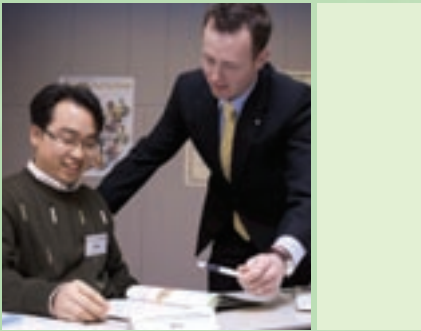


# Sustainable Operation

GS Engineering & Construction is committed to fulfilling all obligations to customers, shareholders, employees, local communities, the nation and society as a whole. Thus, management is proactively adjusting to the changing corporate environment in order to be a world-class enterprise that can continue to grow and advance.



## Ethical Management

GS E&C is committed to being an ethically upright company that can be trusted. Therefore ethical management activities are broadly based, encompassing organizational, systemic and educational elements.

- **Homepage for Ethical Management**

A dedicated homepage introduces the company's ethical management activities to all stakeholders. It also serves as a channel for internal whistle-blowers and outside observers to report irregularities by GS E&C employees.

- **Training on Ethical Management**

GS E&C has a series of training programs that cover ethical issues encountered in specific job situations. The lectures cover theoretical aspects as well as actual case studies. Some courses are available online, while others are regularly scheduled offline for persons in key positions of authority such as construction site supervisors and manager. Newly hired employees are all required to take a basic course on business ethics as well.

- **Pledge to Comply with Ethical Code**

All employees sign a pledge to comply with the company Code of Ethics. In so doing they express their resolve to be part of a corporate culture that does not tolerate wrongdoing of any kind.

- **Gift Refusal Campaign**

Starting in 2003, the company has strictly banned the practice of giving and receiving gifts in the process of doing business.

- **Rewards for Whistle-blowers**

Employees or outsiders who report acts of bribery, theft or other sorts of abuse are given a reward in cash.

- **Collective Responsibility for Wrongdoing**

If once member of a unit is found guilty of wrongdoing, his or her co-workers and superiors will also be implicated.

- **Punishment for Outside Bribe Givers**

A subcontractor that bribes a GS E&C employee will lose the right to work with the company. On the other hand, the subcontractor who reports a bribe demand by a GS E&C employee will receive a payment and other benefits according to the whistle-blower reward program.

- **Ban on Possession of Subcontractor Shares**

GS E&C employees are prohibited from owning shares in listed or unlisted companies that do business with GS E&C.

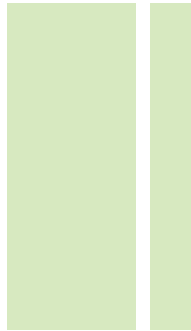
- **Corporate Social Responsibility**

The "Xi Love Sharing" community service corps was launched in 2006 as part of a CSR program that helps the disadvantaged in society. This organization integrates and systematically oversees the diverse public service activities performed by GS E&C and has chapters at the Head Office as well as at worksites around the country. The recipients of the activities are selected in cooperation with local government agencies.

- **IR Activities**

Investor trust is fostered by transparent management practices that involve the Board of Directors and Audit Subcommittee. The Board directly and openly decides issues of major importance each quarter. To maximize shareholder value, top managers have also taken part in an overseas road show each of the past two years, and they attend various international conferences in order to provide investors with the latest updates on the company and strengthen communication links with investors. In the process, investors from around the world are kept informed of developments at GS E&C. An IR homepage is also maintained to provide global investors with performance data in real time.

## Sustainable Operation



## Social Responsibilities

Society is the venue in which corporate activities are conducted, so companies must contribute to a healthy society to survive and progress themselves. Being involved in the community is also the right thing to do. Therefore, most companies are now active in their communities, and GS Engineering & Construction is no exception. In 2006, GS E&C launched "Xi Love Sharing," a voluntary community service organization that operates on the basis of matching grants.



### "Xi Love Sharing"

Employees have been divided into a total of 142 volunteer service units, and programs have been selected and assigned to individual organizations. Starting in February 2006, employees on construction sites have linked up with local government agencies to organize visits to nursing homes, childcare centers and orphanages. Employees at the Head Office, meanwhile, visit elderly persons living alone in immediate vicinity each week, delivering side dishes prepared by the company cafeteria. The Head Office also established "sisterhood" ties with the local government office, which introduces elderly persons who are without families.



### Major Volunteer Activities in 2008

On a cold winter day, nine Environment Business Division employees working on a sewage line above Daecheong Dam visited twelve households in the local community. They brought rice, instant noodles and other food items, helped with the cleaning and cheered up the families. Seven Housing Business Division employees on the Songdo Harborview Xi Apartment Complex, spent time looking after children with serious disabilities. Shin Jung-sun, one of the volunteers, says: "Being unfamiliar with the children, we were a bit hesitant at first. But the children greeted us so gratefully and surrounded us. As we hugged each one, we began to feel very close." Civil Engineering Business Division employees deployed on Section 7 of the Dangjin-Daejeon Expressway took part in the cleanup effort after a massive oil spill at Taeon, on the west coast. They helped to build a breakwater at Baekripo.



Community service by GS E&C employees is not confined to Korea; company engineers assigned overseas use their talents to help out people in the local communities. GS E&C has been working on facilities for the South Pars (Phases 9 & 10) gas field, off the Iranian coast, since 2005. Company employees have also been visiting an orphanage in Tehran and donating computers and cash to help the children there. Community service activities have also been performed in Egypt and Oman, where several construction projects are underway. GS E&C people visited an orphanage in Alexandria, Egypt and donated supplies. Three notebook and 19 desktop computers were also donated to Ommayah Bint Qais School, which is operated under the Omani Ministry of Education. GS E&C is building the Tan Son Nhat-Binh Loi Outer Ring Road in Ho Chi Minh City. Korean actress Lee Young-ae, the spokesmodel for Xi Apartments, went to Vietnam to visit the Tam Binh orphanage, which is supported by GS E&C. She also engaged in various other community service activities.



## HR Management

The GS E&C employee is cultivated to be proactive and globally competent, for people are seen as the essential foundation for all corporate competencies. A scientific personnel approach is followed at the company, and substantial investments are made to attract, train and manage employees. Personnel infrastructure is now being expanded outside Korea to improve human resources management and lay the groundwork for a truly global operation.



### Personnel Status

The size of the GS E&C workforce is being adjusted to ensure future competitiveness amid a rapidly changing business environment. Currently, a total of 4,348 full-time Korean employees are working at the Head Office and construction sites around the world. In addition, 69 non-Korean employees from sixteen different countries are now working in Korea to support the expansion of global operations. An "Early Adaptation Program" and "Friend Mentor Program" have been implemented to promote their loyalty and sense of belonging to the GS E&C organization. Ten of them are accompanied by their families, and the company covers the airfare for all family members when coming to and leaving Korea.



### Direction of the Personnel System

GS E&C has established a short-/mid-term roadmap for organizational development, and the organizational structure and the decision-making process continue to be upgraded. Individual responsibilities and authority have been clarified, and bureaucratic paperwork has been reduced. The company has adjusted the way meetings and group meals are conducted to be in line with the global standard. Worker productivity and efficiency continue to be elevated with the goal of having one of the world's most competitive workforces. A tradition of amicable labor-management relations has been fostered internally. Moreover, forums are held with outsourced partners, and ongoing efforts are made to ensure mutual benefit for all stakeholders, including the general public.



### Training and Career Management

A snapshot of the personnel training system can be seen by examining the GS Construction Academy, which consists of three major components: the "Best School," "First School," and "G-School." The "Best School" curriculum hones the skills required for effective work performance. The trainees learn about the four major aspects to the construction business, namely marketing, design engineering, project execution and facility operation. The "First School" provides basic training for newly hired personnel. The school has courses for people who have been promoted to a higher organizational level so that they can perform their new duties most effectively. Finally, the "G-School" is a special program for grooming key personnel from each organizational level and work position into future leaders.



## Safety & Environmental Management

Protecting workers and the environment at construction sites is a fundamental obligation for all construction companies. It is also an essential element for corporate competitiveness. GS E&C safety management directives must be followed in every task without exception to ensure basic safety. Regulations require that accident prevention measures be a priority when deciding budgets, assigning personnel, and devising work approaches. In addition, environmental management is conducted thoroughly because it is fundamental for being a “green” company and is an obligation to society.



### Safety Management

GS E&C was the first Korean builder to establish a Safety Innovation School. Members of top management were first to complete the course, providing an example for the rest. They were followed by all other employees, the chiefs of subcontractor units and subcontractor crew chiefs. The Safety Innovation School offers various programs that reconstruct accident and workplace situations for practical training. Employees from the Head Office, which is far away from the actual construction work, are also required to strap on safety gear and experience construction site working conditions. This way, they can realize the importance of adhering to safety regulations at all times. They also learn cardiopulmonary resuscitation (CPR) techniques so that they can be ready to respond in emergency situations.

The GS E&C is already OHSAS 18001 compliant, and it became the first builder in Korea to require all technical people to be qualified as construction safety engineers. Technical cooperation is also being pursued with Kajima of Japan in order to establish the most advanced safety management system at GS E&C.



### Environmental Management

GS E&C received ISO 14001 certification back in 1996 and has maintained a robust environmental management program. Recently, the company became the first in the domestic industry to implement a budgeting system that automatically earmarks environmental expenses, and to adopt environmental accounting. An Environmental Conflict Prediction Program has been developed to anticipate, avoid or settle immediately any civil complaints over environmental issues. The latest addition to the environmental management system monitors every process at every construction site in real time.

GS E&C has also formed a separate Environment Team that is responsible for construction environment management. A unique “intelligent” environmental data system was completed in 2006, providing key data in real time on everything that must be environmentally managed at all the construction sites.

Meanwhile, the company is developing environment-friendly technologies and runs a subcontractor mentoring system that promotes “win-win” relations. All subcontractors are being integrated into the Total Project Management System, and training is provided on TPMS implementation. GS E&C regularly holds the “Xi CEO Forum” and continues to support environmental management training at subcontractors. These efforts have been recognized publicly, as GS E&C was selected for the First Prize in the Green Management category at the Global Green Management Awards, hosted by the Korea Management Association and Korea Management Association Registrations & Assessments Inc.

