



Recycled papers and soy ink, certified by Forest Stewardship Council (FSC), was used to print this report.

ENERGY FOR SUSTAINABLE LIFE

GS Caltex 2012 SUSTAINABILITY REPORT

Energy For Sustainable Life

GS Caltex 2012 Sustainability Report

Contents

Introduction

CEO Message	02
Corporate Overview	10
Stakeholder Engagement	14

Sustainable Operation

Sound Corporate Management	20
Workplace Safety	22

Reliable Energy

Sustainable Energy Supply	28
Low-Carbon Environmental Management	30

Accountable Engagement

Employees	38
Partners	44
Social Contribution	46

Responsible Marketing

Customers	54
Brand	60

Appendix

UN Global Compact Statement	62
GRI G3.1/ ISO 26000 Index	63
Third-Party Assurance Statement	68
Major Consolidated Financial Statements	70
Other Data	75
GS Caltex History and Accolade	76



GS Caltex GSC Why Here

About This Report

This report is **GS** Caltex's eighth Sustainability Report since 2006. Publishing these reports informs of our sustainability to internal and external stakeholders, and also allows us to pay close attention to expectations and demands of more stakeholders. This report is designed to accurately deliver the present state of **GS** Caltex's business and corporate value to investors and stakeholders through financial and non-financial performances.

Reporting Period and Boundary

This report concentrates on **GS** Caltex's performances and activities from January 1 to December 31, 2012. Some information from the first quarter of 2013 were included in the report as it was deemed important to our stakeholders. Quantitative data of our recent three years were used to illustrate the progression of our company's performance. Varying data of each year are based on the closing date of fiscal year, December 31. We clearly stated dates for cases where data from other periods were used. This report illustrates economic, social and environmental performances at our headquarters and Yeosu Complex. It partially includes data on our terminals, lubricant plants, service stations, and filling stations. The performances of our subsidiaries are also partially covered in this report.

Reporting Principle

With the GRI G3.1 Guideline as our reference, this report transparently reveals the performance and plan of each index. The reader can check the state of reporting by items in the GRI Guideline Index on page 63-67. The contents and data in this report was assured by a third party to enhance reliability. Our sustainability report complies with the GRI G3.1 Guideline with the score of an A+. The result of the assurance is shown on page 68-69. Our report also complies with the ISO26000, an international standard on corporate social responsibility. The result of implementing the UN Global Compact is also reported at an advanced level.

Additional Information

The sustainability report of **GS** Caltex can be viewed on or downloaded from our website (<http://www.gscales.com>). If you have any inquiries or need further information, please contact us at the following contact information. We look forward to hearing various opinions from stakeholders.

GSC Way

GSC Way, the promise we all should keep together ● **GS** Caltex's vision is to accomplish its goals through the **GSC Way**. **GS** Caltex announced the **GSC Way** in January 2012 and strives to practice **GSC Way** in its policies, management, and daily business activities to achieve its vision.

Reasons for creating GSC Way ● In order to achieve the company's vision and management goal as well as proactively prepare for future changes in the business environment, **GS** Caltex provided a common framework of principles which is applicable to all employees. **GSC Way** was established through executive meetings, employee surveys, and internal/external expert workshops.



Corporate Values

- Trust** Fulfill one's role, trust and respect one another
- Flexibility** Welcome diversity with an open mind and behavior
- Challenge** Set high goals and pursue them aggressively
- Excellence** Strive for excellence in individual and organizational performance

Core Behaviors

- Proactive** Think ahead and be the first to act
- Collaboration** Strategically utilize internal and external resources and capabilities
- Performance-Driven** Deliver tangible results

GSC Way Charter

Based on our Corporate values of Trust, Flexibility, Challenge, and Excellence, we will:

- Think ahead and be the first to act
- Strategically utilize internal and external resources and capabilities
- Deliver tangible results

We will achieve our vision through the **GSC Way**

Energy For Sustainable Life



“GS Caltex is Korea's representative energy company that takes the lead in the economic growth of Korea by supplying top-quality petroleum energy. Our company will take a step forward as a global corporate citizen to be considerate of our society and environment, while sharing positive energy with our stakeholders.”

Dear valued stakeholders,

This is the eighth sustainability report since our first report was published in 2006. Unlike eight years ago, sustainability management is no longer an unfamiliar phrase to the Korean industry. **GS Caltex**, which has taken the initiative in this trend, values the results of our sustainability management and leadership and we will do our utmost for the continued growth of our company.

Despite the uncertainties in the global business environment, **GS Caltex** received the \$25 Billion Export Tower Award in 2012 and is contributing to the development of the Korean economy through the production and export of high-quality petroleum and petrochemical products. Thanks to our stakeholders' support, **GS Caltex** has grown into a world-class energy company in Korea, a non-oil producing country.

In return for your support and to fulfill our responsibilities as a corporate citizen, we have been actively conducting social contribution activities such as the establishment of the **GS Caltex** Foundation in 2006. In particular, we opened the Yeosu Culture & Arts Park, **GS Caltex** Yeulmaru, in step with the Expo 2012 Yeosu Korea. Offering a spectacular view, Yeulmaru is enriching the local community with its first-rate performances and exhibitions.

In addition, we are sharing our warm energy with others through the “Mom talk talk” program, a new social responsibility program focused on healing children. The “Mom talk talk” project provides creative arts therapy programs to heal the minds and hearts of hurt, underserved children so that they can grow up healthy and happy. **GS Caltex** will continue our efforts for the harmonious development of society through diverse social contribution programs.

GS Caltex will become a truly global company that grows together with the society and nurtures future generations through sustainability management. We ask for your continued support as we strive for a better future.

Vice Chairman & CEO Jin-Soo Huh

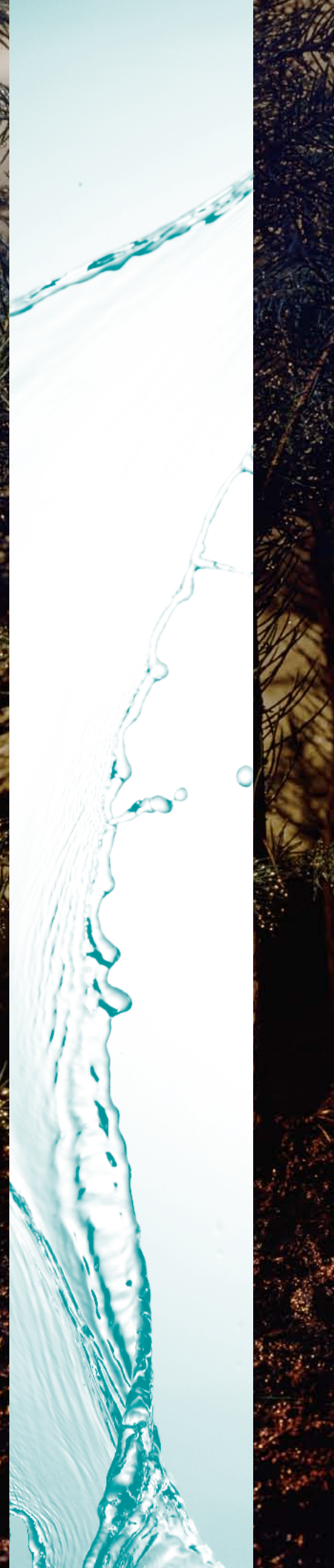


Half a century has passed since the establishment of **GS Caltex**. We have been striving such that Korea, a non-oil producing country, now exports petroleum products to about 20 countries around the world. We have overcome fast changing business environments and hardships through innovation and creativity. Our accumulated efforts will propel the further growth of **GS Caltex**. Thus, **GS Caltex** lives up to its reputation as Korea's best energy company.

Progressive

The earth and energy resources do not belong to us. They are valuable assets that we have to pass on to future generations. If we damage the environment for a short-sighted profit, definitely our future will be gloomy. A happy world can be created through perfect harmony among the earth, people and energy. GS Caltex is taking the lead in mitigating environmental effects through reducing energy consumption, producing environment friendly products and coping with climate change.

Environment Friendly











GS Caltex will be with you on the road, at home, in workplaces, and in the future. We are glad that we can always meet our customers in various energy business sectors. This fact encourages us to make even more endeavors. We will produce clean energy that can reinforce not only Korea but the world. In addition, GS Caltex will continue to grow as a sincere corporate citizen by supplying the top-quality petroleum energy.

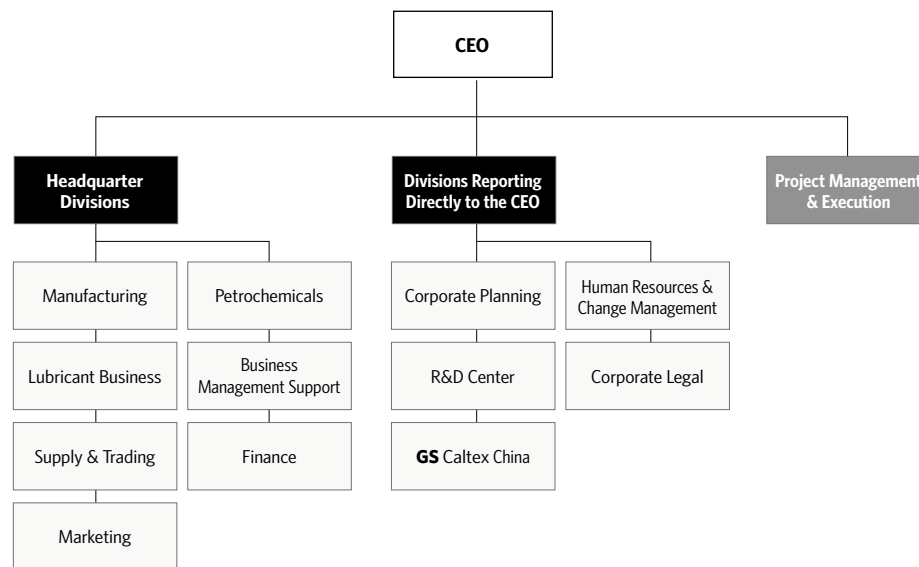
Reliable

Corporate Overview

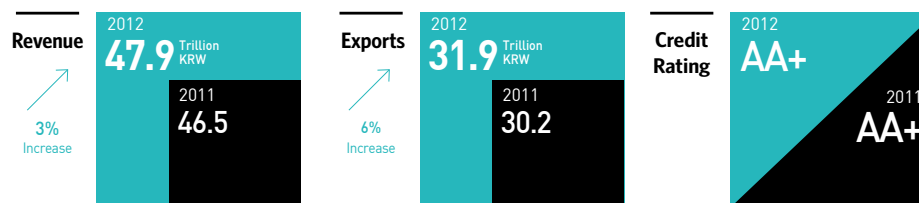
GS Caltex Corporate Overview

Company Name	GS Caltex Corporation
Date of Establishment	May 19, 1967 (incorporated as Honam Oil Refinery Co., Ltd.)
Flagship Brand	     
Location	Headquarters. GS Tower, 679, Yeoksam-dong, Gangnam-gu, Seoul, Korea Plant. Yeosu Complex, 1056, Wolrae-dong, Yeosu City, Jeonnam Province, Korea
Overseas Office and Branch	Singapore, China, UK (London), India etc.
No. of Employees	3,318
Organizational Structure	7 headquarter divisions, 1 Project Management & Execution

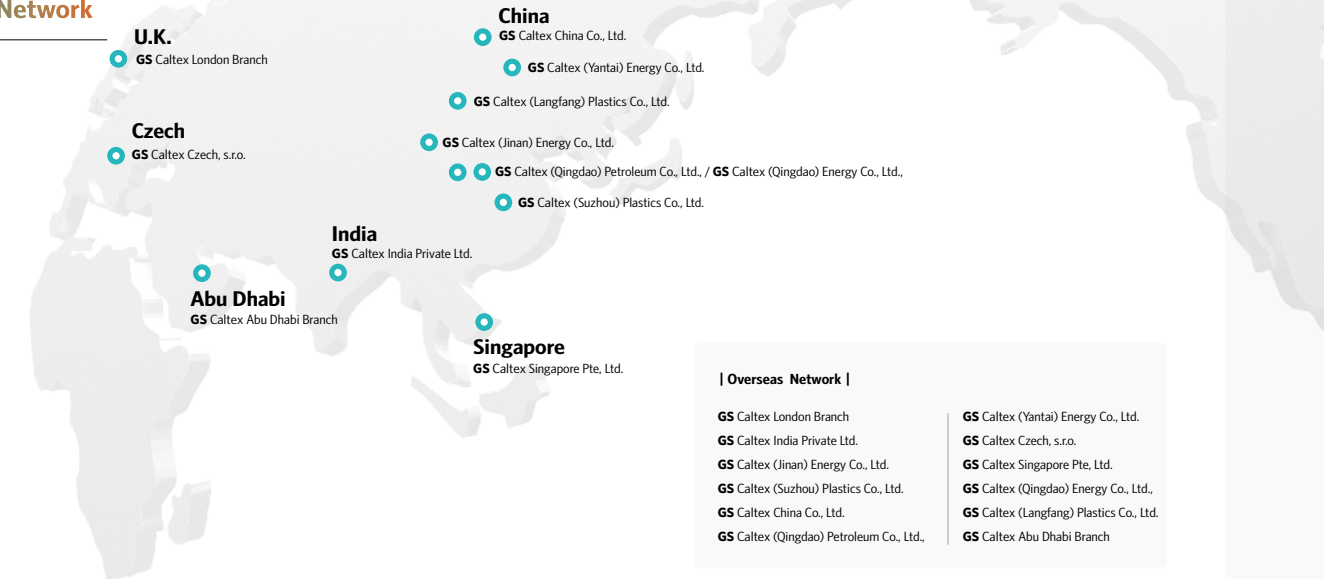
Organizational Structure



Key Economic Performances



Overseas Network



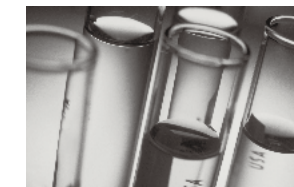
Energy For Sustainable Life

Business Domains



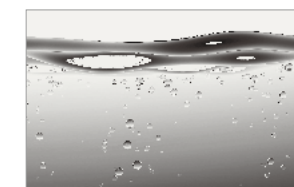
Petroleum

By importing crude oil from the Middle East, Asia, Europe, Russia, and others, **GS Caltex** produces high-quality petroleum products through advanced automatic production facilities such as 775,000 barrels per day crude distillation facilities and facilities to desulfurize diesel and kerosene. In particular, we secured upgrading capacity to 268,000 barrels per day by completing the construction of the No. 4 HOU(VGOFCC) in 2013. Therefore, we are able to take one step closer to become the ideal oil refinery plant the company is striving to become.



Petrochemicals

GS Caltex has secured a capacity to produce 2.8 million tons of aromatic products (benzene, toluene and xylene) including 1.35 million tons of paraxylene a year through the steady expansion of its facilities. Thus, our plant has secured its position as the world's highest productive capacity and competitiveness as a single aromatic product plant. We are actively developing overseas markets. In 2011, **GS Caltex Czech** was established in Czech Republic and the No. 2 composite resin plant in Suzhou, China started commercial operations, with an annual capacity of 37,000 tons.



Base Oil and Lubricants

Having begun a full-fledged production in 2007, **GS Caltex's** base oil facility is capable of producing 26,000 barrels per day as of 2011. We are meeting expectations of strict conditions demanded by producers of automobile and industrial lubricants by producing environment-friendly, high-quality base oil. Over 70% of our base oils are exported to overseas countries. Producing 9,000 barrels of lubricants a day and 8,000 tons of greases products annually, and leading in both market share and sales volume our lubricant business is recognized for its excellent product performance and technology.

Contributions to the Korean Economy

Stable Supply of Oil Products

GS Caltex annually imports 260 million barrels of oil from major oil producing countries. The company is building a strategic network by reinforcing ties with oil producing countries and foreign energy companies. Specifically, we supply high quality petroleum products, produced with 80 kinds of crude oil imported from 30 different countries around the world, to the domestic market.

	2010	2011	2012
Crude oil imports (barrel)	256,548,013	259,163,578	261,317,396

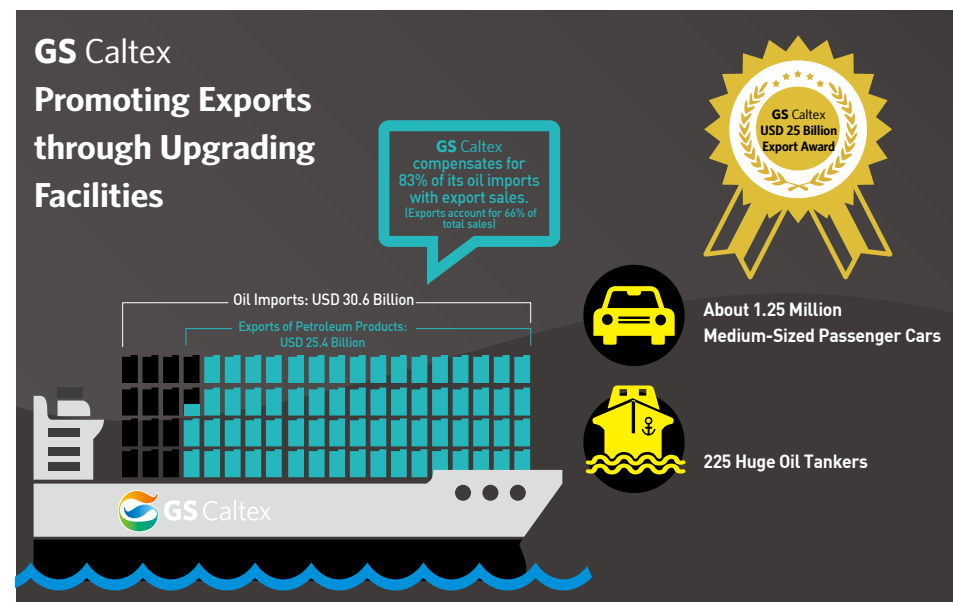
Expanding Exports through Upgrading Facilities

In 2011, GS Caltex won the USD 20 Billion Export Tower Award for the first time in the oil refinery industry in Korea. In 2012, the company received the USD 25 Billion Export Tower Award, the highest level of export awards cementing its position as the top exporting company. Since receiving the USD 200 Million Export Award in 1983, GS Caltex continuously broke its record by winning the USD 1 Million Export Award in 2000, the USD 15 Billion Export Award in 2008, and the USD 20 Billion Export Award in 2011 and the USD 25 Billion Export Tower Award in 2012. The effects of exporting USD 25 billion are as big as those of exporting 1.25 million mid-sized cars or 225 oil tankers.

Such a steep increase in exports by GS Caltex can be accredited to steady investments in high-value-added business such as upgrading facilities and technological innovation. The company diversified its business through steadily investing in upgrading facilities in a rapidly changing global environment. The Yeosu Plant of GS Caltex made its leap and became an ideal oil refinery plant model that mainly produces light oil products by refining crude oil. This was achieved through completing the HOU project after investing KRW 5 trillion in the 2000s.

GS Caltex began the construction of the No. 3 Heavy Oil Upgrading (HOU) facility (VRHCR (Vacuum Residue Hydrocracker)) in October, 2008. The company began the full operation of the No. 3 HOU in December, 2010, 26 months since the beginning of the construction. It took KRW 2.2 trillion to build the HOU which houses a VRHCR, sulfur recovery facilities, hydrogen manufacturing facilities, storage and shipment facilities, and support facilities. The No. 4 HOU facility in which GS Caltex invested a total of KRW 1.3 trillion is a VGO FCC (Vacuum Gas Oil Fluidized Catalytic Cracking Unit) that consists of a gasoline HDS and an alkylation production facility that produces environment friendly, high-quality gasoline.

Rather than using hydrogen, VGO FCC facilities produce light oil products through catalysts at a low pressure and high temperature state, which is a highly economical method. The No. 4 HOU can reduce CO₂ emissions by enhancing the efficiency of process energy. The facility can also reduce the emission of sulfur compounds about 70,000 tons per year by turning high-sulfur heavy oil into low-sulfur light oil.



Management Innovation Initiatives



Six Sigma Management Innovation Initiatives

The Six Sigma initiatives of GS Caltex is defined as 'the unique activities of the company for change and innovation that creates an execution-centric corporate culture with continuous improvement and stretched goals.' A company has to constantly change and secure sustainable competitiveness in order to survive under uncertain business environments, where international oil prices and exchange rates fluctuate rapidly. As a response to this matter, in 1999, GS Caltex introduced the Six Sigma initiatives as a company-wide integrated innovation program to achieve sustainable profit growth. Our continuous efforts and change for innovation led to about 340 Champion projects, 800 BB projects and 4,300 GB projects until the end of 2012. With these achievements, we are moving towards goals to create financial performances, develop human resources and improve the way we work.

We are focusing on the internalization of the Six Sigma initiatives into our daily operations. In 2012, the company helped its employees carry out tasks by offering Six Sigma methodologies (DMAIC/DFSS/DMWI/DSE)* that meet the needs of employees depends on the characteristics of tasks. The company also helped employees carry out GB tasks by introducing the software (Six Sigma Lite).

From 2013, we are planning to establish "the GSC Way-based change support system", which combines the concept of GSC Way with the Six Sigma, corporate culture, and knowledge management, and establish it as the company's core value, and promote it continuously.

[No. of Six Sigma Projects and Financial Benefit]

		2010	2011	2012
Champion Project	No. of Projects	52	52	37
	Financial Benefit(KRW 100million)	708	531	777
GB Project	No. of Projects	455	432	516
	Financial Benefit(KRW 100million)	326	317	769

[No. of Certified Employees]

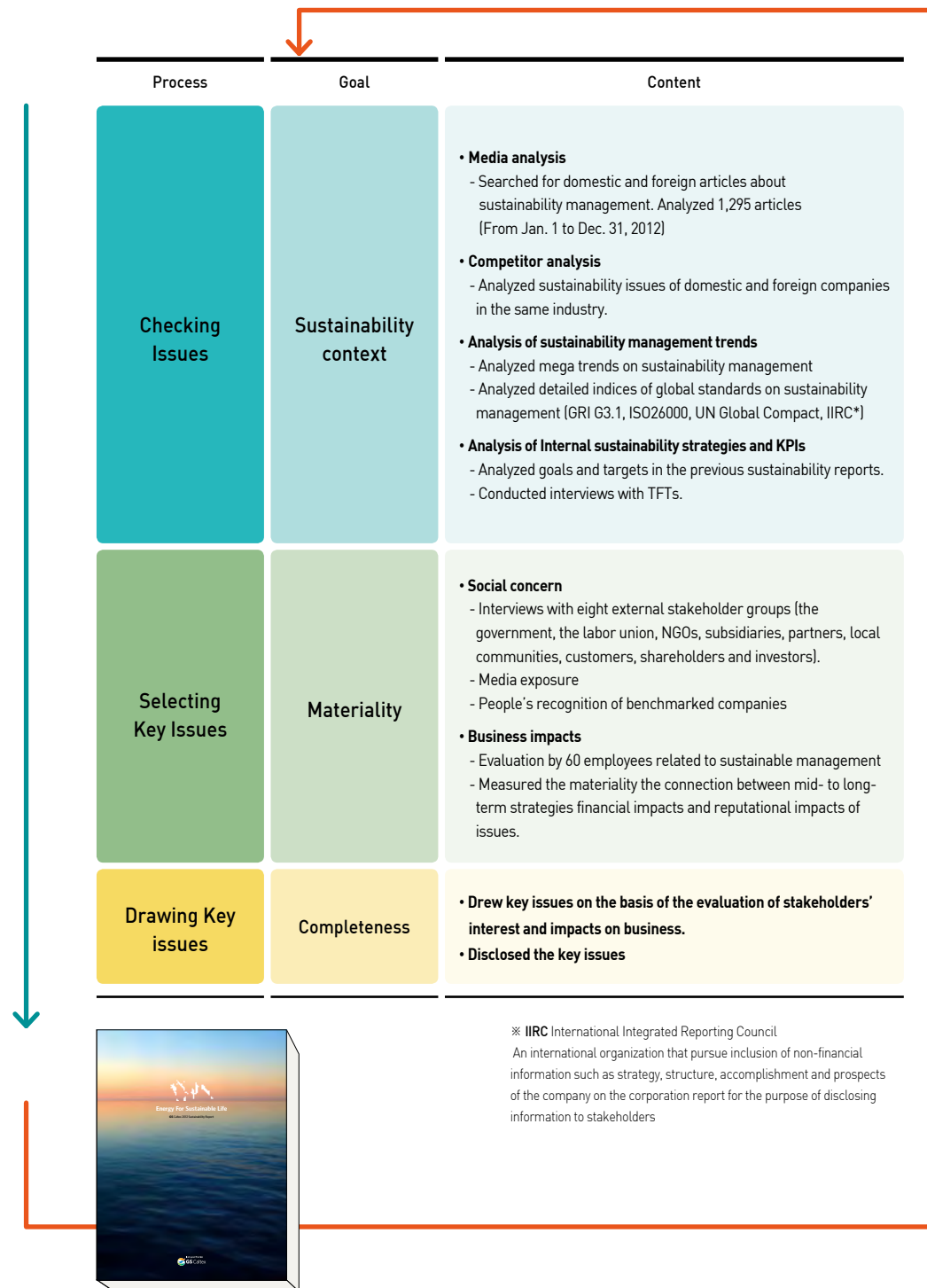
		2010	2011	2012	Cumulated
No. of Certified Employees*	MBB**	5	3	2	42
	BB**	53	55	35	578
	GB**	432	35	187	3,587

* DMAIC(Define/Measure/Analyze/Improve/Control), DFSS(Design For Six Sigma), DMWI(Define/Measure/Work-Out/Implementation), DSE(Define/Select/Execution Planning) † Including certified employees at subsidiaries ** MBB(Master Black Belt), BB(Black Belt), GB(Green Belt)

Stakeholder Engagement

Report Content Decision Process

The GRI (Global Reporting Initiative), the provider of global standards on sustainability reports, suggests reporting principles so that key issues and contents are chosen in accordance with the process illustrated below. **GS Caltex** applied GRI's report content decision process to its report so that it can portray the entire scope of sustainability context, materiality, completeness, and stakeholder inclusiveness of the company.



Checking Issues → Composition of Pool of 32 Issues

No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Category	Sustainable Operation								Reliable Energy							Accountable Engagement							Responsible Marketing									
Theme	Management Strategy	Management Innovation	Business Performances	Corporate Governance	Risk Management	Safety and Health at Workplaces	R&D	Prevention of Accidents	New Growth Engine	Climate Change	Energy Efficiency	Sustainable Use of resources	Eco-Friendly Products	Exhaustion of Resources	Biodiversity	Promotion of Social Responsibilities	Participation of Stakeholders	Fair Trade	Ethical and Transparent Management	Participation in Local Communities	Supply Chain Management	Global Business	Win-Win Business	Communication with Employees	Employee Training and Education	Working Conditions and Environments	Work-Life Balance	Consumer Protection	Fair Marketing	Brand Value	Customer Satisfaction	Participation of Customers

Selecting Key Issues → Prioritizing Issues through Survey in Terms of 4 Categories

Priority	Q1. Materiality of Issues	Q2. Connection with Mid- to Long-Term Strategies	Q3. Financial Impact	Q4. Reputational Impact
1	Safety and Health at Workplaces	Management Strategies	Business Performances	Safety and Health at Workplaces
2	Management Strategies	New Growth Engine	Energy Efficiency	New Growth Engine
3	Energy Efficiency	Communications with Employees	Fair Trade	Promotion of Social Responsibilities
4	Fair Trade	Customer Satisfaction	Customer Satisfaction	Customer Protection

Drawing Key Issues → Introducing GS Caltex's Efforts regarding Key Issues in Terms of Sustainability Management

Key Issues	Materiality	Connection with Strategies	Financial Impact	Reputational Impact	Page
Safety and Health at Workplaces	●			●	p.23
Management Strategies	●	●			p.3
Energy Efficiency	●		●		p.31
Fair Trade	●		●		p.41
New Growth Engine		●		●	p.28
Communications with Employees		●			p.38
Customer Satisfaction		●	●		p.54
Business Performances			●		p.12
Promotion of Social Responsibilities				●	p.46
Customer Protection				●	p.57

Participation of Stakeholders

A sustainability report acts as a communication channel that reports information wanted by internal and external stakeholders. **GS Caltex** recognizes the government, the labor union, NGOs, subsidiaries, partners, local communities, customers, shareholders and investors, and employees as our crucial stakeholder groups, as both parties are either directly or indirectly affected by each other. Therefore, **GS Caltex** regularly engages in various types of communication activities in benefit to the characteristics of each of the stakeholder groups. Their opinions and demands help us establish a long-term direction for our business. The following are summaries of interviews with representatives of the external stakeholder groups that show each of their contributions to the sustainability efforts of **GS Caltex**.



Government Son Sam-Gi,
Deputy Director of the Ministry of Environment (Sejong)

The government introduced the GHG and Energy Target Management System in 2011 to reach the national goal of reducing GHG emissions by 30% below the BAU by 2020. Beginning in 2015, the government will implement cost-efficient GHG management through a cap-and-trade system. **GS Caltex**, as a company that takes the lead in emission reduction, is taking an active role in government's policies and efforts to reduce GHG emissions, and is also making every effort towards efficient energy use by improving processes and developing technologies to reduce GHG emission. It is a very meaningful endeavor for **GS Caltex** to promote a renewable energy project such as bio-butanol under the circumstances where development and distribution of renewable energy are demanded to cope with climate change. I hope that **GS Caltex** will carry on with its initiative in developing new business for renewable energy and continue to grow as a sustainable company. [└p.30](#)



Labor Union Kim Kuk-Jin, Leader of the Labor Union (Yeosu Plant)

GS Caltex has been maintaining a sound relationship between its management and labor after experiencing a considerable labor dispute nine years ago. One good major example is the formation of a labor-management TFT regarding organizational culture. Beyond the labor-management TFT, we have been collecting suggestions from task force team meetings, labor union representative workshops, and labor union administration team workshops while communicating with the Labor Management Cooperation Team to pursue a trust based organizational structure. **GS Caltex** is unable to position itself as a globally leading company without employees' loyalty, a good organizational culture, trust, and self-regulation. We would like to ask the management to give more support to us and we, the labor union, will put our utmost efforts to establish the best corporate culture. [└p.38](#)



NGOs Kim So-Hee, General secretary of the Climate Change Center (Seoul)

The Climate Change Center is a non-profit foundation established in 2008 to play a leading role in an effort to respond to climate change among the private, the academic and the government sectors. I can assure that **GS Caltex** has high consideration for climate change as it has been continuously supporting us since the establishment still to this day. I also had a prejudice against oil refinery companies for having the biggest responsibility for climate change and pollution. I later found such views were distorted. I still hope **GS Caltex** to provide educational programs and comprehensive R&D opportunities for college students in order to effectively prepare for climate change. By doing so, the company will be able to take advantage of the characteristics of its business and also play a positive role in addressing Korea's unemployment problems. [└p.32](#)



Subsidiary Choi Hyeong-Jin, CEO of GS Bio (Yeosu)

GS Bio was founded as a subsidiary of **GS Caltex** in March 2010. Our company produces and sells eco-friendly biodiesel and glycerin. A basic principle for the survival of all living organisms is to adapt themselves to their environments. Corporate social responsibility is especially emphasized these days. I hope that **GS Caltex** will receive trust and support from people in the Yeosu area, where its plants are located, for its sustainable development. [└p.28](#)



Partner Kang Jeong-Lag, A director of Samjin MPS (Incheon)

Samjin MPS has been a partner at **GS Caltex** for nearly ten years. **GS Caltex** and our company have enjoyed this partnership which has been beneficial to both entities. What I feel grateful to **GS Caltex** is the fact that **GS Caltex** helps its partners to receive necessary certificates. This proves that **GS Caltex** is wise to acknowledge that the competitiveness of partners is none other than its own competitiveness. the KOSHA18001 certificate, that we received with the recommendation of **GS Caltex**, secures the safety of our production process. This certification not only enhanced our competitiveness but also contributed to **GS Caltex's** management of qualities and safety a great deal. Another thing I really appreciate is that **GS Caltex** has always made its payments on time. Recently, accompanied growth has been a hot issue. I hope that **GS Caltex** will continue to lead the way in accompanied growth of companies. [└p.44](#)



Local Communities Lee Sang-Hun,
General secretary of the Yeosu YMCA (Yeosu)

GS Caltex's Yeosu Plant has a huge impact in Yeosu area. As one of the biggest companies in the area, the plant considerably affects the environment, economy, and culture of the region. Due to this reason, the Yeosu YMCA has maintained a close relationship with **GS Caltex** as an advisor. **GS Caltex's** undoubtedly enhanced the cultural level of Yeosu through its construction of Yeulmaru, which has become a big asset of Korean society beyond the Yeosu area. Whenever **GS Caltex** supported extracurricular activities of students and conducted social contribution activities in collaboration with its labor union through its matching grant system, I always found them sincere and voluntary. As a result, their activities received good responses from locals. My advice as a member of the local communities is that **GS Caltex** will not only reduce GHG emissions, but also play a global role by focusing more on the issues of climate change. The improvements achieved by **GS Caltex** goes beyond a responsibility **GS Caltex** took for its pursuit to become a global leading company, but also resides as a strong pride for the people in Yeosu. [└p.48](#)



Customer Um Keum-Suk,
Chairman of Bundang Rome City Express Gas Station (Bundang)

I have been running **GS Caltex** gas stations in the Bundang and Pangyo areas for more than 35 years. I think that the qualities of **GS Caltex** products are better than those of its competitors, and I believe that consumers do not think otherwise as well. Some consumers might ask "Are **GS Caltex** products really better than other products?" because of recent fierce competition among oil refinery companies. Accordingly, I would like to ask **GS Caltex** to pay more attention to its quality and brand management. While running gas stations for a long time, I often see consumers who are very picky when it comes to product quality. I hope **GS Caltex** will give more support to its gas stations by recognizing that it is the gas stations that are the face of the company when facing its very own consumers. [└p.54](#)



Shareholders and Investors J. John Lee,
General Counsel, **GS Energy** (Seoul)

GS Caltex transferred many assets to **GS Energy** except for those of its oil refinery, petrochemical and lubricant business last year. This year, the company separated the roles of the chairman of the BOD and the CEO. I think these moves are part of **GS Caltex's** steady efforts to enhance its expertise by concentrating on its core business and to improve the efficiency of management. Through these efforts, a small refinery plant built about 50 years ago has grown into one of the big pillars that supports the Korean economy as it leads Korea's exports with world-class production facilities. We look forward to seeing continued efforts by the company and where it will be in the next 50 years. [└p.20](#)

SUSTAINABLE OPERATION

GS Caltex will share its happiness with its stakeholders as we strive for sustainable growth through sound corporate governance and safe workplaces.

Separate

Separation of Roles of BOD* Chairman and CEO

GS Caltex further improved the soundness of its corporate governance and transparency in its corporate management by separating the roles of its BOD chairman and CEO.

* Board of Director

0.05

TRIR*

GS Caltex introduced global standards for the management of its incident rate and manages the number of incidents by combining the working hours of not only its employees but also contractors. As a result, we accomplished a TRIR of 0.05 in 2012.

* Total Recordable Incident Rate
(Total number of recordable incidents per 200,000 man hours)

Corporate Governance

GS Caltex is maximizing corporate value through the transparency, reliability and efficiency of its Board of Directors (BOD).

Establishing Advanced Corporate Governance

The BOD of GS Caltex strives to build a sound corporate governance and transparent management system by separating the role of CEO and Chairman of the Board. Moreover, we are maximizing corporate value for our shareholders and stakeholders by running a committee for sustainability management.

[Board of Directors] as of February 2013

Name	Position
Dong-Soo Hur	Chairman, GS Caltex
Kyung-Suk Suh	Vice Chairman & CEO, GS Holdings
Jin-Soo Huh	Vice Chairman & CEO, GS Caltex
Wan Bae Rha	Vice Chairman & CEO, GS Energy
Sang Ho Chyun	President, Manufacturing, GS Caltex
R. C. Krogmeier	Vice President, Chevron International Products
P. V. Bennett	Vice President and Treasurer, Chevron Corporation
C. R. Anderson	Vice President, Chevron Manufacturing
R. D. Edwards	Country Chairman, Chevron Korea
G. M. Hanggi	General Manager, Chevron International Products

Composition and Activities of the BOD

The recommendations of director nominees are made in accordance with the respective internal procedures and guidelines of both shareholders. The final appointment is made at the General Meeting of Shareholders. The BOD is comprised of ten directors who possess professional expertise and risk management capabilities; three from GS Caltex, one from GS Holdings, one from GS Energy, and five from Chevron. A total of ten Board meetings were held in 2012 to review and make decisions on key agenda items such as the 2013 business plan, new directions for the domestic and China retail businesses and sale of certain assets to GS Energy. There are three committees operated under the BOD, which are Accountability Committee, Audit Committee (different from the audit committee under the commercial code) and LNG Procurement Management Committee. A total of eight committee meetings were held in 2012.

BOD Performance and Prevention of Conflicts of Interest

As our BOD members are from GS Caltex, GS Holdings, GS Energy, and Chevron, their executive compensation schemes follow the internal policies of the respective company. The members are not compensated separately for their BOD activities. The Board resolutions require an affirmative vote of more than two-thirds of all registered directors, as stated in the Articles of Incorporation. To ensure the independent operation of the BOD and prevent any possible conflicts of interest, BOD members are prohibited from exercising their voting rights on agenda items that are of special interest to them.

Stable Corporate Governance

GS Caltex has maintained stable governance structure since its foundation in 1967 as Korea's first private oil company. The company is a 50:50 joint venture between GS Energy and Chevron and there were no significant changes in the company ownership structure.

Risk Management System

As for precautionary principle in risk management, GS Caltex systematically makes decisions by reporting on the importance of each issue based on the economic, environmental, and social sectors.

Risk Management System

[Integrated Risk Management System at GS Caltex]



We follow the precautionary principle in managing risks within the economic, environmental and social areas.

Risk Management Committee

Our Risk Management Committee has been up and running since May of 2004, in order to evaluate and manage risks that we face regarding fluctuations in foreign exchange rates and oil prices. The committee chairman is CEO and its members are GS Caltex executives, working in relation with Finance and Supply & Trading. The committee contributes to the sustainable development of the company by making important decisions on risk management.

CSR Committee

GS Caltex launched the Social Contribution Committee in July 2005 in order to set social contribution policies and make relevant major decisions. The committee was expanded and reorganized into the CSR Committee in April of 2010. The CSR Committee consists of the company CEO who serves as the committee chairman and the presidents who serve to create a venue to make discussions and decisions on major CSR issues. The committee was held four regular meetings in 2012 to address CSR agenda items regarding environmental and local community issues with a focus on how to respond to the ISO 26000.

CSR Strategy

GS Caltex acknowledges that its decisions and business activities have an impact on society and the environment. The company understands that it has responsibilities for that as well. The company has been holding the CSR Committee meeting presided over by the CEO since 2010. They bring up issues on corporate social responsibilities for overall business activities as important agendas and encourage employees to fulfill the corporate social responsibilities. In particular, we stepped up our efforts to further systemized social responsibility activities by establishing the CSR Team at our headquarters in October 2012.

CSR Performance Assessment Process

GS Caltex developed an ISO 26000-based CSR level diagnosis index and built a CSR strategy system ahead of other companies with an eye towards preemptively responding to the ISO 26000, an international standard on social responsibilities. Since then, we have increased our capabilities for CSR activities by finding and performing tasks for improvements after diagnosing CSR levels of seven issues such as human rights, the environment and consumer issues every year. Further, in 2012, we built an integrated CSR performance assessment process that sets levels and goals and steadily manages them by drawing core performance indices consisting of CSR level diagnosis indices.

Environmental Safety Committee

GS Caltex regularly holds the Environmental Safety Committee meeting every quarter as the top decision-making body with the participation of executives at all workplaces in setting EHS policies and strategies for our establishments. In particular, we conduct advanced companywide safety management by introducing advanced safety technology and management tools. We steadily monitor matters that we decided to go ahead with.

EHS & Q Integrated System

Fully comprehending corporate activities' impact on the environment, GS Caltex steadily implements environmental management in all of its business activities and operates an EHS & Q integrated system.

EHS & Q Integrated System

Our EHS & Q integrated system ensures the efficient and systematic management of the environment, health, safety and quality. This is further complemented by principles in respective areas that serve as guidelines for environmental, health, safety and quality management.

Internal Emission Limit Stricter than National Environmental Regulations

The efficient operation of the EHS & Q integrated system ensures that we comply with all environmental regulations. Our own internal guideline (which are far more stringent than what is required by national law) assist us in practicing environmental management in a voluntary and proactive manner.

International Environmental, Health & Safety Management System Certification

We were certified with wide-ranging international standards, including the ISO 14001 (environmental management system) and the OHSAS 18001 (occupational health and safety management system) from international certification bodies such as the ISO, in order to follow these international standards for environmental, health & safety and quality management.

Establishment of Environmental, Health, Safety and Quality Principles

Since the declaration of environmental management principles that put environmental factors on the top priority of business conduct in 1996, our environmental, health, safety and quality principles have been observed in a bid to strengthen eco-friendly management systems and take environmental management initiatives more proactively.

Health & Safety Principles

1. GS Caltex ensures the health and safety of all our employees and our partners. We consider it a top priority in our management activities and gravitate towards a safe, pleasant and incident-free workplace through continuous improvements and preventive actions in everything we do. 2. We comply with all of the health & safety regulations in our entire business conduct and make sure that health & safety information is shared trustfully across the company. 3. To this end, we guarantee that the health and safety of our workers is secured regarding: design, maintenance and operation of establishments, and the minimization of health & safety risks (through health & safety improvement programs and training). In this way, we create advanced health& safety management systems.

Environmental Management Principles

1. GS Caltex considers environmental management as our core priority in fulfilling our responsibility to protect the environment as a healthy corporate citizen, which puts the prevention of environmental pollution on its top priority. 2. We abide by all environmental regulations in our entire business conduct to maintain a pleasant living environment, thereby earning trust from the public. 3. To meet these environmental goals, we build environmental management systems in accordance with the KSA/ISO 14001 and registered these systems with international certification bodies. Moreover, we continuously check to make sure these systems are improved and that our environmental management principles are proclaimed both internally and externally.

Quality Principles

1. GS Caltex meets customer needs and expectations through scientific and systemized quality management as a total energy service leader and provide products and services that satisfy relevant regulations. 2. We earn trust from and impress our customers and thus, solidify our status as 'The Leader in Providing Total Energy Service'. 3. To this end, we build quality management systems (in accordance with BS EN ISO 9001 and KSA 9001/QS 9000) and registered them with international certification bodies on top of committing ourselves to the continuous improvement of the efficiency of these systems.

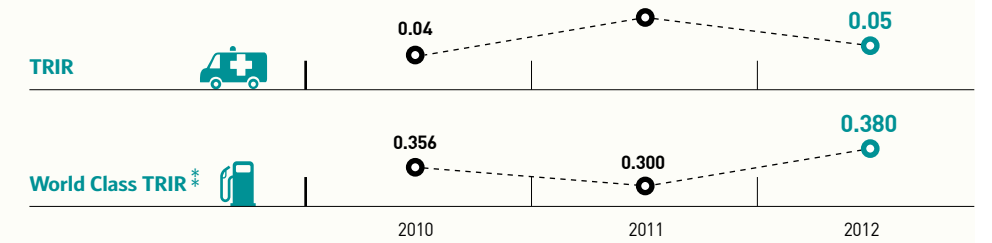
Safety and Health

GS Caltex is focusing on safety and health management for its employees as the basis of their happiness.

GS Caltex's Efforts to Keep Workplaces Safe

Introduction of Advanced Safety Record Management System • GS Caltex has introduced global standards and is applying the 'EHS Performance Management Standards' at a level of advanced countries to manage the incident rate. In particular, the company pays attention to the number of incidents by combining the working hours of not only its own employees but also contractors by adopting the concepts of TRIR, DAFWR and COI* for the first time in Korea. At the beginning of every year, companywide EHS performance goals are set and announced through the Management Committee. Incident-free records are reflected in about 20% of KPI (Key Performance Index) of all executives and team leaders. The records are reported to the CEO every month, and such strict control laid the foundation for placing safety on the top priority.

[EHS Performance]



* TRIR(Total Recordable Incident Rate) DAFWR(Days Away From Work Rate) COI(Cost Of Incident) † World Class Global Oil Refinery Companies

Introducing Bow-Tie Risk Assessment tool for the First Time in Korea

For the purpose of preventing incidents at workplaces, GS Caltex introduced the Bow-Tie Risk Assessment Method, an advanced risk management method for the first time in Korea, in addition to currently implemented HAZOP, QRA and 4M. The company provided internal expert development education through DNV and domestic experts to effectively carry out the Bow-Tie Risk Assessment and use the software better. Six employees participated in the education program obtained specialized licenses. We also provided specialized education for safety managers of our workplaces, subsidiaries and other companies in order to promote extended application of the Bow-Tie Risk Assessment Method. We implemented risk assessment at each workplace by the Bow-Tie Method. And we won the Excellent Thesis Prize in recognition for "Research on the Use of Bow-tie Risk Assessment" in the Spring Academic Conference of the Korean Institute of Gas in 2012.

In-Construction and Pre-Start up Safety Review

In 2007, GS Caltex became the first oil refinery company to conduct an in-construction and pre-start up safety review program in Korea in order to enhance the safety of a new project from a construction phase. Safety reviews are carried out by a team consisting of internal (safety, environment, engineering, machinery and instrument) and external specialists. We ensure perfect process safety by reflecting matters for improvements that were found during the safety reviews. In addition, we have introduced fire impact assessment, a quantitative assessment method about gas leaks, fires and explosions. Furthermore, we implemented noise reduction measures to minimize noises from construction and operation by conducting noise impact assessment (3D modeling and analysis methods) for the first time in Korea.

Projects conducted In-Construction and Pre-Start up Safety Reviews

- No. 2 HOU(Heavy Oil Upgrading, 2007)
- No. 4 K/D HDS(Kero-Diesel Hydro Desulfurization Unit, 2008)
- VRHCR(Vacuum Residue Hydrocracker, 2010)
- VGOFCC(Vacuum Gas Oil Fluidized Catalytic Cracking, 2012)

Environmental, Health and Safety Competition

The environmental, health and safety competition began in 1998 as an annual event to enhance employee's awareness regarding environmental and safety issues and to promote voluntary participation in boosting environmental and safety programs. The contest consists of a total of 3-Step evaluation (on-the-spot screening, presentations at a forum and finally, a evaluating by the top management). The prize is awarded by the CEO, proving its authority. In particular, not only workplaces of company but also filling stations, gas stations, tank lorries, oil tanker and partners are able to participate in the competition. This event contributes to win-win growth by awarding prizes to organizations that contribute to make safe workplace. The best practices in the competition are shared across each department and establishment of the company and incorporate in their respective system, raising employees' awareness of safety and aiming for keeping workplaces free from incidents.

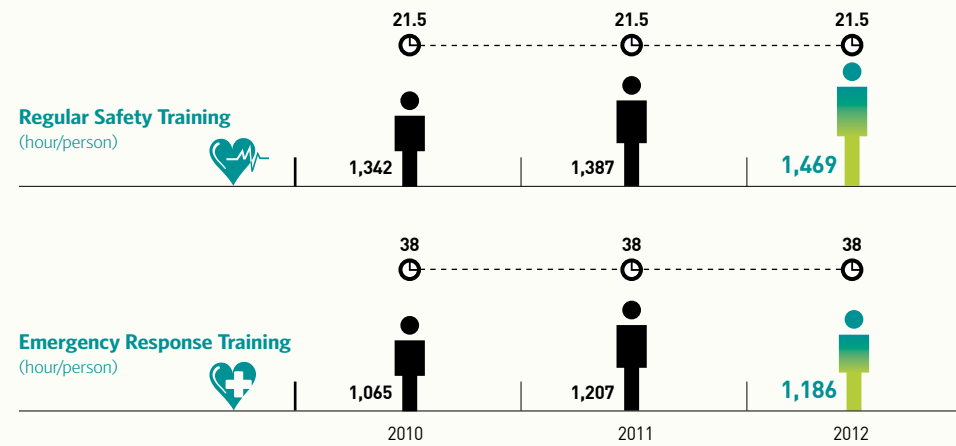
Formulation and Supply of MSDS for Customers' Safety and Health

MSDSs (Material Safety Data Sheets) are an important document with product information, which should be disclosed according to law. Globally Harmonized System of classification and labeling of chemicals (GHS) is applied, mutatis mutandis, to GS Caltex's principles on MSDS. The company is endeavoring to ensure the safety of its products by posting GHS-based MSDSs on its website since 2008 prior to the obligation of applying the GHS in compliance with the Act on Industrial Safety and Health. Moreover, we allow all employees to safely use containers of petrochemical products by attaching warning notices on them.

Health & Safety for Mutual Benefits

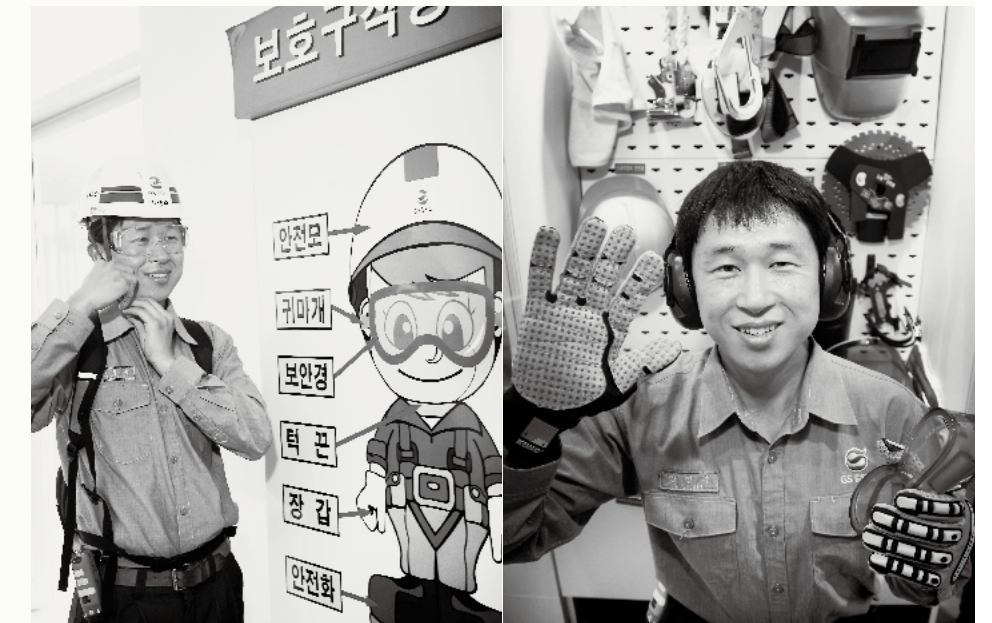
Support for Health & Safety Management System(KOSHA 18001) at Partners • Safety and health management for our stakeholders to prevent accidents is more important than anything else whether they are employees of GS Caltex or contractors. As part of our shared growth program, we assist our partners in establishing their own health & safety management systems (KOSHA 18001). These systems enable our partners to develop health and safety policies according to the scope and characteristics of their work and execute them on their own. They can review the effects of the policies by themselves as the systems sticks to a Plan-Do-Check-Action process. From 2010 to 2012, a total of nine partners of GS Caltex had their health & safety management systems certified with our assistance. All partners with more than 100 employees working at GS Caltex are running the health & safety management systems. At the moment, the incident rate of our partners dropped more than 60% from 2009, and employees of partners have stronger awareness of safety and health. We are planning to help our partners pass post-certification evaluations and evaluations for recertification so that they can constantly maintain the systems.

[Safety and Health Education of Employees at Yeosu Plant]



Safety Comes First at Yeosu Plant

Various facilities are located in the space of Yeosu Plant (six million square meters) as wide as Yeoido in Seoul. Although there are many possibilities of accidents in these complex facilities, the incident rate of the plant is at the lowest level in the world. GS Caltex is placing the top priority on the safety of the plant. We are carrying out safety activities with a focus on the prevention of incidents such as fires, explosions and suffocation. Besides, we zoom in on three frequent incidents such as falls, trapping, and tripping. Our safety management activities are basically external safety activities, including checking if workers wear personal protective equipment (safety hats, earplugs and protective goggles) and ensuring that working conditions are safe. At GS Caltex, safety education comes first since workers' basic awareness matters. As a result, we achieved six million incident-free man hours. In particular, we are striving to keep our workplaces safe and make incident-free record by carrying out activities such as safety campaign, rallies to prevent incidents, joint safety inspection, and safety patrols.



* From a "insight of GS Caltex" blog on Aug. 31, 2012



RELIABLE ENERGY

GS Caltex will respond to climate change through low-carbon environmental management by developing high-quality eco-friendly products and supplying sustainable energy.

59.5<sup>Billion
KRW</sup>

Environmental Investment

GS Caltex is putting forth efforts to respond to climate change and prevent pollutions through an advanced world-class management system and environmental investment. In 2012, GS Caltex invested KRW 59.5 billion in low-carbon environmental management.

66%

Proportion of Exports in Total Revenue

66% of GS Caltex's revenue come from exports. This is quite a meaningful result to the global general energy company.

Development of Eco-friendly Products / Fuels and Resource Recycling

The development of high-quality, eco-friendly products that deliver cleaner energy and high-energy efficiency is central to our low carbon energy policy. To reduce sulfur content our gasoline, kerosene and diesel products are especially processed by highly advanced desulfurization units and we boast the highest quality in the global and domestic markets.

High-Quality and Environment Friendly Products

Premium Gasoline K1XX Prime • As high-performance gasoline with octane of over 100, K1XX Prime protects the engine and raises the power output and accelerating power by restraining abnormal combustion within the engine. Its high-performance engine cleaning and friction-reducing additives eliminate impurities in the engine and improve the fuel efficiency.

High-Quality Gasoline K1XX • K1XX maximizes fuel efficiency, engine output and upgrades mobility compared to other gasoline products. This product prevents noises and knocking by realizing optimal combustion performance.

ULSD (Ultra Low Sulfur Diesel) • Our ULSD is an eco-friendly product that meets the needs of clean diesel vehicles. Our advanced desulfurization units produce ULSD with sulfur contents less than 10 ppm. It also meets a cetane number, lubricity, polycyclic aromatics content and density, as well as sulfur contents of national and global top-level regulation.

Kerosene • Our kerosene products are mainly used for indoor heating and cooking 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 can be stored indoors without disrupting pleasant indoor environments. In particular, they are environment friendly products with sulfur contents less than 10 ppm as they were refined through advanced desulfurization facilities. The Ministry of Environment gave them 'eco-label' in recognition of their qualities.

Bio-Butanol

Next-Generation Clean Technology • **GS Caltex** is developing technology to produce bio-butanol from wood, wood waste, palm waste, sugarcane, corn and cassava. We are planning to build a demo plant for commercialization in 2013. We developed globally competitive technology to produce bio-butanol at a lower cost compared with petroleum-based butanol. Thus, the new product can replace petro-butanol in the chemical market. Moreover, bio-butanol is in the spotlight as an advanced biofuel for the next generation since its energy density is high (90% of the energy density of gasoline) and blended to gasoline without remodeling internal-combustion engines unlike bioethanol.

Enhancing Productivity and Slashing Cost • **GS Caltex** completed building pilot-scale production facilities that produce bio-butanol from lignocellulosic biomass such as wood waste and palm waste at the end of 2012. In addition, we are planning to reach a level for commercialization within 2013 through technological development. We developed a production process that can more than triple productivity and reduce energy use by over 70% through its own technology on the basis of a strain technology we developed in partnership with a KAIST research team. This breakthrough enabled us to mass-produce bio-butanol.

Bio-Diesel

GS Bio, a subsidiary of **GS Caltex**, was established as a specialized company for bioenergy to cope with an oil crisis by environmental improvement and energy source variation. The company completed a bio-diesel production plant in April 2011 through a process of Germany's Lurgi that has the world's best bio-diesel production technology for the purpose of supplying eco-friendly alternative energy. The company began commercial production of bio-diesel in July 2011 in an effort to extend the use of eco-friendly alternative energy. In addition, the company is optimizing its total value chain from the import of materials to development and sales while expanding our product development related to fat and oil business.

Resource Recycling

GS Eco Metal, a subsidiary of **GS Caltex**, is engaging mainly in the business of recovering vanadium and molybdenum from waste catalysts of oil refining process. As a consequence, **GS Caltex** was able to make a new business model based on about 7,000 tons of waste catalysts a year from the refining process. **GS Caltex** is the only company that runs recycling by-products from the refining process. **GS Eco Metal** laid the foundation for growing into the No. 1 company in recycling waste catalysts based on a stable material supplier.

Present and Future of Oil Industry

To secure future growth engines, we are designing preemptive strategies that benefit the present and the future of the petroleum industry.

Domestic Consumption of Petroleum Products

At the beginning of 2012, oil prices rose due to the increasing geopolitical risk in the Middle East. However, oil prices fell after 2Q because of the decreased risk and the concerns about a global economic downturn. In the second half, the prices did not drop any more by the expectations of an economic recovery. Therefore, the consumption of gasoline and diesel increased 3.1% and 1.9%, respectively compared to the previous year. The consumption of kerosene dropped 13.5% year on year due to the continued switch of fuels and low consumer confidence. The consumption of heavy oil decreased 0.9% year on year due to its less economics than LNG. The consumption of all oil products expanded 3.2% compared to the previous year.

[Consumption by Petroleum Products]

	Gasoline	Kerosene	Diesel	Heavy Oil	Naphtha	Jet Oil	LPG	Others	Total
2012 (Increase)	71,760 (3.1%)	22,009 (-13.5%)	136,665 (1.9%)	54,512 (-0.9%)	384,606 (8.3%)	30,206 (6.2%)	95,377 (-3.9%)	32,360 (-6.6%)	827,495 (3.2%)
2011	69,574	25,430	134,157	54,998	355,192	28,445	99,201	34,647	801,644
2010	68,931	29,354	134,647	65,294	331,819	28,190	105,175	30,869	794,279

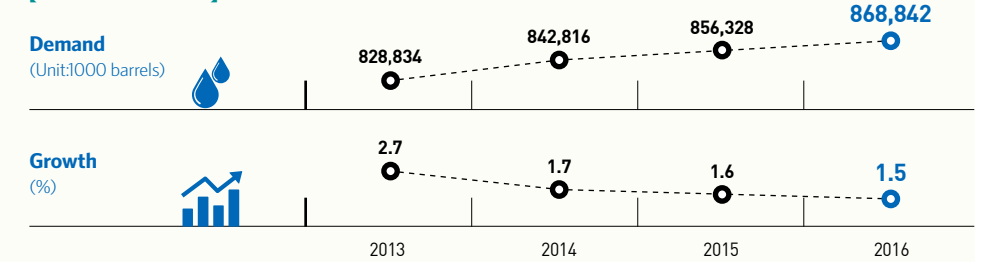
[Unit: 1,000 barrels, %]

※ Source: Korea National Oil Corp.

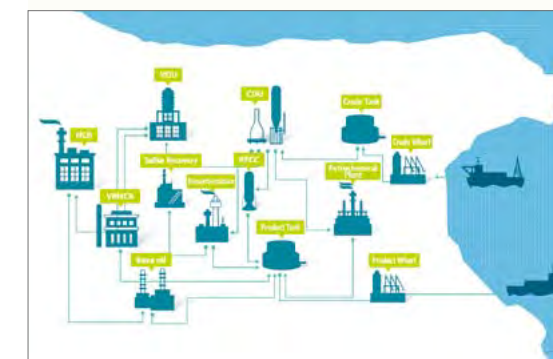
Outlook on Domestic Demand for Petroleum Products

Total domestic demand for oil products is expected to be increased 1.6% each year from 2011 through 2016. Therefore, the demand is expected to reach 868.8 million barrels in 2016. By categories, the demand from industrial sector is expected to grow 2.8% a year on average due to an increase in demand for oil products such as naphtha used as raw materials. On the other hand, the demand from residential, commercial, and public sectors is forecasted to decrease 3.5% while the demand from electricity generation sector will shrink 4.3% a year on average.

[Outlook on Demand for Oil]



※ Source: Korea Energy Economics Institute



GS Caltex's Facility Competitiveness: Upgrading Facilities

Preemptive Investment on Upgrading Facilities

Korea oil refinery companies are securing their international competitiveness through economies of scales and operational efficiency. They contribute to the Korean economy by producing and exporting high-value-added products through upgrading facilities. **GS Caltex** is steadily investing in upgrading facilities with the intent to increase exports of high-value-added light oil, and strengthen the cost leadership.

Number-One Export Item

As a result of investment in upgrading facilities, **GS Caltex** secured the export competitiveness of its eco-friendly light oil products. **GS Caltex** has become a

major export company as exports accounted for 66% of its total sales in 2012. Factors that contributed to an increase in Korea's exports of oil products are as follows: ▲ Accomplishing economies of scales by building world-class oil refinery facilities ▲ Adding more value to products through investment in upgrading facilities ▲ A rise in export prices due to an increase in oil prices ▲ An increase in demand from customers, in particular, those in the ASEAN. The Ministry of Trade, Industry & Energy announced that petroleum products ranked the first in its report on Korea's 2012 exports.

Companywide Climate Change management

GS Caltex is actively responding to climate change throughout its entire value chain.

Activities to Cope with Climate Change

Responding to Policies on Greenhouse Gas Regulations • **GS** Caltex was designated as a company subject to the National Energy and GHG Target Management System in 2012. Therefore, the company set goals on GHG emission, energy use and energy efficiency and has been steadily making efforts to achieve these goals. **GS** Caltex strengthened its sustainability management system in accordance with the standards of the ISO 50001 that was certified for the first time in the oil refinery industry while continuing to carry out activities to reduce GHG emissions and enhance energy efficiency. In addition, the company strived to achieve goals of the National Energy and GHG Target Management System by assigning emission reduction goals to internal players through the **GS-ETS** that began in 2009. The internal plays can achieve the goals with their own reduction activities and the trading scheme. Through these efforts, we preemptively learned the GHG Emission Trading Scheme and externally have taken the lead in playing our roles as an eco-friendly company.

Internal Control Reinforcement • Coping with the National Energy and GHG Target Management System and the National Emission Trading Scheme that will be introduced in 2015, **GS** Caltex is steadily reinforcing the MRV (Measurement, Reporting, Verification) System on the real-time GHG/Energy Management System and measuring devices such as making improvements to its regulations. This is expected to play a key role in enhancing the quantitative reliability of GHG emissions and energy use. Furthermore, we are operating well-organized and specialized management and response systems under the operating unit in charge of GHG/energy within the company through division of work processes such as the calculation of GHG emissions and responses to climate change policies.

Reducing GHG Emission

GS Caltex has already reduced 410,000 tons of CO₂e from 2008 to 2011 by monitoring the emission reduction projects and implementing pilot projects for the Target Management System. We are conducting GHG reduction activities such as external diagnoses of energy use, the enhancement of the energy efficiency of facilities, improvements in work processes and the application of new technology all over the company.

[GHG Emissions]

[Unit: 1,000tCO₂e, Scope: Companywide]

	2010	2011	2012
Direct Emissions (Emissions from stationary combustion, mobile combustion, process unit and fugitive sources)	5,490	6,322	6,314
Indirect Emissions (Emissions from purchased steam and electricity)	1,002	1,298	1,348
Total Emissions	6,492	7,620	7,662

※ The 2010, 2011 and 2012 emissions were verified by a third-party organization in accordance with the Energy and GHG Target Management System guidelines.
 ※ The 2011 emissions are different from those in the previous report as the data was corrected after verification



Energy Management System (ISO50001)

In December 2011, **GS** Caltex was certified in the ISO 50001 energy management system standard for the first time in the Korean oil industry in order to preemptively respond to GHG reduction systems such as the National Energy and GHG Target Management System and the National Emission Trading Scheme. We created the energy balance model and manage the records of replacement and repair of energy measuring devices following the regular maintenance schedule in order to make sure MRV (Measurement, Reporting, Verification) on the documents submitted to the government. We are steadily upgrading the system through annual post certification along with the ISO14001 (Environmental Management), ISO9001 (Quality Management).

Energy Management Systems

Best Energy Efficiency • **GS** Caltex was founded as Korea's first private oil refining company. By running a dedicated organization for energy efficiency improvement, we at **GS** Caltex have been systematically taking energy management initiatives in accordance with the long-term roadmap established in order to build a world-class, energy-competitive edge. In particular, our endeavors to discover the best domestic and overseas practices to save energy allow us to achieve best-in-class energy efficiency compared to Korean industry peers and Chevron's own and joint venture refineries.

Integrated Energy Management System • To establish more efficient energy management, **GS** Caltex is operating an efficiency monitoring system, which manages energy consumption and improvements on a real time basis, a performance and loss monitoring system and a heating furnace monitoring system. We steadily manage an energy efficiency improvement system by upgrading them to alarm systems that can monitor in real time and instantly provide notice of energy losses by using the EII (Energy Intensity Index) Management System of Solomon in 2012.

Implementation of Daily Energy Monitoring Report • Since april 2012, **GS** Caltex set purposeful target and has been publishing Daily Energy Report for the purpose of managing and reducing energy consumption of all the essential equipments at Yeosu factory. **GS** Caltex also constantly pursue energy reduction activities by allocating tasks on department including Technical (formulation of improvement method and guide), Manufacturing (application of guide), Energy (establishment of system program and daily feedback).

Energy Improvement Committee • The committee consists of managers such as the head of the Production HQ, executives and team leaders. The committee biweekly reviews the progress hardware optimization the internal evaluation of energy management system. During monthly meetings, the committee also analyzes the progress made in achieving roadmap milestones and overall improvement in energy efficiency covering the recent energy efficiency index outcomes of Yeosu Complex.

Green Upgrade Project • As part of its Green Upgrade project, **GS** Caltex is enhancing the efficiency and profits of oil refinery and petrochemical plants in the Yeosu Complex by integrating raw materials, by-products and utility into one source. The company is actively recycling resources by utilizing by-products from other companies in the Yeosu area. Through these activities, **GS** Caltex raises its energy efficiency to a global level as well as contributing to reducing GHG emissions by cutting its energy use.

Innovation for Energy Efficiency • Amid fast and unanticipated fluctuations in international oil prices and monetary exchange rates, **GS** Caltex is deeply committed to the delivery of high-quality products at competitive prices to our customers. We introduced the integrated company-wide innovation program in 1999 for our core components, energy efficiency and cost reduction. All **GS** Caltex employees perform their own "Champion" tasks (for executives), BB tasks, and GB tasks to identify energy improvement items. P-Bank (Productivity Bank) was also recently opened to encourage engagement in energy innovation initiative by gathering creative ideas from employees and running the rating-based reward scheme.

[Energy Consumption]

[Scope: Yeosu Complex]

Unit(EFO BD)	2010	2011	2012
Direct energy consumption			
- All energy sources excluding purchased electricity, steam	34,359	38,387	37,513
Indirect energy consumption	3,871	4,786	4,974
- Purchased electricity (MW)	228MW	276MW	277MW
-Purchased steam (EFO BD)	785 EFO BD	1,054 EFO BD	1,223 EFO BD
Total (EFO BD)	38,230	43,173	42,487

※ EFO BD Equivalent Fuel Oil Barrels per Day

Prevention of Pollution

GS Caltex is endeavoring to reduce pollutants from our business activities through an improvement to facilities and the efficient operation.

Air Pollution Control

Activities to Prevent Air Pollution

Stringent Operational Standards → We apply our own operational standards that is stricter than the thresholds prescribed by law. Yeosu Complex is equipped with air pollution control facilities such as electric precipitators, multicyclones, RTO*, VRU**, and NOx reduction units, which help us reduce emissions of dust, VOC, SOx and NOx.

* RTO Regenerative Thermal Oxidizer ** VRU Vapor Recovery Unit

Automated Stack Gas Emissions Measurement System → Every stack within our plants has Clean SYS (automated gas emissions measurement units) installed to measure pollutants including dust, SOx, NOx, and CO in an automated and continuous manner. Automated measurement networks are running to allow the systematized management of the air quality in the vicinity of our plant sites.

NOx Reduction Devices → Low NOx burners are being installed in existing plant heaters, and new processes, to reduce emissions of NOx from the initial production stage. Additional NOx reduction facilities have been deployed in boiler and incinerators since 2008.

Use of Cleaner Fuel LNG → We endeavor to cut the emissions of air pollutants such as dust, VOC, SOx, and NOx, through the use of the cleaner fuel of LNG.

[Emissions of Air Pollutants]

Emissions of Air Pollutants(Unit: ton/year)	2010	2011	2012
Dust	242	203	179
NOx	3,981	3,937	3,410
SOx	7,125	9,390	7,113
CO	589	581	457
VOC	134	129	119
Total	12,071	14,240	11,277

Second Voluntary Agreement to Reduce Air Pollutant Emissions • We signed the second voluntary agreement on May 13 with the Ministry of Environment and Jeollanamdo, to reduce the emissions of air pollutants generated near the Yeosu National Industrial Complex and surrounding areas. We will commit ourselves to cutting air pollutant emissions by 13% from the base year of 2008 over the next 5 years by 2016.

Soil Pollution Prevention

Voluntary Soil Pollution Investigation • As part of our compliance with a “voluntary agreement to investigate and restore soil pollutions” between **GS Caltex** and the Ministry of Environment in 2002, we conducted soil pollution inspections for all of our workplaces independently and voluntarily. We are carrying out intensive inspections and cleaning work at workplaces where pollution was found. Moreover, we extended the voluntary agreement with the Ministry of Environment in March 2013. We will continue such inspections and cleaning work in the future.



Activities to Prevent Soil Pollution at Yeosu Complex

At Yeosu Complex, we have been installing oil pipes on the ground since 2003 which used to be laid underground to ensure the fundamental prevention of soil and underground water contamination. We also prepared wells at the plant for the constant monitoring of underground water pollution.

Water Pollution Control

Activities to prevent Water Pollution

Monitoring of Water Pollution → We monitor the sources of wastewater generated from manufacturing processes and manage the discharge of wastewater on a daily basis. To increase the recycling rate of wastewater, the wastewater from distillation facilities is reused to desalter.

Operation of Advanced Treatment Facilities → Additionally, carbon filters were installed to reduce the pollutants in water treated in wastewater treatment facilities. This boosted our capability to eliminate pollutants. Our internal operational standards for water pollutant discharge were tightened to 50% of the statutory minimum. If discharge concentrations are higher than the legal threshold, environmental non-conformance reports are issued to manage water pollutants as a way to sustain our endeavors in reducing the discharge of pollutants.

[Discharge of Water Pollutants]

Discharge of Water Pollutants(Unit: ton/year)	2010	2011	2012
BOD	67.4	65.7	67.5
COD	105	118.3	114.4
SS	59.8	79.4	74
N-H	3.9	3.3	3.17
Phenol	0.02	0.08	0.07
Total	236.1	266.8	259.1

Waste Disposal Control

Real-Name Certification for Waste Discharge and Reuse of Sludge • To ensure efficiency in waste management, we use real-name certification with signatures from the discharging teams, disposal company and environmental officers, with dates of treatment specified. If undocumented, the waste is not collected. If waste is neglected or insufficiently treated, environmental non-conformance reports are issued. In addition, we work with disposal company to utilize sludge (waste oil) from wastewater treatment facilities as a fuel for kilns of cement companies.

[Waste Discharge]

Waste Discharge(Unit: ton/year)	2010	2011	2012
Designated Waste	20,917	22,370	16,927
General Waste	13,795	14,130	15,757
Amount Recycled	19,790	20,176	18,072
Total	34,712	36,500	32,684

Management of Hazardous Chemicals

Voluntary Agreement to Reduce the Use of Chemicals • Our EHS&Q integrated information system allows us to check the daily consumption of hazardous chemical substances and make regular evaluations of chemical consumptions. With the expiration of a voluntary agreement to reduce chemical consumption (30/50 Program) that we signed with the Ministry of Environment in 2004, we signed another voluntary agreement (SMART: S(Stewardship-Based) M(Management For) A(Area-specific) R(Risk Reduction) T(Target)) with the Environmental Office for the Yeongsan River in December 2012. The SMART* Program aims at reducing polluting emissions from benzene and 1,3 Butadiene by about 60% in 2017 compared to 2009. In the case of **GS Caltex**, benzene is a target material. The company is able to reach the goal through the operation of a marine VRU, the installation of an aromatic tank VRU in Seoksan area and stricter management of LDAR*.

* SMART S(Stewardship-Based) M(Management For) A(Area-Specific) R(Risk Reduction) T(Target)
* LDAR Leak Detection And Repair

Investment in Upgrading Facilities

No. 4 HOU (Heavy Oil Upgrading) Project • GS Caltex began the 100% commercial operation of No. 4 HOU(VGOFFCC) in March 2013, which can process 53,000 barrels a day. A total of KRW 1.3 trillion was invested in the facility, which enabled us to reduce sulfur compound emissions by about 70,000 tons.

[Environmental Investment] (Scope: Yeosu Complex, Unit: KRW 100 million)

	2010	2011	2012
Waste water and marine pollution	167	71	150
Air	813	219	300
VOC	4		55
Soil Pollution	14	6	6
Others	17	3	80
Total	1,014	8,656	595

- ❶ Invested in facilities to cope with waste water, ocean pollution and purchased oil skimmers and oil fences (about KRW 15 billions)
- ❷ **Air:** Replaced old catalysts with new ones in order to reduce air pollution (about KRW30 billion)
- ❸ **VOC:** Installed an additional aromatic tank VRU (KRW 4.9 billion) and an additional LDAR at No. 2 Plant (KRW 600 million)
- ❹ **Soil Pollution:** The ground installation of oil pipes and others (about KRW 600 million)
- ❺ **Others:** Installed the #2 Waste Water Incineration System (KRW 8 billion)



Protection of Marine Environments

Preservation of the Marine Environment and Fishery Resources • With an emphasis on marine environments and fishery activities, every workplace is committed to preserving the local environment. In the vicinity of our plant in Yeosu, our marine resources protection initiatives have continued since 1996 in order to protect fishery resources and help local fishermen boost their incomes. On May 3, 2012, we held an event with local fishermen and community leaders to release 25,000 abalone spats into the sea in the vicinity of Yeosu.

'Sea Lovers' Volunteer Group • GS Caltex has a strong interest in cleaning up coastal areas as its workplaces are close to the sea. We have a volunteer group initiated for the environmental cleanup of a marine national park near Yeosu. Members of the group clean up and disinfect the coastal areas of the park.

GS Caltex-UNEP Yeosu Clean Sea Campaign • As the importance of the marine environment becomes more and more significant, the UNEP (United Nations Environment Program) National Committee for the Republic of Korea and GS Caltex are steadily holding various environmental campaigns, collecting waste in the sea and running environmental seminars through the GS Caltex-UNEP Yeosu Clean Sea Campaign. Our Yeosu Clean Sea Campaign started back in 2002, together with the UNEP. The campaign cleans up beaches, coastal areas in and near Yeosu to protect the sea polluted by summer vacationers and to inform the necessity to protect ecosystems.

Off-shore Oil Spill Prevention

Oil spill prevention during unloading process • GS Caltex is the first oil refinery company to operate a 10.3km oil fence system against possible oil spills during our work to move crude oil and oil products from or to vessels in the sea since 1996. At the same time, we are running a vessel safety supervisor system to ensure safety loading work for oil tankers.

Strengthened Prevention Training • We are building our capabilities to prevent accidents through intensive in-house drills by producing an anti-accident real-time scenario. We conducts computer-based drills and real-time mobilization drills ten or more times a year. We are increasing our capabilities to cope with accidents as quickly as possible by carrying out joint drills with the marine police.

[Annual Accident Prevention Training and Education]

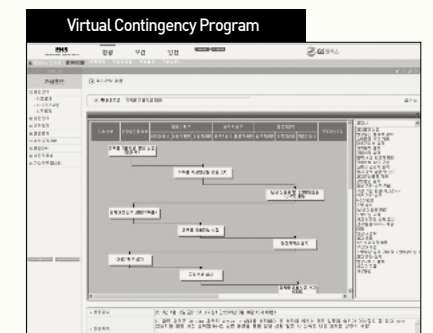
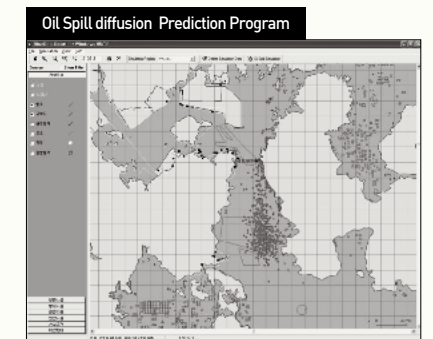
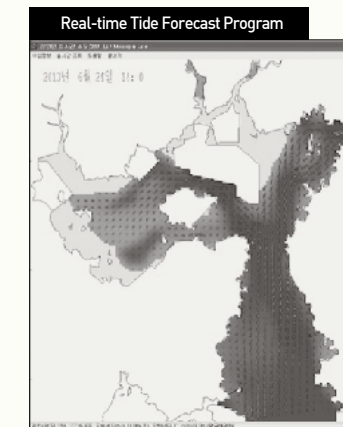


Accident Prevention Programs • Our accident prevention programs are combined with a real-time tide & current prediction program, an oil-spreading prediction program based on tides as well as the direction and speed of the wind, and a virtual emergency response program to make certain that exercises are conducted in a more scientific and realistic environment.

[Accident Prevention Program]

Predicting and Preparing for Oil Spills through Supplementary Accident Prevention Programs

- ❶ Real-time Tide Forecast Program
- ❷ Oil Spill diffusion Prediction Program
- ❸ Virtual Contingency Program



ACCOUNTABLE ENGAGEMENT

GS Caltex will grow with various stakeholders through partnership for sustainable growth.

27.7<sup>Billion
KRW</sup>

Cost to Educate and Train Employees

GS Caltex established the GSC Way as a guide for HR development and invested KRW 27.7 billion in education and training.

48.4<sup>Billion
KRW</sup>

Low-Interest-Rate Loans to Partners

To support its partners GS Caltex organized low-interest-rate loans of about KRW 48.4 billion for 58 companies by the end of 2012 by raising win-win funds in partnership with the financial industry.

110<sup>Billion
KRW</sup>

Investment in Yeulmaru

We opened "Yeulmaru", the culture and arts park, by investing KRW 110 billion since 2007. Yeulmaru is expected to serve as a space for locals to enjoy cultural events and take a rest.

13^{Centers}

Mom talk talk Centers

GS Caltex began a child healing project to provide psychological treatments to children who suffer from their surrounding environments. To help them grow healthy, we opened 13 specialized treatment centers across the nation.

Mutually-Beneficial Labor-Management Culture

GS Caltex is running various programs jointly by the labor and management to achieve its vision of achieving labor-management harmony for a constructive labor-management relationship.

Establishing Mutually-Beneficial Labor-Management Culture

Starting with the announcement of the 'declaration for labor-management harmony and labor-management charter' on December 9, 2005, we have continued to carry out various joint labor-management programs. The charter champions social contribution activities by containing the item that the company must actively conduct social contribution activities for the development of local communities. Therefore, we are implementing a wide array of programs such as reaching out to the marginalized and scholarship and educational programs.

GS Caltex's Labor Union

Our labor union, founded in 1971, consists of the main body at the Yeosu Complex and the local branches at the terminals and lubricant plants whose members are employees at these establishments. Employees who are assistant manager or lower are free to become members of the union, based on a collective bargaining agreement. As of the end of 2012, there are 1,302 unionists, who accounted for about 72% of all employees eligible for union membership. The union has three full-time members such as the union chair, who are elected directly by union members to serve three-year terms. The company guarantees the labor union's own decision making and self-regulatory activities. The labor union operates in a democratic manner.

Dispute-Free Wage negotiation in 2012

The labor and the management completed wage negotiation without any disputes in 2012, based on win-win labor-management relationships. Our labor union entrusted the management with full jurisdiction to conclude wage negotiations for seven years from 2005 to 2011. In 2012, both sides reached a rational agreement through a sincere deliberation on the basis of mutual trust by taking into consideration the fact that there were other matters to discuss in addition to wage negotiations. Both sides recorded dispute-free collective wage negotiations for eight consecutive years, showing a shining example in labor-management relations.

Safety-Enhancing Activities Jointly by Labor and Management

Hi-Five Movement for Safety • The labor and the management conduct incident prevention activities on five major dangerous work tasks at production sites where companywide maintenance is done every year. These activities prevent industrial incident, contributing to a rise in productivity.

Establishing Safety Culture via IIF (Incident Injury Free) • The labor and the management jointly implement the IIF to realize accident-free and injury-free workplaces. Thus, both sides are buckling down to raising awareness of safety through joint regular safety reviews and safety campaigns.

Labor-Management Combined Volunteer Service Corps

As a sincere corporate citizen, **GS Caltex** formed the Labor-Management Combined Volunteer Service Corps in 2008 to promote social contribution activities for the development of local communities. Members of the corps form close one-on-one ties with children and teenagers of broken families in tandem with local children welfare centers. The members and the children and teenagers have regular meetings and participate in various experience and educational programs. In this manner, we help such children and teenagers grow with sound values. As part of such activities, we organized "**GS Caltex Hope Energy Concert**" by children at children welfare centers in the Yeosu area and members of the corps at Yeulmaru built as one of **GS Caltex's** major social contribution projects in 2012.

Teenager Support Program Jointly by Labor and Management

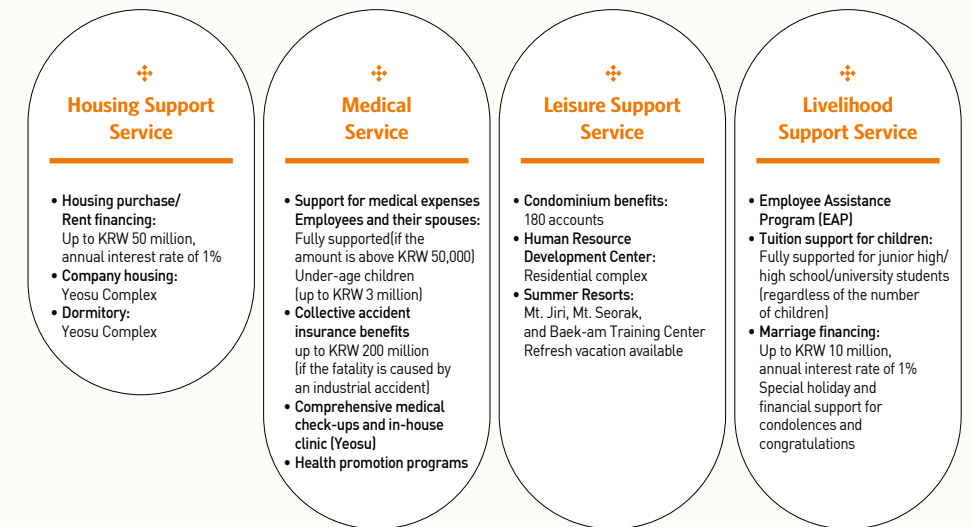
The labor union accumulates 1.4% of basic salaries of its members as social contribution funds when performance-based bonuses were paid. The company also donates the same amount of money through a matching grant system. Since 2007, we have been implementing various supporting programs for teenagers of low-income families in the region. Through these programs, we had supported them with KRW 220 million for lunches for teenagers of low-income families and KRW 78 million for the operation of educational programs at the YMCA until the end of 2012. In the future, we will steadily conduct various support activities.

Happy Company

The more the value of employees at **GS Caltex** increases, the more the company secures its competitiveness. **GS Caltex** enhances the value of its employees by carrying out rational human resource management policies and fostering a creative corporate culture.

Employee Welfare and Benefit System

GS Caltex considers employees' quality of life seriously. We are operating diverse welfare and benefit programs for healthy and happy lives of employees. We provide them housing support, medical services, leisure support, and livelihood support.



Support for Medical Expenses

GS Caltex support employees with medical expenses with a view to reduce medical cost and enhance their and their families' health. In particular, employees are very satisfied with this benefit as this covers pregnancy, childbirth and dental prostheses. In the case of annual health check-ups, they expanded into comprehensive health check-ups when employees turn 35 years old. The comprehensive health check-ups include more rigorous medical examinations as well as twenty basic examinations. In 2012, pre-examination consulting services were given to recommend items to be examined. In the case that tracking tests are required, the company paid for them. Besides, the company supports anti-hepatitis A and B and flu vaccination. We are also running a wide array of health enhancing programs such as hearing protection, anti-musculoskeletal disease and no-smoking programs.

TFT Activities for Organizational Culture

The labor and the management have been engaging in various task force team activities such as a survey of collective bargaining agreements, Mi-In-Dae-Ching (smiling, greeting, talking and complimenting) and a retirement pension-related activity based on mutually beneficial relationships. We carried out corporate culture TFT activities to establish an active and well-ordered corporate culture in 2012. The Corporate Culture TFT collected opinions on the corporate culture by a survey to the labor and the management. They also collected and analyzed opinions and mapped out plans through labor-management workshops and retreats. They set and pushed forward the themes such as "Compliments and Encouragement" and "Gaining Results through the Optimization of Paperwork". They will continue to do so in 2013.

Retirement Pension System

The labor and the management initiated a joint task force team to research and review a wide range of data to set up the retirement pension system running since 2011. With such communication channels as presentations for all employees, retirement pension guidance and a retirement pension help desk, we made sure that there was a consensus among our employees regarding the company-wide retirement pension system. Under the current retirement pension system, all employees must initially join a DB (defined benefit) plan. In 2012, they were able to decide whether to switch to the DC (defined contribution) plan. Our system also has a total of 13 retirement pension companies, to reflect the various needs of our employees.



Maternity Protection

GS Caltex does not tolerate any gender discriminations. We opened the Jiyeseul Day Care Center within the company in order to support female employees' child care in March 2013. Moreover, the company allows employees to use maternity leaves whenever they want them with the aim of cooperating the government's policies to encourage childbirths.

People-oriented Philosophy

GS Caltex esteems the human rights of each and every employee in accordance with our people-oriented philosophy and the principle of human dignity guaranteed by the Constitution. We honor the Labor Standard Act, which prohibits forced or child labor and strictly bans any type of discrimination on the grounds of education, birthplaces, genders, ages, religions or races. Each employee is treated equally within our personnel and benefit systems that cover recruitment, placement, promotion, salaries, education and retirement. There was no single case of discrimination during the 2012 reporting period. Also, there is no area in our business that may lead to serious violations of freedom of association or collective bargaining.

Human Rights Policy Training

GS Caltex provides human rights training programs not only for employees but also for those of its partners. The contents related to human rights were included in "Basic Ethics of Employees" of our online CCP (Corporate Compliance Program) courses, which all employees take as a mandatory training program. Major contents are concepts of human rights, the importance of human rights in corporate business activities and **GS** Caltex's human rights protection principles. These contents are also used in ethical management education for employees of partners.

Jiyeseul Childcare Center

On March 5, 2012, our childcare center was opened near **GS** Tower for the children of employees of **GS** Caltex and **GS** Engineering and Construction. The center is open from 7:30 am to 9:00 pm Monday to Friday. Accordingly, working parents can leave their children without worrying about their safety. Nutrient information of meals for children is notified to their parents as well. This is one of the many examples of how **GS** Caltex is making various efforts to provide a work-life balance for its employees.

Fair Trade and Ethics Management

GS Caltex's ethical management strives to seek win-win partnerships in our business so that we may grow and develop conjointly not only with our customers, shareholders and employees but also with our partners, nation/society, and EHS (environment, health and safety) throughout the entire business activity spectrum.

CEO's Commitment towards Ethics Management

One of the key factors in determining the success of ethical management is the CEO's commitment towards it. Our CEO's messages which emphasized the importance of ethical management were shared twice by all employees including those of **GS** Caltex's subsidiaries in 2012.

"Many organizations predict that the global economy will continue to suffer from a crisis and uncertainties. In particular, observing past cases, a crisis can occur anytime at any place. Thus, our company needs to be constantly prepared for a crisis for sustainable growth and development. I am sure that **GS** Caltex's ethical management based on legitimacy, fairness and transparency will be a strong prop to the company when an unexpected crisis is about to hit the company." (In Jan. 2012)

"These days, our society demands heavier corporate responsibilities from companies. **GS** Caltex has been taking the lead in ethical management at home and abroad such as establishing and announcing its Code of Ethics in 1994. I reemphasize that ethical management is a sound basis of all our corporate activities." (In Sep. 2011)

Compliance with the Fair Trade Law

GS Caltex places its top priority on fair trade and is making every effort to prevent any type of unfair trade including price-rigging, in order to cope with growing social demand for transparency and unstable market conditions such as fluctuation in oil prices. **GS** Caltex honors the Fair Trade Law and implements various programs. With the growing importance of fair trade, we set up 'the advance review system for fair trade law compliance' in December 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 clarify employee obligations in abiding with the law. With continued monitoring with this system, we are addressing compliance issues. In 2012, there was no punishment given from the Fair Trade Commission.

Advanced Compliance Check for Fair Trade

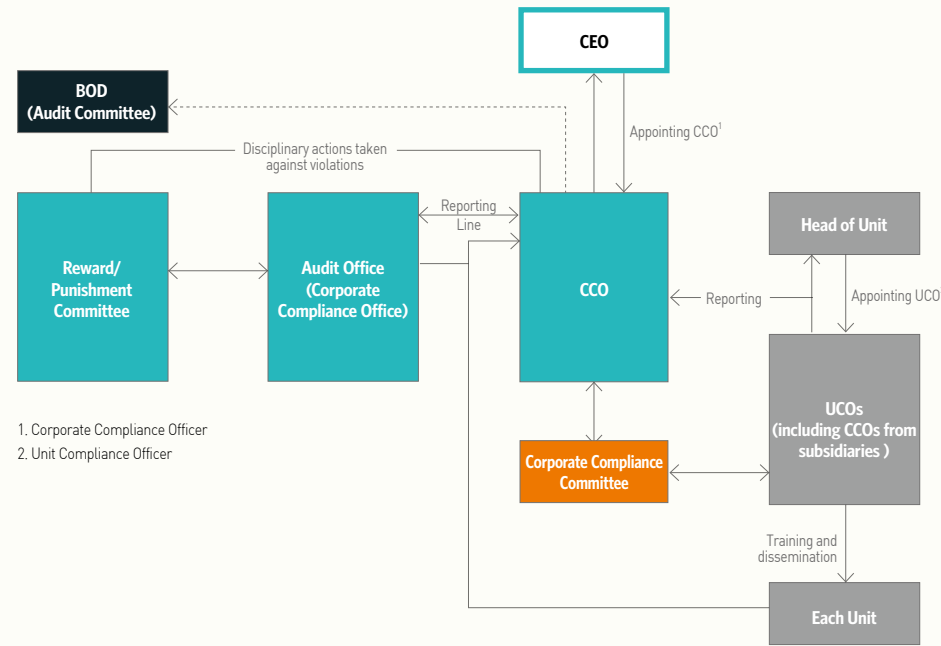
GS Caltex takes precautionary actions in preventing any possible violations of the fair trade law: including voluntary compliance checks which are carried out frequently in the particular units that bear high risks of violation.

Code of Ethics

Fully aware of the importance of ethics management, we created the code of ethics back in 1994, which serves as the benchmark for decision-making at the senior management level and the fulfillment of job duties by employees. The code of ethics was followed by the establishment and operation of practical guidelines of Code of ethics, CCP Guidelines that stipulate relevant organizational/reporting framework and Fair Trade Guidelines that include compliance requirements for employees regarding fair trade. In 2012, we specifically revised the Code of ethics and practical guidelines of Code of ethics to strengthen the duty to report conflicts of interests in business dealings in advance.

Voluntary Compliance Organizational Framework

According to the corporate compliance guidelines announced by our CEO, since 2001, we have been running a corporate compliance organization with appointing CFO as CCO (Corporate Compliance Officer). The UCOs (Unit Compliance Officers) are appointed in each division and subsidiary to take voluntary compliance actions and supervise in a substantial manner at the workplace (14 executive-level UCOs as of December 2012). Our Corporate Compliance Committee meets twice a year to share company-wide issues on ethics management & fair trade and to discuss ways to prevent business ethics violations. We instituted the Corporate Compliance Office (Compliance Team) to ensure the 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.



Corporate Compliance Program (CCP) Training

All employees have to take online CCP courses once a year. These courses focus on the eight areas, understanding CCP, basic ethics of employees, fair trade, prevention of sexual harassment, information security, EHS&Q(Environment, Health, Safety & Quality), and CCM(Consumer Centered Management) and internal trade which our employees should understand and practice in their job duties. To enhance understanding and consensus among employees, our online CCP courses were developed into three courses from 2010. They are general courses, intensive courses for marketing units and intensive courses for procurement units. The fair trade program offers advanced courses for marketing units that include common wrongful actions and general unfair transactions, unfair displays and advertisements, unfair giveaways. Its intensive courses for procurement units address what employees should bear in mind when purchasing, including what constitutes unfair subcontract transactions.

[Employee CCP Training]

	GS Caltex	Partners
On-line(Including CDs)	3,011	16
Off-Line	261	154
Total	3,272	170

[2012, Unit: persons]

Communication with Employees on Ethics Management

Externally, our ethics management website (<http://ethics.gscaltex.com>) allows us to introduce ethics management initiatives at GS Caltex while serving as a communication and reporting channel for stakeholders such as customers and partners. Internally, we have an ethics management bulletin board on the corporate intranet to constantly share the most recent cases, trends and Q&As regarding ethics management and fair trade with an aim of creating an ethical consensus and promoting steady communications. We also issue the monthly ethics management webzine "Ethics Virus" for all of our employees. This webzine allows us to discuss the latest news on ethics management and fair trade while promoting heated debates on ethics dilemmas and, helping our employees naturally raise ethical awareness in regards to their daily work life. In 2012, the webzine ran the ethical standards as a ten-part series in order to help employees better understand them.

- ※ **Ethics Management Hotline**
- INTERNET <http://ethics.gscaltex.com>
- TEL 82-2-2005-6011
- FAX 82-2-556-7630
- Grievance Settlement (reporting sexual harassments)
82-2-2005-6012
- EMAIL ethics@gscaltex.com



Human Resources Development

GS Caltex is providing employees with diverse training and development opportunities aiming at developing them into global leaders.

Talent Development Framework

Our talent development framework is aligned with company's career ladders so that employees can acquire their leadership skills required at each career stage. Core programs include leadership development courses for each stage, leader candidates programs, and one-on-one coaching and mentoring. We select small number of high potentials and provide them with long term development opportunities such as MBA's and also support individual employees by providing job competencies training according to specified curriculum for each job family.

High Potentials Development Program

We nurture tomorrow's leaders with intensive development programs for talented people. We assist these highly qualified employees in taking MBA courses at top-notch national and international universities and offer some them internship opportunities at global companies to help them gain experiences. We also have a strategic job rotation program in order to help them get company-wide perspectives by experiencing a schedule of challenging assignments in different business fields.

Leadership Development Program

GS Caltex is implementing the Leadership Development Center (LDC) as a place for potential leaders to further cultivate their leadership capabilities. Under the LDC programs, these future leaders participate in case studies, group discussions and role-playing which result in objective and in-depth analyses of their individual leadership. Additionally, they are provided with systemic training and mentoring support, which help them to evolve into more competent leaders.

Junior Board

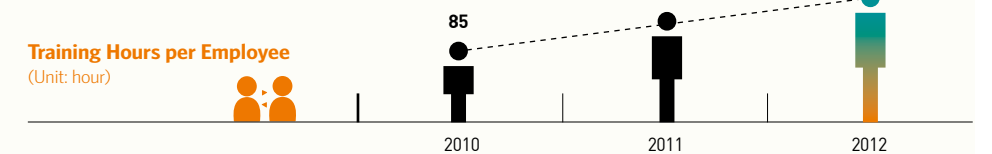
In October 1993, GS Caltex launched Junior Board, a group made up of passionate and professional junior-level employees who were carefully selected from various departments. Junior Board is a bottom-up communication channel for employees to present their opinions to the CEO. For 20 years, 139 ideas have been proposed by Junior Board. About 70% of the suggestions were reflected in business activities. The 39th Junior Board are working since January 2013.



Investments in Training

GS Caltex's terminal goal of HR development is to develop employees into those who embody the 'GSC Way' which consists of organizational values of trust, flexibility, challenge and excellence and core behaviors of proactive, collaboration, and performance-driven. The GSC Way serves as a guiding principle in our endeavors to develop employees. Our training hours amounted to an average of approximately 129 hours per employee per annum. A total of KRW 27.7 billion has been invested. Training opportunities are equally provided to all of employees and there is no discrimination in training hours by employment type or gender.

[Training Hours per Employee]



※ Companywide Training regular employees

Support for Sustainable Management of Partners

Harnessing mutually beneficial relationships with its partners, **GS Caltex** devises policies to support partners and carry out various win-win activities to realize sustainable growth.



Basic Policies on Win-Win Growth

Introduction and Operation of Four Fair Trade Guidelines

We fully comply with the four key guidelines. They are contract-signing guidelines to establish voluntary fair subcontract transaction systems on the part of big companies, guidelines to select and manage partners, guidelines to create and operate the internal committee to review subcontract transactions and guidelines to issue and manage documents. We are also expanding other types of management support covering establishing a separate department dedicated to shared growth initiatives, holding meetings with partners and technology development, supporting technology development as well as education/training.

Making Cash Payments to Partners

We made 100% full cash payments of KRW 455.6 billion to small and medium-sized partners and reduced the average payment periods from seven days to four days after the receipt of tax invoices. Moreover, we raised KRW 100 billion in win-win funds in partnership with the financial industry. As the result 58 of our partners have benefited from KRW 48.4 billion of low-interest loans by the end of 2012.

Adjustment of Delivery Unit Price

We proactively adjusted delivery unit prices for our partners (KRW 5.5 billion as of 2011) in an effort to mitigate the cost burden caused by the surging prices of raw materials and fluctuation in exchange rate. We also assisted our partners with technology development by supporting and awarding contracts to SMEs (small and medium-sized enterprises) partners in replacing imported materials with domestic counterparts and in placing major orders for raw material to these companies undergoing new projects. Our endeavor seeks shared growth with partners in an air of mutual trust and cooperative fair trade-based relationships.

Stronger Support for Partners

Expanding our endeavors for shared growth, we concluded the shared growth agreements with a total of 155 partners in Tier 1 and Tier 2. Moreover, we are implementing the system to provide information on adjusted delivery unit prices to Tier 2 partners to ensure these Tier 2 partners are fully aware of any price adjustments if Tier 1 partners benefit from increased delivery unit prices from **GS Caltex**. Furthermore, we are expanding various support programs to cover not only Tier 1 partners but also Tier 2 partners.

Promotion of Sustainable Consumption

GS Caltex is pursuing an eco-friendly purchasing strategy by establishing a guideline for eco-friendly purchasing.

Support for Partners

- 1. Financial Support**
 - ① Creating the KRW 100 billion win-win partnership fund with the financial institution to reduce partners' financial burden from high interest rates on bank loans.
 - ② Arranging KRW 60 billion network loans to support partners
 - ③ Supporting loans for high-performing partners with long-term business relationships
 - ④ Investment in the Win-Win Guarantee Fund in the new and renewable energy sector
- 2. Improvement in Making Payments**
 - ① Maintaining 100% full cash payments
 - ② Completing payments within 7 days upon receiving tax invoices issued by partners after delivery
 - ③ Making 20% pre-payments of estimated monthly contract sums
- 3. Intensive Support for Education and Training**
 - ① Operation of the **GS Caltex** Partner Support Center-technology training at the Yeosu Complex, training on marine transportation safety and energy efficiency
 - ② Providing ethics management education and assisting in building a voluntary ethics compliance program
 - ③ Six sigma education and online job training
- 4. Increasing Support for Technology Development**
 - ① Allowing partners to participate in new product developments and supporting their product development efforts
 - ② Providing opportunities for laboratory tests of international certification agencies to improve partners' technology capacity
 - ③ Awarding orders to small and medium size partners of equipment for new projects
 - ④ Assisting partners in replacing imported materials with domestic counterparts
 - ⑤ Supporting high-performing partners with patent application cost
- 5. Managerial Support and Other Types of Support**
 - ① Management consulting
 - ② Serving as a purchasing agent of raw and subsidiary materials for OEM partners
 - ③ Aiding in the establishment of a safety and health management system
 - ④ Exempting outstanding partners from performance bond payments
 - ⑤ Exempting outstanding partners from warranty bond payments
 - ⑥ Operating the win-win Growth Office
 - ⑦ Operating the Unfair Transaction Reporting Center [within the Ethics Management Hotline]
 - ⑧ Introducing high-performing partners and their products on the **GS Caltex** corporate website
 - ⑨ Consultation meetings with partners
 - ⑩ Assisting top-performing partners in expanding domestic and overseas markets
 - ⑪ Allowing partners to use our company resorts
 - ⑫ Support for partners' offices
- 6. Tier 2 Financial Support**
 - ① Helping Tier 1 and Tier 2 partners sign agreements for mutual growth
 - ② Building a price adjustment information provision system

Green Purchasing

Green Purchasing • **GS Caltex** is taking the following direction of green purchasing for the purpose of promoting its eco-friendly image and implementing environmental management policies.

Details Regarding Purchase of Eco-Friendly Products	Details of Eco-friendly Management Support for Suppliers
<ul style="list-style-type: none"> • Creating and practicing guidelines in purchasing eco-friendly products 	<ul style="list-style-type: none"> • Incorporating environmental evaluations in selecting suppliers covering long-term contracts
<ul style="list-style-type: none"> • Purchasing government-designated eco-friendly products 	<ul style="list-style-type: none"> • Conducting environmental evaluations in inspecting materials and completing construction
<ul style="list-style-type: none"> • Discovering and expanding eco-friendly products continuously 	<ul style="list-style-type: none"> • Incorporating the use of eco-friendly products in the terms of contracts
<ul style="list-style-type: none"> • Managing targets and performance 	<ul style="list-style-type: none"> • Assisting core suppliers in establishing their own environmental management systems

[Green Purchasing]

[Unit: KRW]

Year	No. of Items	Amount
2010	1,176	5,610,379,807
2011	1,806	11,401,306,226
2012	1,719	9,620,685,359

Pursuing Social Contribution to Contribute to Fundamental Change in Society

GS Caltex will continue to work towards developing a trusting relationship with local communities while enhancing the quality of life for citizens through social contribution activities.

Social Contribution Initiative Directions

Themes of Social Contribution Activities → Under the catchphrase 'Beautiful World through Energy Sharing', we are fully committed to social philanthropic initiatives in order to fulfill our social responsibilities and roles as a corporate citizen. At **GS Caltex**, our social philanthropic activities focus on two overarching themes: 'Green Sharing' to create a green environment through sharing for the sustainable future of the planet and humanity and 'Community Involvement' that moves beyond fragmented support for local communities to pursue actual local community involvement and development.

Representative Social Contribution Projects of **GS Caltex** → In April 2012, **GS Caltex** began the development of a new social contribution program that contributes to more fundamental and sustainable social change. In July of the same year, the company selected a children healing project as its flagship social contribution project that heals the mind of marginalized children. The **GS Caltex** Healing project will steadily support the healthy growth of children by developing a top-level integrated group arts therapy program, training specialized therapists, providing psychological treatment of children at 13 centers across the nation and operating healing camps at Yeulmaru in Yeosu.

Slogan	Beautiful World through Energy Sharing	
Social Contribution Theme	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



Major Social Contribution Programs

Environmental Education for Children

National Park Ecology Experience Courses /Environmental Education for Children In 2012, we ran programs to nurture commentators on multiple cultures, support school excursions and give national park ecology experiences to children from low-income families, physically-challenged seniors in cooperation with the Ministry of Environment and the Korean National Park Service for 6,190 people for a total of 109 times. Moreover, we developed a general environmental education kit that supports integrated energy and environment classes to enhance the qualities of environmental education while holding environmental education camps for elementary school student. We expect that more children will love the environment through the distribution of the kit that helps children learn about the climate change, the correct use of energy and pollution problems.

Green Art Contest/Green Children's Writing Contest **GS Caltex** has been holding the Green Art Contest in Seoul and the Green Children's Writing Contest in Yeosu to encourage children to think about the meaning and importance of environmental preservation. At the green art contest in June 2012, we held a green energy experiencing event with a solar energy fountain, a pollution free train and mini wind power generation, an exhibition of sculptures based on recycled stuffs and an event of painting murals about extinct animals. Furthermore, we organized an essay contest about children's dreams, which also gave a tour of the park at Yeulmaru, culture and arts park in Yeosu in October



2012.

Environment Preservation

Environment Preservation Activities **GS Caltex** is actively carrying out environment preservation activities at each of its workplaces. We are regularly picking up trash on Wolmi Island and cleaning coastal areas in Incheon where our terminal and lubricant plants are located. In addition, our environmental clean-up team conducts monthly clean-up activities on the coast of Odong Island, a national park area. The Sea Lovers Voluntary Group of Yeosu Complex is carrying out clean-up and disinfection activities in villages near the plant and the coasts of islands in the Yeosu area.

Biodiversity Promotion Activities In the area of sea near our plant in Yeosu, **GS Caltex** has released abalone spats to expand biodiversity and protect fishery resources since 1996. In 2012, we released 25,000 abalone spats into the sea, making the accumulated figure about 420,000.

Spreading Sharing Culture

Appropriate Technology-Based Energy Support Project for Cambodia **GS Caltex** is implementing an appropriate technology-based energy support project for low-income locals in cooperation with the KOICA(Korea International Cooperation Agency) and Good Neighbors. In 2012, we launched a solar-powered lamp diffusion project for 2,100 homes and constructed an appropriate solar energy technology center. Employees of **GS Caltex** and talent donors are developing a solar-powered lamp and a solar home system befitting the actual location. In addition, in August 2012, a voluntary service group consisting of 26 employees and teenagers from low-income families carried out voluntary service activities on the spot.

Sharing Education for Children **GS Caltex** has been providing sharing education for children since 2007 as the company recognized a need to spread a sharing culture. We help children foster right values about sharing by steadily giving education and experiences about sharing via the Online Sharing Club, the distribution of home schooling kits and the

Taking Part in Local Communities and Supporting Marginalized

GS Caltex is carrying out social welfare, scholarship, and educational projects to contribute to local communities and support the marginalized.



Social Welfare Support

Soup Kitchen for the Elderly GS Caltex is operating the **GS Caltex Love Sharing Center** which offers free lunches to approximately 350 elderly people a day. A total of 3,916 people conducted voluntary service activities as the **GS Caltex Employees' Wives Club**, the **GS Caltex Retired Employees Club** and 14 local women's voluntary service groups. Until the end of 2012, a total of 359,567 free lunches were served.

Helping Marginalized People Get on Feet GS Caltex trained 60 local women as lecturers by implementing a lecturer dispatch center project to teach students after school in 2012 as part of a program to offer job training for the women of low-income families that began in 2005 to support the independence of the marginalized. In addition, the company is also engaging in a home improvement project for 33 low-income families in connection with a project to enable the marginalized support themselves. A total of 295 families benefited from the home improvement project from 2005 to 2012.

Financial and Material Support for the Underprivileged in Local Communities We have run the **GS&POINT Na-Num Card** Program in conjunction with the Korean Red Cross to allow cardholders to donate their accumulated gas mileage to the needy in 2011. Since then, we have provided a matching grant. The Sharing of Love on Korean Thanksgiving Day, which began back in 2005, continued to donate necessary goods to 116 local welfare facilities and 609 low-income households. We also provided assistance to 300 households living in permanent rental apartments in Yeosu by paying their heating bills.

Support for Farming and Fishing Towns For the development of the inhabitants' living standards, **GS Caltex** reached out to villages on islands and in isolated areas that were relatively backward compared to urban areas. To improve the regional economy, the company has run summer resorts on islands in every July and August since 2005 to attract tourists. Up to the present, about 6,000 people visited the island. We donate necessary equipment to the island, support events on the island and provide free travel packages to the elderly on the island.

Scholarship and Educational Programs

GS Caltex Scholarship Since 1996, **GS Caltex** has awarded **GS Caltex Scholarship** to students of middle and high schools and colleges in Yeosu in order to develop local human resources. The company gave scholarships amounting KRW 300 million to a total of 380 students in Yeosu in 2012. Until 2012, about 6,900 students have received KRW 5.1 billion in scholarships.

English Classes by Native Speakers for Schools on Islands **GS Caltex** has been running the English Class Program by native speakers for students of schools on southern islands. In 2012, Native English speaking teachers held classes once a week for 170 students at 14 elementary and middle schools on islands in the Yeosu area such as Keum-o Island and Ahn Island.

Educational Donation Activities To promote public education and develop creative human resources, **GS Caltex** has been actively conducting educational donation activities since signing an agreement with the Ministry of Education, Science and Technology in November 2011. The company provided a wide array of experience-based education at an educational exhibition show for three days from March 16 in 2012. The company held Junior R&D for Science Geniuses three times from May through August in 2012. Through these efforts, we are leading the way in developing future human resources.

GS Caltex Voluntary Service Corps

Voluntary Service Activities About 250 employees of **GS Caltex** invited 300 disabled persons and orphans from Seoul, Daejeon and Yeosu to the 2012 Yeosu EXPO. In particular, 616 employees volunteered to work as traffic guides for 93 times during the 2012 Yeosu EXPO period (from May 2012 to August 2012). Moreover, about 400 voluntary workers of 17 programs across the nation gave gifts of hope to the marginalized through the year-end Make-a-Wish Event for the marginalized every December.

Regular Activities By Voluntary Service Teams **GS Caltex** has a total of 35 voluntary service teams with its center at our Yeosu Complex. They are carrying out a wide variety of social service activities such as delivering side dishes to senior citizens living alone, donating their talent such as electric, mechanical and photo-taking work, working at soup kitchens and supporting activities to experience the difficulties of the disabled.





Opening of GS Caltex Yeulmaru, culture and arts park

Yeulmaru, the culture and arts park, is a representative project of **GS Caltex** that pursues mutual growth and benefits with local communities.

Artistic and Cultural Landmark on South East

Yeulmaru embodies the meaning of a space alive with waves of culture and art in addition to room for relaxation as demonstrated by the floor of the traditional Korean house. Yeulmaru opened on May 10, 2012 shortly before the start of the 2012 Yeosu EXPO. Yeulmaru was designed by Dominique Perrault, a French architect famous for his eco-friendly designs. The edifice is built on land of 700,000 square meters at the foot of Mangma Mountain and in the whole area of Jang Island in Sijeon-dong, Yeosu. Its key facilities are a performance and an exhibition hall. Yeulmaru features a 1,021-seat main theater and a 302-seat small theater, both of which have state-of-the-art audio and lighting facilities and the exhibition hall. This complex has positioned itself as a cultural and artistic landmark on Korea's south coast along with beautiful islands in the South Sea.

Slaking Locals' Cultural Thirst

Yeulmaru plays a key role in upgrading the level of art and culture in the Yeosu area, which did not have a large-scale cultural space. The musical "Mamma Mia" was performed with sell-out crowds at Yeulmaru for the first time in South Jeolla Province. A total of 83,508 people visited Yeulmaru to watch eleven performances and four exhibitions for eight months after its opening in May 2012. Performances were delivered 84 times and exhibitions were held for 149 days at Yeulmaru in 2012 while providing high-quality cultural energy for tourists visiting Yeosu in 2012 as well as locals who had a thirst for cultural events. In particular, the cultural space successfully hosted concerts by a Korea-China combined orchestra and the KBS Orchestra during the Yeosu EXPO period. Therefore, Yeulmaru significantly contributed to the success of the Yeosu EXPO as one of its official supporters.



Progress of the Yeulmaru Project	
2007.10	Agreement signed between GS Caltex and Yeosu City to build a culture & arts park.
2008.04	Project council formed and land of 700,000 square meters secured
2008.12	Master plan covering the types of facilities, their sizes and arrangements was finalized.
2009.02	The consortium of Chang-jo Architects and Dominique Perrault, the world-renowned French architect, was commissioned to design the park.
2009.11	Groundbreaking ceremony was held.
2010.12	Civil engineering work was completed and building construction commenced.
2011.05	Yeulmaru was designated as an official supporting facility for the 2012 Yeosu EXPO.
2012.05	Opening

Prizes Won by Yeulmaru	
The Prime Minister Prize at the 2012 Successful Private-Public Cooperation Case Contest (Sep. 4, 2012)	
The Grand Prize in the Korea Civil Engineering and Construction contest in the Leisure Facility Development Category (Nov. 26, 2012)	



Sharing Art and Cultural Events with the Marginalized

Yeulmaru invites female victims of domestic violence, foreign workers and children at local children's welfare centers to performances and exhibitions after fully considering the characteristics the performances and exhibitions. Moreover, the culture & arts park give 30% discounts to local artists who use the space. The profit from its convenient facilities are used to help the marginalized in the Yeosu area.

Mom talk talk for Children

According to the results of mental health check-ups by the Ministry of Education and Science in 2012, the number of students at high risk was 2.6 million students or 30% of a total of seven million students. In particular, the mental health of students of low-income families was more serious, but it is very hard for those students to receive good-quality mental health treatment at their schools. After checking these circumstances, **GS Caltex** concluded that children's mental health specialists should join forces to tackle this issue. We developed arts therapy programs and nurtured specialized arts therapists in partnership with experts. These specialized arts therapists belong to thirteen centers across the nation, heal mentally unstable children and pass down therapy programs to other therapists. In addition, we hold a camp as a short-period intensive healing program at Yeulmaru. "Mom talk talk" is **GS Caltex's** children healing project that helps children overcome their growing pains through heart-to-heart communications. 43% of employees of **GS Caltex** donate more than 30,000 won (cost for one session of psychological treatment) a month to the "Mom talk talk" Arts Therapy Program in hopes of seeing many children recover and become healthy through the program.

※ Mom talk talk Centers across the Nation

No.	Center	Operating Unit	Address	TEL
1	Seoul	Good neighbors	398-4, Hongik-dong, Seongdong-gu, Seoul	82-2-3443-1391
2	Incheon	Good neighbors	585-5, Majeon-dong, Seo-gu, Incheon	82-32-563-7579
3	Guri	Good neighbors	424-14, Sutaek-dong, Guri, Gyeonggi-do	82-31-524-9922
4	Bucheon	Good neighbors	1033-4, Jung-dong, Bucheon, Gyeonggi-do	82-32-611-0857
5	Won-ju	Good neighbors	833-1, Myeongryun-dong, Wonju, Gangwon-do	82-33-766-1391
6	Cheong-ju	Good neighbors	1009, Yulryang-dong, Sangdang-gu, Cheongju, Chungcheong-buk-do	82-43-216-1391
7	Daejeon	Good neighbors	969, Dunsan-dong, Seo-gu, Daejeon	82-42-826-0140
8	Daegu	Good neighbors	165-11, Shinam-3-dong, Dong-gu, Daegu	82-53-955-0167
9	Busan	Good neighbors	1155-2, Beomjeon-4-dong, Jin-gu, Busan	82-51-636-5767
10	Gwangju	Good neighbors	996-6, Ssangchon-dong, Seo-gu, Gwangju	82-62-376-1315
11	Yeosu	Good neighbors	117, Munsu-dong, Yeosu, Jeolla-nam-do	82-61-654-7542
12	Jeonju	Good neighbors	202-1, Seoseohak-dong, Wansan-gu, Jeonju, Jeolla-buk-do	82-63-283-1391
13	Jeju	Jenam Social Welfare Foundation	332-98, Seogui-dong, Seoguiipo, Jeju	82-64-732-1391



64.7%

Complaint Resolution Satisfaction

GS Caltex is putting forth efforts to prevent any damage to consumers by recognizing the value of a consumer-centric corporate culture. As a consequence, complaint resolution satisfaction reached 64.7% last year.

154^{Stations}

Number of Clean Gas Stations

GS Caltex is operating 154 clean gas stations to prevent soil contamination by leakages from pipes and tanks at gas stations.

RESPONSIBLE MARKETING

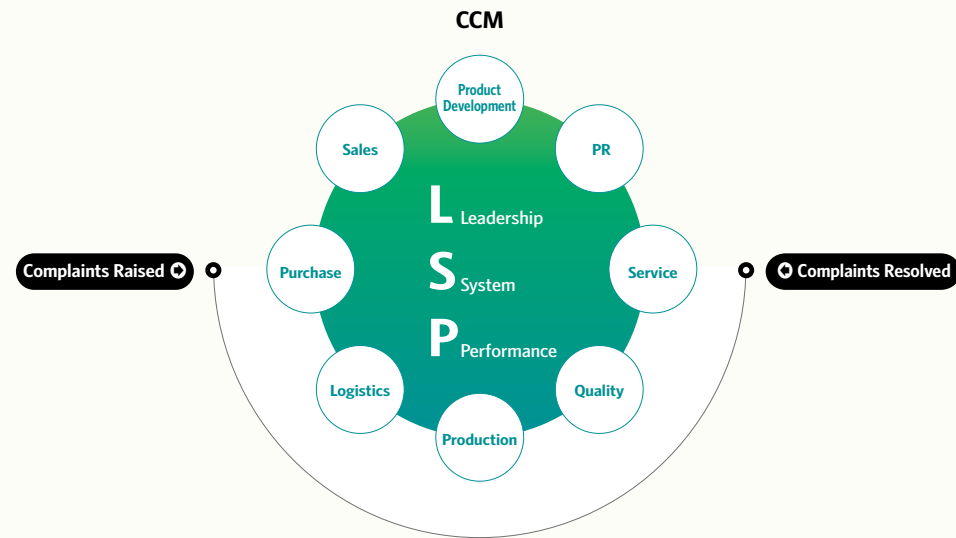
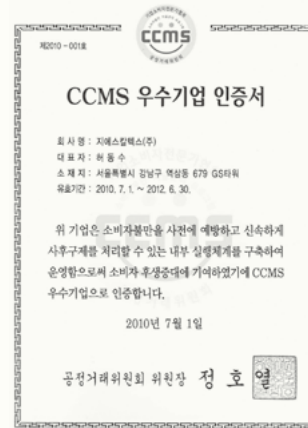
GS Caltex realizes customer satisfaction management through consumer-centric management and the creation of customer value.

Customer Satisfaction

GS Caltex endeavors to offer optimized customer services and develop better customer services to meet various customer needs.

Consumer Service Support and Complaint Resolution

Consumer Centered Management (CCM) • The Consumer Centered Management (CCM) certification program has its main goal to evaluate whether a company is using customer-driven approaches in organizing its activities and whether it is making sustained improvements to important business activities, all from the perspective of customers. **GS Caltex** is mindful of the fact that the establishment of a consumer-centered corporate culture is essential for growing into a leading globally-competitive company. We strives to enhance customer value through customer-driven management programs. To this end, we have built systems to prevent or compensate for any product damages to customers after recognizing that it is critical to reinforce the competitiveness of products and services and create a consumer-centric corporate culture. In order to earn customer trust and enhance our corporate reputation, we introduced the consumer-centered management initiative (formerly known as "Consumer Complaints Management System" [CCMS]) in 2006 and received the certificate of an excellent CCM company for the first time in the Korean oil refining industry in July of 2010. Our certificate was renewed in July of 2012, making **GS Caltex** the only company with the renewed certificate.



Customer Service Center (CSC) • The CSC (Customer Service Center), first founded in 2001 through the integration of all of our customer service channels, regularly expands its range of activities beyond customer service. The CSC is engaged in every aspect of our business from the receipt to the resolution of overall customer inquiries. Such inquiries involve compliments and concerns on products and services from service station customers, service stations, bonus card customers and general customers.

Fair Marketing

GS Caltex is abiding by laws such as the Consumer Protection Act and the Act on Outdoor Advertisement Media in connection with its marketing communications and product supplies. As a result, we did not violate any laws and regulations related to communications for products and services in 2012.

54 Customer Satisfaction
56 Customer Benefit Programs
57 Protection of Customer Information
58 Protection of Consumer Health and Safety
60 Brand Management

Sustainable Operation
Reliable Energy
Accountable Engagement
Responsible Marketing
CUSTOMER

KIXX-Express Training

GS Caltex provides KIXX-Express(Education Mobile Bus) training for employees at service and filling stations to improve their service capabilities on the site meeting the customers. The training bus stops at a **GS Caltex** service station and provides a daily training program that covers the ideal service mindset, six-step service manuals and marketing programs (two hours in total).

[Customer Compliant Handling Performance]

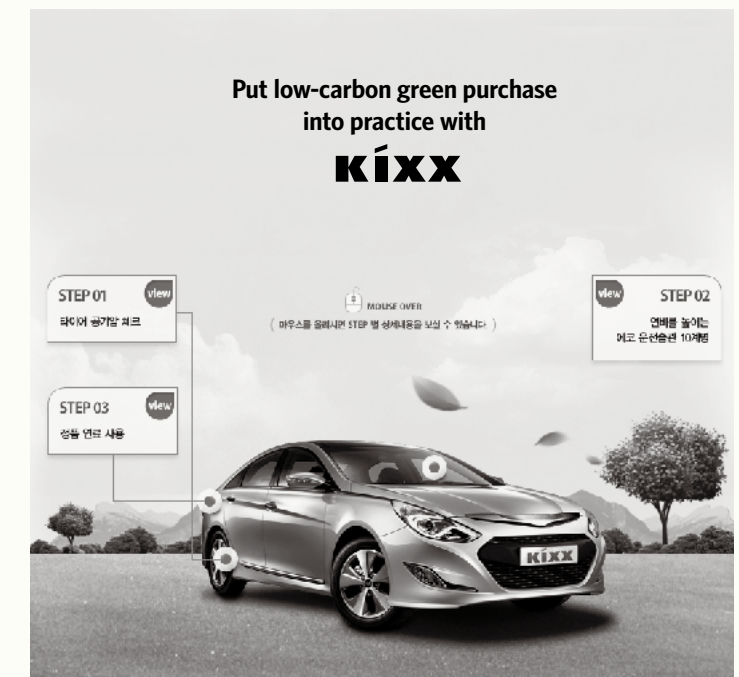
Customer Compliant Handling Performance	2010	2011	2012
Complaint Handling Time (hour) *	2.8	2.4	2.4
Satisfaction with Customer Complaint Handling(%) ‡	65.7	65.2	64.7

* Average number of days between receipt and resolution of complaints (on the bonus card, service station's service quality, and product quality)
‡ The percentage of customers found to be satisfied (4 points or more on a scale of 1 to 5) via our 'happy call' made after compliant resolution

Low-Carbon Green Consumption Campaign

GS Caltex does not think that energy used today belongs to us. With an eye towards passing on a good environment to our children, **GS Caltex** is actively engaging in activities to reduce environmental impacts such as an upgrade of energy saving facilities. Therefore, we are systematically publicizing our environmental management activities for low-carbon green growth and establishing a consumption culture which protects the environment by improve fuel efficiency and reducing harmful gas emissions. **GS Caltex** is implementing a program to elevate fuel efficiency by maintaining a proper level of air pressure at auto Oasis Shops all over the country. Thus, the shops check tire air pressures and engine oil free of charge. Employees at gas stations voluntarily guide drivers about its low-carbon green consumption campaign for successful implementation. We steadily publicize the use of legitimate fuels to consumers through the reinforcement of our quality guarantee system.

Undertaking the 3-Step Campaign (Off-line)	Promotion of Low Carbon Green Consumption (On-line)
<ul style="list-style-type: none"> Tire pressure Encouraging service stations (filling stations) to participate Eco-friendly driving habits Expanding the campaign with the help of service station employees Use of authentic products Strengthening the GS Caltex guarantee program 	<ul style="list-style-type: none"> KIXX website Promoting the 3-Step Campaign Sustained improvement of green consumption contents



54 Customer Satisfaction
56 Customer Benefit Programs
57 Protection of Customer Information
58 Protection of Consumer Health and Safety
60 Brand Management

Sustainable Operation
Reliable Energy
Accountable Engagement
Responsible Marketing
CUSTOMER

Customer Benefit Programs

GS Caltex is continuously offering various value-added services to provide more benefits to customers.

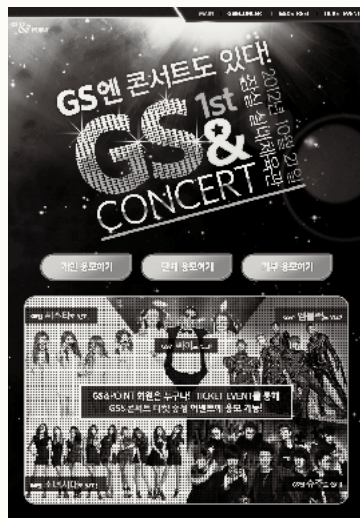


GS Caltex Meets Myths of Louvre

GS Caltex proudly played the role of a cultural sponsor for the 2012 Korean Exhibition of Great Works from the Louvre Museum. The exhibition showcased approximately 100 items from the prestigious museum under the theme of "Myths and Legends," common concerns for humans and topics closely connected to human civilization. As a main sponsor, GS Caltex offered its customers chances to visit the show and various giveaways via a wide array of events such as "GS Caltex Day," giving money for fuels and holding a flash game event.

One-Day Football Clinic by Park Ji-Sung

GS Caltex held a "One-Day Football Clinic" by Park Ji-Sung at the Park Ji-Sung Football Center in Suwon, Gyeonggi Province on June 6, 2012. The event helped young footballers play better for the future of Korean football and was brought to them jointly by the center and GS Caltex. The participants enjoyed photo time and a Q&A session with Park and experienced an extraordinary football clinic. In addition, they were given the uniforms, clinic certificates, commemorative medals of the center and footballs autographed by Park through exciting games.



GS&Concerts

GS Caltex held the College Creator Contest and the first GS&Concert under the theme of "Concert with GS&Point" in the Jamsil Gymnasium on October 21. Enthusiastic responses were given to the GS&Street Event, a pre-concert event as well as the concert on a fine autumn day. The GS&Street Event was led by the PR and event booths of GS&Point, GS Caltex, GS Retail, GS Home Shopping, GS Engineering and Construction and GS Sports. The participants gave very positive responses to the event that took environmental protection and social contributions into consideration through handling waste and coin throwing donations. The GS&Concert was successfully held with the harmony among singers, about 1.3 million customers who applied to the event, and about 8,000 customers came to the concert along with the staff.

Sustainable Operation
Reliable Energy
Accountable Engagement
Responsible Marketing
CUSTOMER

54 Customer Satisfaction
56 **Customer Benefit Programs**
57 Protection of Customer Information
58 Protection of Consumer Health and Safety
60 Brand Management

Protection of Customer Information

With an eye towards safely managing valuable customer information, GS Caltex is ceaselessly investing in and making efforts to heighten physical and technological security to protect customer information.

Activities to Protect Customer Information

GS Caltex is doing everything it can do to protect sensitive customer data in accordance with the Personal Information Protection Act and the Information & Telecommunication Network Use Facilitation and Information Protection Act. All our employees are trained regularly to raise awareness of customer information protection and to ensure the safety in collecting, storing, using, providing and disposing of customer information.

[Internal Audit to Protect Customer Information]

Items for Protection	Details
Managerial Protection	<ul style="list-style-type: none"> The collection of essential customer information should be reduced to minimum. Customer consent must be obtained when collecting customer information. Privacy policy should be disclosed to address customer information. Once used, customer information must be destroyed. Employee education should be regularly provided.
Technological Protection	<ul style="list-style-type: none"> Access should be controlled to prevent the leakage of customer information through hacking attacks. Any payment transaction, financial information, and personal identifiable information should be encrypted. Vaccine software should be installed and run to prohibit the infiltration of malicious programs. Other measures required by relevant regulations should be taken.
Audit System to Protect Customer Information	<ul style="list-style-type: none"> Annual audits should be made of customer information protection activities to strengthen the protection of customer information.

Monitoring Leakage of Customer Information

Our monitoring system ensures that customer information is not leaked, forged, or falsified. We devise and take response measures to minimize any damage to customers and provide immediate notices when customer information is leaked.



Sustainable Operation
Reliable Energy
Accountable Engagement
Responsible Marketing
CUSTOMER

54 Customer Satisfaction
56 Customer Benefit Programs
57 **Protection of Customer Information**
58 Protection of Consumer Health and Safety
60 Brand Management

Protection of Consumer Health and Safety

To ensure the safety and health of customers, **GS Caltex** is carrying out a wide variety of activities such as safety management and quality management of gas stations/filling stations, and expanding facilities to prevent soil contamination surrounding gas stations.



Safety Management of Gas Stations

Gas stations are vulnerable to accidents such as fires and explosions since they deal in flammable materials such as gasoline and diesel oil. Accordingly, it is indispensable to find risk factors through the maintenance of facilities at gas stations. Therefore, **GS Caltex** is engaging in a wide array of safety management activities.

Environmental Safety Assessment Program for Gas Stations/Filling Stations

GS Caltex introduced a safety diagnosis program for all of its LPG filling stations in 1998, for the first time as an LPG supplier in Korea. Since then, the company has been conducting facility inspections and providing safety education every year. We have built a system to automatically monitor facilities at filling stations by taking part in the U-Safety-Based CNG/LPG filling Station Safety Management System, a project of Kwangwoon University in 2012. Moreover, in 2011, we built the Web-Based **GSC** LPG Filling Station Safety Management System by developing the QMA (Quantitative Management Assessment) System on our own. By implementing customized safety management based on risk at filling stations, we provide the best practices to other LPG suppliers. Besides, we examine the safety of facilities at gas stations as well as provide education and consulting for safety managers by introducing safety review programs to about 2,500 gas stations. By feeding back the results of the safety reviews, we endeavor to help gas stations enhance safety on their own.

Expanding Facilities to Prevent Soil Contamination

GS Caltex has been expanding clean gas stations since deciding to take part in the Clean Service project by the Ministry of Environment in 2006. As of the end of 2012, the company was operating 154 clean gas stations. The clean gas stations are equipped with systems to prevent soil contamination from the leakage or discharge of pollutants. Such systems include double-walled tanks and pipes, and oil leak sensors.

[Designated Clean Service Stations]

	2010	2011	2012
No. of Stations	122	135	154
Ratio(%) *	28.3	31.3	35.7

* Based on 431 stations directly managed by **GS Caltex** at the end of 2012

Vapor Recovery

With the goal of providing a clean, safe and comfortable service station environment to customers and service station workers, we have installed vapor recovery units at our service stations, which prevent oil vapor from escaping into the air through gas pumps. The vapor recovery unit takes in vapor that is spread into the atmosphere via the pump nozzle and puts it into the storage tank. This improvement increases the inventory of service stations, while reducing natural gasoline losses as well as enhancing air quality. As of the end of 2011, we completed installations of vapor recovery units at all **GS Caltex** service stations subject to mandatory VOC installations, elevating customer satisfaction and contributing to an improvement in the environment.

[Gas Stations with Vapor Recovery Systems]

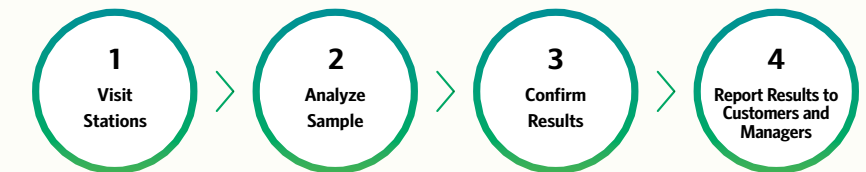
	2010	2011	2012
No. of Stations	238	256	261
Ratio(%)	86	96	100

Product Safety

Rigorous Quality Management System • **GS Caltex** promises that our products are safe through the competitive quality of our products, which are unrivaled by any other industry groups. 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 reduce process-related quality defects to zero.

KIXX Quality Check-up Service • **GS Caltex** started the 'KIXX Quality Service Vehicle' in July of 2007 for the first time in the industry to immediately identify counterfeit and adulterated petroleum products at the very time of delivery. Our mobile lab vehicles are equipped with high-end precision analysis devices that are actually used in the laboratory environment. These vehicles visit **GS Caltex** gas stations and carry out various activities such as quality tests, inspections of facilities and the collection of managers' opinions. We are putting our utmost efforts into enabling customers to use high-quality products in a safe environment.

Gas Station/Filling Station Quality Management • **GS Caltex** enforces more rigorous standards than ordinary quality inspectors in managing product quality at **GS Caltex** gas stations. Recently, there have been recent growing concerns among consumers about counterfeit gasoline. This is why we are adopting even more stringent standards in managing product quality at our gas stations. Any suspected quality defects is reported immediately to relevant departments for thorough post-management. According to the statistics by the Korea Institute of Petroleum Management, **GS Caltex** maintained the lowest level of counterfeit gasoline disclosure rates from 2009 to 2012. All **GS Caltex** customers are free to use the KIXX quality check service. When customers suspect product quality, the KIXX Quality Service team visits the station, consults with customers, tests the quality of the product on the site and informs them of the results. In addition, we are planning to strengthen our control over the qualities of products at gas and filling stations by expanding the scope of quality control into filling stations beginning in 2013.



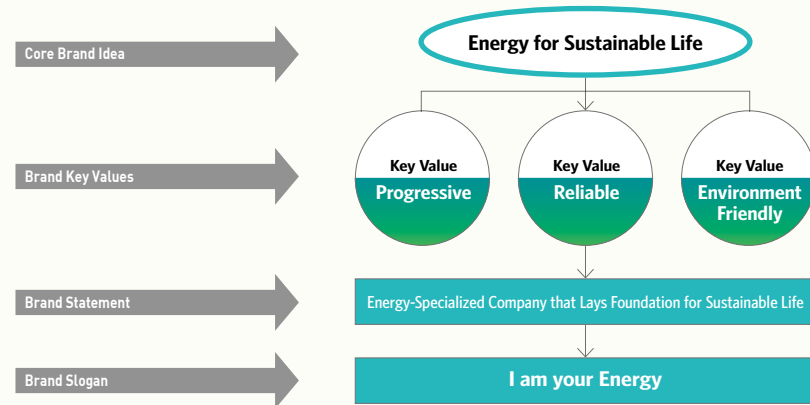
Brand Management

For strategic brand management, **GS Caltex** has set and is managing core brand value, a brand statement, and a brand slogan.

Strategic Brand Management

GS Caltex has been implementing steady and strategic brand management in order to expand its brand power since 2005. The company stringently applies and manages its CI/RI through regular brand audits and on-the-spot inspections to enhance the visual identity of its brand. In addition, we carried out communicative brand work that integrates our corporate images. In 2009, we enhanced our brand power by launching a new brand identity system and the "I am your Energy" campaign. As a result, we won the Prime Minister's Prize at the 2010 Korea Brand Awards of the Institute for Industrial Policy Studies.

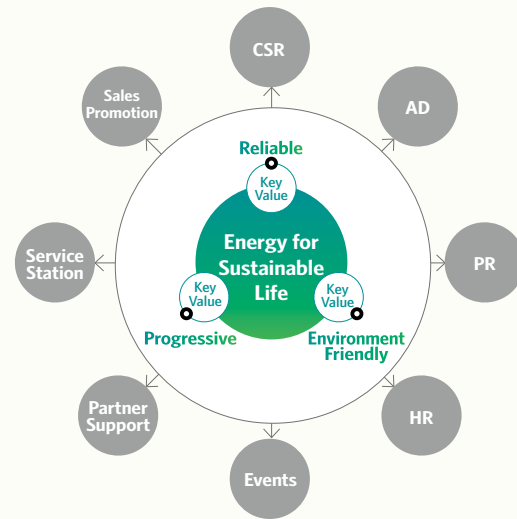
[GS Caltex Brand Identity System]



Company-wide Application of Brand Identity

A corporate brand represents the entire company. Consumers readily recognize the brand of a company only if its external communications accurately matches its real identity. This is the most fundamental principle of brand strategies. Therefore, **GS Caltex** applied brand identity company-wide and is conducting various activities to increase the value of its brand.

[Application and Spread of Brand Identity]



Brand Activities	
Building Brand Identity System	Built an identity system and held "I am your Energy" campaign. - Core Idea : Energy for Sustainable Life - Key Value : Reliable, Progressive, Environment Friendly
CI/RI Management	Conducted due diligence through regular brand audits.
Marketing Activities	Conducted various promotions such as better services for customers satisfaction, benefits of credit cards with ties to GS Caltex and bonus cards
Internal and External Application	Conducted internal and external activities through communication channels.

APPENDIX

- UN Global Compact Statement
- GRI G3.1/ ISO 26000 Index
- Third-party Assurance Statement
- Major Consolidated Financial Statements
- Other Data
- **GS Caltex** History and Accolade



Since joining the UN Global Compact in December of 2010, GS Caltex has been a strong supporter of its principles in the areas of human rights, labor, the environment and anti-corruption, fulfilling its duty to come up with the COP (Communication on Progress) report each year. This year's COP was prepared to meet the UNGC Advanced Level requirements and outline our compliance activities in greater detail.

Criterion	Report Content
Strategy, Governance and Engagement	
1. The COP describes key aspects of the company's high-level sustainability strategy in line with Global Compact principles.	<ul style="list-style-type: none"> Discussion of activities in relation with human rights, labor, the environment and anti-corruption through the CSR Committee Stipulation of GS Caltex's human rights policies in accordance with international standards including the UN Human Rights Declaration and human rights responsibility regulations
2. The COP describes effective decision-making processes and systems of governance for corporate sustainability.	<ul style="list-style-type: none"> Integrated risk management in the economic, social and environmental sectors through the Board of Directors
3. The COP describes engagement with all important stakeholders.	<ul style="list-style-type: none"> Collection of opinions through interviews conducted from each stakeholder group The Ministry of Environment, labor union, civil consumer's organization, GS Holdings, E-IL Industry, Yeulmaru Project Council, Eunma Service Station, Korea Sustainability Investing Forum UN Goals and Issues
UN Goals and Issues	
4. The COP describes actions taken in support of broader UN goals and issues.	<ul style="list-style-type: none"> Provision of opportunities for the equal development of human resources Promotion of women's rights through the operation of an in-house childcare facility Implementation of a company-wide CSR strategy to secure a sustainable environment Human Rights Implementation
Human Rights Implementation	
5. The COP describes robust commitments, strategies or policies in the area of human rights.	<ul style="list-style-type: none"> Application of the human rights guidelines stipulated in 2011 to the expansion of the human rights awareness of employees and the implementation of human rights policies in the upcoming years
6. The COP describes effective management systems to integrate the human rights principles.	<ul style="list-style-type: none"> Discussion of human rights issues through the CSR Committee
7. The COP describes effective monitoring and evaluation mechanisms of human rights integration	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review human rights issues and to reflect improvements in business conduct
8. The COP describes key outcomes of human rights integration.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review human rights issues and to reflect improvements in business conduct Labor Principles Implementation
Labor Principles Implementation	
9. The COP describes robust commitments, strategies or policies in the area of labor.	<ul style="list-style-type: none"> Implementation of the corporate vision for mutually-beneficial relationships between labor and management through the establishment of productive labor relations in accordance with the Great Work Place strategy
10. The COP describes effective management systems to integrate the labour principles.	<ul style="list-style-type: none"> Regular discussion of labor outcomes through the CSR Committee
11. The COP describes effective monitoring and evaluation mechanisms of labour principles integration	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review the outcomes of labor practices and to reflect improvements in business conduct
12. The COP describes key outcomes of integration of the labour principles.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review the outcomes of labor practices and to reflect improvements in business conduct Environmental Stewardship Implementation
Environmental Stewardship Implementation	
13. The COP describes robust commitments, strategies or policies in the area of environmental stewardship.	<ul style="list-style-type: none"> Implementation of low carbon environmental management strategies and review of the possible conduct of CDM projects and entry into the carbon market
14. The COP describes effective management systems to integrate the environmental principles.	<ul style="list-style-type: none"> Regular discussion of environmental outcomes through the CSR Committee
15. The COP describes effective monitoring and evaluation mechanisms for environmental stewardship.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review environmental issues and reflect improvements in business conduct
16. The COP describes key outcomes of the integration of the environmental principles.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review environmental issues and reflect improvements in business conduct
Anti-Corruption Implementation	
17. The COP describes robust commitments, strategies or policies in the area of anti-corruption.	<ul style="list-style-type: none"> Implementation of fair operating practices on a strategic level Assistance to suppliers in establishing their own voluntary compliance programs
18. The COP describes effective management systems to integrate the anti-corruption principle.	<ul style="list-style-type: none"> Regular discussion of anti-corruption outcomes through the CSR Committee
19. The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review environmental issues and reflect improvements in business conduct
20. The COP describes key outcomes of integration of the anti-corruption principle.	<ul style="list-style-type: none"> Development of the internal ISO 26000 diagnostic tool to review environmental issues and reflect improvements in business conduct Transparency and Verification
Value Chain Implementation	
21. The COP describes the implementation of the Global Compact principles in the value chain.	<ul style="list-style-type: none"> GS Caltex's sustainable management strategies were mapped out on the basis of ISO 26000 and include the ten principles of the UNGC.
Transparency and Verification	
22. The COP provides information on the company's profile and context of operation.	<ul style="list-style-type: none"> Provision of general corporate information including its organizational profile and operational methodology through sustainability reports
23. The COP incorporates high standards of transparency and disclosure.	<ul style="list-style-type: none"> Incorporation of such international standards as the ISO 26000, the UNGC principles and the GRI G3.1 guidelines in the publication of sustainability reports
24. The COP is independently verified by a credible third-party.	<ul style="list-style-type: none"> Third-party verification made by the Korean Standards Association

● Reported ● Partially Reported ○ Not Reported – Not Available

Profile Disclosure	Reporting Level	Page	Note	ISO 26000	7 Core ISO 26000 Subjects
Principle of Stakeholder Engagement				6.8.2	Community Involvement
Boundary Protocol				6.6.5	Promotion of Social Responsibility within Value Chain
Strategy and Analysis					
1.1 Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	●	2,3		6.2	Organizational governance
1.2 Description of key impacts, risks, and opportunities.	●	2,3		6.2	
Organizational Profile					
2.1 Name of the organization.	●	10			
2.2 Primary brands, products, and/or services.	●	10,11			
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	10,11		6.2	Organizational governance
2.4 Location of organization's headquarters.	●	10,11			
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.	●	10,11			
2.6 Nature of ownership and legal form.	●	10,11			
2.7 Markets served.	●	10,11			
2.8 Scale of the reporting organization.	●	10,11			
2.9 Significant changes during the reporting period regarding size, structure, or ownership.	●	10,11			
2.10 Awards received in the reporting period.	●	76,77			
Report Parameters					
3.1 Reporting period for information provided.	●	About This Report			
3.2 Date of most recent previous report.	●	About This Report			
3.3 Reporting cycle	●	About This Report		6.2	
3.4 Contact point for questions regarding the report or its contents.	●	About This Report			
3.5 Process for defining report content.	●	About This Report			
3.6 Boundary of the report	●	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.	●	30-34			
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.	●	63-67			
3.1 Policy and current practice with regard to seeking external assurance for the report.	●	68-69		7.5.3	Assurance

● Reported ○ Partially Reported ○ Not Reported – Not Available

Profile Disclosure	Reporting Level	Page	Note	ISO 26000	7 Core ISO 26000 Subjects
Governance, Commitments, and Engagement					
4.1 Governance structure of the organization	●	20		6.2	
4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	●	20		6.2	
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.	●	20		6.2	
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	20		6.2	
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).	●	20		6.2	
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	20		6.2	
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.	●	20		6.2	
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.	●	2,3		6.2	
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.	●	20		6.2	Organizational governance
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	20		6.2	
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	20		6.2	
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	62		6.2	
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	62		6.2	
4.14 List of stakeholder groups engaged by the organization.	●	14-17		6.2	
4.15 Basis for identification and selection of stakeholders with whom to engage.	●	14-17		6.2	
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	14-17		6.2	
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.	●	14-17		6.2	
Economic (Disclosure on Management Approach)					
EC1 Direct economic value generated and distributed.	●	12		6.8/6.8.3 /6.8.7/6.8.9	Community involvement and development /Community involvement /Creating wealth and generating profits /Social investment
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	29-31		6.5.5	Mitigating and adapting oneself to climate change
EC3 Coverage of the organization's defined benefit plan obligations.	●	39		6.4.4/6.8	
EC4 Significant financial assistance received from government.	●	Zero			
EC5 Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	●	75		6.4.4/6.8	Working conditions and social protection/ Community involvement and development
EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	●	41,42		6.6.6/6.8 /6.8.5/6.8.7	Promoting social responsibility in the value chain/ Community involvement and development/Job creation and skill development/Creating wealth and generating profits
EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	○	75		6.8/6.8.5/6.8.7	Community involvement and development/Job creation and skill development/Creating wealth and generating profits
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	50,51		6.3.9/6.8/6.8.3/6.8.4 /6.8.5/6.8.6/6.8.7 /6.8.9	Economic, social and cultural rights /Community involvement and development /Community involvement/Education and culture/ Technology development and access /Creating wealth and generating profits /Social investment
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	12		6.3.9 /6.6.6/ 6.6.7 /6.7.8/6.8/6.8.5 /6.8.6/6.8.7/6.8.9	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/Creating wealth and generating profits/ Social investment

● Reported ○ Partially Reported ○ Not Reported – Not Available

Profile Disclosure	Reporting Level	Page	Note	ISO 26000	7 Core ISO 26000 Subjects
Environmental (Disclosure on Management Approach)					
EN1 Materials used by weight or volume.	●	12			
EN2 Percentage of materials used that are recycled input materials.	●	28			
EN3 Direct energy consumption by primary energy source.	●	31			
EN4 Indirect energy consumption by primary source.	●	31			
EN5 Energy saved due to conservation and efficiency improvements.	●	31			
EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	●	23,55		6.5/6.5.4	The environment/ Sustainable use of resources
EN7 Initiatives to reduce indirect energy consumption and reductions achieved.	●	23,55			
EN8 Total water withdrawal by source.	●	75			
EN9 Water sources significantly affected by withdrawal of water.	○	33			
EN10 Percentage and total volume of water recycled and reused.	●	75			
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	●	34,35			
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	●	34,35			
EN13 Habitats protected or restored.	N/A	-		6.5/6.5.6	The environment/ Protection of environment, biodiversity and restoration of natural habitat
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.	●	34,35			
EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	N/A	-	There is no endangered species at our workplaces and plants		
EN16 Total direct and indirect greenhouse gas emissions by weight.	●	30			
EN17 Other relevant indirect greenhouse gas emissions by weight.	N/A	-	There is no data	6.5/6.5.5	The environment/Mitigating and adapting oneself to climate change
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.	○	30			
EN19 Emissions of ozone-depleting substances by weight.	●	-	There is no emission		
EN20 NOx, SOx, and other significant air emissions by type and weight.	●	32			
EN21 Total water discharge by quality and destination.	●	33			
EN22 Total weight of waste by type and disposal method.	●	33		6.5/6.5.3	The environment/ Prevention of pollution
EN23 Total number and volume of significant spills.	●	-	None		
EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	N/A	-	We did not transport, import, export, or treat any waste deemed hazardous		
EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	N/A	-	We treat waste water at waste water treatment centers	6.5/6.5.4/6.5.6	The environment/ Sustainable use of resources/ Protection of environment, biodiversity and restoration of natural habitat
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	32-35		6.5/6.5.4/6.6.6/6.7.5	The environment/Sustainable use of resources/ Promoting social responsibility in the value chain /Sustainable consumption
EN27 Percentage of products sold and their packaging materials that are reclaimed by category.	N/A	-	There is no pertinent data	6.5/6.5.4/6.7.5	The environment/Sustainable use of resources / Sustainable consumption
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	-	None	6.5	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.	○	59		6.5/6.5.4/6.6.6	The environment/Sustainable use of resources/ Promoting social responsibility in the value chain
EN30 Total environmental protection expenditures and investments by type.	●	34		6.5	The environment

● Reported ○ Partially Reported ○ Not Reported – Not Available

Profile Disclosure	Reporting Level	Page	Note	ISO 26000	7 Core ISO 26000 Subjects
Labor (Disclosure on Management Approach)					
LA1 Total workforce by employment type, employment contract, and region, broken down by gender.	○	75		6.4/6.4.3	Labour practices/Employment and employment relationships
LA2 Total number and rate of new employee hires and employee turnover by age group, gender, and region.	○	75			
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	39,40		6.4/6.4.3/6.4.4	Labour practices/Employment and employment relationships/Working conditions and social protection
LA15 Return to work and retention rates after parental leave, by gender.	○	39,40		6.3.7/6.3.10/6.4/6.4.3/6.4.4	No discrimination against minority groups / Guaranteeing the economic, social and cultural rights of members
LA4 Percentage of employees covered by collective bargaining agreements.	●	38		6.4/6.4.3/6.4.4/6.4.5/6.3.10	Labour practices/Employment and employment relationships/Working conditions and social protection/Social dialogue/ Fundamental principles and rights at work
LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	○	38		6.4/6.4.3/6.4.4/6.4.5/6.4.3/6.4.4/6.4.5	Labour practices/Employment and employment relationships/ Working conditions 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.	●	38		6.4/6.4.6	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.	○	23			
LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	○	23-25		6.4/6.4.6/6.8/6.8.3/6.8.4/6.8.8	Labour practices/Health and safety at work/ Community involvement and development /Community involvement/Education and culture/Health
LA9 Health and safety topics covered in formal agreements with trade unions.	●	23-25		6.4/6.4.6/6.8/6.8.3/6.8.4/6.8.8/6.4/6.4.6/6.8/6.8.3/6.8.4/6.8.8	Labour practices /Health and safety at work
LA10 Average hours of training per year per employee by gender, and by employee category.	●	43		6.4/6.4.7	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.	●	39		6.4/6.4.7/6.8.5	Labour practices/Human development and training in the workplace/Job creation and skill development
LA12 Percentage of employees receiving regular performance and career development reviews, by gender.	●	75		6.4/6.4.7	Labour practices/Human development and training in the workplace/Job creation and skill development
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.	●	20		6.3.7/6.3.10/6.4/6.4.3	Discrimination and vulnerable groups/ Fundamental principles and rights at work/ Labour practices/Employment and employment relationships
LA14 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	●	75		6.3.7/6.3.10/6.4/6.4.3/6.4.4	Discrimination and vulnerable groups/ Fundamental principles and rights at work/ Labour practices/ Employment and employment relationships/ Working conditions and social dialogue
Human Rights (Disclosure on Management Approach)					
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.	○	-	We do not review human rights matters when signing investment agreements and selecting partners.	6.3/6.3.3/6.3.5/6.6.6	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.	○	41-42		6.3/6.3.3/6.3.5/6.4.3/6.6.6	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.	○	41-42		6.3/6.3.5	Human rights/Avoidance of complicity
HR4 Total number of incidents of discrimination and corrective actions taken.	●	-	There was no discrimination reported.	6.3/6.3.6/6.3.7/6.3.10/6.4.3	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.	○	38		6.3/6.3.3/6.3.4/6.3.5/6.3.8/6.3.10/6.4.3/6.4.5	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.	●	-		6.3/6.3.3/6.3.4/6.3.5/6.3.7/6.3.10	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.	●	-			"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.	○	41-42		6.3/6.3.5/6.4.3/6.6.6	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.	●	-	There is no violation	6.3/6.3.6/6.3.7/6.3.8/6.6.7	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.	N/A	-	No impact assessment is carried out.		Due diligence/Human rights risk situation
HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	●	-	There is no complaint		Resolving grievances

● Reported ○ Partially Reported ○ Not Reported – Not Available

Profile Disclosure	Reporting Level	Page	Note	ISO 26000	7 Core ISO 26000 Subjects
Social (Disclosure on Management Approach)					
S01 Percentage of operations with implemented local community engagement, impact assessments, and development programs.	○	46-51		6.3.9/6.8/6.8.5/6.8.7/6.6.7	"Economic, social and cultural rights/ Community involvement and development/ Job creation and skill development/Social investment/Respect for property rights"
S09 Operations with significant potential or actual negative impacts on local communities.	○	46-51			Community involvement and development
S010 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	○	46-51			Community involvement and development
S02 Percentage and total number of business units analyzed for risks related to corruption.	●	-	There is no pertinent business unit		
S03 Percentage of employees trained in organization's anti-corruption policies and procedures.	●	42		6.6/6.6.3	Fair operating practices/Anti-corruption
S04 Actions taken in response to incidents of corruption.	●	-	There is no incident of corruption		
S05 Public policy positions and participation in public policy development and lobbying.	●	-	There is no lobbying		
S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	○	-	There is no contributions	6.6/6.6.4/6.8.3	"Fair operating practices/Responsible political involvement/Community involvement"
S07 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	-	There is no legal action	6.6/6.6.5/6.6.7	"Fair operating practices/Fair competition/ Respect for property rights"
S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	-	There is no fines and sanctions	6.6/6.6.7/6.8.7*	"Fair operating practices/Respect for property rights/ Social investment"
Product Responsibility (Disclosure on Management Approach)					
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.	○	58-59		6.3.9/6.6.6/6.7/6.7.4/6.7.5	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.	●	-	There is no violation recorded.		
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	○	56-59			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.	●	-	There is no violation recorded.	6.7/6.7.3/6.7.4/6.7.5/6.7.6/6.7.9	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
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	55		6.7/6.7.4/6.7.5/6.7.6/6.7.8/6.7.9	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.	●	-	There is no program	6.4/6.4.6	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.	●	-	There is no incident		
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	-	There is no complaint	6.7/6.7.7	Consumer issue/ Consumer data protection and privacy
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	-	There is no fine.	6.7/6.7.6	Consumer issue/ Consumer service, support, and complaint and dispute resolution

* We judge that there is no pertinent data on 14 petroleum gas industrial indices required by the GRI G3.1 Guideline.

Dear GS Caltex Management and Stakeholders:

The Korean Standards Association (KSA, the 'assurer' hereafter) was commissioned by GS Caltex to perform this assurance engagement of the '2012 GS Caltex Sustainability Report' (the 'Report' hereafter). KSA presents the result of verification as follows for the evidence and feasibility of the data, performance and related systems contained in this Report.

✦ Responsibility and Independence

We do not have any interest with respect to profit-making in the entire spectrum of business conduct of GS Caltex other than performing the assurance engagement as a third-party assurer. The responsibility for collating, analyzing and organizing the data used to prepare this report as well as all the statement therein solely lies in GS Caltex.

✦ Assurance Standards and Level

We performed the assurance engagement in accordance with AA1000AS (2008) along with the GRI G3.1 guidelines and ISO 26000. We used AA1000AS (2008) assurance standards to determine the scope of adopting the principles of inclusivity, materiality and responsiveness and to verify the reliability of information contained in the Report. In so doing, we conducted a 'moderate' verification of the reliability of the data presented in this Report.

✦ Assurance Type and Scope

We performed a Type 2 assurance engagement in accordance with AA1000AS. This implies that we verified the accuracy and quality of the statements made by GS Caltex and the sustainability performance data included in this Report. The scope of this assurance engagement primarily includes the systems and initiatives undertaken by GS Caltex including its sustainability management policies, goals, projects, standards and performance during the reporting period defined in the Report. While the company's environmental and social data as well as financial data was verified, the scope of review concerning stakeholder engagement was limited to the materiality test process.

✦ Assurance Methods

We used the following methods to gather information, documents and evidence with respect to the assurance scope and to perform the assurance engagement.

- Review of the issues that interest GS Caltex's stakeholders as well as sustainability issues
- Review and identification of the process to identify the material issues contained in this Report
- Interview of GS Caltex employees in charge of major performance data in respective sectors and review of collection systems
- Verification of internal documents and the sampling of basic materials that support the key statements in the Report
- Review of the consistency between the financial data contained in the Report and the company's audit financial reports respectively

✦ Assurance Results and Opinions [On an assurance principle/process level]

We reviewed the draft version of this Report to present our opinions as an assurance provider. Modifications were made of the report content as necessary. We were not aware of any significant errors or inappropriate descriptions in this Report as a result of our assurance engagement. As such, we present our opinions regarding the GS Caltex Sustainability Report as follows.

Inclusivity

Has GS Caltex engaged its stakeholders in strategically responding to sustainability?

We confirmed that GS Caltex identified its major stakeholders and the issues of interest in a bid to comply with the principle of inclusivity. GS Caltex defined its stakeholders as governments, the labor union, subsidiaries, suppliers, local communities, NGOs, gas stations and shareholders while using various communication channels to meet stakeholder expectations. We recommend that the company systematically establish its stakeholder engagement processes and operate communication channels on a regular basis in addition to the publication of sustainability reports. Furthermore, we recommend the company to regularly identify and assess the interests and the expectations of its stakeholders.

Materiality

Has GS Caltex included material information in the Report to help stakeholders make informed decisions?

We are not aware of any significant omissions or exclusions of data that is critical to stakeholders. We verified that GS Caltex detected sustainability issues through media analysis, industry peer analysis, and sustainability trend analysis. The company evaluated the social interest of external stakeholders and the business impact of internal stakeholders in order to identify major sustainability issues out of those issues detected previously. We suggest that GS Caltex's sustainability reports would further improve through the enhanced consistency between those issues and its sustainability management strategies and the integration of these issues in managing and improving its sustainability performance.

Responsiveness

Has GS Caltex appropriately responded to stakeholder requirements and interest in this Report?

GS Caltex focuses on such strategies as low carbon environmental management, sustainable energy supply, fair operating processes, community engagement and development and the protection of consumers' rights in advancing its sustainability management. Meanwhile, the company needs to further improve in reporting the goals and implementation tasks that are set concerning sustainability management strategic tasks. Therefore, we recommend that GS Caltex supplement its strategic system to advance sustainability management in the mid- to long-term while expanding its reporting of achievements made against the set goals.

✦ Opinions and Recommendations by Sector [On a performance/issue level]

We present the following recommendations to help GS Caltex enhance its sustainability performance and contribute to the sustainable development of humankind.

Economic

The future energy market is poised to experience rapid changes due to such internal factors as the depletion of fossil fuel, changing demands, and an increasing intensity of price fluctuations as well as such wide-ranging global-level variables as increasing population and the growth of emerging markets. As a result, stakeholders' interest in energy sources that are safe, eco-friendly and reliable in the longer term is growing accordingly. Therefore, we recommend that GS Caltex systematically report its endeavors and initiatives to secure energy leadership as well as the optimal energy mix in response to such expected changes in the future energy market.

Environmental

As the oil refinery industry is closely related to energy and climate change issues, GS Caltex's initiatives to manage and reduce energy consumption are considered as a substantial contributor to reaching its internal goal of 'delivering global-level energy efficiency' in terms of reducing GHG emissions. On a macro level, we recommend that the company objectively evaluate the economic, social and environmental impact caused by climate change and use the outcomes to report its comprehensive responses and goals.

Social

The 'Mom talk talk' program, which aims to offer psychological counseling to help children from less-privileged families, constitutes a highly-valuable social contribution initiative that enhances social value as it assists our next generations in promoting their emotional health and contributes to developing the field of child psychotherapy in Korea through the fostering of professional art therapists. It is highly notable that the company integrated social responsibility elements into its corporate brand identity. GS Caltex needs to take a step further to organically integrate sustainability initiatives in managing its company-wide brand image.

June 2013, KSA Chairman & CEO

Chang Ryong Kim



Korean Standards Association(KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, is serving as a knowledge service provider who distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, certified GRI training partner, AA1000 assurance provider, KSI(Korea Sustainability Index) operator, UN CDM DOE(development operational entity), and assurance provider of the Korean government's greenhouse gas energy target management system.

Major Consolidated Financial Statements

GS Caltex printed its major consolidated financial statements in its sustainability report to help our stakeholders better understand its corporate management beginning this year. The following financial statements are from the 2012 Annual Report (p.83 – 88). Please refer to the Electronic Disclosure System (<http://dart.fss.or.kr>) for more details.

Consolidated Statements of Financial Position		GS Caltex Corporation and Subsidiaries	
		[Unit: In millions of won]	
		2012	2011
As of December 31, 2012 and 2011			
Assets			
Current Assets			
Cash and cash equivalents	663,278	374,593	
Accounts and notes receivable	3,585,634	5,244,041	
Short-term financial assets	825,169	1,163,688	
Inventories	5,061,025	5,559,168	
Prepaid income taxes	22	149	
Other current assets	706,087	611,261	
Total current assets	10,841,215	12,952,900	
Non-current assets			
Long-term accounts and notes receivable	-	2,601	
Long-term financial assets	491,986	613,554	
Investments in associates and jointly controlled entities	300,965	453,014	
Property, plant and equipment	10,775,339	11,338,926	
Investment property	35,658	35,992	
Intangible assets	63,856	104,298	
Deferred income tax assets	1,402	1,462	
Other non-current assets	33,708	35,811	
Total non-current assets	11,702,914	12,585,658	
Total assets	22,544,129	25,538,558	
Liabilities			
Current liabilities			
Accounts payable-trade	2,993,137	4,057,116	
Short-term financial liabilities	4,102,177	6,124,343	
Income taxes payable	98,632	132,633	
Other current liabilities	162,435	158,529	
Total current liabilities	7,356,381	10,472,621	
Non-current liabilities			
Long-term financial liabilities	5,581,027	5,471,164	
Employee benefits	71,897	57,516	
Deferred income tax liabilities	294,088	285,490	
Other non-current liabilities	112,758	319,585	
Total non-current liabilities	6,059,770	6,133,755	
Total liabilities	13,416,151	16,606,376	
Equity			
Common stock	260,000	260,000	
Capital surplus	66,270	66,270	
Capital adjustments	(58,639)	(51,128)	
Accumulated other comprehensive income	15,581	28,738	
Retained earnings	8,844,737	8,625,884	
Equity attributable to owners of the parent	9,127,949	8,929,764	
Non-controlling interests	29	2,418	
Total equity	9,127,978	8,932,182	
Total liabilities and equity	22,544,129	25,538,558	

Consolidated Statements of Income		GS Caltex Corporation and Subsidiaries	
		[Unit: In millions of won]	
		2012	2011
For the years ended December 31, 2012 and 2011			
Revenue			
	47,872,746	46,456,382	
Cost of sales			
	(46,468,646)	(43,529,692)	
Selling, general and administrative expenses			
	(893,174)	(977,691)	
Profit from operations			
	510,926	1,948,999	
Share of profit (loss) of equity method accounted investees			
	(1,953)	38,372	
Finance income			
	1,358,141	1,545,579	
Finance costs			
	(1,448,970)	(1,916,778)	
Other income			
	233,044	225,689	
Other expenses			
	(304,199)	(325,821)	
Profit before income taxes			
	346,989	1,516,040	
Income tax expense			
	(7,318)	(381,730)	
Profit from continuing operations			
	339,671	1,134,310	
Profit from discontinued operations, net of tax			
	391,753	101,701	
Profit for the year			
	731,424	1,236,011	
Profit (loss) attributable to:			
Owners of the parent	734,090	1,241,892	
Non-controlling interests	(2,666)	(5,881)	

Consolidated Statements of Comprehensive Income		GS Caltex Corporation and Subsidiaries	
		[Unit: In millions of won]	
		2012	2011
For the years ended December 31, 2012 and 2011			
Profit for the year			
	731,424	1,236,011	
Other comprehensive income (loss), net of tax:			
Net change in fair value of available-for-sale financial assets	1,173	(20,515)	
Changes in equity method accounted investee's capital	(2,847)	13,421	
Changes in equity method accounted investee's retained earnings	(1,559)	-	
Effective portion of changes in fair value of cash flow hedges	2,248	19,932	
Defined benefit plan actuarial losses	(16,678)	(11,674)	
Foreign currency translation differences	(13,731)	3,130	
Total comprehensive income for the year	700,030	1,240,305	
Attributable to:			
Owners of the parent	702,696	1,246,186	
Non-controlling interests	(2,666)	(5,881)	

Consolidated Statements of Changes in Equity

GS Caltex Corporation and Subsidiaries

[Unit: In millions of won]

For the years ended December 31, 2012 and 2011

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Balance at January 1, 2011	260,000	66,270	(49,249)	12,770	7,779,401	8,069,192	4,725	8,073,917
Comprehensive income:								
Profit for the year	-	-	-	-	1,241,892	1,241,892	(5,881)	1,236,011
Other comprehensive income (loss), net of tax:								
- Net change in unrealized fair value of available-for-sale financial assets	-	-	-	(20,515)	-	(20,515)	-	(20,515)
- Changes in equity method accounted investee's capital	-	-	-	13,421	-	13,421	-	13,421
- Effective portion of changes in unrealized fair value of cash flow hedges	-	-	-	19,932	-	19,932	-	19,932
- Defined benefit plan actuarial losses	-	-	-	-	(11,674)	(11,674)	-	(11,674)
- Foreign currency translation differences	-	-	-	3,130	-	3,130	-	3,130
Total other comprehensive loss	-	-	-	15,968	(11,674)	4,294	-	4,294
Total comprehensive income (loss)	-	-	-	15,968	1,230,218	1,246,186	(5,881)	1,240,305
Transactions with owners and other, recorded directly in equity: Dividends								
Additional acquisition of subsidiaries	-	-	-	-	(346,000)	(346,000)	-	(346,000)
Changes of consolidated subsidiaries	-	-	(1,466)	-	-	(1,466)	3,574	2,108
Other	-	-	(413)	-	(37,735)	(38,148)	-	(38,148)
Total transactions with owners and other, recorded directly in equity	-	-	(1,879)	-	(383,735)	(385,614)	3,574	(382,040)
Balance at December 31, 2011	260,000	66,270	(51,128)	28,738	8,625,884	8,929,764	2,418	8,932,182
Balance at January 1, 2012	260,000	66,270	(51,128)	28,738	8,625,884	8,929,764	2,418	8,932,182
Comprehensive income:								
Profit for the year	-	-	-	-	734,090	734,090	(2,666)	731,424
Other comprehensive income (loss), net of tax:								
- Net change in fair value of available-for-sale financial assets	-	-	-	1,173	-	1,173	-	1,173
- Changes in equity method accounted investee's capital	-	-	-	(2,847)	-	(2,847)	-	(2,847)
- Changes in retained earnings by applying equity method	-	-	-	-	(1,559)	(1,559)	-	(1,559)
- Effective portion of changes in fair value of cash flow hedges	-	-	-	2,248	-	2,248	-	2,248
- Defined benefit plan actuarial losses	-	-	-	-	(16,678)	(16,678)	-	(16,678)
- Foreign currency translation differences	-	-	-	(13,731)	-	(13,731)	-	(13,731)
Total other comprehensive income (loss)	-	-	-	(13,157)	(18,237)	(31,394)	-	(31,394)
Total comprehensive income (loss)	-	-	-	(13,157)	715,853	702,696	(2,666)	700,030
Transactions with owners and other, recorded directly in equity:								
Dividends	-	-	-	-	(497,000)	(497,000)	-	(497,000)
Additional acquisition of subsidiaries	-	-	(6,832)	-	-	(6,832)	1,235	(5,597)
Other	-	-	-	-	-	-	(958)	(958)
Total transactions with owners and other, recorded directly in equity	-	-	(679)	-	-	(679)	-	(679)
Balance at December 31, 2012	260,000	66,270	(58,639)	15,581	8,844,737	9,127,949	29	9,127,978

Consolidated Statements of Cash Flows

GS Caltex Corporation and Subsidiaries

[Unit: In millions of won]

For the years ended December 31, 2012 and 2011

	2012	2011
I. Cash flows from operating activities	1,609,405	590,518
(1) Profit for the year	731,424	1,236,011
(2) Additions to net income of non-cash revenues	1,389,804	1,689,396
Depreciation	(36,228)	8,144
Amortization	544,033	577,638
Amortization of intangible assets	20,779	21,469
Retirement benefit costs	30,766	32,065
Foreign exchange translations loss, net	83,374	209,142
Interest expense	343,631	364,165
Loss on valuation of derivative instruments, net	134,633	11,658
Loss on disposal of available-for-sale financial assets, net	-	4,173
Loss on disposal of property, plant and equipment, net	11,283	11,675
Income tax expense	187,072	414,770
Loss on disposal of discontinued operation, net	66,742	-
Others	3,719	34,497
(3) Deduction from net incomes of non-cash revenues	(925,089)	(286,994)
Share of profit of equity method accounted investees	2,820	42,429
Foreign exchange translations income, net	248,288	86,920
Interest income	70,638	79,971
Dividends income	721	1,511
Gain on valuation of derivative instruments, net	13,243	26,514
Gain on disposal of available-for-sale financial assets, net	7,475	31,311
Gain on disposal of property, plant and equipment, net	27,159	7,283
Gain on disposal of discontinued operation, net	551,602	-
Others	3,143	11,055
(4) Change in assets and liabilities from operating activities	413,266	(2,047,895)
Decrease (increase) in accounts receivable	1,313,482	(1,207,057)
Decrease (increase) in short-term financial assets	63,444	(121,427)
Decrease (increase) in inventories	477,729	(1,148,094)
Decrease (increase) in other current assets	(102,111)	(193,552)
Decrease (increase) in long-term financial assets	777	(31,042)
Decrease (increase) in other non-current assets	197	1,594
Increase(decrease) in trade payables	(742,958)	1,047,340
Decrease (increase) in short-term financial liabilities	(25,636)	81,352
Decrease (increase) in other non-current assets	6,863	110,503
Decrease (increase) in long-term financial liabilities	(28,746)	9,263
Decrease (increase) in other current liabilities	(4,939)	5,598

Consolidated Statements of Cash Flows

GS Caltex Corporation and Subsidiaries

[Unit: In millions of won]

For the years ended December 31, 2012 and 2011

	2012	2011
Retirement benefit Payable	(15,482)	(5,782)
Plan assets payable	(18,495)	(20,252)
Other operation-related assets and liabilities	(301)	27
Interest receivable	41,149	45,185
Interest payable	(377,360)	(392,842)
Dividend receivable	5,881	33,393
Corporate tax payable	(180,228)	(262,102)
II. Cash flows from investing activities	543,748	(836,783)
(1) Cash Inflows from Investing activities	1,792,226	264,482
Decrease in short-term financial assets	224,897	168,122
Decrease in long-term financial assets	64,494	58,501
Disposal of equity method Investments	112,575	-
Proceeds from sale of property, plant and equipment	168,531	21,479
Net cash flows from changes of consolidated subsidiaries	1,213,499	-
Others	8,230	16,380
(2) Cash outflows from investing activities	(1,248,478)	(1,101,265)
Increase in short-term financial assets	96,132	89,407
Increase in long-term financial assets	87,740	140,171
Acquisition of equity method investments	-	23,837
Acquisition of property, plant and equipment	1,061,309	841,302
Acquisition of intangible assets	2,609	2,491
Others	688	4,057
III. Cash flows from financing activities	(1,854,588)	(142,257)
(1) Cash inflows from financing activities	1,486,297	1,646,217
Increase in short-term financial liabilities	30,126	391,568
Increase in long-term financial liabilities	1,456,171	1,252,283
Increase in capital of subsidiaries	-	2,366
(2) Cash outflows from financing activities	(3,340,885)	(1,788,474)
Decrease in short-term financial liabilities	2,822,698	1,440,023
Decrease in long-term financial liabilities	13,837	2,283
Dividends paid	497,000	346,000
Acquisition of stocks of subsidiaries	6,671	168
Others	679	-
IV. Net increase (decrease) in cash and cash equivalents	298,565	(388,522)
V. Cash and cash equivalents at beginning of year	374,593	760,976
VI. Net change in cash	(9,880)	2,139
VII. Cash and cash equivalents at end of year	663,278	374,593

Other Data

〈Meetings of Industrial Safety and Health Committee〉

	2010	2011	2012
Number of Meetings and Issues proposed by Committee	20	20	17

〈Management of Retirement Pension System〉

Retirement Pension System	2010	2011	2012
Total (persons)		3,288	3,350
Defined Benefit Plan	Not Introduced	3,233	3,249
Defined Contribution Plan		55	101

〈Average Entry-Level Salary per Employee〉

	2010	2011	2012
Technical Workers (unit: KRW 1,000)	29,408	30,584	31,838
Office Workers (unit: KRW 1,000)	36,000	38,300	40,100

〈Number of Employees by Employment Types〉

Number of Employees by Employment Types (persons)	2010	2011	2012
Executives	52	55	52
Office Workers	1,666	1,710	1,596
Technical Workers	1,246	1,274	1,330
Support Workers	48	50	53
Contract/Dispatched Workers	233	264	229
Others	47	48	54
Total (as of the end of the year)	3,292	3,401	3,314

* The data on employees are different from those of the previous report due to change in calculation standards.

〈Number of Employees by Regions〉

	2010	2011	2012
Seoul and Others	1,723	1,782	1,616
Yeosu	1,569	1,619	1,698

〈Number of Retirees and Resignation Rate〉

	2010	2011	2012
Criterion (persons) (Number of Employees at End of Year and Those Who Retired)	3,442	3,585	3,611
Number of Retirees(persons)	150	184	297
Resignation Rate(%)	4.36	5.13	8.22

〈Employee Gender Ratio〉

Employee Gender Ratio(%)	2010	2011	2012
Male	88.0	87.9	87.8
Female	12.0	12.1	12.2

〈Social Contribution Investment〉

[Unit: KRW100 million]

	2010	2011	2012
Voluntary Contributions and Investment in Local Communities	328	565	490

〈Number of Employees Who participated in Social Volunteering Organizations〉

	2010	2011	2012
Number of Employees Who Participated in Social Volunteering Organization (persons)	6,734	6,888	8,184

〈Water Consumption〉

[Scope: Yeosu Plant]

	2010	2011	2012
Total (ton/day)	43,631	51,640	50,379

* The data are different from those of the previous report due to some errors in calculating water use in the VRHCR process.

〈Volume of Recycled Waste Water〉

[Scope: Yeosu Plant]

	2010	2011	2012
Total (ton/day)	4,728	5,055	4,898

* Scope of Recycled Waste Water : CDU Overhead Water + [Sour Water] Stripped Water

* The data are different from those of the previous report due to change in calculation standards.

〈LNG Imports〉

	2010	2011	2012
LNG Imports (ton)	248,530	359,167	250,479

* The data are different from those of the previous report due to change in calculation standards.

1966.12	Joint Venture Agreement signed with Caltex Petroleum Corp. in the U.S.
1967.05	Honam Oil Refinery Co., Ltd. incorporated
1969.06	No. 1 CDU in the No. 1 Yeosu Refinery completed (60,000 BPSD)
1969.11	Incheon Lubricant Plant completed
1970.10	No. 1 CDU in the No. 1 Yeosu Refinery expanded (100,000 BPSD)
1972.10	No. 2 CDU in the No. 1 Yeosu Refinery completed (60,000 BPSD, a total of 160,000 BPSD)
1978.11	No. 2 CDU in the No. 1 Yeosu Refinery expanded (130,000 BPSD, a total of 230,000 BPSD)
1981.06	No. 3 CDU in the No. 1 Yeosu Refinery completed (150,000 BPSD, a total of 380,000 BPSD)
1986.01	R&D Center established
1986.09	Independent management by Koreans started
1988.04	Polypropylene plant completed (120,000 MTA)
1989.12	Polypropylene plant expanded (from 120,000 MTA to 180,000 MTA)
1990.09	No. 1 P-X plant (200,000 MTA) and No. 1 Aromatics plant (500,000 MTA) completed
1991.10	No. 1 Kero-diesel hydro-desulfurizing unit completed (50,000 BPSD)
1991.12	No. 1 Aromatics plant expanded (600,000 MTA)
1994.05	No. 1 P-X plant expanded (300,000 MTA)
1995.01	Introduced a gasoline brand (Techron), a first for a Korean company
1995.08	No. 2 P-X plant completed (350,000 MTA, a total of 650,000 MTA)
1995.09	RFCC (Residue Fluid Catalytic Cracker) completed (70,000 BPSD) and an overseas office in Singapore opened
1996.05	Renamed LG-Caltex Oil Corporation
1996.10	No. 2 Kero-diesel hydro-desulfurizing unit completed (70,000 BPSD, a total of 120,000 BPSD)
1996.12	No. 4 CDU in the No. 1 Yeosu Refinery completed (270,000 BPSD, a total of 650,000 BPSD)
1997.10	Gasoline hydro desulfurization unit completed (30,000 BPSD)
1998.09	No. 3 Kero-diesel hydro-desulfurizing unit completed (70,000 BPSD, a total of 190,000 BPSD)
1998.11	Central Technology R&D Center in Daejeon completed
1999.05	Six Sigma introduced
1999.10	Moved into new HQ building (GS Tower)
2000.01	New vision of 'The Leader in providing total energy Service' declared
2000.06	LG power Co., Ltd. (Now GS Power) established
2000.07	No. 2 BTX process completed(400,000MTA, a total of 1 million MTA)
2000.08	Seorabeol City Gas Co., Ltd. established
2000.11	Seti Ltd established (Now GS Fuelcell)
2001.01	Haeyang City Gas Co., Ltd. acquired
2003.04	No. 3 P-X plant completed (550,000MTA, a total of 1.2 million MTA)
2003.09	Order for the commissioned operation of refining plants in Sohar, Oman landed
2004.07	GS Holdings established. Became subsidiary company
2004.11	Nuricel acquired (Now GS Nanotech)
2005.03	Renamed GS Caltex Corporation
	New Gasoline brand launched (KIXX)
2005.08	GS Nextation Ltd. acquired

2005.09	Alkylation plant completed(10,000 BPSD)
2005.11	RFCC plant expanded (90,000 BPSD)
2006.02	GS Caltex (Qingdao) Petroleum Co., Ltd. established
2006.04	Premium gasoline brand launched (KIXX Prime)
2006.06	GS Caltex (Langfang) Plastics Co., Ltd. established
2006.07	CNSU process completed (72,500 BPSD)
2006.08	GS Caltex Foundation launched
2006.12	New & Renewable Energy R&D Center opened
2007.06	GS Caltex (Qingdao) Energy Co., Ltd. established
2007.08	No. 2 HOU unit completed-VDU (Vacuum Distillation Unit) 150,000 BPSD HCR (Hydrocracker) 55,000 BPSD Base oil plant completed (16,000 BPSD)
2007.11	No. 1 Aromatics plant expanded (1.2 million MTA, a total of 1.6 million MTA) No. 1 and 2 Gas stations in Qingdao completed.
2007.12	No. 1 Yeosu Refinery expanded - No. 4 CDU (300,000 BPSD), CNSU (90,000 BPSD), a total of 680,000 BPSD Learning&Development Center established
2008.04	HOU capacity increased - RFCC (93,000 BPSD), HCR (60,000 BPSD), a total of 153,000 BPSD
2008.08	GS NOC Advanced Material (currently Power Carbon Technology) established
2008.10	No. 1 Yeosu Refinery expanded - No. 2 CDU (150,000 BPSD, a total of 700,000 BPSD)
2008.12	Won USD 15 Billion Export Tower Award No. 4 Diesel desulfurizing unit completed (70,000 BPSD, a total of 260,000 BPSD)
2009.01	HOU capacity increased - RFCC (94,000 BPSD), HCR (61,000 BPSD), a total of 155,000 BPSD
2009.07	No. 1 Yeosu Refinery expanded - No. 4 CDU (330,000 BPSD) Base oil plant's production capacity increased (23,000 BPSD)
2009.10	No. 1 Yeosu Refinery expanded - No. 2 CDU (155,000 BPSD), No. 3 CDU (160,000 BPSD), a total of 775,000 BPSD, No. 2 Kero-diesel hydrodesulfurizing unit (75,000 BPSD) and No. 3 kero-diesel hydrodesulfurizing unit (67,000 BPSD), a total of 272,000 BPSD
2010.02	GS Caltex India Private Limited established
2010.03	PCT (Power Carbon Technology) production facility completed
2010.04	Adplatech acquired (Now GS Platech)
2011.05	No. 3 HOU(VRHCR) completed (60,000 BPSD, a total of 215,000 BPSD)
2011.07	Base oil plant expanded (26,000 BPSD)
2011.12	Won USD 2.0 Billion Export Tower Award for the second time in Korea and a first for an oil refinery company in Korea.
2012.01	GS Energy launched GSC Way announced
2012.03	Global Lubricant Logistics Center completed
2012.05	GS Caltex Yeulmaru opened Energy Field of GS Caltex opened in Yeosu EXPO PCT cathode plant completed
2012.09	GS Caltex China Co., Ltd. established
2012.12	Won USD 2.5 Billion Export Tower Award