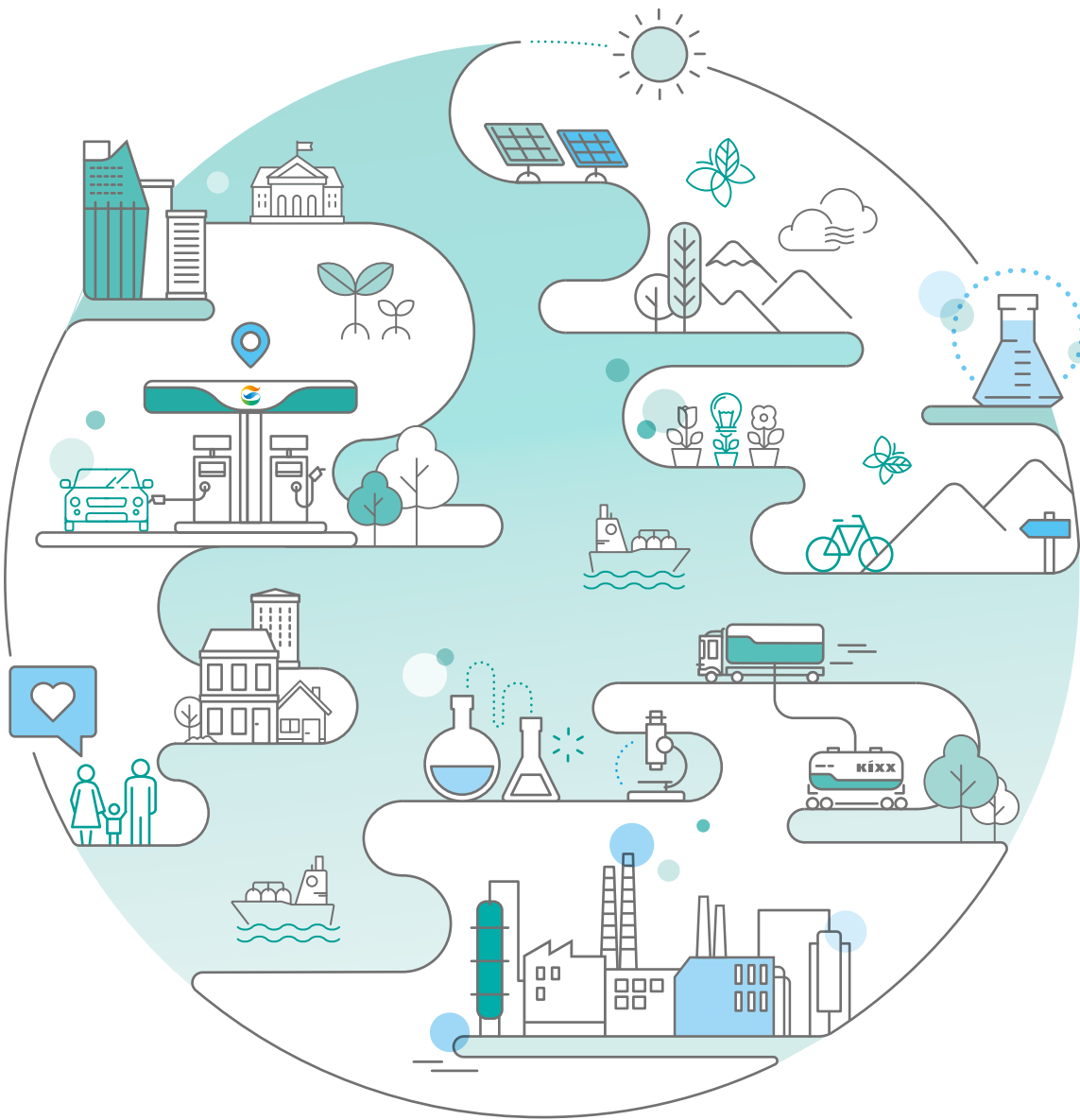


VALUE NO.1

ENERGY & CHEMICAL PARTNER

GS Caltex 2018 Sustainability Report



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For your convenience, this report has links on the table of contents and specific content, so you can quickly find relevant information.

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About This Report

Through this sustainability report by **GS** Caltex, we share insights into our business plan and the progress we have made towards achieving the highest levels of sustainability in terms of economic, environmental, and social value creation with our stakeholders. This is our 14th sustainability report since 2006.

Reporting Period

This report covers our sustainability performance from January 1, 2018 to December 31, 2018. For the key factors of quantitative performance, the results of the past three years (from 2016 to 2018) are shared for comparative analysis while newly disclosed quantitative and qualitative performances are indicated separately. Some of the highlights of the first half of 2019 are included in this report to ensure their timely disclosure.

Scope of Report

The scope of this report encompasses the **GS** Caltex headquarters and major business operations including the facility at Yeosu Complex. A certain part of the data was derived from the terminal, lubricant plant, gasoline stations, LPG stations and affiliated companies. Any parts that require special attention are indicated accordingly.

Reporting Guidelines

The **GS** Caltex 2018 Sustainability Report was prepared in accordance with the Core Option of the GRI (Global Reporting Initiative) standards and designed to incorporate stakeholder feedback, in compliance with AA1000SES. The content of this report has been internally reviewed by GRI-certified professionals and third party. There are no significant changes in terms of its scope, boundaries, and measuring processes from the previous report.

Report Assurance

This report has been assured by DNV GL, a third-party assurance institution, in terms of the objectivity and accuracy of the contents and data. The assurance statements can be found in the appendix to the report.

For more information about **GS** Caltex, please visit our website at www.gscales.com or contact us

Corporate Social Responsibility Team
02-2005-1614 / news@gscales.com

CEO Message



Dear valued stakeholders,

With your continued interest and support, we have made significant progress in our business performance each year while working towards a brighter future. Last year we decided to make large investments in the olefin production facilities (MFC : Mixed Feed Cracker) to expand our petrochemical business portfolio. We have been working hard to achieve a successful completion of the project this year.

GS Caltex is making diversified efforts to drive sustainable growth and take our CSR (Corporate Social Responsibility) to the next level. In 2017, we implemented a corporate-wide ESG (Environmental, Social, Governance) management system, and starting from 2018, we established various policies and processes to lay the foundations for internalizing CSR initiatives.

Meanwhile, we established the Code of Conduct for our partners to expand CSR in the supply chain and promote shared growth and cooperation. We are also pursuing various CSR activities that are aligned with the SDGs (Sustainable Development Goals) proposed by the UN to solve global issues and protect our environment. As part of this commitment, we distributed Cookstove, a high-efficiency cooking appliance, to Myanmar to promote people's health and preserve forests in developing countries. We plan to expand these campaigns around the world. At the same time, we are dedicated to promoting shared growth with local communities by using local services, purchasing materials locally to the extent possible and engaging in various CSR programs.

Our CSR activities represent our commitment to gain society's trust and maintain a sustainable business. **GS** Caltex will continue to fulfill our corporate responsibility and make improvements to remain true to our principles of safety, protection of the environment, and compliance.

Through this 14th Sustainability Report, we are pleased to share the various CSR activities that enhance our value and fulfill our social responsibilities. We hope this report will help us maintain close communication with our employees, customers, shareholders, partners and local communities. We sincerely appreciate your continued interest and support.

Thank you.

President & CEO
Saehong Hur

A handwritten signature in black ink, appearing to read 'Saehong Hur', positioned below the printed name and title.

Corporate Overview

Since its establishment in 1967 as Korea's first private oil refinery business, **GS Caltex** has set new standards in the domestic petroleum industry and played a critical role in developing oil and petroleum products as Korea's major export items. Through continuous investments and research in petroleum and petrochemical businesses, we are taking major steps toward becoming a leading energy enterprise in the global market.

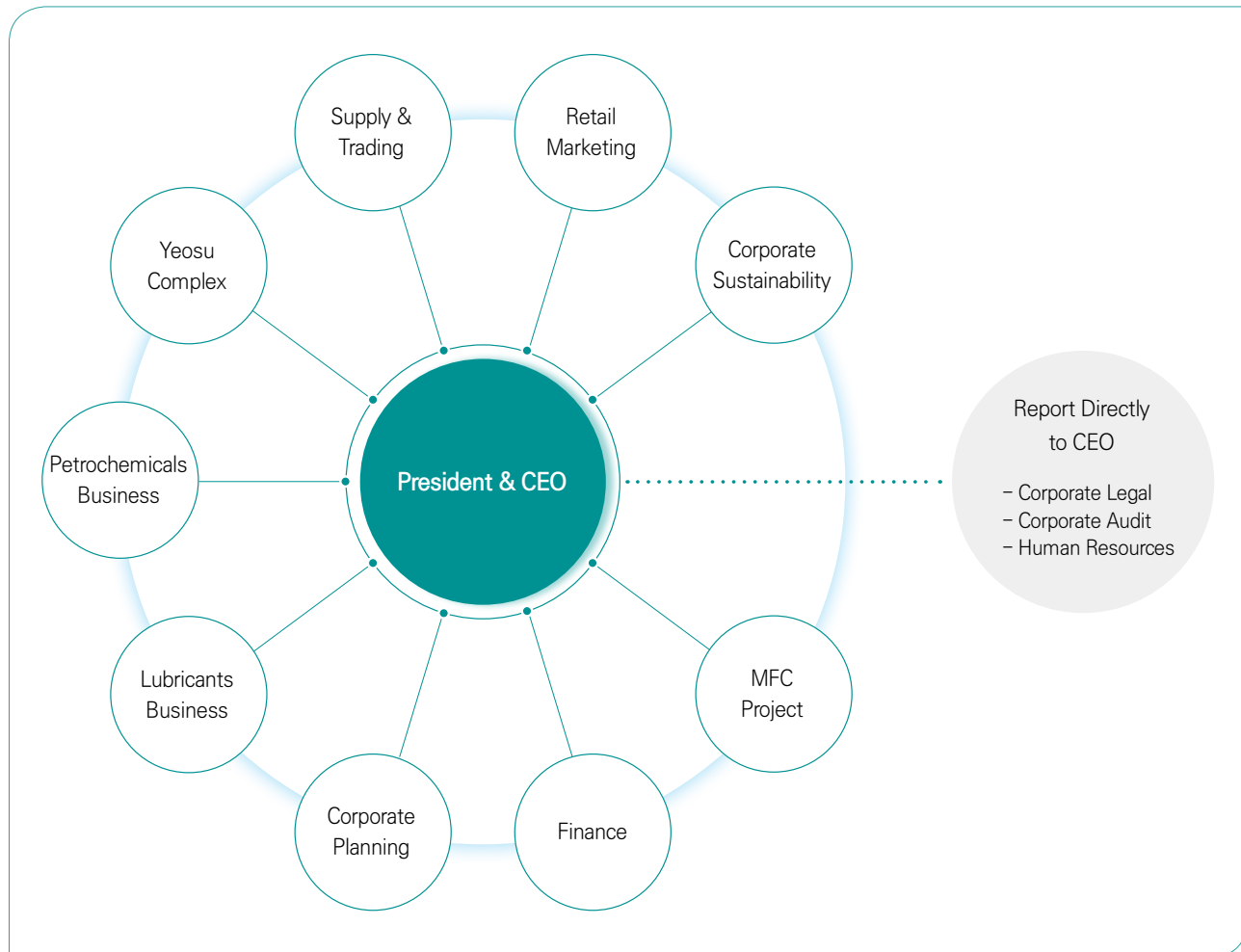
Corporate Profile

(As of December 2018)

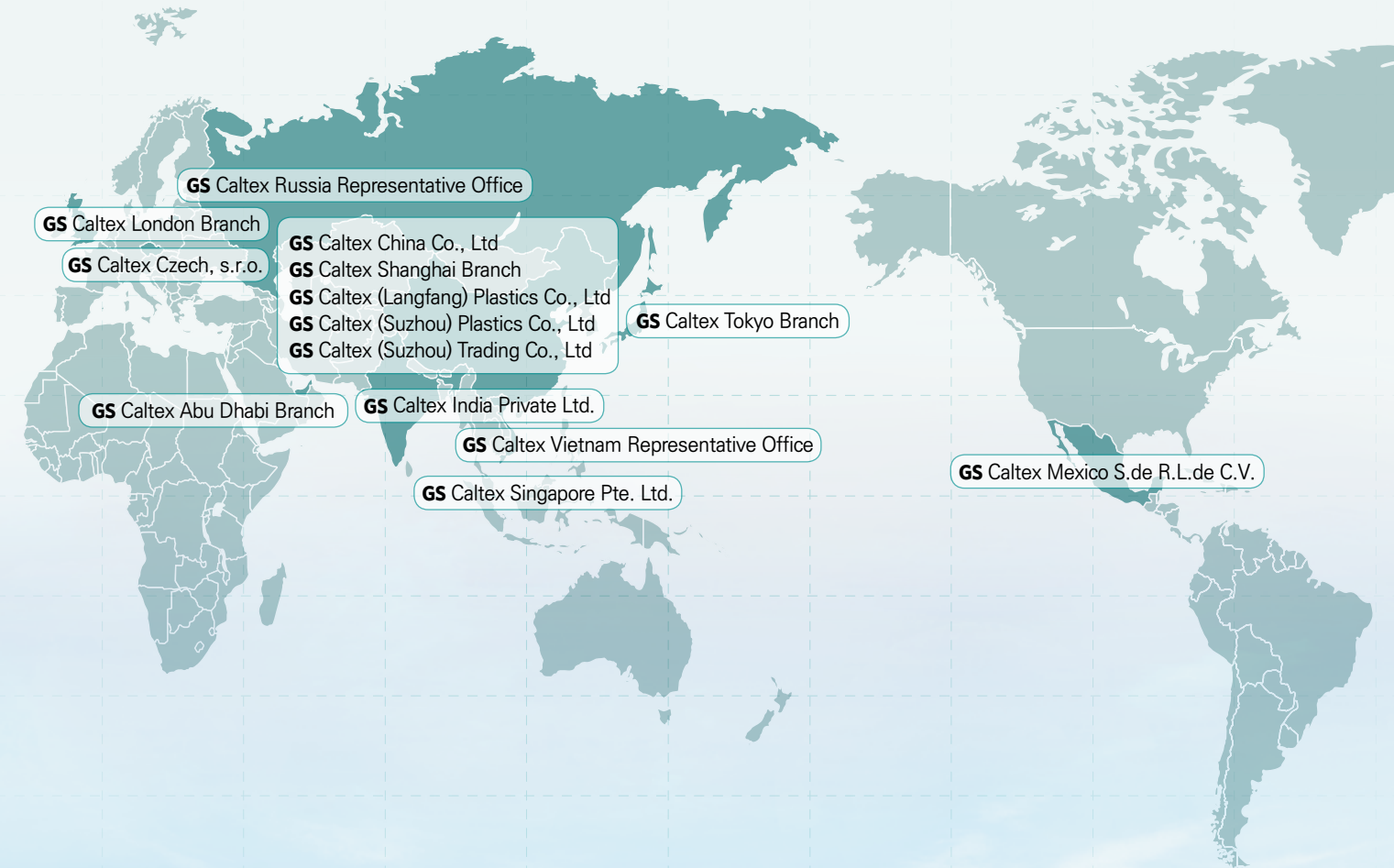
Name of Company	Date of Incorporation	Address	Overseas Offices (branches)	No. of Employees	Areas of Business
GS Caltex Corporation	May 19, 1967	GS Tower, 508, Nonhyeon-ro, Gangnam-gu, Seoul	China, Czech, India, Singapore, Mexico, London, etc.	3,212	Petroleum, Petrochemicals, Base Oil & Lubricants

Organization

(As of May 2019)



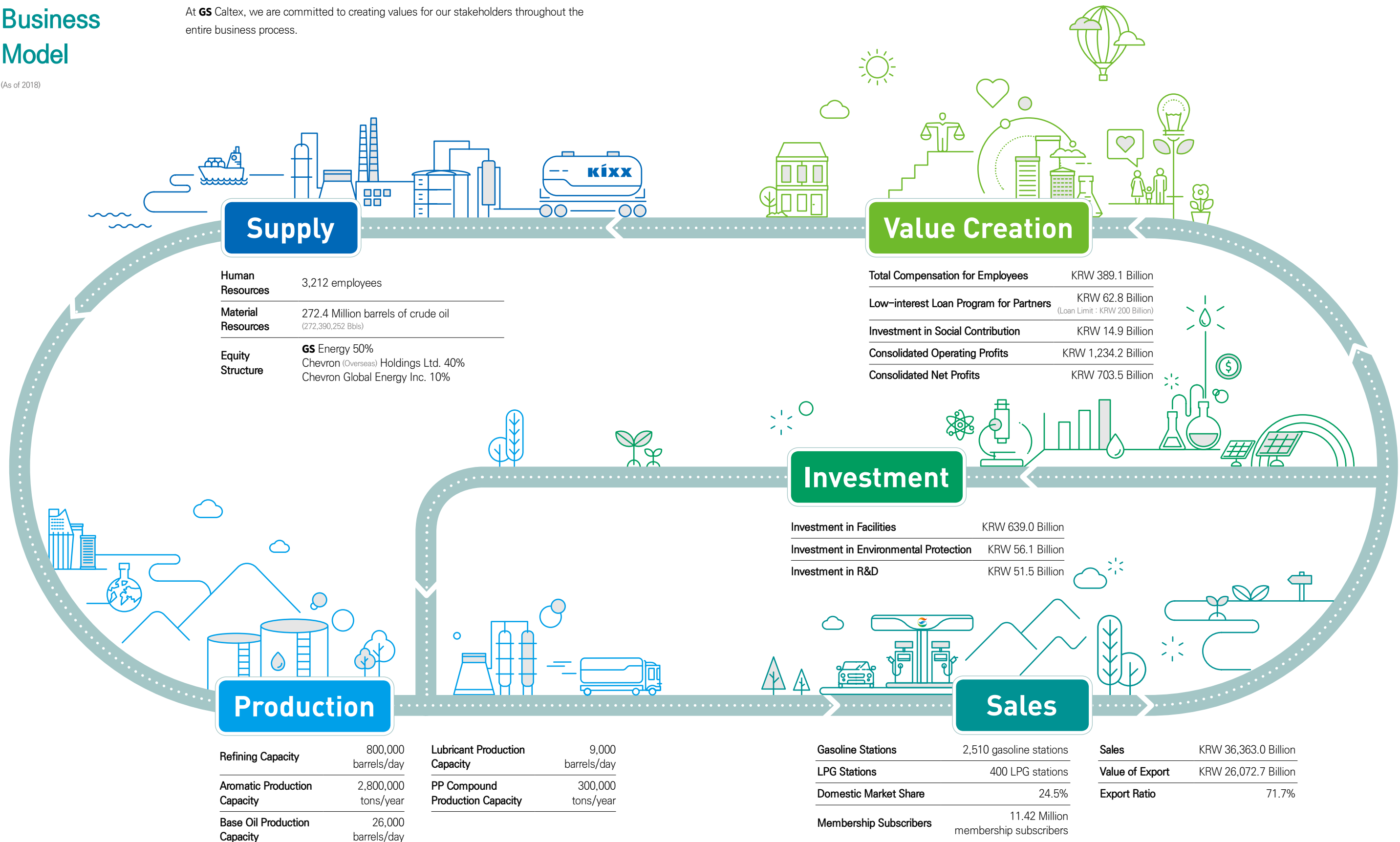
Overseas Network (As of May 2019)



Business Model

(As of 2018)

At **GS Caltex**, we are committed to creating values for our stakeholders throughout the entire business process.



Supply

Human Resources	3,212 employees
Material Resources	272.4 Million barrels of crude oil (272,390,252 Bbls)
Equity Structure	GS Energy 50% Chevron (Overseas) Holdings Ltd. 40% Chevron Global Energy Inc. 10%

Value Creation

Total Compensation for Employees	KRW 389.1 Billion
Low-interest Loan Program for Partners	KRW 62.8 Billion (Loan Limit : KRW 200 Billion)
Investment in Social Contribution	KRW 14.9 Billion
Consolidated Operating Profits	KRW 1,234.2 Billion
Consolidated Net Profits	KRW 703.5 Billion

Investment

Investment in Facilities	KRW 639.0 Billion
Investment in Environmental Protection	KRW 56.1 Billion
Investment in R&D	KRW 51.5 Billion

Production

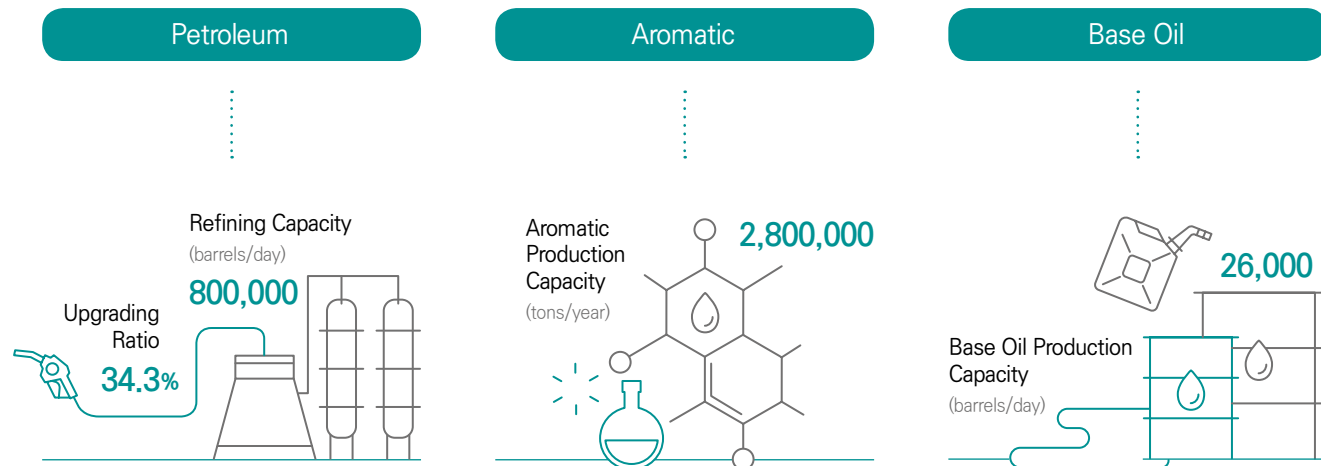
Refining Capacity	800,000 barrels/day	Lubricant Production Capacity	9,000 barrels/day
Aromatic Production Capacity	2,800,000 tons/year	PP Compound Production Capacity	300,000 tons/year
Base Oil Production Capacity	26,000 barrels/day		

Sales

Gasoline Stations	2,510 gasoline stations	Sales	KRW 36,363.0 Billion
LPG Stations	400 LPG stations	Value of Export	KRW 26,072.7 Billion
Domestic Market Share	24.5%	Export Ratio	71.7%
Membership Subscribers	11.42 Million membership subscribers		

Business Areas

The business areas of **GS Caltex** consist mainly of petroleum, petrochemicals, and lubricants. Through continuous diversification of our overseas market, we created more than 70% of our revenue through exports in 2018.



GS Caltex supplies petroleum products to the domestic market through 2,510 gasoline stations and 400 LPG stations nationwide. Simultaneously, we export to the overseas market. With a daily refining capacity of 800,000 barrels, we produce high-quality petroleum products using state-of-the-art production facilities including heavy oil upgrading facilities and desulfurization facilities.

In 2019, we expect issues such as stagnant global economy, trade wars, and Brexit to influence the demand for petroleum. Meanwhile, the petroleum industry is working on manufacturing eco-friendly products to prepare for environmental regulations including the global regulations on sulfur content in ship's fuel oil.

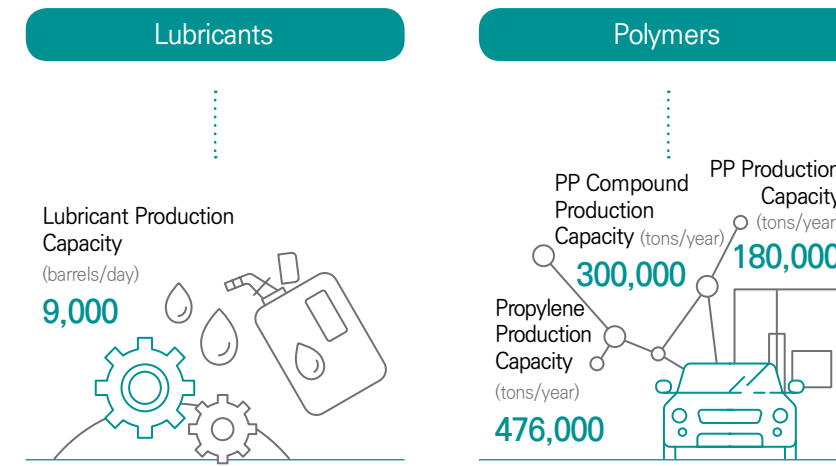
At **GS Caltex**, we have consolidated the foundations for oil supply by diversifying our suppliers and purchasing crude oil not only from the Middle East but from the U.S. as well. Additionally, we have gained a competitive advantage by operating the largest heavy oil upgrading facilities in South Korea.

Our aromatic production facilities were built in 1990 with an annual capacity of 200,000 tons of paraxylene and a half million tons of aromatic products for full-scale production. We are continuing our investment in production facilities and optimization of processes in the aromatic sector. Our current production capacity stands at 2.8 million tons a year including 1.35 million tons of paraxylene, 0.93 million tons of benzene, 0.17 million tons of toluene, and 0.35 million tons of mixed-xylene.

In the aromatic market, margins have been declining over the past five years due to the continued operation of new production facilities in Asia and concern is growing due to the mass investments by China. In response, we are working on the development of new markets while looking into aromatic downstream businesses to retain our margins.

Our base oil production started in November 2007 when we completed construction of a BOP (Base Oil Plant) with a daily capacity of 16,000 barrels. Since then, we increased our capacity to 23,000 barrels per day in 2010, followed by a further increase to 26,000 barrels through additional improvement in our production facilities.

In Asia, including China, demand for lubricants is expected to increase along with economic growth, particularly high-quality lubricant products such as Group II and Group III lubricants thanks to growing requests on environmental impact and fuel efficiency. As a major supplier of base oil in Asia, we are strengthening our leadership position in the market.



As a leading producer in the market, **GS Caltex** is recognized for its superior quality and technological expertise. Our product portfolio ranges from automobiles and industrials to ships and special oils, including more than 200 product types with Kixx engine oil as our flagship brand.

The use of lubricants in the domestic market has been stagnant with little or no growth, even as product quality has improved owing to stringent environmental regulations and demand from facility manufacturers. Also, price has been fluctuating substantially according to the change in the economy, driven by factors such as supply surpassing demand and competition becoming fierce in the domestic and international markets. In order to overcome these challenges, we focus on improving the product mix, developing cost-saving recipes, and attracting new customer.

Our polypropylene production facilities were completed in 1988 with an annual production capacity of 120,000 tons. The current production capacity is about 180,000 tons a year. We have an annual production capacity of 476,000 tons of propylene, which is used for polypropylene, thanks to our No.1 Heavy oil upgrading facility (RFCC : Residue Fluidized Catalytic Cracking Unit) developed in 1995 and No.4 Heavy oil upgrading facility (VGO FCC : Vacuum Gas Oil Fluidized Catalytic Cracking Unit) developed in 2013.

Our facilities in Korea, China, and the Czech Republic produce PP compound, which are used for high-value added products such as automobiles and electronics. Their annual production capacity is 280,000 tons. In March 2017, a new plant with an annual capacity of 20,000 tons was completed in Mexico.

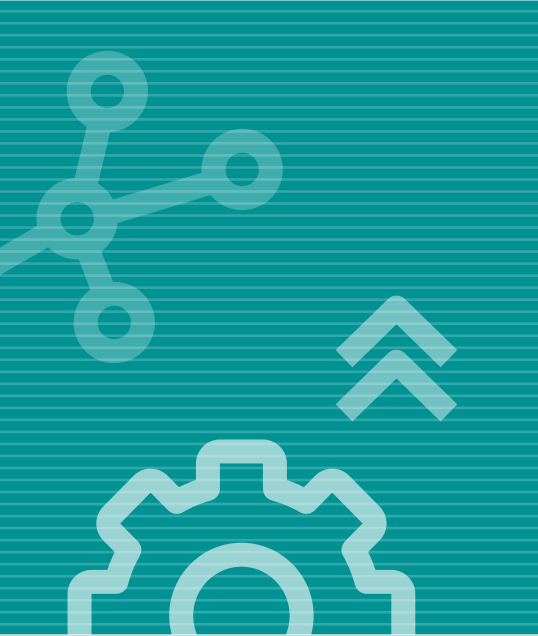
The most critical risk factor in the petrochemical industry, where commodity is a driving force, is the fact that profitability can be subject to external factors such as oil prices. In this regard, our polymer business has optimized a portfolio that can distribute risks through vertical integration between upstream and downstream, from propylene (resource) to polypropylene (intermediate goods) and composite resins (end goods).



01

2018 Highlight





Why is this important?



Changing production volumes of OPEC, increased conflict in the Middle East, development of shale oil in the U.S., and intensifying competition in the market with business expansions are having unpredictable impact on our business practice. The global market is more competitive and volatile than ever with an increase of refineries and exports in China, Asia, and the Middle East. As a result, our earnings are fluctuating significantly. To achieve sustainable growth, we have to strengthen our internal competencies while proactively responding to this changing environment.

Investments for New Growth

MFC Project Background

GS Caltex pursues solid growth by identifying new growth engines as along with strengthening competitiveness of existing businesses. In particular, we are starting olefin operations that record high growth in the petrochemicals sector and can easily be expanded to the downstream market. In this initial phase, we are making investments by building an MFC (Mixed Feed Cracker), an olefin production facility. We plan to establish a balanced portfolio that creates stable profits based on successful MFC investments.

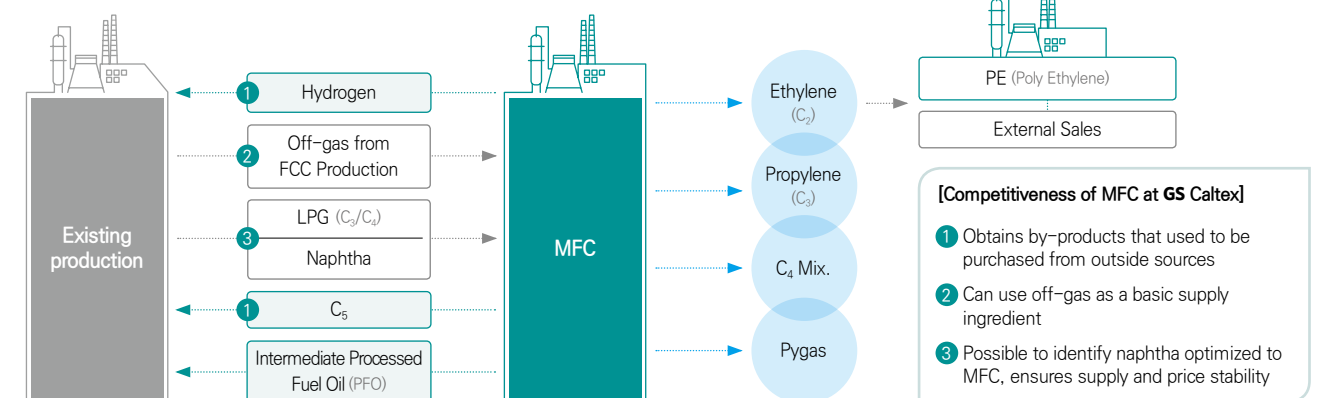
Ethylene, the main olefin product, is used as the base ingredient for so many industries that it is called the rice of the petrochemicals industry. In particular, polyethylene, one of the downstream products of ethylene, is utilized for daily plastic products such as plastic bags, containers, and disposable goods after processing and cutting. Given the versatile application of polyethylene, we expect the largest volume and growth in demand out of all olefin products worldwide.

In the polyethylene market, GS Caltex plans to first enter the HDPE (High Density PE) market. HDPE is relatively large in market size and relates to our existing operations (polypropylene), so we expect entry into new markets to be relatively easy. In addition, ethylene prices are low in relation to price of the aromatics that GS Caltex produces, making it possible for us to enter the rapidly growing, high-value downstream products market through development of a secure portfolio.

Differentiated Competitiveness

GS Caltex expects that the MFC has high compatibility as it can utilize the off-gas, LPG, naphtha and other materials. By-products from MFC such as hydrogen (H₂) and C₅ can also be used in existing plants, and investment costs can also be reduced by utilizing partial facilities and tanks in existing plants. We expect that MFC will secure outstanding cost competitiveness and a competitive advantage over other petrochemicals companies through synergy with existing facilities.

GS Caltex anticipates additional profits by expanding operations into the olefin market, other than the existing aromatics market, through MFC. In the future, we expect to acquire even stronger competitiveness in petrochemicals as well as oil by entering various high-value-added downstream markets.



Schedule	Launch construction in 2019, start operations in 2021
Investment	KRW 2.75 trillion
Production Capacity	Ethylene : 700,000 tons per year Polyethylene : 500,000 tons per year
Job Creation	2 million employees during construction phase (man-days) 500 employees after operations (240 direct employment, 260 indirect employment)
Expected Profit	KRW 400 million per year (operating profit)



Fire Drill at Yeosu Complex

Making a Safe Workplace



Why is this important?



Many companies are focusing their attention on safety and health that are recognized as requirements to sustainable business operations. Owing to the growing social interest in accidents that occur at production sites, businesses are adopting stronger measures to protect workers such as strengthening the boundary of laws and increasing the responsibility of contractors. At **GS Caltex**, we will focus on our Safety and Health actions more actively in line with these changes in the environment.

Making a Safe Workplace

Identify and Disseminate Outstanding Cases of Safety

GS Caltex expanded the scope of the existing Safe Environment Contest, which was based on units of teams, worksites, and partners until 2017, to Excellent Cases of Safety from the second quarter of 2018, to identify and reward individuals, groups and organizations that conduct safety activities regularly. The reward system works on a quarterly basis. We assess these recommended or identified cases through the Excellent Safety Selection Committee¹⁾ for final selection to award them and share those cases within the entire company.

The targets of excellent cases of safety are cases worthy of sharing with the entire company. These are instances of performance improved by improving safety systems, enhancing safety facilities, efforts to prepare for emergencies and responses to emergency. Excellent cases are communicated within and outside the company to raise safety awareness. The PSM 12 Factors Training video which was selected as an excellent case, is playing an important role in promoting safety awareness. Discovering excellent safety cases will continue to serve as the foundation to raise safety awareness at **GS Caltex**.

1) Composed of departments related to safety, health, logistics and purchasing

Selection Status of Excellent Cases of Safety

Classification		2Q 2018	3Q 2018	4Q 2018
GS Caltex	Individual	2	2	2
	Group	2	2	1
	Team	2	-	-
Partner / Subsidiary	Individual	1	-	2
	Group	-	-	1
	Team	4	1	-

Awards for Outstanding Cases of Safety at 51st Anniversary Ceremony



Efforts to Internalize Safety

At **GS Caltex**, we established a SHE Information System in July, 2018 for the systematic management and communication of SHE (Safety, Health, Environment) data. The SHE Information System creates a database from SHE-related information, and analyzes it to identify areas that need improvement. The system is utilized to strictly improve weaknesses by providing periodical alarms and encouragement on all necessary items to be managed such as assessment and accident inspection. In addition, we actively promote the internalization of safety through the SHE Information System through methods such as various dashboards provided by the system to assess status of major areas.



Explaining How to Use the Cookstove

Reducing GHG by Cookstoves



In accordance with the Paris Climate Agreement, countries all around the world including Korea are obligated to reduce GHG emissions. Korea also established a national goal to reduce GHG emissions by 536 million tons (37% reduction against 2030 BAU). Response to climate change is growing in importance as it not only affects companies economically but it is also a dimension of social responsibility. Now, companies must comply with social responsibility beyond environmental regulations by taking preemptive action and also pursue new business opportunities in doing so.

Why is this important?



Reducing GHG by Cookstoves

Cookstove Project in Connection with SDGs

According to German Watch, a private research institution in Germany, Myanmar is the 2nd most vulnerable country to climate change. The country is exposed to abnormal climates where droughts and floods occur repetitively and the citizens are continually exposed to adverse conditions due to extreme air pollution.



Cooking conditions are especially poor in Myanmar. Households in Myanmar use firewood to cook. Trees are cut down to make firewood, which in turn damages the forests and causes soil erosion, causing an overall negative impact on the environment. In addition, firewood emits harmful substances that damage the respiratory health of residents when it burnt.

GS Caltex provided 50,000 high-efficiency Cookstoves to Ayeyarwady Region of Myanmar from 2018 to fulfill our social responsibility within the environment domain. The provided Cookstoves improve air circulation unlike the existing cooking tools to enhance combustion efficiency, and use insulation material to improve heat transmission. In addition, ashes do not fall into the heat source, and hence soot and smoke are reduced.

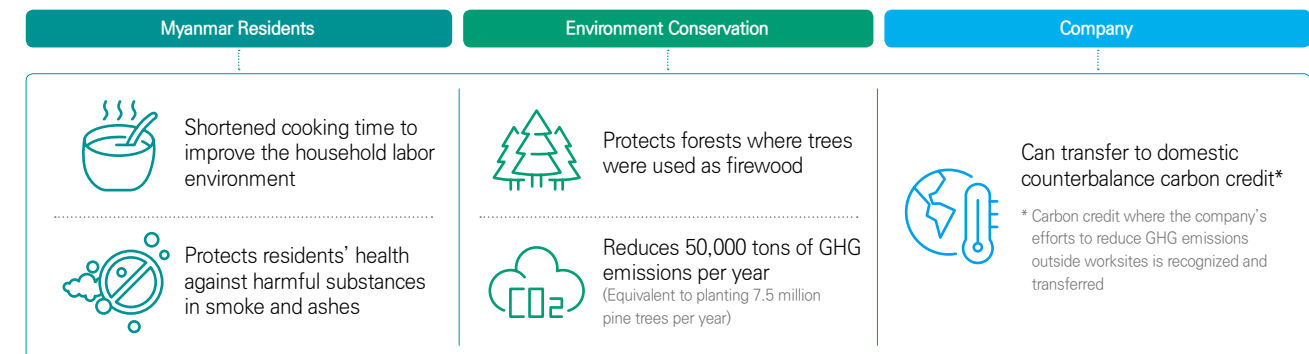
Through the GS Caltex Cookstove Distribution Project, we anticipate various positive effects in relation to the UN's SDGs (Sustainable Development Goals) by not only improving the quality of life for people of Myanmar but also facilitating forestry conservation and reduction of GHG by 50,000 tons (annually).

Win-win Cookstove Project

The Cookstove Project from GS Caltex improves citizens' health and the environment of developing nations. In addition, the volume of GHG emissions reduced through the project is recognized in Korea as carbon credit, which is a CSR activity beneficial for all. Furthermore, the project contributes actively in the pursuit of Goal 7¹⁾ and Goal 13²⁾ out of the SDGs that the UN proposed as means to solve various world issues.

	1) Goal 7 : Affordable and Clean Energy		2) Goal 13 : Climate Action
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We plan to expand the scope of this project and distribute Cookstoves to Malawi and Zambia in Africa in 2019.



Explaining Cookstove to locals at Ayeyarwady, Myanmar



Cookstoves



Yeulmaru 2019 New Year's Music Concert

Creating Culture Space



Why is this important?



All around the world, companies are creating social value as well as economic value. To be sustainable, companies must not only pursue economic development but be leaders in solving the social and environmental issues our society is facing to rise up to the expectations of society at large. Hence, companies must recognize their roles to practice social responsibility, pursue harmonious growth with local communities, and secure the company's development in a sustainable manner.

Creating Culture Space

New Landmark, GS Caltex Yeulmaru

Yeulmaru is a landmark launched for the Yeosu World Expo that was held in May 2012, and is an integrated cultural space built by GS Caltex with more than KRW 110 billion in investments since 2006. The name Yeulmaru alludes to a space full of the rolling waves of culture and art where people can relax as if they were lying on the floor of a traditional house. It is a local infrastructure creation project by GS Caltex Foundation (established in 2006) where a corporation, local government, and communities collaborated to fulfill a CSR project.

Creating Social Value through Culture Space

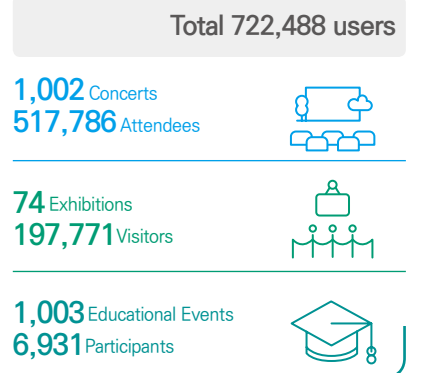
The Grand Theater, which maximizes performance effects through excellent audio, stage, and lighting facilities, is ideal to host original performances including classical, musical, ballet, opera, and plays. The short distance between the stage and audience allows visitors to enjoy the concert vividly from any seat. The Small Theater is a half-moon shaped stage where directors can transform styles to their liking while audiences can breathe in and feel the performance. Yeulmaru is equipped with various forms of exhibitions halls taking the culture and art experience in Yeosu to the next level.

Yeulmaru changed the cultural landscape for regional areas that used to lack opportunities for arts experience by featuring a wide variety of genres including classical, opera, musical, concert, ballet, and plays to extend opportunities for people to enjoy cultural and art content. In the past, residents had to travel to Gwangju or Seoul to attend quality concerts and exhibitions. Now, Yeosu has gained a reputation as a leading spot for arts and culture, enhancing the cultural pride of the local residents.

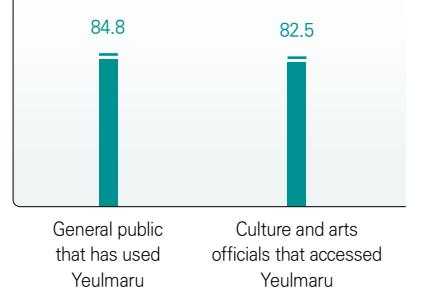
Creation of Jangdo Park, the Island of Art

We undertook the Jangdo Development Project, the 2nd phase of the Yeulmaru Project: construction started in 2017 and the space was launched in May 2019. Covering 94,843m², Jangdo will serve as an Island of Art through the participation of artists and citizens. In addition, the Jangdo Bridge is designed to submerge underwater twice a day aided by the change in tide, to present a mystical atmosphere as if walking on water when the tide is high, maximizing the attraction of the island. As the Jangdo Development Project is finalized, Yeulmaru will become richer in contents so that it can continue as a landmark of arts and culture in the Southern Coast.

Yeulmaru Operational Performance
(Cumulative from May 2012 to Dec 2018)



Assessment of Contribution to Local Culture and Arts (Unit : %)



Survey Summary

Term	1 November to 18 December 2018
Target	1037 Yeulmaru website members (general public) and 113 culture and arts officials
Method	Online survey through questionnaire
Surveying Institution	Wiseln Company

Business Case | 2018 Yeulmaru Concerts, Exhibitions and Academy Events

Every year, Yeulmaru moves the audience with classical concerts. In 2018, it held the Kyung-wha Chung and Seong-jin Cho Duo Concert and set a record of selling out just 2 minutes after tickets were made available to public. In the first half of 2018, large-scale concerts such as Gwanhwamun Love Song and Chicago also had tickets selling out completely. At the end of the year, The Nutcracker by the Korean National Ballet, Finding Family, a musical in the small theater, and Yeulmaru Christmas Concert were held to enthusiastic responses from the audiences.

In addition, the Life Photography Exhibition that introduced photographs from LIFE Magazine, the symbol of 20th century photojournalism, also generated passionate response. Within the Life Exhibition, Yeulmaru also prepared a Special Exhibit commemorating the 70th year of the Yeosu-Suncheon 10.19 Incident, thereby presenting a unique exhibition style that enhanced the exhibition standards of the Yeosu region.

UN SDGs

GS Caltex recognizes that companies can achieve sustainable growth only based on the sustainable growth of society. To do so, we will pursue responsible business operations based on the trust of stakeholders, and create value for our customers and society.



The UN announced Sustainable Development Goals to form consensus with the global community and provide a direction for practicing together for sustainable development and growth. GS Caltex is in agreement with the principles and goals of SDGs, and works to contribute to solving various global issues through strong support and initiative.

To do so, the CEO has signed an agreement to publicize our determination toward pursuing SDGs. Accordingly, we have set 9 goals that we will work to accomplish. We will work with stakeholders including suppliers, customers, and society to conduct diverse activities that can contribute to the goals. Furthermore, we plan to strengthen our capabilities to incorporate feedback from experts on more goals that we can contribute to and expand our scope of action.

1 No Poverty + 2 Zero Hunger

Goal Improve the quality of life and nutrition for isolated neighbors through employee volunteer work

Activities

- Operate Free Meal Distribution Program for low-income seniors
- Provide meals for job seekers
- Provide daily necessities, organize an employee volunteer team

4 Quality Education

Goal Provide educational support so that children and teenagers can grow happily and realize their potential

Activities

- Conduct Maum Talk Talk Program
- Operate educational programs for children and teenagers
- Develop academy-industry connected curriculums

5 Gender Equality

Goal Support female employees in developing their full capabilities by pursuing gender equality in business operations

Activities

- Pursue gender equality in business operations including recruitment, assessment, compensation and promotion
- Run female leadership development programs

7 Affordable and Clean Energy

Goal Distribute clean energy technology to contribute to the environment and work to promote sustainable energy

Activities

- Manufacture products to standards that are stricter than legal specifications
- Provide Cookstoves to developing nations

8 Decent Work and Economic Growth

Goal Create and maintain jobs to contribute to the development of economy and society

Activities

- Conduct MFC Projects
- Support suppliers
- Support new startups
- Safety campaigns

11 Sustainable Cities and Communities

Goal Communicate with stakeholders where our worksites are located, reflect their feedback in our business activities and support contributions for the development of the local community

Activities

- Operate Yeulmaru in Yeosu
- Strengthen the Extra Credit Policy for recruiting Yeosu citizens
- Develop local small and medium enterprises

12 Responsible Consumption and Production

Goal Reduce use of resources in all stages of business operations and enhance recycling to create a sustainable value chain

Activities

- Energy management activities
- Optimize use of resources
- Increase recycling of wastes
- Strict management of pollutants discharge

13 Climate Action

Goal Invest efforts to reduce GHG emissions in all stages of business operations

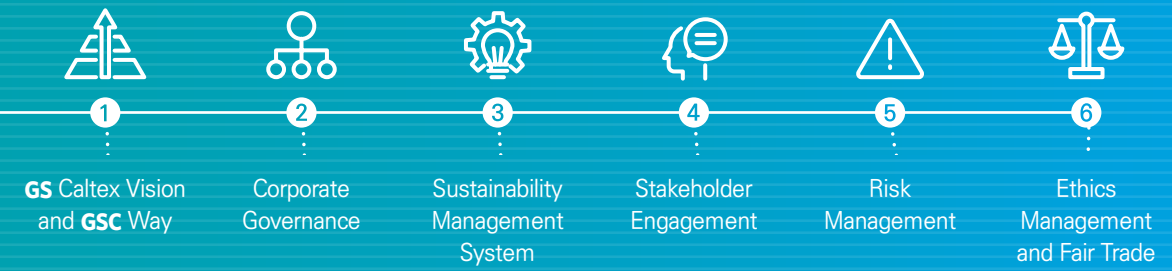
Activities

- Run activities to reduce GHG emissions
- Provide Cookstoves to developing nations

02



Management System



GS Caltex Vision and GSC Way

In January 2014, we unveiled our new vision for the future, 'Value No. 1 Energy & Chemical Partner'. To this end, we defined and implemented the Shared Value the 'GSC Way'.

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.

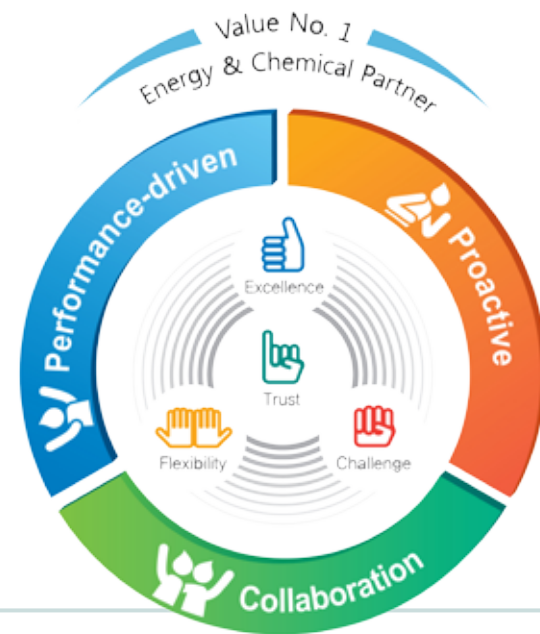
Strengthen Vision and Practice the GSC Way

At GS Caltex, we discuss with our management and employees how to implement the GSC Way in relation to our vision, and carve the way forward based on their recommendations. By sharing cases of the GSC Way, we disseminate how organizational values and core conducts are implemented so that all our employees can practice the GSC Way in performing their responsibilities. With the GSC Way as our foundation, we select and award those who displayed excellent performance and set an example for others in the previous year. In 2018, 33 employees were selected based on their performances.

Excellent Employee Awards at GS Caltex' 51st Anniversary Celebration



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 internal and external resources and capabilities
- Performance | Driven- Deliver tangible results

GSC Way Charter

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

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

We will achieve our vision through the GSC Way

Corporate Governance

Composition of the BOD

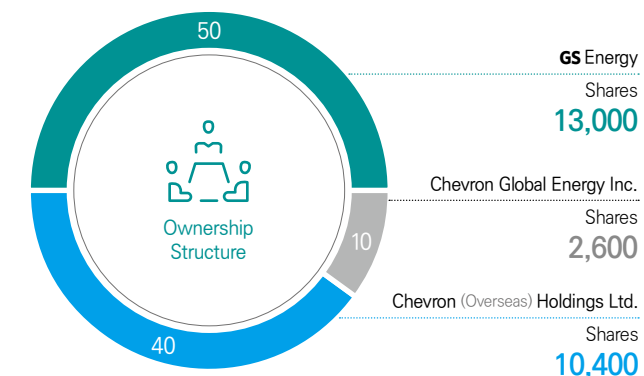
The GS Caltex Board of Directors is comprised of executives from GS and Chevron. The executives selected to the Board of Directors are required to have high levels of professional expertise and risk management skills. As of May 2019, there are three internal directors and seven non-standing directors. They are appointed each year at the General Meeting of Shareholders based on their professional qualifications in accordance with the internal policies.

Composition of the BOD (As of May 2019)

Classification	Name	Job Title
Inside Directors	Jin-Soo Huh	Chairman GS Caltex Corporation
	Saehong Hur	President & CEO GS Caltex Corporation
	Hyung Kuk Kim	President, Yeosu Complex & MFC Project GS Caltex Corporation
Non-standing Directors	Taik Keun Jung	Vice Chairman & CEO GS Holdings Corporation
	Yongsoo Huh	President & CEO GS Energy Corporation
	Brant T. Fish	President, Chevron Downstream & Chemicals, International Products
	Navin K. Mahajan	Vice President & Treasurer, Chevron Corporation
	J. David Payne	Vice President, Chevron Technology, Projects & Services, Corporate HES
William L. Stone	CEO, Singapore Refining Company	
William J. Miner	Country Chairman, Chevron Korea	

Ownership Structure

(Unit : %, thousand shares)



BOD Management & Prevention of Conflict of Interest

As our Board members are executives from different companies, their compensation schemes follow the internal policies of their 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 voting with regard to that particular issue.

The Board Support Office provides support to the directors on all matters related to the Board, 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 before the actual meeting to ensure enough time to review the agendas. Nine Board meetings were held in 2018 to review and approve key agendas such as the 2019 Business Plans, investment in the MFC Project, long-term LNG purchasing and terminal use contracts, and approval of investing shares in Green Car.

Operation of Committees in Support of the BOD

GS Caltex operates separate committees including the Accountability Committee, Audit Committee (apart from the Audit Committee under the commercial code), and LNG Procurement Management Committee within the BOD. 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

Classification	Composition	Role
Accountability Committee	3 members	Review and discussion of governance-related issues
Audit Committee	4 members	Review and discussion of compliance program and major audit issues
LNG Procurement Management Committee	2 members	Review and discussion of LNG-related issues

Sustainability Management System

We manage economic, social, and environmental aspects of our business to pursue sustainable growth in a rapidly changing background on global business. Since establishing the four CSR strategies and convening the first CSR Committee meeting in 2010, we have systematically operated a sustainability management system based on risk management and the fulfillment of social responsibilities.

Establishing an ESG Database (Environmental, Social, Governance)

Governments all over the world are choosing to make CSR a legal requirement for businesses in their jurisdiction. For example, the Indian Government introduced legislation to make corporate CSR activities mandatory in 2014 and the EU made it legally mandatory to disclose Corporate ESG for entities that have more than 500 employees from 2018. In Korea, the Stewardship code was adopted as of July 2018 and the importance of non-financial disclosure is growing.

At GS Caltex, we established an ESG database in 2017 as an integrated ESG initiative that encompasses everything from policies to performance evaluation in response to the increasing need for evaluation and management of CSR performance. The GS Caltex ESG Database is managed by analyzing global ESG standards such as GRI Standards, DJSI, UNGC, ISO 26000, and IPIECA, as well as benchmarking advanced corporations and conducting media research.

The GS Caltex ESG Database consists of 56 index titles, 166 requirements, and 849 types of data in categories under the Environment, Society, and Governance fields. The 849 types of data are further divided into CSR global standards, management system (principle, strategy, governance), and qualitative and quantitative data. In 2018, Human Rights Management and Enhancement of Partner CSR, Compliance to Tax Payment Requirements, and Strengthening of Safety, Health, Environment and Quality were selected as key areas for enhancing performance, and a management system was implemented for these areas.

Response to Stakeholder Requirements for ESG Data

GS Caltex conducts ESG assessment that external parties require, to maintain a reliable supply network. We not only conduct ESG assessment demanded by individual domestic and international companies, but participate in regular assessment provided by ESG expertise organizations, as this serves as an opportunity to assess the ESG level at GS Caltex.

CSR Committee

With the CEO as chairman, GS Caltex holds CSR committee meetings on a regular basis. Since its first meeting in 2010, the committee has been holding regular meetings to discuss and make decisions on CSR issues.

In the 21st CSR Committee Meeting held in January 2019, we discussed the progress we had made towards improving our ESG practices in 2018 and presented our improvement plans for 2019, as well as our Maum Talk Talk, our main social contribution campaign.

GS Caltex holds a variety of committee meetings in relation to sustainability management, including the CSR Committee, in order to strengthen our sustainability management system on a corporate-wide level. Each committee undertakes the following activities.

Status of the Sustainability Management Committee

CSR Committee Development of CSR strategy and identification of key areas of performance, decision-making on resource inputs	CCM Committee Decision-making on consumer-oriented strategies and their implementation
Corporate Compliance Committee Discussion of key issues under the Voluntary Compliance Program	HR Committee Discussion and decision-making on key issues of HR operation and management
Information Security Committee Corporate-wide discussion and decision-making on information security and policies	Risk Management Committee Providing guidelines and review of risk management performance
Safety & Environment Committee Decision-making on SHE policies and strategies	Fair Trade Review Committee Internal reviewing body to ensure fair and transparent business practices
Mutual Growth Committee Discussion and implementation of mutual growth-related policies	Strategic Investment Adjustment Committee Selection of optimum corporate-wide investment (proposal) and decision-making on prioritization
Occupational Safety & Health Committee Reviewing and resolving of key safety and health issues for employees	Brand Committee Discussion and decision-making on the brand management of GS Caltex

Stakeholder Engagement



Stakeholder Policy

GS Caltex pursues sustainability initiatives based on stakeholder communication that we systemized in 2019 to establish a stakeholder policy. We will communicate transparently with stakeholders in each business sector based on our policy, and reflect their opinions in our decision-making. Our stakeholder policy gives high importance to communication principles such as responsibility, transparency, and equality, and includes definition of stakeholders, scope of policy application, communication principle, and management process on stakeholders.

Stakeholder Communication Channel

GS Caltex classifies entities that are directly and indirectly affected by our business activities as stakeholders. This includes local communities, customers, employees, partners, government & relevant authorities, shareholders & investors. We operate communication channels by stakeholder as shown below. We manage detected issues based on the level of stakeholder impact and business relevance.

Stakeholder Classification and Major Channels of Communication

Stakeholder	Communication Channel	Communication Issue
Local Community	CSR programs, discussions, briefing sessions on issues	Environment protection activities, contribution to local communities, job creation, CSR and business operations
Customers	Customer service center, social networks, website	Response to customer requests/feedback, protect personal information, setting prices, marketing, product quality, customer safety, network and future environment
Employees	Company newsletter, internal bulletin board, surveys, collective bargaining, joint labor-management conference	Collective agreements and various negotiations, compensation, development of talent, protection of human rights, occupational safety and health
Partners	Discussions, web-portal for partners, surveys	Mutual growth, occupational safety and health, change in government policy, fair trade
Government & Relevant Authorities	Public hearings, discussions, seminars, newsletters, local government websites	Government policy, tax compliance, trends by industry, trends by local government
Shareholders & Investors	Business reports, disclosure	Business information, investment, protect shareholders' interests

Risk Management

Risk Management Governance

In response to the changing business environment, we have organized the following risk management teams : RM Team, RM Strategy Team, and Cost Accounting Team, to monitor and analyze risks, and report the results.

GS Caltex holds a Risk Management Committee meeting comprised of the CEO and executive officers on a quarterly basis. Through these meetings, we review major risks and plan mitigation strategies.

Risk Management Teams	
Classification	Key Activities
RM Management (RM Team, RM Strategy Team)	<ul style="list-style-type: none"> Report on issues and current agenda through daily monitoring of the market Analyze market and price, conduct risk assessment, propose and implement derivatives trading
Cost Accounting Team	<ul style="list-style-type: none"> Monitor and report internal risk management activities and compliance

Risk Management Committee Profile	
Classification	Key Activities
Chairman	CEO
Committee Members	General Manager of : Yeosu Complex, Supply & Trading, Petrochemicals Business, Corporate Planning, Finance, Singapore Region
Board Members	Head of : Aromatics Business, Crude Oil Trading, Treasury
Secretary/ Secretariat	Head of Accounting / Cost Accounting Team, Head of Risk Management / RM Strategy Team
Activities	Provide guidelines on risk management and review performance
Frequency of meetings	4 times a year (quarterly basis)

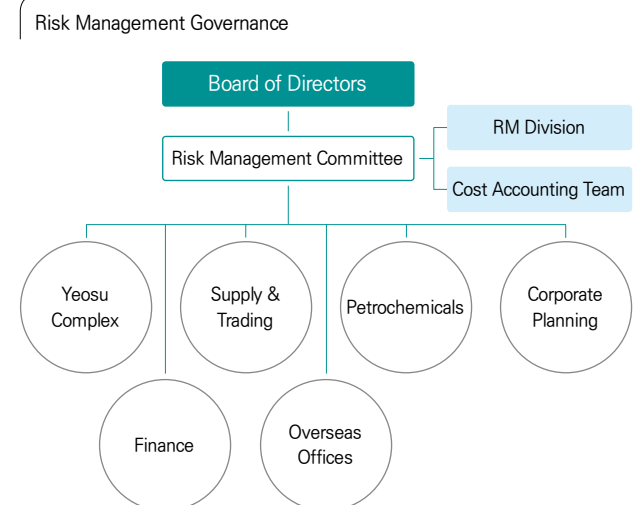
Risk Management and Financial Stability

GS Caltex has a risk management system to cope with changes in the market prices of crude oil and petroleum products. Oil refineries run the risk of corporate's loss and cash flows changing, due to changes in the prices of crude oil and petroleum products. In order to control and manage the risk properly, the hedging system is established based on the crude oil and petroleum product markets by deriving and overlooking the market.

In response to the increasing volatility of the business and industrial environment, we focus on maintaining financial stability. We have maintained our borrowing at a safe level based on stable cash flow, and secured sufficient credit lines¹⁾ to finance and maintain strong risk management.

¹⁾ Credit exposure set by bank in advance for a certain term

Credit Rating Trend					
Category	S&P	Moody's	Korea Ratings	Korea Investors Service	NICE Investors Service
2017	BBB (P)	Baa2 (P)	AA+ (Stable)	AA+ (Stable)	AA+ (Stable)
2018	BBB+ (S)	Baa1 (S)	AA+ (Stable)	AA+ (Stable)	AA+ (Stable)



Non-financial Risk Management

As the demand for sustainable practices has grown, so has the importance of social and environmental issues. The CSR Team coordinates with other teams to manage non-financial risk, while executive officers attend CSR Committee meetings to review corporate-wide sustainability issues, activities, and performance.

Based on the ESG database built in 2017, we took a more proactive approach in dealing with possible non-financial risks in the business field through strengthening human rights management, improving CSR levels of our suppliers, compliance with tax obligations, and reinforcing conformance with safety, health, environment, and quality requirements in 2018. In 2019, we will strengthen our stakeholder communication procedure and introduce more in-depth improvements to enhance the level of CSR in our suppliers based on our improvement activities in 2018.

Tax Compliance > GS Caltex Tax Policy

As an exemplary tax-compliant company, GS Caltex will comply with the social responsibilities as a corporation through diligent and transparent tax payments as well as refusing to generate profits through tax havens that has been a current global issue. We put this determination into establishing the GS Caltex Tax Policy in 2018.

In addition, GS Caltex was awarded the KRW 400 billion National Tax Prize at the 53rd Tax Payer Day hosted by the Ministry of Economy and Finance. This was in recognition of breaking through the KRW 400 billion limit of reported corporate tax payments from the good performance in 2017. GS Caltex was also awarded the KRW 300 billion Tax Prize in 2006 on reverted corporate tax from 2004.



Management of Emerging Risks

Crude Oil & Petroleum Price Fluctuations

Overview

- Crude Oil prices are highly sensitive to geopolitical and economic uncertainties, including inter-state trade disputes.
- The price of petroleum products are also subject to various external factors such as supply-demand and fluctuations in inventory.

Impact on Business

- Crude Oil and petroleum product prices have a major effect on production cost and sales.

Activities

- We use derivatives such as futures and options to hedge the risks of volatile oil and product prices while organizing quarterly Risk Management Committee meetings as part of our risk management.

Ethics Management and Fair Trade

Ethics Management

Ethics Management System

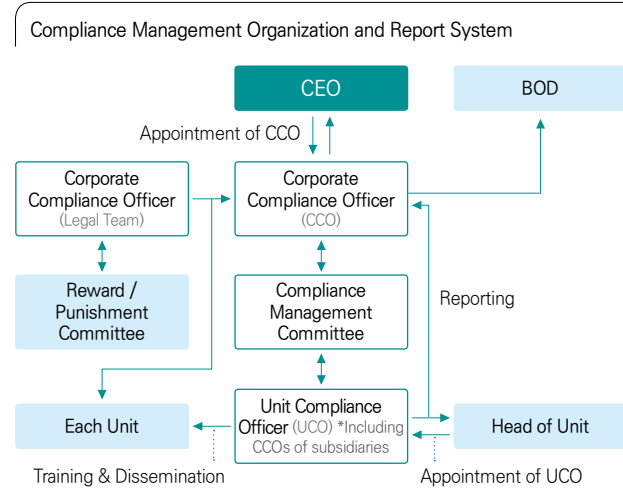


GS Caltex operates our ethics management system based on the Code of Ethics established in 1994 and the Compliance Program implemented in 2001. In particular, in order to practice ethics management on a corporate-wide scale, we have appointed a compliance officer and established a reporting system under the CEO's compliance policy. Our ethical management activities are reported through the Audit Committee under the BOD twice a year.

Implementation of Compliance Management

In order to implement compliance management in a consistent manner, we have established CCO (Corporate Compliance Officer) and UCO (Unit Compliance Officer) positions at each division and subsidiary. Individual compliance activities are reported to the BOD while we encourage oversight and compliance at our business sites by organizing the Compliance Management Committee led by CCO and UCO on an annual basis.

Every year, GS Caltex organizes corporate-wide compliance programs targeting all our employees. In 2018, we provided offline ethical management training for employees that engage in numerous sales activities to ensure full compliance with the GS Caltex Code of Ethics.



The CCO holds quarterly Compliance Management Committee meetings or discussions targeting the UCO to deliberate on compliance issues and regularly review compliance activities by each business division. Additionally, we sent 5,855 letters so far to our customers and partners to encourage them pursue ethical management.

Raising Awareness of an Ethical Management Culture



GS Caltex is working to raise awareness of ethical management culture among our employees and other stakeholders. All our employees are obliged to train under the CCP (Corporate Compliance Program) and submit the Pledge of Compliance every year to reaffirm their commitment to ethical practice. The CCP consists of subjects essential to day-to-day business such as ethical principles, fair trade, and prevention of sexual harassment, information security, and CCM (Consumer Centered Management). These programs are also implemented at our subsidiaries worldwide. We strengthened the program in 2018 by establishing new training for prevent sexual harassment. We updated and improved detailed contents by reflecting regulatory changes and new systems.

Also, GS Caltex raises awareness of ethical practices by organizing ethics campaigns for our employees. As part of our ethical compliance program, we send out CEO's messages to our employees before traditional holidays to remind them of the importance of ethical compliance. CEO's messages are also sent to raise awareness on factors that cause social issues such as driving under the influence of alcohol or sexual harassment.

Ethics Management Reporting System

GS Caltex operates a reporting system for ethics management. We post our ethics management initiatives and the full Code of Ethics on our Ethics Management website, while providing specialized counseling service for inquiries and ethical dilemmas that employees and stakeholders may face in the course of business. In addition, we have established an anonymous ethics management reporting line to make it easy for our employees and stakeholders to report any violations and corrupt/unfair practices.

Ethics Management Website	http://ethics.gscaltex.com
Ethics Management Reporting Line	02-2005-6011 ethics@gscaltex.com
Sexual Harassment Reporting Line	02-2005-6012 meetoo@gscaltex.com

Compliance Review Principles

GS Caltex strictly manages whistle-blower and reported contents as confidential information. When we receive complaints, charges of corruption, appeals, or other items, relevant departments review the report and notify the reporter of the results.

Items subject to reporting include all activities that violate the GS Caltex Ethics Policy and cause negative influence on sound business activities, including : unfair work processing (negligence, etc.); violation of the principles of fair trade; providing or demanding valuable goods or entertainment in circumstances where such exchanges can have an influence on a business decision; unfair trade with shareholders (joint investment or monetary loans, etc.) : violation of human rights (between clients, partners and employees); and sexual harassment.

Fair Trade

Consultative Bodies and Organizations for Fair Trade

At GS Caltex, we have formed a fair trade organization comprised of executives and employees to ensure consistent compliance. We also monitor regulatory changes to adapt in a timely manner.

The Fair Trade Review Committee was organized to review compliance with the laws and regulations prior to undertaking any business practices. Under the Committee, there are the Internal Trade Review Committee, which reviews relations with businesses such as affiliates with which we have a special relationship; and the Subcontractor Review Committee, which reviews business relations with small and medium-sized companies.

At GS Caltex, we have established a Fair Trade Affairs Team in charge of communication with organizations and consultation for business units within our company. The team ensures compliance with laws (e.g Monopoly Regulation and Fair Trade Act, the Fair Trade Practices Act for Subcontractors and the Fair Supplier-Vendor Trade Practices Act.).

Fair Trade Compliance Activities

The Internal Trade¹⁾ Review Committee was organized to ensure fair practice in internal business relations. The Committee reviews compliance with applicable laws (e.g. Fair Trade Act, Commercial Act, Tax Act, etc.) and keeps our business departments informed of compliance issues to enable them to take the necessary follow-up measures based on the results.

The Subcontractor Review Committee has been established to ensure fair business dealings with subcontractors. The Committee reviews compliance with the Fair Trade Practices Act for Subcontractors before dealing with small and medium-sized companies.

At GS Caltex, we organize mandatory employee training on an annual basis to ensure that employees have a proper understanding of fair business practices. We also provide offline training programs for new employees as well as those with job experience, and conduct occasional training programs tailored to the needs of each business department all year long.

¹⁾ Internal trade made with company of special relationships, such as affiliates

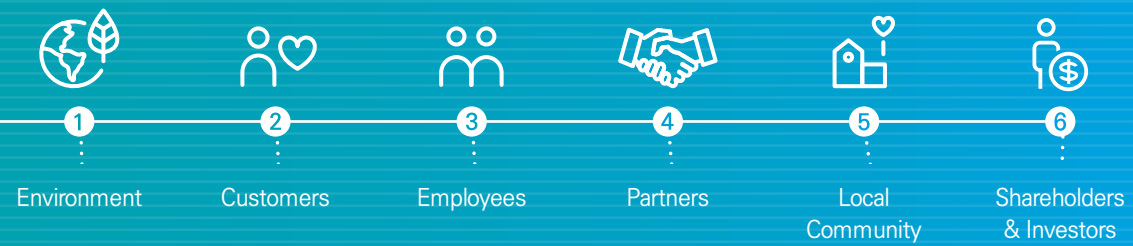
Business Case | Strengthening Compliance

GS Caltex recognizes the importance of strengthened compliance in accordance with changes in the domestic and global environment and has continuously reviewed its compliance system. In 2019, we worked to establish a better compliance system by reassessing areas including fair trade, anti-corruption and sanctions. These continued efforts for improvement raise not only employee awareness of compliance but also minimize risk in core fields of risk.

03



Sustainability Activities



1 Environment



Response to Climate Change

Preemptive GHG Management

GS Caltex conducts preemptive analysis on the impact of GHG emissions to establish appropriate response strategies. We implemented climate change strategies through environmental analysis in line with the national GHG reduction roadmap and our business strategies, to forecast the mid- to long-term trend in GHG emissions volume. We also established an internal GHG emissions monitoring process for proactive response to climate change.

Furthermore, we conduct an economic evaluation in reviewing every new investment to reflect the impact of GHG emissions on the environment and our value chain at a corporate-wide level. This allows us to plan our strategy to deal with the new climate regime and seek new business opportunities. We also engage in initiatives such as the High Efficiency Cookstove Project that improves health and conserves the environment leading to a higher quality of life for citizens in developing countries. We are also working to respond to climate change by cutting GHG emissions.

Data | GHG

Energy Management

At GS Caltex, we have developed a mid- to long-term roadmap to respond to the changing business environment and strengthen our competitive advantages through energy saving and efficiency programs as part of our energy management activities.

Our employees, including managers, share their ideas to save energy and strive to incorporate innovative technologies in our business operation through external consultations and benchmarking. In addition, we take a mid- to long-term, macroeconomic approach in investment for energy-saving projects. Thanks to these efforts, we were able to reduce our energy cost by KRW 26 billion in 2018. We are committed to achieving the goal we set each year.

Data | Energy

“ We ask GS Caltex to continuously reflect various environment-related opinions. ”

Recently, particulate matter and marine pollution have been highlighted as important issues. In response, we must pay particular attention to environmental and safety measures. In this regard, we anticipate that GS Caltex conducts strict management and inspection utilizing its environment-related facilities as much as it can. We must especially reduce pollution through live monitoring and stronger internal surveillance. We hope GS Caltex will continuously reflect various opinions on the environment in its environmental policies through active exchange with local communities and NGOs.



Korea Green Foundation
Director Taeyong Jung

Environment

Improving Energy Efficiency in the Worksites

At GS Caltex, we take a proactive approach in dealing with climate change and improving energy efficiency at our business sites. More than 77 energy-saving activities were carried out in 2018.

Activities	Energy Reduction	Costs Reduction
Improved efficiency of heat exchangers in the CDU process	193.7 TJ	KRW 2.74 billion
Adjusted the ratio of material and steam in the hydrogen production	161.3 TJ	KRW 2.35 billion
Minimized oxygen combustion in the hydrogen production	128.6 TJ	KRW 1.89 billion

We also take a proactive approach to government policies on GHG and energy in agreement with the Convention on Climate Change by taking part in GS Caltex' carbon trade scheme and operating a system to monitor energy use. In view of the growing demand for reduction of GHG emissions worldwide, we keep track of GHG emissions at the Yeosu Complex on a monthly basis and focus our resources on identifying activities of reduction and developing the expertise of our human resources.

We will collaborate with external energy experts in the future and benchmark the newest domestic and overseas technologies to evaluate energy consuming facilities at our plants. In addition, we will continue to find items to improve on in daily operations, and invest in mid- to long-term energy reduction. Furthermore, we will not miss opportunities to reduce energy consumption and implement timely measures to optimize our energy monitoring system.

Environmental Pollution Management

Reduction of Air Pollution

Given the social demands to improve air quality, we take various initiatives to reduce emission of air pollutants. In order to ensure compliance with the emissions limit on heating boilers and to reduce particulate matters, sulfur oxides, and nitrogen oxides, we introduced clean fuel such as LNG. In addition, we have replaced the low NOx (nitrogen oxide) burner in our heating boilers with the high-efficiency ultra-low NOx burner to reduce the emission of nitrogen oxides. Furthermore, we are investing a great deal of effort in building facilities such as NOx reductor to minimize the emission of NOx. We have established plans to invest KRW 2.5 billion to add more NOx reductors by 2019.

In case of our RFCC (Residue Fluidized Catalytic Cracking Unit), the Yeosu Complex plans to invest approximately KRW 51.7 billion in the RFCC process by the first half of 2019 to replace the existing DeSOx facilities with Wet Gas Scrubbers. This is expected to help RFCC reduce the annual emission of sulfur oxides from about 5,000 tons to about 300 tons. Meanwhile, our Yeosu Complex is using reduction facilities such as electrical collector, scrubber, RTO (Regenerative Thermal Oxidizer) and VRU (Vapor Recovery Unit) to reduce the emission of air pollutants.

CleanSYS is installed on the chimneys at Yeosu Complex to automatically measure emissions, so we can collect data and identify the types of pollutants we need to focus on. Since 2017, we have converted the system from analogue to digital for more systematic and improved monitoring. We will continue to invest in air quality improvement facilities and increase the amount of clean energy for reducing air pollution.

Data | Air Pollutants

Water Risk Management

Data | Water Resource and Water Pollutants

GS Caltex recognizes shortage of water resources as a potential environmental risk, and takes initiatives to manage this risk. The daily industrial water usage in Yeosu Complex is 54,000 tons and the maximum daily usage in summer season reaches 64,000 tons. We expect that our daily usage will record 96,000 tons by 2021 with additional water use from revamping existing facilities and our MFC project.

We intend to proactively respond to not only internal changes but external circumstances that are causing difficulties in stable water supply including decrease of reservoir storage from heat waves, hike in demand for water in the Yeosu Complex and request for water cuts. GS Caltex is working to find reliable alternatives other than Korea Water Resources Corporation (K-Water) to provide industrial water.

To achieve this, GS Caltex has collaborated with external water treatment companies to conduct pilot tests in order to stimulate recycling of wastewater since 2018. As wastewater from petroleum and chemicals plants contain a high mineral content and fluctuate in water quality, we plan to conduct pilot tests for approximately 3 months in advance to sufficiently review the operation of facilities. After that, we plan to install a reliable treatment system to have enough water for production facilities.

In addition, we plan to reuse reclaimed water and rainwater for our operations through which we will not only secure additional water but also increase the recycling rate of water resources. Other than recycling, we are reviewing ways to reduce existing industrial water use.

Reduction of Water Pollution

GS Caltex applies stricter-than-legal standards to treat wastewater generated in our worksites before discharge. We also manage wastewater produced during our production process on a daily basis through our monitoring system for wastewater sources. We reuse wastewater produced during the process for the de-alkalization facilities. Since 2018, we have reused the wastewater in our kerosene and diesel refinery and improved the total recycling rate to 17.7%.

Rate of Wastewater Recycling

17.7%



Data | Water Resource and Water Pollutants



Management of Hazardous Material

Data | Consumption of Hazardous Chemicals

At GS Caltex, we monitor the consumption of hazardous chemicals on a daily basis through the SHE System and make sure that any new chemical substances introduced in our work process are subjected to the preliminary review system of the chemical substance portal and investment request review system. By setting our own emission reduction targets, we are committed to reducing the leakage of benzene, toluene, and xylene through the stable operation of marine VRU (Vapor Recovery Unit), installation of aromatic tank VRU, and strengthening of LDAR (Leak Detection and Repair) management.

GS Caltex provides training programs on a regular basis to strengthen capabilities for response to toxic chemical spills and the prevention of damage. In 2013, the Joint Accident Prevention Agreement was signed with companies in the Yeosu Industrial Complex to establish emergency response measures and organize joint training for response to chemical accidents. As a representative of the 2nd Group of the Yeosu Industrial Complex, we hold a seminar for the exchange of information on a quarterly basis and joint training once every six months from 2016.

In addition, we have reinforced our preparation for hazardous chemical spills by improving our protective gear and chemical substances for managing emergencies around each hazardous chemical storage facility. We also conduct inspection of our contractors that handle hazardous chemical substances on a regular basis and offer training programs for their managers as part of our prevention measures.

Compliance with Government Policies

Category	Related Activities and Plans
Chemicals Control Act	<ol style="list-style-type: none"> 1. Planned of evaluation external impact/hazard control 2. Undertook TF activities for improving facilities under the Chemicals Control Act (by 2019) 3. Distributed personal protective gear under the new regulations 4. Established the procedure of reporting tools and inspecting facilities 5. Installed facilities for emergency cleaning and to prevent solid catalysts from scattering 6. Replaced harmful chemical substance warning signs 7. Conducted regular inspection on the hazardous chemical substance facilities 8. Established a system to monitor the training program on hazardous chemical substance
Act on the Registration and Evaluation, etc. of Chemical Substances	<ol style="list-style-type: none"> 1. Built a chemicals control system (improved the purchase process, etc.) 2. Registered chemical substances
Clean Air Conservation Act	<ol style="list-style-type: none"> 1. Upgraded the facilities to improve their efficiency (e.g. replacement of NOx reducers and catalysts in the SOx elimination process) 2. Introduction of clean fuel (LNG) 3. Upgraded/replaced heating boilers (minimized the emission of NOx) 4. Upgraded existing facilities and installed new ones 5. Response to the Special Act on reducing particulate matter 6. Entered into voluntary agreements to respond to high levels of particulate matter
Act on Integrated Management of Environmental Pollution Facilities	<ol style="list-style-type: none"> 1. Analyzed the environmental impact of pollutants on air 2. Establish an optimum environment management system to minimize pollutants generated in overall operations (by 2022) 3. Complete compliance with environmental permits (by 2022)

Waste Materials Management

Data | Waste Material

At **GS Caltex**, we diversify our efforts to manage waste materials. We report the production of waste materials by worksite on a monthly basis to minimize waste generation and ensure that each type of waste material is stored separately.

Rate of Waste Recycling

67.3%



Furthermore, we a digitized waste system and an identification system to raise awareness among our employees and partners. To improve the recyclability of waste materials, we work on the development of technologies and look for collectors while recycling tank sludge, waste oil, catalyst, synthetic resin, wood, and food for various uses. As a result, our rate of waste recycling was recorded at 67.3% as of 2018.

Prevention of Soil Contamination

Data | Inspection of Soil Contamination

As part of our commitment for the conservation of the soil environment, we have signed a voluntary agreement with the Ministry of Environment (Initial agreement : year 2002 to 2012, secondary agreement : year 2013 to 2023). Accordingly, the Yeosu Complex relocated their underground oil pipes to the ground level to prevent the fundamental contamination of soil and groundwater. In a dimension of voluntary conservation, we also installed monitoring systems at every part of the complex to surveil contamination of underground water.

Protection of the Eco-system

We recognize the importance of protecting biodiversity, and manage the biodiversity around our business sites in cooperation with the government and local community. There is no eco-system protection zone or habitat of any endangered species at our business sites. In 2018, there was no hazardous chemical spill that affected biodiversity.

Status of Voluntary Environmental Management Agreements

Agreements	Terms of Agreement	Activities
Voluntary Agreement against BAU by 2020	2014~2020	Reduction of GHG emissions in industry sectors to achieve the national GHG target against BAU by 2020
Voluntary Agreement for Soil Preservation	2013~2023	Prevention of soil contamination by oil spills, voluntary inspection and restoration
Chemical Safety Association for Small, Medium and Large Companies (Formerly known as 'Joint Agreement for Emergency Response to Chemical Accident')	2013~	Establishment of an emergency response plan for the prevention and management of chemical accidents

Protected Areas Around Worksites and Relevant Activities

Category	Contents	Note	Related Activities
Water Source Protected Area	1 Water Source Protected Area is located in Mipyeong-dong, Yeosu	8.8km from the worksite	·Applied internal standards on water discharge. These internal standards are stricter than legal standards.
Wildlife Protected Area	There are 4 wildlife protected areas in Yeosu. The closest one is located in 190-1, Jung-heung-dong	6.8km from the worksite	·Activities to conserve marine life resources (Activities to release Eggs of fish/shellfish)
Nature Park	Odong Island, located in the eastern part of the Yeosu Peninsula, is part of the Hallyeohaesang National Park and the sea front and certain areas of Dolsaneup are designated as part of Dadohaehaesang National Park	·Hallyeohaesang National Park : 6.5km from the worksite ·Dadohaehaesang National Park : 29km from the worksite	
Air Protected Area	Gwangyang Bay Area has been designated as an Air Protected Area in accordance with the 'Designation of Air Protected Area, Ministry of Environment #1999-191'	-	·Activities to reduce air pollution
Low Sulfur Oil Supply and Use Area	The sulfur content must be 0.3% or less in fuel oil in accordance with Article 10-2 of the Enforcement Decree of the Clean Air Conservation Act, 'Scope of Low Sulfur Oil Supply and Use Facilities'	-	·Activities to reduce air pollution
Designated Island Area	There are 12 designated island areas in Yeosu. The one closest is the Gadeok Island.	15.8km from the worksite	·Protection of Eco-system
Special Controlled Area	Located in the Special Controlled Area in the Gwangyang Bay	-	

Business Case | Efforts to Upgrade Worksite Safety System for the Environmental Protection

In July 2018, during unloading of fuel to a land-based fuel tank owned by **GS Caltex** in Changwon, the fuel overflowed from the tank onto the ground and into a nearby stream due to malfunction in the alarm system and other causes.

In April 2019, **GS Caltex** and its three employees were imposed of fines. **GS Caltex** continues to be committed to improving its safety management system by carrying out the worksite risks evaluation, precision safety inspection, and facilities reinforcement.

2 Customers



Customer Satisfaction

Consumer-Centered Management

1) Consumer Centered Management : A certification system for consumer-centered business operation and improvement, evaluated by the Korea Consumer
2) Customer Service Center, call 1544-5151 or visit kiox.co.kr

As a result of our efforts to create values and achieve the highest level of customer satisfaction, we became the first company in the industry to receive CCM¹⁾ certification in 2010 and maintain the certification for 5 consecutive years (2012, 2014, 2016, and 2018). We provide consultation services through our Customer Service Center²⁾, an integrated channel established to promptly handle customer complaints and inquiries and provide consultation services. We also invest in fostering professional service representatives and improving the call service infrastructure. Based on these efforts, we are able to handle customer complaints more expeditiously and enhance customer satisfaction of the complaint-handling process.

Data | Customer Satisfaction Performance

Customer complaints collected through the CSC are analyzed and used to induce improvements and prevent recurrence. In order to protect the personal data of our customers, we acquired the PIMS (Personal Information Management System) certification for the first time in the industry in 2013, and have maintained the certification status until 2019.

At GS Caltex, we operate a Star Service Team to provide professional service training in order to improve the customer satisfaction. Providing on-site service training for over two decades since its establishment in 1997, the Star Service Team also serves as a VOC (Voice of Customer) channel delivering inputs from on-site workers to relevant departments. This has contributed to our achievement of reaching the first place in the National Customer Satisfaction Index (NCSI) in the gasoline station category for ten consecutive years.

“ I hope GS Caltex continues to respond proactively to the changing environment to become a brand that the customer seeks consistently. ”

I've been running a GS Caltex gasoline station for almost 20 years. GS Caltex invests various efforts to enhance customer satisfaction, and the Star Service Team, in particular, provides abundant support in communicating with customers on-site. Strict quality control from the headquarters has strengthened the brand into one that consumers could depend on and trust. We hope that GS Caltex not only improves on brand advertising and drives Smart Gas service but also responds proactively to the changing environment to become a brand that consumers consistently seek.



Taeri Gas Station
CEO Kibyoung Kim

Enhance Customer Convenience through Gasoline Stations

GS Caltex aims to expand the consumers' experience of the brand and facilitate participation through its mobile-based communication platform Smart Gas. Smart Gas provides information and benefits through GS&POINT application when a consumer fills up with gasoline.

In addition, we launched HomePick in 2018, a gasoline station-based parcel service. In 2019, we are preparing QBoo, a smart storage service utilizing gasoline stations. We are working with SK Energy to provide these services with the ultimate goal of expanding customer convenience.

Providing Various Promotional Events

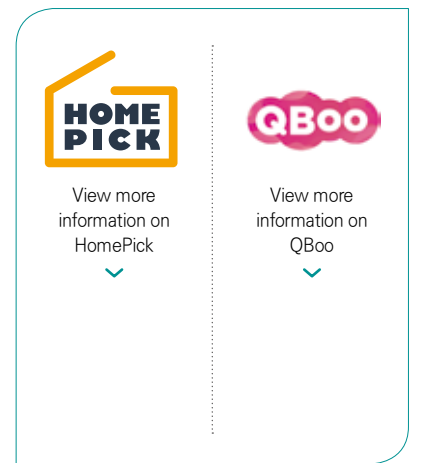
GS&POINT, a membership program launched by GS Group, provides membership benefits like travel, sports, and cultural experiences for a happy family life. In 2018, we further enhanced our communication channels through several promotional events (100% Win Guarantee Lucky Draw, etc.) by providing various benefits for more than 100,000 customers. In addition, GS Caltex communicates with customers through dedicated pages of GS&POINT on social network platforms such as Facebook, Instagram, and YouTube, and has been continuously developing diverse programs.

A large-scale year-round online event, I am your Cinema, has contributed to differentiation of our brand since it was launched in 2006 as part of our marketing program. We also provide a unique and entertaining value by adding fun to filling up through the Lucky Receipt Event, one of our biggest annual promotions to show appreciation to our valued customers.

Development of Eco-friendly Products

At GS Caltex, we continue to develop energy efficient eco-friendly products as part of our support for low-carbon energy policies. Our gasoline, diesel, and kerosene products boast superior quality thanks to our cutting-edge refining process.

In addition, we continuously work to minimize generation of pollutants and use of resources through optimizing the entire product life cycle from production and consumption to wastage. Our kerosene is especially highly purified and eco-friendly with less emissions of harmful gases as it is produced by an advanced refinery process. It produces less petroleum odor and helps promote a comfortable environment. It was certified by the Ministry of Environment for its eco-friendly attributes as the sulfur content is less than 30ppm, which is approximately 30% of the legal limit.



Environment label certified for GS Caltex' use in accordance with the Environmental Technology and Industry Support Act

1) Registration, Evaluation, Authorization and Restriction of Chemicals

Compliance with Domestic and International Chemicals Regulations for Safety

At **GS Caltex**, we implement Europe's EU-REACH¹⁾ regulations under a proactive and systematic plan. Since preregistration in 2008, we have completed registration of all chemical exports exceeding 1 ton in EU-REACH. Through this, our customers in Europe and those who export our chemical products to Europe can use our chemical supplies with confidence. In addition to the EU-REACH, we are committed to strict compliance with domestic and overseas systems for registration and evaluation of chemical substances.

Importance of Quality Control

When it comes to petroleum products, quality control is crucial as it has a significant impact on safety, environment, and performance. At **GS Caltex**, we strictly manage our product standards so that our products are safe for consumers to handle, come with minimal environmental impact, and help automobiles achieve maximum performance.

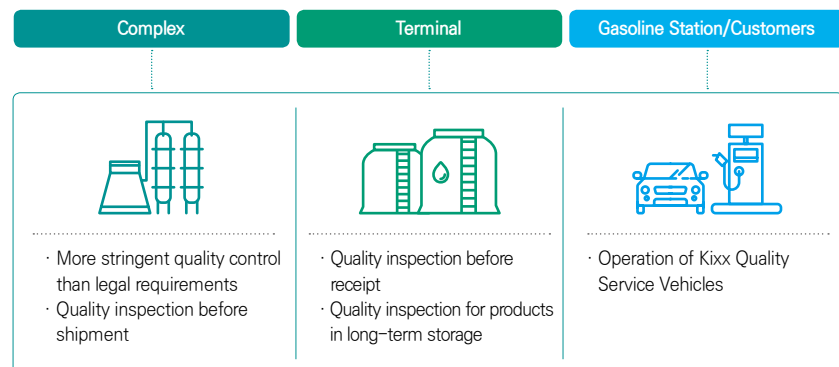
Quality Control System

Petroleum products must be managed in conformance with strict standards from production to storage to prevent any decline in quality and thereby be able to offer high quality to consumers. Our products are subject to quality standards that are stricter than the legal requirements. For instance, our Yeosu Complex has been certified by ISO9001 (Quality Management System), and quality inspection is carried out on incoming and long-term storage products in addition to those being shipped out.

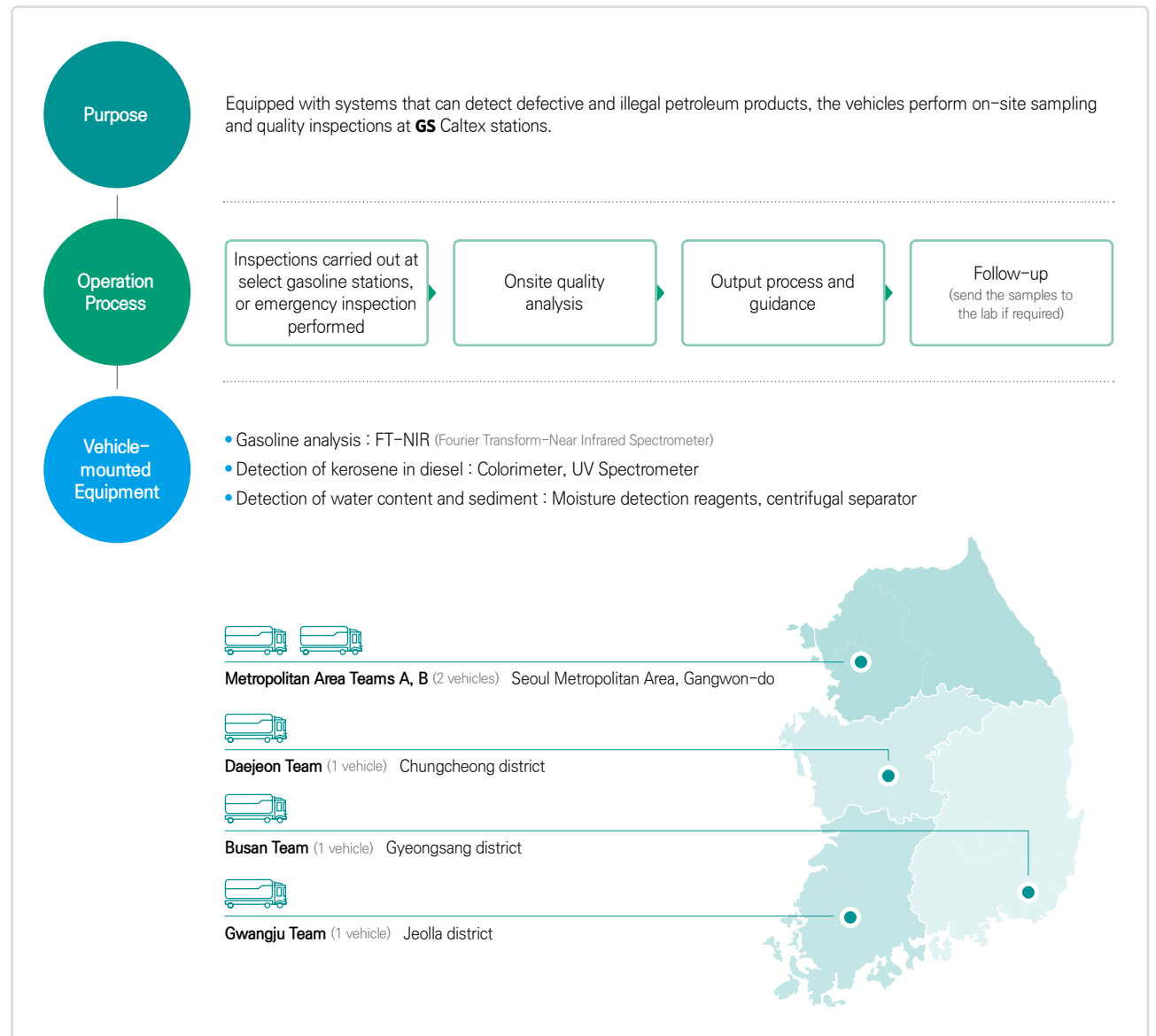
We also maintain quality assurance in the distribution process, which is our customer contact point. Quality issues can result in suspension of sales or loss to consumers when the return process is not carried out properly. Since 2007, we have been operating Kixx Quality Service Vehicle, the first in the industry to carry out quality testing of gasoline stations nationwide. We also ensure prompt response to complaints and emergency situations. In addition, we have been operating a LPG Quality Service Vehicle since 2013 and maintaining the highest quality standards to ensure full compliance with legal requirements and to prevent any violations at LPG stations when the legal quality standard changes.

Factors to Evaluate Quality Specifications

Item	Details	Example
Safety	Items that affect the safety of handling	Flash point
Environment	Items that influence the environment (air, water, etc.)	Sulfur content
Performance	Items that affect performance of the used equipment	Octane value



About Kixx Quality Service Vehicles



Quality Control Activities

GS Caltex creates quality-control leaflets and distributes them to gasoline stations nation-wide so that our service station partners can maintain products at the highest quality in the distribution process. In addition, we conduct year-round water checks to prevent potential influx of water from cracks in our tanks and pipes, which we mandate our partners to register in our e-partner system. Furthermore, we create advertising material every year on how to manage diesel in the winter season and distribute it to individual and industry customers so that our end-customers can use our products without issues.

Data | Quality Inspections

Information Security

Organization and Management of Information Security

At **GS Caltex**, we operate the Information Security Committee as our top decision-making organization regarding issues related to information security. The Information Security Committee is comprised of executive officers from each division, with the CISO (Chief Information Security Officer) as the chairman. The committee discusses investment activities and current issues to improve company-wide information security regarding personal information protection, prevent cyber-crimes, and raise employee awareness.

To respond to various security threats, protect our assets, and ensure reliable business practice and safety, we consistently align our information security policies with domestic and international laws while operating an information security system of global standards.

Customer Information Protection System

GS Caltex acquired the government-designated PIMS (PIMS : Personal Information Management System) certification for the first time in the industry in 2013. Our company undergoes stringent examinations to maintain the status.

To protect our customers' personal information, important data is encrypted when it is stored and transmitted, and access to customer data is only allowed in a secured area where fingerprint scanners and CCTV are installed. In addition, we have an elaborate system to manage access to personal information and to monitor any unauthorized access. In order to prevent any misuse or violation of laws, all teams and third parties with access to personal information are subjected to security audit every year.

In addition, we have been diligently complying with legal obligations regarding the EU GDPR (General Data Protection Regulation) valid as of 2018 along with domestic personal information laws. **GS Caltex** notifies customers of the status of processing personal information more than once a year to protect and guarantee rights to personal information and decision-making. We also work to improve our personal information protection capabilities through various information protection exercises. We will continuously work to maintain the best security capabilities and safeguard the information of **GS Caltex** and our customers through these activities.



Data | Information Security Certification

Internal Security Measures

At **GS Caltex**, we examine security issues identified in Korea as well as other countries through our security organization composed of top experts in the industry. To prevent security breaches, we conduct employee training and programs including scenario-based simulations (malicious mail training), security seminars, and campaigns. Furthermore, we have maintained a strict information protection management system through ISMS (Information Security Management System) since 2017, and conduct annual vulnerability inspection of IT systems to upgrade technical security and practice annual mock hacking programs.

At the same time, we monitor and analyze logs to identify network anomalies, such as unauthorized access, through various security solutions. Meanwhile, business infiltration tests and unannounced security checks are also carried out to enhance physical security.

Access Monitoring System

GS Caltex classifies its main business sites as restricted, controlled areas, and administrative and production areas so as to ensure security and safety. We run an internally developed special access control and monitoring system to strictly prevent access by unauthorized personnel or vehicles. Outsiders and visitors who need to enter our business premises are required to register and obtain approval through our reservation and approval process.

Protection and Management of National Infrastructure

GS Caltex Yeosu Complex is designated as a Critical National Facility, and complies with security requirements specified by the relevant laws. This work site has also implemented the national infrastructure protection plan in response to emergency situations. In the event of a disaster or emergency situation, we ensure that our petroleum production and storage are maintained and controlled in an effective manner while preventing interruption of supply and operation.

Information Security Training

At **GS Caltex**, we conduct annual information security and personal data protection training for all our employees. Furthermore, we run information security assessments and training programs for our subsidiaries so that the information security standards of the entire network are improved and maintained.

Certification Symbol for the Information Security Management System

Scope of Certification	Validity Period
Online Service for External Businesses	April 26, 2018 to April 25, 2021

Data | Customer Information Security

3 Employees



Organizational Culture

On/Offline Communication Activities

Key Channel to Communicate with Employees

Classification		2018
Online	Nanumteo	Online communication platform to discuss ways to improve the work process, and present new business ideas or issues
Offline	Jieum Academy	Held 7 Special lectures by external experts on trends in business, culture, and technology that can be applied to the work process or daily practice
	Business Presentations	Share company performance and business status, discussions between the CEO and employees
On/Offline	Company Magazine	Deliver company news and information on a monthly basis by posting various digital contents through the company blog and printed magazines

To share insights into our business strategy and status and promote various internal technologies, we have developed several on/offline communication channels. To this end, in 2015, we established a facility with an area of 760m² on the 27th floor of our **GS** Tower named 'Jieum' to promote open communication and collaboration between employees and teams, foster new ideas, and engage in organizational cultural activities. In 2018, we implemented SBT (Self-designed Biz. Trip), a program that allows our employees to experience changes in the external environment to gain a fresh, wide perspective by personally planning and conducting benchmarking tours to overseas locations.

Through our online communication channel 'Nanumteo' (means a space for sharing several opinions), 75 ideas for improving the work process were collected and 35 of them were reviewed and incorporated into practice. In 2019, we are planning a Book Concert to hold discussions with authors and experts from various fields such as arts, social science, and business management in order to stimulate creativity and ideas.

Smart Working Time System

In response to the 52-hour workweek mandated by the law, we implemented a Smart Working Time System as of May 2018 to enhance quality of life for our employees. At **GS** Caltex, we are also expediting our decision-making process by implementing policies including 'Let's call it a day' announcement, automatic PC off system, paperless reporting, flexible approval system, and improved meeting culture.

“ We are working to create a workplace that brings happiness to employees. ”

GS Caltex invests extensive efforts to encourage communication with employees. We operate a number of team-focused programs to promote collaboration. Major programs include Assimilation Sessions that ignite mutual understanding between new team leaders and team members and Action Workouts where employees can liberally experience physical off-line activities. In addition, we provide various stimuli based on external trends as well as opportunities to experience them. We support various forms of communication such as self-driven business trips, experiences, and discussions on many job-related topics like arts and environmental change. These multilateral communications have improved mutual understanding and teamwork, and proved to be extremely useful in teamwork during job tasks.



GS Caltex
Organizational Capability Team
Manager Soomi Lee

To guarantee finishing work on time, we are also inducing departments to apply and optimize duties according to the 52-hour workweek. We are also promoting vacation use, improving office dinner culture, activating the flexible working hours system, and introducing a work management system. Even after full implementation of the 52-hour work per week system, we aim to gather feedback from our employees and incorporate it into our Smart Working System to make necessary improvements.

Maternity Support and Parental Leave

We established a breastfeeding room (Mother's Room) at our headquarters to provide an area for relaxation and convenience for female employees during or after their pregnancy. Employees are allowed to take parental leave up to 1 year to take care of children aged up to 8 years or in second grade of elementary school. This parental leave can be split one time.

Data | Parental Leave

Human Resource Recruitment and Retention

Fair and Objective Recruiting Procedure

GS Caltex recognizes the importance of human resources for sustainable growth and value diversity. Given this, we focus on the actual qualifications of our employees rather than their academic background. To do this, we simplified our application process and removed the foreign language test scores from the qualifications and focused on job competency.

We provide equal opportunities in the job selection process using an online system. The applicants are tested for their personal character and competency for the job as well as knowledge of Korean history. In addition, our interviewers are not allowed to view applicants' academic records : applicants are thus judged based on their level of competency.

Average Years of Employment

14.7 Years



Data | Human Resource Recruitment

We also diversified our hiring process and introduced an academy-industry internship program, and a concept termed chemical engineering leadership to recruit talented, qualified individuals. The chemical engineering leadership program in particular is co-established by **GS** Caltex and the university, and allows the executive officers of **GS** Caltex to share their expertise and hands-on knowledge with students.

New Employees in the First Half of 2018



Data | Performance Evaluation

Fair Performance Evaluation and Compensation

GS Caltex supports fair performance evaluation and compensation. Further, any discrimination in wage, evaluation, and promotion based on gender is strictly prohibited. Our system for performance evaluation and compensation is designed to increase job satisfaction and motivate our employees by keeping the system fair and effective.

When it comes to our evaluation system, we categorize employees based on their positions and ensure that their performance is evaluated based on their roles and responsibilities in a fair and objective manner. When setting job performance goals at the beginning of the year, we closely align employees' goals with our business objectives through interviews and provide feedback so that employees can review their progress and seek ways to improve their performance.

At the end of the year, we evaluate performance using a descriptive form to include both quantitative and qualitative aspects and apply performance metrics 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. We have also implemented follow-up interviews, feedback system, and a system for posting objections regarding the results of evaluation. Furthermore, our compensation system is aligned with performance evaluation to ensure that our employees stay fulfilled and motivated. The level of compensation for our employees is determined based on their individual performance, level of contribution, and the importance of their roles. High performers are rewarded with additional incentives to motivate them.

Human Resource Development

Systematic Human Resource Development

GS Caltex regards talent as the most important source to create sustainable organizational competitiveness. To pursue talent, we have established and operate talent development programs that can contribute to company performance including programs to secure necessary job expertise based on organizational value and core actions that all employees must follow. We also implement programs that promote leadership to achieve our company vision.

Our training programs are oriented towards practical aspects, and are designed to provide specialized leadership training by rank; these training programs include job training connected to tasks, curriculums with diverse experiences, coaching, mentoring, and external degree programs. We also provide both short and long-term courses targeting employees recognized for outstanding performance.

Leadership Development Program

GS Caltex provides training programs for all our employees on a regular basis to help them improve their job competency and skills at each stage of growth. We select and foster candidates through the LDC (Leadership Development Center), our internal leadership program, and the Early Leader Curriculum. We also offer New Team Leader Curriculum, Team Leader Group Study and Team Leader Curriculum toward developing the capabilities necessary for team leaders.

HR Training Cost

KRW 6.5 Billion



Data | HR Development

For executives, we conduct the GS Group Curriculum that includes programs for new, experienced, and advanced executives apart from Executive Conferences. In addition, we invite specialists to deliver lectures for executives and Team Leaders to provide them opportunities to understand external trends and enhance their insights. We also hold training and discussions on issues regarding leadership. Furthermore, we evaluate the leadership of our executives and team leaders from multiple perspectives and provide them with feedback on a yearly basis.

Coaching/Mentoring Program

We have organized a coaching program for our new executives and team leaders to help them improve the leadership skills required to perform their duties. Our internal coaching program helps employees adapt to the organizational environment and realize their full potential. Our mentoring program, in which team leaders or seniors play the role of mentors, targets new employees during their first and second years of employment to help them learn work processes and adapt to the organization.

Job Competency Development Program

Our job competency model consists of common areas required of all employees as well as specialized areas based on each job category. To develop job competency in the common areas, we provide business courses dealing with the refining process and corporate finance as well as courses to improve individual communication skills, creativity, as well as planning and analysis skills. In particular, we have introduced an innovative change program based on Design Thinking, and operate a curriculum that offers direct experience of global innovation sites. For specialized competency, we have established various online development programs, basic expertise courses by division, as well as customized courses based on organizational and individual needs. We encourage our internal organizations and employees to voluntarily enroll in necessary internal and external job training programs.

Individual Development Program

We provide selected individuals with the opportunity to earn various academic degrees including MBAs in eminent, domestic or global colleges and attend training programs at global companies such as Chevron to help them reach their full potential. We also provide opportunities for our employees to take various courses and external education programs in their areas of expertise when needed.

Executive Development Program (EDP) Held in Early 2019



Welfare System

Healthcare Support

We provide medical expenses for our employees and their family members as part of our employee healthcare and welfare program.

Educational Support

As part of our employee educational support program, we provide 50% of the tuition if employees go to a higher level of Education. Also we cover 100% of educational costs for their children if they go to regular schools and colleges authorized by the Minister of Education without limitation on the number of children. For motivational purposes, we also provide our employees the full tuition fee even if their children received an academic excellence scholarship.

Livelihood Support

GS Caltex conducts a livelihood support program to reduce the burden of rent for our employees. We provide them with a loan up to KRW 80 million at a low interest rate for properties within the size limit prescribed by the National Housing (85m²) to prevent abuse of the system. We also give our employees a loan of up to KRW 10 million at a low interest rate when they get married as well as other low interest loans to help them secure their livelihood (up to KRW 30 million).

Group Insurance Support

We provide our employees with optional group insurance¹⁾ up to KRW 100 million (maximum KRW 200 million). The insurance is not a legal obligation, but we have got insurance that covers death, disability, and hospitalization fees of employees involved in an industrial accident.

1) Not a legal obligation, but insurance coverage provided for unexpected accidents

Data | Employees Using EAP

Employee Assistance Program

We offer professional counseling programs for our employees and their family members regarding their professional and personal issues, as well as legal and financial matters. 344 employees used this service in 2018.

Selective Welfare System

To meet our employees' varying needs, we have implemented a selective employee welfare system. We allot our employees a certain number of points that they can spend for cultural activities and sports facilities and so on. The points they spend are calculated by our company system.

Night View of the Learning & Development Center



Labor-Management Relations

GS Caltex has implemented various Labor Management programs to maintain a good relationship with our labor union and promote mutual benefits. We uphold the principles of freedom of association and the right to collective bargaining, and prohibit any kind of forced labor or child labor at all our workplaces. In 2005, we established the Declaration and Charter for Harmonious Labor-Management Relations to achieve our vision of Shared Growth based on Productive Labor-Management Relations.

Furthermore, we operate a Labor Management Council²⁾, a labor-management consultative body, as well as the Occupational Safety and Health Committee³⁾ every term as channels for ongoing communication with unions. We also engage in negotiations to determine wages for employees every year and discuss the renewal of collective agreement to review labor union activities and working conditions every two years.

2) Composed of 7 members from each side, discusses working conditions and work-related matters
3) Composed of 8 members from each side, discusses occupational safety and health issues

Data | Labor Union

Industry Safety and Health

Establishing Safety Management and Safe Culture

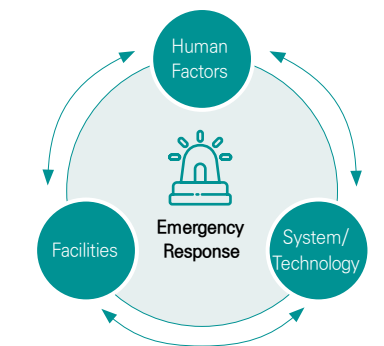
GS Caltex recognizes that safety is essential for sustainable growth, and works to internalize the value of safety. Based on this philosophy, we promote active communication among employees and raise safety awareness and safe practices, while working to secure a structured system and safe facilities. We have also secured emergency response capabilities to address any unexpected accidents.

GS Caltex SHEQ Management Policy

Data | Occupational Safety & Health Indicators

Internalization of Process Safety Management

GS Caltex continues to enhance the level of our response and operation capabilities in accordance with Process Safety Management. We make sure that our employees understand the 12 principles of Process Safety Management, and operate production safety management systems by emergency response areas including Human Factors (Education and Training, Accident Investigation, Partner Management, and Internal Audit), Facilities (Facilities Maintenance and Pre-Safety Checkup), and System/Technology (Process Safety Data, Safety Operation Instruction Procedures, Safety Work Permit Procedures, Process Risk Assessment, and Change Management).



Improving Facility Safety

GS Caltex facilities are designed, built, and operated with the highest level of safety in the world. We continually check and maintain the safety of our facilities using our state-of-the-art inspection and diagnostic system, and promptly replace any outdated facilities. We established a mid- to long-term Reliability Master Plan for the years 2017 to 2020 to make continuous improvements on our overall facilities without any omission. All facilities are operated in strict compliance within the safety range. If they go outside the range, the alarm system is activated and the process operation system stops automatically.

Campaign for Holding Handrail in Staircase



1) Hazard and Operability Study-Layer of Protection Analysis-Safety Integrity Level-Quantitative Risk Assessment

Raising Safety Awareness

At **GS Caltex**, since 2017, we have been conducting the Safety Culture Program at major worksites including our Yeosu Complex. Additionally, we operate the Safety Leadership Committee every month to make decisions on this program. The program aims to fundamentally improve employee awareness and behavior on safety, enhance safety standards, and prevent accidents.

We are expanding our Safety Culture Program to employees at office spaces as well as the production sites by conducting initiatives such as the Campaign for Holding Handrail in Staircase, to make it mandatory for employees to oblige with daily acts of safety and thereby raise safety awareness for our office workers. The Campaign reminds employees that preventing the tiny hazards and widening our view of danger are the first steps to creating a safe worksite.

Upgrading the Safety System/Technology

GS Caltex assesses our production risk using advanced techniques for systematic analysis and assessment. We have revised our former risk assessment system to the HAZOP-LOPA-SIL-QRA system¹⁾ to enhance our risk assessment capacity. To maintain a high level of safety in our operations, we ensure that safety requirements are met prior to undertaking the work through advanced, practical risk assessment, and all our activities are carried out in compliance with our safety plan.

While work is in progress, safety supervisors are allocated to ensure safety compliance. When changes are needed, risk assessment is performed and the safety work plan is revised. If any part of the work is found to be unsafe during the operation, it is paused until safety issues are rectified.

To ensure effective operations of our Safety, Health, Environment management system, we carry out objective diagnoses in consultations with some of the best experts in Korea. The diagnosis is conducted on a regular basis to identify vulnerable areas within Human Factor, Facilities, System/Technology, and Emergency Response in a comprehensive and consistent manner. In addition, we conduct an API (American Petroleum Institute) safety environment diagnosis every three years at our workplace while also undertaking an assessment of safety culture every year to identify the areas requiring improvements and continue to raise the level of safety.

Emergency Response System Establishment

GS Caltex runs an Emergency Response Team that is on standby 24 hours a day. The team expedites our emergency response process in case of industrial accidents, safety and environmental problems, and natural disasters such as earthquakes and typhoons. Based on the **GS Caltex** Emergency Response Manual, we clarify the responsibilities of our employees in emergency situations while simplifying our reporting system so that we can promptly respond in the event.

At each workplace, an emergency response scenario is prepared. Training is conducted on a monthly basis while unannounced emergency response drills are conducted at our headquarters. The Yeosu Complex has a system that dispatches a total of 300 emergency personnel over the first and second line of response. In addition, we are focusing on strengthening the emergency response skills and preparedness of all our employees through fire drills at the large facility in order to minimize damage.

Health Management at the Workplace

GS Caltex provides various healthcare programs and facilities to help our employees maintain their health and deal with musculoskeletal disease, smoking, and obesity. At the Yeosu Complex, we operate a clinic with the latest medical equipment as well as specialized medical staff including doctors, nurses, medical laboratory technologists and emergency rescue personnel. The clinic can provide basic medical services such as first aid, blood tests, hearing tests, and X-ray examinations as well as follow-up examinations if necessary. We also provide various healthcare support including protective gear, work environment analysis, and special medical check-ups for our employees.

In addition, we established an MSDS (Material Safety Data Sheet) management system to manage our inventory and train personnel throughout the entire business process (purchase-production-sale). Through this system, we create MSDS and safety signs in accordance with GHS (Global Harmonized System)²⁾ standards and Industrial Safety and Health Act to support customers use our company products in a safe manner.

SHE Management for New Projects

GS Caltex establishes PSMP (Project Safety Management Plan) in conducting new projects to systematically manage the SHE field in the EPC (Engineering, Procurement, Construction) process. We have created and apply a PSMP for the currently undergoing MFC project for successful SHE management.

In addition, we have secured operational and safety standards that must be adhered to through the entire work process from design and purchasing to construction. In addition, along with our employees and partners, we have established a safety management plan, and provide safety training and conduct job risk assessment, job approvals, and SSE (Short Service Employee) management. **GS Caltex** acts as a pioneer in establishing a safety culture by implementing safety observation programs and creating a safe work environment through implementation of an advanced safety index.

Response to Industrial Safety and Health Act

GS Caltex will analyze areas of change in the Industrial Safety and Health Act to ensure compliance with the total upcoming revision and improve work process and regulations. Especially, with respect to MSDS submissions and approval of confidential material, we will upgrade our chemicals control management system to prepare for regulatory compliance.

2) Global Harmonized System of classification and labelling of chemicals

4 Partners



Shared Growth Basic Policy

Recognizing that shared growth with partners is a key element for sustainable management, we have implemented various programs including financial support, technical development support, training, and education for our partners.

In particular, we take a proactive approach focused on 'fair', 'stable', and 'practical' practices. We ensure fair and ethical practice when dealing with our partners, and provide support such as cash settlement and long-term contracts, as well as assistance in more practical areas such as technical development, and training.

Shared Growth Basic Policy



Fair

Promote a mutually beneficial business arrangement based on fairness and transparency



Stable

Pay partners in cash, form long-term partnerships to enable partners to pursue sustainable business operation.



Practical

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

Financial Support

We have implemented an array of financial support programs for small and medium-sized companies with which we do business. When making purchases, we ensure 100% cash settlement, and payment is made within 7 days upon receipt of invoices. In addition, we raise shared growth fund jointly with financial institutions for our partners that join our shared growth program.

In particular, we increased the shared growth fund to KRW 200 billion as of 2018, with which we currently provide loans to 81 partners. We have also introduced a program where we make advance payments of up to 20% of the projected monthly expenses for major shipping companies that we have contracted.

Technical Development Support

We recognize the challenges that small and medium-sized companies face when it comes to technical development, due to a lack of human resources and access to reliable outside organizations. Therefore, to secure technologies we need in the mid- to long-term, and to help our partners overcome their technical challenges, we have established the Productivity Innovation Program for partners.

“ We looking forward to providing the continuous opportunities for mutual growth with partners. ”

Jokwang ILI is a major partner of GS Caltex that manufactures Safety Relief Valves and Pressure Reducing Valves among other products. We are able to continuously accumulate and develop new technologies through transactions with GS Caltex. More than anything, we were motivated by GS Caltex' recommendation to conduct CSR activities. We also created products suited to the market through GS Caltex' mutual growth program, which enabled us to conduct a project to localize production of Safety Relief Valves and accurately understand customer demands. Working with GS Caltex, we anticipate continuous mutual growth opportunities that provide technical support and new product proposals.



Jokwang ILI Co.
CEO Mansoo Lim

We assist small and medium-sized companies by providing support for securing human resources from government-supported research centers, and finance their R&D projects without claiming any ownership or beneficial interest in the technology developed under this program. We also provide subsidies for service costs of small and medium-sized companies engaged in on-site innovation.

Establishment of the Supply Chain Management Process

GS Caltex has developed standards and processes for assessment of partner companies to establish the supply network management process that we have been implementing. Partner assessment is composed of 3 steps : 1) Partner due diligence where the due diligence authority visits the prospective partner company to evaluate technical competency such as production, management and quality control, 2) Quality assessment where we evaluate supplies and services themselves through performance tests and evaluation, and 3) General assessment where we calculate the sustainability of the partner's supply, as well as their operational and financial status to arrive at a total score for evaluation.

For future plans, we are preparing a partner portal renewal, slated to be launched in early 2020. In addition, we have created an internal TF to improve ESG standards and establish an ESG management system for partners since early 2019.

Education and Training Support

GS Caltex provides training programs targeting the maintenance partners of our Yeosu Complex, in areas such as improving their job performance as well as safety and management expertise. We use the data derived from the program as a basis to establish certification policies for partners' employees. The certification system also enables safe operations at GS Caltex through improved partner capabilities.

We also build new training programs such as discussions with partner companies. We conduct partner training for tank vessels and coastal shipping vessels on a biannual and quarterly basis respectively. In addition, we organize training programs for employees of logistics companies and partners to prevent accidents, raise safety awareness, and enhance customer satisfaction.

Code of Conduct for GS Caltex Partners

Low-Interest Loan Support

KRW 62.8 Billion

Data | Partner Industrial Safety Training

Partner Discussion/Seminar (Held in 2018)

Name of Event	Location	Target	Contents
Mutual Growth Forum for Construction Partners	Seoul	10 partners	Safety and environment, Business plan and discussion
Discussion with Partners in Western district	Daejeon	10 partners	Safety and environment, Business plan and discussion
Discussion with Partners in Gyeongsang district	Busan	8 partners	Training for environment safety accidents and discussion
Discussion with Retail Facility Partners	Seoul	5 partners	Safety and environment, Construction and discussion
Discussion with Facilities Partners	Seoul	7 partners	Outstanding partner awards and accident-free declaration, Safety training, etc.
Discussion with Tank Lorry Shipment Partners	Seoul	7 companies	Accident-free declaration, marine shipment environment and policy sharing, safety management, etc.
Discussion with Construction/Environment partners and Surveyor of Yeosu Complex	Yeosu	20 companies	Safety and environment, Business plan and discussion
Discussion with Shippers	Busan	Approx. 8 partner companies	Safety and environment, Business plan and discussion
Discussion with Lubricants Sub-material Partners	Incheon	25 partners	Guide for Labor Standards Act revision, Business plan etc.

Business Case | Go Together Project



GS Caltex is establishing an opportunity by improving R&D capabilities for both suppliers and GS Caltex. Starting in 2016, we conduct the Go Together Project that serves as a useful groundwork for mutual growth for GS Caltex and partners. We have created opportunities to develop partners' technology, products, and services that GS Caltex plans to purchase while enhancing the R&D competency of partner companies.

GS Caltex supported 5 partners in 2016, 6 in 2017 and 12 in 2018 through the Go Together Project. Through this project, our partners saw KRW 20.9 billion in revenue growth and KRW 2.9 billion in cost reduction over 25 operations over the past 3 years. This performance led GS Caltex to be selected as an Excellent Supervising Corporation for Company Support in 2018 by the Korea Institute of Industrial Technology.

Jokwang ILLI is a leading example of a partner availing technical development support from GS Caltex. Jokwang ILLI participated in the Development and Purchasing sector in 2018, and was registered as an approved supplier of high-temperature/high-pressure safety relief valves for petrochemicals production in early 2019. As a result, the company will also participate in the olefin production facilities (MFC) project scheduled to begin commercial operation in 2021. Gfutech, a supplier of medium-sized air-conditioning facilities for plants, was seeking a solution for their lack of technology to manufacture explosion-proof motors that petroleum and petrochemical plants require. Through the Go Together Project, they completed the development of explosion-proof motors in 2018. Based on this improvement, Gfutech started developing air-conditioners with explosion-proof motors in 2019. It is expected to generate KRW 1 billion revenue growth at completion. Also, the company plans to acquire IECEx (International Electrotechnical Commission System for Certification to Standards Relating to Equipment for Use in Explosive Atmospheres) certification. It is expected to make exports to overseas plants possible.

Tae Young Cap Mold, which supplies lubricants containers to GS Caltex, creates and provides metal automatic assembly devices with flip-top cap (easy-to-open cap) form according to customer orders. However, the device cannot be shown to other clients, once it was supplied to a client. The company received technical support from GS Caltex to build a metal automatic assembly device for client demonstration. This helped clients understand the product better and led to a 30% increase in contracts relating to metal automatic assembly devices in 2018. Hado, a producer of crude oil tank mixers, intended to use durable metal adhesive parts. However, the company did not have sufficient data for product design and could not guarantee product reliability. To address this situation, the Go Together Project helped the company establish test equipment for the corresponding parts so the company could collect data. As a result, Hado succeeded in localizing crude oil tank mixers with improved reliability; the new model could be disassembled for maintenance without the need to empty the oil tank. Test data can also be used to improve tank mixer durability which we anticipate will result in revenue growth. KDM Tech, a supplier of pressurized containers introduced welding-related technology for special materials (Chromium-Molybdenum) through the Go Together Project. It allowed them to expand their field of operations to high-functioning (high volume/high pressure/high corrosion resistance) products, serving as groundwork for an exponential increase in revenue as well as sales price.

In 2019, we discovered two companies that were not directly trading with us and asked them to participate in the Go Together Program, providing opportunities to companies beyond our partners. GS Caltex will continue to support partners in improving their technical competitiveness.

Kick-off Workshop for Go Together Project



5 Local Community

CSR System

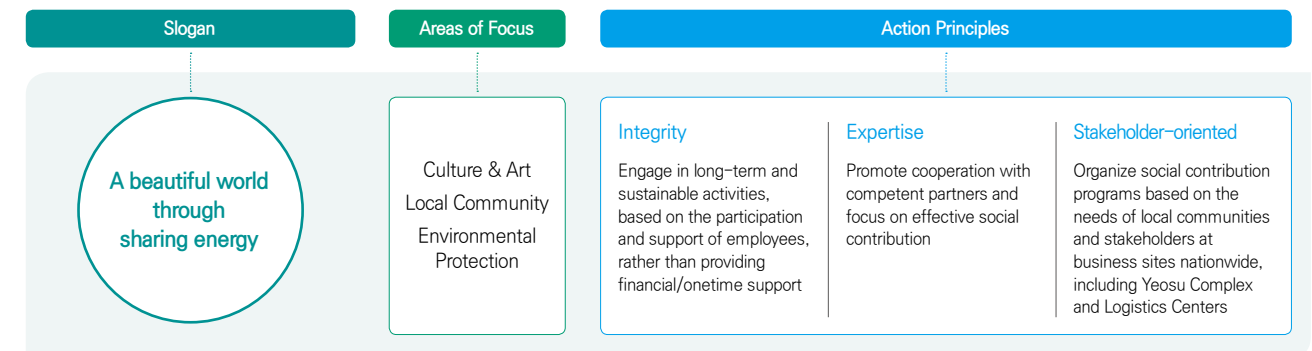
CSR Strategy

To fulfill our corporate social roles and responsibilities, we engage in various social contribution activities. By focusing on culture and art, environmental protection, and local communities, we aim to create values for our society at large.



We are committed to improving quality of life and making the world a better place to live, through projects such as 'Maum Talk Talk', an initiative for providing art therapy for children, and construction of 'Yeosu Culture&Arts Park-GS Caltex Yeulmaru.' Employees are also participating in our company's determined pursuit of social contribution through voluntary donations and volunteer work.

Furthermore, we are actively conducting local community support programs to give back to the communities in Yeosu, Incheon and other locations nationwide where our business sites are located. GS Caltex engages in various environmental protection activities and educational programs to create a sustainable future.



“ Please incorporate more feedback to lead CSR activities. ”

We are supporting after school academies in collaboration with GS Caltex. GS Caltex is the older brother of Yeosu Industrial Complex, taking on a leading role in local CSR activities and influencing other companies on a large scale along the way. GS Caltex Yeulmaru in particular has greatly contributed to the culture and arts of this small regional city to upgrade our reputation, and we anticipate that the Jangdo Park scheduled to open in 2019 will also present great value to the citizens of Yeosu. We hope that GS Caltex incorporates more feedback from locals and be an example for other companies.



Yeosu YMCA
Secretary General
Sanghoon Lee

마음톡톡

Photo of Maum Talk Talk Healing Class Program



Participation of Supervising Professors

- Provide overall program counseling and individual or group supervision

Outstanding Therapy Team

- Select expert therapists with graduate degrees/certification and clinical experience, and manage therapist pool

Specialized Target Program

- Design programs optimized to school sites or child characteristics

Multidimensional Assessment of Effects

- Develop and utilize diagnostic tools to verify effectiveness
- Analyze qualitative performance and develop academic papers

Data | Maum Talk Talk Program

Key CSR Activities

Maum Talk Talk

GS Caltex started the Maum Talk Talk project in 2013 in hope that children who are our future grow in a healthy and happy way. In 2015, we entered into an agreement with the Ministry of Education to promote art therapy for students in crisis, and expanded the project full-scale into a school.

Schools are the optimal space where students form various relationships and learn how to be social. Maum Talk Talk is a group art therapy composed of Maum Talk Talk Therapy and Maum Talk Talk Healing Class, which enhance the self-confidence and social skills among youth experiencing various challenges associated with adolescence so they can enjoy healthy friendships and a happy school life.

Maum Talk Talk Therapy is an art therapy program that visits schools or operates in each regional center for students in need of empathy and healing. This program works in cooperation with Wee Center and Good Neighbors' Good Heart Center and other organizations. The Maum Talk Talk Healing Class targets all first graders of selected middle schools, and forms the students into 3 to 4 groups to conduct preemptive or healing programs.

Maum Talk Talk works with some of the best art therapists, and conducts qualitative management and undertakes studies to improve the effectiveness of art therapy. Up to now, more than 200 art therapists have participated in 11,391 hours of training under the supervision of ten professors. Over the last 6 years until end of 2018, a total of 15,458 students across the country participated in the programs and learned how to express their feelings in a healthy way to improve their relationships with their peers.

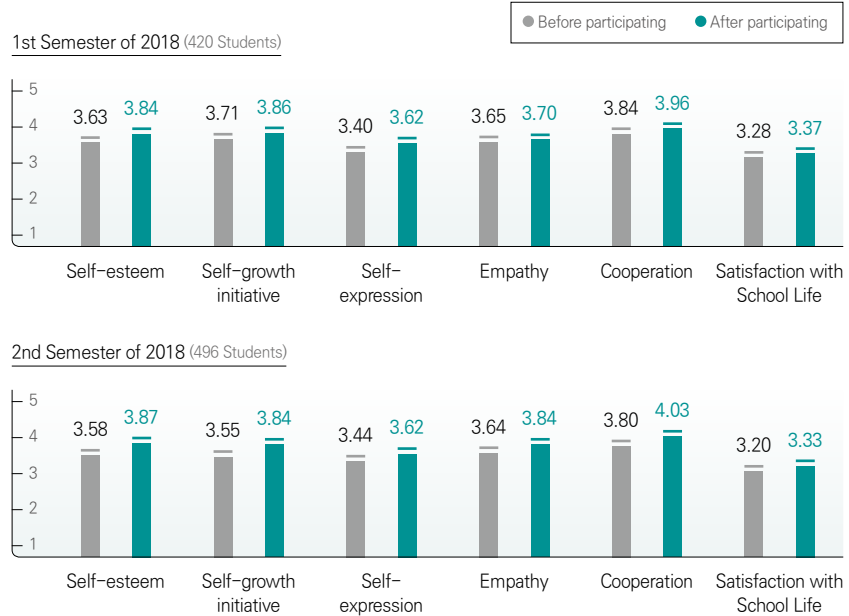
Social Impact Analysis of Maum Talk Talk

GS Caltex analyzes the effectiveness of Maum Talk Talk in a systematic way. Since 2015, we have been conducting surveys with program participants before and after they joined the program, and include a control group to evaluate the effectiveness. We also collect feedback from students' school teachers (evaluation of students' behavioral change) and program teachers (satisfaction survey) to improve the effectiveness of the program. Through these surveys, we learnt that Maum Talk Talk helped children improve their self-esteem and motivated them to cultivate as well as improve social skills, enhancing their rate of satisfaction at school.

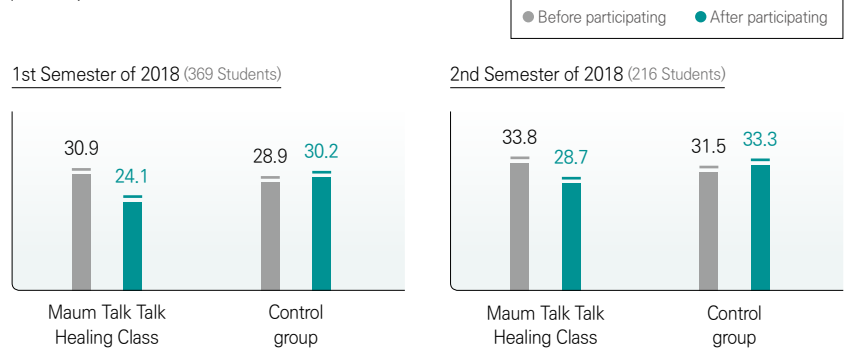
The Maum Talk Talk programs provided in school are considered to have raised awareness of psychological therapy and art therapy programs for children. Meanwhile, we are developing the program to expand its areas of application for students with juvenile delinquency and those who are involved in school violence.

Through preventive and corrective activities, we can help these students to adapt to society and reduce social costs. By building a network with various partners including the Ministry of Education and Good Neighbors, we aim to create values for society.

Psychological Change among Wee Center Program Participants (Unit : Point, Out of 5 Points)



Change in High Risk Children among Participants of Maum Talk Talk Healing Class Program (Unit : %)



1) The high risk level of the isolation group (1st to 5th) was calculated based on the number of times the student was selected by a friend for emotional or entertainment aspects. The risk level was classified based on grades ranking from 1st to 8th. Higher rank (1) implies higher risk, lower rank (8) implies better safety.

Youth Participating in Maum Talk Talk Healing Class Performing on Stage



Children and teenager participants for Maum Talk Talk (2013 to 2018)

15,458



Career Support for Local Talent

GS Caltex entered into an MOU with Yeosu City to Recruit Yeosu Citizens, being the first company to do so in the Yeosu Industrial Complex in 2017 to resolve the issue of youth unemployment in the region. The MOU was implemented as of 2018. In addition, we also support the Yeosu City-hosted Warm Table program that provides lunch meals for job-seeking youth from low-income families in Yeosu.

Furthermore, the Smart Work TFT is operating an Industry Affiliated Curriculum at four universities to help the employment of university students in the Jeonnam area and recruit talent for regional companies. The curriculum educates students on the problem-solving methods of GS Caltex along with discussions on actual cases.

A Soup Kitchen Program for Seniors

We operate the GS Caltex Soup Kitchen, a free food station for seniors of Yeosu, as part of efforts to resolve the nutrition issue faced by the socially vulnerable classes. Since its establishment in 2008, we provided free lunches to 323 senior citizens on average daily, for 5 days a week, recording a total of 861,000 meals cumulatively up to December 2018. More than 42,000 employees, family members of employees and local volunteer groups helped out to serve warm meals, establishing the program as a core volunteer program in the region.

Volunteer Group Activities

GS Caltex launched the GS Caltex Volunteer Group based out of Yeosu to share love and care with neighbors as a member of the local community. Twenty-three volunteer groups formed in 11 cities nationwide organized 15 regular monthly volunteer activities and helped to solve community problems through programs such as meal service for seniors, repairs for welfare centers, outdoor activities for people with disabilities, and cleaning seaside parks.

Furthermore, the children and family members of employees participate in our efforts to share with neighbors and the local community. The Family Volunteer Team was created in line with the changes of lifestyle in a family, and regularly participates voluntarily in welfare facilities in the vicinity of the home at desired hours. This team is highly active as there are some families that take time out of their holidays for volunteer work.

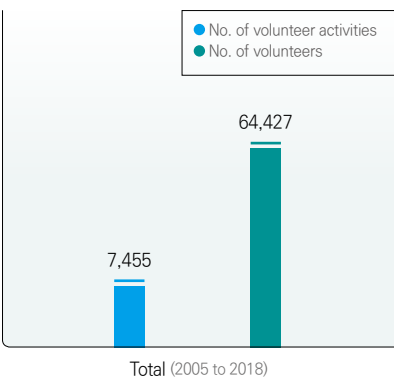
Since 2005, we have engaged in various volunteer programs every May as part of our corporate anniversary celebrations, and have donated rice and household goods worth KRW 100 million as part of the Charity Event during the Chuseok holidays. We also donate Kimchi, heating fuel, and Christmas presents at the end of each year for those in need. After volunteer activities, we collect feedback from volunteers and use it to encourage participation and improve our volunteer activities for the future.

MOU between Mokpo University and GS Caltex



Data | GS Caltex Soup Kitchen

Volunteer Activities and Participants



Conservation of Marine Resources

We released 1.94 million young fish including sea bream and 155 tons of shellfish eggs such as manila clams into the sea to preserve the eco-system and contribute to sustainable growth of the fishery industry in 2017 and 2018. The project increased the income of local fisheries and set an example of mutual growth with the local community. The project, which is carried out in cooperation with the Yeosu City and Fishery Association, has continued for more than 20 years since its beginning in 1996.

Communication with Local Communities

GS Caltex actively engages in communication with residents of the Yeosu area, the location of our major production base, viz. Yeosu complex. In addition to official events such as public hearings and discussions targeting residents of Yeosu and Jeonnam district, local welfare organizations and NGOs, we also contact locals individually to discuss major issues. These methods are part of a larger scheme to incorporate feedback from various stakeholders in the Yeosu district, reduce conflict, and establish a framework for sustainability.

Hanyeowool Forum, Female Leadership Development in Jeonnam district



Business Case | Developing Small & Medium Enterprises and Talent in Regions

GS Caltex Smart Work TFT commenced operations in 2016 aiming to support local communities by improving business operations of small and medium enterprises and cultivating local talent.

The Smart Work TFT conducts operational improvements directly at the beneficiary companies' business sites. Most small and medium enterprises understand the need to establish infrastructure and organizational capacities that are the core of business competency, but cannot tackle the issue due to the limited resources available to them. The TFT has been conducting improvement activities including ERP setup, strengthening organizational capacity, enhancing organizational culture, establishing safety management systems and increasing productivity at 14 companies using the experience and expertise of GS Caltex.

In addition, we support the activities of Hanyeowool Forum, a group formed to develop leadership skills for women based in the Jeonnam district. The forum started in 2018 with 6 female entrepreneurs and specialists, 8 professors from Seoul-based universities, and corporate talent. It actively conducts various lessons and open discussions on female leadership, and plans to increase the number of participants.

GS Caltex plans to continue supporting small and medium enterprises, youth, and female leaders in the Jeonnam district. We are also preparing to provide business consultation as well as talent for starting businesses, and expanding the scope of support to more recipients. We will develop this into a CSR activity on a strategic dimension that differs from existing ones where we share our unique knowledge and expertise.

Data | Smart Work TFT Activities

6 Shareholders & Investors



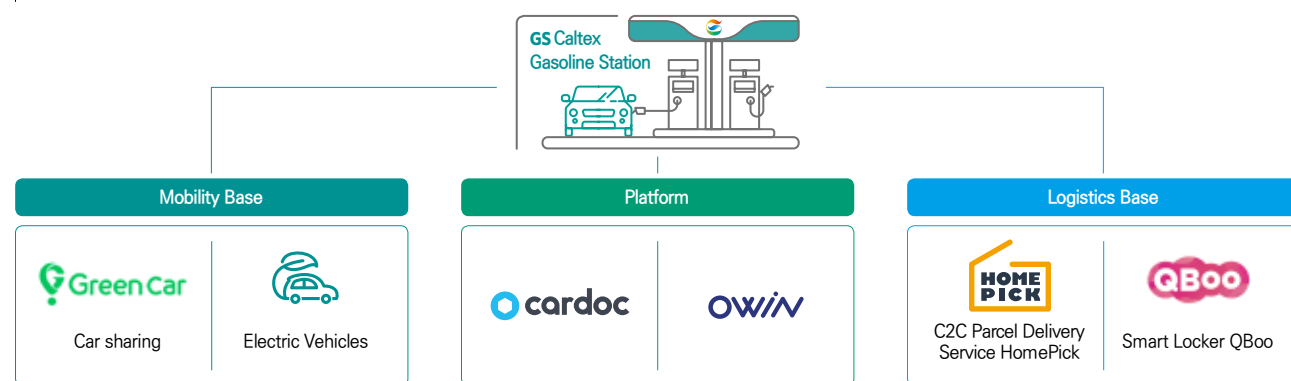
Creating New Growth Engines

Providing a New Concept of Service at Gasoline Stations

At **GS Caltex**, we have redefined the concept of gasoline station from a space providing oil service, car wash, and maintenance to a hub of the mobility industry based on radical innovation. To lead the change, we have established a development model that combines the potential of startups and the experience of **GS Caltex** to share advantages as well as grow mutually.

GS Caltex will continue to prepare for mobility-based innovation to establish our position as a Mobility Infra-Service Provider equipped with infrastructure for energy, mobility, and Car-Care. We plan to conduct the EV (Electric Vehicle) demonstration project in 2019 to secure infrastructure for energy service. We will secure high-speed EV chargers and internal operation solutions for charging infrastructure, and operate EV-themed service stations to identify various business fields such as EV charging and Digital Signage.

New Conceptual Framework



“ We anticipate long-term growth through transformation ”

Dividend distribution is rising in importance when evaluating the value of oil companies. If consistency can be brought to the dividend distribution along the equity structure of **GS Caltex**, **GS Energy** and **GS Holdings**, the market understanding of **GS Holdings'** equity distribution will improve. Furthermore, as performance in the oil industry is becoming more and more erratic, expansion into non-oil sectors will cancel out the unpredictabilities in the oil sector. As **GS Caltex** is pursuing transformation and innovation through investments in MFC and new projects, we anticipate long-term growth.



DB Financial Investment
Analyst Seungje Han

Investment in Green Car

GS Caltex responds to the innovative changes in mobility such as car sharing and self-driving cars, and has been investing into efforts to understand the changes in consumer behavior and technology that may impact the company's business. We have invested in Green Car, a major domestic car-sharing company, to acquire 10% of shares and establish a mid to long-term partnership. This is part of our plan to respond to the changes in consumer behavior in use of mobility rising from car sharing.

We forecast that collaboration with client companies of our infrastructure service (Green Car) will be possible. Innovative technology such as EV and self-driving cars are being applied in advance to the car-sharing service and **GS Caltex** aims to discover new areas of technology in the car-sharing area as well as gain an early advantage.

Connected Cars

GS Caltex acquired 12% of shares in OWIN, a Bluetooth-based connected car technology company. This is an early investment to respond to the rapid growth in the connected car market including self-driving vehicles by the development of communication technology and IoT (Internet of Things). Using the technology, customers can make non-face-to-face payments with their vehicles as a means of transaction.

As of the end of 2018, there are 70 gasoline stations and 280 F&B stores that support OWIN service. We plan to expand offline applications of OWIN in places such as parking lots and F&B stores, and develop drive-through services where customers do not even have to get out of their vehicles to present credit cards. Going forward, we will commercialize the vehicles with the system and strengthen the distribution of Car IDs (in-car Bluetooth transmitters) in cooperation with automobile manufacturers and credit card service providers.

Acquisition of Cardoc Shares

In order to attract more automobile maintenance service customers through online and mobile platforms, we acquired 9% of the shares of the startup company, Cardoc, in 2017. The company provides O2O (Online to Offline) services that connect the car owner and the exterior maintenance service company using a mobile platform, and is expanding its service into new areas such as replacement of lubricants and consumable parts, and premium car wash. We also expect to see synergistic benefits between Cardoc and Auto Oasis, a franchise of our subsidiary **GS Mbiz**.

In the second half of 2019, we plan to introduce a new concept gasoline station that combines high-end car wash service with coffee shop through collaboration with Cardoc, which will provide semi-automatic hand wash service and high-quality food and beverage in the waiting area of the gasoline station. The new gasoline station will be promoted under the 'Cardoc Wash Express' brand as part of our efforts to offer new services and increase the level of customer satisfaction.

Transforming Gasoline Stations into Logistical Hubs

GS Caltex in collaboration with SK Energy combined the gasoline station network, the core asset of both companies, and initiated research to create new value. To achieve this on a larger scale, both companies established a partnership based on service stations for the expansion of shared economy, developing an ecosystem for mutual growth with startups, creating jobs by utilizing new station spaces, and creating social value in the process.

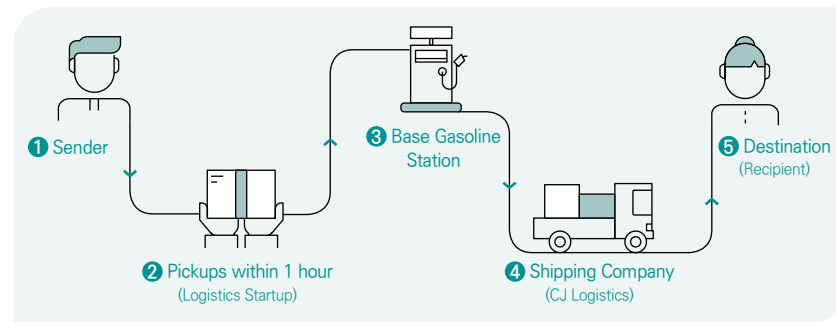
In 2018, we launched HomePick, a C2C (Customer to Customer) parcel delivery service based on gasoline stations as the first collaborative model. If a customer registers to send a parcel, logistics startups promptly find customers along the delivery route based on each gasoline station, gather goods, and safely transport the products to the delivery point from the existing shipping company.

Through this service, shipping companies can shed the burden of collecting goods and reduce shipping time, which jointly increase efficiency of logistics. This system also offers more convenience to customers as they no longer need to carry heavy items to post offices or convenience stores to save time and money. In addition, additional profit is created by utilizing extra space in the gasoline station which formerly provided limited services such as oil service and carwash.

HomePick Delivery Service



HomePick Delivery Service Framework



Strengthening Internal Competency Based on V-Project

At GS Caltex, we established a corporate-wide organization to strengthen our internal competency along the value chain (crude oil-production-sales) as part of the V-Project, which has played a key role in securing stable revenue streams in the present fast-changing business environment. From 2013 to 2018, we identified more than 210 items for improvement including reduction of crude oil costs, optimization of production processes including upgrades to facilities, utility and energy efficiency, and maximizing sales of high-value-added products.

Furthermore, we focused on optimizing our investment costs and increasing the competencies of our employees by revamping the way we work in areas such as facility design, procurement, and maintenance that did not fall within the scope of our existing improvement activities. Thanks to these V-Project activities, our financial performance reached a total of KRW 346.1 billion in 2018. In 2019, we will continue with the V-Project to uncover and implement items for improvement to achieve short-term as well as mid- to long term profitability.

In addition, we have identified optimization of production and logistics facilities as our strategic agenda to respond effectively to the changes in the external environment. We expect to see our financial performance reach a total of KRW 387.8 billion in 2019.

V-Project Areas of Improvement¹⁾ & Financial Performance

(Unit : KRW 1B)

Year of Implementation	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Expected
Wave1 (2013)	64.2	99.2	153.9	108.4	84.7	70.6	91.1
Wave2 (2014)		61.0	117.0	72.0	61.6	66.3	63.9
Wave3 (2015)			30.7	65.6	57.6	94.3	73.7
Wave4 (2016)				27.0	36.7	36.2	41.4
Wave5 (2017)					25.0	42.6	35.6
Wave6 (2018)						36.1	58.6
Wave7 (2019)							23.6
Grand Total	64.2	160.2	301.6	273.0	265.6	3,461	3,878

V-Project Financial Performance
(Accumulated to 2018)

KRW 346.1 Billion



1) Improvement in Feed Stock competitiveness, optimization of the production process, maximization of product value, optimization of energy and utilities, improved mid to long-term competitiveness

Expansion of R&D

R&D Activities

At GS Caltex, we are committed to strengthening the competitive advantages of our existing business models and creating new growth engines for sustainable growth. We are focused on building high-value added products and developing technologies to improve our productivity and thereby strengthen our competitiveness in existing sectors. We are also actively pursuing technological development in catalysts, production, and polymer-based sectors to succeed in MFC, our new investment project. Going forward, we will continue to innovate our products and technology.

R&D Expenses

KRW 51.5 Billion



Data | R&D Investment Costs

Key R&D Project

Sector		Description
Petrochemical (MFC-based technology)	Develop Catalysts and Production Technology	We are developing technology for HDPE production and also developing high-value-added polyolefin products through core fundamental technologies such as metallocene catalysts. We are developing products based on functional materials, which are used in various industries for special purposes.
	Base Materials (Polyolefin)	
	Functional Materials (Composite material)	
High Value-added Derivatives and Materials	Eco-friendly Special Chemicals	In response to market demand for eco-friendly materials, we are developing eco-friendly special chemicals and cosmetics ingredients as well as high-performance specialty polymers that are applied to lightweight materials in the automotive industry.
	Eco-friendly Cosmetic Ingredients	
	Specialty Polymer	
Refining	Oil	In order to improve the quality of our refinery products and respond to changes in eco-friendly energy policy, we are conducting research on quality control. In addition, we are conducting R&D to develop high-value-added products and improving the productivity of our refinery process.

04



Appendix

- Financial Data
- ESG Data and Performance
- Selection of Material Topics
- GS** Caltex Stakeholder Policy
- GS** Caltex Code of Ethics
- GS** Caltex Human Rights Policy
- Code of Conduct for **GS** Caltex Partners
- GS** Caltex Tax Policy
- GS** Caltex SHEQ Management Policy
- GHG Assurance Statement
- Third Party Assurance Statement
- GRI Standards Index
- UN Global Compact
- Major Memberships for Sustainability
- Major Donated Organizations

Financial Data

Consolidated Statements of Financial Position

(Unit : KRW 1M)

Category	2017	2018
Assets		
Current assets		
Cash and cash equivalents	1,200,846	1,043,274
Accounts and notes receivable	3,502,450	2,802,538
Short-term financial assets	1,010,553	1,070,059
Inventories	4,271,305	4,293,707
Prepaid income taxes	432	165
Assets held for sale	-	27,442
Other current assets	45,841	248,450
Total current assets	10,031,427	9,485,635
Non-current assets		
Long-term financial assets	233,648	235,541
Investments in associates	294,685	299,165
Properties, plants, and equipment	9,364,164	9,380,750
Investment properties	56,876	56,463
Intangible assets	70,528	70,274
Deferred income tax assets	3,642	3,049
Other non-current assets	28,827	28,659
Total non-current assets	10,052,370	10,073,901
Total assets	20,083,797	19,559,536
Liabilities		
Current liabilities		
Accounts payable-trade	2,947,404	2,399,158
Short-term financial liabilities	3,000,984	3,536,384
Income taxes payable	306,474	64,957
Other current liabilities	77,278	79,760
Total current liabilities	6,332,140	6,080,259
Non-current liabilities		
Long-term financial liabilities	2,838,062	2,269,789
Employee benefits	9,643	6,203
Deferred income tax liabilities	165,566	234,976
Other non-current liabilities	47,009	161,345
Total non-current liabilities	3,060,280	2,672,313
Total liabilities	9,392,420	8,752,572
Equity		
Common stocks	260,000	260,000
Capital surplus	68,330	68,330
Capital adjustments	-61,189	-61,189
Accumulated other comprehensive income	-18,472	-17,629
Retained earnings	10,442,708	10,557,452
Equity attributable to owners of the parent company	10,691,377	10,806,964
Non-controlling interests	-	-
Total equity	10,691,377	10,806,964
Total liabilities and equity	20,083,797	19,559,536

Consolidated Statements of Income

(Unit : KRW 1M)

Category	2017	2018
Sales	30,318,432	36,363,010
Cost of sales	-27,409,674	-34,257,270
Selling, general and administrative expenses	-907,204	-871,522
Operating profit	2,001,554	1,234,218
Share of profit (loss) of equity method accounted investees	10,977	8,441
Financial income	1,442,352	1,031,268
Finance costs	-1,330,610	-1,241,331
Other income	568,793	1,015,931
Other expenses	-758,108	-1,052,487
Profit (loss) before income taxes	1,934,958	996,040
Income tax expenses	-496,831	-292,472
Profit (loss) for the year	1,438,127	703,568
Profit (loss) attributable to :		
Owners of the parent company	1,438,127	703,568
Non-controlling interests	-	-

Consolidated Statements of Comprehensive Income

(Unit : KRW 1M)

Category	2017	2018
Profit (loss) for the year	1,438,127	703,568
Other comprehensive income (loss), net of tax :		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit liability	3,676	-13,309
Other comprehensive income (loss)- Financial asset income (loss) from fair value assessments	-	864
Changes in equity method accounted investee's capital	-188	-315
Total	3,488	-12,760
Items that will be reclassified subsequently to profit or loss		
Net change in unrealized fair value of available-for sale financial assets	256	-
Changes in equity method accounted investee's capital	-412	148
Effective portion of changes in unrealized fair value of cash flow hedges	-713	-4,672
Foreign currency translation differences	-23,898	4,503
Total	-24,767	-21
Total comprehensive income (loss) for the year	1,416,848	690,787
Total comprehensive income (loss) attributable to :		
Owners of the parent company	1,416,848	690,787
Non-controlling interests	-	-

ESG Data and Performance

Environment¹⁾

GHG²⁾

(Unit : tCO₂e)

Category	2016	2017	2018
Scope I : Direct emissions (Fixed combustion, mobile combustion and process emission)	6,993,791	6,373,507	6,324,522
Scope II : Indirect emissions (externally purchased steam and power)	1,600,523	1,624,433	1,642,876

1) If not indicated otherwise, environment data is based on Yeosu Complex

2) GHG is based on all worksites of GS Caltex and reflects partial post-alterations

Energy³⁾

(Unit : TJ)

Category	2016	2017	2018
Scope I : Direct energy consumption	93,003	77,784	86,615
Scope II : Indirect energy consumption	16,099	16,472	16,503
Annual reduction	2,562	1,896	1,864

3) Source of energy consumption calculation method and unit conversion factor

- Direct consumption : Calculation of calorific value by product after checking the amount of consumption through the flow meter

- Unit conversion source : Unit conversion based on the energy calorific conversion standards of the Energy Act

Air Pollutants⁴⁾

Category	Unit	2016	2017	2018	
Volume of air pollutants	Dust	Ton	165.9	100.7	119.8
	Nitrogen Oxide (NO _x)		4,374.1	3,221.4	3,314.3
	Sulfur Oxide (SO _x)		7,392.1	7,479.9	6,543.1
	Carbon Monoxide (CO)		395.4	649.9	732.6
	Volatile Organic Compounds (VOC)		109.8	107.4	137.9
	Hazardous Air Pollutants (HAP)		95.6	66.8	73.3
Concentration level of air pollutants ⁵⁾	Dust	mg/m ³	5.7/30	3.8/30	4.1/30
	Nitrogen Oxide (NO _x)		83.3/150	88.8/150	66.0/150
	Sulfur Oxide (SO _x)	ppm. (GSC State/Legal Req.)	62.1/180	37.4/180	46.4/180
	Carbon Monoxide (CO)		24.2/200	27.1/200	24.4/200

4) Major Air Pollutant Discharging Facilities : RFCC CO Boiler, Heater, Package Boiler

5) Effluent standards and average concentration level of standard boilers (Dust/NO_x/SO_x) and incineration facilities (Carbon monoxide)

Water Resource and Water Pollutants⁶⁾

Category	Unit	2016	2017	2018	
Volume of water pollutants	Biochemical Oxygen Demand (BOD)	Ton	172.8	169.7	224.0
	Chemical Oxygen Demand (COD)		140.2	202.8	200.0
	Suspended Solids (SS)		82.3	71.2	75.0
Concentration level of water pollutants ⁷⁾	Biochemical Oxygen Demand (BOD)	ppm. (GSC State/Legal Req.)	6.9/30	7.7/30	8.0/30
	Chemical Oxygen Demand (COD)		9.2/40	10.7/40	11.3/40
	Suspended Solids (SS)		3.2/30	3.3/30	3.7/30
Water consumption	Daily average consumption	Ton	55,487	56,068	53,476
Wastewater	Daily average effluent	Ton	28,542	27,488	28,057
Recycling rate of wastewater	Volume of reused wastewater/ generated wastewater	%	-	18.8	17.7

6) Major Facilities Discharging Water Pollutants : Petroleum Refinery Facilities, Basic Petrochemical Compound Production Facilities, Industrial Water Purification Facilities

7) Effluent standards and concentration level of ocean effluence

ESG Data and Performance

Environment

Waste Material

(Unit : Ton)

Category		2016	2017	2018
Volume of waste material	Designated waste	21,165	23,972	20,093
	General waste	20,726	19,371	22,874
	Total	41,891	43,343	42,967
Waste disposal methods	Recycling	30,001	33,018	28,902
	Incineration	2,596	2,316	2,064
	Landfill	9,294	8,009	10,787
	Others (crushing etc.)	-	-	1,214
	Total	41,891	43,343	42,967

Consumption of Hazardous Chemicals

(Unit : Ton)

Category	2016	2017	2018
Caustic soda (NaOH)	30,398	29,824	24,201
Sulfuric acid (H ₂ SO ₄)	770	1,155	806
Hydrochloric acid (HCl)	1,840	1,703	1,818
Ammonia (NH ₃)	579	535	517

Investment in Environmental Protection

(Unit : KRW 100M)

Category	2016	2017	2018
Reduction in wastewater and marine contamination	20.0	6.0	31.9
Reduction in air pollution	52.6	36.3	368.7 ¹⁾
Reduction in volatile organic compounds	2.1	-	13.9
Prevention of soil contamination	51.8	47.2	106.1
Others	-	16.1	40.0
Total	126.5	105.6	560.6

1) Includes investment in RFCC Wet Scrubber

Environment and Energy Certification

Item	Worksite	Validity Period
ISO14001	Yeosu Complex	July 2018 to July 2021
ISO50001	Yeosu Complex	December 2017 to December 2020

Environmental Indicators and Activities

Index	Activities	Source
<ul style="list-style-type: none"> Senior position in charge of climate change Potential opportunities and risk associated with climate change How to respond to opportunities and risk factors related to climate change 	<ul style="list-style-type: none"> Head of Safety and Environmental Planning Financial impact of the GHG Emissions Trading System is analyzed in advance, and a consistent response strategy is established. 	<ul style="list-style-type: none"> UNGC Advanced 9-11 GRI 201-2 ISO26000 6.5.5
<ul style="list-style-type: none"> Consideration of water stress level when undertaking a project 	<ul style="list-style-type: none"> Water stress level is considered when undertaking a project 	<ul style="list-style-type: none"> GRI 303-1 UNGC Advanced 9-11
<ul style="list-style-type: none"> Initiatives for the improvement of energy efficiency and saving and their procedure Activities for energy saving and GHG emissions reduction Energy used directly for electricity, heat, and vapor Energy consumption/saving/sales to outside 	<ul style="list-style-type: none"> Energy saving goals are set Consultation with energy experts and internal TF are in progress Energy portal system is operated No energy is sold outside 	<ul style="list-style-type: none"> GRI 302-1~2.4 ISO26000 6.5.4
<ul style="list-style-type: none"> Hazardous waste materials under control for emission/disposal process Emission of normal waste materials Activities for transporting hazardous materials Amount and cases of critical oil spill 	<ul style="list-style-type: none"> Volume of waste material and hazardous chemical material control process are disclosed through sustainability report Diesel spill in Changwon Logistics Center in 2018; appropriate actions taken for oil cleanup and soil recovery 	<ul style="list-style-type: none"> GRI 306-2-3 ISO26000 6.3.3/6.5.4./6.5.6 UNGC Advanced 9-11
<ul style="list-style-type: none"> Availability of formal documents for analyzing the environment risk associated with new processes and process changes Operation of official system for implementing, applying and reporting environmental impact assessment 	<ul style="list-style-type: none"> Environmental impact analysis is conducted at all business sites Construction of third product wharf : post-environmental impact analysis Construction of new project site : post-environmental impact analysis Oil tank construction project at Sapo : post-environmental impact analysis Oil and naphtha tank site construction : post-environmental impact analysis Construction of second product wharf : environmental impact analysis 	<ul style="list-style-type: none"> UNGC Advanced 9-11

ESG Data and Performance

Society

Customer Satisfaction Performance

Category	Unit	2016	2017	2018
CCM certification	-	Certification acquired	Certification maintained	Certification acquired
KSQI (Korea Service Quality Index)	-	Excellent Call Center	Excellent Call Center	Excellent Call Center
Average time spent in handling customer complaints	Day	0.8	0.7	0.7
NCSI (National Customer Satisfaction Index) gasoline station category	-	Ranked 1st (for 8 consecutive years)	Ranked 1st (for 9 consecutive years)	Ranked 1st (for 10 consecutive years)

Domestic Sales

Category	Unit	2016	2017	2018
Gasoline stations	No. of stations	2,569	2,563	2,510
LPG stations	No. of stations	402	399	400
Bonus card members ²⁾	10K persons	1,757	1,136	1,142
Domestic market share	%	25.6	25.0	24.5

2) The personal information of about 6 million people was destroyed or separately stored in accordance with the revised validity period of the Information and Communication Network Act resulting in a decrease in member numbers in 2017.

Information Security Certification

Category	2016	2017	2018
PIMS ³⁾	Certification acquired	Certification acquired	Certification acquired
ISMS ⁴⁾	-	Certification acquired	Certification acquired

3) Personal Information Management System

4) Information Security Management System

Customer Information Security

(Unit : No. of incidents)

Category	2016	2017	2018	
Customer information related complaints	Issue raised by third-party victim and verified internally by the organization	-	-	-
	Issue raised by regulatory institution	-	-	-
Data leakage, theft and loss	-	-	-	

Quality Inspections

(Unit : No. of inspections)

Category	2016	2017	2018
Quality inspection of gasoline stations	4,426	5,217	4,936
Quality inspection of LPG stations	439	479	458

Quality Management Certification

Item	Worksite	Validity Period
ISO9001	Yeosu Complex	July 2018 to July 2021

Employees⁵⁾

Category	Unit	2016	2017	2018
Total		3,000	2,969	3,212
By employment type	Executive	51	49	45
	Full-Time	2,770	2,758	3,026
	Part-Time	179	162	141
By location	Seoul, etc.	1,326	1,317	1,448
	Yeosu	1,674	1,652	1,764
By age	Over 50	-	682	745
	30-50	-	1,856	1,912
	Under 30	-	431	555
Employees subject to pension system		2,771	2,795	2,579
Retirees		170	123	131
Retirement rate		5.7	4.1	4.1
Percentage of female employees	%	9.6	9.6	9.9
Percentage of employees with disabilities		1.5	1.4	1.3
Total employee compensation	KRW 100M	3,336	3,119	3,891
Average years of employment	Years	15.3	15.3	14.7

5) Based on December 31, 2018

Parental Leave

(Unit : Persons)

Category	2016	2017	2018	
Employees on parental leave	Male	2	2	2
	Female	17	8	15
Employees who returned from parental leave	Male	-	3	-
	Female	10	13	10
Employees who have worked for 12 months after returning from parental leave	Male	-	3	3
	Female	10	11	13

Women in Management Positions

(Unit : Persons)

Category	2017	2018
Executive officer	-	1
Senior manager	16	18
Manager	88	80

ESG Data and Performance

Society

HR Development

(Unit : KRW 100M)

Category	2016	2017	2018
Training cost ¹⁾	39	52	65

1) Including internal training cost and external training cost (excl. indirect expenses)

Labor Union

(Unit : Persons)

Category	2016	2017	2018
Members registered with labor union (Registered/employee number)	1,289/1,796	1,306/1,793	1,398/1,934

Employees Using EAP²⁾

(Unit : Persons)

Category	2016	2017	2018
Personal counseling	147	262	312
Financial counseling	45	21	21
Legal counseling	15	28	11

2) Employee assistance program

Human Resource Recruitment

(Unit : Persons)

Category	2017	2018
New employees	171	396 ³⁾
By gender	Male	122
	Female	49
By location	Seoul, etc	101
	Yeosu	70

3) Additional recruits for 52-hour weekwork, MFC project, etc.

Performance Evaluation

(Unit : %)

Category	2016	2017	2018
Percentage of employees who received periodical reviews on performance and career development ⁴⁾	88	89	87
Percentage of employees who are assessed by their direct supervisors with measurable goals ⁴⁾	88	89	87
Percentage of employees who received comparative evaluation ⁵⁾	90	90	95

4) Employee expense for setting goals/halfway review/end of the year evaluation

5) Excl. absolute evaluation

Supply Chain ESG Evaluation

(Unit : No. of companies)

Category	2018
Partners receiving written evaluation	2
Partners receiving on-site evaluation	2

Partner Companies

Category	Unit	2017	2018
Partners with transaction performance	No. of companies	1,456	1,347
Purchase amount	KRW 100M	11,283	12,820
Partners who signed the code of conduct agreement	No. of companies	-	308

Low-Interest Loan Support

Category	Unit	2017	2018
Partners	No. of companies	78	81
Value amount	KRW 100M	531	628

Smart Work TFT Activities

Category	Unit	2018
Supported partners	No. of companies	14
Supported universities	No. of universities	4

Occupational Safety & Health Indicators⁶⁾

Category	Unit	2016	2017	2018
Employees & partners	TRIR	0.07	0.09	0.13
	DAFWR	0.03	0.01	0.09
Employees	TRIR	0.03	0.13	0.10
	DAFWR	0.03	-	0.06
	Work-related death (Male)	-	-	-
	Work-related death (Female)	-	-	-
Partners	TRIR	0.10	0.06	0.16
	DAFWR	0.03	0.03	0.11
	Work-related death (Male)	1	-	-
	Work-related death (Female)	-	-	-

6) Method and Definition for Industrial Accident Calculations

- Total Recordable Incident Rate : No. of incidents (any injuries, illnesses, and fatalities, excluding those equivalent to or less serious than incidents requiring first aid) that occur every 200,000 working hours (Calculation : No. of incidents/working hours x 200,000)

- Days Away From Work Rate : No. of incidents that cause a loss of one or more days' work every 200,000 working hours (Calculation : No. of incidents that cause a loss of work/working hours x 200,000)

Accidents Related to Safety of the Production Process

Category	2016	2017	2018
Incidents per 1M work hours (Tier 1 Process Safety Event) ⁷⁾	2	1	-

7) An unplanned or uncontrolled release of any material, including non-toxic and non-flammable materials, from a process that results in consequences as listed, per the American Petroleum Institute (API) 754 Guide

Partner Industrial Safety Training⁸⁾

Category	Training Program	2017	2018
Yeosu Complex	Construction safety training program for supervisors	30 companies / 43 participants	32 companies / 52 participants
	Practice training for signalmen	45 companies / 347 participants	49 companies / 324 participants
	Training & maintenance program for safety managers	48 companies / 227 participants	57 companies / 405 participants
	Safety training for cargo crane operators	51 companies / 137 participants	58 companies / 178 participants
	Human error prevention & rescue training program	11 companies / 16 participants	-
	Performance improvement program for managers	5 companies / 10 participants	-
Headquarters	TA special safety training	Approx. 2,500 persons	Approx. 5,000 persons
	Safety training for ship owners/crews	4 cases for 7 companies (approximately 250 participants/times)	4 cases for 9 companies (approximately 200 participants/times)
	Safety training for partners	- JSA ⁹⁾ training for supervisors / safety managers : 8 companies / 17 participants - Safety training on open inspection : Safety managers of 4 companies	- On-site facility training on safety management standards : 7 companies / 16 participants - Partner workshop to share construction / safety management know-how : 7 companies / 16 participants
	Customer service improvement training for logistics center	15 centers / 600 participants	16 centers / 400 participants

8) Based on annual participants in the course (multiple participation by program, by class)

9) Job Safety Analysis

ESG Data and Performance

Society

Occupational Safety Drills

Category	Drill	2018
Corporate-wide	Corporate-wide Firefighting/Response drills	1 time/quarter
	Firefighting/Response drills	3 times/year (by shift)
Workplace ¹⁾	On & Offshore oil spill response drills	3 times/year (by shift)
	Emergency response drills	Entire Workplace Training 16 times/year
	Process dry training ²⁾	1 time/month (by shift)
	Early response drills	1 time/month (by shift)

1) The workplace drills are based in the Yeosu complex, and internal drills are conducted under individual guidelines for each place
 2) One type of training according to the emergency response scenario

Occupational Safety Certification

Category	Workplace	Validity Date
KOSHA18001	Incheon Lube Oil Blending Plant	May 2011 to May 2020

Maum Talk Talk Program

Category	Unit	2016 ³⁾	2017	2018	
Maum Talk Talk Therapy	Organizations	No. of Schools	35	31	35
	Children	Persons	1,529	1,828	2,247
Maum Talk Talk Healing Class	School	No. of Schools	5	6	5
	Children	Persons	730	897	628
Maum Talk Talk Healing Camp	Camps	Times	1	2	1
	Children	Persons	65	135	67
Total	Persons	2,324	2,860	2,942	

3) Data of 2016 is different from the previous report depending on the aggregation method

CSR

Category	Unit	2016	2017	2018
Amount of social contribution ⁴⁾	KRW 100M	356	177	149
Annual volunteers	Persons	2,132	2,548	1,755

4) Amount executed for social contribution purposes. It is different from donations specified in business report.

Yeulmaru

Category	Unit	2016	2017 ⁵⁾	2018
Visitors to performances	Persons	77,070	67,004	66,864
Visitors to exhibitions	Persons	28,432	23,629	19,477
Performance, exhibitions and academy events	No. of events	329	356	387

5) Data is different from the previous report depending on the aggregation method

GS Caltex Soup Kitchen

(Unit : Persons)

Category	2016	2017	2018	Total (2008-2018)
Meal recipients	85,591	84,070	83,474	861,639

Social Indicators and Activities

Indicators	Activities	Reference Data
<ul style="list-style-type: none"> Minimum ESG requirements needed for review of partners Minimum ESG requirements needed for review of new partners Inclusion and scope of ESG in contract CSR monitoring on partners Ratio of new partners reviewed for environmental compliance 	<ul style="list-style-type: none"> Additional points granted for ISO9001 and ISO14001 certification when selecting partners for materials and service 	<ul style="list-style-type: none"> GRI 308-1 ISO26000 6.3.5/6.6.6 UNGC Advanced 2/9-11
<ul style="list-style-type: none"> Official process of identifying sustainability risk in the supply chain Supply chain management information disclosed externally Activities for the enhancement of partner performance Incentives for suppliers Corporate policies, programs, and procedures for procuring products, services, and human resources Strategies, programs, and procedures for providing assistance to local partners and contractors 	<ul style="list-style-type: none"> Items for the evaluation of partners' management performance (trading performance/credit rating) Sustainability improvement activities (e.g. financial and technical support and safety and ethics training support) 	<ul style="list-style-type: none"> IPIECA SE5 C1/SE7 C1/SE9 S1
<ul style="list-style-type: none"> Ratio of contracts for the prevention of corruption in a specific language (%) 	<ul style="list-style-type: none"> 100% (work process regulations covering legal compliance, fair practice, and transparency in Korean) 	<ul style="list-style-type: none"> IPIECA SE12 S1
<ul style="list-style-type: none"> A description of the processes and programs that recognize the local and global issues related to employees' health and produce outcomes and plans Explanation of current healthcare systems and recent improvements 	<ul style="list-style-type: none"> Healthcare programs are provided (e.g. program for prevention of musculoskeletal disease, smoking cessation program, metabolic syndrome management) Affiliated clinics with medical staff (e.g. doctors, nurses, medical laboratory technologist, paramedics) are operated MSDS management, protective gear, and analysis of the work environment are supported 	<ul style="list-style-type: none"> ISO26000 6.4.4 IPIECA HS2 C1, S1
<ul style="list-style-type: none"> Availability of formal documents and processes for assessing impact on employees' health and safety when introducing/changing processes 	<ul style="list-style-type: none"> Processes are implemented or changed in accordance with company regulations. Through this process, the risk of introducing/changing processes is analyzed in detail considering impact on employees' safety and health. 	
<ul style="list-style-type: none"> Percentage of the organization's exclusive employees who are represented in the Occupational Safety and Health Committee Level of operations of the Occupational Safety and Health Committee 	<ul style="list-style-type: none"> 100% Composed of 8 members, held once every quarter 	<ul style="list-style-type: none"> GRI 403-1.4 ISO26000 6.4.4/6.4.6 UNGC Advanced 6-8
<ul style="list-style-type: none"> Number of negotiations/agreements made with the union regarding changes in business management 	<ul style="list-style-type: none"> 0 (no significant changes in business management) 	<ul style="list-style-type: none"> GRI 102-41 ISO26000 5.3 UNGC Advanced 3-5
<ul style="list-style-type: none"> Ratio of new employees' wages against minimum wage by gender 	<ul style="list-style-type: none"> Production engineer 190%, Office Staff 233% (There is no discrimination by gender) 	<ul style="list-style-type: none"> GRI 202-1~2 ISO26000 6.8.1~2
<ul style="list-style-type: none"> Percentage of local senior executives 	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> GRI 202-1~2 ISO26000 6.8.1~2
<ul style="list-style-type: none"> Actions taken to prohibit child and forced labor Reporting on business sites with a risk of child labor Actions taken to prevent child and forced labor Employee training on human rights policies and processes Corporate policies on human rights 	<ul style="list-style-type: none"> International Labor Organization Standards and UNGC Principles are complied with Forced or child labor is strictly prohibited Voluntary compliance programs to ensure human rights and prevent sexual harassment have been implemented 	<ul style="list-style-type: none"> GRI 408-1/409-1/412-2 ISO26000 4.8/6.3.1-2/6.3.5/6.4.1-2 UNGC Advanced 3-5
<ul style="list-style-type: none"> Minimum notification period for changes in business management that have a significant impact on employees 	<ul style="list-style-type: none"> Employees are notified 30 days prior to termination of employment with justified cause, and 50 days in advance in the case of termination due to a business reason under Article 24 of the Labor Standards Act 	<ul style="list-style-type: none"> GRI 402-1 ISO26000 6.4.3/6.4.5 UNGC Advanced 15-18
<ul style="list-style-type: none"> Availability of notification period and negotiation terms on collective agreement 	<ul style="list-style-type: none"> A written notification for renewing collective agreement must be issued at least 2 months before its expiration. Both parties must respond to the notification regarding collective bargaining at least 30 days before the expiration date of the current agreement. However, if there is no request for any changes upon renewal, it is renewed automatically 	
<ul style="list-style-type: none"> Number of violation of natives' rights reported during the reporting period Reporting of status and measures taken 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> GRI 411-1 ISO26000 6.3.4/6.3.6-7 IPIECA SE2 S1

Governance

Fair Practice Issue

Category	2016	2017	2018
Number of enforcement actions (both ongoing and settled) for violations of anti-competition laws and regulations	<ul style="list-style-type: none"> GS Caltex was fined for violations against obligatory publication of the company's organizational status (omitted disclosure) from 2012 to 2015 (4 years). Full payments were made by 2016 and risk associated with obligatory publication is being managed through improvement of the internal process for publication of the company's organizational status. 	0 incidents	<ul style="list-style-type: none"> GS Caltex agreed to pay criminal fines and civil damages to US Department of Justice for rigging bids on contracts for provision of fuel to United States military installations in Korea. GS Caltex will reinforce corporate compliance function and employee training to prevent recurrence.

Ethical Management Training

Category	Unit	2016	2017	2018
Participants of ethical management training	Online	2,052	2,120	2,212
	Offline	833	842	905
Ethical management training participants from partners/sales division	Offline	-	22	161
	Online	-	-	-
Official letters sent regarding ethical management	Online	5,964	5,875	5,855
	Offline	-	-	-

Tax Payment¹⁾

Category	Unit	2016	2017	2018
Nominal tax	KRW 1M	395,214	487,618	282,113
Nominal tax rate	%	22.34	25.48	29.35
Effective tax	KRW 1M	444,326	461,898	218,867
Effective tax rate	%	25.11	24.14	22.77

1) Separate Standards

R&D Investment Costs

(Unit : KRW 100M)

Category	2016	2017	2018
R&D Investment	500	523	515

Compliance Reports (2018)

(Unit : No. of reports)

Category	Complaint	Corruption	Petition	Total
Customers	24	2	4	30
Partners	-	3	4	7
Employees	1	2	3	6
Others	2	3	5	10
Total	27	10	16	53

Actions on Compliance Reports (2018)

(Unit : No. of reports)

Category	No. of Reports
Investigations (audit/prevention)	9(5/4)
Transferred to the relevant department	44
Others (dismissal, etc.)	-
Total	53

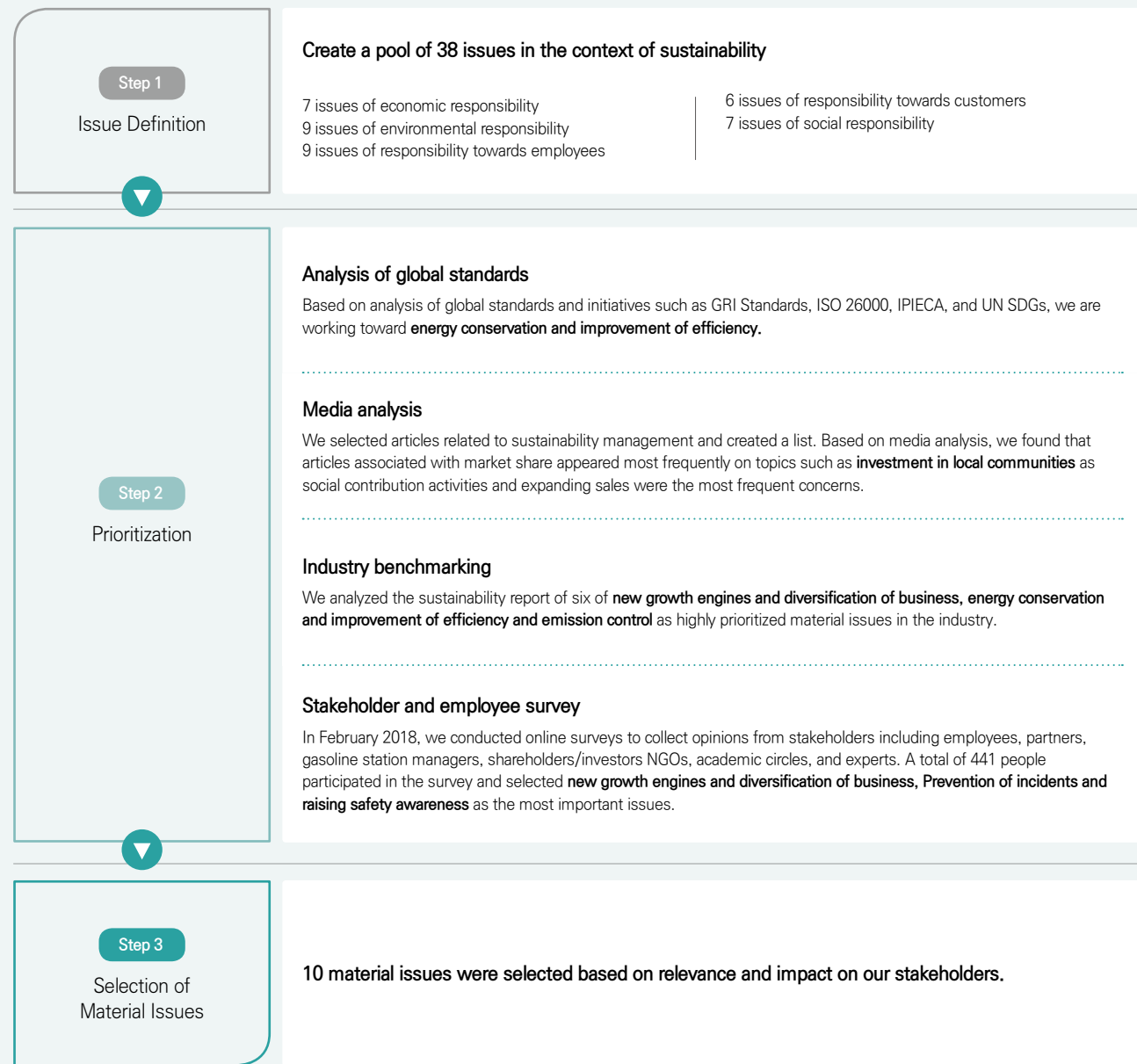
Governance Indicators and Activities

Indicator	Activities	Reference Data
<ul style="list-style-type: none"> Changes in location and operation (e.g. opening/closing, shutdown, and expansion of facilities) Formation, maintenance, and change in equity structure 	<ul style="list-style-type: none"> There were no significant changes 	<ul style="list-style-type: none"> GRI 102-10
<ul style="list-style-type: none"> Availability of staff in charge of environment, human rights and labor issues Appointment of executive officers who are responsible for managing the company's commitment toward economy, environment, and society Right to report to the top decision-making body 	<ul style="list-style-type: none"> Environment : Head of Safety and Environmental Planning Human Rights/Labor : Head of Human Resources Reporting can be done through CSR Committee and Sustainability-related committees 	<ul style="list-style-type: none"> GRI 102-11/14/20-21/26-34 ISO260005.2/6.2/6.3.5/6.7/7.4.2-3/7.8 UNGC Advanced 1/19-20
<ul style="list-style-type: none"> Policies/activities/system/training on fair business practices and anti-bribery and anti-corruption standards Internal/external guidance/grievance handling programs for ethical and legal compliance Percentage of employees that attended ethics training Scope of application for basic human rights activities/policies 	<ul style="list-style-type: none"> Systematic compliance is ensured Corporate compliance management extended to partners and subsidiaries Ethics education is mandatory for all employees Universal human rights policies for partners and customers (UNGC 10 Principles) 	<ul style="list-style-type: none"> GRI 102-17/205-2 ISO26000 4.4/6.6.1-6.6.3/6.6.5-6 UNGC Advanced 12-14
<ul style="list-style-type: none"> Consumer service support and activities to resolve complaints and disputes 	<ul style="list-style-type: none"> Consumer Centered Management (CCM) is adopted Customer Service Center (CSC) in operation 	<ul style="list-style-type: none"> ISO26000 6.7.6
<ul style="list-style-type: none"> Potential business impact reported publicly Risk mitigation measures reported publicly Descriptions of product, health, safety and environmental management systems Describe how to monitor, track, evaluate, and manage product-related accidents 	<ul style="list-style-type: none"> Quality control is performed on the entire process from production to sale under the ISO Quality Management System EU REACH compliance is in progress 	<ul style="list-style-type: none"> ISO26000 6.5.3-5/6.7.1-2/6.7.4-5/6.8.8
<ul style="list-style-type: none"> Violations of laws governing marketing communication e.g. advertisement, promotion, and sponsorship 	<ul style="list-style-type: none"> 0 case (2016-2018) 	<ul style="list-style-type: none"> GRI 417-3 ISO26000 6.7.3
<ul style="list-style-type: none"> Violations of laws governing product and service information and labeling If no violations have been committed, simply state the fact. 	<ul style="list-style-type: none"> 0 case (2016-2018) 	<ul style="list-style-type: none"> GRI 417-2 ISO26000 4.6/6.7.1-2
<ul style="list-style-type: none"> Communication of information about the product, service, and labeling 	<ul style="list-style-type: none"> MSDS and details are disclosed on the website 	<ul style="list-style-type: none"> GRI 417-1 ISO26000 6.7.1-3/6.7.5
<ul style="list-style-type: none"> Training and activities to raise awareness about products and services 	<ul style="list-style-type: none"> Service quality control system is operated Customer service manuals are distributed Star Service Team is operated Star Festival is held 	<ul style="list-style-type: none"> ISO26000 6.7.9
<ul style="list-style-type: none"> Human rights of public security companies Training for private security providers Reporting human rights issues related to private and public security 	<ul style="list-style-type: none"> UNGC Universal Human Rights Principles are supported Security companies licensed by local police departments have been hired, human rights are protected, and training on confidentiality and security is conducted on a regular basis. 	<ul style="list-style-type: none"> GRI 410-1 ISO26000 6.3.5
<ul style="list-style-type: none"> Integrated management system for safety measures and crisis response throughout the supply chain and research/ production cycle 	<ul style="list-style-type: none"> PSM (Process Safety Management) is operated systematically 	<ul style="list-style-type: none"> SASB NR0101-19

Selection of Material Topics

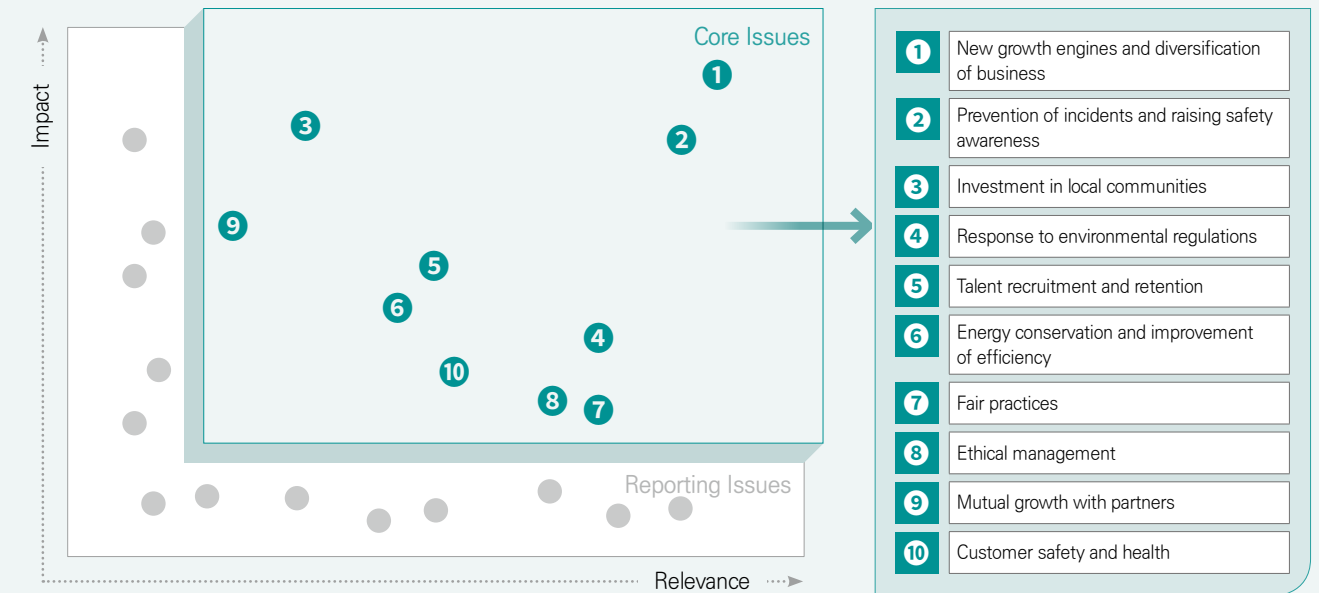
The topics of this report have been selected according to GRI Standards. Our pool of sustainability issues consists of 38 issues selected based on our internal and external environment in the context of sustainability. The materiality is evaluated based on 'Relevance' and 'Impact'. The material issues identified based on relevance may have an impact on our business performance if they are not managed properly. Those based on impact have a major effect on business performance and stakeholders. Based on these criteria, we conducted a materiality assessment through a comprehensive review of employee surveys, external stakeholder surveys, industry benchmarking, and media analysis. We then selected 10 material issues from the pool of 38 sustainability issues.

Materiality Assessment Process



Selection of Material Topics

Result of Materiality Assessment



Inclusion of Reporting Topics

The material issues identified through materiality assessment are reflected in each section of the report while 'Communication with stakeholders' is reflected throughout the report.

Areas of Reporting	Core Issues	Impact on Stakeholders	Reporting Page
2018 Highlight – Investments for New Growth	New growth engines and diversification of business	Shareholders and investors, customers, local community	14, 15
2018 Highlight – Making a Safe Workplace	Prevention of incidents and raising safety awareness	Government and relevant organizations, local community, employees, partners	16, 17
2018 Highlight – Reducing GHG by Cookstoves	Energy conservation and improvement of efficiency	Local community	18, 19
2018 Highlight – Creating Culture Space	Investment in local communities	Government, relevant organizations, local community, employees	20, 21
Management System – Ethics Management and Fair Trade	Fair practice, ethical management	Employees, partners	32, 33
Sustainability Activities – Environment	Response to environmental regulations, energy conservation and improvement of efficiency	Government and relevant organizations, local community, employees	36–41
Sustainability Activities – Customers	Customer safety and health	Customers, local community	42–47
Sustainability Activities – Employees	Talent recruitment and retention	Employees	48–55
Sustainability Activities – Partners	Mutual growth with partners	Partners	56–58
Sustainability Activities – Local Community	Investment in local communities	Government, relevant organizations, local community, employees	59–65
Sustainability Activities – Shareholders & Investors	New growth engines and diversification of business	Shareholders & investors, customers, local community	66–69

GS Caltex Stakeholder Policy

GS Caltex listens to stakeholders' opinions based on transparent communication in various fields, and reflects them in our decision-making to pursue sustainability of operations.

In pursuit of this vision, we have created a GS Caltex Stakeholder Policy. GS Caltex will relentlessly practice this policy to achieve mutual growth of the company and stakeholders.

1. Definition of Stakeholder

GS Caltex defines stakeholders as local communities, employees, customers, partners, government and relevant organizations, shareholders and investors that can directly or indirectly affect or be affected by our business operations. The scope of stakeholders can adjust depending on changes in the business environment, location of business site and other issues.

2. Scope of Policy

GS Caltex Stakeholder Policy applies to all domestic and global worksites. When necessary, the Stakeholder Policy can also be applied to subsidiaries that trade with other companies under the GS Caltex company name or brand.

3. Communication Principle

3.1 Responsibility : We comply with legal and ethical responsibilities toward the stakeholders to protect human rights, security, and confidentiality of the stakeholder, and do not engage in acts that undermine their interests.

3.2 Transparency : The managers and managing departments undertake efforts to share relevant information in a transparent manner when communicating with stakeholders.

3.3 Equality : We guarantee equal opportunities for stakeholders that publicly share opinions related to GS Caltex, and undertake efforts to stimulate active communication.

4. Stakeholder's Action Principle

4.1 Local Communities : As a member of the local community, we create social value to achieve mutual growth with local communities.

4.2 Employees : We invest efforts to create a safe and happy workplace.

4.3 Customers : We set customer satisfaction as our ultimate priority and engage in transparent communications to gain customer trust and achieve customer happiness.

4.4 Partners : We pursue mutual growth to realize sustainably along with our partners.

4.5 Government and relevant organizations : We comply with laws as a member of society and contribute to the development of society.

4.6 Shareholders and Investors : We establish a sustainable groundwork for growth to expand the value for shareholders and investors.

5. Communication Channels

GS Caltex works to communicate with stakeholders through various channels. We share basic company information through the channels we possess and also engage in direct communication through methods such as public hearings, meetings, and individual contact. Channels may change depending on the goal and target of communication.

6. Issue Management Process

GS Caltex has secured a systematic control process to respond to issues. When issues occur, the managing department considers the urgency, materiality, and impact of the issue to prioritize the issue and create solutions. When necessary, we facilitate collaboration among various departments to control the issue on a corporate-wide scale, and major issues are regularly reported to the management through relevant committees and other entities.

GS Caltex stipulates the rules related to stakeholders as above, and the employees of each department at GS Caltex will communicate with stakeholders based on this policy within the scope of the actual laws of the country where the worksite is located.

(Enacted on July 1, 2019)

GS Caltex Code of Ethics

Purpose

GS Caltex is striving to build an optimal business portfolio and maximize synergies with the goal of growing into the leader in total energy service. The Company's objectives are to provide customer satisfaction by offering top quality products and services, pursue mutual prosperity with suppliers and business partners, help employees grow by providing fair opportunity and support, maximize shareholder value through outstanding performance, and promote sustainable growth of the Company and society by building a safe workplace, protecting the environment and contributing to local communities. With that in mind, GS Caltex prepared the Code of Ethics which sets forth the standards for decision-making and conduct for all employees of GS Caltex.

1. Customer Satisfaction

We recognize that customers form the basis of our growth and profits and will satisfy customers by providing them with genuine value.

1.1 We shall respect and give priority to customers' opinions in conducting our business.

1.2 We shall provide top quality products and services that meet customers' demands and expectations.

1.3 We shall protect customer Information and interests and keep our promises to customers.

2. Co-prosperity with Business Partners

We shall build mutual trust and cooperation with business partners through fair and transparent transactions for mutual development.

2.1 We shall build partnerships by providing equal opportunity to business partners and Guaranteeing reasonable transaction terms.

2.2 We shall conduct transactions as equal partners and shall refrain from abusing our position to engage in unfair conduct in any form.

3. Respect for Employees and Basic Ethics

We and our employees will faithfully fulfill their duties to spur mutual growth and development based on mutual trust and respect.

3.1 We shall respect each employee and treat each Individual fairly based on his/her ability and performance so that all employees may realize their full potential.

3.2 Our employees will treat each other with mutual respect, and clearly distinguish between work and personal affairs and carry out their work in a transparent manner to fulfill their respective responsibilities.

4. Protecting Shareholder Interests

We shall protect shareholder interests through efficient and transparent management worthy of shareholders' trust and investment.

4.1 We shall realize sound profits through efficient management to protect shareholders' return on investment.

4.2 We shall respect shareholders' right to know relevant information and provide necessary information in a timely and transparent manner.

5. Responsibility to Society

We shall comply with national laws and regulations and fulfill our social responsibility as a corporate citizen.

5.1 We shall contribute to national development through job creation and faithful payment of taxes.

5.2 We shall work with local communities for sustained development and play a leading role in creating a happy future for all people.

5.3 We shall prohibit engaging in improper solicitation, bribery, and actions that may disrupt the market. We comply with laws and treaties that regulate international commercial trade, and anti-corruption, and we take care to exercise good commercial practices and culture.

5.4 We shall respect human dignity and rights and support freedom, equality, and the value of coexistence.

6. Safety, Health and Environment, Management

We shall do our best to protect the environment and create an accident-free workplace.

6.1 We shall make efforts to prevent pollution and fulfill our environmental responsibility.

6.2 We shall place priority on the health and safety of employees and business partners and create a safe and pleasant workplace free of accidents.

(Enacted on January 1, 1994)

GS Caltex Human Rights Policy

Introduction

As a global corporate citizen, **GS Caltex** recognizes the importance of human rights, universal values of humanity, and respects the rights of stakeholders in its and employees' activities.

GS Caltex complies with various state and local labor laws, and in order to support and implement the human rights/labor standards of international organizations such as UN and ILO, operates its human rights/labor-related processes including internal/external communications and grievance handling/remedying procedures.

In order to implement the above, **GS Caltex** hereby declares its human rights policy as follows.

1. Protecting basic human rights

1.1 Humane treatment : We will respect our employees, and endeavor to prevent mental or physical inhumane treatment, such as verbal abuse, sexual violence, or physical abuse, to them.

1.2 Non-discrimination : In operating our personnel system which covers hiring, promotion, compensation, and training opportunities, we will not engage in unjust discrimination on the basis of race, skin color, gender, language, faith, nationality, disability, social status, etc.

1.3 Prohibiting forced labor : We will not force labor which unduly restricts mental or physical freedom, e.g., by assault, intimidation, or imprisonment, and is against a person's free will, nor require workers to hand over their IDs or other important personal documents, as a condition of employment.

1.4 Prohibiting child labor : We will comply with the minimum employment age as prescribed in the state and local laws, and will not expose youth to any work environment harmful and dangerous to human bodies.

2. Protecting labor rights

2.1 Complying with legal working hours and working conditions : We will comply with work hours and guarantee minimum wage as prescribed in state and local laws, and comply with labor-related laws governing social insurance membership, provide recesses and vacations, etc.

2.2 Creating a safe work environment : We will strictly comply with health and safety standards as required by state and local laws. We will conduct periodical training/education reflecting legal requirements, and promote workers' safety awareness through safety culture activities.

2.3 Building productive labor-management relations : In order to foster a healthy organizational culture, we will grant opportunities for communication between the company and employees, will guarantee labor union membership and collective bargaining, and will not impose undue disadvantages on employees by reason of labor union activities.

3. Protecting stakeholders' human rights

3.1 Privacy : We will protect customers' and other stakeholders' personal information in accordance with state and local laws, and will not use the same without the information-holder's prior approval nor use the same for any other purposes. Also, we will transmit true information and not provide false information.

3.2 Local community engagement : We will manage changes in local communities caused by our workplaces' potential social and environmental impacts. So that residents near the workplaces can raise their concerns for potential impacts and solve the same, we will listen to local communities' opinions and endeavor to reflect the same in our business activities.

GS Caltex will do its best to prevent human rights violations which can occur in the process of business activities and exclude thirdparties' undue involvement in human rights violations. Further, **GS Caltex** will continuously improve this human rights policy by reflecting domestic and overseas trends.

(Enacted on July 12, 2018)

Code of Conduct for GS Caltex Partners

Introduction

At **GS Caltex**, the Code of Ethics, established in 1994, has functioned as the foundation for ethical business practices in every aspect, and the Corporate Compliance Program, introduced in 2001, further improved ethical standards in **GS Caltex**. The voluntary compliance management policies begin with the CEO but are deeply-rooted throughout the company together with the appointment of Corporate Compliance Officers and a reporting system already in place.

Also, we intend to promote shared and sustainable growth by ensuring that we fulfill our ethical and social responsibilities not only toward our customers, shareholders, and employees but also other stakeholders such as partners, local communities, and the environment, throughout the entire business process.

Reflecting the resolve to implement ethical management and mutual growth with our partners, **GS Caltex** has enacted the Code of Conduct for **GS Caltex Partners** (hereinafter "this Code"), through which we intend to request our partners to respect their workers' human rights, build a safe, eco-friendly work environment, and comply with corporate ethics.

Partners shall endeavor to comply with this Code, and shall request all its sub-partners to do the same.

With the increasing need for transparency in companies' ESG (Environmental, Social, Governance) data and legislation of CSR disclosure in the EU, sustainability has become more important than ever. We promise to continue our sustainability efforts to achieve our vision of becoming a 'Value No. 1 Energy & Chemical Partner'. We appreciate your continued interest and support for us as we continue to create a sustainable and better future.

1. Respecting Workers' Human Rights

1.1 Prohibiting forced labor : A partner shall enter into an official labor contract with every worker in a language the worker can understand in compliance with legal requirements, and all labor shall be voluntary labor, not forced labor, which includes slave labor and human trafficking. Also, in respect for the worker's will in any circumstances, a partner shall allow them to resign from the company of their free will or allow them to suspend work in cases of illness, temporary disability, etc.

1.2 Protecting youth workers : A partner may not hire anyone under 15 years of age (or minimum employment age under the law), and in cases where it is hiring youth employees under 18 years of age, they shall not be given dangerous work or overtime or night work.

1.3 Complying with work hours : Work hours for a partner's employees shall not exceed maximum work hours under applicable laws, and at least 1 day of holiday shall be guaranteed every 7 days. In addition, maximum work hours and maximum overtime hours under applicable laws shall be complied with, and workers shall be allowed recesses, weekdays off, vacation, and paid/unpaid leave in accordance with the law.

1.4 Wages and benefits : A partner shall comply with minimum wage provisions under applicable laws, and comply with the benefits system, under applicable laws, including that for salary, overtime allowance, employee benefits, and salary deduction. Base salary should not be reduced as a means of discipline.

1.5 Humane treatment : A partner shall take reasonable measures to prevent workers from being discriminated against on the basis of race, skin color, gender, age, sexual orientation, sexual identity, and nationality, place of origin, religion, disability, marital status/pregnancy, labor union membership, or political inclination.

1.6 Non-discrimination : A partner shall take reasonable measures to prevent workers from being discriminated against on the basis of race, skin color, gender, age, sexual orientation, sexual identity, and nationality, place of origin, religion, disability, marital status/pregnancy, labor union membership, or political inclination.

1.7 Respecting freedom of association and the right to collective bargaining : A partner shall respect workers' right to freely organize and join a labor union and to associate with other workers in order to engage in collective bargaining and peaceful assembly and demonstration, and also guarantee the right to refuse to do such acts. Also, workers or workers' representatives shall be allowed to freely communicate and share, with the partner's management, opinions and grievances on labor conditions and management policy without fear of discrimination, retaliation, threat, etc. and there shall be a complaint mediation process put in place for them.

Code of Conduct for GS Caltex Partners

2. Safe Working Environment

- 2.1 Occupational safety** : A partner shall, through risk evaluation, identify risk elements to which workers may be exposed, analyze the causes, predict the results, and then in order to remove/control such risk elements, conduct work process designs, technical/administrative controls, preventive maintenance, work safety procedure formulation, and continuous safety education, and if necessary, provide workers with appropriate personal protection equipment.
- 2.2 Preparing for emergencies** : A partner shall identify potential industrial disasters/diseases, and establish response plans thereof, in advance.
- 2.3 Preventing industrial accidents and illnesses** : A partner shall establish procedures to prevent and manage workers' industrial accidents and occupational illnesses and to suppress recurrence thereof.
- 2.4 Managing exposure to hazard factors in the work environment** : A partner shall periodically measure and evaluate hazardous chemicals, noise, dust, high temperature, radiation, etc. in the workplace to which workers may be exposed, and protect workers through technical measures and management/supervision to control the same.
- 2.5 Managing physically-challenging work** : A partner shall identify workers' exposure to physically-challenging work such as long hours of repetitive manual work, and handling of heavy items, and establish methods of removing or minimizing the same.
- 2.6 Equipment safety** : A partner, in order to secure workplace safety, shall formulate and implement work safety procedures and guidelines according to the characteristics of the work, and in cases including adoption of new machinery or equipment, changes in facility, or repetition of safety accidents in the same work, shall revise the relevant procedures or guidelines and conduct sufficient training for the workers.
- 2.7 Providing dormitory and sanitation facility** : A partner shall see to it that all places that are related to workers' location such as workplaces, sanitation facility, and housing facility, are free from health, safety and pollution risks.
- 2.8 Safety, health education and communication** : A partner shall conduct safety and health-related education and training for workers performing works which could affect their safety and health, formulate internal operating standards meeting those of applicable laws, and establish and operate annual plans. Also, safety information including such operating standards shall be announced to the workers.

3. Eco-Friendly Business Site Management

- 3.1 Complying with environmental laws** : A partner shall comply with its legal obligations such as environmental permits and reporting required by chemicals-related laws and with GS Caltex's environmental and quality standards.
- 3.2 Preventing pollution and reducing resources/energy consumption** : A partner shall endeavor to prevent environmental pollution and reduce its energy consumption and waste emissions through improvement of production processes, changes in equipment/process, substitution of materials, recycling/reuse of materials, normal operation of environmental pollutant-emitting/preventing facilities, etc.
- 3.3 Chemicals management** : A partner, by accurately identifying the state of handling chemicals which exist in the workplace, shall dutifully perform its responsibilities under the chemicals-related laws and also prevent risks to workers' health or the environmental.
- 3.4 Waste and wastewater management** : A partner shall identify the characteristics of waste and wastewater from the workplace, emit/dispose of them after managing/processing the same in accordance with the law, and take measures to reduce emissions thereof.
- 3.5 Air pollution management** : A partner shall identify the characteristics of volatile organic compounds, aerosol, corrosive gas, dust, ozone layer-depleting materials, and combustion by-products in the work processes, process them in accordance with applicable laws, and then emit them.
- 3.6 Complying with regulation on hazardous materials in the products and process** : A partner shall comply with laws and regulations which prohibit or restrict use of specific materials.

4. Complying with Corporate Ethics

- 4.1 Complying with ethical management and prohibiting unjust enrichment** : A partner, pursuant to GS Caltex's ethical management policy, shall prohibit all forms of bribery, corruption, unjust enrichment, and embezzlement, and continuously supervise and check for compliance with anti-corruptions laws.
- 4.2 Information disclosure** : A partner shall disclose information on its state of labor/safety and health/environmental management, management activities, corporate governance, financial conditions and performance in accordance with applicable laws and industry practices.
- 4.3 Protecting intellectual property rights ("IPRs")** : A partner shall respect all IPRs, protect the relevant IPRs in cases of technology/know-how transfer, and protect the security of GS Caltex's information.
- 4.4 Fair trade, advertising, and competition** : A partner shall comply with regulations/standards on fair trade, advertising, and competition.
- 4.5 Protecting identity and prohibiting retaliation** : A partner shall run a whistle-blowing channel which guarantees confidentiality and anonymity so that workers can raise issues without fear of retaliation.
- 4.6 Privacy** : A partner shall protect the personal data of all its stakeholders including partners, clients, consumers, and employees, and when collecting, keeping, processing, transmitting, and sharing the personal data, shall comply with laws related to privacy and information security.

5. Management System

- 5.1 Management's expression of resolve for compliance** : A partner shall put in writing management's resolve to comply with and continuously improve this Code and post the same in the workplace, and management shall periodically check the state of compliance with this Code.
- 5.2 Responding to outside requirements** : A partner shall identify requirements made by new laws/regulations and the customers including requirements hereof and periodically review compliance therewith.
- 5.3 Risk evaluation and management** : A partner shall periodically identify its risks in terms of human rights, occupational safety, environment, and corporate ethics as contained herein, and establish plans to manage high-impact risks with high chance of occurrence.
- 5.4 Establishing and managing goals** : A partner shall establish, and periodically evaluate, the goals and execution plans to improve performances in terms of human rights, occupational safety, environment, and corporate ethics.
- 5.5 Education, training and communication** : A partner shall conduct education and training for its managers and workers for the purpose of complying with this Code and the law, and communicate with its workers, partners, and customers concerning its policies, goals, and performances.
- 5.6 Collecting employees' opinions and improving this Code** : A partner shall collect and listen to workers' opinions on this Code and use them to improve this Code.
- 5.7 Documentation** : A partner, in preparing and keeping documents and records, shall comply with relevant regulation.
- 5.8 Partners' responsibilities** : A partner shall request its sub-partners to comply with this Code, and help them to join the ethical/environmental/social management activities which GS Caltex conducts pursuant to this Code.
- 5.9 Sustainable procurement** : A partner, in procurement transactions with its sub-partners, shall formulate ethical/environmental/social policies and procedure for sustainable procurement, and then conduct procurement accordingly.

(Enacted on November 17, 2017)

GS Caltex Tax Policy

GS Caltex has set the following, among others, as the core values of our tax policy in order to meet obligations of tax reporting and payment set by each legislation : diligent tax payment, management of corporate tax risk through legal compliance, and improvement of objectivity and transparency. Through these values, we consider the stable development of our company, value creation for stakeholders and contribution to national finance and development of society as important corporate responsibilities.

1. Diligent Tax Payment

GS Caltex complies with tax-related laws applicable to the country in which the worksite is located, reports and pays tax diligently, and strictly manages relevant documents and proof. Through this method, we contribute to a healthy tax culture and support economic development of the country where our worksite is located.

2. Corporate Tax Risk Management through Legal Compliance

GS Caltex engages in transactions with third parties or special stakeholders within a legal and normal price range, restricts income transfers between countries or use of tax havens based on transparent and fair trade, and complies with other international tax regulations to control tax risk.

3. Improvement of Objectivity and Transparency

GS Caltex receives objective review from independent institutions and engages external tax specialists for consultations on tax-related accounting information and reports, and publishes the corresponding information in our business report, audit report from independent auditors, sustainability report, and other publications.

4. Cooperative Tax Payment

GS Caltex contributes to advancing the national tax culture by cooperating in tax payment duties beyond simply reporting and paying tax.

(Enacted on December 14, 2018)

GS Caltex SHEQ Management Policy

GS Caltex fulfills its corporate social responsibility, works to achieve an accident-free workplace and sustainable growth, as well as setting SHEQ (Safety, Health, Environment and Quality) management as its top priority and undertakes the following guidelines.

1. Comply with the overall laws and regulations as well as establish an advanced SHEQ culture through voluntary practice.
2. Establish a developed SHEQ management system to manage performance, continue to make improvements and conduct training.
3. Conduct safe operations and work as well as secure the soundness of facilities.
4. Improve work environment and manage health so that internal and external stakeholders can lead healthy lives.
5. Reduce pollution in air, water and other areas and minimize waste material in the entire business process to contribute to the conservation of local communities and national environment.
6. Respond to climate changes by systematically improving energy efficiency and reducing GHG.
7. Undertake efforts to improve customer safety and health by developing eco-friendly products and strict quality control.
8. Collaborate with business partners for continued mutual improvement of SHEQ management standards.
9. Publicize SHEQ information to local communities and stakeholders in a transparent manner.

(Amended on November 28, 2018)

GHG Assurance Statement

Introduction

Korean Foundation for Quality (hereinafter 'KFQ') has been engaged by GS Caltex Corporation (hereinafter the 'Company') to independently verify its 2018 Report on Quantity of emitted Greenhouse Gas from places of Korea (hereinafter 'Inventory Report').

It is the responsibility of the Company's management to compile the Inventory Report and the emission quantity report by 'Scheme on the trading of Greenhouse Gas Emission Permits' run by the government of Korea and KFQ's responsibility is provision of opinions on the Inventory Report after verification according to ISO 14064-3 and national scheme.

Independence of Verification

KFQ has no conflict of interest with GS Caltex Corporation in terms of profit generation-related activities except providing third party verification service on the report. And we do not have any biased opinion on GS Caltex Corporation's stakeholders.

Verification Scope

KFQ's verification was focused on all of the greenhouse gas emission sources controlled by the Company's places of Korea.

Consideration and Limitation

Accuracy and completeness of emission data reported in the Report are subject to inherent limitations due to their nature and the methodology used determining, calculating and estimating such data.

Conclusion/Opinion

Based on verification process according to the ISO 14064-3, KFQ obtained reasonable basis to express the following conclusion on the greenhouse gas emission data in the Inventory Report.

- 1) The Company's 2018 Report on Quantity of emitted Greenhouse Gas was documented in accordance with 'Scheme on the trading of Greenhouse Gas Emission Permits (Notification No. 2018-73 of the Ministry of Environment)' run by the government.
- 2) According to materiality assessment on quantity of greenhouse gas emitted from every Company's places of Korea in 2018, material discrepancy is less than the criteria of 5% for an organization that emits more than 5,000,000 tCO₂-eq in accordance with 'Scheme on the trading of Greenhouse Gas Emission Permits'.

Report Year	Total Annual Emissions (tCO ₂ -eq)		
	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Total Emissions
2018.1.1~2018.12.31	6,324,522	1,642,876	7,967,398

April 1st, 2019

CEO Seokun Yoon

Korean Foundation for Quality (KFQ)



Third Party Assurance Statement

Introduction

GS Caltex Corporation ("GS Caltex") commissioned DNV GL Business Assurance Korea Ltd. ("DNV GL"), part of DNV GL Group, to undertake independent assurance of the GS Caltex 2018 Sustainability Report 2018 (the "Report"). The directors of GS Caltex have the sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of GS Caltex in accordance with the terms of reference. DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

Scope and Basis of assurance

Based on non-financial data, sustainability activities and performance data of 2018 generated from GS Caltex, we have evaluated the adherence to the Reporting Principles for defining report content set forth in the GRI (Global Reporting Initiative) Sustainability Reporting Standards 2016 and assessed the quality of sustainability performance information. We have reviewed that the Topicspecific disclosures of GRI Standards which are identified in the materiality assessment process :

No.	Material topic	GRI Disclosure	No.	Material topic	GRI Disclosure
1	New growth engines and diversification of business	201-1	6	Energy saving and improvement of energy efficiency	302-1,4 / 305-1,2
2	Prevention of incidents and raising safety awareness	403-8 ¹⁾	7	Fair trade	206-1
3	Investment in local communities	413-1	8	Ethical management	205-2,3
4	Compliance with environmental laws and regulations	307-1	9	Mutual growth with suppliers	N/A
5	Talent recruitment and retention	401-1,2	10	Customer safety and health	416-2

* 'N/A' is not associated with GRI Standards

We performed our work using DNV GL's assurance methodology VeriSustain²⁾, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000). We applied the limited level and assurance on reporting principles in the assurance engagement. The verification was carried out from April to June 2019. The site visits were made to GS Caltex's Head Office. We undertook the following activities as part of the assurance process :

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- Interviewed representatives from the various departments;
- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting systems as they relate to selected content and performance data;
- Reviewed the materiality assessment report.

Limitations

The engagement excludes the sustainability management, performance and reporting practices of GS Caltex's subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. We did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as GS Caltex's website (www.gscaltex.com). These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly describe the adherence to the Reporting Principles for defining report content defined in GRI Standards. Further opinions with regards to the adherence to the following Principles are made below:

1) GRI 403 : Occupational Health and Safety 2018

2) The VeriSustain protocol is available upon request at DNV GL website. (www.dnvgl.com/assurance/reporting/verification.html)

Stakeholder Inclusiveness

GS Caltex has identified internal and external stakeholder groups such as Local community, Employees, Customers, Business Partners, Government, Shareholders/Investors. GS Caltex engages with the stakeholders at the company and business unit levels through various channels. GS Caltex established and operates stakeholder policies including communication principles, communication channels, and management process.

Sustainability Context

The Report describes the business model and the vision for value creation with its stakeholders. The business model and the vision are explained in line with UN SDGs (Sustainable Development Goals). The performance and goals of sustainability management in 6 areas (Environment, Customer, Employees, Business Partners, Local community, shareholder/Investor) are presented on the Report.

Materiality

GS Caltex has conducted the materiality assessment to prepare the Report. 'Business impact' and 'stakeholder interest' are considered for the materiality assessment, and 10 material topics are prioritized accordingly. The materiality assessment process is described on the Report. DNV GL has reviewed material topics that could have significant impacts on the GS Caltex's economic, environmental and social performances or that could affect the decision-making of stakeholders.

Completeness

The Report has covered the sustainability strategy, management approach and sustainability performances of GS Caltex for the reporting period. The reporting boundary has been set to include not only domestic operational sites, but also the terminal, lubricant plant, gasoline stations, LPG stations and local logistics centers, and affiliated companies. Some sustainability performances derived from a specific site are indicated with the reporting boundary of the performance in order to prevent from misleading the readers about the sustainability performance. DNV GL has reviewed that the materiality assessment process and confirms the material topics prioritized from the process are addressed in the Report.

Further opinions with the principles of report quality of GRI Standards as follows:

Report quality : Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness

DNV GL has reviewed accuracy and reliability of data and information in the Report based on the principles defined in the GRI Standards. DNV GL also has interviewed the responsible individuals, reviewed the process of gathering and processing data and information, and the supporting documents and records. GS Caltex presents the sustainability performance for the last 3 years to allow for comparability over time. Any errors or misstatements identified during the assurance engagement were communicated and corrected prior to the Report being published. The information in the Report indicates the time period to which it relates.

Competence and Independence

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021 : 2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct³⁾ during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL did not provide any services to GS Caltex in 2019 that could compromise the independence or impartiality of our work.

June 2019
Seoul, Korea



Jang Sup Lee

Country Representative
DNV GL Business Assurance Korea Ltd.

3) DNV GL Code of Conduct is available from DNV GL website (www.dnvgl.com)

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



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Major Memberships for Sustainability

Kisanhyup*	Korea Business Council for Sustainable Development (KBCSD)	Korea Chemicals Management Association (KCMA)	Korea Emissions Market Association (KEMA)
Korea Institute of Hazardous Materials	Korea Institutional Committee for Safety	Korean Association of Occupational Health Nurses	Korean Society for Atmospheric Environment (KOSAE)
Korean Society for Marine Environment and Energy	National Assembly Forum on Climate Change	The Association of Energy Future Forum	The Korea Fair Competition Federation
UN Global Compact	WEC (World Energy Council) Korea Energy Foundation	World Business Council For Sustainable Development (WBCSD)	-

* Association for Occupational safety and health

Major Donated Organizations (2018)

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Creativity Engineering Institute	Ewha Womans University Industry Collaboration Center	Gapyeong-gun Lifelong Education Center	Good Neighbors International
GS Caltex Foundation	Gwanak Municipal Welfare Complex for Senior	Hanyang University	Jeonjinsang Social Welfare Institute
Jeonnam University Industry Collaboration Center	JH Foundation	Korea Education Volunteer Group	Korea Forum for Progress
Korea Green Foundation	Korea Legal Aid Corporation	Korea Red Cross	Korea Support Foundation for Vulnerable Seniors
Korea University	Korea-America Association	Korean Institute of Chemical Engineers	Research Center for Korean Youth Culture
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Sungkyunkwan University	The Korea Society	Work Together Foundation	Yeodo Educational Institute
Yeonam High School	Yeongdeungpo-gu Multicultural Family Support Center	Yeosu Christian Youth Association	Yeosu-si Senior Welfare Center
Yeosu-si Soccer Association	Yonsei University	7th Maneuver Corps	

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ENERGY & CHEMICAL PARTNER

GS Caltex 2018 Sustainability Report

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Base Oil / Lubricants Strategy Team	MFC Management Team
Board Support Office	MFC SHE Team
Chemical Business Execution Team	Organizational Capability Team
Corporate Affairs Team	Performance Innovation Team (Complex)
Corporate Branding & Communication Team	Planning & Communications Team (Yeulmaru)
Corporate Social Responsibility Team (Complex)	Planning & Integration Team
Crude Oil Team	Planning and Budget Team
Emergency Response Team	Product Tanker Chartering & Operation Team
Energy & Yield Optimization Team	Public Relations Team
Environment / Product Quality Planning Team	R&D Planning Team
Environment Affairs Team	RM Strategy Team
Environment Team	S&T Strategy Team
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HR Service Team	Strategic Procurement Team
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