



Integrated Solutions for a Better Life



2014 Integrated Report of
Doosan Heavy Industries & Construction

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About this Report

Overview

In 2012, Doosan Heavy Industries & Construction's Sustainability Report was first published that includes contents on corporate social responsibility. Starting from 2013, Doosan Heavy Industries & Construction's Integrated Report, which combines the Business Report and the Sustainability Report has been published every year. This report was drawn up based on the integrated report framework of the International Integrated Reporting Council and the Global Reporting Initiative (GRI) G4 guideline in accordance with the Core option of GRI.

Verification

This report was verified by DNV GL, an independent assurance agency, to ensure its reliability and improve its accuracy. Also, the financial data has been audited by Ernest & Young. Details regarding verification and audit results are available on pages 130~131.

Additional Information

This report has been published and distributed in Korean and English. Also, the PDF file can be downloaded from the homepage of Doosan Heavy Industries & Construction (www.doosanheavy.com).

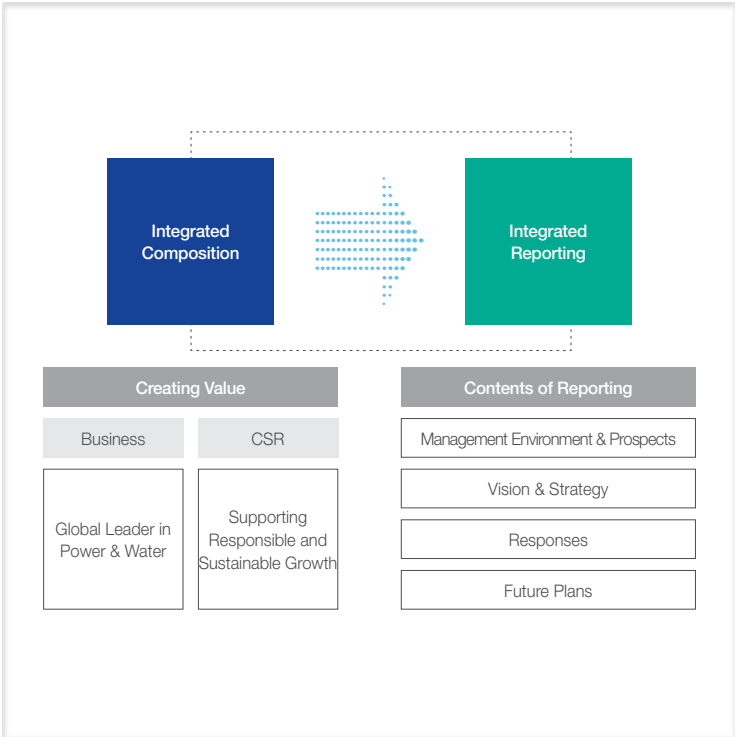


Reporting Principle

The quantitative data from the past three fiscal years are provided to analyze trends over time. This report has been drawn up in the order of environmental analysis and response strategy activities, Performance, future prospects and plans, to provide better understanding about Doosan Heavy Industries & Construction's businesses and CSR activities. Also, the stakeholders take a lot of interests in this report by conducting a materiality analysis, while in-depth reports are provided on subjects with the biggest impact on sustainability management.

Reporting Scope and Period

This report contains status and performance of sustainability management in domestic worksites and overseas subsidiaries of Doosan Heavy Industries, and it also includes all of quantitative data of projects in Changwon Plant and other projects home and abroad. In the case of domestic subsidiaries, only financial Performance have been included because reports are being made individually. Also, if it is necessary according to the subject, the impacts and activities that affect relevant stakeholders are included. The reporting period is from January 1, 2014 to December 31, 2014, while the information pertaining to the time after the reporting period may also be included where it can affect the stakeholder's decision making.



2014 Integrated Report of Doosan Heavy Industries & Construction

Doosan Heavy Industries & Construction aims to share the information on sustainable growth with its stakeholders through the 2014 Integrated Report that includes financial and non-financial performance. Also, we are committed to delivering customer value and differentiated images pursued in the market as brand attributes.

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We will fill the places that are not touched
by water, with our technologies.



Ranked as the world's No.1 Company in the seawater desalination plant industry



We will fill the places that are cannot be reached
by light, with our technologies.



Ranked as the world's No.1 Company in the power plant industry

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CEO Message



“Doosan Heavy Industries & Construction strives to supply power and water, two elements that are essential to human civilization. At the same time, we develop unique technologies and solutions aimed at preserving a clean environment, which is a fundamental foundation for the health and welfare of future generations. In the process, we hope to contribute to the betterment of mankind and our planet.”

Dear Stakeholders,

I would like to sincerely thank you all for the support you have shown our company, Doosan Heavy Industries & Construction.

As a company that specializes in power plants, our company possesses world-class expertise in the fields of power and water, all of which are applied to raise the value of Earth. Additionally, in order to ensure that the future generation lives a sustainable life, we are endeavouring to further develop advanced technologies and businesses and fulfill our social responsibilities as a corporate citizen, thereby expanding our presence as a global company.

Despite the global economic downturn in 2013, Doosan Heavy Industries & Construction still managed to win contracts for highly significant projects like the Nghi Son 2 coal-fired thermal power plant project in Vietnam worth KRW 1.8 trillion and the Karabatan combined cycle power plant project in Kazakhstan. We also achieved meaningful results by signing contracts to supply key equipment to the Shin-Kori Nuclear Power Plant Units 5 and 6 and Hwaseong Dongtan District 2 Community Energy System. By expanding our competitiveness in both domestic and overseas markets, we have brightened the outlook for 2015. In addition, we conducted national projects for the development of a large gas turbine, while bolstering our position in Korea’s 1,000MW USC (ultra-supercritical) market, receiving recognition for the strengthening of our fundamental competitiveness and efforts to acquire future growth engines.

In addition, we took a major leap forward in terms of our corporate social responsibilities. The effective operation of the CSR Committee, which is composed of five subcommittees (Human Resources, Ethics Management, Shared Growth, EHS and Community) reinforced the policies and systems relating to human rights and the supply chain. The upgrading of the EHS system helped to further improve our employees’ health and safety and conserve the environment. Meanwhile, we reorganised the systems to enhance the future competitiveness of local communities and held events like the Doosan Day of Community Service. About 3,000 employees from 14 work sites in six countries around the world participated in the event which was held on October 24, providing employees with the chance to actively engage with the local communities.

Because of these efforts, we achieved meaningful results such as receiving external recognition for our CSR practices, including being incorporated in the Dow Jones Sustainability Index (DJSI) list, thereby reaffirming our strong commitment to fulfill our social responsibilities.

Esteemed Stakeholders,

We expect the global business conditions to remain continuously difficult in 2015. To acquire new growth momentum, we plan to apply information & communications technology, as well as implement the ESS (Energy Storage System) and energy conversion. In particular, we will strive to develop the renewable energy and gas-fired power plant markets. In addition, we are strengthening our fundamental competitiveness by embedding the Doosan Way and conducting the Team Doosan activities to promote growth for the existing businesses, while also securing market share and profitability for our key products, resulting in both quantitative and qualitative growth.

As our business grows, we are striving to fulfill our social responsibilities, while also achieving financial results. We aim to realise a better society and pursue practical activities with our stakeholders. This means ensuring transparency as a global company, developing the competencies of our employees, achieving a work-life balance and world-class safety & health, and participating in the Carbon Disclosure Project (CDP) as part of our green business practices.

This 2014 Integrated Report covers our business results and outlook and focuses on our goals in the area of social contribution. Doosan Heavy Industries & Construction will strive to develop further through effective communication with its stakeholders.

We ask for your continuous support in helping us succeed in this notable effort. Thank you.

Geewon Park
Chairman & Chief Executive Officer

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Doosan Credo

Our Vision

We aspire to be a Proud Global Doosan - a leading innovator of products and services that improve the quality of life for people and communities around the world.
We will achieve this by living the Doosan Credo. Guided by our Credo, we will drive our second 100 years of growth.

Core Values

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

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

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

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

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

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

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

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

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

Doosan Group

Continuous Changes and Growth for the Past 119 Years

Doosan has demonstrated the strength of its 119-year history, being the longest among Korean companies. Since Doosan took the first step in its legendary history in 1896 when Park Seung-Jik opened Korea's first modern store in Baeogae (currently located in Jongno 4-ga, Seoul), we have achieved dynamic and fast change and growth. In 1946, the former CEO, Park Doo-Byung, renamed the store from Park Seung-Jik Store to Doosan Store, which has grown mainly through beverages and alcohol business. Starting from the 1980s, we made a leap forward based on the abilities accumulated over the years.

We entered into overseas market through businesses that included beer, construction, electronic, glass, machinery and trade. By actively implementing new businesses in related industries, we greatly expanded our group's business scope both horizontally and vertically. During the 2000s, Doosan explored new growth engine to become a leading global company and made major changes to the company. We maximized business synergy through aggressive M&A and changed the infrastructure support business (ISB) into a business structure focusing on consumer goods.

Since then, we acquired global companies with huge synergy effects with the existing business, including Babcock in the UK, Škoda Power in the Czech Republic and Bobcat in the US, to strengthen our competitiveness and expand our position in overseas markets. Currently, we have business sites in about 30 countries around the world, laying the foundation to become a global company that create more than 60% of the group's sales from overseas markets.

Doosan aims to become a 'Proud Global Doosan' based on our 'trust in people'. We are always striving to do our best to become a company that everyone involved can be proud of, to bring better life to mankind and everyone who works for us.

Doosan's Vision

Doosan aims to become one of the global top 200 companies by 2020 through the execution of people-centered management, the source of global competitiveness, and setting up a global standard business process.

A Company with Global Competitiveness
Joining the World's Top 200 by 2020

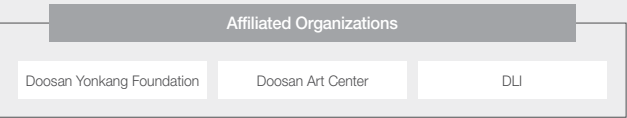
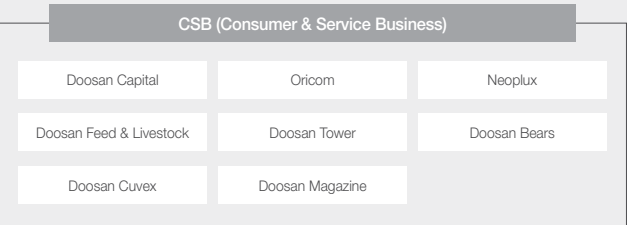
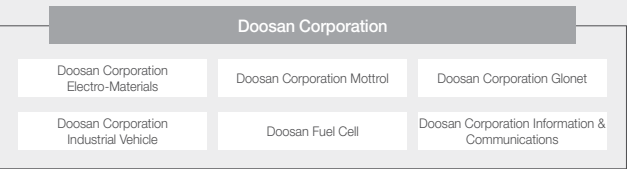
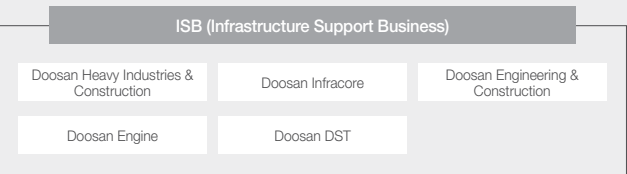


Business philosophy
that considers talented
people as the source of
global competitiveness

Building business
processes that meet
global standards

Doosan's Affiliates

Doosan's efforts are directed at creating a better foundation for life. Doosan is engaging in diverse areas of business, ranging from infrastructure support businesses such as industrial facilities, machinery, equipment, to consumer goods.



Financial Achievements of Doosan Group in 2014

(Unit : KRW million)

 Total Assets	31,369,300
 Total Equity	8,902,341
 Sales	20,468,238
 Operating Profit	1,008,070

Doosan's Philosophy

The Doosan Way represents our strong beliefs and philosophies to become a 'Proud Global Doosan'.



Doosan Credo

The Doosan Credo is a set of stipulated principles representing Doosan's business philosophies and unique way of doing business, which have served as the foundation of our success for the past century. The Doosan Credo contains nine core values that guide our decisions and the way we do business. Through the realization of these values, Doosan accomplishes its ultimate goal. The Doosan Credo consists of Doosan's 'Vision' and 'Core Values'.

Aspiration

Doosan's ultimate goal is as the creation of a 'Proud Global Doosan.'

Doosan's ultimate goal is to create a 'Proud Global Doosan.' This means each of our employees and all of our shareholders will benefit from, and be proud of their association with Doosan. In other words, employees will take great pride in being a member of Doosan and each customer will become a proud consumer of Doosan's high-quality products and services. Every shareholder will become a proud shareholder of a company that generates high profits through fair and just business operations.

Core Values

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

Doosan people practice the nine core values of the Doosan Credo every day. It is practiced everywhere we operate our business to build a Proud Global Doosan. These values guide the way we do business, the way we treat each other, and the way we work with all of our partners.

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

Traits of Doosan People



Limitless Aspiration



Cultivating People



Inhwa



Open Communication



Tenacity & Drive



Prioritization and Focus

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Doosan Heavy Industries & Construction is striving to become the Proud Doosan People fully trusted by its stakeholders, by providing products and services that enhance the value of planet Earth through advanced management systems.

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Company Profile

‘Technology to Raise Value’

Doosan Heavy Industries & Construction not only produces castings and forgings that are basic industrial materials, but also produces nuclear and thermal power plants and seawater desalination facilities. These products are provided to plant builders at home and abroad to sustain a better future for mankind. Furthermore, our acquisition of global power plant equipment manufacturers, such as Babcock of the UK, Škoda Power of the Czech Republic, and Lentjes of Germany, enabled us to secure three core technologies related to boilers, turbines, and generators. We also operate global production networks for Doosan Vina in Vietnam and DPSI in India.

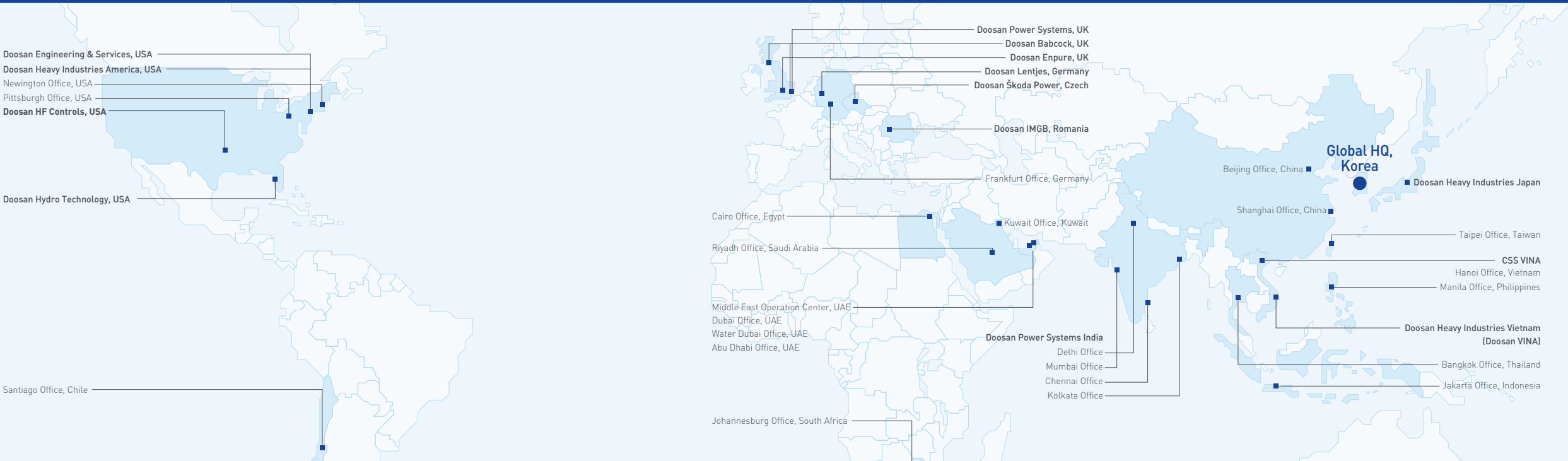
In addition, we have strengthened our position in the nuclear power plant industry as Korea’s only main equipment producer, while also expected to create lots of business opportunities in spite of the global water shortage as the world’s No.1 Company in seawater desalination.

Furthermore, Doosan Heavy Industries & Construction is working towards developing eco-friendly technology for future growth engines. We actively took part in developing technology that reduces the generation of environmentally hazardous substances, such as carbon dioxide, to not only produce circulated fluidized-bed boiler technology that discharges less pollutants compared to the existing pulverized coal firing boiler and cuts down on fuel costs, but also makes continuous efforts to develop integrated gasification combined cycle (IGCC), wine power generator, carbon capture & storage and oxy-fuel technology. Also, we are focused on securing the new growth momentum for exploring business models for developing gas turbines and utilizing ICT.

Doosan Heavy Industries & Construction is aiming to become a global leader in power and water business by reinforcing the fundamental competitiveness and developing future growth engines.

Global Network

Doosan Heavy Industries & Construction is performing business activities in the world via local subsidiaries, branches, and affiliates located in Korea, Europe, Asia, and America. We are continuously expanding our global network to advance as a global company.



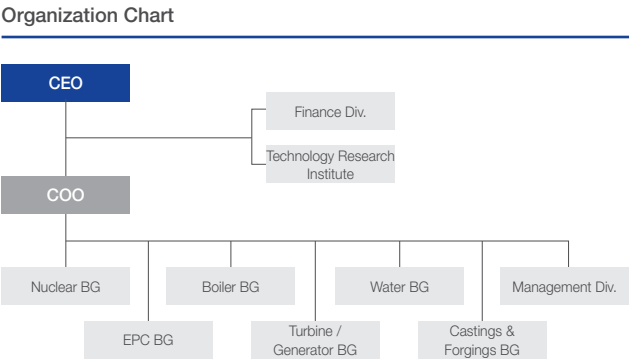
America	
Chile	Santiago Office
USA	Doosan Heavy Industries America
	Doosan Hydro Technology
	Doosan Engineering & Service
	Doosan HF Controls
	Pittsburgh Office
	Newington Office

Europe	
U.K.	Doosan Power Systems
	Doosan Babcock
	Doosan Enpure
Czech Republic	Doosan Škoda Power
Germany	Doosan Lentjes
	Frankfurt Office
Romania	Doosan IMGB

Middle East & Africa	
UAE	Dubai Office
	Water Dubai Office
	Abu Dhabi Office
	Middle East Operation Center
Saudi Arabia	Doosan Power Systems Arabia
	Water Riyadh Office
Egypt	Riyadh Office
	Cairo Office
Kuwait	Water Kuwait Office
South Africa	Johannesburg Office

General Information		(As of December 2014)
Company Name	Doosan Heavy Industries & Construction	
CEO	Geewon Park, Ji Taik Chung	
Head Office	22 DoosanVolvo-ro, Seongsan-Gu, Changwon, Gyeongsangnamdo, Korea	
Employees	8,388 persons	
Credit Rating	A (corporate bond), Korea Ratings A2 (commercial paper), NICE Investors Service	

* Including executives and irregular employees



Asia			
Korea	Head Office & Changwon Plant	Taiwan	Taipei Office
	Seoul Office	China	Shanghai Office
Vietnam	Doosan VINA		Beijing Office
	Hanoi Office		
	CSS VINA	Indonesia	Jakarta Office
India	Doosan Power Systems India	Japan	Doosan Heavy Industries Japan
	Delhi Office	Philippines	Manila Office
	Mumbai Office	Thailand	Bangkok Office
	Chennai Office		
	Kolkata Office		

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Introduction of Business

Global Leader in Power & Water

Doosan Heavy Industries & Construction is striving to improve the quality of life for people around the world, by carrying out the Doosan Way that represents Doosan's strong beliefs and philosophies and providing stable supply of electricity and water that are essential to life.

Power Plants

Coal-fired Power Plant

Doosan Heavy Industries & Construction has been participating in the construction of various coal-fired power plants at home and abroad, while also providing comprehensive engineering services, such as engineering, construction, construction supervision and commissioning of core equipment and facilities, including boilers, turbines and generators. In particular, we supplied core facilities and supplementary equipment for the construction of Korea's plants with maximum capacity like the coal-fired power plants in Taean, Yeongheung and Dangin. Currently, as the number one leading company in Korea's coal-fired power plant industry, we developed our unique technology for a highly-efficient and eco-friendly 1,000 MW USC (Ultra Super Critical) coal-fired power plant by winning orders for the Shinboryeong plant's units 1 and 2, while also supplying eco-friendly CFB (Circulating Fluidized Bed) boilers to Saemangeum industrial complex. Moreover, we are recognized for our world-class technology by successfully fulfilling projects like the Kudgi power plant (800MWx3) and the Lara power plant (800MWx2) in India, as well as receiving orders for the Mong Duong 2 plant, the Vinh Tan 4 and the Nghi Son 2 coal-fired power plant projects in Vietnam.

Combined Cycle Power Plants

In accordance with growing combined cycle and cogeneration power plant markets, we are expanding the supply of gas and steam turbines. We took over the Czech Republic's Škoda Power in 2009 to secure the original technology for steam turbines and we are focusing on developing source technologies for gas turbines by capitalizing on in-house technical capabilities. We supplied core power generation facilities to combined cycle power plants in Seoul and Pocheon, and cogeneration power plants in Yangju, Sejong-si, and the Saemangeum regions in Korea. Externally, we conducted large combined cycle power plant projects, such as the Jebel Ali M combined cycle power plant in Dubai and the Qurayyah combined cycle power plant in Saudi Arabia.

Nuclear Power Plants

As a leading supplier of major equipment of nuclear power plant in Korea, Doosan has the ability of engineering, procurement, manufacturing, construction, and service to clients. Based on these strengths, we have provided major equipment of nuclear power plants not only in domestic but also overseas including the US, China and the UAE. In 2014, Doosan supplied the world's first Korean-built nuclear reactor and steam generator of Korean advanced nuclear power system (APR1400) at the first power plant under construction in the UAE. Also, we won orders for supplying major equipment of nuclear power plant to Shinkori units 5,6 and steam generator for replacement at Hanbit units 3,4, consolidate our position as the leading company in manufacturing and service business area.



Green Energy

As the world's leading company specializing in energy business, Doosan Heavy Industries & Construction is preparing for the future by developing new and renewable energy technology. We successfully developed Korea's first 3MW class offshore wind power system, WinDS3000TM, and obtained international certification from a renowned German certification agency, DE-WI-OCC, in 2011. This established the foundation for winning continuous orders, including the 30MW class Tamla offshore wind power project as Korea's first offshore wind power project, and the 24MW class Yeongheung wind power complex phase 2 in 2012. In 2013, we obtained New Excellent Product certification on our 3MW wind power system from the Korean Agency for Technology and Standards. In 2014, we won orders for supplying equipment to the 42MW Jeonnam land-based wind power project and the 21MW Sangmyung land-based wind power project. In the future, we plan to expand our position in Korea, as well as accelerate our entry into overseas markets like Southeast Asia. Also, as environmental regulations like the regulation of GHG emissions are strengthened, we will focus on developing carbon capture & storage technology and its commercialization.

Water Plants

Doosan Heavy Industries & Construction is the world's No.1 business in the seawater desalination business. It boasts three core source technologies – MSF (Multi-Stage Flash), MED (Multi-Effect Distillation), and RO (Reverse Osmosis) – for seawater desalination, to lead the world's seawater desalination market. In 1978, we displayed our advanced technologies by earning the Farasan project in Saudi Arabia, as well as the world's largest facility, the Yanbu MED project in Saudi Arabia. Since 2012, we have been producing and shipping freshwater vaporizers to the production base of Doosan Vina in Vietnam, to secure price competitiveness in overseas markets. In addition, in 2012, we laid the foundation for entering into the water treatment market by acquiring the UK's Enpure, featuring water and sewage treatment, sludge treatment and energy recovery technologies. The Escondida seawater desalination plant project in 2013 was a significant landmark in that we won new projects in Central and South America, beyond the Middle East. Based on our No.1 position in the global seawater desalination business, Doosan Heavy Industries & Construction expanded its competitiveness across the market to provide integrated water solution that covers all areas, including seawater desalination and water treatment.

Castings & Forgings

By capitalizing on its world-leading facilities and technologies, Doosan Heavy Industries & Construction manufactures and supplies mold steels that are used as industrial materials in automobile and home appliance industries, as well as equipment for shipbuilding and steel industries and core components for chemical, offshore, water power, thermal power and nuclear power plants. In particular, our superior technology of high-quality castings & forgings products equipped with an integrated production system, including manufacturing and processing, has been highly acknowledged at power plants around the world. Also, we enhanced our competitiveness in materials industry by continuously upgrading the production infrastructure, to invest in remelting facilities to produce high clean steel. Based on these capabilities, we went beyond the domestic market to export to China, Japan, Germany, the US and Taiwan. By developing and supplying various castings & forgings products that used to be imported before, we greatly contributed to the localization of materials in relevant industries and the improvement of export competitiveness. In recognition of our technology development of materials and international competitiveness, we possess a total of nine world-class products, including mold steels, crank shafts for ships, work rolls, and low pressure turbine rotor shafts.

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Business Model

Business Model & 6-Capitals

Doosan Heavy Industries & Construction has technologies and facilities on power plants, desalination equipment that cover engineering, component production, installation and maintenance. Together with business models, we enhance the economic, social and environmental value through various activities, including planning, investments, support, etc., while also pursuing sustainable business activities that fulfill the corporate social responsibilities to the fullest.

Top 6 Assets

Financial

Cash (equity, liability) that can be used for product manufacturing, etc.

Manufactured

Tangible assets needed for product manufacturing, building, equipment, etc.

Intellectual

Intangible assets including patent, know-how, etc.

Human

Employees' competency, experience, engagement, etc.

Social

Relationship with stakeholders, including local communities, etc.

Natural

Natural environment, resources, ecosystem, etc.

Value Chain

Production Activities



Strategic & Support Activities, etc.



Management Approaches and Performance for the Top 6 Assets

Financial

The amount of each project is huge and the period from obtaining an order to getting paid is longer than in other industries, making financial management of cash flow very important.

Doosan Heavy Industries & Construction acquired and operated its financial assets through a careful management of risks related to market, credit and exchange rate.

See page 18, 50, 93-100

Manufactured

It is not important not only to make new investments on tangible assets for manufacturing products, but also implement management and improvement activities to enhance productivity. Doosan Heavy Industries & Construction is taking the lead in global competitiveness equipped with the best production infrastructure.

See page 12, 18, 42, 45

Intellectual

As the competition between industries is getting intensified, the importance of intellectual property is growing. Doosan Heavy Industries & Construction has actively managed its patents and licenses.

See page 19, 41, 45-47, 54

Human

The foundation of business infrastructure is outstanding human resources. Based on our corporate philosophy of human resource development, Doosan Heavy Industries & Construction has focused on developing human resources, to maximize the value of human resources through the Doosan Way.

See page 19, 64-68

Social

Corporate social responsibilities contributed directly to social development that went beyond the indirect impact on society. Doosan Heavy Industries & Construction not only focused on human resources development, but also expanded the scope of social responsibilities to support the socially vulnerable and operated community-based programs.

See page 19, 70-77, 109-115

Natural

The business area of Doosan Heavy Industries & Construction makes the best use of resources for human life. We strive to improve the value of planet Earth by minimizing environmental effects even during the process of manufacturing products and implementing activities.

See page 19, 54, 55, 58-60, 116-122

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Performance Summary

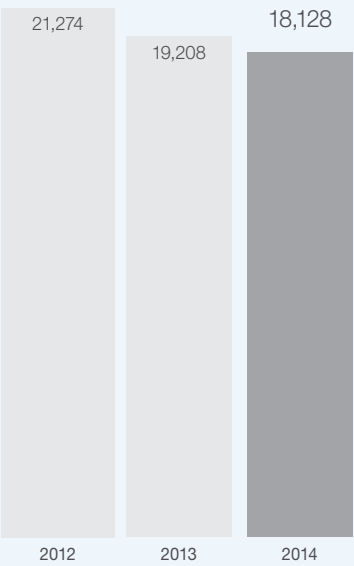
Financial Performance

Despite the global economic recession and construction slump, consolidated sales recorded KRW 18.1 trillion. Consolidated operating profit achieved KRW 888.2 billion, down KRW 69.9 billion (7.3%) compared to the previous year, due to decrease in sales.

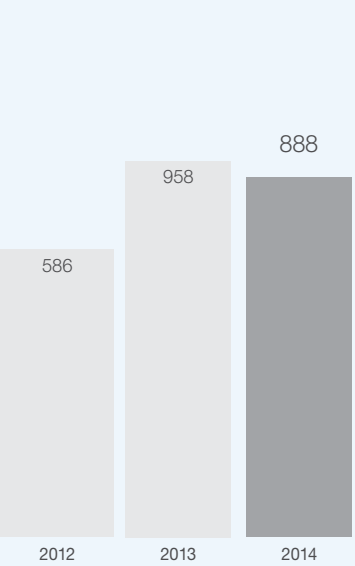
In terms of new orders, there was more than 30% increase compared to the previous year, including supplying main equipment to Shinkori units 5 and 6 (KRW 2.1 trillion) and the Nghi Son II coal-fired power plant in Vietnam (KRW 1.8 trillion), showing excellent performance in winning orders for subsidiaries.

Our sales decreased due to the construction of large-scale power plant projects, including the Rabigh project in Saudi Arabia and the Raipur project in India, being almost completed. However, we maintained our performance for subsidiaries so that Doosan Engine achieved a huge increase (19%) compared to the previous year, while overseas subsidiaries including Doosan Babcock increased sales in the service business. Therefore, even though Doosan Heavy Industries & Construction's operation profit decreased, we maintained a stable profitability for overall operating profit as a result of our huge achievements for subsidiaries. Our operating margin decreased due to the effect of one-off costs, but we achieved an operating margin of more than 5% and about 44.4 billion as profit for the year, by removing related effects.

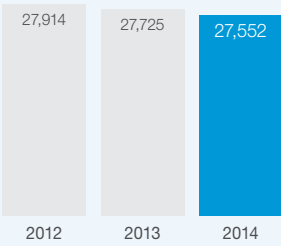
Sales



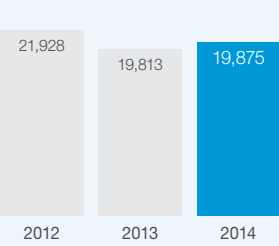
Operating Profit



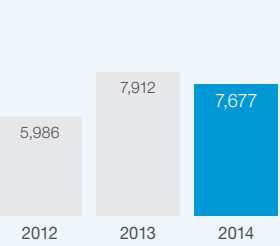
Assets



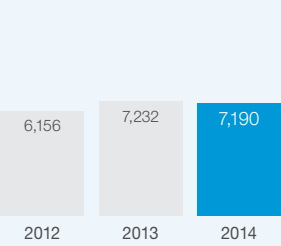
Liabilities



Equity



Tangible Assets



(Unit : KRW 1 billion, consolidated financial statements)

Non-Financial Performance

In 2014, Doosan Heavy Industries & Construction joined the UNGC (UN Global Compact) promising to faithfully fulfill its role as a corporate citizen by complying with ten principles that cover four areas, including the environment, labor, human rights and anti-corruption.

Also, we systematically operated the CSR Committee by making changes and improvements in five areas related to CSR, including Human Resource, Ethics Management, Shared Growth, EHS, and Community, such as establishing a management system to respect human rights and prohibit discrimination, strengthening the education on fair trade for employees, establishing the CSR guideline for suppliers, upgrading EHS, and achieving

the advancement and scientification of social contribution activities. As a result, we received recognition at home and abroad that included being incorporated into DJSI Korea index and selected as excellent company in climate change competitiveness.

These efforts were the results of Doosan Heavy Industries & Construction effectively utilizing tangible and intangible assets based on the Doosan Way. In the future, we will actively fulfill our role as corporate citizen to maintain sustainable development for the company and society.

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Joined the UN Global Compact

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

Incorporated in the DJSI (Dow Jones Sustainability Index) Korea

Selected as the outstanding company in climate change competitiveness

Received 'A' rating in the ESG evaluation hosted by Korea Corporate Governance Service

Received the grand prize in CSR as a Korean company investing in Vietnam

33,775 hours

Annual volunteer hours of employees

860 cases

Accumulated number of domestic and overseas patent applications

121 hours

Average training hours per employee

100,800 KRW million

Amount of Shared Growth Fund raised

79,465 ton

Amount of renewable raw materials used

21,600 tCO₂

Amount of reduced GHG emissions

Human Rights Education

Implemented for all employees

Announcement of setting the CSR Guideline for suppliers

CSR support for suppliers

Global EHS

Expanding overseas subsidiaries

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Governance

Composition of the Board of Directors

Doosan Heavy Industries & Construction has a total of five persons on the Board of Directors. The directors are elected during the shareholders' meeting in accordance with relevant regulations. The three outside directors have all met the independence requirements. In order to enhance the efficiency of management judgment and realize a responsible management, the CEO is responsible for chairing the Board of Directors. The Audit Committee, the Outside Director Recommendation Committee and the Internal Transaction Committee are operated under the Board of Directors.

Major Changes to the Board of Directors

March 29, 2014	The outside director, Hyungjoo Kim, completed his term.
December 19, 2014	The executive director, Keysun Han, completed his term.
December 19, 2014	The new CEO, Ji Taik Chung, was appointed

The Composition of the Board of Directors

(As of December 31, 2014)

Position	Name	Duty / Work Experience
Executive Director	Geewon Park	CEO and Chairman of Doosan Heavy Industries & Construction / CEO / Chairman of the BOD
	Ji Taik Chung	CEO of Doosan Heavy Industries & Construction / COO
Outside Director	Kyungsoon Song	Representative at Korea Expert Consulting Group
	Dongmin Cha	Lawyer at Kim & Chang Law Firm
	Bokhyeon Baik	Associate Professor of Business School at Seoul National University

Operation of the Board of Directors

The Board of Directors is the supreme decision-making body for the deliberation and resolution of matters stipulated in the articles of association or relevant laws, matters entrusted from the shareholders' meeting, and important matters regarding the basic management principles and business operation.

The CEO or other director separately appointed by the Board of Directors for this purpose, if any, shall convene all meetings of the Board of Directors, or a Board of Directors meeting can be convened within 10 days when more than one third of the members state the purpose, agenda and desired date. The BOD's decision is determined by a majority attendance and a majority vote of attended directors, but voting rights of any individual with special stakes in our company are prohibited.

The Board of Directors deals with economic, social and environmental issues comprehensively, and any company-related issues arising shall be shared and discussed among members. The information on the composition and activities of the board are released through our website, to protect the rights of shareholders and external shareholders.

Operation of the BOD

	Unit	2012	2013	2014
Number of meetings	Times	11	13	10
Attendance rate of the outside director	%	89.8	84.2	100

Board of Directors Activities in 2014

In 2014, the Board of Directors of Doosan Heavy Industries & Construction held 10 meetings. The Board of Directors deliberated and voted on 22 major agenda items, including the agenda and convening of shareholders' meeting, the enactment and amendment of important regulations, the business plans of affiliates, the approval of budgets and matters related to governance, with reports on quarterly business performance and group issues.

In addition, in order to improve the understanding of the Doosan Heavy Industries & Construction, we provided a shop tour program for members of the Outside Director Recommendation Advisory Group to visit the head office and production facilities in Changwon. The attendance rate of the Board of Directors by outside directors in 2014 was 100%.

In 2015, we plan to discuss the future direction and plan by reviewing our CSR activities, along with reports on activities and Performance made by the CSR Committee in 2014. These efforts will provide an opportunity to carry out CSR activities from a company-wide perspective under the management of the Board of Directors.

Board of Directors Activities

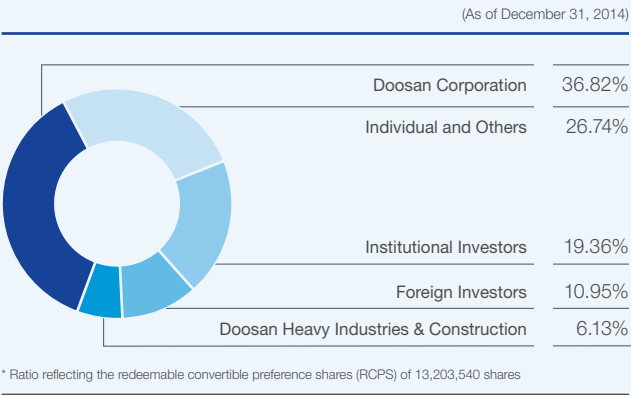
Convening Date	Agenda Detail
Feb. 13, 2014	Approval of the 51 st financial statements and business report
	Approval of the 2014 and medium-term business plan
	Approval of self-dealing with Doosan Corporation
	Approval of signing joint investment agreement and land purchase for constructing a training institute in Chunchun
Mar. 5, 2014	Approval of convening the 51 st general shareholders' meeting and its meeting purpose
	Cancellation of granting stock options
Mar. 28, 2014	Appointment of the Chairman of the Board of Directors and the convening authority
	Appointment of the CEO
	Election of the member of the BOD subcommittees
	Approval of subcontracts between DHI and Doosan VINA
Apr. 29, 2014	Approval of a legal lawsuit in UAE regarding the CEO's power of representation
	Approval of self-dealing with Doosan Bears
Jun. 2, 2014	Approval of establishment of a branch in Johannesburg, South Africa
Jul. 25, 2014	Approval of closing of a branch in Tampa in U.S.
Jul. 25, 2014	Report of the first half business report for 2014
Oct. 28, 2014	Report of the third quarter business report for 2014
Nov. 4, 2014	Appointment of executives
	Approval of the convening of irregular shareholders' meeting and agendas of regular shareholders' meeting
Nov. 25, 2014	Issuance of the redeemable convertible preference shares
	Participation in capital increase of DHIAH
Dec. 19, 2014	Appointment of the CEO
	Decision on the method of granting the exercise of stock option
	Approval of self-dealing with Doosan Tower, Doosan Corporation and Oricom
	Appointment of the chief compliance officer for fair transactions

Compensation System of the Board of Directors

Compensation for management are determined by the performance evaluation covering not only financial Performance but also the level of achieving strategic targets, while the compensations for both executives and outside directors are paid within the limits approved at the shareholders' meeting. In 2014, the approved compensation limit by shareholders' meeting was KRW 15 billion, with a total of KRW 3.65 billion.

Shareholder Structure

400 million shares will be issued by the company's articles of association. As of November 2014, capital increase of KRW 373 billion was made by issuing preferred stocks of 13,203,540 shares. The method of capital increase was through allocation to third parties in increase of capital by acquiring KDB-Trinity DHIC Private Equity Fund. Therefore, as of the end of 2014, Doosan Heavy Industries & Construction issued a total of 119,361,796 shares (common shares: 106,158,256 shares, redeemable convertible preferred shares: 13,203,540 shares).



Protection of Minority Shareholders

The portion of shares owned by minority shareholders is 26.71%, and Doosan Heavy Industries guarantees the rights of the minority shareholder in compliance with the rights of sole shareholders and minority shareholders. In order to listen to shareholders' opinions, we hold the general shareholders' meeting annually to report on the business status, while also operating a written ballot system to protect the voting right of minority shareholders.

Received a Grade of A from the Korea Corporate Governance Service (KCGS)

Doosan Heavy Industries & Construction received a grade of A from the Korea Corporate Governance Service (KCGS) in governance during the ESG evaluation being conducted annually. In the future, we will strive to receive better evaluations by establishing more transparent governance.

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Vision and Strategy

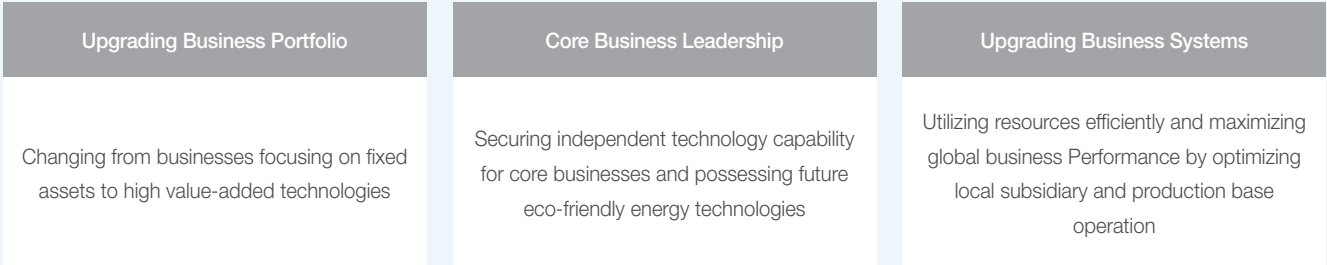
Vision and Management Strategy

Doosan Heavy Industries & Construction is making a concerted effort to realize its vision of 'Global Leader in Power & Water' by executing the 'Doosan Credo' based on the 'Doosan Way'.



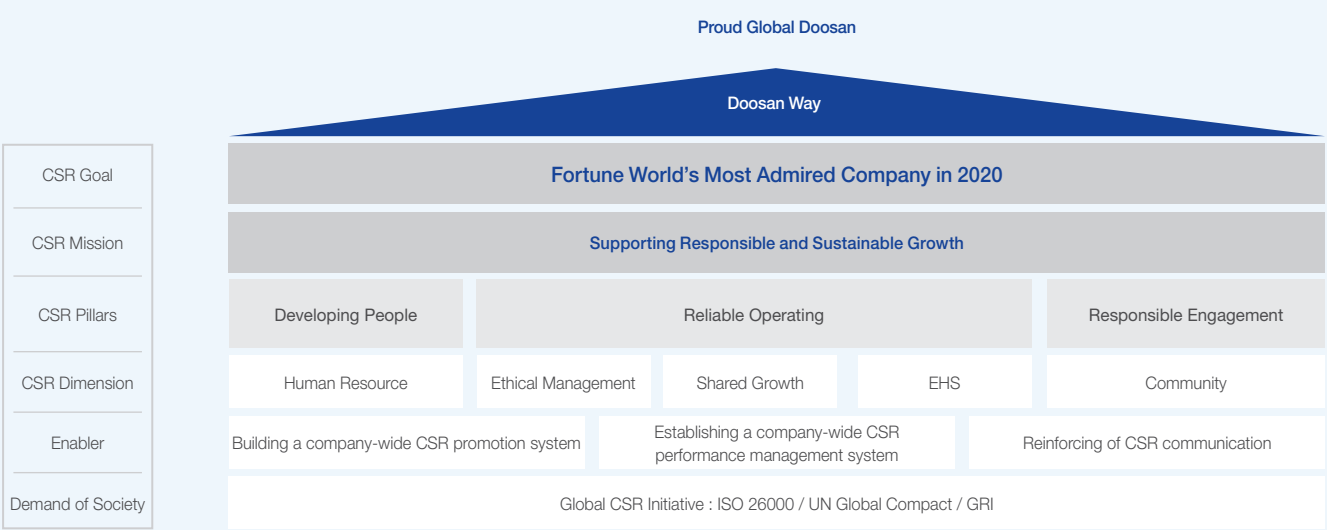
Global Leader in Power & Water

Doosan Heavy Industries & Construction is making a concerted effort to realize its vision of 'Global Leader in Power & Water' by achieving both quantitative growth and qualitative growth based on three strategies, including upgrading business portfolio, upgrading core business leadership and upgrading business systems.



Strategy and Framework for CSR

Doosan Heavy Industries & Construction established a CSR strategy to set the direction of activities extending its social responsibilities as a corporate citizen through active communication with stakeholders based on the principles of developing people, reliable operation and responsible engagement. In the future, we will strive to become a Proud Global Doosan by complying with a variety of global initiatives and standards and participating in company-wide CSR activities.



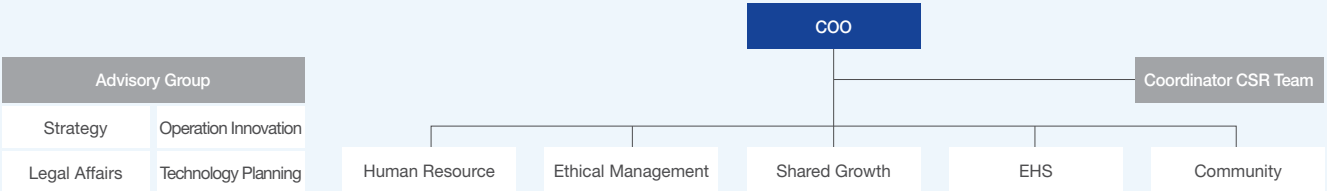
Major CSR Directions and Areas

Doosan Heavy Industries & Construction has classified the three CSR principles into five areas. In 2014, we conducted CSR activities according to various areas, including establishing a management system on respect for human rights and prohibition on discrimination, strengthening fair trade education for employees, setting the CSR Guideline for Suppliers, upgrading the EHS and establishing a system for social contribution activities.

Human Resource	Ethical Management	Shared Growth	EHS	Community
<ul style="list-style-type: none">· Enhancing talent management· Developing a 'Great Workplace'	<ul style="list-style-type: none">· Developing ethical management system	<ul style="list-style-type: none">· Making fair operations habitual· Developing and operating a sustainable supply chain· Strengthening overall competitiveness of suppliers	<ul style="list-style-type: none">· Establishing preemptive and scientific safety management system· Developing world-class healthcare programs· Advancement and scientification of green management system	<ul style="list-style-type: none">· Enhancing stakeholder engagement· Establishing a strategic social contribution system· Strengthening activities to improve customer relationship / services

CSR Organization

Doosan Heavy Industries & Construction held the CSR Committee twice a year with the COO as the Chairman. We established plans for the activities of five subcommittees on HR, ethical management, etc. and evaluated performance results, which is expected to be reported to the regular BOD meetings in the future. Also, we enhanced the business efficiency through the internal advisory group and advice from external professionals.



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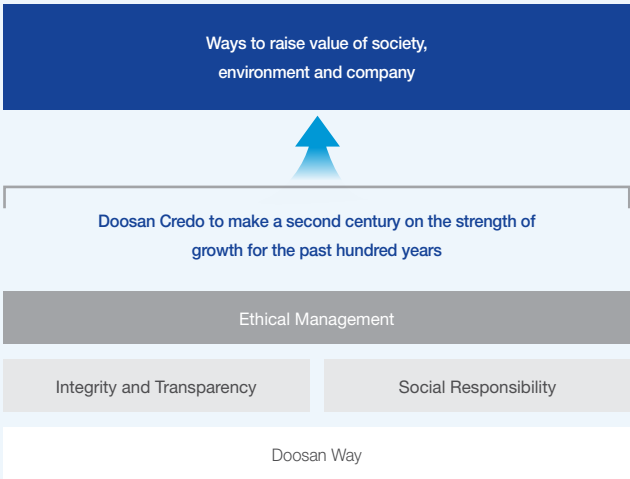
Ethical Management

Ethical Management of Doosan Heavy Industries & Construction

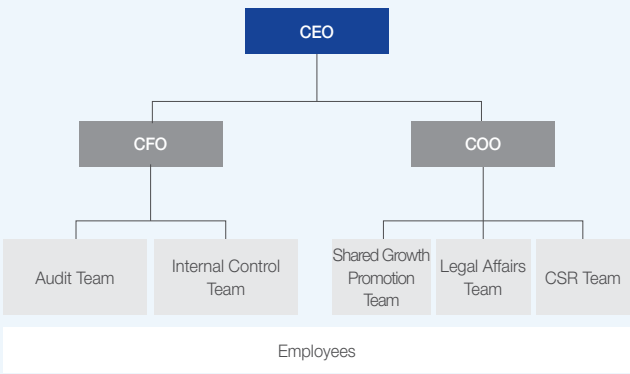
As there is a huge change in economic and social trends, companies are required to not only to create profits, but also ensure integrity and transparency, achieve shared growth and fair trade with suppliers, and contribute to society. In this regard, Doosan Heavy Industries & Construction established the ethical management system aiming to strengthen corporate competitiveness and enhance its value.

In July 2013, Doosan Heavy Industries & Construction reorganized its Code of Conduct that has been implemented since 2000 into one based on the Doosan Way to act as a principle of employees' task performance. Starting from July 2014, we set and announced the Operational Rules for the Code of Conduct.

Ethical Management System



Organization for Ethical Management



Major Ethical Management Activities in 2014

Established Code of Conduct

In order to establish a healthy and sound practice internally and externally, Doosan Heavy Industries & Construction established the Code of Conduct for its employees according to situations that might occur during their duties at work and cooperation with suppliers regarding purchasing, production and quality. Due to these efforts, we were able to ensure smooth communication within the organization, and respecting one another and actively responding responses to quality issues.

Established Specific Regulations for the Code of Conduct

After reorganizing the Code of Conduct, Doosan Heavy Industries & Construction established the Specific Regulations for the Code of Conduct based on the Doosan Credo. The specific regulations consist of guidelines for creating a healthy corporate culture, implementing duties in a fair and transparent manner, and conducting duties for preventing bribery. Through these regulations, we can strictly and systematically implement ethical management.

Major Contents of Specific Regulations for the Code of Conduct

- Rules on healthy corporate culture**
 - Prevention of sexual harassment, degradation of character, bullying, etc.
- Rules on integrity and transparency**
 - Regarding rules on rights intervention, prevention of undue requests and accepting bribery, and family events.
- Rules on forbidding bribery**
 - Forbidding making promises, or declaring the intention to give favors to public servants.
- Rules on prohibiting conflicts of interests between the company and employees**
 - Prohibition of taking concurrent positions, using company's undisclosed information at external lectures and choosing clients who have acquaintances in the Company.
- Rules on the company's assets**
 - Prohibition of unreasonable use of company's funds and costs and protecting tangible assets like plants and office supplies, as well as information assets like trade secrets.
- Rules on fair trade**
 - Prohibition of improper contacts and information sharing with competitors and discrimination towards subsidiaries.
- Rules on proper internet use**
 - Proper internet use within the scope required for duties, prohibition on damaging the company's external reliability and access to harmful and illegal websites and complying with security matters.

Anonymous Suggestion Boxes for Whistle-blowing

Doosan Heavy Industries & Construction carried out a survey for site / factory employees on the areas of integrity and transparency for the core value of the Doosan Credo. The result showed that it was difficult for site / factory employees to make on-line reports or visit the division in charge of ethical management according to their job characteristics. Keeping this in mind, we installed a total of 16 anonymous suggestion boxes for whistle-blowing at the dressing room of plants with more than 30 persons by BG (Business Group), so that they can report on violation of internal regulations, such as relevant laws, the Doosan Way and the Code of Conduct, and other wrongful acts.

Besides these, it is possible to make on-line reports on the Code of Conduct through the internal whistle-blowing center on Doosan's homepage. In 2014, we received and handled a total of 23 cases through the anonymous suggestion boxes for whistle-blowing to prevent ethical risks in advance.

Number of reports by whistle-blowing

Online	15 cases	Offline	8 cases
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Number of employees that took the Pledge of Ethical Conduct

(Unit : persons)

2012	2013	2014
7,270	7,310	7,446

Number of employees that received anti-corruption education

(Unit : persons)

2012	2013	2014
1,059	1,911	2,168

Number of employees of suppliers that received anti-corruption education

(Unit : persons)

2012	2013	2014
195	250	201

Plans for Ethical Management Activities in 2015

Cascading-type Education for the Code of Conduct

Doosan Heavy Industries & Construction plans to provide cascading-type education for the Code of Conduct with content on matters that require caution during actual work duties, to realize a corporate culture that complies with the Code of Conduct. We strive to harmonize the Code of Conduct and employees' awareness to embed the Code of Conduct, by implementing duties based on the Code of Conduct and inducing the autonomous implementation of the Code of Conduct.

Expanding the Ethical Management System Overseas

Doosan Heavy Industries & Construction plans to carry out autonomous ethical management activities that suit the characteristics of each business site and provide ethical education for employees at overseas business sites. Also, we expanded the application of whistle-blowing system to overseas business sites, so that ethical management can be well established through the diversification of communication channels.

Establishing and Operating the Implementation System for Autonomous Ethical Management

Doosan Heavy Industries & Construction plans to operate the Ethics Secretariat to enhance the awareness on ethical management and create a corporate culture where the working-level organization that implements ethical management autonomously complies with the Code of Conduct. Also, in order to implement the ethical management activities where relevant divisions participate and systematically carry out the Ethics Secretariat's activities, we plan to select and operate an ethical practice leader for each BG.

Establishing Prevention Management Systems

Doosan Heavy Industries & Construction not only complies with the Code of Conduct, but also plans to establish a system for monitoring violations of the Code of Conduct by each BG and strengthen prevention activities to prevent violations of the Code of Conduct in advance. Also, in order to promptly respond to risks that might occur during the implementation of duties, we plan to reinforce the prevention management system.

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2014 Doosan Way

theDoosanWay

Our story. Our vision.

All employees of the Doosan Group are committed to embracing the Doosan Way, which represents our corporate beliefs and philosophies, to become a 'Proud Global Doosan'. The Doosan Way provides the foundation for accelerating our progress and creating a better future. With the Doosan Way, we aim to help our employees find meaning in their lives, build a people-centered corporation, and promote future-oriented growth.



Highlights of the Doosan Way in 2014

2nd Doosan Way Day Held

On April 23, 2014, we held the 2nd Doosan Way Day with the executives, including the Chairman and CEO of Doosan Group, Yongmaan Park, and the CEO and BG heads of each subsidiary in attendance. The participants reviewed the changes and accomplishments over the past year, shared the results of the Doosan Way Survey for the Site / Factory Employees, and discussed the future implementation plans for the Doosan Way. During the first part of the event, we introduced changes that have been made to implement the Doosan Way, such as the Doosan Way Time and a new HR evaluation system (New DCM), while also holding a ceremony to present the Doosan Way Awards to employees who successfully demonstrated the Doosan Way in their work. Doosan Heavy Industries & Construction received four Doosan Way Awards that included awards for the 'Implementation of the World's First Automated Hydraulic Test System' and the 'Management Office-Type Approach Method for Supporting Heavy Equipment'. In the second part of the event, we shared Doosan Way best practices exhibited by the leadership and held group discussions about the role of leaders in the following: establishing customer-oriented work processes, cultivating a culture that encourages innovation, creating a corporate culture that practices open communication, and properly implementing the DCM and People Program.

Doosan Way Council Convened

In 2014, the Doosan Way Council (DWC) was convened for a total of three times to review the progress made on major agenda items concerning the Doosan Way and to discuss the various issues and best practices identified from the process of embedding the Doosan Way. The DWC chaired by Doosan Heavy Industries & Construction Chairman and CEO, Geewon Park, was attended by the COO, BG / Division Heads and employees working in the relevant departments. We shared updates on major activities conducted by each BG to strengthen collaboration within the organization, such as the results of the Doosan Way Survey for Site / Factory Employees at home and abroad and the key initiatives derived from the Doosan Way Survey for White Collar Employees.

Doosan Way Survey for Site / Factory Employees

We conducted the Doosan Way Survey for Site / Factory Employees at home and abroad over the course of around two weeks from February 5 - 14, 2014. This survey garnered huge interest from the site / factory employees, with a high participation rate of 92% being shown (5,956 out of 6,467 respondents in total). It was conducted for the purpose of assessing the present condition of the Doosan Way implementation through employees' voices and to reflect this in the future Doosan Way implementation plans. Based on the survey results, we came up with five initiatives to address core values that showed a low positive response rate. We managed the process and performance through the Doosan Heavy Industries & Construction's Doosan Way Council (DWC). In the case of BGs and divisions, about thirty initiatives were derived through analysis of the root causes of problems based on the survey results, and these were implemented by the relevant organizations with the BG and division heads assuming ownership.

Implemented Activities to Internalize the Doosan Way in Work and Behavior

1) Self-diagnosis of the Doosan Way Activities for Executive-led Organization

The self-diagnosis of the Doosan Way is the process of continuously improving the activity level through the employees' own diagnosis on their activity level and communication with the employees. In 2014, the self-assessments were conducted twice by about 89 executive-led organizations, once every half year (in April and October). The activity helped encourage the employees to make voluntary efforts to improve Doosan Way implementation, such as identifying the areas that require improvement through the process of sharing and reaching a mutual agreement.

2) Code of Conduct by Function

In order to establish a sound Code of Conduct and practices based on the Doosan Credo, we came up with the Do's and Don'ts for Doosan People in line with the specific work conditions. We conducted it first on functions like manufacturing, purchasing and quality assurance, which are functions that require frequent interaction with internal / external parties. By ensuring a mutual understanding and agreement had been reached, the employees were encouraged to exhibit a sense of ownership and to continuously comply with these rules.

3) 'Proud You & I'

'Proud You & I' is a campaign aimed at promoting a positive corporate culture by encouraging employees to exhibit traits considered ideal for Doosan People. In 2014, a total of about 1,000 best practices were identified. Also, in order to create a positive and cooperative corporate, a total of sixty best practices were derived by having the organizations nominate each other for exemplary action. The campaign has now become the official communication channel for organizations to express appreciation to one another.

4) Doosan Way Agenda

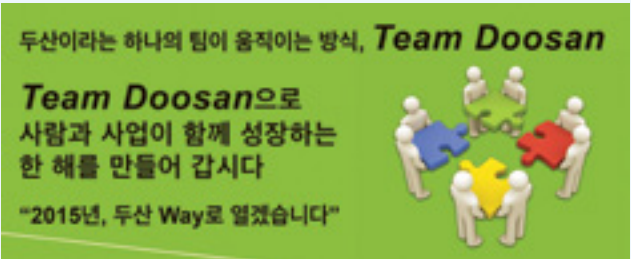
The 'Doosan Way Agenda' is an activity aimed at bringing about gradual changes by getting the leaders and employees to jointly review whether or not the work methods satisfy the Doosan Way. In 2014, a total of 82 organizations' leaders and employees held discussions on ways to apply the Doosan Way to their work, and were able to obtain results such as deriving various new ways of doing business.

Direction of the Doosan Way Initiatives in 2015

After launching the Doosan Way, we derived company-wide initiatives and implemented activities for improving systems based on a positive-minded, mutual understanding and consensus. Through self-initiated activities, our employees put the Doosan Way into practice in their day-to-day work. In 2015, we strive to produce greater business results by incorporating the Doosan Way into the key business processes executed by our employees and organizations, all the while reflecting upon our business methods with the Doosan Credo in mind. To achieve this, we plan to focus on Smart Office activities, which involve the employees themselves taking action to improve work methods, thereby allowing us to concentrate on the truly worthwhile work, and carrying out Team Doosan activities, as well as streamlining the non-core business processes.

Team Doosan

Based on the Doosan Credo, we plan to work as Team Doosan by integrating individual capabilities in all business areas as team works. Through these efforts, we will create sustainable business results, as well as facilitate the development and fostering of both the organization and individuals.



Promotional banner image of Team Doosan

Smart Office

We plan to conduct smart office activities that removes the overall work inefficiency and make improvements with voluntary employee participation. In particular, we will review the effectiveness of existing businesses being operated and streamline the processes rather than implementing new activities. The times saved through these efforts will be spent on cultivating individual competencies, so that individuals' satisfaction level and the company's competitiveness are enhanced.

Concept of Executive-led Organizations' Doosan Way Initiatives



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2014 Highlights



Internalized the Doosan Way to Provide the Activity Infrastructure

We facilitated the development of systems for the advancement and scientification of work duties and strengthening fundamental competitiveness through the Doosan Way Council, which expanded the scope of each BG / division as well as company-wide. Through these efforts, we shared practical experiences in daily operation and established activity infrastructure through embedding the Doosan Way, accelerating the progress of the Doosan Way between various organizations.



Established the Foundation for a Second Leap Forward for Nuclear Power Plants

We won orders for replacing the main equipment of Shinkori nuclear power plant units 5 and 6 and the steam generator of Hanvit nuclear power plant unit 3 and 4, to once again strengthen our position as Korea's leading nuclear power plant facility maker. Also, we promoted the excellence of Korean light-water reactor through successful production and release of the Barakah nuclear power plant unit 1, which was the first nuclear facility project exported overseas.



Made Progress to Penetrate Water Markets

We showed our excellence through the successful trial run of the RO in Gijang, Busan, which is Korea's first large seawater desalination plant. Also, we displayed our outstanding project management capability through the world's largest Ras Al Kair project in Saudi Arabia, by successfully producing desalinated water about 20 days earlier than expected, reaffirming our no.1 position in seawater desalination business.



Acquired Fundamental Competitiveness in Castings and Forgings Business

We are promoting Castings & Forgings (CF) projects, which mainly include introducing 17,000T Press and establishing forging plants, in order to secure supply capacity of large-sized forged products such as equipments for the APR+, a next generation new nuclear power plant. Also, we completed the technology development of USC (Ultra Super Critical) rotor, which is the core equipment for eco-friendly highly efficient thermal power plant, while also successfully supplied equipment to China and Shinboryeong # 1 and 2 projects and Yeosu thermal power plant # 1.



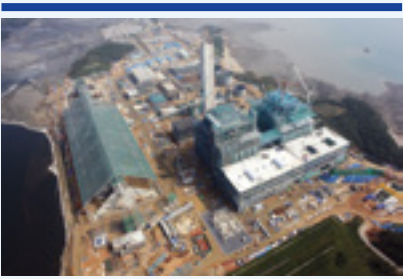
Won Orders for Large Projects at Home and Abroad

Despite the continuous global economic recession, we won orders for large projects at home and abroad to set the foundation for a leap forward, including a KRW 1.8 trillion Nghi Son II coal-fired power plant in Vietnam, the Karabatan combined cycle power plant as the first order for Kazakhstan, and the new city district energy facility in Hwasung Dongtan 2.



Accelerated the New Growth Momentum

We established the ATS (Advanced Turbomachinery System) R&D Center to secure a new growth engine. With the establishment of the ATS R&D Center signaling the beginning of large gas turbine technology, we began the self-development of highly efficient large gas turbines and the development of Korean-type gas turbines on a full scale basis.



Confirmed the Competitiveness of Boiler and Wind Power Products

We won orders for supplying equipment to Shinboryeong thermal power plant units 1 and 2, using the engineering technique of Korea's first 1,000MW class USC (Ultra Super Critical) boiler, to once again displaying our excellent technologies. Also, we signed a contract to supply large wind power generators that will be established in Sangmyung land-based wind farm in Jeju Island and Shinan-gun land-based wind farm in Jeonnam, receiving the recognition for product competitiveness.



Upgraded Business through ICT

By establishing the Software Center that will act as a control tower for ICT, we internalized our RMS capability and established a data management system. In addition, we continuously explored new business opportunities and reinforced business competitiveness by utilizing ICT, to lead employees into the change management of ICT.



Fulfilled Corporate Social Responsibilities

We systematically reinforced our company-wide competency through fruitful activities of the CSR Committee that covered human rights, the environment, labor and supply chain. Also, we provided the Doosan Day of Community Service for about 3,000 employees at 14 business sites in six countries, to fulfill compassionate sharing with local communities. Doosan Vina, our local subsidiary in Vietnam, received the top award at the Korea-Vietnam CSR Award Ceremony.



Enhanced the Human Resources Development System

The 'Growth Two Track' system has been established for systematic development of site / factory employees, to produce the first Managing Director among site / factory employees since the company's foundation, and selected 6 persons as internal Meister. Also, we expanded diverse infrastructure to help with personal growth and self-directed learning, including the learning credit system, electronic library and educational portal.

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Strategy and Performance

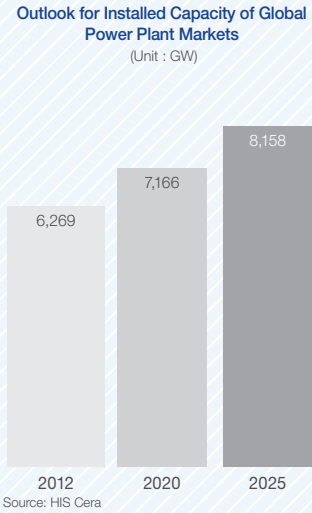
Doosan Heavy Industries & Construction has established its management strategy in line with changing business environment, including upgrading business portfolio, upgrading core business leadership, and upgrading business systems, to develop global competitiveness.

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Business Environment Analysis



Sipat Coal-fired Power Plant in India



Power Plants

In 2014, the power plant industry made a slower recovery than expected due to the moderate demand resulting from global economic recession. However, since the coal-fired power plant continues to act as base load generation in non-OECD countries, there was continued demand from them. Also, new demand for gas power plants increased by stabilizing medium and long-term gas prices through lower prices and strengthened environmental regulations of the OECD countries.

The power plant industry, including these demands for coal-fired power plants and gas power plants, is expected to increase from 6,269GW in 2015 to 8,158GW in 2019 based on installed capacity.

Coal-fired Power Plants

Due to the strengthening of environmental regulations for OECD countries and the stabilization of gas prices, the order volume of coal-fired power plants generally decreased compared to the outlook for 2013, but maintained the demand in non-OECD countries. In particular, non-OECD countries with an increasing trend in energy consumption per capita according to economic growth are expected to achieve medium and long-term growth. This is because coal-fired power plants continue to act as base unit generation equipped with economic feasibility in comparison with the conventional fuels, resulting from stabilizing medium and long-term coal prices.

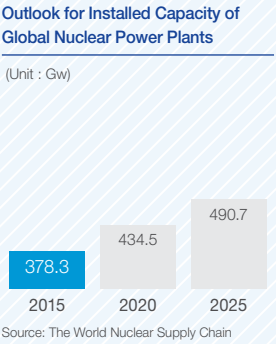
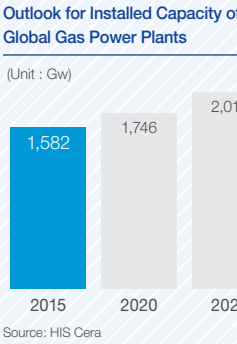
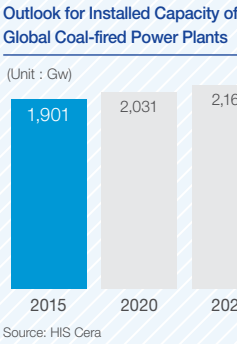
Gas Power Plants

Gas power plants have continued to grow due to a decline in gas prices, and environmental regulations. As a result of the US's shale gas production and export, the global supply of gas increased all around the world to lower and stabilize gas prices, which is expected to increase the demand for gas power plants that replace coal-fired power plants in accordance with the regulation of GHG emissions in the US and Europe. In line with this, the gas power plant industry is expected to increase over the next ten years by 437GW to record 2,019GW in 2025 based on installed capacity.

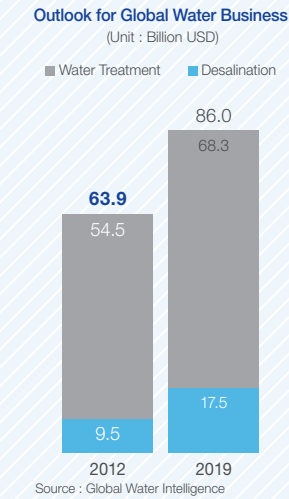
In the Middle East, there are plans to construct gas power plants instead of oil power plants according to the policies for expanding oil export, while in Southeast Asia, 20% of new power plants for the future will be constructed as gas power plants.

Nuclear Power Plants

The weakening trend of constructing nuclear power plants that arose after the Fukushima nuclear disaster seemed to have turned around in Asia and the Middle East. Recently, China announced the plan of constructing more than 60 units of new nuclear power plants, while India and the Middle Eastern countries also showed their willingness to construct additional nuclear power plants. In addition, advanced countries such as the US, excluding some European countries, are expected to maintain the trend of constructing new nuclear power plants. This is expected to continuously increase the opportunities to participate in new nuclear power plant projects in the future.



Fujairah Power and Desalination Plant in UAE



Water Plants

Due to the prolonged water shortages around the world and the strengthening of environmental regulations and policies, it is expected that investments on desalination and water treatment will gradually expand in North Africa and India, besides the existing regions in the Middle East. By maintaining our position as the market leader in desalination business, we expect new orders for desalination projects and outstanding performance in water treatment business at the same time. Also, as the private markets are growing mainly in Qatar and UAE of the Middle East, we expect the opportunities for O&M (Operations & Maintenance) to increase in the future.



Castings & Forgings

The castings & forgings industry's overall demand had been dull because the global economic recovery remains slow, but some of the industries have shown demand recovery, including the increase in new demand for eco-friendly ships in shipbuilding industry and the growth of automobile / home appliance industries. We can look forward to a continuous increase in business opportunities since medium and long-term growth is expected in power / offshore plants. Also, since the upstream industry for castings & forgings, including power / offshore plants, is expanding the transformation into a highly efficient, high capacity model, Doosan Heavy Industries & Construction with outstanding technology can expect increased business opportunities in the next-generation market.

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Business Performance

The year 2014 will be remembered as not showing as much recovery as expected for the power plant and water business due to the global economic recession. Nevertheless, Doosan Heavy Industries & Construction signed a supply contract with Shinkori nuclear power plant units 5 and 6, while also winning orders for the Nghi Son 2 project in Vietnam at the end of 2014. In addition, the engineering of large-scale gas turbines as a national project was implemented on a full scale, bolstering our position in Korea's 1,000MW USC markets by being selected as the priority negotiation partner for Goseong Green Power in Gangneung. Besides these, we made efforts to strengthen our fundamental competitiveness and secure future growth engine, by applying our ICT technology to the power plant industry.

Contract Supplying Main Equipment to Shinkori Nuclear Power Plant Units 5 and 6

In August 2014, Doosan Heavy Industries & Construction signed a contract to supply main equipment to Shinkori nuclear power plant units 5 and 6 worth about KRW 2.3 trillion with the Korea Hydro & Nuclear Power (KHNP). In accordance with this contract, Doosan Heavy Industries & Construction supplied main equipment, including turbine generators, and the Nuclear Steam Supply System (NSSS), including nuclear reactors and steam generators, that are used in nuclear power plant, by engineering and manufacturing them through independent technology. Shinkori nuclear power plant units 5 and 6 are two units with a power generation capacity of 1,400MW class, to be constructed in Shinkori nuclear power plant complex in Shinam-ri, Seosaeng-myeon, Ulju-gun, Ulsan, Korea. It is expected to be completed by March of 2021 and March of 2022, respectively. Shinkori units 5 and 6 have been developed independently by the domestic technical team, which will be applied with the Korean standard nuclear reactor model of APR1400 (Advanced Power Reactor 1,400) already supplied to Shinkori units 3 and 4. Since the power generation capacity has been improved from the previous model of 1,000MW class for OPR1,000 (Optimized Power Reactor 1,000) to 1,400MW class, it is characterized as having greatly improved safety.

In particular, the production period of core facilities for nuclear power plant required more than four years because the nuclear reactor and the steam generator needed to have advanced engineering and manufacturing technologies in order to endure high temperature and high pressure. Also, the turbine generator that will be supplied is a core facility that requires high level ability to produce materials and advanced processing technology.

Won Order for the Nghi Son 2 Project

In December 2014, Doosan Heavy Industries & Construction signed the contract for the Nghi Son 2 project worth about KRW 1.8 trillion. The Nghi Son 2 coal-fired power plant is 1,330MW class (665MWx2) to be constructed in Thanh Hoa region, which will be completed by July of 2019 through the method that covers the whole process, including engineering, manufacturing and commissioning. After having won the order for the Vinh Tan 4 thermal power plant worth KRW 1.6 trillion at the end of last year, we are also now constructing power plants, enabling us to expand our position in Vietnam's power plant market.

Won Order for the Anin Thermal Power Plant in Gangneung

The Anin thermal power plant in Gangneung (located in Anin-ri, Gangdong-myeon, Gangneung-si, Gangwon) is a USC power plant with high power generation efficiency that has the same capacity as 1,000MW class. In 2014, Doosan Heavy Industries & Construction was selected as the priority negotiation partner in a competitive bid, instead of a Japanese company, to successfully win the order in 2015. Also, we were selected as the priority negotiation partner for the Goseong green project (1,000MW class, located in Doekho-ri, Hai-myeon, Goseong-gun, Gyeongnam), to have a favorable position in the bid to win an order for the 1,000MW class thermal power plant project where additional orders are expected for three units in the future. Based on these achievements, we were able to bolster our position in exporting 1,000MW model to overseas markets, including Southeast Asia.

District Energy Facility in Hwasung Dongtan 2 New City

In August 2014, we signed a contract to supply main equipment to a district energy facility in Hwasung Dongtan 2 New City worth KRW 380 billion with the Korea District Heating Corporation. The construction of the Hwasung Dongtan 2 district energy facility is to build an 800MW class combined heat and power plant on a site of about 79,500m² at the industrial complex in Dongtan-myeon, Hwasung-si, Gyeonggi-do. Doosan Heavy Industries & Construction was selected as a contracting party in an international competitive bid, competing with German and Japanese companies, to supply two units of gas turbines and two units of steam generators through the EPC method, which will be completed by December of 2017. Additionally, in April 2015, we signed a contract to construct a district energy facility in Hwasung Dongtan 2 New City worth KRW 160 billion. As a result, along with the contract to supply main equipment used in the Hwasung Dongtan 2 district energy facility, including two units of gas turbines and two units of steam generators, we also had a construction contract, enabling us to implement the whole process that included the engineering of combined cycle power plant, production and supply of core components, construction, and long-term services. Through these contracts, we once again received recognition for our competitiveness in integrated technology possessing both independent engineering and construction abilities, to secure a favorable position in winning orders for the domestic district energy facility in the future.

Won Order for the First Power Plant in Kazakhstan

In January 2015, Doosan Heavy Industries & Construction won the order to construct its first power plant in Kazakhstan, laying the foundation for entering into Central Asia's power plant market. A 310MW class Karabatan combined cycle power plant worth KRW 340 billion will be constructed in the economic zone of Atyrau Province in the northern part of the Caspian Sea. It is expected to be completed by February of 2018 through the method that covers the whole process, including production, installation and commissioning. The Central Asian countries, including Kazakhstan, are planning to construct 23GW power plant by 2020. Therefore, this order will lay the foundation for Doosan Heavy Industries & Construction to enter into the Central Asian market.

'WinDS3000™' Selected as a World-class Product

The 3MW wind power plant system, WinDS3000TM, was selected as the 2014 world-class product by the Ministry of Trade, Industry & Energy. In 2011, WinDS3000TM was Asia's first to acquire an international certification as 3MW land-based and offshore power plant system. Safety and durability has been greatly improved to endure typhoons and warm currents, and operating costs can be reduced as a result of prompt maintenance since it has been developed through independent technology. Through these efforts, Doosan Heavy Industries & Construction not only received recognition for technology that can create future value, but also take a step towards integrated solutions for a better life.



Anin Thermal Power Plant in Gangneung



Hwasung Dongtan 2 New City District Energy Facility

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Analysis and Outlook of Business Areas

Power Generation Sector

In 2014, the sales and operating profit of the power generation sector decreased KRW 986.7 billion (14.95%) and KRW 196.7 billion (37.33%), respectively, to record KRW 5.6 trillion and KRW 330.3 billion each compared to the same period of the previous year. Even though sales increased from the main equipment of Shinkori nuclear power plant units 5 and 6 and Shinhail units 1 and 2, sales decreased because construction has been almost completed for large-scale power plants, including the Rabigh and the Raipur plants.

Coal-fired Power Plant Market

It is forecasted that new orders for a capacity of 166GW will continue for the next five years in Korea, India and Southeast Asia, with projects continuously favoring high efficiency and high capacity. In line with these market conditions, we are working on the USC later units for the domestic market, while also expanding our position in the overseas coal-fired power plant market of 660~800MW (50Hz) in Southeast Asia and India, based on the Performance made by GHECO-One and Cirebon.

Combined Cycle Power Plant Market

As a result of the shale gas boom, it is forecasted that new orders for a capacity of 227GW will continue for the next five years mainly in North America, Europe and the Middle East. In line with this, we expanded our gas turbine business in the CCPP (Combined Cycle Power Plant) markets of Korea and the Middle East in cooperation with MHPS (Mitsubishi Hitachi Power Systems). By diversifying cooperation with other OEMs, we also plan to expand opportunities to win orders for small and medium-sized steam turbines for CCPP.

Power Generation Service Market

Due to the increased demand from the expansion of outworn facilities around the world, it is forecasted that the annual average of the market size will be KRW 38 trillion. In particular, not only the maintenance of components and the construction for improving performance, but also the opportunities of service industry related to gas business will be expanded, including add-on and repowering. Doosan Heavy Industries & Construction plan to continuously expand their service industry by diversifying high value-added industry, including add-on and repowering, and expanding the existing service sales channel focused on Korea, India and the Middle East to North America.

Nuclear Power Plant Business

It is expected that the trend of constructing new nuclear power plants in China from Asia, the Middle East and Europe will continue. In order to have a higher chance of becoming a global leader in the nuclear power production industry, we will strengthen our customized sales activities to meet the needs of the target countries. Moreover, we strive to win new orders for nuclear power plants in China by reinforcing our sales activities for projects that plan to construct a new power plant of more than 60 units in China.

Water Business

The sales of the water business recorded KRW 575.6 billion, down KRW 206 billion (26.3%) compared to the previous year. This is because the sales of large-scale water projects have decreased, such as the Ras Al Khair project.

In 2015, we will maintain market leadership in the existing seawater desalination market from the water sector, while also reinforcing our position in the market and diversifying our business by expanding the O&M business for water treatment and plants at the same time.

We will lead the seawater desalination plant market by utilizing our market presence in the main market of the Middle East, to actively carry out activities to win orders and continuously develop technologies, and we will accelerate the diversification of seawater desalination plant market mainly in India and Chile. Also, we plan to continue to expand the water treatment market in collaboration with Doosan Enpure in the UK and to acquire independent technology, while participating in the plant O&M market that can secure stable revenue.

Castings & Forgings Business

Due to the delay in global economic recovery, the sales of castings & forgings business remained at a similar level in the same period of the previous year at KRW 364.8 billion, but the profitability fell a little compared to the previous year because of the intense competition in the castings & forgings market.

In 2015, based on the smooth recovery of the castings & forgings sector's upstream industry, including shipbuilding, automobile and home appliance, it is forecasted that sales will increase compared to the previous year. In particular, business opportunities for new products with the completion of technologies will be expanded, such as materials for high-efficient power plants, while we will satisfy the world-class quality level by strictly implementing activities for the stabilization of quality. Also, we will step up our efforts to increase sales by expanding overseas network and strengthening our sales competency. Through these efforts, we will restore our profits and increase order volume through technology competitiveness and diverse sales activities, to strengthen our position as a leader in the global castings & forgings industry.



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Risk, Opportunity and Business Strategy

Along with the global economic recession, the competition between companies has become more intensified. Through the analysis on business condition, Doosan Heavy Industries & Construction identified risk and opportunity factors to reflect them in business strategies. As a result, we established strategic directions and specific activities focusing on our business strategies, including upgrading business portfolio, upgrading core business leadership and upgrading business systems, to make continuous modification and enhancement through a periodic analysis process. Through these efforts, we will become a leading global company that overcame the current difficulties, by promptly dealing with the changes in business conditions and continuously improving business competitiveness.

Risk	Opportunity
<div>Diversification of Markets<ul style="list-style-type: none">Decreased demand for coal-fired power plants due to stricter environmental regulations, including the regulation on CO₂ emissions, etc.The trend of nuclear phase-out after the Fukushima nuclear disasterIncreased demand for reprocessing and resource recovery of highly-enriched salt and minerals that are by-products of seawater desalination</div> <div>Changes in Customer and Market Environments<ul style="list-style-type: none">Improved technology and price competitiveness of the competitors in China and emerging countriesIncreased possibility of technology disputes related to patents due to increased in intellectual property</div> <div>Increased Demand for Social Responsibilities<ul style="list-style-type: none">The scope of corporate social responsibilities has expanded including the supply chainIncreased need to deal with global initiatives and strengthen environment-related laws</div>	<div>Diversification of Markets<ul style="list-style-type: none">Increased demand for power plants in Africa and desalination / water treatment facilities in Central and South AmericaThe trend of privatization of overseas electricity infrastructure and increased needs for improving the operation of outworn thermal power plantsContinuous demand for coal-fired power plants to act as base load unit in non-OECD countriesRapid growth of renewable power plant markets resulting from the fall of LCOE¹⁾ and policy support</div> <div>Changes in Customer and Market Environments<ul style="list-style-type: none">Stabilized through lowered oil and gas pricesContinuous growth of gas power plant markets resulting from the effect of environmental regulations and policies of various countriesCustomers' needs changing according to the development of ICT technologies</div>

1) LCOE : Leveled Cost of Electricity

Strategy	Implementation Direction	Specific Activities
<div>Upgrading Business Portfolio<ul style="list-style-type: none">Secured growth momentum through the diversification of business portfolio</div>	<ul style="list-style-type: none">Acquired new technologiesExplored new businesses related to ICTEntered into new markets	<ul style="list-style-type: none">Implemented medium and long-term strategic tasks for acquiring gas turbine technologiesEstablished an ATS (Advanced Turbomachinery Systems) R&D Center in the USEstablished a Remote Monitoring Service Center (RMSC) for power plantsEstablished a new branch in South Africa to enter into the African market and made partnership with local companies in Morocco
<div>Core Business Leadership<ul style="list-style-type: none">Achieved sustainable growth by securing a top-tier level of competitiveness within the existing business areas</div>	<ul style="list-style-type: none">Developed high-efficient, high-capacity boilersEstablished the turbine line-upImproved the production efficiency of nuclear power and developed core manufacturing technologiesStrengthened competencies for R&D	<ul style="list-style-type: none">Acquired low-quality coal combustion technologiesDeveloped high-capacity USC CFB (Ultra Super Critical Circulating Fluid) boilersDeveloped combustion technology for reducing NOxDeveloped the Korean standard thermal power of 500MW R&M modelOperated the new production method for nuclear powerEstablished a computer system for integrating production informationStrengthened the competitiveness of base technologyImplemented national policies
<div>Upgrading Business Systems<ul style="list-style-type: none">Internalized the Doosan Way through enhancing systems and processes</div>	<ul style="list-style-type: none">Internalized the Smart Office systemUpgraded the intellectual property managementEstablished a partnership system of virtuous cycleManaged quality risksImproved energy efficiency and responded to climate change	<ul style="list-style-type: none">Implemented Phase 3 to establish the Smart OfficeExpanded the scope of patent managementHeld the Patent SubcommitteeImplemented 4 strategies for shared growth (strengthening competitiveness, joint overseas expansion, financial support, strengthening communication)Internalized the Doosan Quality Excellence activitiesResponded actively to the GHG emission trading scheme

2) USC CFB : Ultra Super Critical Circulating Fluidized Bed

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Major Performance and Goals

Implementation Tasks	Performance in 2014	Plans for 2015	Implementation Goals for 2015
Secured New Technologies	· Conducted engineering for large-scale gas turbines	· Develop large-scale gas turbines through national policies	· Basic engineering for large-scale gas turbines
	· Signed MOU with Korean Western Power		
	· Established an ATS (Advanced Turbomachinery System) R&D Center		
	· Established the foundation for engineering the casks of spent nuclear fuel and secured the nuclear decommissioning technology		
Explored New Businesses Related to ICT	· Established a Remote Monitoring Service Center (RMSC) for power plants	· Strengthen remote monitoring service competency for power plants	· Establish a network for RMS experts
	· Adopted the remote monitoring service for domestic thermal power plants		
	· Signed MOU on technology agreement with Korea East-West Power		
Explored New Markets	· Established a new branch in South Africa	· Specify and implement strategies for entering into the African market	· Acquire additional market entries
	· Entered into partnerships with local companies in Morocco		
	· Signed MOU with local companies in Saudi Arabia		
		· Reinforce customized sales activities to export additional Korean nuclear power plants	· Sign partnerships with local companies and specify programs
			· Specify the business in Saudi Arabia and get additional orders from Vietnam and China



In order to secure growth engines through the diversification of business portfolio in 2014, Doosan Heavy Industries & Construction implemented its business by focusing on three strategic areas, including acquiring gas turbine technologies, exploring new businesses related to ICT and entering into new markets.

Acquired New Technologies

Doosan Heavy Industries & Construction is implementing medium and long-term strategic tasks for acquiring gas turbine technology, which is the core equipment of gas power generation in accordance with the outlook for the medium and long-term gas development. In particular, in 2014, we implemented the large-scale gas turbine engineering, while also signing a MOU with the Korea Western Power to prove the independent model, which is expected to be the final development. We also reinforced our competency for developing gas turbines by establishing an ATS (Advanced Turbomachinery Systems) R&D Center and expanding related office to the US. Also, in order to enter into the markets of casks for spent nuclear fuel and nuclear decommissioning, we are developing technologies by taking into consideration government policies, market conditions and customer needs. In the case of cask business, we plan to apply to domestic nuclear power plants by developing an independent model that meets customer needs in advance.

We are in the process of developing technology for decontamination of spent steam generators in collaboration with SMEs, which is the previous stage of nuclear decommissioning business. Moreover, we are striving to secure the ability to conduct an independent business by actively developing the technology for securing the base technology for nuclear decommissioning.

In addition, we are working towards reinforcing our competency for base technology to explore new technologies and new businesses. Doosan Heavy Industries & Construction analyzed the trend of energy innovative companies and breakthrough technologies, to publish a TI (Technology Intelligence) Report through continuous monitoring of technology trends, by selecting seven areas that have a huge effect on the business. Regarding emerging technologies from the seven areas, we conducted a prior study on new technologies and new businesses internally and reviewed the feasibility of commercialization and established strategies for securing technology. As a result, we identified and implemented tasks for developing new technologies, including new cycle, energy storage and virtual power plant.

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Explored New Business Areas
Related to ICT

The convergence with ICT (Information and Communication Technology) requires having a big data of information related to the engineering, construction and operation of plants, and utilizing it to establish the foundation for improving products and exploring new businesses. We are currently in the process of meeting challenges to ensure future growth.

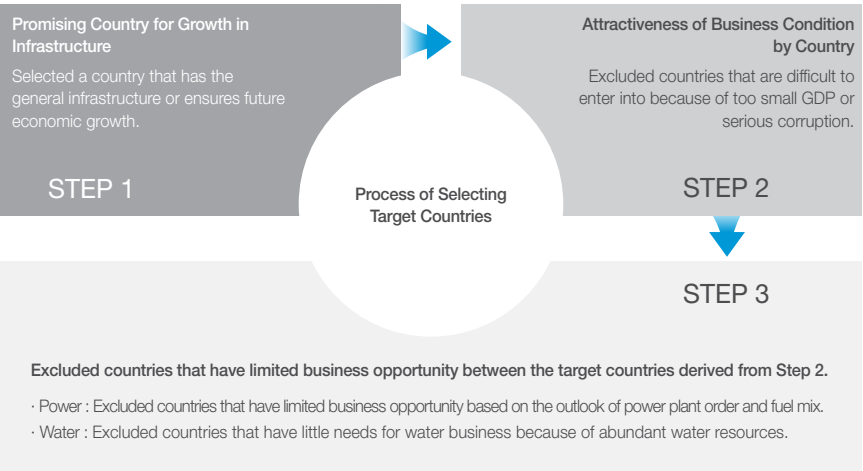
In 2014, we established a Remote Monitoring Service Center (RMSC) for power plants to provide the foundation for improving the performance of power generation by utilizing remote monitoring service, while also acquiring a new reference by expanding and adopting the remote monitoring service to thermal power plants. Also, we signed a MOU on technology agreement with Korea East-West Power, and we are currently in the process of installing a system to provide the remote monitoring service to the Dangjin thermal power plant. Through this remote monitoring service for power plants, we can safely operate the power generation facilities, as well as promote the upgrading of product engineering technology by using the information for plant operation. It is evaluated as a win-win case where both sides can benefit. Also, we improved optional functions compared to our competitors by developing steam turbine fast start-up optimizer and exploring additional optimizer, to create differentiated value.

Explored New Markets

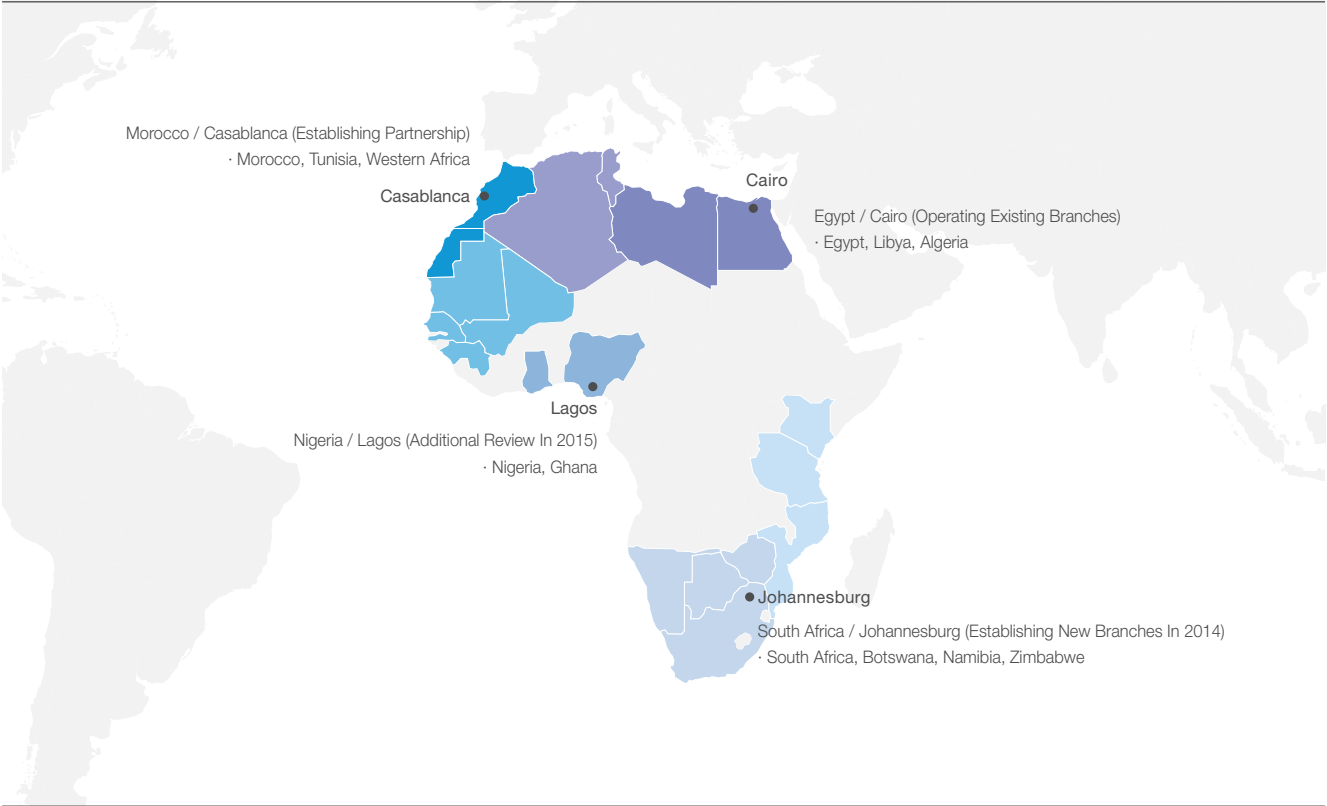
Doosan Heavy Industries & Construction selected target regions and countries based on each country's policy and market analysis, to continuously establish plans for new market entry. Preparation for entering into a new market is conducted by analyzing the market and policy of the country expected to be entered into, and then establishing a plan for market entry through consulting with experts on the applicable country. In 2014, we came up with a plan for market entry after conducting an in-depth analysis on the African region, which has gained lots of interest internationally. In particular, many countries in the African region possess the similarity of developing fast, but we recognized that there are different characteristics for each country and made market entry in stages by selecting the core region like South Africa and Morocco as a regional hub. As part of these efforts, we established new branches in Johan-

nesburg to invade the South African market, while also establishing partnership with local companies in Morocco to secure medium and long-term business opportunities for water and wind power businesses and to strengthen the influence of coal-fired power generation business in advance. Also, in order to export more Korean nuclear power plants overseas, we actively supported the Korean government, the Korea Electric Power Corporation (KEPCO) and the Korea Hydro & Nuclear Power, to implement customized sales activities that meet the needs of different countries of major markets, including Saudi Arabia and Vietnam. In 2014, we signed a MOU with two local companies in Saudi Arabia, while also completing the pre-feasibility study on the construction of a nuclear power plant in Vietnam.

Process of Segmenting and Selecting Target Countries for Africa



Coverage Plans for the African Region



Implementation Direction of
Upgrading Business Portfolio in 2015

Doosan Heavy Industries & Construction strives to develop the future growth engine by identifying and pursuing new business opportunities in various fields, including businesses related to ICT. In particular, we are making efforts not to miss the opportunity to enter into the gas power generation market that is rapidly growing next to the renewable market from a medium and long-term perspective. In the case of gas turbines, it is a core component of gas power generation, which is a high value-added industry with high unit prices compared to the volume, as well as a technology-intensive industry that is possible only with technological foundation that has been accumulated over several years. By securing core technologies and developing large-scale gas turbines, Doosan Heavy Industries & Construction will not only sell new turbines in the gas power generation market, which is expected to grow in the future, but also keep the balance of supply and demand for hot gas parts from operating facilities and create opportunities in the maintenance market.

In the water market, as the ratio of orders for IWP (Independent Water Project) increases, we plan to actively participate in the IWP market, while also promoting the package business by completing the development of core technologies for each process. Also, we plan to actively explore market entries by identifying regions with a high growth potential in the wastewater treatment market, as well as establishing the foundation for water treatment business.

In addition, we will continuously develop and make investments to secure the business ability related to ICT. In 2014, we introduced the remote monitoring service to thermal power plants, while we plan to establish a network of RMS experts and develop related S / W to provide a more upgraded RMS.

From the perspective of new markets, we plan to take more concrete measures to enter into the African market that we have been implementing until now. Along with the additional review of the market, we will explore ways of actual commercialization, including establishing partnership with local companies.

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Core Business Leadership

Major Performance and Goals

Implementation Tasks	Performance in 2014	Plans for 2015	Implementation Goals for 2015
Developed High-Efficient, High-Capacity Boilers	· Developed combustion technology for reducing NOx	· Expand market share through strengthening the fundamental competitiveness of equipment, including boilers and steam turbines	· Develop technologies for improving the reliability of USC (Ultra Super Critical) boilers
	· Developed the Wet Limestone FGD ¹⁾		· Develop the model for anthracite downshot boilers
	· Developed low-quality coal combustion boilers		· Develop the seawater FGD technology
	· Developed low NOx biomass burners to reduce NOx emissions		· Develop the APC RPM ²⁾
Established the Turbine Line-Up	· Developed the Korean standard thermal power of 500MW R&M model · Completed the development of technology for reducing steam loss (Inter Stage Seal)	· Commercialize the 60Hz 1,000MW ST model · Commercialize the 50Hz 350MW ST model · Commercialize the 60Hz 500MW R&M model	· Commercialize after the completion of development
Improved the Production Efficiency of Nuclear Power and Developed Core Manufacturing Technologies	· Shortened the APR1400 RV lead time and the SG lead time · Completed developing a total of 11 technologies, including 6 nuclear reactors and 5 steam generators	· Identify additional tasks for developing core manufacturing technologies · Develop service technologies for operating nuclear power plants	· Implement five tasks including the development of Laser peening technology for relieving residual stress in Raeactor Pressure Vessel Head · Implement five tasks including the technology development for replacing Steam Generators
Strengthened Competencies for R&D	· Strengthened the synergy between R&D organizations and the R&D network at home and abroad · Participated or supervised 16 national policies	· Implement national policies · Strengthen the competitiveness of base technology	· Complete the development of technology for commercializing 1,000MW USC (Ultra Super Critical) thermal power generation · Develop the technology for manufacturing ferrite seamless tube materials for high-efficient power generation boilers (USC)

1) FGD : Flue-Gas Desulfurization
2) APC RPM : Air Pollution Control Reference Product Model



Due to the bridging of the technology gap with the competitors of emerging countries, including China, and the strengthening of interests and regulations on the environment, it has become more important to secure fundamental competitiveness. Doosan Heavy Industries & Construction established medium and long-term tasks for major business areas and strived to enhance its fundamental competitiveness, as well as reinforced various activities, such as developing competencies for R&D and managing intellectual property.

Implementing Activities to Strengthen Fundamental Competitiveness by Business Area

Nuclear Power BG

We worked towards the advancement and scientizing of production systems to produce the major equipment for nuclear power plants. By operating in a new production method (work station), we improved productivity and reduced the defect rate, to shorten the APR1400 RV lead time and the SG lead time.

We also maintained our production competitiveness at a top-tier level by technology development completion of core manufacturing process of each product. Moreover, besides developing core manufacturing technology, we plan to provide total solution of major equipment for nuclear power plants by developing the service technology for operating nuclear power plants.

EPC BG

EPC BG focuses its activities on securing price, function and delivery competitiveness. We derived design ideas that reduce costs through value engineering, while also acquired price competitiveness by applying these ideas to new projects. Also, we conducted activities to enhance functions based on various case studies, while also implemented activities to shorten delivery times for coal-fired power plants in 2013, followed by activities to shorten delivery times for combined cycle power plants in 2014. In the future, we will further strengthen our price and function competitiveness by reducing costs, as well as applying the optimal design plans to new projects.

Boiler BG

Recently, the needs for low-quality coal boilers has increased in the boiler business, which is why we came up with plans to acquire such a model as soon as possible.

Also, in order to ensure a competitive advantage in boiler efficiency, we completed the development of the technology for reducing NOx. Through these efforts, we plan to develop a high-efficient combustion system that maximizes the combustion efficiency of boilers and apply it to domestic projects. In particular, in order to deal with the environmental issues surrounding NOx emissions and respond to the needs to change to biomass fuel, we developed the low NOx biomass burner, which is a technology that can greatly reduce NOx emissions.

Turbine / Generator BG

In accordance with the efforts made to establish the turbine line-up in the turbine / generator business, we have completed the development of the Korean standard thermal power model of 500MW R&M. In line with this, it is expected that a total of 20 units will be applied in the domestic R&M market where new orders are expected after 2016, including Tae'an units 1~4. Also, as the development of the technology for reducing steam loss (Inter Stage Seal) has been completed, we were able to secure a competitive advantage by improving turbine efficiency.

Water BG

In the water business, we maintain dominance in technology compared to competitors, by developing the RO preprocessing technology, which is a differentiated area of RO technology. Also, we secured price competitiveness at a top-tier level globally by reducing the RO CAPEX through activities conducted to upgrade engineering and purchasing. Moreover, according to the growth of the O&M market, we plan to establish the medium and long-term targets for reducing RO OPEX and conduct activities to strengthen competitiveness in line with the national policies for upgrading ICT and processes.

Castings & Forgings BG

In order to strengthen the fundamental competitiveness of castings & forgings business, we made investment starting from 2014 to introduce a 17,000 ton press, and currently investments are made with the goal of operating by 2016. Through these efforts, we will secure a competitive advantage in ultra-sized materials. Also, in order to secure manufacturing competitiveness, we plan to optimize our operation by upgrading the MES (Manufacturing Execution System). In addition, due to the international issues on reducing CO₂, we completed developing technologies for 17 types of new products, including USC (Ultra Super Critical) rotor, which are core components to deal with the increasing demand for high-efficiency power plants. We plan to further accelerate the progress for securing a new growth engine for the future by continuously monitoring market needs.

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Securing the Core Business
Leadership for R&D

Strengthening the Competitiveness of
Base Technology

Doosan Heavy Industries & Construction is striving to secure the base technology capability and acquire differentiated business competitiveness by making R&D investments in five areas.

Thermal & Mechanical Engineering

Currently, we are in the process of developing the technology for improving the function and operation of power generation system, with plans to acquire additional technologies for predicting the lifecycle and vibration diagnosis of ICT-based plants.

Material & Manufacturing Engineering

We are strengthening the material engineering capability, including establishing the database for power generation materials and evaluating lifecycle, while also reinforcing the development of new technologies in manufacturing innovation and new materials, such as acquiring additional technologies for HSC / GT materials and coating and developing 3D printing and nano materials.

Electrical Engineering

We are developing control logic in connection with the development of power plant simulators and large-sized GT, while also expanding the development of new technologies by applying ICT technologies, including frequency tracker, prediction diagnosis and VPP.

Chemical Engineering

We are striving to acquire optimized technologies for operating the water O&M, while also exploring new areas like non-metallic materials and strengthening competencies for the next-generation water technologies, including FO (Forward Osmosis) and ECT (Electric Chemical Technology).

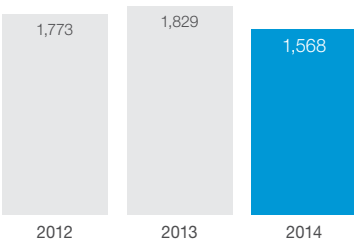
Software

We are establishing a system to managing data on operating power plants and expanding the scope of data collection and analysis, while also striving to expand the RMS (Remote Monitoring System) and develop specialized application for the core equipment of power plants.

1) IGCC : Integrated Gasification Combined Cycle
2) CCS : Carbon Capture & Storage
3) PFA : Plant Feedback Analysis
4) DAF : Dissolved Air Flotation
5) DMF : Dual-media Filter

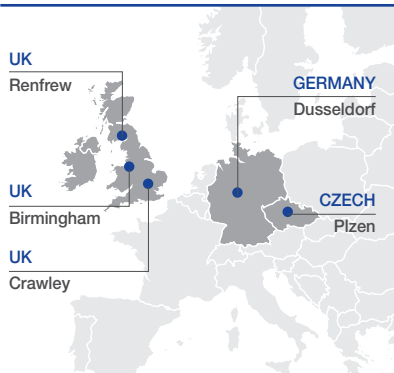
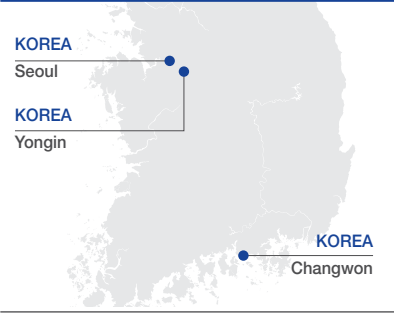
Amount of R&D Investments

(Unit : KRW 100 million)



* Based on separate financial statement

Present Status of the R&D Organization



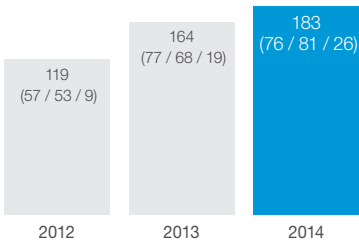
Strengthened the Synergy between
R&D Organizations

In March 2014, in order to share the company's strategic direction and the direction for technology development and strengthen the cooperation between R&D organizations, Doosan Heavy Industries & Construction's Corporate R&D Institute held a Technology Road Show for overseas subsidiaries, including Skoda Power, Lentjes, DPS and Babcock. At the technology road show, overseas subsidiaries got a clear understanding of our overall R&D strategic direction and role.

Also, we plan to establish the foundation for sustainable development by exploring ideas to reduce costs for various activities in the value chain and strengthening the competitiveness from an operating perspective.

Number of R&D Tasks
(Improvement / New Technology / Future Business)

(Unit : Number of tasks)



We are identifying technology development tasks that are needed in accordance with the direction of developing technologies agreed between site / factory executives, so that we can share the trend of latest technologies and businesses and achieve the BG aspiration. Moreover, we strengthened the commercialization of tasks by gathering opinions from divisions, and also established a road map for an integrated base technology across the company to strengthen the synergy of base technology between BGs.

Strengthened the R&D Network at
Home and Abroad

Doosan Heavy Industries and Construction strengthened the network for cooperating with advanced research institutions related to new technologies, including ESS, CFD (Computational Fluid Dynamics), GT materials / coating / aeroelastic areas, by joining various industry-academic cooperation programs, including Stanford, MIT, STONYBROOK, EPRI (Electric Power Research Institute), and Guide Consortium. Also, we strive to achieve open innovation by strengthening the function of exploring new businesses and technologies through human resources development and advance technology sensing. Also, we reinforced the cooperation with diverse research institutions and universities by moving our Corporate R&D Institute to Suji, Gyeonggi-do, and also expanded open innovation like technology seeding by utilizing the equipment obtained from the outside to establish a systematic cooperation according to various research areas.



Implemented National Projects

Doosan Heavy Industries & Construction is currently conducting or participating in 16 national projects that are worth a budget of KRW 398.5 billion. The participation in national projects not only improves the technology competitiveness at the national level and provides the opportunity to be more competitive, but also offers the opportunity to establish a global supply chain focusing on SMEs and an industry-academic co-operation system, such as developing high-efficient large-sized gas turbines for power plants.

Present Status of National Projects

Name of Project	Period of Development	Type of Participation
Developing the technology for commercializing 1,000MW USC (Ultra Super Critical) thermal power plants	'10.09 - '15.08	Supervised by
The 2 nd Stage of IGCC	'11.02 - '16.11	Supervised by
Developing the high-quality technology for steam generator tubes in nuclear power plants	'11.07 - '17.06	Participating
Developing the hot work tool steel for molding automotive parts	'11.06 - '16.05	Supervised by
Developing the technology for the application of high frequency bending to improve the soundness of environmental fatigue in nuclear plant piping	'12.10 - '15.09	Participating
Establishing a system for the application of SPACE code for nuclear power plants (3 rd stage of developing the code for nuclear power plant engineering)	'13.01 - '15.12	Participating
Developing the manufacturing technology of ferrite seamless tubes for high-efficient power generation boiler (USC)	'13.06 - '15.07	Participating
Developing the engineering technology for TM-ICI elements	'13.06 - '18.05	Participating
Developing the core protection / monitoring system for export	'13.06 - '16.05	Participating
Developing the technology for safety system / controller to deal with CCF (Common Cause Failure)	'13.11 - '16.10	Participating
Evaluating the core manufacturing technology for RCP seals and safety performance	'13.06 - '17.05	Supervised by
Developing the high-efficient large-sized gas turbine for power plants	'13.07 - '18.06	Supervised by
Developing the technology for commercializing decontamination and decommissioning of spent steam generators	'13.09 - '16.08	Supervised by
Developing and studying blade technology applied with carbon fiber for large-sized blades	'13.12 - '16.09	Supervised by
Developing the technology for upgrading the seawater desalination plant process in RO (Reverse Osmosis)	'14.12 - '19.12	Participating

Implementation Direction for Core
Business Leadership in 2015

In order to deal with the growth slowdown and intensified competition of coal-fired power generation market following the strengthening of environmental regulations, Doosan Heavy Industries & Construction plans to make active investment to maintain its existing position in the market.

In particular, we made major changes to strengthen the system to win orders in 2014, by appointing a new COO (Chief Operating Officer) and reestablishing a marketing organization. Through these efforts, we plan to promote the qualitative and quantitative growth of existing business to expand market share for major products, while also securing high profitability compared to the past.

In addition to high-efficient and high-capacity, there is a continuous need in the market for eco-friendly power generation facilities. In order to deal with these needs, Doosan Heavy Industries & Construction will strengthen its manufacturing competency and securing original technology. Also, we plan to lay the foundation for achieving sustainable growth by reinforcing the competitiveness from the operating perspective, including reducing costs and innovating operations process.

Implementation Direction of
Base Technology R&D

Thermal & Mechanical Engineering
· Develop the technology for improving system functions and operations
· Develop the technology for optimizing thermal performance and structure
· Develop the technology for lifecycle / vibration diagnosis based on ICT
Material & Manufacturing Engineering
· Develop HSC / GT materials and coating technologies
· Secure the material engineering competency
· Develop the technology for the application of 3D printing heavy industry
Electrical Engineering
· Develop TPP simulators and large-sized GT control logics
· Upgrade the plant I&C engineering
· Explore future technologies, including frequency tracker, etc.
Chemical Engineering
· Fuel synthesis / conversion (SNG) technology linked to IGCC
· Develop the technology for operation optimization of water O&M
· Develop new technologies for next-generation water (FO, ECT)
Advanced Technology
· PM for the project on exploring the future and strengthening the synergy
Software
· Establish the data management system and expand the scope of data collection / analysis
· Promote the RMS and develop specialized applications for core equipment
· Secure the intelligence / connectivity solution

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Major Performance and Goals

Implementation Tasks	Performance in 2014	Plans for 2015	Implementation Goals for 2015
Internalized the Smart Office System	· Selected and implemented improvement tasks in the way of working in the organization	· Advancement and scientizing of the way of working	· Improve inefficient duties (improvement of inefficient documentation, etc.) · Improve productivity in connection with activities by group
	· Conducted analysis on the Smart Office activities	· Enhance the business efficiency in connection with the IT system	· Establish portal-based working environment · Improve business productivity through EIM (Enterprise Information Management)
Risk Management	· Operated the CSR Committee mainly with five subcommittees	· Expand the authorization and scope of CSR Committee's activities	· Report to the Board of Directors
	· Reduced the quality failure costs (1.66%) and conducted the RCA on the significant quality problem (88%)	· Prevent quality failures / risks and strengthen activities to prevent recurrence · Realize performance by resolving fundamental quality issues	· Prevent quality failures / risks in advance and establish a system to prevent recurrence
Quality Failures / Risk Management	· Implemented the fundamental quality issues / risk solving tasks and reduced the rate of quality failure costs (1.66%)	· Reinforce quality competitiveness through advanced prevention and fundamental solutions	· Establish prediction risk targets that takes into consideration characteristics by BG and implement activities to prevent recurrence
Upgraded the Intellectual Property Management	· Established a new GIP team to strengthen patent management	· Explore patents focused on strategies	· Analyze patents with high risks of strategic disputes within the new business / new technology
Improved Energy Efficiency and Responded to Climate Change	· Maintained A grade for the CDP's climate change	· Save energy costs and reduce GHG emissions by continuously enhancing energy efficiency	· Achieve the goal of 52,000TJ for energy consumption · Reduce the greenhouse gas of 10,000 tCO ₂
	· Selected as an Excellent Company for climate change competitiveness		· Establish a scenario and a consultative group internally for emission trading system

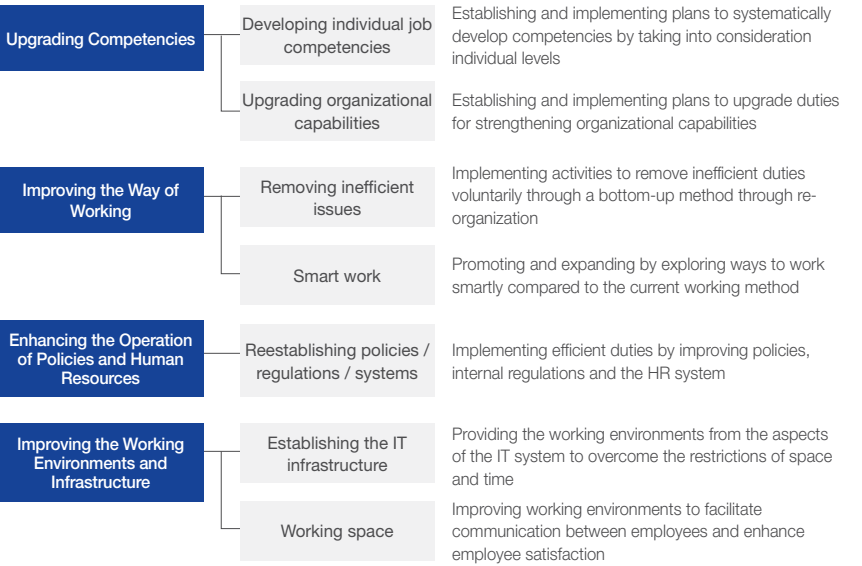


Smart Office

Since 2011, we have been implementing the Smart Office to eliminate the inefficient duties and utilize the time saved to develop employees' individual capabilities and get recharged. The Smart Office consists of four areas, including upgrading competency, improving the way of working, improving the operation of policies and human resources, and enhancing working environments and infrastructure. In 2014, we entered into phase 3 to get the results of the activities conducted for the past four years. We improved the system so that it can act as a momentum in developing organizational and individual capabilities in connection with individual job competency and DCM evaluation. Also, we selected improvement tasks for the way of working by organization and conducted a diagnosis on the Smart Office activities.

In addition, the supporting organization continuously implemented activities to identify and resolve inefficient issues from the aspects of systems, policies and infrastructure. Due to the results of these activities, we saved an average of about an hour per employee for inefficient time used, which expanded the perception that fair evaluation and compensation are given. Also, our policies for managing individual capabilities increased the level of satisfaction on the company's management of individual career and the caring of superiors. However, the systems and processes for cooperation have been found to be a bit inefficient. Therefore, we plan to come up with improvement plans for the future and implement them.

The Implementation System of Smart Office



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Risk Management

Doosan Heavy Industries & Construction is striving to achieve business continuity and stability through risk management. In particular, we managed not only traditional financial risks, but also strengthened the management of various non-financial risks, to establish the foundation for sustainable growth.

Financial Risk Management

The purpose of financial risk management is to enhance the efficiency of financing and improve the financial structure to create stable and continuous management Performance even though there are various financial risks like market risk, credit risk and liquidity risk.

Foreign Exchange Risk

Due to sales activities conducted internationally, Doosan Heavy Industries & Construction is exposed to the risk of foreign exchange fluctuation from various currencies. Therefore, the foreign exchange risk management is conducted in accordance with the regulation on foreign exchange risk management. We reduce the foreign exchange risk by first offsetting the amount exposed to foreign exchange fluctuation through the natural hedge to deal with currency affecting export and import. Meanwhile, in the case of the amount exposed to remaining foreign exchange fluctuation, we hedge the risk through the transaction of derivatives, including forward exchanges, in accordance with the regulation on foreign exchange risk management.

Interest Rate Risk

Interest rate risk is the risk that interest income and interest cost from deposits or borrowings might fluctuate in accordance with the fluctuation of future market interest rate. The goal of Doosan Heavy Industries & Construction's interest rate risk management is minimizing uncertainties and financial costs resulting from the fluctuation of interest rate. To achieve this, we are managing the interest rate risk in advance, including minimizing external borrowings by utilizing the internal reserve fund, reducing the percentage of borrowings with high interest rates, improving short and long-term borrowing structure, maintaining the appropriate ratio for fixed-rate borrowings and floating-rate borrowings, monitoring the trends of domestic and foreign interest rates regularly, and establishing a response plan.

Liquidity Risk

Since there is a time gap between the beginning and end of a single project takes a long time, Doosan Heavy Industries & Construction is exposed to the liquidity risk that might arise from the difficulties of meeting the obligations related to financial debts. Therefore, we predict the financial receipts and disbursements from sales activities, investment activities and financial activities beforehand by regularly establishing a financial balance plan, to respond to the maturity structure of financial assets and liabilities. Through these efforts, we have maintained and secured the size of liquidity required in advance to manage the liquidity risk that might occur in the future.



Monetary assets and liabilities indicated in foreign currency (Unit : KRW 1 million)

Classification	USD	EUR	JPY	GBP	Other ¹⁾	Total
Financial assets	1,958,448	314,100	2,846	61,882	183,389	2,520,665
Financial liabilities	3,135,018	806,002	128,050	42,678	74,409	4,186,157

1) Other currencies are foreign currencies excluding USD, EUR, JPY and GBP and the amount converted into KRW

Effect of the interest rate fluctuation on the gain and income before income taxes (Unit : KRW 1 million)

Classification	The end of the current term		The end of the previous term	
	Increase of 100bp	Decrease of 100bp	Increase of 100bp	Decrease of 100bp
Gain and income before income taxes	-40,808	40,808	-41,287	41,287

Repayment plan on the nominal value of financial debts by year (Unit : KRW 1 million)

Classification	Book value	Amount of principal on the contract				
		Total	Less than 1 year	Less than 2 years	Less than 5 years	Exceeding 5 years
Financial debts	15,657,720	15,701,611	8,743,750	2,745,686	2,458,749	1,753,426
Interest costs	-	1,083,603	413,774	231,105	329,747	108,977
Total	15,657,720	16,785,214	9,157,524	2,976,791	2,788,496	1,862,403

Analysis on age of trade receivables and other receivables (excluding deposits) (Unit : KRW 1 million)

Classification	Receivables evaluating the financial assets individually and collectively				Total
	Less than 0-3 months	Exceeding 3 months and less than 6 months	Exceeding 6 months and less than 1 year	Exceeding 1 year	
Trade receivables	1,438,132	149,873	154,335	2,336,631	4,078,971
Loans and account receivables	463,001	78,114	69,675	1,387,391	1,998,181
Uncollected income	7,855	461	1,769	107,189	117,274
Total	1,908,988	228,448	225,779	3,831,211	6,194,426

Credit Risk

In order to manage credit risk, Doosan Heavy Industries & Construction is conducting transactions with clients that have more than a certain level of credit rating, while also establishing and operating policies and procedures to strengthen the credit of financial assets. When signing a contract with a new client, we use the information provided by the credit rating agency and the financial information disclosed to evaluate the credit rating of the client. Based on these items of evidence, we decide on the maximum credit and are provided with collaterals or payment guarantees. Also, we re-evaluate the credit rating of our clients regularly and review the maximum credit to readjust the level of collaterals. Regarding financial assets with delayed recovery, we take appropriate measures by identifying the present status of delayed recovery of money regularly and come up with recovery plans.

Quality Risk Management

Based on the result of analyzing past risks, we found out that lots of the risks occurred from quality-related issues (including the area of expanding quality). These quality defects not only take away the credibility from customers, but also aggravate the profitability of projects. Therefore, Doosan Heavy Industries & Construction is implementing activities to predict risks in advance and implement activities to prevent recurrence through the innovation of work methods based on the asset failures from the past.

DQE (Doosan Quality Excellence)

In 2012, Doosan Heavy Industries & Construction started the quality innovation activities on a full scale by establishing the DQE program with the cooperation of external professional institutions. In 2013, we focused on establishing a system based on the DQE activities, while starting from 2014, we focused on realizing actual results by establishing a system for continuity and strengthening execution.

Project Risk Management

Since the project size is big and the project period lasts a long period according to the characteristics of business, Doosan Heavy Industries & Construction is implementing non-financial risk management focused on projects. The risk management is conducted under the responsibility of the project management team of relevant BG for each project.

Type of Project Risks

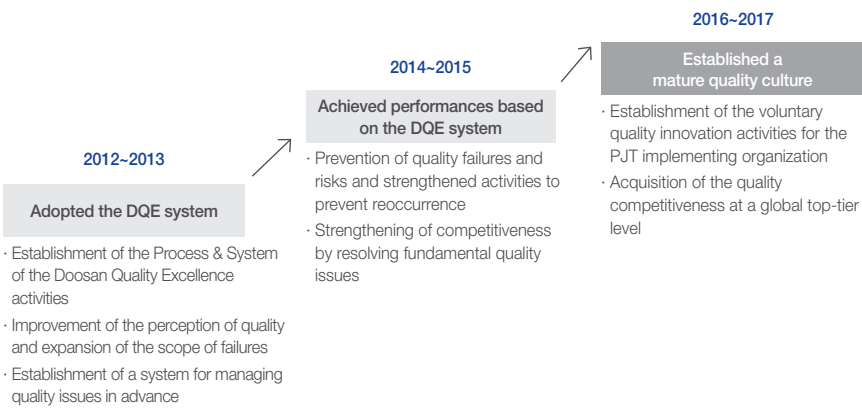
Geological Risks

Physical risks like topography, geological conditions and infrastructure and political, social and environmental risks of the country in which the project is being conducted.

Financial Risks

Risks related to the conditions of performance bond, foreign exchange fluctuation, fund liquidity, and the client's credit issues.

Roadmap of Quality Innovation Activities



Contract & Negotiation

- A. Contractual Risks : Risks related to the compensation of delay, performance guarantee, and nonconformance.
- B. Project Requirement Risks : Risks related to the request for excessive quality and delay of approval.

Planning Risks

- A. Cost Estimation Risks : Risks related to the increase of raw material costs, engineering errors, and omission of work scope.
- B. Schedule Risks : Risks related to the delay in schedule arising from the lack of production period and suspension of work (strike, delivery errors, etc.)

Execution Risks

- A. Project Integration Risks : Risks related to the lack of ability for coordination and resolving problems, lack of communication within the organization, and lack of cooperative relationships with clients and contractors.
- B. Engineering Risks : Risks related to errors occurring because of lack of engineering experience.
- C. Purchasing / Manufacturing Risks : Risks related to the occurrence of quality issues and production errors due to selecting a low-priced supplier.
- D. Construction Risks : Risks that might occur from safety accidents.
- E. Commissioning / Performance Risks : Risks related to lack of problem-solving ability and lack of maintenance ability during commissioning.

Lessons Learned (L / L) System

As part of the risk prevention management, Doosan Heavy Industries & Construction is operating the Lessons Learned (L / L) System to prevent the recurrence of risks that had occurred in the past. We are striving to prevent risks by accumulating and sharing various experiences of success and failure experienced from implementing projects through the L / L System, which has been set up through the management's strong commitment.

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Pursuing Shared Development with Suppliers

Philosophy of Shared Development

The shared development with suppliers mini-mizes the risks that might occur from the relationships with suppliers to effectively implement sustainability management. In line with this, Doosan Heavy Industries & Construction has included suppliers in their business strategies based on a system of 'Virtuous Cycle Partnership' for suppliers, including strengthening technology capabilities and upgrading business systems.

Strategies for Shared Growth



Performance of Financial Supports for Suppliers



Performance of Support Provided for Suppliers' Joint Overseas Expansion



Programs and Performance of Shared Development

Strengthening the Competitiveness of Suppliers

We provided professional consulting on business innovation and a management advisory support group for suppliers to strengthen their competitiveness and allow them to develop on their own. Also, we upgraded the productivity through the quality improvement activities where our masters participated, while also operating the Performance Sharing Bureau to implement a performance sharing system to identify tasks like localization, productivity enhancement and cost reduction. In addition, we operated the Safety & Health Coordination Group to support the acquisition of risk evaluation certification and the KOSHA (Korea Occupational Safety and Health Agency)'s health and safety assessment system for suppliers, as well as supported the participation at job fairs so that suppliers can hire talented people.

Fostering and Training Suppliers' Employees

Doosan Heavy Industries & Construction is utilizing their independent technology, human resources and physical resources to operate training programs that enhance the job competency of suppliers' permanent employees and new employees. By providing professional training programs required for suppliers, we are actually strengthening our competitiveness and contributing to the development of the nation's key industries. We plan to also hold on-site training programs to maximize the synergy of training. In 2014, we held such programs for 1,533 permanent workers and 5,920 new employees of suppliers.

Financial Support

In order to support the financial costs of suppliers, we operate a variety of systems. There is a direct support system that directly lends operating funds to suppliers free of interest and a combined support system that supports low-interest loans to suppliers by establishing the Shared Growth Fund with financial institutions. We also expanded the ratio of cash payment settlement to resolve the financial difficulty of suppliers.



Joint Overseas Expansion

We support the PQ (Pre-Qualification) approval for overseas project with domestic suppliers participating, while also promoting suppliers' overseas expansion by supporting their participation at power generation exhibitions held abroad. Also, we support suppliers to improve their global competitiveness by participating in overseas large-scale projects with domestic suppliers.

Strengthening Communication

We are actively implementing activities to strengthen communication with suppliers to achieve shared development. By holding discussion meetings with suppliers, we reinforce our relationships with suppliers and select the most outstanding suppliers based on their capabilities, to award them every year. In addition, we listen to actual difficulties faced by suppliers by having our management visit suppliers in person, holding group discussion meetings for each BG, and regularly gathering opinions from suppliers through the Win-Win Call Center. In 2014, we held discussion meetings with suppliers 31 times in all.

Creating a Shared Development Ecosystem

Industrial Innovation Move

Industrial Innovation Move is a program that has expanded from a productivity innovation move for SMEs into an economy-wide move based on mutual cooperation between large companies and SMEs. It aims to create an environment of shared development ecosystem with the 2nd and 3rd tier suppliers and various innovation activities are implemented throughout the company through field diagnosis, including process, management and production technology. To achieve this, we contributed KRW 500 million since the end of 2013.

Support for the Operation of the Machinery Industry Shared Growth Promotion Foundation (MGF)

We are striving to expand the shared growth focused on the 1st tier suppliers to the 2nd and 3rd tier suppliers under the cooperation of the Machinery Industry Shared Growth Promotion Foundation (MGF). After sending experts from various fields to conduct field diagnosis, we carry out various projects to remove the weaknesses of suppliers. To achieve this, we supported the improvement of facilities for 240 companies by making a contribution of KRW 600 million every year.

Adoption of the Settle System for Co-prosperity

Doosan Heavy Industries & Construction is providing settlement costs to the suppliers at the lower tier by accepting the electronic accounts receivables issued by the 1st and 2nd suppliers. Also, in the case where the 2nd tier supplier gets a discount on receivables from the 1st tier supplier, we reduce the financial costs of suppliers by allowing them to be applied with an interest rate based on the credit rating of large companies.



Promotion of the CSR Culture of Suppliers

Established Suppliers' CSR Guideline

In order to enhance the suppliers' perception on social responsibility management, we established the CSR Guideline for suppliers. The newly drawn up 'CSR Guideline for Suppliers' contains contents that support the suppliers' social responsibilities and asking for their implementation, as well as reflecting the standard social responsibilities announced in the principles of the UNGC (UN Global Compact) and the ISO (International Organization for Standardization).

Reflected Suppliers' CSR Evaluation Categories

We encourage suppliers to participate in CSR activities by reflecting the CSR evaluation categories used during the supplier registration evaluation and a comprehensive evaluation on the capability of suppliers, including safety, environment, fair trade, and social criticism.

Implemented Suppliers' Social Contribution Activities

Doosan Heavy Industries & Construction has conducted volunteer work together with suppliers on the Doosan Day of Community Service to encourage suppliers to fulfill their social responsibilities. We made the commitment to contribute to local communities together through various activities like painting murals and harvesting sweet persimmons.

Support for the Training and Education of Suppliers' Employees in 2014



Conducted a Satisfaction Survey on Shared Growth for Suppliers

In order to identify the satisfaction level of shared growth and fair trade for suppliers that signed a shared growth agreement, we conduct a satisfaction survey on shared growth every year. The result of the survey is used to establish a customized shared growth program. In 2014, 181 companies out of 204 suppliers responded to the survey, showing a result of 89.35 points in the survey result, an increase of 5.3% compared to 2013.

Suppliers' CSR Evaluation Categories

Evaluation Categories	Contents
Safety	· Are the employees provided with a safe work site that complies with all safety-related laws and regulations?
Environment	· Are the employees provided with a safe work site that complies with all environment-related laws and regulations?
Fair Trade	· Is there a Compliance Program (CP) adopted?
Society	· Violation of labor / human rights laws (minors, involuntary labor, etc.) · Corruption / non-ethical (bribery, entertainment, embezzlement, etc.) · Leakage of technology and information · Other social troubles

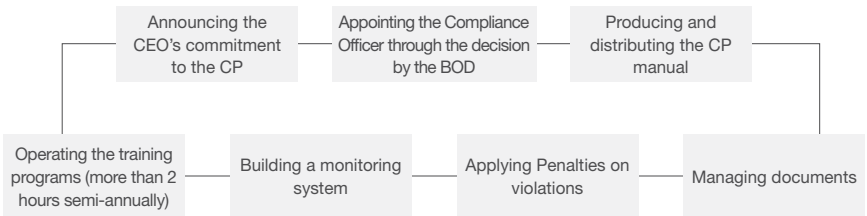
Compliance Activities

In order to realize a fair and ethical corporate culture, Doosan Heavy Industries & Construction has introduced the CP (Compliance Program) since 2004 to comply with relevant laws and regulations. Organizations responsible for the CP include the chief compliance officer and the compliance staff of each BG, and the CP program is faithfully implemented according to the seven key factors of the CP.

Also, we are striving to prevent the risks of sub-contractors violating laws by adding a legal compliance category in the MBO evaluation of purchasing executives and holding training programs with feedback from monitoring sub-contractors. Besides this, we monitor the level of compliance for internal transactions. We revised the CP Manual and distributed it to all purchasing teams by reflecting the laws on fair trade and sub-contractors that have been enacted and amended after 2010.

In 2014, we strengthened online and offline training and field education for different job duties related to fair trade, while also reported to the Board of Directors about the present status of operating the CP in accordance with the notification attached to the Monopoly Regulation and Fair Trade Act. In the future, we plan to comply with the Fair Subcontract Transactions Act by improving the systems and re-establishing the classification system of large companies and SMEs in accordance with the amendment of the Fair Subcontract Transactions Act, such as reflecting the requirement and restrictions of the Act.

7 Key Factors of the CP



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Upgrading Intellectual Property (IP) Management

As the global competition intensifies, the need to acquire core technologies that are differentiated from competitors has increased, while the importance of protecting intellectual property has been greatly emphasized. Therefore, Doosan Heavy Industries & Construction expanded and reorganized divisions related to IP and collected long-term plans to manage them, as well as protecting technological know-how and efficiently managing licenses required for IP. In addition, we strive to develop technologies and human resources through cooperation with various research institutions.

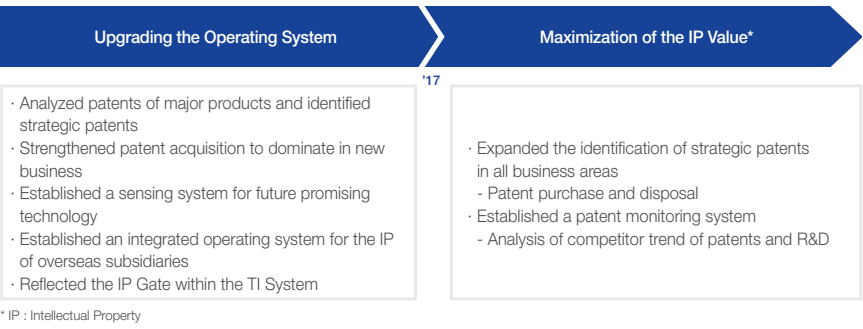
Strengthened Patent Management

Doosan Heavy Industries & Construction is striving to identify the IP of core technologies and expand overseas patents mainly for major products to increase the scope of patent management on overseas projects. To achieve this, we established a Global IP team and established a support system and concentrated on identifying the IP of overseas subsidiaries. Also, we enhanced the quality of patent applications by operating a Patent Subcommittee, while we also established a sensing system for future promising technologies to proactively and aggressively manage patents, instead of adopting the passive patent management method like we did earlier.

Established a Licensing Team

We established a division to be in charge of licensing that allows us to set up an aggressive and strategic response system. Various activities are conducted, including reviewing the feasibility of royalties paid for using the patent and establishing a response strategy following contract termination for major licenses. In 2014, we reviewed the appropriateness of paying royalties in five cases and signed 45 technology agreements.

Upgrading Intellectual Property (IP) Management



Strengthened Cooperation with Domestic and Overseas Research Institutions and Expanded Technology Seeding

Doosan Heavy Industries & Construction strengthened the cooperation with domestic and overseas research institutions by utilizing the CTO Fund and striving to develop technology seeding and human resources. In 2014, we invested a total of KRW 3 billion for cooperation with overseas researchers (KRW 870 million), internal F / S tasks (KRW 1.3 billion), and technology seeding and HR development (KRW 830 million). Since then, we also plan to continuously cooperate and identify tasks by utilizing a budget of about KRW 4 billion.

Rationalization of Energy Efficiency

Doosan Heavy Industries & Construction is striving to enhance energy efficiency through innovation activities for strengthening fundamental competitiveness, while also establishing a future-oriented low energy consumption structure based on ICT technologies and implementing activities by working-level employees to reduce the waste of energy. To achieve this, we achieved the rationalization of energy efficiency through activities conducted between 2012 and 2014. We reduced energy consumption of 400TJ (KRW 6.6 billion) in 2014 through shield loss, waste heat recovery, combustion efficiency optimization, compressed air pressure control, high-efficient pumps and standby power cut-off systems.

Response to Climate Change

GHG Emissions Trading System and GHG Reduction Strategies

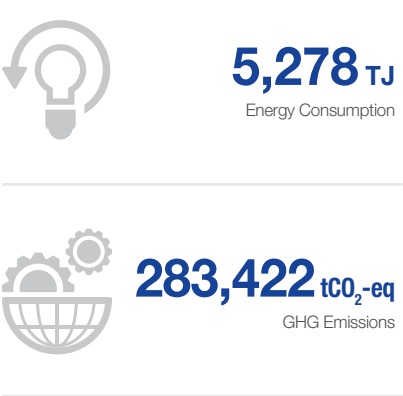
Doosan Heavy Industries & Construction is actively responding and complying with the laws on GHG emissions trading system that will be implemented nation-wide. We participated in the pilot project for emissions trading conducted by the Korea Environment Corporation and learned about the methods used in the system. Also, we set up a consultative group and a scenario internally for the emissions trading system, so that our employees can respond to it professionally. In order to respond to climate change, we established the goal of reducing GHG emissions of 403,000tCO₂, a 7.6% reduction compared to the 2020 BAU. In 2014, we reduced GHG emissions of 21,600tCO₂ by replacing LED lights at plants and changing to high-efficient heater pumps.

Selected as an Excellent Company for Climate Change Competitiveness

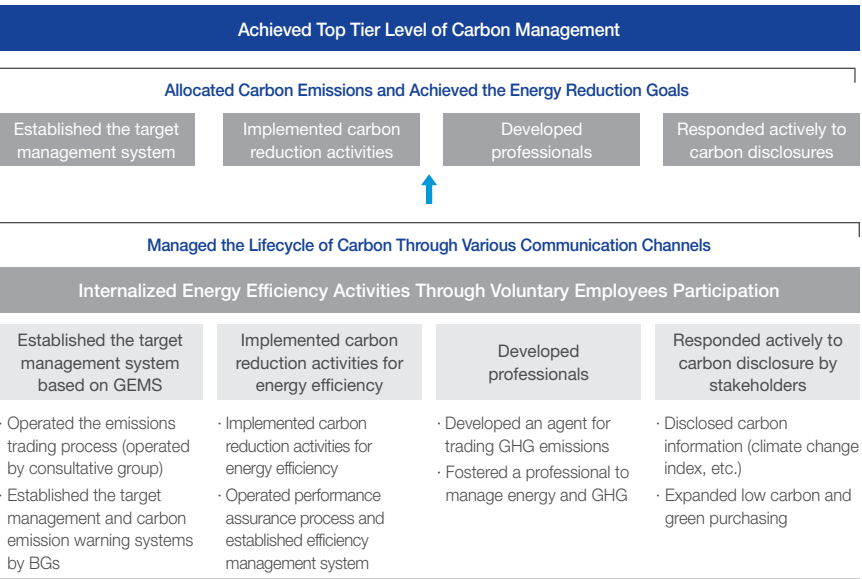
Since 2012, Doosan Heavy Industries & Construction has implemented various activities to strengthen climate change competitiveness, such as establishing a roadmap for medium and long-term strategies to reduce GHG emissions. As a result, we were selected as an Excellent Company for Climate Change Competitiveness by the Ministry of Trade, Industry and Energy for two consecutive times in machinery, following the year 2012. Also, we were selected as the best group for carbon management, which is chosen by the CDP (Carbon Disclosure Project) in Korea. Moreover, we actively implemented activities to strengthen climate change competitiveness by responding to the changes in market environments and the regulation on GHG emissions based on the KCCI (Korea Climate Change Index). In addition, we established a roadmap for medium and long-term strategies and improved the energy consumption structure, as well as hired energy environment professionals to be in charge of GHG to maximize the efficiency of duties related to climate change response.



Performance of Carbon Emissions in 2014



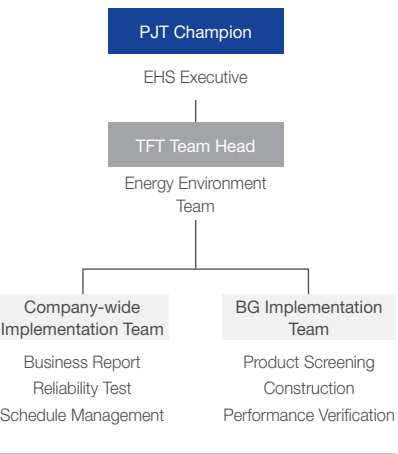
Carbon Reduction Strategies



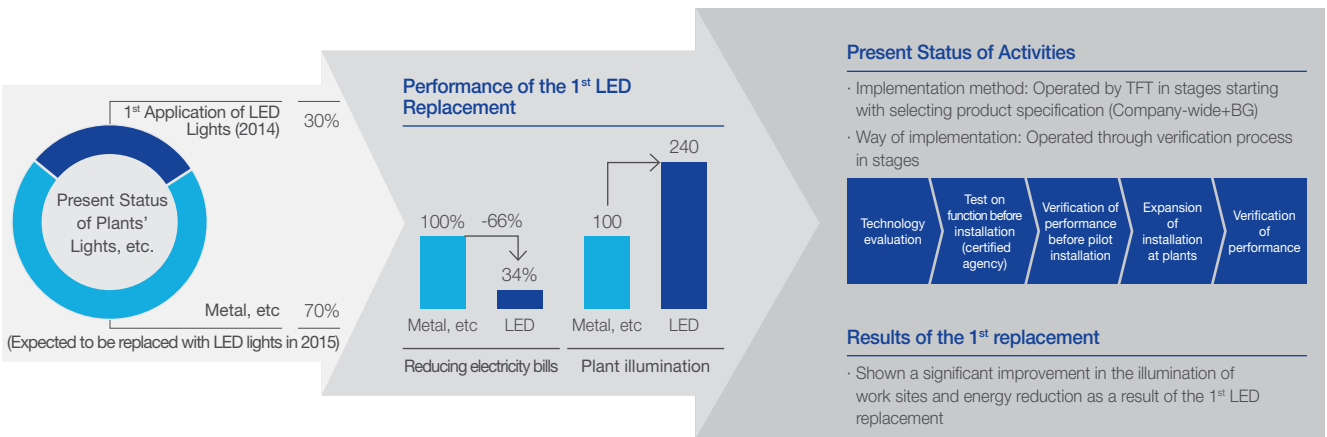
Implementation Strategies on GHG and Energy in 2015

Since 2012, Doosan Heavy Industries & Construction has worked on reducing GHG emissions and improving energy efficiency through various activities for improving energy intensity by enhancing energy consumption structure. When replacing LED lights at plants, there were difficulties because the plant's ceiling is more than 40M high and it required welding and grinding work. However, we developed and applied LED lights suitable to heavy industries through tests conducted on function, illumination measurement, and installation environment. In 2015, we plan to actively respond to the future environmental changes by developing an agent for GHG emissions trading system, while also expanding the installation of high-efficient LED lights customized to heavy industries to all plants. Also, we will actively reduce energy by turning the current structure for supplying air-conditioning and heating to offices into a significantly improved structure.

Organizational Structure of the TFT for Improving Lighting Environment



Present Status of Activities for Improving Lighting Environment



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Sustainable Management

Doosan Heavy Industries & Construction is working towards sustainable growth through communication and cooperation with its stakeholders, including customers, employees and local communities, by fulfilling the role of contributing to society and the environment as a corporate citizen.

58	70	76
EHS (Environment, Health and Safety)	Social Contribution	Customer Satisfaction
64	74	
Talent Management	Doosan Day of Community Service	

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Major Performance and Goals

Implementation Tasks	Performance in 2014	Plans for 2015	Implementation Goals for 2015
Use Energy Efficiently	· Established a roadmap for energy efficiency activities	· Develop additional activities, including replacing LED lights at plants, etc.	· Achieve the energy consumption of 5,200TJ
Response to Environmental Risk	· Responded to GHG emissions trading system	· Establish the EWS (Early Warning System)	· Reduce GHG emission of more than 10,000tCO ₂
	· Enhanced hazardous chemicals management system	· Improve chemical storage facilities and foster skilled managers	· Develop additional professional managers
	· Established a rainwater recycling plan	· Prevent any spills or accidents and invest on rainwater recycling · Set up an integrated system for environmental information	· Achieve zero accidents of spills (fundamental prevention) · Operate an integrated environmental information system stably
Established the Culture of Safety Talks	· Introduced the Safety Talks · Implemented safety activities to lead worker involvement	· Expand the implementation of safety talks · Establish the culture of discussions and promote field workers to participate in the EHS activities	· Expand the safety talks across the company · Identify best practices of safety culture and hold a sharing meeting · Produce an English version of the introductory evacuation video
Established an Autonomous Safety System for Suppliers	· Acquired the certification of the risk assessment for each of 36 subcontract companies	· Implement and strengthen the development plan for suppliers	· Acquire / maintain suppliers' KOSHA certifications (24 companies)
Established an Emergency Response System through Practical Training	· Established an emergency response manual for each crisis situation	· Identify potential high risks and establish a response plan	· Establish a response system for each BG / plant and hold training (more than 50 times)
	· Conducted an emergency situation drill for major fire	· Upgrade the firefighting / disaster prevention management system	· Establish the DOOSAN Fire Code
Operated a Comprehensive Safety Management System for Overseas Employees	· Conducted a comprehensive safety management service	· Strengthen the security for overseas employees	· Promote the I-SOS service

Key Figure

Contents	2012	2013	2014
Wastewater recycling	8,760 tons	25,380 tons	25,900 tons
Recycling rate of wastes	77%	78%	85%
Environment-related costs	KRW 2,639 million	KRW 2,322 million	KRW 5,363 million
Hours of safety and health training for employees	86,472 hours	87,228 hours	88,836 hours



Implemented Green Management

Recently, there have been concerns about the seriousness of the Earth's environmental issues, including the depletion of natural resources and the pollution of the natural environment, which resulted in emphasizing the importance of industries to take responsibility. The performance of green management has become a key factor in evaluating the company's competitiveness. Doosan Heavy Industries & Construction has systematically implemented green management that pursues both economic and environmental effects at the same time, to efficiently use the resources acquired from nature as much as possible and improve the reuse and recycling rates. Also, we are taking the lead in environmental conservation and showing interests in the ecosystem conservation activities being conducted in the surrounding areas of the work sites, by minimizing the occurrence of pollutants arising

from business activities and collecting pollutants that occur as much as possible. Moreover, in order to fulfill our social responsibilities, we are striving to implement them by establishing the framework for green management.

Efficient Use of Resources

Energy Efficiency
In order to reduce energy costs and reinforce fundamental competitiveness by using efficient energy, Doosan Heavy Industries & Construction has continuously implemented a company-wide activity for energy rationalization since 2012. As a result, we achieved the result of saving the energy use of 400TJ in 2014. In 2015, we set up a target of 5,200TJ for energy consumption, while also planning to conduct additional activities like replacing LED lights at plants.

Reuse of Waste Resources

Doosan Heavy Industries & Construction is reducing not only the use of steel as the major raw material through eco-friendly production, but also striving to recycle used steel. The recycling rate of recovered steel internally was 35.6% in 2014, and we plan to continuously increase the recycling rate of recovered steel from recovering scrap iron in useless assets.

Reuse of Water Resources

The importance of water resources has grown as days go by, with reports on Korea being a country with high water risk among OECD countries. In order to protect water resources, Doosan Heavy Industries & Construction saved 25,700 tons of water by using recycling slag coolants, while also saving 180 tons of water annually by reusing rainwater discharge. In the future, we will make continuous efforts aiming to reduce KRW 170 million of water costs annually.



Pollutant Management

Reduction of Air Pollution

Doosan Heavy Industries & Construction is managing air pollution at a stricter criteria set at 40% of legally permitted standard. In particular, we manage large-sized facilities, such as our steelmaking factory's electric furnace, which are controlled at a lower emission level than the allowed emission standard by 30%. Additionally, if a new pollutant is discovered during the total inspection of pollution level conducted regularly for the production process, we will find out about the permission and approval and supplement the facilities. Moreover, in order to reduce fine dusts, we will make improvements on 11 air quality facilities by investing KRW 18 billion. Among them, we completed improvement on 7 facilities (KRW 6 billion). In 2015, we plan to complete the improvement on 4 environmental facilities that are currently undergoing improvements, including the steelmaking factory's electric furnace and dust collector.

Reduction of Water Pollution

Doosan Heavy Industries & Construction is also conducting the total inspection of pollution level regularly for water pollution to find out whether or not there is an additional pollutant occurring. If a new pollutant is discovered from the inspection result, we strictly manage the pollutant like we did with air pollutants, by checking on the related permission and approval and supplementing the facilities. In 2014, the inspection result of 17 water pollutants, including COD, SS and N-H, showed that they were at a lower level than the legally permitted standard by 20%.

Recycling Wastes

Doosan Heavy Industries & Construction changed the regulation on wastes and landscape remains, such as waste foundry sand and general dust, so that they are recycled instead of being incinerated like before. As a result, the recycling rate continued to increase to achieve recycling rate of 85% for wastes, which exceeded the initial target of 80% by recycling an amount of 61,000 tons out of a total waste generation of 72,000 tons. In 2015, we set a target to achieve recycling rate of more than 87%.

Prevention of Soil Contamination

To comply with the Soil Environment Conservation Act, Doosan Heavy Industries & Construction carry out environmental inspections on facilities that are exposed to soil contamination. We inspect new or closing facilities on soil contamination once a year, and if contamination is discovered, we conduct the soil precise investigation and purification on any contaminated facility. In 2014, the result of soil inspection showed that the amount of TPH and BTEX was 30% or less than the legal standard, while the result of above storage tank spill inspection also satisfied all of the inspection criteria.

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Response to Environmental Risk

Reduction of GHG Emissions

In order to prepare for the GHG emissions trading system being implemented nation-wide and to reduce the environmental risk, we are taking measures to actively respond to them, by participating in the pilot project for GHG emissions trading. In the future, we will set up an automatic warning system that allows us to take measures beforehand when there is a concern of exceeding the amount of GHG allocations, while also striving to reduce GHG emissions of more than 10,000tCO₂.

Enhanced Hazardous Chemical Management System

To faithfully comply with the Act Concerning Registration, Evaluation, etc. of Chemical Substances and the Chemicals Control Act, Doosan Heavy Industries & Construction developed an advanced inventory for chemical substances that can manage chemical substances without any information being omitted, enabling the monitoring of the present status of all chemical substances being used. Also, we ensured close management on the field by fostering 12 professional managers of chemical substances, including 7 professional managers for chemical substances and 5 persons participating in the training program.

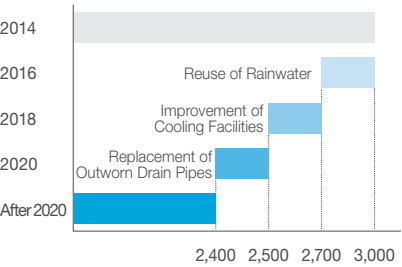
Prevention of the Source of Accidents Due to Leakages of Pollutants

Since Doosan Heavy Industries & Construction's Changwon Plant is located close to the Wetland at Masan Bay, it is expected to have a serious effect on the water ecosystem of the Wetland at Masan Bay and its neighboring environments if a large-scale accident occurs due to leakages of pollutants. Therefore, we are currently installing emergency floodgates to prepare for such leakage and spill accidents, while also being prepared by installing emulsifying sprayer in major rainwater pathways, triple oil fences, waste collectors, and automatic emulsifying sprayer in the final rainwater outlet. Additionally, in order to fundamentally prevent the limitation of the existing system where there were vulnerable times like during the holidays and night times, we established a system to prevent leakages and spills by utilizing our own water treatment technology, as well as aiming to achieve zero spill accidents in the future.

Water Response Strategies

According to the data announced by the Population Action International (PAI) under the UN in 2003, the Republic of Korea recorded 1,450m³ for the amount of water available per capita, to rank 129th out of 153 countries in the world and classify Korea as a water stressed country. In order to actively resolve the water shortage problem, Doosan Heavy Industries & Construction established a roadmap for medium and long-term reduction and set up an emergency response system in case of a water supply stoppage, to be prepared for the effect that water shortage has on running our operation. We stored 16,500m³ of water in 3 large-sized water tanks, which allows us to supply water internally for 5.5 days when there is a situation of water supply being stopped. Also, in order to reduce water use from a medium and long-term perspective, we reused rainwater, improved the efficiency of facilities using a lot of water, enhanced cooling facilities and actively replaced outworn drain pipes, to be well prepared for water shortages and supply interruptions.

Roadmap for Reducing Water Use (Unit : m³)



Fulfilled Environmental Responsibilities

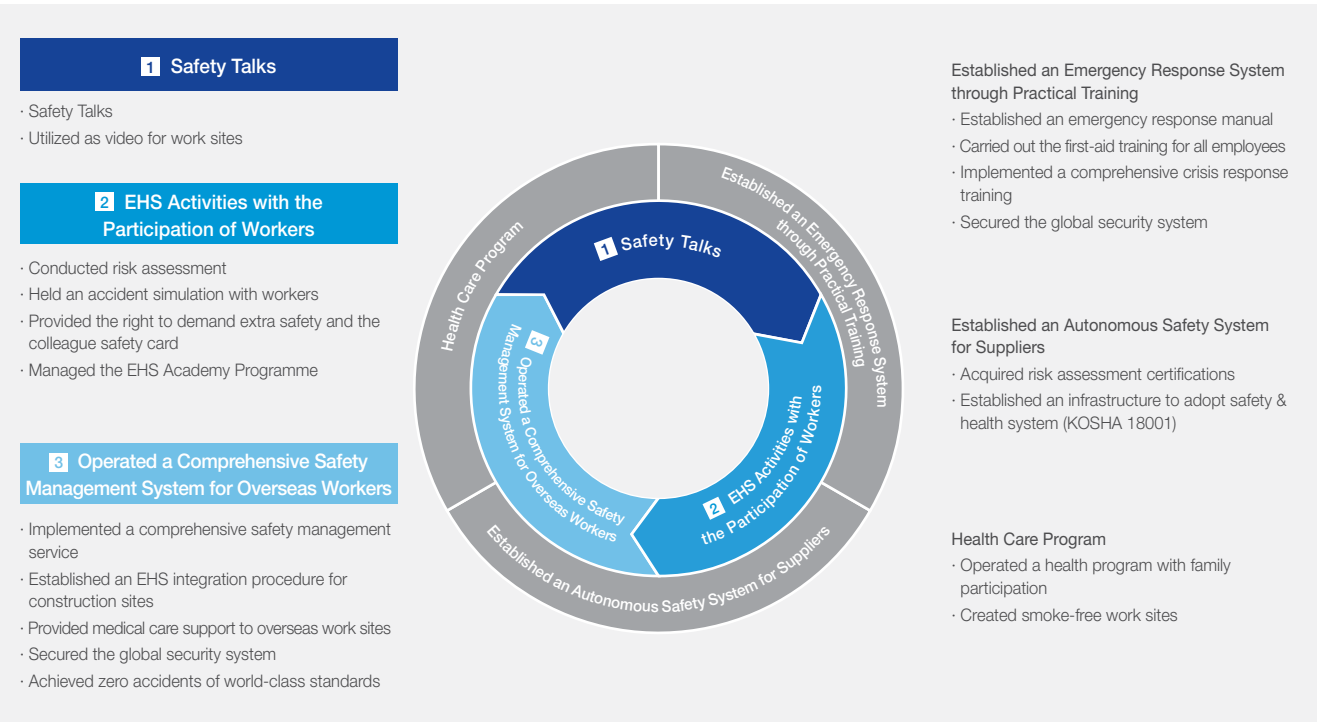
Green Purchasing

Doosan Heavy Industries & Construction actively implemented green purchasing as part of its green management practice, to fulfill corporate social responsibilities and reduce the environmental impact as much as possible. In 2011, we established the green purchasing guideline to practice green purchasing, and we also signed a voluntary agreement on green purchasing with the Korean government to continuously increase the purchase of eco-friendly products. In 2014, our green purchasing amounted to approximately KRW 1.8 billion.

Protection of Ecosystem

Doosan Heavy Industries & Construction is striving to minimize the impact on the ecosystem that might occur from implementing construction projects. We continue to implement our activities to preserve ranunculus kazusen-sis from the highway construction project in Incheon. Also, in order to protect phyllospadix iwatensis, phyllospadix japonica and zostera marina in the waters of the comprehensive industrial complex development project in Samcheok, which is a construction site for the Samcheok Green Power project, we replanted and preserved 24,000 species of phyllospadix and 520 species of zostera marina in the coasts of Nagok-ri, Bukmyeon, Uljin-gun, Gyeongbuk. In addition, in celebration of the Marine Day every year, we conduct purification activities for underwater and coastal environment to protect the wetland at Masan Bay, together with Gyeongnam Government, Changwon City Hall, Seongsan-gu Office, Kyungnam University and local private organizations. Moreover, we frequently removed branches and weeds that piled up at our internal rainwater drain outlets to prevent them from flowing into the sea. In 2014, about 350 persons participated in our underwater purification activities conducted twice in May and October, to remove 50 tons of waste in total.

Safety & Health Implementation Strategies



Safety & Health Strategies

Doosan Health Industries & Construction recognizes that the safety of work sites as its responsibility and obligation to the society, which is why the EHS activities led voluntarily by workers as participants are being implemented.

Safety & Health Activities and Performance

Established the Culture of Safety Talks

Doosan Heavy Industries & Construction recognizes the importance of the EHS, which is why the Safety Talks are held to create the culture of putting the value of EHS as top priority in all decision-making processes, by internalizing the awareness on safety through discussions about safety-related subjects before meetings. We also made and show an introductory video about the evacuation method to our visitors in case of emergency situations, as well as notifying about our EHS management philosophy.

In addition, in order to include field workers in the improvement activities themselves and internalize them as safety habits, we film them actually working on video and conduct risk assessments to come up with improvement plans by discussing with colleagues to identify risk factors.

EHS Activities with the Participation of Workers

Based on the culture of Safety Talks, we allow workers to identify the risks on their own and make improvements on duties identified as being a risk factor. Regarding high-risk duties, we place a check list on the work site so that workers can make confirmation with their own eyes. Also, we provide education during the Tool Box Meeting (TBM). We make sure workers start their duties after inspecting key areas beforehand, allowing them to take part by recognizing and removing the risk factors on their own. In addition, based on a thorough investigation on accidents due to near misses, we make colleagues to re-enact them to prevent the recurrence of similar accidents and conduct behavioral observation. In the case of duties without safety ensured, we provide the right to demand extra safety that starts work after removing risks. Also, we operate various systems led by workers to prevent safety accidents, such as operating the colleague safety card system by establishing 13 categories of the Golden Safety Rules that must be kept at work sites and having colleagues to look after one another. In the future, we will manage and analyze our data by issuing the colleague safety cards for each BG and plant.

Operated the EHS Academy

We are operating the EHS Academy that provides courses for different job positions and times, ensuring all employees from field workers to leaders recognize and carry out their role properly. In 2014, we held various programs, including an experience training program where the Meister from six areas of jobs personally educated about jobs that have high accident risks, the EHS leadership course and the course for developing internal lecturers for EHS.

In particular, in the case of the EHS leadership course, 93% of the participants responded that it helped them get a better understanding about their responsibility and role as the plant (team) manager, and greatly contributed in improving the EHS mind with good responses from employees regarding the experience safety training with the Meister from various fields taking part.

In the future, we plan to encourage voluntary participation of the management in EHS activities through workshops, as well as benchmark advanced companies and develop standardized textbooks to internalize the EHS role and capability required by supervisors and field workers at their workplaces.

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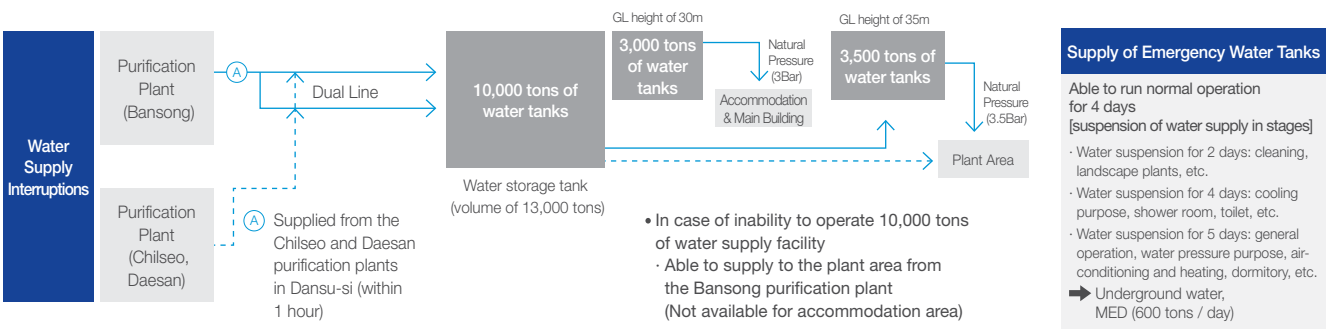
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Contingency Plan for Water Supply Interruptions



Established an Autonomous Safety System for Suppliers

In order to actively implement safety & health activities by strengthening the employees' awareness on safety and health, we have to enhance the safety & health awareness of suppliers that implement business activities in various fields. Therefore, Doosan Heavy Industries & Construction is strengthening suppliers' safety & health awareness through systematic training and guidance. In 2014, 36 suppliers acquired risk assessment certifications to be exempted of approximately KRW 83 million of occupational health and safety insurance fees, and we also held training programs for employees in charge of the system to prepare for suppliers' KOSHA certifications and helped improve the capabilities of employees in charge at 24 suppliers.

Also, we specifically applied our safety regulations when signing outsourcing or purchasing contracts with suppliers, including the EHS special contract and the EHS management directions for suppliers, to help improve the suppliers' awareness on safety and health issues.

In the future, we plan to operate a mutual cooperation program that reflects the needs of our suppliers and analyze the weak points of safety and health issues to support the suppliers make improvements.



Accident Rate of Construction Projects in 2014



1) Converted accident rate: [(Number of deaths X 5) + Number of injured / Number of regular employees] X 100
2) LTIR : Lost Time Incident Rate, U.S. OSHA
= Total No. of Lost Time Accidents x 200,000 / Total Man-hours worked

Operated a Comprehensive Safety Management System for Overseas Workers

Implemented a Comprehensive Safety Management System for Overseas Workers

Doosan Heavy Industries & Construction is striving to provide a healthy and safe working environment for employees who are working abroad, which increased annually as the company developed into a global company. As part of these efforts, in order to improve the system for managing overseas business trips and employees sent abroad, we provided a comprehensive safety service membership of 24 hours for our employees working abroad provided by a medical and security support service provider, International SOS. As a result, all employees going on overseas business trips or sent abroad can receive an on-line medical and security service 24 hours-anytime and anywhere.

Provided Medical Support to Overseas Work Sites

Many overseas work sites have poor medical systems compared to that of Korea. Doosan Heavy Industries & Construction is providing medical service support to not only the employees working at overseas work sites, but also to the employees of suppliers. In 2014, we sent medical staff to the Mong Duong 2 project in Vietnam and the Ain Sokhna project in Egypt. In particular, in the case of Mong Duong 2 project, we provided emergency medical support to help out with the rapidly increasing infectious disease and minimized damages caused by infectious disease through preventive measures.

Secured the Global Security System

Doosan Heavy Industries & Construction aim to create a safe working environment that considers protecting the safety of all employees working abroad, including suppliers, as its top priority. In this regard, we established a security plan in accordance with the integrated security management process focused on MENA (Middle East and North Africa) to prepare for dangerous situations that might occur.

In addition, we operated an evacuation plan at all overseas construction sites and branches, so that we can take appropriate measures in case of emergency situations. In particular, in the case

of Libya project, we recognized the danger of the political situation during our regular monitoring of international situation, to call back all of our employees and 435 persons from our suppliers through prompt decision-making of the management.

Established the EHS Integrated Procedure for Construction Sites

In line with the continuous expansion of overseas projects, Doosan Heavy Industries & Construction re-established the global EHS management system, and also overcame the limitations of geographical location and conditions and implemented healthy EHS management practices.

To achieve this, we reorganized the EHS work procedures and regulations for domestic and overseas construction projects. The EHS integrated procedure is applied uniformly to all construction projects, with content on important matters required for the construction project and to operate our head office's EHS system. Each standard of the procedure is based on the relevant Korean laws and international standard acts.

Achieved Zero Accident at the World-Class Standard

In 2014, Doosan Heavy Industries & Construction had not a single case of serious accidents that occurred at domestic and overseas construction projects, and achieved approximately 54% of reduction for the LTIR (Lost Time Injury Rate) based on the US's OSHA standard. Also, according to the 2013 Announcement on the Converted Accident Rates of Korea's Top 100 Construction Companies' announced by the Ministry of Employment and Labor, we recorded 0.08% for domestic construction projects and achieved the best result out of the top 50 construction companies ranked according to the appraised value of domestic construction ability. Among the overseas construction projects, we received the Golden Hard Hat Award for the Mong Duong 2 project in Vietnam and achieved 40 million hours of zero accident for the Rabigh project in Saudi Arabia. The year 2014 was a year of further strengthening our competitiveness in the global market by being acknowledged for the world-class management performance in EHS.

Contents of the Comprehensive Safety Management Service for Overseas Workers

Service	Contents
Medical / health support	Provided daily and emergency medical advice and interpretation service 24 hours through medical and health experts
Exclusive website	Provided medical and health information and automatic e-mail warning service by nation
Membership apps	Provided the latest issues and advices through smart phones by nation
On-line education	Implemented on-line storytelling education focused on actual cases regarding dangers that one might face anytime overseas
Identified the location of overseas workers	Identified the location to provide information about the destination of business trip, and in case of being exposed to danger, checking on personal safety through e-mail and SMS with a local warning system provided.

Established an EHS Emergency Response System through Practical Training

Established an Emergency Response Manual

Doosan Heavy Industries & Construction has conducted risk analysis on various situations to ensure a prompt and systematic response in the emergency response infrastructure in case of any emergency situation occurring, while also improving the completion of a detailed manual that includes a response scenario appropriate for these situations. Through these efforts, we completed establishing 20 types of emergency responses and came up with a manual for each category as well as a summary version. Also, in order to take action that follow the manual in case of an emergency situation occurring, we made a specific action plan for each BG.

Improved the First Aid Capability of All Employees

Doosan Heavy Industries & Construction is conducting a CPR (Cardiopulmonary Resuscitation) education focused on practice so that all employees can take prompt and appropriate measures in case of an emergency situation. We held the CPR education sessions for approximately 97% (1,743 persons) of employees a total of 8 times especially for the construction project workers who mainly work at the Seoul office. Also, 59 employees completed the lecturer development course at a professional institution and acquired the qualification as internal lecturers. In addition, we installed Automated External Defibrillator (AED) at Changwon plant, Seoul office, Top Team vehicles and the Doosan Family nursery facilities, so that quick responses are possible in case of a cardiac arrest of an employee or a family member.

BCM (Business Continuity Management) Manual

Classification	Training Category	Training Contents
Response Organization & Reporting System	· Emergency Management Team (HQ) · Emergency Operation Team (By BGs / work sites) · Emergency Management Team (HQ / work sites) · Report after recognizing the situation	· Emergency training (Company-wide BCM) · HQ training through emergency notification system · Situation recognition by setting situations and hold reporting system training
People	· Emergency notification, emergency report · Emergency contacts · Emergency evacuations · Emergency rescues · Internal safety for suppliers	· Training for emergency notification system (e-mail) · Self-training in teams through emergency contacts · Emergency training and scenarios developed based on the manual (including internal suppliers)
Asset	· Handled documents and actual assets taken out as top priority · Handled discarded documents · Removed dangerous substances · Provided basic fire prevention including firefighting, etc. · Protected core fixed assets and work sites · Closed down of work sites · Responded to IT stoppages and cyber terrors	· Managed the ledger for managing documents and actual assets · Supplemented and managed the manual on discarded documents · Provided scenarios and emergency training for the production BG · Provided scenarios and emergency training focused on the BG action plan · Held training on action plan and reporting on completion · Held training on data back-up in case of IT stoppage due to cyber terrors
Operation	· Signed contracts with major stakeholders · Made emergency transfer and stored raw materials and subsidiary materials · Operated for emergencies in case of a logistics paralysis in the metropolitan area · Responded to the utility supply stoppage	· Held emergency training based on the action plan · Held joint training for the Integrated Purchasing Team, Logistics Operation Team and between BGs · Held emergency training for the facility technology team in case of the utility supply stoppage



Implemented a Comprehensive Emergency Response Training

As emergency responses to prepare for disasters emerged as an important issue across the nation, Doosan Heavy Industries & Construction improved the emergency response capability by holding a comprehensive training with the participation of the government, private sector and the military. By utilizing the emergency response manual, we held our own emergency response training more than 70 times for BGs and plants. As a result, we had training with the simulation of actual situations, such as a building collapsing due to terror attacks, firefighting and saving lives, for 24 relevant institutions, including fire stations, military units, police task forces and the Korea Electric Power Corporation (KEPCO), and about 1,300 employees from the HQ. In the future, we will hold emergency training in cross forms for each BG and make mutual evaluations and benchmark them, to further strengthen our emergency response capability.

Operated Health Care Program Implemented the Family Participation Health Program

Doosan Heavy Industries & Construction is striving to manage the employees' health to ensure that they lead a healthy life. In particular, due to the increase of people in their 50s, we developed a health care program with aquatic, low-salt menu and exercise. As a result, the number of persons with chronic diseases decreased to 667 persons in 2014, which is a decrease of 20 persons compared to the previous year.

Also, we held an explanatory session on the Doosan Family Better Health to ensure continuous management of households with a chronic disease patient. It received good responses from the participating families because of various first aid instructions, such as practical cooking demonstrations by home-health medical specialists and cooking consultants at the affiliated hospital run by the company regarding food that are good for preventing brain cardiovascular diseases, and CPR education. In the future, we will implement care activities that are customized to the individual characteristics of employees, by utilizing the brain cardiovascular diagnosis program.

Created Smoke-Free Work Sites

In order to create safe and clean work sites and improve the health of employees and their families, Doosan Heavy Industries & Construction is implementing a move to create smoke-free work sites. By restricting the access to smoking and constantly promoting no-smoking, we reduced the ratio of smokers, and also put up no-smoking banners and posters at major restaurants including the employees' restaurant and operated a no-smoking class where experts personally visited the smokers (or the production site). In the future, we will install smoking booths to create safe and healthy work sites, as well as conduct activities to sign no-smoking pledges and write memorandums to identify employees who are smoking.

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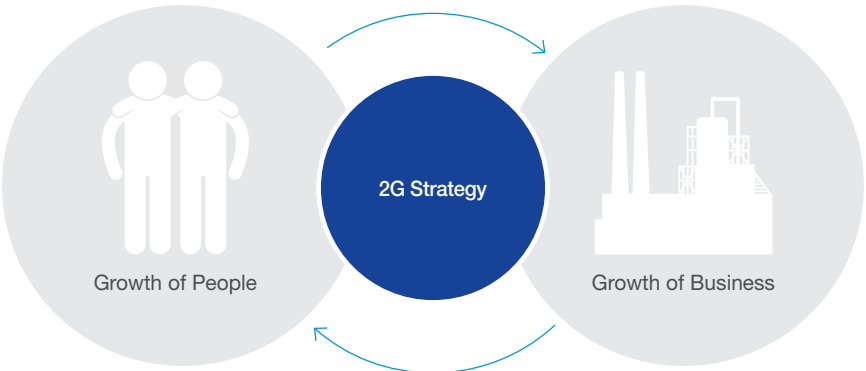
Major Performance and Goals

Implementation Tasks	Performance in 2014	Plans for 2015	Implementation Goals for 2015
Strengthened the HR Infrastructure Based on Talent Development	· Produced and distributed a guide book on leader's talent development for fostering employees	· Conduct job competency evaluation and establish the utilization system	· Strengthen the HR infrastructure by completing setting up the job competency evaluation system and upgrade the HR system
	· Established a job competency system for R&D and engineering organization and established / implemented the utilization plan	· Establish the job competency system for overseas subsidiaries and establish / implement the utilization plan	
	· Established and implemented the HR operation mechanism for systematic development of experts by function	· Select sojourning employees to develop global experts and enhance the development program	
	· Conducted the learning credit system	· Manage changes resulting from adopting the HRIS	
Improved the Development System and Education Quality to Reinforce Business Capabilities	· Increased the job training opportunity (engineering / production / quality, etc.) through the reorganization of training systems	· Upgrade the job training system for sales and marketing to strengthen order competitiveness	· Develop training directly linked to enhancing business performances and establish the training evaluation system for promoting training quality
	· Established the self-initiated learning culture	· Establish the evaluation system and strengthen job competency for application at work sites to strengthen the verification of training results	
	· Implemented training for overseas branches to increase training opportunities for overseas employees	· Upgrade the development system for overseas workers	
Recruited Professionals in Various Fields for Successful Business Implementation	· Recruited to acquire outstanding overseas R&D employees	· Increase recruiting with master's degree and doctor's degree to secure gas turbine and R&D employees	· Secure and develop the R&D employees to acquire fundamental competitiveness
	· Held the 2014 Youth Energy Tech Forum	· Secure the R&D leadership pipeline	
	· Reinforced the value proposition to recruit domestic R&D employees	· Hire professionals to run new businesses	
Reorganized the HR System According to Changes in Employment Environment	· Increased and strengthened training related to human rights and established an organization on human rights	· Hold meetings with different classes and implement program to strengthen human rights	· Promote employee satisfaction through the reorganization of HR system
	· Extended the retirement age and introduced a wage peak system	· Improve the fringe benefit to improve employees' welfare	
	· Implemented a retiree support system (Outplacement Program)	· Enhance the HR system in accordance with the amendment of Tax Act, including the DC related to performance-based payment, etc.	

Key Figure

Contents	2012	2013	2014
Average number of training courses completed per employee	-	4.4 courses	6.4 courses
Average learning hours per employee	51.39 hours	65.25 hours	112 hours
Number of learning clubs installed	-	-	251 clubs
Number of times work-site seminars held	-	-	684 times
Average learning hours per overseas employee	-	2 hours	23 hours

2G Strategy



Implementation Direction of Talent Management

Doosan Heavy Industries & Construction believes that talented people are the most valuable asset for its growth and development. The selection and development of outstanding talents act as a driving force behind a company's growth, and the company's growth in return provides opportunities to employees to bring out the people's growth. Therefore, Doosan Heavy Industries & Construction selected new and experienced employees through a strict screening process every year. To develop talents in a virtuous cycle, we are implementing the 2G strategies (Growth of People, Growth of Business).

All of our employees have developed into leaders and experts in the organization through a systematic and continuous development that started since the time they were newly hired in accordance with the 2G strategies.

Also, we established and operated the Leadership College to strengthen the leadership and problem-solving capabilities and the Professional College to reinforce the job expertise, to provide reasonable compensations based on Performance through MBO, which is the annual performance evaluation system.



Present Status of Employees

As of the end of 2014, the total number of Doosan Heavy Industries & Construction's employees is 8,388 persons (7,448 regular employees, 940 non-regular employees). There are 404 female employees, which is a lower ratio compared to the male employees due to the business characteristics, but we recognize that the diversity of human resources is very positive from the perspective of organizational competitiveness, which is why we continuously increased the hiring of female employees. Also, we hired 200 employees in the persons with disabilities category and 187 employees from among patriots' & veterans' and bereaved families through a special employment drive.

Recruited Professionals in Various Fields through Successful Business Implementation

In order to strengthen the global competitiveness in technology and R&D and secure future growth engine, Doosan Heavy Industries & Construction reinforced the recruiting of outstanding talented persons at home and abroad. In 2014, we visited major universities in the central and eastern part of the US to hold a campus recruiting activity for selecting talents that fits our R&D vision and conditions.

To recruit outstanding researchers and engineers in Korea, we held the Youth Energy Tech Forum for people with master's degree and doctor's degree who conducted researches related to the business areas of Doosan Heavy Industries & Construction, and we also shared the industry-university researches, technology development results and visions.

Strengthened the HR Infrastructure Based on Talent Management

Established the Job Competency Evaluation System

To strengthen employees' competitiveness and expertise, we changed from our HR operation system based on job position, to a system focused on job duties and established the HR infrastructure for developing job professionals. As part of these efforts, we established the FC (Functional Competency) system for job duties related to engineering and R&D, accounting for most of our employees. As a result, Doosan Heavy Industries & Construction was able to collect important data for establishing a plan for strengthening functional competency and recruiting human resources. In the future, we plan to complete the establishment of the FC system for all of our domestic employees and plan to expand it to overseas subsidiaries.

Implemented the Learning Credit System

Learning Credit is a system for completing essential credits based on 'self-initiated learning culture', which sets the annual target of minimum credits that all employees have to meet. The aim is to develop the Doosan People equipped with leadership and job expertise by classifying the areas of targets into leadership and professional. Whenever we establish an annual DP (Development Plan), all employees have to autonomously set up an annual learning plan and utilize the learning credits, so that we can support a more systematic self-learning in the future.

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Talent Development System

We increased the number of employees subject to the leadership education that reflects the inherent characteristics of Doosan Credo and Doosan People and the management education to internalize the problem-solving capabilities and business insights, while also upgrading the job training system for developing job professionals. In line with this, all employees established differentiated development plans for each individual according to their strengths and capability levels and participated in diverse educational courses that suit their growth route.

Reorganized the Job Training System

We established the Job Training Academy for all value chains to strengthen all employees' job competencies, while setting up a learning system in three stages based on years of service and job positions, including basic, advanced and expert courses. Through the re-organization of the system, employees were able to freely apply and listen to job training courses that meet their own levels and needs.

Implemented the Cross-Function Training for Better Understanding

To ensure employees with humanities and social science background get better understanding about businesses and technologies, we provide the Engineering for Commercial training that allows them to learn about basic concepts of engineering and the Economics for Engineer training that improves the economic thinking for employees with engineering background. Through these two training courses, we reinforced mutual communication capabilities that helped our employees to go beyond their field of their majors.

Expanded Training for Employees Working Abroad

In order to improve the capabilities of employees working abroad related to global business, Doosan Heavy Industries & Construction conducted customized training based on the characteristics of work sites. We held local training programs that included the STEPS training for improving the problem-solving capabilities and the talent development leadership training for enhancing leadership capabilities in Vietnam, India and Dubai. Also, we produced and distributed an on-line training program in the form of CD and USB to introduce job duties and company products, as well as English used at construction sites. In addition, we improved self-development and job competencies by establishing the E-library system without any restriction on time and space for employees.

Established and Operated the Two Track Training Processes

In order to develop internal site / factory employees, Doosan Heavy Industries & Construction established and operated the two track training processes, which is Korea's first growth route for developing site / factory employees to supplement the weaknesses of the existing system. Through these efforts, we fully supported the Meister of various fields by providing equal opportunities to all employees regardless of their job duties. As a result, we appointed the first Managing Director among the site / factory employees in 2014.

Developed Training Courses by Job Position

To strengthen the functional competencies of site / factory executives, we established a learning system in three stages based on the competencies required for different years and job positions, including basic, advanced and expert courses. Through the re-organization of the system, the employees were able to freely apply for and attend job training that meets their levels and needs.

Currently, we operate basic courses on three job duties, including welding, processing and quality assurance, with plans to gradually expand the advanced and expert courses in 2015. Also, we increased the development system established for the existing job levels to strengthen junior development, while also planning to develop and operate training programs for retirees who lacked these competencies in comparison to others.

Operated Internal Universities

We support employees in site / factory employees to complete training so that they can develop into professionals with outstanding talents that are required on the site. To achieve this, we operate the Doosan Heavy Industries Department as a four-year course by establishing an internal university through an agreement signed with the Changwon National University in 2014. To ensure the efficiency of the course, we invited Doosan Heavy Industries & Construction's employees as outside professors, while appointing the professors at the Changwon National University as our postdoc researchers.

The internal university's course is conducted every other year and the employees who take the course are supported with 50% of tuition fees, as well as scholarships provided for academically outstanding students. In 2014, a total of 57 persons took the course at the internal university after passing an entrance examination, including 27 persons for the new employee course and 30 persons for the transferred course.

Created a Happy Workplace

Established a System for Strengthening the Employees' Human Rights

Doosan Heavy Industries & Construction respects the human rights of various stakeholders, including customers, suppliers and domestic and overseas employees, as a global company, while also complying with rules and regulations on protecting human rights to realize the value of the Doosan Way. As part of these efforts, we established a Human Rights Committee internally, to prevent the infringement of human rights internally by notifying about respecting human rights and the process of reporting any discrimination. In the case of an infringement of human rights occurring, we conduct immediate investigation and take follow-up measures. Also, we are striving to improve the human rights of our employees by setting up a system to protect victims that might occur from the non-disclosure principle and the confidentiality agreement during the investigation.

Implemented Human Rights Education to Honor Global Initiatives for Human Rights

Doosan Heavy Industries & Construction adheres to the Labor Standards Act, International Labor Organization (ILO) policies, the principles of the UN Global Compact (UNGC), and prohibits forced labor and child labor. Additionally, we prohibit any discrimination based on age and gender in recruitment, promotions, wages, and welfare to create a stable working environment. We will launch company-wide management measures in three sectors – human rights, prohibition of discrimination, and treatment of employ-



ee grievances. We have also further expanded the scope of sexual harassment prevention education into gender equality and human rights.

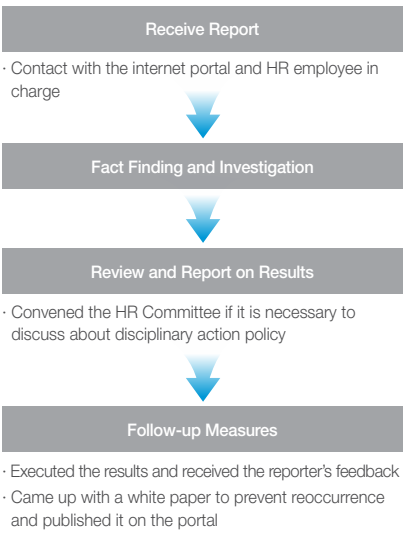
In order to realize the value of the Doosan Way, we focused on preventing internal infringements of human rights and achieving unity that arises from the ignorance on human rights; we expanded the mindset education on human rights that had been implemented only on sexual harassment earlier.

The education consists of three areas, including the concept on human rights, the program on respecting human rights and sharing related examples, which is held 40 times for all employees.

Employee Welfare Support System

Doosan Heavy Industries & Construction actively reflected the employees' requests and the social changes to expand the existing welfare support, while also improving the quality of life for employees by establishing a new welfare system.

Reporting Process for Respecting Human Rights and Prohibiting Discrimination



Major Welfare System for Employees

Support for Work-Life Balance	<ul style="list-style-type: none">Supported backpacking (European and American region)Provided 2 weeks of summer vacation and 1 week of year-end vacationSupported fees for the Fitness Center	Housing and Financial Support	<ul style="list-style-type: none">Provided financial support for housing and life necessitiesSupported consultation service for real estateProvided financial support for moving to another workplace
Childcare Support	<ul style="list-style-type: none">Supported infant nursery facilitiesSupported school expenses for middle and high schools and universities	Medical Support	<ul style="list-style-type: none">Supported operation expensesLinked to Chung-ang University Hospital's hotlineProvided medical service benefits through partner hospitals like dentistsIncreased diseases that are subject to healthcare subsidies (newly installed)Supported operation expenses for infertile couples (newly installed)Increased support for rehabilitation of disabled children (newly installed)Supported a comprehensive medical check-up program for retired persons (newly installed)
Family DOO Program	<ul style="list-style-type: none">Supported employees working at overseas projectsInvited employees' families to overseas sites where employees workImplemented the Family DOO volunteer activities		
Others	<ul style="list-style-type: none">Provided psychology consultation from outside experts, including job stress, family relationships, etc. (newly installed)Established and operated a comprehensive consultation center for the fields of legal affairs and investment techniques, etc.Improved working environments by raising menu prices and extended and constructed restaurants (newly installed)		

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Extension of Retirement Age

Due to the increased needs of employees to extend the retirement age as a result of changes in the aging society, as well as the amendment of the Act on Prohibition of Age Discrimination in Employment and Aged Employment, we increased the retirement age from 56 to 60 starting from 2014 with the agreement of more than half of our employees. Also, we introduced a wage peak system to lessen the wage burden that might arise from the extension of the retirement age.

Support for Retirees

In order to ensure a highly satisfying life after employees retire, Doosan Heavy Industries & Construction introduced and implemented the retirement pension plan consisting of the Defined Benefit (DB) Plan and the Defined Contribution (DC) Plan. Also, we are operating the Outplacement Program to educate about change management for retired employees and pre-retirees. We invited outside experts to provide consultation on re-employment and business start-ups and psychological consultations.

Contents of the Outplacement Program

- Reemployment Track
- Provided consulting on job information, reemployment training and employment method
- Business Start-up Track
- Provided business start-up mentoring, mock business start-up, ideas and on-site experience opportunities
- Established the CTC (Career Transition Center)
- Provided PC, printers, phones, fax machines, research center, resting space, etc.

Co-prosperity between Labor and Management

Labor-Management Relations Based on Mutual Prosperity

Labor-management relations based on trust can contribute to enhancing productivity by increasing the satisfaction level of employees, while also contributing to social development by reducing social costs resulting from conflicts. Therefore, Doosan Heavy Industries & Construction is striving to improve the profits of both labor and management relations, by deciding on labor conditions and resolving major issues with both sides participating, aiming to establish cooperative labor and management relations.

Autonomous Resolution of Issues on Ordinary Wages

In order to smoothly resolve major issues arising from the labor-management relations, we use various labor-management consultative channels to autonomously resolve them, such as operating the wage negotiation and the Labor-management Enhancement Committee separately. In particular, we started the collective bargaining in early May regarding the ordinary wage issues, which had been the top priority task as well as the biggest issue of the collective bargaining for 2014. We reached an agreement through diverse channels, including negotiation tables, regular communications between labor and management working-level talks and meetings between the negotiation representatives, which had been held a total of 48 times over about eight months. As a result, we reached an autonomous agreement between labor and management through improving the wage system at the end of December.

Labor-Management Council for Open Communication

Doosan Heavy Industries & Construction reviewed major issues related to production sites and employees through the Labor-Management Council and enhanced the employees' welfare by resolving the difficulties of members, such as improving working environment. The regular meeting is held every quarter, and in order to actively respond to issues that arise in the field, we share information between labor and management working-level staff, as well as regularly collecting opinions and making adjustments.

The agenda discussed at the regular Labor-Management Council is submitted after going through prior review and consultation among the relevant staff. The decisions about the agenda are made at the council where the matters related to management and decisions made are shared. Through these efforts, we resolved about 30 cases at the regular Labor-Management Council and working-level meetings, including improvements made for home-returning bus support in 2014. In the future, we will continue to discuss about ways to improve working hours and reorganize the wage system to establish cooperative labor-management relations.



Special Story

Two Track System of Growth for Site / Factory Employees

Appointed the First Site / Factory Executive in the Same Field

In June 2014, Sangwon Lee who is the Plant Manager of Turbine 2 Plant was promoted from General Manager to Managing Director, making him the first case of being promoted as an executive after having worked as a site / factory employee in the same field. The Managing Director graduated from high school in 1979 and went straight to work at Doosan Heavy Industries & Construction where he worked for 35 years in the field of producing turbine parts for generation plants. During his years of service, he received the Presidential Award thrice and the Bronze Tower Order of Industrial Service Medal, while also being selected as the Meister for contributing in the localization of core components and the enhancement of quality.



"There is a common notion that a person who received an award or was promoted to a higher position is a special person. However, I am an ordinary person who is no more outstanding than others, and I firmly believe that you will be rewarded for the efforts made and faithfully carrying out your duty with continuous self-development. The promotion as a Technology Managing Director was a recognition of the technical ability and know-how that I have accumulated in the field, which was very meaningful since it can provide a dream and vision for my juniors who work in the field. I think that I need to work even harder as a role model for my juniors."

Sangwon Lee
(Managing Director,
Turbine 2 Plant Manager)



Selected 6 Persons as Meister

Doosan Heavy Industries & Construction gave the title of Meister to six persons who are leading experts in their field and working hard at the production site. The Meister is the most outstanding expert in technology at the company and selected through a strict screening process. We conduct an objective evaluation of work performance and an assessment made by colleagues to measure the technology expertise and select candidates with self-development and leadership added to it. Afterwards, we choose the final candidates through working-level verification, technology assessment and final interview with the COO.

Name	Job Position	Field	Experience
Mancheol Cho	Technology Deputy General Manager	Welding	27 years
HeungJae Lee	Technology Senior Deputy General Manager	Welding	33 years
Youngbae Kim	Technology Deputy General Manager	Can Manufacturing	29 years
Gwangwoo Lee	Technology Deputy General Manager	Machine Assembly	30 years
Daehyung Cho	Technology Deputy General Manager	Equipment Operation	32 years
Younggwon Kim	Technology Senior Deputy General Manager	Nondestructive Testing	32 years



"When I heard that I was chosen as a candidate for BG Meister, the first thing that I thought was 'Am I really qualified?' and then I felt thankful and thought 'I should work harder in the future'.

I communicated with my colleagues based on my life philosophy of 'Work hard, enjoy life and give back when you can', and I did my best in my position at work, which gave me the honor of becoming the Meister. In the future, I will communicate with my colleagues and juniors about all the know-hows that I accumulated over the years and pass on my knowledge and experience with an open heart."

Mancheol Cho
(Worked for 27 years
in the field of welding)



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Major Performance and Goals

Implementation Tasks	Performance in 2014	Plans for 2015	Implementation Goals for 2015
Directed Our Social Contribution Activities	· Repositioned social contribution activities and established the system	· Establish a global integrated social contribution system	· Set up a global reporting system
	· Established social contribution strategies for our subsidiaries in Europe and Vietnam		
Diversified Our Social Contribution Programs	· Expanded the target and scope of volunteer activities	· Strengthen program execution abilities	· Establish the performance measurement process
	· Held theme programs for local childcare centers	· Evaluate and improve them programs	· Conduct a satisfaction survey by theme
	· Implemented the Doosan Day of Community Service	· Internalize program operation	· Hold two times in the first and second half of the year
Promoted and Enhanced Our Social Contribution Participation and Process	· Expanded the volunteer activities for weekdays	· Implement plans to increase the participation of site / factory employees	· Hold regular meetings for leaders of the site / factory employees
	· Increased the promotion of social contribution	· Expand social contribution incentives	· Implement the internal reward policy
	· Improved social contribution process	· Reinforce the utilization of social contribution information system	· Improve the social contribution information system

Key Figure

Contents	2012	2013	2014
Number of cases of volunteer activities	584 cases	608 cases	605 cases
Number of participants	2,811 persons	3,153 persons	3,721 persons
Rate of participation	41%	44%	52%
Total hours of volunteer works	24,206 hours	28,031 hours	33,775 hours
Volunteer hours per person	3.77 hours	4.28 hours	5.17 hours

Social Contribution

Doosan Heavy Industries & Construction provided a blue print to enhance the community's future competitiveness to become a respected company, while also striving to build Doosan's social contribution identity that is proud of being the Doosan People.



Social Contribution System



Implementation Direction of Our Social Contribution Activities

Goal	Establishing identity of our social contribution to earn respect of local communities and encourage all Doosan employees to raise self-esteem by helping others and build a blueprint to a better future		
Representative Activities	<div><div></div><div>Social contribution activities that are customized according to growth stages of talents</div></div>		
Direction	Business Oriented Enhancing the company's core values based on talented management	Community Focused Encouraging diverse stakeholders to participate in solving social issues of local communities	
	Employee Engagement Execution of social contribution activities by employees		
Major Activities	Cultivation of talent	Support for the underprivileged	Community based programs

Social Contribution System

Doosan Heavy Industries & Construction implemented strategic social contribution activities in three areas of 'Cultivation of talent', 'Support for the underprivileged', 'Closer to local communities' in accordance with three corporate principles of 'Business Oriented', 'Community Focused', and 'Employee Engagement'.

Direction of Social Contribution

Doosan Heavy Industries & Construction has implemented many social contribution activities aimed at developing talented people based on the people-oriented Doosan Group philosophy. The company's efforts until now have been focused on expanding our social contribution activities by fostering talents, supporting the socially needy and operating Community-Based Programs under the new mission of setting a blueprint that enhances the local communities' future competitiveness.

Implementation of Advanced and Structured CSR Programs

Doosan Heavy Industries & Construction is aiming to implement practical and systematic social contribution activities that reflects the business characteristics and local communities' needs and promotes employees' voluntary participation. To achieve this, we established the direction of our CSR initiatives as being to implement more advanced and structured social contribution activities. starting from 2014, while also adopting a system for diversifying and promoting our social contribution programs, and selecting and implementing three core tasks for improving the process of our social contribution activities.

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Established Direction of Our Social Contribution Activities

Through the repositioning of the existing social contribution activities, Doosan Heavy Industries & Construction classified them into three areas of concentration, support and basics and focused on talent development, while also establishing a new direction for implementing basic activities that supported the neglected class and contributed to local communities at the same time. In addition, in order for overseas work sites to fulfill their social responsibilities as global citizens, we established social contribution strategies for subsidiaries in the European region in 2013 and established social contribution strategies for Doosan Vina in Vietnam in 2014, to systematize the existing social contribution activities and expand the scope of activities. In 2015, we plan to establish the global social contribution system together with establishing the social contribution strategies of DPSI in India.

Diversified Our Social Contribution Programs and Introduced the Promotion System

Doosan Heavy Industries & Construction expanded the scope of social contribution activities and beneficiaries and reflected the needs of employees and local communities' stakeholders. We included a variety of neglected class, including the elderly, the disabled, women and multi-cultural families, in the scope of our social contribution activities, while also expanding our

employees' talent sharing activities. In addition, in order to increase the employees' participation in social contribution activities, we are implementing the weekday volunteer services, as well as implementing the system for promoting social contribution, including encouraging new volunteers, providing mileage system for volunteers, giving certifications of volunteer hours, and implementing an internal reward system.

Enhanced Our Social Contribution Process

In order to efficiently manage and implement social contribution activities, we are enhancing our social contribution process. As part of these efforts, we are reporting on social contribution activities and effectively managing the performance by utilizing the social contribution information system. Also, we revised the operation guideline for social volunteer groups containing information on operating the social contribution fund and the volunteer service process, as well as specified the operation system of the volunteer groups. In addition, we implemented activities for strengthening the competencies of leaders and supporters, such as holding the social volunteer groups workshops. Moreover, we have not only contributed to enhancing sociability, team work, righteous emotion, but also reduced operational expenditure, by running experience programs of seven themes: history, ecosystem, social / science studies, city tours, traditional plays, crafts, nature experience since 2014.

Doosan Heavy Industries & Construction's Social Contribution Activities

Doosan Heavy Industries & Construction are enhancing the future competitiveness and corporate value of local communities by strategically implementing social contribution activities. To achieve this, we are implementing our social contribution activities focused on major areas, including the program for cultivating talents, the program for supporting the underprivileged including children, youngsters, the elderly, the disabled, women, and the community-based program for resolving community issues based on stakeholder engagement.

Cultivation of Talent : Youth Energy Project

The Youth Energy Project aims to develop the younger generation into competent, well-rounded and self-reliant individuals. All programs included in the Youth Energy Project are customized to suit the growth stages of talents. Doosan Heavy Industries & Construction is operating the project to help strengthen the basic capabilities of children and youngsters as part of the efforts to cultivate future talents, and is also offering other diverse programs, such as development of outstanding talents in the fields of natural science and engineering and technical training programs for the unemployed. In 2015, we plan to operate the program of career selection for youngsters that supports youngsters to find out about different careers and imprints a correct impression about natural science and engineering on a trial basis.

Support for the Underprivileged

Doosan Heavy Industries & Construction is pursuing social contribution activities based on the participation of employees and stakeholders instead of social contribution activities that only make donations. To achieve this, we plan to expand programs with social welfare people in local communities, while also reflecting the stakeholder's requests and diversifying the scope of employees' volunteer activities to increase their participation.

청년에너지프로젝트 Youth Energy Project's Major Programs

Primary school students	Middle school students	High school students	University students	The Youth
· Theme programs for local childcare centers · Matching school expenses for low-income families · Donation of school textbooks · Sponsorship to Dream-High (Kumkum-Dda) Orchestra	· 'Job Film Festival' for Youth Career Exploration · Scholarships for students with outstanding academic performance from low-income families · Donation of school uniforms · Matching school expenses for low-income families · Donation of school textbooks	· Support programs for science high schools · Operation of 'Doosan Class' in meister / vocational high schools · Scholarships for students with outstanding academic performance from low-income families	· Academic-Industrial collaboration (Doosan Class in vocational colleges) · Technology study contest and visits to advanced overseas countries	· Vocational training and employment support for job seekers

Closer to Local Communities

Doosan Heavy Industries & Construction are implementing social contribution activities to take interest in the social issues in local communities and to resolve fundamental problems. We develop programs by communicating with diverse stakeholders in local communities to enhance our brand image and improve the satisfaction level of beneficiaries, as well as promoting the participation of our employees.

Creating Shared Value (CSV)

Recently, along with 'Corporate Social Responsibilities (CSR)', we are actively discussing 'Creating Shared Value (CSV)'. CSV is a concept that takes into consideration creating economic and social value from the early stages of business management, which promotes sustainable growth by introducing the concept of CSV to overseas companies or social contribution activities. Doosan Heavy Industries & Construction defined its own CSV and plan to pursue social contribution activities that are different from other companies by integrating it into business strategies and social activities in 2015.



Performance of Major Social Contribution Activities for 'Cultivation of Talent'

Program	Major Contents	Performance
'Job Film Festival' for Youth Career Exploration	Linked with the Changwon Office of Education Support for Youth Career Exploration	· Participated by about 400 elementary and middle school students from Changwon · Provided opportunity for career exploration
Theme Programs for Local Childcare Centers	Implemented 7 Theme Experience Activities, including History, Ecosystem, Society / Science, etc.	· Provided benefits to 1,300 children of 58 local childcare centers in Changwon · Published experience activities for Saturday classes held at outskirts of village
Established Sisterhood Ties with Changwon Science High School	Support for school development fund and research activities to develop outstanding local talents in natural science and engineering fields	· Achieved early admission of 75 persons to prestigious universities in Korea · Selected outstanding schools for sustainable growth in 2014
Academic-Industrial Collaboration 'Doosan Class'	Customized Technology Education for 4 High Schools and 4 Vocational Colleges	· 115 persons for the accumulated number of hired persons from the Doosan Class in 2014 · Added Aloysius Technical High School in Busan
Support for School Textbooks	Support for School Textbooks for Child Welfare Facilities	· Donated 11,568 textbooks and 1,814 children benefited
Donated School Uniforms	Volunteer Activities to Collect School Uniforms and Sponsor Laundry Expenses	· Collected 1,321 school uniforms and supported laundry expenses · Supported scholarship for children from low-income families

Performance of Major Social Contribution Activities for 'Support for the Underprivileged'

Program	Major Contents	Performance
Established Sisterhood Relationship with Child Welfare Facilities	Supported Subsidies for Operating Child Welfare Facilities and Donated Child Self-Supporting Fund	· Support provided to 71 child welfare facilities · Helped stabilize the operation of facilities and provided educational benefits
Dream-high (Kum-Kum-Dda) Orchestra	Supported Child Orchestra Affiliated to Local Childcare Center	· Participated by 60 children from 15 local childcare centers · Held the Seoul Youth Orchestra's Coaching School
Sponsoring Mecenat Activities	Participated in the Korea Mecenat Association's Program Between Company and Art	· Sponsored Seoul City Youth Orchestra
Supported Life Necessities for Low-Income Families	Delivered Life Necessities and Made Bread for Low-Income Families through 'Dasarang Dream' Program	· Delivered 600 sets of life necessities to 600 low-income households in Changwon
Clean House Programs	Repair of House, Inspection of Electric Wiring, Papering, Painting, etc.	· 16 households in Gyeongsangnam-do, including Husapo Village in Miryang, social welfare facilities, etc.
Kimchi Sharing Event	Kimchi Sharing Event for Low-income Households in Changwon	· Delivered 800 boxes of kimchi and 300 boxes of life necessities to low-income households in Changwon City

Performance of Major Social Contribution Activities for 'Closer to Local Communities'

Program	Major Contents	Performance
Renewal of the Changwon Science Center	Support for the Improvement of Exhibition Items at Changwon Science Center	· Installed Experience Items on Technologies for Power Generation and Water Business
Youth Protection Campaign	Guidance Activities on the Prohibition of Employment and Alcohol Sales to Youngsters at Adult Entertainment District in Changwon	· A watchdog for protecting youth from hazardous environments held 27 times annually with 287 participants
One-company, Seven Farming Villages Sisterhood Ties	Established Sisterhood Relationships with 7 Agricultural Villages, including Misan Village in Hanam, Gyeongnam	· Helped out with labor 12 times with 1,084 participants · Purchased special products worth KRW 60 million in five occasions
Environmental Purification Activities	Conducted Purification Activities in 7 Rivers, Mountains and Seas in Seoul, Yongin and Gyeongnam	· Held 16 times with 815 participants in Changwon, Mt. Cheonju, Gwanggyeo Stream, etc.
Activities Connecting Social Welfare Facilities	Campaign for Respecting Life, Project for Vitalizing Changwon City, etc.	· Implemented 7 programs connecting 5 and 4 social welfare facilities in Changwon and Seoul, respectively · Held 26 times with 555 participants

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DOOSAN
DAY OF COMMUNITY SERVICE

Held at the same time on October 24, 2014

6 numbers
Participating
Region

14 numbers
Global Work Sites

3,000 persons
Participating
Employees

77 numbers
Diverse
Programs

In order to fulfill corporate social responsibilities and enhance the future competitiveness of local communities, Doosan Heavy Industries & Construction held the 'Doosan Day of Community Service', which consists of 77 diverse programs participated in by about 3,000 employees from 14 work sites in 6 regions conducted at the same time on October 24, 2014. Through this event, we implemented various volunteer activities based on our social contribution system, such as 'Cultivation of talent', 'Support for the underprivileged', 'Closer to local communities'. Starting from 2015, we plan to integrate the activities that had been carried out by each subsidiary to ensure efficient operation, while also coming up with a program that can be implemented together with local communities to continue our sharing regularly twice a year in the first and second half of the year.



Korea
Doosan Heavy Industries & Construction
· Participated in 39 programs conducted in many regions like Changwon, Seoul, and Suji, such as children traffic safety campaigns, creating a healthy Yangjaecheon (Stream) and volunteer activities for farming villages together with suppliers, etc.



India
Doosan Power Systems India
· Participated in volunteer service for the environmental enhancement and goods donation to BVM School and Government Blind School



Vietnam
Doosan VINA
· Participated in activities for improving the educational and growth environments of Binh Thuan as elementary school with sisterhood ties



Czech Republic
Doosan Škoda Power
· Maintenance of local facilities in Pilsen and participated in environmental purification activities for the main stadium of Doosan Arena



U.K.
Doosan Babcock
· Participated in 13 programs, including Wear it Pink (breast cancer campaign), goods support for abandoned dog rescue, etc.

Doosan Enpure
· Participated in Wear it Pink activities, such as an event of raising the fund for a breast cancer research institute, etc.



Germany
Doosan Lentjes
· Maintenance of elementary schools, purification of Rhine River in Dusseldorf, supporting food rescue to low-income class and participated in activities supporting lectures on local languages



Saudi Arabia
Doosan Power Systems Arabia
· Implemented compliance campaign for Vehicles



America
Doosan HF Controls
· Participated in talent donation (STEM) activities for local elementary school (Lewisville TX)
Doosan Heavy Industries America
· Participated in joint local environmental purification activities, including local environmental group (MEVO)

Doosan Hydro Technology
· Donated clothes and life necessities to local charity organizations (FMC, Florida Medical Clinic Foundation of Carin)



UAE
Middle East Operation Center
· Participated in blood donation by employees at Middle East OC, JBL M project and suppliers
Saudi Arabia
Doosan Power Systems Arabia
· Implemented compliance campaign for Vehicles

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Customer Satisfaction

Major Performance and Goals

Implementation Tasks	Performance in 2014	Plans for 2015	Implementation Goals for 2015
Improved Customer Satisfaction	· Completed improvement tasks from the regular customer satisfaction survey	· Establish model for annual customer satisfaction survey	· Establish VOC-based model and conduct survey (2 times)
Strengthened Technical Support to Customers	· Held technical exchange meeting (2 times)	· Increase power generation companies subject to technical exchange meetings	· Hold technical exchange meetings (2 times)
	· Shorten the number of days for handling inquiries to provide prompt responses to customers (8 days)	· Shorten the number of days for handling inquiries to provide prompt responses to customers	· Handle responses in less than 7 days
	· Established and operated the C.C.C. (Customer Call Center)	· Promote and operate the C.C.C.	· Promote to power generation companies
Established Friendly Relationship with Our Clients	· Held field trip for our client's new employees at Changwon plant (2 times)	· Increase our clients	· Hold field trips to new employees (3 times)
	· Signed MOU for developing site / factory employees (1 case) and MOU for technical cooperation with electricity group company (2 cases)	· Sign MOU for technical cooperation in nuclear energy TG with the Korea Hydro & Nuclear Power	· Sign 2 MOU for technical cooperation

Key Figure

Contents	2012	2013	2014
Number of days for handling inquiries to provide prompt responses to customers	12.8 days	12.8 days	8.2 days
Provided prompt support for business trips	72 cases	658 cases	1,185 cases
Provided emergency support for technical advice to customers	107 cases	181 cases	628 cases
Made visits for technical support and held seminars for customers	22 cases	73 cases	325 cases

Customer Satisfaction

Customers are the reason why companies exist and the driving force behind a company's sustainable business activities. Therefore, it is very important to improve customer's value and satisfaction level, while also maintaining friendly relationships through mutual communication. Therefore, Doosan Heavy Industries & Construction is implementing customer-oriented business activities based on the spirit of the Doosan Way. We have unified our customer contact points to Customer Supporter, and we are systematically enhancing customer satisfaction by operating an exclusive team for customer support and establishing an official communication channel at the head office as well as customer channels by region.

Efforts for Improving Customer Satisfaction

Conducted Customer Satisfaction Surveys

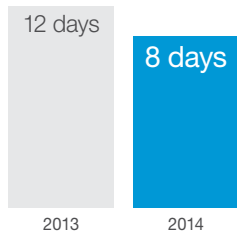
To improve customer satisfaction, Doosan Heavy Industries & Construction established and is operating a model for regular (medium and long-term) customer satisfaction survey and a model for annual (short-term) customer satisfaction survey. The regular customer satisfaction survey is conducted on all power plants in a period of 3 years, while the annual customer satisfaction survey is conducted on new domestic power plants that have been operated for 6-12 months after completing construction.

In particular, in the case of the annual customer satisfaction survey, we derive and implement customer-oriented improvement tasks after analyzing and listening to actual on-site VOC (Voice of Customer), ensuring objectivity by conducting individual interviews through outside consulting firms. We derive implementation tasks from the result of the customer satisfaction survey and connect them with aimed at achieving

Established Prompt Response System

In order to prepare for large accidents resulting from power generation facilities, Doosan Heavy Industries & Construction provided measures for recovering equipment and conducting accident prevention diagnosis to support measures to be taken in case of a customer's facility ac-

Number of days for handling inquiries to provide prompt responses to customers



cident. Also, we are implementing differentiated customer support activities by operating an emergency operation team for power supply during the winter and summer. In addition, we provide on-line technical support by operating the C.C.C. (Customer Call Center) to respond to emergency situations at power plants.

In 2014, we focused on providing prompt and accurate customer support to achieve the result of cutting down the time taken to give respond from 12 days in 2013 to 8 days in 2014, through efforts made in improving communication between relevant organizations and changing awareness about customers. Also, we provided 140 cases of technical support by supporting lifecycle management on items being supplied, as well as supporting 25 cases of power plant suspension through prompt services provided to customers.

Came Up with CS White Paper

Doosan Heavy Industries & Construction established the 'CS White Paper', and shares it to provide direction of duties and benchmark best practices, by recording various cases that might occur during the process of implementing duties related to quality assurance that aimed at achieving customer satisfaction. It consists of preventing customer complaints and cost impacts in advance, wrong cases of work implementation, and types of cases related to defective orders, for free of charge. Based on this, we are improving customer satisfaction level and appropriately dealing with our customers regarding issues related to quality assurance.



Activities for Pro-actively Improving Customer Value

Besides listening to customer's opinions and providing technical support, Doosan Heavy Industries and Construction provides aggressive-type of services to enhance customer value. The 'program on field trips to Changwon Plant inviting clients' is for the new employees and middle-management of our clients, aiming to create a positive image about Doosan Heavy Industries & Construction and establish friendly and mutual relationships. Also, we have been encouraging active participation and improved efficiency from our clients by holding the 'technology exchange meetings'. It is conducted in the forms of seminars and debates. Doosan Heavy Industries & Construction provides information on new technologies and technology trends to customers, while customers share information about improvements made in facilities and various operational data, to resolve information imbalance with customers and establish a partnership in the power market.

In addition, there is an increase in agreements signed, related to technical and operational support with power generation companies, and R&D conducted on and national policies jointly on improving the efficiency and increasing the volume of power generation facilities to achieve shared growth with our suppliers. In the future, we plan to add a larger number of power generation companies that receive our technical support, including technology exchange meetings, and widen our activities to have more contact points with our customers. Also, in order to get a better understanding of our customers, we will increase activities for friendly relationships from a non-business perspective by inviting our clients to field trips at our power plants.

Contents of 'Field Trips to Changwon Plant for Our Clients'

Target	Date of Implementation
Visits of the Korea South-East Power's New Employees (1 st and 2 nd)	2014.06 2014.08
Visits of Yeongheung Thermal Power Plant's Middle-Management (1 st ~3 rd)	2014.11

Contents of 'Technical Exchange Meeting'

Target	Date of Implementation
Korea East-West Power-Doosan Heavy Industries & Construction	2014.07
Korea Western Power-Doosan Heavy Industries & Construction	2014.11

Contents of Technical and Operational Support Agreements with Power Generation Companies

Target	Date of Implementation
MOU on Technical Cooperation with the Korea South-East Power	2014.04
MOU on Technical Cooperation with the Korea Midland Power	2014.07
MOU on Talent Development with the Korea Southern Power	2014.07

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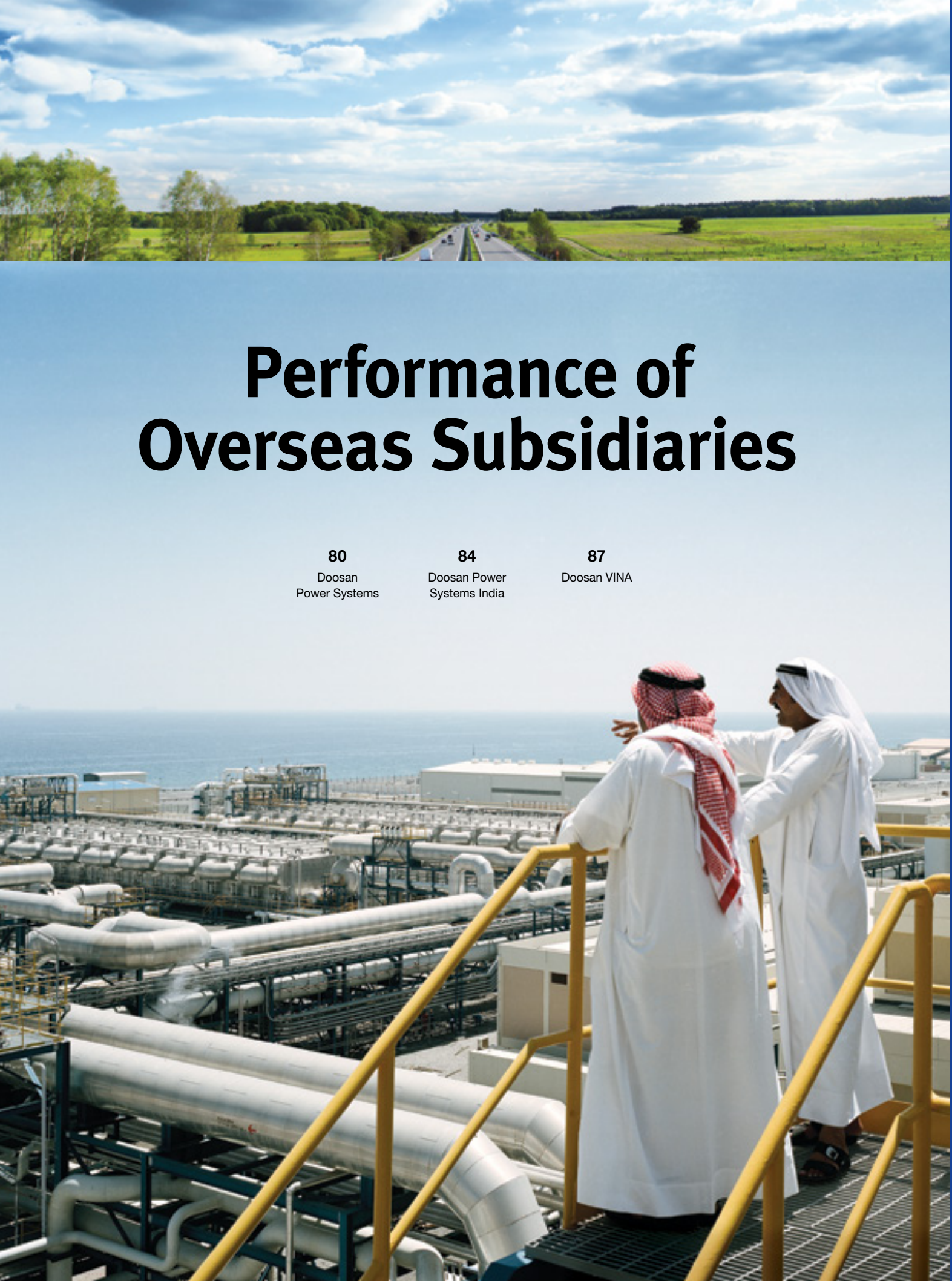
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Doosan Heavy Industries & Construction is striving to become a proud Doosan in the world in accordance with the Doosan Way by establishing business synergies with its subsidiaries around the world.



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Doosan Power Systems

“Doosan Power Systems unites the rich heritage of Doosan Babcock, Doosan Lentjes and Doosan Škoda Power in advanced steam generation, nuclear, waste-to-energy, and turbine design and manufacture.”



Company Introduction

DPS was established in 2010 as a holding company of subsidiaries located in the European region. It provides shared services, including corporate social responsibility, communications, finance etc., for conducting the businesses of Doosan Babcock in the UK, Doosan Škoda Power in the Czech Republic, and Doosan Lentjes in Germany. DPS also actively implements marketing and sales strategies for the power generation markets in Europe and the Americas.

Doosan Babcock

Doosan Babcock is a specialist in the delivery of engineering, aftermarket and upgrade services to the thermal power, nuclear, oil and gas, petrochemical and process sectors. Using best-in-class technical expertise and an industry-leading project management capability, the company builds, maintains and extends the life of customer assets worldwide.

Doosan Škoda Power

Doosan Škoda Power designs and manufactures turbo-generator systems that deliver maximum efficiency, durability and reliability for the power generation industry as well as a wide range of industrial applications, including manufacturing, petrochemicals, and municipal waste and biomass incineration plants. The company has been setting new standards in steam turbine technology for over a century.

Doosan Lentjes

Doosan Lentjes is a global provider of processes and technologies for energy production from renewable and fossil fuels. The company's specific areas of expertise include circulating fluidised bed boilers, key technologies for the generation of energy from waste, and flue gas cleaning systems. Doosan Lentjes' technologies have been pioneering energy solutions for 90 years and convert over 9 million tonnes of waste into energy every year.

Vision

Integrated solutions for a better life

DPS combines the experience and expertise of Doosan Babcock, Doosan Lentjes and Doosan Škoda Power in engineering, design, manufacturing and project execution putting our customers at the forefront of efficient energy production.



Financial Performance

(Unit : KRW 1 million)

	2012	2013	2014
Sales	1,390,493	1,268,091	1,420,117
Operating Profit	61,006	58,118	82,010
Total Assets	1,577,973	1,715,088	1,497,386
Total Liabilities	979,874	1,199,410	1,049,009
Total Equities	598,099	515,678	448,377

Major Products and Services

DPS combines expertise in the areas of engineering, design, manufacturing, project execution and asset integrity management of the three subsidiaries; Doosan Babcock, Doosan Škoda Power and Doosan Lentjes.

DPS Major Products and Services

Area	Products and Services
Green Energy	Circulating Fluidized-Bed Technology (CFB)
	Waste to Energy (WtE)
	Air Pollution Control Technology
Power Plant EPC	Nuclear Power Plant
	Thermal Power Plant
Power Plant Facilities	Combustion Systems
	Secondary NOx Control
	Steam Turbines
	Turbines
	Heat Exchanger
	Biomass Conversion Business
Remodeling and Upgrading of Power Plants	Maintenance of Power Plants
	Closure, Remodeling and Upgrading
	Decommissioning, etc.

Business Model

DPS unites the capabilities of Doosan Lentjes and Doosan Babcock in advanced steam generation, waste-to-energy and nuclear with the global leadership of Doosan Škoda Power in the design and manufacture of turbines. Supported by our global service capabilities, this winning combination gives Doosan Power Systems the capability to provide efficient and cost-effective solutions that create real value for our customers and their assets around the world.

Corporate Governance

DPS's Board of Directors consists of a total of six members, comprising two from local management and three from the Korean management, to discuss significant business matters and make key decisions. The CEO holds the concurrent position as the chairman of the Board of Directors. The regular Board of Directors meeting is held once a month, and when necessary, it is convened through a video conference.

Name	Major Experience and Job Position
Myongdong Ryu	CEO - Doosan Power Systems SA
Kwangseob Jung	DPS SA - CFO
Jitaiik Chung	DHIC-COO
Myeongho Jang	DHIC-CFO
Daejin Choi	DHIC-VP / Corporate Strategy

(As of June, 2015)

Analysis of Business Environments

In the case of coal-fired thermal power plants, the overall order volume decreased due to the strengthened environmental regulations and the stabilization from lower gas prices. However, the demand from non-OECD countries has been maintained and it is forecast to grow from a medium to long-term perspective. Gas power generation is forecast to increase with new demands as a result of the stabilization of lower gas prices and the strengthening of environmental regulations. In the case of nuclear power generation, it is expected to continuously increase due to the opportunities for participation in new nuclear power plants in developed countries including the US, but excluding China, India, the Middle East and some European countries where the business environment has been weakened following the Fukushima nuclear disaster.

Strategy

As a subsidiary of Doosan Heavy Industries, Doosan Power Systems' strategy is based on the group's 2G philosophy which is the growth of business by growth of people.

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Business Performance and Future Plans

Doosan Babcock

Doosan Babcock has been a major supplier to the nuclear industry for more than 65 years and is engaged in procurement, engineering and construction along with plant maintenance and asset support of nuclear power stations. The company is also expanding a comprehensive consulting service (Asset Integrity Management) to conduct equipment diagnosis, maintenance planning and operations. In addition, in the thermal sector, Doosan Babcock undertakes boiler retrofit and upgrades to improve the efficiency and function of the power plant.

In the future, Doosan Babcock plans to expand the retrofit business opportunities in North America, which is expected to grow due to the strengthening of new environmental regulations, and achieve stable growth through reinforcing the risk management of the boiler business. There are plans to increase the Middle East oil, gas and petrochemical orders for increasing the volume of service businesses and to strengthen the UK and Eastern Europe's MRO business through early partnering with clients, which is also expected to increase the high-profit diagnosis consulting business.

Doosan Lentjes

Due to the forecast that the CFB market will grow mainly in India, Turkey, Vietnam, Indonesia and South Africa, Doosan Lentjes is responding to the changes in market environments such as starting the development of the 600MW class USC circulating fluidized-bed (CFB) boiler through cooperation with the Boiler R&D Centre. Also, Doosan Lentjes has expanded cooperation in environmental business and strengthened competitiveness through upgrading engineering. In addition, Doosan Lentjes has explored new growth engines by entering into new markets and developing an incineration generation package resulting from market segmentation.

In the future, Doosan Lentjes will increase sales in Doosan Heavy Industries & Construction's Boiler Business Group core markets in Southeast Asia, South America and India, as well as increase orders for Lentjes' CFB and air pollution control products. Also, there are plans to provide technical support for the Boiler Business Group and upgrade the CFB boiler model.



Doosan Škoda Power

Doosan Škoda Power strengthened its position as a supplier of small and medium-sized steam turbine generators (STG) and IST equipment locally through continuous orders from Europe and South America despite the global economic recession. Also, Doosan Škoda Power achieved a good performance in STG for concentrated solar power purposes for the first time, to diversify the business portfolio and increase accessible business areas. In addition, Doosan Škoda Power improved performance and achieved good results by applying technologies that completed development in PJT through continuous R&D investment, which improved competitiveness in winning orders.

In the future, Doosan Škoda Power plans to increase STG solutions that can respond to diverse fuel mixes and continuously strengthen the competitiveness of underlying products, while also increasing performance in the existing markets, mainly in Europe and South America, and expanding market share and coverage by developing new markets through sales to major customers.



Sponsoring to Glasgow Club Bellahouston in the UK

Sustainability Management
Performance and Future Plans

Ethical Management

In 2014, Doosan Babcock included the Code of Ethics in the Corporate Social Responsibility (CSR) policy to enhance the ethics and morals of business management and develop one concrete framework for handling all areas operated by the company. Also, in order to implement sustainability management, Doosan Škoda Power established the Code of Conduct for business activities based on the ten principles of the UN Global Compact to conduct business activities in an ethical and transparent manner.

Environment

In 2014, Doosan Babcock received ISO 14001:2004 certification by operating the environmental management system. Doosan Babcock reported on the quantitative greenhouse gas (GHG) emissions and updated and managed its annual data after achieving ISO 14064 in 2011. In particular, Doosan Babcock recorded 14,000 CO₂e of GHG emissions that came from fossil fuels used on the site, to reduce the emissions by 16% compared to 2013. Doosan Babcock also, set a target of reducing a further 20% by 2020.

To improve energy efficiency, Doosan Babcock established a central storage facility with the Vickers energy management system which reduces about 30% of gas consumption and heat loss. They also installed a boiler using wood as the main source of fuel to conduct a feasibility survey on utilizing it for craft services business. Most of the Doosan Babcock facilities was replaced with manual infrared lighting to reduce power consumption. Moreover, Doosan Babcock selected the appropriate waste treatment company to thoroughly manage waste and raised employees' awareness to minimize waste generation, to achieve zero landfill waste volume from the Renfrew facility in 2014.

In addition, Doosan Babcock is contributing to the environment by providing an eco-friendly engineering solution to customers. They provide products and services that can reduce emissions and are working to maximize efficiencies and functions of power plants.

Health & Safety

Doosan Škoda Power is striving to improve productivity and provide a safe working environment for employees. As part of this commitment, in 2014 they conducted training on creating a safe working site, preventing fire and taking precautionary measures against other risks. Around 1,200 employees participated in the training. As a result of continuous and systematic health and safety activities, Doosan Škoda Power achieved the OHSAS 18001 (Occupational Health and Safety Assessment Series) certification, and Doosan Babcock won the Sword of Honour Award hosted by the British Safety council for also implementing the health and safety activities.

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Doosan Power Systems India

“Doosan Power Systems India (hereinafter referred to as “DPSI”) is contributing to the Indian power market by successfully executing power plants by leveraging our advanced technology and efficient project management capabilities. Doosan has been the pioneer in bringing the Super-critical technology to India by successfully commissioning the first Super-critical boilers (660MW & 800MW) in India. Doosan has differentiated itself in the Indian power market by delivering on-time sophisticated power solutions. At DPSI, we aim at going beyond the mere legal obligation of the Indian CSR law and work towards developing the local communities and making them self-reliant thereby infusing a sense of pride amongst our employees.”

Company Introduction

DPSI, with its advanced power technologies and world class Boiler manufacturing facility at Chennai, provides integrated power plant EPC solutions to the promising Indian power market.

DPSI was formed in 2011 by consolidating all the Doosan Heavy Industries & Construction (herein after ‘DHIC’) owned subsidiaries in India. Further, the merger of DPSI and Doosan Chennai Works was completed in 2012 which strengthened the capability of DPSI as an integrated power EPC solutions provider across the entire power generation value chain.



Vision

Vision	To become a leading company in India's power plant business by providing the best value to our customers	
Goal	Integrated Power Plant Solution Provider	
Core Values	Securing Fundamental Competitiveness for DPSI	Acquiring Business Competitiveness through accumulated indigenous expertise in India

Financial Performance

(Unit : KRW 1 million)

	2012	2013	2014
Sales	232,538	661,482	582,712
Operating Profit	(1,809)	39,389	23,501
Total Assets	473,428	498,648	519,031
Total Liabilities	355,373	380,247	390,883
Total Equities	118,055	118,401	128,148



Corporate Governance

DPSI Board of Directors comprises of 7 Board Members. Out of these 7, 4 members are Executive Directors and 3 are Nominee Directors. All the 4 Executive Directors are actively engaged in the day to day business operations of the Company based on ‘The Doosan Way.’ The Nominee Directors are periodically informed and consulted about the business of the company. Besides the technical expertise, most of the Board members have knowledge and expertise in the applicable areas, including Strategy, Finance, Sales and Marketing, Production, Project Management etc.

Name	Job Position and Major Experience
Chang Seob Son	Managing Director & CEO / Project Management Power & Water Plants Construction
Jong Seok Park	Strategy Director / Strategy, Sales & Marketing
Cheol Soo Son	CFO, Director / Cost Management
Dukhee Jeong	Manufacturing Head, Director / Boiler Production Control
Ji Taik Chung	Nominee Director (DHIC-COO)
Myeongho Jang	Nominee Director (DHIC-CFO)
Daejin Choi	Nominee Director (DHIC)

(As of June, 2015)

Business Strategy

Analysis of Business Environments

The Modi Government’s decisive win in 2014 has paved the way for India’s rapid economic growth. Global investors are optimistic on the Indian economic prospects and are forecasting re-starting of the Indian economic growth up-swing. Infrastructure is clearly one of the big thrust areas of the current Government and several policy initiatives to kick-start infrastructure projects have been initiated. Stalled projects are being provided speedier clearances, tax benefits etc. to enhance investor interest in the power sector. Government’s flagship program ‘Make in India’ intends to roll out a red carpet welcome and replace the existing red tape to attract industrialists for making India a global manufacturing hub, to help create jobs and boost the economic growth. The power sector is gearing up to meet the Government’s ambitious target of ‘Power for All’ by 2019. India’s per capita electricity consumption is less than one-third of China’s. With India set to overtake China as the most populated country as early as 2028, the power sector offers vast future growth potential. However, in the short term, focused Government’s efforts are needed to solve the chronic issues like poor financial health of discoms, inadequate fuel etc. which are hampering the growth of the entire power sector value chain.

Strategy

DPSI strives to strengthen its fundamental competitiveness to be ready for the India’s power market revival in the coming few years.

Major Products and Services

DPSI is evolving into a comprehensive power plant solutions company based on the proprietary Boiler Technology owned by DHIC and worldclass manufacturing facility at Chennai. DPSI provides comprehensive power plant solutions including EPC solutions for power generation, manufacturing the main equipment for boilers independently and executing R&M for enhanced efficiency and life extension of power plants.

Business Model

DPSI provides end-to-end solutions from engineering to installation and commissioning of power plants with the proprietary state-of-the-art technologies owned by DHIC. This unhindered technology access, along with Doosan Power business group’s synergies, fully complements DPSI’s indigenous expertise across the power generation value chain.

EPC
· Provides a Turnkey service from beginning to end- engineering, procurement, manufacturing, installation and commissioning for Thermal power plants.
Boiler Manufacturing
· DPSI offers full line-up of small to large Boilers for thermal power plants.
Service (R&M)

· DPSI has a comprehensive range of renovation, modernization, upgradation and life extension capabilities to optimize plant performance and energy efficiency as an EPC provider.

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Business Performance and Future Plans
Business Performance

Against this challenging environment caused not only by the insufficient supply of coal and financial issues of power generation companies but also fierce competition, DPSI's profits have declined as compared to the previous year. DPSI is keenly following the Government's efforts to solve the deep-rooted structural issues impeding the power sector prospects. However, DPSI has been getting excellent feedback from its clients and building up a reliable reputation in the Indian power market by successfully executing large-scale power plant projects. This is largely the fruits of our tireless efforts to deliver highly efficient power plants in a timely manner which promises an even brighter future by building mutual trust between DPSI and our esteemed clients. In April 2015, we successfully achieved the synchronization with the grid for Unit#1 of GMR's first Super-critical power plant (2x685MW) at Raipur, Chattishgarh. Moreover, DPSI is currently executing the first Bulk Order from NTPC for supply of 5 boilers (total capacity 5x800MW) (3 units at Kudgi in Karnataka and 2 units at Lara in Chattisgarh). Also, DPSI is continuously exploring new business opportunities in the neighboring SAARC (South Asian Association for Regional Cooperation) countries like Sri Lanka and Bangladesh, etc.

Future Plans

In 2015, we are focusing on 2 key pillars:

- Ensuring 'Quality, Cost and Delivery' (QCD) in on-going projects to enhance fundamental competitiveness by internalizing project execution lessons learnt and preventing issues recurrence
- Improve profitability through operational excellence

Sustainable Performance Management and Future Plans

DPSI is committed to building a sustainable business, creating a long term value for its stakeholders, working in partnership with its clients and having a positive social and economic impact on the communities where it operates. In order to establish a sustainable management system, DPSI is eliminating inefficiencies and thereby building a robust foundation of our fundamental competitiveness combining tangible and short-term gains to yield longer term competitive advantage. Also, DPSI aims at going beyond the mere legal obligation of the Indian CSR law and work towards implementing dedicated volunteer services to the under privileged people in the local communities. Through these activities, employees can experience a sense of joy in helping others as well as actively supporting the self-reliance and rehabilitation of the socially marginalized communities. The core focus areas of DPSI's CSR programs are education, healthcare & sanitation, access to drinking water, skill development, disaster relief, community development, access to energy and protection of the ecosystem.

Sustainable Performance Management

Established the CSR Committee

DPSI has established a Board Level CSR Committee which ensures the overall planning and implementation of the CSR activities. In order to ensure maximum employees participation in the CSR activities, we have constituted a "CSR Operational Committee", comprising of representatives from each department. This working level committee motivates voluntary participation and enhances the transparency of our CSR operations.

EHS Activities

In 2014, DPSI reinforced its capabilities on EHS by identifying the EHS duties and localizing the EHS processes required at the Chennai plant. With active participation of the local employees, the company-wide EHS capabilities have improved resulting in the overall streamlined EHS processes with robust check lists for all on-site inspections.

Also, DPSI has standardized the EHS procedures and established annual and weekly plans for EHS activities to systematically conduct the 'Plan-Do-Check-Act' in all activities.

Contribution to Local Communities

In 2014, DPSI has focused on enhancing the educational environment for the underprivileged children. DPSI Gurgaon office has been financially supporting BVM School for many years. On Teacher's Day (Sept. 5, 2014), we felicitated the BVM school teachers for their hard work and organized a creative craft's workshop for children. During the first ever, Doosan Day of Community Service in Oct., 2014, our 130 employee volunteers put in their heart & soul to renovate and improve the school facilities and environment. They cleaned the floors, painted the walls, created beautiful art-work, set-up a library & games center.

At Chennai, 180 employees and workmen renovated the educational facilities of the century old Victory Memorial Blind School with their hard-work and commitment, which benefited over 200 visually impaired people.

Future Plans

DPSI firmly believes that sustainable performance management will unlock long term stakeholder value not just for our business but also for our local communities and the environment.

DPSI enhanced the EHS procedures to establish safe and clean working environment with efficient EHS activities. Also, DPSI established an annual EHS plan to reinforce the EHS execution through close communication with the relevant stakeholders.

DPSI plans to continuously improve the educational environment for the under privileged children and gradually expand our efforts for other educational institutions.

Also, DPSI plans to strengthen the 'Cleanliness & Plantation Drive' in connection with the Indian Government's 'Swachh Bharat Abhiyan'(Clean India Campaign).

Moreover, DPSI will explore and implement new CSR initiatives in cooperation with major stakeholders and customers to ensure well organized continuous CSR activities in the coming years.



Doosan VINA

"Doosan VINA supplies large-scale Boilers and Heat Recovery Steam Generators (HRSG) for power plants, Seawater Desalination Plants that can resolve the global water shortage, Material Handling Systems (MHS) for the transfer of materials, and the mega scale Petrochemical Processing equipment in use around the world. Doosan VINA aims to develop into a company that enhances the life and living standard of people and communities by offering fundamentally competitive products and services through a process of continuous improvement, investments in technology, training and talent development."

Company Introduction

Doosan VINA was established in May of 2009, and currently has about 2,500 employees producing and supplying large-scale industrial projects and power generation plants to countries around the world. Doosan VINA is Vietnam's number one company in the field of heavy industry and has produced more than US\$ 1 billion in products since 2009. In addition to continuing to grow in production volume, Doosan VINA has also pushed to increase its technical competency, acquiring its ASME Nuclear Supplier certification in 2014, which was a first in South East Asia.

Corporate Social Responsibility is also a major focus and to date the company has invested over \$5 million in CSR activities. Recently those efforts have been recognized with the Grand Prize in the 4th CSR Awards Ceremony for Korean Businesses in Vietnam.



Vision

Upgraded Business Systems	
· Independent production + restricted local outsourcing · Focused on domestic vendors / transaction-based purchase	· Optimized global capacity by securing local production base overseas · Global Sourcing / Partnership-based purchase
· Maximize manufacturing capacity to achieve medium and long-term visions · Strengthen manufacturing capability through cost competitiveness · Establish global business implementation capability	

Financial Performance

(Unit : KRW 1 million)

	2012	2013	2014
Sales	217,886	269,374	227,864
Operating Profit	(11,981)	(38,191)	(2,699)
Total Assets	398,504	441,289	375,364
Total Liabilities	277,064	367,337	299,800
Total Equities	121,440	73,952	75,563

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Mong Duong II Coal-fired Power Plant in Vietnam



Business Strategy

Analysis of Business Environments

Due to the continuing global economic recession, it is forecasted that the demand for power generation and seawater desalination facilities around the world will not improve significantly and the prediction is for a slow growth period in the short-term. However, Doosan VINA has aggressively pursued new markets to attract new customers and secure new orders from large industrial companies in Vietnam, the region and globally. These strategies are now bearing fruit and Doosan VINA has won orders for a Rubber Tired Gantry Crane (RTGC) from Danang Port and two Rail Mounted Quayside Cranes from the Nghi Son Refinery & Petrochemicals project in Northern Vietnam.

Strategy

Doosan VINA is an overseas production base for the parent company as well as a registered national Company. Doosan VINA has played an active role in the Vietnamese power sector ever since commencing operations in 2009. Today we can see that our efforts to partner with domestic and international companies in the sector are paying dividends in terms of increased power coming online and the domestic ability of the nation. Since 2010 we've designed, engineered, manufactured, and have, or are in the process of constructing: Mong Duong II, Vinh Tan IV and Song Hau I thermal power plants. Doosan VINA's future plans call for a strengthening of our local presence and our development as an independent operation capable of providing complete turnkey infrastructure engineering and production that will enable us to be a top global production player, supplying world-class equipment to customers around the world.

Strategic Activities for Strengthening Local Presence	
· Implementing CSR activities customized to local situations · Establishing long-term relationships · Contributing to industrial development and localization of Vietnam (HR development and technology transfer)	
Expanding the Capacity to Supply Components and Securing Competitiveness	
· Increasing professional items (facilities for transport of materials, BOP products, etc.) · Developing engineering and estimation capabilities · Growing marketing professionals and their capabilities	

Major Products and Services

- Power generation equipment and facilities (boilers, HRSG, etc.)
- Water plant equipment and facilities, including complete seawater desalination systems and more.
- Facilities for transport of materials, including port cranes, etc.
- Petrochemical facilities and large-scale industrial structures, etc.

Business Model

Doosan VINA plays an important role linking Doosan Heavy Industries & Construction's global production system to Vietnamese industry. The company produces power generation boilers, Heat Recovery Steam Generators (HRSG), seawater desalination systems, large-scale cranes and equipment for the transfer of material and cargo containers, as well as Chemical Processing Equipment and facilities for refineries and other applications. Doosan VINA is being developed based on a vision to expand our production scale while strengthening our technical capability.

Corporate Governance

Doosan VINA's Board of Directors consists of eight people. The board includes the Business Group heads from Doosan Heavy Industries & Construction and Doosan VINA's local management including the CEO and the CFO. In order to protect the rights of its stakeholders the Doosan VINA board operates based on the Doosan Way with a focus on transparency and open sharing of opinions that are related to the company's operation.

Name	Major Experience and Job Position
Hwangjik Lee	Head of Boiler Business Group, DHIC
Seokwon Yoon	Head of Water Business Group, DHIC
Hoseon Shin	Head of CPE Business Group, DE&C
Hangha Ryu	CEO of Doosan Vina
Hyuk Kim	Head of operational excellence, DHIC
Jongmun Lee	DHIC Controller
Byunghui Lee	CFO of Doosan Vina
Sungan Oh	Director of CPE - Doosan Vina

(As of June, 2015)



Business Performance and Future Plans

Business Performance

In October 2014, Doosan VINA successfully completed the third stage of Saudi Arabia's Yanbu desalination project (20MIGD x 4 units) which is the world's largest MED desalination plant.

Doosan VINA has also supplied four 800 MW HRSG units: two for the Kudgi India Power Plant Project and two for the Intergen Mexico Power Plant Project. The company also expects to hand over the Mong Duong II (MDII) project (600MW x 2) in Vietnam by the end of June 2015 which was Doosan VINA's first Power Plant order in Vietnam. In addition to MDII, Doosan VINA has been busy producing tons of high tech boilers components and structural steel for the Vinh Tan IV power project (600MW x 2).

These and other massive infrastructure projects have confirmed Doosan Vina's presence on the global stage and its mastery of: Power plant, Desalination, Material Handling and Chemical Processing technology.

Phase two of the company's growth involves talent development and skill enhancement which will keep us innovative, competitive and advance our technological edge. A large part of this initiative centers on Doosan VINA implementing lean transformation activities and engaging all employees in the Operational Excellence program.

Future Plans

As a global production base, Doosan VINA will maintain close cooperation with the head office of Doosan Heavy Industries & Construction, while also focusing on exploring new markets and customers. In particular, starting from 2014, Doosan VINA expects good results from Southeastern Asian countries like Singapore and Malaysia where marketing activities have been launched to win orders. To achieve this, Doosan VINA plans to strengthen production competitiveness and increase business opportunities by ensuring quality and delivery and enhancing cost competitiveness. Also, Doosan VINA plans to establish a concrete EPC business base in Vietnam's power generation market that is expected to amount to about 30GW by 2020. In the future, Doosan VINA 's operations in Asian countries will expand by securing additional business capabilities and cutting-edge technology and through the development of outstanding local talent.

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Doosan Heavy Industries & Construction is aiming to become a proud Doosan in the world by providing products and services that enhance the quality of life and ensuring trust in its relationships with all stakeholders, as well as implementing all business activities honestly and transparently.

Performance of Overseas Subsidiaries

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Consolidated Statements of Financial Position

As at December 31, 2014, 2013 and 2012

Doosan Heavy Industries & Construction Co., Ltd. and its subsidiaries			(Unit : Korean won in units)
	December 31, 2012 (Restated)	December 31, 2013 (Restated)	December 31, 2014
Assets			
Current assets	12,627,550,766,857	11,174,222,538,459	10,812,341,341,836
Cash and cash equivalents	1,827,151,710,134	942,761,662,374	1,297,560,213,962
Short-term financial instruments	506,615,552,152	777,857,734,507	591,481,515,302
Short-term investments in securities	737,414,980	11,917,827,393	31,385,470,088
Trade receivables	3,031,553,045,628	2,776,055,294,417	2,521,793,239,668
Due from customers for contract work	1,940,352,326,496	2,341,388,036,045	2,078,028,129,655
Other receivables	341,450,741,211	399,665,688,714	331,073,026,441
Prepayments	794,144,278,612	570,231,903,673	623,678,714,210
Prepaid expenses	146,652,903,966	119,671,338,313	97,716,964,385
Short-term loans	837,731,019,204	617,545,492,572	541,593,602,039
Derivative financial assets	354,728,817,195	123,034,100,744	37,340,410,136
Firm commitment assets	107,997,479,515	22,095,293,873	64,068,051,449
Inventories	2,457,347,033,791	2,205,794,006,937	2,331,909,520,735
Other current assets	255,871,786,785	243,191,832,090	264,712,483,766
Non-current assets classified as held-for-sale	25,216,657,188	23,012,326,807	-
Non-current assets	15,286,735,635,860	16,551,257,576,292	16,739,565,170,467
Long-term financial instruments	75,285,948,214	87,452,362,744	84,712,208,686
Long-term investments in securities	290,193,237,660	200,132,851,400	187,942,074,247
Share of investments in associates and joint ventures	292,433,512,472	312,921,350,015	226,744,904,296
Long-term loans	48,274,213,572	519,007,967,286	719,430,932,517
Property, plant and equipment	6,155,696,699,059	7,231,823,590,854	7,190,139,774,839
Intangible assets	6,874,439,247,325	6,924,583,095,371	6,863,345,310,432
Investment property	107,949,380,800	69,939,577,561	68,163,327,038
Derivative financial assets	199,116,083,882	119,236,994,110	27,913,927,369
Firm commitment assets	79,903,845,589	31,003,113,369	56,626,716,041
Guarantee deposits	238,632,413,669	245,391,277,932	309,024,141,234
Deferred tax assets	873,122,345,096	752,356,463,180	944,406,898,458
Other non-current assets	51,688,708,522	57,408,932,470	61,114,955,310
Total assets	27,914,286,402,717	27,725,480,114,751	27,551,906,512,303
Liabilities and equity			
Current liabilities:	12,318,358,781,593	10,572,273,744,543	11,132,072,630,704
Trade payables	2,224,232,748,347	2,285,172,690,453	2,691,130,566,041
Short-term borrowings	2,999,325,344,770	2,401,143,971,677	2,967,464,808,128
Asset-backed loan	176,000,000,000	270,000,000,000	397,347,705,208
Other payables	763,759,191,711	630,132,663,407	720,622,823,183
Advanced receipts	556,114,414,351	429,706,500,550	361,265,911,412
Due to customers for contract work	2,083,288,925,907	1,658,024,496,845	1,120,201,735,582

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Withholdings	113,889,650,876	68,062,469,620	116,998,812,277
Accrued expenses	586,014,813,354	510,816,836,799	488,643,525,511
Current tax liabilities	65,703,887,865	186,279,450,215	69,207,517,934
Current portion of long-term debt	2,018,642,000,291	1,535,151,584,309	1,631,163,514,293
Derivative financial liabilities	268,445,755,314	119,688,709,263	185,685,205,347
Firm commitment liabilities	236,352,740,530	190,652,648,109	65,365,984,651
Other provisions	145,335,178,277	147,587,636,606	137,223,875,500
Other current liabilities	81,254,130,000	139,854,086,690	179,750,645,637
Non-current liabilities	9,609,467,737,926	9,241,412,168,643	8,742,832,161,667
Debentures	3,100,748,522,158	2,887,157,633,453	3,009,799,381,248
Long-term borrowings	4,044,460,065,199	4,287,909,733,652	3,597,626,371,249
Long-term asset-backed loan	130,800,000,000	-	42,677,714,962
Long-term other payables	61,118,730,424	47,405,256,022	51,247,058,484
Employee benefits liabilities	1,141,540,892,075	930,390,792,822	1,020,609,311,678
Deposits received	252,132,774,869	255,307,344,867	223,675,032,387
Derivative financial liabilities	171,685,644,785	86,766,639,332	128,730,391,781
Firm commitment liabilities	163,628,819,304	76,128,783,708	26,648,783,925
Deferred tax liabilities	64,013,819,102	173,871,721,051	82,460,285,676
Other provisions	271,489,891,568	270,763,381,188	237,747,776,849
Other non-current liabilities	207,848,578,442	225,710,882,548	321,610,053,428
Total liabilities	21,927,826,519,519	19,813,685,913,186	19,874,904,792,371
Equity			
Equity attributable to owners of parent	3,818,743,081,490	4,726,636,500,447	4,659,419,568,882
Issued capital	529,281,335,000	530,791,280,000	596,808,980,000
Capital surplus	1,388,235,128,479	1,521,655,341,205	1,828,284,636,585
Other components of equity	(130,898,969,345)	(13,188,236,134)	(101,795,674,821)
Accumulated other comprehensive income (loss)	(275,358,393,813)	324,556,819,190	220,918,859,061
Retained earnings	2,307,483,981,169	2,362,821,296,186	2,115,202,768,057
Equity attributable to equity holders of the parent	2,167,716,801,708	3,185,157,701,118	3,017,582,151,050
Hybrid equity instruments	508,259,603,649	508,259,603,649	508,259,603,649
Other non-controlling interests	1,659,457,198,059	2,676,898,097,469	2,509,322,547,401
Total equity	5,986,459,883,198	7,911,794,201,565	7,677,001,719,932
Total liabilities and equity	27,914,286,402,717	27,725,480,114,751	27,551,906,512,303

Economy

Consolidated Statements of Profit or Loss

As at December 31, 2014, 2013 and 2012

Doosan Heavy Industries & Construction Co., Ltd. and its subsidiaries		(Unit : Korean won in units)	
	December 31, 2012 (Restated)	December 31, 2013 (Restated)	December 31, 2014
Revenue	21,274,062,812,939	19,208,173,507,456	18,127,522,740,877
Cost of sales	17,787,819,506,967	16,021,590,971,115	15,045,185,645,865
Gross profit	3,486,243,305,972	3,186,582,536,341	3,082,337,095,012
Selling and administrative expenses	2,900,091,789,400	2,228,510,805,119	2,194,098,255,309
Operating profit	586,151,516,572	958,071,731,222	888,238,839,703
Finance income	1,345,876,981,803	1,056,743,438,486	922,702,760,511
Finance costs	2,096,948,090,856	1,770,132,965,167	1,775,057,342,066
Other non-operating income	129,647,790,218	144,397,423,635	139,848,397,991
Other non-operating expense	388,739,909,559	271,371,858,594	281,984,541,568
Share of loss in associates and joint ventures	(81,033,575,314)	(47,619,865,974)	(79,859,494,061)
Profit for the year before tax	(505,045,287,136)	70,087,903,608	(186,111,379,490)
Income tax expense (benefit)	(602,520,873,742)	51,425,077,676	(100,636,032,310)
Profit for the year	97,475,586,606	18,662,825,932	(85,475,347,180)
Attributable to:			
Equity holders of the parent	42,572,800,059	69,223,510,612	(94,675,179,547)
Non-controlling interests	54,902,786,547	(50,560,684,680)	9,199,832,367
Earnings per share:			
Basic, profit for the period attributable to ordinary equity holders of the parent	478	772	(1,082)
Diluted, profit for the period attributable to ordinary equity holders of the parent	478	772	(1,082)

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Consolidated Statements of Comprehensive Income or Loss

As at December 31, 2014, 2013 and 2012

Doosan Heavy Industries & Construction Co., Ltd. and its subsidiaries		(Unit : Korean won in units)	
	December 31, 2012 (Restated)	December 31, 2013 (Restated)	December 31, 2014
Profit for the year	97,475,586,606	18,662,825,932	(85,475,347,180)
Other comprehensive income	(296,594,523,474)	845,763,847,903	(339,645,498,514)
Items that will not be reclassified to profit or loss in subsequent periods:	(10,006,389,197)	1,012,330,726,069	(110,653,424,631)
Remeasurement of the net defined benefit liabilities	(10,006,389,197)	141,473,301,425	(110,461,283,972)
Net gain on revaluation of land	-	870,857,424,644	(192,140,659)
Items that may be reclassified to profit or loss in subsequent periods:	(286,588,134,277)	(166,566,878,166)	(228,992,073,883)
Net change in unrealized fair value of available-for-sale financial assets	(31,369,015,869)	(19,947,267,764)	1,496,857,115
Effective portion of changes in fair value of cash flow hedges	24,854,834,228	(50,657,406,284)	(3,822,332,135)
Equity adjustments in equity method	(3,016,950,623)	(3,131,825,306)	(2,626,931)
Net gain (loss) on translation of overseas operations	(277,057,002,013)	(92,830,378,812)	(226,663,971,932)
Total comprehensive income (loss), net of tax	(199,118,936,868)	864,426,673,835	(425,120,845,694)
Attributable to:			
Equity holders of the parent	(136,839,642,588)	728,097,030,565	(277,122,175,008)
Non-controlling interests	(62,279,294,280)	136,329,643,270	(147,998,670,686)

Economy

Consolidated Statements of Changes in Equity

As at December 31, 2014, 2013 and 2012

Doosan Heavy Industries & Construction Co., Ltd. and its subsidiaries		(Unit : Korean won in units)					
	Issued capital	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Non-controlling interest	Total equity
As at January 1, 2012 (As stated)	529,217,335,000	883,636,599,252	(197,869,705,823)	2,321,193,932	3,553,289,725,308	26,332,871,815	4,796,928,019,484
Changes in accounting policies	-	511,088,058,066	57,026,761,426	(108,327,441,457)	(1,211,545,026,339)	1,717,546,932,286	965,789,283,982
As at January 1, 2012 (Restated)	529,217,335,000	1,394,724,657,318	(140,842,944,397)	(106,006,247,525)	2,341,744,698,969	1,743,879,804,101	5,762,717,303,466
Profit for the year	-	-	-	-	42,572,800,059	54,902,786,547	97,475,586,606
Remeasurement of the net defined benefit liability, net of tax	-	-	-	-	(10,060,296,359)	53,907,162	(10,006,389,197)
Net change in fair value of available-for-sale financial assets	-	-	-	(30,526,891,363)	-	(842,124,506)	(31,369,015,869)
Effective portion of change in fair value of cash flow hedges	-	-	-	(25,517,456,062)	-	50,372,290,290	24,854,834,228
Equity adjustments in equity method investments	-	-	-	(2,416,210,760)	-	(600,739,863)	(3,016,950,623)
Net loss on translation of overseas operations	-	-	-	(110,891,588,103)	-	(166,165,413,910)	(277,057,002,013)
Total comprehensive income	-	-	-	(169,352,146,288)	32,512,503,700	(62,279,294,280)	(199,118,936,868)
Dividends	-	-	-	-	(66,773,221,500)	(101,023,939)	(66,874,245,439)
Stock option exercised	64,000,000	1,562,517,420	2,193,164,502	-	-	-	3,819,681,922
Changes in share of subsidiaries	-	-	(12,874,058,540)	-	-	(13,087,890,301)	(25,961,948,841)
Conversion of preferred stock	-	-	20,802,910,754	-	-	(31,377,902,976)	(10,574,992,222)
Issueance of hybrid equity instruments	-	-	-	-	-	508,259,603,649	508,259,603,649
Others	-	(8,052,046,259)	(178,041,664)	-	-	22,423,505,454	14,193,417,531
As at December 31, 2012	529,281,335,000	1,388,235,128,479	(130,898,969,345)	(275,358,393,813)	2,307,483,981,169	2,167,716,801,708	5,986,459,883,198
As at January 1, 2013	529,281,335,000	1,388,235,128,479	(130,898,969,345)	(275,358,393,813)	2,307,483,981,169	2,167,716,801,708	5,986,459,883,198
Profit for the year	-	-	-	-	69,223,510,612	(50,560,684,680)	18,662,825,932
Remeasurement of the net defined benefit liabilities, net of tax	-	-	-	-	58,821,074,484	82,652,226,941	141,473,301,425
Net change in fair value of available-for-sale financial assets	-	-	-	(16,948,721,673)	-	(2,998,546,091)	(19,947,267,764)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(39,443,253,772)	-	(11,214,152,512)	(50,657,406,284)
Equity adjustments in equity method investments – debit	-	-	-	(2,759,877,145)	-	(371,948,161)	(3,131,825,306)
Net gain on translation of overseas operations	-	-	-	(75,377,416,616)	-	(17,452,962,196)	(92,830,378,812)
Net gain on revaluation of land	-	-	-	734,444,482,209	137,232,466	136,275,709,969	870,857,424,644
Total comprehensive income	-	-	-	599,915,213,003	128,181,817,562	136,329,643,270	864,426,673,835
Dividends	-	-	-	-	(66,782,821,500)	-	(66,782,821,500)
Disposal of treasury shares	-	138,453,881,054	117,261,964,907	-	-	-	255,715,845,961
Increase of paid-in capital	1,503,445,000	11,110,458,550	-	-	-	-	12,613,903,550
Stock option exercised	6,500,000	1,680,183,612	2,373,021,858	-	-	-	4,059,705,470
Capital increase by issuing new shares of subsidiaries	-	(15,873,883,811)	(893,975,027)	-	-	900,683,691,982	883,915,833,144
Transaction of treasury shares by subsidiaries	-	(430,635,167)	-	-	-	(11,337,366,949)	(11,768,002,116)
Dividends from hybrid equity instruments	-	-	-	-	(6,061,681,045)	(7,477,714,955)	(13,539,396,000)
Others	-	(1,519,791,512)	(1,030,278,527)	-	-	(757,353,938)	(3,307,423,977)
As at December 31, 2013	530,791,280,000	1,521,655,341,205	(13,188,236,134)	324,556,819,190	2,362,821,296,186	3,185,157,701,118	7,911,794,201,565

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Consolidated Statements of Changes in Equity

As at December 31, 2014, 2013 and 2012

Doosan Heavy Industries & Construction Co., Ltd. and its subsidiaries							
(Unit : Korean won in units)							
	Issued capital	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Non-controlling interest	Total equity
As at January 1, 2014	530,791,280,000	1,521,655,341,205	(13,188,236,134)	324,556,819,190	2,362,821,296,186	3,185,157,701,118	7,911,794,201,565
Profit (loss) for the year	-	-	-	-	(94,675,179,547)	9,199,832,367	(85,475,347,180)
Remeasurement of the net defined benefit liabilities, net of tax	-	-	-	-	(78,809,035,332)	(31,652,248,640)	(110,461,283,972)
Net change in fair value of available-for-sale financial assets	-	-	-	1,225,076,566	-	271,780,549	1,496,857,115
Effective portion of changes in fair value of cash flow hedges	-	-	-	22,759,131,454	-	(26,581,463,589)	(3,822,332,135)
Equity adjustments in equity method investments – debit	-	-	-	(285,147,403)	-	282,520,472	(2,626,931)
Net loss on translation of overseas operations	-	-	-	(127,258,420,339)	-	(99,405,551,593)	(226,663,971,932)
Net loss on revaluation of land	-	-	-	(78,600,407)	-	(113,540,252)	(192,140,659)
Total comprehensive income	-	-	-	(103,637,960,129)	(173,484,214,879)	(147,998,670,686)	(425,120,845,694)
Dividends	-	-	-	-	(74,134,313,250)	-	(74,134,313,250)
Increase in paid-in capital	66,017,700,000	306,661,174,818	-	-	-	-	372,678,874,818
Stock option	-	3,833,716,128	(1,152,593,529)	-	-	-	2,681,122,599
Dividends of the subsidiaries	-	-	-	-	-	(28,418,000,000)	(28,418,000,000)
Transactions of treasury shares by subsidiaries	-	(6,431,255,653)	(85,639,596,240)	-	-	10,360,243,563	(81,710,608,330)
Acquisition of investments in subsidiaries	-	-	(1,461,576,738)	-	-	(3,301,762,262)	(4,763,339,000)
Capital increase by issuing new shares of subsidiaries	-	(70,366,602)	(56,319,012)	-	-	126,685,614	-
Issuance of convertible bonds by subsidiaries	-	1,407,042,703	-	-	-	262,245,117	1,669,287,820
Others	-	1,228,983,986	(297,353,168)	-	-	1,393,708,586	2,325,339,404
As at December 31, 2014	596,808,980,000	1,828,284,636,585	(101,795,674,821)	220,918,859,061	2,115,202,768,057	3,017,582,151,050	7,677,001,719,932

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Consolidated Statements of Cash Flows

As at December 31, 2014, 2013 and 2012

Doosan Heavy Industries & Construction Co., Ltd. and its subsidiaries			
(Unit : Korean won in units)			
	December 31, 2012	December 31, 2013	December 31, 2014
Operating activities:			
Cash generated from operating activities:			
Profit (loss) for the year	97,475,586,606	18,662,825,932	(85,475,347,180)
Adjustments	1,835,842,591,112	1,777,624,103,190	1,830,501,922,424
Working capital adjustments	(858,986,178,316)	(924,436,130,462)	(345,912,328,229)
Interest received	85,375,600,491	65,650,972,160	55,528,847,058
Interest paid	(1,215,366,405,655)	(700,940,713,445)	(618,203,026,965)
Dividends received	6,455,014,353	5,624,266,779	1,558,270,393
Income taxes paid	(278,022,274,592)	(91,747,497,840)	(234,189,415,047)
Net cash flows provided by operating activities	(327,226,066,001)	150,437,826,314	603,808,922,454
Investing activities:			
Proceeds from disposal of short-term financial instruments	72,576,472,947	139,897,985,814	288,798,834,598
Proceeds from disposal of short-term investments in securities	4,151,170,000	47,109,274,754	73,071,978,911
Collection of short-term loans	318,523,712,594	119,408,535,287	181,531,790,623
Proceeds from disposal of long-term financial instruments	2,524,467,359	9,611,466,277	4,431,747,297
Proceeds from disposal of long-term investment in securities	8,669,434,807	93,255,887,013	6,911,704,798
Collection of long-term loans	1,496,624,257	27,494,654,224	78,556,516,994
Proceeds from disposal of investments in associates and joint ventures	-	-	6,474,033,289
Proceeds from disposal of property, plant and equipment	110,572,135,345	109,620,267,563	14,126,457,253
Proceeds from disposal of intangible assets	4,766,666,227	4,424,797,402	3,555,188,974
Proceeds from disposal of investment property	1,518,996,937	56,475,398,106	1,486,728,579
Proceeds from disposal of non-current assets classified as held-for-sale	12,500,000,000	4,872,000,000	9,665,880,000
Changes in scope of consolidated subsidiaries	-	4,687,791,850	-
Acquisition of short-term financial instruments	(242,935,163,970)	(426,032,782,232)	(95,207,452,344)
Acquisition of short-term investments in securities	-	(39,282,339,734)	(65,228,155,478)
Increase in short-term loans	(333,653,422,966)	(389,349,882,306)	(104,582,725,328)
Acquisition of long-term financial instruments	(17,444,235,809)	(22,234,079,904)	(1,117,551,401)
Acquisition of long-term investment in securities	(67,555,363,527)	(28,438,447,392)	(20,269,579,917)
Increase in long-term loans	(1,364,792,000)	(22,196,476,852)	(293,311,264,050)
Acquisition of investments in associates and joint ventures	(13,272,284,877)	(72,999,741,669)	(268,400,000)
Acquisition of property, plant and equipment	(697,165,619,586)	(401,455,378,897)	(372,668,244,664)
Acquisition of intangible assets	(255,380,170,910)	(262,340,746,210)	(260,695,999,999)
Acquisition of investment property	-	(911,530,557)	-
Net cash flow used in investing activities	(1,091,471,373,172)	(1,048,383,347,463)	(544,738,511,865)

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Consolidated Statements of Cash Flows (cont'd)

As at December 31, 2014, 2013 and 2012

Doosan Heavy Industries & Construction Co., Ltd. and its subsidiaries		(Unit : Korean won in units)	
	December 31, 2012	December 31, 2013	December 31, 2014
Financing activities:			
Net increase in short-term borrowings	152,061,921,672	-	580,935,632,821
Proceeds from short-term bonds	-	117,000,000,000	30,000,000,000
Proceeds from asset backed loans	330,000,000,016	620,000,000,000	1,028,000,000,000
Issuance of debentures	1,580,757,793,885	1,155,801,483,500	649,688,561,247
Proceeds from long-term borrowings	1,478,984,400,000	1,330,355,765,610	2,842,390,469,873
Proceeds from disposal of treasury shares	-	299,918,800,070	-
Proceeds from disposal of treasury shares by subsidiaries	-	-	3,963,729,410
Capital increase by issuing new shares	-	-	372,678,874,818
Capital increase by issuing new shares of subsidiaries	530,535,202,054	883,915,833,144	-
Stock option exercised	2,133,180,000	43,160,000	-
Net decrease in short-term borrowings	-	(17,005,645,675)	-
Repayment of current portion of long-term debt	(2,428,799,578,047)	(2,336,435,388,570)	(2,030,330,435,447)
Repayment of assets backed loans	(388,559,277,489)	(656,800,000,000)	(829,350,000,000)
Repayment of debentures	(167,447,660,442)	(310,174,143,523)	(137,771,678,621)
Repayment of long-term borrowings	(10,840,288,898)	(982,493,058,161)	(1,990,867,314,625)
Dividends paid	(66,773,221,500)	(66,782,821,500)	(74,134,313,250)
Dividends paid by the subsidiaries	(101,023,939)	(17,862,000,000)	(28,418,000,000)
Acquisition of additional shares in subsidiaries	-	(3,699,999,990)	(4,763,339,000)
Acquisition of treasury shares by subsidiaries	-	(11,768,002,116)	(85,674,337,740)
Net cash flows provided by financing activities	1,011,951,447,312	4,013,982,789	326,347,849,486
Other net increase (decrease) in cash and cash equivalents:			
Net foreign exchange difference	(2,986,646,302)	9,541,490,600	(30,619,708,487)
Net increase (decrease) in cash and cash equivalents	(409,732,638,163)	(884,390,047,760)	354,798,551,588
Cash and cash equivalents as at January 1	2,236,884,348,297	1,827,151,710,134	942,761,662,374
Cash and cash equivalents as at December 31	1,827,151,710,134	942,761,662,374	1,297,560,213,962

Economy

1.2 Analysis of business performance

Sales by business area		(Unit : KRW 1 million)		
Classification	2013	2014	Variation	Rate of change
Power generation	6,599,256	5,612,553	(986,703)	(14.95%)
Water	781,660	575,621	(206,039)	(26.36%)
Industry	159,500	139,259	(20,241)	(12.69%)
Castings & Forgings	362,514	364,831	2,317	0.64%
Construction	582,211	571,734	(10,477)	(1.80%)
Wholesale and retail sales, etc.	124	-	(124)	0%
Doosan Infracore	7,736,676	7,687,803	(48,873)	(0.63%)
Doosan Engine	740,964	885,782	144,818	19.54%
Doosan Engineering & Construction	2,245,269	2,289,940	44,671	1.99%
Total sales	19,208,174	18,127,523	(1,080,651)	(5.63%)

* Based on net sales excluding internal sales

Market share by product

Area	Classification		2012	2013	2014	Note
Power generation facilities	Nuclear	Domestic	100%	100%	100%	· Domestic: Based on main equipment of the Korea Electric Power Corporation (KEPCO) and the Korea Hydro and Nuclear Power · Overseas : MacCoys Database
		Domestic	14.90%	-	-	
	Thermal power boilers	Overseas ¹⁾ Coal Boilers	20.30%	16.50%	16.50%	
		Domestic	14.90%	100%	100%	
	Turbines	Overseas ¹⁾ Steam Turbines	3.50%	3.40%	3.40%	
		Gas Turbines	0.60%	1.10%	1.10%	
Water	Desalination / water treatment facilities	Overseas ²⁾	80%	24%	-	Based on large PJT of more than 12 MIGD around the world
Industrial facilities	Transport facilities	Domestic ³⁾	36.10%	62.50%	-	Compared to accessible domestic market size
		Overseas ³⁾	-	-	-	
Castings & Forgings		Castings	21.10%	26.60%	25.90%	
		Forgings	45.40%	48.30%	53.10%	
		Crank Shaft	96.20%	98.40%	95.90%	
		Mold & tool steel	57.80%	57.80%	58.10%	
		Work Roll	68.50%	67.50%	68.10%	
Construction	Market share		0.48%	1.87%	0.49%	Based on the Construction Association of Korea data

1) Overseas market share is based on the MacCoys Report, while the Chinese market that has been closed was excluded. Also, the market share of the current term was not disclosed during the report period, so that the market share of the previous term was used again.
2) The market share of large-scale PJT that is more than 12 MIGD in the GCC region until 2012 is included, and starting from 2013, the market share of large-scale JTP that is more than 12 MIGD around the world is included.
3) No domestic orders for transport facilities in the current term, and no overseas orders as well.

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Economy

Present status of sales by region

(Unit : KRW 1 million)

Item	2012	2013	2014
Domestic	7,951,859	7,855,614	7,982,925
America	2,898,032	2,683,294	3,083,606
Asia	3,119,586	3,020,160	2,467,163
Middle East	4,219,728	2,932,514	1,812,193
Europe	2,944,656	2,612,451	2,742,411
Others	140,202	104,141	39,225
Subtotal	21,274,063	19,208,174	18,127,523

* Based on net sales excluding internal sales

1.3 R&D

R&D costs

(Unit : KRW 1 million)

Classification		Unit	2012	2013	2014
Accounting management	Capitalization (intangible assets) of development costs	KRW 1 million	218,603	240,173	238,528
	R&D costs (expenses)	KRW 1 million	269,922	289,910	295,176
Total R&D costs		KRW 1 million	488,525	530,083	533,704
Sales		KRW 1 million	21,274,063	19,208,174	18,127,523
Ratio of R&D costs / sales		%	2.30%	2.76%	2.94%

Present status of technology patents

Classification	Unit	2012	2013	2014
Number of cases of IP registration (domestic)	cases	68	50	141
Number of cases of IP registration (overseas)	cases	5	6	9
Number of cases of IP registration (total)	cases	73	56	150
Number of technology patents registered for new business (domestic)	cases	21	16	64
Number of technology patents registered for new business (overseas)	cases	4	4	6
Number of technology patents registered for new business (total)	cases	25	20	70
Number of accumulated domestic and overseas patents	cases	654	710	860

Economy

1.4 Pension (G4-EC3)

Retirement Pension System

Classification	Unit	Contents
Starting date of retirement pension	-	2012.12.14
Operational amount of retirement pension (DB)	KRW 100 million	3,592
Number of persons subscribed (DB)	persons	7,094
Number of persons subscribed (total)	persons	7,094

1.5 Ratio of the basic starting salary by gender (G4-EC5)

Ratio of the basic starting salary by gender in comparison with the minimum salary of the region where the main work site is located

Classification	Unit	Contents	Note
Legal minimum salary	KRW	5,210	Based on 2014
New employees' salary	KRW	17,515	No difference in salary between male and female, based on university graduate engineers' salary, based on 226 working hours per month.

1.6 Ratio of local high-ranking management (G4-EC6)

Ratio of high-ranking management employed locally at major work sites

Classification	Number of total workers abroad (number of persons)	Number of local managers (number of persons)	Ratio of locally hired managers (%)
DPS	48	3	6.3
DPSI	1,352	3	0.2
Doosan VINA	2397	7	0.3
Babcock	3,841	14	0.4
Lentjes	236	2	0.8
Škoda Power	1315	11	0.8

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Labor

2.1 Present status of employment (G4-LA1 & 12)

Classification		Unit	2012	2013	2014		
By employment	Regular employees	persons	7,270	7,310	7,448		
	Irregular employees	persons	1,445	1,393	940		
	Total	persons	8,715	8,703	8,388		
By age (permanent positions)	Twenties	persons	1,506	1,393	1,245		
	Thirties	persons	1,952	2,153	2,398		
	Forties	persons	2,235	2,136	2,101		
	Over fifties	persons	1,577	1,628	1,704		
	Total	persons	7,270	7,310	7,448		
By job position (permanent positions)	Office jobs	Executives	persons	175	184	155	
		Director, Senior Manager	persons	681	768	793	
		Deputy General Manager, Manager	persons	2,051	2,010	2,156	
		Assistant Manager, Senior Staff	persons	899	1,037	1,144	
		Employee	persons	1,203	1,066	947	
		Total	persons	5,009	5,065	5,195	
	Site / Factory Employees	Technology Director	persons	25	37	44	
		Technology Senior Deputy General Manager	persons	224	242	274	
		Technology Deputy General Manager	persons	511	655	676	
		Technology Manager	persons	869	680	632	
		Technology Assistant Manager	persons	289	307	335	
		Employee	persons	343	324	292	
		Total	persons	2,261	2,245	2,253	
		Socially marginalized class	Female	persons	554	515	404
			Disabled people	persons	199	193	200
			National veterans	persons	191	188	187
			Total	persons	944	896	791

(Based on December 31, 2014)

Labor

2.2 Ratio of employees joined labor union and labor management council (G4-11)

Classification	Unit	2012	2013	2014
Number of total employees (subject to joining)	persons	4,405	4,285	4,240
Number of persons that joined labor union and labor-management council	persons	2,315	2,196	2,241
Percentage of persons that joined labor union and labor-management council	%	52.6%	51.2%	53%

2.3 Percentage of employees who returned to work and long-service after leave, by gender (G4-LA3)

Classification	Unit	2012	2013	2014
Number of employees who availed maternity leave	persons	24	34	46
Number of workers who returned to work after maternity leave	persons	24	34	45
Number of employees who are still employed over one year after return from maternity leave	persons	7	21	21
Percentage of return to work after maternity leave	%	100	100	98
Percentage of long-service of more than one year after maternity leave	%	44.4%	83.3%	87.50%

2.4 Minimum notification period for changes in management (G4-LA4)

Doosan Heavy Industries & Construction notifies the labor union about major changes in the management, such as reduction of manpower, merger, transfer, take over, etc., and stipulates them in collective agreement after sufficient discussion. Also, in case of a dismissal, it should be notified to the employee concerned at least 30 days in advance.

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Labor

2.5 Accident rate (G4-LA6)

Accident rate					
Classification		Unit	2012	2013	2014
Manufacturer	Changwon Plant	%	0.2	0.18	0.16
	Supplier	%	0.06	0.13	0.07
Construction	Domestic Construction	%	0.12	0.08	0.08
	Overseas Construction	-	0.0077	0.0135	0.0077

1) Data on the accident rate of overseas construction is the LTIR (Lost Time Incident Rate) based on the US OSHA standard, which is not indicated in %.
2) Domestic construction is based on the converted accident ratio announced by the Ministry of Employment and Labor in June 2015.
Converted accident rate: [(Number of deaths X 5) + Number of injured / Number of regular employees] X 100
3) The accident rate of Changwon plant for 2013 and the accident rate of domestic and overseas construction for the last three years have been adjusted to the changed scoring criteria

Zero accident hours of construction projects (*Based on December 31, 2014)

Classification		Unit	2012	2013	2014
Domestic	Yongin Administration Town, Korea	Hours		2,820,000	
	Main facilities for Singori Nuclear Power Plants (#3 and #4)	Hours		2,730,000	3,640,000
	Residential and commercial complex in Heungin-dong, Korea	Hours		1,000,000	1,910,000
	Wonju-Gangneung rail construction 3-2	Hours			127,000
Overseas	Rabigh (Saudi Arabia)	Hours	30,000,000		40,000,000
	Ras Al Khair (Saudi Arabia)	Hours	4,000,000	16,023,378	24,000,000
	Jedda RO (Saudi Arabia)	Hours	3,000,000		
	Yanbu (Saudi Arabia)	Hours	1,500,000		2,000,000
	JBL M (UAE)	Hours	40,000,000		
	Raipur (India)	Hours	10,000,000		
	Mong-Duong 2 (Vietnam)	Hours	5,000,000		10,000,000
	Ain Sokhna (Egypt)	Hours	3,000,000		8,500,000
	Noibai-Laocai Expressway (Vietnam)	Hours		7,508,390	
	Kudgi (India)	Hours			6,000,000
	Al Khalij (Libya)	Hours			3,000,000

Labor

2.6 Average training hours received every year per employee (G4-LA9)

Classification		Unit	2012	2013	2014
Office jobs	Number of trainees	persons	5,009	5,065	5,195
	Number of training hours per person	Hours	51.39	65.25	121
Site / Factory Employees	Number of trainees	persons	2,261	2,245	2,253
	Number of training hours per person	Hours	14.4	11.8	15.1
Educational performance of Technology Training Institute		Hours	37,858	46,063	51,877

Safety and health training for domestic and overseas construction projects

Classification		Unit	Domestic			Overseas		
			2012	2013	2014	2012	2013	2014
Number of personnel who completed basic training		persons	-	-	32,905	35,599	31,999	56,583
Number of personnel who completed special training		persons	-	-	21,875	15,835	26,003	25,698
Total number of personnel who completed Safety training		persons	-	-	54,780	51,434	58,002	82,281
Hours of Basic training		Hours	-	-	68,654	73,696	63,998	76,168
Hours of Special training		Hours	-	-	43,750	21,165	31,979	27,299
Total Hours of Safety training		Hours	-	-	112,404	94,861	95,977	103,467

Regular safety and health training for manufacturing business

Classification		Unit	2012	2013	2014
Site / Factory Employees (participants)		persons	2,353	2,390	2,420
Office jobs (participants)		persons	2,750	2,489	2,563
Total (participants)		persons	5,102	4,879	4,983
Site / Factory Employees (training hours)		Hours	56,472	57,360	58,080
Office jobs (training hours)		Hours	33,000	29,868	30,756
Total (training hours)		Hours	89,472	87,228	88,836

2.7 Percentage of workers that received regular review on work performance and career development (G4-LA11)

Classification		Unit	2012	2013	2014
Regular employees	Percentage of workers that received regular performance assessment among permanent employees	%	100%	100%	100%
Irregular employees	Percentage of workers that received regular performance assessment among temporary employees	%	100%	100%	100%

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Labor

2.8 Total number of cases accepted, discovered and resolved through the official system for handling employee grievances (G4-LA16)

Classification	Unit	2012	2013	2014
Number of reports on labor practices raised through the official channel in 2014	cases	146	132	31
Number of reports resolved during the reporting period out of the reports raised through the official channel in 2014	cases	101	107	19

Others 1. Performance of emergency training in 2014 (firefighting)

Classification	Performances in 2013	Performances in 2014
Joint training with plant / team and the internal fire department	20 times	41 times
Internal fire department's tactical training	39 times	31 times
Joint training by private	Not implemented	1 times
Government and military		
Total	59 times	73 times

Others 2. System for talent management

Area	Contents of activities
Strengthened Job Competencies	<ul style="list-style-type: none">· Operated the MBO for performance assessment system· Established the development plan reflecting the CDP (Career Development Program)· Established the FC (Functional Competency) system· Operated the BIG School (Business Intelligence School and the STEPS (Strategic Thinking Enhancement through Problem Solving)· Operated the learning credit system· Implemented the training for understanding cross-function· Implemented customized training for employees working abroad· Established the E-library system
Developed Site / Factory Employees	<ul style="list-style-type: none">· Operated the TMS (Technology Management School) program· Operated the two track training process· Operated the training courses by job stage· Operated the internal university· Implemented the overseas recruiting
Compliance with Human Rights	<ul style="list-style-type: none">· Provided education on gender equality and human rights· Established an internal Human Rights Committee· Notified the reporting process on respecting human rights and prohibited discrimination· Implemented mindset education on human rights
Improved Quality of Life	<ul style="list-style-type: none">· Implemented the retirement pension plan and the retiree support program· Operated the employee welfare support program· Extended the retirement age and implemented the wage peak system· Provided one year of maternity leave after child birth and 90 days of leaves before and after legal child birth
Co-prosperity between Labor and Management	<ul style="list-style-type: none">· Operated the Labor-Management Council· Autonomous agreement on ordinary wage issues

Ethical Management

3.1 Percentage of employees who received training and employees' training hours on human rights policies and procedures related to business (G4-HR2)

Classification	Unit	2014
Total number of employees	persons	8,388
Total number of training hours on human rights	Hours	10,713
Number of employees who received human rights education	persons	7,189
Percentage of employees who received human rights education	%	87%

3.2 Percentage of security agents who received training on human rights policies and procedures related to business (G4-HR7)

Doosan Heavy Industries & Construction has placed security agents in order to prepare for emergency situations, and also conducted training on CPR, fire prevention, including human rights education.

Classification	Unit	2012	2013	2014
Total number of security agents	persons	82	78	75
Number of security agents who received human rights education	persons	82	78	75
Percentage of security agents who received human rights education	%	100%	100%	100%

3.3 Notification and training on anti-corruption policies and procedures (G4-SO4)

Classification	Unit	2012	2013	2014
Percentage of employees who completed anti-corruption education	%	15%	26%	29%
Number of suppliers that held anti-corruption education	persons	201	250	201

3.4 Identified anti-corruption cases and measures taken on them (G4-SO5)

Classification	Unit	2012	2013	2014
Number of identified anti-corruption cases	cases	13	9	9
Number of workers who received disciplinary action or were dismissed due to corruption	cases	8	5	7

3.5 Violations of laws and regulations and progress of lawsuit (G4-SO7, SO8)

In 2014, Doosan Heavy Industries & Construction (the "Company") is on trial because the prosecution indicted the Company for the bid rigging of a construction project ordered by the Korea Gas Corporation. In September 2014, the Company was fined by the Fair Trade Commission on charge of the bid rigging of Honam High Speed Railway, where we are currently appealing for the cancellation of the fine imposed. For further details, please refer to the 2014 Business Report.

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Customer Satisfaction Management

4.1 Quality activities for customer satisfaction (G4-PR1)

Present status of quality certifications

Classification		Unit	2012	2013	2014
KEPIC (Korea Electric Power Industry Code)	Produced: MN, SN, EN Construction : MN, SN, EN, MH	persons	7	7	7
ASME (The American Society of Mechanical Engineers) Nuclear	N, NPT, NS, N3, NA, Site NA, Site NPT	Number of certifications	7	7	7
ASME Non-Nuclear	U, U2, S, A, PP, H, R	Number of certifications	7	7	7
ISO (International Organization for Standardization)	9001, 3834-2, 14001	Number of certifications	3	3	3
PED (Pressure Equipment Directive)	H-Module, H1- Module	Number of certifications	2	2	2
Others	OHSAS, Shipping Registers etc	Number of certifications	25	26	26
Total			51	52	52

Performance of voluntary equipment inspection program

Classification	Unit	2012	2013	2014
Inspection performed	cases	701	692	711
Number of improved actions	cases	397	385	321

Target facilities: crane, pressure vessel, press, shearing machine, lift

Customer Satisfaction Management

4.2 Customer satisfaction activities (G4-PR5)

Number of processing days to client inquiry

Classification	Unit	2012	2013	2014
Average processing days to client inquiry	Days	12.8	11.8	8.2

Technical support to customers

Classification	Unit	2012	2013	2014
Rapid after services to sites	cases	72	658	1,185
Urgent technical advice	cases	107	181	628
Technical advice	cases	16	67	240
Management visits to sites	cases	62	75	206

Activities of providing and sharing information

Classification	Unit	2012	2013	2014
Technical support visits and customer training seminars	cases	22	73	325
Overseas conference and domestic / overseas conference presentations	cases	17	36 (estimated)	84
Road Show, new product briefings	cases	40	70 (estimated)	150

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Corporate Philanthropy

5.1 Development of local communities (G4-SO1)

Performance of volunteer works

Classification	Unit	2012	2013	2014
Number of Cases of Activities	Times	584	608	605
Total volunteer hours	Hours	24,206	28,031	33,775
Volunteer hours per person	Hours	3.77	4.28	5.17

5.2 Development and effect of investments on infrastructures and services (G4-EC7)

Social contribution costs and hours

Classification	Unit	2012	2013	2014
Social contribution costs	Indirect costs, including social contribution operating costs, etc	44	55	128
	Direct costs, including donations, etc.	14,570	15,013	13,049
	Total	14,614	15,068	13,177
	Domestic social contribution costs	13,384	15,031	12,300
	Overseas social contribution costs	KRW 1 million1,230	37	877
	Total	14,614	15,068	13,177
	Cash	13,258	14,806	11,849
	Spot goods	1,356	262	1,328
	Total	14,614	15,068	13,177
Social contribution hours	Total annual hours of social contribution	Hours24,206	28,031	33,775
	Number of total annual participants in social contribution	persons2,811	3,153	3,721
	Annual social contribution hours per person	Hours3.77	4.28	5.17

Social contribution costs by field

Classification	Unit	2012	2013	2014
Talent development	KRW 1 million	11,601	12,812	8,245
Support for the underprivileged	KRW 1 million	1,335	1,229	2,104
Community-based	KRW 1 million	1,678	1,027	2,828
Total	KRW 1 million	14,614	15,068	13,177

Employees' volunteer hours by field

Classification	Unit	2012	2013	2014
Talent development	Hours	9,337	9,015	8,857
Support for the underprivileged	Hours	8,321	7,828	12,198
Community-based	Hours	6,548	11,188	12,720
Total	Hours	24,206	28,031	33,775

Corporate Philanthropy

5.3 Social contribution activities

5.3.1 Domestic social contribution activities

Name of company	Major activities	Name of activity	Specific activities
Doosan Heavy Industries & Construction	Cultivation of talent	Sisterhood Relationships with Changwon Science High School	We support the school development fund (scholarship, R&E activities, university admission consultation, purchase of special books, etc.) to develop outstanding talent in natural science and engineering, hold field trips to the company and provide special lectures on career exploration from Technology Research Institute's executives.
		Held the Doosan Class through Academic-Industrial Collaboration	We support technical Meister lecturers, textbook production and on-site practice through customized technical education, while also operating the Doosan Class at the Sudo Electric Technical High School, Busan Automotive High School, Changwon Machine Technical High School, Changwon Campus of Korea Polytechnic, Daegu Yeungjin College and Inha Technical College.
		Youth Career Exploration	In order to support youth career exploration, we held a 'Job Film Festival', which is a contest of job films for elementary and middle school students and we provided scholarships to the winners.
		Theme Experience Programs	We implemented 7 theme experience activities, including history, the ecosystem, society / science, city tour, traditional play, crafts experience and natural object experience, for 58 local childcare centers, including Changwon.
	Support for the underprivileged	Donating Textbooks	We donated textbooks to 77 childcare welfare facilities, to improve the learning abilities of children and youngsters from the neglected class.
		Scholarships for Low-income Families	We supported scholarships to 140 middle and high school students from low-income families attending schools in Changwon City.
		Matching Private Educational Expenses for Low-income Families	We supported private educational expenses of KRW 40,000 per person by selecting 278 elementary and middle school students from low-income families.
		Sisterhood Relationships with Childcare Welfare Facilities	We supported facility operational subsidies and child donations for 77 childcare welfare facilities in Changwon city.
		Dream-high (Kum-Kum-Dda) Orchestra	We supported the expenses for the child orchestra that belong to local childcare centers and provided the opportunity to perform at the Doosan Family Concert.
		Donated Life Necessities to Low-income Families	We implemented the 'Dasarang Dream' program that donates life necessities to low-income families in Changwon City in collaboration with the Gyeongnam Branch of the Korea National Red Cross.
		Clean House Program	We supported house repair, electrical wiring, papering, etc. for the low-income class, childcare welfare facilities and the senior citizens who live alone through our regular volunteer works of 'Technology Volunteer Corps' of sharing talents.
		Kimchi Sharing Event	We invited multi-cultural households in Changwon to the kimchi sharing event jointly held by labor and management to donate kimchi and life necessities to the low-income class.
		Activities in Connection with Social Welfare Facilities	We visited social welfare facilities for the elderly, the disabled and females through our regular volunteer works, to conduct various volunteer works like cleaning facilities and giving baths, etc.
	Closer to local communities	Support for Policy Projects in Changwon City	We supported Changwon Science Center's renewal project and the project for creating the corporate love garden.
		Youth Protection Campaign	We established a watchdog to protect the youth from hazardous environments, a professional volunteer group, to conduct activities that prohibit alcohol sales and employment of youngsters in adult entertainment regions in Changwon in collaboration with Changwon City and welfare centers.
		One-company, Seven-villages Sisterhood Ties	We implemented exchange activities by establishing sisterhood ties with 7 rural community villages, including Husa-po village in Miryang in Gyeongnam, such as helping out at farming area, purchasing special products and inviting to field trips at the company.
		Environmental Purification Activities	We conducted environmental purification activities like purifying underwater in port of Masan in Changwon and implemented one-company, one-stream campaign (Masan's Mt. Cheongju, Gwangryeo Stream)

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Corporate Philanthropy

5.3.2 Social contribution activities of overseas subsidiaries

Name of company	Name of activity	Specific activities
Doosan Babcock	Wearing it Pink	We raised donations for the breast cancer campaign at an event participated by employees from all regions in the UK, as well as sold cakes with the aim of raising awareness about breast cancer.
	Repair of Facilities for the Elderly Nursing Homes	We purified the neighboring environments and papering of Accord Hospice and sent e-mails to raise donations from about 2,000 contributors.
	Helped with Cleaning Neighboring Environments	We contributed to local communities by sweeping fallen leaves in the neighboring streets and papering the outside of buildings.
	Visited Welfare Facilities	We conducted activities for gardening and papering of learning centers for terminal cancer patients.
	Gardening for Children from the Neglected Class	We made gardens for schools with mainly children from the neglected class to provide a beautiful educational environment for them.
	Gardening	We created gardens for daughters and families that suffer from childhood cancer.
	Youth Job Experience	We provided job experience opportunities for youngsters to experience various skills required for site/factory employees.
	Facility Maintenance for Children from the Neglected Class	We conducted the papering of bedrooms for Tudor House, which is a facility for the disabled children, and the Rocking Horse Orphanage, so that children can live in a better environment.
	Environmental Enhancement of the Supporters' Organization for the Disabled	We implemented environmental enhancement activities like papering and interior designs by visiting the supporters' organization for the disabled.
	Improved the Environment of Supporters' Organization for the Neglected Class in Local Communities	We provided papering works by visiting the office of Whitehaven, which is a supporters' organization that helps the neglected class in local communities.
	Supported Schools in Local Communities and Sponsored Food and Life Necessities	We donated life necessities to Yorkshire Air Ambulance and donated food to Selby Food Bank, while also conducted environmental purification activities at schools in local communities.
	Supported Children Hospice Facilities	We collected life necessities for the children and their families who are being protected by the children hospice.
DBEP	Implemented Environmental Purification Activities for Schools in Local Communities	We implemented environmental purification activities by visiting schools located in local communities to paint walls and do papering.
Doosan Lentjes	Contribution Activities for Local Communities	We cooperated with Ratering Tafel to donate and delivered food and conducted the papering of Paul-Maar elementary school, while also collected wastes from the Rhine River.
Doosan Enpure	Wear it pink	We participated in raising donations at international charity events for breast cancer researches and held events like playing games and making breads.
Doosan VINA	Repair of Elementary School Facilities in Local Communities	We installed toilets and lecture halls, remodeled soccer stadium and conducted environmental purification activities for the elementary school in Binh Thuan by 110 employees, to provide a better educational environment for children.
DPSI	Repair of Elementary School Facilities in Local Communities	We installed library and classroom, held dentist treatment camp and conducted papering and cleaned for the BVM School in Gurgaon region, to improve the educational environment of children.
	Repair of School Facilities for the Visually Impaired Children	We visited the school for the visually impaired children in Chennai and established the infrastructure so that children can drink clean water and conducted a program to raise the awareness on the traffic safety of children.
DHIA	Environmental Purification Activities of Neighboring Regions	We prevented serious environmental problems together with the environmental volunteer group, Mahwah Environmental Volunteers Organization (MEVO), by collecting wastes and scrap irons and recycling them.
HFC	Provided Educational Support for Children from the Neglected Class	We implemented various activities to provide better understanding to the children, including science, technology, mathematics (STEM), so that they can develop into scientists, technicians and IT experts in the future, enabling children from the neglected class to escape from the grip of poverty.
Middle East OC	Blood Donation Event	We participated in the blood donation camp held at the Blood Donation Center located in Dubai, including 25 persons from our suppliers, the Middle East OC and JBL M.

Supplier

6.1 Present status of our suppliers (G4-12)

Supply network of organization

Classification	Unit	2012	2013	2014
Regular Trading Companies	numbers	1,163	1,147	1,071

*Definition of suppliers: A company that had trading relationships with Doosan Heavy Industries & Construction, with more than twice the number of transactions and with more than KRW 100 million in total for annual average transaction amount.

6.2 Shared growth program with suppliers

Performance of shared growth

Classification	Unit	2012	2013	2014
Amount of shared growth fund raised	KRW 100 million	648	1,158	1,008
Performance of consortium operated for national human resources development (number of completed persons)	persons	7,888	7,770	7,453
Performance of consortium operated for national human resources development (number of courses)	numbers	19	25	24
Number of suppliers that participated in field trip programs	numbers	29	94	21
Number of persons for fair trade education	persons	540	1,609	2,113

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Environment

7.1 Weight or volume of raw materials used (G4-EN1)

Steel manufacturing plant					
Classification		Unit	2012	2013	2014
Non-renewable raw materials	Amount of raw and subsidiary materials used	ton	237,298	140,975	161,873
	Amount of steel	ton	218,185	196,892	223,520
	Total	ton	455,483	337,867	385,393
Recycled raw materials	Recycling of recovered steel	ton	93,301	82,876	79,465
	Total	ton	93,301	82,876	79,465
Total		ton	548,784	420,743	464,858

7.2 Energy consumption of the organization (G4-EN3)

Classification		Unit	2012	2013	2014	Note
Total	Fuel consumption	TJ	2,301	2,003	2,066	
	Electricity consumption	TJ	3,312	3,132	3,212	
Head office	Fuel consumption	TJ	2,291	1,987	2,042	
	Electricity consumption	TJ	3,210	3,044	3,132	
Seoul Office	Fuel consumption	TJ	6	15	16	
	Electricity consumption	TJ	38	43	49	
Daedeok R&D Center	Fuel consumption	TJ	2	-	-	
	Electricity consumption	TJ	53	31	11	
DC Center	Fuel consumption	TJ	2	1	7	
	Electricity consumption	TJ	8	14	21	
Domestic construction sites	Fuel consumption	TJ	-	-	16	
	Electricity consumption	TJ	-	-	54	
Overseas construction sites	Fuel consumption	TJ	-	-	280	
	Electricity consumption	TJ	-	-	73	

* Including data from domestic and overseas construction sites since 2014, and reevaluation and adjustments made on past data in accordance with on-site integrated management domestically and internationally.

Environment

7.3 Total water withdrawal by source (G4-EN8)

Classification	Unit	2012	2013	2014
Surface water including water flow from wetlands, river, lake and sea (domestic)	ton	-	-	20,767
Surface water including water flow from wetlands, river, lake and sea (overseas)	ton	-	-	32,920
Groundwater (domestic)	ton	2,910	3,442	3,328
Groundwater (overseas)	ton	-	-	14,600
Water supply of cities or other water supplies (domestic)	ton	1,400,000	1,550,000	1,147,525
Water supply of cities or other water supplies (overseas)	ton	190,000	250,000	179,062
Total	ton	1,592,910	1,803,442	1,398,202

*Including domestic and overseas construction and manufacturing fields

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Environment

7.4 GHG emissions (G4-EN15)

Amount of GHG emissions

Classification		Unit	2012	2013	2014	Note (including domestic and overseas construction sites)
Direct GHG emissions (Scope1)		tCO ₂ e	123,000	109,499	105,736	
Indirect GHG emissions (Scope2)		tCO ₂ e	160,000	147,869	156,062	
Mobile combustion		tCO ₂ e	1,000	1,389	3,743	
Process emissions		tCO ₂ e	16,000	15,767	17,881	
Total	Total amount of emissions	tCO ₂ e	300,068	274,524	283,422	308,823
	Amount of direct emissions	tCO ₂ e	139,115	122,343	127,360	146,083
	Amount of indirect emissions	tCO ₂ e	160,953	152,181	156,062	162,740
Head office	Total amount of emissions	tCO ₂ e	294,521	269,196	278,063	
	Amount of direct emissions	tCO ₂ e	138,616	121,327	125,968	
	Amount of indirect emissions	tCO ₂ e	155,905	147,869	152,096	
Seoul Office	Total amount of emissions	tCO ₂ e	2,187	3,075	3,410	
	Amount of direct emissions	tCO ₂ e	316	983	1,018	
	Amount of indirect emissions	tCO ₂ e	1,871	2,092	2,393	
Daedeok R&D Center	Total amount of emissions	tCO ₂ e	2,693	1,526	545	
	Amount of direct emissions	tCO ₂ e	106	-	-	
	Amount of indirect emissions	tCO ₂ e	2,587	1,526	546	
DC Center	Total amount of emissions	tCO ₂ e	480	716	1,404	
	Amount of direct emissions	tCO ₂ e	25	23	376	
	Amount of indirect emissions	tCO ₂ e	455	693	1,029	
Domestic construction sites	Total amount of emissions	tCO ₂ e	-	-	3,889	
	Amount of direct emissions	tCO ₂ e	-	-	1,045	
	Amount of indirect emissions	tCO ₂ e	-	-	2,844	
Overseas construction sites	Total amount of emissions	tCO ₂ e	-	-	21,512	
	Amount of direct emissions	tCO ₂ e	-	-	17,678	
	Amount of indirect emissions	tCO ₂ e	-	-	3,834	

*Including data from domestic and overseas construction sites since 2014, and re-evaluation and adjustments made on past data in accordance with on-site integrated management domestically and internationally.

Environment

7.5 Reduction of GHG emissions (G4-EN19)

Classification		Unit	2012	2013	2014
Improvement of heat facilities		tCO ₂ e	109	2,911	2,291
Improvement of operational methods		tCO ₂ e	1,882	8,317	6,545
Adoption of high-efficient facilities		tCO ₂ e	33	3,745	2,946
Optimization of combustion		tCO ₂ e	344	12,477	9,818
Others		tCO ₂ e	8,368	-	-

7.6 Emissions of major air pollutants, including NOx, SOx and others (G4-EN21)

Classification		Unit	2012	2013	2014	Note
Domestic	NOx	ppm	-	-	0.0184	
	SOx	ppm	-	-	0	
	POPs (Persistent Organic Pollutant) in water	pg-TEQ / L	3.933	0.204	0.989	Measurement once a year
	POPs (Persistent Organic Pollutant) in air	ng-TEQ / Sm³	-	0.0905	-	Measurement of once / 2 years
	Dust (Compared to legal standards)	%	21	20	20	
	COD (Compared to legal standards)	%	17	16	14	
Overseas	SS (Compared to legal standards)	%	3	3	3	
	NOx	ppm	-	-	92.66	
	SOx	ppm	-	-	66.69	
	Dusts (Compared to legal standards)	%	37	38	-	
	COD (Compared to legal standards)	%	25	16	0	
	SS (*Compared to legal standards)	%	16	4	0	

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Environment

7.7 Total discharge by water quality and destination (G4-EN22)

Data related to wastewater discharge

Classification			Unit	2012	2013	2014
Work site	Final wastewater discharge	Wastewater treatment method	ton	Discharge amount	Discharge amount	Discharge amount
	Deokdong sewage treatment plant in Changwon	Physical-Chemical	ton	202,598	128,027	135,004
Domestic Construction	Neighboring streams	Physical-Chemical	ton	-	-	73,288
Overseas Construction	Neighboring streams	Septic tanks	ton	-	-	274,308
Total amount of discharge			ton	202,598	128,027	482,600

* Including data on domestic and overseas construction sites starting from 2014

Data on wastewater recycled amount

Classification	Unit	2012	2013	2014
Work sites	ton	Recycled amount	Recycled amount	Recycled amount
Changwon Plant	ton	8,760	25,380	25,900
Domestic Construction	ton	-	-	14,232
Total	ton	8,760	25,380	40,132

Data on wastewater quality

Classification	Unit	2012	2013	2014
COD	mg / l	14.89	14.37	12.87
SS	mg / l	2.67	2.64	2.74
N-H	mg / l	0.67	1.35	0.73
Cr	mg / l	0.03	0.004	0.001
Zn	mg / l	0.061	0.049	0,013
Pb	mg / l	0.044	0.017	0.001
Fe	mg / l	0.081	0.025	0.021
T-N	mg / l	10.08	5.675	4.053
T-P	mg / l	0.455	0.205	0.022

Environment

7.8 Total weight of waste by type and disposal method (G4-EN23)

Total weight of waste by type and disposal method

Classification		Unit	2012	2013	2014	Note (including domestic and overseas construction sites)
Note (including domestic and overseas construction sites)	Recycled	ton	51,825	50,630	60,337	74,496
	Incineration	ton	1,406	1,126	1,101	2,073
	Landfill	ton	10,047	9,481	5,226	53,675
	Others	ton	-	-	26,879	26,879
Wastes at work sites (designated)	Recycled	ton	637	649	586	627
	Incineration	ton	639	552	423	504
	Landfill	ton	3,283	3,523	4,000	7,864
	Others	ton	-	-	-	3,494
Total		ton	67,837	65,961	71,673	169,612

Performance of waste recycled

(*standard: Korea Environment Corporation's Allbaro System)

Classification		Unit	2012	2013	2014
Domestic	Changwon Plant	ton	52,462	51,729	60,923
	Construction	ton	-	-	12,958
Overseas	Subsidiary	ton	477	512	-
	Construction	ton	35,957	37,482	1,243
Total		ton	88,896	89,273	75,124

Recycling rate of wastes

Classification	Unit	2012	2013	2014
Recycling rate of waste	%	77%	77.7%	85%

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Others 1. Pollutant leakages and transport wastes (G4-EN24, 25)

Doosan Heavy Industries & Construction always pays attention to the pollutant leakages that might occur easily from industrial characteristics, and there were no cases of leakages reported during the last three years. Also, there is no import or export of wastes.

Others 2. Complying with environmental laws (G4-EN29)

Doosan Heavy Industries & Construction has no records of restrictions for violating environmental laws and related regulations during the last three years.

7.9 Total expenditures and investments on environmental protection (G4-EN31)

Doosan Heavy Industries & Construction does not neglect waste treatment to protect the environment, and also makes continuous investments on green purchasing and green technology development.

Total environment-related costs

Classification	Unit	2012	2013	2014
Entrusted waste treatment	KRW 1 million	1,159	1,033	2,618
Waste analysis	KRW 1 million	4	3	2
Entrusted waste recycling	KRW 1 million	285	291	607
Profits from waste disposal	KRW 1 million	1,186	993	1,227
Other expenses	KRW 1 million	5	2	909
Total	KRW 1 million	2,639	2,322	5,363

Costs of green purchasing and purchasing of eco-friendly products

Classification	Unit	2012	2013	2014
Total Purchasing	KRW 1 million	31,009	27,800	29,031
Purchasing of eco-friendly products	KRW 1 million	2,649	2,129	1,779
Ratio of green purchasing	%	8.54%	7.66%	6.13%
Total	KRW 1 million	33,658	29,929	30,810

Stakeholders

Doosan Heavy Industries & Construction defines shareholders, customers, employees, suppliers, local communities, the government and related agencies and competitors as major stakeholders and aims to be in active communications with stakeholders. In the future, we shall strive to actively reflect stakeholders' opinions in our business activities by diversifying communication channels and expanding the target of communication, to establish the foundation for sustainable development of Doosan Heavy Industries & Construction.

		Communication Channel
<div>Shareholders</div> <div></div>	Doosan Heavy Industries & Construction is communicating with shareholders through various activities, including investment relations (IR), conferences on business plans and performance reviews, to identify the needs and expectations and reflect them in the company's business activities.	<div>· Investment relations (IR)</div> <div>· Conference</div> <div>· Overseas NDR</div>
<div>Customers</div> <div></div>	Doosan Heavy Industries & Construction maintains active communication with customers through full cooperation and support in all processes, including product development, production, installation, operation and post-management, and strives to enhance customer satisfaction level.	<div>· Road Show</div> <div>· Technology briefings</div> <div>· VOC</div>
<div>Employees</div> <div></div>	Doosan Heavy Industries & Construction is striving to improve development, work environments and welfare systems through consultation with employees and placing talent management as the top priority for strategic tasks to achieve sustainable growth.	<div>· Industrial Safety and Health Committee</div> <div>· Labor-Management Council</div>
<div>Suppliers</div> <div></div>	The competitiveness of suppliers is directly linked to Doosan Heavy Industries & Construction's competitiveness. Doosan Heavy Industries & Construction implements various activities with the goal of establishing the 'virtuous cycle partnership' to achieve shared growth with suppliers.	<div>· Win-Win Call Center</div>
<div>Local Community</div> <div></div>	Doosan Heavy Industries & Construction implements various activities and scholarships to develop local communities where work sites are located. Also, we employ outstanding local talents, while developing local universities through academic-industrial cooperation.	<div>· Consultative group</div> <div>· Social welfare corps</div>
<div>Government</div> <div></div>	Doosan Heavy Industries & Construction employ national tasks through close cooperation with relevant governmental agencies to conduct R&D. Also, we are actively taking part in government policies by complying with systems and laws related to projects.	<div>· Overseas seminars</div> <div>· Exhibition participation</div>
<div>Competitors</div> <div></div>	Doosan Heavy Industries & Construction not only considers competing companies as competitors but as potential partners, and also takes it as an opportunity to achieve mutual growth through many communications.	<div>· IR presentations by quarter</div> <div>· Media data</div> <div>· Company visits</div>

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Materiality Analysis

Doosan Heavy Industries & Construction selects and reports on issues that need communication with stakeholders through this Integrated Report in accordance with the GRI Guideline and IR Framework.

Process of Materiality Analysis

Doosan Heavy Industries & Construction’s process of materiality analysis consists of four stages.

In the stage of forming an issue pool, the material issues are identified by considering the significance and influence that have impact on stakeholders. Also, various external investigations are conducted, including the global standard analysis of sustainable management, analysis of media reports on Doosan Heavy Industries & Construction for 2014, and issues identified on the sustainability management of competitors. Also, internal investigations are conducted by gathering stakeholders’ opinions indirectly through Doosan Heavy Industries & Construction’s internal reports, analysis of disclosures and interviews with persons in charge of external contact points. Based on the investigation results, a total of 32 issues related to Doosan Heavy Industries & Construction’s sustainable growth were identified.

In the second stage, material issues are identified by taking into consideration the significance and influence that could impact Doosan Heavy Industries & Construction and stakeholders, while also setting the priority according to issue by collecting external experts’ opinions.

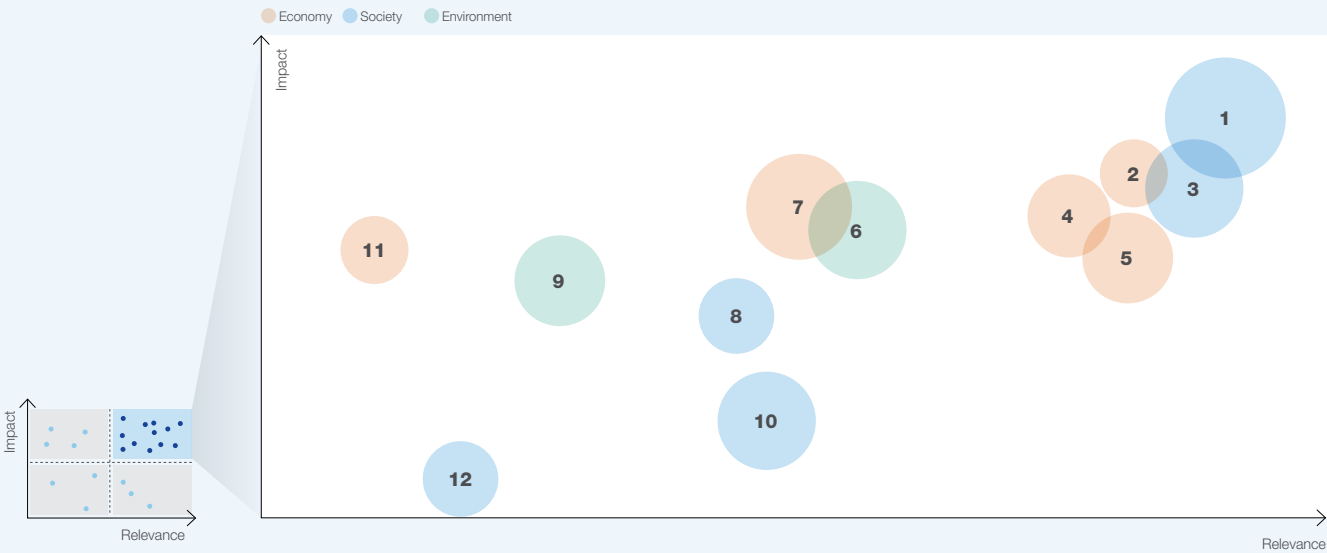
In the third stage, Doosan Heavy Industries & Construction’s management opinions are taken into consideration to select the material issue. Through this material analysis process, the issues that are considered to be important in the 2015 Integrated Report are a total of 12 issues.

Lastly, a total of 12 issues were reviewed as a result of the materiality analysis and additional evaluations made on each issue. According to the evaluation results, continuous efforts are made to meet the stakeholder’s expectations, including establishing the improvement tasks on activities that need improvement at the CSR Committee and evaluating the progress on activities.

Process of Materiality Analysis



Matrix of Materiality Analysis



Analysis of the Result of Materiality Issues

Economic Issue

From the economic aspects, the importance of ‘risk management’ and ‘exploring future growth engine’ increased compared to the previous year, while ‘securing original technology’ was not selected as material issue that had been a material issue for the previous year. Due to the increased uncertainty about external market environments, the importance of risk management to manage these uncertainties and the opinions about implementing businesses to achieve sustainable growth were reflected.

Social Issue

From the social aspects, ‘eradication of anti-competitive behaviors’, ‘strengthening of safety and health activities’, ‘innovation of corporate culture’ were newly selected issues. This is the reflection of many social incidents that occurred in 2014, as well as the need for innovation internally within the organization due to the difficulties of external business environments.

Environmental Issue

From the environmental aspects, the previous year’s green management had changed from a comprehensive issue into a material issue that is specific like efficient use of energy. In this regard, Doosan Heavy Industries & Construction identified environmental factors that need management after establishing a system for implementing environmental management.

Analysis of Evaluating Responses

Doosan Heavy Industries & Construction evaluated and analyzed the level of activities recognized by employees regarding the selected issues through materiality analysis. There are company-wide activities well implemented for employees, including social contribution, safety and health, eradication of anti-competitive behaviors, and efficient use of energy. However, it was evaluated that there needs to be more activities on increasing R&D investments, improving working environments, implementing risk management, and diversifying markets. Doosan Heavy Industries & Construction will improve the performance of actual activities and enhance the sustainability of the company by analyzing and improving the causes identified from various categories evaluated as lacking.

Major Issues and Report Pages

Order of priority	Name of theme	Related aspect	Report pages
1	Ethical Management	Compliance	24, 25
2	Risk Management	Economic Performance	50, 51
3	Strengthening Product Competitiveness	Product and Service Labeling	40-47
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Audit Report

Independent auditors' report

To the Board of Directors and Stockholders
Doosan Heavy Industries & Construction Co., Ltd.

March 19, 2015

We have audited the accompanying consolidated financial statements of Doosan Heavy Industries & Construction Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the consolidated statements of profit or loss, consolidated statements of comprehensive income or loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated interim financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards ("KIFRS"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Doosan Heavy Industries & Construction Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013, and their consolidated financial performance and cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

Other matter

The consolidated financial statements of the Doosan Heavy Industries & Construction Co., Ltd. and its subsidiaries for the year ended December 31, 2013 were audited in accordance with previous auditing standards generally accepted in the Republic of Korea.



Ernst & Young Han Young

This audit report is effective as at March 19, 2015, the independent auditors' report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modification to this report.

Management's assessment on internal control over financial reporting

The Board of Directors and Internal auditor (Audit Committee) of
Doosan Heavy Industries & Construction Co., Ltd.

March 19, 2015

I, as the internal control over financial reporting officer ("ICFR Officer") of Doosan Heavy Industries & Construction Co., Ltd. ("the Company"), assessed the status of the design and operations of the Company's internal control over financial reporting ("ICFR") for the year ended December 31, 2014.

The Company's management including the ICFR Officer is responsible for the design and operations of its ICFR. I, as the ICFR Officer, assessed whether the ICFR has been effectively designed and has operated to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of establishing the reliability of financial reporting and the preparation of financial statements for external financial reporting purposes. I, as the ICFR Officer, applied the ICFR standards for the assessment of design and operations of the ICFR.

Based on the assessment of the operations of the ICFR, the Company's ICFR has been effectively designed and has operated as of December 31, 2014, in all material respects, in accordance with the ICFR standard.



Myungho Jang,
Internal Control over Financial Reporting Officer

Geewon Park,
Chief Executive Officer or Chairman

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Assurance Statement

Introduction

DNV GL Business Assurance Korea. (hereinafter “DNV GL”) is commissioned to carry out the assurance engagement of the 2014 Integrated Report (hereinafter “the Report”) of Doosan Heavy Industries & Construction Co., Ltd. (hereinafter “Doosan Heavy Industries & Construction”). This engagement focused on the information provided in the Report and the underlying management and reporting processes.

Doosan Heavy Industries & Construction is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV GL’s responsibility in performing the work follows terms of reference and scope of work agreed. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and authentic. Doosan Heavy Industries & Construction’s stakeholders are the intended recipients of the assurance statement.

Scope of Assurance

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

- Evaluation of adherence to Accountability principles provided in AA1000 Accountability Principles Standard (APS) 2008 with Type 1, a moderate level of assurance as stated in AA1000 Assurance Standard (AS) 2008.
- Verification of disclosures to check the Report is prepared ‘In accordance’ with the GRI Guidelines G4 (Core option) (Aggregated level of data that refers to the period between January and December in 2014)
- Visit to Doosan Heavy Industries & Construction Head office in Seoul, Korea in April 2015.

Limitation

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

Verification Methodology

The Assurance Engagement was planned and carried out in accordance with the AA1000AS (2008). As part of the verification, we challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls.

In accordance with the Protocol, the Report was evaluated with regard to the following criteria: DNV GL has examined and reviewed documents, data and other information made available by Doosan Heavy Industries & Construction. We acquired the information and technical data from the certified management systems. We performed sample-based audits of;

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

Conclusion

In DNV GL’s opinion, the Report provides a reliable and fair representation of Doosan Heavy Industries & Construction’s policy, practices and performance in 2014. DNV GL confirms that the report is ‘in accordance’ with the Guidelines – Core.

Further conclusions and observations on the Adherence to the principles of Inclusivity, Materiality and Responsiveness, as set forth in the AA1000APS (2008) are made below :

Inclusivity

Doosan Heavy Industries & Construction’s issues were composed through various sources (previous integrated reports, internal reports, benchmarking, media, external experts) of information based on the international CSR standards. Various ways of engaging stakeholders and key issues associated with stakeholder groups are also presented in the Report.

Materiality

The materiality determination process is clearly presented in the Report. Issue pool to identify material issues is based on sector issues recommended by GRI and analyse additional issues (previous integrated reports, internal reports, benchmarking, media, external experts). This offers the opportunity to study various aspects of the business environment changes. Sustainability issues were reviewed in terms of relevance and impact (significance) and ten material issues are identified and prioritized based on the stakeholder’s opinion.

Responsiveness

Stakeholders’ views, interests and expectations have been considered in the preparation of the Report. Doosan Heavy Industries & Construction presents sustainability management strategy, performance and activities which correspond to ten key material issues. Key performance and goal of reported year and performance figures for three years provide meaningful information for stakeholders to understand performance trend.

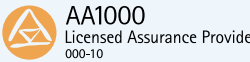
Opportunities for Improvement

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

- Doosan Heavy Industries & Construction is recommended to seek to have a more clear understanding of who its stakeholders are and a comprehensive and balanced communication process in which they engage.
- Since Doosan Heavy Industries & Construction reports a wide range of quantitative data on sustainability performance, it is required to maintain the consistent approach to collection and report information geographically and chronologically.
- Negative issues are reported for the objective figures (violations, fines, etc.) in the Report. The more active response like cause analysis and countermeasures on negative issues are recommended.

Statement of Competence and Independence

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



May 2015 Seoul, Republic of Korea
Country Manager In-Kyoon Ahn

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For any inquires or suggestion about the 2014 Doosan Heavy Industries & Construction Integrated Report please contact Doosan Heavy Industries & Construction CSR Team (Doosanheavy.csr@doosan.com)