	●
	3.5 Process for defining report content	32~33	●
	3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	02	●
	3.7 State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	02	●
	3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	02	●
	3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols	02	●
	3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	-	●
	3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	-	●
	3.12 Table identifying the location of the Standard Disclosures in the report	98~103	●
	3.13 Policy and current practice with regard to seeking external assurance for the report	96~97	●
Governance, Commitments, and Engagement	4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	22~23	●
	4.2 Indicate whether the Chair of the highest governance body is also an executive officer	22	●
	4.3 For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	22	●

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Membership

● Fully reported ● Partially reported ○ Non-reported N/A Not Applicable

GRI Index	Description	Page	Level of Disclosure
Governance, Commitments, and Engagement	4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	22	●
	4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	22	●
	4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	22	●
	4.7 Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	22	●
	4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	28~29	●
	4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	22	●
	4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	22	●
	4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization	51	●
	4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	105	●
	4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic	105	●
	4.14 List of stakeholder groups engaged by the organization	30	●
	4.15 Basis for identification and selection of stakeholders with whom to engage	30	●
	4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	32~33	●
	4.17 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	33	●
Economic			
Disclosure on Management Approach		49~50	●
Economic Performance	EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	31	●
	EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change	80~81	●
	EC3 Coverage of the organization's defined benefit plan obligations	62	●
	EC4 Significant financial assistance received from government	-	●
Market Presence	EC5 Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	70	●
	EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	42	●
	EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	60	●
Indirect Economic Impacts	EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	85	●
	EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts	31	●

● Fully reported ① Partially reported ○ Non-reported N/A Not Applicable				
GRI Index		Description	Page	Level of Disclosure
Labor Practices and Decent Work				
Disclosure on Management Approach			60	●
Employment	LA1	Total workforce by employment type, employment contract, and region, broken down by gender	59	●
	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	59	●
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	62–63	●
	LA15	Return to work and retention rates after parental leave, by gender	62	●
Labor/ Management Relations	LA4	Percentage of employees covered by collective bargaining agreements	64	●
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	64	●
Occupational Health and Safety	LA6	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	64	●
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	63	●
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	63	●
	LA9	Health and safety topics covered in formal agreements with trade unions	64	●
Training and Education	LA10	Average hours of training per year per employee by gender, and by employee category	68	①
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	62	●
	LA12	Percentage of employees receiving regular performance and career development reviews, by gender	70	●
Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	22	●
Equal Remuneration for Women and Men	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	70	●
Human Rights				
Disclosure on Management Approach			60	●
Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	95	①
	HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	95	①
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	42	●
Non-discrimination	HR4	Total number of incidents of discrimination and corrective actions taken	60	●
Freedom of Association and Collective Bargaining	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	64	●
Child Labor	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	60	●
Prevention of Forced and Compulsory Labor	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	60	●

● Fully reported ① Partially reported ○ Non-reported N/A Not Applicable				
GRI Index		Description	Page	Level of Disclosure
Security Practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	42	●
Indigenous Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	-	●
Assessment	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	-	●
Remediation	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	63	●
Society				
Disclosure on Management Approach			75	●
Local Communities	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	76~79	●
	SO9	Operations with significant potential or actual negative impacts on local communities	-	●
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	51~52	●
Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption	25	●
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	24	●
	SO4	Actions taken in response to incidents of corruption	25	●
Public Policy	SO5	Public policy positions and participation in public policy development and lobbying	-	●
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	-	●
Anti-competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	42	●
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	42	●
Product Responsibility				
Disclosure on Management Approach			80	●
Customer Health and Safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	41	●
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	41	●
Product and Service Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	41	●
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	41	●
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	39	●
Marketing Communications	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	41	●
	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	41	●
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	41	●
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	41	●

● Fully reported ◐ Partially reported ○ Non-reported N/A Not Applicable				
GRI Index		Description	Page	Level of Disclosure
Environmental				
Disclosure on Management Approach			83	●
Materials	EN1	Materials used by weight or volume	84	●
	EN2	Percentage of materials used that are recycled input materials	-	◐
Energy	EN3	Direct energy consumption by primary energy source	84	●
	EN4	Indirect energy consumption by primary source	84	●
	EN5	Energy saved due to conservation and efficiency improvements	84	●
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	81	◐
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	84	●
Water	EN8	Total water withdrawal by source	84	●
	EN9	Water sources significantly affected by withdrawal of water	84	●
	EN10	Percentage and total volume of water recycled and reused	-	N/A
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	N/A
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	-	N/A
	EN13	Habitats protected or restored	-	N/A
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	-	N/A
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-	N/A
Emissions, Effluents and Waste	EN16	Total direct and indirect greenhouse gas emissions by weight	84	●
	EN17	Other relevant indirect greenhouse gas emissions by weight	84	●
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	84	●
	EN19	Emissions of ozone-depleting substances by weight	-	N/A
	EN20	NOx, SOx, and other significant air emissions by type and weight	-	N/A
	EN21	Total water discharge by quality and destination	-	N/A
	EN22	Total weight of waste by type and disposal method	-	N/A
	EN23	Total number and volume of significant spills	-	N/A
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	-	N/A
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	-	N/A

● Fully reported ◐ Partially reported ○ Non-reported N/A Not Applicable				
GRI Index		Description	Page	Level of Disclosure
Products and Services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	80	◐
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	-	●
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	-	●
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	-	●
Overall	EN30	Total environmental protection expenditures and investments by type	-	●
Financial Services Sector Supplement				
Disclosure on Management Approach			80	●
Product Portfolio	FS1	Policies with specific environmental and social components applied to business lines	80	●
	FS2	Procedures for assessing and screening environmental and social risks in business lines	25	●
	FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	25	●
	FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	25	●
	FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	80~81	●
	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	47	●
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	80	●
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	80	●
Audit	FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	25	●
Active Ownership	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	25	●
	FS11	Percentage of assets subject to positive and negative environmental or social screening	25	●
	FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	22	●
Local Communitie	FS13	Access points in low-populated or economically disadvantaged areas by type	76~77	●
	FS14	Initiatives to improve access to financial services for disadvantaged people	82	●
DMA PR	FS15	Policies for the fair design and sale of financial products and services	41~42	●
Product and Service Labeling	FS16	Initiatives to enhance financial literacy by type of beneficiary	40	●

GRI Statement



Statement GRI Application Level Check

GRI hereby states that **KDB Daewoo Securities** has presented its report “2013 KDB Daewoo Securities Sustainability Report ” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 18 October 2013



Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because **KDB Daewoo Securities** has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 11 October 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Membership

Year	Name of Group and Association
2013	National Strategy Institute (NSI)
2012	Korean Pension Association
2011	ISDA
2011	The Institute of Internal Auditors
2010	Financial Securities Forum
2010	Korea Economic Research Institute
2010	Korea International Finance Association
2010	The Korean Financial Engineering Society
2009	Korean Securities Law Association
2008	Seoul IB Forum
2008	Korea Money and Finance Association
2007	Korea Center for International Finance
2006	Korea Capital Market Institute
2006	Financial Security Agency
2005	Internal Auditor’s Society of Korea Listed Companies Association
2005	Center for Financial Law of Seoul National University
2003	ISAC
2002	Financial Information Security Council
2000	Korea Management Association
1991	Korea Employers Federation
1983	Korea Chamber of Commerce and Industry
1980	Korean Securities Association
1975	The Federation of Korean Industries
1975	Korea Listed Companies Association



UN Global Compact
This is a voluntary corporate initiative to observe ten major principles, including those on the environment, human rights, labor, and anti-corruption. KDB Daewoo Securities joined in October 2006.

Caring for Climate
C4C, Caring for Climate
This is a voluntary corporate initiative aimed at fighting climate change that is under the UN Global Compact. KDB Daewoo Securities joined in 2010.



CDP, Carbon Disclosure Project
KDB Daewoo Securities signed the Korean CDP. Since 2010, the company has been taking part in the climate change information disclosure program every year.



The paper used in printing the KDB Daewoo Securities Sustainability Report 2013 is certified as acid-free and Elemental Chlorine-Free by the FSC™ (Forest Stewardship Council), an NGO that promotes forest management. In addition, the soybean oil ink used in its printing minimizes the impact on the environment.