

KDB DAEWOO SECURITIES
SUSTAINABILITY REPORT

2015

THINK

REPORT

ABOUT THIS REPORT

This is the fifth KDB Daewoo Securities Sustainability Report since 2006, when the company became the first Korean securities firm to publish a sustainability report. KDB Daewoo Securities Sustainability Report 2015 will look back on the sustainability activities that have taken place during the period covered, based on our mission of “Dream with us”, and we will also report on the outcomes of our activities, as part of our commitment to disclose information to our stakeholders in a transparent way.

Reporting Guidelines

This report was compiled based on the Core option of the G4 Guidelines of the Global Reporting Initiative (GRI), which are global guidelines for sustainability reports, and on the Financial Services Sector Supplement Guidelines (FSSS). It is also based on the ten major principles of the UN Global Compact, which the company has embraced since 2006.

Reporting Period

All information in this report is based on the three years from 2012 to 2014 inclusive. Financial information is given according to the company's fiscal years, and non-financial information uses calendar years, with footnotes added for information where necessary. Information deemed important from the first half of 2015 has also been included.

Reporting Scope

The scope of information included in this report encompasses the company headquarters, the Human Resources Development Center, the IT Center, our domestic branch network, and our overseas subsidiaries and offices. This covers most of where KDB Daewoo Securities performs actual business activities; however, where data collection was difficult owing to physical limitations in relation to material management and assessment, the scope of reporting has been limited to business sites solely in Korea, excluding overseas business sites such as overseas subsidiaries, offices, etc.

Third Party Assurance

To ensure the internal and external credibility of this report, we requested an independent assurance statement from the Business Institute for Sustainable Development (BISD) of the Korea Chamber of Commerce and Industry, which is a professional assurance organization. The BISD's detailed opinion is on page 89 of this report.

Major Characteristics of the Report

KDB Daewoo Securities Sustainability Report 2015 was derived from selecting issues that have the most influence on stakeholders, in accordance with the requirements set forth in the amended GRI G4 Guidelines. We provide details on the current state of and management approach to each issue, through the disclosure on management approach (DMA), and stakeholder interviews are included in the Magazine Section to share stakeholder opinions on all relevant issues. Information on initiatives related to sustainability strategies and their outcomes in the “Sustainability Framework” section offers extensive detail on the company's sustainability management performance.

Additional Information of the Report

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

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What is more important than putting talk into action
is thinking. KDB Daewoo Securities thinks from
diverse stakeholders' perspectives.

THINK YOU VERY MUCH.

KDB Daewoo neither rests on its laurels nor fears
challenges to come. By seeing first what's looming
on the horizon, touching all the bases, and constantly
renewing our constitution, we will build a better world,
a sustainable future through finance.

Think is the key word for
the company's brand
communications strategy.
It is also the slogan
for the KDB Daewoo
Securities Sustainability Report
2015, embodying our philosophy
of thinking first about our
stakeholders at all times.



This report has been published in Korean and English
to promote more efficient communication with
stakeholders at home and abroad.



The PDF version of this report can be downloaded from
the company web site at <http://english.kdbdw.com>.

CONTENTS

06

CEO MESSAGE

52

SUSTAINABILITY
PERFORMANCE

08

KDB DAEWOO SECURITIES
HIGHLIGHT

54 Customers
60 Shareholders/Investors
66 Employees
72 Local Communities

10

OVERVIEW

78

APPENDIX

28

STRATEGIC FOCUS

32 Corporate Governance
35 Risk Management
40 Global Financial Expert
45 Multicultural Society
48 Social Contribution through Finance

CEO Message

We will continue to create economic, social and environmental values, and to stay ahead of the competition in thinking clearly, all to bring to reality bigger dreams together with all stakeholders.



CEO & Chairman of Board of Directors,
KDB Daewoo Securities

Sungguk Hong

This year marks the 45th anniversary of KDB Daewoo Securities. Over the years the company has been growing together with the Korean capital markets, persevering in study, enduring the pains of innovation, and reaping many firsts: the nation's first 'Korea Fund', the nation's first private economic research institute, the industry's first overseas business presence, the industry's first research forum, and Asia's first listing of a Special Purpose Acquisition Company (SPAC), to name but some more significant. The path that KDB Daewoo Securities has taken mirrors the history of the Korean securities market. These accomplishments have been made possible with the help of our stakeholders, whom I would like to take this opportunity to thank from the bottom of my heart for your unwavering trust in and support.

It has been a decade since we became Korea's first securities firm to issue a sustainability report, and a great deal of change has taken place since then. For one, investors' view and understanding of sustainability management has improved to a degree unimaginable before. As a result, corporate sustainability now plays a very important role in investor decisions as well as in corporate valuation.

In fact, sustainability is the most important factor to financial consumers in search of financial institutions to trust with their assets. As for financial companies, since customer assets are the primary sources of sustainable growth, sustainability has become the fundamental source of corporate competitiveness.

As a member of its local communities, KDB Daewoo Securities has recognized, long before its peers, the need for and the importance of sustainability management and made continued efforts to put such awareness into action. In the process, the company in 2015 made the Dow Jones Sustainability World (DJSI) Index for a fourth consecutive year. Another milestone was set in the same year when we were chosen as the Carbon Management Sector (Finance) Winner for the Carbon Disclosure Project (CDP) Korea, which attest to our competitiveness as a global sustainable company.

The KDB Daewoo Securities Sustainability Report 2015 is the fifth one we have published. The report illuminates some of the activities and subsequent results that we carried out after a long deliberation, in pursuit of sustainable economic, social, and environmental values. With the continued trust of our stakeholders, all of us will remain focused on fortifying the creative and caring sustainability management culture we have been known for. We also will continue our study to help all stakeholders realize their financial goals.

Thank you.

KDB Daewoo Securities Highlight

Improving understanding of multiculturalism

Together with KBS, Global Village of Love, and the Seoul National University of Education, KDB Daewoo Securities created an animation that improves people's understanding of multiculturalism. We also developed teaching materials that boost elementary school students' understanding of multiculturalism, and supplied them to around 4,500 elementary schools across the nation. This will help children learn about living with people coming from different cultural backgrounds.



Total client assets exceed KRW 135 trillion

KDB Daewoo Securities has engaged in a variety of sales activities to offer the best financial services to customers. In the last few years marked by low interest rates and slowing growth in particular, the company has focused on developing viable investment alternatives by enhancing product competitiveness. In 2014 the company set its all-time record of KRW 135 trillion in total client assets with differentiated branch operation and asset management.

08

2013



Designated Financial Consumer Protection Day

KDB Daewoo Securities has designated the first Wednesday of each quarter as the 'Financial Consumer Protection Day', a day on which the 'Think you' Charter of the KDB Daewoo Securities' financial consumer protection principles is shared with all staff. We are aware of the importance of protecting financial consumer rights and interests, and are taking the lead in establishing a consumer-oriented organizational culture.

2014

Published an 'Easy-to-Understand Financial Terminology' booklet

KDB Daewoo Securities published a booklet entitled 'Easy-to-Understand Financial Terminology', written by 3,000 people at the company with the goal of providing easy-to-understand explanations of financial terminologies. The booklet was the result of gathering ideas from 'Think you very MATCH', an internal contest about explaining financial terminology in easy terms that was held from April to June 2014. Customers who found finance difficult and were more likely to be indifferent to it, are thus encouraged to see finance as something that they can understand, and that they need, with the aim that they will become more interested in it.



MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



Listed in the DJSI World Index for a fourth consecutive year

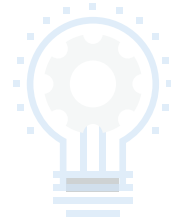
The Dow Jones Sustainability Index (DJSI) evaluates the sustainability management of companies around the world in economic, environmental, and social categories. In September 2015, KDB Daewoo Securities was listed in the DJSI World Index, the highest grade, for a fourth consecutive year. After being listed in the DJSI Asia Pacific for the first time in 2010, the company has continually listed itself in the DJSI World as well. This has further reinforced our reputation as a sustainable company.

Established the 'PB Academy' to foster premier private bankers

As the competencies of private bankers (PBs), who directly manage customer assets, are essential to its goal of becoming a 'Premier PB House', KDB Daewoo Securities has established 'PB Academy' as one of its innovative human resources development programs. New graduates enroll at the eight-month training camp and receive a systematic training unparalleled in the Korean securities industry. By producing PBs worthy of customer trust and respect, we will build a premier reputation in the area of wealth management.

Launched 'Do Dream', an internal bulletin board for suggestions

KDB Daewoo Securities listens to its employees through an internal communication channel dubbed 'Do Dream'. Through 'Do Dream' employees share ideas and find ways to make business operations more efficient and creative. The collected ideas are actively used for the company's development.



2015

Received a 'Certificate of Merit for Contributing to Capital Market Development' in Mongolia

In 2013, KDB Daewoo Securities became the first securities firm in Korea to establish a Mongolian subsidiary; this has enabled us to share the financial know-how that we have built in Korea, and has contributed to the development of Mongolian financial markets. These efforts were recognized in June 2015, when KDB Daewoo Securities was awarded a 'Certificate of Merit for Contributing to Capital Market Development' by the Mongolian Stock Exchange. We plan to improve our competitiveness in Mongolia based on our strong network in the market.



Issued the Chinese Environmental Protection Company Report

In response to China's enforcement of a new Environmental Protection Law, revised for the first time in 25 years, KDB Daewoo Securities issued a report on China's environmental protection policies and an outline summary of 20 relevant companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. This report helps readers to better understand environmental protection industry on which the Chinese government puts emphasis, and reviews relevant companies. We plan to release a series of industry analyses in China by selecting issues that reflect mid- to long-term trends.



Over the past 45 years KDB Daewoo Securities has continued to progress, shoring up its position as Korea's leading financial company. Staying a few steps ahead, the company will expand its business sphere overseas and lead the industry in pursuit of advanced finance.

At the center of its successes lies the by-the-book, responsible management the company has steadfastly adhere to.

Going forward, KDB Daewoo Securities will continue to grow upright, invest thus-generated financial fruits in creating social value, and open a new path to sustainable finance.

1 OVERVIEW

Company Profile	12
Vision & Strategies	16
Sustainability Framework	18
Ethical Management	20
Creating and Sharing Economic Value	23
Stakeholder Communication	24
Materiality Assessment	26

Company Profile



As a leading financial investment company in Korea, KDB Daewoo Securities has been achieving continued growth by creating new opportunities and leading the market.

Company Overview

Founded in 1970, KDB Daewoo Securities is a comprehensive financial investment company that is celebrating its 45th anniversary this year. Its major business areas include brokerage, wealth management, sales & trading, and investment banking, and the company offers a wide array of financial products and services to customers in Korea and abroad.

Size and Status

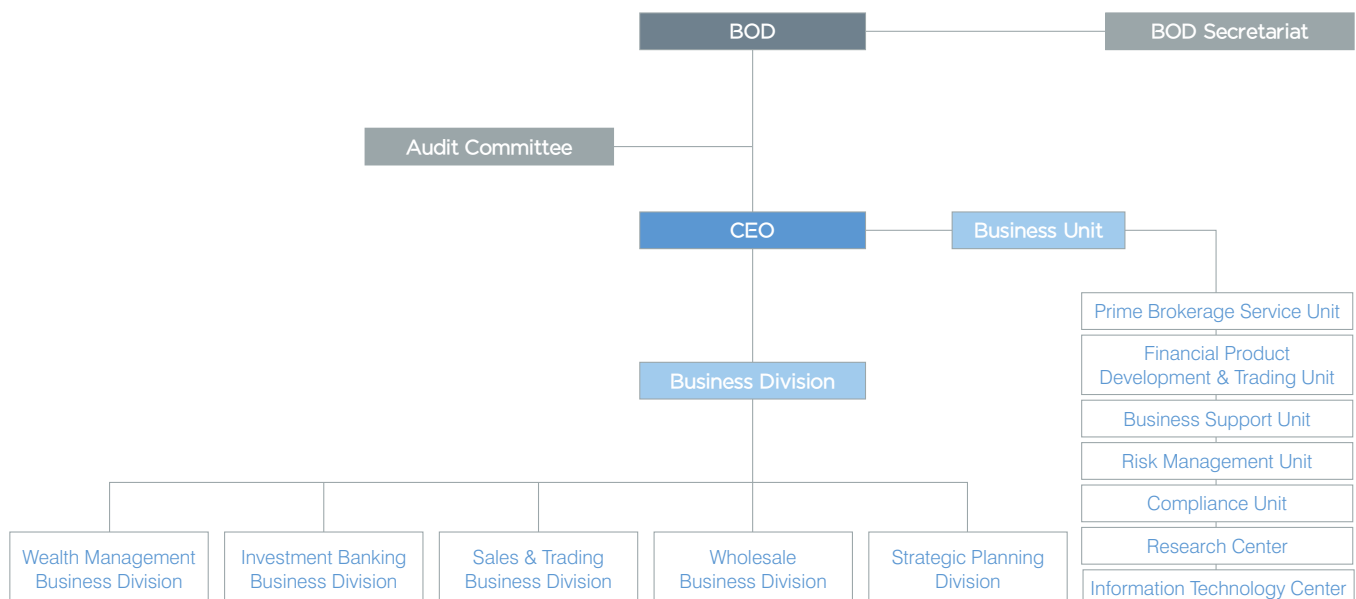
KDB Daewoo Securities is a comprehensive financial investment company, with 102 domestic branches as well as eight subsidiaries, one branch, and three representative offices overseas. Headquartered in Yeouido, Seoul, KDB Daewoo Securities' 2,968 employees are striving to offer top-quality financial services to customers in Korea and abroad.

Key Information

Name	KDB Daewoo Securities Co., Ltd.
Headquarters	KDB Daewoo Securities Bldg. 56, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul, Korea
Establishment	September 23, 1970
CEO	Sungguk Hong
Domestic Network	99 Branches, 3 Stores
Overseas Network	8 Overseas Subsidiaries, 1 Branch, 3 Representative Offices
No. of Employees	2,968
Key Business Areas	Brokerage, Wealth Management, Sales & Trading, Investment Banking
Share Ownership (As of December 31, 2014)	KDB Bank 43%, Individuals 29%, Foreigners 17%, Institutions 10%, Treasury Stock 1%

* As of the end of September 2015

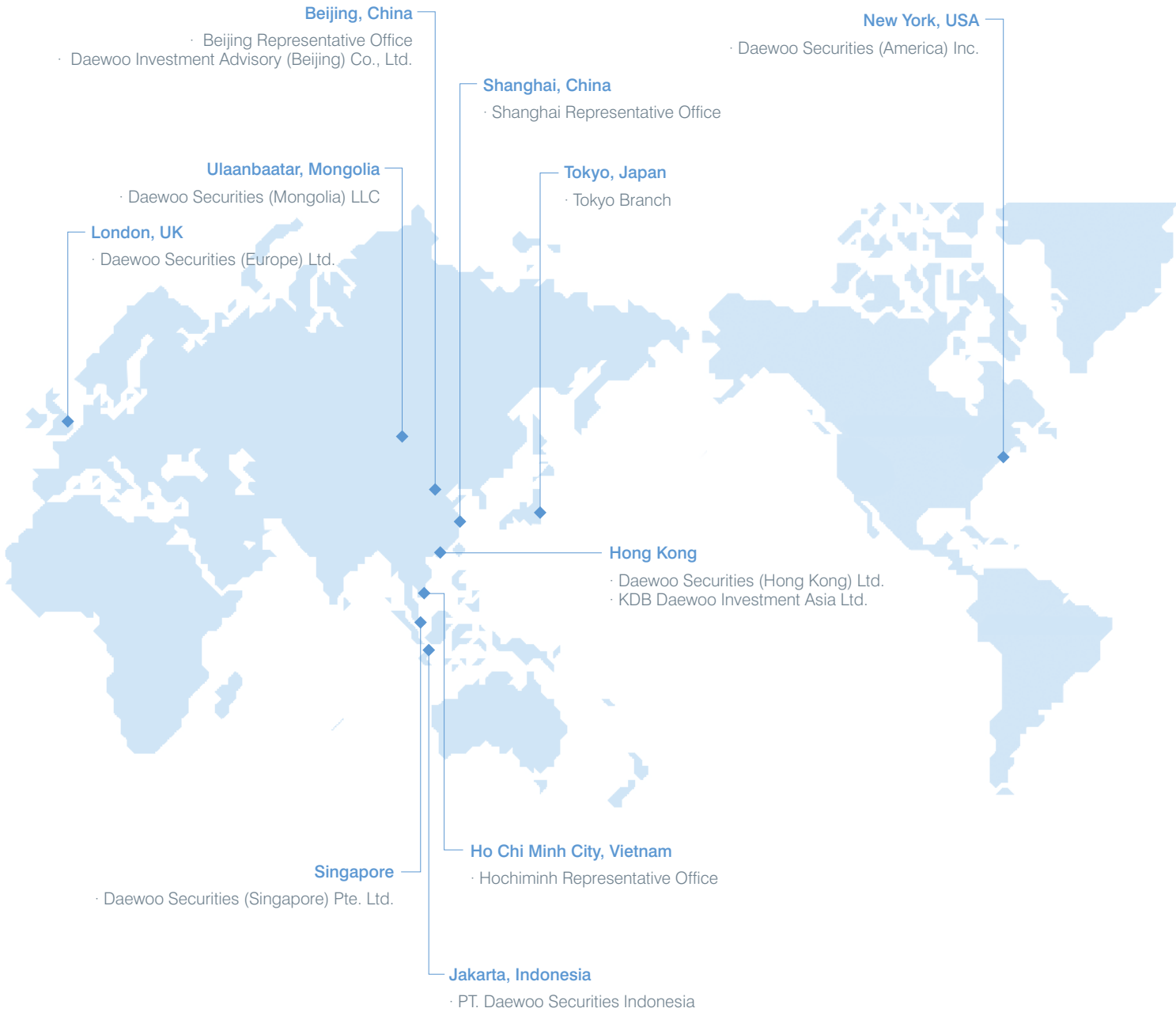
Organization Chart



* As of the end of September 2015

Company Profile · Vision & Strategies · Sustainability Framework · Ethical Management
Creating and Sharing Economic Value · Stakeholder Communication · Materiality Assessment

Global Network





Milestones

Since its establishment in 1970, KDB Daewoo Securities has been performing a pivotal role in the development of Korean capital markets. The company has grown in partnership with its stakeholders, and has opened up new paths for the Korean financial markets. KDB Daewoo Securities continues to pursue strong and honest growth.

Management Milestones

Sep. 23, 1970

Establishment of Dong Yang Securities Co., Ltd., former Daewoo Securities

Sep. 01, 1973

Merged with Daewoo Corporation

Sep. 30, 1975

Initial Public Offering: paid-in capital increased to KRW 2 billion

Oct. 20, 1983

Renamed Daewoo Securities Co., Ltd.

Oct. 01, 1999

Spun off from the Daewoo Group

Oct. 28, 2009

Launch of the KDB Financial Group, with the majority shareholder of KDB Daewoo Securities changed from KDB Bank to KDB Financial Group

Dec. 31, 2014

KoFC and KDB Bank merged, with the majority shareholder of KDB Daewoo Securities changed from KDB Financial Group to KDB Bank

Sustainability Milestones

2000s

Apr. 15, 2003

Received the Grand Prize at the 'Outstanding Case of Corporate Innovation Conference' hosted by Mercer HR Consulting

Sep. 01, 2003

Chosen as Korea's No. 1 securities firm (21st globally) in 'Outstanding Corporate Governance in Emerging Markets' by Britain's Euromoney magazine

Jun. 20, 2004

Ranked first in the securities industry chosen from among the '30 Most Respected Companies' selected by Dong-A Ilbo Newspaper and IBM BCS Korea

Aug. 01, 2005

Chosen as a leading brand in the securities sector at the 'Economic Review 2005 Consumer Love'

Dec. 13, 2005

Ranked first in the securities sector of '2005 National Customer Satisfaction Index (NCSI)'

Nov. 07, 2006

Received the Grand Prize in customer satisfaction category at the 'Seoul Economy's 2006 Korea Securities Award'

Nov. 09, 2006

Received the Grand Prize in the culture and arts category at the '2006 Social Contribution Company Awards'

Nov. 24, 2006

Received the Grand Prize (Presidential Award) at the '13th Corporate Innovation Awards'

Feb. 14, 2008

Received the Grand Prize at the '2008 Korea Ethical Management Awards'

Dec. 04, 2008

Received the Grand Prize in the customer satisfaction category at the 'Seoul Economy's 2008 Korea Securities Award'

2010s

Jul. 21, 2010

Chosen by Korea Management Association Consulting (KMAC) to receive the Grand Prize at the '2010 the Proud Customer Value'

Sep. 08, 2010

Received a Prime Minister's Citation on the 11th Social Welfare Day

Oct. 07, 2011

Received the Minister of Gender Equality & Family's Citation for supporting multicultural families

Dec. 15, 2011

Received the Business Innovation Grand Prize at the '2011 Aju Business Daily's Finance and Securities Awards'

Sep. 10, 2012

Received a Presidential Citation for supporting multicultural families at the '2012 Nationwide Multicultural Family Support Contest'

Oct. 09, 2012

Listed in the Dow Jones Sustainability World Index for 2012/2013

Dec. 06, 2012

Received the Grand Prize in the securities category at the '9th Web Awards Korea'

Jan. 23, 2013

Received the Grand Prize in the on-line category at the '2013 Consumer Best Brand Awards'

Oct. 22, 2013

Ranked first in the securities sector of '2013 Korea Highest Brand Awards'

Oct. 29, 2013

Chosen as the best company in the risk management category at the '2013 Asia Today Finance Awards'



2015

Oct. 30, 2013

Listed in the DJSI World Index for 2013/2014

Nov. 04, 2013

Received the Carbon Management Special Awards at the CDP Korea Awards

Nov. 20, 2013

Ranked first in the securities category at the '2013 KS-CQI Call Center Quality Index'

Nov. 26, 2013

Received the Best CEO Award and the Minister of Trade, Industry and Energy Award at the '20th Corporate Innovation Awards'

Dec. 11, 2013

Received a Special Grand Prize at the '10th Web Awards Korea'

Apr. 25, 2014

Chosen as the No. 1 securities firm at the '2014 Korea Customer Surprise Brand Index (K-CSBI)'

Apr. 28, 2014

Received the Grand Prize in Customer Satisfaction at the '2014 Herald Business Capital Market Awards'

Jul. 02, 2014

Received the Grand Prize in the consumer evaluation category at the 'Korea Economic Daily's 2014 Korea Mobile Trading System Evaluation Awards'

Sep. 30, 2014

Chosen as the No. 1 in the securities category at the 'Third Quarter of 2014 Brand Stock Top Index (BSTI)'

Oct. 16, 2014

Listed in the DJSI World Index for 2014/2015

Nov. 19, 2014

Ranked first in the securities category at the '2014 KS-CQI Call Center Quality Index'

Dec. 04, 2014

Received a Seoul City Mayor Special Award for contributing to the settlement of North Korean defectors

Dec. 17, 2014

Received the Grand Prize in the common benefit development category at the '2014 Aju Business Daily's Finance and Securities Awards'

Dec. 24, 2014

Received a Minister's Citation for Best Public-Private Partnership CSR Corporation by the Ministry of Gender Equality & Family

Apr. 21, 2015

KDB Daewoo Securities' CMA chosen as an outstanding product on the 'Korea Financial Investors Protection Foundation's Investors List'

Apr. 30, 2015

Chosen as the No. 1 securities firm at the '2015 K-CSBI'

May 26, 2015

Received the Grand Prize in the personal pension and securities category at the '2nd Korea Pension Awards'

Jun. 26, 2015

Received Certificate of Merit by Mongolia Stock Exchange for Capital Market Development contribution

Jul. 20, 2015

Chosen as the No. 1 in the securities category at the 'Second Quarter of 2015 BSTI'

Oct. 28, 2015

Listed in the DJSI World Index for 2015/2016

Nov. 05, 2015

Selected as the Carbon Management Sector (Finance) Winner at the CDP Korea Awards

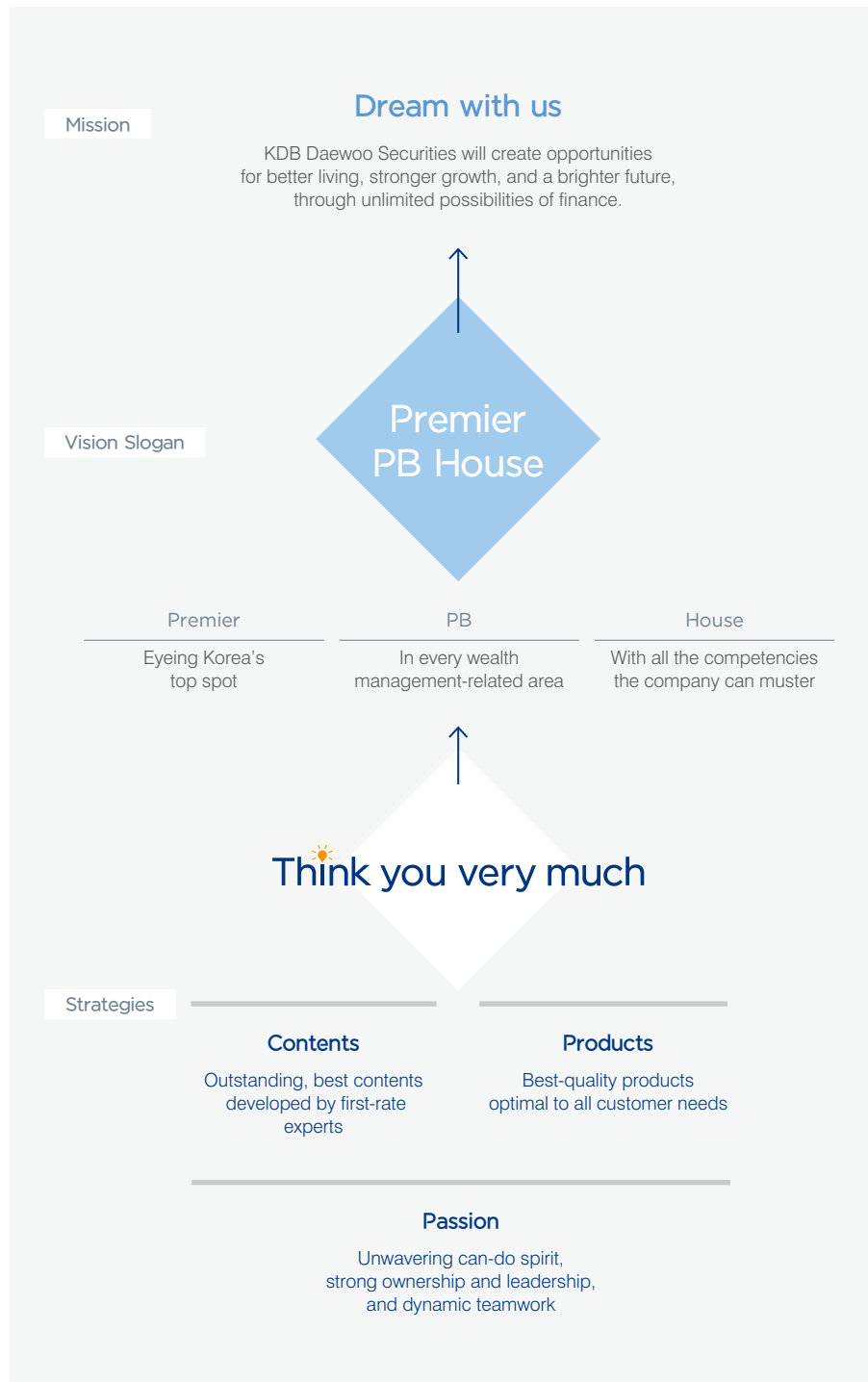
Vision & Strategies



KDB Daewoo Securities operates from a long-term perspective to become a 'Premier PB House', with our mission 'Dream with us'.

Vision

KDB Daewoo Securities dreams of creating a better world through finance, in partnership with all its stakeholders, including customers, shareholders, and local communities. Our financial experts focus their abilities on offering best-quality products optimal to all customer needs with outstanding contents in every wealth management-related area, creating opportunities for a better future.



Strategies

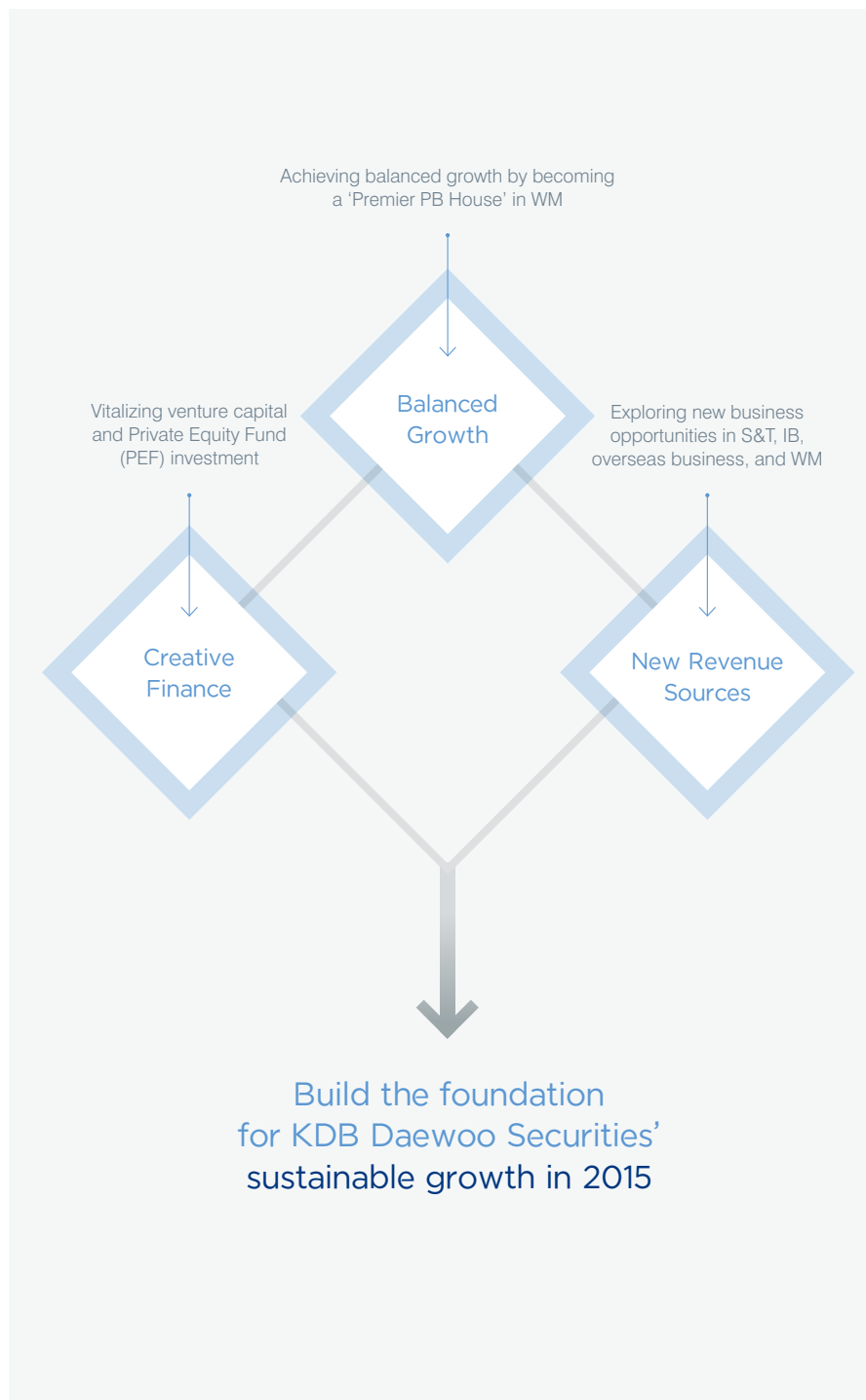
To realize its vision into reality, KDB Daewoo Securities has targeted 2015 as a year for building the foundations for sustainable growth. We established strategies in three major areas, and defined a long-term growth direction for the next decade.

First, we will foster Korea's most skilled PBs and bolster our Wealth Management (WM), competencies to offer distinctive products with optimal contents for our customers. To this end, we set up the 'Premier PB House Task Force Team', and established a system to enforce collaboration between different business divisions in product and service development, as well as content supply. For Sales & Trading (S&T), Investment Banking (IB), and overseas business, we will concentrate on creating new business to develop new sources of revenue. To achieve this goal, we are creating synergy, developing new hybrid products, and expanding into new markets, such as emerging markets.

We are also looking into various ways to generate opportunities from Creative Finance*. For example, we will provide the financial services that are needed to foster small giants by leveraging our wide relationship management (RM) network, and will also build other types of financial models that promote win-win relationships.

These efforts will enable us to share a healthy investment culture, and to export Korean financial models, thus taking a lead in advancing Korea's finance industry.

* Creative Finance is one of the government's measures, in order to link financial investors to companies which have great ideas yet lacking in funds.



Sustainability Framework



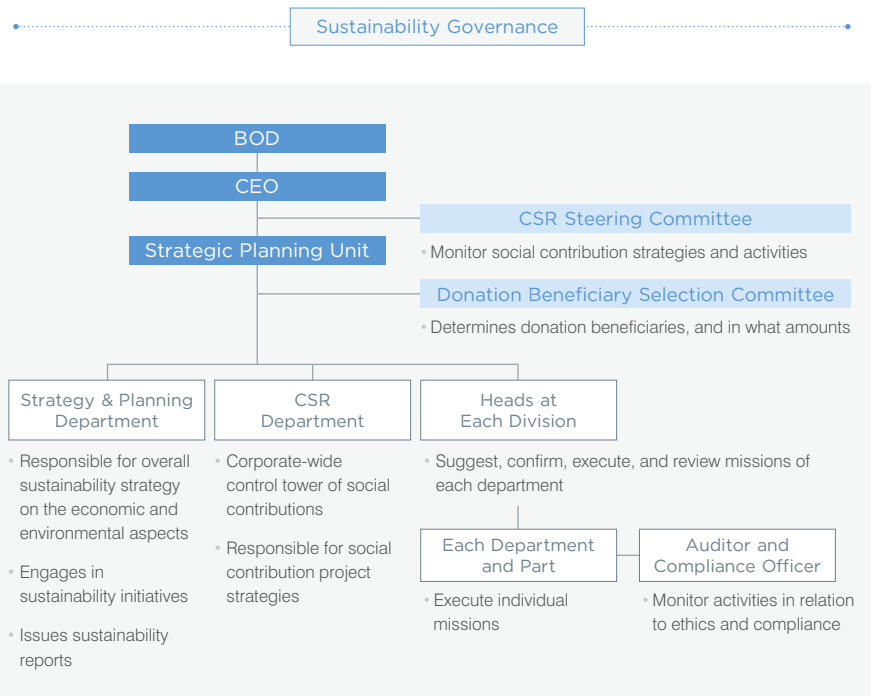
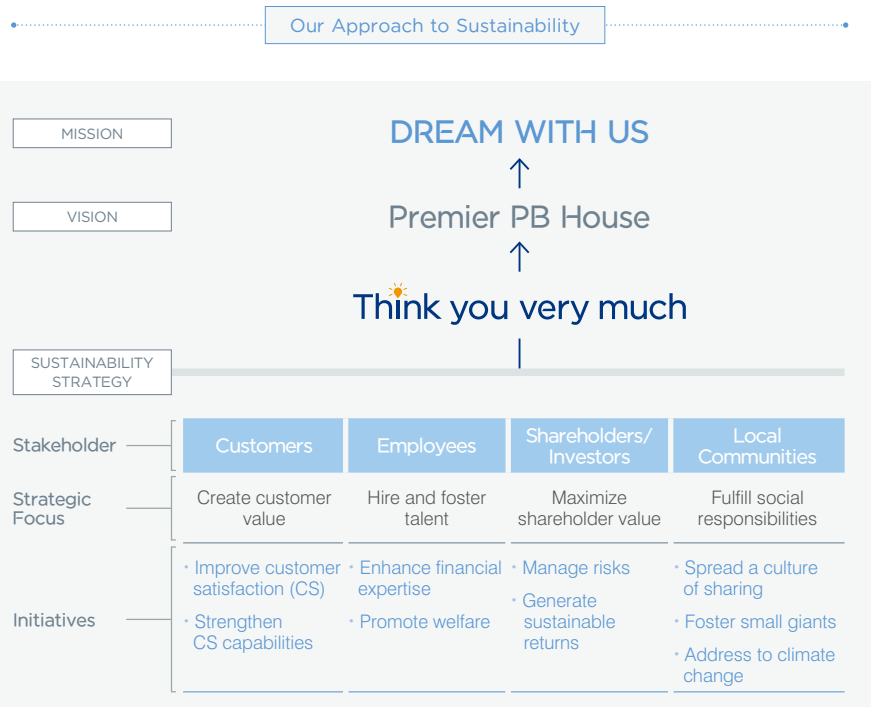
KDB Daewoo Securities has set up collaborative sustainability management systems to help with sustainable growth for all of its stakeholders.

Sustainability Framework Overview

KDB Daewoo Securities' sustainability approach is closely aligned with the company's business strategies. With the adoption of a new vision, we have redefined initiatives based on six core values, and re-established our organizational systems. The new sustainability framework reflects the needs of our four major stakeholders and the company's future direction, based on which we identified areas and tasks with strategic focus.

Sustainability Governance

The CEO of KDB Daewoo Securities is in charge of decision-making for its sustainability management activities. The Head of the Strategic Planning Unit formulates, adjusts, and evaluates corporate-wide sustainability management plans. Each department, including the Strategy & Planning, HR, and General Affairs Departments, suggests, reviews, and implements sustainability management missions. In the area of social contributions, the CSR Steering Committee, which consists of five executives designated by the CEO, deliberates strategies, evaluates the appropriateness of project budgets, and inspects project execution. In terms of donations, the Donation Beneficiary Selection Committee determines which organizations are to be supported, and in what amounts. The social contribution activity plan and performance are reported to the Board of Directors (BOD) twice a year.



Sustainability Performance

To ensure transparent reporting, KDB Daewoo Securities has organized data concerning the performance of its initiatives from 2013 to 2014, as well as on the performance of some major initiatives in 2015 that fall within the reporting period. This data was focused on the execution of plans based on the new sustainability strategy. We will continue to engage in practical initiatives that reflect stakeholder needs.

Achievements in Sustainability

Stakeholder	Initiatives	Goals	Achievements
Customers	<ul style="list-style-type: none"> Enhance customers satisfaction Strengthen employees' CS skills Build brand communication strategies 	<ul style="list-style-type: none"> Ensure objectivity in customer satisfaction results Strengthen training for face-to-face customer communications Improve accessibility for customers Increase brand preference and awareness 	<ul style="list-style-type: none"> Reformed customer satisfaction measuring system Developed the Self-Motivation Course Opened three 'Stores', innovative new concept of sales point Launched 'Let's Talk about Finance the Easy Way' and 'Personal Pension Fitness' brand communications
Employees	<ul style="list-style-type: none"> Improve employees' expertise in finance Promote employee welfare Innovate work, system and culture 	<ul style="list-style-type: none"> Plan and execute the PB Academy program Expand the 'Family Day' Establish a culture that promotes open employee communications 	<ul style="list-style-type: none"> 14 PBs completed the first PB Academy program Operated 'Do Dream', an employee suggestion system Expanded the 'Family Day' to twice a month
Shareholders/ Investors	<ul style="list-style-type: none"> Manage risk Establish a foundation for sustainable growth Publish sustainability reports 	<ul style="list-style-type: none"> Strengthen expertise in risk management Develop new revenue sources and promote balanced growth across all business sectors Address to sustainability initiatives 	<ul style="list-style-type: none"> Created the Finance Assessment and Investment Management Teams Set up the Premier PB House Task Force Team Abolished progressive retirement benefits plan to secure cost efficiency Listed in the DJSI World Index for a fourth consecutive year Published the Sustainability Report 2015
Local Communities	<ul style="list-style-type: none"> Initiate social contribution programs based on joint growth Promote global social contribution activities in line with overseas expansion strategies Develop society contributable products Address to climate change 	<ul style="list-style-type: none"> Undertake consistent strategies for social contributions Look for environmental business opportunities Devise projects that address to climate change 	<ul style="list-style-type: none"> Developed content that improves people's understanding of multiculturalism Carried out social contribution programs and volunteer activities in Indonesia and the Philippines Continued to implement the Jump Up project to foster young social entrepreneurs Financed power plant projects, including a biomass project in Fiji Improved our CDP score

Ethical Management



KDB Daewoo Securities has built a transparent corporate culture based on ethical management and strategic priority shared by the entire company, to earn customer trust.

Ethical Management System

KDB Daewoo Securities regards ethical management as a top priority for the financial industry, and has enacted a Code of Ethics so that ethical management can be fully reflected in our work environment. There is also a Code of Conduct to improve staff understanding of the importance of ethical behavior.

The Code of Ethics

The Code of Ethics refers to vocational ethics standards that help employees engage in appropriate behavior and make proper value judgments. It is based on principles and trust, and reflects KDB Daewoo Securities' resolve to maximize corporate value by practicing customer, company, shareholder, and society-centered ethical management, and to contribute to the sound development of financial markets. All employees have the responsibility and duty to comply with the Code of Ethics. Every year, a ceremony is held for employees to take an oath on ethics and compliance to fully establish a culture of ethics.

2014 Oath of Ethics and Compliance

An annual oath is held to raise staff awareness of the importance of ethics and compliance. In 2014, KDB Daewoo Securities celebrated the 44th anniversary of its founding, and the ethics oath was held jointly with a ceremony to celebrate the company's founding on September 23. A representative of the company's staff read and signed the 'Pledge of Ethics and Compliance', and all staff participated through TOSS, an integrated groupware system. The commitment requires staff to perform their duties according to the highest standards of ethical conduct, to abide by the letter and spirit of all relevant laws, not to infringe upon customer interests, to protect the rights and interests of shareholders through efficient and faithful business activities, and to avoid anything that is counter to social development and the company's goals. In addition to these four elements that are common for all employees, the written oath puts forth missions and detailed matters by business division or type of work and duties. The ceremony was held for all employees and provided opportunities to remind them of the importance of ethical management, and they pledged to do their utmost in order to maximize customer value based on integrity and trust.

KDB Daewoo Securities Code of Ethics

Stakeholder	Principles
Customers	All the officers and employees of KDB Daewoo Securities always think and behave from a customer's point of view with a belief that customers are the very foundation on which KDB Daewoo Securities stands and the reason for KDB Daewoo Securities' businesses. We create and provide a full range of valuable services by fair and active methods to fulfill the needs of our valued customers and take it as our top-prioritized mission.
Company	All the officers and employees of KDB Daewoo Securities clearly understand and share the business objective to enhance prestige and trustworthiness of KDB Daewoo Securities, and actively practice management philosophy to accomplish our duties. We consider honesty and trustworthiness as our highest virtues and implement properly the businesses of KDB Daewoo Securities.
Shareholders	All officers and employees of KDB Daewoo Securities shall protect sincerely shareholders' interests by realizing sound profits through efficient management.
Society	All officers and employees of KDB Daewoo Securities provide valuable services to the society and citizen. By employing information, knowledge, human resources, and technology rationally, efficiently and ethically, we contribute to the development of the state and to the enhancement of the national's quality of life.

Ethics and Governance

KDB Daewoo Securities appoints the Compliance Officer for the independent supervision of corporate-wide ethics and compliance. The Compliance Unit takes charge of the systematic supervision of our ethics management. The Compliance Department is responsible for establishing and managing the company's overall

ethical management execution system. It helps staff to gain a full understanding of the Code of Ethics, and to put it into practice.

Ethics and Compliance Training

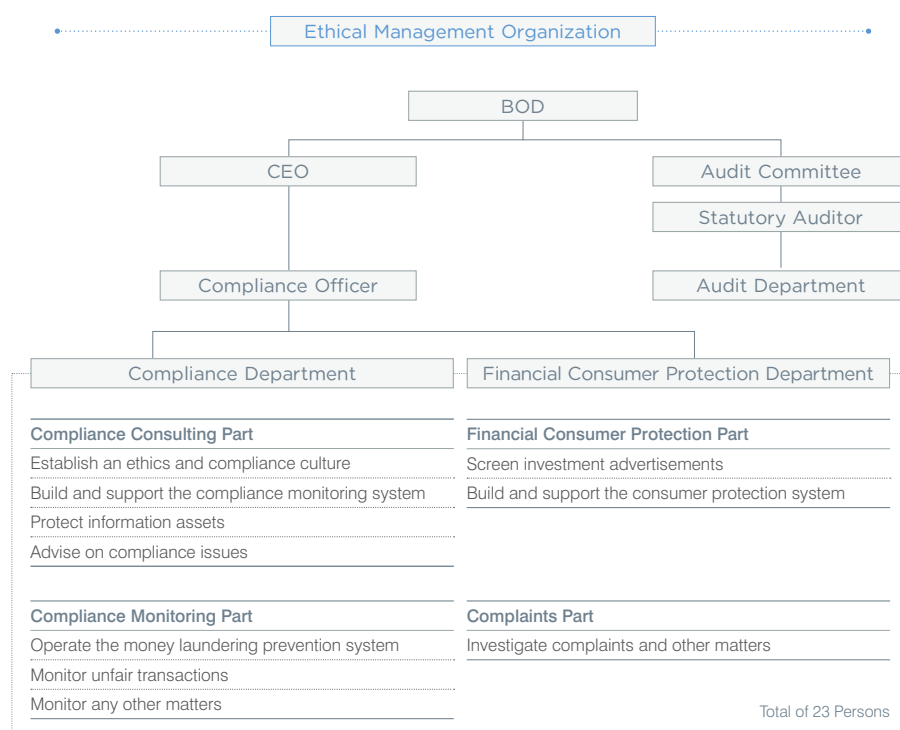
KDB Daewoo Securities strives to strengthen the ethical and compliance mindset of its employees through regular training. The Compliance Department provided a total of 142 ethics and compliance training sessions in 2014; these included on-line training, dissemination of information on compliance issues, employee securities transaction training, and education on the prevention of unfair transaction. The Financial Consumer Protection Department provided training to prevent improper sales of financial investment products, and also implemented internal mystery shoppers.

Ethics and Compliance Day

KDB Daewoo Securities has designated the first Wednesday of each month as the 'Ethics and Compliance Day' and once a quarter, in March, June, September, and December, there is a 'Financial Consumer Protection Day'. Each department and branch provides ethics and compliance training to all employees, and conducts self inspections to prevent financial irregularities.

Ethics and Compliance Reporting Systems

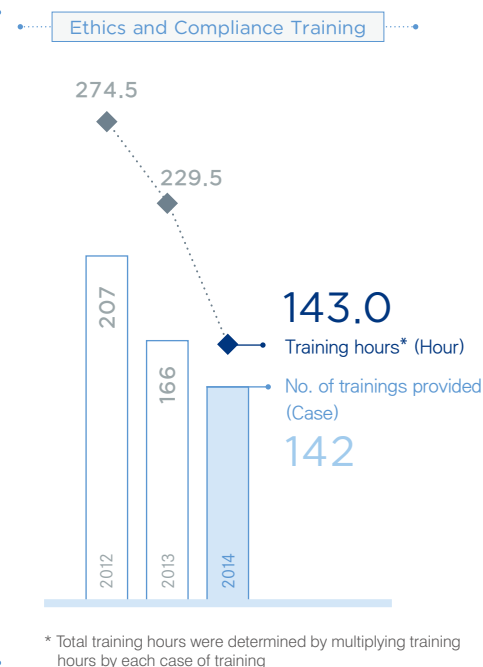
KDB Daewoo Securities receives reports on ethics and compliance violations through various channels, including the company intranet, telephone, and e-mail. The Compliance Department receives



internal reports, and the Audit Department receives reports on corruption and irregularities. To encourage employee participation in the reporting system, incentives and protection of anonymity are provided to employees who submit such reports.

Financial Irregularities & Corruption Reporting Center

The Voice of Customer (VOC) system at our Customer Center, the homepage complaints section run by Financial Consumer Protection Department, and the Corruption Reporting Center of the Audit Department for our customers to report matters related to any employee financial irregularities and corruption.





Mandatory Training on the Prevention of Money Laundering

To promote employee understanding of the importance of preventing money laundering, KDB Daewoo Securities provides mandatory annual training on money laundering prevention, differentiated for each duty and work. This training is part of the company's efforts to establish a sound basis for all its financial transactions.

Internal Check Lists

To build an effective internal control system, KDB Daewoo Securities has an internal inspection check list for each department and branch. The check lists note what needs to be inspected on a daily, weekly, monthly, and half-yearly basis, and each one reflects the individual characteristics of the department or branch.

Internal Control System

KDB Daewoo Securities has set up company-wide internal control system as part of its continued efforts to hold in high degree in ethics and transparency. The company prohibits employees from engaging in political activities, and assesses exposure to the risk of corruption at all company premises, which will help the company to fulfill its social responsibilities.

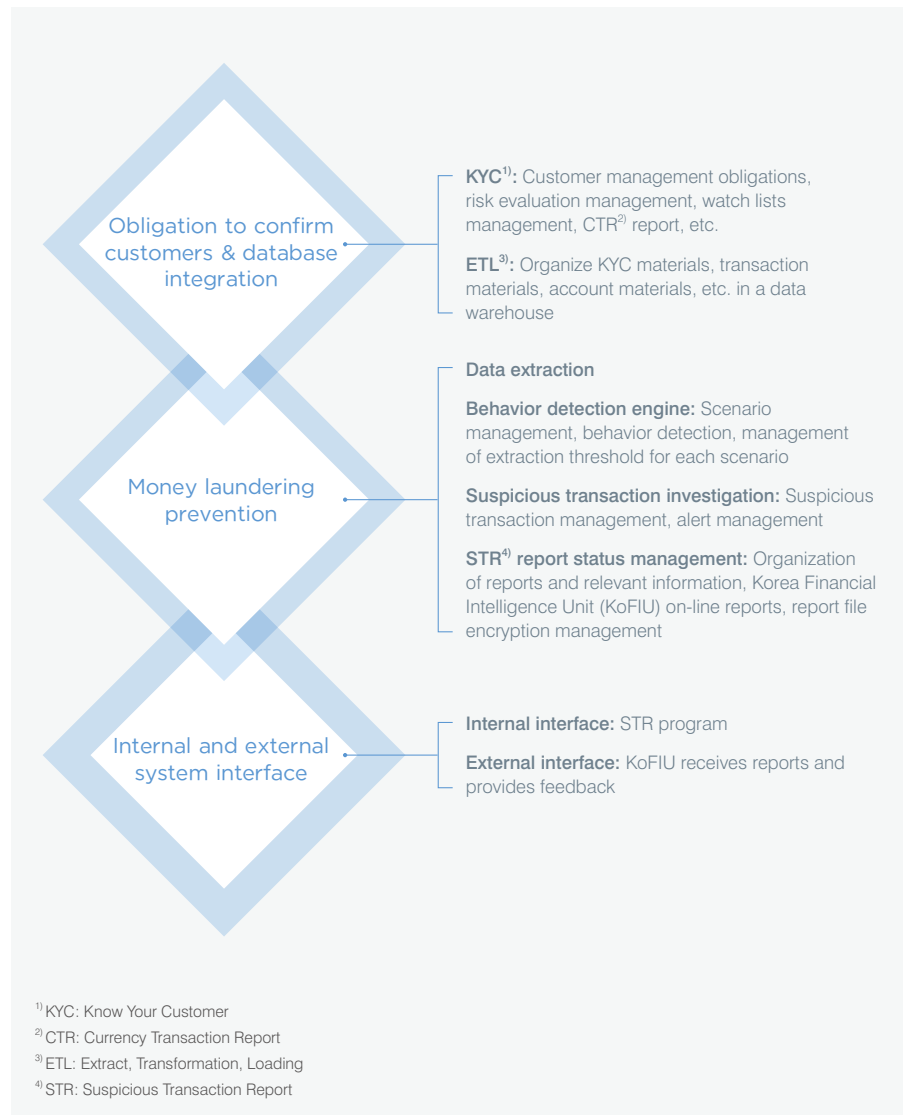
Preventing the Inflow of Illegal Funds

KDB Daewoo Securities has an internal system in place that is designed to root out illegal financial transactions such as money laundering and the financing of terrorism. Staff training also helps in business integrity.

Money Laundering Monitoring

KDB Daewoo Securities has been operating its Transaction Monitoring System, to block the inflow and outflow of illegal funds since 2009. This system is designed to ensure the active and effective prevention of financial crimes by undertaking scenario analyses concerning money laundering, and by undertaking mandatory customer-checking functions.

TMS System



Creating and Sharing Economic Value



Because sustainable growth can only be achieved when all stakeholders work in unison, KDB Daewoo Securities creates and shares economic value with our stakeholders.

Sharing Economic Value

A company's sustainable growth cannot happen through the company's efforts alone. KDB Daewoo Securities seeks to enhance stakeholder value through the distribution of economic value.

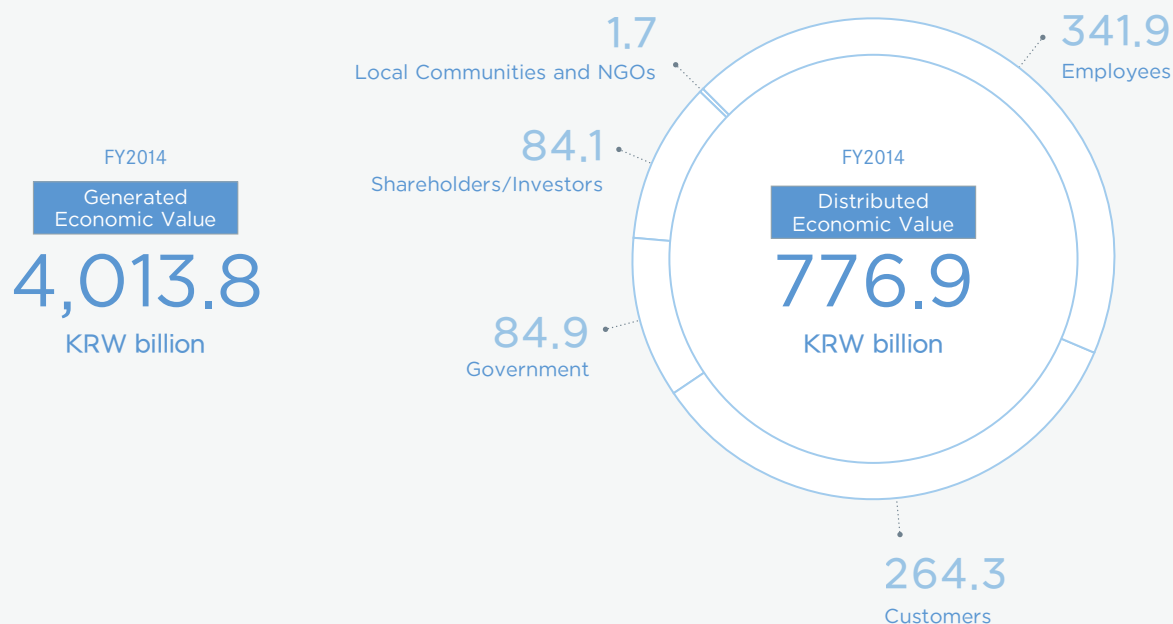
In 2014, KDB Daewoo Securities recorded operating revenues of KRW 4,013.8 billion, which were returned to support the company's major stakeholders, including customers, shareholders and investors, employees, and local communities.

Distribution of Economic Value by Stakeholders

(Unit: KRW billion)

		FY2012	FY2013	FY2014	
Generated Economic Value	Operating Revenues	3,273.9	2,468.4	4,013.8	
Distributed Economic Value	Customers	Interest expenses	264.2	201.8	264.3
	Shareholders/Investors	Dividends	40.3	0	84.1
	Employees	Salaries and employee welfare	349.7	243.5	341.9
	Local Communities and NGOs	Donations and social contribution expenses	2.7	1.7	1.7
	Government	Income taxes and other taxes	57.9	6.4	84.9

* Based on Korean International Financial Reporting Standards (K-IFRS) consolidated financial statements



Stakeholder Communication



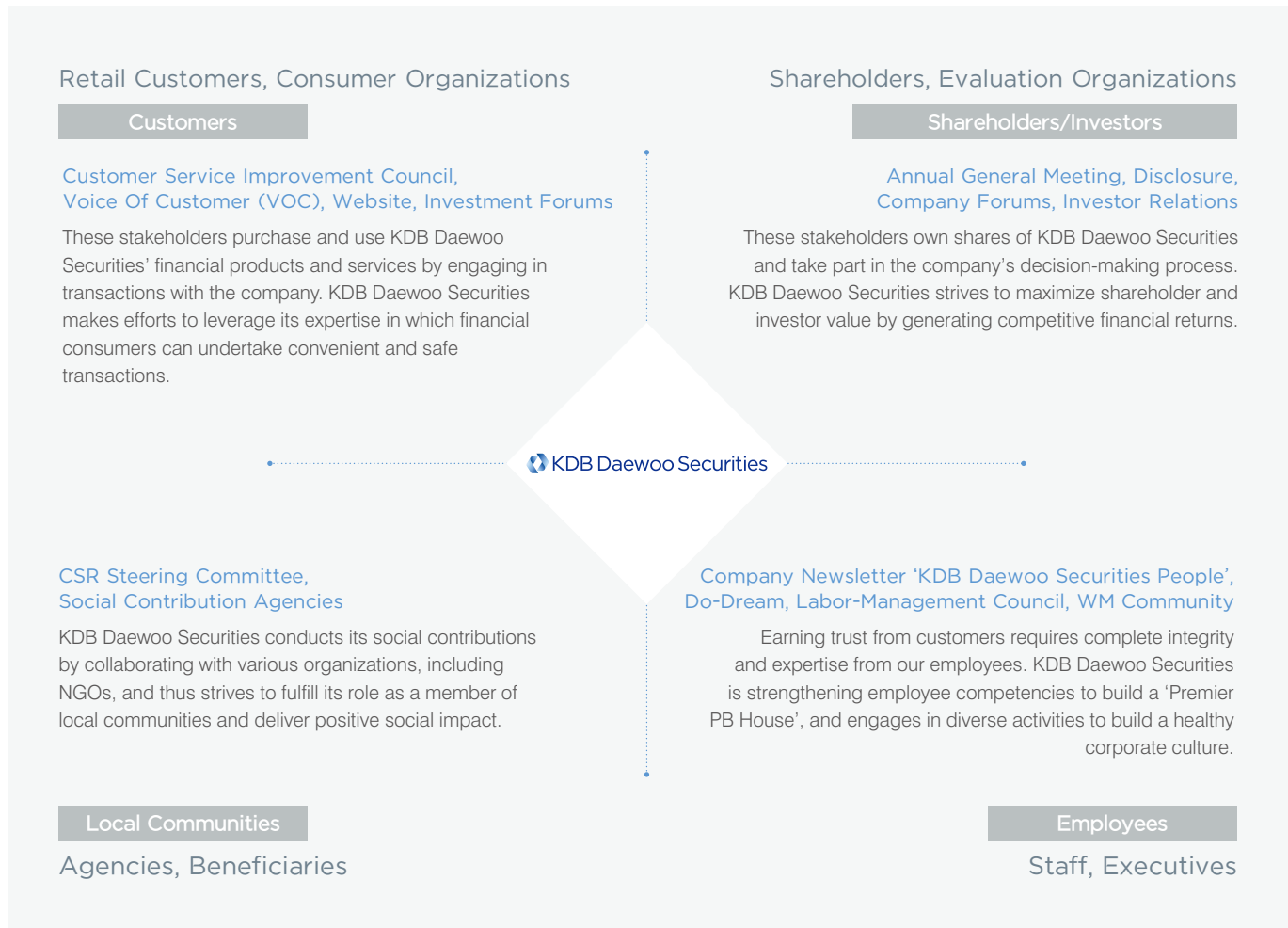
KDB Daewoo Securities actively communicates with stakeholders through diverse channels, to generate distinctive value and become a socially respected company.

Definition of Stakeholders

A company's stakeholders are the individuals or groups that have an influence on the company and vice versa. Prudent management of stakeholders is required for the sustainable growth of KDB Daewoo Securities, and the company has defined four major stakeholders – customers, shareholders/investors, employees, and local communities – and manages its relationships with all of them on a systematic basis.

Stakeholder Communication Channels

KDB Daewoo Securities has established various communication channels to listen to stakeholder opinions and expectations. The company undertakes stakeholder interviews and surveys to establish what they believe is important, and uses the results to determine major issues. Information on these is also disclosed in the sustainability report.



Stakeholder Communications in 2014

In advance to publish the Sustainability Report 2015, KDB Daewoo Securities conducted interviews with stakeholders to hear their opinions and to make sure that we reflected major issues in the report. Representative figures from each stakeholder group were invited for in-depth, face-to-face, one-on-one interviews for around four weeks from August 4 through August 26, 2015.

	Interviewee	Major Issues	Report Page
Customers	Sungwon Chang Manager, TONYMOLY	<ul style="list-style-type: none"> • Increase active communications with customers • Conduct social contribution activities through finance 	M ¹⁾ 06
	Daejin Lim Portfolio Manager, Teachers' Pension	<ul style="list-style-type: none"> • Facilitate communications with various stakeholders • Make investments that reflect the company's vision and values 	M 09
Shareholders/ Investors	Miji Son Senior Analyst, Shinhan Investment Corp.	<ul style="list-style-type: none"> • Build a systematic risk management system • Establish a clear corporate vision and disclose relevant performance 	M 10
	Youngcheol Bae Executive Managing Director, Compliance Unit	<ul style="list-style-type: none"> • Senior management commitment to sustainability management • Foster experts through systematic human resources management 	M 13
Employees	Jeongyun Kim Deputy Manager, Fixed Income Product Department	<ul style="list-style-type: none"> • Enhance customer satisfaction • Provide training to foster financial talent 	M 14
	Jihye Ko Senior Associate, Operations & Settlement Department	<ul style="list-style-type: none"> • Offer services that generate customer value • Offer employee welfare and benefits for greater job satisfaction 	M 15
Local Communities	Minjung Yang Director, Hankuk University of Foreign Studies Center for Multicultural Education	<ul style="list-style-type: none"> • Conduct social contribution activities using expertise and experiences in finance • Create synergy by promoting social contributions based on private-public cooperation 	M 18
	Myungsook Cho Vice-President Yeomyung School	<ul style="list-style-type: none"> • Conduct distinctive social contributions considering special circumstance of Korea • Develop social contribution programs in partnership with NGOs 	M 20

¹⁾ M: Magazine Section

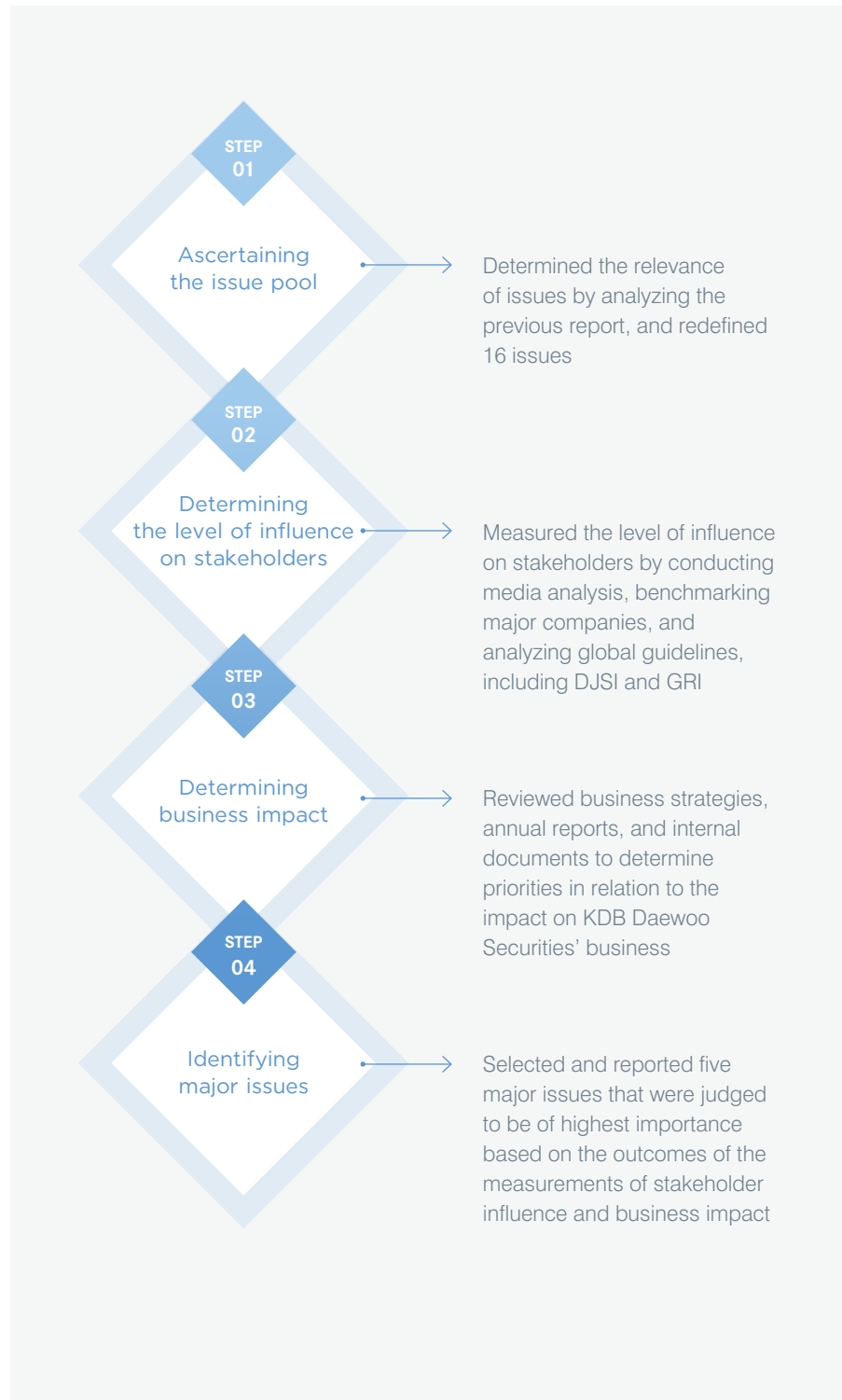
Materiality Assessment



KDB Daewoo Securities identifies issues that matter to our stakeholders and report in a balanced way, in order to ensure in-depth communications with stakeholders.

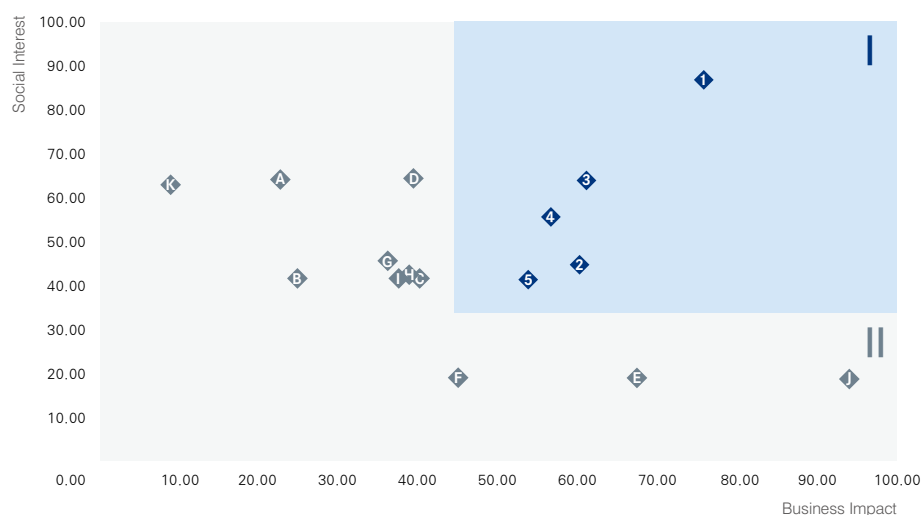
Materiality Assessment Process

To carry out a materiality assessment for the KDB Daewoo Securities Sustainability Report 2015, we analyzed the 2013 report, and then redefined the overall issue pool in accordance with the company's current status, reaching to the identification of 16 issues. Based on this, we conducted a media analysis, benchmarked major companies, and looked at global guidelines to ascertain the level of importance to stakeholders, as well as reviewing business strategies, annual reports, and internal documents to identify the business impact of different issues. As a result, five major issues were identified, and the relevant disclosures on management approaches for each issues were also provided.



Materiality Assessment Results

The materiality analysis led to the selection of five major issues – strengthening transparency and expertise of corporate governance, enhancing business continuity through risk management, fostering Global Financial Leaders through systematic human resources management, making social contributions to grow with local communities, and contributing to society through finance. Other stakeholder issues that were raised, but at a lower level of priority, can be found in the relevant sections of this report.



I. 5 Major Issues

No.	Issue	Definition	Report Page
1	Strengthening transparency and expertise of corporate governance	Status of monitoring and control systems that allow executives to perform their roles in the interests of stakeholders, especially shareholders; corporate governance related to sustainability management and governance of risk management	32~34
2	Enhancing business continuity through risk management	Preemptive risk management activities to protect assets and business capabilities from the adverse effects of financial and non-financial risks	35~39
3	Fostering Global Financial Leaders through systematic human resources management	Organizational strategies and other activities to recruit and retain the best staff, and to promote the development of the careers of individual employees in partnership with organizational growth	40~44
4	Making social contributions to grow with local communities	Social contribution strategies and activities which support local communities and the under-privileged, as part of our corporate social responsibility; our impacts on local communities; support activities for local communities	45~47
5	Contributing to society through finance	Pursuance of eco-friendliness through the financial business; support for small-to medium-sized companies; development of financial products that promote the development of local communities (the underprivileged and multicultural families, etc.) and relevant support activities	48~51

II. Other Important Issues

No.	Issue
A	Ensuring the determination of top management to practice sustainability management
B	Building an ethical and transparent corporate culture that is free from corruption
C	Engaging in active stakeholder communication
D	Enhancing customer satisfaction through customer-oriented management
E	Earning customer trust through business ethics and integrity

No.	Issue
F	Enhancing the corporate image through effective brand management
G	Generating sustainable economic performance
H	Establishing a sound labor-management culture based on mutual respect
I	Providing fair and reasonable compensation to employees
J	Establishing an eco-friendly management system and addressing climate change
K	Making inroads into the global financial market

KDB Daewoo Securities has thought hard and long about most important things on which it should focus while building a sustainable future: What would stakeholders need most; what are they that we can and do better than others. We have thus decided on five tasks: transparent governance, sound risk management, fostering financial experts, multicultural family support, and social contribution through finance. Focusing its resources and energies on these five tasks, we will do our best to create outstanding values in the areas of related issues.

2

STRATEGIC FOCUS

Sustainability Highlight	30
Corporate Governance	32
Risk Management	35
Global Financial Expert	40
Multicultural Society	45
Social Contribution through Finance	48

Sustainability Highlight

Sustainability Story of
KDB Daewoo Securities

Think you very much

KDB Daewoo Securities studies its customers to realize a better future through finance. We will continue our sustainable growth based on active communication and mutual trust.



Sustainable YOU

Perfect fit for personal pension savings

The essence of the financial services business lies in customer relations. Thus, it is extremely important to study when and what kinds of financial services customers need, and to accurately gauge customer needs through proactive communication. According to a report by Statistics Korea, people aged 60 and above accounted for 17.8% of the total population in Korea as of the end of 2014. In another words, Korea is rapidly becoming an aging society, which is fueling a growing anxiety about early retirement or post-retirement financial prospects. As Korea has an ignoble honor of being the No. 1 in elderly poverty among the OECD members, preparation for retirement has become a must, not a choice. The government is showing an unprecedented level of interest in the personal pension market, implementing varied policies of promoting private pension plans for a stable retirement life.

Personal Pension Management

KDB Daewoo Securities analyzes social and economic impacts to provide products that customers truly need. In an effort to become a 'Premier PB House', we have adopted the personal pension business as a priority task and unveiled 'Personal Pension Fitness', an in-depth management service. The service reflects our conviction that personal pension should not be another legal means of tax saving, but an essential tool for retirement, and that it should require steady earnings management. With a unique approach emphasizing pension savings investment management, we offer personal pension products fine-tuned to the lifecycle of customers and thus optimal for the enjoyment of a stable retirement life.

Achievements

The release of Personal Pension Fitness has generated an enthusiastic consumer interest in customized services. As of the end of September 2015, the number of personal pension subscribers stood at 29,693, a 623% increase, compared to 4,107 in the end of 2014. The popularity of the service led to a May 2015 receipt of the Grand Prize in the personal pension and securities category at the '2nd Korea Pension Awards'.

623 %

No. of personal pension subscribers rose
623% in nine months



STRATEGIC FOCUS

1

Corporate Governance



KDB Daewoo Securities has a stable, efficient and transparent corporate governance structure in an effort to maintain sustainable growth and protect stakeholder interests.



← Disclosure on Management Approach →

For a company to maintain sustainable growth is essential stakeholders trust based on transparent corporate governance. KDB Daewoo Securities pursues stable and advanced corporate governance through appropriate checks and balances among its governing members, through selection of the members based on expertise and diversity, and through adherence to transparency in the process and standard of handing business activities.

Our Focus	Our Progress
Improve expertise and efficiency of BOD	Outside director rate accounted for 67%
Promote activities of BOD	BOD attendance rate recorded 93%
Build sustainability governance of BOD	Reported to BOD on CSR activities twice a year

Corporate Governance • Risk Management
Global Financial Expert • Multicultural Society • Social Contribution through Finance

BOD Policies and Activities

KDB Daewoo Securities operates a one-tier BOD system¹⁾ comprising two executive directors, four outside directors and one non-standing director. Outside directors account for 67% of the BOD membership. By composing the majority of the BOD with outside directors completely free of conflicting interests, the Company ensures the independence of the BOD from the influence of senior management.

Expertise and Diversity of BOD

The BOD consists of experts in diverse fields to maintain expertise and diversity in its major decision-making process. We also seek to maintain the composition of the BOD in such a way that would prevent the concentration of any specific background or profession. As of the end of September 2015, the BOD comprises two financial experts, two business management and economic experts, one accounting expert, one legal expert, and one tax expert. Moreover, both regular and ad-hoc meetings are held to enable the different specialties of directors to merge and complement one another.

BOD Decision Making Process

Unless otherwise specified, all BOD resolutions require the presence of a majority of the directors and the vote of a majority present. Any directors who have a special interest in the agenda of the meeting are recused from exercising their voting rights. Outside director candidates are chosen by Outside Director Nomination Committee, which then recommends its nominees to the General Shareholders' Meeting for final approval.

¹⁾ BOD structure where the BOD simultaneously performs management and supervision roles

BOD Composition

EXECUTIVE DIRECTORS

Sungguk Hong

(Present) President & CEO and BOD Chairman,
KDB Daewoo Securities

MAJOR EXPERIENCE

- Head of Investment Research, KDB Daewoo Securities
- Head of Wholesale Business Division, KDB Daewoo Securities
- Head of Future Planning Institute, KDB Daewoo Securities
- Head of Research Center, KDB Daewoo Securities

MEMBER

- Steering Committee (Chairperson), Outside Director Nomination Committee, Compensation Committee, Risk Management Committee

Changwon Lee

(Present) Statutory Auditor,
KDB Daewoo Securities

MAJOR EXPERIENCE

- Tax Official, National Tax Service
- Adjunct Professor, Kangnam University
- Director, The Korean Association Of Public Policy

MEMBER

- Audit Committee

NON-STANDING DIRECTOR

Youngsam Jun

(Present) Non-Standing Director,
KDB Daewoo Securities

MAJOR EXPERIENCE

- Head of Corporate Restoration Department, KDB Bank
- Head of Debt Capital Markets Department, KDB Bank
- (Present) Head of Planning Department, KDB Bank

MEMBER

- Steering Committee

NON-EXECUTIVE DIRECTORS

Hojoo Shin

(Present) Representative Non-Executive Director,
KDB Daewoo Securities

MAJOR EXPERIENCE

- Director-General Council at Finance and Economy Cooperation (present Ministry of Strategy and Finance)
- President & CEO, KOSDAQ Market
- Advisor, Samil PwC Consulting
- (Present) Standing Advisory Committee Member, Institute for Global Economics

MEMBER

- Steering Committee, Outside Director Nomination Committee (Chairperson)

Jangsoo Hwang

(Present) Non-Executive Director,
KDB Daewoo Securities

MAJOR EXPERIENCE

- President, Korea Information Center for Agriculture, Forestry & Fisheries
- (Present) President, Future Management Institute
- (Present) Adjunct Professor, Business Administration at Soongui Women's College

MEMBER

- Outside Director Nomination Committee, Compensation Committee, Risk Management Committee (Chairperson)

Hwancheol Byun

(Present) Non-Executive Director,
KDB Daewoo Securities

MAJOR EXPERIENCE

- Judge at Seoul District Court
- Non-Executive Director (Chairman), Korea Housing Guarantee
- Professor, Chung Ang University Law School
- (Present) Representative Lawyer, the Law Firm Ilheung

MEMBER

- Outside Director Nomination Committee, Risk Management Committee, Audit Committee (Chairperson)

Donghyun Ahn

(Present) Non-Executive Director,
KDB Daewoo Securities

MAJOR EXPERIENCE

- Member of the Market Oversight Commission
- Non-Executive Director, NH Nonghyup Bank
- (Present) Non-Executive Director, POSCO
- (Present) Professor, Department of Economics at Seoul National University

MEMBER

- Compensation Committee (Chairperson), Audit Committee

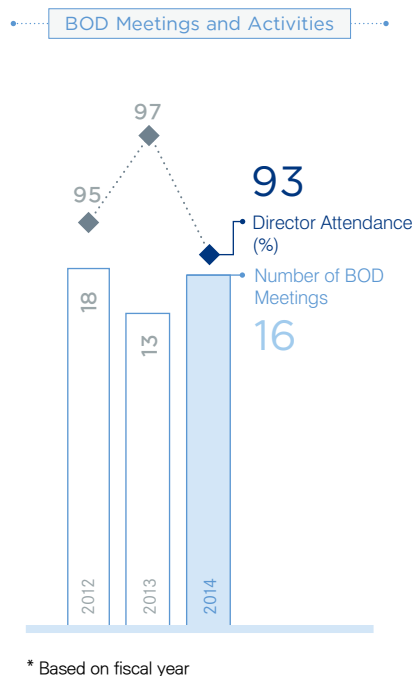
* As of the end of September 2015

BOD Performance Evaluation

KDB Daewoo Securities limits the tenure of its outside directors to two years; when a director is reappointed, the subsequent tenure is reduced to one year; the limit of combined tenures is set at five years. After the end of each business year, outside directors conduct a self-evaluation in accordance with 'Criteria for Model Operations of the Audit Committee and Outside Directors Systems for Financial Services Companies'. They review such factors as job performance, the efficiency of BOD operations, the governance structure, and the activity of BOD committees. The findings of the evaluation are disclosed on both websites of the Korea Financial Investment Association and KDB Daewoo Securities, prior to the Annual General Meeting. The findings are also made public through Corporate Governance Annual Report.

BOD Activities

In 2014, the BOD was convened 16 times, with an average 93% of the directors attending.



Committees under the BOD

KDB Daewoo Securities has established the following committees under the BOD to enhance the efficiency and expertise of the latter's decision-making process.

Committee	Duties
Steering Committee	<ul style="list-style-type: none"> Opening, relocation, and closure of domestic branches and sales offices Appointment and dismissal of managers Resolution on major changes to the financial structure Appointment and dismissal of executive officers
Audit Committee	<ul style="list-style-type: none"> Development and implementation of internal audit plans, evaluation of outcomes, and follow-up measures Development and assessment of internal control systems Consent for appointment of the Assistant Auditor Appointment of outside auditors Follow-up measures on matters that were pointed out during audits
Outside Director Nomination Committee	<ul style="list-style-type: none"> Nomination of candidates for outside directors and Audit Committee members who are outside directors
Compensation Committee	<ul style="list-style-type: none"> Assessment on adequacy of compensation system operations Examination of compensation system, financial position and risk relevancy Evaluation of annual compensation Review and discuss those subject to variable compensation Review and discuss scope of compensation policies
Risk Management Committee	<ul style="list-style-type: none"> Establishment of basic policies on risk management Decide acceptable levels of risk Approval for adequate investment ceilings and ceiling amount for risks Establishing and changing risk management criteria

BOD Accountability on Sustainability

To widely publicize the CEO's strong stance for sustainability management both internally and externally, and to build a sustainability governance structure, KDB Daewoo Securities reports to the BOD its corporate social responsibility (CSR) activities twice a year. The first report of 2015, which covers 2014 activities, includes the status of budget executions, their results and future plans related to three major projects—support for multicultural families, fostering of the social enterprises, and global contribution; details of the covered matters have been fully discussed and approved.



Details of major BOD agendas are disclosed on Corporate Governance Annual Report and the Company's website under BOD Activity.

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STRATEGIC FOCUS



Risk Management



Facing rapid changes in the business environment, KDB Daewoo Securities is protecting customer assets and maximizing shareholder value through thorough risk management.



Disclosure on Management Approach

Risk management plays a very important role in corporate growth and development. Increasing life expectancy, global financial crises, growing foreign exchange risks, and other risks have increased the level of uncertainty in the business environment. Against this backdrop, KDB Daewoo Securities seeks to enhance its corporate value as a sustainable company through a preemptive and systematic practice of risk management.

OUR FOCUS		OUR PROGRESS
<p>Facilitate the operation of Risk Management Committee</p> <p>Improve expertise of risk management</p>	→	<p>Risk Management Committee attendance rate recorded 100% in 2014</p> <p>Launched Finance Assessment Team and Investment Management Team</p>

Definition of Risk

KDB Daewoo Securities defines risk as a potential loss or losses that arise in the course of its various management or business activities. Risk always lurks behind every income opportunity; but an undue exposure to risk can deal a blow to both shareholder interests and corporate value. We are making utmost efforts to generate an optimum amount of revenue within an acceptable range of risk.

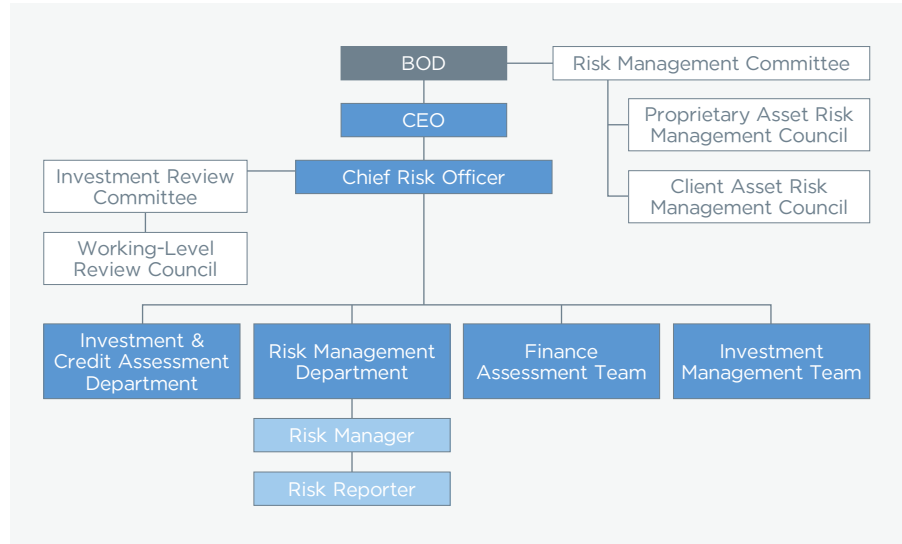
Risk Management Governance

KDB Daewoo Securities operates Risk Management Committee under the supervision of the BOD as the top decision-making body managing risks in accordance with a set of established guidelines. All decisions made and subsequent steps outlined by Risk Management Committee are implemented by Proprietary Asset Risk Management Council and Client Asset Risk Management Council. Near the end of 2014, Finance Assessment Team and Investment Management Team were set up to secure expertise in preparation for expansion of investment finance operations, including corporate credit business, and to better control risks.

Risk Management Committee

Risk Management Committee is the company's top risk management decision-making body, formulating risk management strategies in line with overall business strategies and ensuring that all risk-related specific duties are implemented appropriately. Risk Management Committee is composed of only BOD directors with verified expertise in risk management, which also ensures its independence. To further enhance its operation efficiencies, it maintains a risk management councils under its supervision.

Risk Management Organization



Proprietary Asset Risk Management Council and Client Asset Risk Management Council

Proprietary Asset Risk Management Council ('the Proprietary Council') and Client Asset Risk Management Council ('the Client Council') execute all specific duties of decisions made by Risk Management Committee and tasks delegated to them, and report the results to the committee.

Investment Review Committee

Investment Review Committee reviews the company's investment transactions. Composed of executive directors only, it convenes frequently to facilitate smooth investment decision making.

Risk Management Department

Risk Management Department conducts all risk management-related matters of the company in accordance with established procedures and approved systems, executing all risk management

policies made by the Risk Management Committee, the Proprietary Council, and the Client Council.

Investment & Credit Assessment Department and Finance Assessment Team

Investment & Credit Assessment Department and Finance Assessment Team both provide rational opinions based on comprehensive analyses of transactions related to proprietary trading, IB underwriting, and credit offering. They also preview the company's investment decisions, independent of sales departments, and carry out the policies of Investment Review Committee.

Investment Management Team

Investment Management Team performs post-management functions such as monitoring of investment positions, debt collection and management of non-performing loans.

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Risk Management Regulations

KDB Daewoo Securities sets various regulations, rules for operation, guidelines and standards to build a comprehensive, company-wide risk management system.

Risk Management Framework

For systematic management of all risks facing the company, they are classified in the aspects of market, credit, liquidity, and operational risks. The company also has established management systems and criteria in accord with the characteristics of each risk, and use them to effectively identify, analyze, evaluate, and control the risks.

Measurement and Management of Risks

Market Risk

In measuring market risks, KDB Daewoo Securities uses standardized methods set in 'Financial Investment Industry Regulations'. The company has adopted and operates SunGard's market risk-measuring system, which enables the calculation of internal market VaR (Value at Risk)¹⁾.

Credit Risk

In managing credit risk, KDB Daewoo Securities sets acceptable exposure limits by counterparty type or credit rating. We also maintain an appropriate level of capital adequacy by controlling credit VaR limits based on standard models. In addition, we identify and closely monitor major counterparties in the high risk category through regular monitoring of our credit risk status.

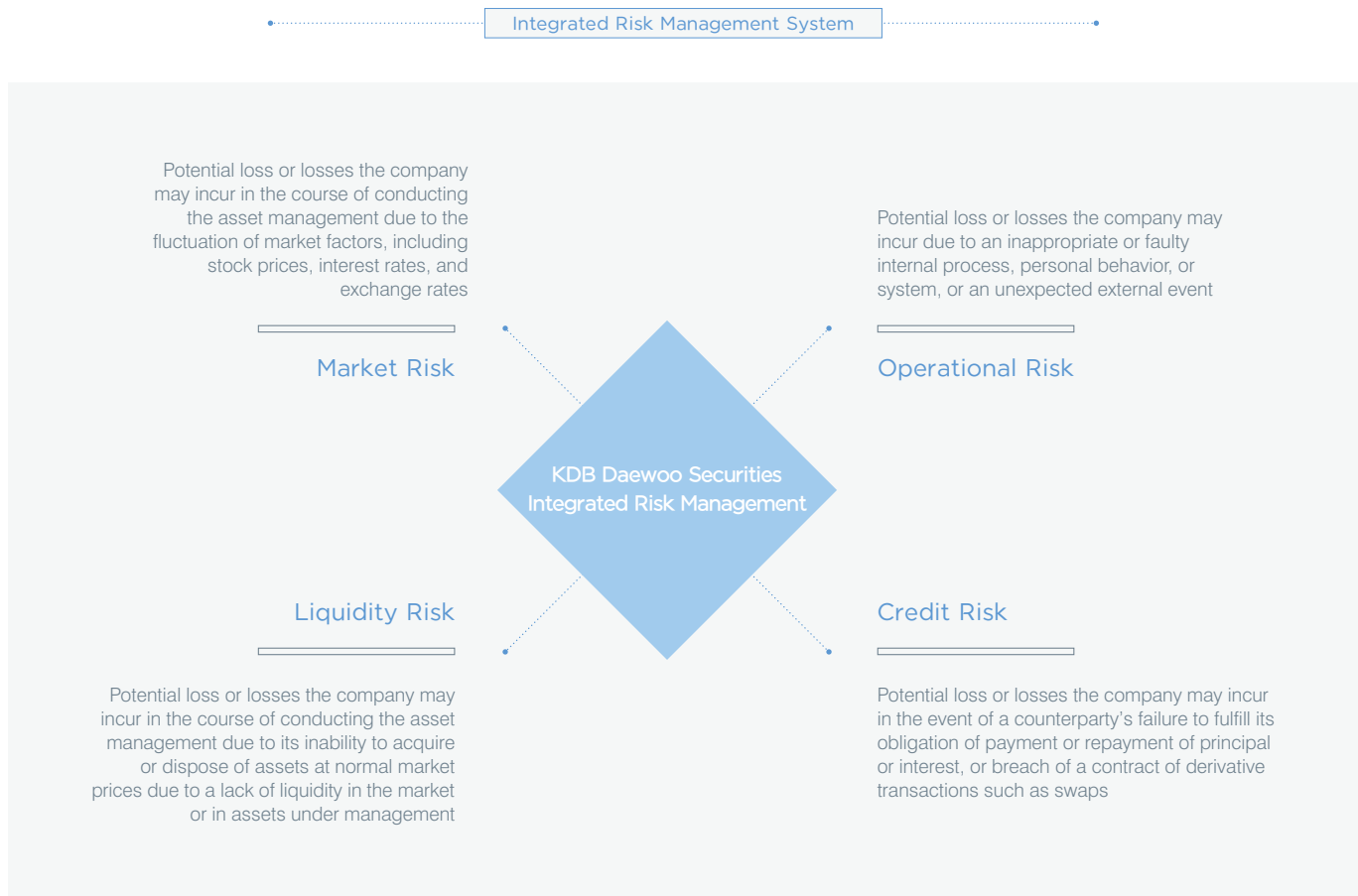
¹⁾ Maximum losses expected from an investment over a given period of time and at a given confidence level when market prices move in an adverse direction under normal market conditions

Regulations & Guidelines	
Risk Management Committee Regulations	Matters necessary for the composition and operation of Risk Management Committee and its councils
Risk Management Regulations	Matters necessary for effective execution of risk management operations company-wide
Rules for Operation on Risk Management	Day-to-day matters related to managing market/credit/liquidity risks associated with proprietary asset management as well as for operational risk management
Standards for Risk Management of Real Estate PF	Procedures and matters that need to be observed when conducting activities related to real estate project financing (PF)
Criteria for Determining Standard Interest Rates for Retirement Pension	Matters necessary for determining standard interest rates for reviewing and operating retirement pension products based on internal control standards
Overseas Branch Risk Management Guidelines	Specific guidelines on risk management for operating overseas branch
ELS(B) and DLS(B) Issuance and Management Guidelines	Criteria and procedures that need to be observed in issuing equity-linked securities and derivatives-linked securities, and in managing hedged assets
Trust Asset Risk Management Guidelines	Day-to-day matters related to managing risks associated with trust asset operations
Wrap Asset Risk Management Guidelines	Day-to-day matters related to managing risks associated with customer wrap accounts deposited in accordance with discretionary investment contracts

As transactions involving credit risk are usually large and difficult to securitize, developing proactive risk management strategies is essential. In consideration of such credit risk characteristics, we conduct a preliminary evaluation process that involves both qualitative and quantitative analyses of all high credit risk transactions.

Liquidity Risk

In managing liquidity risk, KDB Daewoo Securities uses liquidity gaps and ratios as key indicators. Departments related to managing risk or funds regularly monitor liquidity risks and report to senior management.



Operational Risk

KDB Daewoo Securities manages and controls operational risks through Risk & Control Self Assessment (RCSA), Key Risk Indicator (KRI) management, loss data management, establishment of countermeasures, and calculation of operational VaR based on internal models. Regular RCSAs are carried out to gauge the level of risks of concern facing each department. If an indication of risk is found, countermeasures are applied to manage it preemptively, and we also keep a close track of all of our financial losses. For company-wide operational risk measurement and management, we plan to expand the scope of operational risk management to include overseas subsidiaries.

Risk Management Systems

The business scope of financial investment companies is expanding in tandem with their development of various financial investment products. As a result, there is an increasing need for sound risk management and thorough internal controls. KDB Daewoo Securities has established a stable, comprehensive risk management structure comparable to its reputation as Korea's leading financial investment firm and is contributing to build an advanced financial environment.

Total Risk Management System

In February 2011, KDB Daewoo Securities established a total risk management system to meet 'Minimal Requirements

for Risk Management at Securities Firms' recommended by the financial authorities, and to support strengthening of total risk management. We thus have built the foundation for calculating total capital at risk, managing risk, and measuring risk-adjusted performances. We also have formulated a long-term plan for integrating and improving risk management systems to flexibly respond to changes in the net operating capital ratio (NCR) system, to increase work efficiencies between business departments and Risk Management Department personnel, and to enhance our overall risk management competencies. We have been modifying and improving the risk management systems by phase. As of 2015, the system

development is in its second phase. We also are in the process of computerizing the standardized method-based risk amount calculation process across all sales department as well as the daily NCR calculation process. The third phase will center on computerization of the consolidated financial statement-based NCR calculation process and development of a system of assigning and managing limits on various risks.

New Risk Management System

In May 2008, KDB Daewoo Securities developed a new risk management system in response to increased needs for risk management in new areas emerging due to an expedited development of new financial products and the enforcement of the Capital Market Act. Included in this system is a real-time risk management process for over-the-counter (OTC) derivatives. As the daily price range in the securities market was expanded to $\pm 30\%$ in the first half of 2015, the range limit also increased for individual stock futures and options that are directly connected to

the spot market, and other changes were made in price stabilization mechanisms. In response to the increasing market risk of securities-related products, we preemptively manage risks associated with changes in the mechanisms through the systematic risk management system.

Operational Risk Management System

KDB Daewoo Securities has been operating its internal operational risk management system since 2009 to minimize the likelihood of financial losses and potential losses associated with its own operational risk.

Corporate Credit-Rating System

KDB Daewoo Securities has been running its own corporate credit-rating system since 2011. The system gauges the credit risk level of corporations deemed less than sound through analysis of both financial and non-financial factors. We are keeping in pace with the fast-expanding investment finance business by continuing efforts at improving the corporate credit-rating models.

Total Crisis Management Systems

KDB Daewoo Securities has a total crisis system in place to preemptively and actively respond to crisis situations, including the spread of risks and market shocks. We divide the development of crisis situations into three phases—caution, alert, and risk—depending on the liquidity status and stability of financial markets. We have formulated a detail execution plan for each phase to thoroughly prepare ourselves for crisis situations. We also closely monitor financial markets for any sign of instability by applying specific indicators that reflect the characteristics of each department.

To prevent risks that arise from natural disasters, such as fire, floods, and earthquakes, we have developed a business continuity plan and share it company-wide. As for risks related to an IT system failure, we have created an emergency IT manual centering on seamless provision of IT services, to ensure the continuity and stability of business activities even during a company-wide IT failure.

KDB Daewoo Securities Integrated Risk Management

	Total Risk Management System	New Risk Management System	Operational Risk Management System	Corporate Credit-Rating System
Risk type	Total risks	Market/Credit risks	Operational risks	Credit risks
Assessment results	Consolidation of individual risks	Market/Credit VaR, sensitivity	Operational VaR	Internal credit rating
Major functions	<ul style="list-style-type: none"> Capital adequacy management Risk-adjusted performance measurement Analysis of crisis situations Integrated risk data and reports 	<ul style="list-style-type: none"> Integrated risk database Market/Credit risk measurement system Risk analysis by department/product/type Review and report results 	<ul style="list-style-type: none"> Risk & Control Self-Assessment (RCSA) Key Risk Indicators (KRI) Loss data Risk measurement and reporting 	<ul style="list-style-type: none"> Information on the company's current status Corporate financial information Probability of default

STRATEGIC FOCUS



Global Financial Expert



Through our creative organizational culture, KDB Daewoo Securities is supporting its individual employees' endeavors to become the best in their field.



Disclosure on Management Approach

Since talent management is essential in corporate competitiveness, companies implement various strategies to recruit or retain talent. As employees are the source of corporate innovation and culture, KDB Daewoo Securities places the highest priority on talent management, and strives to foster true financial experts who can lead change and innovation and offer the best value to customers. By doing so, we stay ahead in the pursuit of advanced finance.

OUR FOCUS

Cultivate
financial experts

Foster PBs to build
a 'Premier PB House'

OUR PROGRESS

Professional financial certificates
increased by 3.7%

14 recruits completed
the 1st PB Academy

Corporate Governance • Risk Management
Global Financial Expert • Multicultural Society • Social Contribution through Finance

KDB Daewoo Securities People

KDB Daewoo Securities envisions its exemplary employee as someone who pursues global financial leadership by putting the highest value on the customer, acquiring a wide range of first-rate knowledge, and seeking creative challenges. We seek to cultivate future global financial leaders who relish new challenges, develop world-leading professional skills, and dedicate themselves to customer satisfaction based on a customer-oriented mindset.

HRD System

KDB Daewoo Securities has established a human resources development (HRD) system with focus on helping its employees develop competencies to their aptitudes. Consisting of four curricula designed considering specialty, the system offers programs in line with the training objectives of each area.

Leadership Curriculum

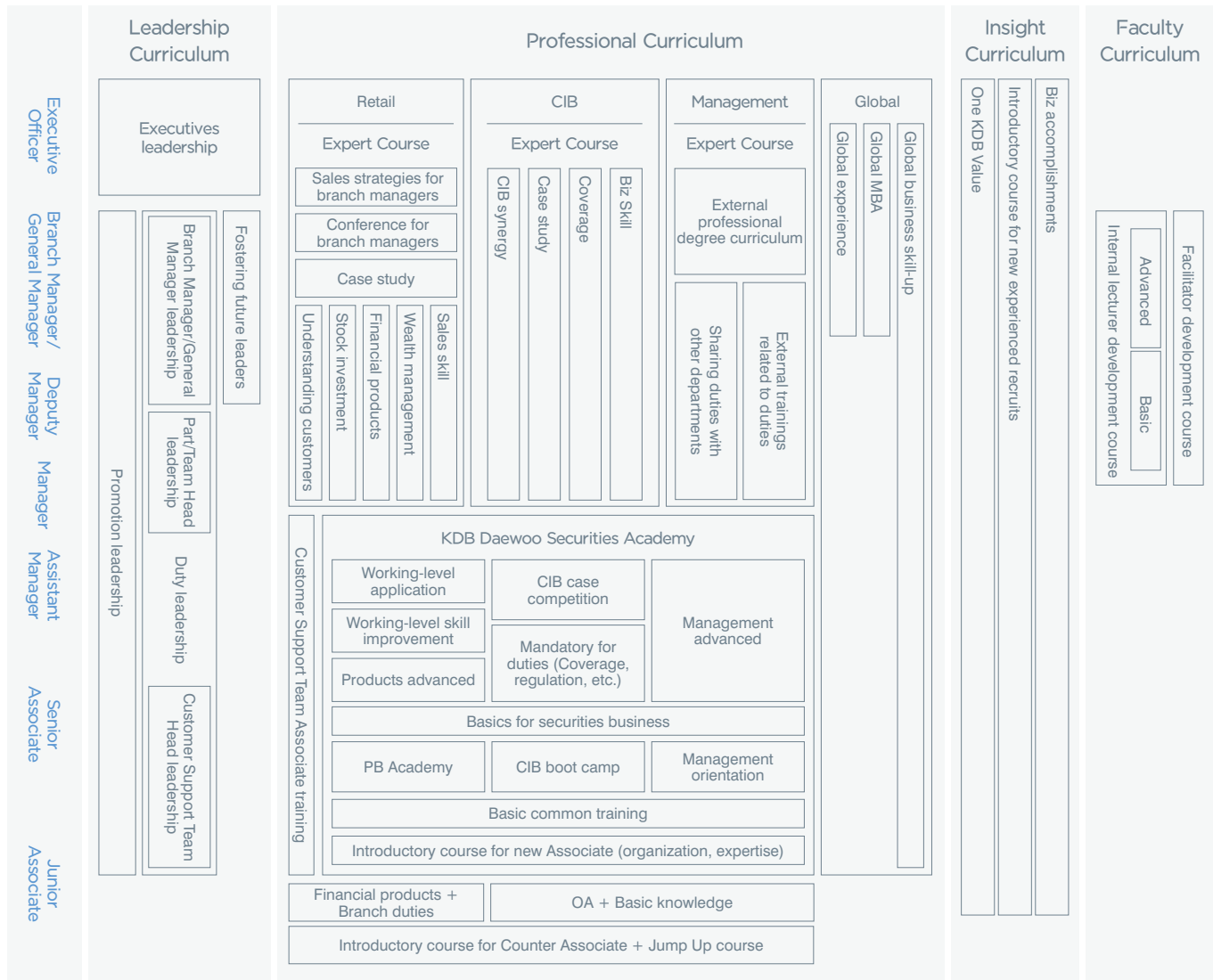
Leadership Curriculum offers leadership training to executives, department managers, branch managers, and staff being promoted. In 2014, we developed a leadership pipeline system that is continuous, practical and suitable for relevant positions and duties, and expanded a field-centric leadership education that focuses on generating profit and performance.

Professional Curriculum

Professional Curriculum consists of completed training phases ranging from PB Academy to Expert Course, and of specialized training courses for such sectors as WM, corporate investment banking (CIB), and management. In 2014, the global training course was expanded to strengthen employee proficiencies to communicate with overseas communities and to help them gain the knowledge of advanced finance.

People of KDB Daewoo Securities





Insight Curriculum

Insight Curriculum consists of various contents related to humanities, including culture, history, and philosophy, and aims to share the values of KDB Daewoo Securities and to foster creative talents. In 2014, diverse contents were added that reflect changes in the business environment and trends that can enhance employee satisfaction.

Faculty Curriculum

Faculty Curriculum aims at improving the lecture-giving skills of employees chosen as lecturers of various in-house education/training programs. In 2014, a systematic program was created to foster employees into lecturers who give seminars to customers.

Others

In addition to the training programs of the four different curricula, the company provides training to assistant managers

once a year to help them retain their mastery of financial knowledge as KDB Daewoo Securities professionals and develop a global mindset in tune with rapid changes in the financial environment. We also run an introductory program twice a year for new employees with professional experiences to help them familiarize with the organization and the core values of the company.

Corporate Governance • Risk Management
Global Financial Expert • Multicultural Society • Social Contribution through Finance

HRD Programs

KDB Daewoo Securities is often called a 'talent academy' or 'securities academy' with its high level of investment in developing HRD programs to enhance expertise of its employees. In particular, many of our programs aim at developing skills that can be applied to daily business operations, as part of our efforts to maintain job relevancy of training programs to the filed.

PB Academy

PB Academy is a distinctive introductory training program for new PB entrants as the foundation for the 'Premier PB House'. The academy is a training system that helps new PBs develop professional skills and immediately apply these skills to their jobs. This eight-month training system consists of two phases: 'content accumulation' and 'sales skill development'. In the former, participants develop a basic understanding of professionalism including a sense of purpose and a sales mindset as well as financial knowledge, including of economics, securities, products, and

finance/PIB; in the latter, participants receive hands-on coaching at actual sales sites.

Completed 1st PB Academy Course

In 2015 the PB Academy trained its first 14 new PBs. The new PBs went through the content accumulation phase from April through June, learning the training contents through a daily exercise of learning, mastering, and teaching, which make up the training concept of the academy. After training, the PBs provided the instructors with feedbacks on what they individually had learned and then received advice on contents that can be applied to actual sales. Trainees organized the knowledge on a sales contents notepad and to create an individual manual. By employing this process, PB Academy has broken away from the traditional unilateral training approach and instead has developed a distinctive curriculum that centers on the repeated process of learning, mastering, and teaching. This training method, unprecedented in the financial industry, even of the world, has been noted by many industry experts for its distinctive approach.

Daily Routine of Learning,
Mastering, and Teaching

Learning (學)

(07:00~12:30)

Morning conference, Learn knowledge

Mastering (習)

(13:30~17:30)

Test, Extendible learning¹⁾,
Acquisition of sales content

Teaching (教)*

* Twice a week

(18:30~20:30)

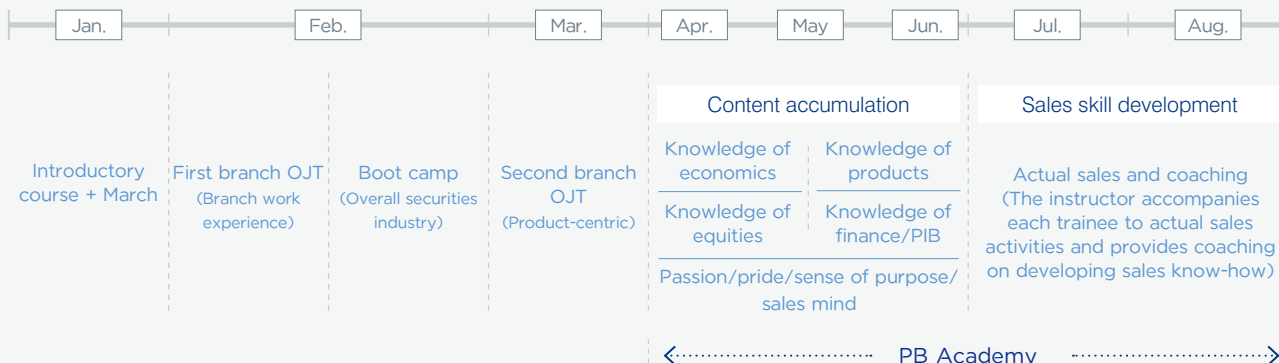
PT(L&T)²⁾, Role play

¹⁾ Look for materials that can be related to actual sales, in addition to reviewing what was learned, and share with others

²⁾ At the level of learning that allows participants to teach what they have learned

PB Academy Program

The five-month training period is divided into two phases: 'content accumulation' (three months) and 'sales skill development' (two months)



DWS Learning Center

DWS Learning Center provides a one-stop service, covering from provision of diverse knowledge and information for employees to HRD work function. It is an on-line knowledge and content-providing service exclusive to KDB Daewoo Securities. Eschewing traditional training methods, the center features diverse programs that focus on field-oriented training and motivate trainees to strengthen their competencies. It has enhanced the convenience of learning by connecting its knowledge search function to a popular search engine, in addition to utilizing TOSS and WM Community, the company's internal on-line platforms. In 2015, a mobile course was adopted to further expand employee participation.



DWS Learning Center Website

Fostering Financial Experts

To strengthen the financial expertise of its employees, KDB Daewoo Securities developed a training system, with the area of focus divided into three—CIB (HQ sales), WM (branch sales), and Management (HQ management)—and has since run the expert course once a year since 2013. This optional course, a break from the mandatory training, invites self-motivated participants and thus registers a higher level of course effectiveness. To increase the expertise of all employees, KDB Daewoo Securities has made available courses that offer professional certificates, and as a result, the number of AFPK and CFP holders has been growing over the years.

Employees with Professional Financial Certificates

(Unit: Person)



¹⁾ Associate Financial Planner Korea

²⁾ Chartered Financial Planner

³⁾ Chartered Financial Analyst

DWS Learning Center Functions

E-Learning	Apply for course and check results	Share knowledge resources	Search for knowledge
My HRD	<ul style="list-style-type: none"> Staff can view history information on learning through the DWS Learning Center 	<ul style="list-style-type: none"> Staff can choose learning content that they need to develop relevant competencies or acquire a certificate 	<ul style="list-style-type: none"> Staff can search for knowledge through IT systems and the knowledge bulletin board
Learning	<ul style="list-style-type: none"> Staff can check information on the training history, customized training, and certificates 	<ul style="list-style-type: none"> Staff can apply for internal training, external training, online training, real-time training, or correspondence learning 	<ul style="list-style-type: none"> Staff can participate in communities, produce UCC, and engage in online and video meetings
Knowledge Sharing			

Rewarding Outstanding Trainees

In addition to focusing on training its employees, KDB Daewoo Securities identifies and rewards outstanding trainees. Around 5 to 10 percent of trainees are chosen as outstanding trainees based on their course performances on test, PT and role playing, and their class attitudes as well. This practice improves the effectiveness of training by facilitating a positive sense of competition and raising the level of participation among trainees.

STRATEGIC FOCUS



Multicultural Society

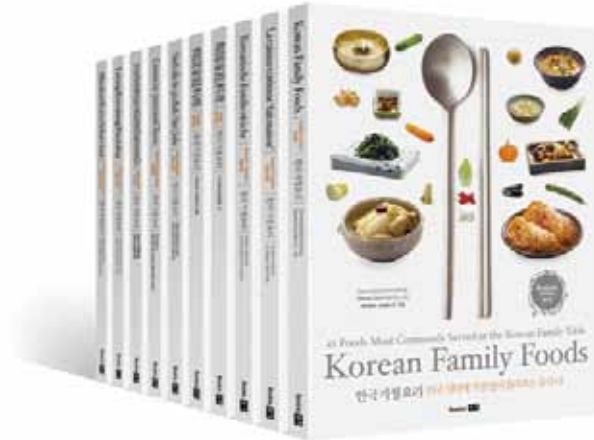


KDB Daewoo Securities supports multicultural families and implements programs educating the public on multiculturalism, in an effort to create a more mature multicultural society.

Disclosure on Management Approach

In 2015, according to a Ministry of the Interior, the number of foreigners residing in Korea reached around 1.74 million, which accounts for 3.4% of the total population, and the number will soon reach 2 million. Korea is fast transforming into a nation of many cultures and ethnicities. In response, the nation is looking into ways of promoting social integration and improving the public's understanding of multicultural society. KDB Daewoo Securities regards 'fusion of diverse cultures' as a core task for the social development, and in collaboration with experts in various fields, implements distinctive programs to help multicultural families settle down and lead a life of dignity.

OUR FOCUS	OUR PROGRESS
Hold a bilingual contest (The 4th Mother Tongue Contest)	40 students participated in the contest
Expand budget to support multicultural society	The budget increased 26.3% year-on-year



Published cookbooks in multiple languages

Supporting Multiculturalism

A harmonious fusion of various cultures is essential to a sustainable social development. KDB Daewoo Securities is executing projects together with great partners in diverse fields to support multicultural families in their efforts to settle down in the Korean society and become financially independent. Its social contributions made through private-public cooperation have been honored with a Presidential Citation and a Minister of Gender Equality & Family Citation. We plan to continue our multicultural family supports aimed at helping them live happily in Korea as a member of society.

Korean Cookbooks in Multiple Languages

The Korean language and cooking have been found to be the two most difficult challenges facing marriage migrant women. In response, KDB Daewoo Securities in 2009 published free recipe calendars in seven languages, including Chinese and Vietnamese, and commercially published 'Korean Family Foods: 45 Food Most Commonly Served at the Korean Family Table', in ten different languages. In addition to recipes, the cookbook contains a general knowledge essential to understanding Korean sentiments and culture.



Cookbooks in multiple languages



Bilingual educational supports for children from multicultural families



Teaching materials publication to improve the understanding of multiculturalism

All proceeds from the sale of the cookbook go to multicultural family support programs. Every year we deliver the cookbook for free, to newly-arrived female immigrants.

Bilingual Educational Supports

Children of multicultural families naturally learn, from their parents, the languages and cultures of their both parents and thus develop a deep understanding of the two countries, which makes them ideal candidates to grow into global experts. In collaboration with Hankuk University of Foreign Studies, KDB Daewoo Securities has developed Korean language learning materials in five languages—Chinese, Vietnamese, Mongolian, Japanese, and Russian—to help Korean-challenged mothers teach their children their mother tongue. These materials have been supplied to 205 multicultural family support centers



Published bilingual teaching materials



Received a Minister of Gender Equality & Family Citation

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across the nation that offer language classes. The materials also are available in the digital format on the company's website. Of the five-language editions, the Chinese and Vietnamese versions have been developed in the e-book format to make target children more receptive to learning. We plan to develop in 2015 the Thai and Cambodian editions.

To motivate children to learn the languages of their both parents, we have been holding an annual 'Mother Tongue Contest' since 2011 in cooperation with the Ministry of Gender Equality & Family. The contest is participated by preschoolers and elementary school students who are recommended by their multicultural family support centers. An average of around 200 children and their family members have participated in the final each year. Starting in 2015, the contest will be hosted jointly with the Ministry of Education, and expanded to include students from elementary to high schools, which is expected to increase the number of participants.

On November 22, 2014 the 4th Mother Tongue Contest was held at KDB Daewoo Securities' Gwacheon Human Resource Development Center. It was hosted jointly by KDB Daewoo Securities and the Ministry of Gender Equality & Family. Some 200 people attended the contest, including Assistant Minister Aeri Son of the Youth & Family Policy Office under the Ministry of Gender Equality & Family, President Inchul Kim of Hankuk University of Foreign Studies (HUFS), Director Minjung Yang of HUFS Center for Multicultural Education. It consisted of a category for preschoolers and lower-grade school students and another one for the higher-grade students. The Grand Prize winner in each category was presented with a KRW 2 million scholarship and a plaque.



The 4th Mother Tongue Contest



Published a teaching plan



Produced an animation series to improve the understanding of multiculturalism

Helping Improve the Public's Understanding of Multiculturalism

Through a KBS program titled 'Red Bicycle', featuring experiences of the minority group, we aired an animation series aimed at improving the public understanding of multiculturalism. Each episode about four minutes long, the series talks about understanding and embracing different cultures, and about communication. The scenarios were produced with help from KBS, Global Village of Love, and the Seoul National University of Education. Based on the total 63 episodes aired through the Red Bicycle, we have published a teaching plan, 'Understanding Multiculturalism with an Animation', to help remove prejudices against multiculturalism and raise the public awareness of the importance of cultural diversity and mutual respect. The teaching plan and animation DVDs have been distributed to around 5,000 elementary schools, the Ministry of Gender Equality & Family, and National Police Agency to be used as educational materials for improving the public understanding of multiculturalism.

In April 2014 the 'Red Bicycle' was selected for International Panorama (the non-competitive division) in the educational issue category of the Pulcinella Awards Best Teen TV Series at 'Cartoons on the Bay', an international animation film festival held in Venice, Italy.

STRATEGIC FOCUS

5

Social Contribution through Finance



Based on its financial expertise, KDB Daewoo Securities is developing various projects that can resolve social issues, to take a lead in generating sustainable values.

Disclosure on Management Approach

For corporations facing competition worldwide is essential to secure new growth models. As a sustainable growth strategy, many multinational financial firms pursue development of diverse products. KDB Daewoo Securities also endeavors to stay in the forefront of building a sustainable financial society. Specifically, we consider business models with strong growth potential, including socially responsible investment, climate change, financial services for the socially marginalized, and other social issues.

OUR FOCUS

Increase financial accessibility
for minorities

Expand eco-friendly projects to
counter climate change

OUR PROGRESS

Received the Special Grand Prize
at the 'Web Award Korea'

Arranged first overseas energy project:
Fiji biomass power plant

Providing ESG Financial Products

As a financial investment institution, KDB Daewoo Securities strives to contribute to the establishment of a sustainable society through finance. The company has developed ESG(Environment, Social, Governance)-related financial products and advisory services that reflect social issues, such as new and renewable energy, aging society, and socially responsible investment (SRI).

KDB Daewoo Securities is reviewing diverse financial products, including SRIs, clean energy funds, and donation-type funds for its customers and stakeholders. 'KDB Bank SRI Fund for a Better World' is an ESG product that invests in companies outstanding in sustainability management. Also, 'KDB Bank S&P Clean Energy Fund' invests in the S&P Global Clean Energy Index, which consists of new and renewable energy-related companies. 'Dongbu Eonation Fund' is a private equity fund established by KDB Daewoo Securities' high net worth customers interested in social contribution through donation. It is a socially responsible private equity fund (PEF) that allocates a certain percentage of its returns to a scholarship fund.

Financial Products for Retirement

As the average life expectancy rises, an increasing number of people think and do more and more about their lives after retirement. Accordingly, KDB Daewoo Securities has been developing financial products that help people plan a financially secured post-retirement life.

Golden Age No. 3

Released in 2011, KDB Daewoo Securities' Golden Age No. 3 is a product that provides stable wealth management services, including monthly pension payments, to customers who entrust their retirement savings to the company. Asset allocation generates a stable flow of returns, and this investment diversity shields from the danger of the inevitable fluctuation of financial market factors. Moreover, the portfolio can be adjusted to suit the investment needs and appetites of customers. The product is gaining traction among those interested in stable profitability for their post-retirement life, thanks to its superior benefits, including sufficient monthly payments, substantial tax reduction, and an inflation-headgung asset growth.

Financial Services for Minorities

KDB Daewoo Securities is making utmost efforts to make its financial services equally available to the socially marginalized.

Increasing Web Accessibility to the Disabled

In making its financial services accessible to the socially marginalized in pursuant to relevant laws, KDB Daewoo Securities became the first in the Korean financial investment industry to apply the web standards and web accessibility to its web trading system (WTS) and all its websites, which entitled the company to the Web Accessibility (WA) certification. The websites have a screen reader program for the visually-impaired, and are also designed to help investors with color blindness or weakness easily check the web contents. For these efforts, the

Web Accessibility Certifications and Awards

May 2013	Acquired WA certifications for the company website, the company introduction site, and the WTS
Oct. 2013	Acquired WA certifications for the career page, pension page, the 'KDB Daewoo Direct/Direct+' page, the table tennis team page
Dec. 2013	Received a Special Grand Prize at the '2013 Web Award Korea'

company received a Special Grand Prize at the '2013 Web Award Korea'. Since the receipt of the certification, we have been managing digital contents with focus on web accessibility and carried out accessibility assessments, which led to the retention of the certification in 2014 and 2015. We will continue to make our digital contents easy for customers to access irrespective of user environments or conditions.

Programs to Protect the Financial Consumer Rights of Minorities

Through the Financial Consumer Protection Department created in 2014 solely for financial consumer protection, KDB Daewoo Securities has been conducting various financial consumer protection education programs aimed at strengthening financial services accessibility to the financially vulnerable, including the elderly, North Korean defectors, livelihood program recipients, and low-income households.

Introducing 'S-Loan', a Small Loan Service

In August 2014, KDB Daewoo Securities launched 'S-Loan', a loan service that allows customers to use only a small amount of equities as collateral. The service is designed for people who have difficulty getting loans from primary financial institutions. Individual customers in Class Six or lower credit ratings, who account for around 80% of all citizen in Korea, can easily and quickly receive a loan up to KRW 40 million. The range of equities that can be used as collateral has been expanded to 1,700 stocks to make the service more accessible. This loan service is available both off-line and on-line, including HTS and smartphones.

Financial Education for Future Generation

One-Company-One-School Financial Education

KDB Daewoo Securities has signed an agreement with elementary, middle and high schools nearby its branches located throughout the country, to provide a financial education and help teenagers develop a basic knowledge of finance and build a smart consumption habit.

Creative Finance

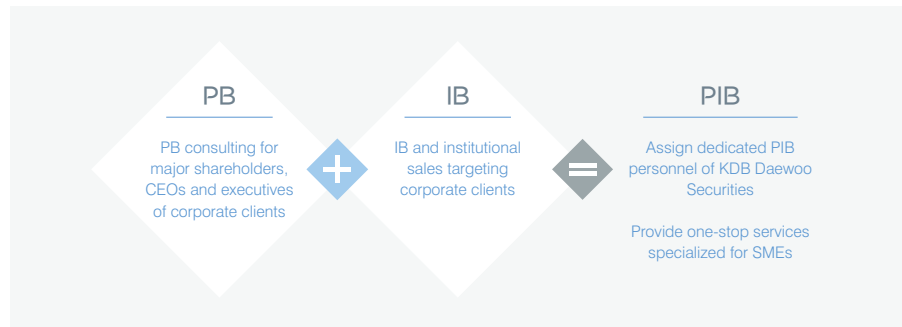
KDB Daewoo Securities is contributing to the spread of Creative Finance* by expanding sales activities targeting small and medium-size enterprises (SME).

* Refer to the footnote on Creative Finance on page 17

Partners Club

To grow together with SMEs, KDB Daewoo Securities has commenced 'Partners Club', a consulting service offered to sound SMEs. Social roles played by SMEs are growing in prominence with the emergence of the era of Creative Economy, but there are not many securities services dedicated

PIB Service



to such companies. Through its PIB operations, KDB Daewoo Securities is offering such SME-oriented services as corporate value and image improvement. PIB is a new concept business in that it combines wealth management and IB.

KDB Daewoo Securities provides its PBs with PIB sales trainings and increased the number of PIB Centers from two to four for more systematic and efficient operations. We will continue to expand our SME-focused services by listening more closely to SME customers concerned about their growth strategies.

Growth Ladder Fund

Growth Ladder Fund is a government-created fund that is based on a new concept of backing promising ventures and SMEs in need of capital supports for further growth. The goal is to establish a healthy corporate growth ecosystem. In January 2015, KDB Daewoo Securities

was selected to manage 'K-Growth Global Fund', which supports SMEs that are experiencing difficulties in advancing into overseas markets due to a lack of resources or experience despite their technological prowess. Fund operation details are available on the Growth Ladder Fund website run by Financial Services Commission.

Participating in New & Renewable Energy Projects

KDB Daewoo Securities is involved in new and renewable energy projects as part of its commitment to fight global climate changes and to develop new growth engines.

Jeju Gimnyeong Wind Power Plant Project

The Jeju Gimnyeong Wind Power Plant, whose shareholders include GS EPS and Jeju Holdings, commenced commercial operations in June 2015. This 30MW

49.0%

PIB Balance Increase Rate

PIB balance rose 49.0% as of September 30, 2015 since started aggregating in April 2015



Jeju Gimnyeong Wind Power Plant



The bird's eye view of the biomass power plant in Fiji

onshore wind power plant, located in the northeastern side of Jeju Island, is the first wind power generation project in Korea to be funded in a non-recourse method. KDB Daewoo Securities has provided financial advice and funding arrangements totaling KRW 78.3 billion, and is serving as the plant's primary bank.

Yeonggwang Baeksu Wind Power Plant

The Yeonggwang Baeksu Wind Power Plant, located in Baeksu-eup, Yeonggwang-gun, South Jeolla Province, commenced commercial operations in June 2015. Unison, Toshiba, Korea East-West Power, and Daehan Green Energy are shareholders in this 40MW onshore wind power generation project. KDB Daewoo Securities has provided financial advice and funding arrangements totaling KRW 106 billion, and is also serving as the plant's primary bank.

Biomass Power Plant Project in Fiji

KDB Daewoo Securities provides financial advice, arranges funding and invests in

overseas energy projects. The biomass wood chip power plant¹⁾ in Nabou, Fiji, is a case in point. This 12MW project is expected to cost KRW 50 billion. This project is significant in two ways: it is an overseas investment development being pursued jointly by domestic SMEs and large corporations; and it is the first overseas energy development for which a private Korean financial company is arranging the funding participation of local financial institutions. This project is expected to generate additional profits once it has been registered as a clean development mechanism (CDM) project.

Yeongwol Photovoltaic Generation Project

This project involves building Asia's largest photovoltaic power plant, in Nam-myeon, Yeongwol-gun, Gangwon Province. KDB Daewoo Securities has provided financial advice and arranged funding, and is serving as the primary bank of the KRW 140 billion project. The company also is participating in the project as a major shareholder with

a 18% stake. The power plant will have a power generation capacity of 38.9MW. Once this project has been registered as a CDM project, it also is expected to generate an extra profit dependent on the amount of carbon dioxide it reduces.

PEF for Environmental Waste Management

In accordance with relevant environmental laws, KDB Daewoo Securities is managing and supervising waste treatment companies acquired by a Private Equity Fund (PEF). We make sure that landfill waste is buried safely and leachate not spill out of landfills and cause environmental pollution. Also ensured are thorough management and supervision of the eco-friendly treatment of such by-products generated by waste incineration as exhaust gas and fumes. Moreover, waste heat generated through waste incineration is converted into energy and sold to nearby plants. These efforts have led to a substantially reduced use of fossil fuels such as liquefied natural gas (LNG) and bunker C oil, which encourages us to proceed more eco-friendly projects.

¹⁾ Roots, branches and other wood wastes, that cannot be used as construction materials, are separated and chopped into chips to be used as raw materials for cogeneration

KDB Daewoo Securities aspires to grow together with all of its stakeholders, including customers, shareholders/investors, employees, and local communities.

Such aspiration transpires into a ceaseless pursuit of challenge and innovation toward creation of a sustainable progress enjoyed by all stakeholders.

By thinking ahead and taking great steps toward creating economic, social, and environmental values, KDB Daewoo Securities will earn stakeholders' trust and support and achieve more meaningful performances and sustainable progress.

SUSTAINABILITY PERFORMANCE

53

Customers	54
Shareholders/Investors	60
Employees	66
Local Communities	72

Customers

MAJOR ISSUES

1 Build customer relationship strategies and a system to improve customer satisfaction

2 Conduct responsible activities to protect financial consumers

3 Strengthen personal information protection

OPPORTUNITIES & RISKS

There has been a sharp rise in incidents where financial consumers have not been given the right explanations about products, which has led to consumer damage. There has also been an increase in financial fraud, whereby customers' personal information has been leaked and abused through voice phishing. We make efforts to ensure the complete sales of our financial investment products, and we also undertake continuous management and training to prevent the leaking of personal information.

KEY PERFORMANCE



Customer satisfaction score

95.1/100



File encryption

All documents
(Plan to be implemented in 2016)



Employee training on customer information protection

100%



No. 1 securities firm category of the K-CSBI

Two consecutive years,
2014 & 2015



New sales channel

Stores in Songdo, Pangyo and Sejong City



44th anniversary of the founding

Invited the St. Petersburg Philharmonic Orchestra

KDB Daewoo Securities places the highest priority on customer satisfaction, and strives to grow together with customers, protecting their rights and interests.

Financial Consumer Protection

A major goal for KDB Daewoo Securities is to enable financial consumers to make profits through the financial services that we provide. We also ensure business integrity to protect financial consumers.

Financial Consumer Protection Charter

KDB Daewoo Securities regards it as vital for its customers to receive accurate and complete information, to minimize potential losses from lack of information. As an industry leader, we became the first company in the Korean financial investment industry to announce a financial consumer protection charter, the ‘Think you’ Charter, to protect the rights and interests of financial consumers.

Policies for the Perfect Sale of Financial Products

Financial products are purchased as a result of our staff explaining and recommending them; it is therefore essential that sales process is perfect. KDB Daewoo Securities established an internal system based on the basic principle of perfect sales, taking a lead in building a healthy investment culture. We have also established the ‘Financial Product Quality Assurance System’ under which, if our staff sell a product that is not completely adequate, or if product explanation is not sufficient, the product can be recalled within 15 days, and customers can be compensated.

All of us at
KDB Daewoo Securities



place the highest priority on the interests of financial consumers as our key business goal;



provide clear explanation and information on financial investment products and services so that financial consumers can make reasonable investment decisions;



actively protect the financial and personal information of financial consumers;



make sure that there is be no discriminatory acts against any financial consumers;



make maximum efforts when to handle customer complaints properly, and to protect customers from damages;



protect the rights and interests of financial consumers by obeying all laws and regulations, and engaging in responsible activities;



protect financial consumers' assets safely; and



help the growth and development of the financial investment industry by protecting financial consumers.

Improving Customer Satisfaction

KDB Daewoo Securities offers a wide range of customer satisfaction services to ensure the best in customer satisfaction. We will further enhance customer satisfaction by listening to our customers and providing better financial products and services.

Voice of Customer

The Voice of Customer (VOC) system was built to enable KDB Daewoo Securities customers to deliver their opinions through branches, the company website, the Customer Center, regular mail, and e-mail. The opinions that we hear are then actively used to improve customer services and policies. In addition, we provide responsive customer feedback to all our staff members through a process of review, handling, and improvement.

Customer Complaint Management System

KDB Daewoo Securities has developed a Customer Complaint Management System (CCMS) that is more comprehensive than ‘Dreami VOC’, the previous VOC system, and manages complaints in an integrated and systematic way through such various channels as phone, website, HTS, MTS, e-mail, and customer opinion postcards. Customer comments are broken down by different channels, types (compliments, suggestions, complaints), and themes (customer service, home trading system, policy) to create a database. The response status and feedback process are shared with all staff members in real time. The CCMS will be leveraged to improve customer satisfaction and to formulate strategies on customer relations.

VOC Receipt and Handling Process

Channel through which opinions are received		Classification	Review, Handle, Improve				Sharing among all employees	
Phone	Main Line	Suggestion	Customer Service Improvement Council	① The relevant department reviews whether to reflect the opinion (on the same day)	Within a week	Feedback program (outstanding suggestion, complimented employee, complaint)	CCMS: Real time management of receiving, handling, and all other processes	
				② The Customer Service Improvement Council re-examines the matter → Mainly opinions subject to rejection and re-examination (Weekly)				
On-line	Website Qway NEO Smart NEO E-mail			③ Feedbacks to customers on the company's plan on reflecting the suggestion	—			
				④ IT development and business improvements				
				⑤ Feedbacks to customers on the result				
Postcard on customer opinion	Branch	Compliment		① Thank the customer for making the compliment	Immediately		Posting on TOSS or CCMS on a weekly and monthly basis	
				② Feedbacks to the complimented employee → Provide compliment card and CS Gold Emblem	Monthly			
Hidden VOC Premeptive and active response		Complaint		① First response given by VOC personnel (Customer Center)	Immediately		Viewfinder D	
				② Second response given by relevant department after confirming and reviewing the matter				
Diversified channel Enhanced accessibility		Quickly handle the matter and review from the customer perspective (Deliver customer feedback immediately or within a week depending on the matter)						Service improvements Customer satisfaction

Viewfinder D

KDB Daewoo Securities set up Viewfinder D at its corporate headquarters in December 2012 as a communication channel to help us understand customer thoughts and perspectives. Customers' compliments, suggestions, and complaints, as well as how customers felt when using our services, are collected and posted on a weekly basis. Viewfinder D enables us to learn in greater detail what customers expect from the company.



Viewfinder D helps us understand customer thoughts and perspectives

Customer Service Improvement Council

The Customer Service Improvement Council is an internal consultative body that is in charge of quickly acting on customer service requests and media. It consists of staff from related departments, including the Customer Center, IT Center, and Smart Financial Department. The Council holds a meeting every two weeks, to ensure that customer service improvements are made as quickly as possible.

Customer Satisfaction

	2012	2013	2014
Customer satisfaction score (Unit: Point)	98.8	96.2	95.1
Branch with less than 90 points (Unit: Branch)	—	—	1

Customer Satisfaction Surveys

KDB Daewoo Securities used to conduct customer satisfaction surveys with new customers, but in October 2014, we expanded the scope to include existing customers. This has enabled us to listen to more opinions, and also provided opportunities to make improvements to services.

Employee Training on Customer Service

KDB Daewoo Securities provides training to its employees to strengthen their skills in dealing with customers and to enhance customer satisfaction. We have developed the 'Self-Motivation Course', a self-development program that is offered to all staff at headquarters and in the branches once a year. In addition, we use role playing to examine our sales processes. The third Wednesday of every month is a training day for staff who take on customer and PB roles; after the training is complete, a report is sent to the Financial Consumer Protection Department.

Customer Recognition

KDB Daewoo Securities' efforts to achieve greater customer satisfaction have been recognized by its customers, which in turn is helping the company to build sustainable growth.

Customer Satisfaction Award List

- | | |
|-------------|---|
| 2013 | <ul style="list-style-type: none"> Received the Grand Prize in the on-line category at the '2013 Consumer Best Brand Awards' Ranked first in the securities sector of '2013 Korea Highest Brand Awards' |
| 2014 | <ul style="list-style-type: none"> Chosen as the No. 1 securities firm at the '2014 K-CSBI' Received the Grand Prize in Customer Satisfaction at the '2014 Herald Business Capital Market Awards' Ranked first in the securities sector of '2014 Korea Highest Brand Awards' |
| 2015 | <ul style="list-style-type: none"> Chosen as the No. 1 securities firm at the '2015 K-CSBI' |

Closer to Customers

In changing times, KDB Daewoo Securities continues to make the utmost efforts to communicate with customers so that we can develop customized services and satisfy their financial needs as their needs change and diversify. These efforts have been supported by an expanded sales network, and more customized services.

Expanding the Sales Network

KDB Daewoo Securities focuses on establishing a sales network that offers customers greater accessibility and convenience. As a result, we have



Opening of the 'Store' in Sejong City

unveiled the 'Store', a new concept sales point, in Songdo, Pangyo, and other business districts with growing financial needs. The Store consists of personnel and space that are about one-quarter of those at a regular sales point. This innovative sales point is intended to increase customer contact points and strengthen a feeling of closeness. In addition, we have established overseas subsidiaries in developing countries, including Indonesia and Mongolia, in addition to the overseas subsidiaries that have already been opened in major economies. KDB Daewoo Securities has 12 overseas networks, the most of any Korean financial investment company. We plan to continue to open sales points based on diverse concepts, and in locations that reflect customer needs.

Family Office Service 'Insight'

'Insight' is an integrated consulting service that includes management of a family's assets and investments, tax planning, succession of the family business, risk management, real estate management, and corporate advice. The Insight service is available to customers with financial assets of KRW 3 billion or more, and the number of families using it has risen steadily since it was launched in 2013; more than 100 families now use the Insight service.

Improving Personal Pension Products

KDB Daewoo Securities has focused on the personal pension market in 2015, as part of its 'Premier PB House' strategy. The personal pension is being shown to customers as a financial resource for active wealth management, not just a product aimed at tax deduction or life after retirement. A target earnings rate is set after studying the customer's circumstances, and then a customized portfolio is constructed. Our unique personal pension product also features continuous, in-depth management, tax benefits, and various other services. It embodies our strong determination to look after customer assets as best we can, and to manage them with care.

Comprehensive Consulting Service

A one-on-one consulting service is offered to high net worth customers. Experts in various fields, including investments, retirement planning, tax affairs, and real estate, visit our branches, so customers can benefit from comprehensive, one-stop wealth management.

Protecting Customers' Personal Information

The increased use of the Internet has enabled the easy management and sharing of information, but on the negative side, it has also made it much easier for private information to be exposed. Financial companies handle sensitive private information, which is why KDB Daewoo Securities undertakes various activities to give the strong protection to our customers' personal information.

Strengthened Personal Information Security

KDB Daewoo Securities currently encrypts important files, but we will begin encrypting all documents in 2016, in order to enhance document security. As an additional personal information

security measure, we prohibit the use of customers' personal information for marketing purposes from three months after the end of customer transactions. Also, a personal information database is stored separately from five years after the end of customer transactions. We have also created a manual to help us to minimize customer damage even in the event of a leak of personal information.

Personal Information Security Policy

Managing Customers' Personal Information

The Compliance Department is in charge of protecting personal information, and has established customer information protection and management regulations in order to systematically protect customers' personal information. These regulations apply to all staff at KDB Daewoo Securities as well as our partner companies, so that we can keep all of our customer information safe.

Staff Training on Information Protection

In order to prevent incidents related to electronic banking and information protection, KDB Daewoo Securities provides a regular training on information protection to all staff every year. Staff in charge of information protection receive additional in-depth training, including on the ethics of information protection and an IT training course. 100% of executives, general staff, IT staff, and staff in charge of information protection completed information protection training in 2014.

Relief from Losses Caused by Telecommunications Fraud

KDB Daewoo Securities enables the suspension of payments for 24 hours to minimize customer losses caused by telecommunications fraud. We undertake careful monitoring of accounts that are suspected of fraud, and share all relevant information using the information network of the Korea Federation of Banks.

Activities to Prevent Leakage of Customers' Personal Information

User Terminal	Activity
Information leakage prevention system	Detect and block external leakage of customer and personal information
Encryption of all documents	Encrypt all documents and files (Plan to be implemented in 2016)
Document security	Encrypt personal information files that are stored in PCs
Secure USB and blocking of media	Block external media, and screen if files were moved with secure USB
Vaccine	Detect and remove viruses and malicious code
Server and database access control	Prevent server and database access by unapproved users

Marketing Activities for Customers

Performance to Celebrate the 44th Anniversary

KDB Daewoo Securities has hosted cultural performances for customers on the anniversary of the company's founding every year since 2006. The world's top artists are invited to offer the company's loyal customers an opportunity to enjoy high-quality performances. For our 44th anniversary in 2014, the St. Petersburg Philharmonic Orchestra was invited.



Performance to celebrate the 44th anniversary of the founding of KDB Daewoo Securities



Family Product Service

In September 2013, KDB Daewoo Securities released its family product service, which offers more benefits when more family members invest in a greater variety of products. On-line and off-line PR activities, including a random box event, supported the launch of the service, and led to a high level of interest with around 15,000 customers applying for the service within just three months of its release.

Co-Marketing

KDB Daewoo Securities cooperates with partner companies to do marketing that can approach to the partner companies' customer base to attract potential customers. For example, we put advertisements on clothes hangers at Cleantopia Cleaners' franchises, and offered a dry-cleaning gift card to our customers. We partnered with KT to offer the 'KDB Daewoo Securities – KT Communication Expense Support Service' to KT customers who open a cash management account (CMA) and custodial account, and sign for the automatic standing order of mobile phone bills. The users of this service exceeded 30,000 in just three months.

Cheer up! Join us!

KDB Daewoo Securities undertook marketing activities to attract customers under the slogan 'Cheer up! Join us!' in 2014. We offered special benefits to a greater number of customers by supplying targeted products, and provided customers with investment guides for the market environment and their needs, as well as releasing financial products that reflected their requirements. Promotions informed customers about the products in detail, thus helping customers to manage their wealth wisely.

Customized Marketing related to Finance and Investment

KDB Daewoo Securities held a seminar on ongoing economic issues, including real estate and the Chinese stock market turmoil. These seminars provide resolutions to customers, and our experts can offer consulting services on investment trends and the global outlook. In addition, we provide customized regional services; for example, local residents who are subject to land compensation are provided with information on the land compensation process and ways to use land compensation funds, and we also hosted a seminar on recent financial trends for CEOs and CFOs in industrial complexes.

Monthly Letter for VIPs

KDB Daewoo Securities issues a regular monthly letter to its VIP customers with the Royal class (average balance for the last three months, or a balance at the end of the previous month, of KRW 100 million to 1 billion) and above. The email letter shares information on wealth management strategies, major news on taxes, real estate, and investments, and informs customers about any relevant events.

Finance Camp for Juniors

The 'Finance Camp for Juniors' is offered to customers and their children to help them develop good financial sense. Fun games are used to enable participants to easily understand and familiarize themselves with finance, which children might otherwise think is too difficult.

Transparent Supply Chain Management

Reports on Corruption

To root out corruption by employees, KDB Daewoo Securities operates the 'Corruption Sinnungo'. This system allows employees, stakeholders, and third parties to report employee violations of laws and company regulations. The anonymity of the person's suggestion is protected throughout the entire process, from reporting stage to feedback stage. We also have an IP tracing prevention system. We inform on this corruption-fighting system when we send requests for proposals to outside parties, and also post information on our website. Launched in October 2014, the Corruption Sinnungo has received two reports so far, both of which have been handled.

Transparent and Thorough Supply Chain Management

KDB Daewoo Securities has established regulations on the purchase of items and services, to enhance transparency in the selection of partner companies and in purchasing. There are thorough reviews of a potential partner's both financial and non-financial aspects, depending on the item being purchased, to ensure correct decisions on purchases. There were no cases of violations of fair trade during the latest reporting period, including unfair competition or anti-trust.

Procurement Assessment Committee

When a purchase is over a certain amount, a Procurement Assessment Committee meeting is held to evaluate the purchase. The General Affairs Department is in charge of convening meetings, while detailed work related to meeting proceedings is handled by the department that wishes to make the purchase, or jointly by that department and the Procurement Department.

Shareholders/Investors

MAJOR ISSUES

1 Build a sustainable business model for a changing corporate environment

2 Provide transparent reports on economic performance and increase active communications

3 Increase shareholder and investor interest in non-financial information

OPPORTUNITIES & RISKS

The stock market continues to remain unstable, due to uncertainty in the business environment in Korea and overseas. The continued low interest trend across the globe has also triggered major changes in the Korean financial market environment. KDB Daewoo Securities is implementing business strategies that are appropriate for such financial environment, in order to build a revenue base that can continue to grow.

KEY PERFORMANCE



AA⁺

Industry's top-level credit ratings

AA+, Baa2



Total client asset as of the end of June 2015

Over KRW 135 trillion



Number of HNWI with investments of KRW 100 million and above as of the end of June 2015

Recorded 61,193



Indonesian subsidiary
Acquired underwriting license



Received three awards at the '2015 thebell League Table Awards'

Best Equity Deal,
Best Financial Bond House,
Best Bond Deal (ABS)

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

DJSI World Index
For a fourth consecutive year

KDB Daewoo Securities responds flexibly to the financial market, and strives to build foundations for sustainable growth, all in an effort to maximize value for shareholders.

Sustainable Business Model

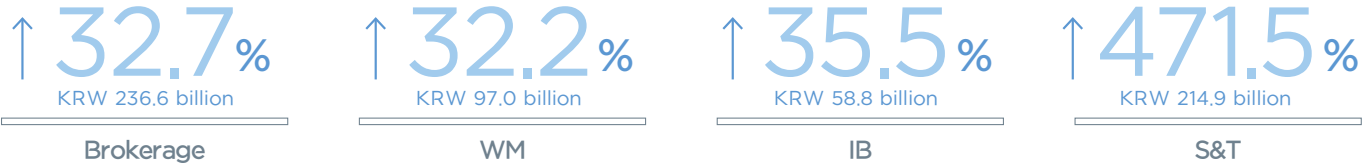
It is important to present a sustainable business model to shareholders and investors, and to provide them with transparent information on corporate value. KDB Daewoo Securities uses an integrated reporting framework how we facilitate our capitals and create synergy among them, in order to provide our products and services.



6 Capitals of KDB Daewoo Securities		Impacts on Stakeholders
Financial Capital		<ul style="list-style-type: none">Contribute to Korea's capital marketReturn to investors and employees
Capital used by the company to provide products and services		
Total shareholders' equity KRW 4.2 trillion	Tax expenses KRW 84.9 billion	
Manufactured Capital		<ul style="list-style-type: none">Enhance customer satisfactionFacilitate the local economy overseas
Buildings, facilities, and infrastructure that the company can use to produce products or provide services		
Domestic network 102	Global network 12	
Human Capital		<ul style="list-style-type: none">Share skills and know-how among staffMaintain a transparent corporate culture
Support for the corporate governance and ethical values for human resources, competencies, experiences and innovation		
Total number of employees 2,968	Number of trainings on ethics 142	
Intellectual Capital		<ul style="list-style-type: none">Develop customer-oriented productsStrengthen employee expertise
Knowledge-based intangible assets, including brand image and other reputation developed by the company		
Number of staff trainings 343	Number of professional financial certificates 1,533	
Natural Capital		<ul style="list-style-type: none">Realize a low-carbon societyBuild an eco-friendly business environment
All environmental resources and relevant products and services		
Greenhouse gas emissions (Scope 1) 33.9% decrease year-on-year	CDP score 99/100	
Social Capital		<ul style="list-style-type: none">Realize a society where diversity is respectedPromote the regional economy
Systems and relations within or among communities, stakeholders, and other networks		
Social contribution expenditures KRW 2.1 billion	Hours of participation in CSR activities per person per annum 2.9	

* Based on the performance in 2014 and 2015

Revenue by Business in FY2014



¹⁾ KDB Daewoo Securities' fiscal period increased from 9 months to 12 months after a change in settlement date.

²⁾ As of the end of 2014. The increase (%) indicates performance compared to the previous year.

Sustainable Economic Performance

KDB Daewoo Securities continues to create opportunities to enhance corporate value, and strives to share a strong culture of investment to take a lead in advancing finance.

Summary of Economic Performance

In 2014, KDB Daewoo Securities recorded net operating revenue of KRW 798.7 billion, operating income of KRW 270.8 billion, income before income tax of KRW 273.8 billion, and net income of KRW 205.2 billion, our best performance since 2011. As of the end of 2014, the company had KRW 30,613.3 billion in total assets, KRW 26,439 billion in total liabilities, and KRW 4,174.3 billion in total shareholders' equity.

Brokerage revenue reached KRW 236.6 billion. The company saw slight recoveries in both commissions and turnover market shares, and revenues were also helped by an increase in profits from investments. Wealth Management (WM: financial product sales) revenue stood at KRW 97.0 billion. Efforts to expand our customer contact points resulted in a KRW 2.8 trillion increase in our retail financial product assets compared to end-2013. In addition, total financial product assets rose KRW 3.2 trillion in 2014, to reach KRW 55.3 trillion. Investment Banking (IB) revenue recorded KRW 58.8 billion, with major Initial Public Offerings (IPO) helping a strong recovery in Equity Capital

Markets (ECM), which had previously been stagnant. We successfully led the IPO for Cheil Industries, one of the largest ever in Korea, which highlighted our outstanding capabilities. Sales & Trading (S&T) revenue stood at KRW 214.9 billion, helped by an excellent performance from investing in fixed income issued in Korea and offshore, thanks to our active response to the interest rate environment at home and abroad.

* Refer to page 81 for more information on economic performance

Operational Size

KDB Daewoo Securities strives to support shareholders and investors through distinctive sales strategies based on trust and expertise. Our strategies to build the foundations for sustainable growth in 2014 resulted in total client assets rising 19.1% from the end of 2013 to reach KRW 136.6 trillion. WM assets reached KRW 55.3 trillion, a year-on-year increase of 6.1%, and the number of High Net Worth Individuals (HNWI) with investments of KRW 100 million or more rose from 47,280 in 2013 to 51,337 at the end of 2014.

Credit Ratings

In November 2011, KDB Daewoo Securities received AA+ grade from Korea Ratings and the Korea Investors Service for its non-guaranteed corporate bonds, the best credit rating given to a financial investment company since the Asian financial crisis of 1998. The company received AA+ grade from NICE Investors Service in September 2012, and also received Baa2 grade for foreign currency-denominated long-term fixed income from Moody's in January 2011, and has maintained that rating.

Korea Investors Service

AA+

Korea Ratings

AA+

NICE Investors Service

AA+

Moody's

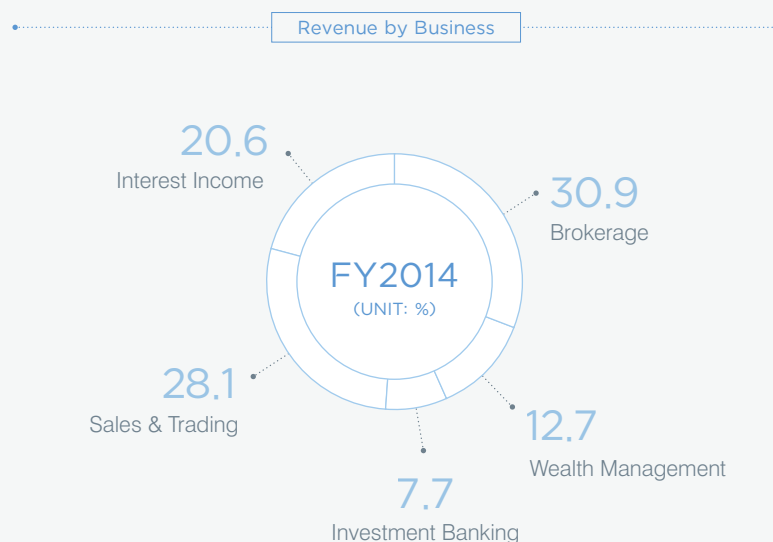
Baa2

* As of the end of September 2015

Client Assets	WM Assets	Number of HNWI Clients
19.1% increase YoY	6.1% increase YoY	8.6% increase YoY
KRW 136.6 trillion	KRW 55.3 trillion	51,337 persons

* As of the end of 2014. The increase (%) indicates performance compared to the previous year.

Performance and Plan by Business



* Revenues before commission expenses;
Excluding other net operating revenues

Brokerage



Overview

Our brokerage business offers broking services for securities transaction for individual, institutional, and foreign investors.

Performance

Brokerage revenue went up by KRW 58.3 billion to record KRW 236.6 billion. Commission and turnover market shares were up slightly, by 0.4%p and 0.1%p, respectively over the previous year, and revenues were up as a result of our fiscal period increasing from nine months to twelve months because of a change in the settlement date. The daily average trading volume in 2014 remained around KRW 6 trillion, with individual investors accounting for less than 59%. In this challenging business environment, our commission revenues dropped, but our retail commission market share rose by 0.2%p, to 5.2%.

- To strengthen our retail business, the Investment Information Support Department, an organization dedicated to retail operations provides direct and indirect support for the retail brokerage operations. There are also active customer communication activities, including seminars at branches, one-on-one investment consulting for VIPs, and companion visits to companies. In domestic wholesale brokerage, our market share was 4.7%, thus maintaining our leading position even without having a major asset management affiliate; this was enabled by increasing the number of institutions we do business with and developing new sources of revenues. Our market share for international wholesale brokerage saw year-on-year growth of 0.1%p to reach 2.8%.

In the area of prime brokerage service (PBS), we served as a prime broker for five asset managers and nine Korean hedge funds in 2014, providing a comprehensive range of services, from brokerage and margin transactions to credit offerings, portfolio swaps, and Repurchase Agreements (Repos). Our focus for 2014 was on increasing the balance of margin transactions, with the result that our balance doubled over the previous year, making us a leading company in the industry.

Plans

- Improve distinctive sales competitiveness and research skills
- Create synergy with retail sales channels, to expand the network and diversify sources of revenue
- Actively participate in IB deals, including block deals and IPOs, in addition to traditional brokerage
- Prepare for the passing of a Bill on reforming the PEF system, and successful positioning in the market

Wealth Management



Overview

The WM sector sells financial products and offers financial consulting services.

Performance

WM revenue rose KRW 23.6 billion in 2014, to reach KRW 97.0 billion. The issuance of Equity-Linked Securities (ELS) and Derivative-Linked Securities (DLS) reached KRW 13.7 trillion. Wrap account and Repo assets stood at KRW 12.6 trillion and KRW 6.7 trillion respectively, indicating our stable revenue base based on diversified products.

KDB Daewoo Securities has opened small, specialized sales points to increase customer contact points, and strives to expand the customer base through various contents and a line-up of distinctive products. Our WM assets in 2014 were up by KRW 3.2 trillion from the previous year to KRW 55.3 trillion, making us the industry leader.

We opened additional sales points in 2014 to increase customer contact points, and provided diverse products and services to meet customer needs. We are also trying to improve customer satisfaction and build our brand image by offering distinctive consulting services to different customer bases. Bancassurance is one of our leading products for retirement and tax planning, and is contributing to the establishment of a stable revenue base. We ranked the industry's No. 1 in bancassurance product sales, as measured by converting all assets into single payment. Our ability to offer financial products that satisfy customer needs led to domestic wholesale

financial product assets totaling KRW 33.3 trillion at the end of 2014, the highest in the industry in Korea. Retirement pensions are seeing high growth, with many individual customers being added.

Plans

- Optimize the sales point network
- Formulate differentiated marketing strategies through market, customer, and trend analyses
- Improve the quality and competitiveness of contents
- Strengthen PB skills and improve customer processes
- Ensure co-work system between different business divisions in the company

Investment Banking



Business Overview

The IB sector provides corporate financing, PEF, and M&A-related services.

Performance

IB revenue rose KRW 15.5 billion from 2013 to reach KRW 58.8 billion. We increased revenue in the recovering ECM market by acting as a lead manager of the IPO of Cheil Industries, one of the biggest deals in Korea, and by arranging large-scale block sales. In Debt Capital Markets (DCM), there was increased competition after measures to stabilize the corporate bond market were adopted. We pursued business diversification by successfully issuing a new type of convertible bond, the first hybrid bonds from a credit-specialized

financial company, and the first non-resident Renminbi bonds in Korea. These achievements all helped us to remain at the top of the league tables for IB in Korea.

In the M&A sector, we were ahead of others in cross-border M&A. We attracted Limited Partners (LP), including the National Pension Service, based on existing PEFs, and continued our efforts to diversify our profit structure such as by successfully providing financial advice for large-scale wind power generation, and achieved significant accomplishments. Our accomplishments in the IB sector were recognized with many awards, helping to further enhance the reputation of KDB Daewoo Securities. In particular, we won three categories – Best Equity Deal, Best Financial Bond House, and Best Bond Deal (ABS) – at the 2015 thebell League Table Awards, hosted by MoneyToday thebell.

Plans

- Implement a two-track strategy by achieving a balance between large and small- to mid-sized deals
- Generate synergy by providing total services within IB
- Establish a foothold in consulting services for Korean companies' acquisition of overseas companies

Sales & Trading



Overview

The S&T sector offers fixed income and exchange-traded and over-the-counter derivative products, manages hedge funds, and invests the company's equity capital.

Performance

S&T revenues in 2014 was KRW 214.9 billion, a year-on-year increase of KRW 177.3 billion. Despite increasing uncertainties at home and abroad, with two base interest rate reductions of the Bank of Korea and the postponement of the US exit strategy, there was a favorable interest rate environment which KDB Daewoo Securities actively leveraged to achieve an outstanding performance in fixed income issued in Korea and offshore. We increased overseas fixed income investments, including investments in Europe and emerging markets, and expanded overseas returns to around 30% of the total, reflecting our success in diversifying revenue sources.

Derivatives became more attractive investments in a low interest rate environment, and with the market mostly being range-bound in 2014. Total market issuance was at a record high, and we recorded the industry's best issuance performance. In Alternative Investment (AI) proprietary trading, we made selective and focused investments, aiming at stability and profitability; we used our knowledge of domestic and overseas real estate PF to make good investments in those areas and, as a result, our revenues and investment earnings rates improved over the past three years. In Principal Investment (PI), we controlled volatility by specializing

investment products and focused on generating competitive and sustainable investment revenues, leading improvements in PI performance.

Plans

- Improve revenues by enhancing the competitiveness of key businesses
- Create new sources of revenue and increase overseas investments
- Increase customer satisfaction by offering distinctive products

Global Business



Overview

KDB Daewoo Securities has distinctive strategies and products for different regions, which strengthens local businesses, including IB and direct investment.

Performance

We continue to advance into overseas markets as a means of overcoming structural issues in the Korean market, including an aging society, low growth, and the global financial crisis. As of the end of 2014, we have 12 offices (8 overseas subsidiaries, 1 branch, 3 representative offices) in nine countries around the globe, with around 400 personnel. Strengthening our overseas business will improve our overall competitiveness.

We aim to maximize revenues in major economies by making direct investments in assets. In 2014, KDB Daewoo Securities became the first securities firm in Korea to invest in aircraft when we invested in aircraft used by Finnair, the Finnish state-run

airline; we also offered products related to this deal to domestic investors. In addition, we launched a PEF in relation to a Korean shipping company project. Our Hong Kong subsidiary, which had shareholders' equity of USD 300 million and a net income of KRW 8.7 billion in 2014, has been a great success – this subsidiary is unrivaled in terms of both size and profitability among the overseas networks of Korean securities firms.

We are implementing a mid- to long-term plan for emerging markets with strong growth potential. This strategy involves developing our overseas subsidiaries into full-service securities firms by leveraging our personnel and know-how. For example, in Indonesia, we are combining our IT technologies and on-line business know-how, and, as a result, the Indonesian subsidiary is building a reputation as the biggest and best on-line securities firm in Indonesia. In 2014, our Indonesian subsidiary, after obtaining its underwriting license and completed its first IB deal, and we now plan to make it into Indonesia's leading full-service securities firm. Elsewhere around the world, we can adopt Korea's advanced finance model to supply distinctive products that leverage KDB Daewoo Securities' unique strengths. In 2014, this has enabled us to offer a USD Certificate of Deposit (CD) fund from Mongolia's TDB Bank, and to sell deposits in the Agricultural Bank of China and a Convertible Bond (CB) trust of the Bank of China.

Plans

- Formulate distinctive strategies that are right for local circumstances
- Boost competitiveness and identify new businesses in regions where we already have a presence
- Build a 'Premier PB House' by developing unique products

Employees

MAJOR ISSUES

1 Intensified competition to recruit and retain outstanding talent

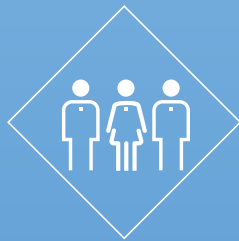
2 Increased emphasis on respecting diversity and protecting employees' human rights

3 Share visions and establish a corporate culture through employee communication

OPPORTUNITIES & RISKS

Increased specialization and segmentation in the financial industry is making it more important to recruit and retain the talent. KDB Daewoo Securities seeks to be an attractive company, for those wishing to join us, where they can fulfill their dreams of becoming financial experts. We also strive to help our staff achieve a balance between their personal and work lives, and develop their careers. That is why we place the highest priority on employee satisfaction when we build our HR system, ranging from recruitment and welfare to labor-management relations, performance evaluation and compensation, training, and communications.

KEY PERFORMANCE



Participation rate in training on preventing sexual harassment in 2014

100%



2012-2014 Open HR

64 employees were transferred to their desired positions



Labor union membership percentage in 2014

93%



Family Day

Expanded to twice a month



Promotions assessment system

Reformed

KDB Daewoo Securities develops talent in a spirit of challenge and passion, to build a creative and open corporate culture.

Workforce

KDB Daewoo Securities' total workforce stood at 3,044 at the end of 2014, of whom 1,836 were male and 1,208 were female. Female employees account for 39.7% of the total. The company is providing equal opportunities in consideration of diversity. Non-regular workers comprise approximately 15.7% of the total workforce, and we aim to make more of them into permanent employees so as to enable greater harmony and unity among all staff.

Recruitment and Retention of Outstanding Personnel

We recruited 115 people in 2014, to acquire outstanding talent and promote employment. The turnover rate was 5.7% for male employees and 4.3% for female employees in 2013, but these figures fell substantially in 2014, to 3.1% and 2.6%, respectively, as a result of our efforts to retain the best people. We will continue to share our vision and improve employee satisfaction in order to recruit and retain outstanding talents.

Open HR

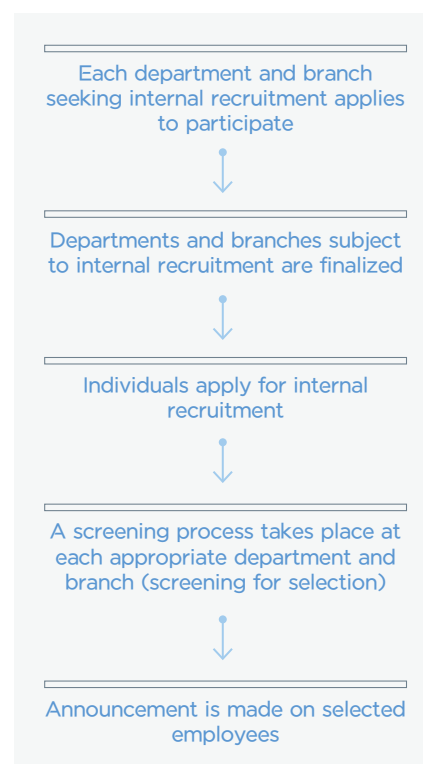
KDB Daewoo Securities implemented its 'Open HR' system from 2012 to 2014, aimed at unlocking outstanding talent and enabling individual employees accomplish their personal visions. Open HR puts the best talent in the right positions, allowing staff to expand their work experience and thus increase their expertise and skills. Departments and branches that need more personnel publish a notice of the number of people needed and the qualifications required, after which the optimal talent is chosen through open competition.

Qualifications

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

Process

109 departments and branches have submitted applications using the Open HR system, and, following a strictly confidential screening process, 64 employees were selected and assigned to the relevant departments and branches. Many staff members have shown an interest in the Open HR system, and a Q&A session was held to provide answers to their questions.



Notice for the second Open HR in 2014

Principles

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

100 %

Participation rate in training on preventing sexual harassment in 2014

Protecting Human Rights

KDB Daewoo Securities joined the UN Global Compact (UNGC) in October 2006, and abides firmly by its ten principles concerning human rights, labour, environment, and anti-corruption. The company also prohibits any forms of child labor and forced labor, or any discrimination based on employees' backgrounds. There were no incidences related to employee discrimination in the latest reporting period.

KDB Daewoo Securities gives mandatory training on sexual harassment prevention once a year to its entire workforce. In 2014, all staff completed their on-line training on sexual harassment prevention from November 17th through to December 18th.

Respecting Diversity

KDB Daewoo Securities is active in its efforts to abolish discrimination based on academic background, and selects talent by focusing on skills. Pursuant to the Framework Act on Employment Policy, the company does not discriminate against people on grounds of gender, religion, physical condition, social status, educational background, marriage, pregnancy, medical history, etc. during its recruitment process, and guarantees equal opportunities for employment. The company pursues diversity in employment by offering opportunities to women, the disabled, and non-Koreans. KDB Daewoo Securities participated in the '2014 Job Concert for High School Graduates' to help to address the issue of youth

Diversity in Employment in 2014

319

High school graduates

57

Disabled

27

Foreigners

68

Men of national merit

unemployment, and to seek to hire skilled high school graduates; this included employment counseling sessions for job seekers.

Labor-Management Relations

KDB Daewoo Securities respects voluntary labor union activities that obey all relevant laws and regulations. The company engages in transparent communications through the Labor-Management Council and the company's labor union, and strives to improve the work environment for employees.

Labor-Management Council

KDB Daewoo Securities enacted its Labor-Management Council regulations in 1990, and holds a Labor-Management Council meeting every quarter. The Labor-Management Council represents all employees at the company, and is in charge of engaging in discussions with senior management with regard to major employee-related issues. Four meetings were held in 2014, during which there were discussions on 38 agendas. In 2014, through a labor-management agreement, we abolished our previous severance pay system, in which it was progressive as of the years of service. This system had placed a burden on the company's cost management, and the changes have helped to build stronger foundations for the company's financial structure and competitiveness.

Internal Labor Union Operation and Membership

KDB Daewoo Securities upholds the labor rights stipulated in Article 33 of the Constitution of Korea, and does not have any internal regulations or guidelines that counter or curtail the application of the law. The company does not take any measures against employees for engaging in labor union activities. To guarantee these rights in practice, KDB Daewoo Securities protects the labor union activities and labor disputes that are stipulated in the collective agreement. As of the end of 2014, labor union membership stands at 93% of the workforce, with 2,134 union members from among the 2,283 employees who are entitled to membership.

Welfare

KDB Daewoo Securities operates various welfare programs to help our staff to maintain a positive balance between their personal and work lives.

Key Welfare Programs

Program	Details
Support for leisure life	Operate condominiums, and provide subsidies for club activities
Support for new mothers	Provide paid maternity leave before and after birth, congratulatory fund for birth
Housing support	Provide housing loans, and support employees living outside of their hometown to increase sense of stability
Medical and health support	Support medical expenses, health checkup, dispensary
Educational support	Support schooling expenses
Vacation system	Physiological leave, parental leave before and after birth, paternity leave for spouse, annual leave, regular leave, other leaves related to congratulatory and consolatory events
Support for daily life	Transportation expenses for overtime and compensation for working on holidays, reward for continuous service, employee association operation, fitness center, group term life insurance, support in relation to congratulatory and consolatory events, etc.
Family Day	The second Friday and fourth Wednesday of each month are designated as Family Day to help employees enjoy cultural events with families and colleagues

Welfare System

KDB Daewoo Securities runs facilities and provides subsidies for various club activities so that staff can enjoy their leisure time. The company provides housing loans to increase our employees' sense of stability, and financial support for tuition and medical expenses. In addition, KDB Daewoo Securities has a group term life insurance policy for its entire staff, and pays all related premiums.

Retiree Support Program

We offer various career development programs for re-employment and business start-ups so that employees can enjoy a stable post-retirement life. We adopted a retirement pension system in October 2014, and use the Defined Benefit (DB) or Defined Contribution (DC) plans, depending on an employee's position.

As of the end of 2014, the number of staff covered by the retirement pension system was 2,852.

Maternity and Child Care Leave

To encourage childbirth and protect mothers' rights in Korea, which is struggling with a low birthrate, KDB Daewoo Securities guarantees maternity and child care leave. In 2014, the retention rate after child care leave was 91.8%.

Child Care Center

Pursuant to Article 14 'Establishment of Company Child Care Center' of the Infant Care Act, KDB Daewoo Securities shares child care center jointly with other owners since 2011. This measure was taken as a part of the company's welfare programs to help employees feel less burdened from childbirth and child care.

Employee Safety and Health

KDB Daewoo Securities' employee safety and health system supports health care, so that we have a safe work environment and our staff can enjoy healthy lives.

Employee Safety and Health System

Korea was suffered from Middle East Respiratory Syndrome (MERS) in 2015, and KDB Daewoo Securities raised the risk level under its business continuity plan to 'alert' in June 2015. A separate work space was set up for selected employees in order to continue daily business in case of infectee occurs, and disease control measures were implemented at branches, with all relevant information being provided to customers. We also measured the temperatures of all visitors at the company headquarters and the Gwacheon Human Resource Development Center, and restricted access to visitors with a temperature of 37 degrees or higher. These measures helped to prevent the spread of this infectious disease, while continuing to provide customer services.

Fitness Center

KDB Daewoo Securities has a fitness center on the 17th floor of its headquarters building in Yeouido, to promote the health of its staff. The center is available for use at any time throughout the day, except during work hours. It helps employees relieve themselves from stress and strengthen their physical health.



Fitness center for employees

Promoting Employees' Emotional Health

KDB Daewoo Securities began its Employee Assistance Program (EAP) in 2010, to provide professional psychological counseling and coaching services to resolve issues that our staff come across inside and outside of work. A total of 590 cases were consulted as of 2013; it has been reforming since 2014.



Notice for EAP service

Fair Evaluation and Compensation

KDB Daewoo Securities evaluates performance through transparent procedures and the right criteria. There are various incentives based on the outcome of evaluations, thus motivating staff and increasing efficiency.

Performance Evaluation Process

Employees are graded on their performance and capabilities, and feedback from evaluations is provided so as to ensure fairness. There are upward appraisals of executives, department managers, branch managers, and team heads to enable communication between senior and junior staff, and to build the skills of unit heads. Colleague evaluations are conducted to build mutual trust and share constructive advice. These multifaceted evaluations allow impartial performance evaluations. In addition, all employees have an interview with their department or branch manager to go through their personnel evaluation, and also engage in more communications on a regular basis.



Notice for 2014 performance evaluation and promotion

Reforming the Promotions Assessment System

KDB Daewoo Securities has reformed the promotions assessment system to enhance fairness and transparency. The reformation centered on the creation of Promotion Assessment Committee, which evaluates the qualifications and competencies of the promoted in light of the characteristics of each position and duty involved. When promotions are announced, information on base scores for promotions and the promotion ratio are also revealed, to ensure confidence in the system's fairness.

Employee Compensation System

Employees receive both financial and non-financial compensation according to a fair and transparent evaluation process. Compensation includes basic salaries, bonuses, and welfare benefits. KDB Daewoo Securities does not discriminate based on gender in basic salaries. In 2014, the new employee wage was 271% of the Korean minimum wage.

Performance Evaluation Process

Downward Evaluation		Upward Evaluation			
Department and branch manager interviews		Category	Main details		
1 Self-evaluation	Evaluated categories	Target of evaluation	Executive, department manager, branch manager, and part manager (team manager) evaluation		
2 Initial evaluation		Policy competencies	Executive	Department manager	Part manager (Team manager)
3 Feedback			Compliance		
4 Final evaluation			Leadership		
5 Finalization of evaluation			Organizational culture improvements		-
6 Application for objection		Job competencies	-	Organization value oriented	
7 Finalization of grade			-	-	Work drive
Use of evaluation results		Referenced for provision of opportunities for top-down communication, skill development of unit organizational managers, and organizational operations			

Employee Communications

By facilitating various communication channels, promoting communications across hierarchy, and acting on the ideas and opinions of our staff, KDB Daewoo Securities is creating our own corporate culture.

Launch of Do Dream

The 'Do Dream' internal bulletin board for suggestions was set up to expedite work, system, and cultural innovation, and to promote a culture of open communication. Employees can suggest ideas or opinions, and anyone can make comments on them. Relevant departments review and discuss the suggestions, and adopt them in their policies as appropriate. There is also the 'Sharing Best Practice' board through which employees can share information on how they improved work to make it more efficient, and the 'Plan a Proposal' board, where departments at headquarters offer plans, and staff can comment and suggest ideas on them.

Communications for a Transparent Corporate Culture

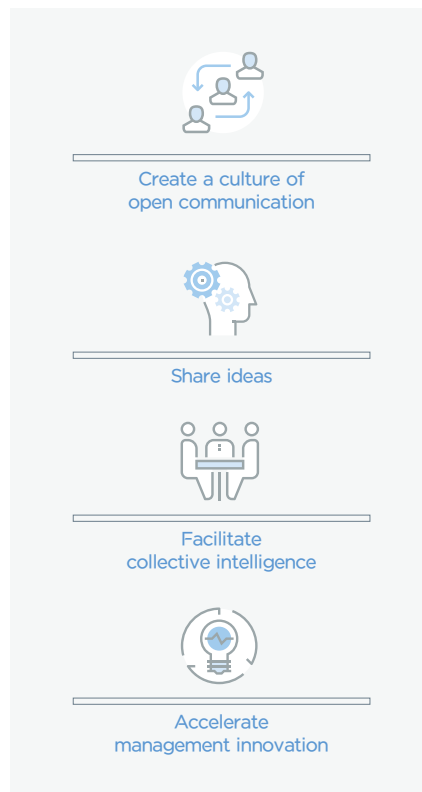
[Audit Department Newsletter](#)

KDB Daewoo Securities' Audit Department releases its 'Newsletter from the Audit Department' every month, to share information on audit-related issues throughout the company. The newsletter talks about the company's internal audit schedule, various internal and external issues, and information on how staff can be fully aware of audit-related issues and prevent problems in advance.

[Compliance Issue](#)

The Compliance Department shares information on ethics and compliance with all employees, compliance issues that might easily be overlooked, and amendments to finance-related laws. The department also organizes and supplies

Benefits of Do Dream



information that helps employees to take appropriate measures in the event of an issue related to compliance.

Specialist Work Communications

[CS Talk for Customer Service](#)

Employees use the CS Talk to share their know-how and ideas, so that the company can always effectively respond to customer needs. Independent and voluntary participation makes sure that information that is needed in the field is available, and related know-how can be shared. CS Talk is also used to share the results of customer satisfaction surveys.

[WM Solution KOK](#)

This sales material enables employees to conveniently obtain information that is essential for customer consulting.



KOK – a WM solution provider

'KOK' has a dual meaning – it stands for 'Key of Knowledge', but 'kok' in Korean also means to 'pinpoint' referring to the fact that the sales material shared on this forum pinpoints customer needs. The latest sales materials and product information are delivered to PBs every quarter, helping them to offer the best advice to customers, to formulate strategies on how to respond to different scenarios, and to suggest customized portfolios. The material can be downloaded from our bulletin board, and can be viewed conveniently using a smartphone or tablet PC, anytime and anywhere.

[WM Community](#)

To build a 'Premier PB House', KDB Daewoo Securities undertook major improvements to the 'WM Community', our forum for enterprise-wide WM communications. Previous sales support channels were all integrated into WM Community in 2013, and this was followed by improvements to the user-customized content search function, the provision of real-time, open information, and the establishment of an improved forum for information-sharing in the open community. We have now established a web environment that allows users to find and view content at a single glance; this will help our staff share their professional financial knowledge and contribute to maximize synergy.

Local Communities

MAJOR ISSUES

1 Increase social contribution activities that reflect our business and culture

2 Diversify activities that are aimed at resolving social issues

3 Minimize the company's environmental impact to counter climate change

OPPORTUNITIES & RISKS

Social contribution activities are growing in importance at home and abroad. KDB Daewoo Securities supports a wide array of programs that seek to resolve social issues and make best use of our financial expertise, rather than just making one-time donations. By considering the needs of the beneficiaries, and encouraging sincere staff participation, our activities continue over time, and increase opportunities for a win-win relationship with local communities.

KEY PERFORMANCE



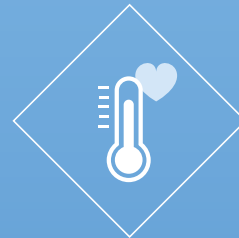
Direct greenhouse gas emissions in 2014 (Scope 1)

Decreased by 33.9% year-on-year



Per-capita greenhouse gas emissions in 2014

Decreased by 5.5% year-on-year



Employee participation rate in Lovemeter in 2014

88.3%



Number of companies supported through the Jump Up project

16 (2013-2014)



Consumption of paper in 2014

Decreased by 3.7% year-on-year



2015 CDP score

Improved by 18 points year-on-year

KDB Daewoo Securities' social contributions aim to fulfill our responsibilities as part of local communities, and put into practice our sustainability management through sharing.

Social Contributions to Grow with Local Communities

KDB Daewoo Securities undertakes localized CSR activities based on its commitment to grow together with local communities through equal opportunities.

Multicultural Family Support Program

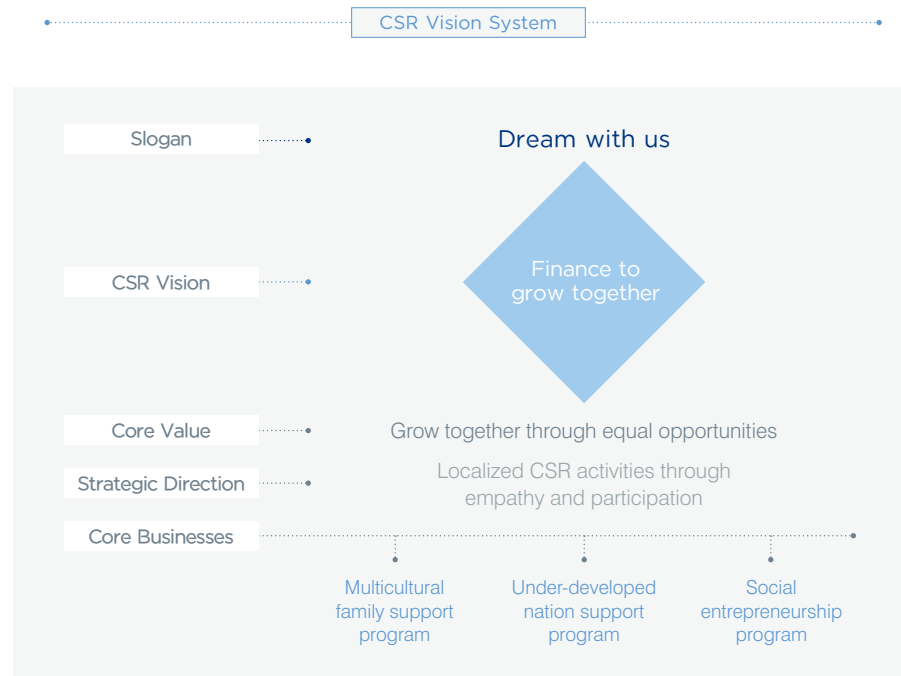
Major programs to help multicultural families settle down in Korea and become independent include a cookbook in multiple languages, bilingual educational support for the children of multicultural families, and the sharing of educational content to improve people's understanding of multiculturalism. KDB Daewoo Securities chose multiculturalism as one of its key CSR programs, and details are provided on page 45~47 at the Strategic Focus section of this Sustainability Report.

Under-developed Nation Support Program

Supporting under-developed nations is a social responsibility of global community members. KDB Daewoo Securities operates a 'safe educational environment program' for children in the world's poorest nations and in countries where some of the company's overseas subsidiaries are located. This has helped us to develop our local network, and to support the development of local communities in those countries.

Meal Support for an Elementary School in the DRC

An African research project by the company's Junior Board in 2011 led to a school project in the Democratic Republic of the Congo (DRC). Together



with the World Food Program (WFP), KDB Daewoo Securities began construction of the KDB Daewoo Securities School and completed construction in 2013. KDB Daewoo Securities supports the school's meal program, which enables around 400 students to enjoy a good meal at school to help them study. The school is also used by local residents as a venue for community activities.

Repairing and Remodeling Elementary Schools in Indonesia

KDB Daewoo Securities provides support in Indonesia so that elementary schools in disaster-affected areas can be repaired and remodeled, and local residents helped to learn what to do in the case of natural disasters. The impact of this program has been increased through our collaboration with our Indonesian subsidiary and with

Plan Korea, an international child support group with expertise and a network in Indonesia.



CSR activities in the DRC



CSR activities in Indonesia



Performance evaluation of the Jump Up project



Received the 'Education Donation Award' from the Ministry of Education



Customized education programs offered through 'Go! Dream Tree Class'

Social Entrepreneurship Program

A good way to address social issues is to support young entrepreneurs which create social value through innovative ideas. KDB Daewoo Securities makes diverse efforts to help outstanding social entrepreneurs achieve independence, and to facilitate the establishment of a social economy ecosystem. In recognition of these efforts, KDB Daewoo Securities won the Minister of Employment and Labor Award in 2013.

Project to Develop Young Social Entrepreneurs

KDB Daewoo Securities' Jump Up project involves discovering outstanding business start-up teams established by young people and providing them with the funds that they need to grow into a social enterprise. We have provided support to a total of 26 teams from 2012 through 2014, and the results have been very positive, with half of the teams being designated as preliminary social enterprises. We also hold an annual research paper contest for college and graduate school students across the nation; this increases understanding of the social economy and builds a foundation for supporting potential young entrepreneurs.

Working Capital for Social Enterprises

KDB Daewoo Securities signed a memorandum of understanding for the promotion of social enterprises with the Korea Social Enterprise Promotion Agency and Social Solidarity Bank, to provide one-year low interest rate working capital loans to social enterprises that find it difficult to get loans from established financial institutions. Support was given to 25 enterprises from 2011 through 2014, helping them to resolve short-term cash-flow difficulties and improve business continuity.

Educational Support for Teenagers

KDB Daewoo Securities' educational support programs are based on customized sponsorship – we ascertain the needs of recipients, and tailor the best educational program for them. We collaborate with local partners that are best-placed to provide the right educational support for children, such as social enterprises and college student volunteer groups.

Support for Social Enterprises

Project	Year	Project Size (KRW 100 million)	Note
Fostering social entrepreneurs	2014	2.1	8 business teams (16 enterprises) chosen as part of the Jump Up project were provided with growth funds
	2013	2.0	Held an annual research paper contest for college and graduate school students across the nation (21 winners from 70 entries) and publicized the collected papers
Supporting short-term working capital	2014	1.05	5 enterprises (Average of KRW 21 million per enterprise)
	2013	1.5	5 enterprises (KRW 30 million per enterprise)

'Go! Dream Tree Class' Program

In 2013, KDB Daewoo Securities began an educational program for children in small study rooms. 'Go! Dream Tree Class' was offered in nine areas in 2013 and 13 areas in 2014. It is tailored for each study room and includes a variety of content to help children to develop and live happy lives. In recognition of the program's commitment and effectiveness, KDB Daewoo Securities won the 'Education Donation Award' from the Ministry of Education in 2013.

Sponsorship for Alternative Schools for North Korean Defectors

KDB Daewoo Securities sponsors the 'Heavenly Dream School' and 'Yeomyung School', alternative schools for teenage North Korean defectors. These schools help teenagers overcome the sense of cultural difference that they experience in South Korea, and enables them to settle down in a new society. In addition to sponsorship, the KDB Daewoo Securities' table tennis team visits Heavenly Dream School every month to provide a table tennis class. KDB Daewoo Securities won the 'Seoul City Mayor Award' in 2014 in recognition of our efforts. In the second half of 2015, we plan to teach Yeomyung School students about the economy.

Support for Student Volunteer Education Groups

KDB Daewoo Securities' regular volunteering involves departments and branches cleaning local facilities at least once a year. These facilities include nursing homes, facilities for the disabled, nurseries, and hospices. KDB Daewoo Securities also offers volunteer programs with such themes as painting walls, making kimchi, lending a hand on farms, and delivering charcoal briquettes. These programs enable staff to share time with colleagues and families, and to contribute to the local communities which are the root of our company.



Received the 'Seoul City Mayor Award'



T-SKY, a volunteer education group consisting of high school students



Wall painting volunteer program



Charcoal briquettes delivery volunteer program

Learning Aid Equipment Support

Since 2010, KDB Daewoo Securities has provided 40 Braille terminals for visually impaired college students from low-income families, to help young people who are passionate about learning but cannot afford expensive learning equipment. In 2013, KDB Daewoo Securities bought 20 hearing aids from a social enterprise and donated them to hearing-impaired college students.

Staff Participation in CSR Activities

KDB Daewoo Securities' culture of sharing grows every year, thanks to the continued and enthusiastic participation of our staff.

Volunteering Programs

KDB Daewoo Securities' regular volunteering involves departments and branches cleaning local facilities at least once a year. These facilities include nursing homes, facilities for the disabled, nurseries, and hospices. KDB Daewoo Securities also offers volunteer programs with such themes as painting walls, making kimchi, lending a hand on farms, and delivering charcoal briquettes. These programs enable staff to share time with colleagues and families, and contribute to the local communities which are the root of our company.

Volunteering with Customers

Volunteering with customers not only helps the underprivileged as part of our social responsibilities, but it also strengthens relationships with our customers. KDB Daewoo Securities provided support for these volunteering activities on 13 occasions in 2013, and 24 occasions in 2014.



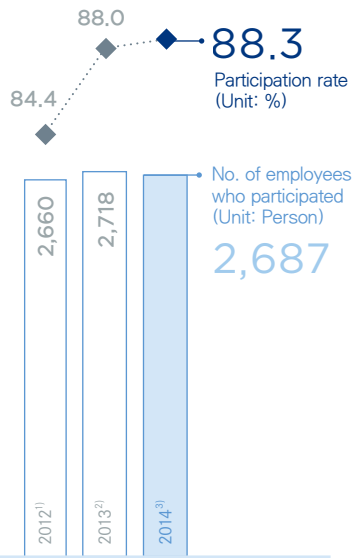
Donating goods through Emptying Out & Filling Up

76

Breakdown of Social Contribution Expenditures in 2014



Employee Participation in 'Lovemeter'

¹⁾ 2012: Based on total of 3,150 employees²⁾ 2013: Based on total of 3,090 employees³⁾ 2014: Based on total of 3,044 employees

'Lovemeter' – Donations from Salaries

Each month, KDB Daewoo Securities' employees donate a portion of their salaries through 'Lovemeter', our internal fund-raising system. The funds are used to sponsor welfare facilities recommended by each of our regional headquarters.

'Emptying Out & Filling Up' Event

'Emptying Out & Filling Up' takes place every spring and autumn under the slogan 'Let's empty our closets and bookshelves, and fill our hearts with love'. Staff donate items such as books, clothing and bags, and proceeds are used to create jobs for the underprivileged and help them achieve independence.

Use of Social Contribution Budget

Funds for our CSR programs come from the donations made through Lovemeter and from the social contribution funds that the company sets aside every year. The company openly discloses all information on use of the social contribution budget through its internal Intranet.

Eco-friendly Green Management

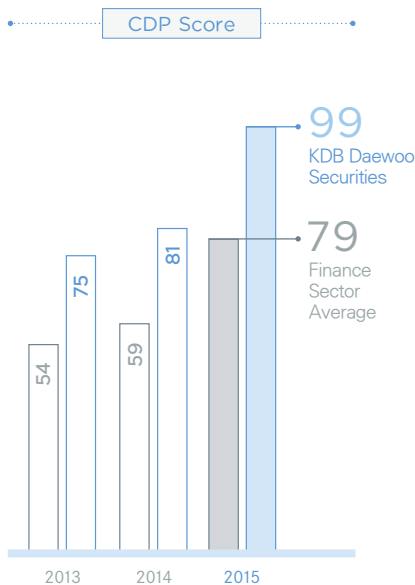
KDB Daewoo Securities undertakes eco-friendly green management by reducing ecological footprints involved in its business, and by participating in international initiatives aimed at countering climate change, such as the CDP and Change for Climate (C4C). The company also strives to minimize the environmental impact, thus establishing a green working environment.

Environmental Management System

KDB Daewoo Securities set up its environmental policies in 2006, and now focuses on enterprise-wide environmental processes to implement these policies.

Participation in the CDP

As a member of the CDP, KDB Daewoo Securities has disclosed its carbon emission information since 2010. The company won the Carbon Management Special Award at the 2013 CDP Korea Awards, and the Carbon Management Sector (Finance) Winner Award in 2015 as a result of our evaluation score rising from 81 points in 2014 to 99 points in 2015. We have also joined C4C, a corporate climate change initiative based on the UNGC.



Greenhouse Gas Reduction

KDB Daewoo Securities looks to reduce greenhouse gas emissions throughout its 12 company buildings including the Yeouido headquarters, and the Gwacheon company building. As a result, emissions in 2014 were down 6.9% compared to the previous year, with per-capita emissions down 5.5%.

Eco-Friendly Business Operations

As a financial investment company, KDB Daewoo Securities' business activities do not have a substantial impact on the environment, but the company is still committed to being eco-friendly. We collect and use environmental performance data, such as on energy and paper usage and on greenhouse gas emissions, and undertake activities that seek to reduce our impact on the environment.

Establishing a Green Work Environment

In order to improve energy efficiency, KDB Daewoo Securities maintains an average indoor temperature of 26°C or higher at all sales points during summer, and recommends an indoor temperature of 20°C or lower in the winter. We use a central cooling and heating system, and refrain from using ceiling air-conditioning and heating units as much as possible. Unnecessary lighting is turned off during lunchtimes and nights. A video on our energy-saving campaign is played in our elevators and first-floor lobbies. We have also implemented 'Cool-Biz', whereby staff can wear short-sleeve shirts and do not have to wear suit jackets during the summer. This creates a more comfortable work environment, which in turn allows our staff to do their job better. A 'no tie' policy is implemented flexibly throughout the year, depending on the particular circumstances at departments and branches, such as whether they are involved in customer service or sales.



Energy-saving campaign video

Reducing Paper Usage

KDB Daewoo Securities seeks to reduce the amount of paper that is wasted in its business activities, which also reduces relevant expenses. Staff are encouraged to use black-and-white, double-sided, and 2-up (printing two pages on one side of a piece of paper) printing. The amount of paper used for photocopying and printing fell 5.2% year-on-year in 2014, and total paper usage was down 5.0%.

Chinese Environmental Protection Company Report

KDB Daewoo Securities has issued a report that detailed China's environmental protection policies and an outline summary of 20 relevant companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. China's new Environmental Protection Law was revised to specify legal liabilities and strengthen regulations, for the first time in 25 years, which is expected to present significant opportunities to companies in the environmental protection business. We plan to release a series of industry analyses of China by selecting issues that reflect mid- to long-term trends, such as electric vehicles.

4 APPENDIX

78

Facts & Figures 79

UN Global Compact 88

Independent Assurance Statement 89

GRI Index 91

Membership 97

FACTS & FIGURES

GRI G4 1. General Standard Disclosures

G4-1

Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability

Refer to the CEO Message on page 6~7

G4-3

Name of the organization

KDB Daewoo Securities

G4-4

Primary brands, products, and services

Refer to the Company Profile on page 12~15

G4-5

Location of the organization's headquarters

KDB Daewoo Securities Bldg., 56, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul, Korea

G4-6

Number and names of countries where the organization operates

Refer to the Global Network on page 13

G4-7

Nature of ownership and legal form

Refer to the Company Overview on page 12

G4-8

Markets served (including sectors served, and types of customers)

Refer to the Company Profile on page 12~15

G4-9

Scale of the organization

Refer to the Organization Chart on page 12

G4-10

Total number of employees by gender, employment contract and region

(Unit: Person)

		2012	2013	2014
Total number of employees		3,150	3,090	3,044
By gender	Male	1,918	1,860	1,836
	Female	1,232	1,230	1,208
By employment contract	Permanent	2,661	2,599	2,566
	Non-regular	489	491	478
By region	Domestic	3,112	3,053	3,006
	Overseas	38	37	38
Minority group	High school graduates	391	338	319
	Disabled	55	58	57
	Foreigners	33	31	27
	Men of national merit	74	65	68

G4-11

Percentage of total employees covered by collective bargaining agreements

(Unit: Person)

	2012	2013	2014
Number of employees entitled to labor union membership	2,367	2,329	2,283
Number of employees with labor union membership	2,116	2,147	2,134
Labor union membership percentage (%)	89	92	93

G4-12

Organization's supply chain

Refer to the Company Profile on page 12~15

G4-13

Any significant changes during the reporting period

Refer to the Company Overview on page 12

Refer to the Sustainable Economic Performance on page 62

Refer to the Milestones on page 14~15

Refer to the Expanding the Sales Network on page 57

G4-14

Precautionary approach and principles

Refer to the Environmental Management System on page 77

G4-15

Externally developed economic, environmental and social charters, principles, or other initiatives which the organization endorses

Refer to the Membership on page 97

G4-16

Memberships of associations

Refer to the Membership on page 97

G4-18

Process for defining the report content, and reporting principle

G4-19

Material Aspects identified in the process for defining report content

G4-20

Aspect Boundaries within the organization

G4-21

Aspect Boundaries outside the organization

Refer to the Materiality Assessment Process on page 26

G4-24

List of stakeholder groups

G4-25

Basis for identification and selection of stakeholders

G4-26

Organization's approach to stakeholder engagement

Refer to the Stakeholder Communication Channels on page 24

G4-27

Key topics and concerns that have been raised through stakeholder engagement

Refer to the Stakeholder Communications in 2014 on page 25

G4-28

Reporting period

Reporting period for this report is from January 1st 2013 to December 31st 2014. Performance indicators are based on three years from 2012 to 2014. Information deemed important and relevant from 2015 has also been included.

G4-29

Date of most recent previous report

KDB Daewoo Securities Sustainability Report 2013
(Publication date: November 2013)

G4-30

Reporting cycle

Biennial

G4-31

Contact point for questions regarding the report

IR Team, KDB Daewoo Securities
+82-2-768-2130

G4-32

GRI Content Index for the chosen option, and the reference to the External Assurance Report

Refer to the About This Report on page 2

Refer to the Independent Assurance Statement on page 89

Refer to the GRI Index on page 91~96

G4-33

Organization's policy and current practice on external assurance of the report; relationship between the organization and the assurance providers; whether senior executives are involved in external assurance

To ensure the internal and external credibility of this report, we requested an independent assurance statement from the Business Institute for Sustainable Development (BISD) of the Korea Chamber of Commerce and Industry, which is a professional assurance organization. The BISD's detailed opinion is on page 89 of this report.

G4-34

Governance structure of the organization; any committees responsible for decision-making on economic, environmental and social impacts

With a mission to 'Dream with us', the CSR Dept., which is responsible for actual project execution, takes charge of the social sector together with the CSR Steering Committee and Donation Beneficiary Selection Committee. Sustainability management in the economic and environmental sectors is handled by the Strategy & Planning Dept. under the Strategic Planning Unit. The CSR Dept. and Strategy & Planning Dept. are organized under the Strategic Planning Unit, thus enabling systematic decision-making at the company level.

G4-56

Organization's values, principles, standards and norms of behavior

Refer to the Ethical Management on page 20~22

Refer to the Code of Ethics on page 20

GRI G4 2. Specific Standard Disclosures

EC (Economic)

G4-EC1

Direct economic value generated and distributed

Business Performance

(Unit: KRW billion)

	FY2012 ¹⁾	FY2013 ²⁾	FY2014 ³⁾
Net operating revenue	711.1	362.9	798.7
Brokerage	241.5	178.3	236.6
Wealth management	101.9	73.4	97.0
Investment banking	36.5	43.4	58.8
Sales & Trading	210.0	37.6	214.9
Interest income	142.2	83.8	157.5
Others	(1.9)	(31.8)	54.9
Commissions expenses	(19.2)	(21.8)	(21.0)

* Based on K-IFRS consolidated financial statements

¹⁾ FY 2012: Apr. 1, 2012 ~ Mar. 31, 2013²⁾ FY 2013: Apr. 1, 2013 ~ Dec. 31, 2013³⁾ FY 2014: Jan. 1, 2014 ~ Dec. 31, 2014

(Unit: KRW billion)

	FY2012	FY2013	FY2014
SG&A expenses	547.7	398.3	527.9
Operating income	163.4	(35.4)	270.8
Non-operating income	16.1	(0.6)	3.0
Income before income tax	179.5	(36.0)	273.8
Income tax expenses	(35.8)	7.3	(68.0)
Net income ¹⁾	143.7	(29.2)	205.2

* Based on K-IFRS consolidated financial statements

¹⁾ Net income represents the net income/loss attributable to equity ownership of controlled entity

Financial Stability

(Unit: KRW billion)

	FY2012	FY2013	FY2014
Total assets	25,437.4	26,005.0	30,613.3
Total liabilities	21,385.7	22,090.5	26,439.0
Total shareholders' equity	4,051.7	3,914.5	4,174.3

Revenue by Business

(Unit: %)

	FY2012	FY2013	FY2014
Brokerage	33.0	42.8	30.9
Wealth management	13.9	17.6	12.7
Investment banking	5.0	10.4	7.7
Sales & Trading	28.7	9.1	28.1
Interest income	19.4	20.1	20.6

* Revenues before commission expenses; Excluding other net operating revenues

Customer Base

(Unit: Person)

	FY2012	FY2013	FY2014
Number of HNWI with investments of KRW 100 million and above	44,029	47,280	51,337

WM Assets & Revenue

	FY2012	FY2013	FY2014
WM assets (Unit: KRW trillion)	52.7	52.1	55.3
WM revenue (Unit: KRW billion)	101.9	73.4	97.0

Total Client Assets

(Unit: KRW trillion)

	FY2012	FY2013	FY2014
Total client assets	114.0	114.7	136.6

Distribution of Economic Value

(Unit: KRW billion)

		FY2012	FY2013	FY2014
Generated economic value	Operating revenues	3,273.9	2,468.4	4,013.8
	Customers			
	Interest expenses	264.2	201.8	264.3
	Shareholders/Investors			
	Dividends	40.3	0	84.1
Distributed economic value	Employees			
	Salaries and employee welfare	349.7	243.5	341.9
	Local Communities and NGOs			
	Donations and social contribution expenses	2.7	1.7	1.7
	Government			
	Income taxes and other taxes	57.9	6.4	84.9

* Based on Korean International Financial Reporting Standards (K-IFRS) consolidated financial statements

G4-EC2

Financial implications and other risks and opportunities for the organization's activities due to climate change

Risks and opportunities at the company level KDB Daewoo Securities recognizes that climate change is an important factor in corporate competitiveness, and analyzes and considers its opportunities and risks. In addition, the company is actively participating in CDP at the company level.

Risks and opportunities at the client asset level KDB Daewoo Securities strives to reflect environmental regulation-related opportunities and risks in its investment decision-making process, placing priority on opportunities and risks that are related to individual assets of customers.

In addition, the company checks the financial impacts on individual asset resulted from government subsidies, such as Feed in Tariff (FIT) and Renewable Portfolio Standard (RPS), and reflects them in investment decisions.

G4-EC3

Coverage of the organization's defined benefit plan obligations

	Retirement Pension
Cash values of pension liabilities ¹⁾	KRW 202,448,970,004
Number of people covered by a defined benefit plan ²⁾	67
Number of people covered by a defined contribution plan ³⁾	2,785
Total number of staff covered by retirement pension plans	2,852

* As of December 31, 2014

¹⁾ Defined contribution plans only

²⁾ Subject to executives and directors

³⁾ A system where the company pays an amount that is worth 1/12 of next year's total annual wages to the retirement pension provider and employees decide how to manage the contributions

G4-EC5

Ratios of standard entry level wage compared to local minimum wage

	2014
Ratios of standard entry level wage compared to local minimum wage	271%

G4-EC6

Proportion of senior management hired from the local community

Locally Hired Executives

	2012	2013	2014
Number of locally hired executives ¹⁾ (Unit: Person)	6	52	59
Portion of locally hired executives (Unit: %)	11.3	14.3	17.5

* The Indonesian subsidiary was established on August 1, 2013 (acquired management rights to eTrading securities), and was included in the number of locally hired persons starting from the end of 2013

¹⁾ Executive refers to a network manager, a part manager and the equivalent. In case of the Indonesian subsidiary, this includes a team head as well as a supervisor or a team head at the Open Gallery & Education which is an independent branch similar to an agent in Korea

G4-EC7

Infrastructure investments and services supported

Social Contributions

	2012	2013	2014
Expenditures in social contributions (Unit: KRW 100 million)	35.5	26.2	20.8
Amount to support volunteer activities (Unit: KRW 100 million)	0.6	0.6	0.5
Number of hours participated (Unit: Hour)	10,333	8,818	8,836
Number of participants (Unit: Person)	2,322	2,195	2,164
Social contribution expenditures per person (Unit: KRW)	20,671	18,251	16,491
Number of hours participated per person (Unit: Hour)	3.3	2.9	2.9

Breakdown of Social Contribution Expenditures (Unit: KRW 100 million)

	2012	2013	2014
Support for multicultural families	6.7	7.6	9.6
Educational support for teenagers from low-income families	6.2	4.8	1.4
Support for social enterprises	2.5	2.0	2.1
Global social contributions	1.3	1.1	2.1
Support for social welfare facilities (the disabled, childcare, senior)	4.6	3.6	2.4
Donation to KDB Sharing Foundation	9.8	3.0	0.0
Project and volunteer support	0.7	3.8	3.2
Emergency and distress relief	3.7	0.3	0.0

G4-EC8

Significant indirect economic impacts, including the extent of impacts

Refer to Direct economic value generated and distributed (G4-EC1) on page 81

EN (Environmental)

G4-EN1

Materials used by weight or volume

Consumption of Paper

(Unit: Ton)

	2012	2013	2014
Photocopying and printing	198.0	209.0	201.0
Disposable cups	0.2	0.3	0.3
Direct mailers	10.0	9.0	9.0
Total	208.2	218.3	210.3

¹⁾ The consumption of paper for photocopying and printing has decreased by 3.8% from the previous year as of the end of 2014

²⁾ Total paper consumption has decreased by 3.7% from the previous year as of the end of 2014

G4-EN3

Energy consumption within the organization

G4-EN4

Energy consumption outside the organization

G4-EN5

Energy intensity (based on KRW)

Consumption of Energy

(Unit: MWh)

	2012	2013	2014
City gas	1,361	1,082	1,199
Kerosene	55	54	46
Heating oil	26	28	31
District heater	815	895	755
Electricity	29,979	29,706	28,399
Total energy consumption	32,236	31,765	30,430
Energy intensity (Unit: Person)	3,109	3,090	3,044
Energy consumption per person	10.4	10.3	10.0

¹⁾ Based on the figures collected at 12 company buildings including the Yeouido headquarters, and the Gwacheon company building

²⁾ Energy consumption per person has decreased by 2.9% from the previous year as of the end of 2014

G4-EN6

Reduction of energy consumption

KDB Daewoo Securities' total energy consumption went down 4.2% in 2014. In detail, the company recorded a year-on-year rise of 10.8% in the use of city gas for heating, reduction of 14.8% in kerosene, rise of 10.7% in heating oil, fall of 15.6% in district heater, and reduction of 4.4% in electricity.

G4-EN8

Total water withdrawal by source

(Unit: m³)

	2012	2013	2014
Consumption of water	134,337	124,799	117,417

¹⁾ Based on the figures collected at 12 company buildings including the Yeouido headquarters, and the Gwacheon company building

²⁾ Water consumption has decreased by 5.9% from the previous year as of December 31, 2014.

G4-EN15

Direct greenhouse gas emissions (Scope 1)

G4-EN16

Indirect greenhouse gas emissions (Scope 2)

G4-EN17

Other indirect greenhouse gas emissions (Scope 3)

(Unit: CO₂e)

	2012	2013	2014
Scope 1	1,272	1,113	736
Scope 2	14,465	13,898	13,241
Scope 3	258	235	259

¹⁾ Based on the CDP report (The 2012 figure was recalculated according to the change in the calculation criteria)

²⁾ Based on the figures collected at 12 company buildings including the Yeouido headquarters, and the Gwacheon company building

³⁾ Scope 1 has decreased by 33.9% from the previous year as of the end of 2014

⁴⁾ Scope 3 is the sum of greenhouse gas emissions by a waste treatment company during incineration process and emissions by supply companies in paper manufacturing process, recording a year-on-year rise of 10.2%, based on the figures collected at the Yeouido headquarters and the Gwacheon company building as of the end of 2014

G4-EN18

Greenhouse gas emissions intensity

(Unit: CO₂e)

	2012	2013	2014
Greenhouse gas emissions (Scope 1+2)	15,737	15,011	13,977
Intensity (Number of employees, Unit: Person)	3,109	3,090	3,044
Per-capita greenhouse gas emissions	5.1	4.9	4.6

¹⁾ Based on the figures collected at 12 company buildings including the Yeouido headquarters, and the Gwacheon company building

²⁾ Greenhouse gas emissions have decreased by 6.9% from the previous year as of the end of 2014

³⁾ Per-capita greenhouse gas emissions have decreased by 6.1% from the previous year as of December 31, 2014

G4-EN19

Reduction of greenhouse gas emissions

In Korea, companies are engaging in a wider variety of activities to reduce energy consumption and counter climate change with the adoption of the greenhouse gas target management system and emissions trading scheme. In response to increased awareness towards climate change, KDB Daewoo Securities is taking measures that reduce energy consumption and greenhouse gases emissions, in addition to curtailing costs. For example, the company promotes to refrain from excessive use of air-conditioners and heater, ceiling-types in particular, and turn off unnecessary lighting during lunch time and night hours. In 2014, the company recorded a year-on-year reduction of 6.9% in Scope 1 and 2 greenhouse gas emissions.

G4-EN23

Total weight of waste by type and disposal method

(Unit: Liter)

	2012	2013	2014
Waste	389,000	327,500	360,600

¹⁾ Based on the figures collected at the Yeouido headquarters and the Gwacheon company building

²⁾ Total amount of wastes has decreased by 10.1% from the previous year as of the end of 2014

LA (Labor)

G4-LA1

Total number and rates of new employee hires and employee turnover

Employment

(Unit: Person)

	2012	2013	2014
Male	111	85	85
Female	63	72	30
Non-experienced	80	56	53
Experienced	94	101	62
Total	174	157	115

Turnover Rate

(Unit: %)

	2012	2013	2014
Male	4.9	5.7	3.1
Female	3.7	4.3	2.6

G4-LA2

Benefits provided to full-time employees

Refer to the Welfare on page 68~69

G4-LA3

Return to work and retention rates after parental leave by gender

Number of Employees on Child Care Leave

(Unit: Person)

	2012	2013	2014
Male	0	1	4
Female	68	92	85

Retention Rate after Child Care Leave

(Unit: %)

	2012	2013	2014
Retention rate after child care leave	87.7	94.6	91.8
More than 12 months retention rate after returning to work	73.5	82.7	71.8

* Based on female employees

G4-LA5

Percentage of total workforce represented in joint management-worker health and safety committees that monitor and advise on occupational health and safety programs

As of the end of 2014, labor union membership stood at 93%, with 2,134 labor union members from among the 2,283 persons who are entitled to membership.

G4-LA6

Injuries, occupational diseases, lost days, and work-related fatalities by region and gender

		2012	2013	2014
Total workforce (Unit: Person)		3,150	3,090	3,044
Number of absentees due to occupational diseases or injuries (Unit: Person)	Male	10	10	7
	Female	10	12	6
Rate of absentees due to occupational diseases or injuries (Unit: %)		0.6	0.7	0.4
Lost days (Unit: Day)		570	841	720

G4-LA9

Average hours of training per year per employee by gender and employee category

	2012	2013	2014
Number of trainings (Unit: Case)	528	424	343
Training hours per person (Unit: Hour)	82	70	40
Training expenses per person (Unit: KRW 10 thousand)	126	104	84

G4-LA10

Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Refer to the Retiree Support Program on page 69

G4-LA11

Percentage of employees receiving regular performance and career development reviews by gender and employee category

	2012	2013	2014
Number of employees receiving performance reviews (Unit: Person)	2,858	2,789	2,732
Percentage of employees receiving performance reviews (Unit: %)	91	90	90

G4-LA12

Composition of governance bodies and breakdown of employees by indicators of diversity such as gender, age group and minority group membership

As of the end of 2014, the number of KDB Daewoo Securities' employees stood at 3,044, of which 1,836 (60.3%) were male and 1,208 (39.7%) were female. Non-permanent workers accounted for 15.7% of the total. In terms of employment diversity, 319 were high school graduates, 57 were the disabled, 27 were foreigners, and 68 were men of national merit.

G4-LA13

Ratio of basic salary and remuneration of women to men by employee category

KDB Daewoo Securities does not discriminate based on gender in remuneration.

G4-LA16

Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms

Operation of EAP

	2012	2013	2014
Satisfaction level (Unit: Point)	4.3	4.4	
Number of people using the service (Unit: Person)	152	131	Improving and reviewing the service
Number of times the service used (Unit: Case)	762	590	

HR (Human Rights)

G4-HR2

Employee training on human rights policies or procedures concerning aspects of human rights

Sexual Harassment Prevention Training

	2012	2013	2014
Participation Rate (Unit: %)	100	100	100
Number of people participating (Unit: Person)	2,943	2,891	3,000

G4-HR4

Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at risk, and measures taken

Refer to the Labor-Management Relations on page 68

G4-HR5

Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken

Refer to the adhering to the ten principles of the UN Global Compact on page 88

G4-HR6

Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken

Refer to the adhering to the ten principles of the UN Global Compact on page 88

SO (Society)

G4-SO1

Percentage of operations with implemented local community engagement, impact assessments, and development programs

Refer to the Multicultural Society on page 45~47

G4-SO3

Total number and percentage of operations assessed for risks related to corruption and the significant risks identified

Refer to the Ethical Management Organization, and the Financial Irregularities & Corruption Reporting Center on page 21

G4-SO4

Communication and training on anti-corruption policies and procedures

Ethics and Compliance Training

	2012	2013	2014
Number of trainings provided (Unit: Case)	207	166	142
Training hours (Unit: Hour)	274.6	229.5	143.0

G4-SO5

Confirmed incidents of corruption and actions taken

Occurrences of Corruption

(Unit: Case)

	2012	2013	2014
Violations of ethics and compliance	3	2	2

* The number of violations is determined by a case resulting in a reprimand or worse, having come about due to illegal conduct in pursuit of personal interests

G4-SO6

Total value of political contributions by country and beneficiary

There are no political contributions in the company.

PR (Product Responsibility)

G4-PR3

Product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements

Refer to the Policies for the Perfect Sale of Financial Products on page 55

G4-PR5

Results of surveys measuring customer satisfaction

Customer Satisfaction

	2012	2013	2014
Customer satisfaction score (Unit: Point)	98.8	96.2	95.1
Branch with less than 90 points (Unit: Branch)	–	–	1

Information Protection Trainings in 2014

	Training hours	Number of people taking	Completion rate
Executives	3.0	31	100%
General staff	6.8	2,680	100%
IT staff	9.8	176	100%
Staff in charge of information protection	12.0	–	100%

FS (Financial Service Sector)

G4-DMA

General standard disclosures (Economic performance)

Refer to the Social Contributions to Grow with Local Communities on page 73

G4-EC1

Direct economic value generated and distributed

Refer to G4-EC1 on page 81

G4-EN23

Total weight of waste by type and disposal method

Refer to G4-EN23 on page 84

G4-DMA

General standard disclosures (Occupational Health and Safety)

Refer to the Employee Safety and Health on page 69

Refer to the Employee Assistance Program on page 70 (Service was temporarily shut down in 2014, and is being considered to be implemented as of 2015)

FS13

Access points in low-populated or economically disadvantaged areas by type

Refer to the Financial Services for Minorities

Refer to the Educational Support for Teenagers and the Underprivileged on page 49~50 and 74~76

FS14

Initiatives to improve access to financial services for disadvantaged people

Refer to the Financial Services for Minorities on page 49~50

G4-DMA

General standard disclosures (Product and service labeling)

Refer to the Risk Management and the Risk Management Framework on page 37~38

Refer to the Code of Ethics on page 20

G4-DMA (Former FS15, 16)

Policies for the fair sale of financial products and services, and initiatives to enhance financial literacy

Refer to the Policies for the Perfect Sale of Financial Products on page 55

Refer to the Social Contribution through Finance on page 48~51

G4-DMA (Former FS1, 2, 3, 4, 5)

Policies with specific environmental and social components applied to business lines, procedures for assessing and screening, process for improving staff competency, and risks and opportunities

Refer to the Local Communities on page 72~77

FS6

Percentage of the portfolio for business lines by specific region, size and sector

Refer to the Revenues by Business on 62~65

Refer to G4-EC1 on page 81

FS7

Monetary value of products and services designed to deliver a specific social benefit for each business line

Refer to the ESG Financial Products on page 48~51

Refer to the Creative Finance on page 50

FS8

Monetary value of products and services designed to deliver a specific environmental benefit for each business line

Refer to the Participating in New & Renewable Energy Projects on page 50~51

G4-DMA (Former FS9)

Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures

Refer to the Ethics and Compliance Reporting Systems, and the Financial Irregularities & Corruption Reporting Center on page 21

Refer to the Internal Control System on page 22

G4-DMA (Former FS12)

Voting policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting

Refer to the BOD Policies and Activities on page 33

UN Global Compact



Principles & Pledges

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

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

10 Principles of UN Global Compact

	Principle	Performance Indicators	GRI G4	Relevant Content
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	<ul style="list-style-type: none"> Join the UN Global Compact and obey its 10 principles Pursue employment diversity for high school graduates, the disabled, and foreigners 	G4-HR1, G4-HR2, G4-HR3, G4-HR4, G4-HR5, G4-HR6, G4-HR7, G4-HR8, G4-HR10	68, 88
	2. make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> Provide employee education to prevent sexual harassment 	G4-HR1, G4-HR7, G4-HR10	
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> Operate a labor-management council that represents all employees Operate an internal labor union and guarantee the three labor rights of employees 	G4-HR4, G4-11, G4-LA4	68
	4. the elimination of all forms of forced and compulsory labour;		G4-HR6	88
	5. the effective abolition of child labour; and	<ul style="list-style-type: none"> Join the UN Global Compact and obey its 10 principles 	G4-HR5	88
	6. the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> Pursue employment diversity for high school graduates, the disabled, and foreigners Provide employee education to prevent sexual harassment There is no wage discrimination based on gender 	G4-HR3, G4-LA1, G4-LA9, G4-LA12, G4-LA13	67, 68
Environment	7. Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> Practice eco-friendly green management Build and fully establish a corporate-wide environmental management process 	G4-14	76, 77
	8. undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> Participate in CDP and listed as one of Korean signatories Join C4C, an initiative under the UN Global Compact that is intended to counter climate change Carry out activities to reduce energy use in the summer and winter Conduct activities to reduce paper use 	G4-EN6, G4-EN7, G4-EN10, G4-EN19, G4-EN27, G4-EN28	76, 77
	9. encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> Provide green finance products: KDB SRI Funds for a Better World, KDB S&P Clean Energy Fund, etc. Participate in new and renewable energy generation projects: Jeju Gimnyeong Wind Power Plant Project, Yeonggwang Baeksu Wind Power Plant, Biomass Power Plant Project in Fiji, Yeongwol Photovoltaic Generation Project 	G4-EN2, G4-EN6, G4-EN7, G4-EN10, G4-EN19, G4-EN27, G4-EN28	49, 50, 51
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> Enact the code of ethics and hold a ceremony for employees to take an oath on ethics and compliance The first Wednesday of each month was designated as the Day of Ethics and Compliance Establish and operate the money laundering prevention system 	G4-SO3, G4-SO4, G4-SO5	20, 21, 22

Independent Assurance Statement



The Business Institute for Sustainable Development (the Assurer), led by the Korea Chamber of Commerce & Industry, was requested by KDB Daewoo Securities to serve as an independent “third-party assurance institute” for the “KDB Daewoo Securities Sustainability Report 2015” (the DWSEC Report), and submits the assurance statement as follows.

Purpose

The purpose of this assurance report is to identify any major errors or biases in the DWSEC Report, to conduct an independent evaluation to determine whether the sustainability management issues of KDB Daewoo Securities were appropriately reported, and to present an assurance opinion.

Responsibilities and Independence

This report covers issues relating to KDB Daewoo Securities’ sustainability management efforts, achievements, and future plans in 2013 and 2014. KDB Daewoo Securities maintains all responsibility regarding the drafting of the DWSEC Report.

In conducting assurance procedures on the DWSEC Report and providing assurance opinions to the board of directors, the Assurer has no management-related interests in profits with KDB Daewoo Securities, aside from carrying out third-party assurance, in order to maintain independence and autonomy.

Assurance Standards and Restriction

The Assurer performed the assurance engagement in consideration of the three accountability principles (inclusivity, materiality and responsiveness) of AA1000AS (2008), the principles for defining report content and report quality of the Global Reporting Initiative (GRI) G4 guidelines.

Physical inspections were conducted at the Headquarters located in Seoul. The scope of the assurance was limited to only those performances stated in this Report and excludes data from previous years and data reported online.

Major Assurance Procedures

For the assurance process, results of the interviews with KDB Daewoo Securities’ employees and other relevant documents provided by KDB Daewoo Securities were examined. Major assurance procedures undertaken are as follows:

- Review of the application of the company’s internal sustainability reporting standards
- Review of the DWSEC Report contents and the information collection process
- Review of the DWSEC Report contents related to the materiality test, core issues, and company policies
- Performance of physical inspections and interviews with employees

Opinions

The Assurer performed the assurance evaluation in accordance with the procedures identified above, and the report was modified by KDB Daewoo Securities if and when deemed necessary. Based on the assurance evaluation, The Assurer is not aware of any significant errors in the DWSEC Report and confirmed that the DWSEC Report was written in accordance with GRI G4 guidelines (Core option).

The opinions of The Assurer in consideration of the AA1000APS accountability standards are explained below.

Inclusivity

Does KDB Daewoo Securities adhere to the principle of stakeholder engagement in order to ensure a responsible and strategic response in advancing sustainability management?

- KDB Daewoo Securities is gathering major concerns and opinions from core stakeholders, including its customers, employees, local communities, shareholders and investors through stakeholder communication channels.
- The Assurer is not aware of any significant stakeholder groups that were omitted from the process of gathering sustainability management issues through KDB Daewoo Securities’ stakeholder communication channels.

Responsiveness

Does KDB Daewoo Securities respond appropriately to stakeholder issues?

- KDB Daewoo Securities identified major sustainability management issues through the materiality test.
- The Assurer is not aware of any significant issues that were omitted from the materiality test process.

Materiality

Does KDB Daewoo Securities include core issues that affect stakeholders in the entire spectrum of sustainability management in the DWSEC Report?

- KDB Daewoo Securities responded properly to the issues in which stakeholders are interested by reporting plans and evaluating core sustainability management issues that are identified.
- The Assurer is not aware of any violations of the principle of responsiveness in KDB Daewoo Securities' response to major sustainability management or performance issues that are described in the DWSEC Report, from the perspective of materiality.

Recommendations

The Assurer makes the following recommendations within a scope that does not affect the assurance results:

90

- It is impressive that KDB Daewoo Securities received favorable evaluations in sustainability management, such as having been listed in the DJSI World for four years in a row through its untiring efforts, despite a difficult business environment. Also, as its new CEO's leadership for addressing sustainability is accelerating internal innovation, KDB Daewoo Securities is expected to make continued progress in this area. We recommend that KDB Daewoo Securities report key performance metrics on material issues to increase the favorable evaluations by its stakeholders.
- The scale of social finance has been expanded as a result of receiving attention from the world's leading countries and global investment banks. Based on its expertise and network, KDB Daewoo Securities has been achieving good results in 'the supporting social economy' since 2012. It is expected that KDB Daewoo Securities will continue growing together with society through active investment and partnership.
- As KDB Daewoo Securities publishes its sustainability report every two years, some issues included in its report are out of date. It diminishes the effectiveness of the sustainability report when issues are discussed that have already been superseded by the significant changes that have already occurred in KDB Daewoo Securities related to its internal and external growth. We recommend KDB Daewoo Securities consider publishing the report every year so that major performances are shared with stakeholders in a timely manner.

October 2015
President Chun, Subong



GRI Index

1. General Standard Disclosures

		Level of Disclosure ● Fully reported ● Partially reported ○ Non-reported ◇ Not Applicable		
GRI Index	Description	Page	Note	
Strategy and Analysis	G4-1 Statement from the most senior decision-maker of the organization	6~7	●	
	G4-3 Name of the organization	12~15	●	
	G4-4 Primary brands, products, and/or services	12~15	●	
	G4-5 Location of organization's headquarters	12~15	●	
	G4-6 Countries with significant operations	12~15	●	
	G4-7 Nature of ownership and legal form	12~15	●	
	G4-8 Markets served	12~15	●	
	G4-9 Scale of the reporting organization	12~15	●	
Organizational Profile	G4-10 a. Total number of employees by employment contract and gender b. Total number of permanent employees by employment type and gender c. Total workforce by employees and supervised workers and by gender d. Total workforce by region and gender e. Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers f. Significant variations in employment numbers	12~13, 79	●	
	G4-11 Percentage of total employees covered by collective bargaining agreements	79	●	
	G4-12 Description of the organization's supply chain	12~15	●	
	G4-13 Significant changes during the reporting period relating to size, structure, or ownership or its supply chain	12, 14~15, 57, 62	●	
	G4-14 Implementation of the precautionary approach or principle	77	●	
	G4-15 External economic, environmental and social charters, principles, or other initiatives which the organization subscribes to or endorses	97	●	
	G4-16 Memberships of associations such as industry associations	97	●	
	G4-17 a. Entities included in the organization's consolidated financial statements or equivalent documents b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	2	●	
	G4-18 a. Process for defining the report content and the Aspect Boundaries b. How the organization has implemented the reporting principles for defining report content	2, 26~27	●	
Identified Material Aspects And Boundaries	G4-19 Material Aspects identified in the process for defining report content	26~27	●	
	G4-20 Aspect Boundary within the organization	26~27	●	
	G4-21 Aspect Boundary outside the organization	26~27	●	
	G4-22 Effect of any restatements of information provided in previous reports, and the reasons for such restatements	2	●	
	G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries	2	●	
Stakeholder Engagement	G4-24 Stakeholder groups engaged by the organization	24~25	●	
	G4-25 Basis for identification and selection of stakeholders with whom to engage	24~25	●	
	G4-26 Approaches to stakeholder engagement by type and by stakeholder group	24~25	●	
	G4-27 Key topics and concerns raised through stakeholder engagement, and how the organization has responded to them	24~25	●	

		Level of Disclosure ● Fully reported ● Partially reported ○ Non-reported ◇ Not Applicable			
GRI Index		Description	Page		Note
Report Profile	G4-28	Reporting period	2	●	
	G4-29	Date of most recent previous report	80	●	Nov. 2013
	G4-30	Reporting cycle	80	●	Biennial
	G4-31	Contact point for questions regarding the report or its contents	2	●	
	G4-32	a. 'in accordance' option the organization has chosen b. GRI Content Index for the chosen option c. Reference to the External Assurance Report	2, 89, 91	●	
	G4-33	a. The organization's policy and current practice with regard to seeking external assurance for the report b. Scope and basis of any external assurance provided c. Relationship between the organization and the assurance providers d. Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	2, 89	●	
Governance	G4-34	Governance structure of the organization, including committees of the highest governance body	32~34, 80	●	
Ethics and Integrity	G4-56	Organization's values, principles, standards and norms of behavior	20~22	●	

2. Specific Standard Disclosure

		Level of Disclosure ● Fully reported ● Partially reported ○ Non-reported ◇ Not Applicable			
GRI Index		Description	Page		Note
Disclosures on Management Approach	G4-DMA	a. Reason and impacts that make this Aspect material b. How the organization manages the material Aspect or its impacts c. Evaluation of the management approach	32, 35, 40, 45, 48	●	
Economic					
Economic Performance	G4-EC1	Direct economic value generated and distributed	23	●	
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	82	●	
	G4-EC3	Coverage of the organization's defined benefit plan obligations	82	●	
	G4-EC4	Financial assistance received from government	-	◇	
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	82	●	
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	82	●	
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	82	●	
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	83	●	
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	-	○	Not counted
Environmental					
Materials	G4-EN1	Materials used by weight or volume	77, 83	●	
	G4-EN2	Percentage of materials used that are recycled input materials	-	○	

		Level of Disclosure			
		● Fully reported ● Partially reported ○ Non-reported ◇ Not Applicable			
GRI Index	Description	Page		Note	
Energy	G4-EN3 Energy consumption within the organization	83	●		
	G4-EN4 Energy consumption outside of the organization	83	●		
	G4-EN5 Energy intensity	83	●		
	G4-EN6 Reduction of energy consumption	83	●		
	G4-EN7 Reductions in energy requirements of products and services	-	○		
Water	G4-EN8 Total water withdrawal by source	83	●		
	G4-EN9 Water sources significantly affected by withdrawal of water	-	◇		
	G4-EN10 Percentage and total volume of water recycled and reused	-	◇		
Biodiversity	G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	◇		
	G4-EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	-	◇		
	G4-EN13 Habitats protected or restored	-	◇		
	G4-EN14 Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	-	◇		
Emissions	G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)	83~84	●		
	G4-EN16 Energy indirect GHG emissions (Scope 2)	83~84	●		
	G4-EN17 Other indirect GHG emissions (Scope 3)	83	●		
	G4-EN18 GHG emissions intensity	84	●		
	G4-EN19 Reduction of GHG emissions	84	●		
	G4-EN20 Emissions of ozone-depleting substances	-	◇		
	G4-EN21 NO _x , SO _x , and other significant air emissions	-	◇		
Effluents and Waste	G4-EN22 Total water discharge by quality and destination	-	◇		
	G4-EN23 Total weight of waste by type and disposal method	84	●		
	G4-EN24 Total number and volume of significant spills	-	◇		
	G4-EN25 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	-	◇		
	G4-EN26 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	-	◇		
Products and Services	G4-EN27 Extent of impact mitigation of environmental impacts of products and services	48~51	●		
	G4-EN28 Percentage of products sold and their packaging materials that are reclaimed by category	-	◇		
Compliance	G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	-	○	No violation reported	
Transport	G4-EN30 Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	-	◇		
Overall	G4-EN31 Total environmental protection expenditures and investments by type	48~51	●		
Supplier Environmental Assessment	G4-EN32 Percentage of new suppliers that were screened using environmental criteria	-	○		
	G4-EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken	-	○	Not counted	
Environmental Grievance Mechanisms	G4-EN34 Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	-	○		

Level of Disclosure ● Fully reported ◐ Partially reported ○ Non-reported ◇ Not Applicable

GRI Index		Description	Page	Note	
Social					
Labor Practices and Decent Work					
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	84	●	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	68~69	●	
	G4-LA3	Return to work and retention rates after parental leave, by gender	84	●	
Labor/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	60 Days	●	Legal requirement
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	84	●	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender	85	●	
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	-	○	Not counted
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	69	◐	
Training and Education	G4-LA9	Average hours of training per year per employee by gender and employee category	40~44, 85	●	
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	69	●	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and employee category	85	●	
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	85	●	
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category and significant locations of operation	85	●	
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	-	○	Not counted
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	-	○	
Labor Practices Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	85	●	
Human Rights					
Investment	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	○	Not counted
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	85	●	
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	-	●	No discrimination reported
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	68	●	
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	88	●	
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	88	●	

GRI Index		Description	Page	Note
Level of Disclosure ● Fully reported ● Partially reported ○ Non-reported ◇ Not Applicable				
Security Practices	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	-	○ Not counted
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-	◇
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	-	◇
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	-	○
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	-	○ Not counted
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	-	○
Society				
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	45~47, 72~76	●
	G4-SO2	Operations with significant actual or potential negative impacts on local communities	-	◇ No case reported
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	21~22	●
	G4-SO4	Communication and training on anti-corruption policies and procedures	20~22, 86	●
	G4-SO5	Confirmed incidents of corruption and actions taken	22, 86	●
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	-	◇ No political contributions reported
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	20~22	●
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	20~22	●
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	-	○
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	-	○ Not counted
Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	-	○
Product Responsibility				
Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	54~55	●
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	54~55	●
Product and Service Labeling	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	54~55	●
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	54~55	●
	G4-PR5	Results of surveys measuring customer satisfaction	56~57, 86	●

GRI Index		Description	Page	Level of Disclosure	Note
		Level of Disclosure ● Fully reported ● Partially reported ○ Non-reported ◇ Not Applicable			
Marketing Communications	G4-PR6	Sale of banned or disputed products	54~55	●	
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	54~55	●	
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	58~59	●	
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	58~59	●	
Financial Services Sector Disclosures					
Economic Performance	G4-DMA	The organization's community investment strategy in association with community development	73	●	
	G4-EC1	Direct economic value generated and distributed	81	●	
Emissions	G4-EN15	Direct GHG emissions resulting from employees' business travel	-	○	
	G4-EN16	Energy indirect GHG emissions resulting from employees' business travel	-	○	
	G4-EN17	Other indirect GHG emissions resulting from employees' business travel	-	○	
	G4-EN23	Total weight of waste by type and disposal method	84	●	
Occupational Health and Safety	G4-DMA	The organization's policies and practices regarding threats and violence in place to assist workforce members or community members	69~70	●	
Human Rights	G4-HR1	Policies and procedures on human rights	88	●	
	G4-FS13	Access points in low-populated or economically disadvantaged areas by type	49~50, 74~76	●	
	G4-FS14	Initiatives to improve access to financial services for disadvantaged people	49~50	●	
Product and Service Labeling	G4-DMA	Policies for the fair design and sale of financial products and services (former FS15) Initiatives to enhance financial literacy by type of beneficiary (former FS16)	48~51, 55	●	
Product Portfolio	G4-DMA	Policies with specific environmental and social components, assessing, monitoring, improving staff competency, and environmental and social risks and opportunities, applied to business lines (former FS1, FS2, FS3, FS4, FS5)	72~77	●	
	G4-FS6	Percentage of the portfolio for business lines by specific region and sector	62~65	●	
	G4-FS7	Monetary value of products and services designed to deliver social benefits for each business line	48~51	●	
	G4-FS8	Monetary value of products and services designed to deliver environmental benefits for each business line	50~51	●	
Audit	G4-DMA	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures (former FS9)	21~22	●	
Active Ownership	G4-DMA	Voting policies applied to environmental or social issues for shares over which the organization holds the right to vote shares or advises on voting (former FS12)	33	●	
	G4-FS10	Percentage and number of companies held in the institution's portfolio with which the organization has interacted on environmental or social issues	-	○	Not counted
	G4-FS11	Percentage of assets subject to positive and negative environmental or social screening	-	○	

Membership

Year	Name of Group and Association
2015	Financial Security Institute
2014	Asia Society Korea Center
2013	National Strategy Institute Committee on Financial Informatization Promotion
2012	Korean Pension Association
2011	ISDA
2010	Financial Security Forum Korea Economic Research Institute Institute for Global Economies
2009	Korean Securities Law Association Global Finance Forum
2008	Korea Money and Finance Association Seoul IB Forum
2007	Korea Center for International Finance
2006	UN Global Compact Korea Capital Market Institute
2005	Internal Auditor's Society of Korea Listed Companies Association Center for Financial Law of Seoul National University
2002	Financial Information Security Council
2000	Korea Management Association
1991	Korea Employers Federation
1983	Korea Chamber of Commerce and Industry
1981	The Institute of Internal Auditors
1980	Korean Securities Association
1975	The Federation of Korean Industries Korea Listed Companies Association



WE SUPPORT

UNGC: UN Global Compact

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

Caring for Climate

C4C: Caring for Climate

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



CDP: Carbon Disclosure Project

KDB Daewoo Securities signed the CDP, and has been taking part in the carbon management disclosure program every year since 2010.

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

DJSI: Dow Jones Sustainability Index

For the last four years, KDB Daewoo Securities has been listed in the DJSI World Index, a world-renown sustainability management evaluation index.

97



The paper used in printing the KDB Daewoo Securities Sustainability Report 2015 is certified as acid-free and Elemental Chlorine-Free by the FSC™ (Forest Stewardship Council), an NGO that promotes forest management. In addition, the soybean oil ink used in its printing minimizes the impact on the environment.

KDB DAEWOO SECURITIES
SUSTAINABILITY REPORT

2015

THINK

MAGAZINE

Magazine This magazine consists of interviews of various stakeholders of KDB Daewoo Securities, including customers, investors, employees, and local communities. It is a story of stakeholders' thoughts, experiences, and hopes in relation to the company's sustainability management. Going forward, we will stay closer to our stakeholders, always listening to their opinions and proactively communicating with them, all in an effort to achieve sustainable growth together with our stakeholders.

This report has been published in Korean and English to promote more efficient communication with stakeholders at home and abroad. It is also available in the PDF format to allow readers to move easily through the pages of this report, and to take advantage of digital technologies that enable an effortless retrieval of data and information. The PDF version can be downloaded from the company web site at <http://english.kdbdw.com>.



Related page in
the Report section



Related web pages

CONTENTS

04 CUSTOMERS

17 LOCAL COMMUNITIES

08 INVESTORS

22 THANK YOU

12 EMPLOYEES

23 THANK YOU

THINK

Customers are our raison d'être.



THE BEAUTY OF “THINK YOU VERY MUCH”

We see things from the customer's perspective,
think deeper and speak more from the heart,
and put customer interests above the bottom line,
all to earn customer trust and satisfaction.
Based on our efforts to 'Think you very much',
we will grow together with our customers.



Key Business Areas
Whole/
retail sales of
cosmetics

Headquarters
Seoul, Korea

2015

Established
July 2006

On July 10, 2015, TONYMOLY became the first Korean cosmetics brand shop to be listed on the Korea Composite Stock Price Index (KOSPI). KDB Daewoo Securities served as the lead manager of the initial public offering (IPO), which attracted KRW 7.5 trillion in subscription and generated an intense investor interest. On the day of TONYMOLY's listing, its stock price surpassed the offering price of KRW 32,000 to reach over KRW 50,000.

2014 Revenue
KRW 205.1 billion

The successful listing of TONYMOLY is considered by many a monumental deal to both TONYMOLY and KDB Daewoo Securities: TONYMOLY has laid the foundation for growing into a trendsetter in the global cosmetics market; and KDB Daewoo Securities has gained the know-how of being a lead manager in cosmetics brand IPOs. In fact, many Korean cosmetics companies have since chosen the securities firm to lead-manage their IPOs.

IPO
July 2015

About TONYMOLY

<http://eng.etonymoly.com>

We will continually help customers plan their future and grow with them by leveraging our industry-leading product competitiveness, planning ability, and know-how in overseas operations accumulated through various cases of successful overseas experiences.



The relationship between KDB Daewoo Securities and TONYMOLY dates back to 2009 when TONYMOLY, founded in 2006, was a latecomer to the cosmetics business in Korea. From 2009 to the moment TONYMOLY was listed on the stock market, KDB Daewoo Securities never stopped thinking from the customer's perspective. Owing no small part to such customer-first efforts, TONYMOLY made a strong debut on the market.

TONYMOLY has begun a new win-win relationship with KDB Daewoo Securities toward a brighter future. Manager Sungwon Chang of Management Support Team at TONYMOLY talks about his experience with KDB Daewoo Securities' customer-oriented management and makes a few suggestions on sustainability management.

“It is clear to me that KDB Daewoo Securities always thinks about and studies its customer needs. I hope KDB Daewoo Securities continues to leverage its advanced financial competencies to the fullest for the mutual growth with us.”

Sungwon Chang
Manager at Management
Support Team, TONYMOLY

Working in a strategic partnership with customers

It is clear to me that KDB Daewoo Securities always thinks about and studies its customer needs. It places the highest priority on customer value, and provides financial products and services optimal for customer needs in a timely manner. I hope KDB Daewoo Securities grows together with TONYMOLY as our strategic partner. I also expect it will go beyond being Korea's leading financial company and grow into a global company with a stellar reputation. TONYMOLY is also expanding overseas based on our success in Korea. I hope KDB Daewoo Securities continues to leverage its advanced financial competencies to the fullest for the mutual growth of the two companies.

PROSPERITY TIP

SUSTAINABILITY TIP

Communicating with customers, relentlessly

KDB Daewoo Securities practices customer-oriented management and takes the lead in supporting local communities and improving the work environment for its employees. However, it is difficult for stakeholders to fully grasp how the company conducts its sustainability management without being told about its actions detail. Why not publicize how hard the company endeavors to grow in a sustainable manner? I believe such publication will contribute a great deal to enhance KDB Daewoo Securities' brand image and help its stakeholders better understand the company.

The people I have met from KDB Daewoo Securities have great pride in their company. I was deeply impressed by how they always do their jobs to their best ability. However, I think it should be more active in risk management and community service as part of its sustainability management. I would also like to see the company providing more communication opportunities to its customers so that they can better understand its products, services, and corporate culture.



07

The IPO of TONYMOLY was a meaningful deal from the perspective of financial experts who believe in providing the best services possible to their customers. It also was a historic moment for consumers who want quality cosmetics.

Kyoungmi Kim
Deputy Manager at
IPO Department,
KDB Daewoo Securities

THINK INVESTORS

Shareholder value is our top priority.

SUSTAINABILITY SOCIALLY FINANCE = STR

NEW FORMULA FOR GROWTH

We seek a path toward sustainable growth by maximizing shareholder value, and grow strong and proud by achieving balanced growth and contributing to society through finance. The new win-win strategy of sustainable growth is what KDB Daewoo Securities pursues.

📄 P. 60~65

Corporations grow strong through sustainability management. The bigger corporations grow, the bigger their social responsibilities are. KDB Daewoo Securities grows together with its communities through finance, fulfilling our social responsibility, and contributing to a better tomorrow for all.



If investors are convinced that a company is on the right path to sustainable growth, they should provide capital and reap benefits from its growth, as true partners should.

Portfolio Manager **Daejin Lim** is in charge of funds management at the Teachers' Pension, one of the pension funds shareholders whom KDB Daewoo Securities has been serving for a long time.

MANAGEMENT + RESPONSIBLE LONGER GROWTH

Q How do investors evaluate corporate value?

A Investors do not evaluate a company's worth by using financial information alone. They use a wide variety of valuation indicators such as corporate governance, business status, and sustainability performance. This is why socially responsible funds were created in the first place. As more corporate information becomes available that investors want to know about, companies should more readily disclose a variety of information, to validate their corporate value. It is difficult to say if Korean investors are really practicing socially responsible investment in comparison to overseas investors. It is now time for domestic investors to evaluate the value of corporations more objectively by looking at the sustainability, rather than focus solely on the profitability of their investment targets.

Q Do corporations have to change when they release information?

A More and more corporations become aware of the value of and practice sustainability management. However, it is difficult for the general public to see the growing trend. For this reason, companies need to actively communicate with various stakeholders, including investors. In addition to transparent reports detailing economic performances, they need to inform investors how they establish and execute their core values, vision, and mid-to long-term plans so that investors can properly evaluate their corporate value. When KDB Daewoo Securities makes public its economic performances, it should also disclose its non-financial information as well as future plans, which would help confirm that all of its activities boil down to sustainable management.

Q What roles can investors play to help corporations grow in a sustainable manner?

A Investors also have to change. If they are convinced that a company is on the right path to sustainable growth, they should provide capital and reap benefits from its growth, as true partners should. In order for this to happen, the company should give top priority to raising its employees' understanding of the importance of sustainability management. Accordingly, KDB Daewoo Securities should see its business under the light of not only finance but also all the indicators, including the mid-to long-term plan, and inform investor.

We know that the answer to finance lies in the minds of customers.
By thinking of and studying our customers in detail,
we will speak of finance in the way they would understand.
Enjoy finance. KDB Daewoo Securities will make it easier for you.

EASY FINANCE STAKEHOL = SUSTAINABLE

Q How do you assess 'Easy Finance' of KDB Daewoo Securities?

A Finance is not a subject that anyone can easily approach. For this reason, it is good that KDB Daewoo Securities is conducting a brand enhancement campaign and communicating with its stakeholders based on the motto, 'Easy Finance'. KDB Daewoo Securities is explaining difficult financial concepts in easy-to-understand terms, helping people better understand finance. This approach is significant in that it helps expand the industry base, and create diverse values through finance. The 'Think you very much' slogan ubiquitous in its ad campaigns also is a brilliant and creative concept. I believe it effectively communicates the company's will to deliver benefits of finance to a greater number of people.

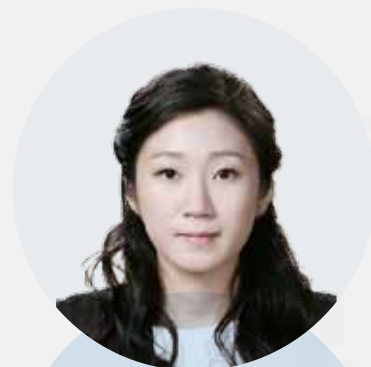
Q How significant is sustainability in corporate analyses?

A One of the most important factors in the growth of financial companies is trust. However, an increasing number of people are developing a negative view of finance because of the global financial crisis. The recent financial incidents also have dealt a blow to the credibility of financial companies. It is a relief to know that large financial companies are looking back on their business practices and making efforts to earn back the public trust. Sustainability is important also for risk management, and for this reason, companies should manage performance from the long-term perspective rather than focus on short-term gains. Now Investors include some non-financial information as well as financial performance data in their evaluation of corporate value. This trend will spread to all aspects of sustainability management. There is a high possibility that non-financial information will be included as an equivalent evaluation factor in corporate analysis reports.

Q As a corporate analyst, what do you expect to see in KDB Daewoo Securities?

A KDB Daewoo Securities should establish, execute, and publicize its vision in detail to raise its investment appeal and to have its true value known. The company should go beyond short-term performances, and provide details on how it has derived its business strategies, future profit structure, and execution roadmap. This would give shareholders and investors a better understanding of the company's value and growth potential.

DER TRUST GROWTH



I think it is good that KDB Daewoo Securities is conducting a brand enhancement campaign and communicating with its stakeholders based on the Easy Finance.

Senior Analyst **Miji Son** is in charge of securities and insurance industry sector analysis at Research Center of Shinhan Investment Corp., and regularly issues KDB Daewoo Securities earnings reviews and industry outlook reports.

THINK

Our people is our sustainable core.

EMPLOYEES

12

ALWAYS ONE STEP AHEAD

In a workplace where passion and creativity rule,
we study about customers and practice expertise.
Our goals are the same; but individual perspectives are different,
which help us learn from each other.

Discovering unlimited potentials of finance,
we are the driving force of KDB Daewoo Securities.

2

Step 2

Fostering a culture of sustainability

The will of senior management is the most important factor for the sustainability management mindset to take root across the company. KDB Daewoo Securities has a well-established sustainability management system in place. What is needed now is its employees take interest in the system and conduct their jobs in accordance with it. We will grow further when all employees internalize sustainability as their own and foster it into a permanent component of the corporate culture. Many corporations used to see sustainability as a PR tool to maintain or enhance their reputation. However, sustainability is what corporations must practice as a member of local communities, and is what shareholders and investors are demanding. In other words, sustainability is a mindset KDB Daewoo Securities must develop, in order to grow in a sustainable manner. As such, the company needs to comprehensively establish sustainability management strategies and direction, and move in the same direction together with its employees.

Step 3

Growing together with local communities

KDB Daewoo Securities is a company of financial experts. This is why it is referred to as a "securities academy". I think contributing to society through use of one's competencies is meaningful for the nation and is an achievement that should be extensively publicized. I hope to see continued improvements in employees' expertise, and that such competencies will substantially contribute to a win-win relationship with local communities.

Step 1

Understanding risk, a starting point in sustainability management

For KDB Daewoo Securities to grow in a sustainable manner, first, each and every one of its employees should fully understand risks associated with the company's business and management activities and focus on preventing the risks. From the perspective of sustainability there are diverse risks. One in particular is related to the task of selling financial products and service in full compliance, which is a type of risk that should be managed at all cost, to protect financial consumers and preserve their trust. For management of such risk, employees should enhance their financial expertise, with institutional supports at the company level.

ALWAYS ONE STEP AHEAD WITH INTEGRITY

Youngcheol Bae

Executive Managing Director at Compliance Unit

In charge of financial consumer protection and compliance-related risk management as a head of Compliance Unit



ALWAYS ONE STEP AHEAD WITH EXPERTISE

Growing into a respected company

KDB Daewoo Securities focuses on sharing growth with its local communities. The company encourages, with appropriate supports, its employees to join community service programs of their choice or to feel free to take part in social contribution activities on a regular basis. I hope KDB Daewoo Securities takes an extra step toward taking the lead in building an eco-friendly green workplace, slowing climate change, and growing into a truly world-leading company fulfilling its corporate responsibility in the area of environmental protection.

Step 2

Step 1

Developing human resources, a first step toward customer satisfaction

From the perspective of sustainability management, KDB Daewoo Securities' human resources development (HRD) system is its great strength. The company is famous in the industry for its emphasis on HRD. We foster top leaders in various fields through internal training, which reflects the strong will of senior management. Irrespective of market circumstances, KDB Daewoo Securities has been providing various types of training, ranging from off-site to on-line trainings, and spared no resources in developing employee competencies and fostering talent. These efforts are what have enabled us to offer distinctive products and services and maintain our stellar reputation in the industry. Based on such expertise, all of us at KDB Daewoo Securities combine our strengths and work in unison to achieve premier customer satisfaction.

Jeongyun Kim

Deputy Manager at Fixed Income
Product Department

In charge of repurchase agreement (RP)
sales and fixed income trading

Step 2

A premier corporate culture without discrimination or prejudice

Reflective of its business characteristics, KDB Daewoo Securities has many female employees. Even though I have not been with KDB Daewoo Securities for long, I can really feel the efforts of the company to help its female employees continue their careers and to create a good work environment for them. I also believe that the company evaluates and expects the competencies of female employees as are. I am glad to be working for a company that strives to foster all of its employees into financial talents without any discrimination or prejudice. I will make full use of my capabilities to contribute to the company's development.

Step 3

Building mutual understanding and respect for local communities

KDB Daewoo Securities is the kind of company I would like to stay with for a long time. I want to be a financial expert the company is proud of, and hope to receive active company supports for my ambition. I would also like to see many sustainability management programs in which employees can participate and improve their job competencies, through which they can contribute to local communities.

Step 1

Respecting people, a cornerstone of sustainable growth

A company cannot grow sustainably without satisfying its employees. KDB Daewoo Securities spares no effort or resources in helping its employees adapt to the organization, and at the same time, conducts employee job training in a thorough and strict manner. I believe one of the greatest strengths of KDB Daewoo Securities in the area of HRD is its mentoring system, through which employees are exposed to the experiences and knowledge of senior staff.

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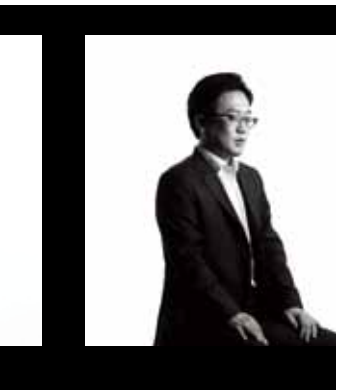
ALWAYS ONE STEP AHEAD

WITH RESPECT

Jihye Ko

Senior Associate at Operations & Settlement Department
In charge of FX (Foreign Exchange) derivatives settlement
as a senior associate who joined KDB Daewoo Securities in 2014





KDB Daewoo Securities is known as “talent academy” or “securities academy” in the Korean financial market. This is because we have fostered many financial experts through systematic and customized training. We have built a premier corporate culture that promotes open communication and respects passion and creativity. This corporate culture underlies our competitiveness and strengths.



We will continue to stay ahead based on the belief that “people equal innovation”. KDB Daewoo Securities will foster financial professionals who have every qualification to be success partners to our customers and to contribute to the sustainable growth of the company and society.



DIVERSITY

Many different types of people live in harmony.
A multicultural society where understanding and
mutual respect rule, is what
KDB Daewoo Securities is helping build.



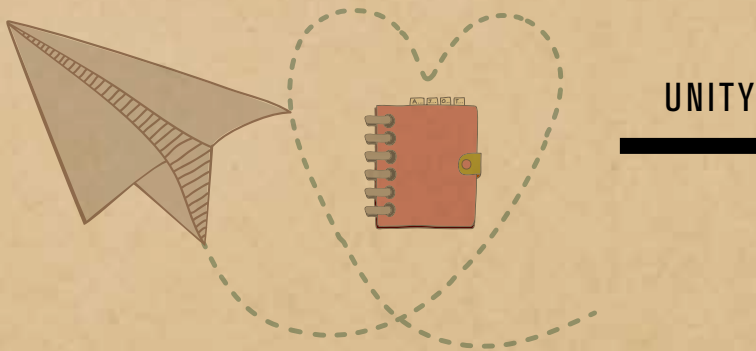
In supporting multicultural families, KDB Daewoo Securities collaborates through a partnership with the Hankuk University of Foreign Studies (HUFS) Center for Multicultural Education. The company offers distinctive programs supporting multicultural families, and the Director Minjung Yang regards this as an example case of a company sharing value with its communities. She thinks highly of how the company is extensively engaged in a wide variety of social contribution activities and creatively and innovatively leverage its corporate competencies to contribute to and share with local communities, thereby setting examples in creating a better society.

According to Director Yang, “KDB Daewoo Securities contributes to the development of local communities in various ways. The company has made and distributed recipe calendars and a cookbook in multiple languages, and also translated learning materials on economy in many different languages, all to help immigrant women settle down in Korea and gain a good financial understanding. The company also helps children of multicultural families become global talents by developing and providing bilingual teaching materials and


educational contents, holding a bilingual contest, ‘Mother Tongue Contest’, and adopting various language education approaches. The company also creates animation materials to improve the public’s understanding of multicultural societies”.

Regarding a future direction KDB Daewoo Securities can take in social contribution, Director Yang hopes the company develop more diverse programs and help the multicultural society in Korea make progress together with their local communities.

In particular, she suggests such ideas that can be of practical use to multicultural families as development of a financial terminology dictionary in multiple languages, educating the families on how to conduct basic financial transactions, and improving financial institution employees’ understanding of multicultural societies. She thinks that such programs would improve KDB Daewoo Securities’ unique brand value in sustainability management.



HUFS CENTER FOR MULTICULTURAL EDUCATION

Description	Providing consulting and social services related to multiculturalism
Key Business Areas	Interpretation and translation services for marriage-bound immigrants, education of children gifted in language, Multicultural School of Love project
Established	April 2007
 www.hufsmcs.org	

KDB Daewoo Securities is a pioneer in social contributions based on finance. I would like to ask the company to develop more programs and help the multicultural society make progress together with their local communities.

Minjung Yang

Director, HUFS Center for Multicultural Education



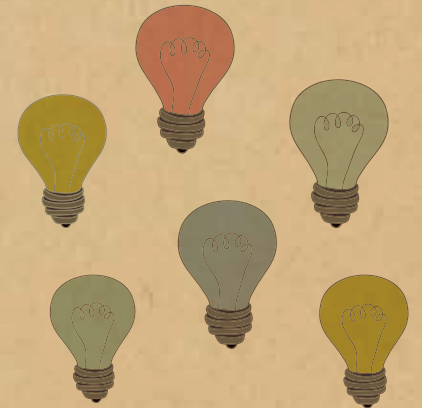
Since 2013 KDB Daewoo Securities has been providing Yeomyung School financial supports for rent payment and facility maintenance through the Community Chest of Korea. Yeomyung School is an alternative school for North Korean teenage defectors and children of families who have defected from the North. Schools in general need a place for students to study and play, but Yeomyung School lacked funds for such a place. By regulation, schools cannot be too close to a shopping center or an adult entertainment district; but it was difficult for Yeomyung School to find a suitable location due to financial constraints. KDB Daewoo Securities

has helped solve the problem, finding the school an optimal location to build classrooms and a playground.

Vice-President Myungsook Cho of Yeomyung School gives the following descriptions about the school's roles and KDB Daewoo Securities' support: "Germany went through a crisis for a decade after its unification: Adults had a tendency to develop a fixed mindset after going through secondary and high school educations, and this presented problems in educating them on unification. Yeomyung School is an institution that is preparing for unification

KDB Daewoo Securities provides essential supports when they are truly needed. The company's timely and appropriate supports of Yeomyung School has greatly helped us run the school in a stable manner.

LEARN



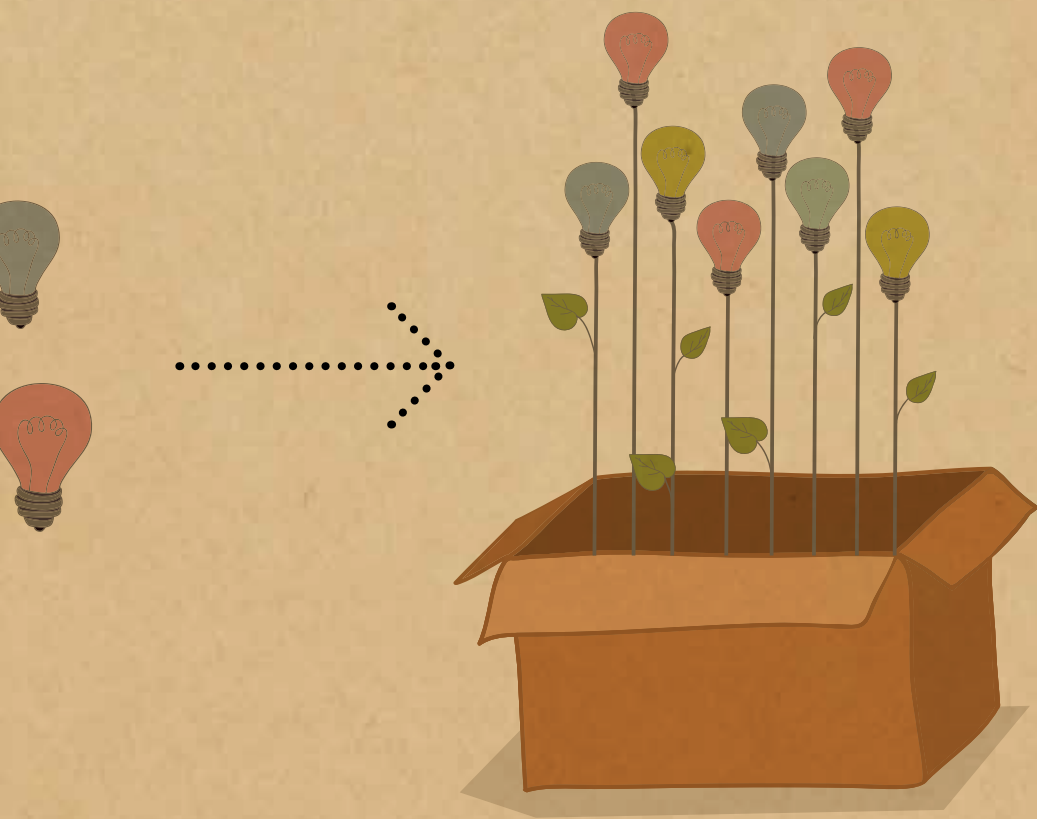
Myungsook Cho

Vice-President, Yeomyung School



of the two Koreas. After undergoing trials and errors, we have established an education system based on the model neither of South Korea nor of North Korea but of a third country, and are using this system in educating our students. We believe that a peaceful unification can be successfully achieved through education. KDB Daewoo Securities provides various supports that enable us to make progress towards our goal of peaceful unification.”

Vice-President Cho suggests KDB Daewoo Securities to implement social contribution programs that leverage its business expertise. North Korean teenage defectors do not fully understand such economic concepts as banking and interest rates, and social contribution programs teaching basic financial concepts would help them develop a good understanding of how to succeed in a market economy. She also hopes that KDB Daewoo Securities makes more efforts to let the scope of its social contribution activities known to the general public, which would help make available more diverse finance-based social contribution activities.



EARN

Through learning we project a more prosperous tomorrow. A society where all are free to learn and grow, is what KDB Daewoo Securities is helping build.

Yeomyung School

Description	An alternative school for North Korean youth defectors, troubled adolescents, and teenagers of multicultural families
Key Business Areas	Self-directed learning, reading, character building, volunteering, and health
Established	September 2004

THINK

YOU

The more we think, the easier it gets.
The deeper we go, the clearer it becomes.
How to help more people lead better lives,
how to bring about a better future,
we 'Think you very much'.

THANK

YOU

We thank you very much.
We are empowered by your trust in us.
By pursuing unlimited possibilities of finance,
we will continue to realize the true value
behind 'Think you very much'.