

BRIDGE to the FUTURE

GS Caltex 2010 Sustainability Report



GS Caltex 2010 SUSTAINABILITY REPORT

BRIDGE TO THE FUTURE

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ABOUT THIS REPORT

This is **GS Caltex's** 6th annual Sustainability Report.

At **GS Caltex**, we consider sustainability reporting as a channel to present our sustainability management activities in a transparent manner, thereby communicating with our stakeholders and contributing towards the sustainable development of our society.

Features of This Report

This report observes the material issues identified through communication with our stakeholders. It contains our CSR strategy framework which was formed upon ISO 26000, showing where we're headed down the road in advancing towards sustainability management.

We continue to publish our sustainability reports annually and report according to the Global Reporting Initiative(GRI)'s G3.1 guidelines. The latest report was published in June of 2010. Its reporting scope, boundary and data calculation methodology are identical to the 2009 report.

Reporting Period and Scope

This report concentrates on performance and activities from January 1st to December 31st 2010 and provides our performance trajectory over the past three years from 2008. All the data disclosed in this report was calculated based on computer management systems in respective business domains and through the statistics from relevant divisions. Data from the 2008 and 2009 performance reports were reinstated in this report, as the calculation methodology has remained unchanged during the period in concern.

This report covers our activities at our corporate headquarters in Seoul and the Yeosu Complex. It partially contains data on New & Renewable Energy R&D Center, terminals, service stations and subsidiaries.

Assurance

This report was assured under ISO 26000, GRI G3.1 guidelines and AA 1000 Assurance Standard 2008 and was rated GRI A+ Application Level by Korean Standards Association's independent assurance audit.

- For Further Information -

For additional information on sustainability management at **GS Caltex** and relevant in-house and outside activities, please feel free to visit our corporate website at (<http://www.gscaltex.com>) or contact the Green & Environment Planning Team at (Tel: 02-2005-6158, Fax: 02-565-5168).

Financial reports can be viewed at DART(Data Analysis, Retrieval and Transfer System) website(<http://dart.fss.or.kr>).



2010 HIGHLIGHTS

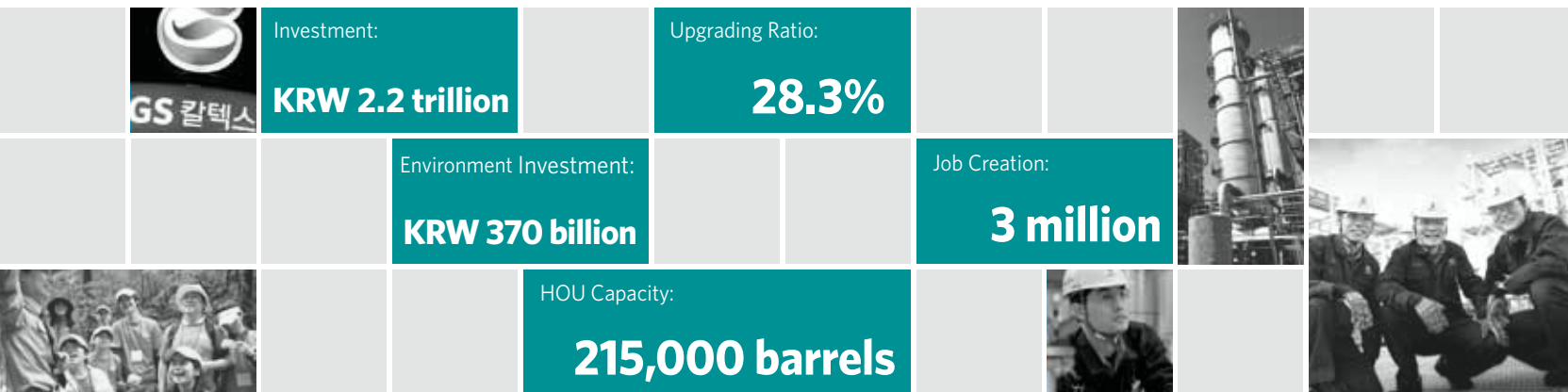
Our No. 3 heavy oil upgrading facility(HOU), Vacuum Residue Hydrocracker(VRHCR), started full operations in December of 2010, bringing a positive rippling effect throughout our economy, environment and society.

This state-of-the-art technology was brought to life by **GS Caltex** for the first time both in Korea and Asia and ranks 7th in the world. This remarkable feat comes after a 26-month construction that began in October of 2008. The No. 3 HOU at **GS Caltex** is the industry's largest in Korea and boasts the level of competitiveness that is incomparable to any domestic competitor.



Economic Benefits

- Industry's Largest Investment: KRW 2.2 trillion
- Increased Exports: Turning low value extra heavy oil into high-end cleaner light and middle distillates, all of which were exported overseas
- Cost Reduction: Cutting cost by utilizing low-price heavy oil



Social Benefits

- Job Creation: 3 million per annum
- Development of Local Economy: Working with local companies in 80% of the construction work
- Enhanced Competitiveness of Partner Companies: Boosting related businesses near the Yeosu Industrial Complex and assisting partner companies improve their technology competitiveness.

Environmental Benefits

- Large-Scale Environmental Investment: KRW 370 billion
- Elimination and Recovery of Sulfur: Daily elimination and recovery of 450 tons of sulfur through the decomposition and desulfurization of feedstock extra heavy oil
- Prevention of Soil Contamination: Pipelines and facilities that are built on the ground, not underground, in order to prevent soil contamination



* Vacuum Residue: This refers to a relatively heavy kind of bunker-C oil that is produced when atmospheric residue goes through the vacuum distillation process

* Hydrodesulfurization(HDS) Unit: Produces light products such as gasoline, kerosene and diesel from extra heavy oil as a feedstock and hydrogen as a catalyst. The HDS unit is considered environmentally-friendly as it generates high-quality light products by capturing sulfur out of the reaction between hydrogen and extra heavy oil that is even heavier than usual heavy oil feed stock including bunker C oil used for ordinary cracking units.

MESSAGE from the CEO:



Bridge to the Future

With the management goal of building a 'Bridge to the Future', we strive to address imminent challenges wisely by conducting our business more responsibly.

Dear Stakeholders
of **GS Caltex**:

With green growth establishing its presence as a new global paradigm, we recognize the social demands for eco-friendly business growth in diversity as well. To this end, we have set the management goal of building a 'Bridge to the Future' at **GS Caltex** and deal with imminent challenges wisely by conducting our business more responsibly.

In the face of sustained uncertainties in the business environment such as political instability in the Middle East and surging oil prices, we continue with large-scale investments in order to lead the green market. In particular, our No. 3 heavy oil upgrading facility (an eco-friendly HOU unit) commenced commercial operations in December of 2010 and the No. 4 HOU is to be completed by 2013.

Corporate Leader in Driving Green Growth
Ambitious Investments for a Greener Future

We invest in making our existing businesses more eco-friendly as well as ensuring we are ready to cope with changes in the future energy environment. With multi-faceted R&D activities, we engage in businesses such as core materials for rechargeable battery, thin-film battery and waste-to-energy conversion. In addition, we have wide-ranging social-giving initiatives under the slogan of 'Beautiful World through Energy Sharing'.

In 2010, reflecting the feedback from our stakeholders, we set forth corporate social responsibility strategies based on the ISO 26000, an international social responsibility standard, and joined the UN Global Compact to show our commitment towards sustainability management. As a chair of the Korea Business Council for Sustainable Development(KBCSD), **GS Caltex** attended the G20 Business Summit held in Seoul and presented future ways for businesses to expand. These included a carbon reduction model and an eco-friendly win-win management system. These presentations demonstrated that **GS Caltex** lives up to its social responsibilities in sustainable development as an industry leader.

To Be the Most Competitive Company
in the Industry

Our aim is to pursue sustainability management as a responsible green energy provider and ultimately become the most respected and competitive company in the industry. We sincerely ask our stakeholders' for their continued interest and support.

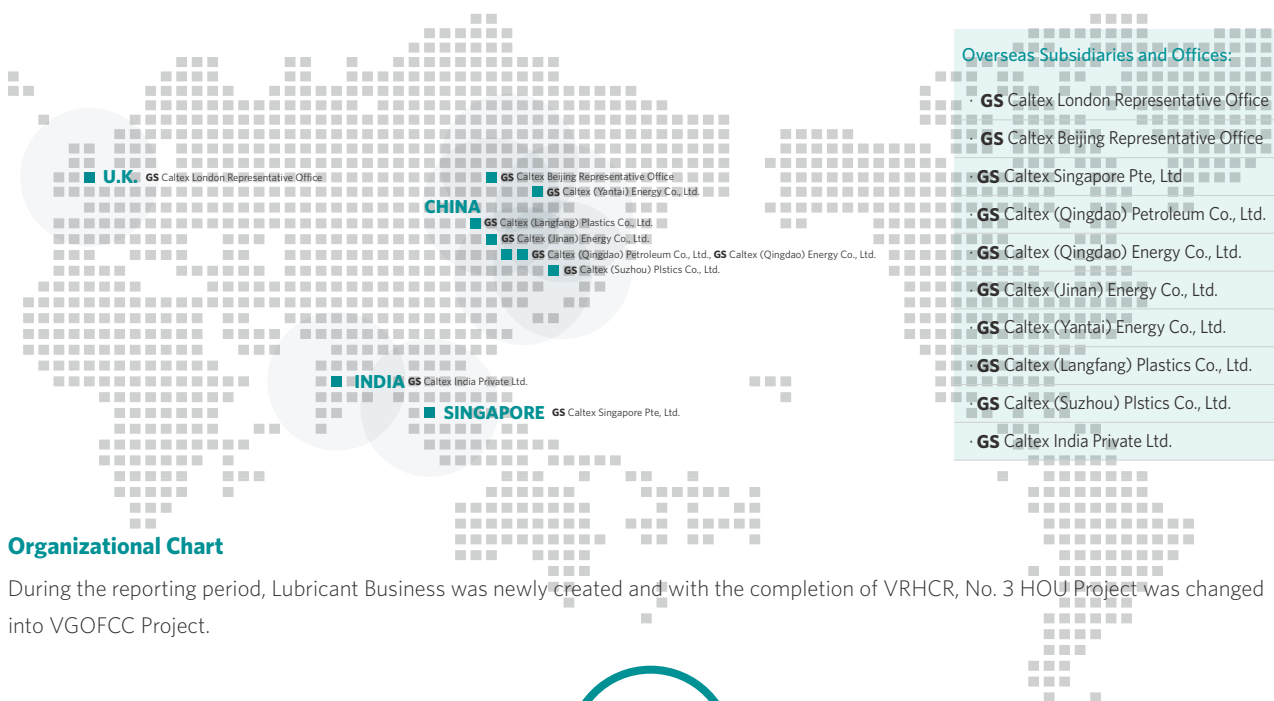
June 2011
Chairman & CEO
Dong-Soo Hur



Company Profile

Domestic Establishments

Company Name:	GS Caltex Corporation
Date of Establishment:	May 19, 1967 (Registered as Honam Oil Refinery Co., Ltd.)
Organizational Structure:	8 headquarter divisions, 2 divisions reporting directly to CEO, 1 project(VGOFCC Project)
Headquarters:	Headquarters-GS Tower, 679 Yeoksam-dong, Gangnam-gu, Seoul, Korea Yeosu Complex-1056 Wolrae-dong, Yeosu City, Jeonnam Province, Korea
Overseas Office and Subsidiary:	Singapore, China, UK(London) and India
Organizational Size:	No. of employees-3,256 / Net sales-KRW 35 trillion
Flagship Brands:	    



Organizational Chart

During the reporting period, Lubricant Business was newly created and with the completion of VRHCR, No. 3 HOU Project was changed into VGOFCC Project.



Business Domain

At **GS Caltex**, we do our utmost to maintain our leadership position in the energy industry, expanding our business expertise across the entire industry spectrum starting from Petroleum, Petrochemicals, Base oil & Lubricants to Electric & District Heating, LNG & City Gas, overseas Exploration & Production, New & Renewable energy and Eco-Business.

Petroleum

We are able to produce 760,000 barrels daily and export more than half our total production across the globe. We also import crude oil from the Middle East Russia and Africa in a bid to diversify our crude oil suppliers.

Petrochemicals

In 1988, we built a polypropylene plant with naphtha that was generated at oil refinery facilities in an aim to diversify our business. Starting with an aromatics business in 1990, we produced a variety of petrochemical products ranging from everyday items to advanced materials.

Base Oil and Lubricants

Our base oil production capacity was 23,000 BPSD as of 2010 and this will increase to 26,000 BPSD by 2011.

With production capacity at 9,000 barrels of lubricants daily and 8,000 tons of grease products annually, we are the No. 1 leader in the Korean lubricant finished products market in terms of market share and sales.

Electric & District Heating

We produce and supply electric power and district heating from LNG combined-cycle power plants via our subsidiary company **GS Power Co., Ltd.** and an affiliated company **GS EPS Co., Ltd.**

Established in 1996, **GS EPS** operates 1,000,000 kW (two 500,000 kW) LNG combined-cycle power plants in Dangjin-gun in South Chungcheong Province. **GS Power** which was established in 2000, operates a combined heat and power plant as well as district heating facilities with a 900,000 kW capacity in the Anyang and Bucheon areas.

LNG & City Gas

Since our first import of LNG for internal use in 2009, we imported 250,000 tons (4 cargoes) of LNG in 2010. We plan to consistently expand our LNG imports above the 1.5 million ton-mark per year for internal and LNG power plants alike. We also ensure a stable supply of safe and user-friendly city gas via subsidiaries such as Haeyang City Gas and Seorabeol City Gas.

Exploration & Production

With the long-term objective of internally sourcing 10 % of our crude oil needs (based on daily refining capacity), we actively pursue business opportunities in upstream project development. Since the off-shore Cambodian exploratory project in 2003, we have been working on 7 exploratory projects to date. With **GS Holdings** having equities in 7 upstream projects, the number of projects we are currently involved in stands at 14.

New & Renewable Energy

We invest in such green technologies as fuel cells, carbon materials, hydrogen stations, photovoltaic-powered gas stations and bio fuel to both support the low-carbon green-growth policies of the national government and to discover future engines of growth. We are also expanding the scope of our green business into smart grid test-bed projects and the recycling of waste and waste catalysts.

Eco-Business

We are paving the way towards becoming a global leading energy provider with large-scale investments in green business. Our investments in eco-business follow a two-pronged strategy: first, to make our existing business more environment-friendly and second, to seek out new green business opportunities.

Our top priority in these regards is to improve 'energy efficiency' and to ensure sustained production and distribution of high value-added and clean energy with large-scale investments in eco-business.

Corporate Governance

Since its establishment in 1967, **GS Caltex** has strived to make business operations more transparent with decision-making process led by Board of Directors. Committees were also set up to push ahead with sustainable management to increase the corporate values for the shareholders and stakeholders.

Decision-Making Process Led by the Board of Directors

GS Caltex was founded in 1967 with the aim to import, manufacture, and sell petroleum products. The company is a 50:50 joint venture between **GS Holdings** and Chevron. and there were no significant changes in the company ownership structure in 2010.

Board of Directors: Structure and Activities

GS Holdings and Chevron nominate director candidates in accordance with respective internal procedures based on qualifications and expertise and the directors are appointed at the General Meeting of Shareholders.

Our BOD is made up of 10 executives with industry expertise and risk management capabilities and the CEO of **GS Caltex** serves as the chairman. Out of the ten directors, 4 members are from **GS Caltex**, 1 from **GS Holdings**, and 5 are from Chevron. The BOD met 7 times in 2010 and made decisions on important management issues such as 'marketing strategy for 2010' and 'business plan for 2011'.

Our BOD runs the following committees: the Accountability Committee, Audit Committee and LNG Procurement Management Committee.-BOD Members(as of December 2010)

- BOD Members(as of December 2010) -

Name	Position
Dong-Soo Hur	Chairman & CEO, GS Caltex
Kyung-Suk Suh	Vice Chairman & CEO, GS Holdings
Jin-Soo Huh	President, Petrochemical Business/Business Management Support, GS Caltex
Wan-Bae Rha	President, Marketing, GS Caltex
Sang-Ho Chyun	President, Manufacturing, GS Caltex
B.T. Fish	Vice President, Chevron Global Manufacturing
P. R. Breber	Vice President and Treasurer, Chevron Corporation
C. R. Anderson	Vice President, Chevron Global Manufacturing
P. J. Blough	Vice President, Chevron Global Gas
R. D. Edwards	Country Chairman, Chevron Korea

BOD Performance and Compensation

As our BOD is composed of executives from **GS Caltex**, **GS Holdings** and Chevron, their compensation scheme follows the respective company's internal policies and there is no additional compensation paid for their BOD activities.

BOD Process to Prevent Conflicts of Interest

According to the Articles of Incorporation, a Board resolution is adopted by the affirmative vote of at least 2/3 of the registered directors. To ensure independent BOD operations and prevent any conflicts of interest, members cannot exercise their voting rights on agenda items where they have separate particular interests.

- Corporate Social Responsibility Governance -

CSR Committee

Our Social Contribution Committee was launched in July of 2005 to head the creation of policies and decisions regarding social contribution activities. In April of 2010, they were reorganized into the CSR Committee. The committee members include the CEO as the committee chair and executives working in relation with CSR issues. Our CSR Committee serves as a main decision-making body on CSR policies and issues.

Green Growth Committee

Our Green Growth Committee has been up and running since June of 2009. Committee members are executives who primarily deal with such green growth-related matters as environmental safety, GHG emissions and energy, relevant research projects, and management strategy. These members work in addition to the executives from our subsidiary companies that are in charge of green growth issues. The main objective of this committee is to support **GS Caltex's** low-carbon green growth and sustainable development.

CSR Leadership

At **GS Caltex**, we support international community initiatives for sustainable development as well as the ten principles of the UN Global Compact.

As an industry leader in CSR, we also work hard to encourage other Korean companies in making their businesses more sustainable.

Our Activities at KBCSD and WBCSD



Korea Business Council for Sustainable Development

As a chair of the Korea Business Council for Sustainable Development (KBCSD), we cooperate with the government and relevant organizations to help Korean businesses adopt sustainability management in a consistent manner. In particular, when working as a member of the World Business Council for Sustainable Development (WBCSD), we invited the 2012 WBCSD General Meeting to be held in Korea. We believe this will demonstrate Korea's strong determination for green growth to the rest of the world and build successful cooperative relationships with the global business community.

ISO 26000 Task Force



To proactively prepare for the international social responsibility standard ISO 26000, we took our CSR initiatives a notch higher and set up our own ISO 26000 task force in June of 2010 and initiated a two-stage project to build strategies for ISO 26000.

The first stage was to develop indicators to evaluate the CSR performance levels based on the ISO 26000 and share them with other industry peers. The second stage was to build a CSR strategy framework with those indicators and identify related tasks and detailed action items.

In 2011, we are currently working to progress detailed action items in respective task sectors.

Membership in the UN Global Compact(UNGC)



We joined the UN Global Compact, the UN international agreement on corporate social responsibility, in December of 2010 and agreed that we would support and practice global CSR standards in the four areas of human rights, labour, environment and anti-corruption.

Green Growth Business Dialogue

In his capacity as head of the Green Growth Business Dialogue, a body established under the Presidential Committee on Green Growth for communication with businesses, our Chairman & CEO Dong-Soo Hur is contributing towards green growth strategies of the Korean government by creating a venue for communication and dialogue between government and private sector companies.

Global Green Growth Institute(GGGI)

Our Chairman & CEO Dong-Soo Hur works as an auditor for the Global Green Growth Institute (GGGI), an international organization founded to offer green growth solutions to developing nations and seek shared growth globally. Headquartered in Seoul, the GGGI supports wide-ranging stakeholders at home and abroad with their green growth initiatives and creates readiness measures for climate change.

Seoul G20 Business Summit

Our Chairman & CEO Dong-Soo Hur attended the Seoul G20 Business Summit in November 2010 as the KBCSD Chair. Improving energy efficiency, creating green jobs and expanding new and renewable energy, were some of the suggestions offered by our CEO and Dong-Soo Hur. **GS Caltex** is fully meeting its social responsibility in the sustainable development of G20 countries as an industry leader.

CSR Strategy

We identified material issues in accordance with ISO 26000 procedures, upon which we selected reporting items in our sustainability report and set up CSR strategies in 2010.

1

RECOGNIZING SOCIAL RESPONSIBILITY

We analyzed both internal and external environments to identify core sustainability management issues that required our close attention in business transactions.

Media Analysis

To get a feel for how the media reports on major CSR issues, we reviewed a total of 30,436 articles between 2008 and 2010 to identify relevant issues.

Industry Peer Analysis

We studied the sustainability reports of 8 energy companies both in Korea and abroad to gain insight on relevant CSR issues. These issues were reclassified into ISO 26000 issue categories and relevant issues were confirmed

CSR Performance Level Evaluation

According to our own in-house evaluation indicators, developed based on ISO 26000, CSR performance at an organizational level was assessed and relevant issues, especially weaknesses, were identified.

Trend & Impact Analysis

We interviewed our CEO and surveyed 65% of our executives regarding major CSR issues in terms of trend, impact and R&C.

2

STAKEHOLDER IDENTIFICATION AND ENGAGEMENT

To ensure we identify and engage stakeholders, which is emphasized in ISO 26000, in the strategy-setting stage, we performed stakeholder identification in conformity with ISO 26000 criteria and became better informed about major issues through stakeholder interviews and surveys.

Stakeholder Identification

We identified stakeholders according to the 8 criteria suggested by ISO 26000. We classified our stakeholders into 3 groups as follows: stakeholders who impact our organizational performance, stakeholders who are impacted by our organizational performance and stakeholders who have legal, financial and operational responsibilities.

Stakeholder Engagement:

We prioritized these stakeholders according to the level of economic, social and environmental impact there existed between us. This was followed by interviews with experts who represented the top 9 stakeholder groups in terms of priority in an effort to identify additional potential issues.

ENVIRONMENTAL

NGOs, Interest Groups, Media, Knowledge Providers, Overseas E&P Project Stakeholders, NPOs, Non-Regular Workers

STRATEGIC

Subsidiaries, Affiliates, Service Stations and Corporate Customers, Consumers, Citizens in Yeosu, Labor Union, Government and Related Organizations, Partner Companies

CORE

Management and Employees, Shareholders and Investors

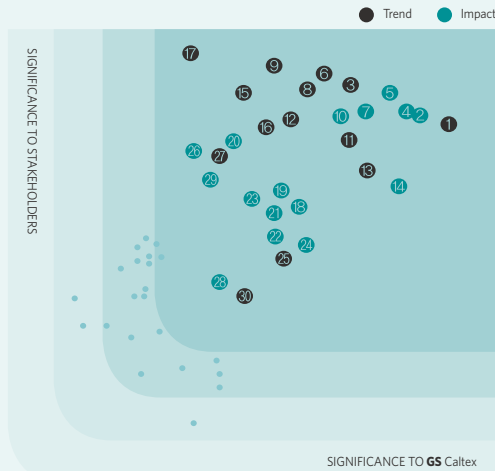
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MATERIALITY TEST

In conformity with the materiality test methodology presented by ISO 26000, we identified material issues from the issue pool created earlier.

Outcome of Materiality Test

We selected 68 out of the 114 issues found via various analyses and stakeholder interviews and further narrowed them down into 30 core issues by carrying out the materiality test based on internal and external surveys.



- 1 Increased demand for transparency
- 2 Environmental compliance
- 3 Increased demand for fair trade
- 4 Protection of consumer data and privacy
- 5 Prevention of environmental pollution
- 6 Expansion of product responsibility
- 7 Protection of consumer health and safety
- 8 Growing consumer interest in health, eco-friendliness and society
- 9 Increasing alternative energy sources
- 10 Consumer service, consumer support and resolution of consumer complaints and disputes
- 11 Climate change (Adaptation)
- 12 Spread of SRI (socially responsible investment)
- 13 Decline of trust in businesses
- 14 Climate change mitigation
- 15 Increase in environment pollution and waste discharge
- 16 Depletion of natural resources (fossil fuel)
- 17 Growing interest in product prices
- 18 Protection of basic labor rights
- 19 Environmental expenses and investments
- 20 Protection of workplace health and safety
- 21 Fair competition
- 22 Fair marketing
- 23 Use of sustainable resources
- 24 Engagement in local community development
- 25 On-going globalization and enhanced inter-connectivity
- 26 Opportunities for career development and education/training at workplace
- 27 Changes in government policies
- 28 Sustainable consumption
- 29 Environmental pollution including air pollution caused by transportation
- 30 Competitive Strength

4

CSR STRATEGY OF GS Caltex

With the material issues identified, we finalized 4 CSR strategies in consideration of our management strategies and internal capacities, which were confirmed with the approval of the CSR Committee.



*ISO 26000 Core Subjects



SUSTAINABLE OPERATION

At **GS Caltex**, we pursue sustainable operations. We strive to make our business more environment-friendly with low-carbon environment performance management framework and create a great work place that delivers the maximum possible employee satisfaction.

I. Low-Carbon Environment Performance Management

- + EHS&Q Integrated Information System
 - Prevention of Environmental Pollution
 - Climate Change Adaptation
 - Environmental Investment and Preservation

EHS&Q Integrated Information System

Our EHS&Q integrated information system aims to ensure effective and systemic management in environmental care, safety, health and product quality.

*What is the EHS&Q integrated information system?
This is **GS Caltex**'s unique in-house system to manage environment, health, safety and quality in a comprehensive manner.

- Environmental Management System Certification -

Certification	Certified Establishment	Certification Authority
ISO 14001	Yeosu Complex	BSI
ISO 14001	Terminals in Incheon and Busan	BSI
ISO 14001	Lubricants Plants	DNV

I. Low-Carbon Environment Performance Management

At **GS Caltex**, we take great strides in making sure our business operations are environmentally-friendly and take proactive steps in addressing climate change through the reduction of carbon emissions. With continued environmental investments, we take the initiative in preventing pollution and preserving our precious mother earth.

EHS&Q Integrated Information System

With the efficient operation of the EHS&Q integrated information system set up on the precautionary principle, we not only abide by relevant regulations but also progress through our own initiative, gaining such international certifications as the ISO14001 and OHSAS18001.

We declared our environmental management policy to include environmental considerations at the core of our business operations in 1996. This policy was followed by the establishment and implementation of environmental, safety, health and quality policies. These policies boosted our eco-friendly management system and enabled us to take the initiative in green business operations.

Environmental Compliance

We have a voluntary agreement with the Ministry of Environment, whereby we apply our own in-house standards that are stricter than what is required by national law on environment, safety, health and quality and that are in accordance with the EHS&Q integrated information system. As a result, there were no violations of environmental regulations in 2010.

EU REACH

EU REACH which took effect in June of 2007 is the European law on registration, evaluation, authorization and restriction of all chemicals which are manufactured or imported into Europe in quantities exceeding the 1 ton threshold depending on their imported amounts and hazardousness.

Following our research on REACH registration needs of those chemicals we export to Europe, we pre-registered 12 substances in 2008 and started collecting a variety of data to make registrations since 2009. We are also an active participant in the Substance Exchanger Forum(SIEF), a venue to share information on chemical substances, working with industry peers around the world in making REACH registrations and responding to these newly established chemical regulations.

We have registrations completed on 4 substances exported to Europe in quantities over 1,000 tons in November of 2010 and work is in progress to make sure the remaining 8 will be registered within the 2013 or 2018 deadline.

I . Low-Carbon Environment Performance Management

- EHS&Q Integrated Information System
- + Prevention of Environmental Pollution
- Climate Change Adaptation
- Environmental Investment and Preservation

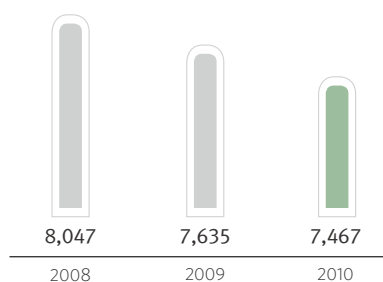


Prevention of Environmental Pollution

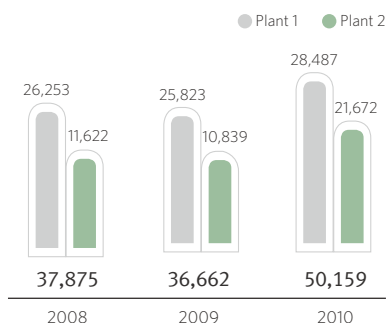
GS Caltex enforces in-house standards that are even more stringent than national regulations in respective pollution categories including air, water, soil, chemical and waste categories, in order to minimize our environmental footprint.

* RTO_ Regenerative Thermal Oxidizer
 ** VRU_ Vapor Recovery Unit

- Total Wastewater Discharge(unit: ton/day) -



- Water Consumption(water source-Juam Lake) - (unit: ton/day)



Air Quality Management:

Our internal air pollution control standards are also stricter than the legal standard levels(in-house threshold is 90 percent of the statutory minimum). Our Yeosu Complex is equipped with such air pollution control devices as electric precipitators, multicyclones, RTO, VRU, and NOx reduction units, which help reduce emissions of dust, VOC, SOx and NOx.

Each stack at all of our plants has CleanSYS, automated gas measurement units, attached in order to measure pollutant emissions including dust, SOx, NOx, and CO in a way that is automatic and consistent. In addition, our automated air quality measurement networks are up and running to ensure systemized management of the air quality surrounding our plant sites.

- Air Pollutant Emissions (unit: ton/year) -

	Dust	SOx	NOx	CO	VOC	Total
2008	286	9,731	4,787	360	103	15,267
2009	228	6,978	4,047	361	127	11,741
2010	242	7,125	3,981	589	134	12,071
Percentage Variances	6.0	2.1	-1.6	63.2	5.5	2.8

Water Quality Management:

Our in-house standards of water pollutant control were tightened to 50 percent of the legal threshold levels. Environmental non-conformance reports are issued in case of internal standard violations, which serve to support our continued efforts in the reduction of pollutant discharge. Wastewater generated from our manufacturing process is discharged into the downstream current of Wolrae Stream and flows into the Gwangyang Bay nearby. Each year, we witness a substantial reduction in the total amount of discharged wastewater.

- Water Pollutant Discharge(unit: ton/year) -

	BOD	COD	SS	N-H	Phenol	Total
2008	109.5	108.2	45.3	6.2	1.1	270.3
2009	88.4	159.45	72.29	8.85	0.1	329.1
2010	67.4	105	59.8	3.9	0.02	236.1
Percentage Variances	-23.8	-34.1	-17.3	-55.9	-80.0	-28.3

Prevention of Soil Contamination

Under the 'voluntary agreement to investigate and restore soil pollutions' between **GS Caltex** and the Ministry of Environment in 2002, we fully commit ourselves to meeting our duties stipulated in the agreement. Our efforts to prevent oil and underground water pollution include: 1) installation of oil pipes on the ground which were previously laid underground in every establishment, an initiative that began in 2003 to fundamentally prevent soil pollution, 2) deployment of pollution control devices at railway shipment facilities, and 3) the establishment of underground water monitoring wells in entire plant areas. We also internally investigate soil pollution and recover polluted areas before they spread further. In case of recovery, we apply our own in-house standards whose threshold is only 40 percent of the statutory minimum.

- Soil Pollution Recovery Standards(unit: ppm) -

	TPH	Benzene	Toluene	Ethylbenzene	Xylene
Statutory Standards (based on the 3 rd land category criteria)	2000	3	60	340	45
In-House Standards (40% of statutory threshold)	800	1.2	24	136	18

* 3rd land category-including plant sites, parking lots, services station sites and roads under the Korean cadastral law

Waste Management

To ensure efficiency in waste management, we use real-name documentation with signatures from discharging teams, processing companies and environmental officers as well as required dates of treatment specified. Undocumented waste is not collected and environmental non-conformance reports are issued when waste is neglected or insufficiently separated.

- Waste Discharge(unit: ton/year) -

	Designated Waste	General Waste	Recycled Waste	Recycling Rate	Total	Total (excluding recycled waste)
2008	13,809	19,009	18,485	56.3	32,818	14,333
2009	8,677	14,960	12,272	54.4	23,637	11,365
2010	20,917	13,795	19,790	57.0	34,712	14,922
Percentage Variances	141.1	-7.8	61.3	4.8	46.9	31.3

- Waste Intensity(unit : Ton/kUEDC) -

	Total Waste	kUEDC*	Intensity
2008	32,818	6,238	5.26
2009	23,637	6,723	3.52
2010	34,712	7,117	4.88
Percentage Variances	46.9	5.9	38.7

* UEDC : Utilized Equivalent Distillation Capacity

Management of Hazardous Chemicals

Under the 'voluntary agreement to reduce chemicals consumption' that we concluded with the Ministry of Environment in 2004, we made a pledge to achieve 30% and 50% reductions in quantities of chemicals discharged within 3 and 5 years respectively(by the years 2007 and 2009 respectively) against the 2001 base year and have been working to improve our leak detection and repair(LDAR) system as well as our manufacturing processes. Our efforts were recognized with the presentation of the 'Prize of the Environment Minister' in November of 2010, which praised our excellent track record in cutting chemical emissions in accordance with the voluntary agreement to reduce chemical consumption(30/50 program).

* LDAR : Leak Detection And Repair

- Hazardous Chemicals Emissions(unit: ton/year) -

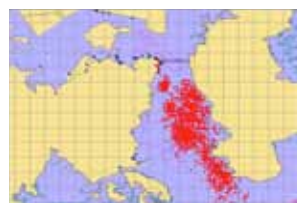
	NaOH	H ₂ SO ₄	HCl	NH ₃	PCE	Total
2008	3,902	185	1,369	50	40	5,546
2009	3,923	250	1,506	176	47	5,902
2010	4,716	440	2,187	226	47	7,616
Percentage Variances	20.2	76.0	45.2	28.4	0.0	29.0

Environmental Pollutions from Transportation

We are fully aware of the significant environmental impact caused by the transportation of products and raw materials. We appoint dedicated pollution control teams to work with contamination control companies, building our own readiness to prevent off-shore transportation related oil spills and to minimize the environmental contamination in case of such accidents.

- Marine Oil Spill Prevention Activities -

Pollution Control Programs	① Oil Spread Prediction Program
	② Real Time Tide and Current Prediction Program
	③ Oil Spill Spread Prediction Program
	④ Virtual Emergency Response Program
Oil Spill Prevention Activities	① Environment Patrol-Night-time offshore patrols (three times a day)
	② Offshore Patrols in Vulnerable Areas
	③ Vessel Safety Supervision-Safety checks before loading and unloading of oil tankers



Oil Spill Spread Prediction Program



Oil Spill Prevention Activities

I . Low-Carbon Environment Performance Management

- EHS&Q Integrated Information System
- Prevention of Environmental Pollution
- + Climate Change Adaptation
- Environmental Investment and Preservation



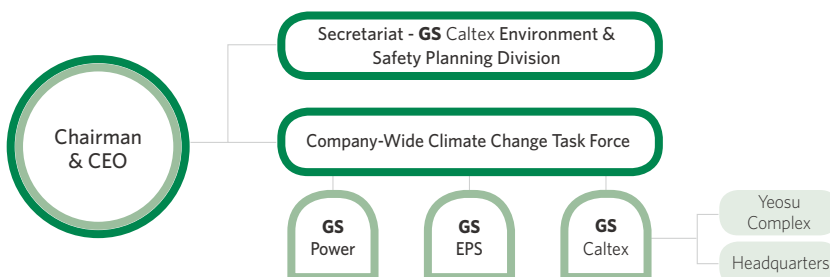
Climate Change Adaptation

We address climate change in a way that is both systemic and strategic. Through our enterprise-wide climate change task force set up in 2007, we engage in in-depth discussions on a broad spectrum of climate change issues and proactively perform GHG emission projects with improved energy efficiency.

Climate Change Adaptation

① Company-Wide Climate Change TF

Our enterprise-wide climate change TF has been up and running since 2007, which firmly establishes our presence as a leader in climate change response.



Our climate change TF, made up of team leaders from the headquarters, the Yeosu Complex and other subsidiaries, plays a lead role in responding to climate change through the collaboration of information and the creation of countermeasures regarding relevant government policies, including the GHG-energy target management program and emissions trade scheme.

With its decision-making processes attended by the relevant management officials, the task force ensures rapid response to critical matters. The TF met 22 times by the end of 2010 in order to discuss major relevant issues.

- Allowance Trading under GS ETS -

	2009 (quarterly)	2010 (monthly since July)
tonCO ₂	79,800	13,900

② In-House Emissions Trading Scheme

Our in-house emissions trade scheme, **GS ETS**(Emissions Trading System) has been in full operation since 2009 after a one-year preparation period during 2008. With **GS ETS**, we aim to improve energy efficiency with increased competition amongst our establishments, build energy efficiency awareness, enhance our corporate image as an eco-friendly company and build our own capacity to adapt to the national-level ETS to be adopted by the government.

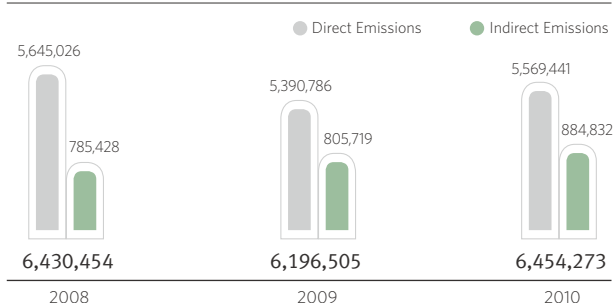
GS ETS covers a total of 8 establishments including those of **GS Power** and **GS EPS** as well as the Yeosu Complex. Participating establishments set GHG reduction targets and intensity-based GHG emission target indicators in consideration of production plans, energy consumption plans and energy and GHG reduction plans in respective establishments. These targets and indicators are incorporated into the management goals of business divisions to ensure they are properly supervised.

Energy Control Program

1 Introduction of Energy Portal

In 2010, we upgraded our Energy Portal, which enabled process-specific and unit-specific management of energy intensity and GHG emissions. In addition, we improved the usefulness of the portal as a GHG MRV(Monitoring, Reporting and Verification) system. While our in-house GHG inventory has already been launched and operating since 2008, the improved Energy Portal further serves our aims as an easy-to-use intranet that allows real-time monitoring and difference analysis of process-specific energy consumption.

- GS Caltex GHG Emissions(unit: tCO₂/yr) -



Calculation criteria: Electricity emission factor of 0.444 tCO₂/MW (the electricity emission factor remains unannounced as of 2009)

2 Registration of GHG Reduction Projects

We have a total of 10 GHG-cut projects listed at the government register. The estimated GHG reductions from these projects stand at 310,000 tons per year and we are set to execute such projects voluntarily.

(No. of registrations completed: 3 in 2008, 3 in 2009 and 3 in 2010)

- Registered GHG-Cut Projects -

Project Item	Estimated Average Reductions per Year(tCO ₂ /year)
MTPX heater remodel	20,061
Addition of heat exchanger to NKHT	4,353
Fuel-saving through introduction of steam	6,390
Recovery of waste heat of charge heater	48,939
Improvement of energy efficiency of light reformate process	28,442
Fuel Switch(B-C oil-LNG)	142,923
Chang of feeder of #2 HOU HMP	12,553
Recovery of waste heat of #4 CDU heater	31,900
Recovery of cooling heat of HCR Kero P/A	5,826
Recovery of cooling heat of HCR 2nd stage	10,619
Total	312,006

*calculated in accordance with the newly announced national electricity emission factor

3 Energy-Saving Projects

While our energy consumption and GHG emissions rose in absolute quantities due to newly established HOU to produce high-quality products, we posted a 4-year average of 1.8% in energy efficiency increases. These came in addition to wide-ranging energy innovation programs such as the Solomon study, best practices at home and abroad, analysis of industry peers and energy assessment of the entire process.

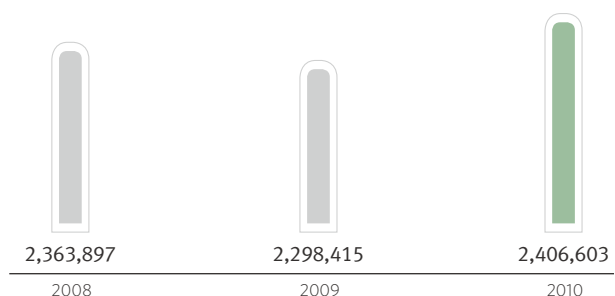
The energy conservation at GS Caltex proves to be outstanding performance given that refineries around the world show energy efficiency improvements of less than 1% on average.

- Major Energy-Saving Projects Based on Facility Improvement(completed in 2010) -

Major Projects Completed in 2010

- Production of low-pressure steam through cooling heat recovery of Hydrocracker(HCR) Kero-Pump Around
- HCR 2nd Stage of Feed Preparation Unit(FPU) and Hot Feed of LOP process
- Upgrade of 75 SRU(Sulfur Recovery Unit) hot oil system into steam system
- 535 SRU LP Steam steam condensate drum re-evaporation steam recovery
- No. 1 rerun energy saving with No. 1 CDU LGO cooling heat
- Addition of coil into No. 3 Xylene Column Heater Convection Section
- Improvement of heat exchanger network of No. 2 K/D HDS Diesel De-waxing
- Others(heat recovery of VDU Hot Feed and Condensate Tank Vent and etc.)

- Energy Consumption (TOE: Ton of Oil Equivalent)- -



* Including electricity consumption

I . Low-Carbon Environment Performance Management

- EHS&Q Integrated Information System
- Prevention of Environmental Pollution
- Climate Change Adaptation
- + Environmental Investment and Preservation



Environmental Investment and Preservation

GS Caltex continues to invest in the environment with a philosophy addressing climate change, mitigating environmental pollution and boosting energy efficiency. We strive to devote ourselves to the safeguarding of the earth to ensure that our preservation endeavors will afford the next generation the enjoyment of a beautiful and clean environment.

HOU Unit

At **GS Caltex**, our Vacuum Residue Hydrocracker(VRHCR) unit, which is to produce (high value-added) and cleaner light oil from low-grade heavy residual oil, started its commercial operations in October of 2010.

We also invested KRW 1.1 trillion in building the No. 4 HOU(Heavy Oil Upgrading) which will serve as a future engine of growth. This enables our VGOFCC to generate 53,000 BPSD: gasoline HDS 24,000 BPSD, and the alkylation unit 5,000 BPSD. The combination of these investments has enabled us to build a foundation from which we may make an additional leap forward.

Thus, we are the meeting global standards of ever-tightening environment regulations and the growing demand of light oil and gasoline in addition to boosting the competitive edge of our production to the highest possible level.

Production Facility Expansion under the No. 4 HOU Project

- + VGOFCC(Vacuum Gas Oil Fluidized Catalytic Cracking) Unit-53,000 BPSD
- + Gasoline HDS(hydrodesulfurization)-24,000 BPSD
- + Alkylation-5,000 BPSD

Investment in Pollution Control Facilities

GS Caltex intensively invests in facilities for the reduction of volatile organic compounds(VOC), and odor while we also expand investments in the installation of land pipelines for the prevention of soil pollution. **GS Caltex** plans to earnestly continue its investments in environmental initiatives as a prominent energy leader.

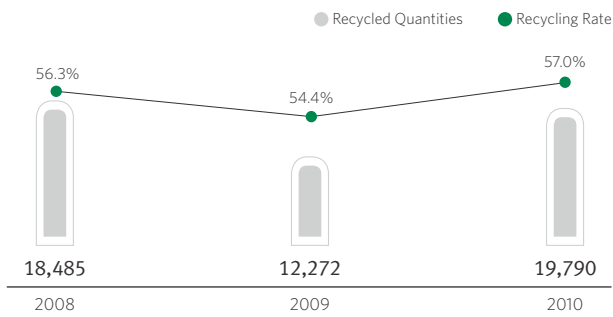
- Environmental Investment in VRHCR Process(unit: KRW 100 million) -

	2008	2009	2010	Total
Wastewater and Marine Pollution	154	525	167	846
Air Quality	535	1,334	813	2,682
VOC	0	36	4	40
Soil Pollution	23	89	14	126
Others	7	17	17	41
Total	719	2,001	1,014	3,735

Sustainable Consumption of Resources

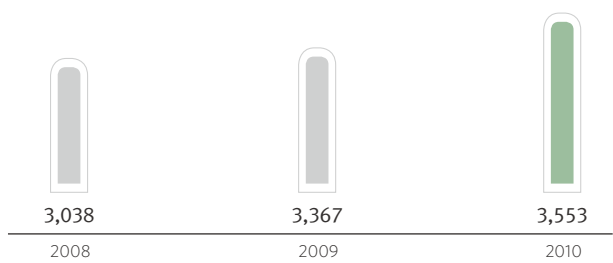
1 Resource Recycling

- Resource Recycling Rate(unit: ton/year) -



2 Water Recycling

- Water Recycling(unit: ton/day) -



3 ECO Driving

GS Caltex actively participates in the low-cost, high-efficiency Eco-Drive campaign, a nation-wide initiative to reduce GHG emissions from transportation as a way of sustainable consumption. We joined the 2nd Eco Drive Social Solidarity Agreement Signing Ceremony and continue to educate our staff regarding eco-driving agenda through our corporate official bulletin. In addition, GS Caltex employees who apply for regular or general vehicle inspections under the Eco-Drive campaign are eligible for inspection fee discounts.



Preservation of Marine Environment and Fishery Resources

1 Sea Lovers

GS Caltex appoints a volunteer group initiated for the environmental cleanup of Odong Island near Yeosu, (which was designated as National Park) to clean up the coastal areas of the island each month. The 'Sea-Lovers' volunteer group comprised of Yeosu Complex employees also engage in clean-up and pollution control activities in villages near the plant and adjacent island coastal areas.

2 The 9th GS Caltex-UNEP Yeosu Clean Water Campaign

Our Yeosu Clean Water Campaign started back in 2002 together with the UNEP(United Nations Environment Program). The 9th GS Caltex-UNEP Yeosu Clean Water Campaign, held in August 2010, was attended by 73 university students and relevant experts and offered such programs as marine waste disposal, environmental topic discussions, production of environmental UCC and an environmental essay competition.

3 Preservation Biology and Fishery Resources

GS Caltex has been committed to the preservation of marine resources near our plant in Yeosu since 1996. We hold annual events to promote the protection of marine resources and help strengthen the revenues of fishing villages nearby. In April of 2010, we even held an event to release abalone spats into the sea together with fishermen and the community officials of Yeosu.

4 Wastewater Treatment and Marine Ecology

Wastewater from our manufacturing process is treated and discharged into Wolrae stream, which flows into the Gwangyang Bay nearby. We see continued declines in average concentrations and total discharging quantities of water pollutants. In particular, our in-house wastewater temperature standards are more stringent than the statutory criteria of 40°C: ranging between 30-40°C for influent and 20-30°C for discharge.



Release of Abalone Spats into the Sea



Goldfish in the Treated Wastewater

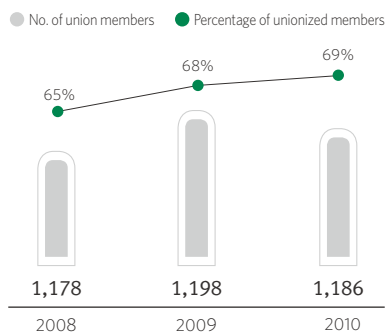
II. Great Work Place

- + Win-Win Labor-Management Culture
- Health and Safety
- Protection of Human Rights
- Human Resource Development

Win-Win Labor-Management Culture

We abide by ILO's labor standards and to the Korean Labor Standard Act. In 2005, we announced the 'declaration for labor-management harmony and labor-management charter' to achieve our vision of 'co-prosperity through productive labor relations' and have consequently been carrying out a variety of joint programs in accordance to our vision.

- Labor Union Membership(unit: No. of members) -



*percentage of unionized members measured against the eligible members(eligible members: employees in the assistant manager position and under in accordance with the collective agreement)



2010 Ceremony to Authorize Company Conclusion of Salary Negotiation

II. Great Work Place

We are fully committed to building the capacity of our staff, which is the very source of our corporate competitive edge. Additionally, we aim to continue increased employee satisfaction by promoting greater welfare benefits and internal communication. We operate world-class health and safety management systems and take the lead in protecting the rights of **GS Caltex** employees and all our subsidiaries.

Productive Labor Relations

At **GS Caltex**, we initiated a far-reaching vision in 'achieving co-prosperity through productive labor relations'. Our endeavor to realize this vision started with the announcement of the 'declaration for labor-management harmony and labor-management charter' on December 9, 2005 and has been followed with wide-ranging programs jointly performed by labor and management to build win-win labor relations.

GS Caltex Labor Union

Our labor union, founded in 1971, is made up of the main body at the Yeosu Complex and local branches at the terminals and lubricant plants whose members are employees at these establishments. According to the relevant collective agreement, membership is open to employees from the position of assistant manager and under and the members are free to join or leave the union at any time. At the end of 2010, the total membership stood at 1,186 or 69% of the eligible employees. The union has 3 full-time members including the union chair and they are elected directly by union members to serve 3-year terms.

Dispute-Free Collective Bargaining for 6 Consecutive Years

Our labor union, acutely aware of the difficulties **GS Caltex** faces in the business environment, made the critical decision to entrust the company with full jurisdiction to conclude a salary negotiation in 2010. The company's decision was to institute a 3% increase in salary levels, which considered general business conditions. With steadfast trust in the company, our labor union has been authorizing management to finalize salary negotiations since 2005 and the mandate for collective bargaining agreements was handed over to the company in 2009. As a result, **GS Caltex** has remained dispute-free in concluding labor-management negotiations for six consecutive years, setting a leading example in labor relations.

Essential Minimum Work Agreement

At **GS Caltex**, we have an essential minimum work agreement, under which each member in the entire labor union share the obligation to participate in essential minimum work. (and 100% of the required essential minimum workforce should be reserved, the first of its kind ever signed in the industry in 2009.) Our labor and management jointly endeavor in ensuring that **GS Caltex** remains dispute-free. In the aftermath of suffering tremendous losses from strikes, both parties included the 'Basic Workers Article' in their collective agreements.

Employment Security

To ensure employment security, our labor and management agreed to introduce a system to rehire those employees who retire due to age in July of 2009. With the confidence that we gain through this system, we are to stabilize our corporate culture and lay the foundation for sustained performance.

- No. of Employees by Employment Type(unit: No. of persons) -

	2008	2009	2010
Senior Executives	54	55	53
Office Workers	1,622	1,621	1,679
Technical Workers	1,262	1,242	1,262
Support Workers	45	46	48
Contract / Dispatched Workers	130	114	84
Others	23	22	21
Total	3,136	3,100	3,147

Others: special assistant to chairman/corporate advisors/in-house security police/private police, etc.

- Average Entry-Level Salary per Employee(unit: KRW) -

	2008	2009	2010
Technical Workers	28,552,000	27,124,000	29,408,000
Office Workers	35,638,000	32,074,000	36,000,000

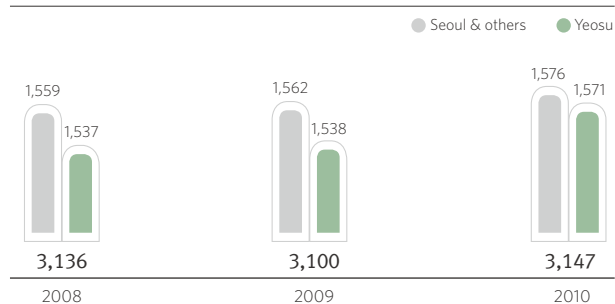
Performance bonuses, allowances, lunch and transport fees are paid separately.

- New Recruitments over the Last 3 Years(unit: No. of persons) -

	2008년	2009	2010	Total
Regular Workers	160	47	128	335
Non-Regular Workers	162	350	123	635
Total	322	397	251	970

Non-regular Workers in 2009: including interns hired under the energy internship program/ those who resigned not included

- No. of Employees by Area(unit: No. of persons) -



Joint Youth Support Programs

Our labor union and management collectively set up a fund worth KRW 40 million to support after-school meals for youth in local communities as an annual event. Union members set aside 1.4% or KRW 20 million from their performance bonuses and GS Caltex extends an equal amount in the matching-grant form to create the fund. This support program started in 2007 and the benefits generated by the end of 2010 stand at KRW 168 million.

Joint Safety Initiatives for an Injury-Free Workplace

Our labor union and management collectively perform the Hi-Five campaign to ensure bilateral cooperation in the top five most dangerous jobs that entail high fatality risks and promote productivity by preventing industrial accidents. Another labor-management joint safety program includes the IIF(Incident Injury Free) system which aims to systematically create a incident-free and injury-free workplace.

Social Giving Initiatives for Local Community Development

In partnership with our Hanultari volunteer group created in 2008 as a labor-management joint initiative, we have striven to embody our duties as corporate citizens. In forming one-on-one support relationships with children and youth from broken families, these volunteers meet such children and youth regularly each month to help them as parent-like mentors and guide them to grow into responsible members of society.

Retirement Pension System

Our labor union and management initiated a joint task force team to research and review a wide range of data on retirement pension systems and the finalized plan has covered each of our employees since the end of 2010.

Under the current retirement pension system, all employees must join the DB(defined benefit) plan first and starting from 2012, they are able to decide whether to switch to the DC(defined contribution) plan. Our system also contains 15 different retirement pension companies, the largest number in Korea, to best reflect the various needs of our employees.

- No. of Retirees and Resignation Rate(unit: No. of persons) -

	2008	2009	2010
No. of Retirees	156	149	150
Baseline Figures	3,292	3,249	3,297
Resignation Rate	4.74%	4.59%	4.55%

* Baseline figures : No. of employees at the end of year+No. of retirees

II. Great Work Place

Win-Win Labor-Management Culture

+ Health and Safety

Protection of Human Rights

Human Resource Development



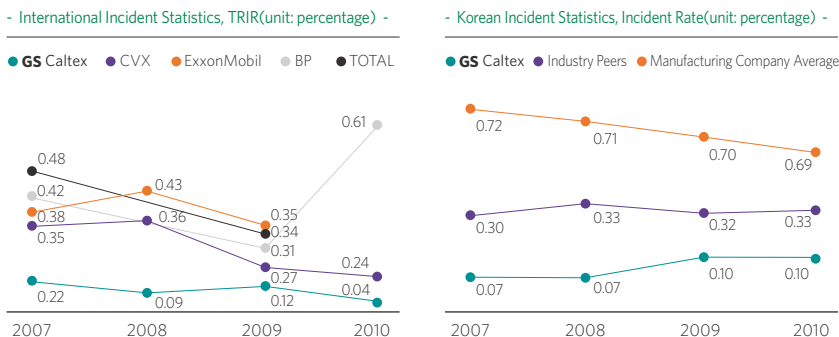
Health and Safety

At **GS Caltex**, we are fully committed to workplace safety and health and believe these to be the critical prerequisites for the happy and fulfilling life of our staff. We believe that individual employee happiness leads to the contentment and growth of the entire organization and society. Therefore, we are determined to continue supporting a healthier work life for all of our employees.

Safety Performance

We apply the 'EHS Performance Management Standards' that match the level of advanced countries in controlling incident rates. We have also utilized the total recordable incident rate(TRIR), for the first time in Korea, to include the working hours of employees of business partners as well as **GS Caltex** employees in calculating the number of incidents.

In particular, incident-free performance accounts for 20% of total key performance indicators of all executives and team leaders. These accounts are subject for review each quarter, thus creating an environment in placing employee safety as a top priority. Consequently, our TRIR for 2010 is far lower than those of major global refinery company. According to injury statistics in Korea, our incident rate accounts for less than 1/3 of industry peers as well as manufacturing companies.



* TRIR(Total Recordable Incident Rate) = (No. of incidents/man hour) X 200,000

Our incident-free performance target is set as part of the enterprise-wide EHS performance goal, which is determined and announced via the Management Committee early each year. Each establishment reports the outcome to the company CEO on a quarterly basis to ensure its thorough management. We execute the following activities to ensure our establishment remains incident-free.

GS Caltex's Major Achievements in Safety Improvements

- + Record-high industry EHS Performance(TRIR:0.04)
- + Enhanced awareness of workplace safety through environment safety competitions
- + Firmly established fundamentals for safety via risk and safety assessments

1 Environmental Safety Committee

Our Environment Safety Committee serves as the top decision-making body on EHS policies and strategies-not only for the Yeosu Complex and terminals but also to our subsidiaries. Committee members share information regarding environmental safety and health issues through special quarterly seminars to ensure the rapid integration of national governmental safety policies and technology into our business operations.

2 Environmental Safety Competition

The environmental safety competition began in 1998 as an annual event to enhance employee awareness regarding environmental safety issues and to promote voluntary staff activity in boosting environmental safety. At this annual competition, outstanding workplace and facility improvement practices are awarded directly by the company CEO. These practices are then shared among GS Caltex establishments and subsidiaries so that they may be incorporated into operational systems.

3 Establishment Risk Assessment, Environment Safety Evaluation and Audit

Our large-scale projects at GS Caltex are subject to safety evaluations during construction and before deployment. Our internal safety initiatives include qualitative and quantitative risk assessments such as the HAZOP, QRA and noise impact analysis. To further help in establishing a sustained culture of safety, we also perform in-house annual audits of our entire establishments to ensure they comply with safety management regulations and procedures.

4 Professional Fire Drill Training

We offered 'professional emergency commander training' for the first time in Korea. This training aims to prevent full-scale accidents by ensuring swift and early response in the case of fire at the refineries or petrochemical plants where high-pressure operations are required. The training primarily addresses the possible incidences of fires in manufacturing processes, oil storage facilities, docks and gas fires. In addition, the training offers advanced fire response techniques and protective gear usage instructions.

- Safety and Health Management System Certification -

	Establishment	Certification Authority
OHSAS 18001	Terminals in Incheon and Busan	BSI
OHSAS 18001	Technology Research Institute	Korea Foundation for Quality

Health Performance

1 Employee Health Management

GS Caltex established a dedicated health management division for the first time in the refinery and petrochemical industry to ensure the systemic and professional management of employee health. Our on-site clinics are equipped with professional medical staff, state-of-the-art equipment and ambulances. These clinics allow our employees to monitor their health conditions conveniently at any time they chose.

- Medical Check-up Performance in 2010 -

- Implementation rate of 98%
- Polyps found and removed in the early stages-36%(182) of those who had colonoscopies
- Gastric ulcers found and treated at the early stages in 7%(152) of those who had gastroscopies
- Continued decline in the number of employees developing cancer (9 in 2009, 2 in 2010)

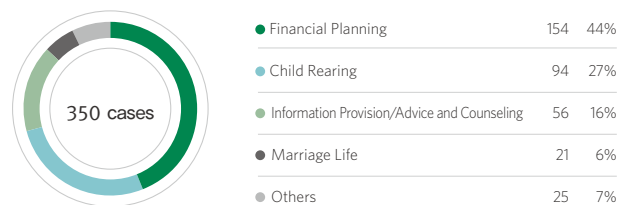
2 Employee Assistance Program(EAP)

In 2007, GS Caltex launched the employee assistance program or EAP in a bid to help our employees achieve the 'Work & Life Balance' and solve challenges they faced in both their professional and private lives. Under the direction of this program, the staff and their families at GS Caltex are able to gain access to expert counselors in addressing such matters as personal relationships, conflict resolution, psychological assistance, stress management, financial planning, marriage/family counseling and personality/career counseling for their children.

- Top Counseling Issues by Task Category between 2008 and 2010(unit: No. of cases) -



- Top Counseling Issues by Individual Issue Category between 2008 and 2010 -



II. Great Work Place

- Win-Win Labor-Management Culture
- Health and Safety
- + Protection of Human Rights
- Human Resource Development



Protection of Human Rights

In accordance with our humane management philosophy, **GS Caltex** bans any form of discrimination and holds the respect of individual human rights in high regard. We offer full support to Korean human right regulations and international human right declarations. Additionally, we continue to exert a growing influence on the human rights issues of our subsidiaries and business partners.

- Gender Percentage(unit: %) -

	2008	2009	2010
Male	88.1	88.1	88.5
Female	11.9	11.9	11.5

Grievance Resolution Division
(sexual harassment report):
82-2-2005-6012

Protection of Human Rights

① Humane Management Philosophy

We duly respect the rights of each and every employee at **GS Caltex** in accordance with our humane management philosophy and with the principle of human dignity stipulated in the constitution. We abide by the Labor Standard Act which prohibits forced labor and child labor and strictly forbid any type of discrimination on the grounds of education, birthplace, gender, age, religion and race. We also treat all of our employees equally in our personnel, welfare and benefit systems covering recruitment, placement, promotion, salary, education and retirement. There was no single occurring case of discrimination during the 2010 reporting period and there are no areas in our business that may lead to serious violations of freedom in association or collective bargaining.

② Human Rights Policy

Since we joined the UN Global Compact, the UN's international agreement on corporate social responsibility, in December of 2010, we have been following its principles in the 4 respective areas: human rights, labor, environment and anti-corruption. As part of our endeavors to fully comply with the UN GC, we are working to revise our current personnel and ethics regulations to incorporate human rights considerations. The revision, which is to be completed by the end of 2011, will also include the human rights examinations of major suppliers and contractors as well as training policies to educate employees regarding job-related human rights considerations.

③ Protection of Women's Rights

Gender discrimination is strictly prohibited at **GS Caltex**. As a case in point, one female employee who applied for maternity leave in 2010 was later reinstated to her post. In addition, we make sure that our employees can take their time off whenever they want to take care of their children in an effort to support Korean government's child birth promotion policy.

④ Grievance Resolution

We operate a separate grievance resolution division to deal with sexual harassment in the workplace as part of our ethics management initiative. We employ female counselors to speak with victims and make sure that reported issues are thoroughly investigated by auditors. The informants are notified of their results by phone or e-mail. This grievance resolution and reporting system allows **GS Caltex** to detect employee problems as early as possible, create solutions and institute wide-ranging activities to prevent their future recurrence.

II. Great Work Place

- Win-Win Labor-Management Culture
- Health and Safety
- Protection of Human Rights
- + Human Resource Development



Human Resource Development

Our human resources development program is based on the company CEO's philosophy that the promotion of human talent is the most important key to corporate growth.

- Energy Leadership Model -

The Leader in Providing Total Energy Service

Ideal **GS** Caltex Employee

Generate outstanding performance with strategic ideas and actions based on the following organizational values



Talent Development Model

We operate the 'energy leadership model' which embodies ideal **GS** Caltex employees who 'generate outstanding performance with strategic thinking and action based on the organizational values of trust, flexibility challenge and excellence'.

With the energy leadership model, we help our employees transform into 'energy leaders' by offering wide-ranging programs and systems starting anywhere from recruitment to talent development.

Our investments in training and education to develop talented employees amount to an average of 85 hours per employee per annum and a total of KRW 14.4 billion (as of 2010).

Talent Development Framework

Our talent development framework is structured as follows: level-specific courses, candidate courses, and customized one-on-one coaching/mentoring courses for energy leadership capacity building. We also support category-specific job training to assist individual employees enhance their work capacity as well as providing separate courses for specially selected and qualified high-performers.

Development Programs for Hi-Performance Talented Individuals

We nurture tomorrow's leaders with our development programs for high-performance talents. We assist highly qualified employees in taking MBA courses at top-notch national and international universities and offer them internship opportunities at global companies to help them gain experience applicable to business operations. In order to support career development, we established the job rotation program for outstanding talented individuals, under which they go through a schedule of different assignments to experience new business fields and grow company-wide high-level perspectives.

Leadership Development Program

Our Leadership Development Center (LDC) was designed as a place for potential leaders to further cultivate their leadership capabilities. Under LDC programs, these future leaders participate in presentations, group discussions and role-playing, which result in objective and in-depth analyses of their individual strengths and weaknesses. Additionally, they are provided with systemic training and mentoring support. This helps them evolve into more competent leaders.



RELIABLE ENERGY

25 EXTENDING PRODUCT SERVICE RESPONSIBILITY

27 ESTABLISHING FUTURE ENERGY LEADERSHIP

RELIABLE ENERGY

GS Caltex pursues reliable energy. We extend our product and service responsibility and establish future energy leadership to cope with resource depletion with wide-ranging initiatives.

I . Extending Product Service Responsibility

+ Sustainable Products

Sustainable Products

We strive to develop products low in hazard and high in energy efficiency and safety.

- GS Caltex Pure-White Kerosene's Environment Mark Certification -



I. Extending Product Service Responsibility

We are committed in developing high-quality, eco-friendly cleaner and more-efficient products in a bid to translate our low-carbon energy policy into action. We are also engaged in a variety of initiatives to enhance the safety of our products and services.

High-Quality Eco-Friendly Products

1 High-Quality Gasoline **KIXX**

With high-purity engine cleaning additives, Kixx boasts a dramatic improvement in keeping engines clean when compared to our existing gasoline products. Thus, Kixx maximizes engine power and enhances fuel efficiency, thereby saving fuel costs significantly. It also satisfies the world's most stringent environmental standards.

2 Premium Gasoline for High Class Cars **KIXX PRIME**

As a high-performance gasoline with a research octane number over 100, Kixx PRIME prevents abnormal ignition to protect the engine and enhances power and acceleration while reducing vibration and noise. It also satisfies the world's most stringent environmental standards.

3 Ultra Low Sulfur Diesel(ULSD)

Our ultra low sulfur diesel is an eco-friendly product that meets the needs of clean diesel vehicles. Our advanced desulfurization units produce ULSD with sulfur content less than 10 ppm. It also delivers cetane number, lubricity, polycyclic aromatics content and density as well as sulfur content that satisfy the global highest standards.

4 Kerosene

Our kerosene products are mainly used for indoor heating devices. These products do not produce harmful gases during combustion and accordingly do not cause eye or nose irritations. The odor commonly found in oil products is reduced so our kerosene products may be stored indoors without disrupting pleasant indoor environments. In particular, our kerosene products, which are processed by highly advanced desulfurization units, have less than 10 ppm of sulfur content. Their eco-friendliness was even recognized with the environment mark of certification from the Ministry of Environment.



Product Safety

1 Rigorous Quality Management System to Ensure Product Safety

At **GS Caltex** we ensure that our products are safe for use through the competitive quality of our products which are unmatched by any other industry peers. The entire process of production, shipment, storage, and transport of our products to the final retail distributors and customers is thoroughly and strictly managed by the ISO 9001 international quality management system. We strive to establish safe manufacturing processes and product quality management systems as well as reducing process-related incidents and quality defects to zero.

- Quality Management System Certification -

	Establishment	Certification Authority
ISO 9001	Yeosu Complex	BSI
ISO 9001	Terminals in Incheon and Busan	BSI
ISO 9001	Lubricant Business	DNV
ISO 9001	Technology Research Institute	Korea Foundation for Quality
ISO/TS 16949	Lubricant Business	DNV

2 Product Quality Service

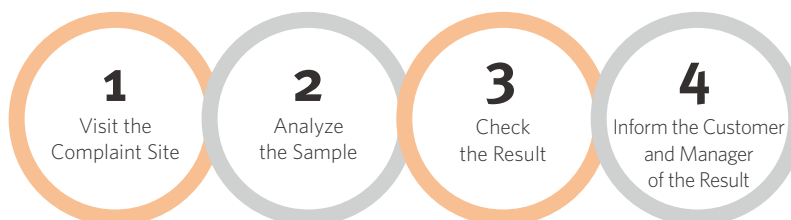
We launched the '**KIXX** Petroleum Mobile Lab' service program in July of 2007 for the first time in the industry to immediately identify counterfeit and adulterated petroleum products on the spot. Our **KIXX** mobile lab vehicles are equipped with high-end precision analysis devices that are actually used in the laboratory environment.

Our mobile lab vehicles visit **GS Caltex** service stations not only to perform product quality inspections but also to check the conditions of station facilities and gather opinions from station managers so that all of our customers may receive access to the highest-quality products in the most pleasant and convenient environments possible.

3 Service Station Quality Management

We apply greater rigorous standards than ordinary quality inspectors in managing product quality at **GS Caltex** service stations. Under the '**KIXX** Petroleum Mobile Lab' program, we visit our service stations to examine product quality. If any defect is found through our quality analysis it is immediately reported to the relevant department to ensure that thorough follow-up measures are taken.

This intention of this process is to fundamentally prevent adulterated products from being distributed at our service stations. Any **GS Caltex** client is eligible for '**KIXX** Petroleum Mobile Lab' services and in the case of suspected quality defects, our **KIXX** Mobile Lab team visits the station, engages in on-site analysis and immediately informs the results to the relevant authorities.



II. Establishing Future Energy Leadership

- ✦ Clean Energy
- Stable Supply of Crude Oil
- New Engine of Growth

II. Establishing Future Energy Leadership

We have instituted a comprehensive plan to ensure the stable supply of crude oil in a bid to cope with resource depletion. In particular, we placed greater attention towards new and renewable energy businesses to deal with the energy paradigm and the changing future energy needs of the world.

Clean Energy

We deliver clean energy that is environment-friendly, safe and economical.

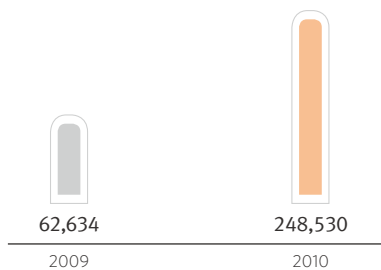
Clean Energy

In 2009, we took the lead in preventing environmental pollution by directly importing LNG (Liquefied Natural Gas) to use as feedstock and raw materials at our Yeosu Complex. After the initial 2009 imports of LNG for in-house consumption, we imported some 250,000 tons in 2010. **GS Caltex** plans to continue its imports of more than 1.5 million tons per annum for in-house operations and for the new LNG power plant consumptions after 2015.

We also ensure the stable supply of safe and easy-to-use city gas via subsidiaries such as Haeyang City Gas and Seorabeol City Gas. We are fully committed to providing cleaner energy to each household and business in an effort to secure future energy leadership in the coming years.

* LNG is a mixture of hydrocarbon gases extracted from gas streams that are liquefied to -162°C for mass transportation and storage.

- GS Caltex's LNG Imports(unit: LNG ton) -



Benefits of Natural Gas

- ✦ Clean Energy
Production of next to zero pollutants during combustion
- ✦ Safer Energy
Lowered explosion risk due to lightweight nature and high (compared to air) ignition temperatures
- ✦ Economical Energy
Greater economy when used in large quantities (as its thermal efficiency is higher than other fuel sources such as briquette and petroleum)
- ✦ Convenient Energy
Pipeline supplied (does not require additional transport or storage and can be used for all gas-powered devices)



II. Establishing Future Energy Leadership

- Clean Energy
- + Stable Supply of Crude Oil
- New Engine of Growth



Stable Supply of Crude Oil

As a total energy service leader, **GS Caltex** ensures a stable supply of energy in Korea, meeting more than one-third of the nation's energy needs. The company also prepares for possible energy depletions in the future by taking action now in securing stable sources of crude oil.

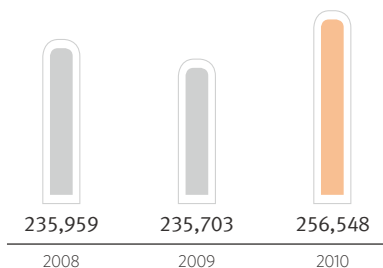
Stable Supply of Crude Oil in Korea

Our CDU operation ratio remained constant at 90% since the start of 2010 in spite of falling crack margins in 2008 and 2009. This demonstrates our dedication to ensuring a safe supply of crude oil in Korea. **GS Caltex** also continued to invest in such cutting-edge production facilities as upgraders and light oil desulfurization units in the face of global economic instability to ensure our products are of the highest quality.

Diversification of Crude Oil Suppliers

We import 250 million barrels of crude oil from major oil producers annually and continue to build strategic networks by tightening solidarity with oil-producing nations and overseas energy companies. In a bid to ensure stability in oil supply, we specifically set up a subsidiary office in Singapore and a branch office in London. Presently, we import as many as 80 different kinds of crude oils from 30 nations around the world including the Middle East, Southeast Asia, Australia, Europe, Central and Latin America and Africa.

- **GS Caltex's Crude Oil Imports**(unit: 1,000 barrels) -



Upstream business Development

We are very active in developing overseas upstream projects to cope with nation's energy security crisis caused by sustained high oil prices and political instability in overseas suppliers and to contribute towards national energy independence.

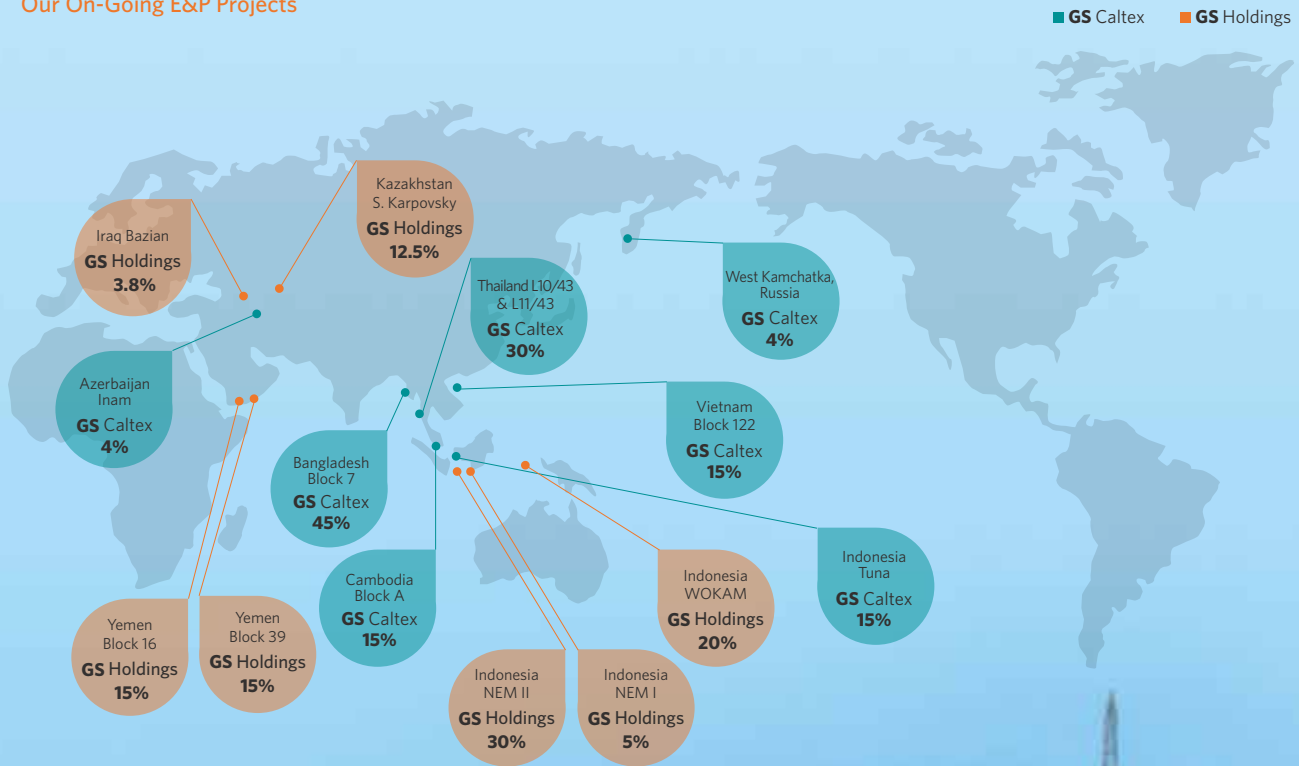
Since participation in our first upstream project in 2003, we have been looking for new business opportunities proactively as well as diversifying our business portfolio. Furthermore as working with Chevron, a major oil company, we have advantage of minimizing potential risks.

Our strength in overseas business comes from the synergy effects based on strategic partnership with **GS** Group affiliates including **GS** holdings. In particular **GS** global, a new **GS** Group affiliate, offers an extensive overseas network and it will positively affects on boosting our overseas upstream business. **GS Caltex** currently owns 7 exploratory projects including Tuna block in Indonesia and **GS** Holdings has another 7 projects.

Growing Expertise on E&P Projects

We are focusing on expanding our capacity to operate E&P projects independently and building the cornerstone to become an upstream project operator on our own. With a view to developing our expertise on E&P business, we attend relevant education programs and operate in-house course of study as well. Moreover we continue to expand onsite training in conjunction with major business partners.

Our On-Going E&P Projects



2003

Taking over over of the participating interest for Cambodian offshore Block A from Chevron
 Making full-fledged entry into the E&P business

July 2006

30% take over of the onshore L10/43 and L11/43 equity in Thailand from MOECO,
 an exploration company and subsidiary of Mitsui Group, Japan

November 2007

Conclusion of contract in acquiring 15% of offshore 122 exploratory project in Vietnam
 and 45% of the exploration rights for onshore Block 7 in Bangladesh

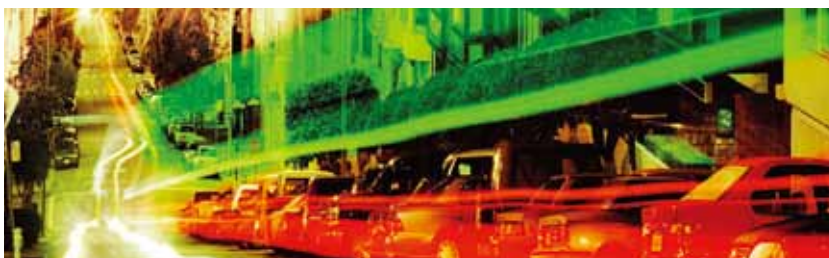
July 2010

Finalization of the contract to take over 15% of the offshore Tuna Block equity
 in Indonesia from MOECO



II. Establishing Future Energy Leadership

- Clean Energy
- Stable Supply of Crude Oil
- + New Engine of Growth



New Engine of Growth

With our mid/long-term green growth strategies instituted in 2010, we continue to invest in developing new and renewable energy and related technology.

We are determined to lead the paradigm shift into the future energy landscape with thorough efforts to meet energy needs in the upcoming years through the development of new and renewable energy.



FC-Boiler-Washing Machine(united type)



Electric Vehicle

Fuel Cell

Since 1989, when we began developing fuel cells as an energy company, **GS Caltex** has continued to proactively invest in this field. Fuel cells are expected to be used for extensive applications and we are taking the lead in technology R&D and commercialization in order to develop and distribute fuel cells with our own domestic technology.

GS FuelCell, our affiliate specialized in fuel cell business, developed city gas-powered 1kW fuel cell products for households and 5kW fuel cell products for buildings. **GS FuelCell**'s household fuel cell in particular, is a high-efficiency eco-friendly energy device that converts city gas into hydrogen which then reacts with oxygen in the air to produce electricity and heat simultaneously. Its overall efficiency is over 82%(electrical efficiency over 36%) and it generates 45% less CO₂ emissions.

GS FuelCell is the only fuel cell-specialized company in Korea that owns 3 core fuel cell technologies of system design, stack and reformer. Its technological competitiveness is evaluated nearly at par with Japan or the U.S. where pilot fuel cell projects began as early as 2005.

GS Caltex's technology research institute is developing high-capacity fuel cell and main system component technology. It successfully completed the development of the 50kW fuel cell and is currently working on a fuel cell system with a capacity above 100kW.

Electric Vehicle

To more proactively respond to the coming age of electric cars, we have continued with our R&D efforts on cathode materials for next-generation rechargeable batteries since 2009. While cathode materials are a core component of rechargeable batteries, only 30% of them are available with domestic technology. Thus, it is critical that Korean companies increase their competitive edge regarding the future market. Against the backdrop of the new electrical age, **GS Caltex** is fully committed to developing next-generation anode materials and plans to further increase the number of researchers to such projects continuously.

To expedite our entry into the market, **GS Caltex** strategically invested in DAEJUNG Energy Materials (acquiring 14.5% of its equity) in 2010, which in-house technology has the operational capacity to produce entire cathode materials for rechargeable batteries(precursors and anode materials). DAEJUNG EM is expanding its facilities in Iksan, and North Jeolla Province to boot. This will ensure the production capacity of 2,000 ton/year and mass production will be possible during the year 2011.

Thin Film Battery



Together with our affiliate, **GS Nanotech**, we work in developing thin-film battery products that are touted as the next-generation rechargeable battery. We are developing manufacturing technologies to enable the mass-production of such thin-film batteries, which will be the first in Asia. We are also searching for application products to secure an early market presence in this upcoming industry.

In order to secure full-scale initiatives in the thin-film battery business, we changed the affiliate company name from Nuricell to **GS Nanotech** in May of 2009. To further define our future objectives, we initiated the vision of “the Energy Solution Leader in Nano Technology.” Composed of all solid-state materials, thin-film battery not only leaves a minimal environmental footprint it is also void of explosion and ignition risk. Thin-film batteries are expected to be used for such applications as active RFID, smart cards, medical implants and MEMS(Micro Electro Mechanical Systems) that are forecast to show rapid growth in the future.

Waste-to Energy Conversion

GS Platech(another **GS Caltex** affiliate) converts waste into energy in a sustainable and environmentally-friendly way through its plasma gasification technology. **GS Platech's** high-temperature gasification technology is to produce synthetic gas, a kind of fuel that contains large quantities of hydrogen and CO. This process reduces pollutants such as dioxin that are generated from waste treatment by more than 10% compared to the traditional incineration method of incineration. Additionally, the byproduct of slag, a harmless glassy non-crystalline material, can be reused for soil restoration or construction materials.

Our facility is currently in operation with a capacity of 10 tons per day in Cheongsong, North Gyeongsang Province. Backed by national governmental support, we are also building another waste-to-hydrogen facility that will commercialize fuel cell power generation with hydrogen produced from waste for the first time in the world. Another commercial facility with a daily capacity of 100 tons is under construction and is slated for completion within 2011. We are currently working on several project proposals that we received from local governments, power plants and companies.

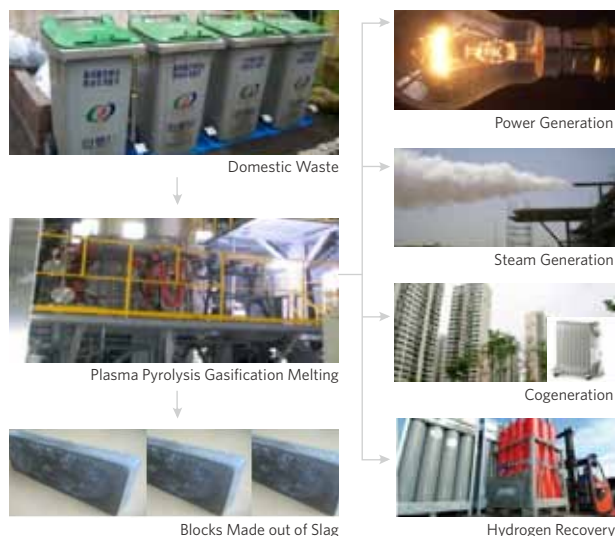
Carbon Materials

We set up ‘Power Carbon Technology’, a joint venture with JX-NOE, Japan’s largest refinery, to produce carbon materials for EDLC(Electric Double Layer Capacitor)s which are eco-friendly energy storage devices. We held the ground-breaking ceremony for plant construction in May of 2009 at Gumi City in North Gyeongsang Province.

Completed in March 2010, the plant commenced full-scale mass productions of EDLC carbon materials with an annual capacity of 300 tons, which is world’s largest, and commercial marketing began accordingly. In considering the growth potential of hybrid electric car and eco-friendly electric bus power supply devices, our intention is to gradually ramp up our facility to a 900 ton production capacity per year by 2015. Carbon materials, produced with state-of-the-art manufacturing technology, are the core electrode components of EDLCs that are emerging as a next-generation energy storage device for hybrid cars, photovoltaics and wind-power generation devices. These carbon materials are high value-added materials as they come with a whole range of applications.

With our own domestic technology at **GS Caltex**, we successfully developed anode materials, a core component in rechargeable batteries. Our full-fledged R&D activities started back in 2005 and we are projected to begin full-scale mass production from 2012. Particularly, our anode material products are soft-carbon produced with thermal treatments of 1,000°C, which means that they generate high power output with short charging times. Moreover, our anode material products are less expensive than synthetic graphite and safer than natural graphite, which makes them a perfect candidate for electric vehicle batteries.

- GS Platech's Facility for Energy Recovery -



ACCOUNTABLE ENGAGEMENT

33 FAIR OPERATIONS

38 COMMUNITY INVOLVEMENT AND DEVELOPMENT



ACCOUNTABLE ENGAGEMENT

GS Caltex continuously endeavors to enhance stakeholder engagement, establish fair operating practices and promote community development via Accountable Engagement.

I. Fair operations

- + Ethics Management and Fair Trade
- Shared Growth

Ethics Management and Fair Trade

We operate a corporate compliance program with 'business ethics' as its top priority in our management activities.

- CEO Remarks -

January 2010-I ask for your vigilance so that your pride and honor as a **GS Caltex** employee are not damaged due to any violations of the ethics code. If it happens under inevitable circumstances, please make sure that it is reported and processed in accordance with the relevant procedures so that our ethics management remains firmly woven into the fabric of our corporate culture.

September 2010-We concluded the 'win-win cooperation and fair trade agreement' in August last year. In particular, given the current circumstances in society, practicing ethics management is more important than in any other time and I'd like to re-stress the significance of ethics management once again.

I. Fair operations

At **GS Caltex**, our top priority in business conduct is our compliance with the principles of business ethics. We execute substantial initiatives in ensuring our business is more sustainable by taking the lead in establishing fair operating practices and expanding their scope into partner firms and subsidiaries.

CEO's Commitment towards Ethics Management

One of the key factors in determining the success of ethics management is a CEO's commitment towards it. The messages of our CEO were shared twice with every **GS Caltex** employee and each subsidiary in 2010.

- **GS Caltex's Ethics Management** -

Our ethics management strives to seek win-win partnerships in the conduct of our business so that we may develop jointly with our stakeholders, throughout the entire business activity spectrum.

Code of Ethics

GS Caltex enacted the code of ethics back in 1994. The code of ethics serves as the benchmark for senior management level decision-making and fulfillment of employee job duties. The code of ethics was followed by the establishment and operation of practical guidelines for detailed action rules, guidelines for corporate compliance program that stipulate relevant organizational reporting framework and practical guidelines for fair trade that include compliance requirements for employees regarding fair trade.

In particular, our disciplinary action rules clearly state disciplinary measures for those who violate statutory fair trade regulations. This ensures that offenders of the regulations are stringently held accountable.

Organizational/Reporting Framework

Following CEO's business conduct policy, the CFO was appointed as the CCO(Corporate Compliance Officer) in February of 2001 and UCO(Unit Compliance Officer)s were also appointed in each division and subsidiary in a bid to ensure that voluntary compliance actions are taken and supervised in a substantial manner at the workplace. (16 executive-level UCOs, as of December 2010)

Our Corporate Compliance Committee meets twice a year to prevent any business ethics violation. We instituted the Corporate Compliance Office(Systems & Procedure) to ensure substantial implementation of preventive measures. Our ethics management action plans and performance are transparently reported semi annually via the Audit Committee under the Board of Directors.

Ethics Management Hotline

The services of our Ethics Management Hotline are intended for all stakeholders including employees, customers and partner firms so they may report on unethical conduct or violations of fair trade regulations committed by **GS Caltex** employees. To ensure convenient 24-hour hotline access, we provide various reporting channels that include telephone, Internet, e-mail and fax to anyone who intends to report. Most importantly, we allow anonymous reports so that the identity of the reporters is protected.

If the reports make significant contributions to the company through preventing illegal activities, reducing costs or avoiding management risks, rewards may be requested. The Ethics Management Hotline assists us in detecting code of ethics violations early, enabling us to address such violations appropriately and take action to prevent their recurrence.

Ethics Management Hotline

- Internet _ <http://ethics.gscaltex.com>
- Phone _ 82-2-2005-6011
- Fax _ 82-2-556-7630
- Grievance Resolution Division
(reports of sexual harassment) _ 82-2-2005-6012
- e-mail _ ethics@gscaltex.com

Corporate Compliance Program Training

We conduct online CCP(Corporate Compliance Program) training courses to our entire staff annually. Primarily, these courses focus on what employees should understand and practice in their job duties and include understanding of CCP, basic ethics of employees, fair trade, information security, prevention of sexual harassment, CCMS(Consumer Complaints Management System), and EHS&Q(Environment, Health, Safety & Quality).

In a notable aim to enhancing understanding and consensus among employees, our online CCP training courses were newly developed into 3 different courses: general courses, intensive courses for marketing unit and intensive courses for procurement unit. Such segmented courses enable us to provide job-specific and division-specific programs that are differentiated in terms of study cases and course content. The fair trade program is a case in point-offering intensive courses for marketing unit that include wrongful common actions and generally unfair transactions, unjustified display and advertisement, unwarranted giveaways and other issues that sales representatives are expected to know. intensive courses for procurement unit address what purchasing employees should bear in mind including what constitutes unfair subcontract transactions.

Communication with Employees on Ethics Management

We take extensive action in building consensus regarding ethical issues through continued communication with our employees. First, we have an ethics management bulletin board on the corporate intranet to ensure that the most recent cases, trends and Q&As regarding ethics management and fair trade are addressed constantly.

Second, we issue the monthly ethics management webzine "Ethics Virus" which is distributed across the entire company. This webzine allows us to discuss the latest news in ethics management and fair trade while encouraging lively debates on ethics dilemmas and helping our employees raise ethical awareness in regards to their daily work life.

Reports of Gifts Received from Stakeholders

Our code of ethics strictly prohibits the acceptance of bribes from stakeholders. As for gifts that come from some stakeholders, however, the Corporate Compliance Office receives reports year-round and those gifts are either returned or sold to **GS Caltex** employees with their proceeds donated to social charities. (Nine cases of such in-house selling took place in 2010)

Evaluation

Our ethics management survey of client and partner firms started in 2005 in order to objectively evaluate our ethics management performance and to make improvements based on the outcome. Some 3,000 companies were surveyed via mail in 2010.

We also developed the **GSC-EPIX**(Ethics Program Index) in 2010 to objectively assess the ethics management activities at each headquarter division. The index is made up of 80 cause indicators and the outcome indicators are based on our responsibilities towards stakeholders: including customers/partner firms/employees/shareholders/nation/society. Such division-specific evaluations ensure that our ethics management plans are both established and administered to suit the specific requirements of each division.

For More Information on the Corporate Compliance Program

- Corporate Compliance Office-Systems & Procedures Team
Tel _ 82-2-2005-6259
E-mail _ clean@gscaltex.co.kr
- Corporate Compliance Officer-
Tae-Jin Um, Senior Vice President, CFO(as of May 2011)

Fair Trade

We have wide-ranging programs to comply with the fair trade law of Korea. With the growing importance of fair trade, we set up 'the advance review system for fair trade law compliance' in December of 2009. This review system makes it mandatory for relevant departments to review in advance whether new systems, established due to changes in internal/external environments, bear any risk of violating the fair trade law. This aims to minimize the risks of legal violations associated with new corporate systems and to further instill employee obligation in abiding with the fair trade law. With continued monitoring since the creation of the system, **GS Caltex** has been addressing compliance issues.

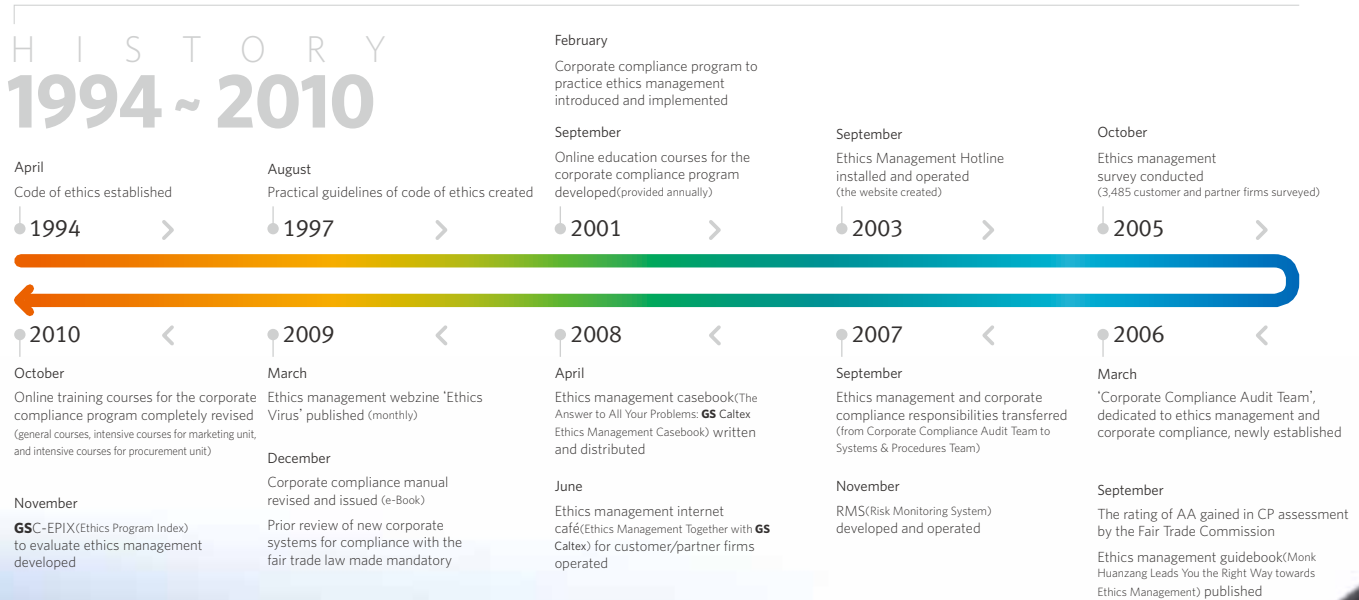
* One case of fair trade law violation in relation with LGP price fixing took place in 2010 but the appeal procedures are going on currently.

Audit-RMS(Risk Monitoring System)

Audit-RMS, established in 2007, was initiated to monitor enterprise risks based on the company-wide backbone system data including SAP. With Audit-RMS, we have been monitoring enterprise-wide risks and developing risk scenarios. A total of 18 risk scenarios were created in 2010 and the total number of risk scenarios that we own and operate stands at 135.

Distribution of Fair Trade Checklist

Our 'Fair Trade Checklist' that reflects unique features of our business is distributed and utilized in our daily management operations year-round. We also take precautionary actions in preventing any possible violations of the fair trade law: including voluntary compliance checks which are carried out frequently in the particular units that bear high risks of violation.



I. Fair operations

Ethics Management and Fair Trade

+ shared Growth



Shared Growth

At **GS Caltex**, we are fully aware of the essential role our partner firms play in ensuring the stability of our business. With our CEO's deep-rooted management philosophy of 'putting yourself in someone else's shoes', we promote communication with our partner companies and pursue shared growth based on mutual trust.

Outstanding Performance in Promoting shared Growth

We gained a rating of 'excellent' with scores above 90 in the Fair Trade Commission's evaluation of fulfillment of the 'TCP(Triangle Cooperation Program) Agreement' in December of 2010. These achievements prove our proactive efforts in offering extensive shared growth supports and in establishing fair trade practices after the signing of the '**GS** Win-Win Partnership and Fair Trade Agreement' in 2009. Our No. 3 HOU construction (completed in 2010) that created jobs for some 3 million people annually is a case in point. This construction translated into 2,000 substantial jobs and the employment as many as 7,000 people daily, with as many as 70 local companies taking part in building the facility. The construction project consumed a daily average of more than KRW 1 billion in construction workforce and materials. With all the benefits returning to the local community, the economy of the region enjoyed an economic boost.

Introduction of the Three Fair Trade Guidelines

We set forth and operate the following three key guidelines: contract-signing guidelines to establish voluntary fair subcontract transaction systems on the part of big companies, guidelines to select and manage partner firms and guidelines to create and operate the internal committee to review subcontract transactions. We also duly carried out our responsibilities in supporting technology development and education/training and installing a separate department dedicated to shared growth.

Making Cash Payments for Partner Firms

- ① We made 100% full cash payments of KRW 358.6 billion to small and medium size partner companies
- ② We reduced the average payment periods from 10 days to 5.2 days after the receipt of tax invoices.
- ③ We created a KRW 100 billion win-win partnership fund together with financial institutions to support our partner firms in receiving loans.

(Consequently, 33 of our partner companies benefited from KRW 23 billion worth of low-interest loans as of March 2011.)

Adjustment of Delivery Unit Price

We proactively adjusted delivery unit prices for our partner firms(some KRW 5 billion as of 2010) in an effort to mitigate their cost burden caused by the surging prices of raw materials and exchange rate fluctuations. This was recognized as another outstanding performance point in promoting win-win partnerships. We also assist our business partners with technology development by supporting and awarding contracts to SME partner firms in replacing imported materials with domestic counterparts and in placing major material orders to these companies undergoing new projects. Our endeavor to seek shared growth with business partners in an air of mutual trust and cooperative fair trade based relationships is widely appreciated.

Support for GS Caltex Partner Firms

1. Financial Support

- ① Creating the KRW 100 billion win-win partnership fund with the financial sector to reduce partner firm's financial burden from high interest rates on bank loans
- ② Arranging KRW 60 billion network loans to support partner firm's loan
- ③ Supporting loans for high-performing partner firms with long-term business relationships

2. Improvement in Making Payments

- ① Making 100% full cash payments
- ② Completing payments within 7 days upon receiving tax invoices issued by partner companies after delivery
- ③ Making 20% pre-payments of total contract sum

3. Intensive Support for Education and Training

- ① Operating the **GS Caltex** Partner Firm Support Center-technology training at the Yeosu Complex, training on marine transportation safety and energy efficiency
- ② Providing ethics management education and assisting in the construction an ethics management framework

4. Increasing Support for Technology Development

- ① Allowing partner firms to participate in new product development and supporting their product development efforts
- ② Providing opportunities for laboratory tests of international certification agencies to improve partner firms' technology capacity
- ③ Awarding orders to small and medium size business partners of equipment for new projects
- ④ Assisting partner firms in replacing imported materials with domestic counterparts
- ⑤ Supporting high-performing business partners with patent application cost

5. Other Management Support

- ① Six sigma education and management consulting
- ② Serving as a purchasing agent of raw and subsidiary materials for OEM partners
- ③ Helping with establishment of safety and health management system
- ④ Exempting outstanding partner firms from performance bond payments
- ⑤ Exempting outstanding partner firms from warranty bond payments
- ⑥ Operating the shared Growth Office
- ⑦ Operating the Unfair Transaction Reporting Center
- ⑧ Introducing high-performing partner firms and their products on the **GS Caltex** corporate website
- ⑨ Consultation meetings with business partners

Expanding Social Responsibility within Our Sphere of Influence

Our sustainability management is not limited to in-house activities. It extends into our customer/partner firms and subsidiaries so that they can duly meet their social responsibilities as well.

① Education of Ethics Management and Fair Trade for Partner Firms and Subsidiaries

To enhance understanding and consensus of ethics management and fair trade among employees at our partner firms and subsidiaries, we have been offering regular online and offline education courses.

Primarily focusing on actual cases, these courses cover the significance of ethics management and fair trade as well as major relevant regulations and systems (6 in total in 2010).

② Infusing Ethics Management into Customer/Partner Firms

Each division head at **GS Caltex** shares our CEO's commitment towards ethics management and related messages with customer and partner firms, spreading our determination for ethics management further across our influence sphere (more than double annually).

In gathering the diverse and new voices of our ethics management, we visit and talk with our customer and partner firms directly every year(50 companies in 2010) and have been operating the internet café 'Ethics Management Together with **GS Caltex**' since 2008 to ensure constant communication with these companies regarding ethics management.

③ Supporting Partner Firms to Establish Ethics Management

To further promote shared growth with partner firms based on corporate social responsibility, we instituted measures to support their ethics management, which will be put into practice in 2011.

- Specific Support Measures -

- 1) Regulations: Designing the overall regulation(ex) Ethics Regulations) framework and detailed component items
- 2) Check: Introducing risk-management methodologies/building internal control frameworks
- 3) Education : Designing education framework and methodologies/ providing education content

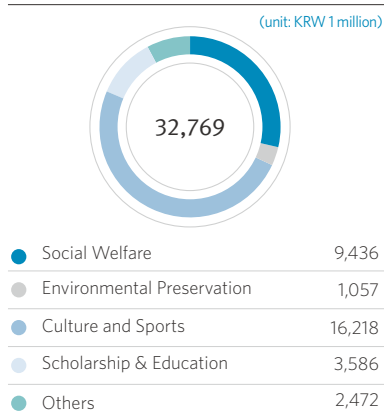
II. Community Involvement and Development

- + Social Contribution Initiative Directions
 - Green Sharing
 - Community Engagement

Social Contribution Initiative Directions

Under the catchphrase ‘Beautiful World through Energy Sharing’, we are fully committed to social philanthropic initiatives in order to fulfill our social responsibilities and duties as a corporate citizen.

- Social Contribution Expenses Spent in 2010 by Category -



- Social Contribution Expenses Spent by Year - (unit: KRW 1 million)

	2008	2009	2010
Expenses Spent	36,870	33,605	32,796

II. Community Involvement and Development

At **GS** Caltex, we create proactive and diverse social contribution activities to ensure the development of the local community from which we operate and to protect the rights of community members. We will continue to listen to local community stakeholders and put visible efforts into improving local communities.

Social Contribution Initiative Directions

Through our social contribution slogan, ‘Beautiful World through Energy Sharing’, we aim to provide avenue for the company, our employees, customers and local community members to congregate and mingle so that we may contribute to the beautification of the world through sharing.

Our social contribution activities focus on two overarching themes: ‘Green Sharing’ to promote both ‘green environment’ and ‘sharing’ for the sustainable future of the planet and humankind and ‘Community Involvement’ that moves beyond fragmented support for local community to pursue local community involvement and development.

- Our Mission in Social Contribution Initiatives -

- Green Sharing -
Fulfilling environmental responsibilities for a sustainable future as a total energy service provider
- Community Involvement -
Carrying out our responsibilities for a happy and growing local community as a corporate citizen

- Activity Domain -



Social Contribution Activity Framework

In 2005, we set up a complete charge department on corporate social responsibility in order to boost the actions of social contribution initiatives. contributing KRW 10 billion every year since August 2006, we have accumulated KRW 100 billion over the last decade to be designated for the use public services. With the establishment of the **GS** Caltex Foundation, we lay the foundation for further sustainable and systemic social contribution activities.

II. Community Involvement and Development

Social Contribution Initiative Directions

+ Green Sharing

Community Engagement



Green Sharing

We fulfill our environmental responsibilities for a sustainable future as a total energy service provider.

Green Edutainment

1 Korea National Park Ecology Experience Courses /Environment Education for Children

In 2010, we started national park ecology experience courses for children in conjunction with the Ministry of Environment and the Korea National Park. The courses include national park ecology experience programs for children from low-income and multi-cultural families and their family members as well as national park forest therapy programs for children suffering from environmental diseases.

We also initiated environment education programs for children from local welfare centers in 2010 to instruct them about climate change, correct use of energy and environmental pollution. These programs are led by our employees who volunteer to help those children in learning the importance of environmental preservation and simple ways to help the planet through fun-filled activities.

2 Green Children Writing Contest

In addition, we have been holding the Green Children Writing Contest every May since 1994 for primary school children near Yeosu and Sooncheon. The 2010 contest was expanded to include Gwangyang and the contest is fulfilling its purpose as a venue for environmental education by operating hands-on experience booths that demonstrate various new and renewable energies. So far, 48,000 children have taken part in the contest.

Green Donation

1 Nanum Goods(Goods for Charity)

Together with World Vision, we sell the goods for charity. These goods are produced to serve public purpose and the items sold under this project since 2006 include USB thumb drives, MP3 players and tumbler Heartea. The proceeds were all donated. We decided to provide all the profits to children from low-income families who suffer from environmental diseases starting from 2010 and the goods for charity for 2011 will be released after a preparation period.

2 Helping Environmental Refugees in Cambodia

We help overseas environmental refugees in third-world countries who have difficulties in either obtaining an adequate supply of drinking water or have well water contamination due to climate change and increasing population. In conjunction with the Good Neighbors, we prepared for such relief activities as increasing access to drinking water, cutting off sources of pollution and building toilets. We are to send employee volunteers to Cambodia in 2011.

Green Recycling

(Detailed information is available on page 17.)

II. Community Involvement and Development

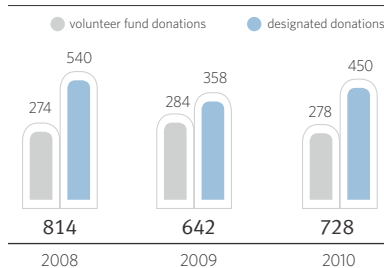
Social Contribution Initiative Directions
 Green Sharing
 + Community Engagement



Community Engagement

We strive to protect the economic, social and cultural rights of local community members and are fully committed towards building a happy and growing local community as a corporate citizen.

- Donations Made to the One Heart and Mind Fund -
 (unit: KRW 1 million)



- GS Caltex Volunteer Group Activities -

	2008	2009	2010
No. of Activities	594	731	819
Annual No. of Participating Volunteers	5,159	5,937	6,654

- Major Initiatives Taken by the GS Caltex Volunteer Group -

- 1 Volunteering for the physically-challenged to celebrate the establishment of the group
- 2 Supporting the sharing-marketplace program
- 3 Make-a-Wish relay at the end of year
- 4 Hope energy class
- 5 Pro Bono volunteering
- 6 Supporting hands-on experience programs

Community Philanthropy

1 Supporting Neighbors Needy

We are actively assisting the needy to ensure everyone in our local operating communities live happily. **GS Caltex** donates such necessary foodstuffs as rice and kimchi in addition to everyday goods to welfare facilities in Yeosu each Korean Thanksgiving Day. We also help residents living in permanent rental apartments within Yeosu to pay their heating bills each winter. Additionally, we encourage the improvement in the situations of economically vulnerable women in supporting job training for women from low-income families and child-care services for multi-cultural families.

2 Soup Kitchen for Elderly People

Our soup kitchen, '**GS Caltex House of Love & Sharing**', in Yeosu has been offering free lunches to approximately 300 elderly people per day, Monday through Friday, since May of 2008. Some 500 volunteer including employees at the soup kitchen, which serves as a major terminal for volunteer work in the area. In 2010, 3,941 volunteers assisted in serving 79,248 meals.

3 Matching Grant Fund

The **GS Caltex 'One Heart and Mind Fund'**, started back in 2005, with donations from our employees and a matching grant from our company. Such matching grant systems intend to promote employee participation in charities and support the receiving public organizations with twice the sum our employees donate. By 2010, the fund had grown to around KRW 3.7 billion.

4 Supporting Remote Island Villages

We are an active supporter of villages in island and remote areas that are relatively left behind from their urban counterparts. In particular, we have been operating summer guest-houses in villages near Geomun and Geumo Island since 2005. These guesthouses are directly contributing to the growing income of the local people by attracting tourists.

GS Caltex Volunteer Group

To ensure our employees are able to activate their love and sharing as a member of the local community, we launched the '**GS Caltex Volunteer Group**' near Yeosu, where our main worksite is located. There, the volunteers work actively with planned and individual volunteer initiatives.

Community Education

1 GS Caltex Scholarship

We have been providing **GS Caltex** Scholarships to secondary school and university students in Yeosu since 1996 to nurture talented young people who will serve as future leaders in their local communities. In 2010, a total of 467 students were awarded scholarships. The accumulated number of beneficiaries and scholarships offered amounted to 6,100 and KRW 4.5 billion respectively.

2 English Classes in Remote Islands

To help narrow the educational gap in island region schools, which have lagged relatively behind their urban counterparts, we instituted the sponsoring of English classes taught by native English speakers in 2007. These English-speaking teachers teach some 280 students in 22 primary and junior high schools twice a week (including branch schools) in Yeosu including Geomun Island.

3 Support for Island Region Schools

We forged sisterhood ties with 10 branch schools in islands near Yeosu and are supplying teaching tools, after-school activities and meals. We also support schools near our plant site. Students in Gyeongsan in the North Gyeongsang Province and Gapyeong in the Gyeonggi Province benefit from our scholarship projects as well. We hosted the Island School Media Festival in July 2010, providing an opportunity for primary and junior high school students to learn and experience how to produce movies and news programs on their own.

4 Energy Internship Program

To actively support government efforts in creating jobs and dealing with surging youth unemployment rates, we have been operating the energy internship program since May of 2009.

5 Sponsoring the Technician Development Project

We are an active sponsor of The Technician School, which aims to help young job seekers in Yeosu City build capacity and grow into top-performing industry technicians. In this way, students are able to meet the specific demands of the city. From the preliminary planning stage of the project, we never spared an effort in offering wide-ranging support that included advice and benchmarking. We are currently serving as a collaborating company for the project execution committee.

Community Mecenat

1 Ye-ul Maru Project

The **GS Caltex** Foundation, in conjunction with Yeosu City, is working to create the culture & art park 'Ye-ul Maru' in an effort to improve the quality of life for local residents and meet our social responsibility as a corporate citizen by establishing cultural and artistic infrastructure befitting the status of Yeosu as a host of the 2012 Expo.

- Ye-ul Maru -

Ye-ul Maru is under construction on a site of 701,740 m² near Mangma Mountain and Jang Island in Yeosu. The main structures will be built underground to maximize energy efficiency and the major facilities such as the performance hall and exhibition hall will be constructed with glass ceilings to mimic the flow of water that starts from the Mangma Mountain valley and flows into the nearby sea. We believe that the establishment of Ye-ul Maru will become an eco-friendly landmark of Yeosu. The park will be complete with a 1000-seat performance hall, exhibition halls, an energy hall, a viewing deck, and such ecology and landscape architectures as an eco-park and landscaped gardens. With the ground-breaking ceremony in November of 2009, full-fledged construction began and civil engineering work was completed in 2010. This was followed by architectural construction. The performance and exhibition halls are slated for completion by the first half of 2012 just in time for the Yeosu Expo.




Ariel View of the Culture & Art Park 'Ye-ul Maru'

2 Preservation of Local Cultural Heritage

In order to both preserve the cultural heritage of our forefather's spirit and to enhance its value further, we launched the 'Yeosu Cultural Asset Guide Service Improvement Project' with the Cultural Heritage Administration, Yeosu City and Yeol, a society for Korean cultural heritage, in September of 2008. This will help in promoting Yeosu's cultural assets to visitors coming to the city for the 2012 Expo.

3 Sponsorship for Cultural and Art Performance and Performing Organizations

We continue to sponsor local cultural and art performances and performing organizations. Our annual sponsorship for the Yeosu Philharmonic Orchestra performance began in 2007 and the 'Travelling Gallery' program to support young artists in Yeosu is underway as well.



RESPONSIBLE MARKETING 43 PROMOTION OF SUSTAINABLE CONSUMPTION 44 PROTECTION OF CONSUMER RIGHTS

RESPONSIBLE MARKETING

At **GS Caltex**, we are committed towards responsible marketing.
With this, we protect consumers' rights and promote sustainable consumption.

I. Promotion of Sustainable Consumption

◆ Promotion of Sustainable Consumption

Promotion of Sustainable Consumption

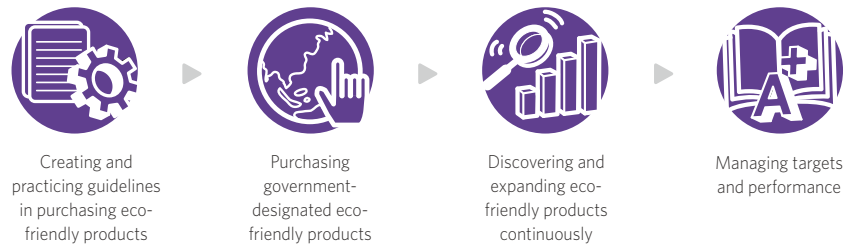
We ensure our management is more sustainable through the establishment of a sustainable consumer culture.

I. Promotion of Sustainable Consumption

We establish eco-friendly purchasing practices and a society-oriented consumer culture by promoting sustainable consumption. For the maximum-possible customer satisfaction, we make sure that our management initiatives are geared towards customer satisfaction based on customer safety, health and information security.

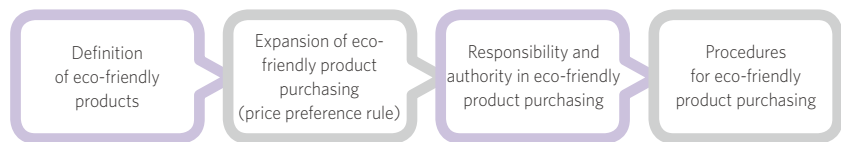
Green Purchasing

We carry out wide-ranging policies to purchase eco-friendly products in accordance with our environment management guidelines.

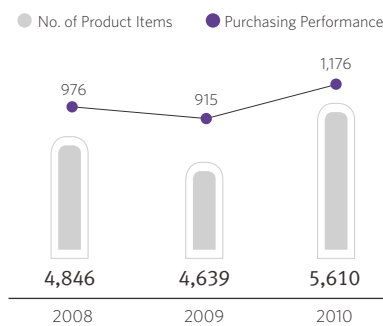


Eco-Friendly Product Purchasing Guidelines

After we made a voluntary green purchasing agreement with the Korean government in 2005, our eco-friendly product purchasing guidelines have been up and running since October of 2006 and contain the following items.



- Green Purchasing Performance between 2008 and 2010 -
(unit: KRW 1 million)



Society-Conscious Consumption

We made the social contribution agreement with the Korean Red Cross and introduced the 'GS & POINT Na-Noom Card', a bonus card that is specifically dedicated to charity donations in December of 2010. This card was the first of its kind in Korea and makes it easy for card-holders in assisting the needy with accumulating points through everyday purchases. Card points awarded at GS Caltex service stations, filling stations, Joy Mart, Auto Oasis and GS Carnet are automatically donated, which are matched with equivalent sums through the donations of GS Caltex. By promoting the GS & POINT Na-Noom Card, we expect to lead a culture of giving with our service stations that put the spirit of sharing into action. This comes in addition to our plans to undertake a variety of social philanthropic initiatives in the future.

II. Protection of Consumer Rights

- ✦ Protection of Consumers
- Customer Satisfaction Initiatives

Protection of Consumers

We protect the rights of our consumers with our consumer information security system and ensure consumer health and safety with better and safer products.

II. Protection of Consumer Rights

At **GS Caltex**, customer satisfaction is always our top business conduct priority. We protect the rights of consumers through various initiatives ranging from the protection of consumer confidentiality to the protection of consumer safety with safer products employed for the resolution of service-related consumer complaints.

Protection of Consumer Data and Personal Information

To ensure that critical information of our customers is safely managed, we make continued investments and endeavors in tightening the physical, managerial and technical security of customer information.

When it comes to technical security, we ensure that customer information is encrypted and utilize I-PIN(alternative to the resident registration number 'Korean social security number' to be used as an online personal identification number) data source. In addition, our customer information system allows only authorized administrators to access customer information and assures appropriate management and control of access logs.

With the introduction of the integrated security management system in 2011, we have been building a stronger information security framework that enables real-time customer information management monitoring. We also set forth in-house personal information security management guidelines to reinforce managerial protection activities. In addition, we educate our entire staff on customer information security.

We develop security indicators that incorporate government regulations on personal information security and conduct regular checks and in-house audits every year so that we are able to thoroughly examine relevant processes and management performance. We will do our utmost to continue elevating the level of physical/managerial/technical security measures and assure customer information security in such a prudential manner.

- In-House Audit Activities for Customer Information Security -

Check Items	Details
Management of access authority	<ul style="list-style-type: none"> · Access to and authority of personal information management system · Training history of authorized accessors
Encryption of personal information	<ul style="list-style-type: none"> · Analysis of various security solutions
Prevention of access log falsification	<ul style="list-style-type: none"> · Current status of access logs and backup data
Security measures for external access	<ul style="list-style-type: none"> · External access authorization logs and current status displays · Monthly access logs
Prevention of malicious programs	<ul style="list-style-type: none"> · Operation and examination of vaccine software
Protective measures for printouts and copies made	<ul style="list-style-type: none"> · Current status of history management
Password protection measures	<ul style="list-style-type: none"> · Compliance with password creation rules
Regular security initiatives	<ul style="list-style-type: none"> · Analysis of various security solutions · Half-yearly Analysis of vulnerabilities · Security accident training

Protection of Consumer Health and Safety

1 Service Station Safety Initiatives

Since we joined the clean gas station pilot project by the Ministry of Environment in 2006, we have been increasing the number of clean service stations and we have 121 such stations up and operate at the end of 2010, the largest-ever among domestic refineries.

The ministry sets forth stringent installment criteria of 8 equipments including storage tanks and pipelines for clean gas stations and specifies separate regular check methods of 7 equipments such as tank parts and gas pumps. The ministry also awards clean gas station certificates and signboards for those qualifying stations and exempts them from soil contamination investigations for 15 years.

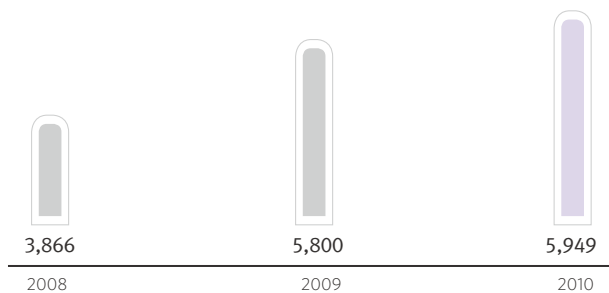


The definition of a clean gas station-Clean gas stations are equipped with proactive systems to prevent soil contamination by double-walled tanks (FRP+iron plates, HDPE), double-walled pipes, equipments to prevent oil leak and overflow and oil leak sensors.

2 Service Station Facility Safety Management

Gas stations dealing with high-risk combustible products are exposed to fire, explosion or any other type of accidents anytime. This is why it is highly critical to identify and prevent risk factors in advance through facility maintenance and management. Our KIXX Petroleum Mobile Lab service program is to examine service station facilities to discover potential risk factors early and take responses immediately, minimizing risks that might impede safety and health of our service stations.

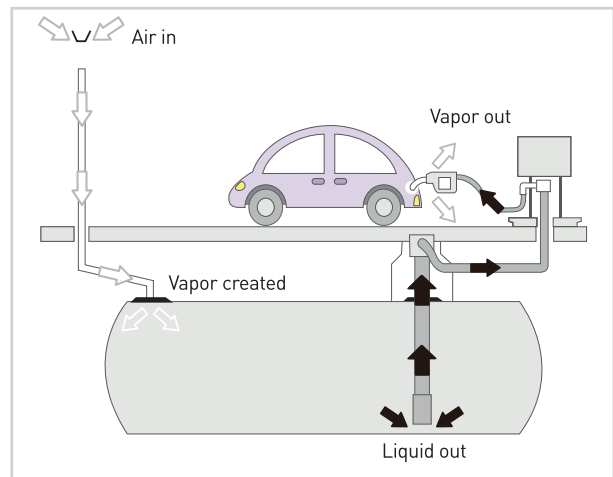
- No. of Service Stations Visited Annually(unit: No. of service stations) -



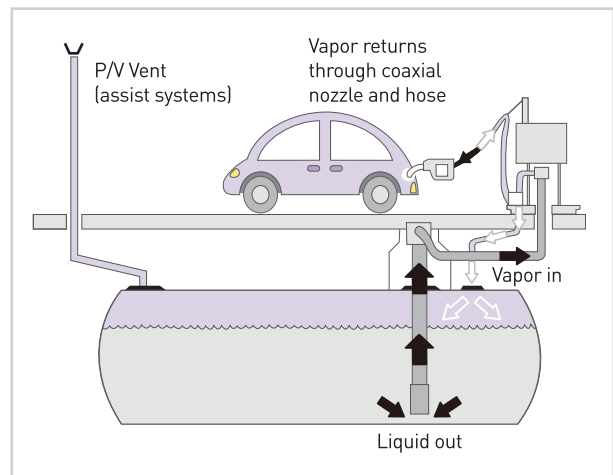
3 Vapor Recovery System

To provide a clean and comfortable environment to customers and service station workers, we are taking the lead in installing vapor recovery system at our service stations, which are to prevent oil vapor from leaking into the air via gas pumps. The vapor, a volatile organic compound, is classified as a 'specific hazardous air pollutant' that is able to generate secondary pollutants such as ozone through photochemical reactions. The vapor recovery unit takes vapor spreading to the atmosphere via pump nozzle during refueling time into the storage tank, increasing service station's inventory by reducing gasoline losses as well as improving air quality.

At the end of 2010, 238 service stations of GS Caltex, 86% of total service station in GS Caltex, had vapor recovery system installed and every GS Caltex service station will be equipped with vapor recovery system by 2012.



Before the Vapor Recovery Unit



After the Vapor Recovery Unit

II. Protection of Consumer Rights

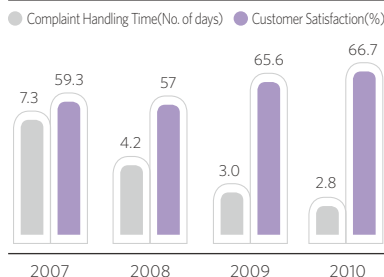
- Protection of Consumers
- + Customer Satisfaction Initiatives



Customer Satisfaction Initiatives

At **GS Caltex**, we practice and guarantee fair marketing. This maximizes our customer satisfaction and provides the best-quality products and services possible.

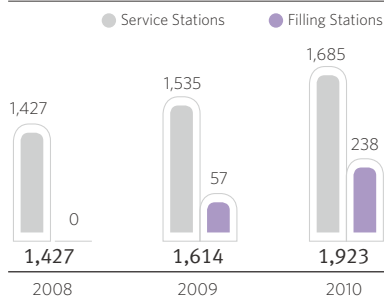
- Complaint Handling Time and Customer Satisfaction -



* Complaint handling time - The average number of days between receipt and resolution of complaints (on the bonus card, service station's service quality, and product quality)

* Customer Satisfaction-The percentage of customers found to be satisfied (more than 4 point scores on a scale of 1 to 5) via our 'happy call' made after compliant resolution

- No. of Kixx-Express Trainees(unit: No. of persons) -



Fair Marketing Initiatives

We ensure that our marketing activities are carried out in a fair manner. Specifically, we provide product information to help our customers make informed purchasing decisions. We ban the use of misleading phrases and do our utmost in providing clear information on our products across our whole spectrum of marketing initiatives.

Consumer Service Support and Complaint Resolution

1 Consumer Complaints Management System (CCMS)

The CCMS(Consumer Complaint Management System)was finalized and announced by the Fair Trade Commission in September of 2005 to ensure that companies take the initiative in dealing with consumer complaints and damages.

We were fully aware of the need to 'build a consumer-oriented corporate culture' to evolve into a leading globally competitive company and thus made the decision to adopt the CCMS as early as 2006. Our efforts were recognized in July of 2010, with our reception of the 'certificate of excellent CCMS company' that we gained for the first time in the Korean refining industry.

2 Customer Service Center(CSC)

The CSC(Customer Service Center), was established in 2001 through the integration all of our customer service channels and continues to gradually expand the scope of its activities beyond customer service. With the goal of improving customer satisfaction, the CSC is engaged in every aspect of our business from the receipt to the resolution of overall customer inquiries. Such inquires involve product quality compliments and complaints as well as service concerns from service station customers, service stations, bonus card customers and general customers.

3 Kixx-Express Training

We offer 'Kixx-Express' training for employees at our service and filling stations for customer complaint response. The 6-phase standard service guidelines include environmental issues and the safety and marketing program. This training will further evolve to include manager-level employees. New training modules will be added in 2011 that will include benchmarking case studies, leadership(employee management) courses and specifically, courses to raise ethical awareness.

OUR PERFORMANCE

48 ECONOMIC ACHIEVEMENTS

50 SOCIAL ACHIEVEMENTS

52 ENVIRONMENTAL ACHIEVEMENTS



OUR PERFORMANCE

At **GS Caltex**, we are making huge strides in economic, societal and environmental fields with our annual sustainability management evaluations and our continued endeavors to improve.

Economic Achievements

Thanks to the recovery of the global economic stage, there was a gradual increase in the petroleum product margins in 2010 as measured against 2009. With our continued efforts to slash costs and secure operational excellence, we also posted an operating profit and net income greater than the previous year. We expect that the full-fledged operation of the No. 3 HOU in December of 2010 will lead to improved profits in 2011. **GS Caltex** will endeavor to provide high-quality products and create jobs through sustained investments and enhanced competitiveness in the future.

- Six Sigma Management Innovation Initiatives -

Our Six Sigma program can be defined as follows: "GS Caltex's own unique change and innovation initiatives that aim to infuse into the company's corporate DNA an execution-oriented culture where far reaching goals are set and continuous improvements are made to achieve these goals".

To survive in today's business environment where international oil prices and exchange rates are fluctuating so rapidly, an organization needs to be innovated constantly and maintain sustained competitiveness. **GS Caltex** introduced an integrated company-wide innovation program in 1999 to seek sustainable profit growth in an effort to create a breakthrough under such difficult circumstances. This was followed by our continuous efforts and change initiatives, which led to employee participation in 240 Champion projects, 800 BB projects and 3,400 GB projects by 2010. With these achievements, we continue to move towards creating greater financial benefits, developing leaders and the incorporation of an innovative culture.

In particular, our Six Sigma program took a marked step forward between 2006 and 2009 through the enhancing qualitative elements of innovative initiatives that included the revision of the GB/BB framework and the creation of the BB project assessment center. Based on these efforts, we were able to boost our cost competitiveness, which had been a main focus of our Six Sigma program. We were also able to expand the scope of the Six Sigma program into company-wide innovation initiatives and cultural transformation to ensure the company's future growth in 2010.

In 2011, we plan to offer the wide-ranging Six Sigma methodologies(DMAIC/DFSS/DMWI/Lean)¹ customized for the specific needs of each business unit and discover and introduce ideally useful tools that are highly applicable to daily operations in a bid to facilitate the internalization of change and innovation initiatives into our daily business operations.

- No. of Six Sigma Tasks and Resulting Benefits -

	Category	2008	2009	2010
Champion Projects	No. of Tasks	49	50	52
	Financial Benefits (KRW 100 million)	N/A	1,654	708
BB ² Projects	No. of Tasks	86	N/A	N/A
	Financial Benefits (KRS 100 million)	572	N/A	N/A
GB Projects	No. of Tasks	499	454	454
	Financial Benefits (KRW 100 million)	935	240	60

- No. of Certified Employees and the Rate of Increase by Year(2008-2010) -

Certification	Category	2008	2009	2010	Accumulated Number
MBB	No. of Certified Employees	4	0	6	37
BB	No. of Certified Employees	56	52	53	477
GB	No. of Certified Employees	231	214	432	3,351

¹ DMAIC(Define/Measure/Analyze/Improve/Control), DFSS(Design For Six Sigma), DMWI(Define/Measure/Work-Out/Implementation), Lean(Lean Six Sigma)

² Operated as part of the Champion projects since 2009

- Consolidated Statement of Financial Position(unit: KRW 1 million) -

	2009	2010
- Current Assets	9,340,284	10,413,150
Cash and Cash Equivalents	1,101,202	760,976
Account Receivable	3,390,052	3,976,134
Short-Term Financial Assets	915,346	873,036
Inventories	3,516,558	4,409,724
Prepaid Income Taxes	12	122
Other Current Assets	417,114	393,158
- Non-Current Assets	11,798,955	12,432,839
Long-Term Account Receivable		2,651
Long-Term Financial Assets	913,509	756,241
Investment Assets under Equity Method	279,890	414,550
Property, plants and equipments	10,410,764	11,088,490
Real Estate Investments	49,706	25,135
Intangible Assets	105,134	107,413
Deferred Income Tax Assets	5,549	2,555
Other Non-Current Assets	34,403	35,804
▪ Total Assets	21,139,239	22,845,989
- Current Liabilities	7,620,466	9,080,422
Trade Payable	2,325,142	2,936,632
Short-Term Borrowings	5,214,681	5,931,864
Income Tax Payable	28,063	163,916
Other Current Liabilities	52,580	48,010
- Non-Current Liabilities	6,227,541	5,691,650
Long-Term Borrowings	5,652,000	5,260,262
Defined Benefit Liabilities	40,994	36,240
Deferred Income Tax Liabilities	143,025	81,444
Other Non-Current Liabilities	391,522	313,704
▪ Total Liabilities	13,848,007	14,772,072
Common Stock	260,000	260,000
Capital Surplus	66,270	66,270
Capital Adjustments	-35,643	-49,249
Accumulated Other Comprehensive Income	-29,721	12,770
Retained Earnings	7,029,026	7,779,401
Owner Equity Invested by Controlling Company	7,289,932	8,069,192
Non-Controlling Interest	1,300	4,725
▪ Total Equity	7,291,232	8,073,917
Total Liabilities and Equity	21,139,239	22,845,989

- Key Financial Indicators(unit: KRW 1 million) -

	2009	2010
Sales	27,907,971	35,315,777
Net Income	669,030	862,315
EBITDA	1,268,455	1,659,502
Liability-to-Equity Ratio	190%	183%
Debt/(Debt+Equity) Ratio	53%	53%
Interest Coverage Ratio	201%	473%
Operating Income margin	3%	3%
ROCE	6%	6%
ROE	10%	11%

- Consolidated Income Statement (unit: KRW 1 million) -

	2009	2010
- Sales	27,907,971	35,315,777
Other Operating Income	49,426	237,935
Cost of Sales	-25,994,402	-33,087,842
- Selling and Administrative Expenses	-881,676	-908,958
- Other Operating Expenses	-332,550	-356,789
- Operating Income	748,769	1,200,123
- Equity Method Income	24,769	49,300
- Financial Income	2,652,124	1,638,623
- Financial Expenses	-2,804,734	-1,914,075
- Other Non-Operating Profit and Loss	-11,168	4,175
- Net Income before Income Taxes	609,760	978,146
- Income Tax Expenses	59,270	-115,831
- Net Income	669,030	862,315
- Allocation of Net Income		
Owner Equity Invested by the Controlling Company	669,654	864,635
Non-Controlling Interest	-624	-2,320

* (For Readers' Reference) We introduced IFRS early in 2010 and chose consolidated financial statements as our basic financial statement format. Our 2009 financial statement was reorganized accordingly and pre-2008 financial statements are not included in this report.

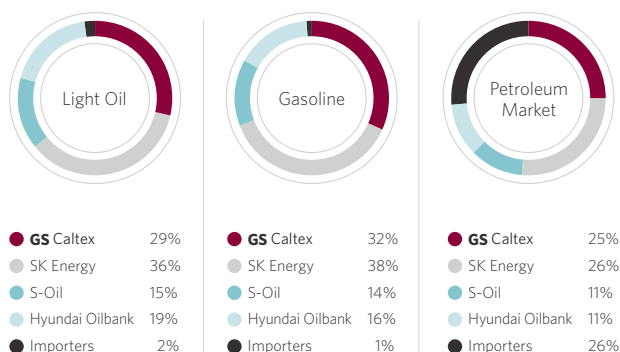
- Local Credit Rating -

	Rating Agency	Credit Rating	Date Rated
Corporate Bond	NICE	AA+	October 29, 2010
	KIS	AA+	October 29, 2010
Commercial Paper	NICE	A1	October 29, 2010
	KIS	A1	October 29, 2010

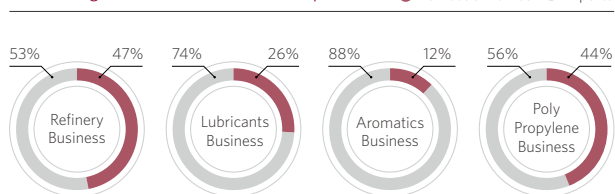
- Global Credit Rating -

	Rating Agency	Credit Rating	Date Rated
Global Long-Term Bonds	S&P	BBB	June 2010
	Moody's	Baa2	June 2010

- Market Share of Flagship Products -



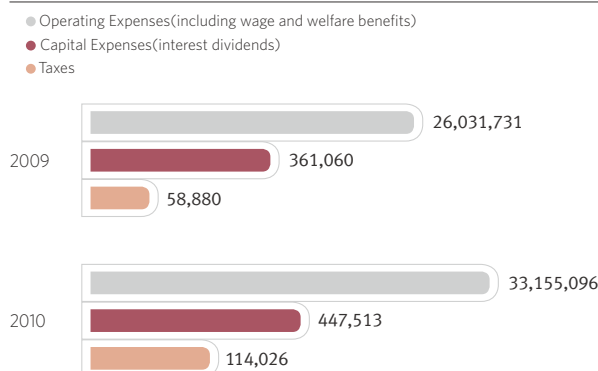
- Percentages of Domestic Market and Exports -



- Government Grants(unit: KRW 1 million)-

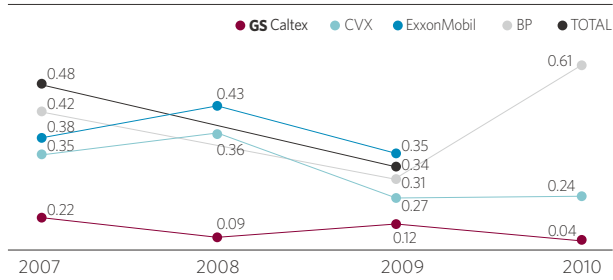


- Distributed Economic Values(unit: KRW 1 million) -



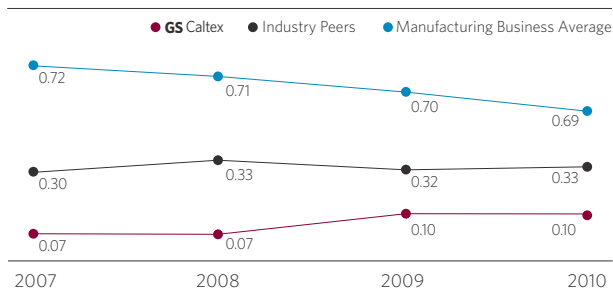
Social Achievements

- International Incident Statistics(unit: %) -



* TRIR(Total Recordable Incident Rate) = (No. of Incidents/man hour) X 200,000

- Domestic Incident Statistics(unit: %) -



- Average Entry-Level Salary per Employee(unit: KRW) -

	2008	2009	2010
Technical Workers	28,552,000	27,124,000	29,408,000
Office Workers	35,638,000	32,074,000	36,000,000

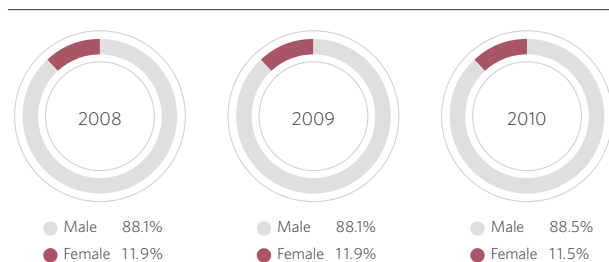
* Figures are based on annual salary (performance bonuses, allowances, lunch and transport fees are paid separately).

- No. of Newly Hired Employees(unit: No. of persons) -

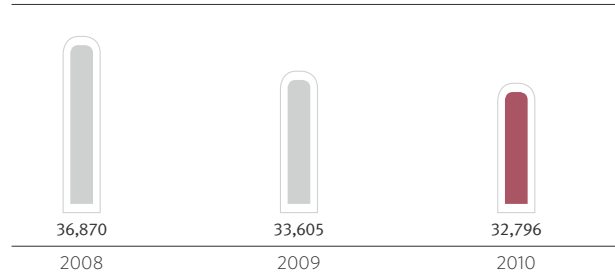
	2008	2009	2010	Total
Regular Employees	160	47	128	335
Non-Regular Employees	162	350	123	635
Total	322	397	251	970

* Non-regular Workers in 2009: including interns hired under the energy internship program (non-regular workers who resigned not included)

- Gender Makeup (unit: %) -



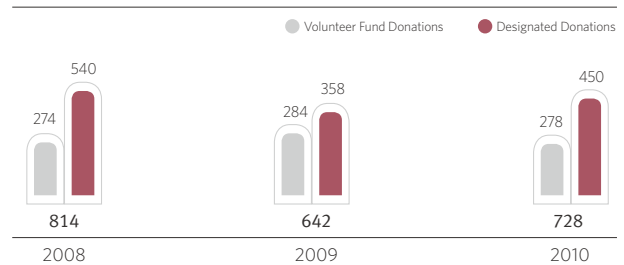
- Social Contribution Expenses Spent by Year(unit: KRW 1 million) -



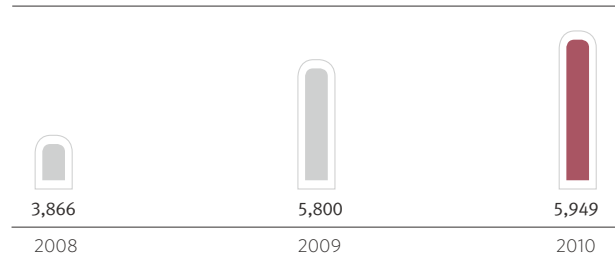
- Social Contribution Expenses Spent Annually(unit: KRW 1 million) -



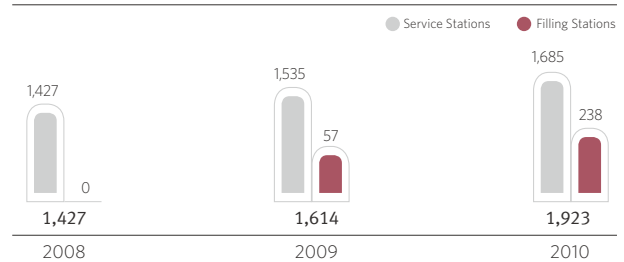
- Donations to the One Heart and Mind Fund(unit: KRW 1 million) -



- Service Station Facility Safety Management (No. of service stations visited per annum) -



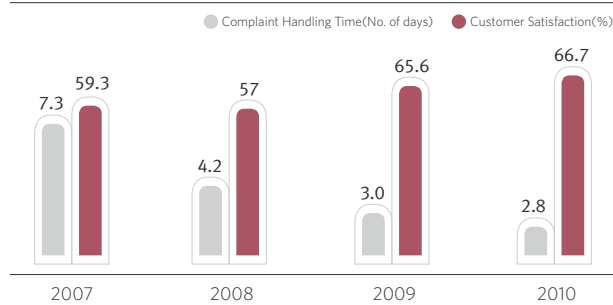
- No. of Trainees of the Kixx-Express Education Program(unit: No. of persons) -



- Social Volunteer Group Activities -

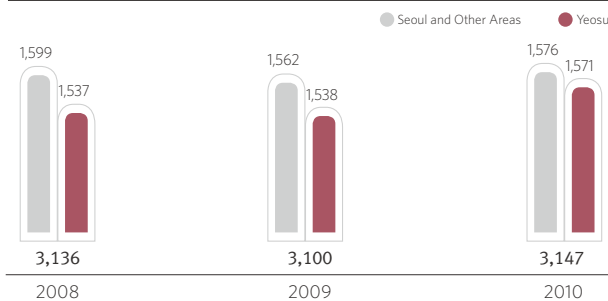
	2008	2009	2010
No. of Activities	594	731	819
No. of Volunteers	5,159	5,937	6,654

- Complaint Handling Time and Customer Satisfaction -



* Complaint handling time- average number of days between receipt and resolution of complaints (on the bonus card, service station's service quality, and product quality)
 * Customer Satisfaction-percentage of satisfied customers (more than 4 point scores on a scale of 1 to 5) via our happy call made after complaint resolution

- No. of Employees by Region(unit: No. of persons) -



- No. of Retirees and Resignation Rate(unit: No. of persons) -

	2008	2009	2010
No. of Retirees	156	149	150
Baseline Figures	3,292	3,249	3,297
Resignation Rate	4.74%	4.59%	4.55%

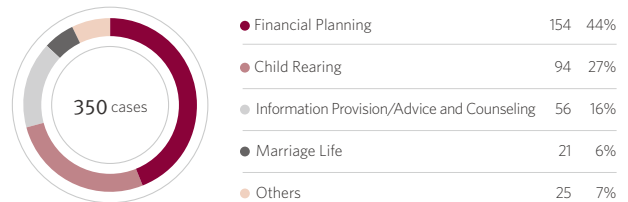
* Baseline figures: No. of employees at the end of year+No. of retirees

- No. of Employees by Employment Type(unit: No. of persons) -

	2008	2009	2010
Senior Executives	54	55	53
Office Workers	1,622	1,621	1,679
Technical Workers	1,262	1,242	1,262
Support Workers	45	46	48
Contract/Dispatched Workers	130	114	84
Others	23	22	21
Total	3,136	3,100	3,147

*Others : special assistant to chairman/corporate advisors/in-house security police/private police and etc.

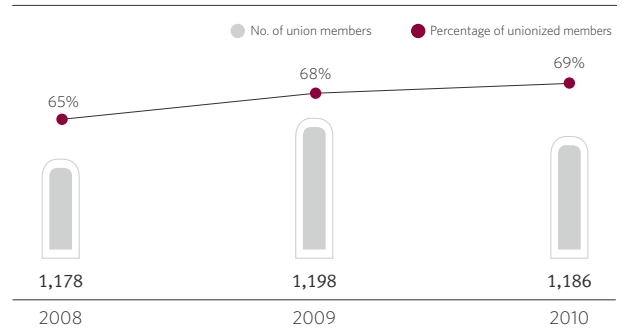
- Employee Assistance Program(EAP) 1. Top Counseling Issues by Individual Issue Category between 2008 and 2010 -



- Employee Assistance Program(EAP) 2. Top Counseling Issues by Task Category between 2008 and 2010(unit: No. of cases) -

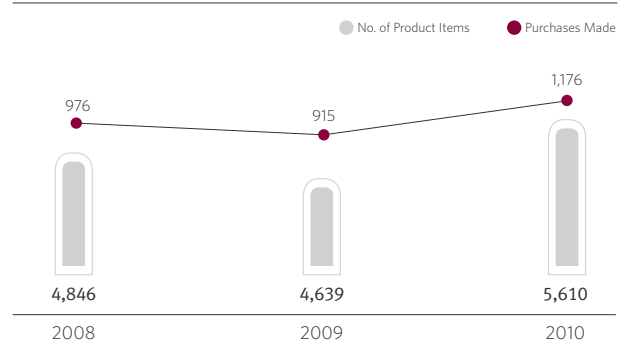


- Labor Union Membership -



* percentage of unionized members measured against the eligible members (eligible members: employees in the assistant manager position and under in accordance with the collective agreement)

- Green Purchasing Performance between 2008 and 2010(unit: KRW 1 million) -



Environmental Achievements

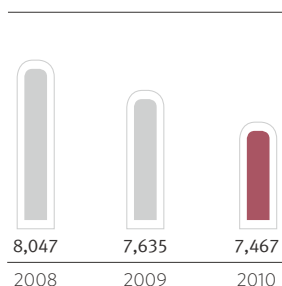
- Air Pollutant Emissions(unit: ton/year) -

	Dust	SOx	NOx	CO	VOC	Total
2008	286	9,731	4,787	360	103	15,267
2009	228	6,978	4,047	361	127	11,741
2010	242	7,125	3,981	589	134	12,071
Percentage Variances	6.0	2.1	-1.6	63.2	5.5	2.8

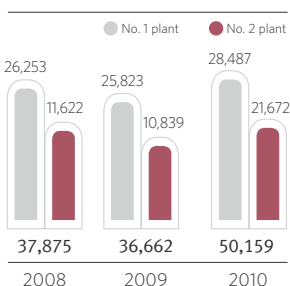
- Water Pollutant Discharge(unit: ton/year) -

	BOD	COD	SS	N-H	Phenol	Total
2008	109.5	108.2	45.3	6.2	1.1	270.3
2009	88.4	159.45	72.29	8.85	0.1	329.1
2010	67.4	105	59.8	3.9	0.02	236.1
Percentage Variances	-23.8	-34.1	-17.3	-55.9	-80.0	-28.3

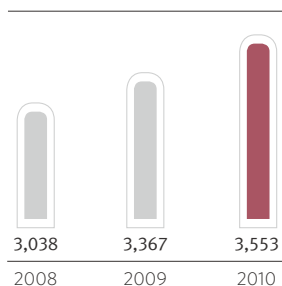
- Total Wastewater Discharge(unit: ton/day) -



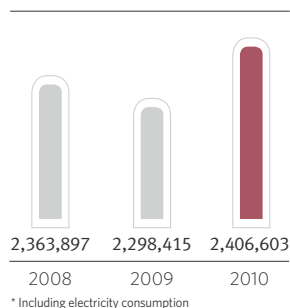
- Water Recycling(unit: ton/day) -



- Water Recycling(unit: ton/day) -



- Energy Consumption(TOE: Ton of Oil Equivalent) -



- Waste Discharge(unit: ton/year) -

	Designated Waste	General Waste	Recycled Waste	Recycling Rate	Total	Total (excluding recycled waste)
2008	13,809	19,009	18,485	56.3	32,818	14,333
2009	8,677	14,960	12,272	54.4	23,637	11,365
2010	20,917	13,795	19,790	57.0	34,712	14,922
Percentage Variances	141.1	-7.8	61.3	4.8	46.9	31.3

- Waste Intensity(unit: ton/kUEDC) -

	Total Waste	kUEDC	Intensity
2008	32,818	6,238	5.26
2009	23,637	6,723	3.52
2010	34,712	7,117	4.88
Percentage Variances	46.9	5.9	38.7

* UEDC : Utilized Equivalent Distillation Capacity

- Hazardous Chemicals Discharge(unit: ton/year) -

	NaOH	H ₂ SO ₄	HCl	NH ₃	PCE	Total
2008	3,902	185	1,369	50	40	5,546
2009	3,923	250	1,506	176	47	5,902
2010	4,716	440	2,187	226	47	7,616
Percentage Variances	20.2	76.0	45.2	28.4	0.0	29.0

- Transaction of Allowances under the GS ETS(Emissions Trading System) -

	2009(quarterly)	2010(monthly since July)
tonCO ₂	79,800	13,900

- GHG Emissions(unit: tCO₂/yr) -

	2008	2009	2010
Direct	5,645,026	5,390,786	5,569,441
Indirect	785,428	805,719	884,832
Total	6,430,454	6,196,505	6,454,273

Calculation criteria : Electricity emission factor of 0.444 tCO₂/MW (electricity emission factor remains unannounced since 2009)

- Registered GHG Reduction Projects -

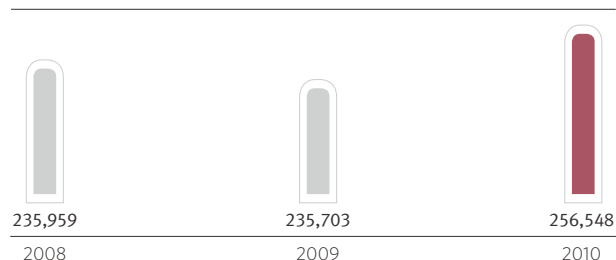
Project Item	Estimated Average Reductions per Year(tCO ₂ /year)
Remodeling of MTPX heater	20,061
Addition of heat exchanger to NKHT	4,353
Fuel-saving through steam introduction	6,390
Recovery of waste heat of charge heater	48,939
Improvement of energy efficiency of light reformat process	28,442
Fuel Switch(B-C oil-LNG)	142,923
Chang of feeder of #2 HOU HMP	12,553
Recovery of waste heat of #4 CDU heater	31,900
Recovery of cooling heat of HCR Kero P/A	5,826
Recovery of cooling heat of HCR 2 nd stage	10,619
Total	312,006

*calculated with the newly announced national electricity emission factor

- Environment Investments made in VRHCR Process(unit: KRW 100 million) -

	2008	2009	2010	Total
Wastewater and Marine Pollution	154	525	167	846
Air Quality	535	1,334	813	2,682
VOC	0	36	4	40
Soil Contamination	23	89	14	126
Others	7	17	17	41
Total	719	2,001	1,014	3,735

- Crude Oil Imports(unit: 1,000 barrels) -





APPENDIX

54 THIRD-PARTY ASSURANCE STATEMENT 56 GRI G3.1 / ISO 26000 INDEX 60 COMPANY HISTORY AND AWARDS 61 READER FEEDBACK SURVEY

Third-Party Assurance Statement

Dear **GS Caltex** Management and Stakeholders

◆ Introduction

The Korean Standards Association was commissioned by **GS Caltex** to assure the '**GS Caltex** Sustainability Report 2010'(the 'Report' hereafter). We reviewed the evidence and validity of the data, achievements and relevant systems in this Report written by **GS Caltex** to arrive at independent assurance conclusions. **GS Caltex** is entirely and solely responsible for the collection, analysis and organization of the information and all the statements included in this Report.

■ Independence

Aside from providing third-party assurance on this Report, we are independent and autonomous- unaffected by any influence or interests of **GS Caltex**.

■ Assurance Standards and Level

Our assurance corresponds with the AA 1000AS(2008) principles, ISO 26000 and GRI G3.1 guidelines. The AA 1000AS(2008) assurance principles of Inclusivity, Materiality and Responsiveness were used as criteria against which to evaluate the Report. The level of assurance of the reliability of the Report data is moderate.

■ Assurance Type and Scope

Our assurance is a Type 2 assurance as defined by the AA 1000AS standards, which means that as an assurance provider, we evaluated the reliability and accuracy of specified sustainability performance information within the Report in accordance with the AA 1000AS principle of reporting responsibility.

The scope of this assurance is limited to the **GS Caltex** Sustainability Report 2010 between January 1 2010 to December 31 2010 and physical inspections of the **GS Caltex** headquarters and its Yeosu Complex.

■ Assurance Methodology

We gathered the necessary information, data and evidence in relation with the assurance scope and provided assurance using the following methods:

- Review of sustainability issues that may impact **GS Caltex** and garner attention from stakeholders
- Review of the process to determine material issues to be included in the Report
- Review of the suitability of performance data collection system and reporting process in each area
- Interview with senior managers working in relation with sustainability management
- Review of process and system to generate sustainability data by visiting the headquarters
- Review of internal documents and basic data to support core statements within the Report
- Review of the consistency between financial data in the Report and corporate audit reports
- Verification of the level of adherence to the GRI guidelines

▣ Our Conclusions

We reviewed the draft of this report and presented our suggestions and which led to its necessary revisions.

With assurance, we arrived at the conclusion that the content of this Report reflects the sustainability of **GS Caltex's** management void of significant errors or biases.

• Inclusivity

Does GS Caltex ensure stakeholder engagement in designing and creating strategic response measures for sustainability?

We believe that **GS Caltex** is operating with appropriate processes and channels to assure stakeholder engagement. In particular, our view is that the company is engaged in systemic communication activities to promote local community engagement.

• Materiality

Does the Report include material issues that impact GS Caltex and its stakeholders?

We believe that **GS Caltex** neither omits nor excludes any informative material from its stakeholders.

We verified that the company completed the materiality process to identify sustainability issues through industry peer analysis, media research, expert interviews and stakeholder surveys in order to determine core material issues.

• Responsiveness

Does GS Caltex respond to stakeholder concerns appropriately?

We believe that **GS Caltex** is integrating material sustainability issues into its corporate guidelines and activities and responding to the demands of stakeholders.

▣ Our Recommendations

- The company would benefit from the enhancement of greater diversity in its employee demographics. It could also benefit through the inclusion of increased sustainability management indicators into its employee performance evaluation system as well as the inclusion of greater focus on achievements measured against targets in connection with sustainability management strategies.
- The company is advised to activate its mid/long-term green management roadmap, build its own energy management system(EMS) and supplement its business system to include performance evaluation schemes which will ensure strategic response to varying business requirements such as GHG reductions.
- The company would benefit from strengthening the link between its sustainability reports and its corporate website in expanding the scope of sustainability reporting to include overseas subsidiaries and offices.

June 2011

Chang-Ryong Kim,

Chairman & CEO of the Korean Standards Association



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Licensed Assurance Provider
000-70



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GRI G3.1 / ISO 26000 Index

● Reported ● Partially Reported ○ Not Reported ● Not Available

Details	No. of Page	Reporting Level	Note	ISO 26000 - Core Subjects and Issues
Principle of Stakeholder Engagement				Community Involvement
Boundary Protocol				Promotion of Social Responsibility within Value Chain
Strategy and Analysis				
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	2 - 3	●	Organizational governance
1.2	Description of key impacts, risks, and opportunities.	2 - 3	●	
Organizational Profile				
2.1	Name of the organization.	4	●	
2.2	Primary brands, products, and/or services.	4	●	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	4	●	Organizational governance
2.4	Location of organization's headquarters.	4	●	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	4	●	
2.6	Nature of ownership and legal form.	6	●	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	4, 28 - 29	●	
2.8	Scale of the reporting organization, including.	4	●	
2.9	Significant changes during the reporting period regarding size, structure, or ownership including.	4, 6	●	
2.10	Awards received in the reporting period.	60	●	
Report Parameters				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	About This Report	●	
3.2	Date of most recent previous report (if any).	About This Report	●	
3.3	Reporting cycle (annual, biennial, etc.).	About This Report	●	Organizational governance
3.4	Contact point for questions regarding the report or its contents.	About This Report	●	
3.5	Process for defining report content, including.	About This Report	●	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	About This Report	●	
3.7	State any specific limitations on the scope or boundary of the report.	About This Report	●	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	About This Report	●	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	About This Report	●	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	About This Report	●	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	About This Report	●	
3.12	Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found.	About This Report	●	
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	About This Report, 54 - 55	●	Assurance
Governance, Commitments, and Engagement				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	6	●	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	6	●	
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	6	●	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	6	●	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	6	●	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	6	●	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	6	●	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	8 - 9	●	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	6	●	Organizational governance
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	6	●	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	11	●	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	7	●	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization.	7	●	
4.14	List of stakeholder groups engaged by the organization.	8 - 9	●	
4.15	Basis for identification and selection of stakeholders with whom to engage.	8 - 9	●	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	8 - 9	●	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	8 - 9	●	

● Reported ● Partially Reported ○ Not Reported ● Not Available

Details		No. of Page	Reporting Level	Note	ISO 26000 - Core Subjects and Issues
Economic (Disclosure on Management Approach)		48			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	49, 50	●		Community involvement and development/Community involvement/Social investment/Social investment
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	14 - 15	●		Climate change and mitigation
EC3	Coverage of the organization's defined benefit plan obligations.	19	●		Conditions of work and social protection/Community involvement and development
EC4	Significant financial assistance received from government.	49	●		
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	19, 50	●		Conditions of work and social protection/Community involvement and development
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	36	●		Promoting social responsibility in the value chain/Community involvement and development/Employment creation and skills/Social investment
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	19	●		Community involvement and development/Employment creation and skills/Social investment
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	38 - 41	●		Economic, social and cultural rights/Community involvement and development/Community involvement/Education and culture/Technology development and access/Social investment/Social investment
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	4 - 5/ 14 - 17	●		Economic, social and cultural rights/Promoting social responsibility in the value chain/Respect for property rights/Access to essential services/Community involvement and development/Technology development and access/Technology development and access/Wealth and income creation/Social investment
Environmental (Disclosure on Management Approach)		11			
EN1	Materials used by weight or volume.	28	●		
EN2	Percentage of materials used that are recycled input materials.	-	●		
EN3	Direct energy consumption by primary energy source.	15	●		
EN4	Indirect energy consumption by primary source.	15	●		
EN5	Energy saved due to conservation and efficiency improvements.	15, 53	●		
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	15, 53	●		The environment/Sustainable resource use
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	15, 53	●		
EN8	Total water withdrawal by source.	12, 52	●		
EN9	Water sources significantly affected by withdrawal of water.	12	●		
EN10	Percentage and total volume of water recycled and reused.	17, 52	●		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	17	●		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	17	●		
EN13	Habitats protected or restored.	17	●		The environment/Protection of environment, biodiversity and restoration of natural habitats
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	17	●		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	17	●		
EN16	Total direct and indirect greenhouse gas emissions by weight.	15, 52	●		
EN17	Other relevant indirect greenhouse gas emissions by weight.	-	○	Work is underway to come up with other ways to measure indirect GHG emissions.	The environment/Climate change and mitigation
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	15, 52	●		
EN19	Emissions of ozone-depleting substances by weight.	-	●		
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	12, 52	●		
EN21	Total water discharge by quality and destination.	12, 17, 52	●		
EN22	Total weight of waste by type and disposal method.	13, 52	●		The environment/Prevention of pollution
EN23	Total number and volume of significant spills.	13, 52	●		
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	13	●		
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	12, 17	●		The environment/Sustainable resource use/Protection of environment, biodiversity and restoration of natural habitats
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	25	●		The environment/Sustainable resource use/Promoting social responsibility in the value chain/Sustainable consumption
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	17	●		The environment/Sustainable resource use/Sustainable consumption
EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	11	●		The environment
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	13	●		The environment/Sustainable resource use/Promoting social responsibility in the value chain
EN30	Total environmental protection expenditures and investments by type.	16	●		The environment

GRI G3.1 / ISO 26000 Index

● Reported ● Partially Reported ○ Not Reported ● Not Available

Details		No. of Page	Reporting Level	Note	ISO 26000 - Core Subjects and Issues
Labor Practices and Decent Work (Disclosure on Management Approach)		18			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	19, 50	●		Labour practices/Employment and employment relationships
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	19, 50	●		Labour practices/Employment and employment relationships
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	22	●		Labour practices/Employment and employment relationships/Conditions of work and social protection
LA4	Percentage of employees covered by collective bargaining agreements.	18, 51	●		Labour practices/Employment and employment relationships/Conditions of work and social protection/Social dialogue/Fundamental principles and rights at work
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	18	●		Labour practices/Employment and employment relationships/Conditions of work and social protection/Social dialogue
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	19	●		Labour practices/Health and safety at work
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	20, 51	●		Labour practices/Health and safety at work/Community involvement and development/Community involvement/Education and culture/Health
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	21, 51	●		Labour practices/Health and safety at work
LA9	Health and safety topics covered in formal agreements with trade unions.	19	●		Labour practices/Health and safety at work
LA10	Average hours of training per year per employee by gender, and by employee category.	23	●		Labour practices/Human development and training in the workplace
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	19	●		Labour practices/Human development and training in the workplace/Employment creation and skills
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	23	●		Labour practices/Human development and training in the workplace
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	6, 22, 50	●		Discrimination and vulnerable groups/Fundamental principles and rights at work/Labour practices/Employment and employment relationships
LA14	LA14 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	22	●		Discrimination and vulnerable groups/Fundamental principles and rights at work/Labour practices/Employment and employment relationships/Conditions of work and social protection
LA15	Return to work and retention rates after parental leave, by gender.	22	●		Discrimination and vulnerable groups
Human Rights (Disclosure on Management Approach)		22			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	22	●	Our human rights regulations are under revision	Human rights/Due diligence/Avoidance of complicity/Promoting social responsibility in the value chain
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	22	●	Our human rights regulations are under revision	Human rights/Due diligence/Avoidance of complicity/Employment and employment relationships/Promoting social responsibility in the value chain
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	22, 34	●		Human rights/Avoidance of complicity
HR4	Total number of incidents of discrimination and corrective actions taken.	22	●		Human rights/Resolving grievances/Discrimination and vulnerable groups/Fundamental principles and rights at work/Employment and employment relationships
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	22	●		Human rights/Due diligence/Human rights risk situation/Avoidance of complicity/Civil and political rights/Fundamental principles and rights at work/Employment and employment relationships/Social dialogue
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	22	●		Human rights/Due diligence/Human rights risk situation/Avoidance of complicity/Discrimination and vulnerable groups/Fundamental principles and rights at work
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	22	●		Human rights/Avoidance of complicity/Employment and employment relationships/Promoting social responsibility in the value chain
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	22, 34	●		Human rights/Resolving grievances/Discrimination and vulnerable groups/Fundamental principles and rights at work/Employment and employment relationships
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-	●		Human rights/Resolving grievances/Discrimination and vulnerable groups/Civil and political rights/Respect for property rights
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	-	○	Our human rights regulations are under revision	Due diligence/Human rights risk situation
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	-	●		Resolving grievances
Society (Disclosure on Management Approach)		33, 38			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	38 - 41	●		Economic, social and cultural rights/Community involvement and development/Employment creation and skills/Social investment/Respect for property rights
SO2	Percentage and total number of business units analyzed for risks related to corruption.	-	●		Fair operating practices/Anti-corruption
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	34	●		Fair operating practices/Anti-corruption
SO4	Actions taken in response to incidents of corruption.	34 - 35	●		Fair operating practices/Anti-corruption
SO5	Public policy positions and participation in public policy development and lobbying.	-	●		Fair operating practices/Responsible political involvement/Community involvement
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	-	●		Fair operating practices/Fair competition/Respect for property rights
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	35	●		Fair operating practices/Respect for property rights/Social investment
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	35	●		Fair operating practices/Respect for property rights/Social investment
SO9	Operations with significant potential or actual negative impacts on local communities.	-	●		Community involvement and development
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	38 - 41	●		Community involvement and development

● Reported ● Partially Reported ○ Not Reported ● Not Available


Details	No. of Page	Reporting Level	Note	ISO 26000 - Core Subjects and Issues
Product Responsibility (Disclosure on Management Approach)				
25				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	26	●	Economic, social and cultural rights/Promoting social responsibility in the value chain/Consumer issue/Protecting consumers' health and safety/Sustainable consumption
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	44 - 46	●	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	46	●	Consumer issue/Fair marketing, factual and unbiased information and fair contractual practices/Protecting consumer's health and safety/Sustainable consumption/Consumer service, support, and complaint and dispute resolution/Education and awareness
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	46	●	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	46	●	Consumer issue/Protecting consumer's health and safety/Sustainable consumption/Consumer service, support, and complaint and dispute resolution/Access to essential services/Education and awareness
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	46	●	Consumer issue/Fair marketing, factual and unbiased information and fair contractual practices/Consumer service, support, and complaint and dispute resolution
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.	46	●	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	46	●	Consumer issue/Consumer data protection and privacy
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	46	●	Consumer issue/Consumer service, support, and complaint and dispute resolution

GRI G3.1 Application Level Declaration

GS Caltex reported against the GRI G3.1 guidelines and self-declares its reporting to be Application Level 'A+'.

The Korean Standards Association provided an independent assurance of GS Caltex's 2010 Sustainability Report and confirms that the report is rated Application Level 'A+'.

		Against the 2002 guidelines	C	C+	B	B+	A	A+
Mandatory	Self-Declaration			External Assurance Statement		External Assurance Statement		External Assurance Statement
Optional	Third-Party Check							External Assurance Statement

Compliance with the UN Global Compact Principles	Principle	Details	페이지
 <p>In December 2010, GS Caltex joined the UN Global Compact, the UN-led international agreements on corporate social responsibility and is fully complying with its 10 principles in the 4 areas of human rights, labor, environment and anti-corruption.</p>	Human Rights		
	Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and	Securing CSR Leadership	7
	Principle 2 : make sure that they are not complicit in human rights abuses.	Revising Human Rights policies, Running the Corporate Compliance Program	22,34
	Labour Standard		
	Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Building win-win labor-management culture	18,19
	Principle 4 : the elimination of all forms of forced and compulsory labour;	Putting into practice the human-oriented management philosophy	22
	Principle 5 : the effective abolition of child labour; and	Putting into practice the human-oriented management philosophy	22
	Principle 6 : the elimination of discrimination in respect of employment and occupation.	Ensuring equal opportunity for all	23
	Environment		
	Principle 7 : Businesses should support a precautionary approach to environmental challenges;	EHS&Q integrated information system in conformity with the precautionary principle	11
Principle 8 : undertake initiatives to promote greater environmental responsibility; and	Applying in-house environmental rules that are stricter than statutory regulations	11-17	
Principle 9 : encourage the development and diffusion of environmentally friendly technologies.	New engine of growth	30-31	
Anti-Corruption			
Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery.	Fair Trade Compliance Program	33-34	

Company History & Awards

- Company History -

Growth & Development 1966 - 1989

Dec. 1966	Joint Venture Agreement signed with Caltex Petroleum Corp. in the U.S.
May. 1967	Honam Oil Refinery Co., Ltd. Incorporated
Jun. 1969	No. 1 CDU in the Yeosu Refinery completed (60,000 BPSD)
Jan. 1981	Yeosu Refinery expanded (380,000 BPSD), 1st crude wharf completed
Jan. 1986	R&D Center established
Apr. 1988	Polypropylene plant completed (120,000 MTA)
Dec. 1989	Polypropylene plant expanded (120,000 MTA-180,000 MTA)

Management Rationalization & Business Diversification 1990 - 1999

Sep. 1990	1st P-X plant (200,000 MTA) and 1st aromatics plant (500,000 MTA) completed
Oct. 1991	1st kero-diesel hydro-desulfurizing unit completed (50,000 BPSD)
Sep. 1995	1st RFCC (Residue Fluid Catalytic Cracker) completed (70,000 BPSD) and overseas office in Singapore opened
May. 1996	Renamed as LG-Caltex Oil Corporation
Feb. 1997	Kuk Dong City Gas Co., Ltd (Now Yesco) acquired
Nov. 1998	Central Technology R&D Center in Daejeon completed

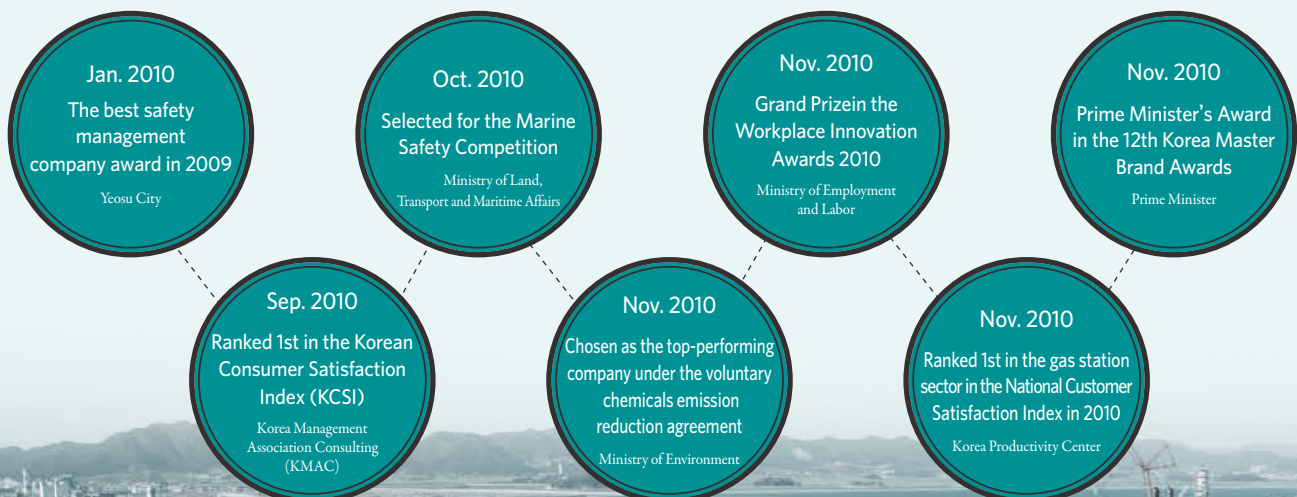
Innovation & Upgrading 2000 - 2005

Jan. 2000	New vision of 'The Leader in Providing Total Energy Service' declared
Jun. 2000	LG Power Co., Ltd (Now GS Power) established
Aug. 2000	Seorabeol City Gas Co., Ltd established
Jan. 2001	Haeyang City Gas Co., Ltd acquired
Apr. 2003	No. 3 Paraxylene Plant completed (1.2 million MTA)
Sep. 2003	Order for commissioned operation of refining plants in Sohar, Oman landed
Mar. 2005	Renamed as GS Caltex Corporation

Leader in Providing Total Energy Service 2006 - 2010

Jun. 2006	GS Caltex (Langfang) Plastics Co., Ltd. Established
Aug. 2006	GS Caltex Foundation launched
Dec. 2006	New & Renewable Energy R&D Center opened
Aug. 2007	No. 2 HOU unit completed-VDU (Vacuum Distillation Unit) 150,000 BPSD HCR (Hydrocracker) 55,000 BPSD Lubricant Base Oil Plant completed (16,000 BPSD)
Sep. 2007	Hydrogen Statoin opened
Nov. 2007	1st Aromatics plant expanded (2.8 million MTA)
Dec. 2007	Cheongpyeong Research Center established
Oct. 2008	Yeosu No. 1 plant expanded (700,000 BPSD)
Dec. 2008	No. 4 diesel desulfurizing unit completed (70,000 BPSD, 260,000 barrels in total)
Jan. 2009	HOU capacity increased-RFCC (93,000 BPSD-94,000 BPSD) HCR (60,000 BPSD-61,000 BPSD)-155,000 barrels in total Power Carbon Technology established (Joint Venture Agreement signed with Nippon Oil Corp.)
Jul. 2009	Yeosu No. 1 plant expanded (700,000 BPSD) Lubricant Base Oil Plant's production capacity increased (16,000 BPSD-23,000 BPSD)
Oct. 2009	Yeosu No. 1 plant expanded (750,00 BPSD) Kero-diesel hydro-desulfurizing unit expanded (272,000 BPSD)
Feb. 2010	GS Caltex India Private Limited established Equity investment in the onshore Block 7 in Bangladesh made
Mar. 2010	PCT (Power Carbon Technology) production facility completed
Jun. 2010	HOU unit completed-VRHCR (Vacuum Residue Hydrocracker, 60,000 BPSD), 215,000 barrels in total

- Awards -



2010 Reader Feedback Survey for the GS Caltex's Sustainability Report

Our 2010 Sustainability Report aims to share our past achievements and future business directions in the economic, environmental and social sectors. We welcome your invaluable opinions about this Report in the confidence that your input will bring us one step closer to becoming a truly sustainable company in the upcoming years.

1. Which of the following applies to you?

- GS Caltex** employee Shareholder/Investor
- GS Caltex** Affiliate/Subsidiary Service station/corporate customer
- Consumers Local people in Yeosu Labor Union
- Government /Related government agency Partner firm
- Others ()

2. Which is your main area of interest? (Multiple choices permitted)

- Stakeholder communication Corporate governance
- Human rights Labor practices
- Environment Fair Operating practices
- Consumer issues Community involvement and development

3. Please rate the completeness and usefulness of the data presented in this Report.

◀ Poor 1 2 3 4 5 Excellent ▶

- A. CEO MESSAGE □□□□□
- B. **GS Caltex** COMPANY PROFILE □□□□□
- C. CORPORATE GOVERNANCE / CSR LEADERSHIP □□□□□
- D. CSR STRATEGY □□□□□
- E. SUSTAINABLE OPERATION □□□□□
- F. RELIABLE ENERGY □□□□□
- G. ACCOUNTABLE ENGAGEMENT □□□□□
- H. RESPONSIBLE MARKETING □□□□□
- I. OUR PERFORMANCE □□□□□
- J. APPENDIX ()

4. Please rate the following activities (according to importance)

GS Caltex should pursue in order to develop in a sustainable manner.

◀ Poor 1 2 3 4 5 Excellent ▶

- A. CEO MESSAGE □□□□□
- B. **GS Caltex** COMPANY PROFILE □□□□□
- C. CORPORATE GOVERNANCE / CSR LEADERSHIP □□□□□
- D. CSR STRATEGY □□□□□
- E. SUSTAINABLE OPERATION □□□□□
- F. RELIABLE ENERGY □□□□□
- G. ACCOUNTABLE ENGAGEMENT □□□□□
- H. RESPONSIBLE MARKETING □□□□□
- I. OUR PERFORMANCE □□□□□
- J. APPENDIX ()

5. How would you evaluate this Report?

- Very poor Poor Average Good Excellent

6. Please feel free to suggest any improvements that could be made to this Report.

7. Please feel free to share any expectations you may have regarding our business activities at **GS Caltex**.

Thank you for your time.



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135-985 **GS** Tower, 678 Yeoksam-dong, Gangnam-gu, Seoul Korea
555-260 Yeosu Complex-1056 Wolrae-dong, Yeosu City, Jeonam Province, Korea

Tel _ 82-2-2005-1114
Tel _ 82-61-680-2114