The following pages contain the detailed scoring for your company based on public information.

The following table represents a summary of your scores:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number of questions</th>
<th>% score based on public information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership, Governance and Organisation</td>
<td>10</td>
<td>50%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>7</td>
<td>14.3%</td>
</tr>
<tr>
<td>Company Policy and Codes</td>
<td>12</td>
<td>70.8%</td>
</tr>
<tr>
<td>Training</td>
<td>5</td>
<td>60%</td>
</tr>
<tr>
<td>Personnel and Helplines</td>
<td>7</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41</strong></td>
<td><strong>51.2%</strong></td>
</tr>
</tbody>
</table>
A1:
Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?

Score:
2

Comments:
Based on public information, there is evidence that the President and CEO of the company made several statements supporting the ethics and anti-corruption agenda of the company in the last two years.

References:
Public:
Company Website: Statement by President & CEO JaehoKo (March 2014):
‘Dear Shareholders
...First, we will strictly implement ethical management. To raise our status as a global leader to a higher level, we are committed to arranging strict ethical standards and exterminating corruption and unethical practices through a zero-tolerance principle. We will also ensure our company is clean not only on ethics but also in safety and environment by thoroughly complying with principles and regulations.’
http://www.dsme.co.kr/epub/investment/investment0101.do

Annual Report (2013), p.4:
https://www.dsme.co.kr/epub/iv/sr/ivsr010Q.do?is_type=earp

Company Website, Ethics message from the CEO:
‘We at DSME are committed to conducting our business with fairness and transparency.
Zero-tolerance policy for unethical behavior
DSME strictly enforce ethics policies for countering bribery and corruption. We will adopt a zero tolerance approach, an "one-strike" rule, to any bribery, corruption and unethical behavior of our employees, and any partners who engage in unethical business practices will be banned from conducting business with us. Some of our employees and stakeholders

DSME 21/11/14
HTTP://WWW.DSME.CO.KR
may find this procedure rather inconvenient, but please bear with us understanding that "ethical management" is a way toward a bigger cause.

The most important thing is not a system or a policy. It is our attitude. We have to keep our guard up against bribery and corruption so as not to lose the passion and pride we started with and succumb to greed and corrupt behavior, justifying it under the name of a "normal practice".

2013. 10. 16. Message from the CEO’

The first management policy is putting ethical management into daily practice.

Company decided the first management policy in this year should be "putting ethical management into daily practice". To become a top global company true to the name, we are going to establish a strict set of ethical standards and apply a zero tolerance policy while implementing a system to root out corruption and unethical business practices. We must earn the trust of all our stakeholders with transparency and fair business conduct. When we are faithful to our principles and play by the rules, I’m sure we can make a "clean DSME" in every aspect.

2014. 1. 3. New year's message from the CEO

Be honest if you want to be happy for the rest of your life.

There's a saying, "Get a haircut to be happy for a day, buy a horse to be happy for a month, buy a house to be happy for a year, but be honest to be happy for the rest of your life." The same goes for a company.

DSME is our workplace and important to all of us. In order for it to grow and sustain its business, we have to make it a clean company. As a company who strives to be a world leader in ocean technology, DSME must live up to the name and transform itself into a clean and ethical company.

Now "putting ethical management into daily practice" is the responsibility and obligation shared by all of us at DSME.

2014. 5. 8. Ethical management message from the CEO’

http://www.dsme.co.kr/epub/management/management06010801.do
A2:
Does the company’s Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?

Score:
1

Comments:
Based on public information, there is some evidence that the Company’s leadership demonstrates external facing commitment to ethics. However, the anti-corruption focus remains limited and the extent of this commitment is seen only through one publication. The company therefore scores 1.

References:
Public:
Chosun-Ilbo, a major newspaper in Korea (Jan. 2014):
‘This year is an important time of the year to achieve substantial progress in transforming as the world’s leading Shipbuilding & Marine Engineering. In addition to what we do, we should also abide the following management principles. First, a thorough practice of ethics. To reflect on the last year’s experience and prevent the recurrence of ‘thorough practice of ethics; to work with strict ethical standards in order to develop into a world-class company and apply zero tolerance, so that we prevent all irregularities and wrong practices. Through transparent and fair business we will regain the trust of all stakeholders involved with us. This, of course, involves compliance with ethical principles and regulations thoroughly convinced that encompasses both safety and environmental aspects to 'Clean DSME' that we can achieve. Secondly, a leading technology and core capabilities.’

Company’s summary:
‘The President of DSME, Mr. Ko Jaeho “Strict Implementation of Anti Corruption & Ethical management”

Ko Jaeho DSME president said that we will strictly implement ethical management.

To raise our status as a global leader to a higher level, we are committed to arranging strict ethical standards and exterminating corruption and unethical practices through a zero-
tolerance principle. We will also ensure our company is clean not only on ethics but also in safety and environment by thoroughly complying with principles and regulations.’

http://biz.chosun.com/site/data/html_dir/2014/01/03/2014010302590.html
A3:
Does the company’s Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company’s Chief Executive Officer demonstrates a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure.

References:
Public:
NA
A4:  
Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?

Score:

2

Comments:

Based on public information, there is evidence that the company publishes such a statement, including trust, honesty, and transparency. The company goes into detail about these values and they are translated into company policies and codes. TI notes that the company also outlines a Roadmap for an Ethical Management system from 2014 to 2020 to position ethics as a ‘priority value’.

References:

Public:  
Company website, Corporate Culture Video:

‘Our own corporate culture makes it possible to have the power for us to become one. From the top of the head to the tip of the toe, the power that can teach all drops of sweat have the exact same value of that which drive us towards our dream. It also makes us realize that the company, the customers, and I are the family within one border, and therefore a power to make Daewoo Shipbuilding and Marine Engineering company the number one company with customers worldwide. So trust and passion is a new way of thinking to realize the new vision of our future a true meaning of company spirit that will lead us to harmony.’

http://www.dsme.co.kr/epub/introduction/introduction0103.do#none

Company Website: Core Value

‘Trust

We at DSME intend to gain your trust in us through information sharing, transparent management. Moreover, having respect for each other and each other’s individual rights we aim to win clients’ confidence.
DSME expresses trust in the following ways:
- Transparent Management,
- Mutual Respect,
- Information Sharing,
- Punctuality,
- Respect for Workers’ Rights,
- Honesty Harmony between Labor and Management

Following standards and principles
- Keeping promises no matter how trivial they might be.
- Thoroughly completing tasks at hand.
- Recognizing each other’s responsibility, talent and point of view.
- Having a symbiotic working relationship.

Keeping promises to clients
- Impressing clients involves exerting utmost devotion and conviction into every product as well as meeting quality standards and deadlines.
- Discovering clients’ needs can be accomplished by obtaining an opening line of communication with clients.
- Relating to customers can be done easily when information is readily accessible to them.

Taking the initiative
- Taking the initiative refers to a challenging task that is avoided by others.
- Taking decisive actions has to do with accomplishing tasks with sound and logical judgment.
- Disseminating useful information to others is also an important part of an organizational responsibility.
- Providing social services to local community is a crucial part in company-community relationship.

Passion

Passion symbolizes the energy that resides in every DSME’s employee. Passion at work can be described as a symbol of one’s conviction to achieve a personal goal in a corporate society. Everyone possesses passion in one-way or another. However, unexpressed passion cannot be said to be worthy. Most often passion is an individually produced commodity. On the other hand, we at DSME feel that it can also be contagious.
DSME expresses passion in the following ways;
- Finishing given tasks with perseverance and tenacity.
- Taking on an ownership mentality to fulfill daily responsibilities.
- Aiming toward innovation and transformation of the organization.
- Challenging one’s limit to achieve personal gratification toward one’s achievement.

Carrying out duties with
Enthusiasm and patience
- Not being afraid of failure while prioritizing tasks at hand.
- Adopting a positive attitude toward work as well as taking on an ownership mentality.
- Following thorough and executing given functions.

Adopting a pioneering spirit
- Challenging crises with conviction and tenacity
- Solving problems with wisdom and acumen
- Constantly searching to improve efficiency

Constantly seeking out knowledge
- Aiming to achieve corporate objectives by focusing on learning new skills.
- Upgrading work related skills and participating in sharing useful information.
- Formulating a plan to anticipate for adverse situations.’

http://www.dsme.co.kr/epub/introduction/introduction0103.do

Corporate Culture Video:
http://www.dsme.co.kr/epub/introduction/introduction0103.do

‘DSME Ethical Management
We make every effort to be a clean and trusted company.
A clean organizational culture and ethical business practices are prerequisites for sustainable management.
At DSME, we understand the importance of our role as a good corporate citizen to cultivate a healthy corporate culture and to fulfill our social responsibility through ethical management. By putting those business ethics into practice, not keeping it as a superficial formality, we are also committed to become a trusted and respected company.

DSME Anti-Corruption 3 Principles
1. Zero Tolerance to Corrupt Practice
The company and its employees reject all types of corrupt behavior.
2. Engagement of Leaders in Anti-Corruption Campaign
All leaders should influence their subordinates’ ethical behavior and create an ethical environment in their respective organizations.

3. *No Leniency for Corruptors*

The company will never tolerate an employee or a partner company who are engaged in corrupt practices.

http://www.dsme.co.kr/epub/management/management06010101.do

Code of Ethics:

‘Daewoo Shipbuilding and Marine Engineering strives to provide superior products and services and pursue mutual prosperity with stakeholders with the goal of becoming a respected comprehensive heavy industries group. This Code of Ethics sets forth the company’s ethical standards that must be observed by all employees and board members with trust and passion.

Chapter 1 Emphasis on Customers

...2. We will protect customers’ interests and safety and refrain from unfair conduct against customers.

Chapter 2 Respect for Shareholders

1. We will increase corporate value through rational investment and efficient business activities.
2. We will respect shareholders’ rights and reasonable demands and treat all shareholders with fairness and equality.
3. We will comply with related laws and accounting standards when handling and reporting financial information.

Chapter 3 Win-Win Cooperation with Partner Companies

1. We will provide equal transaction opportunity to all qualified partner companies and select partner companies based on fair standards and transparent procedures.
2. All transactions will be conducted fairly from a mutually equal footing, and we will refrain from unfairly granting special favors or causing damage under any circumstances.
3. We will cooperate with partner companies to promote mutual development and clean transactions.

Chapter 5 Mutual Development of the Company and Employees

...2. We will provide employees with a clean and safe working environment, encourage creative thinking, and offer fair opportunities for growth and development.
5. Employees will abide by the company’s policy and regulations and refrain from unjust activities such as false reporting or misrepresentation that could hurt the company’s interests.
6. Employees have an obligation to protect the company’s tangible and intangible assets and information and will refrain from personal use of the assets and information.
7. Employees will treat each other with mutual respect as colleagues and refrain from demanding or accepting gifts, entertainment or favors from stakeholders.’
Company Website, Road Map for Ethical Management:

Road Map
We will become a global leader with the best products and technologies and an ethical company culture.

Ethical Management
Introduction and implementation
~2014
  • Build an ethical infrastructure and consensus
  • Encourage autonomous practice culture of ethical management

Leading ethical Company in the Shipbuilding and Marine Engineering Industry
~2017
  • Establish an ethical management model for shipbuilding & marine Engineering industry
  • Foster a culture of integrity for the industry

Ethical Culture
Leading Company
~2020
  • Establish an ethical management system in full scale

System
By positioning ethics as the priority value and building an infrastructure that includes organization, system and educational/promotional programs, we strive to become an ethical corporation while adapting to the internal and external environmental changes

Ethical Management System(3C)
  • Code of Conduct
    Set Common Ethical Standards for Employees
      o Code of Ethics
      o Code of Ethics Implementation Guidelines
  • Compliance Check Organization
    Establish an organization and a system to practice ethical management
      o Corporate Auditing & Consulting Team and Ethics & Compliance Group
      o Ethics counseling office
- Whistleblower system
- Self-reporting system
- Ethics pledge
- Ethics & Compliance articles in partner contracts

- Consensus by
  Ethics education
  Building consensus among employees and stakeholders on practicing ethical management
    - Training & PR
    - Ethics conference
    - Campaign
    - Integrated ethics management for all subsidiaries
    - Ethics management support for subcontractors and suppliers’

A5:
Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company belongs to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption. TI notes that the company is a member of the Sustainable Shipping Initiative (SSI), which brings together companies from across the industry and around the world, to plan how shipping can contribute to and thrive in a sustainable future.

References:
Public:
NA
A6:
Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

Score:
2

Comments:
Based on public information, there is evidence that the company refers to an Ethical Management System which identifies the Audit Committee, with the Corporate Auditing and Consulting Team, with responsibility for the ethics and anti-corruption agenda.

References:
Public:
Company Website, Ethical Management System:
System

By positioning ethics as the priority value and building an infrastructure that includes organization, system and educational/promotional programs, we strive to become an ethical corporation while adapting to the internal and external environmental changes.

Ethical Management System (3C)

- Code of Conduct
  - Set Common Ethical Standards for Employees
- Compliance Check Organization
  - Establish an organization and a system to practice ethical management
- Consensus by Ethics education
  - Building consensus among employees and stakeholders on practicing ethical management

- Code of Ethics
- Code of Ethics Implementation Guidelines
- Corporate Auditing & Consulting Team and Ethics & Compliance Group
  - Ethics counseling office
  - Whistleblower system
  - Self-reporting system
  - Ethics pledge
  - Ethics & Compliance articles in partner contracts
- Training & PR
  - Ethics conference
  - Campaign
  - Integrated ethics management for all subsidiaries
  - Ethics management support for subcontractors and suppliers

DSME Ethical Management

Ethical Management Organisation:


DSME 21/11/14
HTTP://WWW.DSME.CO.KR
Explanation of Audit Committee:

**Organization Chart**

DSME boasts a superior transparent management system with the Audit Committee and the Board of Directors (BOD), the highest decision-making body. The BOD consists of equal numbers of inside and outside directors. The company is subjected to an external audit and publication of its performance and financial statements on the stock exchange. Since its spin-off on October 23, 2000, DSME has maintained a transparent and solid financial structure by getting rid of bad practices such as debt guarantees for affiliates and bad assets. Now the company joined the group of major players in the world in terms of EBIT, current profit ratio, and equity ratio. In addition, the company has a separate entity to deal with Quality and Health, Safety, and Environmental (HSE) issues to ensure its commitment for product quality, environment-friendly operation, and the well being of our employees.

http://www.dsme.co.kr/epub/introduction/introduction0401.do
A7:
Has the company appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda, and who has a direct reporting line to the Board?

Score:

1

Comments:
Based on public information, there is evidence that the Corporate Auditing and Consulting Team Leader monitors corruption investigations and ethics compliance reporting to the Audit Committee. The person, however, is not identifiable by name. The company therefore scores 1.

References:
Public:
Company Website:
‘Ethics Letters
Sent by the top ethical management officer to all companies at the beginning of each year. Emphasize the applicable year's ethical management focus to all employees and request that they put ethical management into practice.’
http://www.dsme.co.kr/epub/management/management06010103.do

Company Website, DSME Organization for its ethics and anti-corruption agenda:
http://www.dsme.co.kr/epub/management/management06010103.do

Company website, Sustainability, Road Map:
~2014: Ethical Management, Introduction and implementation
- Build an ethical infrastructure and consensus
- Encourage autonomous practice culture of ethical management
~2017: Leading ethical Company in the Shipbuilding and Marine Engineering Industry:
- Establish an ethical management model for shipbuilding & marine Engineering industry
- Foster a culture of integrity for the industry
~2020: Ethical Culture, Leading Company
Establish an ethical management system in full scale
A8: Is there regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda?

Score:

1

Comments:

Based on public information, there is some evidence that the company’s Auditing and Consulting team undertakes regular monitoring of the company’s ethics and anti-corruption policy. However, it remains unclear whether the senior level review of the company’s policies takes place at least once annually. Therefore, the company scores 1.

References:

Public:
Company Website, Ethics Management System:
Company Website, DSME Organization for its ethics and anti-corruption agenda:

http://www.dsme.co.kr/epub/management/management06010103.do
A8(a):

Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified?

Score:

0

Comments:

Based on public information, there is insufficient evidence of a formal written plan on which the review of the ethics and anti-corruption agenda by the Board or senior management is based.

References:

Public:
TI notes:
Company website, Sustainability, Road Map:
~2014: Ethical Management, Introduction and implementation
   - Build an ethical infrastructure and consensus
   - Encourage autonomous practice culture of ethical management
~2017: Leading ethical Company in the Shipbuilding and Marine Engineering Industry:
   - Establish an ethical management model for shipbuilding & marine Engineering industry
   - Foster a culture of integrity for the industry
~2020: Ethical Culture, Leading Company
   Establish an ethical management system in full scale

Company website, Ethics Management:
http://www.dsme.co.kr/epub/management/management06010103.do
A9: Does the company have a formal process for review and where appropriate update its policies and practices in response to actual or alleged instances of corruption?

Score: 1

Comments: Based on public information, there is some evidence that the company reviews its policies in alleged cases of violations. However, there is no readily available evidence of a formal process in place. The company therefore scores 1.

References:

Public: Company Website, Subcommittee status:

<table>
<thead>
<tr>
<th>Date</th>
<th>Report Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013.1.17</td>
<td>- Report of investigation results for corruption in the supply of heat insulation materials</td>
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<tr>
<td>2013.2.21</td>
<td>- Report of final audit result in 2012</td>
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<td></td>
<td>- Case of approval for the designation of external auditor</td>
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<td>- Report of evaluation details for operation condition of internal financial management system</td>
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<td>- Case of confirmation of audit report for 2012</td>
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<td>2013.3.22</td>
<td>- Report of management diagnosis result for subsidiary company (Samwoo Heavy Industries)</td>
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<td></td>
<td>- Report of management diagnosis result for subsidiary company (Shinhan Machinery Co., Ltd)</td>
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<td>2013.4.18</td>
<td>- Case of selection of chairperson for audit committee</td>
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<td>- Report of operation standards and current status of audit committee</td>
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<td>- Report of audit plan for 2013</td>
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<td>2013.5.9</td>
<td>- Report of accounting review result for the first quarter of 2013</td>
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<td>2013.6.20</td>
<td>- Report of management diagnosis result for DSME Oman corporation</td>
</tr>
<tr>
<td>Date</td>
<td>Reports</td>
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<td>2013.7.25</td>
<td>- Report of surplus property management status</td>
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<td>- Report of transaction status with DSON</td>
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<td>- Report of anticorruption policy</td>
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<td>2013.8.22</td>
<td>- Report of accounting review result for the first half of 2013</td>
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<td></td>
<td>- Report of pending cases in subsidiary company (DSC)</td>
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<td>Report of fact relevance and legality review</td>
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<tr>
<td>2013.10.17</td>
<td>- Report of audit result for procurement practice</td>
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<tr>
<td>2013.11.14</td>
<td>- Report of accounting review</td>
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<tr>
<td>2013.12.12</td>
<td>- Report of summary of relevant personnel for corruption in the supply</td>
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<tr>
<td></td>
<td>(Punishment report mainly dismissal)</td>
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<tr>
<td></td>
<td>- Report of tip-off investigation result</td>
</tr>
</tbody>
</table>

http://www.dsme.co.kr/epub/introduction/introduction0404.do
A9(a):
Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has a formal anti-corruption risk assessment procedure implemented enterprise-wide.

References:
Public:
NA
A10:
Does the company have a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied.

References:
Public:
NA
A11:
Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting or reappointing its agents.

References:
Public:
NA
A12: Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption.

References:

Public:
NA
A13:
Does the company make clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance?

Score:
2

Comments:
Based on public information, there is evidence that the company communicates its ethics and anti-corruption agenda down the supply chain, and has contractual rights to apply sanctions in the event of a breach of its contract.

References:
Public:
Company Website:
‘Ethical Management for Subcontractors
- Share DSME's anti-corruption & ethics policies and request their active cooperation
  - No exchange of gifts on holidays, no congratulations plants on one's promotion, no excessive condolence or congratulatory money, no golfing with DSME employees.
  etc.
- Include ethics compliance obligation in all contracts with a subcontractor company and use the results in the subcontractor evaluation
- Conduct a meeting and a survey on a regular basis for open communication
  - Explain about DSME's current focus on ethical issues and listen to the difficulties faced by subcontractors in implementing ethical management, conduct an anonymous survey for damage cases resulting from unethical practices of DSME employees.
- Establish and implement disciplinary measures for subcontractors engaged in fraud or corruption
  - Establish the types of fraud, corruption and sanctions criteria and apply them to subcontractors without an exception.’
http://www.dsme.co.kr/epub/management/management06010305.do
A13(a):
Does the company explicitly address the corruption risks associated with offset contracting?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company explicitly addresses the corruption risks associated with offset contracting.

References:
Public:
NA
A13(b):
Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting its offset partners and offset brokers.

References:

Public:
NA
A15:
Does the company have an anti-corruption policy that prohibits corruption in its various forms?

Score:

2

Comments:
Based on public information, there is evidence that the company has an anti-corruption policy that prohibits corruption in its various forms.

References:
Public:
Company Website:
‘DSME Ethical Management
We make every effort to be a clean and trusted company.
A clean organizational culture and ethical business practices are prerequisites for sustainable management.
At DSME, we understand the importance of our role as a good corporate citizen to cultivate a healthy corporate culture and to fulfill our social responsibility through ethical management. By putting those business ethics into practice, not keeping it as a superficial formality, we are also committed to become a trusted and respected company.
DSME Anti-Corruption 3 Principles
1. Zero Tolerance to Corrupt Practice
The company and its employees reject all types of corrupt behavior.
2. Engagement of Leaders in Anti-Corruption Campaign
All leaders should influence their subordinates' ethical behavior and create an ethical environment in their respective organizations.
3. No Leniency for Corruptors
The company will never tolerate an employee or a partner company who are engaged in corrupt practices.’
http://www.dsme.co.kr/epub/management/management06010101.do

Ethics message from the CEO
We at DSME are committed to conducting our business with fairness and transparency.

Zero-tolerance policy for unethical behavior

DSME strictly enforce ethics policies for countering bribery and corruption. We will adopt a zero tolerance approach, an "one-strike" rule, to any bribery, corruption and unethical behavior of our employees, and any partners who engage in unethical business practices will be banned from conducting business with us. Some of our employees and stakeholders may find this procedure rather inconvenient, but please bear with us understanding that "ethical management" is a way toward a bigger cause.

The most important thing is not a system or a policy. It is our attitude. We have to keep our guard up against bribery and corruption so as not to lose the passion and pride we started with and succumb to greed and corrupt behavior, justifying it under the name of a "normal practice".

2013. 10. 16. Message from the CEO’

The first management policy is putting ethical management into daily practice.

Company decided the first management policy in this year should be "putting ethical management into daily practice". To become a top global company true to the name, we are going to establish a strict set of ethical standards and apply a zero tolerance policy while implementing a system to root out corruption and unethical business practices. We must earn the trust of all our stakeholders with transparency and fair business conduct. When we are faithful to our principles and play by the rules, I’m sure we can make a "clean DSME" in every aspect.

2014. 1. 3. New year's message from the CEO’

http://www.dsme.co.kr/epub/management/management06010801.do
A16:
Is the anti-corruption policy explicitly one of zero tolerance?

Score:

2

Comments:
Based on public information, there is evidence that the company has an explicit policy of zero tolerance as set out on its website.

References:
Public:
Company Website, DSME Ethical Management:
‘DSME Anti-Corruption 3 Principles
These principles apply to all employees and board members
1. Zero Tolerance to Corrupt Practice
The company and its employees reject all types of corrupt behavior.
2. Engagement of Leaders in Anti-Corruption Campaign
All leaders should influence their subordinates' ethical behavior and create an ethical environment in their respective organizations.
3. No Leniency for Corruptors
The company will never tolerate an employee or a partner company who are engaged in corrupt practices.’
http://www.dsme.co.kr/epub/management/management06010101.do
A17: Is the company's anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?

Score:

2

Comments: Based on public information, there is evidence that the company’s anti-corruption agenda is easily accessible to Board members, employees and third parties.

References:

Public:
Company Website:
http://www.dsme.co.kr/epub/management/management06010301.do
http://www.dsme.co.kr/epub/management/management06010101.do
http://www.dsme.co.kr/epub/management/management06010201.do
A17(a):
Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?

Score:

2

Comments:
Based on public information, there is evidence that the company’s anti-corruption agenda is easily understandable and clear to Board members, employees and third parties.

References:
Public:
Company Website:
http://www.dsme.co.kr/epub/management/management06010301.do
http://www.dsme.co.kr/epub/management/management06010101.do
http://www.dsme.co.kr/epub/management/management06010201.do
A18:

Does the anti-corruption policy explicitly apply to all employees and members of the Board?

Score:

2

Comments:

Based on public information, there is evidence that the Code of Ethics and the Anti-Corruption principles apply to all employees and Board members.

References:

Public:
Company Website:
‘DSME Anti-Corruption 3 Principles:
These principles apply to all employees and board members
1. Zero Tolerance to Corrupt Practice
The company and its employees reject all types of corrupt behavior.
2. Engagement of Leaders in Anti-Corruption Campaign
All leaders should influence their subordinates’ ethical behavior and create an ethical environment in their respective organizations.
3. No Leniency for Corruptors
The company will never tolerate an employee or a partner company who are engaged in corrupt practices.’
http://www.dsme.co.kr/epub/management/management06010101.do

Code of Ethics
Daewoo Shipbuilding and Marine Engineering strives to provide superior products and services and pursue mutual prosperity with stakeholders with the goal of becoming a respected comprehensive heavy industries group. This Code of Ethics sets forth the company’s ethical standards that must be observed by all employees and board members with trust and passion.’
A20:
Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?

Score:

1

Comments:

Based on public information, there is some evidence that the Company regulates conflicts of interest, but it does not provide a clear definition and illustrative examples to facilitate the implementation. The company therefore scores 1.

References:

Public:
Code of Ethics Implementation Guidelines (July 2012), p.1:

**Code of Ethics Implementation Guidelines**

**Article 1. Purpose**

These Guidelines set forth the major types of unethical conduct and the scope of acceptable activities in order to protect employees, board members and stakeholders from the risk of unethical conduct and to effectively implement the Code of Ethics. These Guidelines apply to all employees and board members.

(pp.2-3):

‘**Article 7. Prohibition of unfair intervention and solicitation**
1. Employees may not exploit their position for wrongful gains or for causing others to reap wrongful gains.
2. Employees may not make solicitations for their promotion, assignment or other HR related matters through acquaintances within or outside the company.
3. Employees may not make solicitations for hiring, promotion, assignment or other HR related matters of family members, relatives or acquaintances to the company or stakeholders.
4. Employees may not make solicitations for supplier registration or business
transactions involving companies run by family members, relatives or acquaintances to the company or stakeholders.’

(p.3):
‘Article 9:
Separation of company and personal affairs

1. Employees may not use the company’s budgets, assets and information for personal gain.
2. Employees shall refrain from false reporting or conduct that runs counter to the company’s interests for the purpose of embellishing their personal performance or their unit’s performance.
3. Employees may not concurrently be employed by another firm or carry out work activities for another firm without the company’s consent.’


http://www.dsme.co.kr/epub/management/management06010202.do
A21:
Does the company have a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery?

Score:

2

Comments:
Based on public information, there is evidence that the company has a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery. TI notes that there is a reference in the Code of Ethics and there is a specific section in the Code of Ethics Implementation Guidelines. A maximum gift limit is stated although TI notes there is no obligation to notify the Ethics Team unless the employee receives the gift against his will.

References:
Public:
Code of Ethics:
‘7. Employees will treat each other with mutual respect as colleagues and refrain from demanding or accepting gifts, entertainment or favors from stakeholders.’

Code of Ethics Implementation Guidelines (July 2012):
‘Article 3. Ban on giving and accepting gifts, entertainment or favors
1. Regardless of whether or not something was expected in return, giving, demanding or accepting gifts, entertainment or favors from stakeholders for any reason is prohibited. However, exceptions are made if the amount is within a generally acceptable level (below KRW50,000) and it is acknowledged that the offering party is acting voluntarily with pure intentions and the gift, entertainment or favor creates no obligation.
2. Acceptance by an employee’s family members, relatives or acquaintances will be regarded as acceptance by the said employee.
3. If an employee inevitably receives a gift, entertainment or favor against his/her will, he/she shall immediately return the said gift, entertainment or favor or the monetary equivalent thereof and notify the Ethics Team.’
A22:

Does the company’s anti-corruption policy include a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery?

Score:

2

Comments:

Based on public information, there is evidence that the company has a policy for the giving and receipt of hospitality (‘entertainment/favors’) to ensure that such transactions are bona fide and not a subterfuge for bribery. TI notes that there is a reference in the Code of Ethics and there is a specific section in the Code of Ethics Implementation Guidelines. A maximum hospitality limit is stated although TI notes there is no obligation to notify the Ethics Team unless the employee receives the hospitality against his will.

References:

Public:
Code of Ethics:
‘7. Employees will treat each other with mutual respect as colleagues and refrain from demanding or accepting gifts, entertainment or favors from stakeholders.’

Code of Ethics Implementation Guidelines (July 2012), p.1:
‘Article 3. Ban on giving and accepting gifts, entertainment or favors
1. Regardless of whether or not something was expected in return, giving, demanding or accepting gifts, entertainment or favors from stakeholders for any reason is prohibited. However, exceptions are made if the amount is within a generally acceptable level (below KRW50,000) and it is acknowledged that the offering party is acting voluntarily with pure intentions and the gift, entertainment or favor creates no obligation.
2. Acceptance by an employee’s family members, relatives or acquaintances will be regarded as acceptance by the said employee.
3. If an employee inevitably receives a gift, entertainment or favor against his/her will, he/she shall immediately return the said gift, entertainment or favor or the monetary equivalent thereof and notify the Ethics Team.’
A23:

Does the company have a policy that explicitly prohibits facilitation payments?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a policy that explicitly prohibits facilitation payments.

References:

Public:
TI notes:
Code of Ethics Implementation Guidelines (July 2012), p.1:
‘Article 3. Ban on giving and accepting gifts, entertainment or favors
1. Regardless of whether or not something was expected in return, giving, demanding or accepting gifts, entertainment or favors from stakeholders for any reason is prohibited.’
A24:

Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent? Does the company record and publicly disclose all political contributions?

Score:

2

Comments:

Based on public information, there is evidence that the company prohibits political contributions in order to prevent undue influence or other corrupt intent.

References:

Public:
Code of Ethics Implementation Guidelines (July 2012), p.3:
‘Article 10. Prohibition of political activities
1. Employees may express their personal political views. However, they must clearly convey that such views are personal views and do not represent the company’s official position.
2. Employees may not engage in any form of political activity within the company, and may not utilize the company’s organizational units, personnel or property for political purposes.’
A25:

Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, or discloses the issues on which the company lobbies.

References:

Public:

TI notes:

Code of Ethics Implementation Guidelines (July 2012), p.1:

‘Article 3. Ban on giving and accepting gifts, entertainment or favors

1. Regardless of whether or not something was expected in return, giving, demanding or accepting gifts, entertainment or favors from stakeholders for any reason is prohibited.’

A25(a):
Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company prohibits charitable contributions, or regulates such contributions in order to prevent undue influence or other corrupt intent.

References:
Public:
TI notes:
2014 Sustainability Report, p.47:
A26:

Does the company provide written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda?

Score:

1

Comments:

Based on public information, there is some evidence that the company provides written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda. Specifically, there is the Code of Ethics Implementation Guidelines which gives examples of certain conduct or situations which are not permitted. However, it is not clear from the website if there is other written guidance available. The company therefore scores 1.

References:

Public:
Code of Ethics Implementation Guidelines (July 2012):
A27:
Does the company have a training programme that explicitly covers anti-corruption?

Score:
2

Comments:
Based on public information, there is evidence that the company has an ethics training programme that includes anti-corruption elements.

References:
Public: Company Website: ‘Education-PR Ethics Education
Ethics Training Focus
- Understanding the ethics policy and systems against corruption
- Attitude and behavior change of employees

Training Topics
- Understanding ethical management
- Ethical standards and anti-corruption policy
- Examples of unethical practices, ethical dilemmas, prevention of sexual harassment

Training Programs
- Online: DSME customized training (5hrs) mandatory for all employees including expatriate employees
- Offline: ethics class for executives/leaders, ethics training for new managers, new foremen and new hires, ethics training by employee level, ethics training for employees engaged in sensitive tasks (Contracting job for subcontractors and suppliers etc.), ethics training for subcontractors and suppliers

Ethics Conference
- Achieving consensus on ethical practices, conferences are held to accept suggestions, concerns, and complaints directly from the employees on the job.
Hosted by the Corporate Auditing & Consulting Team, it provides a communication window among the employees at all levels such as group leaders, mid-level managers/supervisors, female employees, and managers of subcontractors.

Ethics Letters
- Sent by the top ethical management officer to all companies at the beginning of each year.
- Emphasize the applicable year's ethical management focus to all employees and request that they put ethical management into practice.

Evaluate the level of practice on DSME ethical management
Everybody is welcome to participate'
http://www.dsme.co.kr/epub/management/management06010303.do

Ethics Pledge
- Yearly online ethics pledge signing is to remind all employees of Code of Ethics.

Ethics Counseling
- Window to ask trained counselors for ethic dilemma questions and get answers.
- Various methods such as visit, phone, mail, fax and e-mail are available.

Whistleblower System
- The system is designed to set standards for reporting and processing unethical conducts and to protect and reward the 'whistle-blowers'.
- It is a base for recognizing and correcting problems and preventing ethical disasters in advance.
- eventually leading to a more mature internal reporting culture.

Unethical Risk Map
- It defines types of possible unethical conducts of each organization and evaluates the likelihood and its impact.
- It is intended to increase management abilities of each organization handling unethical risks.

Voluntary ethical practice initiative
- Promote an attitude and behavior change of individuals and organizations through voluntary audits on a regular basis (Through voluntary audit checklist)
- Prevent the ethical risks by identifying and improving a process vulnerable to unethical practices (ethical challenge tasks)
- Encourage enterprise-wide participation (all organizations, all directors and employees)
- Apply levels of participation to performance evaluations by individual and organization

1. Checklist for voluntary audits
Monitor each individual's attitude and behavior voluntarily against work ethics on a monthly regular basis
Audit work processes voluntarily for any vulnerability or unethical factor on a monthly regular basis

2. Activities for addressing ethical challenge tasks
Select ethical challenge tasks for improvement by prioritizing ethical issues that are identified at each organization
Remove and prevent any ethical risks through continuous cooperation to address the challenges

DSME work ethics index survey
Measure the level of work ethics of DSME employees and partner employees
Use the data for improving the enterprise-wide level of ethics and encourage voluntary improvement efforts by providing the feedback to each organization
Create a ripple effect for employees and partners in the process through the company's commitment and expectations to ethical management

Evaluate the level of practice on DSME ethical management | System-Program
Everybody is welcome to participate'
http://www.dsme.co.kr/epub/management/management06010302.do

Time line for 2014:

‘2014

Jan
- Ethics training for new hires
- Ethics policy briefing for suppliers
- "No exchange of gifts on holidays" promotion

Feb
- Ethics training for subcontractor representatives
- Ethics training for the DSME Heavy Industry Academy students
- Special ethics training for Subcontractor Management Team members

Mar
- Ethics training for BIDC (subsidiary)
- Voluntary ethical practice initiative began

Apr
- Ethics training for Shinhan Machinery (subsidiary)
- The 1st "Ethics Day" observed

May
- Ethics training for suppliers
- Ethics training for new foremen’

http://www.dsme.co.kr/epub/management/management06010104.do
A28: Is anti-corruption training provided in all countries where the company operates or has company sites?

Score: 2

Comments: Based on public information, there is evidence that anti-corruption training is provided for all employees, including expatriate employees.

References:

Public: Company Website: 'Education·PR Ethics Education Ethics Training Focus
- Understanding the ethics policy and systems against corruption
- Attitude and behavior change of employees Training Topics
- Understanding ethical management
- Ethical standards and anti-corruption policy
- Examples of unethical practices, ethical dilemmas, prevention of sexual harassment Training Programs
- Online: DSME customized training (5hrs) mandatory for all employees including expatriate employees
- Offline: ethics class for executives/leaders, ethics training for new managers, new foremen and new hires, ethics training by employee level, ethics training for employees engaged in sensitive tasks (Contracting job for subcontractors and suppliers etc.), ethics training for subcontractors and suppliers Ethics Conference
- Achieving consensus on ethical practices, conferences are held to accept suggestions, concerns, and complaints directly from the employees on the job.
Hosted by the Corporate Auditing & Consulting Team, it provides a communication window among the employees at all levels such as group leaders, mid-level managers/supervisors, female employees, and managers of subcontractors.

Ethics Letters

- Sent by the top ethical management officer to all companies at the beginning of each year.
- Emphasize the applicable year's ethical management focus to all employees and request that they put ethical management into practice.

Evaluate the level of practice on DSME ethical management │ Education-PR
Everybody is welcome to participate’

http://www.dsme.co.kr/epub/management/management06010303.do
A29:
Does the company provide targeted anti-corruption training to members of the Board?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company provides targeted anti-corruption training to members of the Board.

References:
Public:
NA
A30: Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score: 1

Comments: Based on public information, there is some evidence that the company provides tailored ethics training to employees in sensitive positions. However, it is unclear whether this tailored training specifically covers anti-corruption or how it is tailored to different levels of risk. The company therefore scores 1.

References:
Public: Company Website:
‘Training Programs
- Online: DSME customized training (5hrs) mandatory for all employees including expatriate employees
- Offline: ethics class for executives/leaders, ethics training for new managers, new foremen and new hires, ethics training by employee level, ethics training for employees engaged in sensitive tasks (Contracting job for subcontractors and suppliers etc.), ethics training for subcontractors and suppliers’

http://www.dsme.co.kr/epub/management/management06010303.do
A31:
Does the company have a clear and formal process by which employees declare conflicts of interest?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has a clear and formal process by which employees declare conflicts of interest.

References:
Public:
TI notes:
DSME Whistleblowing Program:
http://www.dsme.co.kr/epub/management/management06010501.do
A32: 
Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?

Score:

1

Comments:

Based on public information, there is evidence that the company may apply disciplinary procedures to employees and Board members who have violated its anti-corruption policy in accordance with its regulations and the law. TI notes the additional company commitment that there will be ‘No Leniency for Corruptors’. However, this statement is not equal to an explicit commitment to apply disciplinary measures to employees, Directors and Board members found to have engaged in corrupt activities. The company therefore scores 1.

References:

Public:
Company Website:
‘DSME Anti-Corruption 3 Principles
These principles apply to all employees and board members
1. Zero Tolerance to Corrupt Practice
The company and its employees reject all types of corrupt behavior.
2. Engagement of Leaders in Anti-Corruption Campaign
All leaders should influence their subordinates' ethical behavior and create an ethical environment in their respective organizations.
3. No Leniency for Corruptors
The company will never tolerate an employee or a partner company who are engaged in corrupt practices.
http://www.dsme.co.kr/epub/management/management06010202.do

Code of Ethics Implementation Guidelines (July 2012), p.1:
Article 12. Compliance with regulations

1. Employees shall abide by the Code of Ethics and the Implementation Guidelines. Employees guilty of violation may be subject to disciplinary measures in accordance with company regulations and legal action under criminal and civil laws.‘

http://www.dsme.co.kr/epub/management/management06010202.do
A33:
Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?

Score:

1

Comments:
Based on public information, there is evidence that the company has some channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee, to report concerns or instances of suspected corrupt activity. However, there is no evidence that employees can report to an independent channel. The company therefore scores 1.

References:
Public:
Company Website, Whistleblower system (Ombudsman):
‘The purpose of this system is to clearly articulate and effectuate an internal reporting process of any inappropriate activities (unlawful/unethical/corrupt activities) that can occur inside and outside of the company in the ordinary course of business.’

Reporting Process:
‘1. Applicable Activities
1.1 Accepting inappropriate bribes, entertainment, or favors from stakeholders
1.2 Taking advantage of his/her job position to gain profit or causing damage to the company
1.3 Interfering with other employee’s work to benefit oneself or others
1.4 Disclosing company's confidential information and customer information without permission
1.5 Collusion among stakeholders such as bid rigging to close a deal
1.6 Spreading malicious rumors and lies and damaging the company image or reputation of certain employees
1.7 Retaliation against whistle-blowers by exposing the identity or unfair treatments
1.8 Other activities in violation of code of ethics, employee code of conduct, and laws
2. How to File a Report

2.1 Although anonymous reporting is allowed under certain circumstances, using a real name is recommended.

2.2 Include the name of reporter (if reporting with real name) and the information of the person involved in the alleged misconduct in detail and provide the supporting documents if there is any.

2.3 Where to File

(1) Online Report Channel: Company Website (www.dsme.co.kr) or Company Portal (DSME Portal)
(2) Visit the Corporate Ethics Team or Call: Phone) 055-2321~5, Fax) 055-680-7177
(3) Report by Mail: 1 Aju-dong, Geoje-si, Gyeongsangnam-do, DSME, Corporate Ethics Team (657-710)
(4) Reports can also be filed at different locations by different methods upon request.

3. Duty of a Whistleblower

A person who reports must not intentionally make a false accusation to defame or slander others.

4. Follow-up Procedures

4.1 The Corporate Ethics Team verifies the submitted information as soon as possible.

4.2 Reports the submitted information and the result of the verification to the Chief Ethical Officer and conducts an investigation. However, if after reviewing the submitted information, the alleged violation is determined to be not applicable or its obscurity makes it impossible to verify the report, or it is a minor violation that is not sufficient merit to an investigation, the Office can close the case at its sole discretion.

4.3 When the report turns out to be a false accusation, the applicable department can request disciplinary action against reporter to degree of damage.

4.4 Once the approval by the manager who has the authority is obtained, any disciplinary or corrective action necessary will be notified to the pertinent department.’

Protection of the Whistleblower:

1. Prohibition of Exposing Identity or Tracking Down

1.1 Any employee who accidently or in his/her course of business comes across the identity of a reporter or the submitted claim shall not disclose the pertinent information to anybody.

1.2 The person involved in the alleged misconduct or anyone from his/her department shall not make any attempts to find out the identity of reporter by asking the Corporate Ethics Team or questioning other employees.

1.3 Anybody who violates any one of the above articles is subject to disciplinary action.

2. Managing the Exposed Whistleblowers and Prohibition of Unfair Treatment against the Whistleblower

2.1 When a reporter’s identity is exposed, he/she shall report the incident to the Corporate Ethics Team, who will then track down the route and request disciplinary action.

2.2 Any discrimination or unfair treatment against reporter is prohibited, and any violator is
subject to disciplinary action.

2.3 When a reporter believes he/she was discriminated or received unfair treatment or such actions are expected, he/she will request the Corporate Ethics Team for protection measures, such as a change of position. The Corporate Ethics Team shall make their best efforts to solve the situation without detriment to reporter after conducting through research.’

http://www.dsme.co.kr/epub/management/management06010505.do#tab2

Company Website:
‘Whistle-blower Rewards & Protection

Information on the self-reporting system

- Self-report of unethical conduct
- The identity of the reporter and the provided information are protected under the whistleblower protection act.
- The applicable disciplinary actions may be reduced or exempted.
  (No monetary reward is provided.)

Applicable Activities

- Accepting inappropriate bribes, entertainment, or favors from stakeholders
- Taking advantage of his/her job position to gain profit or causing damage to the company
- Interfering with other employee’s work to benefit oneself or others
- Disclosing company’s confidential information and customer information without permission
- Collusion among stakeholders such as bid rigging to close a deal
- Retaliation against whistle-blowers by exposing the identity or unfair treatments
- Other activities in violation of code of ethics, employee code of conduct, and laws
- Breach of mutual growth agreements and fair transaction agreements with subcontractors
  - Report corrupt or unfair business activities of subcontractors

How to File a Report

- Although anonymous reporting is allowed under certain circumstances, using a real name is recommended.
- If a report is submitted anonymously, it should be explicitly stated with evidence to be under investigation.
- A report must not be intentionally made for a false accusation to defame or slander others.

Whistle-blower Rewards

- Reward up to 50 million won for reporting acceptance of a bribe, entertainment, or favors
- Reward up to 500 million won for a report resulted in increasing profit or reducing
loss to the company.

- Please refer to 'Whistle-blowing System' for more information on rewards and calculation methods.

**Protection of Whistle-blower**

- The identity of whistle-blowers and the report shall be kept in confidence
- Exposing identity or tracking down is prohibited (violators are subject to disciplinary action)
- Retaliation against the whistle-blower or unfair treatment is prohibited (violators are subject to disciplinary action)

**Other Report Channels**

- Phone | 055-735-9091~6
- FAX | 055-735-1277
- Mail | 1 Aju-dong, Geoje-si, Gyeongsangnam-do, DSME. Audit & Assurance Service Team Audit & Assurance Service Group 2
- Reports can also be filed at different locations by different methods upon request.'


‘Filing a Report
Everybody is encouraged to report any suspected inappropriate activities within or outside the company.

- Report with Real-Name
- Report Anonymously

※ If a report is submitted anonymously, you will not receive an e-mail, SMS notification or any compensation.

<table>
<thead>
<tr>
<th>Name</th>
</tr>
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<tbody>
<tr>
<td>Title</td>
</tr>
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</table>

Description

* Maximum of 5000 characters

| Attachments | files search |
※ Check either [Email Notification] or [SMS Notification] to receive a report status message.

E-mail  @  E-mail Notification

Cell Phone  SMS Notification

Agreement on the Collection of Personal Information

Terms and Conditions of Handling Personal Information

This report collect necessary personal information

We may need ‘email address’, ‘cell phone number’ for the purpose of better communication channel to give additional information and to receive the result of this report by DSME

Agree  Disagree

http://www.dsme.co.kr/epub/cv/vc/cvvc020Q.do
A33(a):
Are the whistleblowing channels available to all employees in all geographies?

Score:
1

Comments:
Based on public information, there is evidence that across geographies all employees have access to one whistleblowing channel, the Audit & Assurance Service Team, available by phone, fax and mail. The company therefore scores 1.

References:
Public:
Company Website
Other Report Channels
- Phone | 055-735-9091~6
- FAX | 055-735-1277
- Mail | 1 Aju-dong, Geoje-si, Gyeongsangnam-do, DSME. Audit & Assurance Service Team Audit & Assurance Service Group 2
- Reports can also be filed at different locations by different methods upon request.’
http://www.dsme.co.kr/epub/management/management06010501.do

‘Filing a Report
Everybody is encouraged to report any suspected inappropriate activities within or outside the company.

_report with Real-Name  Report Anonymously
※ If a report is submitted anonymously, you will not receive an e-mail, SMS notification or any compensation.
Name
Title

Description
* Maximu of 5000 characters

Attachments
files search

※ Check either [Email Notification] or [SMS Notification] to receive a report status message.

E-mail @ E-mail Notification
Cell Phone SMS Notification

Agreement on the Collection of Personal Information
Terms and Conditions of Handling Personal Information
This report collect necessary personal information
We may need ‘email address’, ‘cell phone number’ for the purpose of better communication channel to give additional information and to receive the result of this report by DSME

Agree □ Disagree’

http://www.dsme.co.kr/epub/cv/vc/cvvc020Q.do
A33(b):
Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?

Score:
0

Comments:
Based on public information, there is no readily available evidence of formal and comprehensive mechanisms by which the company assures itself that whistleblowing by employees is not deterred, or that whistleblowers are treated supportively.

References:
Public:
TI notes:
Company Website, Whistleblower system (Ombudsman):
‘The purpose of this system is to clearly articulate and effectuate an internal reporting process of any inappropriate activities (unlawful/unethical/corrupt activities) that can occur inside and outside of the company in the ordinary course of business.’
Reporting Process:
‘1. Applicable Activities
1.1 Accepting inappropriate bribes, entertainment, or favors from stakeholders
1.2 Taking advantage of his/her job position to gain profit or causing damage to the company
1.3 Interfering with other employee's work to benefit oneself or others
1.4 Disclosing company's confidential information and customer information without permission
1.5 Collusion among stakeholders such as bid rigging to close a deal
1.6 Spreading malicious rumors and lies and damaging the company image or reputation of certain employees
1.7 Retaliation against whistle-blowers by exposing the identity or unfair treatments
1.8 Other activities in violation of code of ethics, employee code of conduct, and laws
2. How to File a Report

DSME 21/11/14
HTTP://WWW.DSME.CO.KR
2.1 Although anonymous reporting is allowed under certain circumstances, using a real name is recommended.

2.2 Include the name of reporter (if reporting with real name) and the information of the person involved in the alleged misconduct in detail and provide the supporting documents if there is any.

2.3 Where to File

(1) Online Report Channel: Company Website (www.dsme.co.kr) or Company Portal (DSME Portal)

(2) Visit the Corporate Ethics Team or Call: Phone 055-2321-5, Fax 055-680-7177

(3) Report by Mail: 1 Aju-dong, Geoje-si, Gyeongsangnam-do, DSME, Corporate Ethics Team (657-710)

(4) Reports can also be filed at different locations by different methods upon request.

3. Duty of a Whistleblower

A person who reports must not intentionally make a false accusation to defame or slander others.

4. Follow-up Procedures

4.1 The Corporate Ethics Team verifies the submitted information as soon as possible.

4.2 Reports the submitted information and the result of the verification to the Chief Ethical Officer and conducts an investigation. However, if after reviewing the submitted information, the alleged violation is determined to be not applicable or its obscurity makes it impossible to verify the report, or it is a minor violation that is not sufficient merit to an investigation, the Office can close the case at its sole discretion.

4.3 When the report turns out to be a false accusation, the applicable department can request disciplinary action against reporter to degree of damage.

4.4 Once the approval by the manager who has the authority is obtained, any disciplinary or corrective action necessary will be notified to the pertinent department.’

Protection of the Whistleblower:

‘1. Prohibition of Exposing Identity or Tracking Down

1.1 Any employee who accidently or in his/her course of business comes across the identity of a reporter or the submitted claim shall not disclose the pertinent information to anybody.

1.2 The person involved in the alleged misconduct or anyone from his/her department shall not make any attempts to find out the identity of reporter by asking the Corporate Ethics Team or questioning other employees.

1.3 Anybody who violates any one of the above articles is subject to disciplinary action.

2. Managing the Exposed Whistle blowers and Prohibition of Unfair Treatment against the Whistle blower

2.1 When a reporter's identity is exposed, he/she shall report the incident to the Corporate Ethics Team, who will then track down the route and request disciplinary action.

2.2 Any discrimination or unfair treatment against reporter is prohibited, and any violator is subject to disciplinary action.
2.3 When a reporter believes he/she was discriminated or received unfair treatment or such actions are expected, he/she will request the Corporate Ethics Team for protection measures, such as a change of position. The Corporate Ethics Team shall make their best efforts to solve the situation without detriment to reporter after conducting through research.’
http://www.dsme.co.kr/epub/management/management06010505.do#tab2

Company Website:
‘Protection of Whistle-blower
- The identity of whistle-blowers and the report shall be kept in confidence
- Exposing identity or tracking down is prohibited (violators are subject to disciplinary action)
- Retaliation against the whistle-blower or unfair treatment is prohibited (violators are subject to disciplinary action)’
http://www.dsme.co.kr/epub/management/management06010501.do
A34:
Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:

2

Comments:
Based on public information, there is evidence that the company has well-publicised resources available to all employees where help and advice can be sought on corruption-related issues, including trained counsellors.

References:

Public:
Company Website:
‘Ethics Counseling
• Window to ask trained counselors for ethic dilemma questions and get answers.
• Various methods such as visit, phone, mail, fax and e-mail are available.

Ethics Training Focus
• Understanding the ethics policy and systems against corruption
• Attitude and behavior change of employees

Training Topics
• Understanding ethical management
• Ethical standards and anti-corruption policy
• Examples of unethical practices, ethical dilemmas, prevention of sexual harassment

Training Programs
• Online : DSME customized training (5hrs) mandatory for all employees including expatriate employees
• Offline : ethics class for executives/leaders, ethics training for new managers, new foremen and new hires, ethics training by employee level, ethics training for employees engaged in sensitive tasks(Contracting job for subcontractors and suppliers etc.), ethics training for subcontractors and suppliers
Achieving consensus on ethical practices, conferences are held to accept suggestions, concerns, and complaints directly from the employees on the job. Hosted by the Corporate Auditing & Consulting Team, it provides a communication window among the employees at all levels such as group leaders, mid-level managers/supervisors, female employees, and managers of subcontractors.

http://www.dsme.co.kr/epub/management/management06010302.do
A35: Is there a commitment to non-retaliation for bona fide reporting of corruption?

Score:

2

Comments:
Based on public information, there is evidence that the company has a clear, non-retaliation policy for bona fide reporting of corruption. The company states that employees breaching this policy are ‘subject to disciplinary action’.

References:
Public:
Code of Conduct Implementation Guidelines (July 2012), p.4:
‘The Ethics Team will faithfully investigate all reported cases and protect the informants’ identity and confidentiality. The Ethics Team will take all steps necessary to ensure that informants do not receive unjust treatment or disadvantages for reporting a case. Employees who become aware of an informant’s identity by chance or during the course of carrying out their duties shall not reveal the informant’s identity.’

Company Website:
‘Protection of Whistle-blower

- The identity of whistle-blowers and the report shall be kept in confidence
- Exposing identity or tracking down is prohibited (violators are subject to disciplinary action)

Retaliation against the whistle-blower or unfair treatment is prohibited (violators are subject to disciplinary action)’
http://www.dsme.co.kr/epub/management/management06010501.do
Information Sources:

Company website:
www.dsme.co.kr

Company Website: Statement by President & CEO JaehoKo (March 2014):
http://www.dsme.co.kr/epub/investment/investment0101.do

Annual Report (2013):
https://www.dsme.co.kr/epub/iv/sr/ivsr010Q.do?is_type=earp

Company Website, Ethics message from the CEO:
http://www.dsme.co.kr/epub/management/management06010801.do

Code of Ethics:

Code of Ethics Implementation Guidelines (July 2012):