



COMMUNICATION ON PROGRESS

Report on the Implementation of 10 Principles of **UNGC**



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Declaration of Advocating Implementation of 10 Principles



Declaration of Advocating Implementation of 10 Principles of UNGC

Korea Gas Technology Corporation is a company specializing in the natural gas facilities covering the maintenance, engineering, and development of the whole facilities from the arrival to the supply of natural gas. For more than 20 years since its establishment in 1993, this company has contributed to the national economy and enhanced national life convenience with reliable facility maintenance and safety management.

Under the vision to be a world-class energy technology company, this company focuses on securing the credibility of a safe and stable gas supplier through the maintenance and safety check of the nationwide main supply pipeline. Furthermore, this company also attempts new challenges to meet the change of time and various needs in the next generation energy facilities, such as hydrogen fueling station business and underground pipeline safety management. Also, this company is practically cooperating and communicating with the parties concerned, including the executives and employees, cooperative companies, and the regional society.

This company joined the UN Global Compact in August 2018 and has participated in numerous human rights activities to comply with the Ten Principles on human rights, labor, environment, and anti-corruption. It puts the principles into the overall aspects of the management to practice them.

This report includes the main activities of this company's executives and employees, from April 2021 to March 2022, to implement the ten principles of the UN Global Compact. Korea Gas Technology Corporation will continue to do its best to lead in implementing the core values of the UN Global Compact and contribute to the sustainable development of the whole society.

President **Cho Yong-Don** 조 용 돈



KOGAS-Tech
KOREA GAS TECHNOLOGY CORPORATION



Introduction of the Organization

Ground for Foundation

- ▶ Corporation based on the Commercial Law, Article 288 (initiator) and 289 (preparation of Articles of Incorporation)
- ▶ The Korea Gas Corporation Law, Article 12 (Investment)

Purpose of Establishment

- ▶ Contribution to stable and safe production and distribution of natural gas through preventive check-up and reliable maintenance of natural gas facilities, including production stations and nationwide pipeline.
- ▶ Engineering business such as design of LNG storage tank, related facilities, and similar plants

Main Jobs

[Articles of Incorporation Article 2]

Gas facility maintenance, pipeline safety check and maintenance

Plant related engineering service and plant facility maintenance

LNG and hydrogen gas filling, bio gas production (refinery) business

Manufacture and sales of plant-related new technology products, and business using natural gas properties such as cold heat

Business entrusted by government or local government, and specialized technology service business

Business related to the above businesses, R&D, and investment to the related domestic or foreign companies

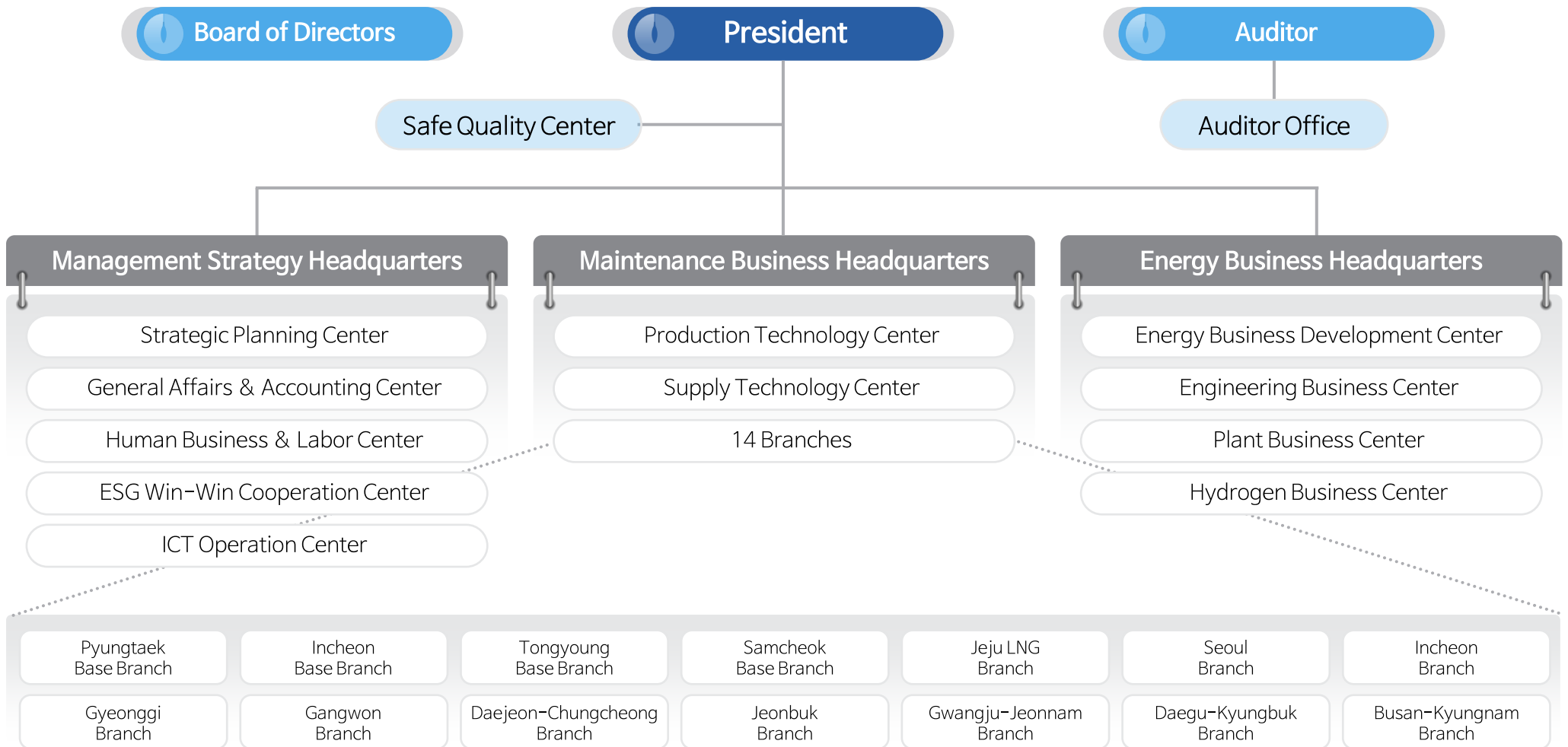
History

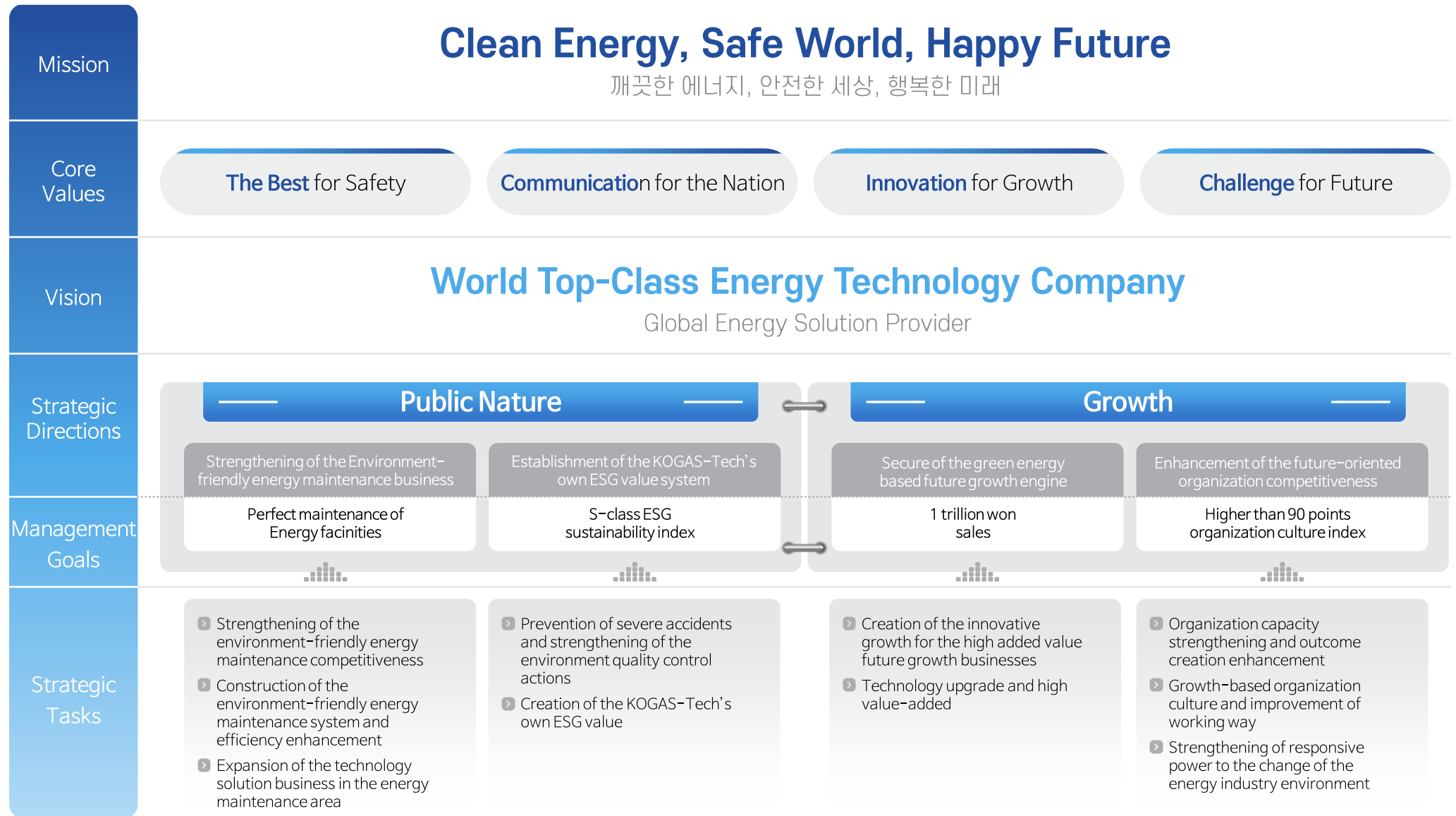
- 93.05 Establishment of Korea Gas Technology Industry Co., Ltd
- 93.07 Opening of 8 branches : Pyungtak, Incheon, Seoul, Kyungin, Chungcheong, Honam, Kyungbuk, Kyungnam (~97.01)
- 01.06 M&A of Korea Gas Engineering Co., Ltd.
- 02.08 Opening of 3 branches : Tongyoung, Gangwon, Seohae (~05.01)
- 05.03 Name change to the Korea Gas Technology Corporation Co., Ltd. (KOGAS-Tech)
- 10.10 Transfer of Head Office (Seoul → Daejeon)
- 14.01 Opening of Samcheok Station and Incheon Branch (13 branches in total)
- 16.01 Establishment of the Plant Business Division (2 sections and 1 center)
- 17.02 Appointed as a public enterprise (Ministry of Strategy & Finance announcement No. 2017-2)
- 18.07 Opening of the Social Value Office and Technology Business Office
- 19.02 Change of the Article of Incorporation (Expansion of new growth businesses to hydrogen, bio, and cold heat)
- 19.11 Opening of Jeju LNG branch (14 branches in total)
- 20.06 Name change of departments (Social Value Office → ESG Win-Win Cooperation Section)
- 21.01 Opening of Energy Business Headquarters, Energy Business Development Section, Hydrogen Business Section

Organization Chart



[3 Headquarters, 12 Centers, 1 Offices, and 14 Branches]

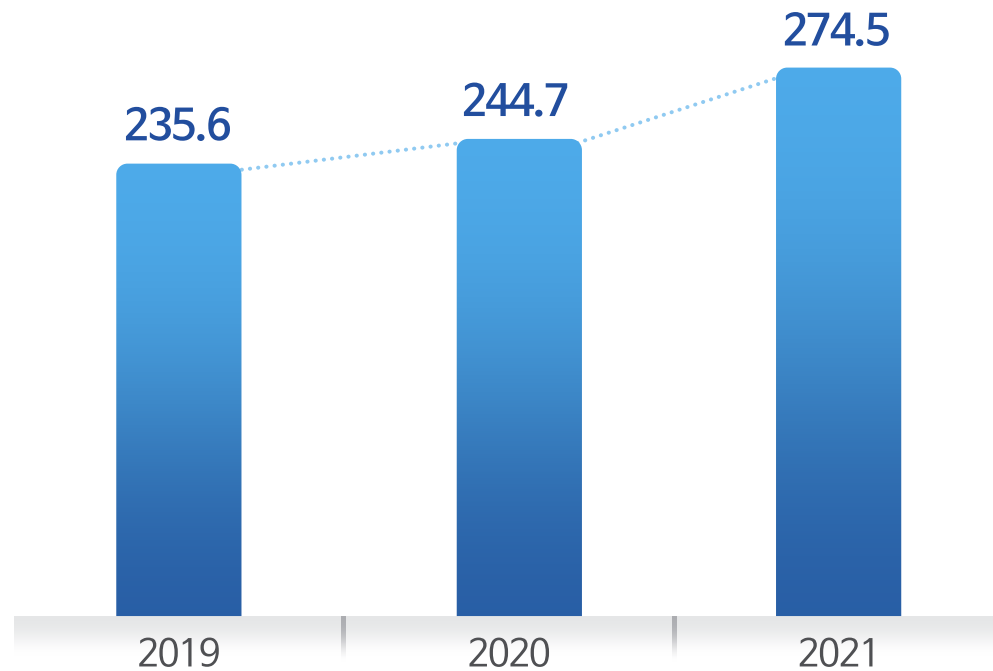




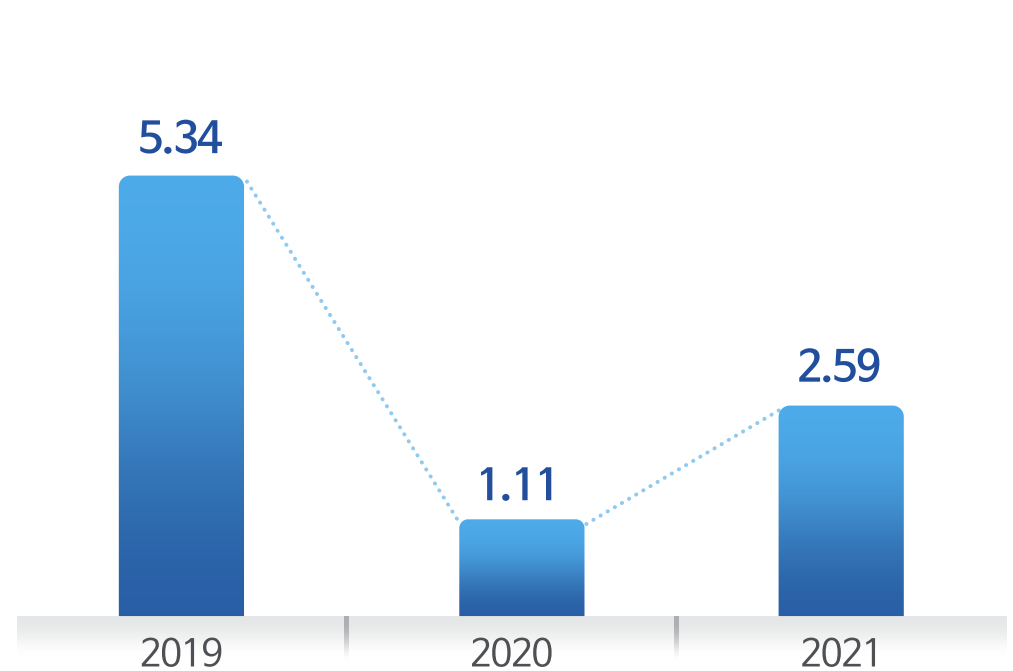
Assets and Debts	
Asset	274.5 Billion Won
Debt	* 0 Financial Debt 141.8 Billion Won
Capital	132.7 Billion Won

Profit and Loss	
Sales	301.5 Billion Won
Business Loss	3.8 Billion Won
Current Net Income	2.6 Billion Won

Total Asset Each Year [Unit] B won



Net Income Each Year [Unit] B won





KOGAS-Tech
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Record of Implementation of 10 Principles

KOGAS-Tech builds human rights business system based on the human implementation guideline, supports and respects the internationally proclaimed human rights

Expansion of Human Rights Impact Assessment and Fast Implementation of Improvement tasks process

Human Rights Impact Assessment based on the P-D-C-A Process

P Last Year feedback and plan

- Completed improvement in 25 cases
- Reexamination of unaccepted tasks

D Human Rights Risk Estimation

- Institution operation : human resources, safety
- Main business : 3 high risks (scope expansion of main businesses)

C Determination and evaluation of checklist

- Evaluation of 196 in 12 areas (Addition of Covid-19 protection)
- Education and evaluation of persons in charge

A Analysis and Feedback

- Institution Operation : 7 improvement tasks → 100% complete
- Internal and external disclosure of the result

Improvement for each area

Area	Items of Improvement	Contents of Improvement
Establishment of Human Rights Management System	Consistent managing of time series outcome of human rights management	Disclosure of human rights management outcome in a chart
	Prompt provision of relief procedure and the result to the parties concerned	Reflection to Regulations (Prompt provision of the relief procedure result)
Responsible supply-chain managing	Preparation of the operation manual of the human rights violation relief system	Making and distribution of the manual
	Pledge on human rights protection and respect at contract	Pledge on 'Practice of protecting laborers' rights' at contract
	Correction request to the exposed human right violation of a partner company	Pledge on 'Cooperation with proper reliefs and corrective measures'
Personal information protection and secured information human rights	Search for illegal camera within the office building	Purchase of illegal camera detector and detection
Employees' human rights protection	Expanded application to the Sexual Harassment & Violence Preventive Guidelines to partner companies	Application to a 3 rd party victim with work relevance

Preparation of Basis for Aid to Violation of Human Rights

Revision of the Human Rights Implementation Guidelines

Stipulation of the ground for making the Human Rights Infringement Relief Committee and relief of human rights infringements

Preparation of Operation Manual of the human rights infringement relief system

Introduction of support and procedures, such as counseling and protection of informants

Simulation training for human rights infringement relief

For new employees. Presentation of workplace bullying cases

Principle 02 Make sure that they are not complicit in human rights abuses

Korea Gas Technology Corporation generalizes the human rights management activities and actively participates in the social human rights issues in the regional society as an effort to spread the human rights respect culture.

Generalization fo human rights activities through education, experience, and inspection



Human Rights Sensitivity Education

24 times education on human rights including gender sensivity enhancement

- ▶ Customized education for each rank
- ▶ Education of gender difficulties counselors
- ▶ Visit to the Human Rights Experience Center



Recognition Improvement by Experience

14 posters and 182 catchphrases

- ▶ Human Rights Open Public Contest
- ▶ Day of Mutual Respects
- ▶ World Human Rights Photo Exhibition



Human Rights Check

Raise of human rights feeling level (3.76 →3.94 points)

- ▶ One department, one task evaluation
- ▶ Internal Diagnosis
- ▶ Interview of human rights vulnerable group

Spread of national-feel type human rights management culture

Internal Employees	Personal Information	Complete deletion of sensitive information and human resources record
	Safety	On Site → Office Workers preventive support to muscular skeletal diseases
	Pregnant Women	Restriction to harmful & hazardous workplaces
	COVID-19	Reflection of home-working to the Employment Regulations
Trading Companies	Contract	Trading companies' pledge to protect workers' human rights
	Manpower	Expansion of voluntary manpower ('20 10 persons →'21 15 persons)
	Sexual Misconduct	Expanded application scope of work-related 3 rd party victims
	Safety	Safety check of small scale natural gas facility (3 companies)
Regional Society	Hire	Regulation to prohibit hiring under aged worker (younger than 15 years old)
	Psychology	Counseling support to regional society's corona blue elimination (10 persons)
	Environment	Inspection and replacement of gas and energy facilities
	Embrace	Provision of cooling & warming products to vulnerable social group

Principle 03 Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

Korea Gas Technology Corporation supports practical acknowledgment of the Freedom of Association and the Right of Collective Bargaining through compliance with relevant laws and active efforts between management and labor



▶ Management-labor joint declaration for win-win



▶ Presidential prize for '21 Job Creation



▶ Formation of management-labor communication culture

1 Strengthening of management-labor 'win-win and compassion' through the management-labor discussion system

- ▶ Strengthened management-labor partnership through work agreement and resolution conclusion for issues
Management-labor pledge to comply with the integrity-human rights respect culture, labor-audit agreement to respond to social responsibility, management-labor joint determination to response to the Grave Accidents Act
- ▶ Achievement of common goals through quarterly management-labor conferences, and regular or temporary meetings
- ▶ Management-labor joint win-win declaration for carbon neutrality, green energy, and sustainable management

2 Build-up of a discrimination-less workplace through labor conditions improvements

- ▶ Completion of tarifvertrag and management-labor discussion through sympathy-based negotiations and agenda convergence
Compliance with government guidelines for tarifvertrag and 35 completed management-labor discussions
- ▶ Management-labor exemplary agreement for transformation to regular jobs and system improvement
Presidential Prize for '21 job creation (administrated by the Ministry of Employment & Labor)
- ▶ Certified as a family-friendly company for 6 years in a row through expansion of work-family balance

3 Communication and Managing Capability Strengthening for the Management-Labor Sympathy

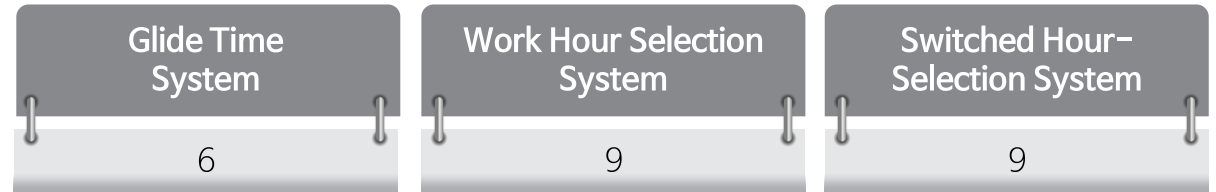
- ▶ Preparation of communication culture base through managementlabor generation understanding and education on the management-labor culture
Video education on Understanding MZ-generation and Acknowledging Generation Gap
Understanding generations campaign within company through distribution of Kogas-tech's own text
- ▶ Spread of management-labor sympathy through the High-Low communication system upgrade
[High] CEO communication-sympathy Date, Management Issues Briefing by Brach Head, Management-Labor Joint Workshops
[Medium] In-house Target Workshop, Kogas-tech Youth Board of Directors, Day of Management-Labor Harmony
[Low] Open-Door Day, MZ Generation Discussion Ground, Tok Tok Ground an anonymous board
- ▶ Deepened labor knowledge and network through joint education for union leaders-labor relations officers
Completion of the Labor Relations Expert Course by the union leader and labor relations head, and formation of network with relevant institutions

Principle 04 The elimination of all forms of forced and compulsory labor.

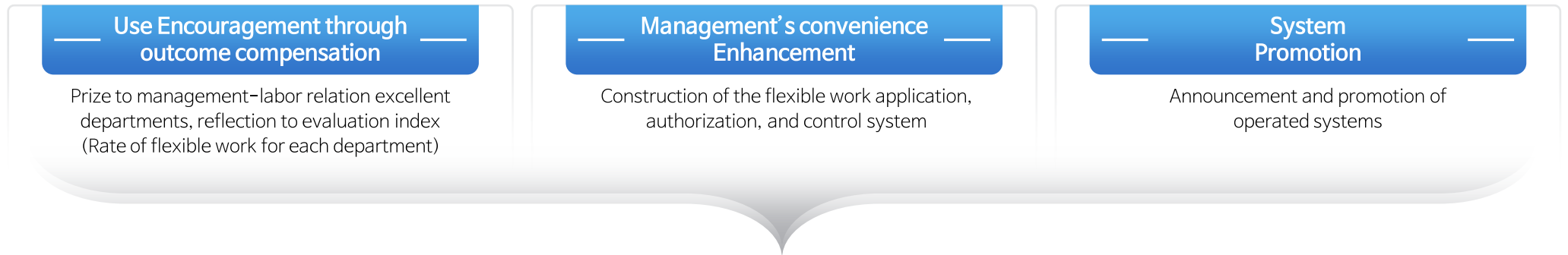
Korea Gas Technology Corporation complies with the requirements of the Labor Standards Act to exclude all types of enforced labor, supports various labor types, and builds family-friendly organization culture to support the coexistence of work and family.

Support of Various Labor Types

- Active Involvement in the government's work-family compatible policy
- Laborers' requirement for family care and self-development








Effort to Expand the Flexible Work Hour System



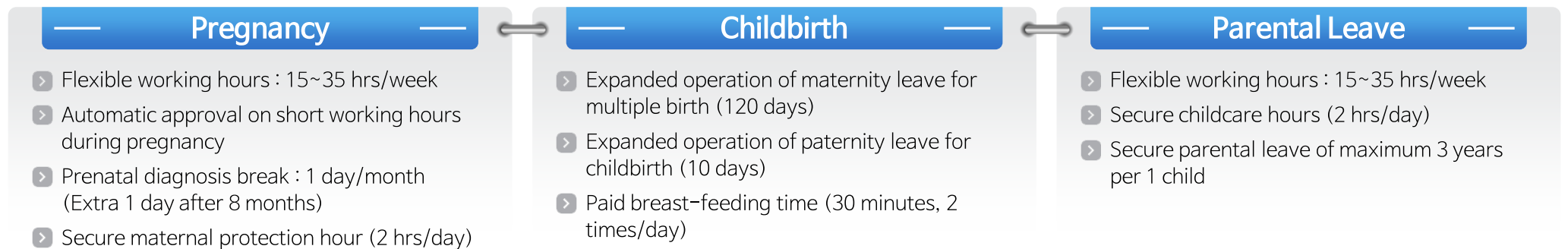
Type	Glide Time System	Work Hour Selection System	Switched Hour Selection System
'20	10,513 Cases	8,252 Cases	4 Cases
'21	11,800 Cases	7,636 Cases	5 Cases
Variation	1,287 Cases (12.2% ▲)	-616 Cases (-7.5% ▼)	1 Case (25% ▲)

Principle 04 The elimination of all forms of forced and compulsory labor.

Support of Various Labor Types

	<p>Family Day</p> <ul style="list-style-type: none"> ➢ HQ : At least 1 “Family day” per quarter decided by each department ➢ All departments and offices : Encourage to designate “family day” at least once a year 	<p>▶ Family-friendly business certificate</p> <p>[Initial] Dec 1, 2017 [Renewed] Dec 1, 2020</p>
	<p>Child Care Break</p> <ul style="list-style-type: none"> ➢ Grant child care break for occasions such as official event for children, or PTA meetings ➢ 2 days for 1 or 2 children, 3 days for more than 3 children 	
	<p>Family Care Break</p> <ul style="list-style-type: none"> ➢ Grant family care break in case of family member’s illness, accident, old age, childcare ➢ 10 days per year (Including days used for child care break) 	
	<p>Family Care Leave</p> <ul style="list-style-type: none"> ➢ Grant family care leave in case of nursing for family member’s illness, accident or old age ➢ Maximum 90 days per year (Including days used for child care, family care break, can be split to more than 30 days per leave) 	

Implementing Work Policy for Employees during the Pregnancy and Childcare Period



KOGAS-Tech abides by the Convention Concerning the Prohibition and Immediate Actions Toward the Child Labour declared by ILO.

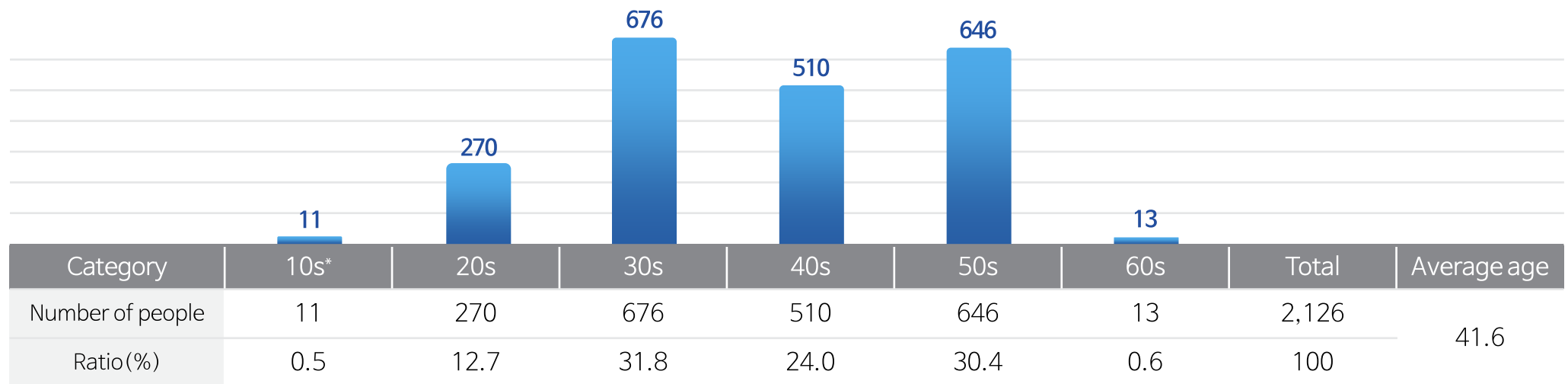
Reasonable recruitment standard to prevent child labor

- Exclude child recruitment by suggesting minimal qualification and checking the documents
- Recruit graduate-to-be for high school graduates, and check the school attendance record
- At the time of hiring new employees, their suitability confirmation is carried out through the search for those fired for wrong activities (excluding the background check)
- The minimum employment age is 15. Those younger than 15 cannot be hired. Those younger than 18 can be hired if they have a work permit by the Minister of Employment & Labor

Distribution status of employee's age

KOGAS-Tech recruits capable personnel for each department and has never recruited child.

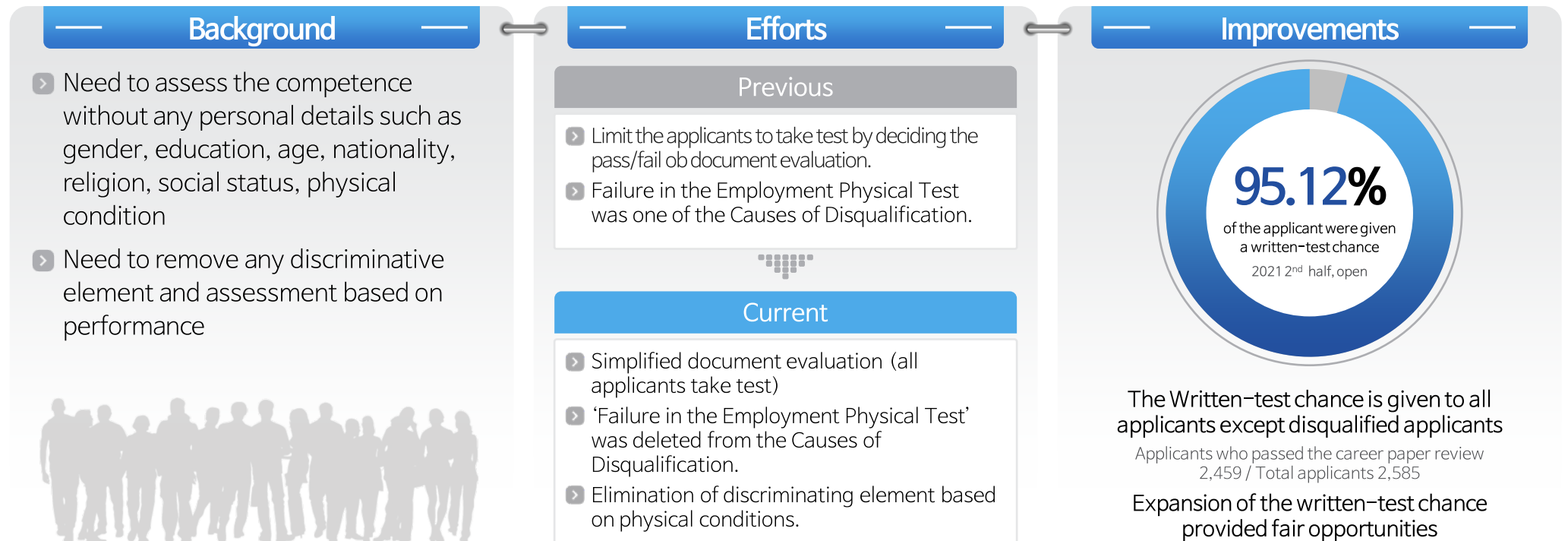
As of March, 2022



* Teenage employees are all over 18, who are recruited as excellent high school graduates to create anti-discriminating recruiting.

KOGAS-Tech endeavors to recruit based on talent to ban any form of discrimination and grants equal opportunity to all employees.

1 Recruitment opportunity open to everyone



1 Spread 'No discrimination Organization Culture' by practicing gender equality



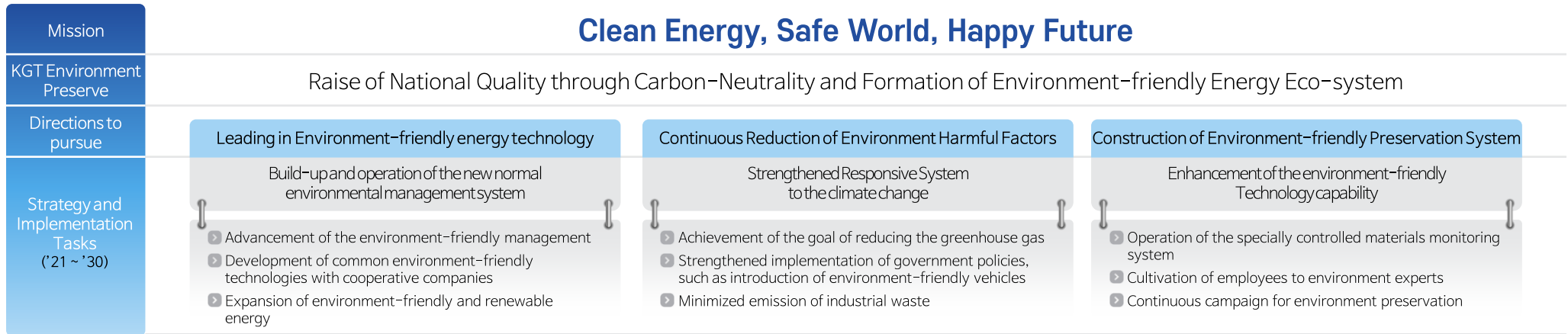
- › Count maternity leave to length of service to stop discrimination against any form of working condition such as promotion.
- › Lead to train female employees by running female employee mentoring program
- › Establish family-friendly system by supporting work life balance

Principle 07 Businesses should support a precautionary approach to environmental challenges

Korea Gas Technology Corporation pursues the realization of a green public enterprise by minimizing the emission of pollution sources and promoting activities to preserve a clean environment.

Clean Energy, Safe World, Happy Future

Raise of National Quality through Carbon-Neutrality and Formation of Environment-friendly Energy Eco-system



➤ Advancement of the environment-friendly management through diversification of communication channels



➤ Expanded support role to the hydrogen whole cycle center after collecting opinions of the parties concerned

Understanding of State	(102 institutions) and convergence of ipending issues (Daejeon Companies)
Effort to overcome	Previous: prototype Test, certificate issue Improvement: Support to product development → Prototype Test → Certificate issue → support to on-site verification

➤ Acceleration of government's carbon neutral policy by continuous efforts to reduce greenhouse gas



➤ Exceeded achievement of the government's gold of greenhouse gas reduction (32%) → 33.009%

➤ Introduction and operation of environment-friendly vehicles ('21, 11 vehicles)

Hydrogen Vehicles	3
Electric Vehicles	2
Hybrid vehicles	6

➤ System reestablishment for improving workers' working environment



➤ Build-up of the specially controlled materials monitoring system

Understanding of State	Measurement of work environment showed that this company possesses specially controlled materials (14 products in 11 materials including cadmium)
Effort to overcome	① Periodic monitoring (once/half year) ② Exhibition of Excellent Cases (2 substitute products) ③ Build-up of inventory (in relation with ERP)

Principle 08 Businesses should undertake initiatives to promote greater environmental responsibility

KOGAS-Tech reinforces its environmental responsibility and increases it by minimizing the pollutant emission and conducting environment protection activity.

1 Minimize pollutant emission and increase environment protection activity



State of Environment-friendly Vehicles in '21

Type	Vehicles
Hybrid	3
Electric	2
Hydrogen	6

- ▶ Minimize pollutant emission by improving source management
- ▶ Use eco-friendly products to reduce green gas
- ▶ Secure eco-friendly green hydrogen production technology and vitalize supply of eco-friendly car (Electric, hydrogen car)
- ▶ Create clean environment based on the cooperation with local community

1 Strong Efforts for Energy Saving



- ▶ Power regulation using an energy management system (power control)
- ▶ Expanded distribution of high efficiency energy devices
- ▶ Elevation of employees' recognition and promotion of energy saving plans
- ▶ Designation of an energy saving department and energy savior

▶ Greenhouse gas implementation status

※ Green gas reduction goal by 2030 : 50%

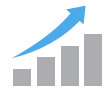
Category	2020	2021	Variation
Reduction goal (%)	30	32	▲ 2
Emission(tCO2)	939	1,030	▲ 91
Result(tCO2)	596	690	▲ 94
Reduction rate (%)	36.528	33.009	▲ 3.519
Achievement rate (%)	121.8	103.2	-

Principle 08 Businesses should undertake initiatives to promote greater environmental responsibility

KOGAS-Tech identifies, evaluates, manages and improves the environmental issue based on ISO 14001 (Environmental Business System) for the effective management of environmental risk.



Systematic operation of the sustainable Environmental Management system based on the international standards ISO 14001 for the improvement of environmental management and enhancement of environmental outcome
[First Certification] Oct. 27, 2000 [Renewal] Oct. 27, 2020



Spread and share of excellent cases of environmental management
Activities to improve unsatisfactory items



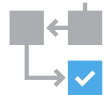
Comprehension of insufficiencies and improvements to the Environmental Management state



Monitoring of the state, such as Environment Goal and Operation State



Establishment of environment policies based on the Environmental Management System



Planning of yearly environment operation



Management of waste reduction activities and harmful hazardous materials



Korea Gas Technology Corporation responds to the international energy paradigms, such as carbon-neutral and fine dust reduction through R&D and vitalized distribution of environment-friendly energy.

1 Vitalization of the National Hydrogen Economy & Industry



- 1** Construction of 45 hydrogen stations nationwide
 - ▶ Plans to construct 60 stations until '23
- 2** Construction of 3 hydrogen production bases (Pyungtak, Busan, Wanju)
 - ▶ Distribution cost reduction due to the hydrogen production bases
- 3** Development and application of the freezing-preventive filling nozzle to the hydrogen station
 - ▶ Filling time reduction by 50% in average
 - ▶ Prevention of accidents by using nitrogen



2 Development of the green hydrogen production and supply technology



- 1** Planned verification of liquid hydrogen station (June '22)
 - ▶ 3 patents for the process design technology and other
 - ▶ Reception of the 1st Hydrogen Technology Grand Prize (Joint Ministries, '21.7)
- 2** Green Hydrogen Cooperation MOU (UAE, Oman / '21.11)
 - ▶ Discussion on provision of verification site and renewable energy power (UAE)
 - ▶ Secure of domestic verification site ('21.8, 대전시)

3 Expanded operation of the hydrogen whole cycle center reflecting the needs of domestic companies



Aerial view on hydrogen life-cycle center

- 1** Role of the Hydrogen Whole Cycle Center
 - ▶ Provision of a test facility (33.5 B won scale) enabling the safety and performance evaluations (45) of whole cycle products
 - ▶ Test expense support and joint R&D
- 2** Outcome
 - ▶ Change to the "one-stop test, evaluation, and support platform for hydrogen parts"
 - ▶ Commendation for Renewable Energy Spread from Daejeon City (Oct. '21. a prize for renewable energy and resolving the Daejeon area issues)

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

KOGAS-Tech is endeavouring to anti-corruption, integrity activity under the ethical vision of "Global Energy Technology Leader Leading the Clean and Transparent Society".



Strengthened Ethical Management

- › Anti-corruption Management System (ISO 37001): 2nd certification
- › The suitability of the sloppy management control system was certified (preparation of the sloppy management control manual and discovery of the checklist)
- › Prevention of the risk of invalid use of internal information by strengthening the internal control system (reestablishment of violation types, operation of the focused report period, strengthening of accusing and punishment provisions in the relevant regulations)

Ethical Management Activities

- › Customized education on integrity and human rights, such as a visiting education
- › Customized education on integrity for all employees/corruption-vulnerable departments (accounting, contract, human resources)/each rank (high ranks employees)
- › Integrity in Life campaign, such as all employees participating integrity tasks
- › On-site examination of the budget and operation state of vehicles' integrity display

Spread of Ethical Management Culture

- › Auditors of head office and branches took charge of "Visiting Integrity Meetings"
- › Communication Meetings and survey on power trip: for partner companies
- › Visiting corruption case trials by all executives and employees (including president, auditor, and headquarters chiefs)
- › Active realization of ethical management by activated internal & external communications for integrity (Integrity Portal, Anti-graft Law Q&A, Management Notification, Tong Tong Friendship Ground)

Active Report System

- › Increase of report credibility and treatment satisfaction through revision of Guidelines for Anonymous Report
- › Revision: Clarification of requirements for reporting a audit case and procedural improvement for reporting violation of laws
- › Improvement result: Employees' replies of Normal or higher for the Handling Satisfaction survey (82.7%)
- › Operation of Focused Report Period for bribery or treat in relation to promotion or transference
- › Development of self-diagnosis checklist for Conflict of Interest Act and its application to all employees

Clean Energy, Safe World, Happy Future

This is the World that **KOGAS-Tech** dreams of