

A close-up photograph of a child's hands and feet playing with sand. The child is building a sandcastle, and their hands are visible, one holding a large mound of sand. The background is blurred, showing more sand and the child's legs.

HAPPY TOMORROW

KOREA LAND & HOUSING CORPORATION
Sustainability Value Report 2012

Overview of the Report

Purpose of the Report

This report is the first sustainability management report published by Korea Land & Housing Corporation (LH) since our integration. It details LH's efforts to promote sustainability management and the company's performance in the areas of the economy, environment, and society. LH intends to take the publication of this report as an opportunity to conduct an interim review of our sustainability management. In addition, we hope that this report will promote communication with our stakeholders as LH wishes to grow together with them.

Scope and Period

This report is based on the period of 2 years and 3 months from October 1, 2009 to December 31, 2011 and focuses on the major status and performance of LH's sustainability management. The currency of this report is the Korean won(KRW). However, for qualitative performance, this report is based on the period of 2 years from 2010 to 2011 while the year 2009 performance and 2012 targets are partly presented. Meanwhile, the 2012 targets are subject to changes according to LH's management conditions and business progress.

Principles and Standards

This report was written in accordance with the GRI 3.1 guidelines and consolidated the content on ISO 26000, international standards for social responsibility, and the GRI Index. In order to enhance the report's quality and reliability, its verification was made according to the standards of DNV's Protocol for Verification of Sustainability Reporting V.3.0. Detailed content about the verification results can be found in the third party verification opinion in the report's appendix.

Inquiry

Please refer to the following for additional information on LH's sustainability management report.

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CEO Message



“ LH, which finds a path amid crises, will be reborn into the nation’s top sustainable corporation.”

Our respected and beloved stakeholders!

We deeply appreciate your unsparing and continuous encouragement and love toward LH (Korea Land & Housing Corporation).

LH was founded in October 1, 2009. However, our survival was threatened shortly after this monumental birth, due to excessive debts, a liquidity crisis, and business development beyond our financial capacity.

Nonetheless, we have strived to normalize our business management by taking such crises as opportunities to change ourselves and gain a foothold to take on new challenges. As a result, we have built the foundation for financial stability and faithfully performed our public roles of economic vitalization, job creation, and so forth.

Based on our performance so far, as a public corporation that deals with national land and housing, which form the base of national development and people’s lives, LH is committed to the following resolves:

First, we will become an even more sound and trusted top company of the nation.

For financial stability, we will successfully finalize the measures for the normalization of business management, which are currently underway, thereby completing the foundation for self-management. In addition, under the slogan ‘Clean LH’, LH will become a company that the country’s citizens can trust and rely on further by spearheading transparent management and ethical management.

Secondly, we will open up the country’s future through eco-friendly housing and a green national land.

In order to respond to climate change, we will actively promote the construction of green cities, energy-saving eco-friendly housing, development of renewable energy technologies, as well as CDM projects. Based on this, we put forth greater efforts to have green growth permeate into our land, cities, and every living space.

Thirdly, we will lead symbiotic development where all parties can smile together.

LH businesses involve a number of partnerships and stakes among local communities, small and medium corporate partners, customers, and employees. Therefore, trust is an essential element. Having the mindset of ‘no trust, no existence’, meaning that we cannot exist without trust, we will walk our journey as a faithful companion.

Fourthly, we will always think and behave from the position of the country’s citizens.

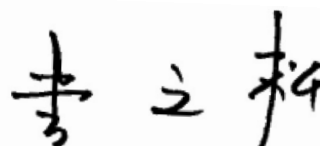
LH’s mission is to build pleasant housing, workplaces, and rest areas where culture, livelihood, community, and convenience blend in harmony. Therefore, in any business affair, we will put top priority on citizen-centered management where we always think and act on the side of the public.

We put together our philosophy and activities with regard to the economy, environment, and society in the ‘2012 Sustainability Management Report’, which is the first published since our foundation. Under the corporate value of ‘green eco-friendliness’, LH will continue to do our best to become the nation’s top corporation that heads the stable housing provision for our citizens and the efficient utilization of the national land. We sincerely ask for your continued attention and affection toward our resolves as such.

Thank You.

CEO of Korea Land & Housing Corporation

Ji-Song Lee,



LH Highlight



>01 Launch of Integrated LH

In October 1, 2009, through the integration of Korea Land Corporation and Korea Housing Corporation, Korea Land and Housing Corporation was newly launched. LH will do our best to be reborn as a corporate player that is trusted and loved by the country's people as South Korea's representative public corporation that works for the construction and supply of housing, the creation of cities, the development of the national land, and the realization of advanced housing welfare.



>02 Debts Down, Profits Up

As for our serious accumulation of debts, centered on the CEO's leadership with the slogan "Change all but our mission", we have accomplished a decline in debt ratios and the slowdown in the growth rate of debts with intensive self-saving efforts. These efforts include the operation of the financial improvement special committee, the declaration of emergency management, business restructuring, all-out sales, and wage return. In addition, with enhanced sales and collection performances, our financial structure has been improved.



>03 Stabilization of the Real Estate Market

LH is playing a leading role in the supply of 1.5 million 'nest housing' units and contributing to the stabilization of housing prices through the supply of affordable houses and small-sized houses. In addition, we are leading the efforts to resolve the shortage of deposit-based or monthly leases by offering various customized rental houses suited to the needs of consumers.



>04 Introduction of the LH Clean Review System

In 2010 March, LH introduced the LH Clean Review System that entirely publicizes the review process of corporate bidders and currently applies the system to all reviews on turnkey projects. LH has removed all the controversy over transparency and fairness, and eradicated any likelihood for bidding corruptions by announcing the names of reviewers on our homepage in advance and relaying the whole review process through CCTV. LH will strive to take such unprecedented attempts focused on the facilitation of transparency and fairness as a critical opportunity to eradicate construction irregularities and establish a fair bidding system that promotes competition based on technical competitiveness.



>05 The Country's First Registration of a Tenement Housing CDM Business

In order to live up to the government's 'low-carbon, green growth' policy and actively respond to the crisis of climate change, a worldwide imminent agenda and task, LH registered our national lease photovoltaic distribution project as a CDM business in the UNFCCC (UN Framework Convention on Climate Change) for the first time in Korea for a tenement housing project. Through this, we are actively responding to climate change and contributing to the reduction in housing costs for the low-income class. LH is determined to continue to fulfill our role as a leading public corporation at the forefront of the government's green growth policy.



>06 The Construction of Green Homes and Green Cities

LH has strengthened the performance of insulation, used high-efficiency construction materials, and introduced renewable energy sources such as photovoltaic and geothermal. Specifically, we are planning to construct and supply energy-saving and eco-friendly nest housing. In addition, by adopting green planning elements in new cities and nest housing model districts, which are specialized according to individual project districts, we will continuously promote green management to have green technologies permeate into every bit of the national land, cities and housing spaces.



>07 The First Designation as a High-Performing Organization in Integrity Evaluation



LH introduced the 'One Strike-Out' system that immediately weeds out personnel who accepted a bribe in relation to their work. In addition, for the first time as a public corporation, LH installed a 'special inspection team' and 'provincial inspection branch offices' composed of external experts, aimed at eradicating indigenous corruption. LH also operates an autonomous property registration system. With such efforts, we are renewing ourselves into a public corporation that is trusted by the country's people, shown by the designation as a high-performing organization in the anticorruption policy evaluation of the Civil Rights Commission for two consecutive years and as the first high-performing organization in the integrity evaluation in 2011.

>08 Job Creation for the Elderly through the Hiring of Silver Employees



LH has operated the 'Silver Employee System' which hires elderly workers from 60 years of age or older since the country's first introduction of this kind in 2010. LH has employed elderly people as rental apartment management staff, as these individuals have the ability to work and accumulated experience, but rarely have opportunities to re-enter the labor market. We have thereby placed them in a supporting role that fills the insufficient workforce of leasing projects, such as the receipt of defect repair requests, safety and walk-around inspections on the facilities within blocks, and support for vulnerable households. We will continue our efforts to grow together with the community, including job creation.

>09 Achievement of the 3-Year Consecutive 'High-Grade Customer Satisfaction' Corporation



In the 2011 public corporation customer satisfaction survey conducted by the Ministry of Strategy and Finance, LH was selected as the three-year consecutive high-performing organization since our integrated launch in 2009. LH has strengthened customer service through communication with customers, including the KS certification of our call center for the first time in the construction industry, the installation of a general civil service office, and the operation of a housewife customer evaluation group for the improvement of housing quality and service. LH will make a greater effort ahead to become the nation's leading company loved by its people by delivering customer satisfaction.

>10 The First-Rate Female Departmental Head, the First time among Public Corporations



In February 2011, the first female departmental head (head of center) was appointed in LH's regular personnel reshuffle, which is the first time for a public corporation. This was the first case of a female departmental head, including during the time of LH's former entities, Korea Land Corporation and Korea Housing Corporation, as well as the first promotion by selection among openly-recruited females in public corporations. LH makes it a rule that any employee is entitled to a position commensurate with one's ability regardless of class, background or age. LH is also making substantial efforts on the governmental policy to resolve the social issue of the low birth rate and on maternity protection activities to improve the working conditions of female employees.

>11 The LH Village-Type Social Enterprise Project



LH is making progress on the LH village-type social enterprise project to support job creation for the low-income class. In 2010, LH established three companies as pilot projects, which resulted in the creation of a total of 67 jobs and the provision of social services to a daily average of 360 people. In 2011, LH supported village-type social enterprises in five organizations that had been selected through a competition with an investment of KRW 1 billion. Over the next five years, LH plans to establish a total of 30 village-type social enterprises in rental complexes with over 1,500 housing units and further diversify efforts to support the socially underprivileged in order to fulfill our social responsibility as the corporation of the nation's citizens.

HAPPY LH

The company whose yesterday,
today and tomorrow are happy.
LH steps forward for the greater
happiness of tomorrow.

For the values we have upheld to date and for the new values
we are going to create ahead,
We deliver a message of happiness toward a special tomorrow.





LAND & HOUSING
LIFE & HUMAN
LOVE & HAPPINESS



Company Introduction

Purpose of Establishment

Korea Land Corporation and Korea Housing Corporation had continued to discuss and attempt their integration since the need for integration was first addressed in 1993. In 1975, Korea Land Corporation was founded under the name Land Savings and Finance Company. Since then, the company had changed its business role into the area of balanced national land development. Korea Housing Corporation, established in 1962, had also changed its business area and role into housing welfare based on the transition from quantitative improvement to qualitative improvement. In August, 2008, according to the government's public corporation advancement enhancement measures, the integration of the two corporations was finally decided upon. In April 2009, as the No. 9706 Korea Land & Housing Corporation Law passed the National Assembly, the legal foundation for their merge was provided. In October 1, 2009, they were newly born into the Korea Land & Housing Corporation.

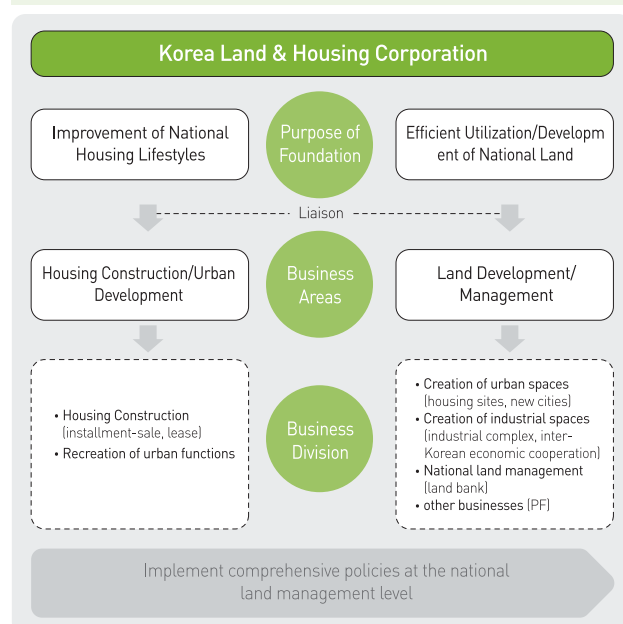
[Legal Ground for Establishment]

Korea Land & Housing Corporation Law (No. 9706, May 22, 2009)

[Purpose of Establishment]

To contribute to the development of the national economy by seeking to improve housing lifestyles and effectively utilize the national land through land acquisition / development / banking/supply, urban redevelopment / improvement, and housing construction / supply / management.

[Role and Function of LH]



Company Outline

[Company Status]

(as of December, 2011)

CEO	Ji-Song Lee
Headquarters	172 Dolma-Ro, Bundang-Gu, Sungnam, Gyeonggi-Do
Major Businesses	<ul style="list-style-type: none"> Housing construction and customized housing welfare projects for the stable housing of non-homeowners and low-income people City development projects such as housing site development / new city/city renewal projects Balanced national land development projects such as Sejong City and innovative cities Industrial/distributional complex, Kaesong Industrial Complex, free economic zone, and overseas projects for the growth of national competitiveness and job creation Land banking/management, rental housing management, informatization projects
Date of Establishment	October 1, 2009.
Capital	Legal capital: KRW 30 trillion Paid-in capital: KRW 22.4 trillion
Total Assets	KRW 158,473 billion
Turnover	KRW 15,260 billion
Organizational Structure	<ul style="list-style-type: none"> Headquarters : 7 divisions, 2 sectors, 46 teams/centers Provinces : 12 regional headquarters, 6 business headquarters, 12 direct business agencies, 1 researcher
Credit Rating	<ul style="list-style-type: none"> Korea Investors Service Inc. : AAA Moody's : A1 Korea Ratings Corporation : AAA S&P : A

[Status of Major Investment Companies]

(as of December, 2011)

Company name	Major Business	Capital (KRW)	Shareholding (%)
Korea Housing Management Co., Ltd	Multifamily housing management & maintenance, etc	7 billion	100%
Hannuri Co., Ltd	Accommodation and energy sales business for the Kaesong Industrial Complex	12 billion	62.5%
Korea Real Estate Investment & Trust Co., Ltd	Real estate trust, financial consulting	252.5 billion	31.3%
Korea Construction Management Corp.	Construction supervision, construction project management	9.4 billion	38.6%

[Employee Status]

(as of December, 2011)

Category	Executives			Employee
	CEO	Executive Directors	Non-executive Directors	
Total	1	6	8	6,495

*Number of employees is as of the latest update

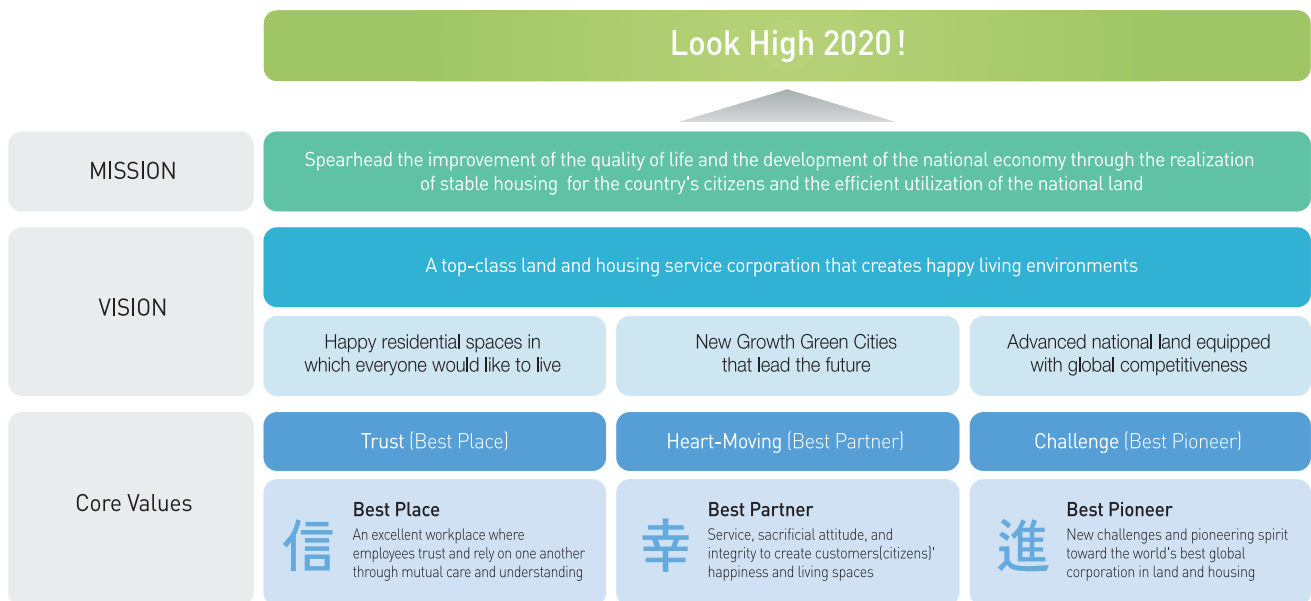
Vision & Strategies

Mission & Vision

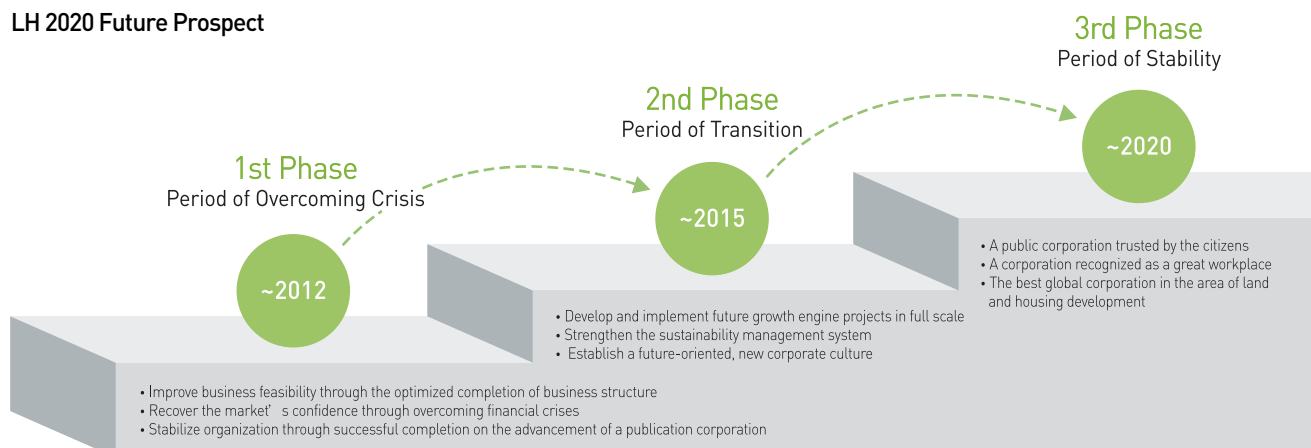
According to the establishment of an integrated corporation, LH set up and declared our new vision framework 'Look High 2020', which reflects the corporation's role and future prospects. 'Look High' has the meaning of gazing (aiming) at a higher place, implying LH's new vision that strives to be a top-class land and housing service corporation. According to the integration of land and housing businesses, LH has a new mission to 'lead the improvement of the quality of life and the development of the national economy by realizing housing stability for the country's citizens and efficiently utilizing the national land.'

In addition, LH's new vision, 'a top-class land and housing service corporation that creates happy living environments', reflects LH's will to contribute to national economic development and national welfare through the creation of beautiful and enriched lands/cities/living spaces, strive to be a global corporation equipped with the world's best technical expertise and competitiveness in land and housing, as well as continuously serve to improve the quality of people's lives and create a foundation for national advancement.

[Look High 2020 Framework]



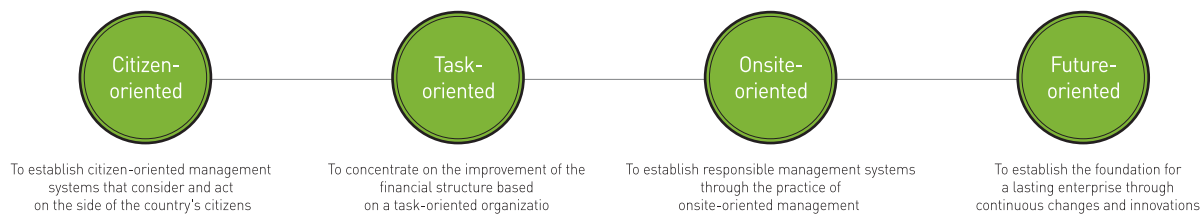
LH 2020 Future Prospect



Management Strategy

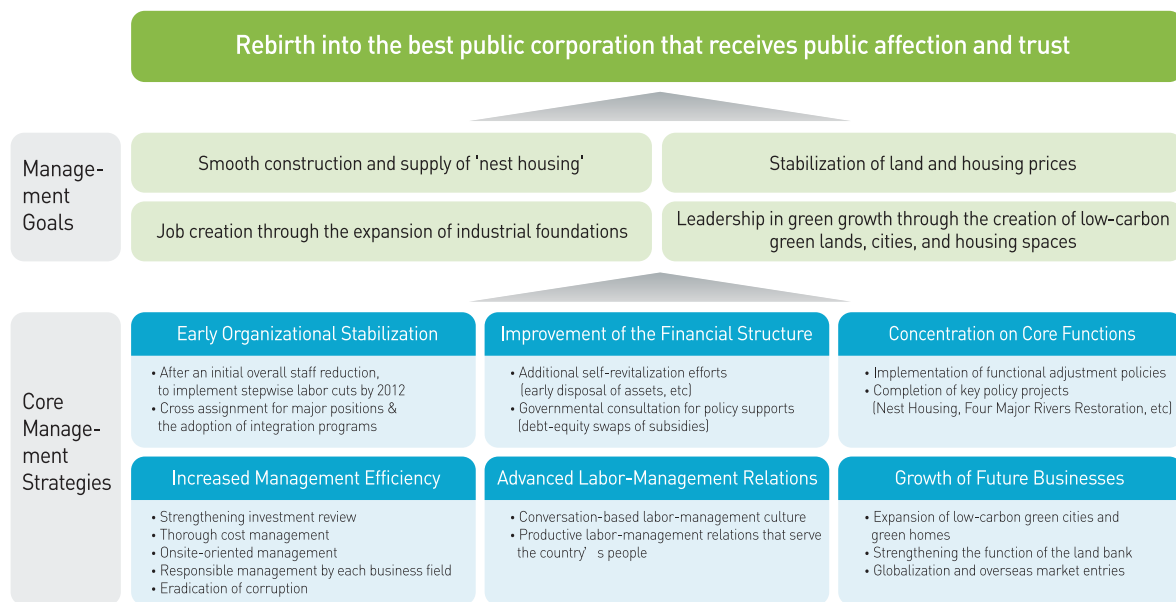
Management Policy

In order to fulfill the external demand to be reborn into a nation's top public corporation through continuous management innovation and the internal demand to resolve financial difficulties and stabilize the organization after our integration, four management policies have been established : citizen-oriented, task-oriented, onsite-oriented, and future-oriented. Based on these, LH has made efforts on the stable execution of businesses and the chemical integration of the organization.

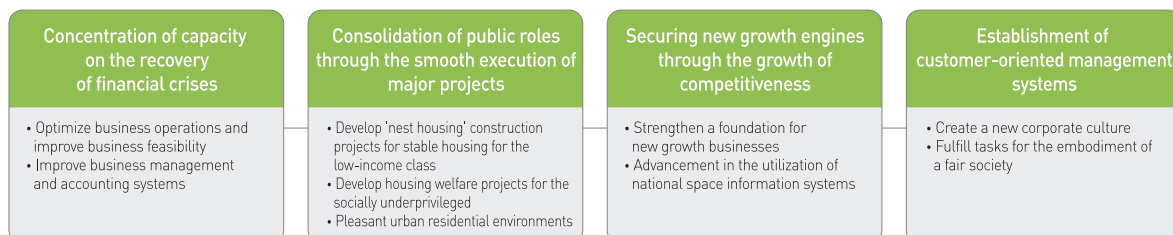


Core Management Policy

LH is progressing the early stabilization of our organization, improvement of the financial structure, concentration on core functions, enhancement of management efficiency, advancement of labor-management relations, and the growth of future strategic businesses as our top 6 management strategies. LH will be reborn into the best corporation that receives public love and trust by serving the country's people and raising our future values through a complete overhaul based on open management and continuous management innovations.



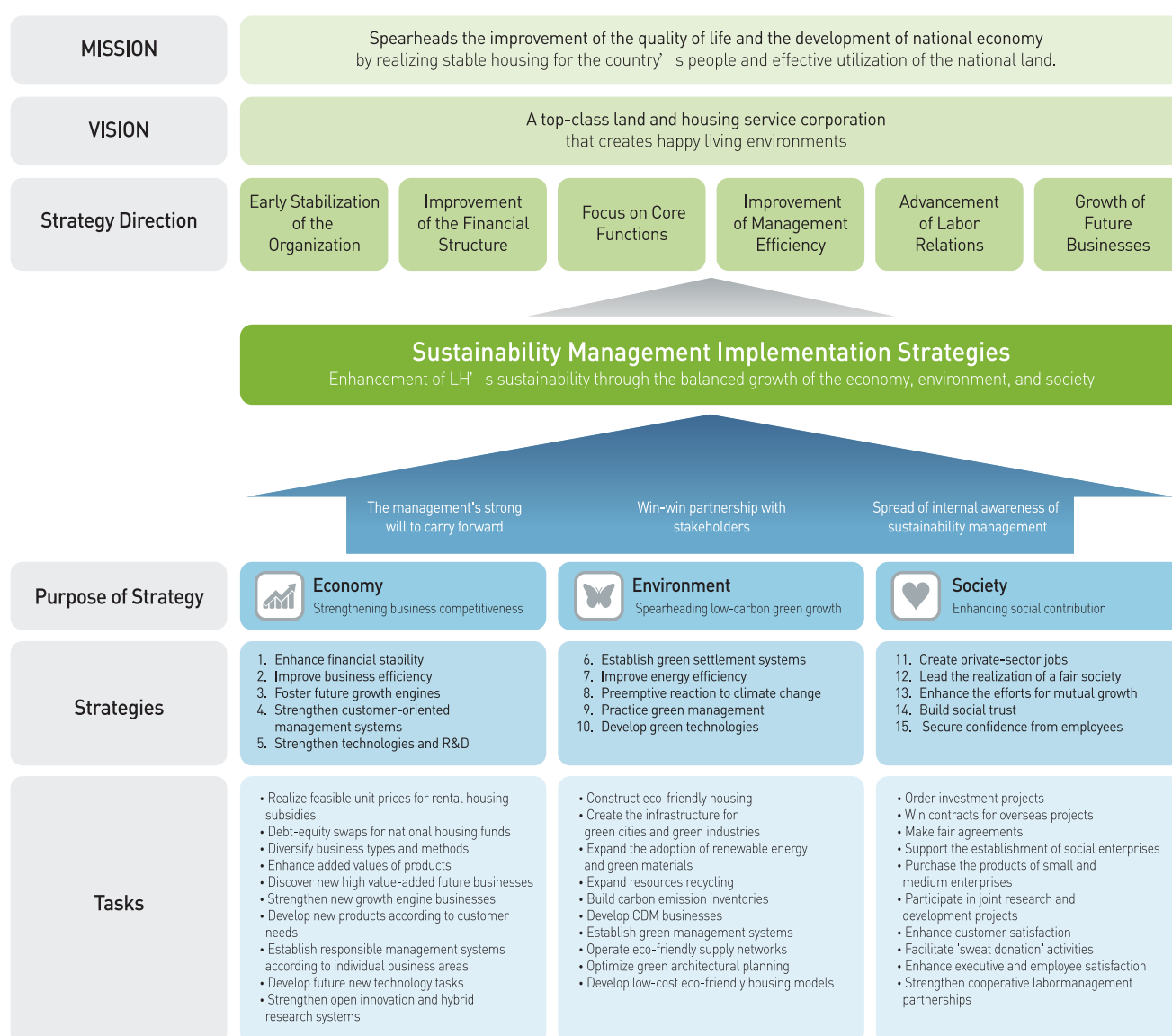
Business Development Directions



Sustainability Management Strategy

Sustainability Management Strategy related to Management Strategy

LH has established and operated a sustainability management strategy in relation to the company's management strategy based on the requests and concerns of stakeholders. LH has derived the top 3 strategy development areas, 15 implementation strategies, and 30 practical tasks in order to enhance our sustainability and the values of stakeholders through the balanced growth of the economy, environment, and society.



Organization for the development of sustainability management

LH is operating a sustainability management organization based on a work-site divisional cooperative structure in order to enable sustainability management and good performance in economic, environmental, and social areas. Our management control team takes the role of implementing and overseeing sustainability management. In addition, the board of directors deliberates on the issues related to sustainability management.

Corporate Governance

Shareholders

LH's stocks are owned by the government and the Korea Finance Corporation. The amount of investment and the percentage of shareholding by each shareholder are as below.

[Capital & Shareholders] (Unit: KRW million)			
Shareholder	Legal Capital	Paid-in Capital	Ratio (%)
Government	30,000,000	19,321,842	86.2
Korea Finance Corporation		3,095,750	13.8
Total	30,000,000	22,417,592	100.0

* As of December, 2011

Formation and Function of the Board of Directors

Formation of the Board of Directors

The board of directors is the supreme decision-making organization that votes for major management policies, and LH has pursued sustainability management through the transparent and independent operation of the board of directors. The board of directors consists of seven executive directors and eight non-executive directors, and by appointing a senior non-executive director to the role of chairman, the chairman of the board of directors and the head of organization are separated. In addition, non-executive directors comprise more than half of the board of directors. As a result, major decisions across all the corporate areas such as the economy, environment, and society are made through checks and balances to the management in a manner to maximize the benefits of all stakeholders.

[Formation of the Board of Directors] (as of December 31, 2011)				
Category	Name	Current Position	Area of Expertise	Gender
Executive	Ji-Song Lee	President	-	M
	Young-Jin Kim	Executive auditor	-	M
	Seong-Sik Gang	Vice President	-	M
	Jeung-Soo, Seong	Head of the green city division	-	M
	Seong-Phil Cho	Head of the housing welfare division	-	M
	Chan-Heung Park	Head of the housing business division	-	M
	Gee-Ho Lee	Head of the industrial economy division	-	M
Non-executive	Jeong-Rok Lee	Professor of Chonnam National University / Chairman of the board of directors	Specialized Technology	M
	Hyun-Hee Kim	Professor of Hanshin University	Specialized Technology	F
	Seong-Deuk Ham	Professor of Korea University	Society General	M
	Yong-Seong Cho	Chairman of Diepetane Seoul Co., Ltd	Management/ Administration	M
	Joong-Kwang Kim	Former head of the Gwangju bureau of PBC	Media	M
	Yong-Han Kim	Former auditor of Korea Land Corporation	Media	M
	Min-Geun Jeong	Vice President of Deloitte Korea	Accounting	M
	Woo-Jeong, Jeon	Chief attorney of law firm Soho	Law	M

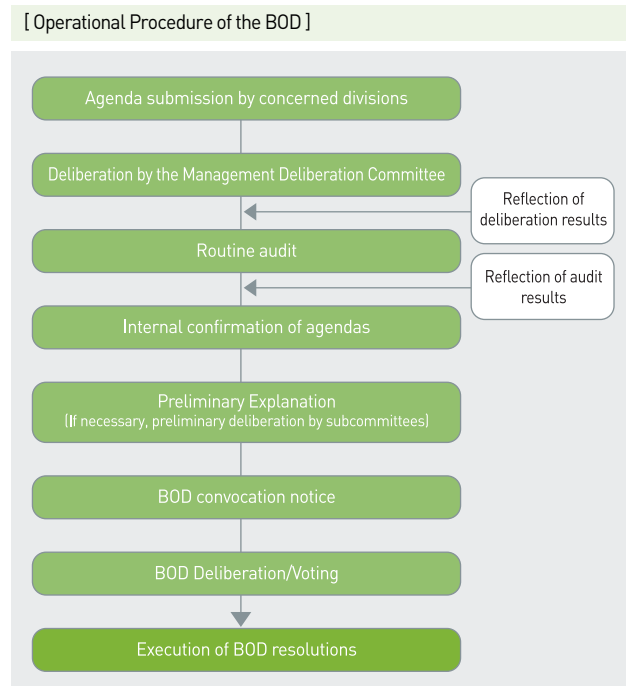
New Installment of BOD(Board of Directors) Affiliated Subcommittees

LH newly installed subcommittees(planning management, housing welfare, green development) within the BOD, as well as an audit committee in 2011, in order to facilitate the BOD through the deliberation on the issues whose preliminary deliberation is acknowledged as necessary among the issues requiring deliberation and voting. Through this, LH is putting forth efforts on facilitating the function to perform in-depth deliberation and management checks.

[Operational Status of Subcommittees]		
Category	Composition of Members	Function
Planning Management Subcommittee	2 Non-Executive 1 Executive	Deliberation on the areas of planning/management support/research/marketing communication
Housing Welfare Subcommittee	3 Non-Executive 2 Executive	Deliberation on the areas of 'nest housing' /housing welfare/housing business/sales compensation
Green Development Subcommittee	3 Non-Executive 2 Executive	Deliberation on the areas of green city/industrial economy/construction technology
Audit Committee	2 Non-executive 1 Executive	Audits on the organization's operation and accounting

Operation of the BOD(Board of Directors)

LH holds regular BOD meetings(monthly) and temporary BOD meetings, and thereby deliberates and make decisions on the agendas specified in legislations or the articles of association, as well as important agendas about corporate management. For these activities, a BOD operational procedure is drawn up.



LH is strengthening the roles of the BOD(board of directors) as part of the measures to achieve the normalization of management early. For the facilitation of the deliberation function in the BOD(Board of Directors), we are making efforts to run the BOD more soundly, including our newly set goal to host over 13 annual BOD meetings. In 2011, a total of 14 BOD meetings were held including 3 temporary meetings. Revised resolutions also increased to 6 cases, up 5 cases from the previous year, accounting for 21.4% of total resolutions.

[Outcome of the BOD meetings]				
Category	Unit	2009 [Oct. -Dec.]	2010	2011
No. of BOD meetings	No. of times	4	13	15
% of Preliminary Deliberation	%	46	26	32
Revised Resolutions	No. of cases	1	1	6
% of attendance	%	91.1	96.4	93.6
Ratio of statements of non-executive directors	%	40.3	40.4	58.8

Strengthening the Role & Utilizing the Expertise of Non-executive Directors

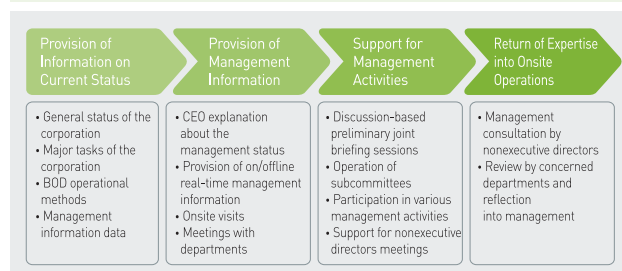
Constitution of Non-executive Directors by the Area of Expertise.

Non-executive directors are composed of the experts with expertise and experience in management/administration, accounting, law, technology, society, and media. LH is performing the role of enhancing management efficiency and management checks through experts' consultation on major management issues.

A Support System for Non-executive Directors.

LH is supporting the early management engagement of nonexecutive directors by providing newly appointed nonexecutive directors with information such as the organization's current status and issues. Also, through arranging the meetings with departments and visits to regional head offices or onsite projects, LH is raising understanding about our operations. In addition, various on/offline channels are operated for the provision of management information, thereby laying the groundwork for the use of their expertise.

[Support System for the Management Activities of Non-executive Directors]



Strengthening Management Consultation & Support Activities

Non-executive directors are participating in management activities across various areas including the recommendation of executives, legal consultation, media contribution, legal/financial audit, and onsite management supports. LH plans to further strengthen non-executive roles ahead in order to best utilize their expertise by each field

[Performance of Non-executive Directors]

Category	Content	Time
Disposal Review Committee	• Review on Incheon Nonhyeon mass energy facilities	2010. 3
Executives Recommendation Committee	• The members of the executives recommendation committee participate and appoint executives from specialized fields	2011. 5/7/8
Legal Consultation	• Consultation on regulation enactment for the emergency management committee	2010. 9
	• Consultation in relation to the IHP (Integrated Housing Plan) participation	2011. 4
	• Consultation on the reflection of detailed rules into the revision of personnel regulations	2011. 6
Media Contribution	• "LH, should preserve the loss of unprofitable national projects?" (Seoul Newspaper)	2010. 9
	• "Media contribution on the Naju Innovative City," (Kukmin Ilbo)	2011.11
Legal/Financial Audit	• Participate as audit committee members	2011. 11/12
Enhancement in understanding of governmental projects through onsite visits	• Visit the Sejong Multifunctional Administration City	2010. 2
	• Visit the rental complex of Pangyo New City	2010. 5
	• Visit the Gwangju Innovative City in Jeonnam	2010. 6
	• Visit the Jinju Pyeongseo Nest Housing District	2010.11
	• Visit the Euwang Cheongye National Rental Complex	2011. 3
	• Visit the Gyeongnam Innovative City	2011.12

[Performance of Non-executive Management Consultation]

Category	2009	2010	2011
Management consultation by non-executive directors (no. of times)	2	2	2
Management proposals by non-executive directors (no of cases)	6	7	10
Reflection of management proposals (no. of times)	6	7	10

Performance Appraisal for Executive Directors and Executives

The operational status of the BOD is evaluated by an external evaluation group at the government's annual management evaluation. For executive directors, performance-based salaries are paid commensurate with the results of the governmental management evaluation.

Risk Management

Risk Management System

Risk Management Guidelines

LH is operating the 'Risk Management Guidelines' that is established to realize sustainability management by enhancing our risk management ability and management stability. LH has defined 'risk' as all threats, uncertainties, or lost opportunities that hinder the achievement of goals. Under this definition, LH has established a risk management system, and thereby performed activities to prevent the occurrences of risks and manage identified risks at an acceptable level.

Risk Management Organization

Having the risk management committee as a decision making body, the CEO established a total risk management team that is in full charge of LH's risks and corresponding support activities. In addition, in each department, a staff member is appointed to be responsible for risk management as well as expected to manage risks on a constant alert and react promptly when risks occur. In the event of risk management, each departmental staff in charge of risk management, the total risk management team, and the risk management committee share important issues and form a close collaboration.

Risk Management Organization

Risk Management Committee

Perform decision making on major issues related to risks and risk management, select core risks, and oversee the compliance with respective guidelines.

Total Risk Management Team

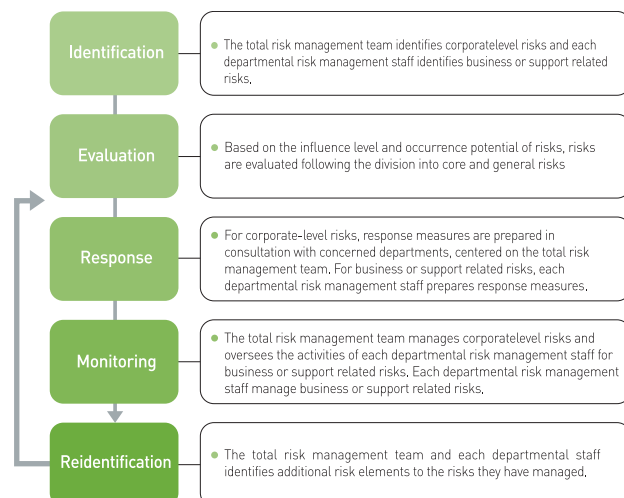
Establish risk management plans that are applicable at the corporate level and assist each organizational unit to perform the plans independently.

Departmental risk management staff

Devise measures to respond to selected core risks through the participation and support of departmental staff, and establish /execute concrete implementation plans.

Risk Management Process

Risk management is performed in a loop structure of risk identification, risk evaluation, risk response, risk monitoring, and risk re-identification.



Crisis Management System

Crisis Management Guidelines

LH is managing risks by separating the concept of risk from the concept of crisis. According to the 'Risk Management Guidelines', a 'crisis' is an event that can cause serious damage to LH's management activities and image while meaning the actualization of a risk. According to this, LH manages crises by classifying them into 4 different types; management crisis, disaster crisis, communication(public relations) crisis, and conflict crisis.

[LH Crisis Types]

Management Crises

- External Environment-related Management Crises**
Situations where the fulfillment of the organization's management goals, or its existence or permanence are threatened due to changing external environments around the corporation, including policy, regulation, competition, etc.
- Strategic Management Crises**
Situations that can negatively affect the achievement of management goals due to wrong decision making in the course of the selection or distribution of the resources owned by the corporation.
- Operational Management Crises**
Situations where major damages or errors can occur due to the neglect of members, or operational procedure or system related problems in the course of establishing and implementing the corporation's business development strategies.
- Financial Management Crises**
Situations where financial losses can occur due to the variations of interest rates, exchange rates, liquidity, or profit and loss.

Disaster Risks

- Natural Disasters**
Situations where large-scale damages occur due to onsite loss, flooded infra, and soil erosion from damages from storms and floods, earthquakes, and other meteorological disasters.
- Manmade Disasters**
Situations where large-scale damages occur due to fire, explosion, terror, or other manmade accidents.
- Information Disasters**
Situations where large-scale damages occur due to network malfunction, computer system blackout, information leakage by hacking.
- Unexpected Accidents in North Korea Aid Projects**
Emergencies such as the detainment of onsite employees and the suspension of projects, which may occur depending on tensions in inter-Korea relations or neighboring countries during the construction/operation under North Korea aid projects such as the Gaesung Industrial Complex project.

Communication (Public Relations) Crises

Situations where the corporation's image, reputation, or credibility rapidly decline due to negative media coverage.

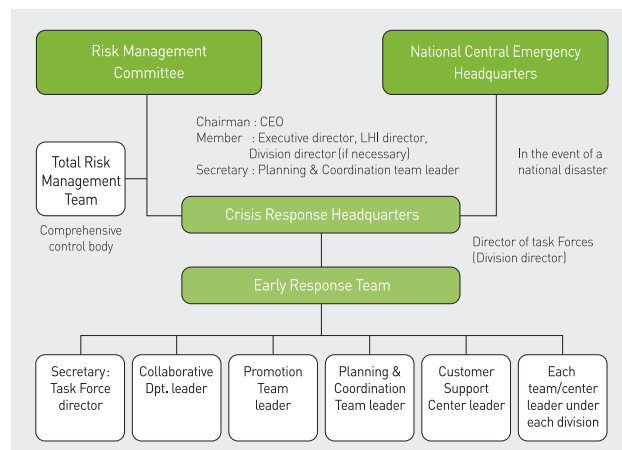
Conflict Crises

Situations where operations and public services halt due to conflicts with stakeholders(land owner, environmental group, etc.) during the proceeding of projects.

Crisis Management Organization

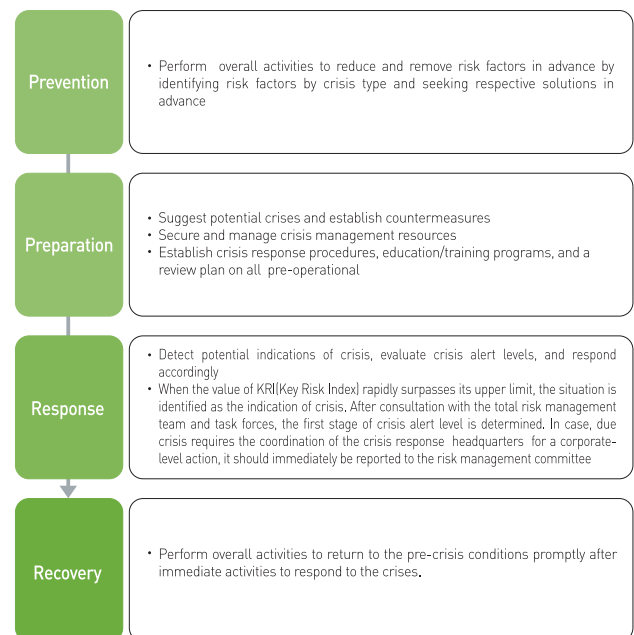
LH's crisis management organization is composed of the risk management committee, the crisis response headquarters that is an emergency response body, the total crisis management team, task forces, and other subsidiary organizations.

The crisis response headquarters performs the comprehensive roles of analyzing crisis situations that LH faces, preparing crisis response measures, and monitoring the responses to crisis situations. The task forces provide detailed crisis-related information and perform tasks to respond to the crises that are finally confirmed by the committee. Subsidiary organizations provide the total risk management team and task forces with the cooperation or support related to crisis management activities. In the event of a crisis, the task forces engage in activities to react to it within their own work scope.



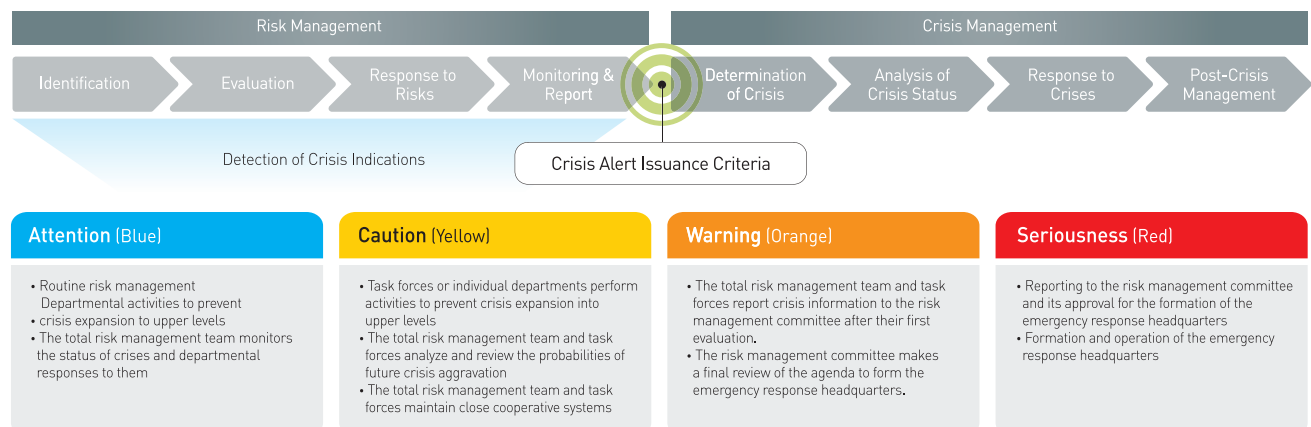
Crisis Management Activities by Phase

Crisis management activities are carried out by classifying them into prevention, preparation, response, and recovery. At the termination of a crisis, LH performs post-crisis management, and thereby derives the evaluation and improvement directions on due crisis management activities and reflects them in future crisis management activities.



Response Strategy by Crisis Alert Levels

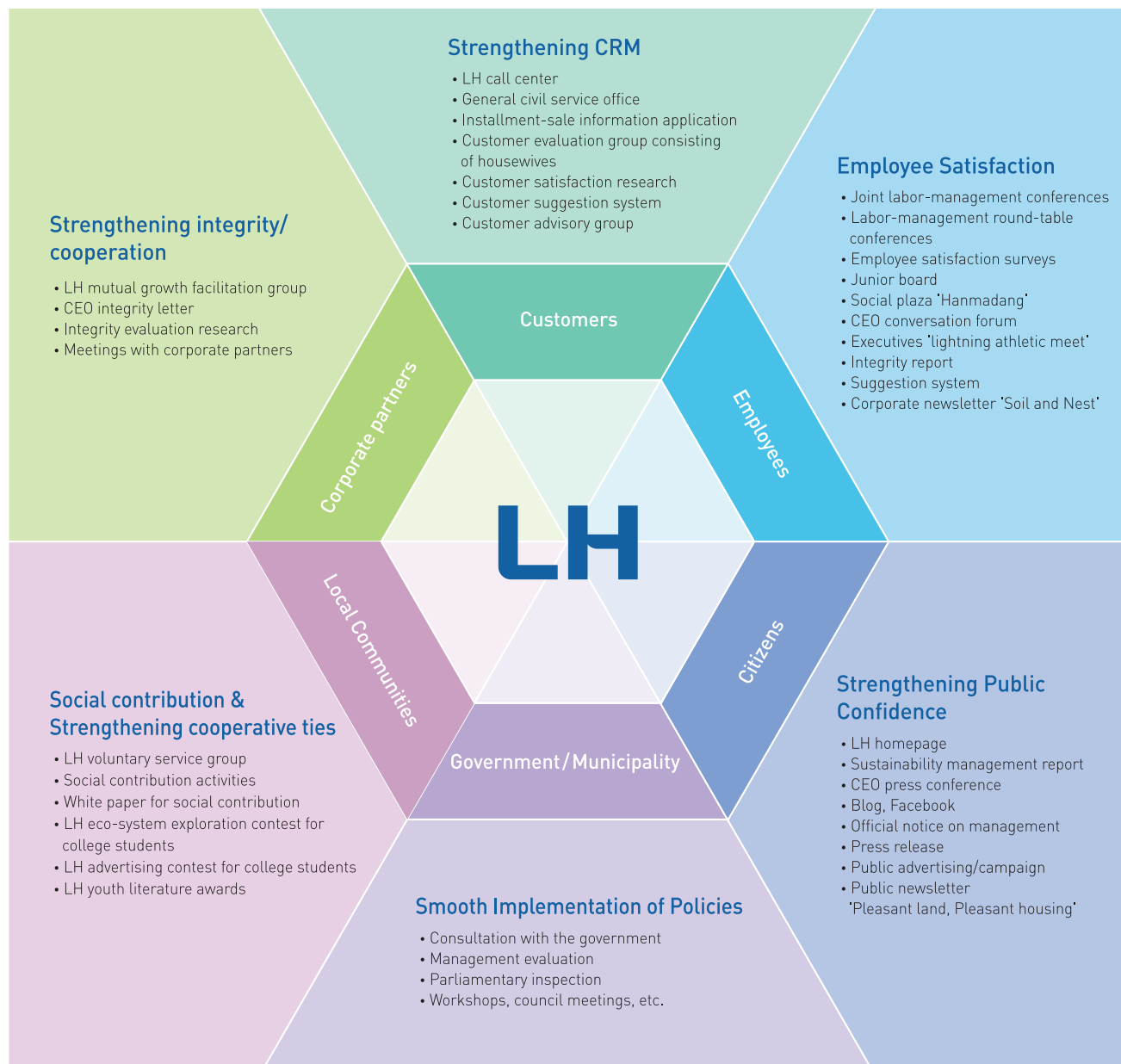
For systematic crisis management, the first phase is to determine whether a potential sign of crisis falls into the criteria for crisis management. Then, its crisis alert level should be classified into one of attention(Blue), caution(Yellow), warning(Orange), and seriousness(Red), and then generate respective crisis management activities.



Stakeholder Engagement

LH Stakeholders

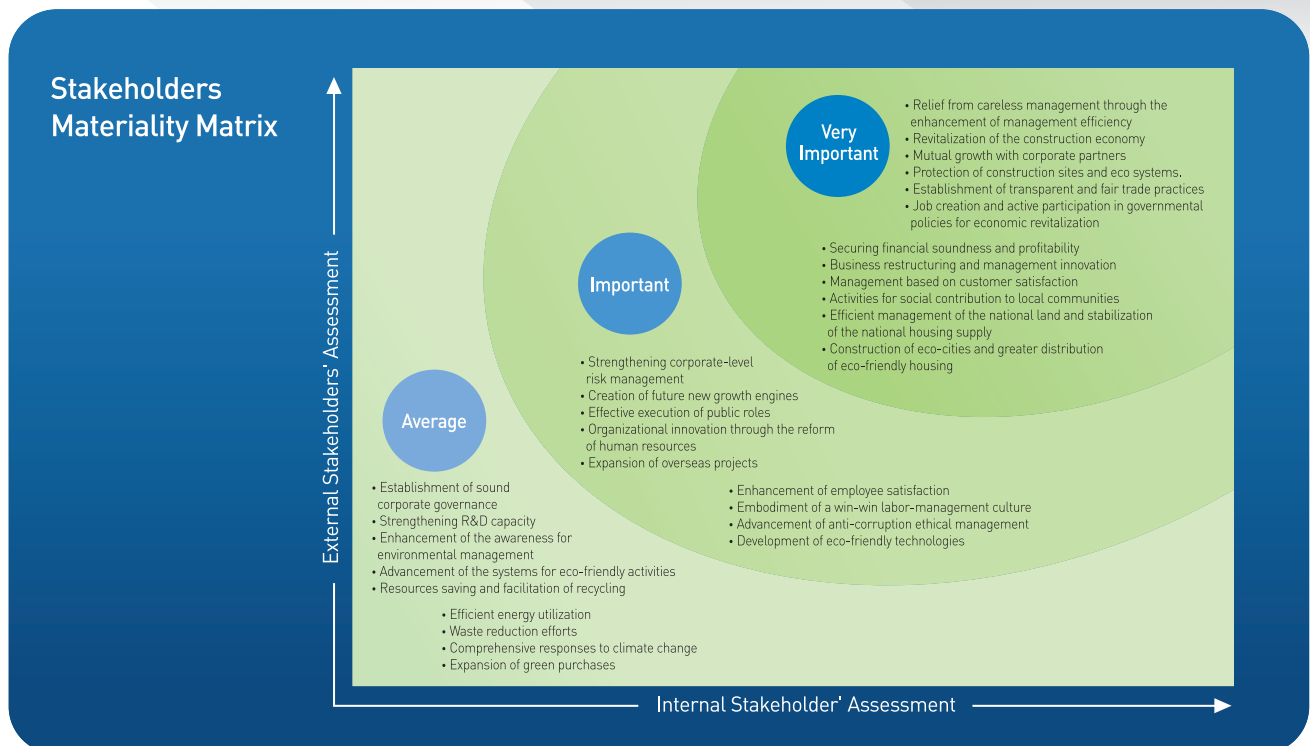
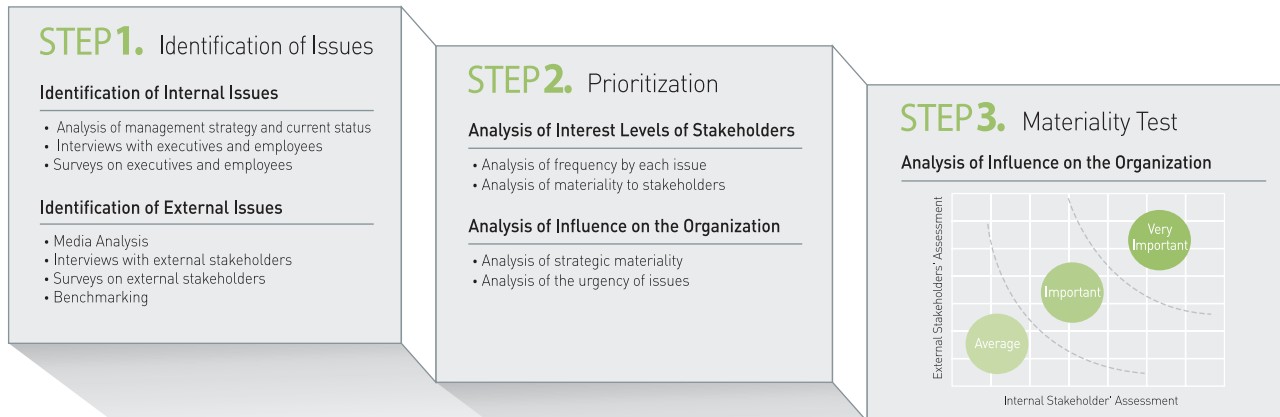
LH has consolidated cooperative ties with stakeholders by paying attention to their voices in order to fulfill our social responsibility as a public corporation under the belief that sustainability management is identical with the management of stakeholders. LH classified our stakeholders that substantially influence the organization's management activities economically, environmentally, and socially into 6 types; customers, the country's citizens, the government/municipal governments, local communities, and corporate partners. According to this classification, LH has operated various communication platforms from smartphones to physical contact in order to create a wide network of relationships with our stakeholders. By paying attention to the precious opinions of stakeholders, LH will further consolidate our foundation for sustainability management.



Materiality Test

The materiality test is a method employed to derive the issues of high interest among stakeholders and use them to classify the priorities of various issues. LH derived major sustainability management issues through the analysis of management strategies and current status, participation of stakeholders, media analysis, and benchmarking. Such issues were applied to the evaluation of materiality through the analysis of influence on the organization and the interest levels of stakeholders. This report focused on reporting the major issues identified through the materiality test.

In particular, the participation of stakeholders covered interviews with three external experts in the areas of the economy, environment, and society, as well as a survey of internal and external stakeholders involving 786 respondents (from February to March, 2012, internal 690 and external 96 stakeholders). The research results were included in the DMA of each part. The results of the survey and interviews are planned to be applied to our operations, in line with the major projects and management directions that LH is to develop for the future.





**LAND
& HOUSING**



HAPPY Economy

A happy tomorrow that
everyone dreams of,
On that road to happiness,
LH is with you.

Going beyond today toward a future of innovation and
beyond disconnection toward people,
LH moves forward for our stakeholders' endless happiness.

DMA

Disclosure on Management Approach



Management Principle

LH has performed public projects such as housing construction and supply, urban improvement, national land development, and housing welfare. By effectively carrying out such projects, LH will stabilize the housing market, provide the low income class with advanced housing welfare services, and raise social added values by a happy living environment created through the effective utilization of the national land. Based on such efforts, LH will not only perform our public roles, but also lay the foundation for future growth through financial stability.



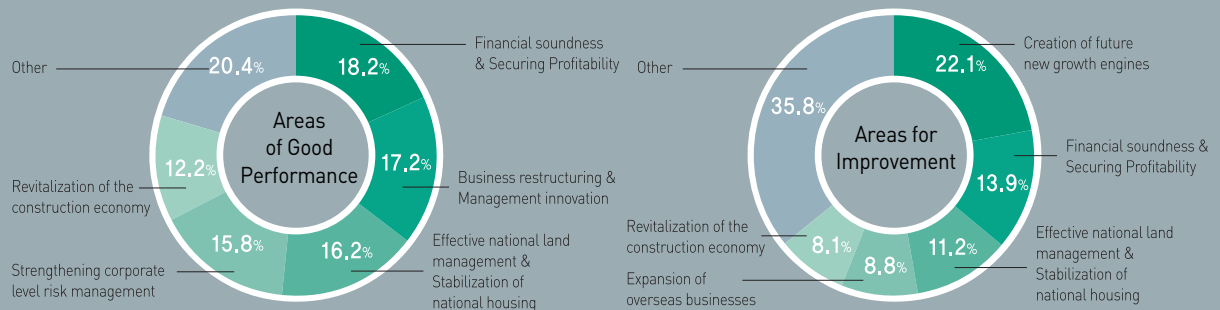
Key Performance

Category		Unit	2010	2011
Effective National Land Management & National Housing Stabilization	Construction of 'Nest Housing' (based on business approval)	Ten thousand units	13.1	9.9
	Supply of Rental Housing	One thousand units	56	40
	Supply of Public Housing Sites	km	14.5	15.6
Management Innovation	Increase in Financial Debts	KRW trillion	17	6
	Decrease in Costs	KRW trillion	1.2	3.6
R&D	R&D Investment	KRW 100 million	258	266
	Execution of R&D Projects	No. of cases	97	121
Financial Performance	Turnover	KRW 100 million	131,606	152,600
	Current Net Income	KRW 100 million	5,100	7,905



Stakeholder Survey

Internal and external stakeholders who participated in this survey highly appreciated LH's efforts on financial soundness & securing profitability and business restructuring & management innovation. On the other hand, they evaluated that LH needs more efforts on the creation of future new growth engines and financial soundness & securing profitability. Indeed, financial soundness & securing profitability turned out to be the area that generated both a good evaluation and the demand for improvement, which indicates a keen interest in this area from both inside and outside the organization. LH will do our best to ease public concerns and enhance the synergy of integration through the tangible results derived from the activities of intensive restructuring and management innovation, which have been carried out since our integration.



Interview



Ji-Hwan Gang

Director of Daewoo Construction
(Onsite construction manager of the
Gangnam Nest Housing)

“Based on LH's long-established technical expertise and knowhow, I expect LH to take a leading role in overseas expansion and restoring the order of the domestic construction industry.”

LH is a representative public corporation that has led Korea's land and housing development businesses. This corporation owns outstanding technologies and knowhow parallel to its long history. With its business development methods where all practices are subject to the cautious decision making process of 'looking to the end', and its knowhow based on contractor management, training capability, and architectural planning expertise obtained from a long experience in project proceedings with small and medium construction companies, LH is leading the country's construction industry.

As the country's largest construction player and a public corporation, the roles expected for LH are as follows: First, it is fundamental for it to faithfully perform governmental policy projects such as 'nest housing', and now, LH should strengthen its efforts on the expansion of its business scope through overseas entries. In particular, LH's overseas expansion will not only take it a step closer to its vision of becoming a 'top-class land and housing service company', but will also create larger effects of enabling the joint overseas expansion of many small and medium partner construction players, which will ultimately result in the industry's overall capacity growth and market expansion.

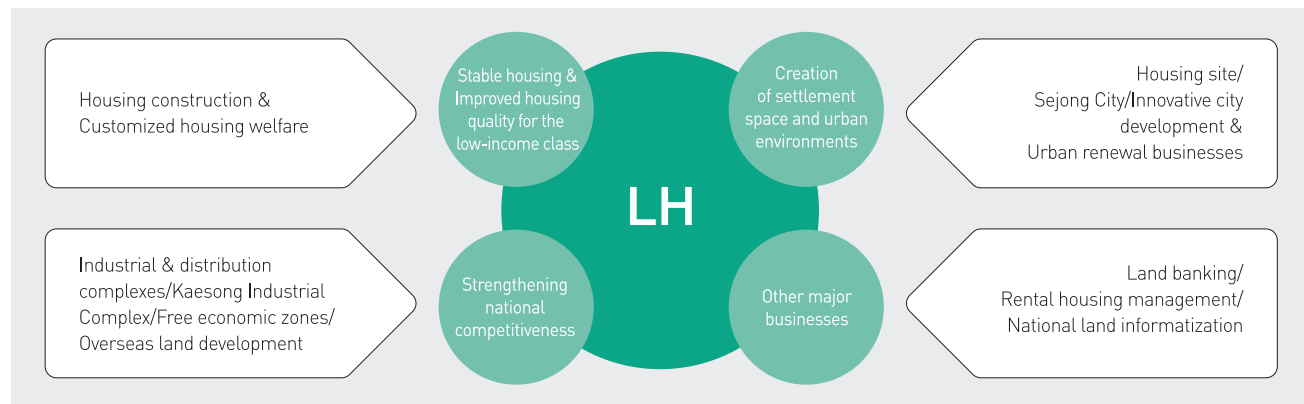
In addition, LH is a pioneer in Korea's construction industry, which makes us expect LH to take a role in establishing fair competition rules and restoring order in the construction industry. In light of this, the 'LH Clean Evaluation System' with impressive results is considered a good example. I expect LH to contribute to the growth of the construction industry by more closely communicating with corporate partners for win-win growth and strengthening competitiveness through the support and education for small and medium companies.

Effective National Land Management & National Housing Stabilization

Introduction of LH Business Divisions

LH has four main business areas. Firstly, we operate housing construction/rental housing management/customized housing welfare businesses for the home ownership of low-income non-homeowners and the improvement of housing quality for the socially underprivileged. Secondly, we run housing site/Sejong businesses to create national housing spaces and urban environments. Thirdly, and fourthly, we operate industrial & distribution complexes/the Kaesong Industrial Complex/free economic zones /overseas development businesses, and land banking/national land informatization businesses in order to strengthen national competitiveness and create jobs. Since the establishment of Korea Housing Corporation in 1962 and Korea Land Corporation in 1979, the two corporations have contributed to housing stabilization and the expansion of social safety nets for the low-income class through the construction of 2,354 housing units by 2011. In addition, they had developed and supplied land in a total area of 1070 km^2 thereby playing an the integration of the two corporations as a momentum, LH has been able to comprehensively implement national policies at the national land management level, by liaising between the businesses of housing construction & urban development and land development & management. Through such efforts, LH is striving to further contribute to the nation's economic development.

[Major Operations & Roles]



[Development Status by Business Area]

Category	Business Type	Business Content
Housing Construction	Rental Housing	Permanent lease, national lease, 10-year lease, long-term deposit-based lease
	Installment-sale Housing	Small and medium sized (85m ² or below) installment-sale housing
Land Development	Urban/Housing Site Development	Nest housing/housing site/urban development and new city construction
	Balanced Regional Development	Sejong City/innovative city construction, comprehensive regional development
	Industrial Economy Support	Industrial/distribution/R&D complexes, free economic zones, inter-Korean economic corporation, and overseas developments
Urban Revitalization	Improved housing for the poor	Housing environment improvement
	Urban Rearrangement	Redevelopment/reconstruction, urban environment improvement, wide-area rearrangement
Housing Welfare	Purchased Housing Lease Deposit-based Rental Housing Lease	Multifamily housing, new multi-household housing, bankruptcy lease, urban improvement lease, unsold installment-sale housing, deposit-based lease, youth/newlyweds deposit-based lease
	Lease Operation	Construction/purchase/deposit-based rental housing lease operation
Land Banking	-	Land bank, general/corporate land banking, purchase of the former real estates of public institutions relocated to the provinces

Housing Stabilization & Housing Quality Improvement for People of Low Income

Housing Construction Business

In order to resolve the housing problems of non-homeowners and the low-income class, the government established its basic housing policy direction as the prompt construction and supply of quality housing in the vicinity of cities and has carried forward the plan to supply 1.5 million 'nest housing' units from 2009 to 2018.

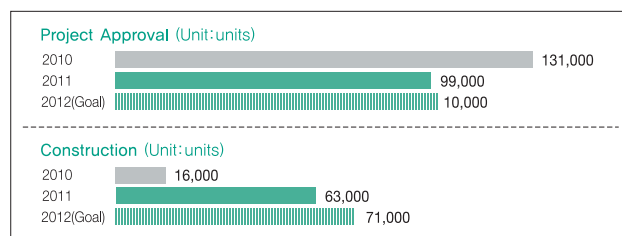
The government is supplying various types of rental housing, such as permanent leases, national leases, 10-year leases, and long-term leases, as well as small and medium installment sales (85㎡ or below). Through reasonable pricing, the government has eased housing burdens for people of low-income and facilitated the home ownership of non-homeowners. Permanent leases are supplied at 30% of their market value and national leases are at 55~83% of their market value. In addition, 10-year leases, long-term deposit-based rental housing leases, or installment-sale leases are supplied at the C-level of their respective market values.

[Development by Business Area]

Category	Development
'Nest Housing' Construction	<ul style="list-style-type: none"> Stabilizing the supply of 'nest housing' Diversifying the methods for development projects and improving business feasibility
Housing Design & Planning	<ul style="list-style-type: none"> Developing various small & medium housing floor plans and energy-saving eco-friendly housing Improving the design quality of public housing
Housing Sale & Supply	<ul style="list-style-type: none"> Strengthening customer-oriented land-housing integrated marketing Efforts for system improvement to form reasonable installment-sale prices and a stable housing market
Technology Development/ Quality Improvement/ Construction Management	<ul style="list-style-type: none"> Efforts to strengthen eco-friendly technology capacity Establishing collaboration systems for mutual growth Preparation for efficient construction support systems

Even amid our financial setbacks, LH has continuously expanded the 'nest housing' for the low-income bracket in order to stabilize their housing conditions. Even in 2001, LH supplied 58% of our total housing units in rental form and 59% in small-sized form. On the other hand, LH has faithfully fulfilled our role by supplying various forms of housing by income level or residential type, such as the housing for 1 or 2-person households, 10-year leases, installment-payment leases, rental housing combined with a social welfare center(housing welfare), and housing with leasehold land.

[Performance of the 'Nest Housing' Supply]



* The number of units approved includes new construction as well as the leases of purchased existing housing/new multi-household housing



Realization of the Dreams and Hopes for House Ownership - 'Nest Housing'

Concept of 'Nest Housing'

Nest housing is a key housing policy, indicating the housing type that the public sector constructs/ purchases and supplies in cities or the vicinity of cities such as greenbelts. In fact, it is a comprehensive concept that encompasses small and medium installment-sale housing and rental housing.

Housing Types		
Installment-sale	Public installment-sale	Public installment-sale housing
Lease	Public lease (10-year)	Public lease in installment payment
	Long-term lease (20-year)	Long-term lease housing
	Long-term lease (30-year or longer)	National lease (30-year) Permanent lease

In addition, nest housing is the consumer-centric housing that the public sector swiftly supplies in various types in urban outskirts, which fulfill consumer demands by income level or residential type. This goes beyond the former supplier-centric concept where suppliers unilaterally provided housing in certain parts of the Seoul metropolitan area.

Supplier-centric Housing Policies	➡	Consumer-centric Housing Policies
Sprawl development of urban outskirts	➡	Infill development within cities
Ill-preparation for tenant burdens	➡	Ease of tenant burdens (Increased low-interest financial support)
Supplier-centric supply systems	➡	Customized supply (advance reservation system)
Rental housing-centric supply	➡	Customized supply (various rental housing types)

Advantage of Nest Housing

It is a comprehensive consumer-oriented housing policy that enables the country's citizens to reside in their choice of house in their choice of location at reasonable prices.

Nest Housing									
Location			Supply			Price			
Intensive supply in urban or urban outskirts areas			Diversification of housing type			Appropriate Installment-Sale Prices and Support for Housing Finance			
Seoul Metropolitan area 1 million units	Infill development within cities	Eco-friendly development	Income level, Customized, Residential demand				Appropriate Installment-Sale Prices	Increase in the upper limit of floor area ratio	Ease of purchase burdens
	Utilization of existing facilities		Small & medium installment-sale	Public lease (Installment)	Long-term deposit-based rental housing lease	Long-term lease		Increase in low-interest financial subsidies	
	Low-carbon green cities							Introduction of 30-year long-term loans	

Supply Plan

The government plans to supply 1.5 million housing units by the end of 2018, along with a total supply of 437,000 units by the end of 2011. LH supplied 362,000 units, 83% of the total supply, playing a pivotal role in the national housing.

(Unit : 10,000 units)

Total Housing Supply	Agent		Region		Supply Type	
	LH	Local government	Seoul Metropolitan area	Provinces	Installment-sale	Lease
43.7	36.2	7.5	30.1	13.6	20.5	23.2

Housing Welfare Business

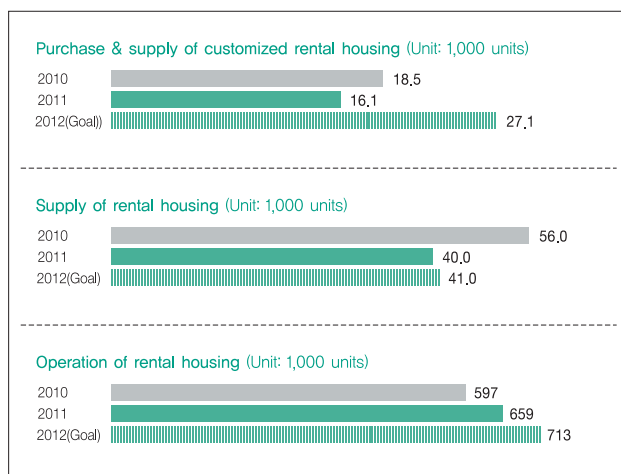
The purpose of this business is to stabilize housing conditions for the low-income class by supplying more affordable housing prices than market values and improving residential environments in order to ensure the minimum residential quality that our society members deserve. In order to enhance workplace-residence accessibility and supply housing at low rental fees, LH has continuously executed purchased housing lease and deposit-based rental housing lease projects.

[Development Content by Business Area]

Category	Development Content
Support housing stabilization for the socially underprivileged	<ul style="list-style-type: none"> Supply customized rental housing of various types Realize governmental support for the stable supply of purchased housing leases Expand the supply of rental housing for residential support for college students from low-income households Improve systems to expand beneficiaries Improve the residential environment of private housing for people of low-income (Remodeling of homeowners' housing, implementing the 'happy house' project) Various promotional activities suited to customer needs
Rental housing supply & management/ Operation	<ul style="list-style-type: none"> Advanced rental housing operation systems in preparation for 1 million units of rental housing Operate welfare support programs for low-income new residents Improve the residential environment of outdated rental housing

As explained above, LH has set up the supply and operation systems for customized rental housing and constructed rental housing for the socially underprivileged as the major development directions for our housing welfare business.

[Major Operations & Roles]



Creation of Settlement Space & Urban Environments

Urban/Housing Site Development Business

The purpose of this business is to resolve the shortage of housing sites in urban areas, promote the stable housing market, and improve residential qualities through the creation of well-planned and systematic cities. Under such various purposes as the balanced supply and demand of housing sites, stabilization of housing market, and expansion of the housing base for people of low-income, LH has continuously created housing sites and cities.

[Development Status by Business Area]

Category	Development Status
'Nest Housing' & Converted Zones	<ul style="list-style-type: none"> Dissolve/develop greenbelt zones to prevent thoughtless development in urban outskirts and urban sprawl, and create a residential base in the vicinity of cities Demolish and develop an 78.8㎢ area of greenbelt with low preservatory values in Seoul Metropolitan Area from 2009 to 2018 Currently developing 13 nest housing zones in an area of 36.9㎢ Currently developing 29 nest housing conversion zones in an area of 37.1㎢
New Cities	<ul style="list-style-type: none"> Create new cities in a total area of over 3.3 million ㎡ through resolving the overcrowding and congestion of large cities and supplying a large volume of housing 1st phase: developed a 50.2㎢ area in Bundang, Ilsan, Pyeongchon, Sanbon, and Joongdong (1989 ~ 1996) 2nd phase: currently developing 17 districts in an 120.9㎢ area in Dongtan2, Wiryae, etc.
Development of Housing Sites & National Rental Complexes	<ul style="list-style-type: none"> Develop according to regional demands for the balanced supply and demand of housing sites and the construction of national rental housing for the low-income Currently developing 40 housing site zones in an area of 45.9㎢ and 18 national rental complexes in an area of 16.9㎢
City Development	<ul style="list-style-type: none"> Create various multifunctional city environments such as residential, commercial, industrial, distributional, and cultural Developing 21 districts in an area of 23.2㎢

In line with the government's policy direction to realize green growth through the creation of eco-friendly and low-carbon green cities, LH's business direction for urban and housing site developments has been steered into building high-quality green settlement systems to enhance the quality of life. LH has strived to provide the measures to embody green cities by each planning element, which suit the conditions of respective project zones. Such efforts include applying urban disaster prevention designs in preparation for abnormal climates, suggesting a green city model in the resources recycling type by building a water recycling system, establishing a transportation system centered on public transport for the creation of low-carbon green cities, and creating energy-independent villages.



* This image is for helping to aid the understanding of the development plan (inside) and may vary from the actual thing.

An aerial view of Dongtan2 New City

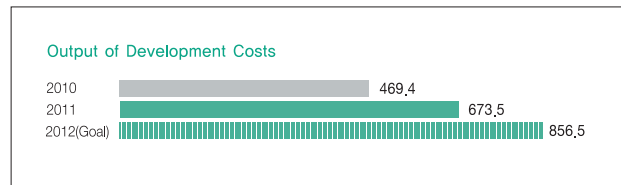
Balanced Regional Development Business

The purpose of this business is to resolve overpopulation in the Seoul metropolitan area through a balance in national development and promote win-win developments between the Seoul metropolitan area and provinces through the ease of regional imbalance. According to this purpose, LH has carried out the Sejong City and innovative city construction projects, as well as comprehensive regional development projects.

● Sejong City

The Sejong City development project, which is underway according to the Happy City Construction Special Legislation, develops a city that can accommodate 500,000 residents in an area of 72.91km² from 2005 to 2030, with an investment of KRW 15.1 trillion. This project is fully focusing its capacity on the relocation of administrative institutions and the support for new residents to move-in. In addition, the project is putting forth efforts for the early facilitation of Sejong City and the creation of the environmental conditions for early settlement.

[Performance of the Sejong City Development Project] (Unit: KRW billion)

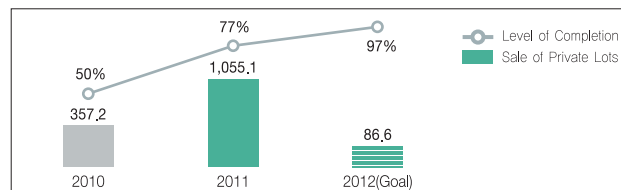


● Innovative Cities

The innovative city project that commenced in March, 2007 is currently underway in total 9 zones including Ulsan, Gangwon, and Chungbuk, with a total development area of 34.0km² and a project cost of KRW 11.6 trillion.

According to the government's strong will to carry this project forward, LH has established and operated a speedy project implementation strategy. Out of 86 public institutions in the list of relocation, 72 institutions had been relocated by 2011. In this way, LH has contributed to urban revitalization and fuelled the early facilitation of innovative cities through private investment.

[Performance of the Innovative City Project] (Unit: KRW billion)



● Comprehensive Regional Development

This is a project that seeks balanced regional development through the joint preparation of regional urban space plans and development measures for various regional development projects in a cross-regional and comprehensive manner through agreements with municipal governments. Such projects cover residential, industrial, and distribution projects, as well as those based on region-specific issues. From 2002 to 2009, we signed comprehensive regional development agreements with 68 municipal governments.

Urban Revitalization Business

This business aims to improve poor urban residential areas, renovate outdated and defective buildings, recover urban functions, and secure housing spaces for people of low income.

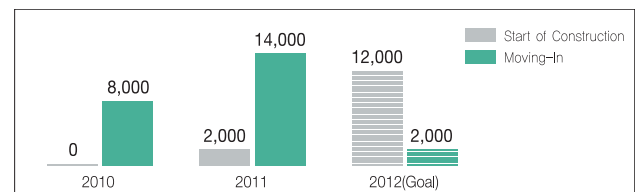
According to the residential conditions of the urban poor in terms of dense habitation/infra facilities, various projects are being performed, including residential housing improvement, redevelopment, reconstruction, urban environmental improvement, and wide-area rearrangement.

[Development Status by Business Area]

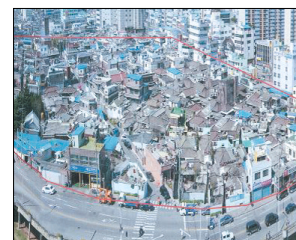
Category	Development Status
Improvement of Residential Environments	<ul style="list-style-type: none"> Improve the residential environment of collective residential areas for urban low-income areas, which are characteristic of extremely poor infra facilities and densely gathered old/defective buildings. Currently operating in full charge of tenement housing methods Completed 83 zones since the 1990 Incheon detention center project
Redevelopment	<ul style="list-style-type: none"> Improve the residential environment of built-up areas including poor infra facilities and old/defective buildings. Completed 5 zones since the 1985 Daegu Dongsan project
Reconstruction	<ul style="list-style-type: none"> Improve the residential environment of built-up areas consisting of old/defective buildings while infra facilities are fine. Completed 5 zones since the 1999 Seongnam Hadaewon project.
Improvement of Urban Environments	<ul style="list-style-type: none"> Improve the urban environment of commercial/industrial areas in case they require efficient land utilization, the recovery of urban functions in urban centers or sub-centers, or the revitalization of commercial districts. Completed 4 zones since 1983.
Wide-Area Improvement	<ul style="list-style-type: none"> Improve urban residential environments and functions through the 'development after planning' method at the wide-area level in order to resolve the urban sprawl and imbalance from small improvement projects Designated as the comprehensive project manager in 24 zones out of nationwide 75 renewal promotion zones.

[Performance of Urban Revitalization Projects]

(Unit: units)



[Before and after an urban regeneration project]



Pre-development (Hak2, Gwangju)



Post-development

Strengthening National Competitiveness

Industrial and Economic Support Business

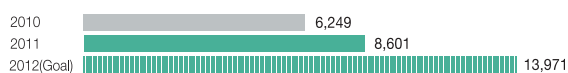
This business aims to prepare a foundation for economic development through the creation of competitive industrial infra, strengthen regional competitiveness through the expansion of wide-area based facilities and the support for national policy projects, as well as strengthen industrial competitiveness through the facilitation of investments. Under such purposes, LH is making progress on the creation of industrial/distribution/R&D complexes, development of free economic zones, and the Kaesong Industrial Complex and overseas projects.

[Development Status by Business Area]

Category	Development Status
Industrial Complex	<ul style="list-style-type: none"> Established an industry-university-institute collaboration system and collectively installed comprehensive residential/commercial support facilities according to comprehensive plans Completed 51 complexes since the 1977 Sooncheon Industrial Complex while currently developing 22 complexes
Distribution Complex	<ul style="list-style-type: none"> Smoothly supply distribution facility sites for reasonable placement/operation Completed 6 complexes and currently developing 1(Ojeong, Bucheon) complex since the Gwangju Poongam project.
Free Economic Zone	<ul style="list-style-type: none"> Facilitate foreign investment through the improvement of business environments for foreign investment companies and foreigners' living conditions Have developed 10 zones(1 completed, 4 underway, 5 new) in an area of 50km² since the 2003 Cheongra project
Inter-Korean Economic Cooperation Business (Kaesong Industrial Complex)	<ul style="list-style-type: none"> Provide small and medium companies with a production base through the benefit of North Korea's low wages Win-win economic revitalization projects by combining South Korea's capital/technology and North Korea's land/labor force through the first inter-Korean large-scale investment. Developed 3.3 million m² as the first phase (2002.12 ~ 2007.12, KRW 267.6 billion) Decision pending on progressing the second phase (4.95 million m²) in liaison with the government's policy
Overseas Business	<ul style="list-style-type: none"> Serve as a bridge for the overseas entries of private companies based on abundant experience in new city construction and public confidence Newly developing or currently undertaking 11 projects in 9 countries (7 contract-type, 4 aid-type)

[Performance of Industrial/Economic Support Projects]

Development area for industrial infra (Unit: 1,000m²)



Laying a foundation for economic development through the creation of the Gunsan National Industrial Complex



Landscape of the Gunsan National Industrial Complex

• LH's Role

In order to raise the efficiency of land utilization in a small-sized country like Korea and lay a foundation for the nation's economic development, it is necessary to establish an industrial location policy, and thereby secure spaces for industrial production and relevant activities.

Aiming at the smooth supply of industrial sites, reasonable allocation of industries, balanced national land development, the facilitation of continued industrial development, and the harmony between industrial sites and environments, LH has contributed to the national economy by undertaking industrial complex development projects.

• Gunsan National Industrial Complex

The Gunsan Industrial Complex was created in an area of 13,702,000m² (4,145,000 pyeong) in Soryong-dong, Gunsan, Jeollabuk-do during 1988 to 1994 as a large marine industrial complex. The main purpose of this complex was to accommodate a new industrial site in response to the Pacific Era and the advanced industrial society.

This complex has contributed to the facilitation of local development as well as the economic revitalization of the country's central region along with the economic effects of 150 corporate occupants, a production value worth KRW 3,569.2 billion, and 7,647 employees.

Other Major Businesses

Land Banking & Management Business

The purpose of this business is to keep the balance of supply and demand for lands and support governmental policies by securing and managing various purposes of lands in advance, which require future utilization and development for public purposes. The current status of such businesses now underway is as follows:

Category	Content & Status
Land Bank	<ul style="list-style-type: none"> Supply lands necessary for public services smoothly and promote the stability of the land market Enacted 'The Public Land Banking Legislation' in February 6, 2009 Designated and approved 24 projects with a total cost of KRW 2 trillion by 2011 SOC projects including roads and industrial complex banking
General Land	<ul style="list-style-type: none"> Purchase/bank lands to use directly for public services, or sell or lease to end users Managed the land consisting of 615 lots and 7.5km², worth KRW 632.3 billion as of the end of 2011
Greenbelt Land	<ul style="list-style-type: none"> Engage in the trustee business for land purchases and management in development-susceptible areas and environmental conservation regions to curb the pressure for greenbelt development and greenbelt destruction Purchased lands are used for the development projects for leisure or substitute green spaces Purchased 1,103 lots with a total area of 19km² at KRW 376 billion and managed as a trustee agent from 2004 to the end of 2011
Land under wide-area specific accounting	<ul style="list-style-type: none"> Trustee business in managing and purchasing the lands that are under the special accounting standards applied to wide-area/region developments Have sold a 3.8km² area at KRW 704.8 billion since 1994 Managing lands consisting of 53 lots and 56,000m², worth KRW 28.3 billion as of the end of 2011
Purchase of the Former Real Estates of Relocated Institutions	<ul style="list-style-type: none"> Facilitate the provincial relocations of public institutions through the purchase of their former real estates Year 2010 : Signed a purchase contract with the Korean National Police University Year 2011 : Signed a purchase contract with the Legal Research & Training Institute

Support for the Government and Private Companies & Other Businesses

LH is performing or supporting various governmental policy projects related to land and housing businesses. The projects that are currently underway are as below.

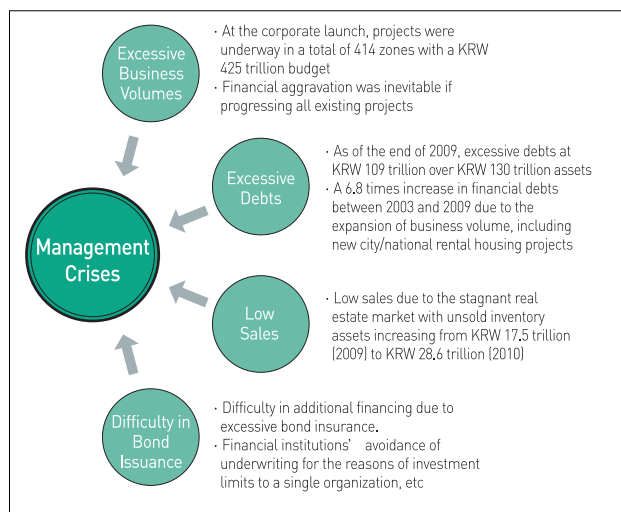
Category	Project Name	Content & Status
Government Support Project	Yeosu Expo	<ul style="list-style-type: none"> The development project for the site and accommodation facilities for the Expo 2012 Yeosu Korea
	The US Military Base Relocation Project	<ul style="list-style-type: none"> The construction project for the relocation of the Yongsan US military base to Pyeongtaek
	The Four Major Rivers Restoration Project	<ul style="list-style-type: none"> Support governmental policies in terms of compensatory trustee, spoil treatment, and the development of other affiliated businesses
	National land informatization	<ul style="list-style-type: none"> Expand/operate national space information infra and support national land/housing/urban policies
	Certification, approval, research support	<ul style="list-style-type: none"> Certify eco-friendly buildings, approve housing performances, certify BF(Barrier Free), approve the performance of floor impact sound insulation structures, and evaluate energy efficiency ratings and ecofriendly housing performances Support national-level R&D projects (U-Eco City, urban revitalization research projects, etc)
Private Sector Support Project	Trustee	<ul style="list-style-type: none"> Among national or municipal public projects, engage as a trustee agent in compensation and project implementation for the projects that require expertise Progressing trustee projects in over 85 zones, 89,399km² at a total cost of KRW 4 trillion as of the end of 2011
	Bankruptcy lease	<ul style="list-style-type: none"> Secure housing space for people of low income and revitalize the economy by re-supplying private bankruptcy rental housing in the way of purchasing and leasing them back. Designation notification of 21,253 units and the auction purchase of 19,513 units as of the end of 2011
	Purchase of unsold installment-sale housing	<ul style="list-style-type: none"> Secure housing space for people of low income and support economic revitalization by re-supplying unsold private housing in the national lease form, etc Purchased 7,058 units from 2008 to 2011
	CR REITs & funds for unsold housing	<ul style="list-style-type: none"> Support REITs & Funds that purchase unsold private housing through LH's purchase confirmation Established 6 REITs & 2 funds
Other Incidental Business	Purchase of corporate land	<ul style="list-style-type: none"> Purchased corporate land to help the debt repayment of private companies at the 1998 IMF and 2008 global financial crises
	PF Business	<ul style="list-style-type: none"> Engage in PF business to enhance the completeness of development projects by fulfilling the self-sufficiency of cities, such as the early provision of living conveniences to residents, in a combination of public interest and private creativity Progressing projects in 11 zones with a total cost of 16 trillion won (LH financing: 185.6 billion won)
	Research & management of cultural assets	<ul style="list-style-type: none"> Research and manage cultural assets to resolve the obstacles or project delays from cultural assets in development projects Currently investigating and managing 103 cases over 53 zones including Goyang's Wonheung district

Management Innovation

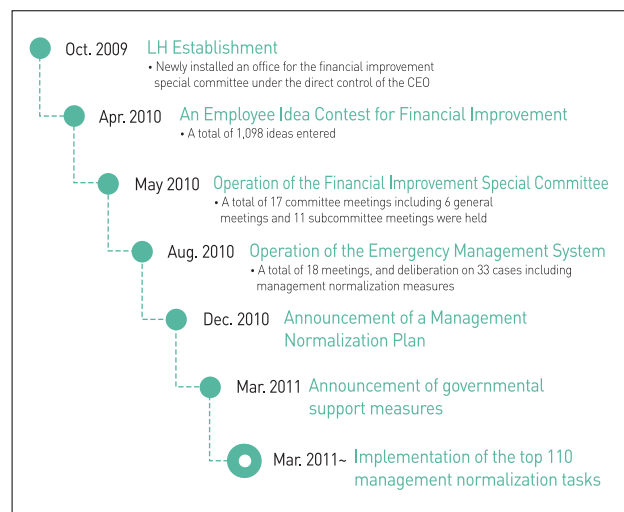
Background

LH had faced strong demand for the normalization of management due to aggravated management conditions from an early period since our foundation. To resolve this, LH newly opened an office for the financial improvement special committee under the direct control of the CEO in October 2008, and at the same time, with the resolve of 'changing all but our mission', embarked on the establishment of the measures to achieve management normalization early. With the determination that the only means of survival is a painful but thorough management reform, LH announced the 'Management Normalization Plan' in December 2009, which included special measures to heighten management efficiency. Since then, by fulfilling 110 practical tasks over 7 areas, LH reached a turning point to grow into a sustainable company.

[Management Environment at Establishment]

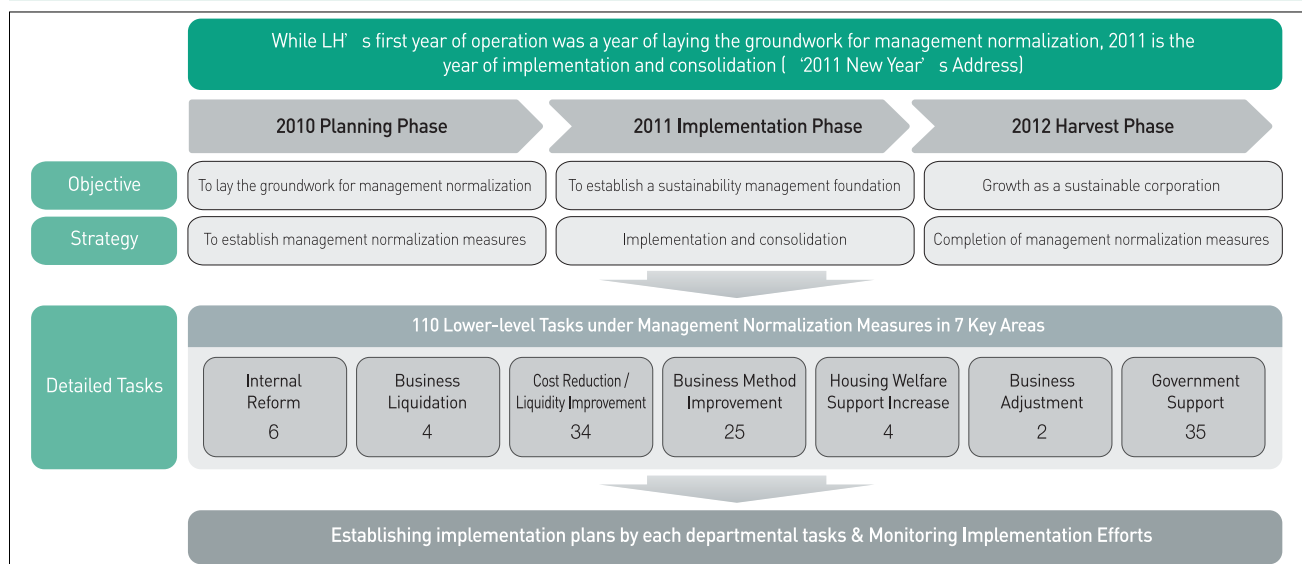


[Implementation Steps of Management Normalization]



Management Normalization Plan

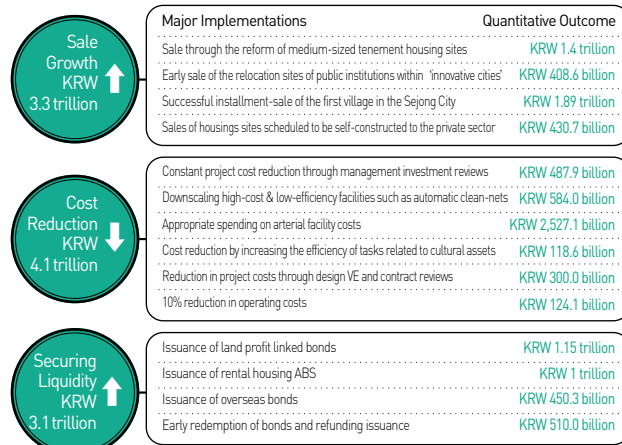
[Detailed Implementation Plans]



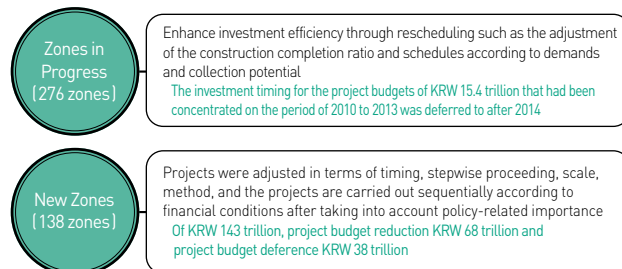
Improvement of the Financial Structure

LH is putting forth our efforts to enhance financial stability and improve business efficiency by performing top 110 management normalization tasks after setting up our financial goals in line with LH's medium and long-term plans.

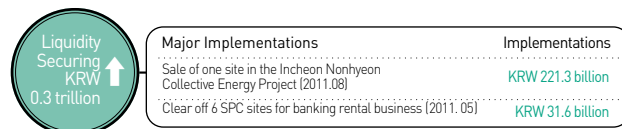
Efforts for Corporate-level Sales & Liquidity Securing



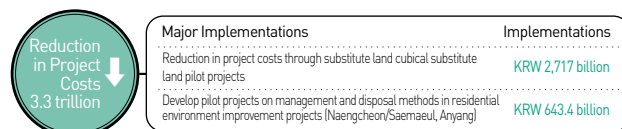
Business Restructuring



Liquidation of Businesses Beyond the Purpose of Establishment



Improvement of Business Methods



Internal Reform

LH has been fueling internal management reforms through the sacrifice and pain of our organizational members under their active participation.

Clearance of Redundant Workforce

In order to ease the organizational burden and impact from temporary restructuring, LH had reduced a total of 872 employees by 2011 through special honorary or voluntary retirements, the career transfer to Kamco, regular retirement, or dismissal at one's own request. LH plans an additional reduction of 283 employees by 2012 in order to resolve the problem of the excessive workforce through stepwise implementation.

Promotion by Selection

LH carried out large-scale promotions including 130 people in 2010 and 140 people in 2011 through our seven-phase personnel verification system. Through these unprecedented personnel changes, LH has renewed our human resources structure and promoted next-generation leaders.

Organizational Efficiency

LH placed 57% of our total workforce into onsite project teams, accomplishing the sweeping reorganization into the responsible management system based on each project site. By providing the transfer of authority and managerial responsibility to such reorganized and reinforced onsite project teams, we executed the onsite-centered and task-centered organizational restructuring that enables the onsite project teams to independently carry out the whole process of their projects, from land compensation to sales.

[Status of Organizational Efficiency]

Category	Content
Slimming down the headquarters	<ul style="list-style-type: none"> 6 directors 4 divisions 41 teams/centers (1 division up, 4 teams/centers down)
Slimming down the office workforce in regional headquarters	<ul style="list-style-type: none"> Organizational reduction 40% (20 teams, 58 departments) Staff reduction 46% (1,481 people)
Strengthening project teams	<ul style="list-style-type: none"> Expansion of project teams: 37 → 60 (23 teams up) 57% of total workforce, 3,750 employees are assigned onsite (Headquarters 21%, Regional Headquarters 22%, Onsite 57%)

Rationalization of Pay System

LH has executed tasks to rationalize our pay system through the prevention of extra pays, implementation of performance-based annual salaries, and the strengthening and operational improvement of the salary peak system.

[Operational Improvement of the Salary Peak System]

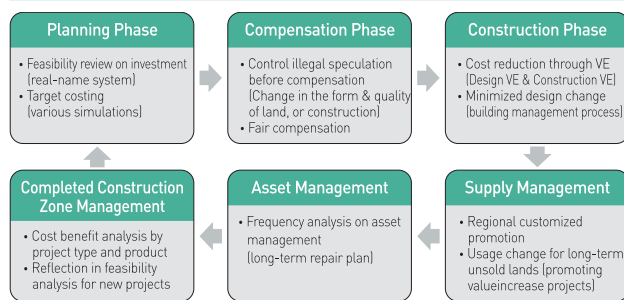
Category	(Former) Housing Corporation	(Former) Land Corporation	LH
Age of Retirement	Age 56 (2nd level or above)	1st level: age 57 2nd level: age 56	Age 56 (2nd level or above)
Length of Position	1st rank: 5 years 2nd rank: 10 years	-	1st level: 5 years 2nd level: 10 years
Length of Service	30 years since joining the corp.	-	30 years since joining the corp.

Cost Reduction

Cost Reduction Measures by Project Stage

LH has reestablished our project implementation phases into a total of 6 phases that cover planning, compensation, construction, supply management, asset management, and completed construction zone management. According to this, LH is pursuing improvement in profitability by stepwise cost reduction measures.

[Cost Reduction Measures by Phase]



Reduction of Land Acquisition Costs

LH identified excessive compensation as one of the causes for corporate deficits. As a result, we declared the year 2011 as 'the first year for the realization of fair compensation' in February 2011 through a management meeting hosted by the CEO. This meeting reviewed the current status of compensation practices and the overall compensation system, including the evaluation standards that the Board of Audit and Inspection applied to the audit results on compensation practices, relocation measures, and compensation-related speculations. In addition, the meeting addressed the necessary elements to improve the current compensation system. According to this, LH comprehensively revised related guidelines by project phase in a bid to realize fair FRP which are the response to speculation, cost reduction, and transparent management, LH has laid the base for cost reduction at the phase of land compensation.

Reduction of Construction Costs

LH established the measures to minimize design changes and improved the operational and management systems on preproject processes, thereby preventing cost increases due to frequent design changes. In addition, by strengthening the activities of contract review and VE(Value Engineering), it is bearing the fruits of cost reduction. Moreover, by organizing a task force for cost scheduling, LH has derived construction and cost in a comprehensive manner, and applied them to pilot projects.

Performance of Cost Reduction

[Performance of Cost Reduction]

Amount of Cost Reduction (Unit: KRW trillion)



Adjustment of Business Functions

Adjustment Directions for Business Functions

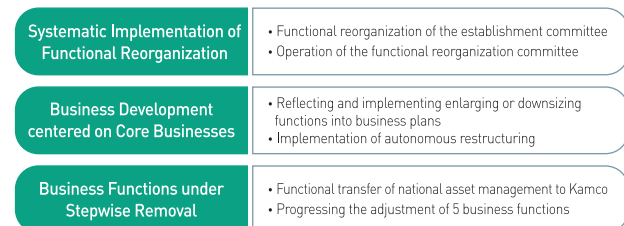
LH has adjusted business functions according to our newly proposed future development directions since the corporate integration. According to the three directions, which are enhancing financial stability, maintaining public interest, and been reorganized.



Reengineering Organizational Tasks According to Functional Adjustment

Following the adjustment of business functions, the reengineering of organizational tasks have been implemented. As a result, five business functions including the collective energy business and PF business have already been closed down or are being removed.

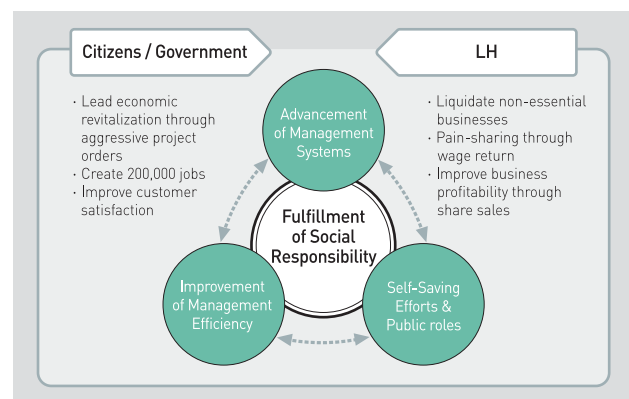
[Reengineering Directions for Organizational Tasks]



Adjustment of Business Functions

LH has maximized cash flows through the collection of land prices worth about KRW 225 billion in the alpha-dome city project in Pangyo, Seongnam and the sales of collective energy facilities. In addition, we are further improving our financial structure by collecting investment capital through the liquidation of six banking lease companies that we invested in.

[Expected Effects from Business Functions]

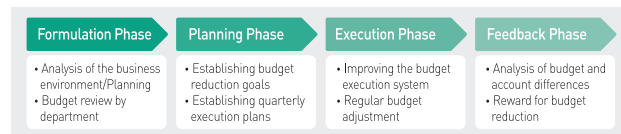


Expense Reduction

Improvement for the Operational Structure of Budget Formulation

To organize budgets more reasonably, LH has established and operated budget formulation and execution control systems that strengthen the review function. The basic direction of budget formulation is to comply with governmental guidelines, including the successful implementation of policy projects, securing financial soundness, and managing labor costs. Under these directions, LH has made efforts to heighten management efficiency and minimize waste elements.

[Operational Framework of Budget Formulation]



Upward Adjustment and Fulfillment of Cost Reduction Goal

For austerity management, LH adjusted our cost reduction goal upward from 11.5% in 2010 to 12% in 2011, and fulfilled this goal by removing waste elements through our efforts such as the inspection of actual spending conditions. This is the result of drawing effective budget cuts by removing waste elements of expendable costs as much as possible, flexibly adjusting business implementation costs, and removing duplicate elements in sales activity costs such as integrated advertising.

Expanded Budget Reduction through Design-Build Bids

In 2011, LH increased budget reduction effects by integrating our budget management through unifying the individual onsite purchase method into the central control of a department in full charge of the function in the headquarters.

[Content of Budget Reduction]

Category	Former	Improvement	Reduction
Car Rental	KRW 4.2 billion	KRW 3.1 billion	△ KRW 1.1 billion
Car Insurance	KRW 103 million	KRW 65 million	△ KRW 38 million
Rental Housing Insurance	KRW 2.9 billion	KRW 2.4 billion	△ KRW 0.5 billion
Purchase of Mineral Water(Headquarters)	KRW 76 million	KRW 43 million	△ KRW 33 million

Enhancement of Budget Management Efficiency

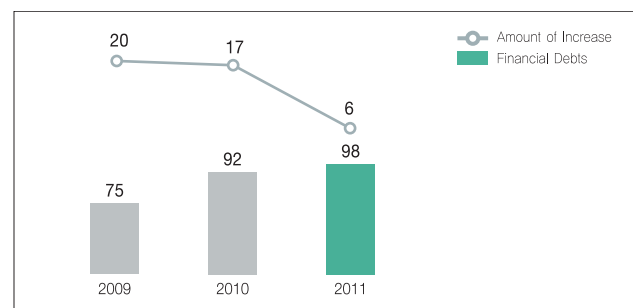
LH induced budget reduction using the newly set budget management criteria by business phase through the standardization of housing management businesses from the start of construction to moving-in. Based on 78,000 households that moved in 2011, such efforts resulted in a budget reduction effect worth around KRW 1.2 billion.

Performance of Management Normalization

LH marked a turning point in improving our financial structure by practicing strong management normalization measures. With this momentum, we are witnessing positive signals, such as a dramatic slowdown in debt increase rates, increased turnover and current net income, and improved sales and payment collection. In addition, through a new legal provision that guarantees the recovery of the loss from governmental policy projects, the expansion of the loss recovery business, as well as turning borrowings from the government including funds into junior convertible bonds, LH's bonds are in fact being recognized as non-risk assets at the level of government bonds. This has consequently enabled our smoother financing.

[Pace of Debt Increase]

[Unit : KRW trillion]



[Profitability Indicator]

Sales (Unit : KRW trillion)



Current Net Income (Unit : KRW trillion)



[Sales Recovery Performance]

Sales (Unit : KRW trillion)



Payment Collection (Unit : KRW trillion)



R&D

Establishment of Medium and Long-term R&D Plans

R&D Vision

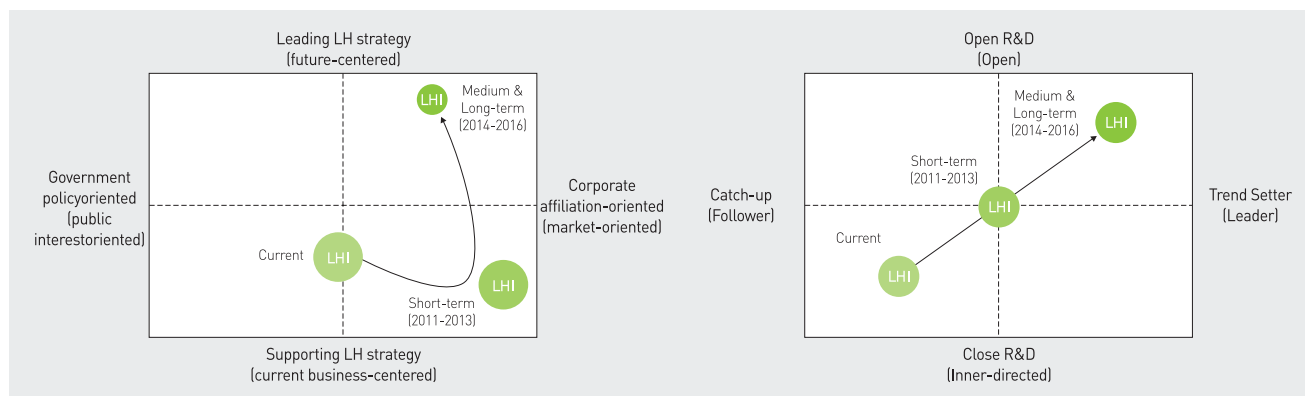
LH has established a medium and long-term R&D master plan to build up a sustainability management system. In addition to this, under the goal of fostering LH's affiliated R&D institute 'LHI (Land and Housing Institute)' into one of the world's top 10 institutes, LH has declared an R&D vision called 'Global Top Leader as Innovator & Creator'.

The medium and long-term R&D plan was directed to establish an advanced and goal-oriented R&D plan that can improve LH's management conditions, create future growth engines, effectively respond to the changes in management environments and technological demands, in link with LH's long-term strategy management plan. It can also help establish practical plans to guarantee the capability of R&D execution based on R&D resources and capacity, as well as build up a feedback system. This plan also includes R&D strategies to embody LH's vision, a stepwise roadmap, and lower-level practical plans.

Vision	Global Top Leader as Innovator & Creator			
R&D Objectives	Qualitative Objective		Quantitative Objective	
	<ul style="list-style-type: none"> Support LH's sustainability management system Secure the world's best R&D capacity in the land/city/housing areas Low-carbon green technology development & distribution 		<ul style="list-style-type: none"> 10% reduction in business costs Growth into the country's best R&D institute in 2016 and the world's top 10 R&D institute in 2022 Construct 1 green model complex and achieve a 31% reduction in greenhouse emissions in 2020 	
Implementation Strategies	Carry forward R&D to overcome management crises	Create future new growth engines by selecting and focusing	Strengthen R&D activity networks and hybrid R&D systems	Strengthen core R&D capacity and R&D infra
Practical Tasks	<ul style="list-style-type: none"> Research on the improvement of financial structures and the reduction of business costs Support building sustainability management systems 	<ul style="list-style-type: none"> Discover future new technology projects and expand investment Visualize R&D performance at an early stage Strengthen the liaison with onsite operations 	<ul style="list-style-type: none"> Facilitate convergence and integration R&D Strengthen networking with external institutions/personnel 	<ul style="list-style-type: none"> Strengthen core R&D capacity Manage performance-oriented R&D Strengthen planning ability and expand investment Create a new organizational culture

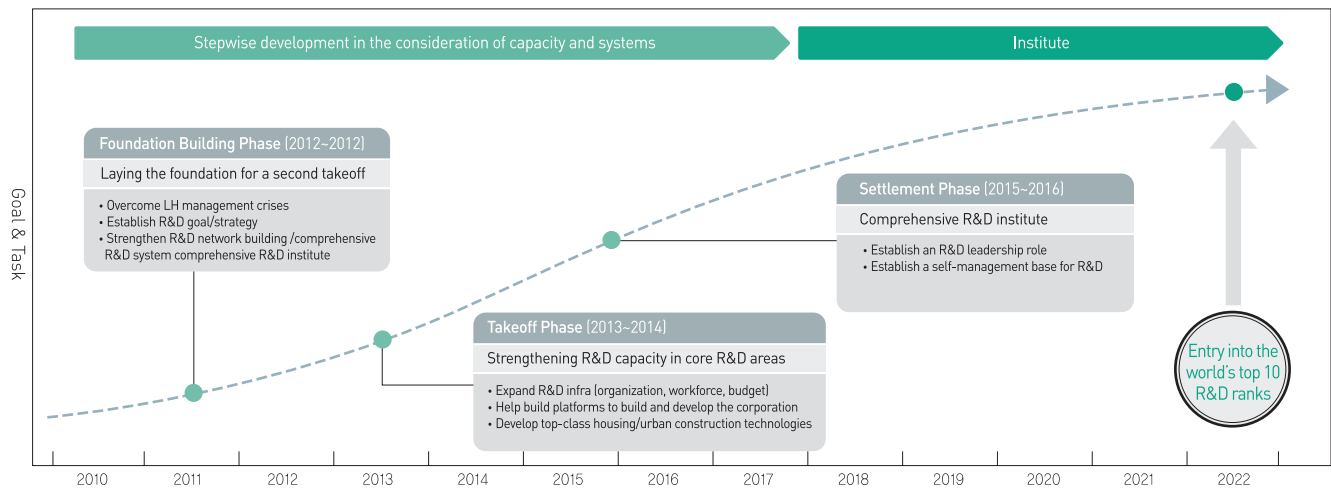
R&D Strategic Directions & Position

LHI reviewed four strategic directions by conducting an analysis of internal and external environments and the benchmarking of top R&D institutes. Based on this, LHI set our future position and strategic directions. First, two strategic directions were reviewed: corporate affiliation-oriented (market-oriented) vs. government policy-oriented (public interest-oriented) and LH strategy support (current business-centered) vs. LH strategy leading (future-centered). As a result, to overcome LH's financial crisis, in the short term, LHI is directed to establish its base for existence based on the efforts to strengthen our role and function as the support of current business and a corporate affiliated R&D institute. However, in the long term, LH is directed to strengthen R&D to secure future growth engines and lead governmental policies. In addition, through the review of two strategic directions of follower vs. leader and inner-directed vs. open, LHI established the plan to make the leap to become the country's best as well as the world's best comprehensive land and housing R&D institute by the means of pursuing follower-style/inner-directed R&D while strengthening leader-style/open R&D in the consideration of LH's limitedness in resources and inner capacity.



Roadmap for Medium and Long-term Technology Development

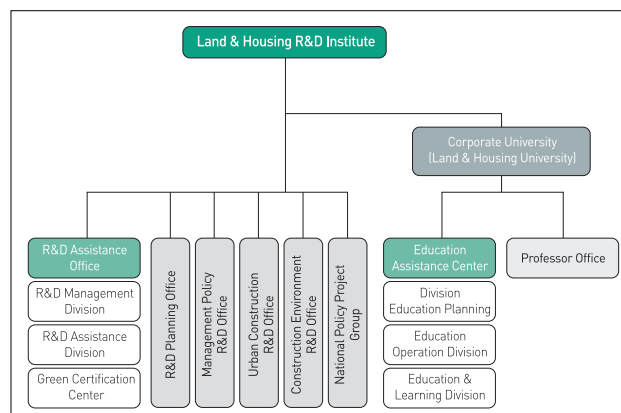
In order to accomplish our vision 'Global Top Leader as Innovator & Creator', LH set the goal to grow into the country's best R&D institute by 2016 and the world's best R&D institute by 2022 by passing through three phases: the foundation building phase(2011~2012), takeoff phase(2013~2014), and settlement phase(2015~2016). According to this goal, LH is building up a strategic R&D proceeding system, evaluating the performance of the stepwise proceeding, and revising and compensating for medium and long-term R&D plans every three years.



R&D Organizational Structure

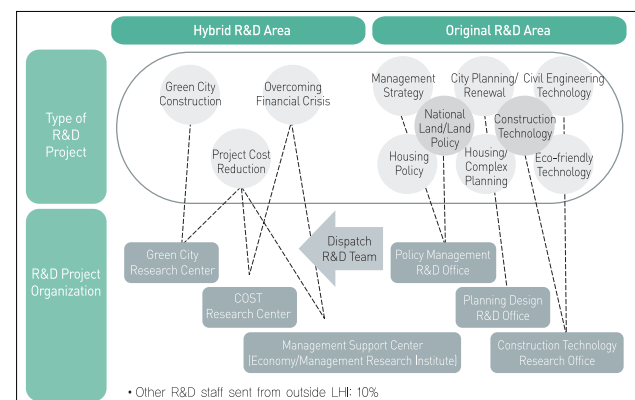
LHI is composed of an R&D assistance office, a R&D planning office, three R&D offices (eight R&D groups), two national policy project (R&D) groups, and a corporate university (education assistance office, professor office). The R&D offices are operated in a mixed type of project organization and matrix organization based on the organizations formed by research area and function.

[LHI Organizational Structure]



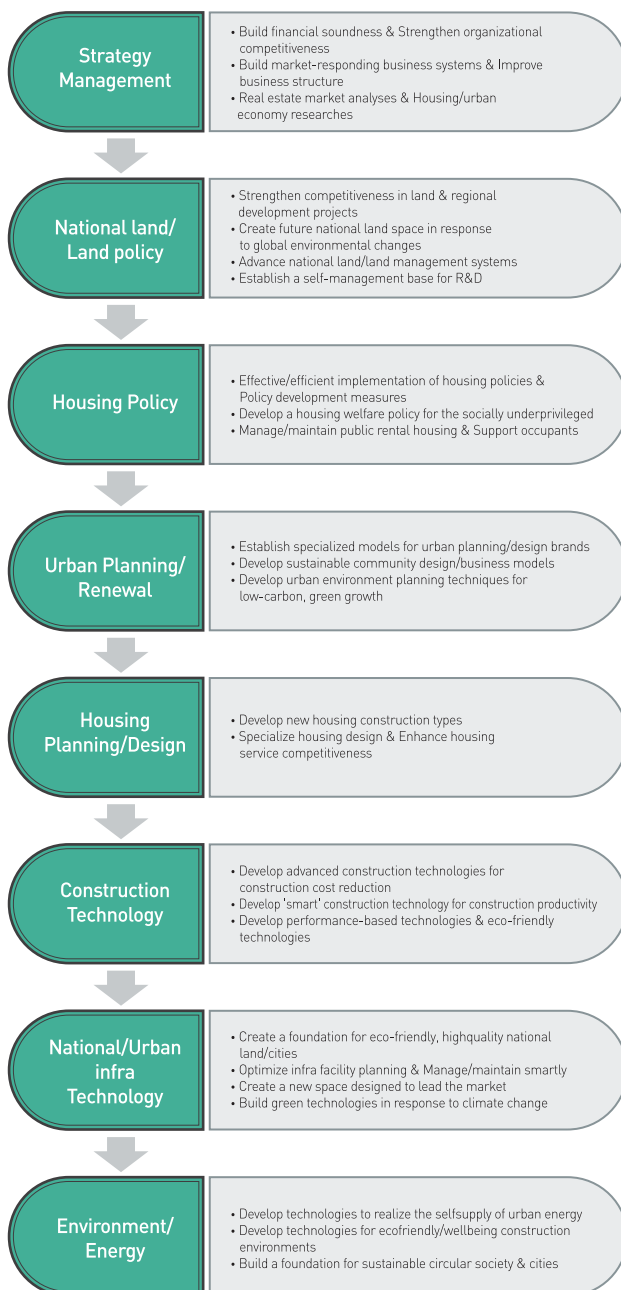
LHI is facilitating collaborative researches by installing an exclusive R&D center for hybrid strategic projects apart from R&D divisions in order to perform hybrid R&D projects effectively. Its research team is formed by temporarily dispatching R&D staff from their own R&D divisions according to hybrid R&D project periods. In addition, LHI is operating its R&D evaluation system by separating the criteria into hybrid projects and original projects, which is in the consideration of the level of difficulty involved in hybrid projects that typically require the collaboration of various specialized fields, as well as the need for the hybrid research operation.

[Cooperative R&D Structure]



R&D Areas

LHI is performing R&D in a total of 8 areas: strategy management, national land/land policy, housing policy, urban planning/renewal, housing planning/design, construction technology, national/urban infra technology, and environment/energy.



R&D Workforce

LHI has a total of 93 staff members as of the end of 2011, with 26% of them engaged in policy management, 40% in planning design, and 34% in construction technology. LHI estimated the M-M (Man · Month) and manpower necessary for the implementation of the LH medium and long-term R&D plan once it is completed. As a result, between 2011 and 2013, 3,334M-M and 168 members were revealed to be in excess and deficiency respectively, compared with the existing workforce. In the short-term, LH will continue to optimally utilize the existing workforce in light of our ongoing restructuring efforts under the management plan. In the long term, however, in order to smoothly execute the medium and long-term R&D plan, LH is planning to resolve the deficiency of human resources by efficiently utilizing the existing workforce, strengthening the networking and collaborative research with external R&D institutes, and enhancing the productivity of the R&D workforce. From 2012, LH is scheduled to supplement new R&D personnel by reestimating the medium and long-term necessary workforce and identifying insufficient workforce by each R&D area.

R&D Workforce (Unit: No. of employees)



R&D Investment

LH invested KRW 25.8 billion in 2010 and KRW 26.6 billion in 2011 in R&D. LHI now faces an urgent need to expand not only R&D budgets, but also R&D infra that spans human resources and facilities in order to make a leap to become a worldrenowned R&D institute in the housing and urban research area. As for the investment in humans resources, LH plans to substitute the improvement of productivity in the light of current financial conditions. For the investment in R&D costs and facilities, LH is scheduled to carry out stepwise expansion from 2012 in line with the progress of the company's management performance.

[R&D Investment]

Amount of money (Unit: KRW billion)



Per capita R&D costs (Unit: KRW billion)



R&D Information System

LHI has progressed the sweeping innovation of its control and management system for the efficiency of R&D and its management. As part of it, LHI has been building up a R&D management information system based on PI(Process Innovation). The is scheduled to be complete in September, 2012. As a result, LH is expected to make all R&D activities computerized and efficient.



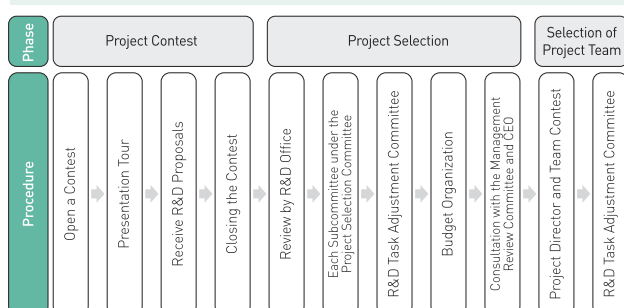
A Screen of R&D Management Information System Building

Selection Process for R&D Projects

LHI has prepared and operated a selection procedure for R&D projects. This is designed to enhance organization and efficiency in the course of selecting R&D projects in order to discover the R&D projects that respond to the changes in internal and external management conditions.

Regular projects mean the projects carried out for 6 months or longer after selecting them through an annual R&D project contest. Such projects are screened by going through a series of processes including a project contest, project selection, and R&D team selection. In order to derive timely R&D projects by paying attention to actual business issues and difficulties, LHI is making a presentation tour through the actual business divisions, and as an effort to increase fairness, it is also operating a selection committee for regular projects, which also includes external experts.

[Selection Procedure for Regular Projects]



In case the actual business divisions make a request due to an urgent business matter, nonscheduled projects can be selected and operated. In addition, the short-term projects whose role is to support decision making with a duration of 2 months or shorter are conducted under the category of strategic projects.

R&D Performance

As a corporate affiliated R&D institute, LHI needs to perform R&D projects aimed at supporting actual businesses. In a good balance with this, LHI is also required to promote the R&D activities that create new future growth engines through the improvement of research performance. As a result, LHI has evaluated and managed its R&D performance based on the four criteria: R&D projects, commercialization, intellectual property rights, and internal/external presentation.

[Performance of R&D Tasks]

(Unit: no. of cases)

Category	2010	2011
Own Projects	54	72
Commissioned Projects	30	34
Strategic Projects	13	15
[Total]	97	121

[Performance of Commercialization]

(Unit: no. of cases)

Category	2010	2011
Policy Support	351	205
Utilization in actual business	273	643
Institutional Improvement	110	142
[Total]	734	990

[Registration of Intellectual Property Rights]

(Unit: no. of cases)

Category	2010	2011
Patents	27	20
Designs	7	2
Trademarks	46	2
Copyrights	5	5
Programs	2	4
[Total]	87	33

[Academic Presentation & Publication]

(Unit: no. of cases)

Category	2010	2011
Domestic	208	169
Overseas	22	15
[Total]	230	184

Economic Performance

Creation & Distribution of Economic Values

LH is distributing the economic values created from our business activities to shareholders in various forms such as tax payment, job creation, contribution to local communities, and win-win cooperation with corporate partners.

(Unit : KRW 100 million)

Category	Content	2010	2011
Economic Values Created	Turnover	131,606	152,600
Shareholders	Dividend	-	624
Government	Corporate Income Tax	-	9
Employees	Salary & Welfare	5,429	5,620
Local Communities	Local Tax & Investment for Social Contribution	2,898	2,521
Corporate Partners	Construction Costs	118,108	103,395
Surplus Economic Values		5,171	40,431

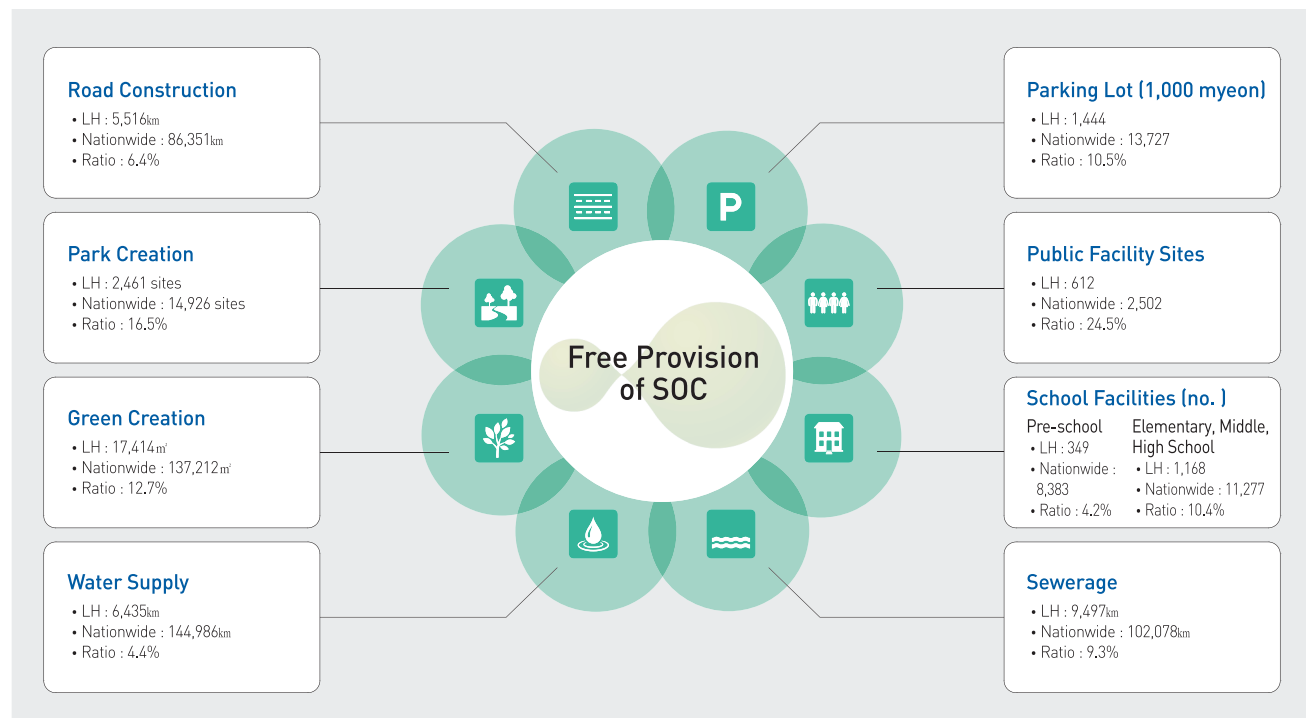
* Local Tax : Residence tax based on corporate tax criteria & Land property tax

* Surplus Economic Values : Economic values created minus the values distributed to stakeholders

Indirect Economic Contribution

Expansion of Social Overhead Capital(SOC) within Regions.

LH has also led in the creation of SOC incidental to housing construction and city creation. By 2010, LH had constructed roads that are 13 times the Gyeongbu Express in length, created 2,461 parks that comprise 16.5% of national urban parks, and developed green fields, 1.9 times the area of Yeouido. With such efforts, LH has contributed to the expansion of regional infra facilities.



Management Performance

Summary Balance Sheet

(Unit: KRW 100 million)

Category		2010	2011
Assets	Current Assets	853,800	922,496
	Fixed Assets	624,987	662,234
	Total Assets	1,478,787	1,584,730
Liabilities	Current Liabilities	302,127	341,089
	Fixed Liabilities	913,138	964,623
	Total Liabilities	1,215,265	1,305,712
Equity	Capital	216,400	224,139
	Other	47,122	54,880
	Total Capital	263,522	279,019

Summary Income Statement

(Unit : KRW 100 million)

Category	2010	2011
Sales	131,606	152,600
Cost of goods sold	124,106	137,315
Gross profit on sales	7,500	15,285
Other profit	12,168	8,332
Selling & administrative ex pense	3,998	4,387
Other expense	5,412	6,140
Other income(loss)	328	(168)
Operating profit	10,587	12,921
Financial income	3,544	4,446
Financial cost	8,137	5,861
Loss related to affiliated companies under the equity method	(268)	(223)
Net income before deducting corporate tax cost	5,726	11,282
Coporate tax cost	626	3,377
Operating profit from continuing operations	5,100	7,905
Operating profit from disc ontinued operations	—	—
Current net income	5,100	7,905

Sales by Business Area

(Unit: KRW 100 million)

Category	2010	2011
Land Business	59,692	76,379
Housing Business	62,002	65,219
Housing Welfare	6,438	7,499
Incidental Business	3,474	3,503
(Total)	131,606	152,600

Major Financial Indicators

(Unit : %)

Category		2010	2011
Growth Indicator	Sales growth rate	—	16.0
	Net income growth rate	—	55.0
Profitability Indicator	Return on assets	0.3	0.5
	Return on equity	1.9	2.8
Stability Indicator	Current ratio	282.6	270.5
	Debt ratio	461.2	468.0
	Equity ratio	17.8	17.6
Productivity Indicator	Gross-value added to total assets	3.5	4.0

* Since 2010, IFRS has been applied to produce financial statements, therefore, the 2010 growth indicator is omitted for calculation is not possible.



LIFE & HUMAN



HAPPY Environment

We are unfolding a green tomorrow
with a green hope,
On that unchanging road,
LH is with you.

Supporting various green energy businesses such as
low-carbon green cities,
eco-friendly housing, and greenhouse gas reduction,
We lead the way to the greening of the country's land.

DMA

Disclosure on Management Approach



Management Principle

LH is making efforts to take the lead in green growth in the construction field by implementing the construction of green cities and energy-saving eco-friendly houses, the development of renewable energy technologies, and the introduction of green construction materials. Through such efforts, LH aims to become a leader in the era of new technologies by continuously promoting green management in order to have green growth and green technologies permeate into every bit of the national land, cities, and housing environments.



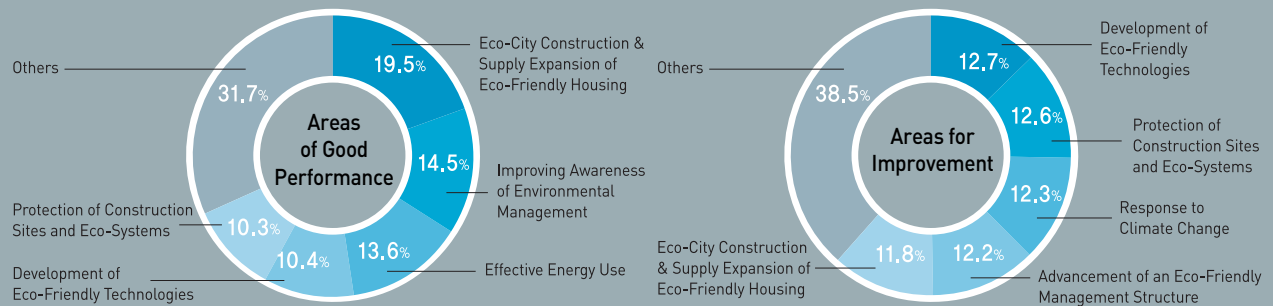
Key Performance

Category		Unit	2010	2011
Eco-Friendly R&D	Scale	KRW million	505	976
	R&D projects	No. of cases	10	11
Energy	Electricity	TJ	276.6	247.2
	Heating		28.6	21.8
	City Gas		45.7	36.6
	Fossil Fuels		48.1	24.2
Water	Water Supply	tons	177,140	180,317
	Recycling Water		12,682	10,422
	Recycling Ratio	%	7.2	5.8
Greenhouse Gases	Scope 1	tCO ₂ e	5,411	3,522
	Scope 2		15,133	13,416
Eco-Friendly Purchases	Purchase Value of Eco-Friendly Products	KRW million	6,024	8,430



Stakeholder Survey

LH is making efforts to take the lead in green growth in the construction field by implementing the construction of green cities and energy-saving eco-friendly houses, the development of renewable energy technologies, and the introduction of green construction materials. Through such efforts, LH aims to become a leader in the era of new technologies by continuously promoting green management in order to have green growth and green technologies permeate into every bit of the national land, cities, and housing environments.



Interview



Moon-Hyeong Lee

CEO of the Environmental Impact Assessment Association (IIAA)

“We need to develop and implement the business areas that promise win-win growth, reasonably reconcile conflicts in the course of development, expand the use of renewable energy, establish eco-friendly construction plans that consider LCA(Life Cycle Assessment), and practice the protection and management of the natural environment in the consideration of regional characteristics.”

LH is actively carrying out environmental management activities such as the development of Korean-style green homes, the establishment of carbon emission inventories for green cities, and CDM businesses. However, it will take time for industry players to produce tangible outcomes in the green growth field, and therefore, preparations will be required in many aspects.

First of all, we will be required to develop and implement the businesses that enable win-win growth and reestablish guidelines to suit regional characteristics, such as the development of CDM businesses. In addition, certain elements should be actively reflected from the phase of the creation of a complex, which include the creation of water-paths or wind-paths, and the design of an eco-friendly transport system.

In addition, in the LCA that spans construction, operation, and disposal, we will be required to establish an eco-friendly construction plan that minimizes energy use and waste matters. My further expectation is that we realize the protection and management of the natural environment, which considers the characteristics of individual project zones by preparing the most suitable project plan for the protection and management of representative wildlife in each development zone, and actively carrying out promotional and educational activities toward residents.

Finally, cultivating the ability to effectively reconcile the conflicts arising from land development and housing construction will form a foundation for LH's sustainable development. It is necessary to foster conflict mediation experts and facilitate the PI(Public Involvement) system such as a conflict prevention association and advisory group, and operate an opinion collection system to absorb various opinions by forming a private-public joint association. In the future, I expect LH to generate synergy from its integration, and thereby suggest exemplary projects that reflect eco-friendliness from the very phase of land development and take a leading role in green growth through the innovation of business paradigms and the development of green items.

Environmental Management System

Green Growth Strategy

Green Growth Implementation Strategies

In order to achieve the national greenhouse gas reduction plan and generate future growth engines, LH has established a vision 'leading green growth through the construction of the world's best green cities and housing' along with the top 4 strategies and top 10 implementation tasks.

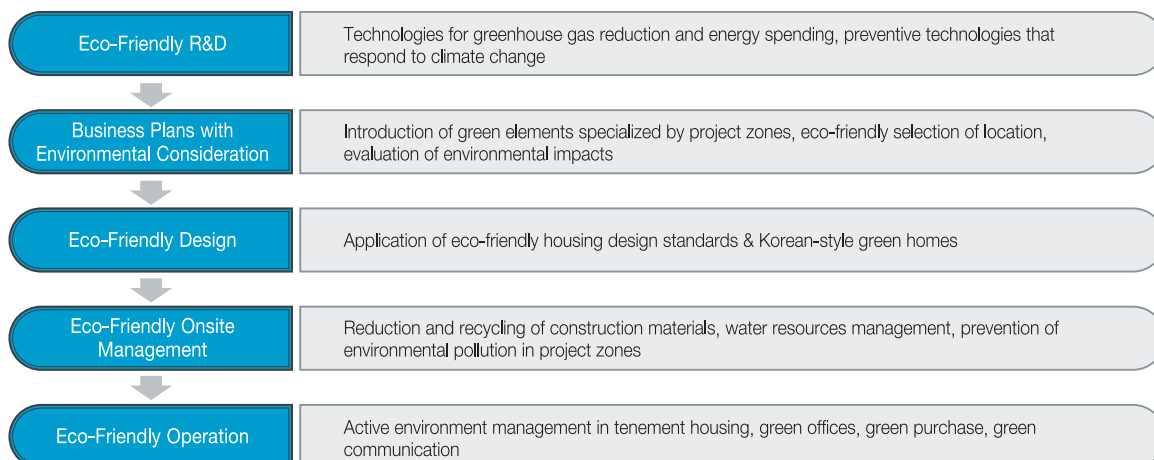
Based on the above, LH is carrying forward the management activities for green growth, where, since 2010, we have selected and spontaneously performed 31 lower-level practical tasks and 60 unit tasks including green cities and eco-friendly housing.

By building such an implementation structure, LH has enhanced a corporate-level awareness for green growth and generated synergy, such as the prevention of duplicate investments and the formation of a departmental collaboration system, through an integrated green growth management under the operation of the green growth implementation committee. LH will take an active leadership role in implementing the government's green growth policies, including the effort to reduce greenhouse gas emissions in the city and housing areas.



Life Cycle Assessment

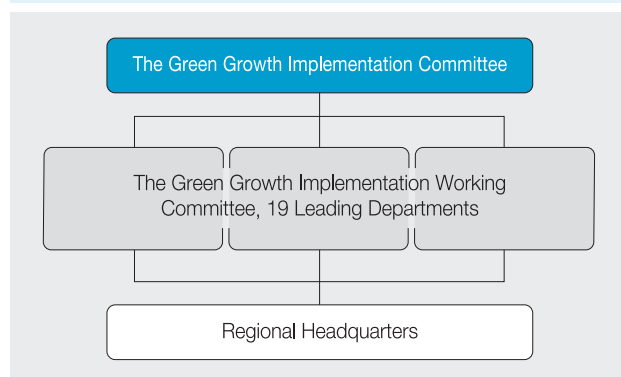
LH is reflecting green elements into our whole business processes through the LCA(Life Cycle Assessment). We secure new growth engines through eco-friendly R&D activities and minimize environmental damages through the business plans that consider the environment. In the design phase, we apply eco-friendly design guidelines as well as high energy-efficiency designs. In addition, we are expanding onsite management by bolstering the environmental education for onsite supervisors and collecting the data about onsite environment management. LH is also pursuing eco-friendly operations of housing and land through the management of tenement housing environment infra and the expanded creation of green spaces and natural-form streams. In addition, LH is carrying out eco-friendly corporate operations through the environmental education for employees and the creation of green offices.



Implementation Organization

LH has set up a decision making structure for green growth projects and operated a green growth implementation committee. Through the committee meetings, LH has deliberated on major green agendas and developed new green projects. In 2011, LH hosted our second green growth implementation committee meeting and deliberated on major green projects.

[Organizational Structure for Green Growth]



[Performance of the Green Growth Implementation Committee]

	Deliberation Agendas
2010 (1st meeting)	<ul style="list-style-type: none"> Confirmed the implementation plan for the 2010 green growth practical tasks Energy saving ratios for the nest housing(2nd / 3rd)
2011 (2nd meeting)	<ul style="list-style-type: none"> Confirmed the implementation plan for the 2011 green growth practical tasks Reported quarterly implementation performances under each practical task Energy saving ratios for the nest housing Reported green projects (10 cases) including



Year 2011: The 2nd Green Growth Implementation Committee

Implementation Directions

Establishment and Implementation of the Foundation for Green Growth

LH is set to strengthen our standing as a globally competitive, leading eco-friendly player by establishing a green growth management system. We will develop, manage, evaluate, and implement the practical tasks to fulfill the vision and strategies for green growth. LH is green cities and housing.

Realization of Energy-Saving Eco-friendly Housing

LH aims to bring about energy saving and improve customer satisfaction in the housing market by expanding the construction of low-cost and eco-friendly housing. For this, LH is planning to construct the nest housing districts into eco-friendly housing complexes designed for low energy spending. In addition, we are committed to continuously progressing the installation of renewable energy in rental housing and green homelan eco-friendly housing model developed by reflecting the natural environment including the climate) businesses, thereby realizing energy welfare for the low-income class. In addition, we are determined to actively expand the adoption of green construction materials and green technologies that are obtained through our idea contests for green construction materials and green homes.

Fueling Green Growth through Expanded Green City Construction

LH plans to construct cities that respond to climate change along with the efforts to reduce urban green gas emissions future policy projects. We are scheduled to cut 30% of urban green gas emissions by 2010. In order to achieve this goal, we are going to apply carbon emission inventories established for green cities to urban planning, and also expand green model cities. In addition, we are going to create global-level green cities that are safe from the threat of climate change by such efforts as building a climate change forecast system.

Increasing the policy support and promotion for Green Growth

In order to support the policies and promotional activities for green growth, LH plans to actively state our views by participating in the research activities related to the enactment of the legislations and guidelines with large effects on our businesses. For this, we will continuously engage in the processes of the enactment or revision of the legislations and certification systems about eco-friendly housing, and actively aid in the establishment of new standards and development measures for green cities, which are propelled by the Ministry of Land, Transport and Maritime Affairs, the National Green Growth Committee, and the National Construction Policy Committee. In addition, we are going to promote our strong will for green growth by making it our regular practice to participate in exhibitions, host seminars, and distribute press releases.

Eco-Friendly R&D

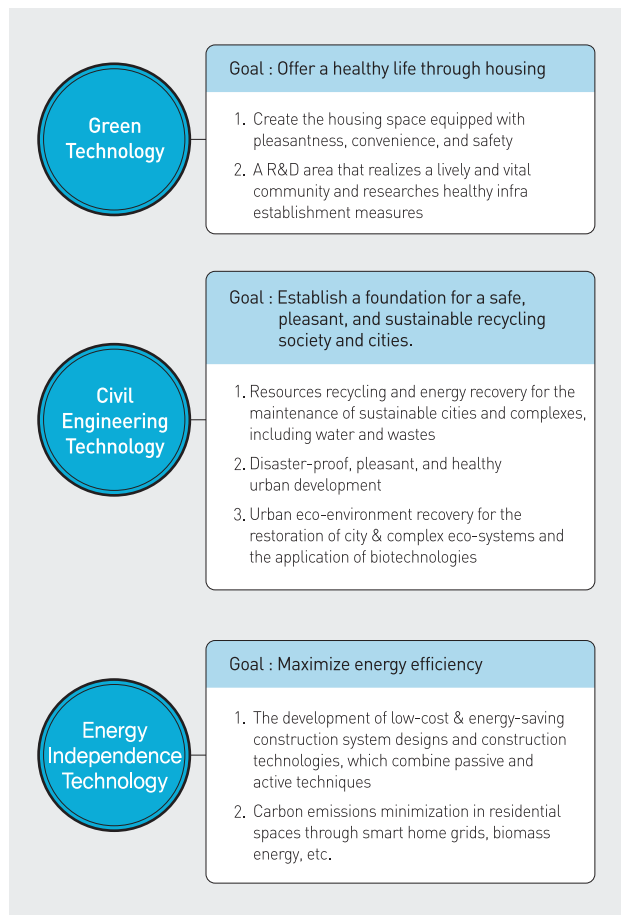


Eco-Friendly R&D Areas

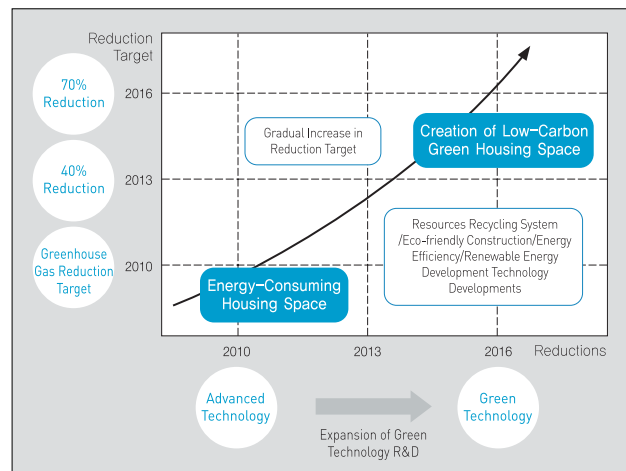
LH is carrying out eco-friendly R&D across our entire business areas and performing joint R&D projects with specialized R&D institutes in order to maximize our R&D outcomes.

LH has set our environmental development of technologies that minimize carbon emissions and offer a safe and pleasant housing environment by applying resources recycling systems, eco-friendly construction, energy efficiency, and renewable energy. LH is fuelling our R&D activities by forming them into three subareas: green technology, civil engineering technology, and energy independence technology.

[Environmental and Energy R&D Areas]



[Directions for Environmental and Energy R&D]



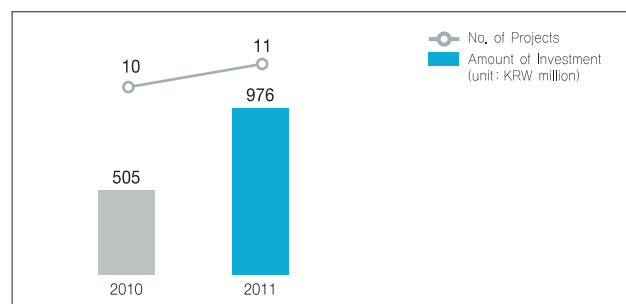
Eco-Friendly R&D Status

LH is conducting various environmental R&D activities. As examples, LH has derived reasonable grounds for the overall issues related to green growth, such as environmental impact evaluation and eco-friendly material development. In addition, we have researched the measures to apply facade greening to tenement housing for the purpose of effective and efficient operations, and also developed low-carbon green city models and ecological stream water securing technologies in line with eco-friendly green growth.

From 2010 to 2011, we embarked on a total of 21 R&D projects and examined the designs and improvement measures for green cities and energy-saving houses.

Our eco-friendly R&D investment budgets increased a notable 93% from KRW 505 million in 2010 to KRW 976 million in 2011. We are going to spur eco-friendly technology developments ahead through continuous investment and R&D efforts.

[Performance of Eco-Friendly R&D]



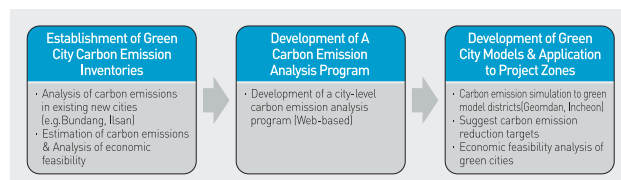
Major R&D Performances

Establishment of Carbon Emission Inventories & Development of an Analysis Program

In order to realize the national greenhouse gas reduction target(30% of the year 2020 emission forecast), LH is required to focus our reduction efforts on cities that account for a substantial portion of greenhouse gas emissions. For such efforts, our need to set carbon reduction targets and quantify carbon emissions is also rising.

LH has established the green city carbon emission inventories that quantitatively estimate and catalogue carbon emissions by each element on green cities, and worked on the development of an analysis program for the wide-purpose utilization of the inventories. For the 25 months from November 2009 to December 2011, 10 workshops involving internal and external experts and joint discussions with our R&D staff were held. Based on their outcome, LH has mapped out green city models through the establishment of carbon emission inventories and researched the CDM commercialization measures for green cities. As a result, LH has developed an analysis program for green city carbon emissions for the first time in the urban development area.

[Development Steps for the Green City Carbon Emission Analysis Program]



In this way, LH is now able to estimate city-level carbon emissions and analyze economic feasibility. Our program is a web-based analysis program, which, therefore, enables us to quantify carbon emissions by each green element and suggest carbon reduction targets by each project zone. This ultimately helps us contribute to strengthening our executive power to construct green cities. In addition, we have laid a platform to progress new CDM businesses, such as the discovery of CDM business elements that are applicable to green cities for the acquisition of carbon credits.

[Green City Carbon Analysis Program]



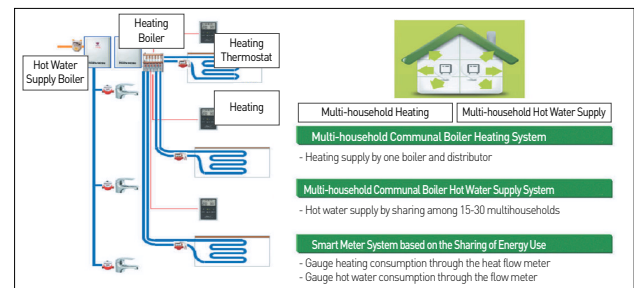
* <http://gcity.kihoo.co.kr>

Development of Low-Cost and Eco-Friendly Future Urban Housing

LH plans to cut house acquisition and maintenance costs through the development of low-cost and eco-friendly housing models, and move forward to ultimately accomplish energy efficiency.

In 2011, LH developed a boiler-integration and smart energy management system, as well as urban micro housing models for 1 to 2-person households that are expected to create a large demand in the future. In addition, we have established and applied differentiated renewable energy application measures by classifying design grades according to the characteristics of individual project zones.

[Boiler Integration Smart System]

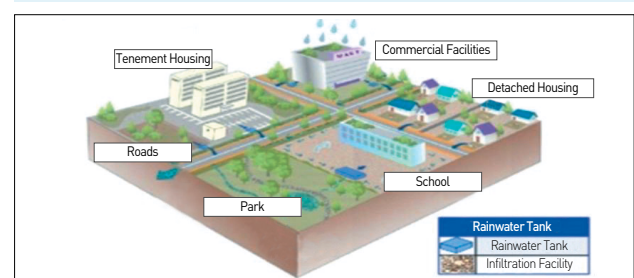


Development of Technologies that Respond to Climate Change

LH developed a distributed rainwater management system, which is a green design element that responds to climate change, such as the prevention of urban floods from the heavy rains that occur due to climate change.

The distributed rainwater management system is a new concept of the rainwater management system that restores water circulation through the maximum permeation and retention of rainwater within cities, using vegetated waterways, infiltration collectors, and so on. This system is also a specialized disaster-proof design system that increases preventive effects with reduced rainwater leakage. In addition, the system reduces heat waves, for example, through the reduction of non-point solution sources that affect streams or the contribution to urban cooling effects. , LH plans to build an urban infra that is nature-friendly and disaster-proof through the distribution of the distributed rainwater management system.

[Distributed Rainwater Management System]





Eco-Friendly Green Materials Contest

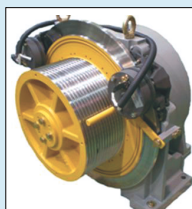
LH has run an annual eco-friendly green materials contest since 2009 in order to develop green materials with high-efficiency and new technology, which are necessary for the development of green cities and the construction of eco-friendly housing. Applicants should be the manufacturers equipped with the capacity to manufacture and supply actual products in five construction criteria: civil engineering, architecture, machinery, electricity & communication, and landscaping. In our third green materials contest, a total of 31 green items were entered. Out of them, 11 cases came from the electricity & communication sectors and 7 cases were from the machinery sector. Among them, a high-efficiency/fix-pressure/forward wind-direction ventilator, high-efficiency gearless winding machine for elevators, and Biogro-11 won first prizes. We have applied those high-quality award-winning products on a trial basis in order to improve the qualities of LH's green cities and eco-friendly houses. In 2010, we applied a digital thermo valve energy-saving control device, the 2009 grand prize winner, on a trial basis to the Chuncheon's Janghak district. In 2011, an LED emergency exit light, the 2010 grand prize winner, was applied on a trial basis to the Seoul's Gangnam A1 block(public installment-sale with 809 households), which generated a 90% higher energy saving effect compared with florescent lighting. LH seeks to fuel the development of green technologies and develop relevant industries through this contest, and also plans to continuously build a foundation for the application of green materials through the exhibitions, promotions and trial-based applications of award-winning green materials. In addition, we are committed to the quality improvement of green cities and eco-friendly housing by utilizing green materials, and to the enhancement of our corporate image as a green enterprise.

[The 2nd Eco-Friendly Green Materials Contest: Grand Prize]



High-Efficiency LED Emergency Exit Light

[The 2nd Eco-Friendly Green Materials Contest: First Prizes]



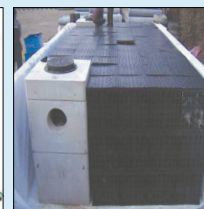
Gearless Winding Machine



High-efficiency Ventilator



Biogro-11

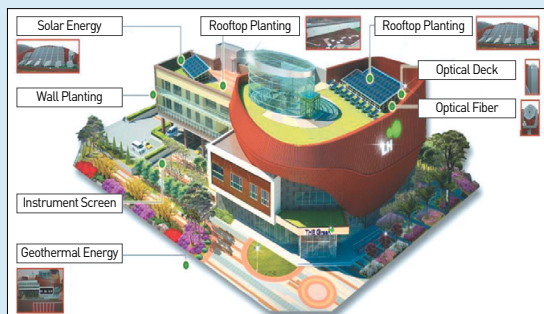


Rainwater Tank



THE Green Hall

LH opened THE Green Hall to introduce the characteristics of the nest housing policy and the current status of our nest housing project districts. This is done by offering a venue where people can experience the demonstration of the nest housing's energy-saving performance and daily-life green technologies such as renewable energy. LH is experimenting with eco-friendly housing elements in THE Green Hall by employing various techniques. We are also shortening the verification time for eco-friendly housing elements by proving them in advance before the start of a project in the identical conditions with an actual housing environment, thereby minimizing environmental risks that could occur in the actual course of housing construction. In addition, THE Green Hall not only generates a learning effect through the experience of renewable energy (the assembly of solar photovoltaic toys) with the children in local children's centers during vacation, but also engages in social contribution activities such as nurturing the mind to appreciate the environment.



The Performance Test of Eco-friendly Housing Elements through THE Green Hall



The Green Class

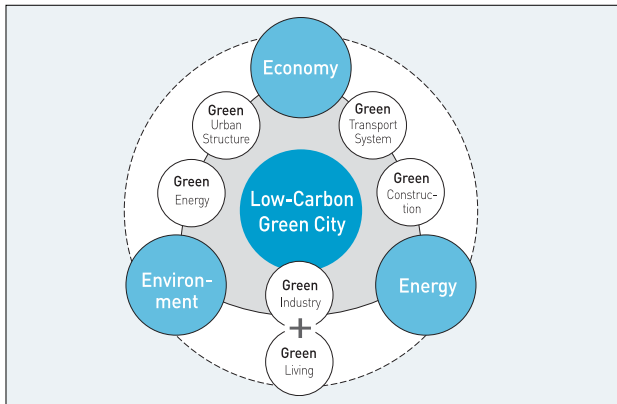
Business Planning with Environmental Consideration



LH Green City

With global warming and abnormal climates, urban natural disasters are also on the rise, elevating the need for urban development according to the green planning that prepares for climate change. In this context, LH has established a master plan for green city pilot projects and defined 3E (Economy, Environment, Energy) and 5+1G (Green urban structure, Green energy, Green transport system, Green construction, Green industry + Green living) as our green city concepts. We have also been reflecting these into our business planning for the creation of low-carbon green cities.

[LH Green City - 3E, 5+1G]



Introduction of Specialized Green Planning Elements by Project Zone

Establishment of Low-Carbon Green Cities through the Transport System centered on Public Transport

LH plans to expand low-carbon regions by planning the cities that are equipped with a transport system that offers convenient public transit. As part of this, LH established a transport plan to introduce the BRT (Bus Rapid Transit) system in the Paju's Woonjung district. Through the design that enables access to Seoul within 20 minutes, LH expects to increase the utilization ratio of public transport in the Woonjung district.



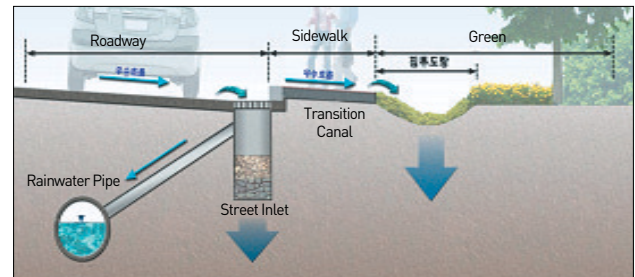
Expansion of Low-Carbon Regions through the BRT System
- The Paju's Woonjung District

We are also planning a model city with the TOD (Transit-Oriented Development) concept, which is adjacent to the subway and built with a circulation network. In the Dongtan 2nd district (October, 2011), a new Korean-style total bicycle system was reflected and the plan to adopt the KTX and GTX multi-use transfer facilities was set up.

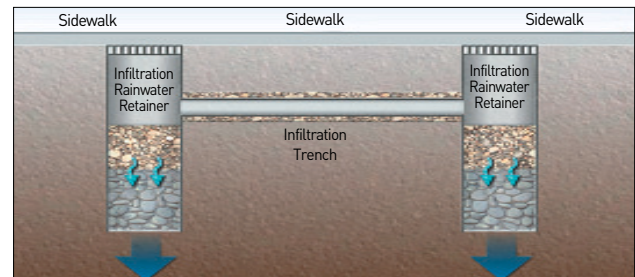
Realizing Resources-Recycling Green Cities through the Water Recycling System

ILH is responding to climate change by establishing a resources-recycling green city plan through the restoration of a water circulation system. We designed and began the construction of a distributed rainwater management system in the Asan's Tangeong district, while establishing it as a standard model for the green cities under distributed rainwater management. In addition, we have set up a sustainable waterfront plan in the Wylie district by connecting the reservoir and infiltration facilities with the human ring(green network).

[Distributed Rainwater System - The Asan's Tangeong District]



The Cross-Section of the Installment of a Rainwater Infiltration Facility on Roads



The Vertical-Section of the Installment of a Rainwater Infiltration Facility on Roads

Start of Construction on a Renewable Energy Model City

LH had planned a renewable energy model city in Sosabeol, Pyeongtaek, and started the construction of the tenement housing that applied renewable energies in 2011.

Ecological Model Village

LH is planning an ecological model village which is connected with the ecological birds park in the Han River area of Kimpo.

Environmental Impact Evaluation

Standards for Eco-friendly Location Selection

LH is managing the information about the country's ecology and ecological diversity including environmental conservation areas and the degree of green naturality through our space information utilization system. By utilizing such information in the selection process of potential development zones, we are preserving the areas of high ecological values by separating them from our development target zones.

According to relevant procedures, we designated an area of 27,451,000m² in 2010 and 2,025,000m² in 2011 as our development zones and are now progressing their projects.

Prior Environmental Review

LH reviews the suitability of our developments through the environmental damages caused by development projects. These zones, endangered species and wildlife sanctuaries, or the habitats for migratory birds, the economic effects of the respective project zones are reviewed while different standards are applied according to the sizes of individual zones.

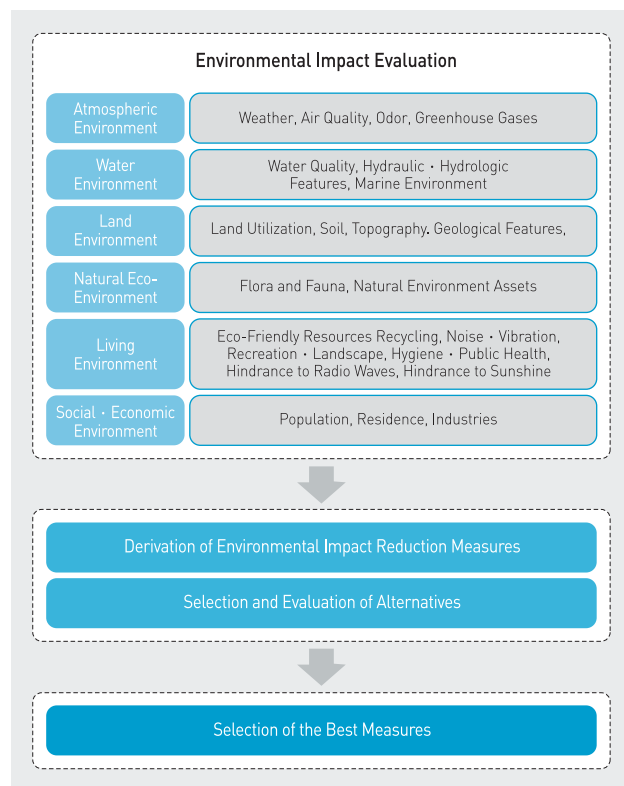
[Major Review Items in Prior Environmental Review]

Appropriateness of Plans	Compliance with Environmental Goals	
	①	Compliance with global environmental trends/agreements/regulations. Compliance with the Montreal Protocol, the Climatic Change Convention, the Convention on Biologic al Diversity, the Ramsar Convention, and the Migratory Birds Protection Test
	②	Compliance with national environmental standards/plans Compliance with national environmental plans and policies, the total air pollutant load management s system, and the total water pollutant load management plan
	③	Compliance with regional environmental standards/plans Reflection of regional environmental standards/plans, respective various ordinances (environm ental preservation ordinance, green preservation ordinance, natural scenery preservation ordinance)
	Soundness and sustainability	
	①	Soundness of environmental plans Consideration of the national ecological soundness and a balance between environment and development
	②	Compliance with sustainability Consideration and reflection of sustainable development
	Consistency	
	①	Vertical consistency Consistent planning between upper and lower administrative plans
	②	Connectivity with other administrative plans Connectivity and consistency with other administrative plans
Validity of Location	Influence on the natural environment	
	①	Influence on ecological soundness Environmental influence on the regions with a natural environmental preservation value
	②	Influence on ecological diversity and habitats Environmental influence on various preservation areas such as ecological preservation areas and wetland preservation areas
	③	Influence on natural landscapes Environmental influence on beautiful or distinctive natural landscapes
	Influence on the living environment	
	①	Influence on the maintenance and realization of environmental standards Influence on greenhouse gas emissions that cause climate change or on the total water pollutant management plan
	②	Influence on the maintenance of pleasant living environments. Influence on the air, water, odor, soil, noise/vibration, and underground water in living environments
	③	Influence on eco-friendly land utilization The potential of sprawl development based on the validity according to demand forecast

Environmental Impact Evaluation

Once the execution of a development project is confirmed through a prior environmental effects review, the approval of the execution plan is deliberated through the 'Environmental Impact Evaluation' that reviews the appropriateness of the reduction measures on environmental impacts according to project execution. LH conducted environmental impact evaluations on a total of 13 project zones(an area of 29,561,000m²) including the Guri's Gaelmae nest housing district from 2010 to 2011. The environmental impact evaluation is carried out based on the 'Environmental Impact Assessment Act'.

[Process of Environmental Impact Evaluation]



Eco-Friendly Design



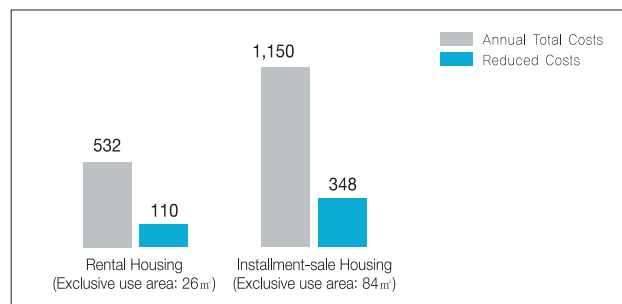
Establishment of Eco-friendly Housing Planning

Establishment of the Nest Housing Energy Saving Targets

LH has raised our targets of energy saving rates for the nest housing districts in order to take a leading role in the government's eco-friendly housing policies. In addition, in response to the need for the planning standards that help fulfill energy saving targets while minimizing cost increases, LH has established the design standards that optimize energy saving.

Through the green growth implementation committee, LH set the energy saving target for the installment-sale nest housing districts at 25%, which is a maximum 5%p upward adjustment on the official standards. As a result, we managed to cut maintenance costs including energy costs in 2011. For the same year, the annual average cuts in maintenance costs were expected to be KRW 110,000 per rental housing unit with an exclusive use area of 26㎡, and KRW 348,000 per installment-sale housing unit with an exclusive use area of 84㎡.

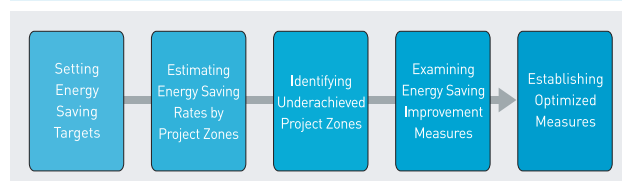
[Reduction of Maintenance Costs, including Energy costs (2011)] (Unit: KRW 1,000)



Establishment of the Planning Standards for Energy Saving Rates

LH established the steps to establish the planning standards for energy saving rates. Based on the steps, for the planning standards to optimize installment-sale districts, LH first applied the methods that produce high energy loss rates and minimize cost inputs.

[Process of Establishing the Energy Saving Design Standard]



With such eco-friendly housing designs, LH has endeavored to increase resident satisfaction derived from the savings of maintenance costs including energy costs, and also contributed to our financial improvement thanks to the planning with minimum cost inputs.

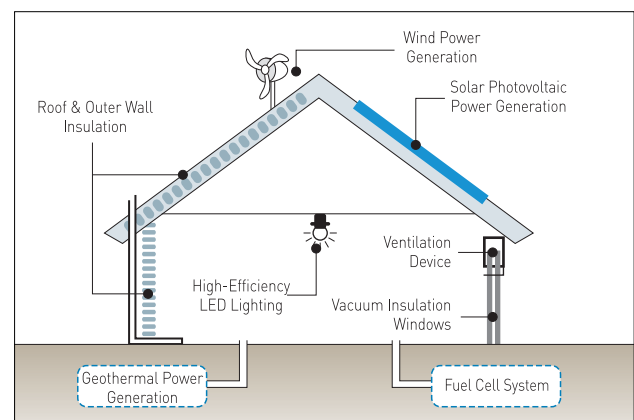
Development of Korean-style Green Homes

Korean-style Green Homes

In our development progress, LH places an emphasis on low-energy eco-friendly housing (green homes) construction to realize low-carbon green growth. Green homes mean a low-energy eco-friendly housing type that minimizes the uses of the energy for heating/cooling and lighting and fossil fuels, and instead, adopts various state-of-the-art and advanced types of energy.

The Korean-style green homes present an eco-friendly housing model that reflects the country's climates and natural environment. Such houses utilize renewable energies that generate power with a minimized leakage of their indoor energy. LH is taking the lead in responding to future climate changes through the development and distribution of the Korean-style green homes.

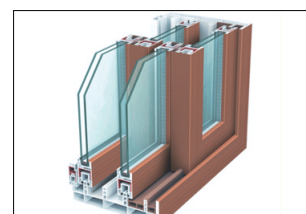
[Conceptual Map of Green Homes]



Development of Model Complexes

LH is planning to develop the model complexes of Korean-style green homes in the three blocks accommodating 210 households in the Gangnam A7BL district in order to facilitate the supply of energy-saving eco-friendly housing, and verify their energy saving efficiency.

LH is also poised to save over 60% of energy loads per unit area by applying energy saving technologies. Such technologies are largely divided into passive elements (super-insulation, eco-friendly housing block arrangement) such as the installation of outside insulation systems, high-efficiency windows and doors, and thermal breaks, and active elements (waste heat recovery ventilation devices, high-efficiency building materials such as LED lighting, and renewable energies).



Super-Insulation Windows



Solar Photovoltaic Power Generation

Eco-Friendly Onsite Management



Saving & Recycling Raw Materials

In the construction to create certain sites such as those for housing development and especially, in the reconstruction or redevelopment sites that tend to involve demolishing work, a large amount of construction wastes are generated, such as waste concrete, waste asphalt and concrete, waste synthetic resins, and waste woods. In the viewpoint of resources saving and preservation, LH is putting forth our efforts on the minimization of environmental impacts through the recycling of such construction wastes back into construction materials.

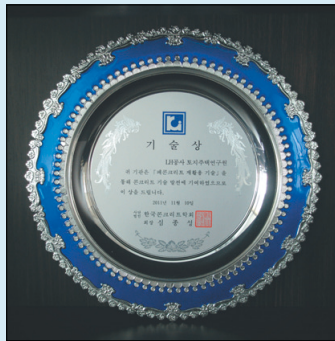


Recycling Technology for Concrete Wastes

As part of our efforts to cultivate an eco-friendly construction culture through the recycling of construction wastes, LH developed a waste concrete recycling technology.

Construction wastes in various project sites are on the steady increase with concrete wastes accounting for the two-thirds of total construction materials.

The waste concrete recycling technology that LH developed enables the overall recycling of waste concrete by encompassing the recycled fine aggregates production technology and the waste concrete's powder content recycling technology. For the development of this waste concrete recycling technology, LH received the Korea Concrete Institute Technology Award in 2011.



The Korea Concrete Institute Technology Award

Preservation of Wildlife Habitats & Prevention of Soil Pollution

In the areas where ecological environments are being destroyed due to surrounding housing developments, we have tried to preserve and restore their eco-systems, including the efforts to convert such areas into ecological wetlands or biotopes. In addition, we are carrying out soil restoration work by thoroughly examining if any soil pollution occurred in the lands adjacent to existing obstacles or expected soil pollution areas.

Prevention of Water Pollution

In order to minimize the impacts of development projects on streams or water intakes, LH is installing sewage advanced treatment and non-point pollution source control facilities. In addition, we are preventing stream pollution through efforts such as the installation of a settling basin.

Noise, Vibration, and Dust Management

In order to minimize the noise, vibration, and dust in project sites, LH is applying various reduction measures. These include using low-noise and low-vibration techniques, installing temporary soundproof walls, operating wheel wash/car wash facilities, operating sprinkler trucks, placing traffic guards, installing dust-proof nets, and implementing speed restriction.

In particular, LH has effectively managed noise-related civil complaints, which account for most of the environment-concerned civil complaints, through a noise projection program that has been applied onsite since 2009.

Energy Saving

LH is promoting energy saving by carrying out various activities in project sites, which span turning off unused power supplies, maintaining appropriate heating and cooling temperatures, carpooling, using high-grade energy efficiency products, and preventing the idle rotation of vehicles.

[Energy Saving Measures within Project Zones]

Category	Content
Energy Efficiency Improvement & Equipment Installation	<ul style="list-style-type: none"> • Certification of building energy efficiency ratings • Building automatic control systems • Heating-purpose thermostats • High-efficiency certified equipment and materials • High-efficiency motors • Motor inverters • Balancing valves
Heat Recovery & Utilization	<ul style="list-style-type: none"> • High-efficiency waste heat recovery ventilation devices • Waste water and heat recovery using heat pumps
Use of Renewable Energy	<ul style="list-style-type: none"> • Motor inverters • Balancing valves

Reduction of Greenhouse Gases

Leadership in Reactions to Climate Change through CDM Businesses

In February 2009, LH registered the renewable energy project (photovoltaic, solar heat) in the Pyeongtaek's Sosabeol district in the UNFCCC as CDM business, which was the world's first event as a housing site development district. Through this, LH laid a foundation for the acquisition of CERs (certified emission reductions) worth a volume of 96,000 tons over the next 21 years.



Apartments Using Solar Energy

In addition, in December 2011, LH registered our national lease photovoltaic distribution project in the UNFCCC as a CDM business, which was Korea's first for tenement housing. The National lease photovoltaic distribution project is a photovoltaic power generation facility project with a scale of 2,876kW, which is targeted at 22,096 national rental housing units across the nationwide 36 districts and financed by governmental (The Ministry of Knowledge and Economy) and LH budgets. The purpose of this project is to realize the energy welfare of the low-income class by electricity saving through the distribution of renewable energies. This project is expected to cut down about a 24,000 tones of greenhouse gas emissions over the next 10 years, an effect equivalent to the planting of 820,000 pine trees (20-year-old, the central region).



Onsite Installation of Solar Heat Facility



Status Board of Solar Heat Output



Onsite Installation of Geothermal Facility

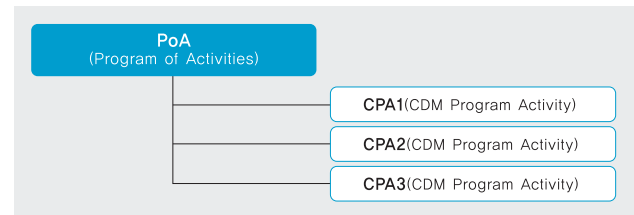


Onsite Installation of Fuel Cell Facility

Implementation of the Program CDM Business

LH is progressing the registration of our tenement housing photovoltaic and solar heat distribution projects as program CDM business. Unlike existing one-time CDM businesses, the program CDM business first requires the registration of a project method, which is followed by the sequential registrations of individual projects that are under the same method over a maximum 28-year period.

[Conceptual Map of the Program CDM Business]



In this way, the system enables the registration projects, but also the individual tenement housing photovoltaic and solar heat projects of affiliated institutions and private companies. Therefore, this system is likely to eventually provide the momentum to facilitate the country's CDM businesses in the construction industry.

Securing CERs

LH is planning to develop and expand various renewable energy projects, including photovoltaic power, solar heat, fuel cells, small-sized wind power, and geothermal power, in the manner of reinvesting the profits derived from our CDM businesses in the renewable energy R&D area. In addition, by registering reduced greenhouse emissions as CDM businesses and creating new profits through the acquisition of CERs, LH is set to inject new fuels into our renewable energy businesses, and thereby enhance the corporation's image as a leading green growth player.

[Emissions of CERs]

Category	Reduction of CO2 Reduction	Occurrence Period of CERs
National Rental Housing Photovoltaic CDM	About 24,000tons /10 years	2012~2021
Tenement Housing Photovoltaic, Solar Heat PCDM	About 280,000tons /20 years	2012~2031

LH is committed to promptly responding to internal and external environmental changes such as the UN Framework Convention on Climate Change and fulfilling our role as a public-sector leader at the forefront of the government's 'low-carbon green growth' policy.

Eco-Friendly Operation



Operation & Management of Eco-Friendly Housing

Performance of Eco-Friendly Housing Construction

Since 2006, LH has constructed 55,951 eco-friendly housing units that applied renewable energies. In particular, the performance of eco-friendly housing construction since our integration accounts for more than half of our total housing construction performance. In other words, LH's eco-friendly housing construction comprised 52% of the total 108,000 housing units that we have built during the given period.

This indicates that in terms of the output of eco-friendly housing construction, LH is the best domestic eco-friendly housing construction player. LH is planning to annually extend the eco-friendly housing units that apply renewable energies.

[The Performances of Eco-Friendly Housing Construction with the Application of Renewable Energies] (Unit: KRW 1,000)

Category	2006	2007	2008	2009	2010	2011	Total
Construction Units	2,962	4,307	5,627	10,911	13,803	18,341	55,951

[LH vs. Institutions and Private Companies in Eco-Friendly Housing Construction] (Unit: KRW 1,000)

Category	2006	2007	2008	2009	2010	2011	Total
National Total	6	7	10	19	29	37	108
LH	3	4	6	11	14	18	56(52%)

Active Tenement Housing Environment Management

LH is striving to reduce environmental impacts from housing facilities and offer pleasant residential environments to residents by managing environmental infra facilities such as the sewage treatment and underground water lifting facilities in tenement housing in accordance with legal standards.

LH is actively carrying out environment management activities. Every year, LH analyzes quarterly environment management conditions by drawing up an environmental preservation basic plan on environmental infra facilities, and frequently instructs on the operation and management of such facilities along with respective inspections.

Category	Management Measures
Sewage Treatment Facilities	To effectively manage wastewater in apartment complexes, LH utilizes sewage treatment technologies. As for the effluence from wastewater treatment facilities, LH manages within standards through the monthly inspection of regulated items such as BOD and SS.
Underground Water Supply Facilities	LH conducts regular water quality checks on the items regulated under the underground water law.
Communal Water Storage Facilities	To manage legal violations in communal water storage facilities, LH cleans water storage facilities two times a year and conducts water quality checks once or more a year.
Oil Storage Facilities	LH makes regular checks on soil pollution levels in oil storage facilities by commissioning soil-specialized agencies designated by the Minister of Environment.

Operation of Green Offices

Reduction of Energy Use

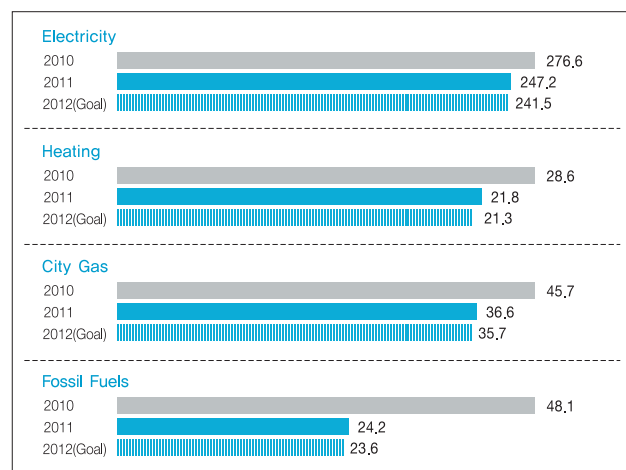
LH is actively putting the 'Public Institution Energy Rationalization Implementation Guidelines' into practice. We are making it a way of life to use LED lighting fixtures, as well as high-efficiency office equipment and electrical appliances in our headquarters and each regional headquarters.

We maintain our indoor temperatures at 28°C or above in the summer and 18°C or below in the winter, and operate elevators in a way to stop on every other floor. Besides, in order to reduce energy consumption in practical terms, we have prepared and practiced detailed measures on energy-saving activities. These include limiting the hours of operation in ventilation facilities and adjusting the hours of lighting on outdoor lights.

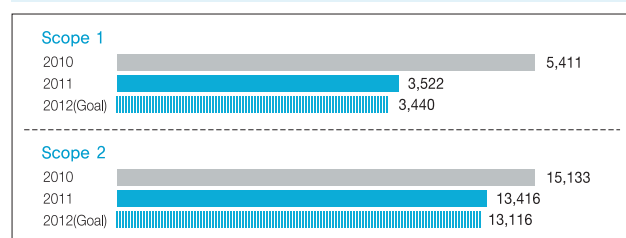
In addition, LH includes energy-related education or events in job training programs, such as the training of new employees. LH also encourages our employees to change their attitudes and behavior patterns in the direction to support energy saving by facilitating their participation in the training programs or events held by external organizations

For the period of 2010 and 2011, the total energy consumption of our headquarters building and annex as well as our regional headquarters buildings was recorded at 728.84 TJ. Specifically, in light of the characteristics of the energy types in our use, carbon dioxide emissions indirectly generated from the use of electricity accounted for 72.4% of our total greenhouse gas emissions.

[Energy Consumption] (Unit: TJ)



[Greenhouse Gas Emissions] (Unit: tCO2e)

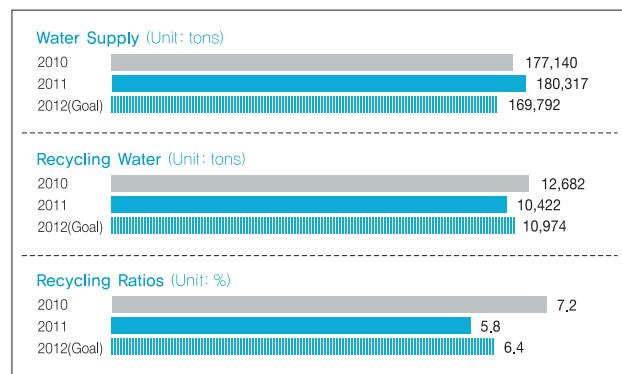


Saving Water Use

About 6.4% (annual average 11,000 tons) of LH's total water consumption (annual average 10,000 tons) are resourced by recycling water, which are used for toilet bowls, urinals, and landscaping water. From 2010 to 2011, the total water consumption in our headquarters and regional headquarters amounted to 357,000 tons.

The sewage from our headquarters and regional headquarters is treated by respective regional sewage disposal plants, erasing the concerns about the environmental damage from sewage.

[Water Consumption]



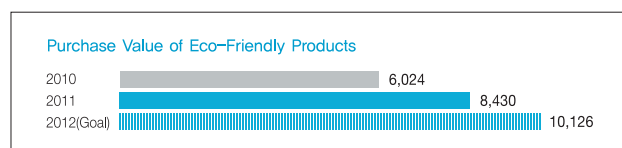
Green Purchases

LH considers the environmental effects of purchased items by priority when we purchase products such as office supplies, electronic and information equipment, as well as construction materials. In addition, we are gradually expanding the purchase ratios of eco-friendly products.

In 2011, our total purchase value of eco-friendly products recorded KRW 8.43 billion, up 39.9% on the previous year. In 2011, in case we need to replace outdated electronic equipment (copy machine, notebook computer, printer), we purchased 90% of the replacement items with green products. LH is regularly conducting educational programs to spread the purchase of green products at the corporate level. Additionally, we are always at the forefront of green purchases, including the efforts to annually monitor the green purchase ratios of nationwide branch offices and encourage the purchase of green products.

[Performance of Eco-friendly Product Purchases]

(Unit: KRW million)



Facilitating Communication on the Environment

Employee Environmental Education

LH is continuously running environment-related education programs in order to spread the internal awareness of green growth and strengthen the professional capacity of our employees.

Including annual workshops on environmental impact evaluations, we are conducting various types of environmental education through internal programs such as domestic short-term commissioned education, education on specialized technologies, and practical licensing courses. In addition, we are fully supporting our employees to enroll in external education programs such as the courses for environmental qualification certificates. Further to this, in 2012, we are scheduled to open and run a 'green growth practical business course' as part of our corporate job training.

Green Certification System

In order to live up to the government's low-carbon green growth policy, LH is undertaking government-commissioned certification (approval) businesses including the certifications of eco-friendly buildings, housing performance ratings, barrier-free (BF) living environments, and building energy efficiency ratings, as well as the evaluation of eco-friendly housing performances. Moreover, in recognition of the growing climate change and energy crisis, we are contributing to the establishment of a paradigm that converts housing, cities, and the national land into green environments and the stable operation of the green certification system. We are also fully dedicated to our leading role as a public corporation to expand the distribution of green buildings. Additionally, we are actively promoting the promotion and spread of the green certification system through the creation of a homepage for the operation of the systems such as eco-friendly building certification and building energy efficiency ratings.



Green Certification White Paper



Energy Efficiency Rating Homepage

Strengthening the Promotion of Green Growth Businesses

LH is striving to enhance our eco-friendly corporate image by reinforcing the public promotion of our various green growth businesses.

In October 2011, we participated in 'The 2011 Low-Carbon Green Growth Fair' and promoted our green projects such as green city and green housing developments, CDM projects, and renewable energy distribution projects. In addition, we have focused on the promotion of national green growth policies by opening 'The Green Class' five times a year, which offers green-themed lectures to the general public. We have also sought to elevate our tangible and intangible corporate values through media relations. For example, we try to build a corporate image as the nation's leading eco-friendly player by distributing featured articles including our energy-saving green home projects and low-carbon green city projects.

For the future, LH is dedicated to renewing ourselves into a green enterprise that closely reaches the public with various promotional efforts.



LOVE
& HAPPINESS



HAPPY **Society**

Putting to practice our principles
of sharing,
LH brings you nothing but
good tidings.

The good news keep on coming.
From comfortable homes to customized welfare,
LH is committed to your happiness and well-being.

DMA

Disclosure on Management Approach



Management Principle

As a public corporation responsible for the foundation of our economy, from stabilization of the living conditions of the working class to development of our land, LH is committed to fulfilling its social obligations to create a culture of mutual growth, to realize a fair society, to create jobs, and to promote a culture of sharing with our clean and transparent management. We aim to become a public corporation widely supported by the people of Korea with our management that satisfies both internal and external customers.



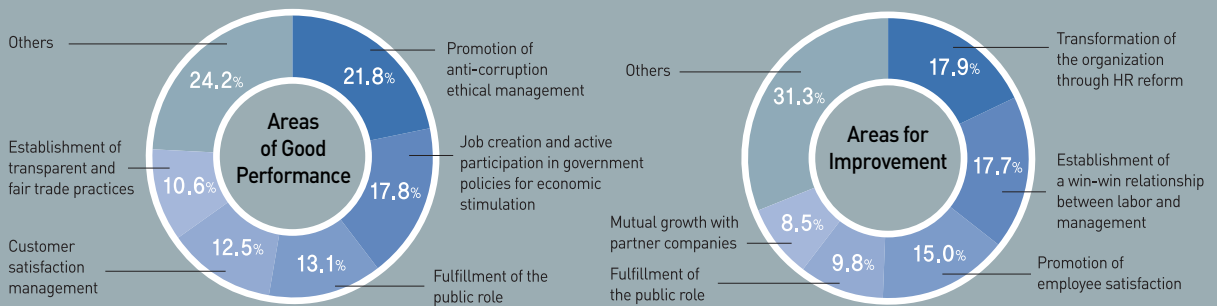
Key Performance

Category		Unit	2010	2011
Ethical Management	Total Integrity	Points	8.90	8.94
Employees	Number of Young Interns Hired	People	282	439
	Percentage of Female Employees among Regular Positions	%	17.0	17.2
	Training Hours Per Person	Hours	54	55
Customers	Customer Satisfaction	Rating	Top Rating	Top Rating
Partner Companies	Percentage of Purchases from SMEs	%	50.9	52.9
Local Communities	Social Enterprise Building Assistance	Number of Sites	3	5
	People Benefitting from Village Community Business	People Per Day	120	360
	Hours of Social Contribution Per Person	Hours	11.4	13.2



Stakeholder Survey

Internal and external stakeholders of LH who participated in the survey responded that LH excelled in ethical management, job creation, and active participation in government policies for economic stimulation. They also responded that LH needs improvement in the areas of transformation of the organization through HR reform and establishment of a win-win relationship between labor and management. LH will continue our efforts toward internal reform to accelerate the effective integration of the organization, and fulfill our role as a public corporation to contribute to the progress of the local community and the country.



Interview



Jung Tea-Gil

Secretary General of
Work Together Foundation

“I hope to see efforts toward a stronger social base through strengthened support for the socially vulnerable and better communication.”

As the working organization of Village Community Business, which is one of the main social contribution projects of LH, the Work Together Foundation has been carrying out various projects with LH since 2010. As a new type of community business that offers social and job opportunities, Village Community Business allows residents to transform low-income leased housing into hopeful communities. Various measures have been carried out to enhance the lives of residents, including the operation of after school classes for students, as well as providing meals during vacation time when children don't receive proper meals away from schools. Three pilot projects were launched in 2010 and five were added in 2011 for a total of eight Village Community Businesses currently in operation throughout the country. Village Community Business is meaningful not only because it has offered a new model in regional development, but also because it provides a good example of how a public corporation has led their social activities based on the nature of their work. In order for LH to promote sustainability as Korea's leading public corporation and to earn the support and trust of the Korean people, I hope LH will continue to expand projects that support the vulnerable in our society to realize housing welfare, which is one of the founding missions of the company. Moreover, the efforts of LH toward social responsibility and the subsequent results will need to be communicated to all outside stakeholders to strengthen social support to this end.

Ethical Management

System of Implementation

Strategy for Ethical Management

LH promotes ethical management with the aim, 'To build a foundation for sustainable management through the realization of Clean LH, leading to customer satisfaction.' To this end, LH has modified and expanded the implementing infrastructure, as well as discovered and operate participation programs to promote awareness. LH hopes that such efforts will help establish a system to correct the corporate culture at LH to become more clean and transparent and earn the trust of the entire nation.

[Hours of Training Per Person]

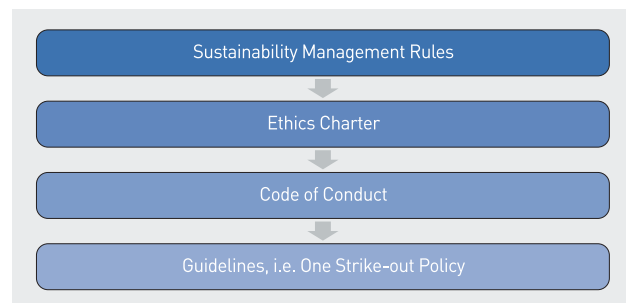


Category	Subcategory	Description
Organization and System	Ethical standards	<ul style="list-style-type: none"> ethics Charter Employee Code of Conduct Ethical guidelines
	Working organization	<ul style="list-style-type: none"> The Ethical Management Commission The Ethical Practice Secretariat The Anti-Corruption Working Task Group Special inspection groups, Clean-up Agents (CA)
	Integrity	<ul style="list-style-type: none"> Integrity portal Internal public reporting center Corruption reporting center Clean reporting center
	Work process	<ul style="list-style-type: none"> Publicize the entire bidding process Make the contractor assessment objective Using blind tests during quality testing
Evaluation and Feedback	Evaluation	<ul style="list-style-type: none"> Measurement of self-integrity Measurement of executives' integrity Diagnosis of employees' ethical awareness
	Rewards	<ul style="list-style-type: none"> Reflection of the internal evaluation BP selection Reward and punishment
	Feedback	<ul style="list-style-type: none"> Improvement of work processes, ethical standards, and programs Integrity ombudsmen
Training and Other Activities	Training and activities	<ul style="list-style-type: none"> CEO special lecture Integrity academy On/offline and customized ethics and integrity education
	Create culture	<ul style="list-style-type: none"> Integrity mileage Development of '1 department, 1 integrity activity' Clean-society Social contribution activities
	External communication	<ul style="list-style-type: none"> Ethical management brief Participation in the Policy Council UNGC participation

Systematic Approach to Ethical Management

In order to strengthen the implementation of ethical management, LH has created a system of ethical management, which will help establish an ethical corporate culture within LH by providing a clear guidance for the code of conduct and standards that all employees must comply with.

[System of Ethical Standards]



Implementing Organizations

The Ethical Management Commission is an LH group that reviews and votes on matters related to ethical management, which is chaired by the vice-president of the company. The Ethical Practice Secretariat and Anti-Corruption Working Task Group are affiliated LH groups that establish ethical management agendas and perform evaluations. Ethical management is practiced throughout LH in numerous other ways, including the designation of Clean-up Agents (CA) to lead integrity activities within respective departments, and the operation of special inspection groups and offices (in seven areas, including Seoul and Busan) to prevent corrupt acts from occurring in the first place.

Building and Operating Systems

LH has established an ethical management computer system to strengthen the implementation of ethical management within the company. Our Integrity Portal allows employees to report corruption and to share any information or news about integrity. We are the first public company to offer a voluntary wealth reporting system for executive-level employees and a reporting system to eradicate the act of accepting personal favors. Moreover, we have in place an integrity mileage system to encourage employees' voluntary participation in ethical management, as well as a policy to report outside lectures for pay.



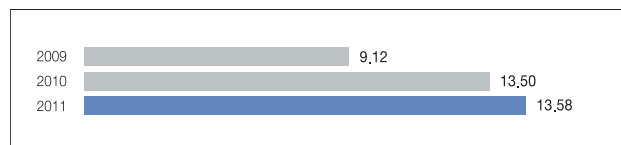
LH Integrity Portal - Clean House

Ethical Management Activities

Raising Awareness

In order to raise awareness about the need for ethical management and build consensus, LH provides various forms of integrity and ethics education to all our employees both on and offline, including cyber integrity training, the integrity academy, customized ethics training, and special lectures by the CEO. LH endeavors to make ethical management a part of our corporate culture through various activities, including holding integrity declaration ceremonies, signing job integrity contracts and integrity pledges, launching the 'World of Integrity' campaign to encourage practicing anti-corruption in everyday life, and forming Clean Society, a group dedicated to integrity on construction sites that includes contractors.

[Hours of Training Per Person] (Unit: hour)



Making Improvements

LH identifies tasks that may possibly become causing factors of corruption and makes improvements to the system to maintain consistency with our ethical management to promote transparency and integrity in our business. In the bid screening area, we implemented the clean screening system that completely discloses the entire screening procedure using CCTV and other tools. In the construction management area, we also implemented a completely open construction evaluation system that excludes the objective evaluation elements of the ordering body.

Spreading the Word

Our ethical management activities are not limited to just within the company, but we utilize various channels to communicate externally as well. We implemented a participatory ombudsman system open to the general public for the transparent monitoring of our work. LH's CEO mails out letters of integrity to the heads of construction companies to spread a culture free of personal favors. We also publish LH CSR briefs to share our ethical management efforts with stakeholders. We share examples and success stories of our ethical management activities with other agencies, and we plan to lead ethical management by promoting the reporting of corruption with our LH sale information mobile application.

Ethical Management Evaluation and Accomplishments

Evaluation and Diagnosis

LH implements evaluations and diagnoses to monitor ethical management activities. We carry out independent integrity evaluations to diagnose our employees' level of integrity and ethical awareness, as well as employee evaluations of their superiors. We will utilize the results to come up with improvements and reflect them in future activities and strategies for ethical management in order to establish ethical management as a part of our corporate culture.

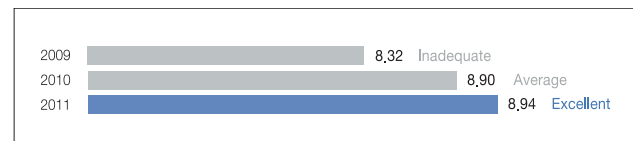
System of Reward and Punishment

Employees and departments that are recognized for their excellence in compliance with ethical management are rewarded with prize money and award certificates, while those that accept bribes are immediately dismissed under the one strike policy. LH also promotes integrity and ethics in all stages of the supply chain with stricter external rules where both the giver and acceptor of a bribe are punished and sanctions are taken against bribe givers to force them out of the site.

Our Accomplishments

LH's continuous efforts towards ethical management have been widely recognized. In an integrity rating by the Anti-Corruption and Civil Rights Commission, LH marked the biggest increase among public corporations in 2010, and was selected as the top agency in anti-corruption policies in 2011 for the third consecutive year while also being selected as a top agency for the first time. LH will continue to actively carry out our ethical management activities to earn the support of the Korean people.

[Integrity Evaluation by ACRC] (Unit: point)



Transparent Management

Anti-Corruption Activities

Strengthening Prevention

LH actively carries out various activities to prevent corruption through the promotion of reporting and strengthening of ethics standards. We have built a reporting system to eradicate the acts of bribery and personal favors that hinder the fair performance of tasks. Moreover, we prohibit the trading of land and housing and require reporting to ensure the prevention of any illegal activities using inside information.

[LH's Anti-Corruption System]

Objective	Description
Encourage reporting	<p>System of Reporting Personal Favors</p> <ul style="list-style-type: none"> When to report: asking of personal favors or brokering that undermines the fair execution of duties Incentive: reporters are deemed to have declined requests and are given integrity mileage Strengthening of PR: bimonthly pop-up measures informing about internal reporting
Raise ethical standards	<p>Drive out Bribe-givers</p> <ul style="list-style-type: none"> Provide sanction standards against bribe-givers <p>Restrict transactions between the Corporation and Employees</p> <ul style="list-style-type: none"> Prohibit business on land and housing to prevent transactions that utilize inside information, and make reporting mandatory

Prevention of Cash-Related Corruption

LH prevents corruption of regional indigenous companies by weeding out bribe givers from the site. The newly established Audit Information Committee provides an analysis and report of regional trends, civil complaints, and reports of corruption, which is utilized in disciplinary audits. Also, inspection offices have been set up in seven regions nationwide, with nine personnel from the Audit Department working full-time, and the number of disciplinary audit personnel has been increased from 6 to 13.



Clean Society

In order to eradicate the fundamental corruption of construction sites, LH voluntarily operates 'Clean Society,' a group dedicated to integrity on construction sites. Clean Society is a private group that comprises of the Director of Regional Headquarters or Head of Operations, head of in-office departments as well as on-site manager, and other on-site managers from contracting companies. It carries out various activities to eradicate possible corruption that could take place on sites, including holding meetings for the resolution of practicing integrity, providing training on integrity, and exploring ways to promote integrity through discussion meetings.



LH Clean Screening System

After the two corporations were consolidated in 2009 and LH was launched, the LH Clean Screening System was implemented in March 2010 to ensure a transparent bidding procedure. Under this system, the entire process starting with selection of screeners is disclosed via CCTV and other tools.

In order for the Clean Screening System to become more fair and transparent in 2011, we announced the evaluation method for the design in advance that takes into account the number of bidders. We also made all information related to bid screening available in one place so that it could be accessed more easily.

We opened an Open Screening page within the e-procurement system of LH's website where all information about bidding is available, including the procedure, schedule, and method of screening companies participating in the bidding. On the Knock-Knock page of our website, we added a new function where bidding companies can make inquiries or inform us about any difficulties or complaints regarding the bidding. Since the introduction of this system, various rumors surrounding the selection of bidding companies have been completely silenced and the system has been regarded as one of the best bidding systems.

LH is currently working to computerize the scoring process, from the current system where the screener writes the score by hand. The score that the screener inputs will appear on the screen, and the total score will be immediately disclosed once the scores have been entered in the system by all the screeners. The score computerization system will undergo thorough preparation and will be implemented later this year. In addition, we introduced an objective screening procedure according to a set evaluation chart to replace the subjective evaluation of the screeners in the lowest bid price system to strengthen the fairness and transparency of the screening process.

As a result of such efforts, 91% out of 70 construction companies who recently participated in our biddings answered in our survey that they were satisfied with our service. 96% responded positively with regard to fairness, with 69% of the respondents selecting 'very fair' and 27% choosing 'fair.'



LH e-Procurement System

Strengthening Internal Control

Reorganization of the Internal Audit System

LH has created a new system to manage audits and established a five-point auditing strategy' that reflects the auditing philosophies of all standing members of the committee. We have identified the future direction and challenges of the auditing process through a comprehensive analysis of auditing conditions. We have also set detailed working tasks according to the five-point strategy and have been implementing them in phases. Moreover, we have adjusted the audit plans to reflect the short-term working tasks, and provided an operational foundation for the audit committee.

[Internal Auditing System Working Process]



[Five-Point Auditing Strategy]



Audits to Support Stabilization of the Company

In order to achieve timely stabilization of the company, LH has created an appropriate audit portfolio to deploy auditing activities that support a balanced stabilization of the company. A comprehensive audit is implemented regularly at each head office to minimize any auditing blind spots, and we eliminated any inefficiencies and squandering of the budget with audits focused on core businesses. Through these comprehensive audits, we were able to improve working processes through 372 administrative disposals, and we improved our finances with KRW 83.4 billion of financial disposals.

Strengthening Internal Control

LH resolves current issues in management and takes preemptive measures against risks in our areas of weakness by expediting the execution of working expenses through business suggestions related to the 'State of Working Expenses Execution' and by preventing moral hazards through business suggestions related to the 'Use of the Company Card' and 'Managing the Company Car.' We also contribute to the decision-making of main management policies by continuously strengthening regular audits, and we enhance the optimality and reliability of financial information through the management system of internal finances and settlement audits.

Providing Information

Announcements

LH provides information regarding our business to our customers through our Business Announcement System. We created a separate page within our website for business announcements to disclose information such as budgets, account settlements, management plans, executive status, etc. We also provide information through other agencies, such as the ALIO system of the Ministry of Strategy and Finance and the DART System of Financial Supervisory Service. We will continue to lead and promote transparent management by providing accurate information.



LH Business Announcement System



ALIO System



DART System

Information Disclosure

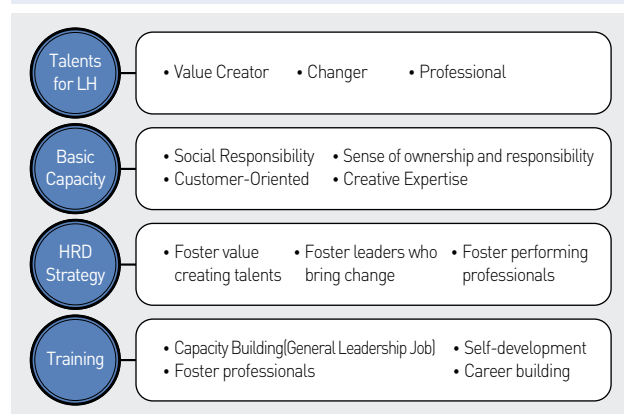
LH discloses all the information we possess and manage in order to ensure transparency in administration and guarantee the public's right to know. The LH website provides information about our information disclosure system, and customers can also request information. We continue to make improvements to the customer request system to minimize any inconveniences. We will continue to work hard to realize the fair and transparent disclosure of information.

Employees

The Right Talent for LH

As a company that aims to become a top-tier land and housing service provider that creates a place for happy lives, LH seeks talents who create value, lead changes, and possess professional capacities. To foster talents who meet such requirements, LH manages systematic training programs to support the capacity building and development of all employees.

[LH Employees]



As of 2011, the basic monthly salary of new regular employees was 192.4% of the legal minimum wage, and there were no wage differences between genders.

The turnover rate was 0.8%, which is only half that of 2010 and noticeably low compared to other companies in the same industry. LH has reserved a total of KRW 61.1 billion in 2010 and KRW 58.2 billion in 2011 for retired employees.

Monthly salary of new employees compared to the legal minimum wage (Based on basic salary) (Unit: %)



Turnover Rate (Unit: %)



Retirement Funds (Unit: KRW billion)



Current Employment Status

As of the end of December, 2011, the total number of regular employees at LH is 6,495 (including one head of organization and six executive directors) and the total number of non-regular employees is 992. LH also hired 439 young interns to contribute to job creation in our society.

Of the entire regular workforce, women make up 17.2%, and female managers make up 0.8%. LH strictly prohibits any discrimination based on gender in all HR matters. As part of our continuous effort to fill more high positions with women and to realize gender equality, LH became the first public corporation to appoint an openly-recruited female employee in a top-grade department head position in 2011.

LH also offers greater preferential treatment to the hiring of those vulnerable in our society, with disabled employees comprising 2.4% of our entire regular workforce.

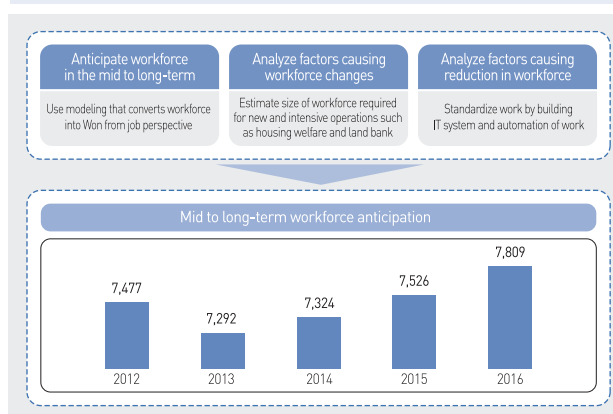
[Current Employee Status]

	Category	unit	2010	2011
Total	Regular employees	People	6,629	6,495
	Non-regular employees	People	1,134	992
	Young Interns	People	282	439
Gender Equality	Percentage of female employees out of the total regular employees	%	17.0	17.2
	Percentage of female managers out of the total regular employees	%	0.8	0.8
Socially Vulnerable	Percentage of disabled employees out of the total regular employees	%	2.3	2.4

Medium to Long-term Plan to Manage the Workforce

Since the consolidation, LH hired three new employees in 2010 and six new employees in 2011, and LH has been experiencing a shortage in the workforce for our projects. Thus, we are planning to hire 500 new employees in 2012 by increasing the maximum number allowed. By anticipating the changes in the number of projects and the resulting demand for the workforce, LH plans to provide a stable foundation for the operation of our business by devising medium to long-term plans to ensure the effective arrangement of labor resources.

[Plans to Manage the Workforce]



Fair and Transparent Hiring

Better Hiring Process

In order to promote the fairness and efficiency of the hiring process, LH has re-established the hiring process model. LH also participates in open job fairs for government agencies to secure future talents.

[Our Improved Hiring System]

More opportunities	<ul style="list-style-type: none">• Modify Engineer certificates to a preferential item rather than a prerequisite• Increase the recognition scope of linguistic skills, such as the Korean Language Test• Give preference to candidates who passed the National History Exam										
Strengthened interviews, with outside experts	<ul style="list-style-type: none">• Raise the interview weight from 30% to 60%• Conduct multi-dimensional interviews by adding discussion interviews• Outside experts enhance fairness and transparency of interviews										
Specialized Experts	<ul style="list-style-type: none">• Plan to hire 90 positions, 18% of new employment, for experts in overcoming financial crises• For applicants with various certificates such as CPA, exempt from 1st round [resume, etc.]										
Quotas	<div><ul style="list-style-type: none">• Regular Open Recruitment: Hire a balance of people from society<table><tr><th>Category</th><th>Disabled</th><th>Men of Merit</th><th>Women</th><th>Talents from non-capital regions</th></tr><tr><td>Target</td><td>5%</td><td>6%</td><td>25%</td><td>30%</td></tr></table><ul style="list-style-type: none">• Open Recruitment for HS graduates: a quota set for each region</div>	Category	Disabled	Men of Merit	Women	Talents from non-capital regions	Target	5%	6%	25%	30%
Category	Disabled	Men of Merit	Women	Talents from non-capital regions							
Target	5%	6%	25%	30%							

Creating Jobs for All Ages

LH fulfills its role as a leading public corporation in job creation by diversifying age demographics in hiring.

20~30's	<ul style="list-style-type: none"> Open Recruitment for HS Graduates (200) Regular Open Recruitment (300) 	<ul style="list-style-type: none"> Regular employment (full-time) Conducts unique key tasks
	<ul style="list-style-type: none"> HS Graduate Interns (100) Young Interns (400) 	<ul style="list-style-type: none"> Non-regular employment (full-time) Site-oriented hands-on experience Give preference to hiring top interns for regular positions
60's and over	<ul style="list-style-type: none"> Silver Employees (2,000) 	<ul style="list-style-type: none"> Part-time position(5hrs/day) Maintains facilities and manages leases

Hiring of Local Talents

LH seeks to expand local hiring and to conduct business efficiently by actively utilizing the local workforce of the business regions.

The hiring target for local talents in youth interns was set at 50% for 2011, but the actual number exceeded the goal with 53%. We also plan to fill 30% of regular open recruitments with local hires, with regional quotas for high school graduates for 2012.

Expand Hiring of High School Graduates

LH wishes to realize a society of symbiotic development where employees are treated according to their ability instead of academic credentials by hiring more high school graduates and building a model for the hiring, promoting, and fostering of high school graduates. Some standardized tasks of Grade Four and below have been categorized as positions that allow high school graduates, and we have established and institutionalized a hiring model for high school graduates. Moreover, we plan to institutionalize a talent fostering program that allows employees to study while employed in order to foster talents that possess occupational knowledge as well as special expertise.



LH Silver Employee System

The Silver Employee System that hires able senior citizens over 60 years of age is the first re-employment program for senior citizens adopted by a public corporation. With the shortage in caretakers of leased apartments, the solution was to hire senior citizens who had the ability to work but had difficulty finding re-employment positions. The program was adopted with the idea that the benefits could be three-fold - creating jobs for the elderly, filling the shortage of leased apartment caretakers, and enhancing residents' satisfaction with living conditions.

The 2,000 Silver Employees who were selected in 2010 worked four hours a day for five days a week for a monthly wage of KRW 500,000 at 560 LH leased apartment complexes throughout the country for a six-month period. They performed maintenance checks throughout the complex, looked after households that required special attention, and performed other tasks to support the welfare of the 250,000 residents. Based on this great success, LH is currently recruiting the second group of Silver Employees for the year 2012.



LH Silver Employees recruitment poster



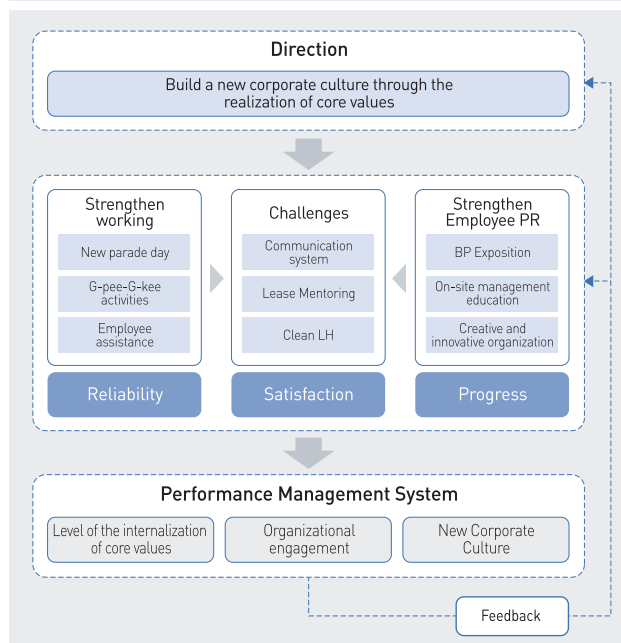
LH Silver Employees launching ceremony

Building a New Corporate Culture

Action Model for a New Corporate Culture

LH realized the need to diversify our corporate cultural activities for the internalization of our core values so that the results of organizational consolidation can bring about a new corporate culture for LH. Thus, LH prepared an action plan to build a new corporate culture in 2011.

[2011 Action Plan for New Corporate Culture]



Programs to Promote Core Values

LH has adopted 'New Parade Day' and 'G-Pee-G-Kee' as the representative brands of the new corporate culture to encourage the practicing of core values. The New Parade Day is an event for organizational harmony, customer satisfaction, and capacity building where employees can share the core values with one another. G-Pee-G-Kee is a program to build 'a great workplace', and it was named by combining the first letter of the word 'great' with the Korean pronunciation of the Chinese saying 'Know your enemy, and know yourself.'



New Parade DAY



G-Pee-G-Kee

LH cultivates core values and promotes open communication among employees with the Employee Assistance Program, which provides support customized to the employees by reflecting the needs of each class.

[Result of Employee Assistance Program]

Category	Name of Program	Number of Participants
EAP per class	Grade 2 and above	Workshop for Married Couples
		38 Pairs
	Grade 3 and below	Family Camp
		451 People
		Education Camp
		198 People
	Grade 4 and below	Workshop for Singles
		17
Special Employee Training	Special Training to build a great workplace	Head office, plus 12 regional offices

We also expanded the window of communication among employees by hosting a Discussion Outing with the CEO, Lunch Outing with the CEO, and a socializing outing for employees.



Education Camp for Children of Employees



Lunch Outing with the CEO

Such efforts to create a new corporate culture has been well-received by LH employees and is contributing to the building of a relationship-oriented culture.

[Trends in Corporate Engagement]

Above 4 pts. for three consecutive years



* 1 point (very low), 3 points (average), and 5 points (very high). Due to this, having more than 3 points is a positive status.

Fostering Talents

Talent Fostering Program

Since the consolidation, LH realized the need for strengthened hands-on training to establish site-focused management, and the need to support sales capacity and responsible management to overcome financial crises. LH also saw an increase in the need for customized job training with the expansion of cross deployment of employees according to their background. Thus, LH has developed various talent fostering programs with the aim of fostering efficient employees and high performers in each working area by strengthening and diversifying business assistance, such as training to enhance customer service and marketing. We have contributed to the productivity of the organization that focuses on customers and sites with training in key working areas, and we enhanced on-site utilization with training courses that reflect current issues in management, such as overcoming the financial crisis.

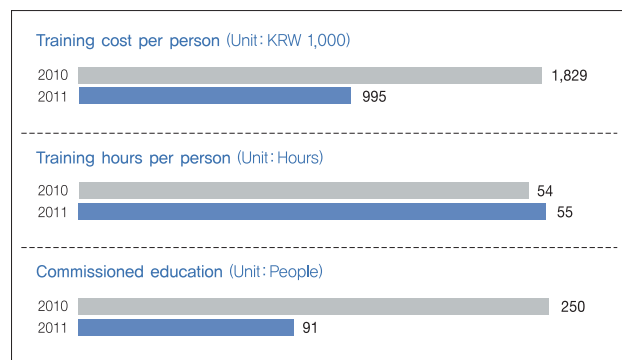
Customized Leadership Building Training

LH provides leadership training with a systematic curriculum that was designed based on the key abilities required in each position and suitable for each employee's capacity in order to foster a comprehensive system for acting competently and to enhance more detailed abilities. We provided a foundation to foster leaders by recognizing anew the role of the leader and building capacities, and we optimized the results of training by strengthening the sense of unity with interactive programs and a unity program.

[Customized Training Courses]

Category	Program
Job Training Courses	Courses to support business outcomes, such as thinking about profit and loss, etc. [243 courses, completed by 3,340]
Self-developed Online Courses	Self-developed cyber courses on laws related to employee's work areas [16 courses, completed by 7,101 employees]
Core Area and Specialized Courses	Key areas such as sales capacity and responsible management, and working skills for standard contract of overseas construction, etc. [139 courses, completed by 1,250 employees]

[Result of Employee Training]

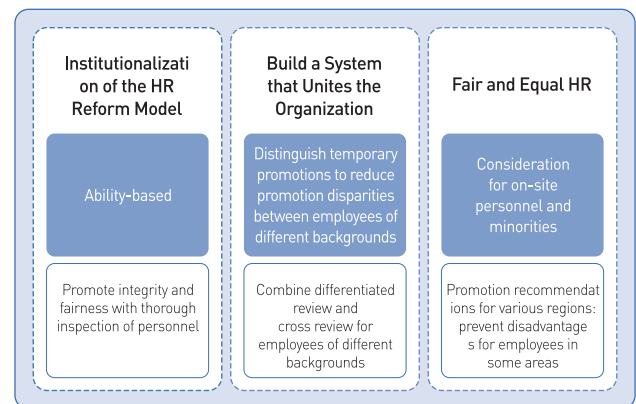


Fair Performance Evaluation

Performance-based Corporate Culture

LH ensures fairness in HR management by conducting promotion reviews based on ability and performance for all employees. We have linked ability to efficiency ratings by reflecting ability for at least 66% in efficiency ratings, and our graduated reward system rewards employees based on the performance of each individual. In 2011, a large-scale promotion was carried out based on the ability and performance of employees and first promotions were made in 2012 after next-generation leaders were discovered during the periodic personnel review.

[Promotion Review System]



[Graduated Reward System]

Category	Description
Graduated Monetary Reward	Reflect the results of performance evaluation for the payment of differential salaries (for Grade 1 and 2, graduated rate: 50% adjustment from normal amount)
Appointment Management	Utilize the employee's capacity and performance results as basic information for appointment
Promotion Management	Reflect the comprehensive efficiency rating when selecting candidate for promotion
Training Management	Reflect the efficiency rating when selecting training participants (degree course 25%, research course 40%)

Achieve Management Goals with Reward and Punishment

LH has established a clean corporate culture by strengthening measures against those who commit corrupt acts and driving them out, including the one strike-out rule, adoption of regional inspection branches, which is a first for public corporations, and creating a system on the intranet where employees can report cases of personal favor requests. LH also has a systematic reward policy where employees are awarded based on capacity and performance.

Welfare Program

Reasonable Welfare Program

LH has made improvements to the welfare program according to changes in society and government policies. We support employees with multiple children in response to the low fertility rate and increase in childcare costs, and we provide leased company housing with various payment options (one-time deposit or deposit plus monthly rentals) in response to the shortage of affordable leased houses. We have also expanded loans for the tuition payments of employees' children.

[Details of Improvements to Monetary Welfare]

Category	Description
Support Employees with Multiple Children	Payment of gift money for childbirth(KRW 1 million per child)
	Expand workplace childcare facilities (regional headquarters within capital area)
Company Housing with Payment Options	Offer company housing for lease, with either a one-time deposit or deposit plus monthly rent
Expand Loans for the Tuition of Employees' Children	In addition to university education, support other specialized courses such as vocational training

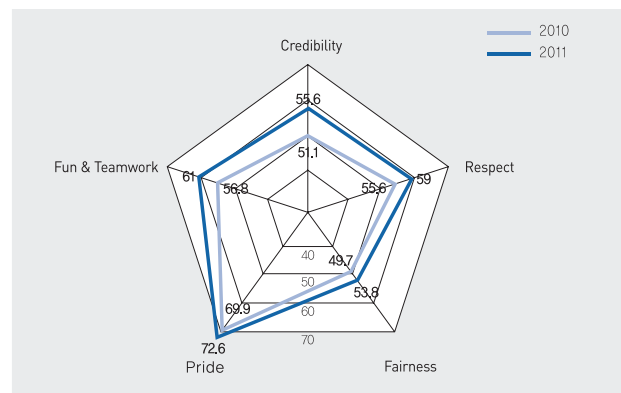
Moreover, we have made improvements to non-monetary welfare programs, such as the internet discount store for employees and graduated selection of medical checkup items. We also resumed the project on work welfare fund which had been discontinued since the consolidation..

[Improvements to non-monetary Welfare]

Category	Description
Management of Employee Health	Graduated checkup system within the total reimbursement amount limit - choose graduated checkup items within maximum amount of KRW 500,000 for married couples
	Flu shots at half market price for employees and their families
	Expand the number of clinics available for medical checkups (13 clinics, as of 2011, 8 months)
Other Non-monetary Welfare	Internet discount mall for employees, where they can purchase various goods at lower prices, including daily necessities
	Direct operation of company cafeteria (since December 2011)

Through our welfare program, we provide an environment where all employees can work with integrity, and it has led to an actual increase in job satisfaction.

[Trends in Job Satisfaction (GWP)]



Balance between Work and Family

LH has adopted a short-term working system (part-time) and a flexible working system to enhance work productivity by allowing employees to seek balance in their lives between work and family. We hired 33 short-term employees in 2011, and we are revising employment policies to adopt a temporary work hour system and intensive working hour system. We have also encouraged female employees to continue working by increasing the condition of childcare leave to children under eight years of age (as compared to six years of age previously), which expands the number of eligible female employees(487) and thereby promotes better utilization of the female workforce.

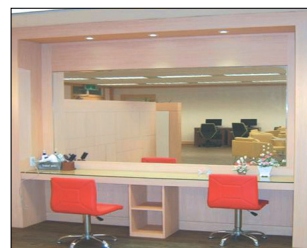
[Welfare Programs for Family-Oriented Management]

Happy Family Program	Strengthen family unity through interactive family programs, including family camps and workshops for married couples
Support Education for Children of Employees	Financial support for middle and high school and promotion of self-directed learning through education camps for children of employees
Community Service Opportunities for Children of Employees	Bring your children to work day, to instill in children a sense of respect for their parents and to indirectly support children's education by issuing community service certificates [Total 869 participants in 2011]
Family Day	Encourage employees to leave work in a timely manner on every Wednesday, to spend time with their families

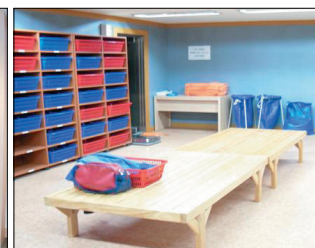
Better Accommodations

LH seeks to create a comfortable working environment for our employees by making improvements to our accommodating facilities, such as the office, restrooms, lounges, and other rest areas, cafeterias, and medical facilities. There has been a shortage of lounges for female employees, so we have newly built powder rooms and ondolbangs (rooms with a Korean heating system) to provide an area of rest and communication for women. We have also made improvements to the showers to make it more sanitary. Moreover, we ensured the cleanliness of all toilets, bidet nozzles, and other surrounding equipments by controlling the spread of germs and keeping them clean, thereby contributing to the health of employees.

To meet the requests of employees with regard to welfare services, including the cafeteria menu, quality of food supplies, size of medical facilities, and staff services, we added seasonal menus to the company cafeteria and hired more dentists to reduce the waiting time from 2-3 days to within the same day.



Powder Room



Showers

Advancement of Labor-Management Relations

Reaching a Consensus between Labor and Management

Since the consolidation, there has been a lack of a communication channel between labor and management due to the continued delay in the establishment of a joint labor-management conference. Thus LH has created a conference where both labor unions participate which will bring win-win results for all. LH also conducted a company-wide direct vote for a labor member of the joint conference, which is a first for a public corporation.

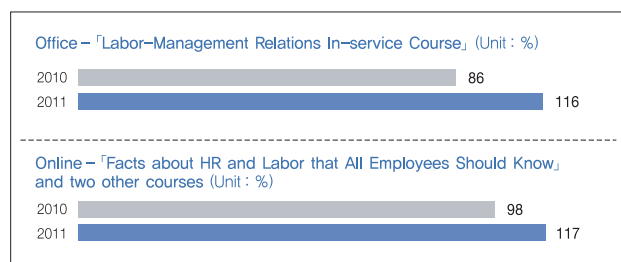
LH manages a fund to promote organizational unity and employee welfare, and we actively implemented the joint labor-management conference at the site level by building a process where any issues and difficulties at the site level conference are communicated to the head office conference.

In order to reduce any conflicts between employees of varying backgrounds and to promote organizational unity, LH supports the 36 social groups within the head office, including groups for soccer, hiking, and tennis, and we also support social groups in the regional offices.

Strengthening Labor Capacities

In order to build an advanced labor-management culture, and for the specialization of labor, LH has commissioned an outside agency for the education of labor managers to enhance their labor capacities, and we also conducted labor education training of our own for all employees of the company. We continuously manage a labor personnel pool and seek ways to resolve current issues arising between labor and management.

[Results of Labor Education]



Building Reasonable and Lawful Labor-Management Relations

LH's two labor unions allow employees of Grade Three or lower to join, and joining and withdrawing from the union is at complete free will. As of December 2011, there were 5,618 members in the union. Employment rules limit the employment of teenagers, and we require compliance with local employment laws regarding the prohibition of forced labor. Moreover, we establish a reasonable and lawful labor-management relationship by supporting union activities based on collective agreement.

Resolve Issues through Bidirectional and Upward Communication

LH has build an on-site One Stop complaint processing system (Solution 135) to resolve any employee complaints in a timely manner, and promotes organizational unity and cooperation between labor and management through various channels of communication, including joint on-site patrols and a CEO Direct Hotline.

Also, recognizing the need for a channel of communication that will allow employees to speak to higher personnel, and the need to resolve difficulties of employees that may result from intensive efforts to stabilize the business, we have put in place a CEO Direct Hotline to directly listen to and process any complaints by employees. In addition, by promoting the CEO's bidirectional communication with labor unions and employees, we have resolved conflicts that may arise between labor unions due to the consolidation of employees from various backgrounds, as well as conflicts between labor unions and employees by sharing information, thereby achieving harmony and building a foundation for a consolidated labor and management.

[Bidirectional Communication Channels]

Communication Channel for Labor and Management	Communication Channel for Employees
<ul style="list-style-type: none"> Regular and non-regular roundtable meetings Regular tea meetings between the CEO and the head of the labor union New year kick-off meeting for executives Share management status at labor events The CEO visits labor union branch while on-site 	<ul style="list-style-type: none"> Discussion Outing with the CEO Socializing outings Open discussions with onsite employees Consultation with female employees Junior Board CEO Direct Hotline

[Result of Complaints Processed per Channel]

Category	Result
CEO Direct Hotline	<ul style="list-style-type: none"> CEO Direct Hotline allows the CEO to directly listen to the difficulties of employees. 38 cases resolved in 2011, including improvements to the women's lounge area and policy for childcare leave.
Women's Hotline	<ul style="list-style-type: none"> Appoint two senior members (one female director from each labor union) to specialize in consultation with female employees and dealing with issues such as: gender discrimination, sexual harassment, health, childbirth, childcare, etc. Conduct sexual harassment prevention courses for all employees twice a year
HR Hotline	<ul style="list-style-type: none"> HR consultation via an online hotline system. 792 cases processed in 2011, 640 were resolved.
Joint On-site Patrol	<ul style="list-style-type: none"> Labor managers from the head office and executives from the labor union visit sites together and listen to on-site difficulties (58 cases in 2011)

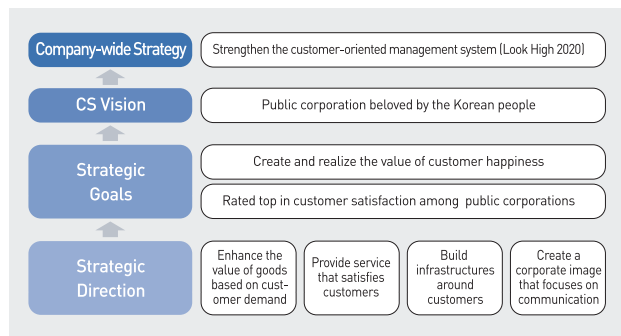
Customers

Strategies for Customer Satisfaction Management

Medium to long-term CS Management Strategies

In order to institutionalize the strategy for customer service management, which is a lower working system of the company-wide strategy, LH has established the CS Management Strategy 2015, the first ever long-term customer satisfaction strategy for LH. This strategy will enable LH to pursue CS management that is linked to the company-wide strategy of LH, and company-wide participation will enhance the implementation of the strategy and help build a consensus.

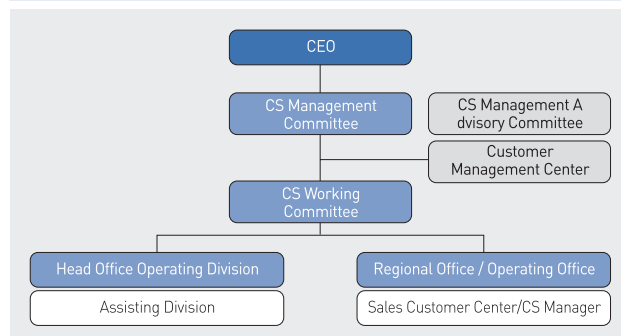
[CS Management Strategy 2015]



Working System

LH has in place a Customer Service Management Committee, which is a group under the immediate supervision of the CEO that deliberates and decides on matters and management activities related to customer satisfaction management. In order to reflect the latest trends in CS management in our activities, we have newly established a Customer Service Management Advisory Committee to provide expertise and help in the deliberation and decision-making of the Committee. Also, we implement and monitor CS management throughout LH through various means such as the operation and support divisions in the head office, and CS managers and sales customer center of the head and regional offices.

[CS Management Working Organization]



Enhance Customer Satisfaction

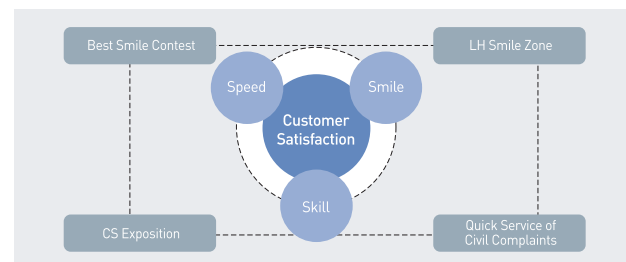
Company-wide Response System for Customer Satisfaction

To process customer complaints arising from the housing recession, LH has built a company-wide response system. This is a new evaluating system for customer satisfaction management that considers even potential customers, with a nationwide review reflecting 90% of customer satisfaction level asked of all purchasing customers, and national sentiment reflecting 10% of survey against the general public. LH is strengthening service training for contact points with customers, such as the Happy-up activity, and we are working hard to enhance customer satisfaction through various measures, including timely processing of civil complaints.

3S Movement for Customer Satisfaction

LH builds a stronger foundation to respond to feedback from the Korean people by carrying out the 3S Movement for Customer Satisfaction - smile, speed, and skill. We select 3~4 employees with 'best smiles' every quarter to spread the story of kindness, and we designated the point of contact with customers as an 'LH Smile Zone', a special area focused on customer satisfaction that creates a comfortable environment and convenient facilities for customers. We also held the CS Exposition, a contest for the best slogan, ideas, and essays to promote the customer satisfaction mindset, and our Quick Service for Civil Complaints provides services to our customers without any delay.

[3S Movement]



LH Smile-Zone



LH Smile-Zone Poster

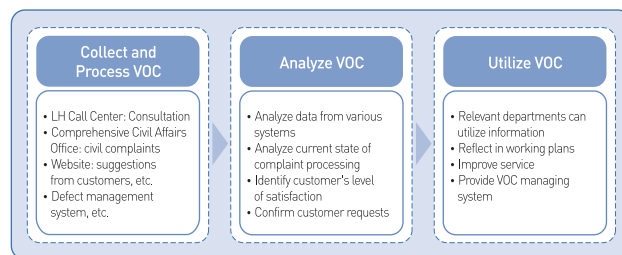
Rated 'Top in Customer Satisfaction' for three consecutive years

Since the consolidation, LH has carried out various measures to enhance customer service through communication. As a result, LH was rated top in a survey conducted by the Ministry of Strategy and Finance on customer satisfaction of public corporations, which is the third time in a row. LH plans to continue strategic CS management activities actively based on the CS Management Strategy 2015 to become a beloved public corporation by the people of Korea.

Enhance Customer Service

VOC Management System

LH has built a system and process to manage the Voice of Customers (VOC), which is utilized to systematically identify customers' requests and resolve any issues arising at customer contact points.



Launch of the LH Call Center

The LH Call Center was first opened in 2009 to provide customer help and to create a database. With the advancement of the contact system in 2011, we were able to collect the voice of customers more quickly and accurately, enabling us to better respond to customers' complaints. Starting in April of 2011, the call centers that were distributed throughout the regional offices were all consolidated into the head office and newly launched as the LH Call Center (1600-1004).

[Efforts to Improve Quality]

Better Systems	<ul style="list-style-type: none"> Adoption of advanced system functions Equipment capacity expanded from 100 people to 130 people
Better Consultation	<ul style="list-style-type: none"> Additional 72 consultants for a total of 105 Raise the response rate from 74% to 91% as a result of better quality consultation Reduce the transfer rate of operators

New Comprehensive Civil Affairs Center

In July of 2011, LH established a comprehensive civil affairs center to strengthen the management of complaint processing, to enhance work capacities, and to provide better services to the customers. We also increase the efficiency of processing complaints with our 365 Days No-Delay Campaign, which encourages timely processing, the complaint mileage system and the complaint portal, and the consultation we provide through ACRC.



LH Comprehensive Civil Affairs Office

Modifications to Customer Terms of Service

In order to improve unfair customer service, LH has made improvements to the customer service system, including building a complaint management system. We continuously seek the causes of complaints, measures that could be taken against them, and ways to improve the system, thereby taking the suggestions of customers and revising the customer terms of service. LH is a seller under the lease contract, and thus the obligation to notify any changes to development plans of LH have been stipulated to limit LH's exemptions from responsibilities. We also modified the customer terms of service to better reflect the customer's point of view, such as a special contract for the prepayment discount system and acquisition tax resulting from yearly installments.



LH Call Center Service, KS Certified

To communicate better with our customers, LH has built a Total Consultation System with Consulting Manuals. Moreover, we foster specialized consultants to provide high-quality, customized consultation to our customers, and our efforts have been focused on the systemization of call center tasks, rather than standardization. As a result of such efforts to provide high-quality, customized consultation to our customers, LH was certified by KS for service, which is a first for the construction industry.

At the LH Call Center (1600-1004), 105 consultants process an average of 11,500 calls per day from 9 AM to 6 PM. They provide comprehensive consultation services regarding various topics that include affordable housing, leased housing, land, and shopping arcade buildings.



LH Call Center, KS Certified

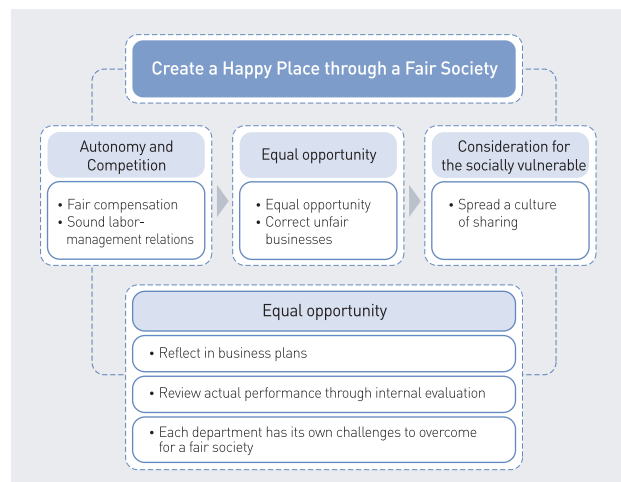
Partner Companies

Realize a Fair Society

Working Strategy

LH provided a working system to realize a fair society by reflecting the business plans, founding mission of LH, and basic conditions that seek mutual prosperity and the reduction of bipolarization. In 2011, LH came up with 15 major challenges to lead a fair society and devised a working system for shared growth, and participated in various measures such as hosting a Symbiotic Development CEO Workshop.

[Working System]



Working Organization

LH has devised a company-wide plan for pursuing a fair society and designated departments to take charge of each task. The Fair Society Working Committee is comprised of executives and the department heads of each task. We have expanded the organizations related to the fair society, with the Office of Planning and Coordination in charge of fair society matters, the Social Contribution Committee and Sharing Volunteer Group overseeing social contribution matters, and the Mutual Growth Working Group overseeing mutual growth related matters.

Establish Business Order for Subcontractors

LH establishes a fair business order on the construction site through a survey of subcontractors. In addition to confirming payment to subcontractors, we revised the systems relevant to subcontractors. In particular, we strengthened monitoring of the allocation method for prepayments and the legitimacy of reasons for delayed payments, and we put in place a specific working process with regard to the direct payment of prepayments by the ordering body. The payment rate to subcontractors was 99.9% in 2011, which is 0.14P% higher than the previous year.

We also took measures to prevent delays in salaries with the early establishment of RFID and direct payment system for delayed payments. We also improved the management system for law-abiding subcontractors as well as problematic companies.

Enhance the Fairness of Screening Systems

LH promotes technological competition with the improvement of screening standards of design contests by surveying contest participants. Also, we enhanced the fairness of technical service screening by unifying the contest entering methods for various fields such as apartment buildings, general building structures, landscaping, civil engineering, and PR centers, through the revision of contest screening guidelines.

Signing of Fair Business Agreements

LH signed a Fair Business Agreement with 188 companies during the first round, and 970 companies during the second round, to provide a foundation for fairness on construction sites. We have built equal partnerships through mutually horizontal relationships, and we will do our utmost to improve the quality of our products.



Signing Ceremony for LH Mutual Growth and Fair Business

Reward for Excellent Construction Companies

In order to encourage construction companies to stay committed to high quality, LH selects and supports a few excellent companies.

We refer to evaluations by other agencies such as the Ministry of Land, Transport, and Maritime Affairs and the Construction Association of Korea, and we provide incentives to excellent companies by offering them greater advance payments or giving additional points during screening for bids.

We also held a Construction VE Exposition to reduce costs and enhance value, and awarded 10 companies out of a total of 400 companies that participated from throughout the country.

The awarded companies were presented with an incentive certification as part of LH's construction site management system, and will be given additional points during screening when participating for bids.



Excellent Construction Company award ceremony

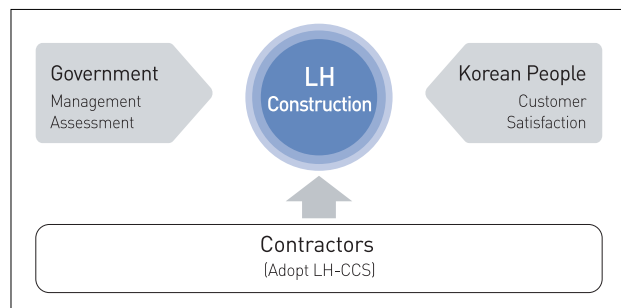


Construction VE Exposition award ceremony

Survey of Satisfaction by Construction Company Participants

For an objective and fair evaluation of all areas of construction management by participants of the construction industry, we conduct evaluations of the ordering body's customer satisfaction.

[Overview of the Ordering Body's Customer Satisfaction Evaluation]

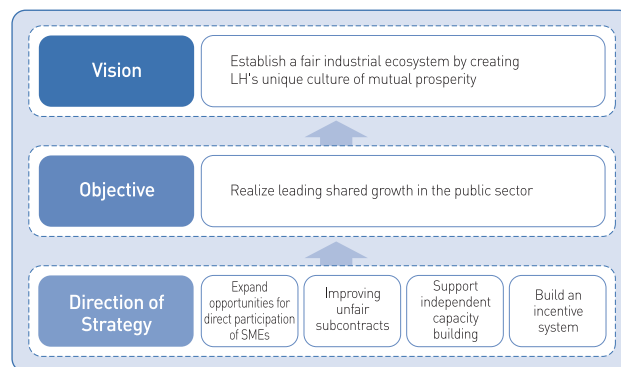


* LH-CCS(Construction Customer Satisfaction)

Support Shared Growth

Working Strategy

LH has devised a plan for mutual growth with the aim of leading shared growth in the public sector



Working Organization

In order to pursue shared growth systematically, LH formed the SME Assistance Division in 2010 to take charge of shared growth matters. In 2011, a Shared Growth Working Group was formed, with the head of procurement and contract leading the group. The group oversees support for shared growth, including direct purchases from SMEs and devising plans to apply materials. We plan to expand training and to have more regular performance feedback in 2012 to ensure that the culture of shared growth and mutual prosperity spreads throughout all areas of the construction industry.

System Improvements

LH listens directly to the difficulties faced by SMEs and reflects them in our measures, and we have improved our existing system to reflect shared growth.

We made it mandatory to use a standard subcontracting contract, based on the requests of SMEs regarding payments and the fulfillment of contracts, and we also strengthened the system of direct payment to subcontractors. We prevented low-cost contracting by newly applying an evaluation (point reduction) item according to the plan for subcontracting at the time of inspection for improper classification, including the apartment in Songpa Wirye and 39 cases of contracts. We are also doing our utmost to improve unfair contract systems with various measures, including strengthening the effectiveness of premium plans for small-scale constructions and doubling the major contractor partnering constructions.

We preemptively provide information about price inflations to SMEs, including details about advanced evaluation of price fluctuations and calculating programs.



The CEO's Efforts to Lead Shared Growth

At LH, the CEO spearheads the effort to lead mutual growth. In order to create a culture of mutual prosperity, the CEO reiterates LH's commitment to shared growth through various external activities such as attending the founding ceremony of the Shared Growth Conference and speaking about our progress, and giving special lectures to students in SNU SOC Policy courses and the Federation of Construction Associations. The CEO also participates in company events and visits construction sites to emphasize the importance of spreading a culture of shared growth.



CEO's Special Lecture at SNU's SOC Policy Course

Support Activities for Shared Growth

• Technological Assistance

We have built a support system to reinforce the R&D capacities of SMEs and set aside a department that is in charge of handling related matters. SMEs can submit online requests for the gratuitous use of 86 of the total 216 patents owned by LH. Currently, we have allowed the free use of two patents from the two applications we received as of 2011. Moreover, in order to secure independent abilities for SMEs, we continue projects supporting technological developments as well as R&D. As of 2011, we currently provide 6 different R&D assistance for energy related construction, and we also support the development of top initial processing facilities such as street inlets and C&S manholes.

[Result of Support for Joint Research and Development]

Joint R&D Budget (Unit : KRW 100 millions)



• Promote Bid Participation of Female-run Companies

For companies run by females whose percentage of civil engineering and construction work comprises of more than 10%, LH grants an additional 10% to the company's management state evaluation point. We have also adjusted the project scale eligible for additional points from the original KRW 300 million ~ 1 billion to KRW 300 million ~ 5 billion to expand support for more female-run companies

• Increase SME Bid Participation

LH offered more opportunities to regional SMEs (subcontractors) by setting the order price to below 700 million KRW separately by categories during the selection of companies for the maintenance and repair of leased apartments and multiple dwellings. We also encouraged more bid participation by SMEs by reflecting the regional mandatory joint subcontracting proportions as additional points. Among the 1,195 construction projects that were ordered in 2011, SME participation was at 97%.

• Purchasing of SME Products

Although the overall budget reduction in 2011 led to a decrease in the actual purchasing amount of SME products, the proportion it comprises out of the total purchases increased by 2%P from the previous year to 52.9%. The number of items purchased also increased to 72 different items, which is a 2.5 fold increase from the previous year.

[Purchasing of SME Products]

Category	Units	2010	2011
Total Purchasing Budget	KRW billion	14,862	9,949
SME Purchasing Amount	KRW billion	7,561	5,267
SME Purchasing Rate	%	50.9	52.9



Top Institution in Shared Growth Efforts

LH's active and continuous efforts toward shared growth have been widely recognized. LH was honored to be selected as the top institution in terms of shared growth efforts in numerous domestic awards and rankings.



Korea Economic Daily's 'CEO of the Year - Social Responsibility Category'



Digital Chosun Ilbo's 'Selection as Successful Case of Shared Growth'



Korea Herald Business's 'Green Living Culture Awards-Shared Growth Category' Grand Prize

Job Creation in the Private Sector

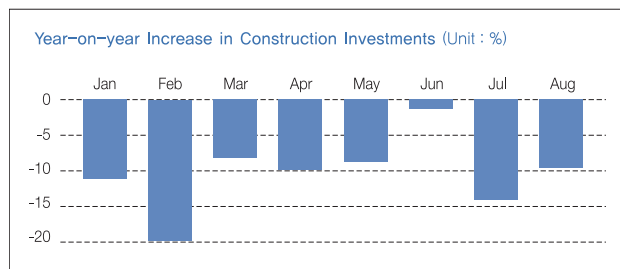
It has been called upon LH to play a greater role in reducing growth without employment and to mitigate bipolarization in our society. With our comprehensive company-wide job creation plan and its systematic implementation, LH created approximately 200,000 jobs in the private sector in the year 2011.

More Investment Projects

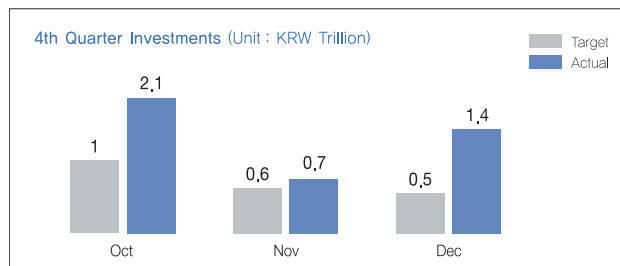
Thanks to the collection of payments and good selling performance in 2011, LH was able to place 60% more orders compared to 2010, which stimulated the private sector economy and contributed to job creation. In 2011, LH contributed to the vitalization of investment in the construction industry in Korea by actively carrying out investment projects amounting to KRW 11.4 trillion. In order to maximize the economic effects of the projects, we made advance payments of KRW 710 billion, and we also encouraged active execution of the working expenses through workshops, construction site inspections, and meetings. The amount of projects ordered by LH is directly correlated to the soundness of the entire construction industry; thus, the Special Committee on Financial Execution continuously monitors the amount.

With the expansion of our investment projects, 191,599 new jobs were created in 2010, and 167,817 jobs in 2011.

[Efforts to Stimulate Investment in the Construction Industry]



* Source: Statistics Korea "Industry Trends"



Increase Outsourcing

LH aims to create a work efficient organization and to maximize the convenience of our customers by utilizing outsourcing. LH's comprehensive call center outsourcing strengthens the creation of new jobs as well as customer satisfaction.

Partnerships with the Private Sector

LH has carried out a total of 13 large-scale joint development projects with the private sector in areas such as Asan and Pangyo, thereby hiring 1,009 people. Also, our joint overseas projects in Indonesia, China and Vietnam created 272 new jobs. Also, at the end of 2011, we purchased 2,843 new multiplex housing and created 1,841 new jobs.



LH-South Sudan MOU Signing



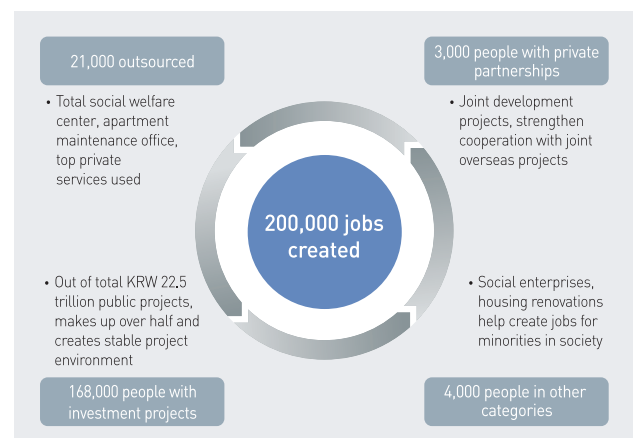
Seoul Southern District Correctional Institution Transfer

Other Efforts to Create Jobs

In other areas of business where labor is needed, such as social contribution and the remodeling of houses, LH utilizes the private sector workforce, thereby contributing to job creation in the private sector.

• Possible Areas

Category	Contents
Social Contribution	after school classes and cafeterias within the leased apartment complex, etc.
House Remodeling	house remodeling projects for the socially vulnerable
Social Enterprise	support social enterprises within the leased apartment complex
System Maintenance	management and maintenance of the information system
Office Assistance	sales assistance, administrative support on construction sites, etc.

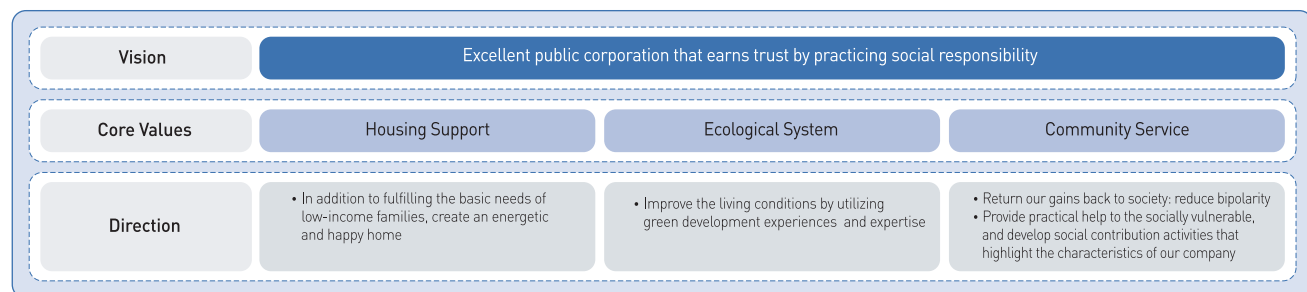


Local Community

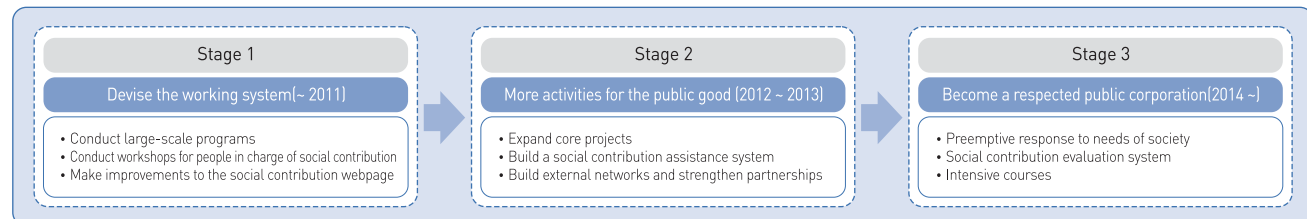
Working System for Strategic Social Contributions

Working Strategy

Our vision is to become an 'excellent public corporation that earns trust by practicing social responsibility.' LH has many social contribution strategies to provide housing to the socially vulnerable, as well as to enhance our corporate image as a reliable company.



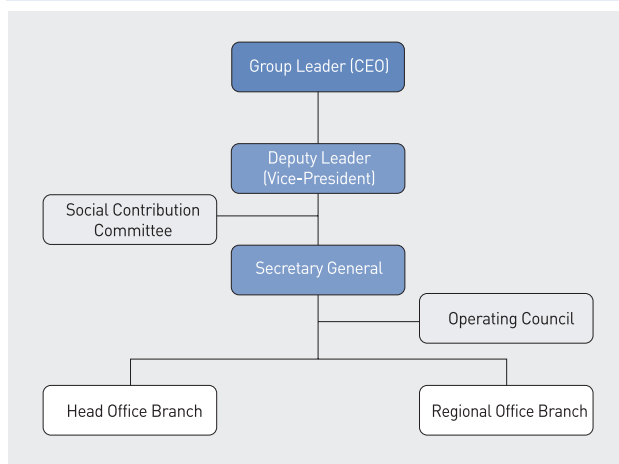
Medium to Long-Term Roadmap



Social Contribution Working Organization

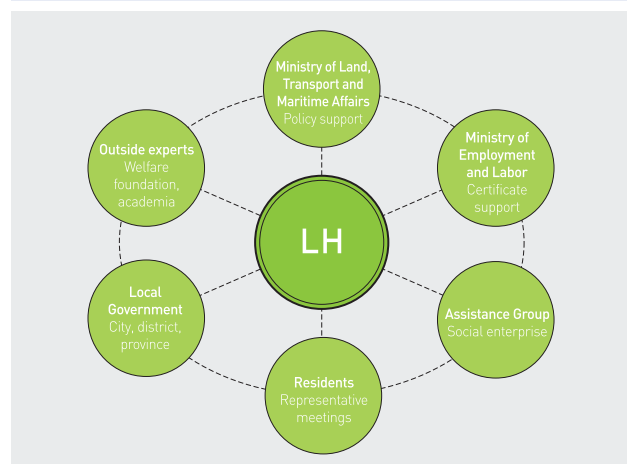
Recognizing that sharing and volunteering is the path for the future of our company and society, LH employees have been operating a volunteering group to carry out continuous and systematic social contribution activities. LH has also been working together with private organizations for a more engaging social contribution.

[Structure of the LH Volunteering Group]



* If a branch has only one project, we recommend joint activities with the region's NGOs

[Cooperation with the Private Sector]



* Social contribution joint initiatives (playgrounds, ecological apartments) are implemented with residents and NGOs

Spread the Culture of Sharing

As one of the main challenges of a fair society, LH has been practicing the spread of the culture of sharing with those that are vulnerable in our society. We support the remodeling of worn houses to improve the living conditions of the socially vulnerable, thereby enhancing their quality of life. We remodeled 8,000 houses in 2010 and 12,000 houses in 2011.

Also, LH employees returned a portion of their salary to spend on stabilizing the livelihood of the socially vulnerable, and we collected a total of KRW 2.5 billion to operate the LH Happy Loan. This sum was commissioned to the Credit Counseling and Recovery Service and distributed to 1,547 members of our society who are in need.

We conducted the 'Gathering of Shared Love and Collective Happiness' where we distributed basic necessities to the underprivileged, and the entire proceeds from the event were used to practice sharing love to our neighborhoods who are in need.



Gathering of Shared Love and Collective Happiness

Reduce Imbalances in Education and Realize National Welfare

LH provides education, care, and culture to the children residing in our leased apartment complexes by operating after-school classes that utilize idle facilities. Nearly 500 children use the facilities monthly, and we have created 41 jobs for adults, including teachers. Moreover, in response to the growing demand for educational and cultural welfare of the socially vulnerable classes, we expanded our 'Mentor and little friend' mentoring program to 12 regional offices nationwide. This program was widely recognized as an excellent educational community service activity with public-private cooperation, and it was awarded top honors at the '2011 Public-Private Cooperation Contest'



After school classes



Mentor and little friend

In order to cut the housing costs of low-income families and to stabilize the living conditions of university students, we expanded the scope of student housing from college areas to nearby areas so that more students could benefit from the 30% reduced rent prices. We also supplied 1,000 leased houses for university students for one-time deposits.

We also provided a total of KRW 220 million of scholarships to 150 underprivileged students, and we expanded meals for children within the leased apartments to 70 complexes. As such, LH has been realizing the national welfare and carrying out a variety of social contribution activities.

Hands-on Community Service

With great modifications in the operating system of the community service groups, LH promotes the active participation of all employees in community service by expanding the Social Contribution Committee and making donations. We seek to promote the social responsibility of the company with active participation in community service, especially in times of national disasters such as the major flood. [644 employees volunteered 5,152 hours under the LH CSR+ Program].

[LH Community Service]

Community service hours per person (Unit : hour)



Amount of Sharing Fund creation (Unit : KRW million)



[LH Social Services]

Category		Unit	2010	2011
LH Village Community Business		People/Day	120	360
After-school classes in apt complex		People/Month	250	500
Meals for children in apt complex		People/Year	2,375	4,200
Mentoring underprivileged children	Mentor	shots	195	386
	Mentee	People	104	203
LH Happy Loan		People	1,547 by 2011	



Flood recovery activities



Volunteering to feed children living in leased apartment complexes

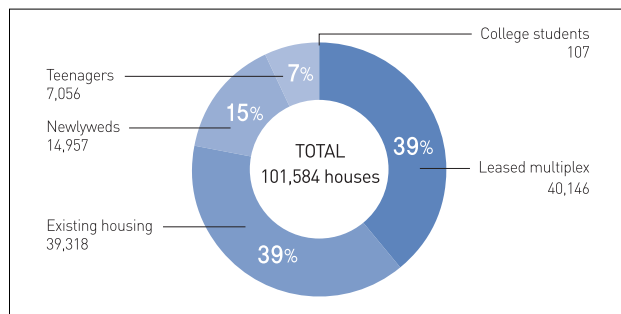
Efforts to Stabilize the Livelihood of the Working Class

Contribute to the Stabilization of Low-Income Families with Various Options

LH seeks to stabilize the living conditions of the low-income class by supplying leased housing that suit the needs of those who are on welfare, newlywed couples, and college students of low-income families in the form of a multiplex housing for purchase or a leased housing for a one-time deposit. We are expanding the scope of our housing assistance to include the homeless, those who live in greenhouses, and victims of crimes, so as to provide greater contribution to the stabilization in the lives of non-homeowners.

[Supply of customized leased housing]

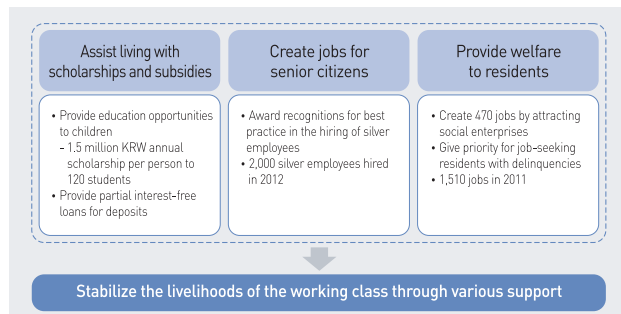
(Unit : house)



Living Assistance Program

The LH leased housing are mostly for the socially vulnerable, such as, senior citizens, the disabled, and low-income families. We contribute to the stabilization of their livelihood with scholarships and subsidizing programs, and we actively attract social enterprises in the permanent-loan shopping arcades. We assist the employment and self-support of low-income residents by giving priority to delinquent residents in the brokering of jobs for public labor positions. We also contribute to the stable living conditions of the working class by providing welfare services to the underprivileged, and assisting with the maintenance fees of low-income families with profits from the shopping arcade lease.

[Living Assistance Program and Job Creation]



Efforts to Reduce Living Costs

LH is saving the energy costs of rental housing occupants through the construction and supply of the eco-friendly houses using renewable energies. In addition, LH is always endeavoring to improve the quality of life for our neighbors in need. For example, we are helping reduce housing costs by enhancing energy efficiency through the retrofit and repair of outdated houses for the people of national merit (veterans) and socially vulnerable groups who are in economic difficulties.

[Remodeling of Homeowners' Housing for the Socially Underprivileged]



Replacement & Repair of Roofs



Replacement & Repair of Cracks on Outer Walls

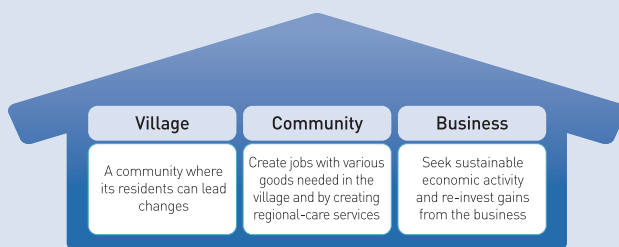


LH Village Community Business

LH operates a social enterprise as part of its social contribution activities, and LH Village Community Business has become one of our representative social contribution brands.

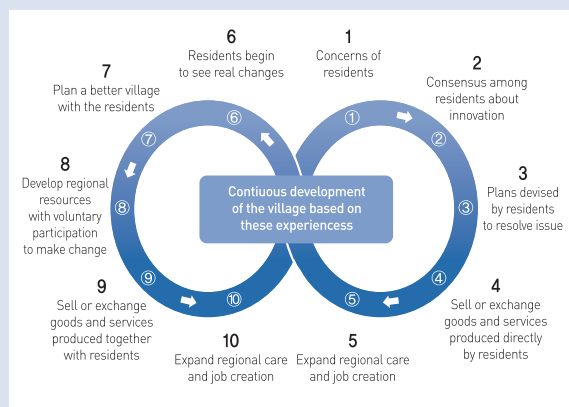
What is LH Village Community Business?

A social enterprise is an organization that seeks a social purpose and value while also conducting business and creating profit. Whereas companies usually seek profit, social enterprises seek various social purposes, including providing social services and jobs to the vulnerable. Going a step further, LH Village Community Business conducts its activities with the village as its base and seeks the purpose and value of the village residents.



Development Model of Village Community Business

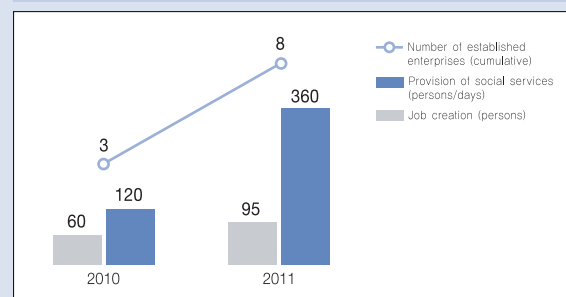
LH Village Community Business produces, exchanges, and sells various goods needed in the village with regional care services. Social values needed in the village are realized, and any profits from the economic activity are re-invested for a sustainable village community. Moreover, various resident community projects are conducted in the village to raise the resident's satisfaction of their living conditions, thus enhancing their quality of life.



Current State

We established 5 Village Community Businesses in 2011, creating 95 new jobs. Compared to 2010, we created an additional 35 new jobs, and over 360 people benefit from the social services provided by these social enterprises.

[Village Community Business Assistance]



We have attracted 65 social enterprises to 103 unleased slots in the shopping arcade, creating 470 new jobs for the socially vulnerable. We also provide various social welfare services, such as subsidizing parts of maintenance fees, delivering lunch boxes to hungry children, handing out scholarships, and providing rice and other basic living necessities.

[Number of Social Enterprises Attracted As of 2011]

Category	Social Enterprises	Self-Support Center	Total
Leased Spots	88	15	103
Number of Businesses	55	10	65

LH's social enterprise assistance activities have been praised for connecting job creation with the vitalization of leased apartment complexes. LH will continue to work hard so that LH Village Community Business can take room in leased apartment complexes around the country as a new model of sustainable regional development.



LH Village Community Business Assistance Signing Ceremony

Appendix

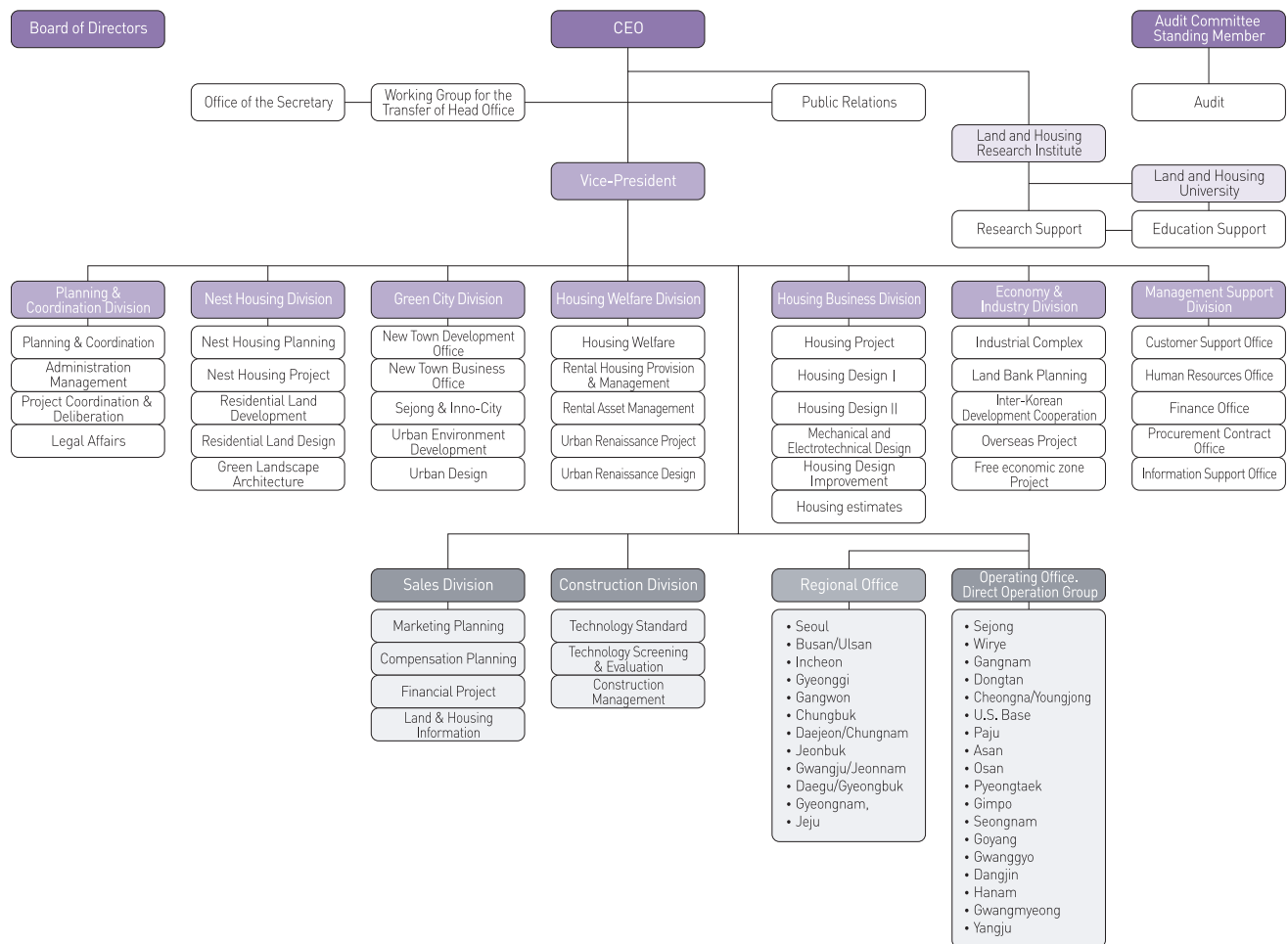
- Organization Chart and Membership to Associations & Organizations
- Sustainability Management Initiatives
- Sustainability Management General
- Third-Party Review
- GRI 3.1 Guideline and ISO26000 Index
- Glossary
- Awards and Recognitions

Organization Chart and Membership to Associations & Organizations

Organization Chart

Organization Structure

- Head Office : 7 Divisions, 2 Sections, 46 Bureaus
- Regional Office : 12 Regional Divisions, 6 Operating Divisions, 12 Direct Groups, 1 Research Institute



Membership to Associations & Organizations

1. Policy Council of Transparent trust society, Anti-Corruption & Civil Rights Commission	9. American Society of Civil Engineers	18. Korea Construction Engineers Association	25. Korea Ubiquitous City Association
2. Architectural Institute of Korea	10. Better Social Enterprise Network	19. The Korean Archaeological Society	26. The Korean Housing Association
3. Korean Society of Transportation	11. Korea Auditors Forum for Progress	20. Korea Area Electricity Association	27. Korean Association for Housing Policy Studies
4. The Society of Air-conditioning and Refrigerating Engineers of Korea	12. Ginkgo Youth Leadership Foundation [Sponsor]	21. Korea Institute for Structural Maintenance Inspection: KSMI	28. Korea Association of Regional Air-Conditioning and Heating
5. Korea Electric Association	13. Architectural Institute of Japan	22. The Korean Museum Association	29. Earthquake Engineering Society of Korea
6. Korean Society of Civil Engineers	14. The Japanese Geotechnical Society	23. Korean Association of Air Conditioning Refrigerating and Sanitary Engineers	30. Korea Concrete Institute
7. American Planners Association	15. Japan Society of Civil Engineers	24. The Korean Society for Noise and Vibration Engineering	31. Environmental Impact Assessment
8. American Concrete Institute	16. The Korean Institute of Illuminating and Electrical Installation Engineers		32. International contractors Association of Korea
	17. The Korean Institute of Power Electronics		33. The United Nations Global Compact

Sustainability Management Initiatives

UN Global Compact

LH joined the UN Global Compact in June of 2010. Launched by the then UN Secretary-General Kofi Annan to urge businesses to support and practice social responsibility, it comprises of four major areas (human rights, labor, the environment, anti-corruption) and ten principles. LH endeavors to comply with the UNGC in all areas of our operation. Our compliance with the ten principles is reported via this sustainability report.



Category	Principle	GRI	Pages
Human Rights	1. We support and respect the protection of internationally proclaimed human rights.	HR1 HR2 HR3 HR4 HR5 HR6 HR7 HR8 HR9	57, 60, 63, 68, 84, 89
	2. We make sure that we are not complicit in human rights abuses.	HR1 HR2 HR8	84
Labor	3. We uphold the freedom of association and the right to collective bargaining.	HR5 LA4 LA5	68, 83
	4. We eliminate all forms of forced and compulsory labor.	HR7	84
	5. We effectively abolish child labor.	HR6	84
	6. We eliminate discrimination in respect of employment and occupation.	HR4 LA2 LA10 LA13 LA14	13-14, 63, 65, 84
Environment	7. We support a precautionary approach to environmental challenges.	4.11	15-16
	8. We undertake initiatives to promote greater environmental responsibility.	EN2 EN5 EN6 EN7 EN10 EN13 EN14 EN18 EN21 EN22 EN26 EN27 EN30	45-54, 83
	9. We encourage the development and diffusion of environmentally friendly technologies.	EN2 EN5 EN6 EN7 EN10 EN18 EN26 EN27	45-54
Anti-Corruption	10. We work against corruption in all its forms, including extortion and bribery.	S02 S03 S04	60-61, 84

ISO 26000

ISO 26000 is an International Standard for social responsibility launched by the International Organization for Standardization (ISO) in November of 2011. It provides a comprehensive guideline that includes numerous other existing guidelines on seven key issues: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development. LH has developed its own list of items for evaluation to ensure continuous compliance with the ISO 26000.

Level of disclosure : ● Complete ● Partial ○ Non-disclosure

Topic	Key issues	Relevant GRI Index	Level of Disclosure
6.2 Organizational governance	6.2.3 Decision-making processes and structures	1.1, 1.2, 2.3, 4.1-4.17	○
	6.3.3 Due diligence	HR1, HR2, HR5, HR6, HR7	●
	6.3.4 Human rights risk situations	HR5, HR6, HR7	●
6.3 Human Rights	6.3.5 Avoidance of complicity	HR1, HR2, HR3, HR5, HR6, HR7, HR8	●
	6.3.6 Resolving grievances	HR1, HR4, HR9	●
	6.3.7 Discrimination and vulnerable groups	HR4, HR6, HR7, HR9, LA13, LA14	●
	6.3.8 Civil and political rights	HR5, HR9	●
	6.3.9 Economic, social, and cultural rights	SO1, PR1, PR2, EC8, EC9	●
	6.3.10 Fundamental principles and rights at work	HR4, HR5, HR6, HR7, Labor DMA, LA4, LA14	●
	6.4.3 Employment and employment relationships	HR2, HR4, HR5, HR8, LA1, LA2, LA3, LA4, LA5, LA13, LA14	○
6.4 Labor practices	6.4.4 Conditions of work and social protection	LA3, LA4, LA5, LA14, EC5	●
	6.4.5 Social dialogue	HR5, LA4, LA5	●
	6.4.6 Health and safety at work	LA6, LA7, LA8, LA9	●
	6.4.7 Human development and training in the workplace	LA10, LA11, LA12	●
6.5 Environment	6.5.3 Prevention of pollution	EN19-EN24	○
	6.5.4 Sustainable resource use	EN1-EN10, EN25, EN26, EN27, EN29	○
	6.5.5 Climate change mitigation and adaptation	EC2, EN16-EN18	●
	6.5.6 Protection of the environment, biodiversity, and restoration of natural habitats	EN11-EN15, EN25	○
6.6 Fair operating practices	6.6.3 Anti-corruption	SO2, SO3, SO4	●
	6.6.4 Responsible political involvement	SO5, SO6	●
	6.6.5 Fair competition	SO7	●
	6.6.6 Promoting social responsibility in the value chain	HR2, HR8, PR1, PR2, EC6, EC9, EN26, EN29	●
6.7 Consumer issues	6.6.7 Respect for property rights	HR9, SO1, SO7, SO8, EC9	●
	6.7.3 Fair marketing, factual and unbiased information and fair contractual practices	PR3, PR4, PR6, PR7	○
	6.7.4 Protecting consumers' health and safety	PR1, PR2, PR3, PR4, PR5	○
	6.7.5 Sustainable consumption	PR1, PR2, PR3, PR4, PR5, EN26, EN27	○
	6.7.6 Consumer service, support, and complaint and dispute resolution	PR3, PR4, PR5, PR6, PR7, PR9	○
	6.7.7 Consumer data protection and privacy	PR8	●
	6.7.8 Access to essential services	PR5, EC9	●
6.8 Community involvement and development	6.7.9 Education and awareness	PR3, PR4, PR5, PR6, PR7	○
	6.8.3 Community involvement	SO5, SO6, LA8, EC1, EC8	●
	6.8.4 Education and culture	LA8, EC8	●
	6.8.5 Employment creation and skills	SO1, LA11, EC6, EC7, EC8, EC9	●
	6.8.6 Technology development and access	EC8, EC9	●
	6.8.7 Wealth and income creation	SO1, SO8, EC1, EC6, EC7, EC8, EC9	●
	6.8.8 Health	LA8	●
	6.8.9 Social investment	EC1, EC8, EC9	●

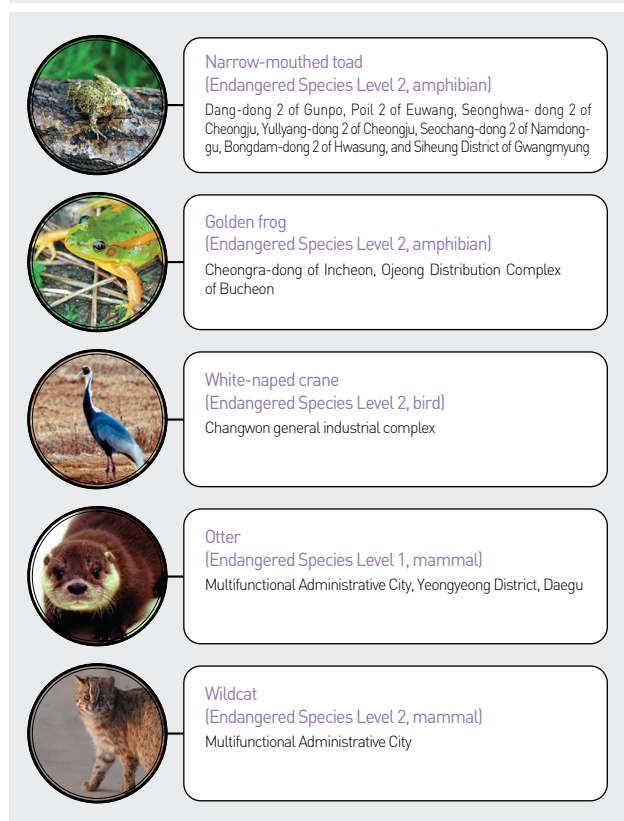
Sustainability Management General

Environmental Responsibility

EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk

LH minimizes the environmental impacts of areas that may result from our operations, and we protect the eco-system by designating areas of habitat to be protected.

[Endangered Species by areas of operation]



EN19 | Emissions of ozone-depleting substances

EN20 | NOx, SOx and other significant air emissions

LH continuously measures the quality of air in and nearby areas of operation to prevent air pollution and to promote the health of nearby residents. We also prevent air pollution with regular inspections. We have devised a carbon reduction measure to minimize environmental pollution and the emission of ozone-depleting substances that result from our operation.

EN23 | Total number and volume of significant spills

LH manages and disposes of harmful substances strictly according to relevant laws and regulations.

EN28 | Monetary value of fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations

As a public corporation in charge of managing housing construction and land development, LH strictly abides by all environmental laws and regulations.

N29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce

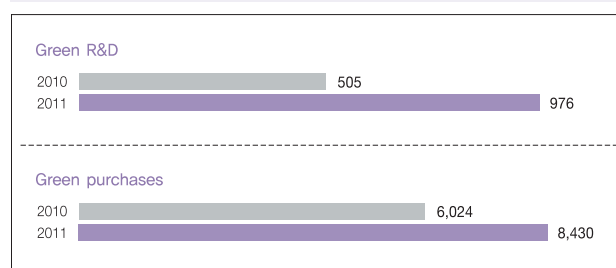
LH minimizes any environmental impacts resulting from the transport of its employees by using bicycles for short distances to work, encouraging use of environmentally-friendly cars and implementing the selective-day no driving system.

EN30 | Total environmental protection expenditures and investments

LH creates a green society with green purchases and R&D.

[Endangered Species by areas of operation]

(Unit : KRW Million)



Social Responsibility

Labor (LA)

LA5 | Minimum notice period regarding operation changes

In order to create a corporate culture that respects employees, LH officially supports the ILO's three-party agreement and the UNGC and complies with all of their contents. And according to the collective agreement, we give prior notice when making changes to any policies or plans regarding organization, HR, and labor conditions.

LA6 | Percentage of total workforce represented by joint management-labor health and safety committees

Operating occupation safety and health commission which consist of 20 members

LA9 | Health and safety topics covered in agreements with trade unions

Although LH does not have a separate committee in charge of safety and health, the safety and health of both labor and management are discussed at joint meetings. In order to promote the safety and health of our employees, LH has made improvements to our family-friendly management and childcare assistance programs. LH also added more dentists to the company clinic to enable employees to receive same-day service.

LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities

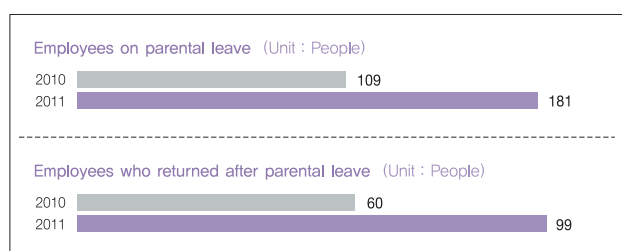
Industrial accident rate (Unit : %)



LA11 | Programs for lifelong learning that support the continued employability of employees and assist them in managing career endings

In order to enable prospective retirees to better prepare for their post-retirement lives, LH provides programs that educate prospective retirees about retirement assistance. Along with a substantial training program that helps retirees accept change and prepare for their future, LH provides a comprehensive and systematic retirement assistance that helps retirees find a re-employment position or start their own business to build a happy future.

LA15 | Return to work and retention rates after parental leave



*The employees who returned after parental leave include those who took leaves the year before. All remaining employees are currently on parental leave.

Human Rights (HR)

HR1 | Percentage of significant investment agreements that include human rights clauses or that have undergone human rights screening

HR2 | Percentage of suppliers and contractors that have undergone screening and human rights

Since child labor and forced labor are prohibited by law, LH does not carry out any separate human rights screening when entering into an investment or a partnership. However, we abide by the principle that we do not do business with any company that violates human rights or has any past experience or future potential regarding violation of human rights.

HR4 | Total number of incidents of discrimination and actions taken

HR6 | Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor

HR7 | Operations identified as having significant risks for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor

LH offers equal opportunities for training and promotion to all employees according to their own skills and abilities. We evaluate performance fairly and compensate accordingly, and we do not discriminate based on gender, academic background, age, religion, regional background, or physical disabilities. We also abide by ILO Convention No.111, which is a convention on discrimination in employment and occupation.

During the reporting period, there were no legal actions or sanctions taken against LH for discrimination.

LH also abides by the principles of labor standards of the UN Global Compact and ILO's Convention Concerning the Prohibition and Immediate Actions Toward the Elimination of the Worst Forms of Child Labor. Since our founding, LH has no record of non-compliance with policies regarding child labor or forced labor, and we prevent child labor from occurring in the first place.

HR10 | Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments

LH conducts an integrity screening regarding matters such as relationships with partner companies against all areas of operation. LH promotes human rights and the level of fairness with regular evaluation of the company's level of ethical management. Moreover, we identify impacts of fire and water damages, and prevent illegal employment.

Society (S0)

S02 | Percentage and total number of business units analyzed for risks related to corruption

LH promotes ethical management in all areas of business to create a CLEAN LH.

S05 | Public policy positions and participation in public policy development and lobbying (Prohibition of political donation)

S06 | Total value of financial contributions to political parties and politicians

LH abides by laws and regulations that prohibit companies from making financial contributions to political parties and politicians.

S07 | Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices

In order to eliminate any unfair transactions with subcontractors, LH offers training programs to on-site employees, and we report any non-compliance to administrative agencies. As a result of our inspection of unfair transactions against 395 areas, we discovered 343 cases of non-compliance during the first half of 2011. However, after various corrective measures, the number of non-compliance cases dropped by 54% to 155.

Product Responsibility (PR)

PR3 | Type of product and service information required by procedures

LH aims to help the understanding of all stakeholders by providing accurate information about land development and housing construction on our website.

PR4 | Total number of incidents of non-compliance with regulations concerning product and service information and labeling

PR7 | Total number of incidents of non-compliance with regulations concerning marketing communications, including advertising and sponsorship

In order to meet the diverse needs of our customers, LH categorizes our customers and provides customized service accordingly. Also, the VOC system aims to achieve ultimate customer satisfaction.

All business activities, including marketing activities such as advertising and sponsorships, comply with relevant laws and regulations, as well as company guidelines. For advertisements, we strictly abide by the regulations set forth by the Korea Advertising Review Board.

PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

LH protects the privacy of our customers with a customer data security policy that includes access control, authorized access, and continuous management. During the reporting period, no complaints were filed from any customers regarding the protection of customer data.

Third-Party Review



INTRODUCTION

Det Norske Veritas Certification Ltd. (hereinafter referred to as 'DNV') has been commissioned to carry out assurance engagement on Korea Land & Housing Corporation (hereinafter referred to as 'LH Corp.') Sustainability Report 2012 (hereinafter referred to as 'the Report'). This engagement focused on the information provided in the Report and the underlying management and reporting processes.

This Assurance Statement is intended for the readers of the LH Corp.'s Sustainability Report. LH Corp. is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV's responsibility regarding this Assurance engagement is to the management of LH Corp. only, in accordance with the terms of reference and scope of work agreed. DNV disclaims any liability or responsibility to a third-party for any decisions, whether investment or otherwise, based upon this Assurance Statement.

SCOPE OF ASSURANCE

This Assurance Engagement covered data from calendar year 2010 and 2011. The scope of DNV's Assurance Engagement, as agreed with LH Corp. included the verification of:

- Sustainability policy, goals, initiatives, practices and performance for calendar year 2010 and 2011, as described in the Report. These were verified at company level.
- The Health & Safety, Social and Environmental data management systems, and associated processes and tools for collecting, analyzing, aggregating and reporting quantitative and qualitative information provided in the Report.
- Processes for defining the boundaries, focus and content of the Report.
- The extent to which the principles and requirements of the Global Reporting Initiative (GRI) Guidelines for Sustainability Reporting (GRI G3.1) are reflected in the Report.
- The extent to which the principles of Materiality, Inclusivity and Responsiveness are adopted. The reliability of the information within the Report for calendar year 2010 and 2011 was verified to a limited level assurance.

LH Corp.'s reporting boundaries include all operations in Korea over which LH Corp. management exercises significant control.

LIMITATIONS

The engagement excluded the sustainability management, performance and reporting practices of LH Corp.'s suppliers, contractors and any third-parties mentioned in the Report. DNV did not interview external stakeholders as part of this Assurance Engagement.

STATEMENT OF COMPETENCE AND INDEPENDENCE

DNV provides sustainability risk management services through specialists worldwide. This engagement was undertaken by a multi-disciplinary team of suitably qualified and experienced sustainability professionals. DNV was not involved in the preparation of any information presented in the Report. DNV did not provide any services to LH Corp. in 2010 and 2011 that could compromise the independence or impartiality of our work.

VERIFICATION METHODOLOGY

This Assurance Engagement was carried out between March and April 2012, and in accordance with the DNV Protocol for Verification of Sustainability Reporting.

In reaching our conclusion, we have undertaken the following work;

- Visited LH Corp.'s Head office in Gyeonggi-do, Republic of Korea;
- Examined relevant documents, data and other information requested by DNV and made available by LH Corp.;
- Reviewed the mechanisms implemented by LH Corp. to promote and oversee its sustainability-related policies as described in the Report;
- Reviewed a selection of internal communication and external media reports relating to LH Corp.' sustainability management approach, performance and adherence to its policies.

The assessment of reliability of data and information was based on explicit assertions regarding sustainability performance on material issues and included a review of their completeness and accuracy. It included a review of the methods, practices and tools used in the collection, aggregation, analysis, internal quality control and reporting of the data and information. DNV's assessment also included; high-level trend analysis; the identification and significant changes in performance from the previous reporting; a review of data traceability; and record checks at different stages in the data flows.

CONCLUSIONS

In DNV's opinion, and based on the scope of this Assurance Engagement, the Report provides a reliable and fair representation of LH Corp.'s sustainability strategy, policy, practices and performance in 2010 and 2011. Regarding the level of adherence to reporting principles, we conclude the following:

Inclusivity and Responsiveness: LH Corp. has continued to adopt a structured approach to stakeholder consultation and engagement, described in detail in the Report. The Report sets out the governance structure, strategy and systems for managing sustainability issues across the organization.

Materiality: LH Corp. has continued to systematically map out and prioritize those sustainability issues most significant to LH Corp. and its stakeholders. The results have informed the focus and content of this Report

Reliability: No material errors have been detected for data and information verified. Information in the Report is presented so as to allow comparison of year-on-year performance.

Completeness: Within the reporting boundary and scope defined by LH Corp., we conclude that the Report does not omit information that would significantly influence stakeholders' decisions.

Neutrality: In general the Report provides a fair and balanced representation of LH Corp.'s approach and performance in 2010 and 2011.

OPPORTUNITIES FOR IMPROVEMENT

The following is an excerpt from the observations and opportunities reported to LH Corp. management. However, these do not affect our conclusions on the Report and are provided to encourage continual improvement.

- To establish a process to improve data and information quality.
- To actively reflect stakeholders' concerns collected from the various engagement activities as defined in the report
 - To expand sustainability evaluation of subcontractors
- To expand sustainability evaluation of contractors

May 2012

Seoul, Korea

In -Kyoon Ahn
Country Manager



Note: Assurance engagement was conducted based on the Report written in Korean. In the event of ambiguity or contradiction in the Report between the English version and Korean version, the Korean one shall be given precedent.

GRI 3.1 Guideline and ISO 26000 Index

● Reported ○ Partially Reported

General					
Vision and Strategy					
Index	Description	ISO 26000	Page	Report Level	Note
1.1	CEO statement	6.2	3–4	●	
1.2	Risks and opportunities	6.2	15–16, 18	●	
Organizational Profile					
Index	Description	ISO 26000	Page	Report Level	Note
2.1	Name of organization	6.2	9	●	
2.2	Primary brands and products		23–28	●	
2.3	Operational structure		80	●	
2.4	Location of head office		9	●	
2.5	Country where the organization operates		9	●	
2.6	Nature of ownership and legal form		13	●	
2.7	Markets served		23–28	●	
2.8	Size of organization		9	●	
2.9	Significant changes during the reporting period regarding size, structure, or ownership		5–6, 9	●	
2.10	Awards received		92	●	
Report Scope					
Index	Description	ISO 26000	Page	Report Level	Note
3.1	Reporting period		1	●	First report published since consolidation
3.2	Date of most recent previous report			N/A	
3.3	Reporting cycle		1	●	
3.4	Contact point for questions regarding the report or its contents		1	●	
3.5	Process for defining report content		17–18	●	
3.6	Boundary of the report		1	●	
3.7	Limitations on the scope or boundary of the report		1	●	
3.8	Basis for reporting that can significantly affect comparability			N/A	Not applicable
3.9	Data measurement techniques and the bases of calculations			N/A	Not applicable
3.10	Re-statements of information provided in earlier reports			N/A	First report published since consolidation
3.11	Significant changes in the scope, boundary, or measurement methods			N/A	No significant changes during the reporting period
3.12	GRI Content Index		87–90	●	
3.13	Policy and current practice with regard to seeking external assurance	7.5.3	85–86	●	
Governance					
Index	Description	ISO 26000	Page	Report Level	Note
4.1	Governance structure of the organization	6.2	13–14	●	
4.2	Indication of whether the Chair of the Board of Directors is also the CEO		13–14	●	
4.3	Structure of Board of Directors		13–14	●	
4.4	Mechanisms for shareholders and employees to provide recommendations to the Board of Directors		68	◐	
4.5	Linkage between compensation for members of the Board of Directors and senior managers, and the organization’s performance		13–14	●	
4.6	Processes in place for the Board of Directors to ensure conflicts of interest are avoided		13–14	●	
4.7	Process for determining the qualifications and expertise of the members of the Board of Directors for guiding the organization’s strategy on economic, environmental, and social topics		13–14	●	
4.8	Principles of management		10–11	●	

● Reported ○ Partially Reported

Index	Description	ISO 26000	Page	Report Level	Note
4.9	Procedures for the Board of Directors for overseeing the organization's identification and management of economic, environmental, and social performance.	6.2	13-14	●	
4.10	Processes for evaluating the Board of Directors' own performance, particularly with respect to economic, environmental, and social performance.		13-14	●	
4.11	Explanation of how the precautionary approach or principle is addressed by the organization		15-16	●	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes.		81	●	
4.13	Memberships in associations and national/international organizations		80	●	
4.14	List of stakeholder groups		17-18	●	
4.15	Basis for identification and selection of stakeholders		17-18	○	
4.16	Approaches to stakeholder engagement		17-18	●	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded		17-18	●	

Economic

Index	Description	ISO 26000	Page	Report Level	Note
EC	Disclosure on Management Approach		21-22	●	
EC1	Direct economic value generated and distributed	6.8, 6.8.3 6.8.7 6.8.9	37-38	●	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		46,50,52,54	●	
EC3	Coverage of the organization's defined benefit plan obligations	6.5.5	63	●	
EC4	Financial assistance received from government			N/A	Not applicable
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	6.4.4 6.8	63	●	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	6.6.6 6.8 6.8.5 6.8.7		N/A	Not applicable
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	6.8 6.8.5 6.8.7	64	●	
EC8	Development and impact of infrastructure investments and services provided for public benefit (including assistance types)	6.3.9 6.8 6.8.3 6.8.4 6.8.5 6.8.6 6.8.7 6.8.9	37	●	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	6.3.9 6.6.6 6.6.7 6.7.8 6.8 6.8.5 6.8.6 6.8.7 6.8.9	37, 50, 73-74, 77-78	●	

Environmental

Index	Description	ISO 26000	Page	Report Level	Note
EN	Disclosure on Management Approach		41-42	●	
EN1	Materials used by weight or volume	6.5 6.5.4	51	●	
EN2	Percentage of materials used that are recycled input materials		51	○	
EN3	Direct energy consumption by primary energy source		53	●	
EN4	Indirect energy consumption by primary source		53	●	
EN5	Energy saved due to conservation and efficiency improvements		45-53	●	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives		45-54	●	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved		53-54	●	
EN8	Total water withdrawal by source		53-54	●	
EN9	Water sources significantly affected by withdrawal of water			N/A	Not applicable
EN10	Percentage and total volume of water recycled and reused		53-54	●	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	6.5 6.5.6	51	○	
EN12	Impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		51, 83	●	

<div> <div>● Reported</div> <div>● Partially Reported</div> </div>					
Index	Description	ISO 26000	Page	Report Level	Note
EN13	Habitats protected or restored	6.5 6.5.6	51, 83	●	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity		51, 83	●	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		83	●	
EN16	Total direct and indirect greenhouse gas emissions by weight	6.5 6.5.5	53	●	
EN17	Other relevant indirect greenhouse gas emissions			N/A	Not applicable
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		52	●	
EN19	Emissions of ozone-depleting substances	6.5 6.5.3	83	●	
EN20	NO, SO, and other significant air emissions		83	●	
EN21	Total water discharge by quality and destination		53-54	●	
EN22	Total weight of waste by type and disposal method	6.5 6.5.4	53-54	●	
EN23	Total number and volume of significant spills		83	●	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and IV, and percentage of transported waste shipped internationally.		83	●	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	6.5 6.5.4 6.5.6	51-54	●	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	6.5 6.5.4 6.6.6, 6.7.5	45-52	●	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	6.5 6.5.4 6.7.5		N/A	Not applicable
EN28	Monetary value of fines and total number of non-monetary sanctions for noncompliance with investments environmental laws and regulations	6.5	83	●	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	6.5 6.5.4 6.6.6	83	●	
EN30	Total environmental protection expenditures and investments	6.5	83	●	
Employment					
Index	Description	ISO 26000	Page	Report Level	Note
LA	Disclosure on Management Approach	6.2 6.4 6.3.10	63	●	
LA1	Total workforce by employment type, employment contract, and region	6.4 6.4.3	63	●	
LA2	Total number and rate of employee turnover by age group, gender, and region		63	●	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4 6.4.3 6.4.4	65-67	●	
LA4	Percentage of employees covered by collective bargaining agreements	6.4 6.4.3 6.4.4 6.4.5 6.3.10	68	●	
LA5	Minimum notice period regarding operation changes	6.4 6.4.3 6.4.4 6.4.5	83	●	
LA6	Percentage of total workforce represented by joint management-labor health and safety committees	6.4 6.4.6	83	●	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities		83	●	
LA8	Programs in place to assist workforce members and community members regarding serious diseases	6.4 6.4.6 6.8 6.8.3 6.8.4 6.8.8	67	●	
LA9	Health and safety topics covered in agreements with trade unions	6.4 6.4.6	83	●	
LA10	Average hours of training per year per employee by employee category	6.4 6.4.7	65	●	
LA11	Programs for lifelong learning that support the continued employability of employees and assist them in managing career endings	6.4 6.4.7 6.8.5	84	●	
LA12	Percentage of employees receiving regular performance and career development reviews	6.4 6.4.7	66	●	
LA13	Composition of governance bodies and breakdown of employees	6.3.7 6.3.10 6.4 6.4.3	13-14	●	
LA14	Ratio of basic salary of men to women by employee category	6.3.7 6.3.10 6.4 6.4.3 6.4.4	63	●	
LA15	Return to work and retention rates after parental leave		84	●	

● Reported ○ Partially Reported

Human Rights					
Index	Description	ISO 26000	Page	Report Level	Note
HR	Disclosure on Management Approach	6.2	57, 63	●	
HR1	Percentage of significant investment agreements that include human rights clauses or that have undergone human rights screening	6.3 6.3.3 6.3.5 6.6.6	84	●	
HR2	Percentage of suppliers and contractors that have undergone screening and human rights	6.3 6.3.3 6.3.5 6.4.3 6.6.6	84	●	
HR3	Percentage of employees who have received training and policies and procedures concerning human rights	6.3 6.3.5	60, 68	●	
HR4	Total number of incidents of discrimination and actions taken	6.3 6.3.6 6.3.7 6.3.10 6.4.3	84	●	
HR5	The right to exercise freedom of association and collective bargaining	6.2 6.3.3 6.3.4 6.3.5 6.3.8 6.3.10 6.4.3 6.4.5	68	●	
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	6.3 6.3.3 6.3.4 6.3.5 6.3.7 6.3.10	84	●	
HR7	Operations identified as having significant risks for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	6.3 6.3.3 6.3.4 6.3.5 6.3.7 6.3.10	84	●	
HR8	Percentage of security personnel trained regarding human rights	6.3 6.3.5 6.4.3 6.6.6		N/A	Not applicable
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	6.3 6.3.6 6.3.7 6.3.8 6 6 7	89	●	Zero incidents during the reporting period
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments		84	●	
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms		68	●	
Society					
Index	Description	ISO 26000	Page	Report Level	Note
S0	Disclosure on Management Approach	6.2 6.6 6.8	59, 75	●	
S01	Nature, scope, and effectiveness of any programs that assess and manage the impacts of operations on communities, including entering, operating and exiting	6.3.9 6.8 6.8.5 6.8.7 6.6.7	49, 76–78	●	
S02	Percentage and total number of business units analyzed for risks related to corruption		84	●	
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	6.6 6.6.3	60	●	
S04	Actions taken in response to incidents of corruption		61	●	
S05	Public policy positions and participation in public policy development and lobbying	6.6 6.6.4	84	●	
S06	Total value of financial contributions to political parties and politicians,	6.8.3	84	●	
S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices	6.6 6.6.5 6.6.7	84	●	
S08	Monetary value of fines and total number of non-monetary sanctions for noncompliance with laws and regulations	6.6 6.6.7 6.8.7	61	●	
S09	Operations with significant potential or actual negative impacts on local communities	6.3.9 6.8 6.8.5 6.8.7 6.6.7	49	○	
S010	Prevention and mitigation measures implemented in operations with negative impacts on local communities	6.3.9 6.8 6.8.5 6.8.7 6.6.7	75–78	●	
Product Responsibility					
Index	Description	ISO 26000	Page	Report Level	Note
PR	Disclosure on Management Approach	6.2 6.6 6.7	69	●	
PR1	Health and safety impacts of products and services	6.3.9 6.6.6 6.7 6.7.4	49, 69	●	
PR2	Total number of incidents of non-compliance with regulations concerning health and safety impacts of products and services	6.7.5		●	Refer to related posting on website
PR3	Type of product and service information required by procedures	6.7 6.7.3 6.7.4 6.7.5	84	●	
PR4	Total number of incidents of non-compliance with regulations concerning product and service information and labeling	6.7.6 6.7.9	84	○	
PR5	Policies and practices related to customer satisfaction	6.7 6.7.4 6.7.5 6.7.6 6.7.8 6.7.9	69–70	●	
PR6	Policies and programs for marketing communications, including advertising, promotion, and sponsorships	6.7 6.7.3 6.7.6 6.7.9	69–90	●	
PR7	Total number of incidents of non-compliance with regulations concerning marketing communications, including advertising and sponsorship		84	○	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7 6.7.7	84	●	
PR9	Monetary value of fines for noncompliance with laws and regulations concerning the provision and use of products and services	6.7 6.7.6		●	Refer to related posting on website

Glossary

■ **Bus Rapid Transit (BRT)** A transportation system that offers faster services on the main roads connecting the center of the city with the outskirts.

■ **Building with Grade 1 Energy Efficiency Rating** Houses designed to conserve energy by more than 33.5% by improving insulation, windows and doors, ventilation, and boiler performance.

■ **Climate change** The concept of climate change as defined in the UNFCCC refers to the change in the global atmosphere observed during a comparable period that resulted from direct and indirect human activities, in addition to the natural variability of the climate.

■ **Barrier-free design** A people-oriented design that is visually open and allows the disabled, children, senior citizens, and pregnant women to move around the space without help.

■ **Biomass** Organisms using plants or microbes as energy sources. The total global annual biomass production is equivalent to the total oil reserves, so it has the merit of never being depleted if appropriately used.

■ **Bake-out** Method of eliminating hazardous substances from construction materials and/or finish materials by raising the air temperature of a new building or repaired/renovated building.

■ **Recycled aggregate** Construction wastes undergo various physical and chemical processes and are turned into aggregates that meet the quality standards, as specified in Clause 35 (quality standards of recycled aggregates) of the Construction Waste Recycling Promotion Act.

■ **New and Renewable energy** A concept that includes three new energy types (hydrogen, fuel cell, liquefied coal gas) and eight renewable energy types (solar heat, photovoltaics, bio-energy, wind power, water power, geothermal heat, tidal energy, waste energy).

■ **Fuel cell** A direct current generator that converts the chemical energy from a fuel into electricity through a chemical reaction between a fuel (mostly hydrogen from fossil fuel) and another oxidizing agent (mostly oxygen from the air). The energy of the fuel is used as electric energy instead of heat.

■ **United Nations Global Compact (UNGC)** A voluntary global compact on social responsibility that encourages businesses and UN organizations to support the ten principles (human rights, labor, the environment, and anti-corruption, etc.) through a partnership.

■ **Stakeholder** A person or group that is affected by an organization's actions; usually includes shareholders, debenture holders, as well as employees, consumers, and partner companies.

■ **Ground obstructions** Items not directly needed for the implementation of a public project from various sources such as on-site building, structure, facility, crops and other items that may be found within the premises of a public project when developing land for housing or when using it for other purposes.

■ **Solar House** Houses that are powered by a solar generating system, which takes the light and heat from the sun via solar panels and converts it into energy.

■ **Environmental Impact Assessment** To predict, analyze, and evaluate the environmental impacts of infrastructures such as roads, ports, railroads, airports, and industrial complexes, and land reclamation projects.

■ **Clean Development Mechanism (CDM)** A joint initiative by advanced countries and developing countries to reduce greenhouse gases. It allows advanced countries to conduct emission reductions projects in developing countries, and to utilize them to meet a part of their caps once the emission reductions are deemed as real and additional via an assessment by the administrative structure of the UNCDM and the certification of CDM Executive Committee.

■ **Customer Satisfaction (CS)** A measure of how products and services of a company meet the expectations of a customer.

■ **Global Reporting Initiative (GRI)** An organization established with the help of UNEP in 1997 to develop guidelines for sustainability reporting.

■ **ISO 26000** An International Standard for social responsibility launched by the International Organization for Standardization (ISO) in November of 2011. It provides a comprehensive guideline that includes numerous other existing guidelines on seven key issues: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development.

■ **Life Cycle Assessment (LCA)** A cradle-to-grave analysis. Technique to assess environmental impacts associated with products by quantifying the total amount of substances and energy that is consumed and emitted during all the stages of the product's life.

■ **Master Architect (MA)** Method of developing a complex in environmentally sensitive or highly important areas by appointing a general planner with plenty of experience and outstanding design and coordination abilities for planned development of the entire complex and comprehensive design management.

■ **Transit-Oriented Development (TOD)** A method that emphasizes the link between land use and transportation, it encourages a pedestrian-friendly transportation system and a mixed land used focused on public transportation.

■ **United Nations Framework Convention on Climate Change (UNFCCC)** A treaty to limit emissions of man-produced greenhouse gases to prevent global warming.

■ **Voice of Customers (VOC)** Customers' expectations and/or requests regarding the products and services provided by the company.

Awards and Recognitions

Awards	Authority	Year
Green Management Award - Grand Prize	Korea Management Association	2007-2010 (4 consecutive years)
9th~11th Annual Environmental Awards - Grand Prize (2011), Top Excellence Award (2009-2011), Excellence Award (2009-2010)	Ministry of Environment, Korea Association of Environmental Planning & Landscape Architecture	2009-2010 (3 consecutive years)
Korea Architectural Culture Awards - Grand Prize (Minister's Award)	Ministry of Land, Transport, and Maritime Affairs, Korea Institute of Registered Architects, Seoul Economy Daily (Organizer)	2009-2011 (3 consecutive years)
Korea Civil Engineering and Construction Technology Awards - Top Excellence Award (Minister's Award)	Maeil Economic Daily, MBN, Architectural Institute of Korea, Korea Society of Civil Engineers	2010-2011 (2 consecutive years)
Green Management Award - Grand Prize	Korea Management Association	2009
Prime Minister's Award for Best Use of Recycled Aggregate	Ministry of Environment	
President's Award in Market for New Product Category	Ministry of Knowledge Economy	
Structure of the Year Award - Silver Prize (Head of Society's Award)	Ministry of Land, Transport, and Maritime Affairs, Society of Civil Engineers	
Korea National Apartment Awards - Grand Prize (Minister's Award)	Korea Economic TV	2010
Selected as a Successful Case of Shared Growth	Digital Chosun Ilbo	
Korea Landscape Awards - Presidential Prize	Korea Institute of Landscape Architecture	
2010 National Value Engineering Exposition - Excellence Award	Ministry of Land, Transport, and Maritime Affairs	
2010 Korea Concrete Institute Awards - Best Technology Award	Korea Concrete Institute	2011
2011 Housing Service Awards - Top Excellence Award in Leased Apartments Category	Money Today	
2011 CEO of the Year - Grand Prize in Social Responsibility Category	Korea Economic Daily	
Environmental Living Culture Awards - Customer Satisfaction Award in Housing Category	Korea Economic Daily	
2011 Digital Land Expo - Silver Prize	Ministry of Land, Transport, and Maritime Affairs	2011
Korea's Best Apartment Awards - Top Excellence Award (Minister's Award)	Korea Economic TV	
Public-Private Best Partnership - Excellence Prize for "Mentor and little friends," a mentoring program for underprivileged students	Public-Private Partnership Forum (Sponsored by: Ministry of Public Administration and Security, Korean Chamber of Commerce, Federation of Korean Industries, etc.)	
Green Construction Awards - Grand Prize in Housing Welfare	Asia Today	
Green Living Culture Awards - Grand Prize in Shared Growth Category	Korea Herald Business	2011
Minister's Award in Market for New Product Category	Ministry of Knowledge Economy	
2011 National Value Engineering Exposition - Excellence Award	Ministry of Land, Transport, and Maritime Affairs	
2011 Value Engineering Awards - Award Certificate	Korea Construction Value Engineering Research Institute	
2011 Daejeon Energy Conservation Awards	KEMCO	2011
2011 Korea Concrete Institute Awards - Best Technology Award	Korea Concrete Institute	
Korea Green Construction Awards - Grand Prize	Seoul Daily	



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