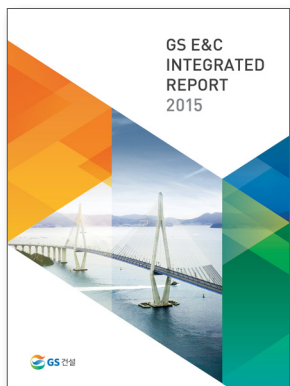


GS E&C INTEGRATED REPORT 2015



GRAN Seoul, 33 Jongno, Jongno-gu, Seoul 03159
Tel. +82-2-2154-1114
www.gsconst.co.kr



Cover Image _ Mokpo Bridge(Korea)

ABOUT THIS REPORT

 [G4-3, G4-5, G4-18, G4-28, G4-29, G4-30, G4-31, G4-32, G4-33](#)

This is the fifth integrated report published by GS E&C.

The company aims to be the Best Partner & First Company trusted by everyone for its efforts to build global values with creative passion. This report covers the calendar year 2015, from January 1 to December 31. In this report, GS E&C discloses its financial and non-financial performance during the year in the most transparent way possible.

GS E&C has included the performance of all its business sites and its major supply chain at home and abroad in this report. The company has presented its financial performance in 2015 in consolidated financial statements prepared according to the K-IFRS, the Korean version of International Financial Reporting Standards, starting this year.

This report has been prepared in accordance with GRI G4 Guidelines in accordance Core. Information included in this report has been assured by THE CSR, an independent global sustainability management consulting firm.

Most notably, this report has applied the Integrated Reporting Framework of the International Integrated Reporting Council(IIRC) to bring greater cohesion and efficiency to the reporting process. GS E&C has done its utmost to reflect the values that it creates for itself and society through its sustainability management activities as recognized by its incorporation into DJSI World and DJSI Asia Pacific, respectively.

For details of this report, please contact our Strategy Planning Team at the following address:

GS E&C
GRAN Seoul, 33 Jongno, Jongno-gu, Seoul 03159
Tel. +82-2-2154-1114
E-mail swkim02@gsconst.co.kr
www.gsconst.co.kr



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CEO's Message



Dear Stakeholders,

On behalf of the entire GS E&C Corporation, I would like to express my deepest gratitude to you all for your interest in and continued support for us.

In 2015, GS E&C continued its march towards becoming a 'sustainable global company' amidst the increasingly competitive internal and external business environments, which are largely due to falling oil prices, increasing restrictions on GHG emissions, and a growing shift towards new and renewable energy. As a result of its concerted company-wide efforts, GS E&C was incorporated into the DJSI Asia Pacific for the sixth consecutive year and ranked 26th among the top 250 global construction companies selected by Engineering News-Record (ENR) of the United States in 2015.

For the purpose of sharing the values created through GS E&C's sustainable business practices in 2015 with its shareholders, this Integrated Report in 2016 classifies our economic, environmental and social performance for the year 2015 into six major types of capital (financial capital, industrial capital, intellectual capital, environmental capital, human capital, and social and relationship capital) and presents its value creation in each category in accordance with the International Integrated Reporting Framework.



In 2015, GS E&C's annual sales exceeded KRW 10 trillion for the first time in its history, despite having suffered a massive operating loss in 2013 and realizing only a slight operating profit in 2014. However, it achieved positive results in all three major areas of operating profit, pretax profit, and net income in 2015, successfully making a turnaround in its corporate performance during the year.

GS E&C achieved remarkable business growth in plant engineering, power systems engineering, infrastructure, and architecture/housing. In the area of overseas business, GS E&C saw most of its projects progress to the final construction stage despite worsening conditions due to declining oil prices, and was able to reduce its overseas risks considerably and achieve income normalization. Meanwhile, in the area of domestic business, GS E&C posted extraordinary performance results largely due to a housing market boom, driving the company-wide business results in a positive direction.

GS E&C made significant contributions not only to quality development but also to cost reduction and energy conservation as a result of its focus on research and development. In this respect, the GS E&C Research Institute plays a central role in the development of our new eco-friendly technologies. In addition, GS E&C has succeeded in acquiring green certifications for its new environmentally-friendly technologies every year. GS E&C applies its new eco-friendly technologies to its construction sites at home and abroad, and is making significant progress not only in quality development but also in its cost-cutting, carbon emission reduction and energy conservation initiatives.

GS E&C plays a leading role in the nation's environmental policies and the national response to climate change, and aims to become an "Eco Global Top Tier" enterprise. To that end, it is making concerted efforts to reduce its energy consumption as a way of responding to climate change with the specific goal of reducing its GHG emissions by 30% by 2020. Most notably, in a bid to reduce energy consumption at its construction sites, GS E&C developed high-efficiency LED lamps tailored to its various temporary facilities in 2015, and expects to save KRW 300 million in conserved electricity, which is equivalent to reducing its GHG emissions by 1,309tCO₂-e.

GS E&C has created a company that is admired by its employees, all of whom work hard to enhance their expertise, and is committed to helping its employees build up their expertise, as well as offering them a pleasant work environment in which they can maximize their work efficiency. Most notably, we have continued to maintain positive labor/management relations by promoting effective communication between labor and management through diverse dialog channels including the Labor-Management Council, and have established a safe work environment for our workers by implementing various innovative measures such as the 'Safety Innovation School.' In this way, GS E&C has transformed itself into one of the best companies to work for in the country.

GS E&C has grown together with its suppliers and local communities, fulfilling its responsibility for shared growth through its innovative actions as befitting a global construction and engineering company. In particular, its top management has facilitated two-way communication with the representatives of its suppliers by forming a Shared Growth Council, and taken diverse practical actions to realize shared growth with them. Meanwhile, to promote shared growth with its local communities, GS E&C has continued to engage in corporate community involvement (CCI) activities, tapping into its business edges, including the construction of 'Study Rooms of Dreams and Hopes' and 'Playgrounds of Dreams and Hopes.'

Ultimately, we will do our very best to achieve balanced growth in economic, social and environmental aspects in 2016 by making further improvements to our sustainable business practices and by continuing to create new values for our stakeholders on the back of increasingly strong competitiveness in all six major types of capital.

Thank you.

August 2016

GS E&C Corp.

President & CEO Byeong-yong Lim

Interviews with Outside Directors



Byung-Hwa Jin,
Outside Director

_Former Director at the Ministry
of Strategy and Finance

Financial stability is the most compelling task

Armed with exceptional ethical awareness, GS E&C carries out all its business operations within its framework. Recently, its business environment has become challenging due to a slowdown in the growth of the global construction market that has been largely driven by falling oil prices. The company's immediate outlook is not that rosy. Under the circumstances, I personally think that the most compelling task facing GS E&C is the maintenance of its financial stability into the future.

I applaud the company's emphasis on safety which is so critical to the protection of corporate prestige and the prospect of securing new contracts. I also find it promising that the CEO's management philosophy of pursuing corporate growth through the growth of its employees has taken root as part of the company's corporate culture, which I am sure will help GS E&C overcome any of its difficulties down the road and thrive.



In-Ki Joo,
Outside Director

_Dean of Yonsei University
School of Business

Sustainability management is a strategy for surviving

Safety and environmental protection are the most important CSR issues to GS E&C. Profitability needs to be improved so that the company can maintain its operating profits above a certain level and continue enjoying its technological edges in the market. Fully aware that the development of eco-friendly technologies will play a central role in determining its future competitiveness, GS E&C continues to seek to create intellectual capital through active R&D efforts.

Sustainability management must be pursued as vigorously in hard times as in good times. Business management for survival and business management for sustainability cannot be two separate things, but they are one. If we are preoccupied with short-term gains, we cannot expect to be sustainable over time. GS E&C must continue to promote its basic strategy aimed at joining forces with its stakeholders to protect the environment. In that context, GS E&C's publishing of an integrated report elaborating on its financial, social and environmental performance is quite significant.



Jong-Eun Kim,
Outside Director

_Former President & CEO of
LG Electronics

Sustainability management is trust-building of stakeholders

We believe that business activities should be based on trust. The company founder advocated creating win-win situations based on trust among stakeholders. These days, business activities seriously impact local communities and the environment. I think the reverse is true, too. We need to arm ourselves with the awareness that "We are all on the same planet" to render all our business decisions as being genuinely sustainable. It is the solid management principle of GS E&C to pursue unity instead of division in all its business decisions.

Publishing an integrated report is indeed extremely meaningful in that it inspires us to think again about how each of our business decisions will be evaluated a century or so later. GS E&C's sustainability management has not yet reached the world's highest level. Yet I am confident that the company will make it soon as it continues to make an all-out effort to achieve its economic results while maximizing its positive social and environmental contributions at the same time.



Do-Youp Kwon,
Outside Director

_The 2nd Minister of Land,
Transport and Maritime Affairs

Virtuous business management and social contribution

The most crucial responsibility of a corporation is to optimize its economic value creation on the basis of virtuous business management practices while seeking to solve social and environmental issues related to its business and contribute to the wellness of its local communities. GS E&C accelerates its advancements in technical development and business expansion as a global leader in the industry on the basis of its human-centered ethical corporate culture.

In terms of sustainability management, the company has presented breakthrough solutions to inter-floor noise and sick building syndrome suffered by new apartment occupants. It has also made successful efforts to resolve problems in plant engineering. It has also continued to do its utmost to make significant advancements in the area of corporate community involvement.



GS E&C clinches a subway depot construction contract in Singapore (US\$ 1.46 billion)



GS E&C won a massive public transportation depot project, called 'T301,' from Land Transportation Authority (LTA), Singapore. The project involves the construction of a depot for subway vehicles and buses over a land area of 320,000m² near Changi International Airport. It is the largest project launched by LTA. The project also attracts keen interest as it is the world's first 'building-type vehicle depot' project. Highly regarded by the Singaporean government for its excellence in construction and engineering, GS E&C has so far won KRW 3.2 trillion in subway construction contracts in this country.



GS E&C opens the doors of its new design company in Manila, the Philippines



GS E&C established a design firm in Manila, the Philippines in December 2014 and opened its doors in February 2015. It can accommodate up to 200 people in the total floor area of 1,952m². More than 150 staff members are working in the firm at present. The company decided on the location with top priority placed on the employee safety. The new design firm in Manila is expected to reduce the company's design burden and drive its further development in the area of engineering in both quantitative and qualitative terms.



GS E&C incorporated into 2015 DJSI Asia Pacific for 6 consecutive years



In 2015, GS E&C was incorporated into DJSI World and DJSI Asia Pacific for the 4th and the 6th consecutive year, respectively. The recognition of DJSI as the industry leader in sustainability is the result of the company's consistent efforts under its management philosophy that advocates, "Only sustainable management enables it to maintain transparent communication with its stakeholders, including shareholders, customers and employees, and even to exist in the long term."



GS E&C ranked 26th by ENR of the US among top 250 global contractors in 2015

ENR
Engineering News-Record

With its turnover of USD 5.11 billion in 2015, GS E&C was ranked 26th among 'top 250 global contractors' by the ENR of the United States. It attests to the status of GS E&C in the global construction market. GS E&C will continue its efforts to exert leadership in the global construction industry.



GS E&C won the grand prize at 2015 Annual Safety Award Convention in Singapore



GS E&C has carried out a wide range of social infrastructure development projects in Singapore, winning recognition from the government for its safest work practices. In September 2015, it won the grand prize at the 2015 Annual Safety Award Convention hosted by Land Transport Authority (LTA) for the company's subway project in central Singapore (third phase, section C925). The award will put the builder in a better position to secure public works projects launched by LTA in the future. It is also a testament to the company's extraordinary safety management capability proven in the city state where almost all of the world's top-notch contractors are present. The recognition which is ultimately attributable to the company's management philosophy has also improved the overall corporate image of Korean builders on the world stage.

GS E&C was launched in December 1969 as Lackhee Development Co. which changed its name to GS E&C in March 2005. The company has continued to make developments for the past 46 years in a variety of construction and engineering areas such as plants, power, infrastructure, architecture and housing. We will remain committed to advancing toward being a top-tier company that prioritizes the creation of great customer value and being the best partner, while growing along with stakeholders.

General Information (as of December 2015)

G4-3, G4-4, G4-5, G4-7, G4-9

Corporate Name	GS Engineering & Construction Corp.(GS E&C)	Total Assets	KRW 11.83 trillion
Corporate Form	A corporation subject to external auditing, a KOSPI listed firm	Turnover	KRW 10.57 trillion
Date of Establishment	Dec. 19, 1969	Total Contract Amounts	KRW 13.38 trillion
No. of Employees	6,520	No. of Project Sites	203 (150 domestic, 53 overseas)

Business Sectors

G4-4

Architecture Office buildings factories, apartments, etc.	Infrastructure Roads, railroads, etc.	Plant Oil refineries, water treatment facilities, etc.	Power Power plants, power control, district heating, etc.	Leisure Resort business, etc.
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Shareholders Breakdown (as of December 2015)

G4-7

Name of Major Shareholders	No. of shares owned	Percentage (%)	Transaction with company	Rank	Position	Share Ratio
Chang-Soo Huh	7,821,263	11.02	None	1	Domestic Investors	57.0%
Jin-Soo Huh	3,913,082	5.51	None	2	Major Shareholders	29.2%
Jeong-Soo Huh	2,996,634	4.22	None	3	Foreign Investors	11.8%
Myung-Soo Huh	2,443,576	3.44	None	4	Treasury Stock	2.0%
Tae-Soo Huh	1,529,727	2.16	None			
Employee Stock Ownership Association	3,427,232	4.83	None			

Organization (as of July 2016)



GS E&C complies with global guidelines

G4-15 SDG 17

GS E&C supports global CSR initiatives related to the construction industry such as UN Global Compact, ISO 26000, DJSI, CDP, ESG and SRI by actively promoting its corporate social responsibility including the minimization of its business activities on the environment and the protection of local residents' human rights.



UN Global Compact

On August 4, 2010, GS E&C joined UNGC, a voluntary corporate initiative that promotes and encourages corporate social responsibility. By complying with the 10 Principles on human rights, labor, environment, and anti-corruption, GS E&C takes part in the promotion of the global guidelines on corporate social responsibility, and reassures the global community of its strong commitment to pursuing sustainability management. GS E&C will continue to play a leading role in the promotion of the 10 Principles throughout the world. To that end, it will respect basic human and labor rights, strive to develop eco-friendly technologies and products as a response to the global environmental crisis, and intensify its preventive measures to eradicate corruption throughout its business practices.



ISO 26000

GS E&C complies with ISO 26000, an international standard developed to help organizations address their own social responsibilities, with the purpose of contributing to building a sustainable future for all. The company has established an exclusive team devoted to the implementation of its human rights friendly management in the seven core subjects and issues pertaining to social responsibility, including organizational governance, human rights, labor practices, the environment, and fair operating practices. GS E&C also carries out diverse corporate community involvement and environmental protection programs. It regularly checks its progress in the worksites and shares it with its stakeholders.



DJSI

DJSI evaluates the sustainability performance of the world's largest companies. The indices are recognized as the most reliable global sustainability benchmarks worldwide. GS E&C was incorporated into the 'DJSI World' in September 2010. It has since been incorporated into the DJSI World and the DJSI Asia Pacific for four and six consecutive years, respectively.



CDP

The Carbon Disclosure Project(CDP) serves as a global standard in the area of companies' environmental information including their climate change data. The CDP evaluates major companies' performance in emissions reductions, among others, through the data and questionnaire answers reported to CDP. In 2015, GS E&C scored 88 points(Class C) on a scale of 1-100 from CDP.



ESG & SRI

한국기업지배구조원

KCGS carries out comprehensive ESG (Environmental, Social and Governance) evaluations of listed companies in Korea. GS E&C received Class B+ in the overall evaluation and Class A in the area of its social and environmental performance. GS E&C won Class BB in SRI (Socially Responsible Investment), an evaluation that KCGS provides to only those companies that have won very favorable evaluation results in ESG.

Architecture & Housing

The architecture business of GS E&C includes a whole variety of building projects, including office buildings and manufacturing facilities, in both public and private sectors. The company further expands its engineering and construction competencies for diverse architectural projects in overseas markets through forming MOUs with global leaders.

The housing business of GS E&S, a significant contributor to the country's job creation and economic growth, offers top-of-the-line housing facilities to domestic consumers based on the company's highly regarded brand power and technological superiority. It has also secured price competitiveness through continuous cost-reducing innovations. It also offers its customers differentiated customer service. It is reinforcing its basis for sustainable growth through new housing developed through a paradigm shift in the areas of environmental soundness and energy conservation.



◀ Cheongdam Xi (Korea)

Plant

The plant industry involves the design, procurement and construction of various facilities used in oil, gas & petrochemical industries as well as the environmental industry. It is also called the EPC (Engineering Procurement Construction) industry. It can also expand to other areas such as preliminary site investigation and plant maintenance and repairs. GS E&C has grown into a world leader in the EPC industry, including the engineering and construction of refineries, gas and petrochemical facilities, based on its abundant experiences and robust technological prowess that the company has accumulated in Korea and the Middle East, in particular. The company continues to grow in the field through the diversification of its overseas markets while solidifying its networks in its key international markets. It is also making earnest efforts to expand its business portfolio through the enhancement of its gas business competencies and LNG-related technologies.



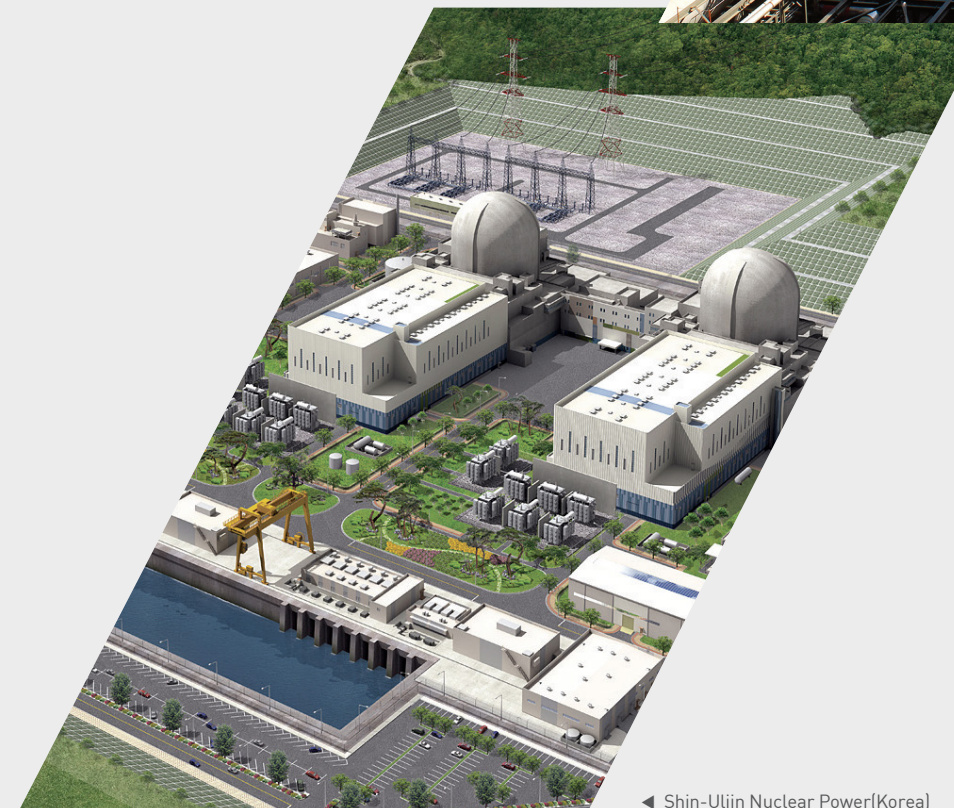
◀ Plant-RRE#2(UAE)

Infrastructure

The infrastructure industry builds large physical networks necessary for functioning of a modern industrial nation. It lays the basis for the growth of the country's other industries and overall economic development. GS E&C has carried out a large number of infrastructure projects to build roads, railways, water resources facilities, ports, industrial complexes and underground storage facilities. It has also secured strong competitiveness to fund huge infrastructure projects with private capital and construct and operate them. In addition, the company successfully applies the new technologies developed by its Research Institute to its infrastructure projects such as super-long span suspension bridges and massively deep underground tunnels.



◀ Buhang Multipurpose Dam (Korea)



◀ Shin-Uljin Nuclear Power(Korea)

Power

Power generation and power control business builds up a country's power, telecommunications and railroad infrastructure that is so critical for its sustainable economic development. In the area of power generation, GS E&C has secured a profitability-centered stable business structure reinforced through the synergistic effects created by power generation-related companies in GS Group. The company is equipped with necessary know-how for the engineering and construction of diverse power plants based on coal, combined cycle, nuclear, new and renewable power. In the field of power control, GS E&C is expanding its overseas presence from Asian countries such as Bangladesh and Vietnam to nations in Africa and the Middle East including Ghana, Tanzania and Saudi Arabia on the basis of its know-how that it has acquired from numerous projects such as super high-pressure electric transmission and transformation works.

Current State of Subsidiary Companies(2015)

10 Domestic Subsidiaries, 14 Overseas Subsidiaries

DIVISION	NAME	MAIN BUSINESSES
Domestic	EziVille Inc.	Value-added networks
	Xi Service	Construction
	G-Estec Co., Ltd.	Construction
	GCS Plus	Services
	BSM	Processing services
	GS O&M	Services
	Sanglak Food Co., Ltd.	Contract food service management
	Seoul-Munsan Expressway	Services
	Oksan-Ochang Toll Road	Maintenance & management
	Eunpyeong Saegil Co., Ltd.	Construction
Overseas	GS Inima Environment S.A.	Construction
	GS Construction Arabia Co.,Ltd.	Construction
	GS E&C Nanjing Co., Ltd.	Construction
	GS Nha Be Development One-Member LLC	Construction
	GS Saigon Development One-Member LLC	Construction
	GS Village Lake LLC	Construction
	GS E&C Delhi Private Ltd.	Construction
	GS Engineering & Construction Mumbai Private Limited	Construction
	GS EAST ASIA MANILA Inc.	IT consulting
	GS E&C Construction Canada Ltd.	Construction
	GS E&C Panama S.A.	Rental
	GS E&C Poland SP.ZO.O	Construction
	GS Engineering & Construction Spain, S.L	Construction
	GS Saudi Co., Ltd.	Construction

Main Overseas Contracts By Division(2015)

Unit: billions of KRW

DIVISION	PROJECT(COUNTRY)	CONTRACT VALUE
Architecture	Guangzhou LGD GP-2(China)	43
Infrastructure	Bahrain LNGIT Project_Infra & Plant Div.(Bahrain)	759
	T3008 Advanced Work at Depot(Singapore)	356
Plant	Oman LPIC-3 Project(Oman)	824
	NWC in North Kuwait(Kuwait)	368
Power	Kumasi 330kV Transmission & Transformation Project (Ghana)	65



Location of site
▲ Overseas Subsidiaries _14 in 10 countries
▲ Overseas Branches _20 in 18 countries

- 01 Canada
▲ GS E&C Construction Canada Ltd.
- 02 U.S.A
▲ GS Village Lake LLC
- 03 Panama
▲ GS E&C Panama S.A.
- 04 Ecuador
▲ Quito

- 05 Russia
▲ Moscow
- 06 Poland
▲ GS E&C Poland SP.ZO.O
- 07 Spain
▲ GS Inima Environment S.A.
▲ GS Engineering & Construction Spain, S.L
- 08 Italy
▲ Milano
- 09 Algeria
▲ Algiers
- 10 Rep. of South Africa
▲ Johannesburg
- 11 Kazakhstan
▲ Almaty
- 12 Iraq
▲ Baghdad

- 13 Iran
▲ Tehran
- 14 Saudi Arabia
▲ GS Construction Arabia Co.,Ltd.
▲ GS Saudi Co.,Ltd.
▲ Riyadh
- 15 Kuwait
▲ Kuwait City
- 16 Bahrain
▲ Manama
- 17 Qatar
▲ Doha
- 18 U.A.E
▲ Abu Dhabi
▲ Dubai
- 19 India
▲ GS E&C Delhi Private Ltd.
▲ GS Engineering&Construction Mumbai Pvt. Ltd.

- 20 China
▲ GS E&C Nanjing Co.,Ltd.
▲ Beijing
▲ Shanghai
- 21 Thailand
▲ Bangkok
- 22 Vietnam
▲ GS Nha Be Development One-Member LLC
▲ GS Saigon Development One-Member LLC
▲ Hanoi
- 23 Singapore
▲ Singapore
- 24 Philippines
▲ GS East Asia Manila Inc.
- 25 Indonesia
▲ Jakarta



GS E&C INTEGRATED STRATEGIES & OPPORTUNITIES

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Mission Statement and Values System

GS E&C’s mission statement and values system are centered around an especially strong commitment to achieving sustainable development by fulfilling its social responsibilities. GS E&C will continue to make an all-out effort to grow into a global top-tier contractor, based on its top-of-the-line status in Korea, while creating the best values possible for its clients anywhere in the world.

Mission Statement

GS E&C’s mission statement is, “Dreaming about Tomorrow with Clients, Creating New Values for Them.” It represents the company’s strong will to create new values for its stakeholders and fulfill its social responsibilities for a better tomorrow for all.

Customers are part of the GS E&C family We think and act from the customers’ perspective, and want always remain close to them.	 Together with Customers	 Dream for a Better Tomorrow	GS E&C realizes the dream for a better future We cultivate and realize the potential of business and people, and our passion and readiness to face challenges help create a better future.
GS E&C stays ahead of the times We respond well to the demands of the time with an open mindset and lead progress.	 New Ideas	 Creation of Value of Lifestyle	GS E&C leads to improve the value of life We create tangible and intangible value to make life more comfortable and pleasant, helping all in society to enjoy a higher quality of life.

Values System

It is GS E&C’s vision to create values that will enrich the lives of all mankind with creativity and passion as a trusted partner and a global industrial leader for its clients, employees and investors as well as all human society. GS E&C strives to achieve the vision and make sustainable corporate growth through the implementation of its three core values: “Great Innovation”, “Great Challenge” and “Great Partnership.”

VISION STATEMENT	Creatively and Passionately Build Value for the World and Earn Trust Best Partner & First Company		
SLOGAN	Global Best & First		
CULTURAL INDENTITY	Lead Innovation, Pursue Safety & Excellence, Grow Together		
CORE VALUE	Great Innovation CHANGE	Great Challenge BEST	Great Partnership TRUST
VISION 2020 GOAL	Sustainable Global Company		
SECURING OF GLOBAL CORE CAPABILITIES	Strengthen Profit-oriented, New Growth Regime	Establish a Low Carbon, Green Management System	Expand Communication with Stakeholders
MANAGEMENT FOCUS	Safety First	Fair Personnel Affairs	Actions over Words

Sustainability Management Strategies

GS E&C has set a ‘Sustainable Global Company’ as its Vision 2020. It has worked out its sustainability management strategies through its Sustainability Management Committee and Sustainability Management TFT with the aim of ‘the Pursuit of Growth through the Creation of Sustainable Values with its Stakeholders.’ The company has set its strategic directions and action plans in keeping with its key pillar for sustainability management - ‘the Triple Bottom Line (Environmental, Economic and Social Impacts)’ - for consistent implementation of its sustainability management strategies.

Strategic System

Mission	Pursue Growth by Creating Sustainable Value Together with Stakeholders		
Core Value	Great Innovation	Great Challenge	Great Partnership
Strategic Directions	Environment	Economy	Society
	Eco-friendly Management System Construction	Conversion to Internally Substantial Growth System	Confidential Relationship Construction & Social Liability Practice
Specified Strategies	- Eco-friendly Management Systematization - Eco-friendly Construction Activity Expansion - Intensification of Climate Change Response Activity	- Intensification of Overseas Projects Performance Capabilities - Project Portfolio Upgradability - Strengthening of Core Project Competitiveness	- Construction of Advanced Organization Culture - Intensification of Safety & Health Management - Settlement of Shared Growth

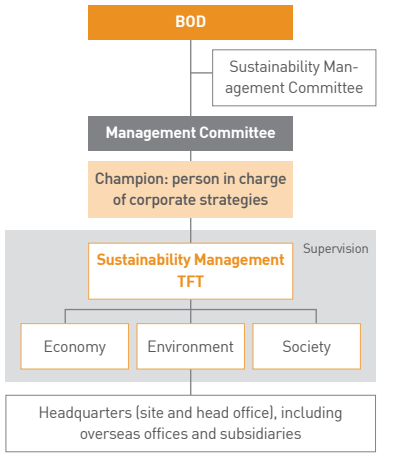
Implementation Organization

In terms of sustainability management, GS E&C’s highest governance bodies are the BOD, Sustainability Management Committee and the Management Committee that directly report to the board. The head of the BOD is the chairman. The Sustainability Management Committee consists of outside directors. Operating under the committee is the Sustainability Management TFT led by a director in charge of corporate strategies. The other TFT members are from various other departments. Those responsible for the implementation of sustainability management at GS E&C include the head office, the domestic and overseas subsidiaries and branch offices, project sites, and affiliated companies.

Organizational Activities and Performance

To review the company’s sustainability management activities and effectively share the outcome with its stakeholders, GS E&C runs the Sustainability Management Committee under the BOD and forms the Sustainability Management TFT when necessary. The committee met once in 2015 and reviewed the company’s overall sustainability management activities during the year, which were carried out by the Sustainability Management TFT.

	Composition	Activities and Results
Sustainability Management Committee	4 outside directors	Review of the company’s annual sustainability management activities (DJSI, CDP, ESG, KoBEX, SRI, integrated report, etc.)
Sustainability Management TFT	44 working-level staff from 25 teams connected to economic, environment and social issues	Disclosure of information on assessment results (DJSI, CDP, ESG, KoBEX, SRI), publishing integrated reports



Sustainability Management TFT

- Published the integrated report 2015
- Incorporated into DJSI Asia Pacific for 6 consecutive years

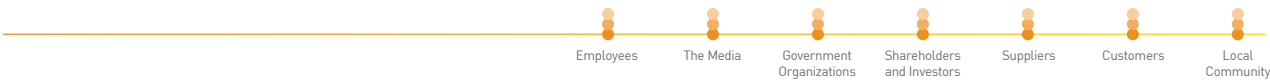
Sustainability Management Committee

- Met once in 2015

Value Creation Process in Sustainability Trends

G4-12

TREND		Science and Technology Innovation/Convergence Urbanization	Changes in Population Structure/Material Resource Scarcity Lack of Energy	Global Environment Change Climate Change	Development of the Internet/The Pursuit of Quality of Life Globalization	Growth of Global Community Sentiment Expanding Global Networks
INPUT	Linkage to GS E&C's Sustainability System	 Great Challenge		 Great Innovation		 Great Partnership
	GS E&C's Responses	Respond to Infra Scarcity	Eco-Friendly, and Low-carbon Technology Developments	Renewable Energy and Low-carbon High-efficiency Technology Developments	Reinforcement of Employee Expertise	Reinforcement of Partnerships
	Six Major Value Creation Areas	Financial Value Creation		Financial Value Creation		
	Commitment Elements	Business Strategy	New Technology	Environmental Value Creation	Employee Value Creation	Social and Relationship Value Creation
	Materiality Test	Anti-corruption transparent management, Restrictions on unfair transactions, Sanctions on violation of laws and regulations		Natural Resources	Expertise	Social and Relationship Capital
		Economic Performance		Anti-corruption transparent management, Restrictions on unfair transactions, Sanctions on violation of laws and regulations		
		Development and distribution of eco-friendly technologies		Compliance with environmental regulations Wastewater and waste management	Employee safety & health / Customer safety & health / Enhancement of customer satisfaction and sustainability certification /Protection of customer privacy / Human rights grievance mechanisms at domestic and overseas project sites / Investments in employee training and education / Diversity and Equal opportunities / Employee job security / Amicable labor-management relation	Compliance with business regulations Shared growth with suppliers Prohibition of child labor and forced labor
BUSINESS MODEL		Establishment of Business Foundation	Marketing	Quotation & Bidding	Project Implementation	Completion & Trial Operations
		Strategy establishment New technology development / HR hiring Securing suppliers Corporate Community Involvement	New market surveys Financial procurement Securing resources	Review of new technologies and new methods of construction Securing excellent vendors & subcontractors Efforts to reduce costs	Stable procurement and quality management Enhanced collaboration with partners (pre-con work) / Management of impact caused by construction	Activities to enhance customer satisfaction (customer service and repair & maintenance) Project settlement-value distribution
		GRI G4 Guideline, ISO 26000, UN Global Compact, Sustainable Development Goals		GRI G4 Guideline , ISO 26000, UN Global Compact, Sustainable Development Goals		
OUTPUT	Outcome	Turnover KRW 10.5 tr Contracts KRW 13.4 tr Credit Rating A Overseas Contract Rate 56.7 % Cost Reduction KRW 73.08 bn	Development of eco-friendly technologies 40 cases	Reduction in water consumption by 19.2 % Increases in green product purchases by 30 %	Employee training hours per person 94 Hours Employee satisfaction 62.2 % Union membership 39.9 % Industrial accident rate 0.32 %	No. of suppliers 956 Amount toward CCI KRW 6.9 bn Customer satisfaction 86 %
	Link to report	Major Financial Indices 37p. / Enhancement of Overseas Market Competitiveness 43p. / Enhancement of Business Competency 44p.	Development of new technologies 49p. / Development of eco-friendly technologies 50p.	Efforts to respond to climate change 56p. / Efficient use of resources 57p.	Development of employee expertise 59p. / Admired company 60p. / Labor-management relations 62p. / Safety & health 63p.	Shared growth with suppliers 67p. / Activities to boost customer satisfaction 70p. / Corporate community involvement (CCI) 72p.



Stakeholder Engagement & Materiality Issues

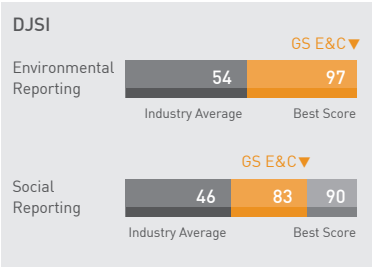
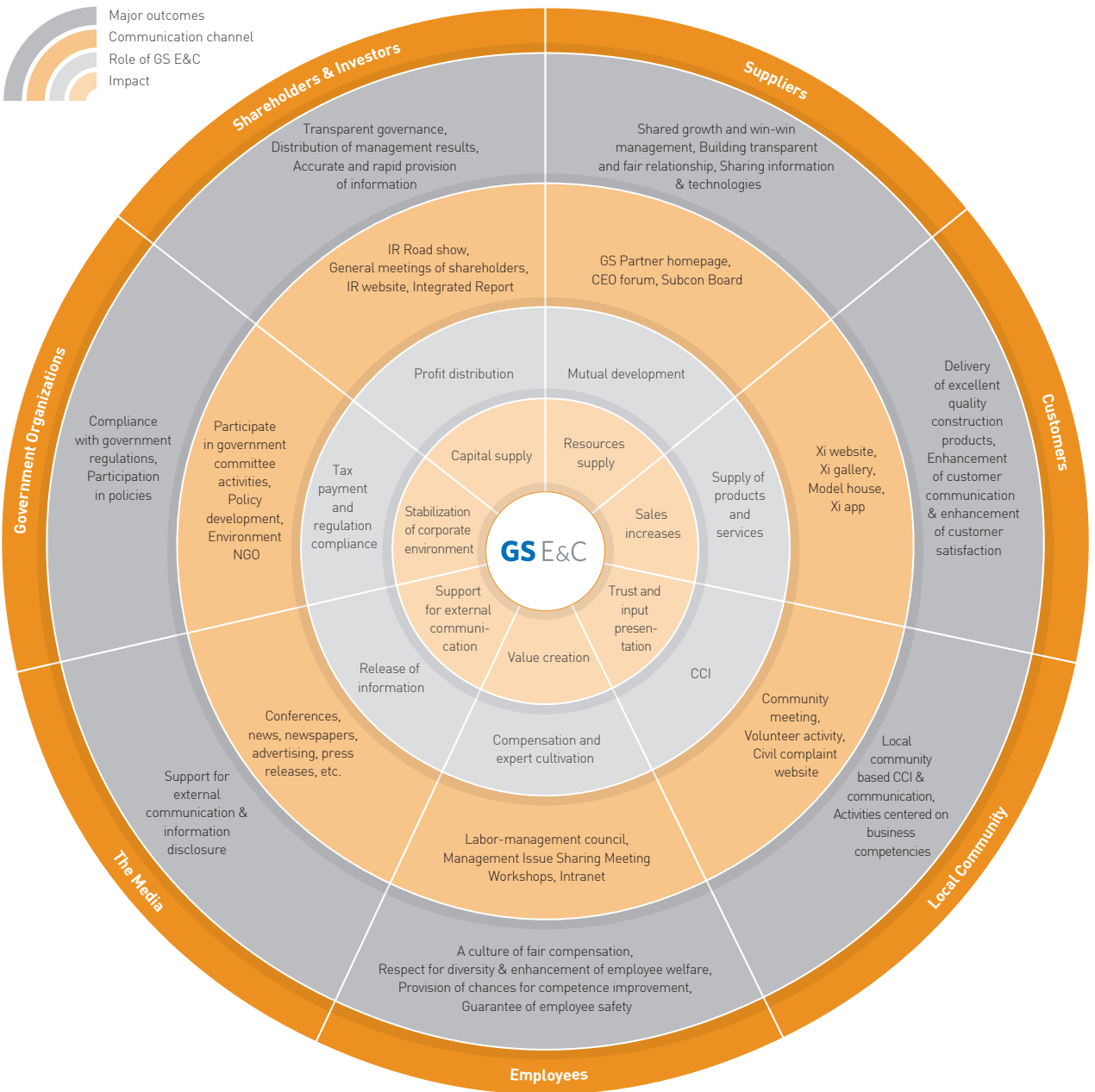
GS E&C finds it very important to communicate with its stakeholders and identify their expectations to engage in its sustainability management activities effectively.

To find out more about its major stakeholders' individual interests and expectations and reflect the results in its management strategies, GS E&C has established diverse communication channels and collected their opinions.

The Identification of Stakeholders

G4-24, G4-25, G4-26, G4-27

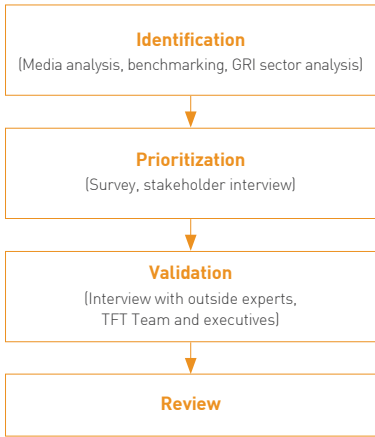
GS E&C identified its stakeholders through a survey conducted by the Sustainability Management TFT according to the AA1000SES stakeholder identification criteria. The analysis of the survey results indicates that employees are the most influential stakeholder group and NGOs the least influential group.



Materiality Test Processes

G4-18

GS E&C carried out the materiality test with THE CSR, a specialized sustainability management institute. Through media coverage analysis, benchmarking and GRI sector analysis, 47 issues were selected. Relevance was evaluated by 27 members of the Sustainability Management TFT. As a result, the company came up with 32 key issues. Twenty issues were selected by 82 stakeholders through the materiality evaluation conducted in the areas of the company's economic, environmental and social performance and 20 issues were selected. In the finalization stage of reporting contents, the TFT and outside experts helped the company enhance the parts related to the GRI and the reporting system in order to improve the credibility of the report.



Results of Materiality Test

G4-19, G4-20, G4-21, G4-27

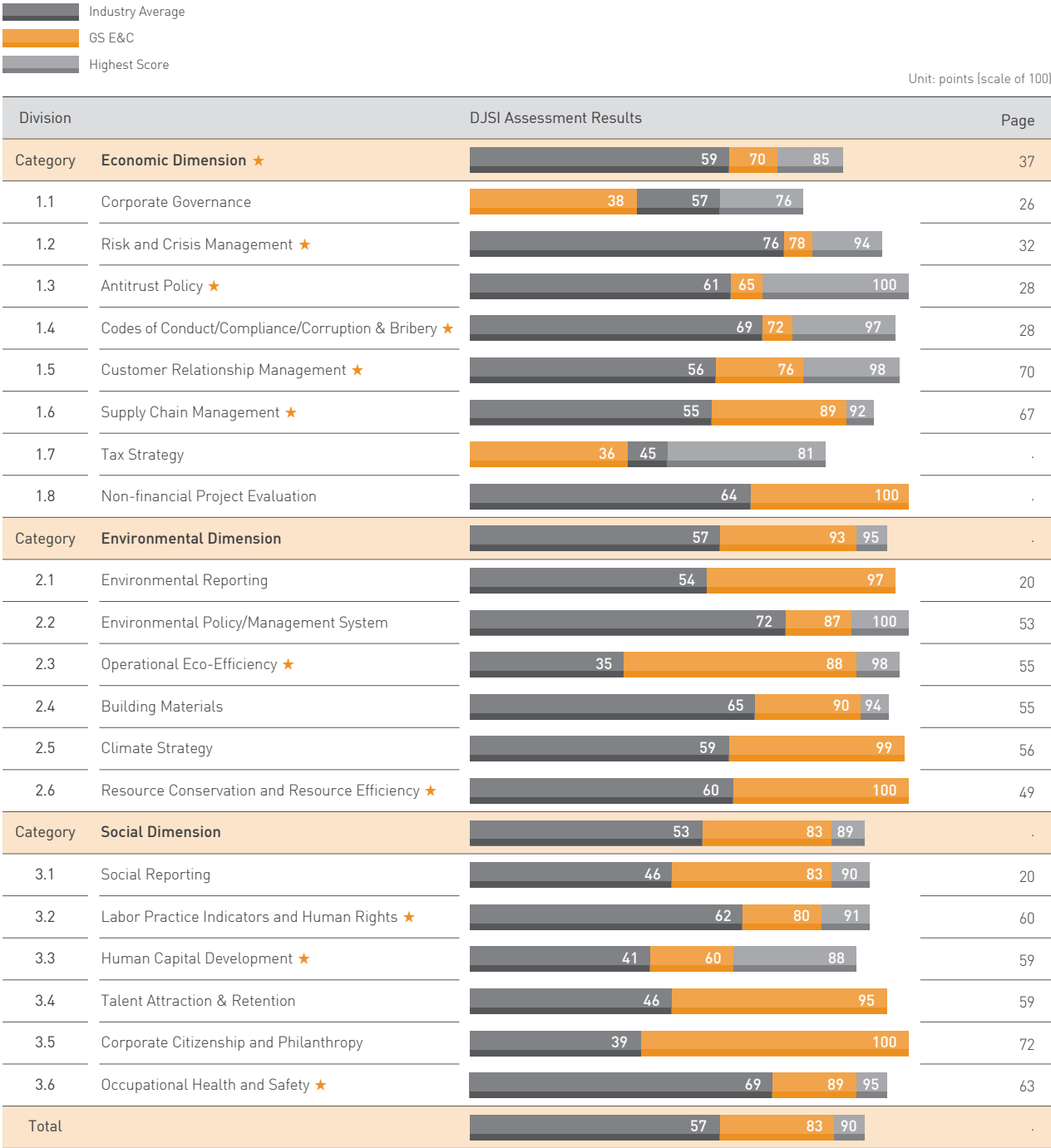
Issues are classified as 'very important,' 'important,' and 'average' according the results of the materiality test. This report covers 'very important issues.' GS E&C manages the results of the materiality test as material aspects in association with DJSI assessment results and its sustainability management strategies.



No.	Material Aspects	Report Boundary	Page	No.	Material Aspects	Report Boundary	Page
01	Employee safety & health(prevention of industrial accidents at construction sites)	External	63, 64, 65	10	Protection of customer privacy	Internal	71
02	Compliance with environmental regulations	Internal, External	85	11	Human rights grievance mechanisms at domestic and overseas project sites	Internal, External	61
03	Compliance with business regulations	Internal	31	12	Shared growth with suppliers	Internal, External	67, 68, 69
04	Anti-corruption transparent management	Internal, External	30, 31	13	Investments in employee training and education	Internal	59
05	Restrictions on unfair transaction activities	Internal, External	31	14	Diversity and equal opportunities	Internal	60, 61
06	Customer safety & health	External	70	15	Employee job security	Internal	61
07	Enhancement of customer satisfaction and sustainability certification	Internal, External	71	16	Amicable labor/management relations	Internal	62
08	Wastewater and waste management	Internal	55	17	Sanctions on the violation of laws and regulations	Internal, External	31
09	Development and distribution of eco-friendly technologies	Internal	50, 56	18	Prohibition of child labor and forced labor	External	87
				19	Economic performance	Internal, External	37

2015 DJSI Assessment Results

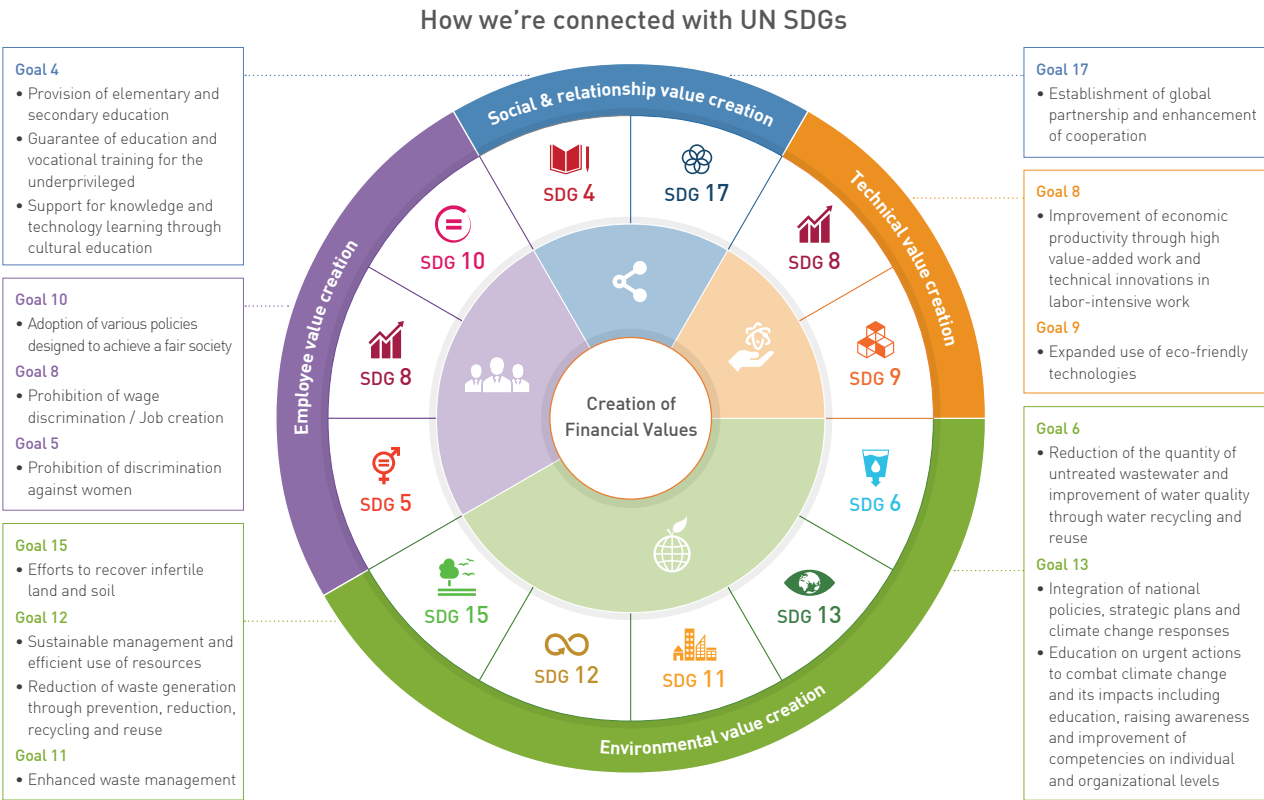
GS E&C has been incorporated into DJSI Asia Pacific for six consecutive years. The company manages its performance in the areas of material aspects systematically. It improves problems and takes necessary complementary measures through the annual DJSI assessment results. The company aims at producing the industry's highest level of sustainability management results.



★ indicates material aspects for GS E&C

How we're connected with UN SDGs

GS E&C is committed to helping solve the massive economic, social and environmental problems faced by society by pursuing universal and ethical values in all its business activities. The company therefore actively reflects the UN Sustainable Development Goals (SDGs) in its corporate strategies. GS E&C strategically deals with issues within the sphere of influence in its value creation with the purpose of helping lead not only itself but also the entire world into a path compatible with the sustainable management philosophy.

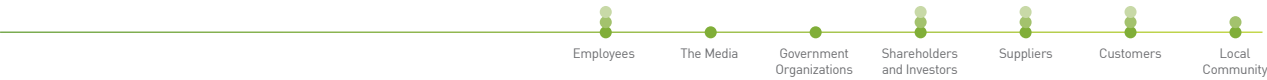


GS E&C's SDG Targets

SDG Target	Contents	Page No.	SDG Target	Contents	Page No.
SDG 4	- Provision of elementary and secondary education - Support for education of the underprivileged - Support for cultural education	73	SDG 11	Enhanced waste management	55
SDG 5	Prohibition of discrimination against women	60	SDG 12	- Resources management and efficient use - Reduction of waste generation (prevention, reduction, recycling, reuse)	55
SDG 6	- Reduction of the quantity of untreated wastewater - Improvement of water quality (water recycling)	55	SDG 13	- Integration of national policies, strategic plans and climate change responses - Education on urgent actions to combat climate change and its impacts including education, raising awareness and improvement of competencies on individual and organizational levels	56
SDG 8	- Improvement of economic productivity (technical innovations) - Prohibition of wage discrimination / Job creation	49 60	SDG 15	Efforts to recover infertile land and soil	55
SDG 9	Expanded use of eco-friendly technologies	50	SDG 17	Establishment of global partnership and enhancement of cooperation	09
SDG 10	Adoption of various policies designed to achieve a fair society	60, 61			

GS E&C GOVERNANCE & RISK MANAGEMENT

Governance	26
Ethics Management	28
Risk Management	32



Governance

GS E&C’s highest governance body is its board of directors (BOD) which has a committee under it to promote transparent, responsible management. For sustainability management, GS E&C runs the Sustainability Committee which was organized in 2011 to manage the economic, environmental and social impacts of its business activities throughout the world.

BOD Composition

G4-34, G4-40

The BOD is composed of seven directors including two inside directors, four outside directors and one other director. The BOD holds ordinary and extraordinary meetings. Resolutions at the meetings are made by a majority vote with a majority of the current members being present. The BOD has seven ordinary meetings per year. It holds extraordinary meetings whenever resolutions need to be made.

BOD		
Audit Committee	Outside Director Recommendation Committee	Sustainability Management Committee
Supervision of accounting and major corporate decisions	Recommendation of outside directors to annual general meetings	Sharing sustainability visions and strategies

Board Members

G4-40

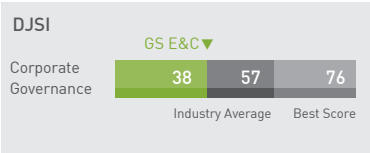
GS E&C has appointed authoritative scholars in business management and prominent experts in construction business to the position of its outside directors. It secures management transparency and financial stability and enhances its understanding of the overall management issues in the construction industry.

(March 18, 2016 after the Regular Shareholder Meeting)

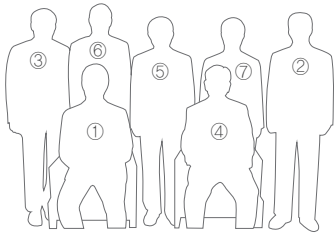
Position	Name	Appointed Date	Principal Work Experience	Selection
Internal Director	Chang-Soo Huh	2014.03	Chairman of GS E&C, GS Holdings	-
	Byeong-Yong Lim	2016.03	President and CEO	-
Other Director	Tae-Soo Huh	2014.03	President and CEO of GS Home Shopping	-
Outside Director	Byung-Hwa Jin	2015.03	Director of the Ministry of Strategy and Finance	Expert in business management
	Jong-Eun Kim	2015.03	Former President and CEO of LG Electronics	Expert in business management
	In-Ki Joo	2016.03	Dean of Yonsei University School of Business	Integrity, financial stability
	Do-Youp Kwon	2016.03	Deputy Minister of Land, Transport and Maritime Affairs	Expert in construction & engineering

Governance Evaluation

ESG Evaluation Level	2013	A	2014	A	2015	B ⁺
Corporate Governance Evaluation Level (Evaluation Group : Korea Corporate Governance Service)	2013	A	2014	B ⁺	2015	B
ESG refers to environment, society and governance, the three central factors in measuring the sustainability of a company. GS E&C won ‘A’ in all the three criteria from 2011 to 2014. The company received a ‘B+’ in 2015, however, because of a ‘B’ in governance despite ‘A’ in both environment and society.						



GS E&C Board of Directors



- ① Chang-Soo Huh, Chairman
- ② Byeong-Yong Lim, CEO
- ③ Tae-Soo Huh, Other director
- ④ Byung-Hwa Jin, Outside director
- ⑤ Jong-Eun Kim, Outside director
- ⑥ In-Ki Joo, Outside director
- ⑦ Do-Youp Kwon, Outside director

BOD Operations and Performance

G4-45, G4-47

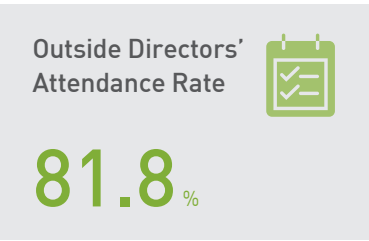
In 2015, GS E&C’s BOD held a total of 11 board meetings including seven ordinary and four extraordinary meetings. Each board member is required to attend at least 70% of the board meetings. All board members met this requirement in 2015. Major agenda items included matters critical for corporate management including the report on 2014 performance results, the approval of the 2015 business plan and financial statements and business report, and matters crucial for business expansion including the approval of the PDVSA Gas Mega Project in Venezuela. In 2015, the BOD reached resolutions on all the agenda items presented.



BOD Performance Assessment & Compensation

G4-52

GS E&C carries out a self-assessment of the operations of the BOD and its committees every year in a bid of boosting the efficiency of the organizations. Assessment areas include their roles, responsibilities and duties, composition, and independence. In 2015, the scores of the self-assessment of the BOD exceeded the figures of the previous year. Remuneration for the board members is made in accordance with the Executive Personnel Management Regulations subject to approval at board meetings. The average pay for employees amounts to 12.4% of that of the CEO. Each year, the company’s Business Report discloses the remuneration made to all its directors and auditors as well as the pay of each director who receives more than KRW 500 million per year.



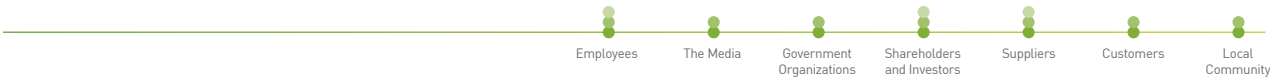
Unit : Points (Out of 5)

BOD Self-Assessment Results	2014	2015
Roles	4.4	4.8
Responsibilities and Duties	4.8	5.0
Composition	4.5	4.5
Independence	4.4	4.7
Operation Procedures	5.0	4.9
Agenda	4.0	4.5
Committees’ Structure&Operation	4.5	4.8
Audit Committee’s Evaluation	4.5	4.5
Average	4.5	4.7

The Expertise and Independence of the BOD

G4-40

GS E&C ensures that its outside directors can perform professionally within the BOD and its committees, maintaining their independence. GS E&C provides its outside directors with all the relevant data in advance, so that they can sufficiently review agenda items to be discussed at the BOD and its committee meetings. Whenever necessary, the company also holds briefings for them. In addition, it offers them information on the company’s other major issues to help them enhance their competence as board members. All board members are appointed at general meetings. Candidates are selected by the BOD and Outside Director Recommendation Committee and included in the agenda of an annual general meeting to guarantee the independence of the BOD.



Ethics Management



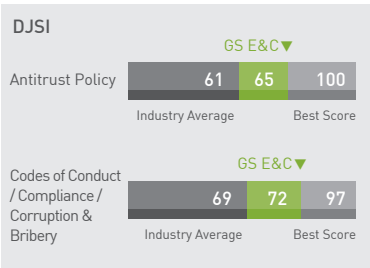
GS E&C established its Code of conduct in 1994 as the basis for its ethical management to become a company trusted by its customers and society as a whole through transparent and fair business practices. It has continued to enhance its ethical management through training and education as well as further systematic arrangements. GS E&C will keep enhancing its ethical systems, ongoing supervision, and education and training to raise awareness among employees and create an ethical organizational culture within the company.

Ethics Management System

To implement ethics management, GS E&C runs an Ethics Committee. The Committee assists the CEO in the areas of ethics -related issues including the review and resolution of ethical management policies and rules as well as the monitoring and review of the company's ethical management activities. The Compliance Department under the direct control of the CEO is in charge of the company's daily operations in the area of ethical management by coming up with ideas to improve the company's ethical management related systems as well as getting directly involved in necessary monitoring and supervision.

Ethics Management System

Goal: A company trusted by customers and society through transparent and fair business practices			
Directions of the Promotion of Ethical Management			
Education Promotion	Systems	Supervision	Culture
Enhancement of training and PR to boost ethical awareness	Continuous improvement of ethical management policies and systems	Management and supervision of employees' sound work ethics	Establishment of strict sanctions on unethical behavior
- Ethical management education and pledge - Ethical Management Page & Q&A - Publication of Newsletter	- Operations of Ethics Committee - Establishment of human rights and antitrust policies - Establishment of code of conduct and overseas anti bribery guideline and its pledge	- Management of corruption-related companies - Cyber ethics hotline	- Establishment of code of conduct - An joint liability system for unethical acts - Campaigns to refrain from accepting business gifts during national holidays



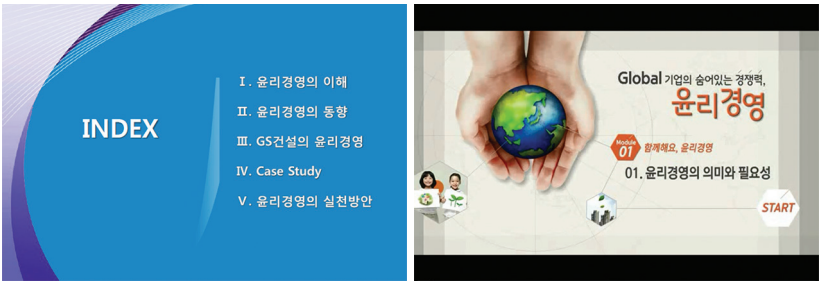
Promotion Directions of Ethical Management

Enhancement of Training & Education to Boost Ethical Awareness

GS E&C implements ethical education with the purpose of raising ethical awareness and enhancing consensus on ethical management among employees. Ethical education is a compulsory course for all employees. Those who have failed to attend the course have this fact reflected in their ethical evaluation, implemented at the level of their relevant departments, as well as their performance evaluation. To further facilitate its ethical management, GS E&C intends to reinforce its employees' ethical management mindset through continuous training and education as well as diverse PR activities.

Enhanced Ethical Education

GS E&C's employees are educated about their individual roles in and responsibilities for the company's ethical management through ethical education. They also learn how to deal with ethical dilemmas they might face at work. Each year, all GS E&C employees are required to complete an online ethical education course which consists of the latest trends in ethical management, an understanding of the company's code of ethics, and examples of violation of ethical management. GS E&C also implements an offline ethical education course which consists of group lectures and on-site training. The course is further divided into an introductory work ethics course for both new recruits and existing employees and a tailored intensive course centered on case studies and action plans. In 2015, GS E&C upgraded its ethical education textbooks and tailored new detailed ethical levels required of each job and position to improve the efficiency of its educational programs. Also, on-site ethical education was expanded to the officers of its suppliers. The company's online ethical education in 2015 was provided for three weeks (September 3-24) in 2015 and attended by a total of 6,263 employees.



Off-line ethical education material

On-line ethical education material

Diversification of Ethical Management PR Channels

GS E&C has emphasized the importance of ethical management through diverse channels. In 2015, the company launched the Ethical Management Room and the Ethical Management Q/A Session on its intranet. It began publishing Ethical Management Newsletter every month, featuring the company's code of conduct and ethics pledge, internal reporting, and various cases related to ethical management.

The company also posted requests for cooperation to crack down on unethical behavior on bulletin boards. It also produced videos about ethical management, which were aired on its internal TV broadcast network. Through such efforts, GS E&C made sure that its employees would concur with the absolute necessity of ethical management and make ethical decisions under any circumstances by using the information as their practical guiding light.

Classroom Lectures
Introductory Course: 110 employees (new recruits/existing employees) in five terms
Intensive Course: 1,183 employees (Construction Manager, Subcontract Manager, Business Manager, Construction Safety Manager, etc.) in nineteen sessions
On-Site Training
22 project sites including Yeoksam Xi Apartment Site
464 employees including GS E&C's full-time and contract workers and its suppliers' general managers

Interview

_Compliance Director

“Enhancement of ethical management is crucial to boost corporate competitiveness.”

To reinforce their competitiveness, companies need not only lucrative external performances but also proper internal operations. Ethical management is particularly critical given the huge damages businesses suffer when their ethical integrity is questioned by society.

To prevent ethical issues from occurring, those of us on the Compliance Department thought that we needed a properly functioning management system. To that end, we began by enhancing the site patrol feature given that there had been no meaningful supervision of project sites and organizations in the past two years.

We upgraded our organizational competence through the employment of outside experts and the enhancement of our diverse PR and training programs about ethical management including the publishing of relevant training materials.

We have focused on making improvements in the company's systems, rather than enhancing control and supervision of individuals' acts because our ultimate goal is the 'prevention' of ethical pitfalls.

_Sun-Bin Hong, Senior Vice President, Compliance Department



Improvements in Ethical Management Policies and Systems G4-S04

Operations of Ethics Committee

GS E&C runs the Ethics Committee to assist the CEO in decision-making related to ethical issues. The committee reviews and resolves ethical matters requiring strategic decision-making and checks the progress in the promotion of ethical management. The CFO serves as chairman of the committee whose members are executives in charge of business planning at each division and heads of administrative departments.

Code of Conduct Guidelines

GS E&C provides clear criteria for decision-making and actions in ethically conflicting situations that employees can find themselves in during their job performance through its Code of Conduct Guidelines in order to clarify the criteria for its employees' promotion of ethical management. To prevent bribery from occurring in its overseas business, GS E&C has established guidelines required to comply with laws and regulations relating to the prohibition of bribing at home and abroad such as the 'OECD Convention on Combating Bribery of Foreign Public Official in International Business Transactions' and the 'Act on Combating Bribery of Foreign Public Officials in International Business Transactions.' The guidelines are managed by the Compliance Department, which regularly checks the appropriateness and effectiveness of the bribery prevention guidelines, makes necessary improvements, and reports the results to the Ethics Committee. GS E&C takes immediate action on any issues related to its ethical management.

GS E&C Supporting the UDHR

GS E&C supports and complies with international human rights and labor standards based on the Universal Declaration of Human Rights and the International Labor Organization conventions. The company runs a Grievance Center that deals with inquiries and grievances of its workers in various countries around the world. In 2015, GS E&C was selected as the most outstanding contractor among the top 20 construction companies in Korea as a result of the evaluation of the Ministry of Employment and Labor about the companies' performance in disaster prevention, an outcome that is reflected in the local contractors' pre-qualification for the country's public works projects. The company's human rights policies contribute to leading the company's sustainability management projects to success on the basis of the trust of its customers and the general public.

Policies to Enhance the Implementation of Ethical Management

GS E&C is making various efforts to enhance its ethical management through institutional rearrangements and company-wide campaigns. When an employee has been found to be involved in any unethical behavior, the person along with other related employees are brought before the Disciplinary Committee and disciplined according to personnel management regulations. The fact is disclosed on the company's bulletin boards. The company implements a joint responsibility system and a whistleblower reward system. According to the joint responsibility system, the company reduces bonuses not only for those who were directly involved in unethical acts but also related personnel in the same department including its executives. Through the whistleblower reward system, the company offers rewards to its employees, its suppliers' employees or members of the general public who file a report on its employees' fraud or corruption including receipt of bribes or embezzlement. Also, GS E&C has launched a campaign not to give or receive gifts for business purposes since 2003 with the purpose of maintaining a clean corporate culture. The company strictly prohibits its employees from receiving monetary gifts from the company's stakeholders related to their job performance, which greatly contributes to the company's highest level of ethical management.

Ethical pledge

윤리서약서
본인은 직무를 수행함에 있어 고객에게는 정직하고, 협력업체에 대해서는 공정한 거래를 통한 상호발전을 추구하여, 경쟁사와는 경쟁당당하게 경쟁하여 주주와 사회에 책임과 의무를 다하기 위하여 다음 사항을 준수할 것을 서약합니다.
1. 업무를 수행함에 있어서 GS 권일 윤리규범과 관계 법령을 준수하여 어떠한 불공정 거래 및 비윤리행위도 하지 않겠습니다.
2. 업무수행과정에서 회사 임직원의 불공정거래 및 비윤리행위를 인지하였을 경우나, 거래선으로부터 부장·비리행위의 제안을 받았을 경우에는 즉시 윤리경영 전담부서 (Compliance 팀)에 알리겠습니다.
3. GS 권일 윤리규범 및 관계 법령을 위반하는 불공정 거래 및 비윤리행위 허부에 대한 조사가 진행될 경우, 회사가 요청하는 관련 자료(불공정거래 및 비윤리행위를 조사하는데 필요한 자료)의 제출 등 모든 협조를 다하겠습니다.
4. 만약 상기 사항을 위반하여 회사에 손해를 끼치거나 회사의 명예를 실추하는 경우에는 회사의 징벌에 이의 없이 따르겠습니다.

Management and Supervision of Employees' Sound Work Ethic

Operations of Unethical Behavior Reporting Channels



GS E&C operates reporting channels through which anyone who has become aware of the company's unethical behavior can report to the company. To facilitate whistleblowing, the company has secured a variety of reporting channels including online, phone and fax hotlines. GS E&C actively encourages whistleblowing. Regarding reported matters, the Compliance Department carries out investigations immediately. Relevant employees are required to fully cooperate with probes.

Investigation Results of Reported Cases in 2015

Type	Survey Status			
	True	False	Total	Percentage(%)
Unfair reporting	4	1	5	11.4
Abuse of dominant position	4	13	17	38.6
Unfair selection of suppliers	0	2	2	4.5
Failure to protect the company assets	4	4	8	18.2
Other violations	7	5	12	27.3
Total	19	25	44	100.0

Establishment of the Strictest Reward-Punishment Culture about Unethical Behavior

Punishment for Unethical Behavior and Reward for Reporting

GS E&C carries out disciplinary actions about unethical behavior committed by its employees and suppliers according to its regulations. The company takes disciplinary measures against those engaged in unethical behavior and their relevant employees according to its personnel regulations. When a supplier is found to have been involved in any unethical behavior, the matter is brought before the Internal Subcontract Review Committee and sanctions are imposed according to its resolution. Most notably, when a supplier's employee files a report about unethical behavior committed by an employee of GS E&C and gets a reward for the act, GS E&C selects the supplier as an excellent supplier, which boosts the efficiency of the system. In 2015, employees involved in 21 cases were disciplined including discharge and recommended resignation.

Major Cases of Unethical Behavior



Cases	Contents	Measures
Failure to protect the company's assets	Using a corporate credit card for personal purposes	Discharge
Abuse of dominant position	Receiving bribes from a company for recommendation to GS E&C	Discharge
Unfair supplier selection and failure to protect the company's assets	Securing a box lunch delivery service to a supplier and misuse of company assets	Discharge and recovery of the company's assets

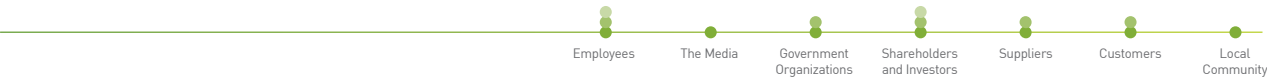
Cases of Corporate Violations



In 2015, GS E&C was sentenced to a fine of KRW 1.2 billion for unfair collaborative acts in bidding for a wastewater treatment plant. Secondly, the company was accused of the violation of the Occupational Safety and Health Act in its Boryeong LNG Terminal Project. A trial is in progress at a district court. Thirdly, the company was sentenced to a fine of KRW 6.1 billion for unfair collaborative acts in bidding for LNG main pipelines and an administrative building project.

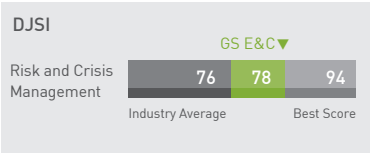
Punishment for unethical employee

Details	People
Dismissal	1
Recommended resignation/ Voluntary resignation	11
Suspension	2
Reprimand	4
Warning	3
Total	21



Risk Management G4-14

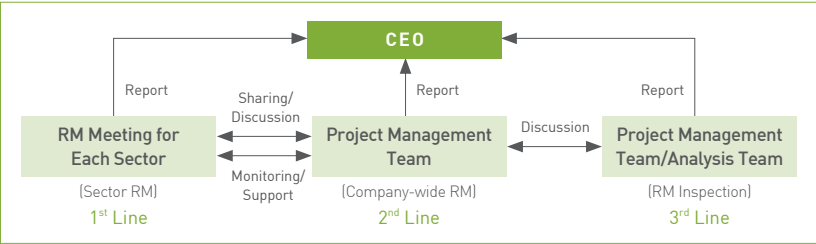
To identify its internal and external risks and deal with them preemptively, GS E&C runs the Integrated Risk Management System. Despite the increasing uncertainty of the global recession, declining growth of the construction industry, and serious global risks due to the increasing number of overseas mega projects, GS E&C is stepping up its company-wide efforts to identify risks in advance and respond to them more effectively.



Risk Management System

Since the launch of a company-wide RM organization in 2011, GS E&C has preemptively managed increasing risks. Through its independent activities, the RM organization analyzes risks objectively, classifies them into business environmental risks and business execution risks, and manages them through a company-wide integrated risk management system. Two exclusive teams (Civil & Architecture Project Management Team and EPC Project Management Team) consisting of experts in relevant fields carry out risk management under an organization that directly reports to the CEO, independent of their original departments/headquarters.

Risk Reporting System



Business Environment Risk Management

GS E&C manages its business environment risks through analysis of the materiality, possibility and impact of the elements that influence the company's business environment directly or indirectly. Major management items include global economic fluctuations affecting major financial indices, financial risks, and insolvency symptom management; price increases of raw materials; currency fluctuations; social and economic instability in countries that the company is currently engaged in; changes in policies and regulations; water shortages; environmental degradation; and energy and fuel crises.

Business Execution Risk Management

In order to efficiently deal with all the risks that may be detected in advance or occur unexpectedly throughout projects from the initial stages of the business to completion, GS E&C is establishing an organic risk management system within the business headquarters, domestic and overseas branches/ personnel and among the employees in their entirety. The Business Deliberation Committee together with relevant divisions carries out financial and non-financial risk evaluation for each business stage to review business feasibility.

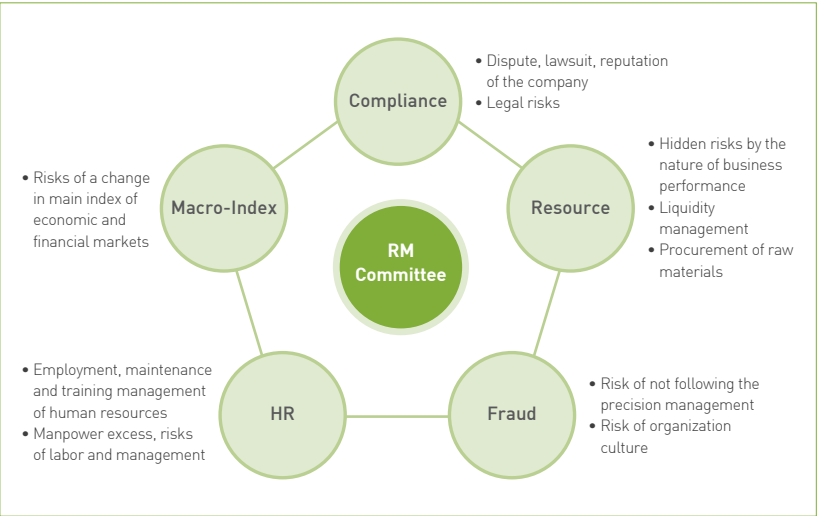
Risk Management at Different Project Stages

Launch	Performance	Completion
Safety evaluation of owners, feasibility of the business, contractual form (establishment of a consortium), procurement of resources, suitability of construction period, application of new technology/new construction methods, duration of planning and assessments, success or failure to follow bidding regulations, etc.	Performance of business partners, cost rate, compliance with construction period regulations, safety/quality/environmental management, compliance with drawings and specifications, mobilizing appropriate resources, management of civil complaints and media, etc.	Postponement of construction completion, managing maintenance and repair, decline of management quality, etc.

Preemptive Risk Management System

RM Committee

At GS E&C, we are promoting the risk management collaboration network, "RM Committee", to improve risk management practices. RM meetings are held in five key areas such as compliance, resources, fraud, HR, and macro indices on a weekly, monthly and quarterly basis. By doing so, we can share risk issues and explore our options for solutions by managing the fundamental aspects.



Operations of Integrated Risk Management System

GS E&C developed a company-wide Integrated Risk Management System (IRMS) in 2012 to integrate risks managed by different divisions, identify the relationship between individual risks, detect causes of risks in advance and cope preemptively with risks. The company has defined 51 risks in 10 fields (business performance, fair cost management, receivable management, financial metrics, financial risks, safety management, insolvency symptom management, litigation/housing CS, subsidiaries, and main indices) as its financial and nonfinancial risks that affect its operations, and makes improvements in the efficiency and effectiveness of its risk management through monthly and quarterly monitoring and analysis.

Major Risk Response Strategies

Currency Risk Management	Interest Risk Management	Credit Risk Management	Liquidity Risk Management
Currency risk management is very important because project profit can be impacted by rises in materials costs driven by foreign exchange fluctuations. GS E&C has published 'Currency Management Guidelines' and established 'Currency Risk Management Committee,' the highest decision-making body' for company-wide currency risk management, under the control of the CFO. The committee meets quarterly.	The interest risk is mostly connected to floating rate bank loans, and the related interest expense is exposed to interest rate risks. GS E&C has executed an interest rate swap contract whereby the floating rates of its loans are replaced with fixed rates to cope with interest rate risks.	Credit risk management is critical because customers or transaction counterparts that fail to comply with the terms and conditions of a contract may impede the company's financial performance. GS E&C regularly sets credit limits for each customer and transaction counterpart to cope with potential credit risks.	To prepare for cases where it can't raise funds due to a shortage of liquidity, GS E&C works out a cash flow plan and predicts funds required for its operations, investments and financing activities. Through planning, the company secures necessary finances in advance and manages its liquidity risks properly.

GS E&C in 2015

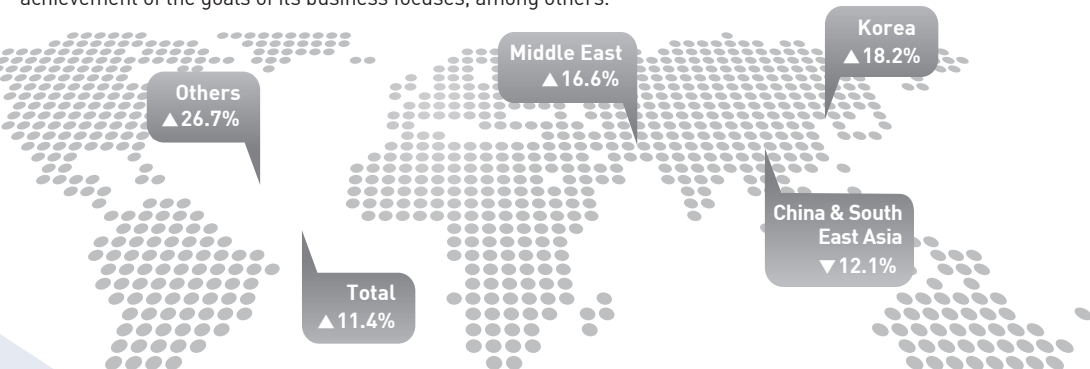
6 CAPITALS

GS E&C Financial Capital Value Creation	36
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GS E&C Intellectual Capital Value Creation	48
GS E&C Environmental Capital Value Creation	52
GS E&C Employee Value Creation	58
GS E&C Social & Relationship Capital Value Creation	66

▲ Estuary Dyke of Yeongsan River (Korea)
◀ Yeouido IFC (Korea)

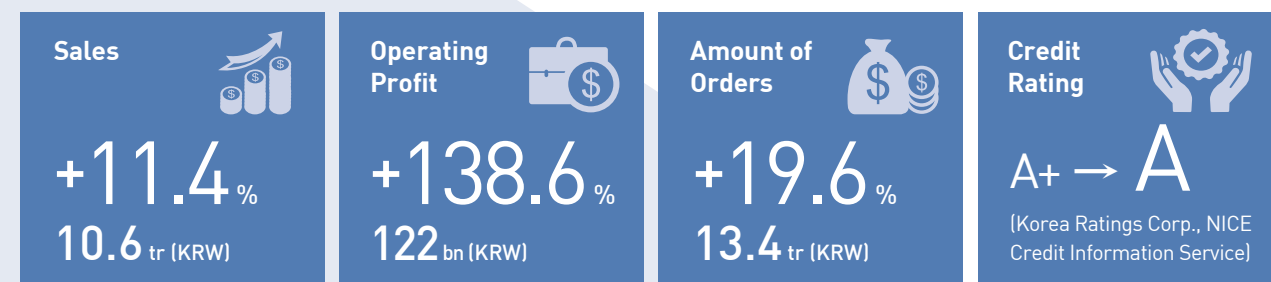
GS E&C Financial Capital Value Creation

Despite a significant operating loss in 2013, GS E&C succeeded in recording operating profits for the second year in row in 2015. In addition to increases in annual sales, the amount of new orders also rose due to a boom in the domestic housing market. Although its credit rating and outlook declined largely due to the possibility of increases in cost rates, the company is actively proceeding with its strategies designed to create financial value through the achievement of the goals of its business focuses, among others.



Net Sales	Korea	Middle East	China & South East Asia	Others	Total
2015	4,568,659	2,348,170	2,079,054	1,576,737	10,572,620
2014	3,864,593	2,014,418	2,364,267	1,244,274	9,487,552
Difference	▲18.2%	▲16.6%	▼12.1%	▲26.7%	▲11.4%

THE VALUE CREATED in 2015



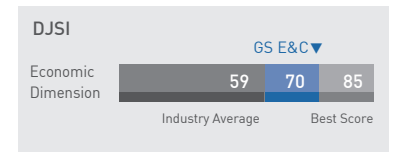
- Employees
- The Media
- Government Organizations
- Shareholders and Investors
- Suppliers
- Customers
- Local Community

◀ Gran Seoul (Korea)

Major Financial Indices

G4-EC 1

Despite a considerable amount of operating losses in 2013, GS E&C achieved notable operating profits in 2014 and operating profits, pre-tax profits and net income in 2015, demonstrating a complete turnaround in its financial status.



Unit: billion of KRW

Financial Indices	2013	2014	2015
Sales			
Total	9,566	9,488	10,573
Architecture Housing	3,339	2,812	3,311
Infrastructure	1,147	1,086	1,266
Plant	3,796	4,202	4,907
Power	1,044	1,062	911
Others	240	326	178
Gross Sales	(379)	429	548
Operating Profit	(935)	51	122
Earnings before Tax	(993)	(30)	31
Net Income	(827)	(22)	30
Total Assets	12,427	13,095	13,005
Total Loans	4,247	3,919	3,462

Amount of Orders			
Total	9,008	11,216	13,384
Architecture Housing orders	3,108	3,238	81,874
Infrastructure orders	1,276	1,027	1,100
Plant orders	4,254	5,830	2,838
Power orders	370	1,121	1,259

Credit Rating	A+	A+	A
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Major Contents

Sales reached KRW 10.57 trillion by an 11.4% increase over the previous year due to increases in sales in plant and housing sectors. In terms of profits/losses, the company achieved KRW 122.1 billion, KRW 31.3 billion and KRW 29.5 billion in operating profit, earnings before tax, and net income, respectively due to a boom in the domestic housing sector despite a slight slowdown in the overseas business. Total assets decreased by KRW 89.2 billion due to drops in both tangible and intangible assets among others. Debts increased by KRW 144.4 billion over the previous year due to an increase in account payables, etc.

The amount of new orders rose by 19.3% over the previous year to KRW 13.38 trillion because of increases in housing orders following the recovery of the domestic housing market despite protracted delays in overseas plant orders caused by declining oil prices.

Korea Ratings Corporation downgraded the credit rating of GS E&C's non-guaranteed bonds from A+ to A on the grounds of the company's estimated difficulties recovering its short/mid-term profitability and making improvements in its financial structure combined with the declines in the company's major financial indices following its suffering of a large-scale deficit.

Sharing of Economic Value

G4-EC 1 Unit: billion of KRW, %

	Employees	Shareholders/Investors	Government Organizations	Local Community	Suppliers	Total
Year	Labor costs Benefit expenses	Dividends Interest payment	Corporate tax	Donations Operational costs for community services	Purchasing cost Service fee	
2015	1,088	101	80	6.7	7,349	8624.7
2014	1,119	98	49	8.8	6,508	7782.8
Comparison	▼2.8%	▲3.1%	▲63.2%	▼23.8%	▲12.9%	▲10.8%

Details of Financial Indices and Future Outlook

Sales

Status in 2015

In 2015, annual sales grew by 11.4%. Both domestic and overseas sales rose due to increases in housing business at home and plant business overseas. Overseas sales accounted for around 57% of total sales. Approximately 75% of it came from plants while architecture, infrastructure and power sectors accounted for 12%, 10% and 3%, respectively. Overall plant engineering and construction accounted for 46% of total sales while architecture, infrastructure, power and others took 31%, 12%, 9% and 2%, respectively.

2016 Outlook

Revenue in 2016 is expected to increase by around 10%, reaching KRW 11.59 trillion. In terms of income, the recovery of operating profits is estimated to continue in 2016, although there remains room for volatility as most of its overseas projects with issues will come to close in 2016.

New Orders

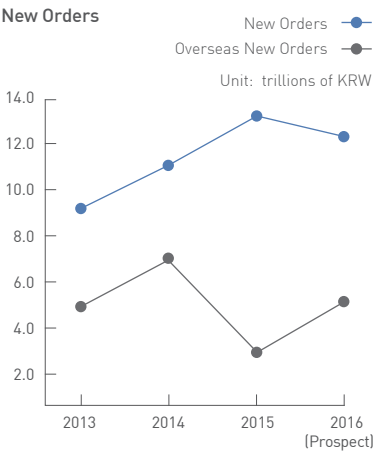
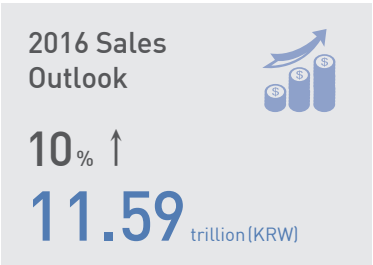
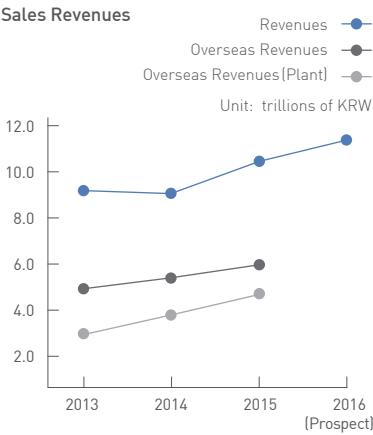
Status in 2015

In 2015, new orders rose by 19.3% over the previous year to KRW 13.38 trillion, largely due to increases in the housing sector in Korea in association with the recovery of the domestic housing market despite a slowdown in the plant sector because of declining oil prices and subsequent postponement of the bidding process for new projects. Sales rose by 11.4% over the previous year to KRW 10.57 trillion, mostly because of increases in the plant and housing sectors. In terms of income, overseas business somewhat slowed down but the domestic residential construction business boomed. As a result, the company recorded KRW 122.1 billion, KRW 31.3 billion, and KRW 29.5 billion in operating profits, pre-tax profits and net income, respectively.

2016 Outlook

In terms of new orders, the company goal for 2016 is KRW 12.3 trillion which is slightly smaller than the amount of new orders secured in 2015. GS E&C plans to strategically focus more on profitability than external growth in 2016. It is estimated that oil prices will not deviate much from their current price range. Yet the overall market situations will improve somewhat because some plant projects that have been shelved will be launched in 2016. In Korea, the housing market may look a bit slower on paper than in 2015 because of the base effect, but the real figures are expected to be around the same as those in 2015.

Major New Order Project			
Unit: million of KRW, %			
Architect- ture	Imun Zone 3 Redevelopment (447) Rebuilding Godeok Apts. 6 (386) Seocho Moojigae Reconstruction (378)	Plant	Oman LPIC-3 (824) Bahrain LNGIT (Plant Div.) (568) NWC in North Kuwait (368)
Infra- structure	Singapore T3008 (356) Bahrain LNGIT (Infra Div.) (191) SaeManguem Eastwest 2nd Road work (102)	Power	Anyang Cogeneration Power Plant Unit 2 (600) Pocheon Cogeneration Power Plant (399) North Dangjin-Goduk underground power transmission (112)



Credit Rating

Status in 2015

The Korea Ratings Corporation downgraded the credit rating of GS E&C's 127th non-guaranteed bond from A+ in 2014 to A in 2015. The corporation positively evaluated GS E&C's company-wide support, its top-of-the-line brand favorability, its outstanding business competitiveness including its capacity to secure new orders, and its liquidity based on its cash and cash equivalents exceeding KRW 2 trillion. However, the corporation negatively estimated the company's anticipated decline in new overseas orders together with the negative impact of increases in cost rates on the company's operating profits. Thus, the credit rating went down a little.

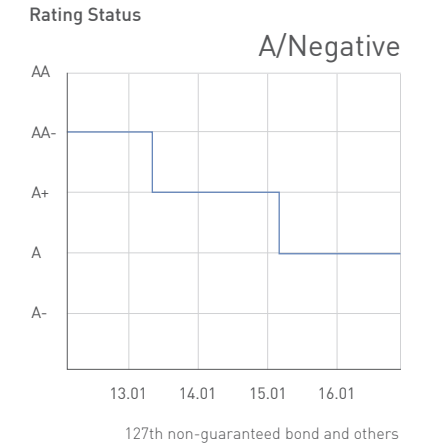
Major Credit Rating Factors			
Business and financial factors	Analysis of liquidity	Recent performance trends and future prospects	Other evaluation factors
Possession of outstanding business competitiveness	Excellent capacity to cope with liquidity needs	A limited level of operating profitability	A high-level of possibility to support in GS Group
Excluded financial items (poor financial state due to massive deficits and subsequent declining financial indices)		Increased concern about the possibility of additional losses	

2016 Outlook

The Korea Ratings Corporation readjusted the outlook of GS E&C's rating as 'negative.'

Firstly, the company performance in securing new orders continues to be lackluster. It operating profits in 2015 were around 1% because of a lackluster performance in civil engineering and plant engineering even though the operating profit rate in the architectural sector exceeded 8% due to the impact of increases in both sales and prices of its apartment flats in Korea in the wake of the recovery of the domestic housing market that started in the second half of 2014.

Secondly, while its operating profitability was slow to recover, an excessive working capital burden continued while the company was making limited efforts to improve its financial structure although it carried out a capital increase with consideration and asset sales during the year. Also, the company planned to resolve the issue of the recent sudden increase in the portion of work for which progress payment requests had not been made yet by making payment requests to clients by the end of 2015. Since the portion is quite significant compared to the total project amount, however, there remains a high likelihood of the amounts being treated as bad debt expense.



Trends and Outlook by Business Sector

Architecture Business Sector

Trends and Outlook

In the architecture sector, building projects tend to be large and complicated while demand for cutting-edge facilities equipped with building automation facilities continues to increase steadily. The housing segment is faced with favorable circumstances largely due to the local government's policies to reinvigorate the economy. In 2015, the company secured new contracts valued at KRW 8.19 trillion in the architecture sector with the residential construction accounting for 51% or KRW 6.87 trillion. Sales rose by around 18% over the previous year to KRW 3.31 trillion with operating profits reaching KRW 338.3 billion.

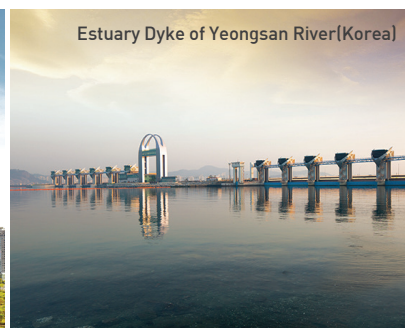
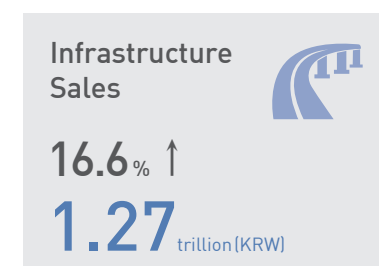
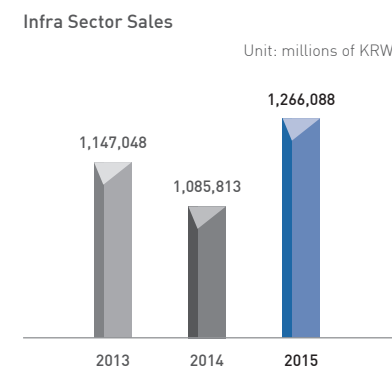
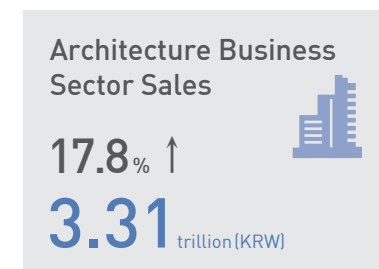
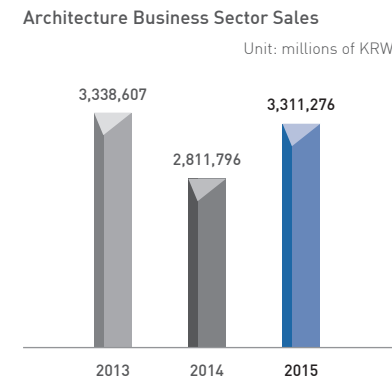
The outlook for the domestic market is not bright because of the overall economic slowdown. On the contrary, the overseas market is anticipated to grow particularly well in Middle East and Southeast Asia. The company plans to place more emphasis on overseas markets. The housing market in Korea is expected to return to its previous market level, showing a base effect compared to the boom year of 2015. The company plans to supply a slightly fewer number of housing units than in 2015. Yet it will provide them in more diverse ways such as restoration projects, self-funded projects, and outsourcing projects. As volatility of the 2016 housing market is considerable, GS E&C plans to approach new outsourcing projects flexibly in line with market developments.

Infrastructure Sector

Trends and Outlook

While the local infrastructure sector still suffers from a reduction in new orders largely due to a stall in the growth of public works projects, GS E&C continually carried out overseas projects in Singapore, Vietnam and the Middle East in various areas such as ports, bridges, tunnels and subways. In 2015, the company won KRW 1.1 trillion worth of new projects largely on account of its strong performance overseas including in Singapore and Bahrain. Sales in the field of infrastructure in 2015 amounted to 12% of the company's total sales during the year, with KRW 1.26 trillion. The sector recorded KRW 14 billion in operating profits.

In 2016, the company expects to have increased opportunities to take part in overseas projects, particularly in emerging economies including Southeast Asia where the Economic Development Cooperation Fund and the Asian Infrastructure Investment Bank will promote economic development. The company plans to take part in overseas projects from a strategic perspective on the basis of its early presence in the regions and its dominant position in plant engineering and construction, among others.



Plant Sector

Trends and Outlook

In the plant market, investments in refinery facilities continue to increase in accordance with the expansion of energy facilities in major oil production countries in the Middle East and many emerging countries in Asia and Africa despite a longstanding global economic slowdown. In 2015, the Plant Business Division secured new contracts worthy of KRW 2.84 trillion in various countries like Oman, Bahrain and Kuwait.

Sales grew by appropriately 16.8% over the previous year to KRW 4.91 trillion. Operating losses amounted to KRW 109.1 billion as some low-margin projects, a result of the severely competitive earlier bids, was reflected in the years' financial statements.

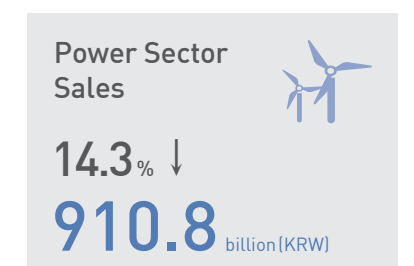
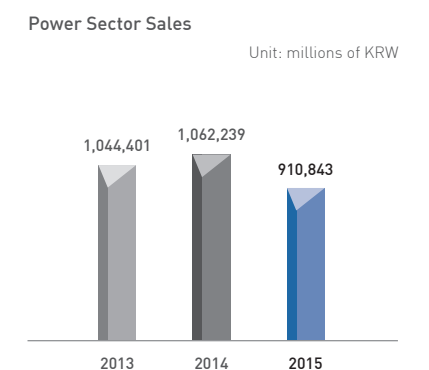
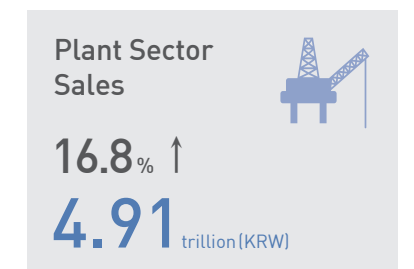
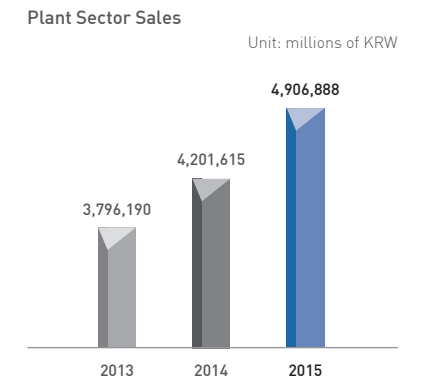
As oil prices are largely estimated to have hit rock bottom, postponed megaprojects are expected to be launched and the market will make a recovery in 2016. Based on its advanced technologies for the core processes of plant construction, GS E&C plans to turn its attention to high value-added projects and achieve increases in sales while securing reasonable profit margins.

Power Sector

Trends and Outlook

The power sector is experiencing a red ocean due to decreases in new projects and expansion of Chinese and Spanish EPC contractors where the market for new and renewable energy is making rapid growth. In 2015, GS E&C acquired new contracts valued at KRW 1.26 trillion thanks to a large project that it succeeded in securing sales of KRW 910.8 billion. However, an operating loss of KRW 97.8 billion was recorded due to cost increases in some of the company's project sites.

In 2016, the company will strive to engage in projects requiring investments including independent power producer (IPP) projects, instead of simple EPC projects. It will also join forces with power generation-related companies in GS Group to equip itself with a profitability-centered, stable business structure.



GS E&C Industrial Capital Value Creation

SUSTAINABILITY CONTEXT

Amidst a protracted global economic slowdown, competition for new contracts is becoming severe while large contractors from the developed world and new international contractors from emerging economies are increasing their market shares significantly. Thus a number of major companies in the industry are striving to enhance their competitiveness at home and abroad and find new growth engines for their long-term sustainable corporate growth.

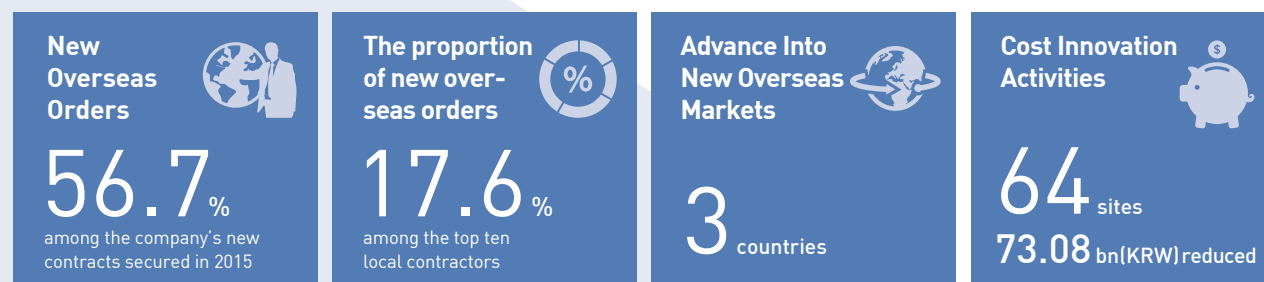
OUR STRATEGY & COMMITMENT

GS E&C seeks to reinforce its global competitiveness to create economic values. It also works hard to optimize its portfolio for different work processes through the development of high value-added products and discovery of new growth businesses. It also continues to diversify its markets. In addition, it endeavors to further enhance its competitiveness to secure new contracts through company-wide efforts to continue to make cost innovations.

OUR PROGRESS & NEXT STEP

GS E&C has boosted its competitiveness for overseas projects through the enhancement of its project implementation competitiveness and its capability to secure new contracts through expansion of its global project execution, enhancement of its close local support, and selective participation in bids. In the Middle East, GS E&C has acquired profitable projects through strategic alliances with diverse partners. Through its careful project evaluation process, the company managed to make inroads into new overseas markets in 2015. In addition, GS E&C has made cost innovations through cost reductions and efficiency improvements while optimizing all the relevant processes. GS E&C plans to further shore up its construction and management capabilities. In the process, GS E&C will continue to promote market diversification, particularly into regions with a high level of growth potential and profitability. At the same time, the company will strive to grow out of its focus on traditional projects and make inroads into new growth engine businesses and high value-added markets in a bid to continue to expand its future corporate values.

THE VALUE CREATED in 2015



- Employees
- The Media
- Government Organizations
- Shareholders and Investors
- Suppliers
- Customers
- Local Community

◀ Ilsan Xi
Rainbow Gate (Korea)

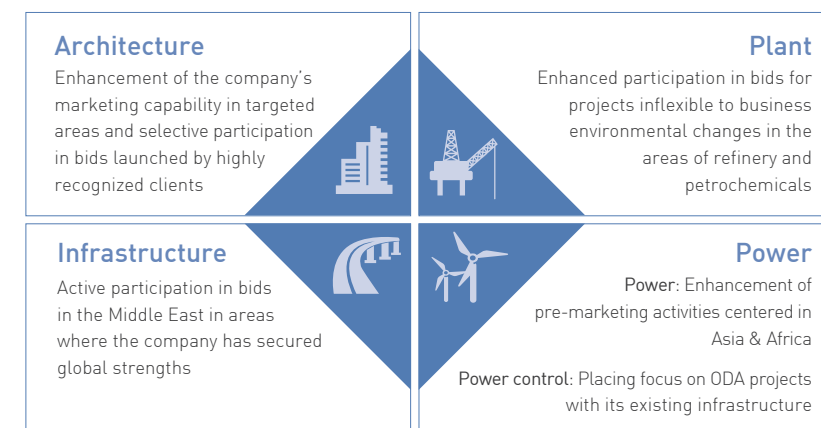
Enhancement of Overseas Market Competitiveness

In the midst of a protracted domestic economic slowdown, GS E&C has continued its efforts to expand its presence in overseas markets. However, intensifying competition in the global market drove down the proportion of the company's overseas business by 22.4% and 56.7% in sales and new orders, respectively in 2015. The company is striving to acquire only excellent contracts while trying to further enhance its competitiveness in project implementation.

Enhancement of Bidding Competitiveness

To heighten its success rate in global bids and win lucrative contracts, GS E&C participates in bidding selectively and strives to maximize its profits.

Strategies to strengthen bidding competitiveness by business sector



The proportion of new overseas contracts among the top ten local contractors 17.6% (▲5.4% YoY)

Enhancement of Project Implementation Competitiveness

Expansion of Global Implementation System

To enhance its project implementation capabilities, GS E&C has expanded its global project implementation system and strengthened its on-site project implementation competencies. The company has established design firms in Delhi and Mumbai, India and Manila, the Philippines to shore up its overseas project design capabilities. To reinforce its on-site project execution power capabilities, GS E&C enhanced its global networking including the execution of an agreement to share technologies with ARUP Group in the UK and Decision Science Institute (DSI) in the United States, established a collaboration system between the headquarters and overseas subsidiaries, and hired high-caliber talent in the area of global project execution.

Enhancement of Efficiency in Project Support and Operations

To enhance its competency to execute overseas projects most effectively, GS E&C has posted its highly qualified executives and technical staffs in its key overseas business hubs. It runs its own Plant School that trains its technical staff, particularly so that they can immediately function most efficiently in overseas project sites. It continues to increase the proportion of its 'global staff' in order to execute its overseas projects most successfully. For more consistent personnel management, the company has established an integrated global personnel management system that applies to all its employees around the world.

Enhancement of Business Competency

Create New Growth Engines & Establish High Value-Added Businesses

To cope with market changes in the wake of the global financial crisis and increasing competition in overseas markets including the challenge of emerging low-cost rivals, GS E&C has striven to consolidate its competitiveness in its key business areas while focusing on the cultivation of new growth engines and the expansion of its value chain.

Investments in and Cultivation of New Growth Platforms

The company continues to raise its competency in its key business areas such as LNG liquefaction, ethane cracker, and coal-based electricity generation. The company strives to discover new growth fields of engineering by taking into account its past project execution experiences, challenges in securing necessary competency, and market attractiveness. Once selected, the engineering fields are fully supported so they can develop to a world-class level. In 2015, through a cross-sector collaboration with the plant sector, the company won the contract for the construction of an LNG import terminal in Bahrain, which will build LNG liquefaction facilities and supply the gas produced in them through overland and undersea gas pipelines.

Promotion of Property Development Projects

GS E&C is actively seeking chances to carry out 'developer-type projects' for which it takes full responsibility for investment, development, EPC and operations instead of traditional construction-centered project models. The company has established cooperative relations with competent 'developers' in key areas while building strategic alliances with world-class manufacturers to shore up its competitiveness in relevant fields.

In 2015, GS E&C carried out a water treatment concession project through GS INIMA, its subsidiary. It also implemented integrated sewerage management projects in Spain, Brazil and Algeria. In line with increases in IPP initiated projects, the company plans to focus on sole source contracts in Asia and Africa, where continuous growth is expected.

Advance into Global Markets with High Value-added Technologies

GS E&C seeks to make inroads into domestic and overseas markets through the support of technical areas where it can build up technology barriers by incorporating the results of its R&D in new construction technologies into the projects that it is going to carry out. For super-long span bridge projects, the company runs an exclusive organization equipped with core technologies and advances into the global market including the Middle East through alliances with global leaders in the industry. For deep underground traffic network projects, GS E&C is exploring business opportunities in countries where it is currently doing business, including Singapore and Qatar, based on the TBM expertise it gained while working in those countries. For port projects, the company is striving to participate in the projects in the Middle East by building a network with leading companies and subcontractors based its work experiences and highly qualified workforce following the completion of RRE#7 Project in the UAE.

Core Infrastructure Projects and Investment Strategies

To further enhance the competitiveness of its core business, GS E&C has established the 'full potential' strategy and continued to make operational resources investments. The company seeks mid- to long-term opportunities, secures next-generation growth engines, and advances into high value-added businesses through its strategies tailored to three types of investments such as strategic resources investment, operational resources investment, and SEED investment.

Business Portfolio Strategies

New Growth Business	
	• LNG Liquefaction • Ethane Cracker • Coal Thermal Power Generation
Developer Type Business	
	• The Electronic Power Generation IPP • Environment Concession • Housing Lease Business
Core Infrastructure Products	
	• Special Long-spanning Bridge • Deep underground traffic network • Port
Technical and High Value-added Products	
	• Oil/Gas/Electronic Power Plant • Traffic/Transport/Infrastructure • Architecture/Housing

Adjusting to Diversification of Markets

At GS E&C, we are exploring new market opportunities with region-specific networking strategies while diversifying the market. In the Middle East and Asian regions where the markets are vast with a number of projects being issued, we mainly focus on our flagship market while exploring ways to make inroads into additional markets with great potential. We are also expanding our sales network to such prospective markets as South and Central America, CIS, and Africa, where there is an abundance of resources, high population, and strong potential for growth.

Results of New Market Development Efforts

In the plant sector, the company won a project in Venezuela for the first time in South America in January 2015. In December, it won a contract for a refinery plant in Oman along with Mitsui & Co., Japan. In the power plant sector, GS E&C made inroads into Ghana through a transmission line installation project. It continues to strive to diversify its overseas markets with a focus on high profitability.

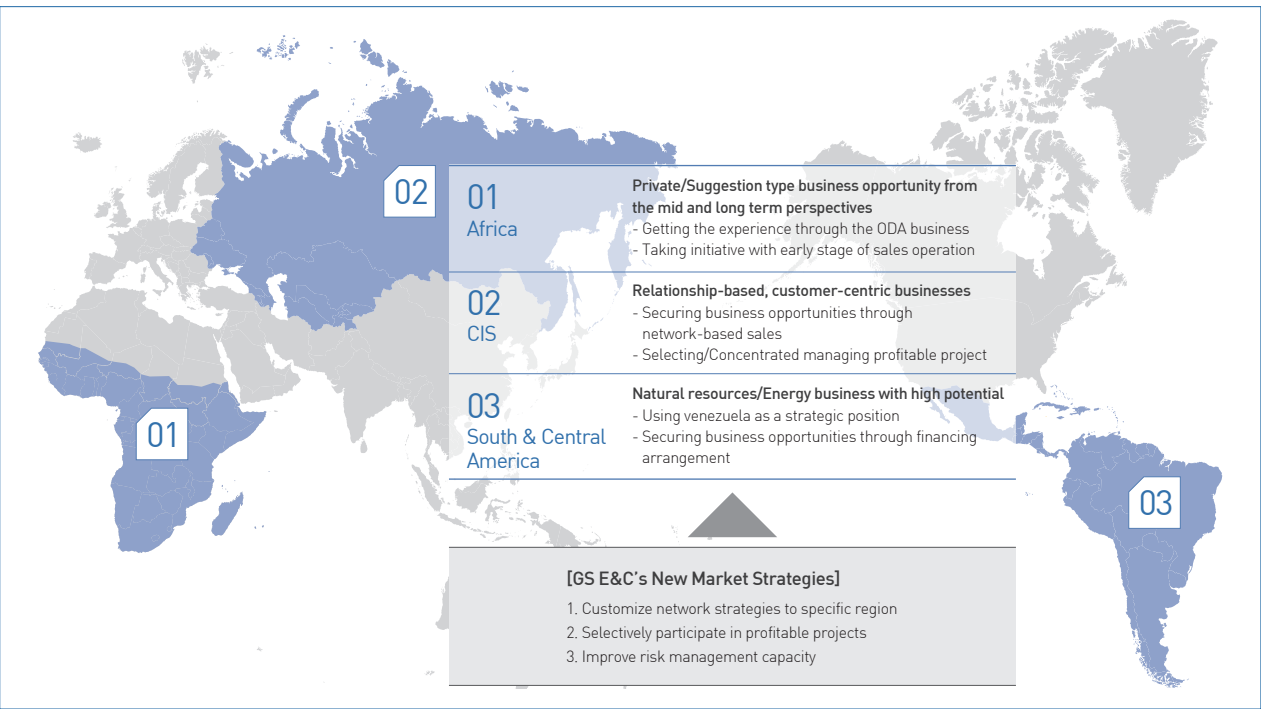
Efforts to Diversify Markets

At GS E&C, we are diversifying our efforts in making inroads into developed markets based on our superior expertise and experience in the field. With a focus on MENA, we are exploring our opportunities in North America where there are an increasing number of projects available due to a change in the energy paradigm in the plant sector, which is vulnerable to volatility risks. To achieve this, we continuously implemented pre-con marketing activities that propose projects by exploring the needs of major clients, including IOC and IPC. Meanwhile, we are making systematic preparations, such as reinforcing our partnerships with global leading companies. At the same time, we are seeking opportunities in civil engineering projects as the infrastructure in developed countries becomes outdated.

2015 New Representative Market Sites

	Bolivarian Republic of Venezuela PDVSA Gas Mega Pirital Proj. [2015.01~]
	Oman LPIC-3 Proj. [2015.12~2019.09]
	Ghana Kumasi 330kV Proj. [2015.09~2017.08]

Successful Advance into New Overseas Markets in 2015



Cost Innovation

In 2015, GS E&C went a step further from its existing cost innovation efforts based on action plans drafted by each business unit and undertook cost innovation activities tailored for each project and promoted by collaborative bodies established between field offices at sites and support divisions at headquarters.

Cost Innovation Efforts prior to Project Commencement

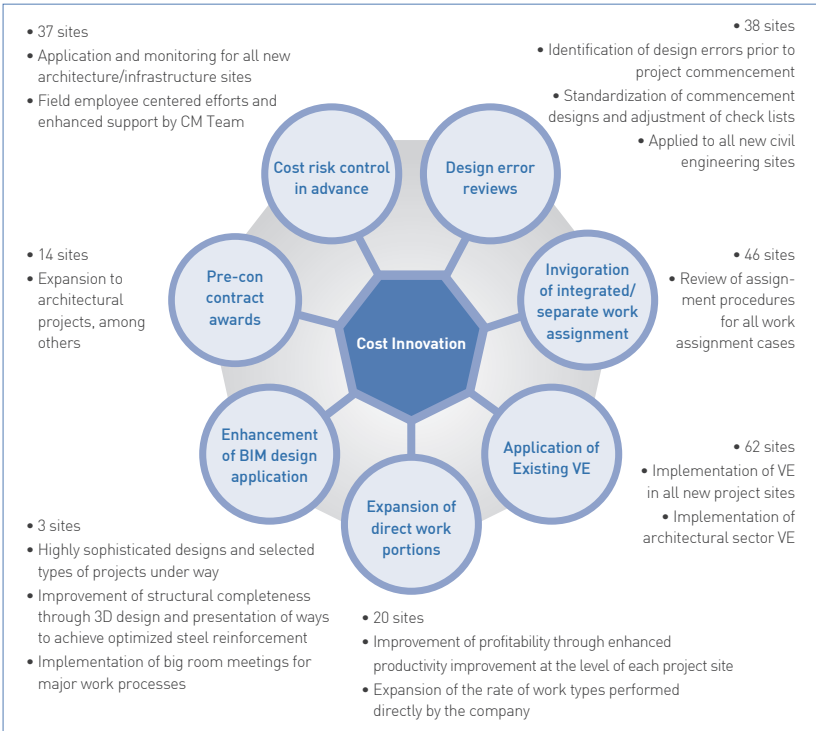
To ensure proactive cost management, we eliminated risk factors prior to undertaking projects and explored opportunities for cost innovation through existing VE cases by applying lessons learned in practice. In consideration of the fact that there are more opportunities to reduce costs at the early stages of a project, we applied proactive cost control measures and organized a consultative group for cost innovation at all our new sites. In addition, we established a system for change order control and VE performance management to minimize disputes arising from order change, and to leverage success/failure cases.

* Change Order: Work that is added to or changed from the original scope of construction work between a client and a contractor.

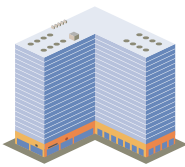
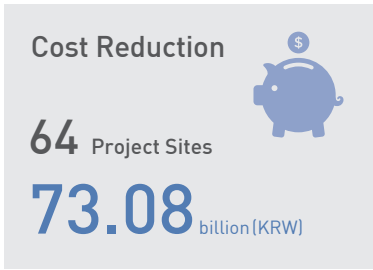
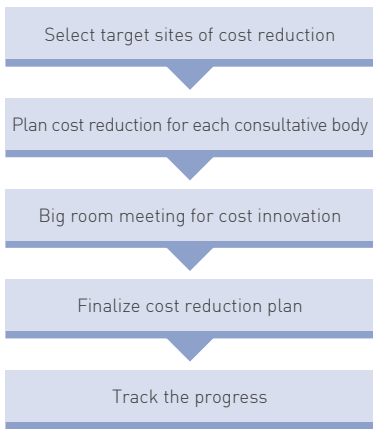
Cost Innovation Efforts following Project Commencement

After completing each project, we engaged in profit and loss improvement activities by organizing a consultative group to review the budget spending and generating new ideas for cost reduction. In addition, 12 action tasks are defined to focus on their internalization while monthly performance is monitored. For successful completion of the tasks, goals are assigned to the champion and the implementation organization, respectively, for each task. Monitoring and self-evaluation are regularly made for each task under the guidance of Control Tower, a company-wide organization. Results are shared across the board to further invigorate the company's cost innovation endeavors.

Result of Cost Innovation in 2015



Cost Innovation Process



Pre-construction Service(Pre-con)

GS E&C has introduced Pre-Con that leads to cost reductions through collaboration between the client, the engineering firm and the contractor in design. Pre-con, an innovative construction process, resolves interference between different processes at the same structure prior to groundbreaking and improves the location of each facility as well as the overall workflow. The introduction of the service enables the company to enhance its competitiveness to acquire new contracts and realize cost reductions.

2015 Cost Innovation Example



Hana Finance Group Integrated Data Center

PCS Period: Sep 2014 - June 2015 (Amount: KRW 2.29 billion)

Project Period: Jun 2015 - May 2017 (Amount: KRW 198.5 billion)

Contribution: Cost reduction of KRW 63.4 billion

* The contract secured through PCS



Hana Dream Town

PCS Period: July 2015 - May 2016 (Amount: KRW 1.05 billion)

* The PCS contract awarded through another PCS.
Prequalified bidders are to be invited to the main project bid.

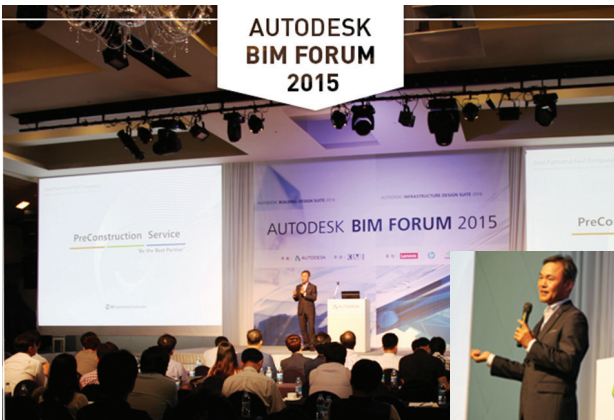
2015 Outcome of PRE-CON Services

Media coverage	Seminar & symposium presentations	Special articles	Interviews	Customers' thank-you notes	Sales PT	External visits	Total
56	14	5	6	1	33	1	116

Unit : Cases



The Chosun Ilbo "KRW 10 billion Saved in Construction Costs through 'Pre-Con'" (Feb 3, 2015)



AUTODESK BIM FORUM 2015 (July 16, 2015)

GS E&C Intellectual Capital Value Creation

SUSTAINABILITY CONTEXT

In the construction industry, the technological difference between global leaders has narrowed and their technological strategies have become increasingly similar. To secure competitiveness through differentiation of technological values has become a critical element in their performance on the world stage. Thus GS E&C strives to enhance its existing core technologies and cultivate or hire top-notch experts in various fields to continue to boost its global competitiveness.

OUR STRATEGY & COMMITMENT

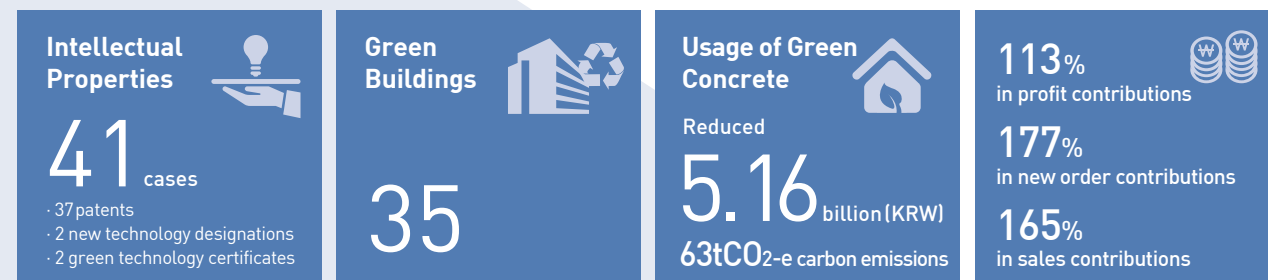
To equip itself with competitiveness in the global market through increased differentiation of its technological values, the Technology Division of GS E&C set its three operation directions and selected four major tasks to promote in 2015.

Operation Directions	Intensify and expand R&D particularly in the company's core technologies and features	Establish a cost/safety technology support system concentrated on the company's global projects and project sites directly run by the company	Establish short- to mid-term strategic directions for the Technology Division
Major Tasks	Cost innovations & differentiated technology development	Upgrade of cost/safety based technological support	Establishment of an implementation system to enhance its global competencies
			Cultivation of global leaders

OUR PROGRESS & NEXT STEP

GS E&C has achieved its management goals and acquired technological development achievements through its efforts in keeping with the operations directions and major tasks to promote. In 2015, the Technology Division contributed more than it had planned at the beginning of the year through its R&D activities. The division also secured 41 cases of intellectual properties including 35 green building certificates through the technological achievements of its R&D efforts in 2015. GS E&C will strive to enhance its global competitiveness by enhancing its capabilities to identify future directions of industrial development and beefing up its global network with technological leaders in the industry in addition to its current efforts to differentiate its technological values and foster highly qualified technical staff.

THE VALUE CREATED in 2015



- Employees
- The Media
- Government Organizations
- Shareholders and Investors
- Suppliers
- Customers
- Local Community

◀ Dangjin Thermal Plant (Korea)

Technological Development Outcome and Strategies

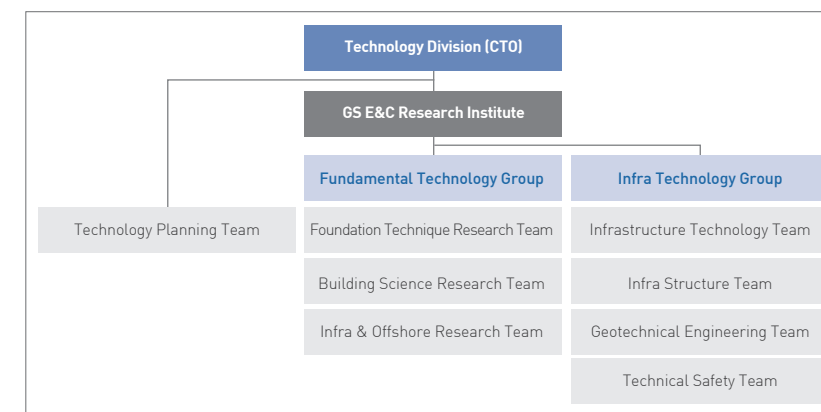


GS E&C is promoting technological development under the leadership of the Technology Division, which carries out its R&D according to its own management goals and promotion strategies. The company reduces GHG emissions and boosts energy conservation through the development of green technologies and new environmental technologies.

Technological Development Infrastructure

CTO

The Technology Division of GS E&C makes investments in technological development and makes an all-out effort to foster global talents with the ultimate goal of staffing itself with unrivaled global competitiveness. In 2015, its R&D budget amounted to KRW 44.9 billion, or 0.42% of its annual sales. It carried out 26 national R&D projects and 29 joint/independent R&D projects with a total of 98 technical staff. The division runs Research Institute. In a bid to enhance the expertise of its staff, the division has divided its staff into R&D and technical assistance departments.



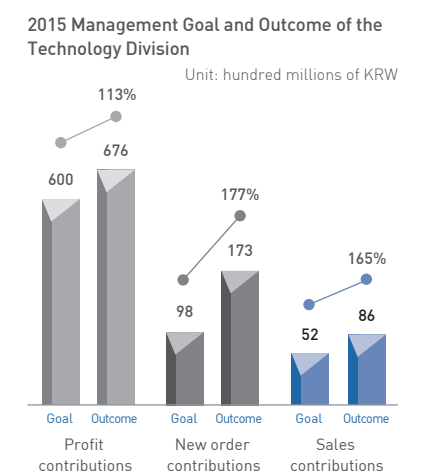
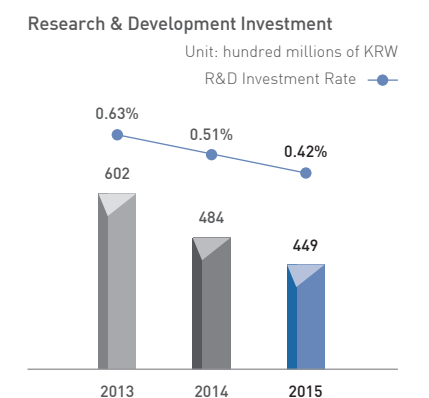
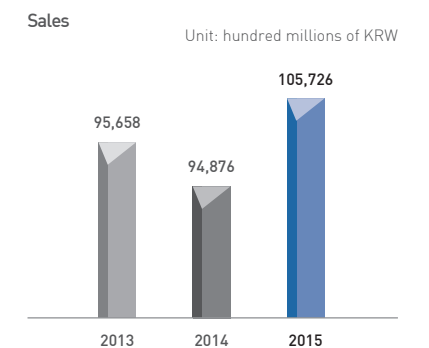
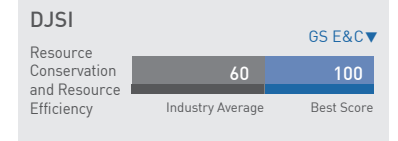
Research Institute

The Research Institute is equipped with world-class technological prowess as a result of its efforts to enhance the company's technological competitiveness. The institute is equipped with various lab facilities such as Clean Room Lab, Housing Environment Lab, Material Research Lab, Environment Research Center and Analysis and Testing Lab. Through careful planning, it carries out various tests of new technologies such as geothermal heat pumps, solar energy generating systems, and rainwater harvesting systems. It will reaffirm the validity of the new technologies through careful tests and trial operations, taking appropriate complementary actions, before they are distributed to the company's project sites and applied to field work.

Management Goals and Outcome

The management goals of the Technology Division for 2015 were KRW 60 billion in profit contributions, KRW 9.8 billion in new order contributions, and KRW 5.2 billion in sales contributions. However, through cost innovations, the development of differentiated technologies, and the upgrade of cost/safety-based technological support, the division achieved better management results - KRW 67.6 billion (113%) in profit contributions, KRW 17.3 billion (177%) in new order contributions, and KRW 8.6 billion (165%) in sales contributions.

Profit contributions = Site cost reductions + cost increase prevention amount + engineering fee
 New order contributions = Reduced bidding price + bidding price rise prevention amount
 Sales contributions = Additional contract sum due to change orders



Outcome of Eco-friendly Technological Development

Securing Eco-friendly Technologies

Green technology is a driving force in minimizing environmental impact caused by business activities and enhancing competitiveness with business strategies. GS E&C obtained accreditation for its three new technologies in 2015, attesting to its excellence in green technologies. The company makes an all-out effort to maximize its energy and resource conservation and its efficiency in energy consumption as well as reductions in its GHG emissions.

Green Technologies and New Environmental Technologies

Classification	Title	Registration Date
Green Technology	The Proportional Control Floor Radiant Heating System using the differential flow pressure adjustment valves and the dynamic flow balancing valves in multi-dwelling units tapping into district heating	2015-04-30
Green Technology	The manufacturing and construction technology for curved prestressed concrete girders using a smart mold system and collapse prevention lifting devices	2015-02-26
New Environmental Technology	A multi-stage wet scrubber using a centrifugal type liquid-drop separator	2015-11-26

Certification of Eco-friendly Buildings

GS E&C won 35 green building certificates in 2015 through energy and resource conservation, use of eco-friendly materials, and environmentally-sound construction. The figure was a 67% increase over 21 certificates that the company acquired in 2012. The company is fully committed to securing an increasing number of green building certificates through conservation of energy and resources, use of environmentally-friendly materials and eco-friendly construction work.

Development of Green Concrete and On-site Application

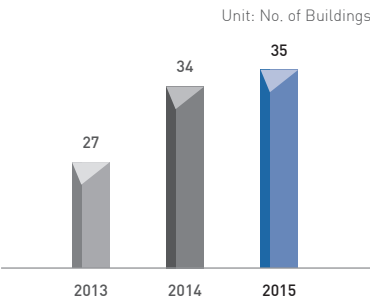
The production of cement, the main ingredient of concrete used in the construction industry, accounts for about 7% of the world's GHG emissions due to its carbon-intensive manufacturing processes. GS E&C developed green concrete made with harmless by-products and a far less amount of cement, securing both strength and quality through the establishment of pre-mix facilities. The company applied its green concrete technology to a total of 21 project sites, reducing 82,207 tCO₂-e in carbon emissions for three years until 2015.

Green Smart Xi

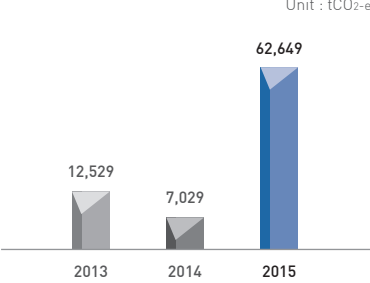
'Green Smart Xi' is a highly energy-efficient apartment building model equipped with a host of green technologies. It eventually pursues 3-Zero(energy, hazardous materials, noise) housing to create the best residential environment.

Green	Passive System Minimization of energy loss through windows and walls	Critical Elements for Green Homes
	Active System Maximization of energy production based on new and renewable energy	
	Eco-friendly Technology A pleasant residential environment including low noise and low pollution residential space	
Smart	Smart Technologies Optimization of convenience in daily life through effective environmental management	Differentiated Technologies

Certification of Eco-friendly Buildings



GHG Reduction



The Logo of Green Smart Xi



R&D Outcome

Cost Innovations/Differentiated Technological Development

GS E&C carries out cost innovations and develops differentiated technologies in order to boost the business contribution effects. It promotes the development of cost innovation technologies, business differentiation technologies, and next-generation technologies as the three pillars for the improvement of its on-site productivity. It also strongly pushes for the expansion of its development of convergence technologies, the enhancement of commercialization of developed technologies, and the systemization of the prediction activities for its promising business and technologies. As a result, the company met its commercialization goal in 2015 by achieving KRW 9.2 billion in profit contributions and KRW 1.5 billion in new order contributions during the year.

Upgrade of Support for Cost/Safety Based Technologies

GS E&C continues to upgrade its support for cost- and safety-based technologies to achieve its targeted technical support goal. It enhances its global technological support, active support for its directly controlled sites, and prevention-centered technical safety activities especially for its overseas projects, directly managed projects and particularly difficult projects. As a result, it achieved its technology support goal in 2015 by acquiring KRW 50.8 billion in profit contributions, KRW 8.3 billion in new order contributions, and KRW 5.2 billion in sales contributions.

Establishment of Implementation System to Enhance Global Competencies

GS E&C has established an implementation system designed to boost its global competencies. It has secured global level technological competencies and an implementation system through the establishment of a cost-based technology database, the enhancement of the effectiveness of its global networking, and the efficient technical support and the establishment of a management system for overseas projects.

Fostering Global Talents

GS E&C makes continuous investments in fostering professional personnel equipped with global competitiveness. It cultivates technical experts at its headquarters. It continues to train global talents that can meet its needs around the world. It has established its Technology Academy using its research facilities. The academy curricula focus on construction site work. 58 new employees were trained in 2015. Surveys on the courses at the academy indicate 98%, 96% and 96%, respectively, in the areas of usefulness, education level and the degree of understanding.

2015 New employee training modules for working aboard

Module 1	Module 2	Module 3	Module 4
Understanding of business	Basic duties and construction English	Detailed duties	Deployment to sites
· Mindset · Understanding of the plant industry · Understanding of an EPC contract · Understanding of plant projects · Understanding of core project elements	· Understanding of each project function · Understanding of ITB (invitation to bid) · Practice of Plant IT · Understanding of each design function · Construction English	· Education on drawings · Quantity take-off	· Mentor selection



GS E&C Environmental Capital Value Creation

SUSTAINABILITY CONTEXT

Around the world, environmental issues such as climate change, resource depletion and water shortages have emerged as critical issues. Governments around the world continue to tighten their environmental restrictions. In Korea, the construction industry was incorporated into the Greenhouse Gas Target Management System in 2014. The importance of reducing GHG emissions in the industry has become even more important. To cope with such circumstances, GS E&C has established a 30% reduction in GHG emissions as its environmental management strategy.

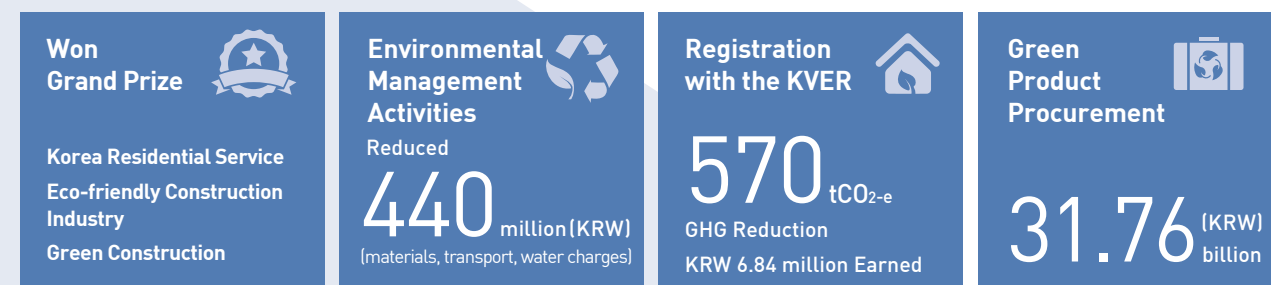
OUR STRATEGY & COMMITMENT

GS E&C has established its environmental management strategies with a 30% reduction in GHG emissions as the goal. To achieve the goal, the company has set up three strategic directions such as the creation of an eco-friendly workplace, the enhancement of the environmental management system, and the reduction of GHG emissions and energy consumption. The company has established nine strategic tasks aligned with the tasks. In addition, the company has selected six KPIs and established annual goals. It continues to monitor the progress.

OUR PROGRESS & NEXT STEP

GS E&C monitors the implementation of its strategic tasks and manages its KPIs through environmental management activities and climate response activities. Through the systematic management of raw materials and waste in its environmental management process, the company acquires both environmental protection and cost reduction effects. Furthermore, to respond to climate change, GS E&C runs a green information management system and manages its GHG inventory and environmental performance data while engaging in active energy conservation efforts throughout the company including project sites. As a result, GS E&C won three grand prizes in 2015. The company will continue to respect the basics and comply with principles. It will do its utmost to manage its environmental risks through the strategy of selection and concentration, the target management system and energy conservation efforts.

THE VALUE CREATED in 2015

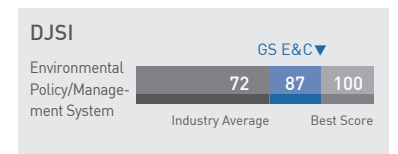


*KVER(Korea Voluntary Emission Reduction)



Environmental Management System

GS E&C has established its environmental management strategy with the goal of a 30% reduction in GHG emissions by 2020. Based on its environmental management strategies, the company has set three strategic directions, nine strategic tasks, and six KPIs.



Environmental Management Strategies

With a target of a 30% reduction in GHG emissions by 2020, GS E&C has established three strategic directions such as the creation of an eco-friendly workplace, the enhancement of the environmental management system, and the reduction of GHG emissions and energy consumption. The company has defined nine strategic tasks aligned with the directions.

Strategic Target	Eco Global Top Tier Reducing GHG emission by 30% by 2020 (compared to BAU)		
Strategic Action Plans	Create an eco-friendly workplace	Enhance the environmental management system	Reduce GHG and energy consumption
Strategic Tasks	Achieve zero pollution	Enhance global environmental management	Strengthen GHG reduction activities company-wide and for suppliers
	Respond voluntarily to environmental regulations	Enhance environmental communication	Develop technologies designed to reduce GHG emissions and related technologies
	Establish a lifecycle assessment system	Foster an exclusive organization and experts	Strengthen capabilities to measure GHG emissions & energy consumption

Environmental Performance Management

GS E&C manages a total of 19 indices according to its Green Management Performance Evaluation Procedures. Six of them are selected as KPIs.

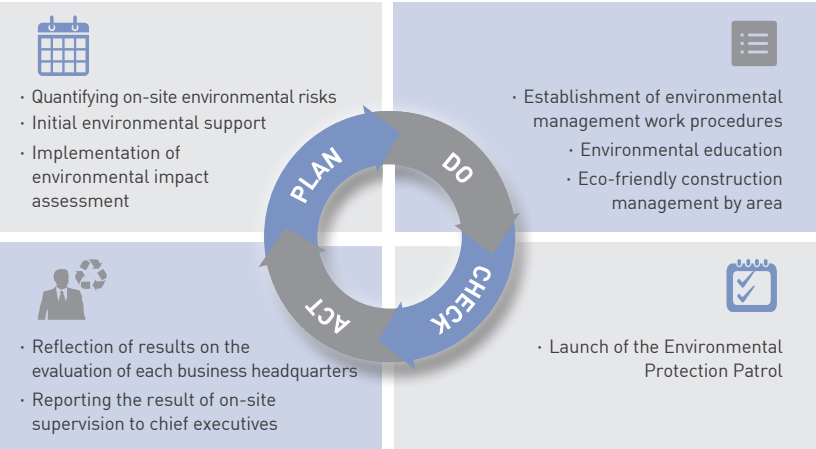
KPI	2014 Achievement		2015 Achievement		2016 Target	Mid/Long-term Target (2020)
Direct GHG emissions (tCO ₂ -e)	Achieved	109%	Achieved	117%	3.19% reduction (compared to BAU level)	7.1% reduction (compared to BAU level)
Indirect GHG emissions (tCO ₂ -e)	High	85%	High	91%		
Rate of waste reused and recycled (%)	Achieved	126%	Achieved	121%	over 80%	over 90%
Rate of raw/subsidiary materials obtained through green procurement processes (%)	High	76%	High	85%	Above 10.8%	Above 11.8%
Environmental protection activities (No. of activities)	Achieved	158%	Achieved	136%	Over 50 cases per year	Over 50 cases per year
Rate of R&D investment to develop green products (%)	Achieved	119%	Medium	71%	Above 60%	Above 70%

Environmental Management Organization

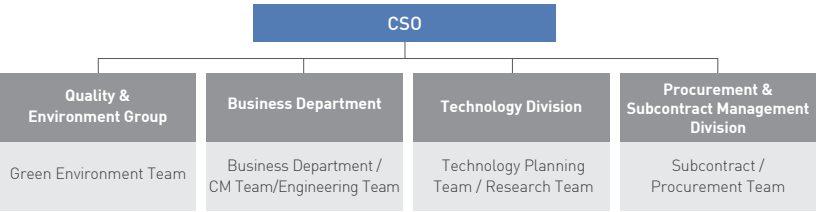
Green Environment Team under CSO (Chief Safety Officer) runs environmental management organizations company-wide. Through communication with people in charge of Q-HSE in all its business headquarters, the team exerts overall control of the company’s environmental work planning, environmental risk management, and project site environmental management. At each project site, the general manager appoints the deputy general manager as the person in charge of overall environmental management along with the people responsible for four tasks, respectively, such as the management of environmental facilities with significant environmental risks, the management of environmental permits and other documents, the management of environmental activities, and the management of green information systems. The establishment of such autonomous environmental management systems at each project site helps raise awareness of the importance of environmental management among employees.

Environmental Management System

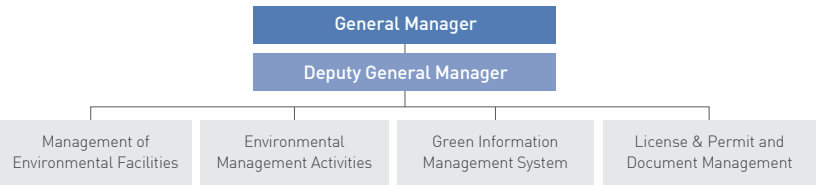
To support the environmental management at the project site level, GS E&C runs an environmental information system composed of environmental information for each work process, the KM Environmental Work Manual, and the Project Site Environmental Work Guidelines. Most notably, the environmental information system offers information customized to each project site through the ‘PDCA (Plan-Do-Check-Action)’ model, including procedures, standards, cases, check lists and educational materials.



Company-wide Environmental Management Organization



Environmental Management System for Construction Sites



Environmental Management Activities

GS E&C carries out its environmental management activities throughout all the processes of its engineering and construction projects. Those activities include not only land recovery but also the conservation of resources and costs achieved by using available resources in the most efficient way.

Construction Activities Prior to Construction

Preservation of Ecology through Oil-Contaminated Soil Remediation Projects



The importance of soils is emphasized both at home and abroad to the extent that the United Nations designated the year 2015 as the ‘International Year of Soils’ and December 5 as ‘World Soil Day.’ In keeping with such trends, GS E&C won a contract in Kuwait to remedy the country’s desert contaminated by leaked crude oil and helped restore the ecology in the contaminated area.

Improvements in Workmanship and Reductions in Materials Use through the Application of Hypothetical BIM*



BIM refers to the technology that produces and manages all the information through the entire lifecycle of a building from concept design to maintenance service. GS E&C applied BIM not only to the actual progress of a construction project but also at the hypothetical stage, thus improving the efficiency of construction work and minimizing the waste of construction materials due to rework on temporary facilities. The BIM application ended up saving 15% of the materials required for temporary facilities, worth around KRW 64.5 million. More importantly, it helped secure safety in construction processes involving high risks.

* BIM (Building Information Modeling)

Construction Activities in the Construction phase

Establishment of Mandatory GS E&C Environmental Rules



In order to eliminate the causes of all its recurring environmental accidents, GS E&C has established mandatory environmental rules. The implementation of these rules has enabled the company to efficiently control fugitive dust, waste, noise and vibration, and water quality. As a result, the company’s project sites can help protect the environment while improving their efficiency in the use of resources.

Creation of Economic & Environmental Values through the Reuse of Greywater



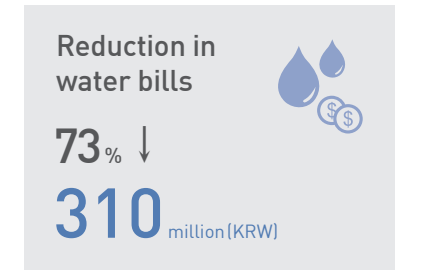
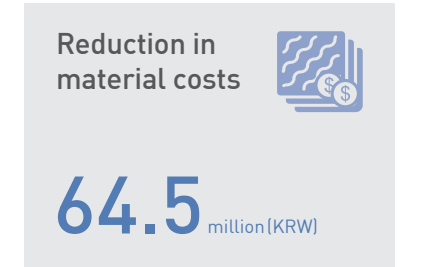
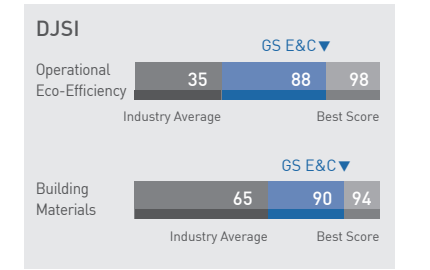
GS E&C reuses its greywater in the hydrostatic testing of its oil and LNG storage tanks. As a result, the company has saved 73% in its water bills and reduced energy that can be consumed by the country’s entire population for 27 days. It has saved KRW 310 million from the arrangement.

Construction Activities during the Post Construction Phase

Building Demolition and Asbestos Management



Upon demolition of a building, GS E&C carries out asbestos investigations according to the Occupational Safety and Health Act. It follows Enforcement Decree of the Wastes Control Act when it collects, transports and disposes of asbestos. The company commences its building demolition work only after it has completed the asbestos removal processes.



Response to Climate Change

To combat climate change, GS E&C simultaneously conducts activities related to the reduction of GHG emissions and energy conservation. Through its Green Information Management System, the company manages its GHG inventory and environmental performance. It reduces its energy consumption and GHG emissions through its company-wide energy saving campaigns.

GHG Emission Reduction Activities

Operations of Green Information Management System

GS E&C operates its Green Information Management System in conjunction with the data available in its existing information systems (TPMS, electronic voucher system, etc.). The data acquired from domestic sites, overseas sites, the head office, and all the other buildings of the company are managed as GHG inventory data or environmental performance data by the Green Information Management System. The company uses statistical data that it obtains from the information upon its information disclosure and in its environmental KPI management.

Cooperation with the Government's GHG Regulations

GS E&C was incorporated into the country's GHG and Energy Target Management Scheme in 2014 following the company's preparations that had started in 2011. In 2015, the company submitted a detailed report on previous emissions, underwent investigations about its targeted emissions mitigation followed by negotiations about its goals with the government agency, and finally turned in its final implementation plans for achieving mitigation targets. At the end of the year, the company submitted a legally required report on its GHG emissions during the year after getting confirmation from a third party verifying institute. It also disclosed all the relevant information according to the country's Disclosure of Environmental Information system. It actively implements its GHG emissions mitigation and energy conservation efforts.

Registration with the Korea Voluntary Emission Reduction (KVER)

Program

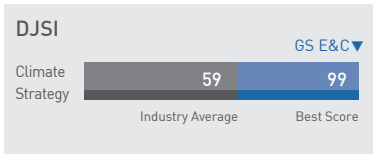
 [G4-EN 15](#), [G4-EN 16](#), [G4-EN 17](#), [G4-EN 18](#)

GS E&C has registered with KVER (Korea Voluntary Emission Reduction) program designed to reduce the six main greenhouse gases regulated by the Kyoto Protocol. The company's total volume of GHG emissions have somewhat increased largely due to increases in its overall business volume. GS E&C has thus further strengthened its efforts to mitigate its GHG emissions. For instance, Elysian Gangchon Ski Resort was recognized by the government to have reduced its GHG emissions by 1,174 tCO₂-e during 2013-2014, earning KRW 13.47 million in rewards. In 2015, it reduced 570 tCO₂-e of GHG and earned KRW 6.84 million.

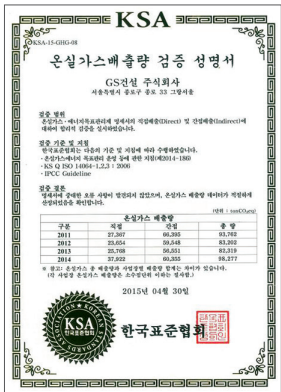
Encouragement of Environmental Management among Suppliers

 [G4-EN 27](#)

GS E&C has established a green purchasing system to manage information on businesses that have acquired eco-friendly materials certification and monitor its own green purchasing performance. Upon the registration of new suppliers, the company requires them to submit the list of their eco-friendly materials along with the relevant certification information. By giving credits to their performance in this area, the company strongly urges its suppliers to secure green certification to the fullest extent possible. The company regularly updates its information on the major policies of the country and the company about green purchasing at GS-Constmat, an online communication channel with suppliers in an effort to maximize its green procurement.

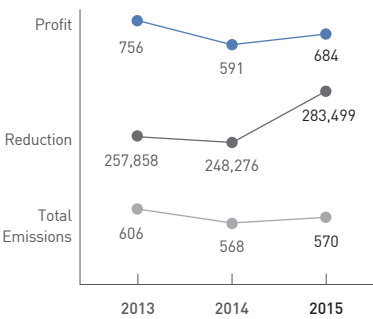


Third Party Verification of GHG Emissions



Voluntary GHG reductions and profit

Unit: tCO₂-e, ten thousands of KRW



Green Procurement Records per Certificate

Unit: hundred millions of KRW

	2014	2015
HB mark	104.37	32.61
High-efficiency energy devices & materials	19.79	149.39
Energy efficiency grades 1-2	48.34	35.43
Eco-Label	73.07	100.17
Total	245.57	317.60

Energy Saving Activities

Operations of Energy Management Committee

The department in charge of quality environment runs the Energy Management Committee to achieve the energy reduction goal of its buildings (KPI) and lead the company's efforts to conserve energy. The committee checks the energy conservation progress and takes necessary measures. It also carries out training and education for working-level personnel at each department/team. It operates a pilot energy conservation project site and provides an energy diagnosis service for necessary organizations as a part of its overall endeavors to reduce energy consumption and GHG emissions.

Organizational chart of Energy Management Committee



Company-wide Energy Savings Activities

 [G4-EN 3](#)

In-house Energy Conservation Activities

GS E&C carries out company-wide energy conservation activities participated in by all its employees. Its continuing efforts include the installation of a computer power conservation program distributed by the Ministry of Environment, a campaign calling for paper towel consumption, a campaign to turn off unnecessary lights during lunch breaks, and a campaign to turn on only half the lights installed in hallways. Green Environment Team and General Affairs Team conducts a 'Campaign to Reduce CO₂ Emissions and Expenses' particularly about office supplies and consumables, electricity and water.

Energy Conservation Activities at Sites

Given that GHG emissions due to power consumption are particularly high, GS E&C developed high-efficiency LED lighting for its temporary facilities. The new type of lighting can reduce energy consumption by more than 50% while maintaining the current unit price. The company began to apply the lighting to its project sites in November 2015. The arrangement is expected to reduce GHG emissions by 1,309 tCO₂-e, worth around KRW 300 million in electricity bills.

The Current Status of the Temporary LED Lighting to Sites

NO	Name of Site	No. of Lights	Energy Reduction (MWh/annual)	Cost Savings (millions of KRW)
1	Xi the Express Apartment 1Cha Complex Project, BL 2	500	73.5	8.1
2	Environment-Energy Comprehensive Town (BTO) Project	100	14.7	1.6
3	Bucheon Okgil Xi Apartment Complex Project	200	29.4	3.2
4	Hana Financial Group Integrated Data Center Construction Project	500	73.5	8.1
5	Munseong Park Xi Apartment Complex Project	200	29.4	3.2
Total		1,500	220.5	24.3

Electricity billing reduced

300 million(KRW)

Expected to save 1,309 tCO₂-e in GHG



GS E&C Employee Value Creation

SUSTAINABILITY CONTEXT

GS E&C's ideal employees are trustworthy individuals who lead innovation and aspire to be the best. Through strategic HR development, the company cultivates job experts and global talents. To build a desirable corporate culture, GS E&C maintains positive labor-management relations and safe work environments, creating the best company to work for. GS E&C continues to improve its value creation capabilities through the improvement of its employees' competencies and the creation of a pleasant work environment.

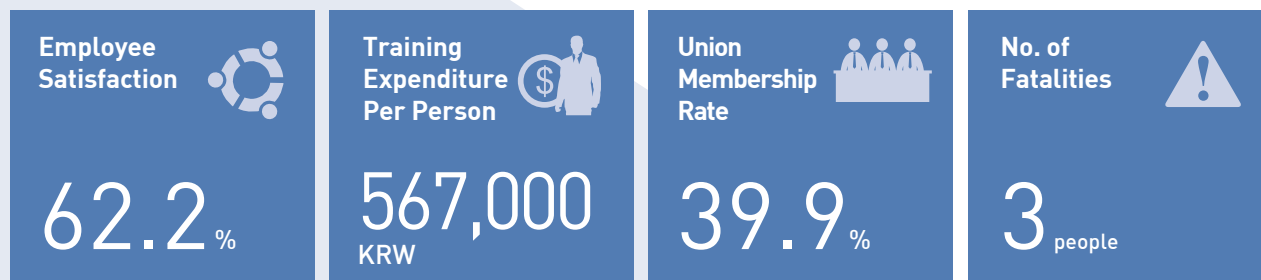
OUR STRATEGY & COMMITMENT

GS E&C continues to enhance its employee training and education that is focused on the development of their expertise. It provides training and education in three major parts: 'job competencies,' 'common competences and management skills' and 'global business implementation capabilities' with the common goal of cultivating its employees into global talents through efforts to improve their expertise in their respective fields. The company has invigorated diverse communication channels between labor and management, including Management Committee and Management Issue Meetings between labor and management. Most importantly, the company is expanding the beneficiaries of the Safety Innovation School to its suppliers and even the employees in its rival companies overseas to promote the values of creating a safe work environment.

OUR PROGRESS & NEXT STEP

In 2015, GS E&C offered its employees training and education worth KRW 3.48 billion, with 94 hours of training and education per person, contributing to the enhancement of their professional expertise. The company also further reinforced its personnel management system based on a fair performance evaluation. It also enhanced its remuneration and benefits for employees. The company beefed up its environmental, health and safety management system and reduced the number of fatalities from nine in 2012 to three in 2015. Based on the boosted employee specialization, GS E&C will continue to create new values for its stakeholders.

THE VALUE CREATED in 2015



- Employees
- The Media
- Government Organizations
- Shareholders and Investors
- Suppliers
- Customers
- Local Community

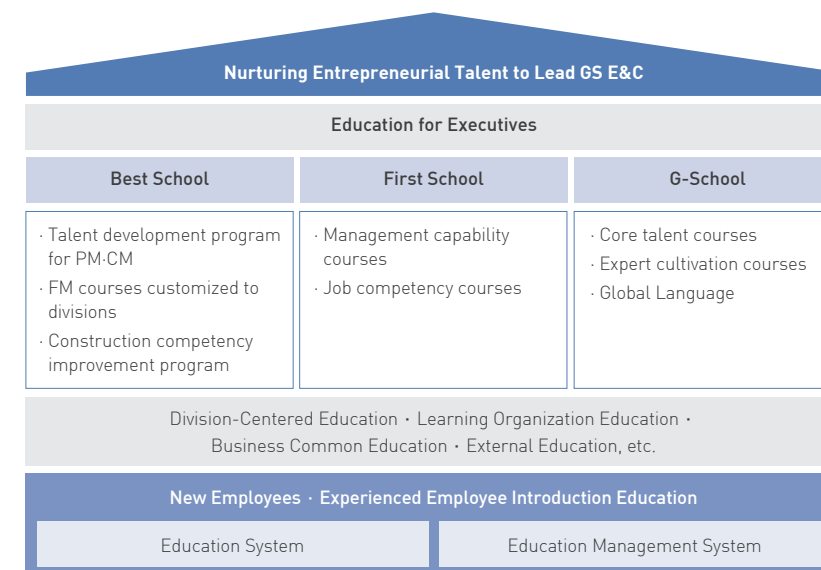
◀ Highway[India]

Employee Expertise Development

Human Resource Development Strategy

GS E&C is aimed at developing its employees' expertise efficiently and to 'cultivate entrepreneurs that will lead the company.' The company's HR cultivation program consists of three employee schools such as 'Best School' that is designed to develop employees' job competencies, 'First School' that pursues the development of common capabilities and management skills, and 'G-school' that seeks to develop trainees' capabilities to carry out global business. Based on its systematic training and education courses and its merit-centered HR development strategies, the company provides its employees with not only training courses but also coaching seminars and opportunities to experience jobs in diverse areas. GS E&C also offers its employees various options for their training and education, including online courses, video education and smartphone apps.

Human Resource Development Strategy System

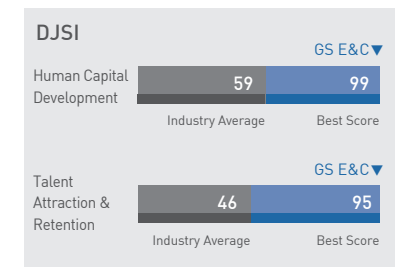


Global Work Competency Enhancement Program G4-LA 9

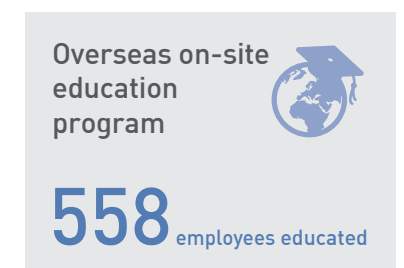
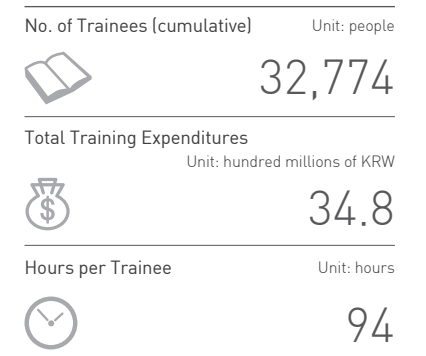
GS E&C cultivates its global talents through more than 3,400 on/offline courses in four categories such as introductory courses for both new recruits and existing employees; job training for PD, PCM, CM, EM and PPM; retraining for professional engineers and technicians; language courses for those to be assigned overseas including the long-term camp-type GBC (Global Business Communication) course and the short-term ABS skill-up course.

Enhancement of Global Collaboration Capabilities

In 2015, GS E&C implemented an overseas on-site education program designed to shore up its capabilities to promote collaboration between Korean and foreign regular workers as well as cultivate their global mindset in seven international projects sites in the Middle East, Southeast Asia and Africa for a total of 558 employees. The education program promoted an openness to and awareness of diversity across cultures. It also enabled the company's employees with diverse cultural backgrounds to have deep insights into the company's global strategies and business practices as well as the significance of each project site.



Employee Training Outcome(2015)



A Great Work Place

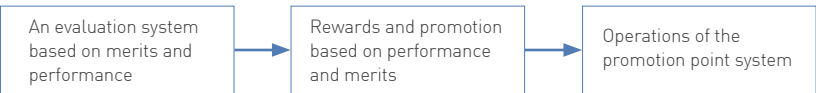
Fair Performance Evaluation and Rewards

Performance Evaluation System

GS E&C carries out fair performance evaluations that can always offer its employees reasonable rewards based on fair evaluations. The evaluations are made through diverse methods such as MBO performance appraisals, multidimensional evaluations, and relative evaluations at the level of job groups. Regular feedback is made through performance interviews. Evaluation grades are determined through evaluation review sessions participated by all the executives of relevant business headquarters/groups and divisions. The fairness of the end results are verified through the HR Monitoring process.

Merit System and Rewards

For reasonable rewards for employees, GS E&C runs an HR management system that connects the performance of organizations and individuals to employee rewards. Employees are rewarded through fair evaluations based on their performance and competencies. They are not discriminated against on the grounds of race or gender. Executives are rewarded on the basis of their performance in all relevant areas including finance, corporate awareness, and environmental and social impact.



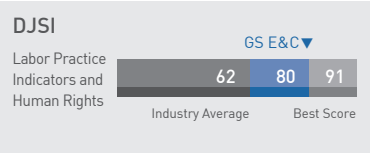
Welfare and Employee Culture

Improvement of Quality of Life through Fringe Benefits

GS E&C enables its employees to achieve a work-life balance through the operations of a fringe benefit system that is practically beneficial to employees. The fringe benefits include housing loans and support for moving expenses, support for employees suffering from disasters, support for regular checkups and subsidies for employees' health insurance - benefits that are applied to all the company's employees. Furthermore, the company supports its employees' self-development efforts and hobby club activities designed to improve the quality of their leisure activities. It also provides them with free counseling services about jobs, families, personal finances and legal issues. For the employees in domestic project sites, the company financially helps them with their mobile phone bills and commuting expenses. GS E&C runs a pension fund program that ensures its employees' have a happy post-retirement life. In 2015, the company raised a total of KRW 242.8 billion in the retirement fund and deposited it in 16 asset management institutions for stable management of the funds.

Family-Friendly Company Culture Program

To improve its work efficiency through its female employees' continuous employment, GS E&C offers its female employees a variety of benefits such as support for childbirth by its employees or their spouses, operations of in-house childcare facilities, leave of absence for fertility treatments, and expansion of maternity leave and parental leave. In 2015, a total of 35 employees used maternity leave, and more than 90% of female employees who had been on maternity leave maintained their employees for over 12 months. In addition, the company offers its employees' families a variety of family-friendly welfare services including information sessions on college admission, lectures on diverse subjects including self-directed learning, aptitude tests, and medical insurance for spouses.



Employee performance evaluation and career development reviews (Employees of GS E&C and its suppliers)

Unit: %		
2013	2014	2015
89.1	89.6	91.7

2015	
Rate of maternity leave	7.7%
Employees who used maternity leave	35 people
Employees who used parental leave	27 people
Female employees who use parental leave	19 people
Return rate after maternity leave	97%

Respecting Human Rights and Diversity

Guarantee of Equal Opportunities

GS E&C implements employment policies free of discrimination based on gender identity, age, nationality, marriage, health or political affiliation. It offers opportunities for pay raise and promotion only on the basis of its business interests. Most notably, the company continues to pay keen attention to the proportion of the minority group including females, people with disabilities, and families of war veterans so that they can enjoy equal opportunity in all aspects of their service for the company. In 2015, the company's proportion of people with disabilities and families of war veterans slightly increased while the rate of female employees remained low in light of the characteristics of the construction industry.

Education on Human Rights and Respect for Diversity

GS E&C respects the human rights of all its stakeholders including its employees all across the world and makes sure that their rights will not be violated under any circumstances. To that end, it conducts human rights education and strives to create an organizational culture where all its members can freely communicate with one another and their diversity is respected in all aspects. Each year, the company also carries out education on racial and sexual discrimination including sexual harassment at the level of each cultural sphere to prevent any violation of human rights from occurring in any of its business sites.

Respect for Religious Diversity



◀ **Muslim prayer room inside GS E&C**
In terms of respect for religious diversity, GS E&C provides its Muslim employees with an environment suited to their religious beliefs. The company headquarter has built a Muslim prayer room equipped with a Wudu facility. It also offers Halal food in its cafeteria. Moreover, GS E&C includes information on mosques and Halal restaurants in Seoul in its orientation for Muslim employees in a bid to minimize their inconveniences while working for the company due to their unique religious rituals and practices.

Human Rights Grievance Handling System

GS E&C has established a human rights grievance handling system through which employees, including workers at its project sites at home and abroad, can file human rights violations online at anytime and anywhere. To promote the usage of the system, the company sends out e-mails to all its employees around the world, urging them to make good use of the system. In 2015, there were no accusation of human rights violations and so no one was sanctioned due to human rights infringements.

Employee Satisfaction

GS E&C conducts an employee satisfaction survey, composed of 9 categories, every year. According to the survey in 2015, the average score was 62.2% which was a decrease of 7.1%p compared with the previous year, and the 6-year average was 64.7%. According to the analysis of survey results, the relatively low level of employee satisfaction is attributable to employees' disappointment with a protracted management normalization, continued pressure to create performance results, and increased dissatisfaction with compensation levels. In 2016, the company will strive to boost its employee satisfaction by enhancing open communication between management and employees and making concerted efforts to specifically address relatively vulnerable aspects.



Social Minorities	
Female Employees	6.61% (▼0.19%)
Disabilities	71 people (▲0.38%)
War Veterans	94 people (▲0.03%)

Sexual Harassment- Prevention Education	
Hours	Unit: hours 2 (four sessions)
Participants	Unit: people 6,787

[Click here for the Universal Declaration of Human Rights on the company website.](#)

Employee Satisfaction Rate		
2013	2014	2015
61.5	69.3	62.2

Labor Relations

GS E&C pursues sustainable management by creating a virtuous organizational culture with its members. Through an open management program, it encourages continuous communication between employees and management to narrow the gap in perspectives about the corporate state of affairs.

Open Management Program

GS E&C has launched its Change Agent (CA) system designed to improve the organizational capabilities and efficiently collect the input of employees with the purpose of diversifying and enhancing direct communication between the CEO and employees. The company fully supports the invigoration of the CA system through various workshops and educational opportunities. It also takes advantage of its year-end corporate community involvement programs to further boost interaction between upper management and employees. In 2015, the CEO had a monthly luncheon program with the company’s newly-wed employees in a bid to make the personal relationship between the CEO and employees even closer.

Promotion of Information Exchange with Management

Operations of Management Issue Meetings

GS E&C discusses important management issues with employees through Management Issue Meetings and the Management Committee. Management Issue Meetings mostly deal with the company business environments, the company’s strategies for the promotion of the year’s core projects, and ways to enhance the organizational competencies. Management Committee addresses the matters discussed at Management Issue Meetings and the company’s overall status, financial or non-financial, including the company’s performance in the areas of safety and environmental protection.

On-line VOE

GS E&C installed a grievance bulletin board called “VOE (Voice of Employee) to receive and resolve grievances. In 2015, through the VOE, a total of 97 complaints were received and 100% of them were effectively resolved.

Shared Cooperation of Labor-Management



GS E&C is running a labor union which consists of 1,142 permanent employees (39.9%) below the rank of deputy manager excluding the administration position group. We respect the primary rights of labor, and have made a collective agreement (biennial) and wages agreement (annually) with the labor union. We also immediately share and discuss important issues on corporate management with the union. The company runs labor management council meetings on a quarterly basis and discusses ways to boost the common interest of labor and management as well as resolve employees’ grievances.

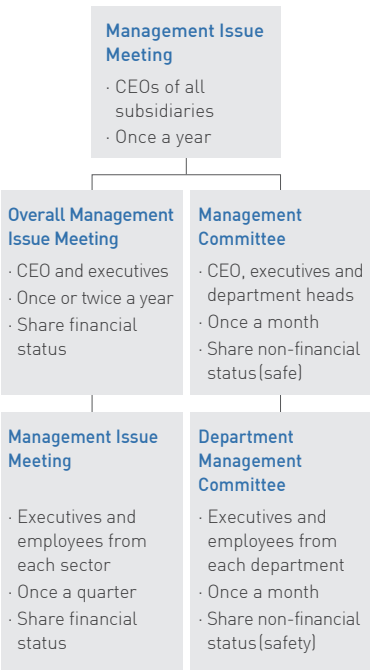
Extension of Retirement Age and Introduction of Wage Peak System

GS E&C has introduced a ‘wage peak system linked to the extension of retirement age’ through a labor and management agreement with the purpose of proactively cooperating with the government initiative in this regard. As a result, starting from January 1, 2016, the company’s retirement age has been extended from 55 to 60. Employees’ wages start to decline on January 1 after they turn 55, although the wages of employees with excellent performance records can be fixed at the wage level upon their retirement. In any case, their fringe benefits including site/overseas allowances and tuition support do not change on the grounds of the extension of their retirement age.

CA Workshop

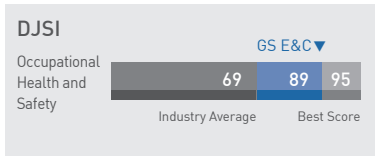


Operations of Management Issue Meetings



Safety and Health Policies

GS E&C promotes advanced safety management and site-centered safety management to achieve ‘Zero Industrial Disasters’ under the policy of ‘Compliance with Fundamentals and Principles.’ GS E&C has established a well-developed safety and health management system through the earnest efforts of its safety and health management organization. It places the utmost priority on raising awareness of safety and health among its employees through the curriculum and diverse extracurricular programs offered by its ‘Safety Innovation School.’ The company considers safety and health as being the highest value that it must pursue in order to continue to achieve sustainable business success.



Strengthening Safety and Health Management System

Defining Four Stages of Safety Culture

~2009	2010~2012	2013~2015	2016~
Stage 1 Reactive Reactive stage	Stage 2 Dependent Dependent stage	Stage 3 Independent Independent stage	Stage 4 Interdependent Interdependent stage
Compliance according to natural instincts	Compliance according to rules/standards	Voluntary compliance according to individual knowledge/will	Helping others to comply, resulting in pride and trust in organizations

To eliminate the potential of major industrial accidents through the stabilization of its safety culture, GS E&C has defined the four stages of safety culture and has continued to make improvements. At the reactive and dependent stages (Stages 1 & 2), the company reached the level of compliance with basic safety rules. At the third independent stage until 2015, employees complied with the company’s safety rules according to their individual knowledge and commitment. Thanks to the company’s long-term investments and employees’ passionate involvement, the number of fatalities from industrial accidents has continued to drop. In 2016, which the company has designated as the inaugural year of the stabilization of its safety culture, GS E&C plans to lift its safety culture stage to the last stage, an interdependent stage, and achieve the ‘zero industrial disaster’ rate during the year.

SEQ Operations Committee



GS E&C runs SEQ (Safety, Environment, and Quality) Operations Committee to raise awareness of safety management and enhance quality and environmental management activities on a company-wide basis. Headed by the Chief Safety Officer (CSO), the committee consists of the heads of divisions throughout the company. It discusses major safety issues in the company and reports the results to the Management Committee for solutions. In 2015, the committee held 23 meetings with 44 key executives and team leaders and discussed reports on major industrial accidents, safety rules and accident management, and analysis of and solutions to the recent trends of accidents and disasters.

Preventing Accidents

Effects of Education of Safety Innovation School

With the aim of ‘cultivating safety and innovation leaders equipped with strong fighting spirit and action-oriented leadership,’ GS E&C established its Safety Innovation School in March 2006, the first of its kind in Korea. In 2015, the school offered various exercise-based courses such as risk prediction exercises, hands-on experience of 3D virtual safety, and hands-on experience of safety morning assembly. To cope with issues related to industrial accidents accounting for 60% of the causes of construction accidents, the school also provided courses designed to cultivate safety experts, such as the special worker license course and the safety innovation leader course. The Ministry of Employment and Labor chose the school as the meeting venue of ‘the Construction Industry Safety & Health Leader Conference’ in 2015. The governments of Singapore and Vietnam also expressed their intentions of benchmarking the school. In a satisfaction survey about courses, the school received 4.6 points and 4.5 points from the company’s employees and its suppliers’ employees, respectively, on a scale of 1 to 5.

2015 Safety Export Training Program by the Safety Innovation School	
Academic Curriculum	2015 Results
Special Worker License Course	Safety patrol residential course: 261 people Scaffolding worker on-site course: 30 sessions
Safety Innovation Leader Course	Residential course: 1,103 people (employees of GS E&C, suppliers and related organizations) On-site course: 18 sessions (emergency drills and first aid drills)

Safety Management through the Safety Traffic Signal System

Technical safety issues caused by reckless review or control of structural and other technical matters, including errors in construction methods, deserve keen interest at sites because of their frequency compared to their low proportion in construction accidents. GS E&C deals with the issue through its ‘Safety Traffic Signal’ system. The company classifies the safety management level of each project site as ‘green, yellow and red’, which enhances its supervision about any violation of the company’s compulsory safety rules. In 2015, the company carried out 489 safety traffic signal inspections and uncovered 65 violations of its compulsory safety rules and one violation of its immediate system improvement order. It proceeded to issue penalty points concerning the infractions.

Safety Education

By definition, construction workers have to move from project to project. Thus they need to be trained extensively about the different safety features of each site. In 2015, GS E&C offered all its site workers a total of 200 training sessions - seven types of safety and health management courses - including safety and health supervisor training programs. The company strives to foster its safety management culture among all its employees while enhancing the competence of all its safety officials.

CEO’s Direct Engagement in Occupational Health and Safety Management Activities

The CEO regularly visits the company’s project sites with the purpose of checking and promoting site workers’ health and safety. His site visits ensure that the company’s employees work in the healthiest and safest work environment that attempts to minimize disturbance to local communities in noise among others. In 2015, the CEO visited six project sites to inspect workers’ health and safety.

3D Virtual Safety Empirical Education



Employees who Completed Training from the Safety Innovation School

2013	2014	2015
1,112	833	1,020

* The number of trained employees in 2014 decreased because of on-site education promoted.

CEO’s health and safety check at a housing site in Wirye



Major Accidents and Response

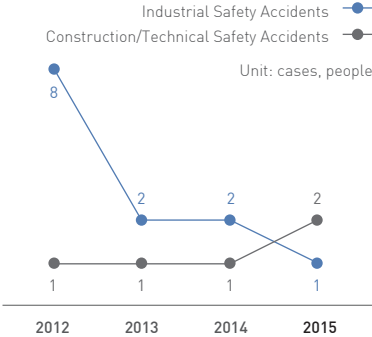


To prevent any type of industrial accidents from occurring, GS E&C began by promoting a corporate culture of reporting all industrial accidents honestly. As a result, the number of worker fatalities has continued to drop over the past three years.

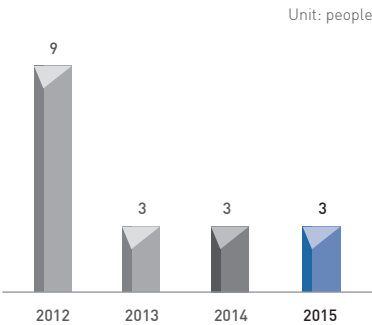
Regarding the increased fatalities due to construction and technical safety issues in 2015, GS E&C will add ‘construction safety’ to the current core causes of its on-site accidents - ‘technical safety’ and ‘industrial safety’ - and reinforce its accident prevention system. The company will comply with all the construction standards and procedures and expand the scope of its construction safety management to achieve a ‘Zero Major Industrial Accident Rate in Domestic Sites’ in 2016.

Core Causes of Construction Accidents			
	Industrial Safety	Construction Safety	Technical Safety
Core Concepts	· Workers’ unsafe practices	· Noncompliance with construction procedures and standards · Faulty temporary facilities	· Negligence in structural and technical reviews and control · Errors in construction methods
Proportion	60%	35%	5%
Intensity	Minor	Major	Major

Number of victims of major industrial accidents



Annual Fatality



Interview

_CSO



“Formation of Safety Culture with Employees’ Full Participation”

GS E&C has declared 2016 as being the “Inaugural Year of GS E&C Safety Culture”, enhanced site workers’ safety awareness education with the participation of the company’s suppliers, and advocated the fostering of a safety culture leading to the complete elimination of fundamental causes of industrial accidents. The general manager of a project site must be equipped with deep resolve to promoting safety and create an atmosphere where construction engineers and safety officials can concentrate on their duties and cooperation with one another. Construction engineers must check work plans and associated technical issues as well as their on-site implementation. Safety officials must play the role of safety engineers, rather than safety managers. They must take initiatives. They must drive all site workers to engage in safety activities voluntarily. The on-site safety culture can take root and accidents can be prevented only when the general manager, construction engineers and safety officials at a project site all join forces to cooperate with one another in a positive manner.

_Chan-Jeong Park, Senior Vice President, CSO

GS E&C Social & Relationship Capital Value Creation



SUSTAINABILITY CONTEXT

The construction industry is characterized by the importance of attaining high quality in the end-results and the reflection of clients' needs in those results. GS E&C has built a strong social network not only with its suppliers but also its local communities to pursue sustainable development based on mutual understanding and trust. The company maintains win-win relations with them for shared growth. It also engages in CCI activities proactively while striving to further raise the level of its customers' satisfaction. Overall, it maintains a positive relationship with its stakeholders.

OUR STRATEGY & COMMITMENT

GS E&C has enhanced its communication with its suppliers, local communities and customers. It has held numerous meetings and forums with its suppliers. It has offered them financial, educational and technical support to realize a shared growth with them. GS E&C continues to enhance its communication with local communities and its corporate community involvement. It has achieved the top position in the country's GCSI (Global Customer Satisfaction Index) for 11 consecutive years through the improvement of customer satisfaction on the basis of an immediate on-site reflection of customers' voices.

OUR PROGRESS & NEXT STEP

GS E&C plans to focus on maintaining the current level of high customer satisfaction through continuous interaction with its suppliers and customers. Meanwhile, the company will strive to boost the satisfaction of its global customers and employees through the implementation of its plans for overseas CCI programs tapping into its business resources and capabilities. The growth of GS E&C based on communication and cooperation with its suppliers and local communities will eventually help improve its customers' satisfaction and meet its stakeholders' needs. GS E&C will continue to fulfill its social responsibilities on the basis of close communication with all its stakeholders.

THE VALUE CREATED in 2015

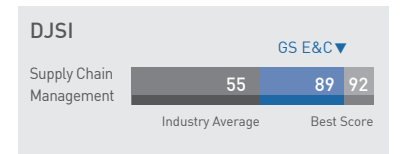


*CCI : Corporate Community Involvement

*GCSI : Global Customer Satisfaction Index

Shared Growth with Suppliers

It is the backbone of the growth of GS E&C to seek shared growth with its suppliers on the basis of mutual trust. The company has established four basic rules to fulfill its obligation to achieve shared growth with its suppliers.



Four Basic Rules for Shared Growth with Suppliers

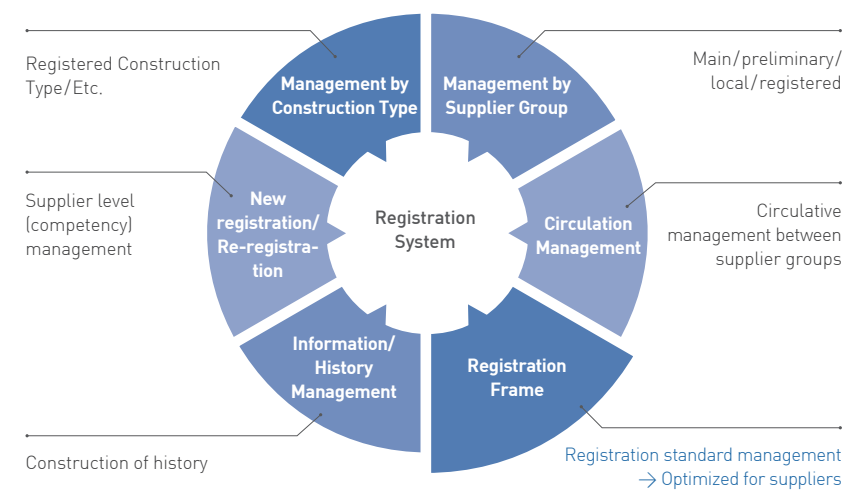
The rule for desirable contract execution	The rule for fair selection(registration) of suppliers	The rule for Internal Review Committee	The rule for desirable delivery of writing and keeping of documents in subcontracting transactions
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Establishment of Fairness for Subcontracting

GS E&C has established rules designed to ensure the execution of fair and desirable contracts with its suppliers. The rules serve as the basic guidelines for various key issues such as contracting methods, issuance of contracts, pricing and delivery period that both parties should consider in advance with subcontractors guaranteed their right to self-determination. The rules also provide for all the other important matters that GS E&C and its suppliers must obey throughout the contract period. GS E&C fulfills all its obligations imposed by laws and contracts in the most faithful ways.

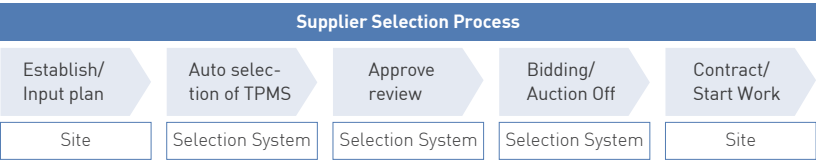
Securing Transparency in the Selection of Suppliers

Registration of Suppliers



To ensure fairness in the registration and selection process, GS E&C has made all the rules related to the process mandatory to comply with and disclosed them to the public transparently. The rules include the supplier selection criteria and procedures, the cancellation processes, and fair opportunities to start deals. It has published 'Guidelines on the Management of Domestic Suppliers,' which specifies all its supplier registration and selection criteria, in the pursuit of fair relations with all its suppliers. The company's fair supplier registration and selection in accordance with 'Fair Transactions in Subcontracting Act' plays a leading role in helping the country to maintain order in subcontracting transactions, particularly in the critical area of supplier registration and selection.

Supplier Selection



GS E&S selects its suppliers through an automatic selection system based on the basic principles of 'fairness', 'objectivity', and 'transparency.' Candidates are registered in the supplier pool which consists of three categories such as main, preliminary and local. Scores are given to them. The full score (100 points) that a supplier (candidate) can get is composed of 20 points in selection frequency, 35 points in profitability (general evaluation), 40 points in quarterly performance (including 12 points in safety performance) and 5 points in local preference. Suppliers with higher scores can participate in bids. Equal opportunities are given to the suppliers, who are encouraged to further enhance their competitiveness through fair competition.

Current State of Suppliers G4-SO 9, G4-LA 14

GS E&C's Suppliers in Korea as of 2015 by Province (956 firms) Unit: No. of companies			
Seoul	479	Ulsan	24
Gyeonggi	171	Gyeongnam	20
Busan	42	Daejeon	19
Incheon	41	Chungnam	16
Jeonnam	34	Gwangju	11
Daegu	33	Gangwon	7
Chungbuk	27	Jeonbuk	5
Gyeongbuk	26	Jeju	1

Operations of Internal Review Committee for Win-Win Cooperation

The Internal Subcontracting Transaction Review Committee meets monthly to discuss diverse issues related to suppliers. It also makes decisions on major matters related to the company's subcontracting practices, including fairness in the subcontract execution and pricing processes, compliance with all relevant laws and regulations, and systems affecting shared growth. In 2015, the committee held a total of 14 meetings to share information on the state of the company's subcontract execution with its suppliers and the selection of suppliers that were to be awarded prizes, among others, in a bid to further reinforce the fair relationship between GS E&C and its suppliers through open communication.

Establishing Order in Subcontracting Transactions through Enhanced Delivery of Writing

GS E&C strives to stabilize and spread its writing culture in the subcontracting transactions on a company-wide basis through the establishment and compliance with the regulations relating to the delivery of writing and keeping of documents. It continues to work hard to develop its delivery of writing practices as a way of building a fair subcontracting transaction order. The company has defined various document forms such as a standard subcontract, documents related to subcontract price reductions, and requests for technical data. Upon the execution of an electronic contract, suppliers are requested to file information requested by the forms online. To raise awareness of the importance of the delivery of writing, both education and on-site inspections are conducted.

No. of Suppliers Newly Registered in 2015

Unit: No. of companies	
1st half	80
2nd half	59
Total	139

Internal Review Committee



Held **14** meetings in 2015

Enhanced Support for Shared Growth

Supplier Support in Education and Technologies

For suppliers' qualitative growth, GS E&C offers its suppliers educational and technological assistance. In 2015, the company provided 28 executives of suppliers with the Next CEO Training. It also trained 94 general managers and 214 working-level officials of its suppliers. Its Safety Innovation School also taught 244 employees of suppliers. To help its suppliers to upgrade their technological level, GS E&C held 4 technology workshops and seminars in 2015. The company and its suppliers joined forces to develop eight new technologies together, register 9 joint patents and apply for 11 joint patents, and register 15 joint design patents during the year.

Enhanced Communication with Suppliers

GS E&C continues to enhance communication with its suppliers. In 2015, the company held its 'Xi CEO Forum' with 30 supplier company's CEOs to further reinforce communication with them, boost their management mindset and award outstanding suppliers. To stimulate its suppliers to have more active involvement in shared growth, the company holds regular meetings with suppliers to discuss major issues including the company's major systematic arrangements and recognize outstanding suppliers' performance. The company has set up its 'Shared Growth Council' to boost direct communication between its top management and the supplier company's CEOs and promote shared growth more effectively. In a bid to expand the communication between the company and its suppliers online, GS E&C has launched the GS Partner website where the suppliers can provide information, express opinions, and post their grievances.

Financial Support for Suppliers

To financially support its suppliers, GS E&C operates various systems such as Management Support Funds, Win-win Deposits, Improvements in Pay Conditions, and Contract Guarantees. In 2015, the company paid KRW 15.47 billion to five suppliers in the form of advance payments through its Management Support Funds. It offered preferential loans to recommended suppliers. It also financed KRW 15.2 billion to 14 suppliers through its Win-win Deposits. Through the Contract Guarantee system, GS E&C exempted the payment of contract fees worth KRW 55 million in 2015. The company also raised the proportion of cash payments in subcontractor progress payments. It shortened the payment term to within 10 days, the shortest period among the country's major contractors.

Supplier Support in Education

Unit: people	
Next CEO training	28
General manager training	94
Working-level official training	214
Safety Innovation School	244

Interview

_ Supplier



“Boost Communication with Suppliers for Win-win Situations”

I hope that GS E&C will be more active in reflecting its suppliers' opinions for the sake of shared growth. It is true that suppliers' input expressed in meetings is reflected to a certain degree. However, I guess there is some inefficiency involved in the communication between the headquarters and its numerous sites as GS E&C has grown. Also, the communication could be faster and more flexible. GS E&C becomes strong when its suppliers are, and vice versa. I hope that both parties will become more willing to embrace each other's difficulties in order to accomplish win-win situations.

_Byeong-Sang Cho, CEO of Tobang Construction Co., Ltd.

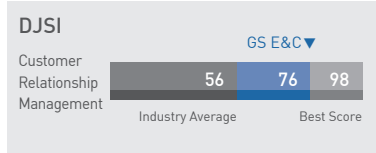
Customer Satisfaction Activities

GS E&C seeks to improve its customers' values under its management philosophy - "We think and act from the customers' perspective to be by their side at all times." We continue to identify our customers' needs through regular customer satisfaction surveys. We reflect the outcome in our employee education and training while taking immediate actions on them. Based on its customer-oriented mindset, the company will continue to diversify its communication channels with customers and promote continuous quality innovations to deliver its customers the best values possible.

Integrated Quality Management System



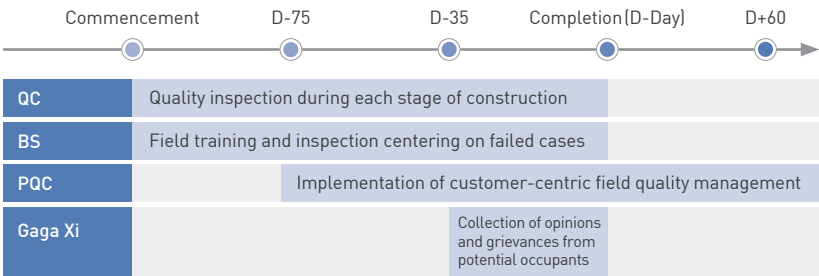
GS E&C has established an integrated management system (IMS), which has integrated its EMS (environmental management system) in 1993, OHSAS (occupational health and safety management system) in 2005, and QMS (quality management system) in 2009. GS E&C continues to win awards for its integrated quality management system. In 2015, it received awards from the Minister of Land, Infrastructure and Transport and the Director of Seoul Regional Office of Construction Management for its excellence in the field.



Q-HSE Integrated Management System



Pre Quality Control (PQC)

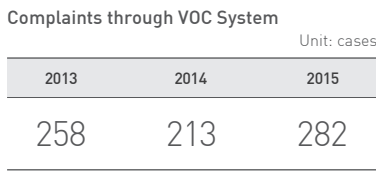


To produce top-quality products, GS E&C carries out diverse PQC (Pre-quality Control) activities according to its manuals and procedures. The company undergoes thorough QC (Quality Control) efforts throughout the entire life cycle of a project, from commencement to completion, including the provision of 'before service (BS)' to its customers. Starting from two months before the completion of its residential housing projects, the company launches the Homemaker Monitoring Group for PQC from the perspective of the actual users. A month before the completion, GS E&C launches a Gaga Xi Event to collect opinions and grievances from the potential occupants of its apartment buildings to eliminate all the possible causes of their grievances in advance. As a result, the company has reduced the number of defects from 10 to 4 per apartment unit at the time of residents' final inspection during the past two years.

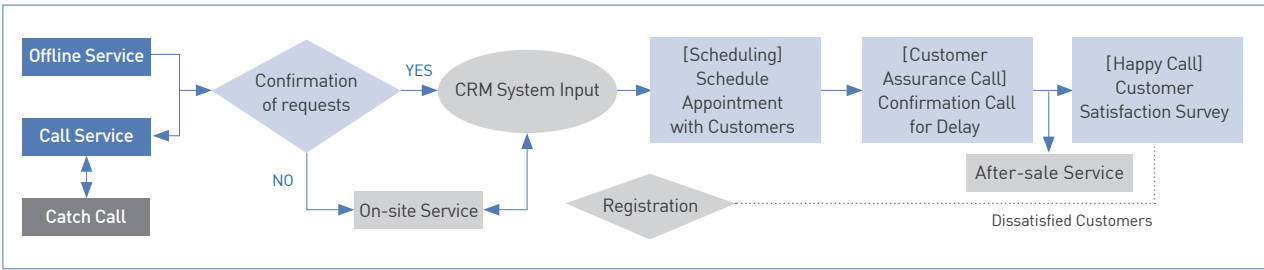
Post Quality Control

Reinforcement of Communication with Customer

GS E&C immediately solves customers' grievances through its active collection of customer feedback. It has streamlined its grievance collection procedures based on the company-wide VOC system and the customer relationship management (CRM) system. The company solves its customers' complaints right away. GS E&C ensures that the customer grievances are reflected in its customer safety and health policies so that the same mistakes will not repeat themselves down the road.



1:1 Personalized Customer Service Process



Customer Emotion Management

To enhance its building intelligence features, the company has developed cutting-edge systems including a home network system and a total security system. It has organized a Design Counseling Committee composed of experts in all relevant areas. Based on the brainchild of the committee - the 'Design Identify System' that is tailored to the company's brands - the company has achieved a balance between cutting-edge technical features and refined cultural elements, further raising its customer satisfaction. The company publishes 'Gaga Xi,' a lifestyle magazine intended for potential residents as well as actual residents. It also prints 'Xi Story' for those who have signed contracts to buy its apartments in order to deliver them compelling news on the progress of its construction work.

Customer Private Information



To prevent leakage of personal information, GS E&C has established the Personal Information Protection Commission(PIPC) and reinforced its security regulations and systems. It encrypts the personal information of its customers, employees and suppliers. Through the establishment of database access control solutions, it systematically controls the rights to access its private information handling system. It earns trust in its private information security from its stakeholders. There was no leakage of private information in 2015.

Performance in Customer Satisfaction



GS E&C continues to boost its customer satisfaction through diverse efforts, for which it has been awarded prizes multiple times. In 2015, it won 72.9 points in customer satisfaction, registering a slight improvement over the previous year. 'Xi,' the company's flagship apartment brand, won the grand prize in the First-Class Brand Apartment Awards for ten consecutive years and the Korea Luxury Brand Awards for nine consecutive years in 2015. During the year, GS E&C was also ranked first in GCSI (Global Customer Satisfaction Index), a feat that it has done for 11 consecutive years.

Apartment Customers' Grievances

Unit: cases

2013	2014	2015
629	506	532

Leakage of Private Information



Zero_{case}

Customer Satisfaction Index (the average of indices)

Unit: points

2013	2014	2015
72.0	72.8	72.9

Interview

_Customer



"Pleased with Xi Apartment Quality and Service"

As a new resident of a 'Xi' apartment, I am fully satisfied with both the product quality and after-sales services. The apartment is designed safely and beautifully, and it is obvious that it has been constructed with high-quality materials. Besides the wonderful interior work, the apartment boasts well-manicured gardens, around which I like taking a walk with my husband in the evenings. Unlike my previous one, this apartment is equipped with underground parking, which makes me feel much safer than before. I am also happy about the warrantee service. After I moved in last winter, a ceiling light went dead. GS E&C service technicians immediately came and replaced the light. I was moved in that he did his best for a small thing. I am proud that I made the decision to buy a 'Xi' apartment unit.

_Young-Kyoung Jung, resident of DMC Park View Xi Apartment, Seoul

Social Responsibility Activities

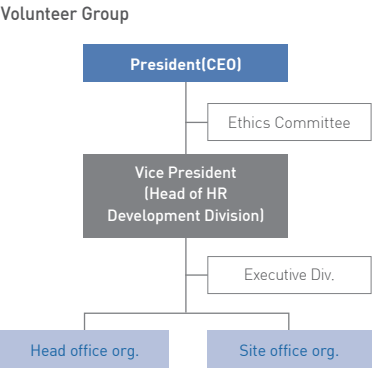
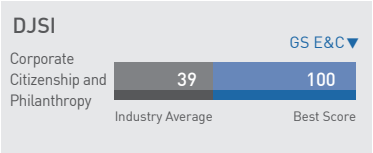
GS E&C intends to implement genuine sharing and serve as a partner to local communities through corporate community involvement (CCI) activities reflecting its industrial strengths. The company has striven to seek the long-term development of local communities through its strategic CCI programs, instead of one-time donations. In connection with its expanding overseas commitments, the company is promoting CCI overseas through cooperation with local governments to build its credibility in local communities.

CCI Strategic System

Core Values	 Great Partnership Respect, communicate, and grow together		
Core Areas	Social Welfare	Education & Culture	Environment & Safety
Main Activities	Year-end kimchi support for low-income households Cooperation with Child Fund	Study Rooms of Dreams and Hopes(home study support) Cooperation with Child Fund	
	Year-end employee donations Subject to change yearly	Happy Afterschool Classroom (afterschool education support) Cooperation with Child Fund	Playgrounds of Dreams and Hopes(safe playgrounds) Cooperation with Child Fund
	Labor-management joint CCI (blood donation, support for single seniors) Labor unions' cooperation	Scholarship/ Tuition fee support Cooperation with 3 NPOs	
GS E&C's KPIs 2015	Media exposure _9 times	Students' favorite workplace _5 th	External awards _2
	Benefits recipients_ 1,156 people	New recruit retention rate_ 98.4% Educational support recipients _246 people	Cultural support recipients_ 40,320 people
CCI Amount _ KRW 6.7 million			

CCI Promotion Organizations

The company launched 'Xi Love Sharing Volunteer Group' in February 2006 on the basis of the employees' voluntary service group called 'Deosamo.' The corporate headquarters helps single seniors and children of low-income households (living expenses and food) in particular, in addition to its support for educational and cultural activities and provision of scholarships for local communities. For CCI by the company's domestic sites, the company has divided the country into seven areas, steadily engaged in CCI by repairing aging welfare facilities, donating goods to the facilities, helping recover from natural disasters including flooding, and helping keep the surroundings clean in local communities.



Xi Love Sharing Volunteer Group

Major CCI Activities

Social Welfare Program

Every year, GS E&C offered kimchi and heating assistance to a total of 1,004 low-income households as well as numerous welfare facilities. In 2015, its volunteers also visited single seniors four times and regularly supported ten low-income households with presents.

Education & Culture Program

'The Study Room of Dreams and Hopes' launched in 2011 is the company's representative CCI program, tapping into its industrial strengths. The company creates study rooms for children in low-income households and provides them with all the necessary facilities and stationery so that they can concentrate on studying at home. Its employees help the children with their studies through a mentorship program, too. The company also supports the children through a scholarship program so that they can continue their studies. In 2015, the company created study rooms in 30 low-income households in the metropolitan area, reaching an accumulated total of 170 study rooms that it created.

Environment & Safety Program

GS E&C also creates 'The Playground of Dreams and Hopes' to help children to play and physically and emotionally grow safely. The Playground of Dreams and Hopes is different from typical playgrounds. It is a very eco-friendly space with plenty of trees and small gardens. The company builds and donates Playgrounds of Dreams and Hopes to local communities. In 2015, GS E&C built Playgrounds of Dreams and Hopes in four welfare facilities. The company volunteers had cultural experiences with the children using the facilities.



Supporting Single Seniors



Study Rooms of Dreams and Hopes



Playground of Dreams and Hopes

Interview



_Government Organizations

“Must Pursue Ethical, Philanthropic CSR Activities”

GS E&C must pursue ethical, philanthropic CSR activities to embrace and care for the socially underprivileged beyond one-time monetary contributions. Most notably, in terms of the realization of its core values - Great Innovation, Great Challenge and Great Partnership - the company should become involved in continuous training and education of various topics for the young and the disadvantaged suffering from substandard wages. I would like to request the company to assertively take the lead in helping them from the perspective of CSR.

_Dr. Seung-Bok Lee, Korean Research Institute for Human Settlements



_CCI Official

“Efforts for Continuous CCI Activities”

The core CCI programs of GS E&C include 'Children's Study Room,' 'Afterschool Classroom' and 'Children's Playground.' The company has continuously implemented them since 2011. For the 'Children's Study Room' program, the company not only builds study rooms for low-income households but also helps with their telecom bills and college tuitions. The company employees share cultural experiences with the children using the company's 'Afterschool Classroom' and 'Children's Playground' programs, including visits to amusement parks and work experience as GS E&C employees. The company offers kimchi to the households each year. It focuses on providing steady CCI services.

_Kyung-Jin Lee, Assistant Manager, General Affairs Team



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Financial Capital Value Creation

FY 2015: January 1 to December 31, 2015
FY 2014: January 1 to December 31, 2014

Unit: KRW			
Category		FY 2015	FY 2014
Assets			
	Current assets	9,549,473,789,179	8,652,947,213,879
	Cash and cash equivalents	2,428,627,928,534	2,151,187,232,183
	Trade and other current receivables	4,748,788,878,719	4,573,821,599,549
	Inventories	795,522,346,925	613,224,584,568
	Short-term financial assets	368,869,286,556	332,670,749,397
	Other current non-financial assets	1,207,665,348,445	982,043,048,182
	Non-current assets	3,456,019,198,894	4,441,761,716,468
	Property, plant, and equipment	1,338,530,756,222	2,456,041,232,354
	Intangible assets other than goodwill	144,648,150,988	169,962,416,561
	Investment property	91,550,124,181	121,137,518,839
	Investment accounted for using equity method	36,020,002,177	36,973,209,297
	Long-term trade and other non-current receivables, gross	887,675,867,283	842,194,042,895
	Long-term financial assets	344,103,947,244	347,466,189,539
	Deferred tax assets	613,490,350,799	467,987,106,983
	Total assets	13,005,492,988,073	13,094,708,930,347
Liabilities			
	Current liabilities	7,139,321,408,218	6,127,182,857,828
	Trade and other current payables	2,066,786,857,664	1,633,207,003,887
	Short-term financial liabilities	2,085,439,998,566	1,709,989,267,311
	Current tax liabilities	8,617,333,856	15,199,746,155
	Other current financial liabilities	2,978,477,218,132	2,768,786,840,475
	Non-current liabilities	2,518,146,655,465	3,385,914,054,659
	Long-term trade and other payables	162,563,909,206	136,079,934,317
	Long-term financial liabilities	1,619,754,921,948	2,487,229,619,975
	Post-employment benefit obligations	124,149,639,068	93,538,999,238
	Non-current provisions	402,672,688,826	287,077,677,424
	Deferred tax liabilities	58,744,641,239	148,853,912,627
	Other non-current financial liabilities	150,260,855,178	233,133,911,078
	Total liabilities	9,657,468,063,683	9,513,096,912,487
Equity			
	Elements of other stockholder's equity	3,284,298,908,964	3,270,935,844,039
	Issued capital	355,000,000,000	355,000,000,000
	Capital surplus	610,648,899,087	610,634,032,903
	Other equity interest	[87,207,586,208]	[140,811,144,570]
	Other comprehensive income/loss accumulated amount	[131,459,629,404]	[87,938,056,407]
	New account for elements of other stockholder's equity	2,537,317,225,489	2,534,051,012,113
	Non-controlling interests	63,726,015,426	310,676,173,821
	Total equity	3,348,024,924,390	3,581,612,017,860
	Total equity and liabilities	13,005,492,988,073	13,094,708,930,347

Environmental Capital Value Creation ¹⁾

Category		Unit	2013	2014	2015
Amount of Construction Materials Used	Amount of ready-mixed concrete used	m³	1,753,558	1,707,088	2,858,217
	Amount of cement used	ton	129,694	110,039	99,982
	Amount of aggregates used	m³	295,351	364,186	329,619
	Amount of asphalt used	ton	452,506	138,055	230,986
	Amount of sand used	m³	73,097	51,918	74,428
	Amount of steel used	ton	253,602	223,093	344,294
	Amount of plaster boards used	ton	12,490	18,442	16,671
Improvement Rate of Raw Materials Consumption by Unit		%	39	19	1
Amount of Recycle Aggregates Used		m³	17,935	70,896	75,532
Amount of Water Used	Total	m³	3,430,374	2,793,820	2,256,554
	Amount of service water used	m³	2,377,793	1,889,236	1,614,212
	Amount of groundwater used	m³	683,394	589,663	332,374
	Amount of river water used	m³	369,187	314,921	309,968
Intensity of Building Water ²⁾		m³/m²	3.66	2.91	1.98
Amount of Energy Used	Total	TJ	4,096	4,048	4,504
	LNG [city gas, natural gas]	TJ	103	157	170
	Kerosene	TJ	18	11	22
	Diesel	TJ	2,507	2,228	2,738
	Gasoline	TJ	139	92	184
	Electricity	TJ	1,304	1,534	1,360
	Others	TJ	26	26	30
Intensity of Building Energy ³⁾		MWh/m²	0.13	0.13	0.13
Amount of Generated Waste	Total	ton	362,957	253,217	290,285
	Amount of concrete waste	ton	218,509	171,379	152,617
	Amount of asphalt waste	ton	16,801	7,021	59,204
	Amount of sand and stone waste	ton	20,020	10,129	19,988
	Amount of construction waste	ton	98,076	60,611	49,049
	Amount of synthetic resin waste	ton	5,752	3,680	9,017
	Amount of timber waste	ton	3,281	178	210
	Amount of construction sludge	ton	518	219	200
Waste Disposal	Recycling	ton	353,406	249,140	280,858
	Landfill	ton	518	219	200
	Incineration	ton	9,033	3,858	9,227
Amount of Debris Emission		ton	274	76	91
Amount of Wastewater Discharge		ton	3,412,959	704,678	498,114
Amount of Greenhouse Gas Emissions	Total	tCO ₂ -e	257,584	248,276	283,499
	Scope 1 [direct emission]	tCO ₂ -e	45,473	45,162	74,022
	Scope 2 [indirect emission]	tCO ₂ -e	63,320	74,498	66,056
	Scope 3 [other forms of indirect emission]	tCO ₂ -e	148,791	128,617	143,421
Intensity of Greenhouse Gas Emissions by Buildings ⁴⁾		tCO ₂ -e/m²	0.09	0.08	0.08
Amount of Greenhouse Gas Emissions by Korean won		tCO ₂ -e/100 million KRW	3.28	3.32	2.90
Green Procurement Costs		100 million KRW	286.40	246.12	319.91
Number of Environmental Disputes		Cases	14	15	21
Number of Environmental Accidents		Cases	7	7	8
Environmental Dispute Adjustment Costs		100 million KRW	14.5	18.2	20.8
Eco environment Course Completion Status		People[total]	2,819	1,477	913

1) 95% of revenues and business operations
2) Building water intensity = sum of annual water consumption / sum of floor area[12 buildings owned including the headquarters]
3) Building energy intensity = sum of annual electricity use / sum of floor area[12 buildings owned including the headquarters]
4) Greenhouse gas emissions intensity from buildings = sum of annual ton CO₂ equivalent / square meters of floor space[12 buildings owned including the headquarters]

Industrial Capital Value Creation

Category	Unit	2013	2014	2015
Proportion of new overseas orders	%	59.2	61.5	56.7
*Cost reduction (through a council)	KRW 100M	-	333.6	730.8

*Cost reduction through a council began in 2014.

Intellectual Capital Value Creation

Classification	Unit	2013	2014	2015
Contributions of eco-friendly technological development	Profit contributions	KRW 100M	349	544
	New order contributions	KRW 100M	118	81
	Sales contributions	KRW 100M	60	47
	Eco-friendly building accreditation	Cases	27	34
	GHG emission reduction through green concrete development	tCO ₂ -e	12,529	7,029
	Cost reduction through green concrete development	KRW 100M	10.3	5.8

Employee Value Creation

Category	Unit	2013	2014	2015
Number of employees	Total number of employees	People	6,789	6,657
	Number of male employees	People	6,334	6,204
	Number of female employees	People	455	453
	Rate of permanent employees	%	83.1	86.1
	Rate of contract employees	%	16.9	13.9
	Less than 30 years old	People	991	850
	More than 30 years old and less than 50 years old	People	4,840	4,943
	More than 50 years old	People	958	864
Rate of employees with disabilities		%	0.8	0.7
Rate of female managers		%	1.4	1.4
Rate of retired		%	5.1	4.6
Training hours per employee		Hours	113	86
Training costs for employee		KRW 100M	42	30
Employee performance evaluation and career development review		%	89.1	89.6
Employee satisfaction		%	61.5	69.3
Rate of union membership		%	36.4	38.8
Rate of industrial accidents		%	0.14	0.26
Childbirth	Use of maternity leave	%	5.5	4.6
	People on maternity leave	People	25	21
	People on childcare leave	People	15	23
	Female employees on childcare leave	People	14	19
	Return rate after childcare leave	%	93	91

Social & Relationship Capital Value Creation

Classification	Unit	2013	2014	2015
Suppliers	No.	650	914	956
Invigoration of local economies (rate of purchase from domestic suppliers)	%	28.2	30.5	33.9
Amount spent on CCI	KRW 100M	109	80	67
Employees taking part in CCI	People	2,880	1,698	388
Exposure to the media	Times	23	11	9
Benefit recipients	People	2,224	5,147	1,156
College students' favorite workplace	Ranking	3	6	5
Recruits retention rate	%	98.2	98.6	98.4
Educational benefit recipients	People	302	270	246
External awards and recognition	Times	2	1	2
Cultural support beneficiaries	People	40,210	40,140	40,320
Housing customers' grievances	Cases	629	506	532
Grievances filed through VOC system	Cases	258	213	282
Xi brand GCSI score	Points	72.0	72.8	72.9

Other Results_Ethical Management

Classification	Unit	2013	2014	2015
Ethical Management	Violation of ethical management	Cases	24	10
	Attendees of ethical management education (off-line)	People	560	1591
	Attendees of ethical management education (on-line)	People	6,332	6,332

General Standard Public Index																																																																																																															
Strategy and Analysis		Report Content	Page	ISO 26000	Verified																																																																																																										
G4-1	Statement from the most senior decision-maker of the organization	• GS E&C intends to grow into a 'Sustainable Global Company' fulfilling all its social responsibilities mostly through continuous business growth, technological development, protection of personal information, eco-friendly policies, response to climate change, development of employee expertise, and win-win cooperation with its suppliers and local communities. To that end, the company has classified its economic, social and environmental impact in six areas (financial, industrial, intellectual, environmental, employee, and social & relationship capitals).	2	7.4.2	V																																																																																																										
Organizational Profile																																																																																																															
G4-3	Name of the organization	• GS Engineering & Construction (GS E&C) Corp.	8	-	V																																																																																																										
G4-4	Primary brands, products and services	• Primary services: plant, power, civil engineering, architecture, housing, design • Primary brand: Xi	8, 10	-	V																																																																																																										
G4-5	Location of the organization's headquarters	• Gran Seoul, 33 Jongno, Jongno-gu, Seoul	ABOUT THIS REPORT	-	V																																																																																																										
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	• Overseas subsidiaries: India; Saudi Arabia; Nanjing, China; Vietnam; Cambodia; Canada; Spain; the Philippines • Overseas branches: UAE, Iran, Qatar, Kuwait, Saudi Arabia, Iraq, Bahrain, Algeria, South Africa, Libya, Kazakhstan, Azerbaijan, Turkey, China, Singapore, Vietnam, Thailand, Indonesia, Columbia, Ecuador and Italy	12	-	V																																																																																																										
G4-7	Nature of ownership and legal form	• A corporation subject to external auditing, a KOSPI listed firm	8	6.2.1	V																																																																																																										
G4-8	Markets served	• Plant, power, civil engineering, architecture, housing and design business for both domestic and overseas customers	8	-	V																																																																																																										
G4-9	Total number of employees, total number of operations,, and net sales, Total capitalization broken down in terms of debt and equity, Quantity of products or services provided	• Employees: 6,520 people • Business sites: 203 (150 domestic, 53 overseas) • Net income: KRW 29.5 billion, debt KRW 8.4678 trillion • Total contract amount: KRW 13.3844 trillion, turnover KRW 10.5726 trillion	8	-	V																																																																																																										
G4-10	A. Total number of employees by employment contract and gender B. Total number of permanent employees by employment type and gender C. Total workforce by employees & supervised workers and by gender D. Total workforce by region and gender E. Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals F. Any significant variations in employment numbers	<table><tr><th>Classification</th><th>Unit</th><th>2013</th><th>2014</th><th>2015</th></tr><tr><td>Total number of employees</td><td>People</td><td>6,789</td><td>6,657</td><td>6,520</td></tr><tr><td rowspan="5">Types of employment</td><td>Regular employee</td><td>People</td><td>5,642</td><td>5,730</td></tr><tr><td>Rate of regular employees</td><td>%</td><td>83.1</td><td>86.1</td></tr><tr><td>Contract employees</td><td>People</td><td>1,147</td><td>927</td></tr><tr><td>Rate of contract employees</td><td>%</td><td>16.9</td><td>13.9</td></tr><tr><td>Average retention years</td><td>Years</td><td>8.0</td><td>9.0</td></tr><tr><td rowspan="5">Turnover</td><td>No. of recruits</td><td>People</td><td>475</td><td>401</td></tr><tr><td>Turnover rate</td><td>%</td><td>5.1</td><td>4.6</td></tr><tr><td rowspan="5">Minority employment</td><td>Females</td><td>People</td><td>455</td><td>453</td></tr><tr><td>Rate of females</td><td>%</td><td>6.70</td><td>6.80</td></tr><tr><td>Rate of females among recruits</td><td>%</td><td>11.8</td><td>9.5</td></tr><tr><td>The disabled</td><td>People</td><td>54</td><td>45</td></tr><tr><td>Rate of female officers</td><td>%</td><td>1.4</td><td>1.4</td></tr><tr><td rowspan="5">Employees by age</td><td>Employment rate of the disabled</td><td>%</td><td>0.8</td><td>0.7</td></tr><tr><td>Those entitled to veterans benefits, etc.</td><td>People</td><td>96</td><td>94</td></tr><tr><td>Under 30 years old</td><td>People</td><td>991</td><td>850</td></tr><tr><td>Male employees</td><td>People</td><td>749</td><td>626</td></tr><tr><td>Female employees</td><td>People</td><td>242</td><td>224</td></tr><tr><td>30-50 years old</td><td>People</td><td>4,840</td><td>4,943</td></tr><tr><td>Male employees</td><td>People</td><td>4,628</td><td>4,715</td></tr><tr><td>Female employees</td><td>People</td><td>212</td><td>228</td></tr><tr><td>Over 50 years old</td><td>People</td><td>958</td><td>864</td></tr><tr><td>Male employees</td><td>People</td><td>957</td><td>863</td></tr><tr><td>Female employees</td><td>People</td><td>1</td><td>1</td></tr></table>	Classification	Unit	2013	2014	2015	Total number of employees	People	6,789	6,657	6,520	Types of employment	Regular employee	People	5,642	5,730	Rate of regular employees	%	83.1	86.1	Contract employees	People	1,147	927	Rate of contract employees	%	16.9	13.9	Average retention years	Years	8.0	9.0	Turnover	No. of recruits	People	475	401	Turnover rate	%	5.1	4.6	Minority employment	Females	People	455	453	Rate of females	%	6.70	6.80	Rate of females among recruits	%	11.8	9.5	The disabled	People	54	45	Rate of female officers	%	1.4	1.4	Employees by age	Employment rate of the disabled	%	0.8	0.7	Those entitled to veterans benefits, etc.	People	96	94	Under 30 years old	People	991	850	Male employees	People	749	626	Female employees	People	242	224	30-50 years old	People	4,840	4,943	Male employees	People	4,628	4,715	Female employees	People	212	228	Over 50 years old	People	958	864	Male employees	People	957	863	Female employees	People	1	1	78, 80	6.3.7	V
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* The total number of employees in 2015 include the number of executives, advisers / committee members, PJT employees, daily workers.

GRI G4/ISO 26000/UNGC Applications

General Standard Public Index									
Strategy and Analysis		Report Content				Page	ISO 26000	Verified	
G4-11	Percentage of total employees covered by collective bargaining agreements	Classification				62	6.4, 6.4.3, 6.4.4, 6.4.5, 6.3.10	V	
		Unit	2013	2014	2015				
		Rate of union membership	%	36.4	38.8	39.9			
G4-12	Describe the organization's supply chain	- Domestic suppliers: 956 - Estimated amount of payment to suppliers: KRW 7.349 trillion - A representative labor-intensive supply chain with most being subcontractors - Carrying out construction work out of the following business models: establishment of business foundation, sales, new contract execution, construction work, and completion				18, 19, 68	6.6.6	V	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Changes in companies subject to consolidation				81	-	V	
		Classification		Subsidiaries					Changes
		New consolidation	INIMA-CVW S.A.		New incorporation during the period				
			CAEPA COMPANHIA DE AGUA E EGOSTO DE PARIBUNA S.A.		New incorporation during the period				
			GS Village Lake LLC		New incorporation during the period				
		Consolidation exemption	Parnas Hotel Corp.		Equity sales during the period (buyer: GE Retail)				
			PNS Corp.*		Loss of control due to equity sales of Parnas Hotel Corp.				
			GS(Cambodia) Development Co.,Ltd.		Loss of control				
			GS PP Development Co., Ltd		Loss of control				
		Changes in No. of suppliers: 914 in 2014 → 956 in 2015							
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	To detect and address its internal and external risks preemptively, GS E&C makes an all-out effort company-wide and carries out regular checks for financial and non-financial risks through the establishment of an IT-based risk management system. It makes practical risk reduction efforts.				32, 33	-	V	
G4-15	Externally developed initiatives to which the organization subscribes or which it endorses	Construction industry related global CSR initiatives such as UN Global Compact, ISO 26000, DJSI, CDP, ESG and SRI				9	7.8	V	
G4-16	Associations the organization has joined as a member	Associations and groups related to its overall business management or its business sectors (plant, power generation/environment/electricity, civil engineering, architecture, technology, management)				96	-	V	
Material Aspects and Boundaries									
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents	Refer to the company's financial statements				76	6.2	V	
G4-18	The process for defining the report content and the Aspect Boundaries	Complied with GRI G4 Guidelines for 'Principles for Defining Report Content' and identified report issues through a materiality test				21	-	V	
G4-19	All the material Aspects identified in the process for defining report content	Refer to the materiality test results and the assurance statement of THE CSR				21	-	V	
G4-20	The Aspect Boundary for each material Aspect within the organization	Aspect boundary for material aspects are specified at the top of the DMA page of each chapter.				21	-	V	
G4-21	The Aspect boundary for each material Aspect outside the organization	Refer to the index of each aspect boundary				21	-	V	
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	N/A				81	-	V	
G4-23	Significant changes from previous reporting period in the Scope and Aspect Boundaries	No significant changes in the aspect boundaries				81	-	V	

General Standard Public Index							
Strategy and Analysis		Report Content	Page	ISO 26000	Verified		
Stakeholder Engagement							
G4-24	List of stakeholder groups engaged by the organization	• Employees, the media, governments/authorities, shareholders/investors, suppliers, corporate/individual customers, local communities	20	-	V		
G4-25	Basis for identification and selection of stakeholders with whom to engage	• Identified major stakeholders according to the scope of long-term influence in economic, environmental, and social aspects	20	-	V		
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	• GS E&C encourages each of its stakeholder groups to actively engage through diverse channels	20	6.8.3	V		
		Stakeholder	Method of Participation				
		Internal stakeholders	Employees	Labor-Management Council, Management Issue Meeting, Workshops, In-house intranet			
		External stakeholders	The Media	Conference, news, newspapers, advertising, press releases, etc.			
			Government Organization	Participation in government committees, Participation in policy research, Environmental NGOs			
		Shareholders & Investors	General meetings, IR website, Integrated reports, IR roadshows				
			Suppliers	GS Partner website, CEO Forum, Supplier portals			
		Customers	Xi website, Xi gallery, Model house, SNS, etc.				
			Local community	Cyber whistle-blowing, CCI activities, Meetings with local communities, etc.			
		G4-27	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, and the stakeholder groups that raised each of the key topics and concerns	• GS E&C collects its stakeholders' opinions through diverse communication channels with stakeholders and reflects them in its business management.	20, 21	-	V
		Stakeholder	Interests				
		Internal stakeholders	Employees	Fair evaluation & remuneration, Respect for diversity and enhancement of employee welfare, Opportunities to improve competency, Guarantee of employee safety			
		External stakeholders	The Media	External communication support & information disclosure			
			Government Organization	Compliance with government regulations, Participation in policy establishment			
			Shareholders & Investors	Transparent governance, Distribution of management results, Provision of accurate and fast information supply			
			Suppliers	Shared growth and win-win management, Establishment of transparent and fair relations, Sharing information & technologies			
			Customers	Supply of high-quality construction products, Reinforcement of communication with customers, Boosted customer satisfaction			
			Local community	CCI & Communication-oriented activities for local communities			
Report Profile							
G4-28	Reporting period for information provided.	• January 1 to December 31, 2015 • Except for the BOD composition, etc. that requires the 2016 information	ABOUT THIS REPORT	-	V		
G4-29	Date of most recent previous report	• June 2015	ABOUT THIS REPORT	-	V		
G4-30	Reporting cycle	• Yearly since 2011	ABOUT THIS REPORT	-	V		
G4-31	Contact point for questions regarding the report or its contents	• Strategy Planning Team, GS E&C (Tel. +82-2-2154-1114)	ABOUT THIS REPORT	-	V		
G4-32	The 'in accordance' option the organization has chosen.	• GRI G4 - Core • All content indices in General Standard Disclosures and at least more than one content index in Specific Standards Disclosures	ABOUT THIS REPORT	-	V		
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	• External assurance has been made by THE CSR, an independent assurance provider, to enhance the reliability of the disclosed information in the report	ABOUT THIS REPORT	7.5.3	V		

General Standard Public Index																																																																																											
Strategy and Analysis		Report Content	Page	ISO 26000	Verified																																																																																						
Governance																																																																																											
G4-34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	• Audit Committee, External Director Recommendation Committee and Sustainability Management Committee under the BOD, the highest decision-making body in GS E&C • Sustainability Management Committee is responsible for decision-making on economic, environmental and social impacts	26	6.2	V																																																																																						
G4-40	The nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting the members	• Directors are selected at general meetings. Candidates are chosen by the BOD and/or External Director Recommendation Commitment and proposed to a general meeting for approval • GS E&S selects authorities in business management and experts in the construction industry as outside directors in recognition of the necessity of active advice on its overall operations based on their in-depth knowledge and abundant experiences with the purposes of boosting its management transparency and financial stability while enhancing the management' understanding of the construction industry throughout the entire corporate business management	26, 27	-	V																																																																																						
G4-45	The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities and the highest governance body's role in the implementation of due diligence processes	• The BOD is the highest governance body. In 2015, it reviewed and approved the company's performance in 2014, including financial statements and business report for the year, its business plan for 2015, and its contract execution for PDVSA Gas Mega Project in Venezuela. The BOD reached resolution on all the agenda items it dealt with	27	7.4.3	V																																																																																						
G4-52	The process for determining remuneration for the highest governance body	• Directors' remuneration is made according to its Executive Director Personnel Management Regulations subject to the approval of a general meeting. The annual business report discloses the pay scales of all the directors and auditors as well as any other employee who receives more than KRW 500 million in pay per year	27	-	V																																																																																						
Ethics and Integrity																																																																																											
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	• GS E&C has Codes of Ethics that specifies all the ethical rules that its employees must comply with • On/offline ethical education and campaigns and operations of Ethics Committee • Reporting on unethical acts through a cyber whistle blowing channel called 'Sinnmungo'	28	4.4	V																																																																																						
Category: Economic																																																																																											
Economic outcome	Disclosures on Management Approach(DMA)	Strengthen global business competitiveness for continued economic value creation, develop high value added products, find new growth businesses, create optimized portfolio for each process and continue to work on market diversification. Through continued company-wide effort to achieve production cost innovation, strengthen competitive edge in winning contracts and create economic value.	36, 42																																																																																								
G4-EC1	The direct economic value generated and distributed (EVG&D) on an accruals basis, direct economic value generated, economic value distributed, and economic value retained	• Direct economic values (Unit: billions of KRW) <table><tr><th colspan="2">Financial Indices</th><th>2013</th><th>2014</th><th>2015</th></tr><tr><td rowspan="6">Sales</td><td>Total</td><td>9,566</td><td>9,488</td><td>10,573</td></tr><tr><td>Architecture & Housing</td><td>3,339</td><td>2,812</td><td>3,311</td></tr><tr><td>Infrastructure</td><td>1,147</td><td>1,086</td><td>1,266</td></tr><tr><td>Plant</td><td>3,796</td><td>4,202</td><td>4,907</td></tr><tr><td>Power</td><td>1,044</td><td>1,062</td><td>911</td></tr><tr><td>Others</td><td>240</td><td>326</td><td>178</td></tr><tr><td colspan="2">Gross profit</td><td>[379]</td><td>429</td><td>548</td></tr><tr><td colspan="2">Operating profit</td><td>[935]</td><td>51</td><td>122</td></tr><tr><td colspan="2">Earnings before tax</td><td>[993]</td><td>[30]</td><td>31</td></tr><tr><td colspan="2">Net income</td><td>[827]</td><td>[22]</td><td>30</td></tr><tr><td colspan="2">Total assets</td><td>12,427</td><td>13,095</td><td>13,005</td></tr><tr><td colspan="2">Total borrowings</td><td>4,247</td><td>3,919</td><td>3,462</td></tr><tr><td rowspan="5">New orders</td><td>Total</td><td>9,008</td><td>11,216</td><td>13,384</td></tr><tr><td>Architecture & housing new orders</td><td>3,108</td><td>3,238</td><td>81,874</td></tr><tr><td>Infrastructure new orders</td><td>1,276</td><td>1,027</td><td>1,100</td></tr><tr><td>Plant new orders</td><td>4,254</td><td>5,830</td><td>2,838</td></tr><tr><td>Power new orders</td><td>370</td><td>1,121</td><td>1,259</td></tr><tr><td colspan="2">Credit rating</td><td>A+</td><td>A+</td><td>A</td></tr></table>	Financial Indices		2013	2014	2015	Sales	Total	9,566	9,488	10,573	Architecture & Housing	3,339	2,812	3,311	Infrastructure	1,147	1,086	1,266	Plant	3,796	4,202	4,907	Power	1,044	1,062	911	Others	240	326	178	Gross profit		[379]	429	548	Operating profit		[935]	51	122	Earnings before tax		[993]	[30]	31	Net income		[827]	[22]	30	Total assets		12,427	13,095	13,005	Total borrowings		4,247	3,919	3,462	New orders	Total	9,008	11,216	13,384	Architecture & housing new orders	3,108	3,238	81,874	Infrastructure new orders	1,276	1,027	1,100	Plant new orders	4,254	5,830	2,838	Power new orders	370	1,121	1,259	Credit rating		A+	A+	A	37, 76	6.8.1 6.8.2 6.8.3 6.8.7 6.8.9	V
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Strategy and Analysis		Report Content			Page	ISO 26000	Verified																																	
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Category: Environmental																																								
Energy	Disclosures on Management Approach(DMA)	To carry out energy conservation activities company-wide, GS E&C runs Energy Management Committee, and carry out company-wide activities such as the promotion of in-house campaigns and the development of LED lighting.			52, 56																																			
G4-EN3	Energy consumption within the organization	(Unit: TJ)			57, 77, 84	6.5.4	V																																	
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	Others	26	26	30																																				
G4-EN5	Energy intensity	• Building energy intensity (Unit: MWh/m²)			77, 84	6.5.4	V																																	
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2013	2014	2015																																						
0.13	0.13	0.13																																						
Water	Disclosures on Management Approach(DMA)	GS E&C has established a reduction goal for water use for each work site and is promoting various reduction activities such as rain water facility, greywater recycling system, etc..			55																																			
G4-EN8	Total water withdrawal by source	• Total water consumption (Unit: m³)			77	6.5.4	V																																	
		<table><tr><th>2013</th><th>2014</th><th>2015</th></tr><tr><td>3,430,374</td><td>2,793,820</td><td>2,256,554</td></tr></table>	2013	2014	2015	3,430,374	2,793,820	2,256,554																																
2013	2014	2015																																						
3,430,374	2,793,820	2,256,554																																						
		• Water withdrawal by source (Unit: m³)																																						
		<table><tr><th>Classification</th><th>2013</th><th>2014</th><th>2015</th></tr><tr><td>Potable water</td><td>2,377,793</td><td>1,889,236</td><td>1,614,212</td></tr><tr><td>Ground water</td><td>683,394</td><td>589,663</td><td>332,374</td></tr><tr><td>Surface water</td><td>369,187</td><td>314,921</td><td>309,968</td></tr></table>	Classification	2013	2014	2015	Potable water	2,377,793	1,889,236	1,614,212	Ground water	683,394	589,663	332,374	Surface water	369,187	314,921	309,968																						
Classification	2013	2014	2015																																					
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Ground water	683,394	589,663	332,374																																					
Surface water	369,187	314,921	309,968																																					
Emissions	Disclosures on Management Approach(DMA)	To reduce GHG emissions, GS E&C runs a green information management system and carries out diverse activities including the registration of its voluntary GHG emission reduction performance.			52, 56, 84																																			
G4-EN15	Direct greenhouse gas (GHG) emissions	• Scope 1 (direct emissions) (Unit: tCO2-e)			56, 77, 84	6.5.5	V																																	
		<table><tr><th>2013</th><th>2014</th><th>2015</th></tr><tr><td>45,473</td><td>45,162</td><td>74,022</td></tr></table>	2013	2014	2015	45,473	45,162	74,022																																
2013	2014	2015																																						
45,473	45,162	74,022																																						
G4-EN16	Energy indirect greenhouse gas (GHG) emissions	• Scope 2 (indirect emissions) (Unit: tCO2-e)			56, 77, 84	6.5.5	V																																	
		<table><tr><th>2013</th><th>2014</th><th>2015</th></tr><tr><td>63,320</td><td>74,498</td><td>66,056</td></tr></table>	2013	2014	2015	63,320	74,498	66,056																																
2013	2014	2015																																						
63,320	74,498	66,056																																						
G4-EN17	Other indirect greenhouse gas (GHG) emissions	• Scope 3 (other indirect emissions) (Unit: tCO2-e)			56, 77, 84	6.5.5	V																																	
		<table><tr><th>2013</th><th>2014</th><th>2015</th></tr><tr><td>148,791</td><td>128,617</td><td>143,421</td></tr></table>	2013	2014	2015	148,791	128,617	143,421																																
2013	2014	2015																																						
148,791	128,617	143,421																																						

Category: Environmental								
Strategy and Analysis		Report Content	Page	ISO 26000	Verified			
G4-EN18	Greenhouse gas(GHG) emissions intensity	• Building GHG emissions intensity (Unit: tCO ₂ -e/m ²)	56, 77, 85	6.5.5	V			
		201320142015						
		0.090.090.08						
Wastewater and Waste	Disclosures on Management Approach(DMA)	GS E&C distributes and operates waste management guidelines to all its sites and runs an in-house construction waste collection system. It maintains the waste recycling rate of over 98% through site waste reduction and separation activities.	52, 55, 85					
G4-EN22	Total water discharge by quality and destination	• Information on discharges by destination and disposal methods (Unit: ton)	55, 85	6.5.3 6.5.4	V			
		Project SiteLocation2015						
		Construction of Detour Road (Junggun-Jinjeong) for Gwangyang National Highway				Gwangyang, Jeonnam	102,639	
		Port Construction for Boryeong LNG Terminal (Phase 1)				Boryeong, Chungnam	1,865	
		The Metropolitan Area High Speed Railway (Suseo-Pyeongtaek), Section 3-2				Yongin, Gyeonggi	74,975	
		Sillm-Bongcheon Tunnel Road Construction Project (Section 2)				Seoul	5,307	
		Yeongbo General Industrial Complex Project				Boryeong, Chungnam	1,197	
		Wonju-Gangneung Railway Project, Section 7 (roadbed construction)				Pyungchang, Gangwon	308,734	
		General Railway Test Track Construction Project (T/K)				Sejong, Chungnam	3,397	
		Total					498,114	
		G4-EN23				Total weight of waste by type and disposal method	• Total weight of waste by the following disposal methods: recycling, landfill, incineration, among other (Unit: ton)	55, 85
		Classification201320142015						
		Recycling	353,406	249,140	280,858			
		Landfill	518	219	200			
		Incineration	9,033	3,858	9,227			
		Total	362,957	253,217	290,285			
Products & Services	Disclosures on Management Approach(DMA)	GS E&C responds to climate change through green purchase, green concrete development and fulfills its responsibility in environmental protection.	48, 50, 52, 56					
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	• To reduce carbon emissions produced during the cement manufacturing process, the company developed green concrete and cut down on carbon emissions by 69 tCO ₂ -e and remicon costs by KRW 5.02 billion in 2015	50, 56	6.5.3 6.5.4 6.5.5 6.7.5	V			
Compliance	Disclosures on Management Approach(DMA)	There has been 8 cases of environmental violation in 2015 by GS E&C and a fine of 11.48 million won was imposed.	85					
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	• Environmental law violations cases (Unit: cases, millions of KRW)	85	4.6	V			
		Classification201320142015						
		No. of violations				7	7	8
		Penalty amount				18.2	7.68	11.48
Category: Social								
Sub-Category: Labor Practice and Decent Work								
Employment	Disclosures on Management Approach(DMA)	GS E&C hired 401 people in 2015.	61					
G4-LA1	Total number and rates of new employee hires and employee turnover	• No. of new employee hires and employee turnover (Unit: people/%)	85	6.4.3	V			
		Classification201320142015						
		New employee hires				475	401	401
		Turnover(A)				684	556	478
		Total number(B)				6,789	6,657	6520
		Turnover rate(A/B*100)				10.1	8.4	7.3

Category: Social																																					
Strategy and Analysis		Report Content	Page	ISO 26000	Verified																																
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	• Housing loans; moving allowance; disaster recovery subsidy; medical checkup and medical insurance; financial support for self-development, leisure activities, in-house hobby club activities, and use of resort facilities; counseling services for work, family, finances and laws; and pension programs	60	6.4.4 6.8.7	V																																
G4-LA3	Return to work and retention rates after parental leave, by gender	(Unit: people, %) <table><tr><th colspan="2">Classification</th><th>2013</th><th>2014</th><th>2015</th></tr><tr><td colspan="2">Total No. of employees</td><td>6,789</td><td>6,657</td><td>6,520</td></tr><tr><td rowspan="5">Childbirth</td><td>Rate of maternity leave</td><td>5.5</td><td>4.6</td><td>7.7</td></tr><tr><td>No. of employees on maternity leave</td><td>25</td><td>21</td><td>35</td></tr><tr><td>No. of employees on childcare leave</td><td>15</td><td>23</td><td>27</td></tr><tr><td>No. of female employees on childcare leave</td><td>14</td><td>19</td><td>19</td></tr><tr><td>Rate of return after childcare leave</td><td>93</td><td>91</td><td>97</td></tr></table>	Classification		2013	2014	2015	Total No. of employees		6,789	6,657	6,520	Childbirth	Rate of maternity leave	5.5	4.6	7.7	No. of employees on maternity leave	25	21	35	No. of employees on childcare leave	15	23	27	No. of female employees on childcare leave	14	19	19	Rate of return after childcare leave	93	91	97	60, 86	6.4.4	V	
Classification		2013	2014	2015																																	
Total No. of employees		6,789	6,657	6,520																																	
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	No. of female employees on childcare leave	14	19	19																																	
	Rate of return after childcare leave	93	91	97																																	
Labor/ Management Relations	Disclosures on Management Approach(DMA)	GS E&C promotes communication between employees and the organization through the open management program, and closes in on the gap between employees and management through transparent management information disclosure and mutual growth efforts between labor-management.	58, 62																																		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	• Fast disclosure of management information to employees by posting important information that needs to be shared company-wide on online bulletin boards, including CEO's messages and notices on major events	62	6.4.3 6.4.5	V																																
Industrial Safety and Health	Disclosures on Management Approach(DMA)	GS E&C has established a systematic safety and health management system through an organization in charge of promoting safety and health management and implements various training and programs through the Safety Innovation School.	58, 63	6.5.4	V																																
G4-LA5	Percentage of total workforce represented in joint management-worker health and safety committee that helps monitor and advises on occupational health and safety programs	• GS E&C runs SEQ(Safety, Environment, Quality) Committee to raise awareness of the importance of safety management and enhance quality & environmental management activities	63	6.4.6	V																																
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	(Unit: people, %) <table><tr><th colspan="2">Classification</th><th>2013</th><th>2014</th><th>2015</th></tr><tr><td colspan="2">No. of fatalities</td><td>3</td><td>3</td><td>3</td></tr><tr><td colspan="2">Rate of industrial accidents</td><td>0.14</td><td>0.26</td><td>0.32</td></tr></table>	Classification		2013	2014	2015	No. of fatalities		3	3	3	Rate of industrial accidents		0.14	0.26	0.32	65, 86	6.4.6 6.8.8	V																	
Classification		2013	2014	2015																																	
No. of fatalities		3	3	3																																	
Rate of industrial accidents		0.14	0.26	0.32																																	
Training and Education	Disclosures on Management Approach(DMA)	GS E&C consolidated the global talent promotion system to seek improvement in employees' adaption to the company and work capability.	58, 59																																		
G4-LA9	Average hours of training per year per employee	• Average annual training hours per employee: 94 hours	59	6.4.7	V																																
Diversity and equal opportunity	Disclosures on Management Approach(DMA)	GS E&C provides compensation to its employees according to their achievements and competency through fair assessment, does not discriminate any employee based on their gender or race and offer training to thoroughly prevent violation of human rights in areas like gender and nationality.	58, 60, 61, 86																																		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category	(Unit: people) <table><tr><th colspan="2">BOD</th><th>Workers</th></tr><tr><td colspan="2">Females</td><td>0</td></tr><tr><td colspan="2">Employees with disability</td><td>0</td></tr><tr><td rowspan="3">Age groups</td><td>Under 30 years</td><td>0</td></tr><tr><td>30-50 years</td><td>0</td></tr><tr><td>Over 50 years</td><td>7</td></tr><tr><th colspan="2">Employee</th><th>Workers</th></tr><tr><td colspan="2">Females</td><td>431</td></tr><tr><td colspan="2">Employees with disability</td><td>71</td></tr><tr><td rowspan="3">Age groups</td><td>Under 30 years</td><td>661</td></tr><tr><td>30-50 years</td><td>4,687</td></tr><tr><td>Over 50 years</td><td>1,172</td></tr></table>	BOD		Workers	Females		0	Employees with disability		0	Age groups	Under 30 years	0	30-50 years	0	Over 50 years	7	Employee		Workers	Females		431	Employees with disability		71	Age groups	Under 30 years	661	30-50 years	4,687	Over 50 years	1,172	61, 86	6.2.3 6.3.7 6.3.10 6.4.3	V
BOD		Workers																																			
Females		0																																			
Employees with disability		0																																			
Age groups	Under 30 years	0																																			
	30-50 years	0																																			
	Over 50 years	7																																			
Employee		Workers																																			
Females		431																																			
Employees with disability		71																																			
Age groups	Under 30 years	661																																			
	30-50 years	4,687																																			
	Over 50 years	1,172																																			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	• There is no difference in basic salary and remuneration between male and female in GS E&C	60	6.3.7, 6.3.10 6.4.3, 6.4.4																																	
G4-LA14	Percentage of new suppliers that were screened using labor practice criteria	• No. of new suppliers selected in 2015: 139 • All 139 suppliers were screened using labor practices criteria	68, 86	6.3.5, 6.4.3 6.6.6, 7.3.1																																	

Category: Social																	
Strategy and Analysis		Report Content	Page	ISO 26000	Verified												
Sub-Category: Human Rights																	
Prohibition of discrimination	Disclosures on Management Approach(DMA)	GS E&C carries out human rights education to prevent incidents of human rights violations from taking place.	61														
G4-HR3	Total number of incidents of discrimination and corrective actions taken	• There were no incidents of discrimination on the grounds of race, gender, religion, political convictions, origin of nation or social status in 2015	61	6.3.6, 6.3.7 6.3.10, 6.4.3	V												
Child Labor	Disclosures on Management Approach(DMA)	GS E&C has no risk for incidents of child labor.	87														
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	• There were no operations or suppliers considered to have significant risks for incidents of child labor in 2015	87	-	V												
Forced of Compulsory Labor	Disclosures on Management Approach(DMA)	GS E&C has no risk for incidents of forced labor.	87														
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	• There were no operations or suppliers considered to have significant risk for incidents of forced or compulsory labor	87	-	V												
Human Rights Grievance Mechanisms	Disclosures on Management Approach(DMA)	GS E&C solves incidents of human rights violations through human rights grievance mechanisms.	61														
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	• There were no grievances about human rights impacts filed in 2015	61	6.3.6	V												
Sub-Category: Society																	
Local Community	Disclosures on Management Approach(DMA)	GS E&C realized the value of sharing with its local communities by implementing CCI activities tapping into its specialty and industrial resources.	72														
G4-S01	Ratio of workplaces that are involved with the local community and implement on impact evaluation and development programs	• GS E&C carries out various CCI activities including support for low-income households, blood donation, raising funds, scholarships & tuition fee support, 'Study Room of Dreams and Hopes' and 'Happy Afterschool Classroom' and 'Playground of Dreams and Hopes'	73	6.3.9, 6.5.1 6.5.2, 6.5.3 6.8	V												
Anti-corruption	Disclosures on Management Approach(DMA)	GS E&C intends to establish an ethical management system and enhance its education and audit systems for clean business operations.	28														
G4-S04	Notice and training on anti-corruption policy and procedure	• Mandatory signature of 'Ethics Pledges' for all employees, on/offline education on ethical management, publishing of newsletters, launch of ethical campaigns	30	6.6.1, 6.6.2 6.6.3, 6.6.6	V												
G4-S05	Confirmed incidents of corruption and actions taken GS E&C	<table><tr><th>Cases</th><th>Contents</th><th>Actions</th></tr><tr><td>Failure to protect corporate properties</td><td>Use of corporate the credit card for personal purposes</td><td>Discharge of the employee involved</td></tr><tr><td>Abuse of dominant positions</td><td>Receipt of bribery for the introduction of a particular company</td><td>Discharge of the employee involved</td></tr><tr><td>Unfair selection of a supplier and failure to protect corporate properties</td><td>Securing a box lunch delivery service to a supplier and misuse of the company properties</td><td>Discharge of the employee involved and recovery of corporate properties</td></tr></table>	Cases	Contents	Actions	Failure to protect corporate properties	Use of corporate the credit card for personal purposes	Discharge of the employee involved	Abuse of dominant positions	Receipt of bribery for the introduction of a particular company	Discharge of the employee involved	Unfair selection of a supplier and failure to protect corporate properties	Securing a box lunch delivery service to a supplier and misuse of the company properties	Discharge of the employee involved and recovery of corporate properties	31	6.6.1 6.6.2 6.6.3	
Cases	Contents	Actions															
Failure to protect corporate properties	Use of corporate the credit card for personal purposes	Discharge of the employee involved															
Abuse of dominant positions	Receipt of bribery for the introduction of a particular company	Discharge of the employee involved															
Unfair selection of a supplier and failure to protect corporate properties	Securing a box lunch delivery service to a supplier and misuse of the company properties	Discharge of the employee involved and recovery of corporate properties															
Anti-Competitive Behavior	Disclosures on Management Approach(DMA)	GS E&C implemented response measures on two restrictions on unfair transactions in 2015.	28														
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	<table><tr><th>Cases</th><th>Actions</th></tr><tr><td>Unfair collaboration in bidding for a wastewater treatment facility project</td><td>KRW 1.2 billion in penalty</td></tr><tr><td>Unfair collaboration in bidding for an LNG main pipeline and control tower construction project</td><td>Filed a lawsuit to get a penalty order repealed</td></tr></table>	Cases	Actions	Unfair collaboration in bidding for a wastewater treatment facility project	KRW 1.2 billion in penalty	Unfair collaboration in bidding for an LNG main pipeline and control tower construction project	Filed a lawsuit to get a penalty order repealed	31, 87	6.6.1 6.6.5 6.6.5 6.6.7	V						
Cases	Actions																
Unfair collaboration in bidding for a wastewater treatment facility project	KRW 1.2 billion in penalty																
Unfair collaboration in bidding for an LNG main pipeline and control tower construction project	Filed a lawsuit to get a penalty order repealed																

Category: Social					
Strategy and Analysis		Report Content	Page	ISO 26000	Verified
Compliance	Disclosures on Management Approach [DMA]	One case of legal violation has occurred in 2015	28		
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Cases	31, 88	4.6	V
		Violation of occupational Safety and Health Act at Boryeong LNG Terminal Project	First trial under way at a district court		
Supplier Assessment for Impacts on Society	Disclosures on Management Approach [DMA]	GS E&C applies the evaluation criteria for all its suppliers' impacts on society.	67, 68, 69		
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	• No. of new supplier company hired in 2015: 139 • All 139 suppliers were screened using criteria for impacts on society	68	6.3.5, 6.6.1 6.6.2, 6.6.6 6.8.1, 6.8.2 7.3.1	V
Sub-Category: Product Liability					
Customer Health and Safety	Disclosures on Management Approach [DMA]	GS E&C realizes customer safety and health through pre quality checks and post quality management.	66, 70		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	• GS E&C gets all its products assessed in terms of health and safety impacts	70	6.7.1, 6.7.2 6.7.4, 6.7.5 6.8.8	V
Product and Service Labeling	Disclosures on Management Approach [DMA]	GS E&C conducts customer satisfaction surveys every quarter.	66		
G4-PR5	Results of surveys measuring customer satisfaction	• The result of a customer satisfaction survey on the company : 72.9 points	71	6.7.1, 6.7.2 6.7.6	V
Customer Privacy	Disclosures on Management Approach [DMA]	To prevent internal and external security threats, GS E&C runs Individual Information Protection Committee and has enhanced security related regulations and systems. The company has encrypted all the customer information, employment information, and information on its employees and its suppliers' employees, and established database access control solutions.	71		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	• The number of substantiated complaints regarding losses of customer data in 2015: zero	71	6.7.1, 6.7.2 6.7.7	V
Compliance	Disclosures on Management Approach [DMA]	To boost the consumers' trust in itself, GS E&C complies with laws and regulations on the supply and use of products and services.	88		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	• The number of non-compliance: zero	88	4.6, 6.7.1 6.7.2, 6.7.6	V

UNGC Advanced Level

Category	Principle	Page	GRI G4 Index
1 Governance	This integrated report (the Report) describes the discussions at the level of the CEO and the BOD regarding the strategic aspects of the implementation of the UNGC	2	G4-1
2	The Report explains the company's decision-making processes and corporate governance to achieve its sustainability	26	G4-34
3	The Report describes the engagement of all of the company's major stakeholders	20, 21	G4-24-27
4 UN Goals and Issues	The Report describes activities designed to support comprehensive goals and issue of the United Nations.	9, 23	G4-15,16
5 Human Rights	The Report describes the company's strong commitment, strategies and policies in the area of human rights.	9	G4-15,16
6	The Report describes an effective management system designed to integrate its human rights principles.	61	G4-HR2
7	The Report describes effective monitoring and evaluation mechanisms about human rights principles.	61	G4-HR12
8	The Report applies standardized performance indices (including GRI) about human rights.	62	G4-11
9 Labor	The Report describes the company's strong commitment, strategies and policies in the area of labor.	62	G4-LA4
10	The Report describes an effective management system designed to integrate its labor principles.	63	G4-LA5
11	The Report describes effective monitoring and evaluation mechanisms about labor principles.	68	G4-LA14
12	The Report applies standardized performance indices (including GRI) about labor.	59, 61, 63, 65, 80, 85, 86	G4-10, G4-LA1, 3, 6, 9, 12
13 Environment	The Report describes the company's strong commitment, strategies and policies in the area of environmental management.	53	-
14	The Report describes an effective management system designed to integrate its environmental principles.	54	-
15	The Report describes effective monitoring and evaluation mechanisms about environmental management.	54	-
16	The Report applies standardized performance indices about environmental management.	53, 54, 55, 56, 57	G4-EN3, 5, 8, 15-18, 22, 23, 27, 29
17 Anti-Corruption	The Report describes the company's strong commitment, strategies and policies in the area of anti-corruption efforts.	28	G4-56
18	The Report describes an effective management system designed to integrate its anti-corruption principles.	28, 30	G4-S04
19	The Report describes effective monitoring and evaluation mechanisms in the area of anti-corruption efforts.	30, 31	G4-S05
20	The Report applies standardized performance indices about anti-corruption efforts.	30, 31	G4-S05
21 Strategies, Governance and Engagement	The Report explains about the implementation of Global Compact Principles within the company's value chain.	18, 19, 23	G4-12
22 External Assurance and Transparency	The Report offers information on the corporate profile and operational environments.	ABOUT THIS REPORT, 8, 9, 12, 18, 19, 32, 33, 62, 68, 81, 96	G4-3-16
23	The Report includes a high level of transparency and disclosure.	ABOUT THIS REPORT	G4-28-33

Auditor's Report on Financial Performance

Independent Auditors' Report

The Board of Directors and Stockholders
GS Engineering & Construction Corporation



We have audited the accompanying consolidated financial statements of GS Engineering & Construction Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards (KIFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GS Engineering & Construction Corporation and its subsidiaries as at December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

March 9, 2016

Ernst & Young Han Young

This audit report is effective as at March 9, 2016, the independent auditors' report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

Independent Auditors' Review Report on Internal Control over Financial Reporting

Chief Executive Officer
GS Engineering & Construction Corporation



We have reviewed the accompanying management's report on the operations of the internal control over financial reporting ("ICFR") of GS Engineering & Construction Corporation (the "Company") as at December 31, 2015. The Company's management is responsible for the design and operations of its ICFR, including the reporting of its operations. Our responsibility is to review the management's ICFR report and issue a report based on our review. Management's report on the operations of the ICFR of the Company states that "Based on the assessment of the operations of the ICFR, the Company's ICFR has been effectively designed and has operated as at December 31, 2015, in all material respects, in accordance with the ICFR standard."

We conducted our review in accordance with the ICFR review standards established by the Korean Institute of Certified Public Accountants. These standards require that we plan and perform our review to obtain less assurance than an audit as to management's report on the operations of the ICFR. A review includes the procedures of obtaining an understanding of the ICFR, inquiring as to management's report on the operations of the ICFR and performing a review of related documentation within limited scope, if necessary.

A company's ICFR consists of an establishment of related policies and organization to ensure that it is designed to provide reasonable assurance on the reliability of financial reporting and the preparation of financial statements for external financial reporting purposes in accordance with KIFRS. However, because of its inherent limitations, the ICFR may not prevent or detect material misstatements of the financial statements. Also, projections of any assessment of the ICFR on future periods are subject to the risk that ICFR may become inadequate due to the changes in conditions, or that the degree of compliance with the policies or procedures may be significantly reduced.

Based on our review of management's report on the operations of the ICFR, nothing has come to our attention that causes us to believe that management's report referred to above is not presented fairly, in all material respects, in accordance with the ICFR standards.

We conducted our review of the ICFR in existence as at December 31, 2015 and we did not review the ICFR subsequent to December 31, 2015. This report has been prepared for Korean regulatory purposes pursuant to the Act on External Audit of Stock Companies, and may not be appropriate for other purposes or for other users.

March 9, 2016

Ernst & Young Han Young

This report is annexed in relation to the audit of the separate financial statements as at December 31, 2015 and the review of internal control over financial reporting pursuant to Article 2-3 of the Act on External Audit of Stock Companies of the Republic of Korea.

Management’s Assessment of Internal Control over Financial Reporting

To the Board of Directors and Audit Committee of
GS Engineering & Construction Corporation



I, as the Internal Accounting Control Officer (“IACO”) of GS Engineering & Construction Corporation (“the Company”), assessed the status of the design and operations of the Company’s internal accounting control system (“IACS”) for the year ended December 31, 2015.

The Company’s management including IACO is responsible for designing and operating IACS.
I, as the IACO, assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of establishing the reliability of financial reporting and the preparation of financial statements for external purposes. I, as the IACO, applied the IACS standards for the assessment of design and operations of the IACS.

Based on the assessment on the operations of the IACS, the Company’s IACS has been effectively designed and is operating as of December 31, 2015, in all material respects, in accordance with the IACS standards.

February 16, 2016

Byeong-Yong Lim, Chief Executive Officer

Shoeg-Ho Shin, Internal Accounting Control System Officer

GHG Verification Summary

GS E&C Corporation.

33, Jong-ro, Jongro-gu, Seoul, Korea

Introduction

KSA Certification, Ltd.(“KSA”) was commissioned by GS E&C Corporation. (“GS E&C”) to verify the domestic GS E&C’s Direct emissions (Scope 1 emissions) & Indirect emission (Scope 2 emissions) of Greenhouse Gas Inventory Report for the calender year 2015 (“the report”) based upon a reasonable level of assurance, to verify the overseas GS E&C’s emissions (Scope1,2,3 emissions) & domestic GS E&C’s Other indirect emissions (Scope3) of Greenhouse Gas Inventory Report for the calender year 2015 (“the report”) based upon a limited level of assurance GS E&C is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD GHG protocol: 2004 and the principles set out in ISO 14064-1:2006. Our responsibility in preforming this work is to the management of GS E&C only and in accordance with terms of reference agreed with them. KSA expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The emissions data covered by our examination comprise Direct emissions (Scope 1 emissions), Indirect emission (Scope 2 emissions) and Other indirect emissions (Scope3) :

- Reporting period under verification: Calender Year 2015
- Organizational boundary for reporting:

Organizational Boundary	Number of Sites / Buildings	Verification Activity
Buildings	12 buildings : Gran Seoul, Elysian Resort etc.	Desk Review, Site Visit, Activity Data Verification
Domestic Construction Sites	174 sites(in dept. of Architecture, Infra, Plant, Power)	Desk Review, Site Visit, Activity Data Verification
Overseas Construction Sites	34 sites(in dept. of Architecture, Infra, Plant, Power)	Desk Review, Activity Data Verification

Verification Approach

The verification has been conducted by KSA from 15th Feb. through 31th Mar. 2016 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2006, IPCC Guideline : 1996/2006, Greenhouse Gas and Energy Management Scheme Guideline : 2014-186. We planned and performed our work so as to obtain all the necessary information and explanations to provide us with sufficient evidence to suggest a limited verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO2 equivalent. As part of the verification process :

- We have reviewed and verified the GS E&C’s ‘Green Information Management System’
- We have reviewed the GHG Inventory Report
- We have reviewed and verified process to generate, aggregate and report the emissions data

Conclusions

As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG Emissions data set out in GS E&C’s for the year 2015 were confirmed as below;

Greenhouse Gas Emissions of GS E&C Corporation from 2015				Unit: ton CO ₂ -e equivalent
Organizational Boundary	Direct Emissions[Scope 1]	Indirect Emissions[scope 2]	Other indirect Emissions[scope 3]	Total Emissions
Domestic	38,294	59,625	92,453	190,372
Overseas	35,728	6,431	50,968	93,127
Total Emissions	74,022	66,056	143,421	283,499

- ※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the system with ± 1.0 tCO₂
- ※ Total Emissions = Scope 1 + Scope 2 + Scope 3

April 29, 2016

KSA GHG Verifier Ryu-Jung-Il

The Third Party Assurance Statement on Non-financial Performance

Dear GS E&C management and stakeholders,

THE CSR (hereinafter the Assurer) was requested by GS E&C to conduct independent assurance on GS E&C Integrated Report 2015 (hereinafter the Report). The Assurer hereby presents its opinions about the company's non-financial performance disclosed in the Report according to the assurance standards below. GS E&C takes on full responsibility for all the information contained in the Report. This assurance statement is provided to the management and stakeholders of GS E&C. It shall not be distributed to other organizations. Nor shall it be provided for purposes or uses other than the enhancement of the company's reliability.

Assurance Standards

The Assurer undertook this assurance task in accordance with AA1000AS (2008). It also used GRI G4 Guidelines (including Construction and Real Estate Sector Supplement) to review the reasonableness of the reporting procedures, principles for defining report quality, and information production processes of the Report. The Assurer looked into the IIRC IR Framework as well, which the Report faithfully followed, particularly in the following aspects:

- The principles of inclusivity, materiality and responsiveness of AA1000AS (2008)
- The principles for determining report content and quality of the GRI G4 Guidelines in accordance Core option.
- The appropriateness of the application of the IIRC IR Framework
- The propriety of the public information production for the Report

Assurance Level

The Assurer as carried out a moderate level of assurance centered on the application of AA1000AS (2008) as a rule. The Assurer conducted a limited level of data sampling and interviews. Its main assurance activities included the following:

- Review of the reasonability of the materiality test processes involved in the selection of reporting issues
- Review of the agreement of the disclosed information in the Report with the audited disclosure data
- Review of stakeholder engagement processes
- Review of data production management systems and processes

Limitations

The Assurer viewed the appropriateness of information production as a criterion and managed to secure a satisfactory level of reliability about the reported contents, although it does not mean a 100% reliability. As for financial performance, the Assurer confirmed the agreement of accounting auditors' audit reports and disclosure data. As for environmental performance, the Assurer checked a professional assurance institutions' assurance report.

Findings & Conclusion

Through a series of processes designed to verify the company's compliance with the internationally recognized AA1000AS (2008) assurance standards and international guidelines, the Assurer is pleased to present its assurance opinions as follows:

- **Inclusiveness:** Are stakeholder engaged in the value creation processes of GS E&C?

The Assurer has confirmed that GS E&C implements stakeholder engagement through diverse communication channels in the stakeholders' value creation processes through sustainable management and that there were no stakeholder group purposely excluded from the stakeholder engagement processes.

- **Materiality:** Does GS E&C make reports on its material sustainability issues?

The Assurer confirmed the procedures whereby GS E&C identified its sustainability issues and that material issues identified through reasonable procedures are reported on without omission. Also, the Assurer could not find any problem in the application of materiality test procedures.

- **Responsiveness:** Did GS E&C responded reasonably to its stakeholders' expectations?

The Assurer confirmed that GS E&C carried out activities to identify material aspects that affect stakeholders' performance and respond to the outcome and that the contents are well described in the Report appropriately.

- **Completeness:** The Assurer has confirmed that the Report fulfills the G4 Guidelines in accordance Core Option, and properly covers the 20 aspects including DMA (Disclosure on Management Approach), general standards disclosure and specific standard disclosure as well as reporting index related factors. The reporting aspects confirmed during the assurance process are as follows:

Category	Report aspects	
Economy	• Economic performance	EC1
Environment	• Effluents and waste	EN22, EN23
	• Compliance	EN29
Society	• Employment	LA1, LA2, LA3
	• Labor management relations	LA4
	• Occupational health and safety	LA5, LA6
	• Training and education	LA9
	• Diversity and equal opportunity	LA12
	• Discrimination	HR3
	• Child labor	HR5
	• Forced or compulsory labor	HR6
	• Products and services	EN27
	• Human rights grievance mechanisms	HR12
	• Anti-corruption	SO4, SO5
	• Anti-competitive behavior	SO7
	• Compliance	SO8
	• Customer health and safety	PR1
	• Product and service labeling	PR5
	• Customer privacy	PR8
	• Compliance	PR9

Assurance Independence

The Assurer has no relations with GS E&C that can affect the assurance results of the Report. It complies with ethical standards as an assurance agency and presents this assurance statement as an independence body.

Recommendations

- The Assurer recommends that GS E&C continue to identify material issues through stakeholder engagement activities and enhance the connectivity with its mid- to long-term value creation through quantitative and qualitative approaches.
- The Assurer recommends that GS E&C clarify its sustainability context about material aspects selected through stakeholders, and continue to reinforce the system about commitment, goal setting and progress about expectation as a response.
- The Assurer recommends that GS E&C connect comprehensive performance data to sustainability KPIs through responses to DJSI and continue to strive to create mid- to long-term values from an integrated perspective about sustainability and financial issues.

Assurance Team

THE CSR requested to conduct assurance on the Report is a global sustainability management agency. It has acquired an AA1000AS (2008) assurance certification accredited by Account Ability, UK. It has also obtained the status of gold community member at Global Reporting Initiative (GRI). Its Assurance Team is composed of global experts equipped with enough knowledge about sustainability and expertise about reporting assurance.

May 31, 2016
THE CSR Assurance Committee



Assurer
Tawuya Katso

Assurer
Ju-Hyun Kim

Chief Assurer
Se-Woo Jung

Memberships and Awards

Membership Status

G4-16

Division	Name of Association
Plant	Construction Industry Institute, Korea Plant Industries Association, Korea-Qatar Friendship Association, The Korea International Trade Association, International Contractors Association of Korea, Korea-Egypt Economic Cooperation Committee, Korea-Oman Friendship Association, Korea Price Data System, AACE International, The Gasification Technologies Council, International Register of Certified Auditors, Korea Gas Union
Power Plant and Environment	Korean Society of Water and Wastewater, Korean Society of Environmental Engineers, The Membrane Society of Korea, Korean Society on Water Quality, Korean Society of Water Science and Technology, The Korean Society of Combustion, Korean Society of Thermal Environmental Engineers, Korean Organic Resource Recycling Association, Korean Society of Waste Management, Korean Fluid Machinery Association, Society of Odor Research and Engineering, Korea Associate Council of Incineration Technology, The Korean Institute of Electrical and Electronic Material Engineers, Korea Association of Waste to Energy Technology, Korea Water and Wastewater Works Association, Korean Institute of Chemical Engineers, Korean Society of Atmospheric Environment, Korean Society of Soil and Groundwater Environment, YU Environmental Research Institute, Automated Waste Collection Technology Association, Korea Electric Association, Korea Institute of Project Management Technology, Korea and Energy Industry Association, Korea Atomic Industrial Forum, Korea Institute of Nuclear Safety, The Korean society of Combustion, Korea Wind Energy Industry Association, Korea District Heating & Cooling Association, Korea Information & Communication Contractors Association, Korea Software Industry Association, Korea Urban Railway Association
Civil Engineering	Korean Society of Transportation, Korean Society of Civil Engineers, Korean Society for Rock Mechanics, Korean Geotechnical Society, The Korean Society for Railway, The Korea Railway Association, Korea Port & Harbour Association, Korean Society of Coastal and Ocean Engineers, Korean National Committee on Large Dams, Korea Water Resources Association, Korean National Committee on Irrigation and Drainage, Korea Road & Transportation Association, Korean Society of Road Engineers, Korean Society of Steel Construction, Korea Geosynthetic Society, Korean Society of Coastal Disaster Prevention, Korea Rail Engineering Association, Korean Tunneling and Underground Space Association, Korea Concrete Institute
Housing & Architecture	Korea Housing Association, Korea Remodeling Association, The Korean Institute of Electrical Engineers, The Korean Institute of Illuminating and Electrical Installation Engineers, Korea Institute of Construction Engineering and Management, Korea Institute of Building construction, Society of Air-conditioning and Refrigerating Engineers of Korea, Korea Green Building Council, Korean Association of Air Conditioning Refrigerating and sanitary Engineers, Korea Society of Geothermal Energy Engineers, Korea Solar Energy Society, Korea Council of Tall Building and Urban Habitat, Korea Air Cleaning Association, Korea Institute of Architectural Sustainable Environment and Building Systems, Korean Association for Energy Service Companies (ESCOs), Korean Institute of BIM(Building Information Modeling, Korea Institute of Ecological Architecture and Environment, The Korean Institute of Landscape Architecture
Technology	Korea Engineering & Consulting Association, Korea Industrial Technology Association, The Korea Construction New-Technology Association, Building SMART Korea, Korean Geo-environmental Society, Korean Society of Hazard Mitigation, Architectural Institute of Korea, The Korean Society for Noise and Vibration Engineering, Korean Society of Road Engineers, Earthquake Engineering Society of Korea, DEMS, Korean Society of Ecology and Infrastructure Engineering: KSEIE, Korea Wind Energy Association, Computational Structural Engineering Institute of Korea
Management	Korea Business Council for Sustainable Development, Korea Federation of Construction Contractors, The Korea Employers Federation, Korea Chamber of Commerce and Industry, The Federation of Korean Industries, Korea IR Service, American Bar Association, Fair Competition Federation, KOSHA18001 Society, Construction Safety Manager Committee, Construction Safety Manager Association, Korea Society for Construction Quality, Korea Construction Quality Association, The Society for Environmental Construction, Construction Association of Korea, Korea Construction Engineers Association, Korea Specialty Contractors Association, Korea New & Renewable Energy Association, Korea Fire Construction Association, Korea Facilities Maintenance Association, Korea Mechanical Construction Contractors Association, Korea Electrical Contractors Association, Korea Information Communication Contractors Association, Korea Organization Management Development Association

Awards

Area	Description
Economic	2015 Overseas Construction Award (Money Today) - Grand prize in civil engineering
	2015 Housing Brand (Financial News) - Grand prize in power brand
	2015 Hankyung Residential Culture Award First Half (Korea Economic Daily) - Grand prize in apartment in the housing sector
	2015 Best Apartment to Live Contest (Maeil Business Daily) - Excellence award in large-sized firms
	2015 Asia General Construction Grand Prizes (the Asia Economy Daily) - Grand prize in civil engineering
	2015 Luxury Housing Grand Prizes (Money Today) - Grand prize in apartment construction
	2015 Construction Industry Grand Prizes (e-daily) - Grand prize in the housing sector - General (the Ministry of Land, Infrastructure and Transport
Environment	2015 Residential Service Award (Money Today) - Top prize in landscape
	2015 Eco-friendly Construction Industry Award (Joongang Ilbo) - Grand prize in apartment construction
	2015 Green Construction Award (Asia Today) - Grand prize in landscape
Social	2015 Korea Apartment Award (Korean Business TV) - The Minister of Land, Infrastructure and Transport Award in shared growth
	2015 ASAC(Annual Safety Award Convention) - Grand prize
	2015 Aju Construction Award (Aju Economic Daily) - Best Customer Service
	2015 DJSI Asia Pacific incorporation for six years in a row
	2015 Korea Construction Culture Award (Seoul Economic Daily)- The prime minister award in multi-unit dwelling construction

GS E&C INTEGRATED REPORT 2015

Building world values with creative passion reliable BEST PARTNER & FIRST COMPANY

GS E&C strives to become the best company by creating a greater value in the global market and a reliable partner for our customers, shareholders, and employees around the world.

With stakeholders, GS E&C will create sustainability values for everyone, and build better futures by listening to stakeholders opinion.

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GRAN Seoul, 33 Jongno, Jongno-gu, Seoul 03159
Tel. +82-2-2154-1114
www.gsconst.co.kr