



Participation Period: 2014.9.21 ~ Present

Start: 2014.9.21 End: Present

Part I. Our Commitment

Gaeseong Industrial District Foundation(GIDF) supports the 10 principles of UN Global Compact(UNGC) including values such as human rights, labor, environment, and anti-corruption. We have stated our organization's efforts and measures in this report.

The GIDF promises to keep the 10 principles of UNGC with social responsibility as an organization supporting and managing Gaeseong Industrial Complex(GIC), the complex formed under South Korea's technology and capital as well as North Korea's land and labor.

< View of GIC >



Part II. Performances

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

GIDF's performance on human rights

- **Contributing to increasing North Korean people's welfare substantively through economic activities**

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor,

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

GIDF's performance on labor

- **1) Managing the complex through negotiations between the South and the North 2) Encouraging company's labor management**
- **Operating Day Care Center and commuter bus service for female North Korean workers in order to protect maternity**

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges,

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

GIDF's performance on environment

- **Carrying out inspection of working places(removal of dangerous materials and implementation of corrective action)**
- **Holding the GIC Afforestation Event**
- **Carrying out environmental cleanup activities, using environment - friendly eco-bags**

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Other performances compliant to UNGC principles

- **Participating in the first UNGC Business for Peace(B4P) Annual Event in Sept. 2014**
- **Organizing a breakout session(B4P) by cooperating with the UNGC Network Korea during UNGC Korea Leaders Summit in May 2015**
- **Presenting the Case of the GIC(Gaeseong Industrial Complex) in a working group Session in the UNGC B4P Annual Event in Egypt in Nov. 2018**

Part III. Specific Results

Introduction of the GIC

The GIC, an industrial complex primarily designed for small-sized businesses, is only about five-minute drive from inter-Korean military demarcation line(MDL). Before the complete shutdown in February 2016, 123 South Korean companies had produced goods by employing 55,000 North Korean workers.

The GIC itself is an inter-Korean economic project combining South Korea's capital and technology with North Korea's land and labor. People have paid attention to it, and especially German experiencing reunification deemed it highly as a unique cooperation model which they have not tried before. Economic activities in the GIC proceeded under the effective system of division based on principles of comparative advantage. High-skilled work such as marketing and R&D was competed in South Korea while comparatively low-skilled work such as manufacturing and assembling was done in North Korea.

South Korean companies had achieved substantial economic outcomes due to competitive labor and superb accessibility to markets. Moreover, about 55,000 North Korean workers could learn market economy as they became wage earners experiencing economic activities and incentive system.

Regardless of economic aspects, there had been several projects to improve North Korean people's quality of life. With support of the GIDF and other organizations as well as hospitals' donation of medical substances, there was a separate hospital for North Korean workers in the GIC. Also Day Care Center accommodating 600 babies was operated for female North Korean workers.

Like this, the GIC has promoted the welfare of North Korean people in Gaeseong City by improving quality of life through economic activities.

Human Rights

The GIDF which is responsible for management and operation of the GIC had carried out diverse projects until the complete shutdown in early Feb. 2016 to improve the substantive human rights of North Korean workers as to develop their working and living conditions.

Other than wages, we had performed several services providing refreshments including noodles, uniforms and necessities to North Korean workers. Also, we had set educational programs enhancing understanding of both Koreans to form friendly environment where both of them work harmoniously with respect.

Furthermore, in order to enhance health conditions of North Koreans, we had established the Hospital for them and supported it with other organizations and hospitals in terms of providing equipment and medical substances. There were treatments of inter disease affairs, surgical, obstetrics, and dental. In 2015, 50,000 treatments were done in this Hospital for North Koreans.



Labor



The work performance of North Koreans was based on 「Gaeseong Industrial Complex Support Act」 and its regulations. We supported that the level of wages was decided by related acts as well as negotiations between the South(company) and the North(worker). If there were cases violating acts, we tried to look for solutions through negotiations with the North's related organization, etc.

Moreover, we had operated Day Care Center consisting of 600 babies with the purpose of protecting maternity of female North Korean workers. For their safety and convenience, we had operated commuter buses as well. Under consultation with the South's organizations and hospitals, the GIDF had donated medical substances and baby products once or twice a year for management of the Day Care Center.

Donation to the Day Care Center	Commuter Buses Belonging to Day Care Center
	

Environment

To improve working environment of each company, the GIDF had regularly carried out working environment inspection. As an effort to create environmental-friendly working places, we provided correction advices for companies which had some problems. Moreover, we held regular Afforestation Event to improve environmental conditions of the GIC as well as Gaeseong City. Since 2015, we have ordered and distributed eco-bags rather than producing single-use paper bags.

Inspection of Working Conditions	Afforestation Event
	

Others

The GIDF took part in the first UNGC B4P Annual Event in September 2014, held in Istanbul, Turkey. There, we introduced the GIC case to UNGC networks and businessmen all around the world. Also by cooperating with UNGC Korea Network, we participated in the launching ceremony and arranged a breakout session(B4P) at Korea Leaders Summit in May 19 of 2015. Through UNGC Korea Leaders Summit, many people inside and outside of Korea could acknowledge the GIC as a positive case for B4P initiative. The GIDF presented the case of GIC which contributes to the promotion of peace on the Korean peninsula in a working group session in the UNGC B4P Annual Event in Egypt in November 2018.

B4P Launching Ceremony (May 2014)	B4P Breakout Session (May 2015)
	
B4P Working Group Session (Nov. 2018)	
	

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