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Value No.1 Energy & Chemical Partner

GS Caltex 2015 Sustainability Report

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VALUE

No.1

ABOUT THIS REPORT

GS Caltex is committed to fulfilling its social responsibility and incorporating sustainable practice in its business management. Since 2006, we have published an annual Sustainability Report with our detailed performance and highlights in creating economic, environmental, and social values for our stakeholders inside and outside the company. We proudly present this 2015 Sustainability Report which is the 11th report for GS Caltex.

REPORTING PERIOD

This report covers our sustainability strategy, commitments, practices, and performance from January 1, 2015 to December 31, 2015. For the key quantitative performance, the results of the past three years (from 2013 to 2015) are shared for comparative analysis. Some of the highlights over the first half of 2016 are included in this report to ensure its timely release.





SCOPE OF REPORT

The scope of this report encompasses the **GS Caltex** Headquarters and major business facilities including the Yeosu complex. A certain portion of the data was derived from the terminal, lubricant plant, gas stations, filling stations, and affiliated companies. As for the sections whose scope of report needs to be clear, it is stated separately.

REPORTING GUIDELINES

The **GS Caltex** 2015 Sustainability Report was prepared in line with the G4 Core Option guidelines of GRI (Global Reporting Initiative) and designed to incorporate feedback from stakeholders in compliance with AA1000SES. The content of this report has been reviewed by internal professionals with GRI certification, as well as an independent specialized agency for third party assurance. There are no material changes in terms of its scope, boundaries, and measuring processes from the previous report.

More information on **GS Caltex** can be found on the company website (www.gscaletx.com). If you have any questions or require more details about this report, please contact us using the information below.

 **GS Caltex CSR Team**  **GS Tower, 508, Nonhyeon-ro, Gangnam-gu, Seoul, Korea**
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CEO's Message

Dear Valued Stakeholders

Facing fluctuating market conditions and an unpredictable business environment, we at **GS Caltex** took a bold step in improving our profitability and gaining competitive advantages over the last year. We managed to achieve substantial progress towards improving our business management and financial stability through various initiatives, including the V-Project.

This year, **GS Caltex** will continue to strive to improve our profitability. By focusing our resources in gaining a competitive edge in our entire value chain and expanding our presence in both existing and new markets, we will strengthen our foundation and revenue structure for sustainable growth. At the same time, we will continue to fulfill our social responsibility and contribute to building a better future for our society.

Through this Sustainability Report, **GS Caltex** intend to provide our stakeholders with a transparent picture of our business operation and the progress we made in social, environmental, and economic aspects. While preparing this report, we realized the importance of improving upon our business process to ensure sustainable growth based on the experience and know-how we have accumulated over the years.

We appreciate your continued interest and support for our commitment to creating a sustainable and better future.



Jin-Soo Huh CEO & Chairman of the Board

A handwritten signature in black ink that reads "J. S. Huh". The signature is written in a cursive, flowing style.

Corporate Overview

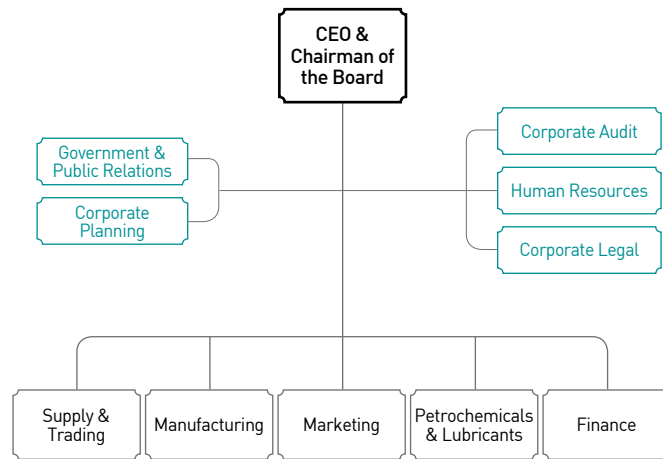
Founded in 1967 as Korea's first private oil refiner, **GS Caltex** set a new standard in the nation's petroleum industry. We have since grown into one of the leading global energy and chemical companies and have a strong global presence. Through continuous investments and a commitment to excellence, we are playing a critical role in stabilizing energy supply and positioning petroleum products as key export items of Korea.

Corporate Profile

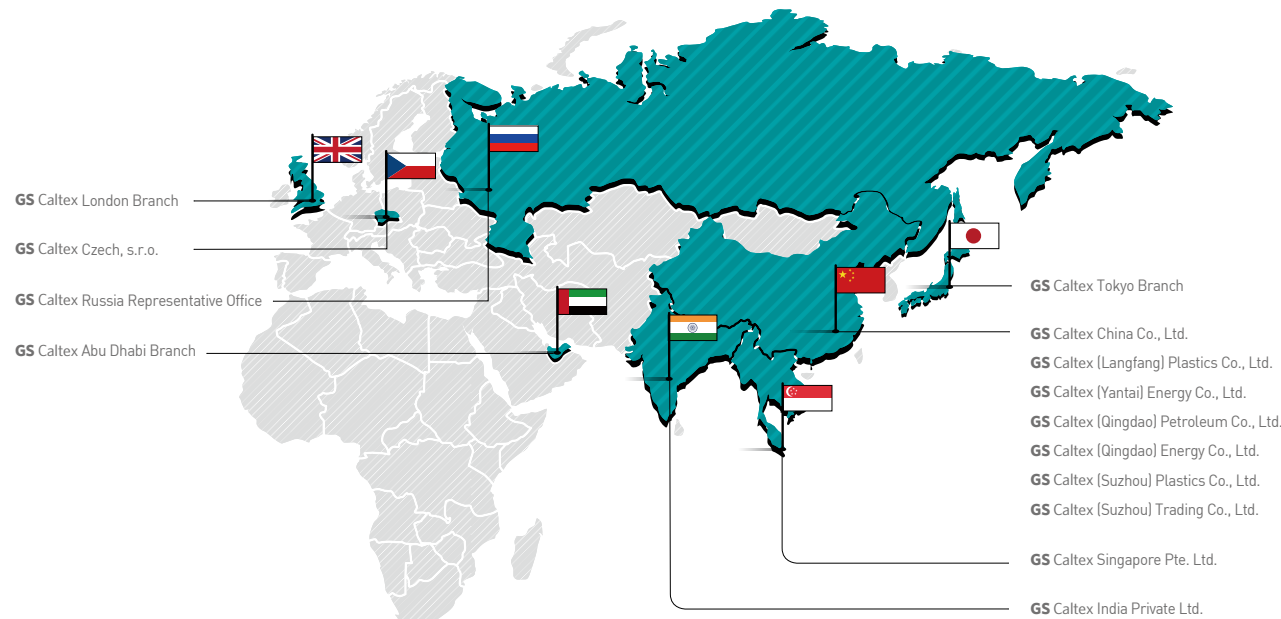
(As of December 31, 2015)

Profile	Description
Name of company	GS Caltex Corporation
Date of establishment	May 19, 1967
Location of headquarters	GS Tower, 508, Nonhyeon-ro, Gangnam-gu, Seoul
Overseas offices (branches)	China, Czech Republic, India, Singapore, London, etc.
No. of employees	3,079
Type of industries	Crude Oil Refining Industry
Business domain	Petroleum, Petrochemicals, Base Oil & Lubricants

Organization



Overseas Network



Business Domain

Petroleum

Refining Capacity
(barrels/day)
785,000

Upgrading Ratio
34.9%

GS Caltex stabilizes the domestic supply of petroleum products with 2,615 gas stations and 413 filling stations nationwide. 69% of our sales come from exports, significantly contributing to the nation's economic growth. After increasing our upgrading facilities in response to changing market conditions, we now have a daily capacity of 785,000 barrels. Our upgrading ratio reached the highest level in the industry with 34.9% in 2015 and helped us further increase our profitability and competitive advantage in the market.

Aromatic

Production Capacity
(tons/year)
2.8million

In 1990, we built aromatic production facilities with an annual capacity of 200,000 tons of paraxylene and 500,000 tons of aromatic products for full-scale production. We continued investment in our facilities for optimization. Our aromatic production capacity has increased to 2.8 million tons per year including 1.35 million tons of paraxylene, 0.93 million tons of benzene, 170,000 tons of toluene, and 350,000 tons of mixed-xylene.

Polymer

Production Capacity
(tons/year)
180,000

We completed our polypropylene production facilities in 1988 with an annual production capacity of 120,000 tons. Since then, we have expanded the facilities to produce 180,000 tons a year. We are capable of producing 470,000 tons of propylene for polypropylene each year from our own RFCC (Residual Fluid Catalytic Cracking) process completed in 1995 and VGO FCC (Vacuum Gas Oil Fluidized Catalytic Cracking Unit) completed in 2013. For composite resin that is used for high-value added vehicles and home products, we have production facilities with an annual production capacity of 260,000 in Korea, China, and the Czech Republic. New production facilities are under construction in Mexico.

Base Oil

Production Capacity
(tons/year)
1.3million

We started base oil production in November 2007 when our BOP (Base Oil Plant) with a daily capacity of 16,000 barrels (800,000 tons/year) was completed. Since then, we have increased our capacity to 23,000 barrels per day (1.15 million tons/year) in 2010, followed by a further increase to 26,000 barrels (1.3 million tons/year) through additional improvement in production facilities in 2011.

Lubricant

Products
Over 200 types

For our lubricant business, we are maintaining a daily capacity of 9,000 barrels of lubricant with 9,000 tons of grease per year. We hold the highest market share and sales in the finished products market in Korea, proving our superior quality and technical expertise. **GS Caltex** product lines range from automobiles and industrial facilities to ships and special oils with over 200 types of products including KIXX engine oil which is our flagship brand.

GS Caltex Vision & GSC Way

In January 2014, we unveiled our new vision, 'Value No. 1 Energy & Chemical Partner'. The **GSC** Way is our guiding principle, representing our commitment for excellence as we expand our global presence in the energy and chemical industries. We make sure that all members of **GS** Caltex understand and work toward achieving our corporate goals through the **GSC** Way in their daily practice.

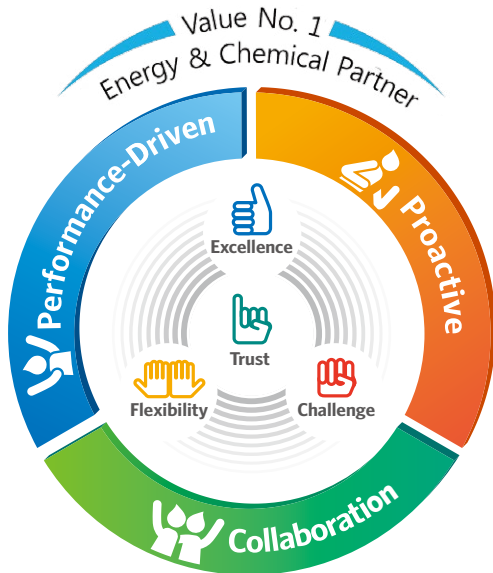
GS Caltex Vision

Value No.1 Energy & Chemical Partner

Vision Statement

Our mission is to deliver quality products and services by developing the potential of energy and chemical resources. We are committed to increasing our capacity to generate environmentally responsible and innovative new values. As a global energy and chemical company, we are passionate about growing with our partners and helping the world move forward.

GSC Way



Corporate Values

- Trust** Fulfill one's role, and 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 external resources and capabilities.
- Performance-Driven** Deliver tangible results.

GSC Way Statement

We will take the following actions to maintain the highest level of Trust, Flexibility, Challenge, and Excellence.

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

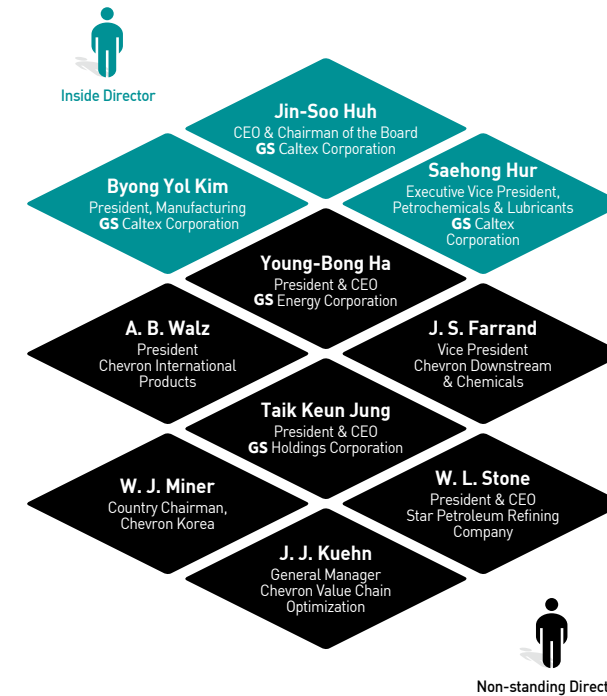
We achieve our vision by applying the **GSC** Way in practice.

Corporate Governance

Structured approach to corporate governance has always been a part of **GS** Caltex's long-term sustainable growth. Our management has formed an advanced decision-making system led by the Board of Directors (BOD) to secure reliability and transparency within the company.

BOD Members

(As of May 2016)



Composition of BOD based on Expertise

The **GS** Caltex Board of Directors is made up of executives from **GS** Caltex, **GS** Holdings, **GS** Energy, and Chevron, who have the necessary professional expertise and risk management skills. As of March 2016, there are three inside directors and seven non-standing directors. They are appointed at the General Meeting of Shareholders based on their qualifications and expertise according to our internal policies.

Operation of BOD & Prevention of Conflict of Interest

As our Board members are executives from each company, their compensation schemes follow the internal policies of the respective company, and no additional compensation is granted for their Board-related activities. The Board resolutions require an affirmative vote of more than two-thirds of all registered directors, as stated in the Articles of Incorporation. In order to guarantee the independent operation of the BOD and prevent possible conflicts of interest, any Board members who have a special interest in the agenda will be prohibited from exercising their vote.

The Board Support Office provides support to the directors on all Board matters, including preparation of the agenda for Board meetings, through proactive communication and cooperation with related divisions. Board members are provided with meeting materials at least one week prior to the actual meeting to ensure enough time to review the agenda items. Eight Board meetings were held in 2015 to review and approve key agenda items such as the 2016 business plans, PP Compounding project, and biobutanol demonstration plant project.

Operation of Committees in Support of the BOD

The BOD operates separate committees including the Accountability Committee, Audit Committee (different from the Audit Committee under the commercial code), and LNG Procurement Management Committee. The members of each committee provide support based on their responsibilities and roles to ensure the reliable and transparent operation of the BOD.

Roles of the Board Committees

(As of March 2016)



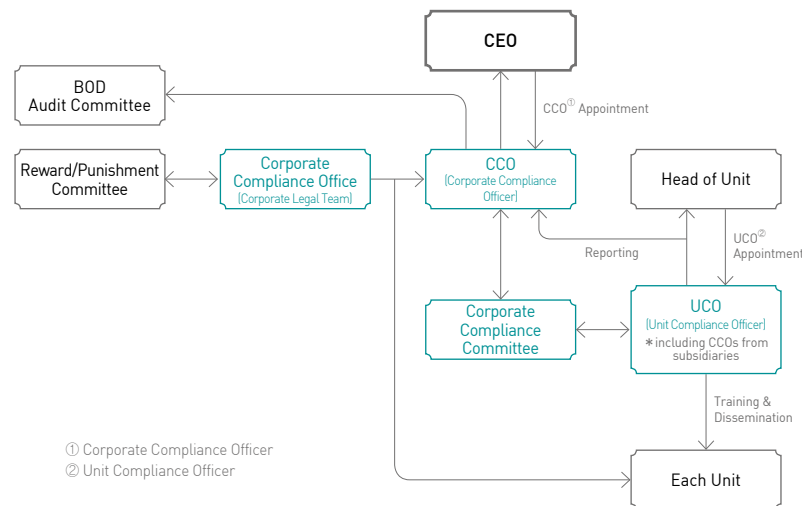
Ethics Management

At **GS Caltex**, we established our Code of Ethics as the foundation for ethical business practices in 1994, and implemented our Voluntary Compliance Program in 2001. Under the CEO's voluntary compliance policies, corporate-wide ethical practice is ensured based on our corporate system for the appointment of corporate compliance officers and the reporting process. The overall performance for ethical practice is reported through the Audit Committee under the BOD twice a year.

We ensure that our compliance system is efficiently implemented by the CCO(Corporate Compliance Officer) and the UCO(Unit Compliance Officer) of each business division and subsidiary. We organize the Corporate Compliance Committee, which consists of the CCO and UCOs, to supervise and encourage ethical management and business practices in the fields twice a year, and the BOD is informed of their activities.

All our employees are required to take the CCP(Corporate Compliance Program) that provides guidance on ethical principles, fair trade, prevention of sexual harassment, information security, SHEQ(Safety, Health, Environment & Quality) and CCM (Consumer Centered Management), as well as sign the Pledge of Compliance. We also publish our quarterly web magazine 'Ethics Virus' to raise employees' awareness of ethical conduct.

[Compliance Organizational Structure & Reporting Process]



[CCP Performance] (Unit: person)

Classification		2013	2014	2015
No. of GS Caltex employees	Online	3,026	3,197	1,963
	Offline	159	137	871
No. of partners' employees	-	-	-	-
	Offline	44	12	20

GS Caltex is gradually expanding the scope of compliance program. We revised the 'Code of Ethics' and 'Internal Compliance Regulations' to reinforce compliance officers' roles and responsibilities and extensively applied compliance program to overseas subsidiaries. As part of these initiatives, we sent out 6,148 official letters during national holidays in 2015 to our clients and partners so that they adopt ethical business practices.

We operate a hotline to respond to ethics-related questions and provide consultation regarding business transactions with **GS Caltex**. We have an anonymous reporting system that enables safe, confidential and anonymous communication of honesty and integrity issues to address fraud, abuse and misconduct in the workplace.

☎ Ethics Management Hotline: +82-2-2005-6011
 ☎ Grievance Settlement (Sexual Harassment Claims): +82-2-2005-6012
 ✉ e-mail: ethics@gscalex.com

GS Caltex fully understands the importance of fair business practices and competition, and promotes compliance with laws through employee training programs and a mandatory internal review process against potential violations. As part of our commitment to transparent and fair business practices, we take a proactive approach in dealing with unfair business transactions and any issues that may potentially compromise our compliance.

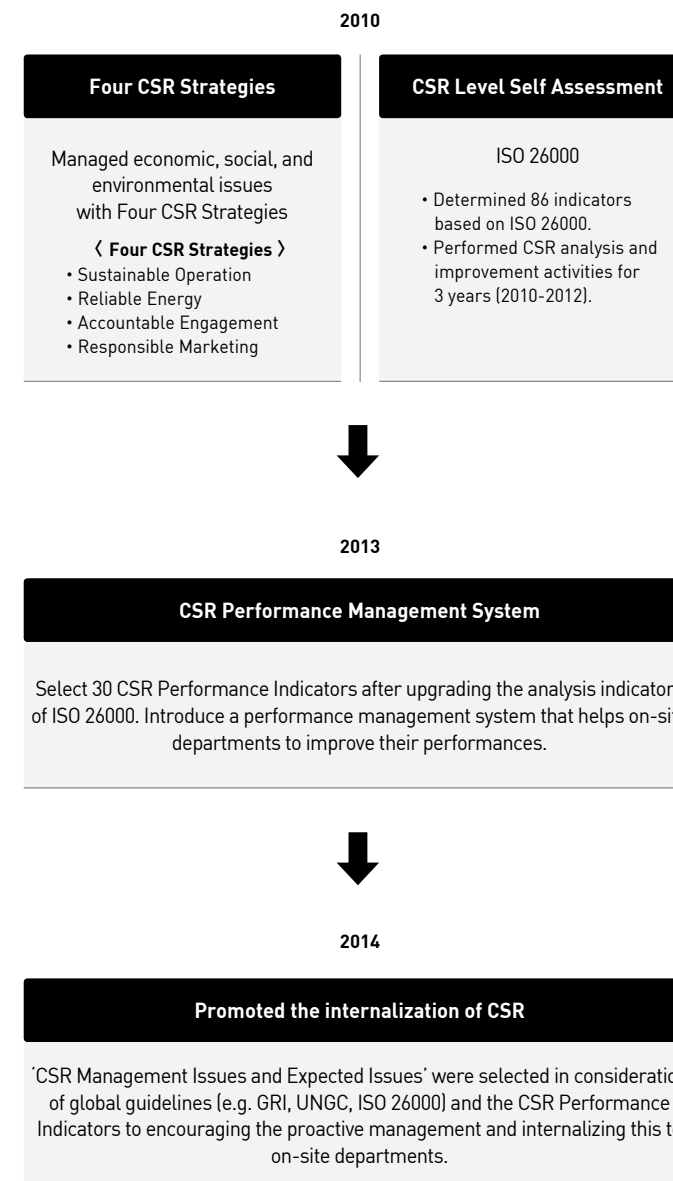
Plan for the Future

At **GS Caltex**, we will continue our efforts to achieve the highest ethical standards and practices based on our Code of Ethics and Internal Compliance Regulations. We will actively engage in the development of training content and performance so that our online and offline programs will be more effective for our employees and partners.

Sustainability Management

To realize sustainability management, we implement comprehensive risk management and fulfill our social responsibilities. Since the establishment of the Four CSR Strategies and CSR Committee in 2010, we have continued developing the CSR framework from the economic, social, and environmental aspects.

[Status of CSR Framework] (2010-Present)



GS Caltex established the CSR Committee in addition to the Sustainability Management Committee as part of our corporate-wide initiatives for reinforcing sustainable business practices. With the CEO as the chair, CSR Committee meetings were held 16 times from 2010 to December 2015. In these meetings, we made decisions on CSR-related issues from the economic, social, and environmental aspects. Lately, the Committee is discussing ways to report critical statuses and key social contribution plans in line with sustainable practices.

[Committees related to Sustainability]

Committee	Activities
CSR Committee	Corporate-wide discussion and decision-making on CSR-related issues
CCM Committee	Decision-making on consumer-oriented strategies and their implementation
Corporate Compliance Committee	Discussion on key issues of Voluntary Compliance Program
Information Security Committee	Corporate-wide discussion and decision-making on information security and policies
Risk Management Committee	Risk assessment/management on exchange rates and prices
Safety and Environment Committee	Decision-making on EHS (Environment, Health and Safety) policies and strategies
Fair Trade Review Committee	Internal reviewing for fair and transparent business practices
Industrial Safety and Health Committee	Reviewing and resolving key safety and health issues for employees
Shared Growth Committee	Discussing and implementing policies for shared growth (with focus on mutual success)

Plan for the Future

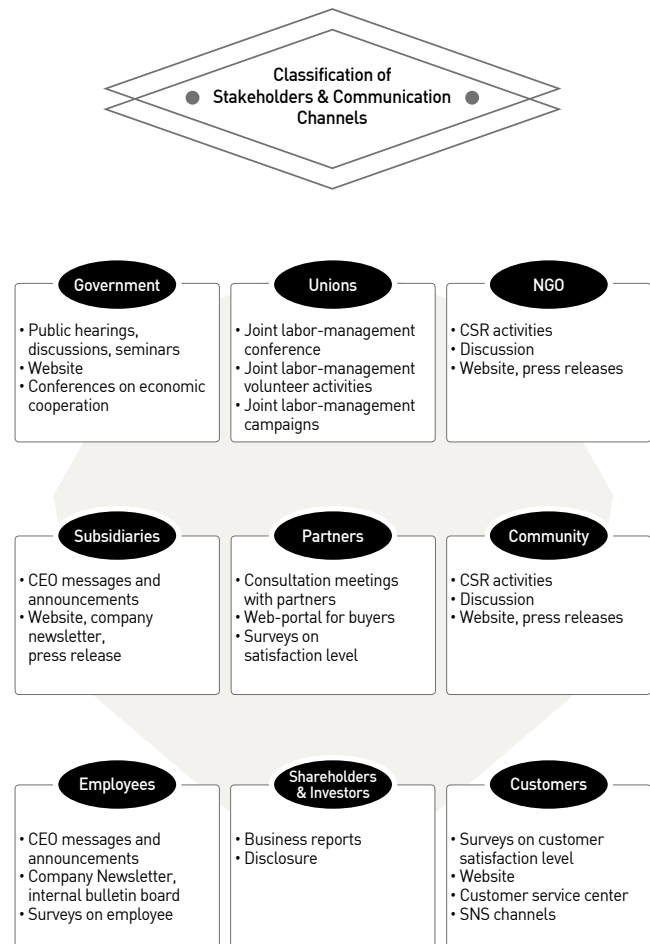
At **GS Caltex**, we will continue to raise employees' awareness of sustainability management and incorporate sustainability in our overall practice.

Selection of Report Subjects

The Issues of this report have been selected according to the GRI G4 guidelines in consideration of Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness. GS Caltex has responded to each issue as follows.

Stakeholder Inclusiveness

GS Caltex's sustainability practices are based on communication with our stakeholders. We use a variety of channels to maintain close communication with the government, customers, local communities, and employees. In this report, we focused on the major issues in which our stakeholders are interested. We divided stakeholders into nine categories and established the following communication channels for each group of stakeholders.



Sustainability Context

GS Caltex's pool of sustainability issues consists of 32 issues based on a review of global guidelines and initiatives (e.g. GRI G4, ISO 26000, UNGC) and our internal issues and materials including the Issues of 2014 Sustainability Report, as well as an analysis on the external environment (e.g. benchmarks on leading companies, media research).

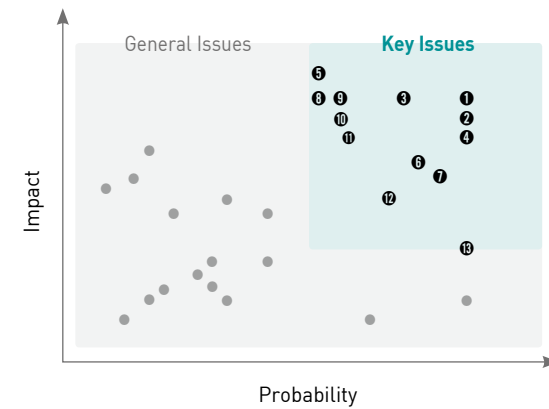
[Pool of Sustainability Issues (32)]

Economy (6)	Society (5)	Environment (8)
<ul style="list-style-type: none"> Financial stability New growth engine/ Diversification of business Market share R&D Ethical and fair practices Expansion of global market 	<ul style="list-style-type: none"> Communication with stakeholders Mutual growth with partners Expansion of CSR activities Investment in local communities Protection of the rights of local communities 	<ul style="list-style-type: none"> Energy conservation and improvement of efficiency Response to climate change Prevention of oil spills Response to environmental regulations Development of eco-friendly products Emission control Recycling and reduction of waste materials Water conservation and wastewater control
Employees (8)	Customers (5)	
<ul style="list-style-type: none"> Employment and retention of human resources Performance training programs Internal communication Prevention of incidents and raising safety awareness Employee health Work-life balance Labor-management relations Discrimination and diversity issues 	<ul style="list-style-type: none"> Product and service pricing Safety and health of customers Customer satisfaction activities Fair and transparent marketing practices Privacy 	

Materiality

The materiality is evaluated based on 'Probability' and 'Impact'. The material issues identified based on the 'Probability' may have an impact on business performance if they are not managed properly, while those based on 'Impact' have major impact. With these two criteria, we conducted a materiality assessment through comprehensive review of employee surveys, external stakeholder surveys, industrial benchmarking, and media researches.

Result of Materiality Assessment



Key Issues

Rank	Issue	Category
1	Prevention of incidents and raising safety awareness	Employees
2	Response to environmental regulations	Environment
3	New growth engine/diversification of business	Economy
4	Mutual growth with partners	Economy
5	Energy conservation and improvement of efficiency	Environment
6	Prevention of oil spills	Environment
7	Labor-management relations	Employees
8	Product and service pricing	Customers
9	Communication with stakeholders	Society
10	Employment and retention of human resources	Employees
11	Financial stability	Economy
12	Fair and transparent marketing practices	Customers
13	Privacy	Customers

Completeness

We identified 13 key issues in terms of completeness (3 from Economy, 1 from Society, 3 from Environment, 3 from Employees, and 3 from Customers).

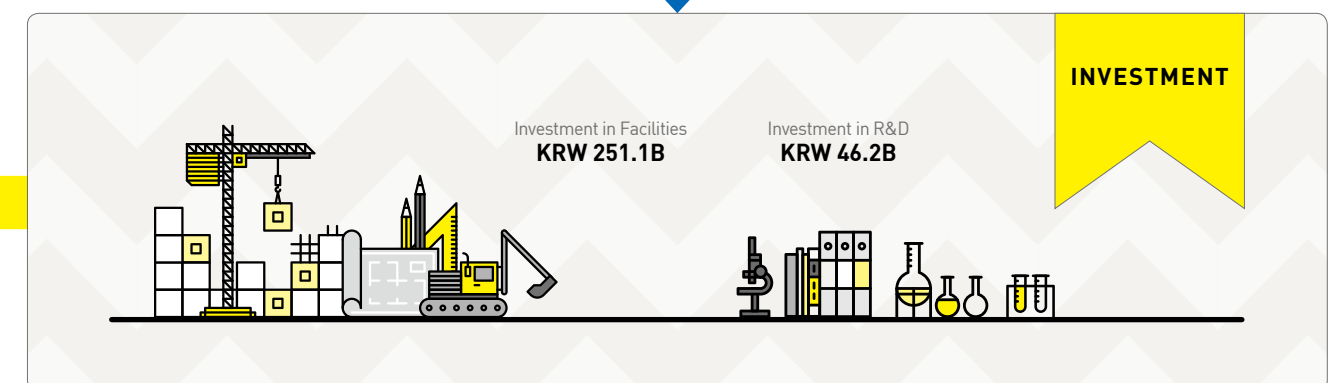
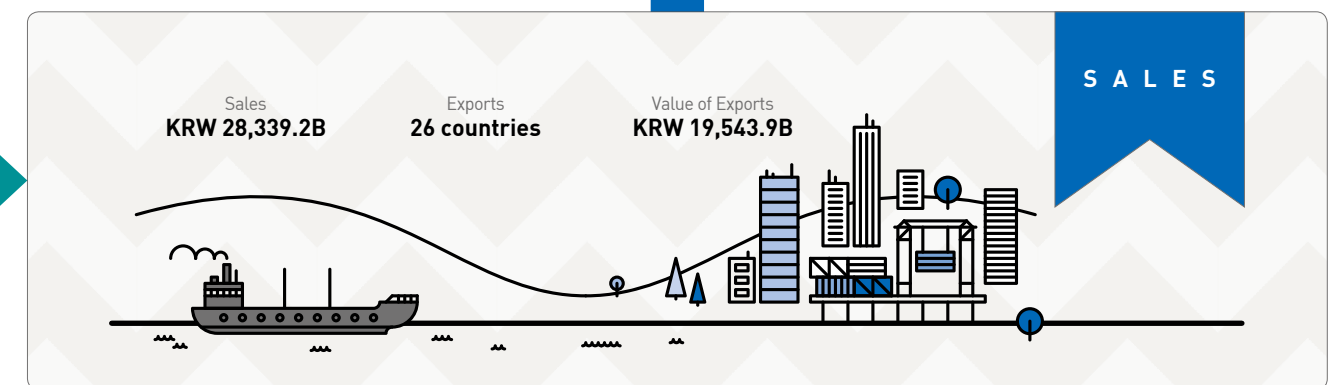
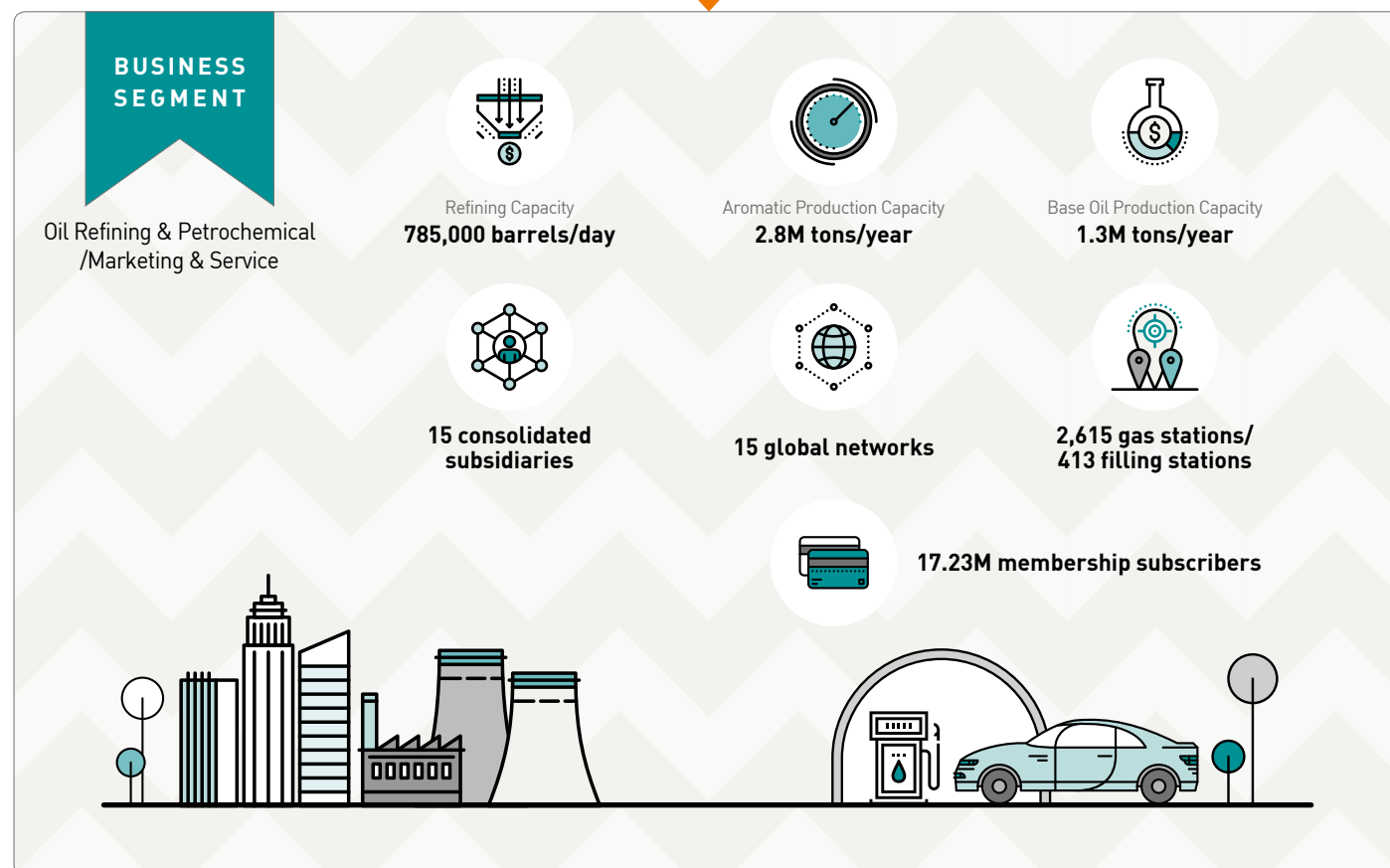
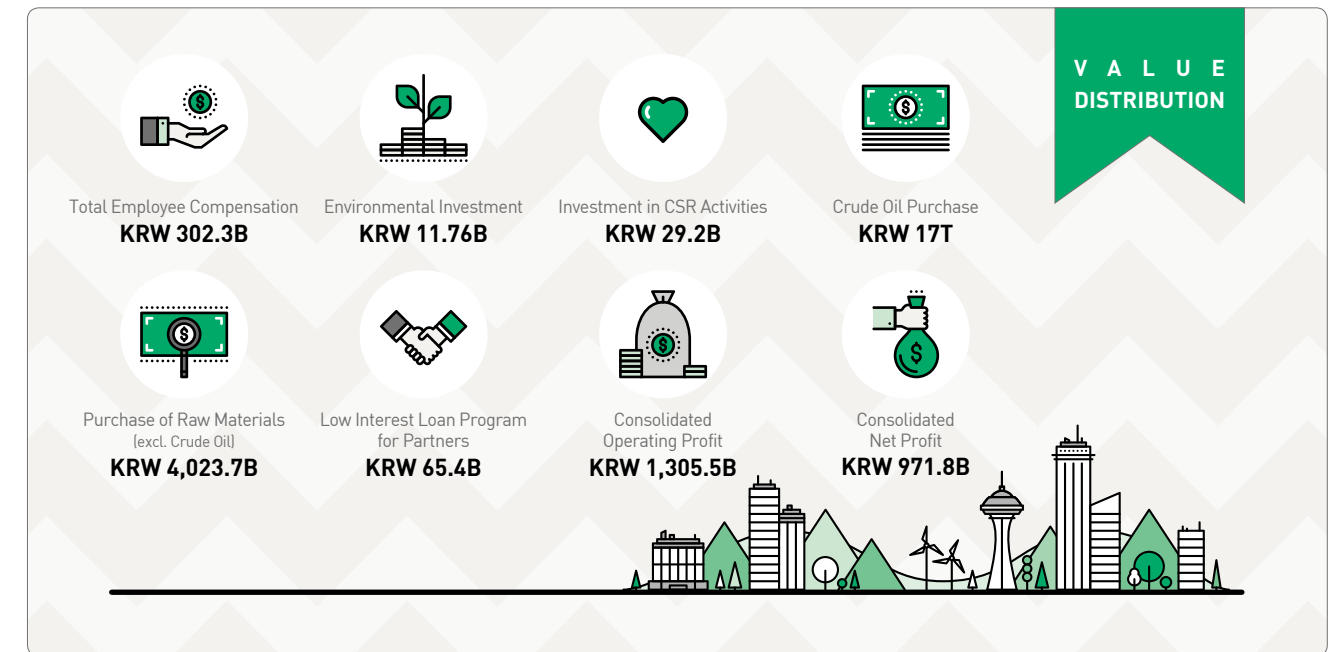
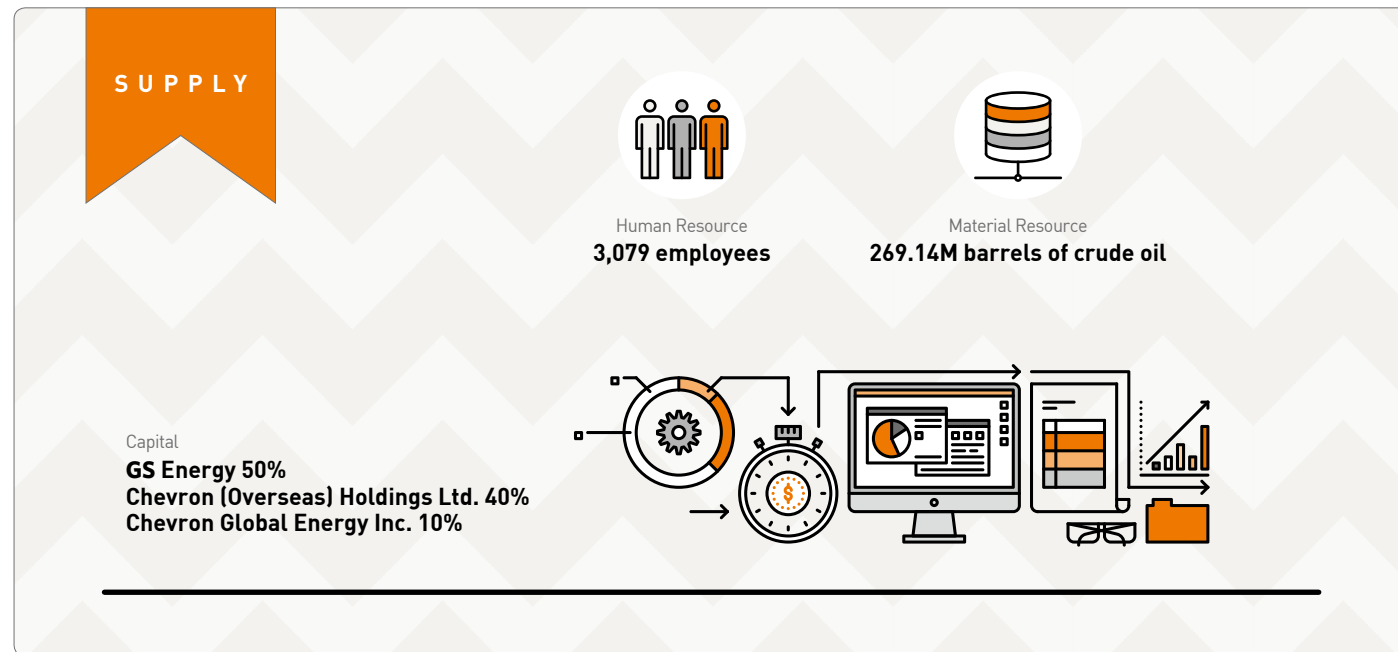
Among those 13 key issues, we apply the overall content for 'Communication with stakeholders', and the rest of the 12 issues were divided into 19 aspects defined in the GRI G4 guidelines. In this report, we identified '3 Core Issues and 6 Report Issues' so that it is easy to understand our financial, environmental, social impact and performance. We also included the CSR management, issues we expect and other CSR-related matters that require attention in line with the selected key issues.

Core Issues	Report Issues	Related Sustainability Issues	G4 Aspect
BUSINESS & SERVICE	Sustainable Value Creation	<ul style="list-style-type: none"> New growth engine/diversification of business Mutual growth with partners Financial stability R&D 	<ul style="list-style-type: none"> Economic performance Procurement practice
	Providing the Best Quality Products and Services for Customers	<ul style="list-style-type: none"> Product and service pricing Fair and transparent marketing practices Privacy Customer satisfaction activities Development of eco-friendly products 	<ul style="list-style-type: none"> Customer privacy Products & services (environment) Product & service labeling Marketing communication Customer satisfaction, response to customers, customer value improvement, customer relations
ENVIRONMENT & SAFETY	Environmental Management & Response to Climate Change	<ul style="list-style-type: none"> Response to environmental regulations Energy conservation and improvement of efficiency Prevention of oil spills Response to Climate Change Emission control Recycling and reduction of waste materials Water conservation and wastewater control 	<ul style="list-style-type: none"> Energy Emissions Effluents and waste Compliance Overall (environment)
	Reinforcement & Dissemination of Safety System	<ul style="list-style-type: none"> Prevention of incidents and raising safety awareness Employee health 	<ul style="list-style-type: none"> Occupational health and safety Employee health
EMPLOYEE & COMMUNITY	Employee Value Enhancement	<ul style="list-style-type: none"> Labor-management relations Employment and retention of human resources Internal communication Discrimination and diversity issues Work-life balance 	<ul style="list-style-type: none"> Employment Labor-management relations Diversity & equal opportunities
	Corporate Social Responsibility Activities	<ul style="list-style-type: none"> Protection of the rights of local communities Investment in local communities Employee CSR programs 	<ul style="list-style-type: none"> Indirect economic impacts Local communities

Analysis on Change in Key Issues

When compared to the materiality assessment in 2014, 'Labor-management Relations' and 'Privacy' were newly selected as key issues in 2015. This is mainly due to the fact that the employment issues and leaked personal information of certain companies has resulted in some recent controversy. 'Communication with stakeholders' and 'Mutual growth with partners', were in the list of key issues for both last year and this year as we recognized the importance of communication channels and a sustainable procurement system.

GS Caltex 2015 at a Glance



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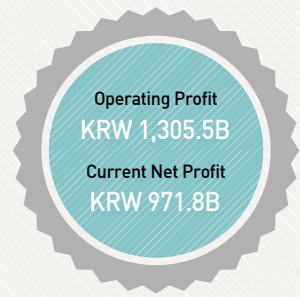
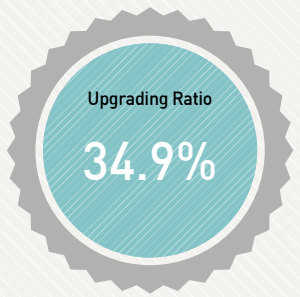
BUSINESS & SERVICE

CONTEXT OF ISSUE SELECTION

In the refining industry, it has become essential to gain competitive advantages to survive due to the global recession and low oil prices. The market competition is more intense than ever, and there is an increasing demand for quality and competitive pricing from consumers. Korea oil refiners are facing important challenges, and they must increase customer satisfaction and expand their presence in the global market to achieve sustainable growth.

Report Issues	Contents	Related Sustainability Issues	Materiality Assessment (Rank)
Issue 1. Sustainable Value Creation	<ul style="list-style-type: none"> Diversification of business and financial stability Reinforcement of internal competency through V-Project Securing new growth engines through R&D Mutual growth with partners 	New growth engine/ diversification of business	3
		Mutual growth with partners	4
		Financial stability	11
		R&D	20
Issue 2. Providing the Best Quality Products and Services for Customers	<ul style="list-style-type: none"> Production and management of competitive products Customer-oriented business practice Protection of personal information 	Product and service pricing	8
		Fair and transparent marketing	12
		Privacy	13
		Customer satisfaction activities	18
		Development of eco-friendly products	26

HIGHLIGHT



Context & Challenge

Issue 1. Sustainable Value Creation

There is increasing uncertainty in both overseas and domestic markets since oil prices remain weak with the on-going global recession and risk of deflation. In addition, the markets have become more competitive due to the increase in refinery facilities and the expansion of export from countries in the Middle East and Asia including China. The business environment has also become more volatile as oil prices started to decline since the second half of 2014. This hardship is discouraging enterprises' investment and recruit activities while profits tend to fluctuate more according to the external factors.

Key Stakeholders	Main Communication Channels	Relevant G4 Aspects
Shareholders & Investors	Business reports / disclosure	
Employees	CEO messages and announcements / company newsletter / internal bulletin board	• Economic performance
Partners	Consultation meetings with partners / web-portal for buyers / satisfaction survey	• Procurement practice

Our Progress & Major Performance

Diversification of business and financial stability

Upgrading Petroleum Business

At GS Caltex, we produce high quality petroleum products using our cutting-edge automated production facilities, including oil refinery and desulfurization facilities with a daily capacity of 785,000 barrels. Thanks to VGO FCC completed in 2013, our daily upgrading capacity reached 274,000 barrels, which is the highest level in the domestic market.

Expanding petrochemical and lubricant business

GS Caltex is expanding the business to the areas of polymer composite resin. Starting with GS Caltex (Langfang) Plastics Co., Ltd. in 2006, we also established GS Caltex (Suzhou) Plastics Co., Ltd. in 2010, GS Caltex Czech, s.r.o. in 2011, and composite resin production facilities in Jinju, Gyeongnam in 2013. We are planning to set up composite resin production facilities in Mexico in 2016 (available from 2017) as we further expand the overseas market.

In the base oil business, we successfully optimized our production mode in 2015 to increase the production of Gr.III, high quality base oil, and its exports. 70% of our production is exported to the global market, and we are developing new markets based on our global sales networks in China and Southeast Asia to expand global presence.

While maintaining the highest market share in the lubricant sector, we made inroads into new markets including China, India, Russia, and Southeast Asia. We are continuing to increase our export volume by operating local companies in China and India, as well as a contact office in Russia.

GS Caltex's aromatic business is gaining a competitive edge in the market through cost reduction and process optimization. Based on our sales networks in China, Japan, and Southeast Asia, we are strengthening our position in the global market. We are ensuring sustainable growth by developing high value added solvent products and sales channels.

Conducting Activities for Financial Stability

Our business environment is more volatile than ever. To overcome these challenges, we improved our business efficiency and reduced raw costs while securing more stable revenue streams. As a result, we successfully improved financial stability as our borrowings and debt ratio have been continuously reduced.

We have diversified our approaches so that we can secure competitive financial stability and cope with the changes and uncertainty in the domestic and overseas business environment. By improving the competitiveness of business, we can generate stable cash flow and manage loans based on long and short-term business plans while maintaining a desirable level of cash and borrowings in line with operation strategies. We make sure that the loan structure is optimized to leverage our cash flow and secure a sufficient level of bank credit line as part of our risk management and financing.

Managing price fluctuation risk of crude oil and refining margin

Oil refinery's returns and cash flow are affected by the price fluctuation of crude oil and refining margin. In order to reduce and effectively manage the risk, **GS Caltex** uses commodity derivatives based on market analysis.

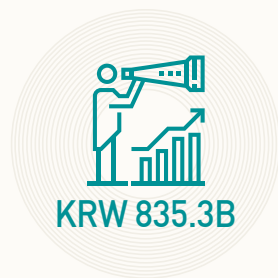
Reinforcement of Internal Competency through V-Project

Since 2013, we have implemented a company-wide improvement project, the V-Project, based on our value chain analysis to reduce costs and generate a more stable profit structure in the refining, petrochemical, and lubricant industries. The project started in 2013 with the 'Optimization of Heavy Oil Upgrading Units' This optimization involved more than 40 areas of improvement including the feed optimization and raising the temperature of the reactor. Since then, the V-Project has expanded to areas such as 'Utility and Energy Cost Efficiency' and 'Optimization of Petrochemical Process' in 2014. In 2015 we carried out tasks such as the 'Diversification of Crude Sources and Feedstock Improvement', 'Optimization of Gasoline/Diesel Production Process', and 'Maximization of High Value-added Product Sales' to reduce cost and increase the yield. Currently, we are focusing on 'Improvement of Short-term Revenue' and 'Building the Foundation for Sustainable Revenue Generation' in 2016.

[Key Areas of Improvement & Financial Performance] (Unit: KRW billion)

V-Project	Areas of Improvement	2013 Actual	2014 Actual	2015 Actual	2016 Projection
Wave 1 (2013)	1. Enhance competitiveness of processing crude oil	18.2	6.1	1.3	2.2
	2. Improve yields and feed mix	30.2	58.1	52.2	56.4
	3. Optimize sales	15.7	35.0	100.4	81.5
	Sub-Total	64.2	99.2	153.9	140.1
Wave 2 (2014)	1. Optimize facilities operation	-	20.7	87.4	52.2
	2. Optimize energy/utility	-	37.5	25.4	18.1
	3. Optimize petrochemical production	-	2.8	4.2	10.9
	Sub-Total	-	61.0	117.0	81.2
Wave 3 (2015)	1. Increase competitiveness of feedstock	-	-	4.3	1.2
	2. Optimize process operation	-	-	22.4	52.0
	3. Maximize product value	-	-	4.0	9.1
	Sub-Total	-	-	30.7	62.3
Wave 4 (2016)	1. Increase competitiveness of feedstock	-	-	-	1.0
	2. Optimize process operation	-	-	-	12.8
	3. Maximize product value	-	-	-	4.0
	4. Reinforce mid-term competitiveness	-	-	-	7.9
	Sub-Total	-	-	-	25.7
Grand Total		64.2	160.2	301.6	309.3

[V-Project Financial Performance]
※ Projection for 2016 is included.

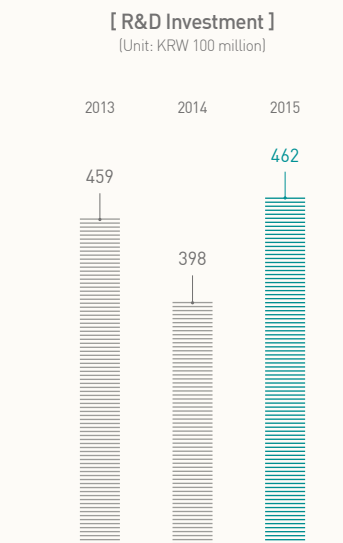


Through the V-Project, we managed to improve our net yields, energy consumption, and the mix of high value-added products, which are key indicators of the refinery competitiveness. Thanks to the V-Project, our earnings reached KRW 300 billion in 2015, and we expect to earn KRW 310 billion in 2016.

At **GS Caltex**, we will focus on strengthening the foundation for profit generation through the V-Project while continuing our mid and long-term investment in facilities. This will help our fundamental earnings structure to generate stable and high profit regardless of the changing business environment.

Securing New Growth Engines through R&D

At **GS Caltex**, we are diversifying business portfolio while improving our competitive advantages in the sectors where we are currently engaged to manage the risks of the changing business environment. As part of our diversification efforts, the R&D center is undertaking projects in various fields. In the biochemical field, we are working on technical verification and exploring new opportunities for commercialization, and this is expected to serve as an important part of our business portfolio. We are also carrying out R&D projects for specialty materials that can create a synergistic effect with the polymer sector and help us expand to other markets. We will continue to develop innovative technologies and products to drive sustainable growth in the future.



[Key R&D Projects]

R&D Sectors	Description
Biochemical	Cosmetics & Healthcare Biochemical refers to the technologies for producing chemical products by fermenting microorganisms from biomass. Since our first research project in biochemical in 2007, we have carried out various cost reduction activities and high yield specialty chemical research projects in cosmetics, healthcare, and agriculture.
	Agriculture
Advanced Materials	Carbon Fiber Composite Materials Based on the infrastructure and technical expertise we have accumulated over the years, we are exploring new areas of research. Through our R&D activities that create high revenue using low-cost byproducts, develop new uses for existing materials, and realize super engineering of plastic polymerization, we are creating highly functional and eco-friendly products.
	High Performance Fiber
Petroleum & Petrochemicals	We are improving our internal competitiveness to realize high revenue generation. Our R&D Center focuses on developing new products and adding more values to semi-finished products while responding to the government policies and environmental issues.

[R&D Achievements]

New Intellectual Properties

By developing original technologies, we secure commercial patents and intangible assets.

- Domestic Patents: 14 cases
- Overseas Patents: 10 cases

Awards

- Selected as the Innovation Project for the 'Development of effective fermentation and separation processes for 2,3-BDO production' (Ministry of Trade, Industry and Energy)
- Selected as the 'Best of Best-10 Technological Innovation in Response to Climate Change' with Biobutanol Production Technology (Ministry of Science, ICT and Future Planning)

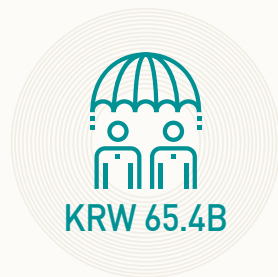
Commercializing and Expanding Supply of Carbon Fiber LFT

At **GS Caltex**, we developed carbon fiber LFT (Long Fiber Reinforced Thermoplastic) composite materials with increased strength and durability for sunroof frames in a vehicle by combining various types of plastic resins and additives based on our exclusive production technology. This new material is only half the weight of existing steel materials, but it has the same level of strength, making it ideal for use in lightweight automobile parts. Our Polymer R&D Team succeeded in starting mass-production in 2014 and was the exclusive supplier for Hyundai Kia Automotive Group for All New Sorento models. In 2015, carbon fiber LFT was supplied to 12 models including the New Tucson, Sportage, K5, and K7. As of now, our annual production capacity reached 20,000 tons with the expansion of the production facilities in Jinju, Korea and Suzhou, China.

Mutual Growth with Partners

At **GS Caltex**, we promote and sustain mutual growth with our business partners. Our process for selecting partners is in line with the ethical, environmental, and social principles, and the strategic partnership programs include financial, technological, and developmental support as well as management consulting and training.

[Low-Interest Loan Support for Partners]



Financial Support

At **GS Caltex**, we provide various financial support programs for our partners. We settle payments fully in cash within 7 days from receipt of invoice and jointly set up a mutual growth fund of KRW 100 billion with financial institutes for partners. From 2010 to the end of 2015, the fund has provided 92 companies with KRW 65.4 billion in low-interest loans. In addition, we introduced a program through which we pay 20% of the monthly dues in advance to 6 shipping companies under long-term contracts.

Technological Support

We provide support for the patent application fees of our first and second-tier partners to safeguard new technologies. We also implemented a technology escrow system through which they can retain intellectual properties at the government-designated centers. **GS Caltex** organizes seminars to provide technological training for polymer and lubricant materials, as well as industrial trends and new product portfolio. The company is also carrying out a project for localizing imported materials and extending contract terms to stabilize supply.

Management Consulting

We provide workplace environment and risk analysis for 14 major partners of our Yeosu complex to help create safer work environments and improve productivity.

Training & Education

At our Training Support Center, we provide 10 courses designed to improve safety, job performance, and management skills for our maintenance service partners at the Yeosu complex. We also provide safety training courses for shipping partners through the Maritime Transportation Safety Support Center. Lastly, we share the framework for establishing the Code of Ethics and internal control system in support of the Corporate Compliance Program and ethical practice training program to ensure mutual support and growth with partners.

[Mutual Growth Policies]

Fair
Promote mutually beneficial business arrangements based on fairness and transparency.

Stable
Pay partners in cash, form long-term partnerships, and adjust prices to promote sustainable business operation for partners.

Practical
Provide practical and effective management support including technological cooperation, training, and consulting programs.

[Result of Partner Training & Education]

Category	Training Program	Result (Freq./Participants)	
Partner Training by Category	Yeosu Complex	Construction safety training program for supervisors	2/30
		Human error prevention/rescue program	1/20
		Practice training for signalmen	4/300
	Headquarters	Practice training for scaffolding workers	(Organized by Korea Occupational Safety & Health Agency)
		Certification program for safety managers	1/15
		Training program for hoist/crane operators	2/20
		Training program for maintenance staff of partners	2/50
Subsidiary Safety Performance Support	Firefighting training	1/10	
Coaster Safety Training	Safety training programs for coaster owners/crews (17 vessels, 9 companies)	2/250	

GS Caltex will take the following actions.

- Make mid and long-term investment for revenue generation
- Strengthen fundamental revenue drivers through the V-Project
- Develop innovative technologies and products
- Establish a sustainable procurement system to promote mutual growth with partners

Our Commitment

Issue 2. Providing the Best Quality Products and Services for Customers

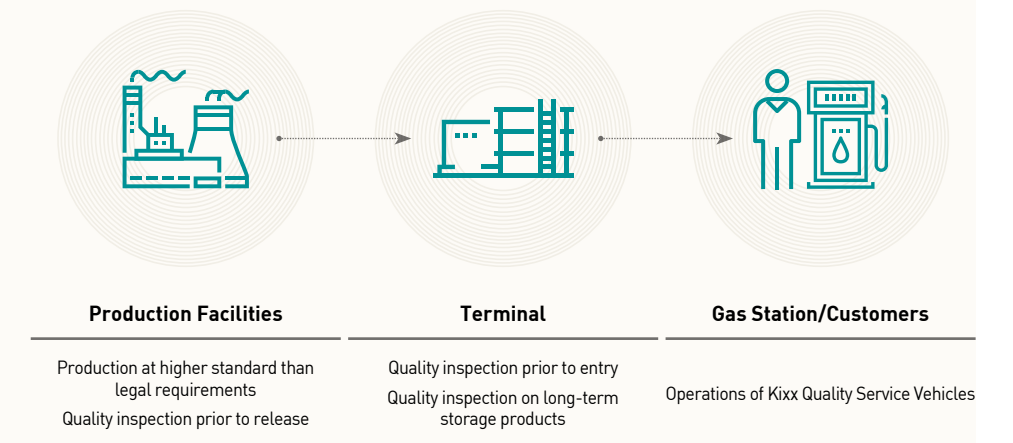
Quality management is now more important than ever because of consumers' growing interest and knowledge of products and the higher performance of vehicles. Consumers are also setting high quality standards since they are now more concerned about the impact of low quality products on their vehicles. The increasingly intense competition in the market and social interest in consumers' rights is also bringing focus and importance to service quality.

Context & Challenge

Key Stakeholders	Main Communication Channels	Relevant G4 Aspects
Customers	Customer satisfaction survey, customer service center, website, SNS channels	<ul style="list-style-type: none"> • Products & services (environment) • Product & service labeling • Marketing communication
Local Communities/NGO	CSR programs, discussion, website, press release	<ul style="list-style-type: none"> • Customer satisfaction/response to customers, customer value improvement, customer relations • Customer privacy
Subsidiaries	CEO messages and announcements, website, company newsletter, press release	

Our Progress & Major Performance

Production and Management of Competitive Products



Maintaining Strict Product Quality Control

At **GS Caltex**, we employ strict quality controls throughout the entire production and sales process according to the ISO international quality certification system. Our products are subject to more stringent quality control processes than legally required, and they undergo quality inspections before entering the logistic center and being released from the production facilities. We also conduct a quality inspection on products stored for a long time to prevent possible quality problems. Since 2007, we have operated 'Kixx Quality Service Vehicles' to deal with emergency situations or customer complaints at **GS Caltex** gas stations all over the nation. We have also operated 'LPG Quality Service Vehicles' to prevent any legal violations at filling stations as part of our quality management system since 2013. As a result, we maintained the lowest level of violation in the refining industry in 2015 according to the quality inspection conducted by the Korea Petroleum Quality & Distribution Authority.

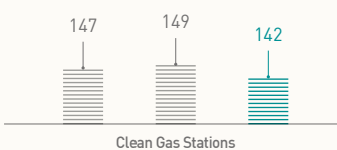
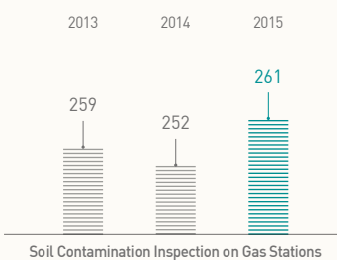
[Overview of Kixx Quality Service Vehicles]

Purpose	Equipped with systems that can detect quality defects and illegal petroleum products, these vehicles can be used to carry out onsite sampling and quality inspections at GS Caltex stations.
Equipment	Gasoline analysis: FT-NIR (Fourier Transform-Near Infrared Spectrometer) Detection of kerosene in diesel: Colorimeter, UV Spectrometer Detection of water content and sediment: Moisture detection reagent, centrifugal separator
Process	Selection of stations or emergency report → Onsite quality analysis → Output process and guidance → Follow-up (Send the samples to the lab if required)

Preventing Soil Contamination

GS Caltex conducts inspections for soil contamination according to the Soil Environment Conservation Act and the voluntary agreement entered with the Ministry of Environment, and the company carries out the cleaning process if contamination is detected. When installing or replacing the tanks at our directly operated stations, we ensure that no contaminants are leaked by using dual-wall tanks, dual-protected pipes, and overflow prevention facilities. We also continually provide training programs for sales staff and partner stations to raise awareness about soil contamination.

[Quality Management Performance]



Category	2013	2014	2015
Quality Inspection for Gas Stations	6,523	5,373	4,676
Quality Inspection for Filling Stations	655	645	424

Developing Eco-Friendly Products

At **GS** Caltex, we support low-carbon energy policies by developing energy efficient eco-friendly products. Our gasoline, diesel, and kerosene products boast superior quality, thanks to our cutting-edge refining process. We are also developing eco-friendly technologies such as biobutanol.

GS Caltex's high quality gasoline, Kixx, contains a high-purity functional additive that protects the key parts of the engine and significantly reduces the emission of hazardous substances in full compliance with environmental standards. It also maximizes the engine performance of vehicles for better fuel efficiency and driving comfort.

GS Caltex's diesel offers great performance in terms of ignition and power output. As an eco-friendly product with the world's highest quality, it can be used for construction equipment, power generators, turbines, industrial boilers, and small vessels (diesel for vessels). Its high performance liquidity improver prevents the formation of wax in winter, thus ensuring that vehicles can start in low temperature conditions.

GS Caltex Kerosene is highly pure and eco-friendly, and it produces less harmful gas emissions as it is produced through our advanced refinery process. It produces less petroleum odor and helps promote comfortable environments. It was certified by the Ministry of Environment as eco-friendly since its sulfur content is less than 30ppm, which is 30% of the legal limit.

Thanks to our efforts in the development of eco-friendly products, **GS** Caltex's gasoline and diesel received the highest rating at 2015 Environmental Quality Rating System *.

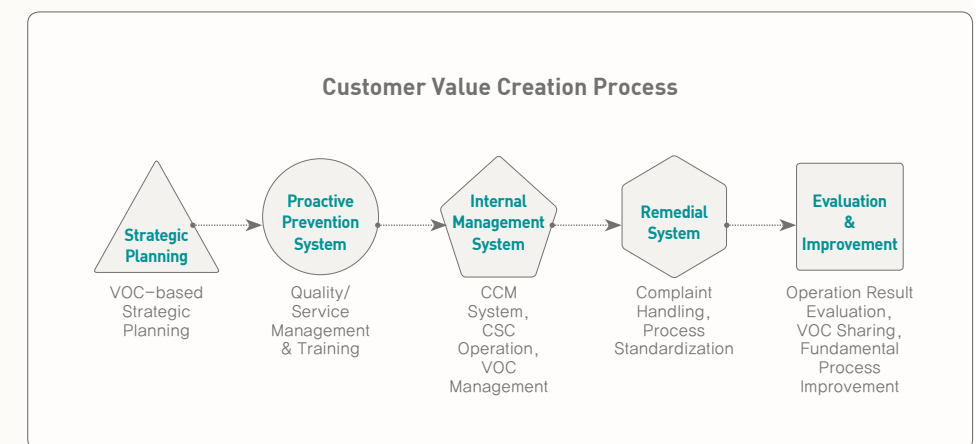
* **Environmental Quality Rating System:** Introduced in 2006, this environmental rating system offers an eco-friendly product selection to consumers on a regular basis and promotes voluntary environmental quality improvement with refineries. The ratings are divided into 5 levels based on strict international standards and domestic regulations.

Customer-centered Business Practice

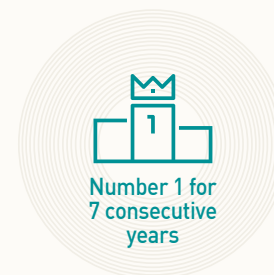
At **GS** Caltex, we have established an independent pricing system: we set our price based on the market price and foreign exchange rate as part of our customer-centered business practice.

Creating Consumer-oriented Corporate Culture

In 2006, we introduced CCM (Consumer Centered Management) in our business practice to build a consumer-oriented corporate culture, and we became the first refinery to receive CCM Certification in July 2010. CCM is operated by the Korea Consumer Agency and certified by the Fair Trade Commission. This system ensures that our business practices are in line with consumers' needs, and we carry out evaluations to identify the areas of improvement. In pursuing our corporate vision of becoming the 'Value No.1 Energy & Chemical Partner', our efforts to deliver reliable products and services have been recognized and we became the first company to receive CCM Re-certifications for 3 consecutive years (2010, 2012 and 2014) in the industry. We mandated the CCM training program for all our employees to internalize our consumer-centric management philosophy. We also operate CSC (Customer Service Center, Service Representative Hotline 1544-5151 or Customer Service on Kixx.co.kr) to provide high quality service that meets our customers' varying needs. Any complaints reported through CSC are shared with the CCM Secretary Office and related departments, and they are reflected in our practice on a monthly basis to prevent the recurrence of problems.



[NCSI]
(National Customer Satisfaction Index)



Operating Customer-Friendly Marketing Website & Mobile App Service

At **GS** Caltex, we share information about our gas/filling stations and promotional offers through the Kixx website (www.kixx.co.kr), **GS** Group **GS&POINT** Membership Website (www.gsnpoint.com) and **GS&POINT** app. In 2015, we upgraded **GS&POINT** mobile app to provide a more user-friendly experience.

Improving Customer Satisfaction & Marketing Campaigns

We have been ranked first among gas stations in the NCSI (National Customer Satisfaction Index) rating by the Korea Productivity Center for 7 consecutive years. In 2015, we became the only company at the top of the list in recognition of our efforts for improving customer experience. In 2015, we organized the 'Clean Contest' for gas stations operators to raise cleanliness awareness, and we have an intensive consulting program to help those against whom complaints were raised.

[GS&POINT Members]

**Providing Special Experience with 'I am your Event'**

We have launched a promotional campaign called 'I am your Event' through which we offer various membership benefits that include movies, concerts, books, and the 'Car Life Care' service. One of the programs, 'I am your Cinema', is a unique cultural marketing program that offers movies at the exclusive **GS** Caltex theaters on weekend mornings, and has received an enthusiastic response from our customers for more than 10 years. In 2016, we will be adding more specialized membership privileges and benefits for our customers.

Enhancing Customer Experience through GS&POINT Membership & Promotion

GS&POINT is our **GS** Group membership program through which we offer various benefits including sports, travelling, and cultural experiences under the theme of enjoying the 'Best Experience with Your Family'. In 2015, we organized promotional campaigns such as 'Major League Family Vacation (April-May)', '**GS&Camping** (July-August)', and 'Golden Days with **GS&POINT** (October-November)' to improve the customer experience for more than 200,000 of our members nationwide. **GS&Camping**, a service that has been offered consecutively for three years since our membership program began in 2013, provided the event seven times in 2015 and gave 120 families opportunities to go on vacation at popular tourist destinations and enjoy dishes prepared by top chefs. We also provide '**GS&SPORTS**', through which parents and children can participate in programs such as Youth Soccer Class, Baseball Class, and the Escort Kids program. We will continue to offer various programs to improve our customers' experience with **GS** Group.

Building Trust through Service Quality Control

GS Caltex operates a service quality management system consisting of service planning, on-site training, evaluation and incentives, and on-site practice improvement. In 2015, we changed the '6-step Service Manual' to the '4-step Gas Station Service' and promoted this through online and offline channels to offer customers clean and friendly services in a more practical way. Our service evaluation program is divided into on-site monitoring and an online customer survey. These results are used for our incentive program designed to improve customer experience, and a real-time monitoring program using our mobile app will be introduced in the future. Since 1993, we have organized the 'Star Festival', giving recognition to stations with superior service quality as part of our customer-oriented business practice. Partners selected as 'Star Partners' are rewarded, and their operational know-how is shared among other partners.

Differentiating Services through 'Star Service Team'

GS Caltex forms the Star Service Team with service training experts to improve customer experience and standardize our service process. The team pays visits to more than hundreds of stations nationwide each year: the team members ensure that the staff complies with the service manual, receive feedback from customers, and encourage them to improve their service quality. In 2015, we organized the Clean Contest and One-Stop Clean Team to provide professional car-washing service, and the SC (Service Consulting) Program will be expanded nationwide in 2016. The SC Program is operated by each team consisting of on-site consultation that lasts for several months, and the team shares their experience and knowledge to enhance the customer experience. The Green Star Fostering Program will also be introduced to boost staff morale and help to more effectively secure competent employees for our workforce to improve the level of satisfaction of our station partners.

Our Commitment

[Customer Service Index]

Classification	2013	2014	2015
PIMS certification	Certified	Recertified	Recertified
CCM certification	-	Recertified	-
Average time for handling customer complaints (days)	1.8	1.6	0.7
KSQI (Korean Service Quality Index)	Excellent Call Center	Excellent Call Center	Excellent Call Center
Membership subscribers (10,000 persons)	1,543	1,662	1,723
Domestic market share	24.2%	24.9%	24.8%

Protection of Personal Information

PIMS Certification In 2013, **GS** Caltex became the first domestic oil company to receive the PIMS (Personal Information Management System) certification endorsed by the government (Korea Communications Commission). Since then, we have been committed to respecting and protecting the confidentiality of our customers' personal information. We have been maintaining the PIMS certification through examinations in 2014 and 2015. Our team of dedicated experts analyzes new government policies and ensures full compliance with the requirements while taking a proactive approach in response to the changing environment and preventing security breaches and the misuse of personal information.

Security Measures To maintain the highest level of security for customers' personal information, we back up and encrypt all important data while searching for any vulnerability in our data processing system on a regular basis. We have established an access control system to track data processing activities and respond to any abnormal situations in a timely manner. Customer data is stored in a 'Security Room' with physical protection systems including CCTV, and access to our customer database requires fingerprint authentication. At **GS** Caltex, we now prohibit the collection of sensitive information such as Resident Registration Numbers, and we have destroyed any sensitive information we previously collected in 2012. We also perform service inspections on a regular basis to restrict any unnecessary access to personal information, and we minimize the number of authorized personnel while differentiating the access rights of each position. There were no violations of personal data protection guidelines or missing information reported in 2015.

Internal Audit & Raising Awareness At **GS** Caltex, we discuss various issues including investment in personal data protection and security through the 'Information Security Committee'. An annual audit is conducted on the security measures of our internal units and any companies handling our personal information as part of our efforts to improve our security measures. All our executives and employees are required to complete a security training program each year in addition to group training seminars, malware protection training, and personal information protection campaigns to raise security awareness.

GS Caltex will take the following actions.

- Deliver high quality and reliable services
 - Develop eco-friendly products and technologies
 - Ensure accurate quantity and prevent loss to customers
 - Conduct on-site training and improve service quality
- Provide customer-oriented service and a high level of convenience
 - Build a foundation for customer-oriented operation
 - Integrate the management of customer feedbacks
- Take a proactive approach to personal information protection

ENVIRONMENT & SAFETY

CONTEXT OF ISSUE SELECTION

The refining industry faces a major challenge with the world's increasing demand for energy and environmental management. Due to the nature of its business, the refining industry consumes a significant amount of energy and may cause damage to our environment and people throughout the entire process including production, storage, transportation, utilization, and disposal. To achieve competitiveness, safety is considered as a top priority due to increasing the social and legal demand for corporate safety and health activities.

Report Issues	Contents	Related Sustainability Issues	Materiality Assessment (Rank)
Issue 3. Environmental Management & Response to Climate Change	<ul style="list-style-type: none"> Reinforcement of environmental management Proactive management of greenhouse gas Optimization of energy management 	Response to environmental regulations	2
		Energy conservation and improvement of efficiency	5
		Prevention of oil spills	6
		Response to climate change	14
		Management of pollutant (air/water quality/waste materials)	21/28/32
Issue 4. Reinforcement & Dissemination of Safety System	<ul style="list-style-type: none"> Standardization of safety and health system Improvement in workplace safety and health Implementation of emergency response system 	Prevention of incidents and raising safety awareness	1
		Employee health	30

HIGHLIGHT



Context & Challenge

Issue 3. Environmental Management & Response to Climate Change

At the United Nations Framework Convention on Climate Change (COP21) held in Paris in December 2015, a new climate change convention to be applied to 195 developing and developed countries worldwide was declared. Global industries are changing to reduce greenhouse gas emission, and our country has set goals under the vision of 'Low Carbon Green Growth' in line with this global trend. Environmental management became an essential part of corporate practice as much as quality control and stable generation of revenue. Companies are now required to take a proactive approach in their compliance activities beyond the local regulations while building an eco-friendly brand reputation, gaining competitive advantages in their markets, and fulfilling their social responsibility.

Key Stakeholders	Main Communication Channels	Relevant G4 Aspects
Government	Public hearings, discussions, seminars, economic cooperation conference, website	<ul style="list-style-type: none"> Energy Emissions
Local Communities/NGO	CSR programs, discussion, website, press release	<ul style="list-style-type: none"> Effluents and waste Compliance
Employees	CEO messages and announcements, company newsletter, internal bulletin board	<ul style="list-style-type: none"> Overall (environment)

Our Progress & Major Performance

Reinforcement of Environmental Management

Since the company declared environmental management policies in 1996, we have reinforced our environmental management systems in line with environmental factors throughout the entire business process, including development and expansion of facilities, process operation, and transportation.

Preventing Air Pollution

In response to increasing social interest in air quality, we take initiatives in reducing air pollutant emissions and preventing industrial incidents. We introduced Clean fuels such as LNG while establishing new facilities and expanding the Low NOx Burner in the existing heating furnace to reduce the nitrogen oxide emissions. We also invested a great deal of effort in building prevention facilities such as electrostatic precipitators, scrubbers, RTO*, VRU**, NOx reductors to reduce dust, VOC, SOx, and NOx. Since 2008, we have also added NOx reductors to our boilers and incinerators while replacing their catalysts on a regular basis to improve their efficiency. We installed CleanSYS to automatically measure the emission of dust, SOx, NOx, and CO on a continuous basis, as well as a monitoring network to manage the air quality around our production facilities more efficiently. Meanwhile, we signed the 2nd Gwangyangman Region Voluntary Environmental Agreement with the Ministry of Environment and Jeollanam-do as part of our efforts to reduce air pollutants around the Yeosu National Industrial Complex. The goal of the agreement is to reduce air pollutant emissions by 13% by 2016 compared to the amount in 2008.

* Regenerative Thermal Oxidizer ** Vapor Recovery Unit

Preventing Soil Contamination

At GS Caltex, we entered a voluntary agreement with the Ministry of Environment to protect soil environment (1st Phase: 2002-2012, 2nd Phase: 2013-2023) and as part of this agreement, we installed monitoring devices in all areas of the Yeosu complex to ensure constant monitoring of soil and underground water quality. In addition, we inspect all our directly operated stations for any soil contamination.

Preventing Water pollution

At **GS Caltex**, we manage wastewater produced during our production process on a daily basis, using our monitoring system for wastewater sources. To improve the recyclability of wastewater, we reuse it for the desalting facilities in the crude oil refinery process and have installed activated carbon filters at our water treatment facilities. In 2015, we built a system for collecting highly concentrated wastewater separately as part of our efforts to further improve the efficiency and stability of our waste water treatment facilities.

Managing Hazardous Chemicals

At **GS Caltex**, we monitor the consumption of hazardous chemicals on a daily basis and review its result every month and quarter through SHE Integrated Information System. We set our internal goals for reducing emission and are reaching our target of reducing benzene, toluene and xylene through stable operation of Marine Shipping VRU, installation of Aromatic Tank VRU and enhancement of LDAR (Leak Detection and Repair) system. Meanwhile, we entered 'Joint Prevention Agreement for Chemical Accident Emergency Response' with companies in the Yeosu Industrial Complex to respond to hazardous chemical spill in a timely manner and prevent additional damages while organizing emergency response teams, establishing prevention plans, and conducting joint response training. In 2015, we represented the second group of the Yeosu Industrial Complex emergency response teams and conducted a quarterly information sharing forum and half-yearly joint response training. In addition, we upgraded and added protective gears and medical kits to improve the level of response in emergency situations.

Managing Waste Materials

At **GS Caltex**, we diversify our efforts to reduce the amount of waste we produce and maximize their recyclability. We analyze the production of waste materials at our worksites on a monthly basis and ensure they are stored separately while using a computer system for requesting the disposal and an identification system to raise awareness in our companies and partners. To improve the recyclability of waste materials, we are developing technologies and seeking collectors while recycling tank sludge, waste oil, catalyst, synthetic resin, waste wood and food for various uses. As a result, we managed to increase the recyclability to 70% in 2015. Through continuous training and inspection, we ensure that waste materials are collected and recycled much more than ever.

Conducting Environmental Cleaning Activities

At **GS Caltex**, we engage in environmental cleaning activities on a regular basis as part of our social responsibility program. We engage in river cleanups for preserving the water eco-system and cleaning activities around the Yeosu Industrial Complex. We also contribute to our local communities by cleaning one of the popular tourist spots, 'Yeosu Getgagil'.

[Environmental Monitoring System]

Systems	Description
Onsite Assessment	Analysis and assessment is conducted on a regular basis (e.g air/water quality/waste materials).
TMS *	Air/water pollutants are measured in real-time.
LDAR **	Fugitive emissions of VOC and hydrogen are monitored.
Protection Kit Control System	The inventory of protection kits is managed.
Worksite Drainage Control	Oil detectors, pH meters, and CCTVs are installed.
Typhoon Monitoring System	The time of impact is analyzed, and proactive measures are taken against typhoons at Yeosu complex.
SHE System	General SHE management is conducted.

* Tele-Monitoring System **Leak Detection And Repair

[Compliance with Government Policies]

Acts	Activities
Chemicals Control Act (2015)	1. Performed external impact evaluation/Hazard control plan TF activities. 2. Carried out TF activities for improving facilities under the Chemicals Control Act. 3. Distributed personal protective gears under new regulations. 4. Applied stricter rules on reporting
Chemicals Control Act (2016)	1. Installed emergency cleansing facilities. 2. Installed the facilities to prevent the spread of solid catalysts.
Act on the Registration and Evaluation of Chemical Substances (2015)	1. Built a chemicals control system (improve the purchase process, etc.) 2. Registered chemical substances.
Clean Air Conservation Act (2015)	The prevention facilities were upgraded to improve their efficiency. (e.g. replacement of NOx reducers and catalyst in SOx elimination process)

[Status of Voluntary Environmental Management Agreements]

Agreements	Activities
Voluntary Agreement for Purchase (2005-2016)	Promotion of the production, distribution, and purchase of eco-friendly products (Eco-Labeling Certification and GR Mark Certification)
The 2nd Gwangyangman Region Voluntary Agreement (2012-2016)	Reduction of emissions of air pollutants by 13% by 2016 compared to the amount in 2008
Agreement for Voluntary Chemical Reduction (2013-2017)	Reduction of emissions by 60% by 2017 compared to the amount in 2009 (benzene was already achieved the reduction target).
Voluntary Agreement for Soil Preservation (2013-2023)	Prevention of soil contamination by oil spills Voluntary inspection and recovery of contaminated soil

[Environmental Indicators*]

Indicators		2013	2014	2015
Volume of Air Pollutants (Ton)	Dust	202.6	189.1	179
	Nitrogen oxides (NOx)	4,279.7	4,010.9	4151.5
	Sulfur oxides (SOx)	7,644.8	8,541.3	6,304
	Carbon monoxide (CO)	428.1	775.9	757.5
Concentration Level of Air Pollutants (Note 1) (ppm. GS /Legal Req.)	Dust	5.8/30	4.8/30	4.8/30
	Nitrogen oxides (NOx)	73.4/150	64.2/150	88/150
	Sulfur oxides (SOx)	58.1/180	55.5/180	59.2/180
	Carbon monoxide (CO)	21.3/200	34.7/200	32.3/200
Volume of Water Pollutants (Ton)	Biochemical oxygen demand (BOD)	169.3	145.5	119.7
	Chemical oxygen demand (COD)	157.1	161.8	132.4
	Suspended solids (SS)	103.2	97.3	85.7
Concentration Level of Water Pollutants (Note 2) (ppm. GS /Legal Req.)	Biochemical oxygen demand (BOD)	6.8/30	5.4/30	6.8/30
	Chemical oxygen demand (COD)	10.2/40	9/40	10.1/40
	Suspended solids (SS)	5.8/30	3/30	2.2/30
Volume of Waste Material (Ton)	Designated waste	20,542	19,796	22,461
	General waste	19,047	18,026	18,481
	Recyclable	23,744	24,525	28,668
Volume of Waste Water (Ton/Day)	Annual average	24,230	24,775	26,942
	Sodium hydroxide (NaOH)	6,777	9,220	25,521
	Sulfuric acid (H ₂ SO ₄)	562	602	1,123
Use of Hazardous Chemicals (Ton)	Hydrochloric acid (HCl)	1,734	1,647	1,666
	Ammonia (NH ₃)	323	466	462
	Water & Ocean Pollution	61.3	75.5	22.5
Environmental Investment (Note 3) (KRW 100M)	Air pollution	184.6	7.1	21.6
	Volatile organic compounds	3.9	46.7	0.4
	Soil contamination	17.7	77.1	73.1
	Misc.	18.4	-	-
	Total	285.9	206.4	117.6

* The numbers have been rounded to the first decimal place.

Note 1)
Dust/SOx/NOx: Effluent quality standards and average concentration level of standard heaters and boilers.
CO: Effluent quality standards and average concentration level of incinerators.

Note 2)
Effluent quality standards and concentration level of ocean effluence.

Note 3)
The values for 2013 are based on the Yeosu Complex while those for 2014/2015 are based on the corporate-wide results.

Proactive Management of Greenhouse Gas

The K-ETS [Korean Emission Trading System] started in 2015 present both opportunity and risk to companies. At **GS Caltex**, we analyzed the financial impact of GHG ETS and take a proactive approach in response to this new system. We also implemented a separate process to reach our reduction target while organizing a task force to push for a more proactive response to climate change.

[GHG/Energy Management Plan]



PLAN

- Review opportunities for energy saving
- Estimate the GHG emission and reduction



DO

- Invest in energy saving facilities
- Introduce energy management system
- Implement and respond to emission trading system



CHECK

- Manage EII [Energy Intensity Index]
- Collect data on GHG emission



ACTION

- Reduce energy cost
- Secure emission credit in advance

• EII [Energy Intensity Index]:
Developed by Solomon Associates, this index provides a benchmark by which energy efficiencies can be compared among refineries worldwide. It estimates the level of efficiency in each process by identifying the processed unit volume or energy volume required for production unit. EII goes down as the energy efficiency goes up and energy consumption decreases.

Case Studies of Proactive Response

Applying Benchmark-based Allocation System for GHG ETS

When the GHG ETS was introduced, the emission credit allocation system was applied based on the past emission levels in Korea (ie. grandfathering). However, the system can be disadvantageous to companies that maintain their emission at the lowest level through continuous improvement in energy efficiency. By working jointly with the Korean refining industry, we helped introduce a benchmark-based allocation system* that was advanced and effective. As a result, the refining industry became one of the three industry sectors that received benchmark-based allocation during the first phase of the GHG ETS Plan (2015-2017). The government is planning to apply this system in other industries.

* Benchmark-based Allocation System:
Applied in EU and California, the system distributes GHG emission allowance based on the average emission unit of each industry in line with the company's production volume.

At **GS Caltex**, we establish our action plan based on our analysis on internal and external environment by scenario and review of our climate change strategies. When investing in new business, we make sure that the environmental impact is fully analyzed and reflected. Currently, we are in the process of reviewing the impact on our value chain. We are taking initiatives in reducing GHG by optimizing the low-carbon energy mix using the extra energy sources at Yeosu Complex and producing high purity hydrogen from the off gas generated as a byproduct during our production process. The company also organizes corporate-wide online/offline training programs to raise awareness about GHG reduction and climate change.

Our Commitment

[GHG Emission *] (Unit: tCO2eq)

Type	2013	2014	2015
Scope I: Direct Emissions <small>(fixed combustion, mobile combustion, process emission)</small>	6,824,874	6,500,458	6,616,133
Scope II: Indirect Emissions <small>(externally purchased steam and power)</small>	1,601,917	2,024,761	1,818,771

* The data is from the GHG Emission Statement, and certain values may differ from the business report.

Optimization of Energy Management

In response to the global economic recession, falling oil prices, and increasingly strict regulations on climate change, we are making diversified efforts to save energy costs and improve efficiency to increase our market competitiveness. At **GS Caltex**, we set aggressive energy saving targets for each production process and focus our internal and external resources to achieve these goals. Our internal TF activities, Idea Bank system, and external energy consulting service are all part of our efforts to save energy. We built our energy management system in line with the ISO50001 certification and international standards for sustainable growth. We also implement consistent energy management practices through a daily monitoring system for energy consumption, performance on energy improvement activities and energy management variables with the energy portal system. As a result, the Yeosu Complex managed to save KRW 30 billion in energy cost in 2015 and was ranked top in energy indices (Energy Efficiency Index, Carbon Emission Index) among competitive refineries in the global market.

[Energy-Related Index] (Unit: T.J)

Type	2013	2014	2015
Scope I: Direct Energy Consumption <small>(all sources of energy excluding purchased power and steam)</small>	91,937	88,292	87,759
Scope II: Indirect Energy Consumption <small>(purchased steam and power)</small>	13,415	17,270	17,657
Annual Energy Saving Volume	2,475	2,919	2,705

GS Caltex will take the following actions.

- Reinforce the environmental management system
- Comply with the environmental laws and regulations
- Operate taskforce teams in relation with chemical substances
- Perform the duties under Voluntary Environmental Agreement
- Establish a roadmap for reducing GHG emissions
- Identify areas of improvement in energy management
- Invest for energy efficiency

Issue 4. Reinforcement and Dissemination of Safety System

Context & Challenge

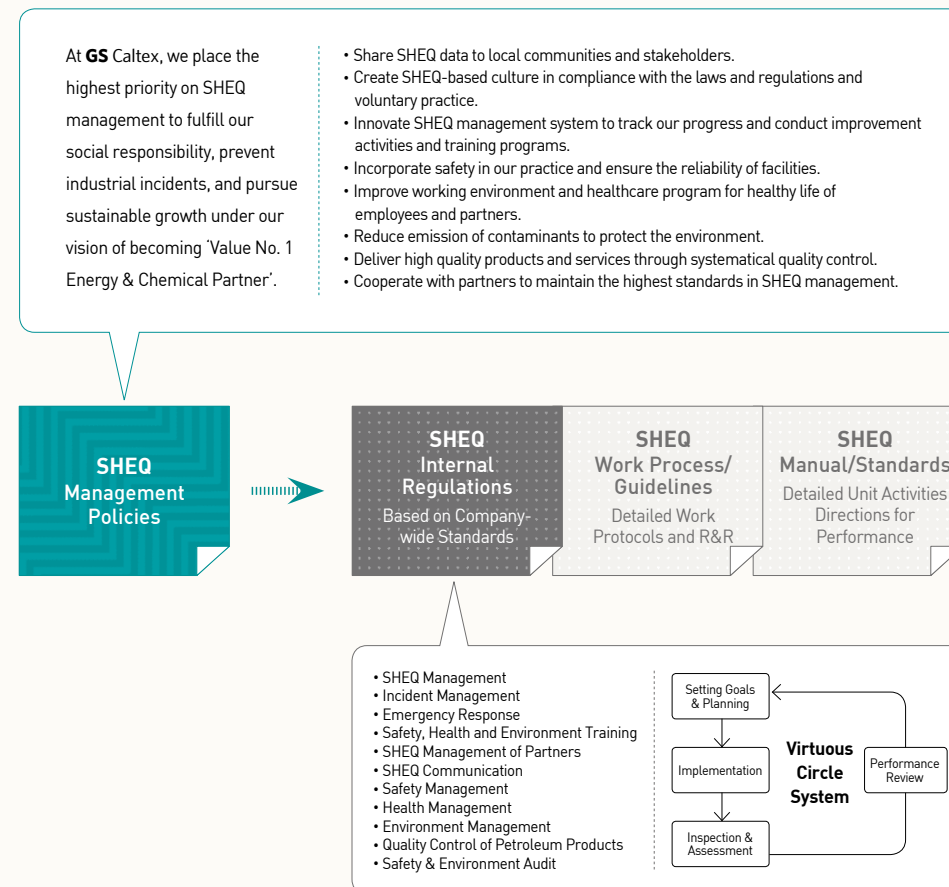
In response to the increasing concern about safety issues due to recent industrial incidents, companies are required to take proactive approaches in creating safer workplaces and achieving sustainable growth while strengthening safety and health policies and requirements.

Key Stakeholders	Main Communication Channels	Relevant G4 Aspects
Government	Public hearings/discussions/seminars/economic cooperation conference/website	
Local Community/NGO	CSR programs/discussion/website/press release	• Occupational health and safety • Employee health
Employees	CEO messages and announcements/company newsletter/internal bulletin board	
Partners	Consultation meetings with partners/web-portal for buyers/satisfaction survey	

Our Progress & Major Performance

Standardization of Safety & Health Management System

We established and revised our SHEQ (Safety, Health, Environment, and Quality) policies, internal regulations and work process in 2015.



Improvement in Workplace Safety and Health

[Emergency Response Drills in 2015]

Type	Drills	Frequency
Company-wide	Company-wide firefighting & oil spill response drills	4 times
	Firefighting drills	12 times
	On/offshore oil spill response drills	12 times
Workplace *	Process dry training drills	20 times
	Early response drills	48 times

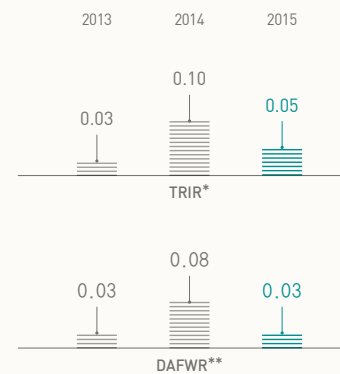
* The drills at the workplace are based on the Yeosu complex, and internal drills are conducted under individual guidelines.

Workplace Safety Management In 2014, **GS Caltex** established the position of CSO (Chief Safety Officer) who reports directly to the CEO for the improvement of our safety management system. In 2015, we implemented safety awareness programs with focus on safety performance, voluntary compliance, and communication for our employees. We operate the safety management system in line with workplace environment. We ensure all our employees voluntarily comply with the safety management system by establishing the PSM (Process Safety Management) under the Industrial Safety & Health Act. We also conduct safety analysis, investigation, risk assessment and safety audit on a regular basis to maintain the global standards for the safety of our facilities. We make sure that our risk assessment and analysis is reflected in the operation of vessel and wharf facilities. Furthermore, we operate the Project Safety Management which examines safety issues from the designing and planning stage of each project in order to enhance safety, as well as reduce maintenance costs and industrial incidents.

Employee Health Management **GS Caltex** provides extensive health programs and facilities for our employees. At the Yeosu Complex, we have an onsite medical center with a team of medical experts including medical doctors, nurses, clinical pathologists, and emergency medical technicians, as well as state-of-the-art medical and fitness facilities. The Safety Training Center offers practical safety and health training programs. In addition, we organize smoking cessation programs and musculoskeletal exercise programs on a regular basis as part of our employee health improvement plan.

Partner Safety Management We operate various programs to motivate partners' employees to comply with our safety guidelines and raise their safety awareness. We support partners through cooperation programs by fostering experts in risk assessment, using the assessment results, and helping them to achieve KOSHA 18001 certification. We also hold safety environment contests and promote job certification for high risk work to help our partners improve their safety management practices.

[Safety & Health Management Performance]



* TRIR(Total Recordable Incident Rate) : Number of incidents (any injuries, illnesses and fatalities excluding those equivalent to or less serious than incidents requiring first-aid) per 200,000 man-hours (working hours of 100 workers from the company and partners for one year)
 ** DAFWR(Day Away From Work Rate) : Number of incidents that cause a loss of one or more days' work per 200,000 man-hours

Implementation of Emergency Response System

Efficient Emergency Organization and System We revised the entire emergency response manual to enhance our response to emergency situations. This manual includes instructions and guidelines for each situation, as well as the communication process with the government. Our emergency response teams are organized for a more effective and consistent response to emergency situations.

Organize on-site emergency training and operate 24-hour emergency response units At **GS Caltex**, we organize response team in case of emergency situations. At the Yeosu Complex, our emergency team consists of 200 personnel for the first-line of response, and 100 for the second-line. We also conduct emergency drills at a company/workplace-wide level on a regular basis and joint spill response program with the Yeosu coast guard and Marine Environment Management Corporation to respond to hazardous material spills each year.

Our Commitment

GS Caltex will take the following actions.

- Incorporate the SHEQ Management System in safety practice
- Increase onsite safety awareness programs
- Increase the effectiveness of SHEQ training programs using safety training videos
- Undertake safety management activities with focus on leak prevention, vulnerable facilities safety analysis and reliability of facilities with A+ rating
- Improve safety systems including risk assessment system, SHE audit, PSM daily patrol and PSM Indicator management.
- Foster safety experts and conduct simulated training for better response to emergencies.

**GS Caltex's Follow-up Measures
on the Wu Yi San Collision and Oil Spill**

✍ Background At 9:35 on January 31, 2014, the Singapore-flagged large crude carrier Wu Yi San collided with the wharf facilities between Oil Piers #1 and #2 and damaged three of the GS Caltex's oil pipelines connected to Oil Pier #2. The company failed to close the oil tankers on time, resulting in about 800-899 kℓ of oil including crude oil (483.9 kℓ), naphtha (284.1 kℓ), and oil mixture (32-131 kℓ) spilling into the ocean.

✍ Recovery Activities As a result, spilled oil was spread across the GS Caltex oil piers and nearby ocean, affecting 59 local coasts and villages. The recovery activities started with collaboration effort between our company, public offices, recovery companies and local residents in Yeosu, Namhae, Hadong, and Gwangyang. Major cleanup was carried out for 2 months until the Shindeok area which was most contaminated was recovered. Since then, the company monitored the affected areas with the Yeosu City and Disaster Prevention Center and completed additional recovery activities in May 2014. In addition, we have voluntarily conducted research in eco-friendly clean-up processes with the Korean Institute of Ocean Science & Technology since May 2015 and we are planning to apply the successful techniques we developed at the contaminated areas.

✍ Compensation After the accident, the company expressed apologies at the first recovery meeting organized by the Ministry of Maritime Affairs and Fisheries and provided the recovery fund (living and medical expenses) while announcing our plan to compensate for the damage in full. Based on this plan, the company paid KRW 9.8 billion for local residents (recovery activities, equipment and medical expenses), KRW 2.5 billion for damaged fishing gear and facilities, and KRW 15.5 billion for professional recovery teams in advance. On February 25, 2014, the company purchased fishery products worth KRW 700 million in the affected areas under the purchase agreement. Moreover, the company negotiated with five local recovery committee in Yeosu, Namhae, Hadong, Gwangyang and Shindeok based on the damages identified by experts in a fair and reasonable manner and completed the compensation plan in March 2015. Since then, the company has made full compensation regarding all claims registered by the Fisheries Cooperatives and individuals. In regard to compensation for the tourist and restaurant industries, the company established the non-fishery claim center at Jinnam Sports Center for 45 days from October 1, 2014 to November 15, 2014, and the process completed through the compensation settlement in September 2015 and depository procedure in October 2015.

✍ Marine Environmental Impact Analysis As the owner of the facilities that collided with the Wu Yi San vessel, the company conducted environmental impact analysis under the Marine Environment Management Act for 18 months from April 2014 to October 2015. It was organized by Jeonnam University and covered the entire areas of the Gwangyang and Yeosu coasts throughout five seasons. The marine environmental impact analysis is conducted by the owner of vessels or facilities in case of oil spill (when 100 kℓ or more oil is spilled), and it focuses on impacts on social, economic, nature and living environment. The analysis conducted by the company was largely divided into five sections including ❶ Oil Contamination, ❷ Biology, ❸ Marine Ecosystem, ❹ Marine Environmental Factors, and ❺ Human, Social and Economic Environment under the Marine Environment Management Act.

To collect feedback from stakeholders, we held two seminars for local communities and experts, and submitted the final report that includes the result of our analysis to the Ministry of Maritime Affairs and Fisheries after review by experts. The result showed that the affected areas had fully recovered and the impact was insignificant. Although it is not a legal requirement, we plan to continue our monitoring process to follow the recovery progress and impact on the marine eco-system until October 2017.

EMPLOYEE & COMMUNITY

CONTEXT OF
ISSUE SELECTION

Human resource management plays an essential role in gaining competitive advantages and building corporate reputation and values. As a fundamental element for the company's sustainable growth, our executives and employees need to take initiatives in communicating with local communities and fulfilling social responsibility, as well as conducting voluntary activities for our society.

Report Issues	Contents	Related Sustainability Issues	Materiality Assessment (Rank)
Issue 5. Employee Value Enhancement	<ul style="list-style-type: none"> • Employment and retention of talented individuals • Talent management and development • Welfare and benefits for work-life balance • Internal communication activities 	Labor-management relations	7
		Resource	10
		Internal communication	17
		Discrimination and diversity issues	22
		Work-life balance	24
Issue 6. Corporate Social Responsibility Activities	<ul style="list-style-type: none"> • Creating social values through CSR activities • Community-based CSR activities • Investment in local communities through foundation activities 	Protection of the rights of local communities	15
		Investment in local communities	19
		Employee CSR programs	31

HIGHLIGHT



Issue 5. Employee Value Enhancement

Context & Challenge

Human resource is a key differentiator in the refining industry as our industry grows and technology advances. In this fast changing and uncertain business environment, we need to reinforce our internal competitiveness and foster human resources to achieve sustainable growth. As the number of labor-management issues grows, the retention and happiness of our employees is more important than ever.

Key Stakeholders	Main Communication Channels	Relevant G4 Aspects
Employees	CEO messages and announcements/company newsletter/press release	• Employment • Labor-management relations • Diversity & equal opportunities
Unions	Joint labor-management conference/joint labor-management volunteer activities/joint labor-management campaigns	

[Employment Indicators]

Type of Employment	Unit	2013	2014	2015	
New Employee Wage	Production Engineer	KRW 10,000	3,285	3,285	3,368
	General Staff		4,150	4,150	4,150
Newly Hired		76	50	90	
Internship Program*	Persons	21	45	65	

* With an option for full-time position

[Labor-Management Indicators]

Classification	Unit	2013	2014	2015
Union Members	Members/Eligible Employees	1,299/1,717	1,298/1,769	1,294/1,804
Full-time Union Members	Persons	3	3	3
Associated Groups		-	-	-
No. of Labor Dispute Cases	Cases	0	0	0

of job. High performers are rewarded with additional incentives. As a result, the level of compensation for employees varies depending on their performance. In 2015, the highest earner received 8.2 times the average base salary of employees. GS Caltex will continue to improve the compensation system to ensure that our employees' performance is fully recognized and fairly rewarded.

Labor Practice for Shared Growth GS Caltex upholds the freedom of association and the right to collective bargaining, and prohibits any kind of forced labor and child labor in all our workplaces. Since we established the 'Declaration and Charter for Harmonious Labor-Management Relations' on December 9, 2005 under the vision of 'Shared Growth based on Productive Labor-Management Relations', we have implemented various labor-management programs. The company's charter includes our commitment to 'the development of local communities', and we take initiatives in helping those in need and provide scholarship programs. We also ensure that a communication channel is available at all times. Thanks to our proactive efforts, there were no labor disputes in 2015.

Systematic Talent Development

At GS Caltex, we believe human resource is the most important asset for realizing our vision of becoming 'Value No. 1 Energy & Chemical Partner' That is why we have established the Talent Development Model composed of the 'GSC Way', 'Job Competency', and 'Leadership' for our talent development program. The 'GSC Way' refers to the company's organizational values and essential conduct, and 'Job Competency' consists of several areas of expertise required to perform the job. 'Leadership' includes the qualities that leaders must have in order to achieve the company's vision.

We have designed practical programs for employees to develop competencies contributing to business performance. They range from leadership training to job training, coaching/mentoring, various practice courses, and external academic courses. Every member of the company can freely choose any training programs according to their competency level. External programs of leading colleges and eminent institutes are also available for especially talented employees.

Leadership Development Program GS Caltex provides training programs for all employees on a regular basis to improve their job competency and skills at each stage of growth. We select and foster candidates for team leadership through the LDC (Leadership Development Center), the internal leadership program. We also evaluate the leadership of executives and team leaders from 360 degrees (oneself/boss/followers) and provide them with feedback on a yearly basis.

Coaching/Mentoring Program We have organized a coaching program for our executives and team leaders to improve their leadership skills required to perform their duties. The internal coaching program helps employees to adapt to the company's organizational environment and bring out their full potential. The mentoring program in which team leaders or seniors serve as mentors is also available for new employees in their first and second years of employment.

Job Competency Development Program Our job competency model consists of common areas required of all employees and specialized areas based on each job category. To develop job competency in the common areas, we provide business courses dealing with refining process and corporate finance, as well as courses for improving individual communication skills, creativity, and planning/analysis skills. These specialized areas are developed with an analysis of all the jobs and tasks in the company and built into training programs.

High Potential Individual Development At GS Caltex, we believe talent development is an essential part of sustainable growth. We select high potential individuals and provide the opportunity to earn academic degrees including MBAs in eminent domestic or global colleges, and training programs in global companies such as Chevron to help them reach their full potential. We also provide opportunities for employees to take various courses and external education programs in their areas of expertise when needed.

Our Progress & Major Performance



[No. of Employees]



[Employee Salary]
(Unit: KRW 100 million)



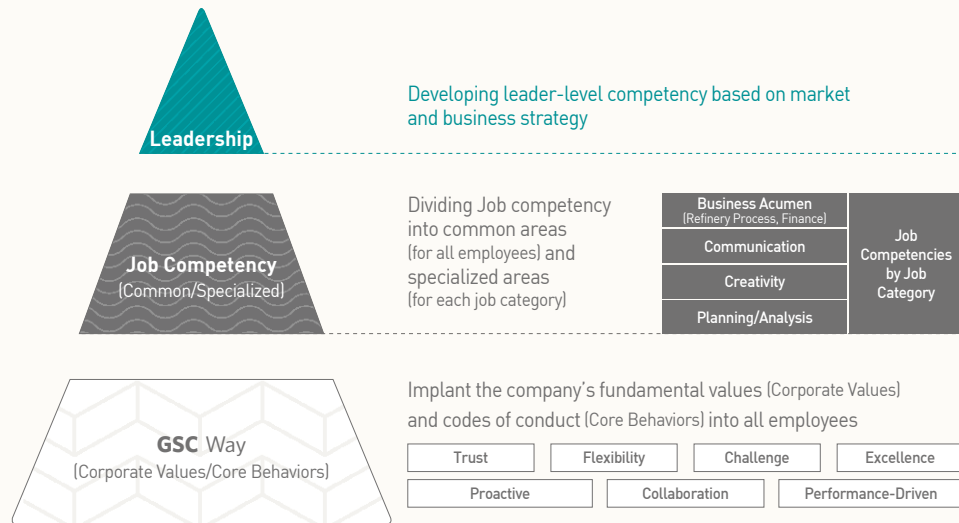
[Average Years of Employment]

Employment and Retention of Talented Individuals

Fair and Objective Recruiting Procedure At GS Caltex, we recognize the importance of human resources for sustainable growth, and we value 'the diversity and actual qualifications' of our employees rather than focusing on their academic background. We simplified the application process and removed the foreign language test score from employee qualifications while focusing on job competency. We provide equal opportunities in job applications using an online system. The applicants are tested for their personal values and competency for the job, as well as knowledge of Korean history. The company's interviewers are not allowed to view their academic records: applicants are thus judged based on their level of competency. We have also diversified our hiring process and introduced an academy-industry internship program, a chemical engineering leadership course, and a mentoring program to recruit talented, qualified individuals. Thanks to our internship program, we can hire talented individuals while providing the opportunity to applicants to prove their qualifications and experience what it is like to work for the company. The chemical engineering leadership course is co-established by the company and a university, allowing the executive officers of the company to share their knowledge in practice with students. Meanwhile, the mentoring program helps students to gain a working knowledge and understanding of business practices from our employees. Based on these systems, we recruit individuals who are fully qualified for each job and provide more information about the company and jobs for applicants.

Fair Evaluation and Compensation At GS Caltex, any discrimination in wages, evaluation, and promotion based on gender is strictly prohibited. We evaluate and compensate employees' performance through a fair and objective system in order to increase job satisfaction and motivate our employees. In our evaluation system, we categorize employees based on their jobs and positions, and make sure that their performance is evaluated based on their roles and responsibilities in an objective manner. When setting business goals for the year and during the mid and end-of-the-year review, we closely align employees' goals with our business objectives to drive success and conduct interviews to review their progress and seek ways to improve their performance. At the end of the year, we evaluate performance in descriptive form to consider both quantitative and qualitative aspects and apply them for their development and compensation. To improve the level of fairness and acceptability of performance evaluation, evaluators are required to record their observations at all times. The follow-up interview, feedback system, and objection system about evaluation results have been also implemented. Our compensation system is managed in line with performance evaluations to ensure that employees stay fulfilled and motivated. The level of compensation for employees is determined based on their individual performance, level of contribution, and importance

[Talent Development Model]



Welfare and Benefits for Work-Life Balance

Healthcare Support GS Caltex provides medical expenses for employees and their family members as part of the employee health care program. For employees and their spouses, we cover full medical expenses in excess of KRW 50,000 and up to KRW 3 million for their children who are 24 years of age or lower. For prosthodontics expenses of our employees, we cover 50% of the expenses up to KRW 3 million for 3 years after deducting KRW 50,000.

Educational Support As part of our employee educational support program, we provide 50% of the tuition if an employee pursues a higher level of education while covering 100% (including tuition and student service fee) for all their children if they go to regular schools and universities authorized by the Ministry of Education. Even if they win academic performance scholarships from their school, the company will provide the full amount of support instead of deducting the amount of scholarship.

Livelihood Support As part of our employee welfare program, we provide employees with loans at an annual interest rate of 1% up to KRW 50 million when they purchase or lease a house (up to 85m² in area of exclusive use). We also give our employees a loan at an annual interest rate of 1% up to KRW 10 million when they get married.

Selective Welfare System To meet our employees' varying needs, we have implemented a selective welfare system. We give 350,000 points for executives and 2 million points for employees (1 point = KRW 1) annually that they can spend for cultural activities and sports facilities. The amount they spent is settled by the company's system.

Maternity Support We have established nursing rooms and relaxation rooms in our headquarters for female employees during or after pregnancy, and they use the facilities whenever they want.

Other Supports We provide resort facilities and a condominium for employees and support their social club activities to help build teamwork. As part of our EAP (Employee Assistance Program), we provide counseling for their psychological, financial and legal issues. We also have a daycare center for employee's children and are planning to establish another one in our production facilities.

Internal Communication Activities

Open Communication Space 'Jieum' At GS Caltex, we have set up a place for open communication on the 27th floor (760m²) of our GS Tower in April 2015 to promote communication and collaboration among employees. The place was named 'Jieum' through an internal competition, and it means creating new ideas and connecting with people. The area is largely divided into a book café lounge and multi-purpose space which can be used for a variety of meetings and events. Our employees use this place to exchange ideas with their coworkers and hold formal or informal organizational activities. To boost team spirit and morale, we organize lectures and speeches known as part of our 'Jieum Academy' and 'Jieum Talk' to help employees share common interests and exchange ideas. It consists of special lectures on business trends, cultural and experience programs with active involvement of employees. Various exhibitions (corporate history, vacation photo gallery, etc.) and campaigns including 'Good Manners' where we display posters about business manners are also organized at Jieum.

Online Communication Channel 'Nanumteo' At GS Caltex, we have established an online communication system called 'Nanumteo' to encourage employees to share their ideas for new businesses, improve work process and discuss specific issues. Since its inception in 2003, an average of 166 ideas has been registered each year, and these ideas are applied in practice or reflected in work process after review by individual teams. In 2015, our employees discussed corporate culture and holding office parties as well as business manners. One of the issues, 'drinking at an office party', was viewed 4,566 times and 58 ideas were shared.

[HR-Related Indicators]

Classification		Unit	2013	2014	2015
No. of Employees by Employment Type	Executive Officer	Person	54	55	52
	General		1,535	1,450	1,447
	Production Engineer		1,358	1,313	1,351
	Support		53	51	55
	Contract/Dispatched		187	152	144
	Misc.		46	38	30
Total *			3,233	3,059	3,079
No. of Employees by Location	Seoul/Others		1,507	1,406	1,373
	Yeosu		1,726	1,653	1,706
No. of Retirees			236	322	257
Rate of Retirement			7.3	10.5	8.3
Rate of Female Employees		%	8.6	10.4	9.1
Rate of Employees with Disabilities			1.59	1.71	1.61
Years of Employment		Year	14.6	15.1	15.3

* The data collection criteria were integrated with our business report in 2015. Therefore, certain employee data in 2013-2014 may be different from the business report in the same years.

Our Commitment

GS Caltex will take the following actions.

- Recruit and foster talents
- Implement fair and objective performance evaluation and compensation systems
- Operate a system to help employees maintain work-life balance
- Build a corporate culture based on communication

Issue 6. Corporate Social Responsibility Activities

Context & Challenge

Despite the long-term economic recession and low growth environment, there is an increasing demand for social responsibility activities from corporations. Lately, the boundaries between corporate and public welfare have been blurred, and companies are undertaking their social responsibility activities in line with the needs of their local communities on a mid and long-term basis. This means that our social responsibility program serves as a communication channel with local communities and stakeholders.

Key Stakeholders	Main Communication Channels	Relevant G4 Aspects
Local Community/NGO	CSR programs/discussion/website/press release	<ul style="list-style-type: none"> Indirect economic impacts Local communities
Employees	CEO messages and announcements/ company newsletter/press release	

Our Progress & Major Performance

Creation of Social Value through CSR Activities

Children's Best Friend, GS Caltex Mom Talk Talk

Since 2013, the Mom Talk Talk program has been one of our main CSR activities that help underprivileged children to eliminate their psychological distress. The program was established based on the belief that a healthy relationship with their peers is the key for helping children build their self-esteem and a brighter future. While providing therapeutic group activities where children can interact with one another, we also offer art programs that involve painting, playacting, dance choreography, and music to help them develop their self-respect and social skills. For the last 3 years, we helped more than 7,400 students suffering from depression, anxiety, aggressive behavior, and school violence.

To improve this program's therapeutic effect, we worked together with Korea's top art therapists to provide more than 160 hours of training programs and supervision for the integration of media and group therapy for 3 years. We also built infrastructure for psychotherapy, conduct research efforts in its effectiveness, and organized a contest for art therapy programs to build a foundation for further development and raise awareness.

In February 2015, we signed an MOU with the Ministry of Education to collaborate on its Wee Project, which is a support system for students suffering in a crisis, and provided support for the selection process, program, and support system development and pre/post analysis at 20 Wee Centers nationwide. We also continued art therapy support for underprivileged children in local communities with the Good Heart Center of Good Neighbors.

'Mom Talk Talk Camp' is Korea's unique professional therapy camp and it is held at the Yeosu Culture & Arts Park - GS Caltex Yeulmaru for 3 days. The camp provides 8 sessions (90 minutes per session) of intensive art therapy and group activities with great natural landscapes. GS Caltex Yeulmaru provides a superior healing effect for participants, thanks to various sessions of combinations including painting and playacting, music and dance choreography, and music and painting, as well as hard work and dedication from therapists, supervisors, and volunteers.

The 'Healing Class' session is a part of the Mom Talk Talk program designed to help middle school students improve their relationship with peers and build self-esteem. A class is divided into 3 groups of 10 students and two therapists in different subjects provide 12 therapy sessions during a semester.

In 2016, we are planning to expand the program and provide support for children from North Korean refugee families and teenagers under supervision to help them adapt to school and society.

A part of the program fund is donated by our employees, and the company matches their donation amount. More than half of our employees share in the implementation of this program, donate each month and contribute to a better future for children in need.

[Mom Talk Talk Program Summary]

Classification	2013	2014	2015	2016 (Projection)	Total (People)
Therapy	No. of Institutions	13	16	32	35
	No. of Children	1,410	1,278	1,453	1,500
Healing Class	No. of Schools		3	24	3
	No. of Children		560	1,484	630
Healing Camp	Times	6	2	4	2
	No. of Children	738	292	208	100
Total (Children)	2,148	2,130	3,145	2,230	9,653

CSR Activities for Local Communities

'CSR Activities' for Improving Quality of Life in Local Communities

Since May 2008, we have been providing free meals for more than 350 senior citizens for 5 days a week as part of the 'GS Caltex Share the Love' program. As of December 2015, more than 600,000 meals have been provided. The program is supported by the GS Caltex Employees' Wives Club, the GS Caltex Retired Employees Club, and 16 local women's voluntary service groups with 18 volunteers participating each day. So far, more than 30,000 volunteers were recorded to have participated in this program, which serves as a foundation for more local community volunteer activities.

Since 2010, we have organized the 'Heemang Energy Class for Local Children's Centers' where children get to experience jobs, pursue their dreams, and learn about the environment at local children's centers in Yeosu. So far, more than 1,800 (accumulated) volunteers participated in this cause, and programs vary each year. In 2015, under the theme of 'Make Your Dream Come True', more than 500 children experienced and learned about different jobs through various programs. We also have provided 'English Lessons with Native Speakers in Remote Areas' for students living in places with inadequate educational resources from March 2007. In 2015, native English speaking teachers visited 10 schools with more than 150 students on the islands. They gave weekly English lessons and organized English classes for students in local children's centers during school holidays.

GS Caltex also provided KRW 6 billion in scholarships to more than 7,900 middle school, high school, and college students in Yeosu from 1996 to 2015 as part of the 'GS Caltex Scholarship Program' Since we declared labor-management cooperation in 2005, we have provided financial support of KRW 720 million over the last 10 years including providing school uniforms for underprivileged students, the after school YMCA academy program, and night classes for middle school students. The fund was donated by the labor union as well as the company's matching grant program for fostering the growth of local communities and talent development program.

'Environmental Education for Children' for a Sustainable Future

Since 2012, we have organized the Green Energy School Program jointly with the Green Fund to raise awareness about climate change and energy conservation for elementary school students. Through this program, we developed an environmental education kit called 'Critical Earth' with which instructors visit schools and educate children on the importance of the environment. In 2015, the program has been held in 27 schools with more than 3,070 students in Seoul, Gyeonggi and Incheon, and the number of the students who participated in the program reached 10,240 over the last 4 years. In addition, we have provided opportunities to experience ecosystems at national parks for underprivileged children, senior citizens, and people with disabilities by working together with the Ministry of Environment and Korean National Park Service and organized environmental cleaning activities around the Yeosu Complex and the lubricant production facilities in Incheon since 2011.

'GS Caltex Volunteer Groups' Sharing Love

As part of the local community, our employees organized 'GS Caltex Volunteer Groups' in Yeosu where our major workplaces are located in order to help neighbors in need through various volunteer programs. There are 32 individual volunteer groups in the company, and they engage in more than 20 volunteer programs each month including the one-on-one mentoring program for teenagers, providing electrical and boiler repair services, and taking portraits for funerals. They also volunteer to serve free meals for senior citizens and support the disability experience program. In 2015, a new volunteer group was formed by employees' children, and they volunteered to make furniture for local childcare centers, fix houses, and deliver briquettes for underprivileged families with Hatbit Volunteer Group from Seoul National University. In addition to individual volunteer groups, we continue to engage in volunteer programs at a company-wide level. Since 2005, we have helped children with disabilities to enjoy outdoor activities every May as part of the celebration for our corporate anniversary. We also donated to people in need during the Chuseok holidays and organized a nationwide campaign called 'Year-End Making Wishes Come True' to help the less fortunate at the end of the year. In the second half of 2015, we organized the 'I am your GS Caltex' program where we invite middle school students to the company, provide counseling services, and help plan their future careers as part of the FKI Career Planning Network program.

Investment in Local Communities through Foundation Activities

Support for Culture & Art through Yeulmaru





Opened in May 10, 2012, the Yeosu Culture & Arts Park - **GS** Caltex Yeulmaru is a landmark of the south coast of the Korean Peninsula, in which the **GS** Caltex has invested more than KRW 110 billion since 2007. The name 'Yeulmaru' carries the meaning of 'a space full of rolling waves of culture and art and where people can relax as if they are lying down on the floor of a traditional house' It represents a great example of collaboration among a corporation, local government, and communities for building infrastructure for culture and art. It is fully equipped with state-of-the-art audio and lighting facilities with a Grand Theater and Small Theater with 1,021 and 302 seats, respectively. The park also features multi-purpose exhibition halls that take the culture and art experience in Yeosu to the next level, meeting the local communities' need for cultural spaces.

Our Commitment

Yeulmaru features a wide variety of genres including classical, opera, musical, concert, ballet, and plays to extend people's opportunities to enjoy quality cultural and art content. In 2015, two of the world's most popular musicals, 'Chicago' and 'Cats', were performed on the stage. For 'Cats', the fact that it chose Yeulmaru for their performance outside Seoul is very meaningful. Yeulmaru also featured the 'Imaginary Garden in My Heart' sculpture exhibition to celebrate its 3rd year anniversary: it portrayed imaginary animals in nature and was received with great enthusiasm by visitors. 'The Secret of Creation by Yeongman Heo' was also a huge success as it became the first single exhibition to reach 10,000 visitors.

Yeulmaru is improving its service by conducting surveys and organizing a customer feedback system. We also organized art education programs for classical and fine art history, as well as practice programs consisting of vocal music and musicals in English to further extend cultural experiences for visitors. Meanwhile, we host the 'Music Camp with Yonsei University' each year as part of our CSR activities for art education. In 2015, our art and culture programs at Yeulmaru were recognized for their contribution to society and won the 'Corporate Sponsor of the Year' given by the Arts Council Korea.

[CSR Activities Indicators]

Classification	2013	2014	2015
 Amount of Social Contribution^{note1)} (KRW 100 million)	189	179	292
 Total Hours of Employees' Volunteer Activities^{note2)}	30,495	27,726	12,716
 Annual No. of Visitors to Yeulmaru	137,357	106,602	102,267
 Annual No. of Concerts & Exhibitions	242	352	304

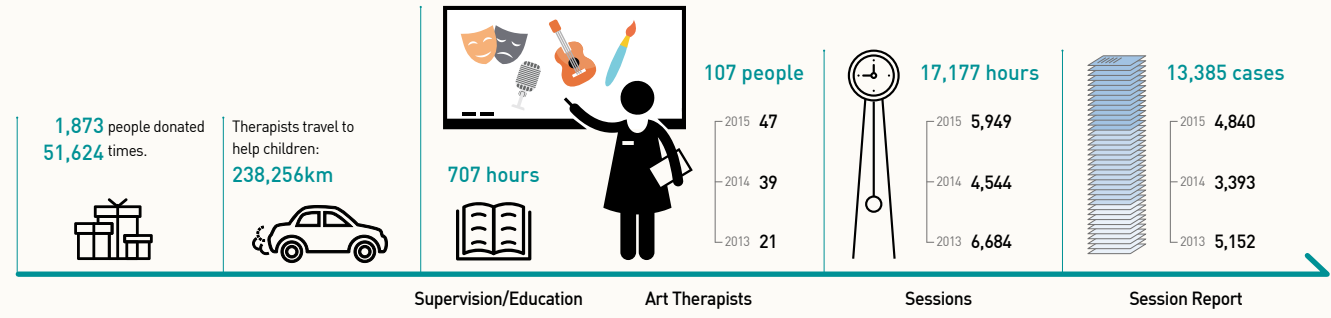
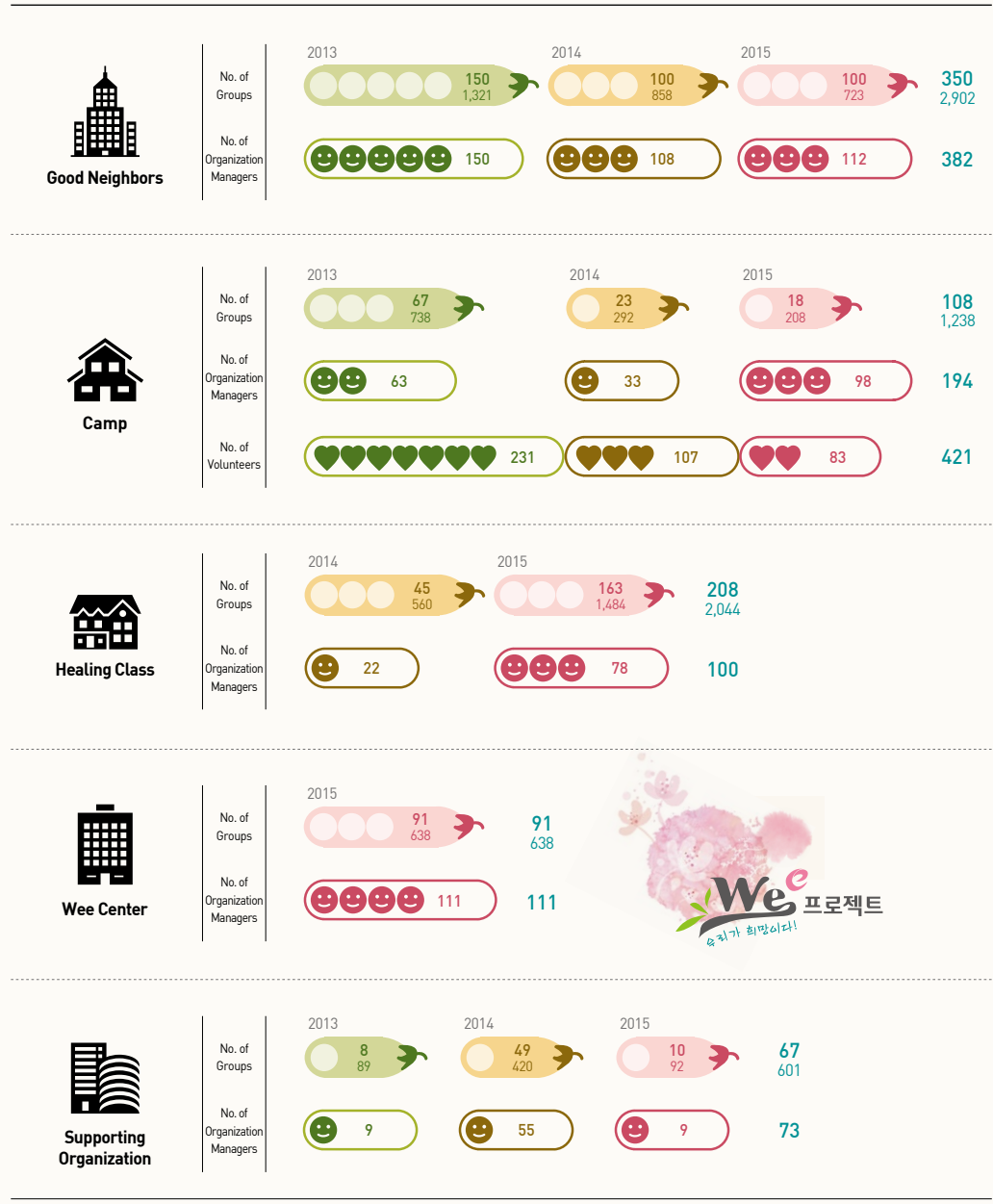
Note1) The amount for 2013 and 2014 may differ from the amount reported last year due to the changed estimation method (based on business report).

Note2) The value in 2015 was temporarily reduced due to a change in the company's volunteer system (as small group-based regular volunteer activities were encouraged instead of large scale one-time activities).

GS Caltex will take the following actions.

- Continued operation for the CSR program
- Encourage the participation of employees in volunteer programs
- Expand CSR programs for local communities
- Support for promoting art and culture

M O M TALK TALK IN NUMBERS



APPENDIX

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Financial Data

Consolidated Statements of Financial Position [Unit: KRW 1 million]

Category	2015	2014
Assets		
Current assets		
Cash and cash equivalents	1,476,265	509,005
Accounts and notes receivable	2,563,708	2,714,803
Short-term financial assets	1,269,194	982,721
Inventories	2,797,562	3,593,104
Prepaid income taxes	1,316	4,652
Other current assets	99,319	487,019
Total current assets	8,207,364	8,291,304
Non-current assets		
Long-term financial assets	388,055	352,851
Investments in associates	275,251	274,037
Property, plant and equipment	9,931,766	10,372,965
Investment property	41,049	36,534
Intangible assets	71,708	62,762
Deferred income tax assets	490	1,027
Other non-current assets	33,844	34,697
Total non-current assets	10,742,163	11,134,873
Total assets	18,949,527	19,426,177
Liabilities		
Current liabilities		
Accounts payable-trade	1,734,197	2,250,137
Short-term financial liabilities	3,301,649	3,438,786
Income taxes payable	145,002	5,133
Other current liabilities	63,920	113,332
Total current liabilities	5,244,768	5,807,388
Non-current liabilities		
Long-term financial liabilities	4,392,841	5,184,413
Employees benefits	88,385	87,645
Deferred income tax liabilities	189,776	137,587
Other non-current liabilities	61,243	66,090
Total non-current liabilities	4,732,245	5,475,735
Total liabilities	9,977,013	11,283,123
Equity		
Common stock	260,000	260,000
Capital surplus	68,330	66,270
Capital adjustments	-61,189	-59,129
Accumulated other comprehensive income	13,155	-1,340
Retained earnings	8,692,218	7,877,253
Equity attributable to owners of the Parent Company	8,972,514	8,143,054
Non-controlling interests		
Total equity	8,972,514	8,143,054
Total liabilities and equity	18,949,527	19,426,177

Consolidated Statements of Income (Loss) [Unit: KRW 1M]

Category	2015	2014
Sales	28,339,224	40,258,357
Cost of sales	-26,206,935	-39,896,451
Selling, general and administrative expenses	-826,757	-818,231
Operating profit (loss)	1,305,532	-456,325
Share of profit (loss) of equity method accounted investees	1,894	-12,203
Financial income	1,904,672	1,160,144
Finance costs	-2,259,553	-1,535,928
Other income	868,001	544,323
Other expenses	-543,888	-498,065
Profit (loss) before income taxes	1,276,658	-798,054
Income tax benefit (expense)	-304,836	121,840
Profit (loss) for the year	971,822	-676,214
Profit (loss) attributable to:		
Owners of the Parent Company:	971,822	-676,214
Non-controlling interests		

Consolidated Statements of Comprehensive Income (Loss) [Unit: KRW 1M]

Category	2015	2014
Profit (loss) for the year	971,822	-676,214
Other comprehensive income (loss), net of tax:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	-5,775	-25,170
Changes in equity method accounted investee's retained earnings	-782	8
Total	-6,557	-25,162
Items that will be reclassified subsequently to profit or loss		
Net change in unrealized fair value of available-for sale financial assets	1,846	-3,243
Changes in equity method accounted investee's capital	102	386
Effective portion of changes in unrealized fair value of cash flow hedges	31	-19,958
Foreign currency translation differences	12,516	7,282
Total	14,495	-15,533
Total comprehensive income (loss) for the year	979,760	-716,909
Total comprehensive income (loss) attributable to:		
Owners of the Parent Company	979,760	-716,909
Non-controlling interests		

GRI G4 Contents Index

General Standard Disclosure

Indicator	Description	Page	Status of Disclosure	External Assurance
Strategy and Analysis				
G4-1	CEO statement	5	●	50-51
Organizational Profile				
G4-3	Name of reporting organization	6	●	
G4-4	Primary brands, products, and services	6~7	●	
G4-5	Location of the organization's headquarters	6	●	
G4-6	Countries of operation(list of countries where business operations are located or sustainability issues are directly related)	6	●	
G4-7	Nature of ownership and legal form	9,14	●	
G4-8	Markets served(regional division, areas of business, types of customers/beneficiaries)	6,7	●	
G4-9	Scale of the organization	6,14~15	●	
G4-10	Breakdown of employment type, contract and regional workforce	39	●	50-51
G4-11	Percentage of total employees covered by collective bargaining agreements	37,39	●	
G4-12	Organization's supply chain related to key activities, products and/or services	14~15	●	
G4-13	Significant changes during the reporting period	-	No significant changes	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	11	●	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	49	●	
G4-16	List memberships of associations(such as industry associations) and national or international advocacy organizations	49	●	
Identified Material Aspects and Boundaries				
G4-17	List of all entities including key business units, operating companies, subsidiaries and joint venture companies	6	●	
G4-18	Defining report contents	12~13	●	
G4-19	Material aspects identified in the defining process	12~13	●	
G4-20	Aspect boundary within organization	17,21,27,32,36,40	●	50-51
G4-21	Aspect boundary outside organization	17,21,27,32,36,40	●	
G4-22	The effect of any restatements of information provided in previous reports, ad the reasons for such restaurants	29,39,43	●	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	2	●	
Stakeholder Engagement				
G4-24	List of stakeholders engaged	12	●	
G4-25	The basis for identification and selection of stakeholders with whom to engage	12	●	
G4-26	Types of engagement, the organization;s approach to stakeholder engagement	12	●	50~51
G4-27	Significant changes from previous reporting in the Scope and Aspect Boundaries	13	●	
Report Profile				
G4-28	Reporting period	2	●	
G4-29	Date of most recent previous report	2	●	
G4-30	Reporting cycle	2	●	
G4-31	Contact point for questions regarding the report or its contents	2	●	50-51
G4-32	Reporting standard selected by organization	2	●	
G4-33	Policy and current practices with regard to seeking external assurance for the report	2	●	
Governance				
G4-34	Governance structure	9	●	50-51
Ethics and Integrity				
G4-56	Description of the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	8	●	50-51

Specific Standard Disclosures

○ ECONOMIC

Indicator	Description	Page	Status of Disclosure	External Assurance
Economic Performance				
	Generic DMA	16~20	●	
EC1	Direct economic value generated and distributed	14~15	●	50-51
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	30~31	●	
Indirect Economic Impacts				
	Generic DMA	40~43	●	
EC7	Development and impact of infrastructure investments and services supported	40~43	●	50-51
Procurement Practices				
	Generic DMA	16~20	●	
EC9	Proportion of spending on local suppliers at significant locations of operation	20	●	50-51

GRI G4 Contents Index

○ ENVIRONMENTAL

Indicator	Description	Page	Status of Disclosure	External Assurance
Energy				
	Generic DMA & Aspect-specific DMA	26-31	●	
EN3	Energy consumption within the organization.	31	●	50-51
EN6	Reduction of energy consumption	31	●	
Emissions				
	Generic DMA & Aspect-specific DMA	26-31	●	
EN15	Direct greenhouse gas(GHG) emissions(Scope 1)	31	●	
EN16	Energy indirect greenhouse gas(GHG) emissions(Scope 2).	31	●	50-51
EN19	Reduction of greenhouse gas(GHG) emissions.	31	●	
EN21	NOx, SOx, and other significant air emissions.	29	●	
Effluents and Waste				
	Generic DMA	26-31	●	
EN22	Total water discharge by quality and destination	29	●	
EN23	Total weight of waste by type and disposal method.	29	●	50-51
EN24	Total number and volume of significant spills.	29	●	
OG5	Volume of discharged and disposed industrial water	29	●	
Overall				
	Generic DMA	26-31	●	
EN31	Extent of impact mitigation of environmental impacts of products and services	29	●	50-51

○ LABOR PRACTICES AND DECENT WORK

Indicator	Description	Page	Status of Disclosure	External Assurance
Employment				
	Generic DMA & Aspect-specific DMA	35-39	●	
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	37,39	●	50-51
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees by significant locations of operation	38	●	
Occupational Health and Safety				
	Generic DMA & Aspect-specific DMA	35-39	●	
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	37	●	50-51
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	33	●	
LA7	Workers with high incidence or high risk of diseases related to their occupation	33	●	
Training and Education				
	Generic DMA	35-39	●	
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	37	●	50-51
LA11	Percentage of total employees by gender and by employee category who received a regular performance and career development review	36-37,39	●	
Grievances about labor practices				
	Generic DMA & Aspect-specific DMA	35-39	●	
LA16	Total number of grievances about labor practices filed, identified and resolved through formal grievance mechanisms	37	●	50-51

○ SOCIETY

Indicator	Description	Page	Degree of Disclosure	External Assurance
Local Communities				
	Generic DMA & Aspect-specific DMA	35,40-43	●	
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	40-43	●	50-51
Anti-Corruption				
	Generic DMA & Aspect-specific DMA	10	●	
SO3	Total number and percentage and of operations assessed for risks related to corruption and the significant risks identified	10	●	50-51
SO4	Communication and training on anti-corruption policies and procedures	10	●	
Asset Integrity & Process Safety				
OG13	Total number of process safety events performed as part of business activities	33	●	50-51

GRI G4 Contents Index

○ PRODUCT RESPONSIBILITY

Indicator	Description	Page	Status of Disclosure	External Assurance
Product and Service Labeling				
	Generic DMA & Aspect-specific DMA	16,21-25	●	
PR5	Results of surveys measuring customer satisfaction	23,25	●	50-51
Customer Privacy				
	Generic DMA	16,21-25	●	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	25	●(0)	50-51

UN Global Compact

Since we joined the UN Global Compact, we have been fully committed to its ten principles covering human rights, labor, the environment, and anti-corruption. We have reported our progress to the COP (Communication on Progress) each year.

At GS Caltex, we will continue to improve our compliance with the UN Global Compact and its principles.

Sector	Principles	Related activities	Results (pages)
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	• Providing education on in-house sexual harassment prevention and human rights protection for all employees	10
	2. Businesses should make sure they are not complicit in human rights abuses.	• Running welfare system for employees' work and life balance	38
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	• Operating labor union and guaranteeing freedom of engaging in the union • Maintaining a communication channel through the point of contract in the union	
	4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	• Abiding to the regulations of the International Labor Organization and the UNGC principles ※ Any kinds of forced labor and child labor are strictly prohibited at GS Caltex.	36-37
	5. Businesses should uphold the effective abolition of child labor.		
Environment	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	• Prohibiting discrimination by gender regarding wages, Evaluation, and promotion • Offering equal opportunity for employment online	
	7. Businesses should support a precautionary approach to	• Establishing and practicing SHEQ management policies • Building an environmental monitoring system • Realizing improvement in compliance with new environmental laws	26-31
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	• Signing and performing the voluntary environmental management agreement	
Anti-corruption	9. Businesses should encourage the development and dissemination of environmentally friendly technologies.	• Developing more efficient and eco-friendly products • Continuing R&D efforts in the biochemical field	19, 21-22
	10. Businesses should work against corruption in all its forms, including extortion and bribery.	• Submitting the employee pledge for voluntary compliance (annually) • Expanding Voluntary Compliance System and Strengthening the role of Compliance Officer • Organizing training programs for ethical practice	10

To the Stakeholders of GS Caltex

The Korea Productivity Center (hereinafter the ‘Assurer’) was appointed by GS Caltex to provide third party assurance of its ‘GS Caltex 2015 Sustainability Report’ (hereinafter the ‘Report’).

Responsibility and Independence

The responsibility for the information and statements included in the Report lies solely with GS Caltex. The KPC is responsible for the assurance findings generated in the Report. As an independent assurance provider, the KPC was not engaged in the preparation of the Report in any other way and does not have any interest in GS Caltex in a way that may hamper its independence as an assurance provider.

Assurance Standard & Scope

This assurance was conducted in accordance with the AA1000AS (2008) to provide Type 1 Moderate Level of assurance, and Type 2 was applied to certain environmental indicators that require the assurance of reliability in the data collection process such as effluent and emission of pollutants. It was achieved through the evaluation of the organization’s adherence to the AA1000APS (2008) of Inclusivity, Materiality and Responsiveness and the Global Reporting Initiative (GRI) G4 Guidelines in its preparation and presentation of the Report. The scope and boundaries of this assurance are based on the reporting boundaries defined in terms of its time, region and value chain. As a result, the scope of assurance fully satisfies the standards of the company and does not include its subsidiaries and suppliers unless specified otherwise.

Limitations

The Assurer verified the organization’s business performance in 2015 based on the aforementioned assurance standards and scope. The reliability of financial data in the Report was verified by crosschecking financial statements and disclosure information which was audited by an auditor while its greenhouse gas emission data was based on existing assurance results. The on-site verification was carried out in a limited scope at the headquarters in Seoul and the result of this assurance is subject to change if any additional verification is conducted in the future.

Assurance Methods

This assurance was conducted using the following methods:

1. Verified if the requirements for core options of GRI G4 Guidelines were fulfilled.
2. Verified the compliance with the principles of the Report contents and quality based on GRI G4 Guidelines.
3. Verified the suitability of the contents and any errors in expression through comparison analysis with other sources.
4. Verified the appropriateness of material issues and contents of the Report through media research and benchmarking analysis.
5. Verified the basis of core data and information and the internal process and system through on-site inspection at the headquarters in Seoul.

Findings and Conclusion

It is the Assurer’s opinion that the Report represents the sustainability efforts and performance results of GS Caltex in a fair and accurate manner. The Assurer also verified that the requirements for core options of GRI G4 Guidelines were fulfilled.

General Standard Disclosures were prepared in full compliance with the requirements under the Core Option while Specific Standard Disclosures were reviewed based on the indicators and aspects of material issues identified through the materiality assessment process.

Material Issues	Aspects	Indicators
Prevention of incidents and raising safety awareness	Occupational health and safety Asset Integrity and Process Safety	LA5, LA6, LA7 OG13
Response to environmental regulations	Emission, Environmental compliance	EN15, EN16, EN19, EN21, EN31
Mutual growth with partners	Procurement practices	EC9
Energy conservation and improvement of efficiency	Energy	EN3, EN6
Prevention of oil spills	Effluents and waste	EN22, EN23, EN24, OG5
Labor-management relations	Employment Labor practices grievance mechanisms	LA1, LA2, LA16
Product and service pricing	Product & service labeling	PR5
Communication with stakeholders	Stakeholder engagement Indirect economic impacts Local communities	G4-24 ~ G4-27 EC7 S01
Employment and retention of human resources	Training & education	LA10, LA11
Financial stability	Economic performance	EC1, EC2
Fair and transparent marketing practices	Anti-corruption	S03, S04
Privacy	Customer privacy	PR8

※ The indicators have been reviewed in terms of the Non-Material Aspects from the Specific Standard Disclosures and the details are specified on Pages 47-49 of the GRI Contents Index.

• Inclusivity: Shareholder Engagement

In compliance with the Principles of Inclusivity, GS Caltex categorizes its stakeholders into nine groups: the government, labor unions, NGOs, subsidiary companies, partner companies, regional communities, customers, stockholders and investors, and employees. The KPC verified that GS Caltex clearly defined the communication channels and expectations of each group and garnered the opinions of its stakeholders through active interaction and dialogue.

• Materiality: Selection and Reporting of Key Issues

Based on the issues of the last report, GS Caltex has selected a comprehensive report topic through issues of companies within the same industry, media analyses, and international standards in sustainable management such as the GRI G4 Guidelines, ISO26000, and others. The KPC has also verified that issues that are important to GS Caltex have been selected through surveys of internal and external stakeholders. With regards to the 12 key issues derived from the materiality evaluation, a report scope regarding the stakeholders has been proposed and it has been verified that GS Caltex’s current status of responses has been disclosed in each page of the report in a balanced manner.

• Responsiveness: Organizational Response to Issues

The KPC verified that the Report properly demonstrates GS Caltex’s awareness of the key issues that would impact stakeholder judgment of its performance and that it undertook measures to resolve such issues. Through the Report, GS Caltex is faithfully disclosing the actions and performance of their responses to key issues in sustainable management.

Recommendations

KPC rates highly the range of endeavors and achievements made by GS Caltex to advance its sustainability and presents the following recommendations to enhance GS Caltex’s future reports and its level of sustainability management.

- It is the KPC’s opinion that it is important to propose objectives and produce reports regarding their activities and results for making sustainable performance improvements of the key issues. Through such proposals and reports, the stakeholders shall be able to understand the current status of GS Caltex’s pursuit of sustainable management.
- A continuous and systematic communications channel needs to be established between GS Caltex and the stakeholders. The KPC also recommends a council that can gather the opinions of various outside stakeholders and, through such things as interviews with experts and stakeholders, opinions should be gathered directly and reflected in the sustainable management activities.



June 2016

Korea Productivity Center
Soon-jick Hong, CEO



Dong-soo Kim, Director

Yang-ho Lee, Team Manager

Sun-young Moon, Researcher

The Sustainability Management Center of the Korea Productivity Center is a fully qualified independent assurance agency. It is officially certified by AccountAbility that established AA1000, the international standard for stakeholder engagement and assurance. It has the Assurance Committee with experienced experts who are qualified for the consultation and assurance of sustainability practice.