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Harmonizing Human Beings with Nature

LH Sustainability Report 2017



About this Report

Report Overview

The Korea Land and Housing Corporation (LH) publishes this Sustainability Report to share and communicate with our stakeholders LH's economic, environmental and social progress created through our sustainable initiatives. In this seventh Sustainability Report, we align our sustainability strategies with the matters related to our business to make it easier to understand how the stakeholders' areas of interest are reflected in our sustainability practices.

Reporting Principles & Assurance

This report adopts the Core option of the Global Reporting Initiative (GRI) G4 guidelines and sets its Boundary by identifying the impact of each prioritized material Aspects. It was verified by an independent outside third party to ensure its reliability and accuracy, and the detailed results are provided in pages 64 and 65.

Reporting Period, Scope and Boundary

This report is prepared based on the sustainability data of the headquarters and the regional headquarters from January 1 to December 31, 2016. Three-year quantitative performance data is provided to illustrate LH's business progress, and certain projects of 2017 is included to support data on major issues. In particular, report on Disclosures on Management Approach (DMA) of important issues based on the materiality test in accordance with GRI G4 is enhanced, and covers the effect on our stakeholders and its management methods.

Additional Information about the Report

More detailed information can be found on our website. Please refer to the contact information for any questions on LH's sustainability projects or comments regarding this report.



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CEO
Message

Greetings to our esteemed stakeholders

Over the past half century, LH has contributed in raising the quality of life and development of national economy by striving for stability of housing welfare and efficiency of developing land. With our vision “Better Place to Live and Happy Housing with LH” we are playing the leading role in carrying out tasks, as well as concentrating our ceaseless innovation effort in strengthening business foundation based on creativity, integration and collaboration, and also restoring reliability.

We particularly believe 2016 was a year we took LH’s sustainability to the next level. Following 2014 and 2015, we have decreased debt burden by KRW 6.8 trillion, collected KRW 25 trillion, the largest ever, and reached net profit of KRW 2.2 trillion to further enhance business structure. In addition, we have successfully executed tasks such as Happy House Project, New Stay Project, and Pangyo Valley. We have also put effort in securing future growth power to make a remarkable advancement in establishing Housing Management Support Center, promoting export of Smart City and executing a new urban regeneration business model.

We thank all our stakeholders for always supporting us so that LH could go through the heavy seas of uncertainty to fulfill our mission for people and society.

2017 will be a year of bigger change and challenge. With the establishment of an aspired new government, policy change is expected which could affect LH’s medium and long term business direction. Domestic and foreign risk is also escalating due to continued household debt issue, economic slowdown, international interest rate increase and fear of rising reinforcement.

During the rapid changes of business environment, LH will accelerate in reinforcing business competency and risk management to fulfill sustainable housing welfare and local · urban development. We will focus our business resources in carrying out the new government’s public tasks such as expanding rental house supply, urban regeneration new deal program, enhancing balanced development, Smart City construction. In order to make this happen, we will make assurance of boosting financial soundness and securing suitable sites. Furthermore, we will increase credibility through ethical management and improved customer service, and will strive for protection and creation of environmental value.

In order to do that, we believe it is important to listen attentively to our stakeholders’ diverse opinions and communicate. Based on LH’s philosophy of sharing, engagement and coexistence, we promise to give our utmost effort for the value creation and co-development of our stakeholders.

We hope this report serves as a communication channel to genuinely deliver our performances and efforts for LH’s sustainable business and ask for your continued interest and support. Thank you.

June, 2017
Park Sang-Woo
CEO of LH

박상우

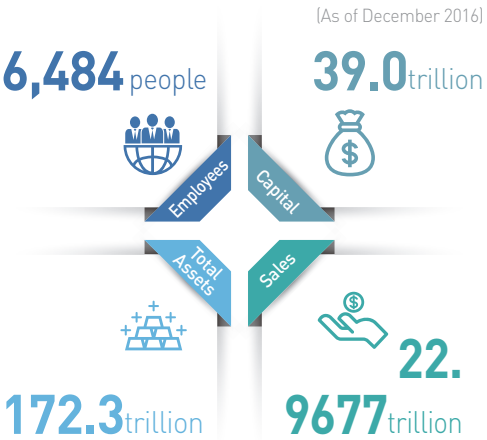


Introduction to LH

Overview

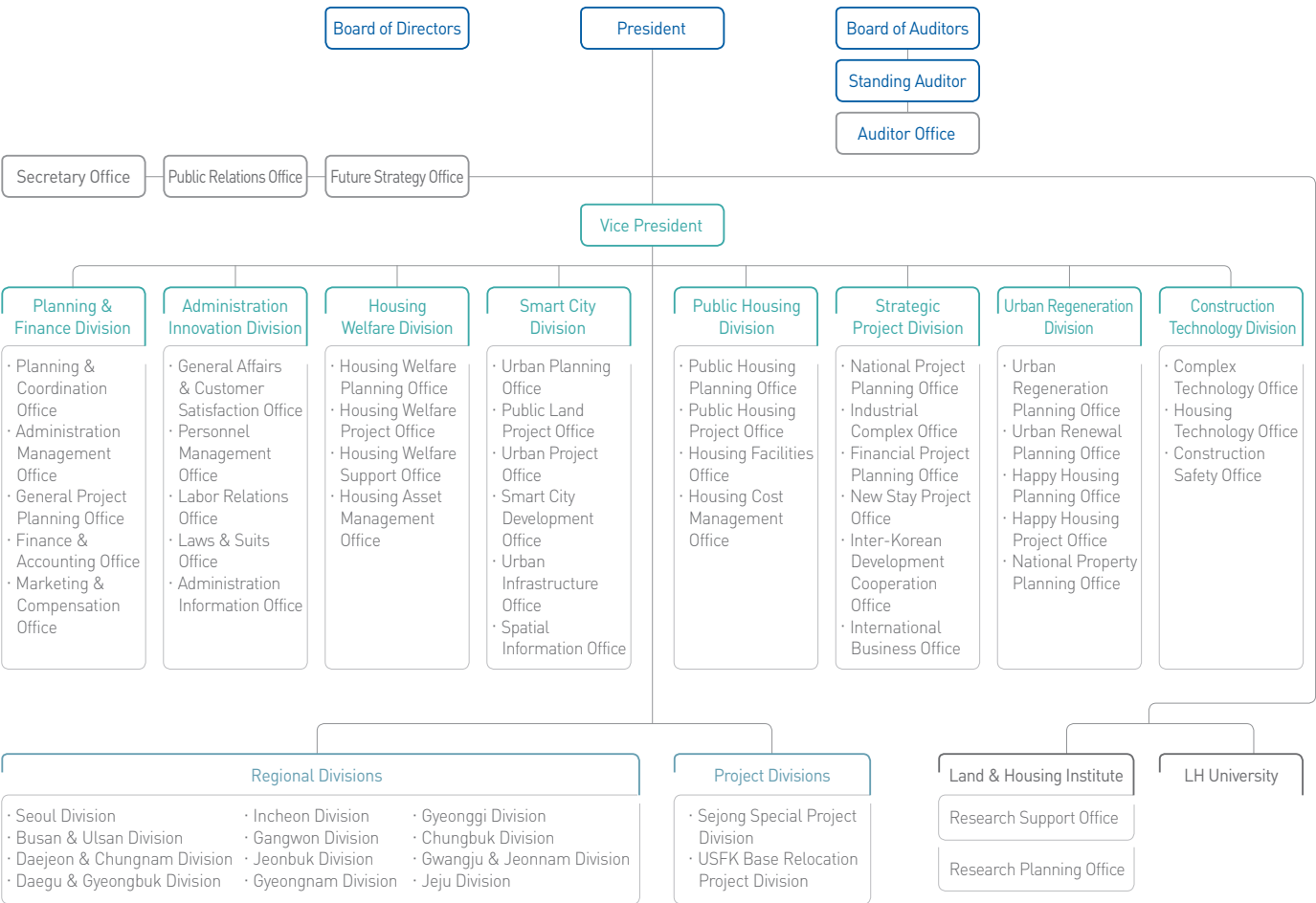
The Korea Land and Housing Corporation (LH) was established to improve people's housing conditions and the efficiency of developing land. We support the country's economic growth by managing the acquisition, development, reservation and supply of land, as well as undertaking urban development and building, supplying and managing housing units.

Organization	Korea Land and Housing Corporation
Date of Incorporation	October 1, 2009
Headquarters	19, Chungui-ro, Jinju-si, Gyeongsangnam-do, South Korea
CEO	Park Sang-Woo
Relevant Government Office	Ministry of Land, Infrastructure and Transport
Basis of Incorporation	Korea Land and Housing Corporation Act No.9706
Ownership Structure	Government (84.05%) , Korea Development Bank (13.31%) , The Export-Import Bank of Korea (2.64%)

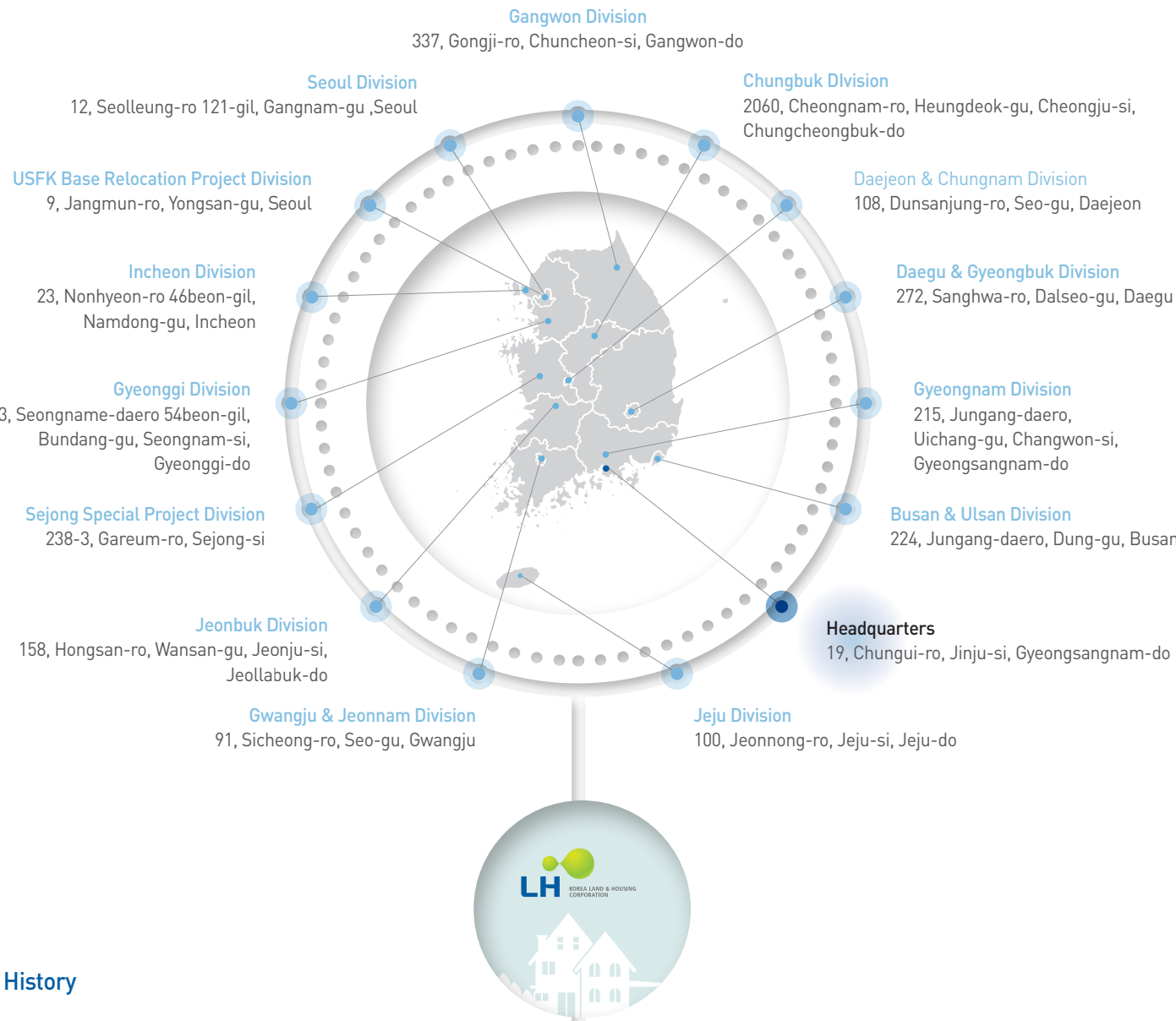


Organization

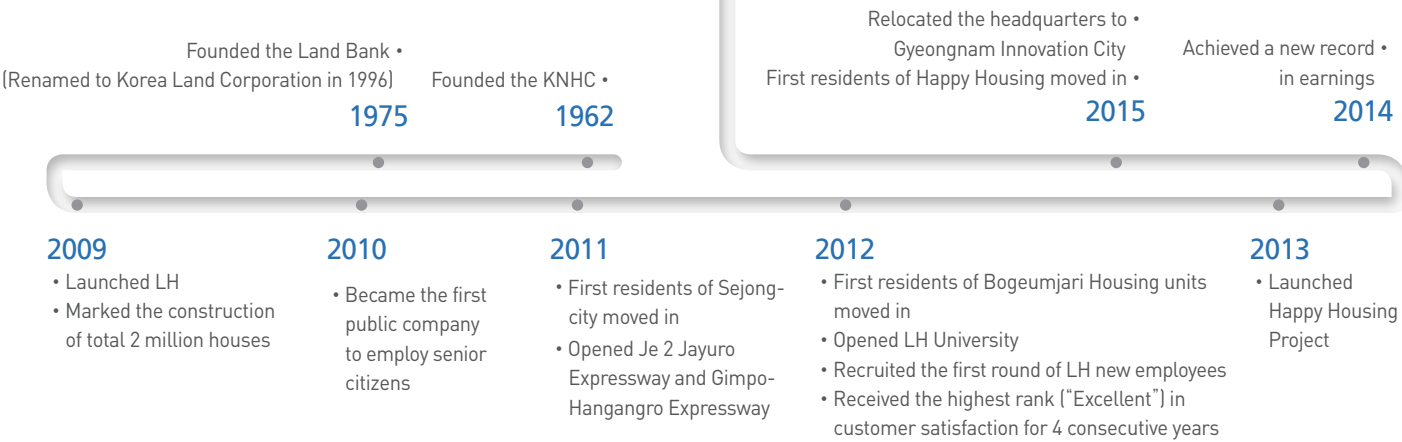
LH's organization consists of 8 divisions, 1 research institute, 43 offices, 1 university, 12 regional divisions and 2 independent divisions.



LH Network



History



LH Sustainability Highlights



LH and Busan City Signs MOU for Construction of Smart City



On November 3, 2016 at BEXCO, Busan, LH signed a 「Construction of Globally Leading Smart City and Promotion of Overseas Export Agreement」 MOU with Busan Metropolitan City (Mayor Seo Byeong-Soo), KAIST (Vice-President Park Hyun-Wook) and Korea Research Institute for Human Settlements (President Kim Dong-Joo). This agreement is the first Smart City related contract that LH, a leader in overseas export by establishing Korean Smart City model, has signed with a local government. Respective parties will gather core competencies to build a globally leading Smart City model in Busan, a central maritime city in Northeast Asia. Based on LH's accumulated know-how on son development projects, it will keep combining Smart City to new projects such as the Urban Regeneration project.



「LH Dream-Level Teacher」 Receives Positive Response From Retired Teachers and Students Alike



LH collaborated with Korea Labor Force Development Institute for the aged (President Choi Seung-Jae) to start the 「LH Dream-Level Teacher」 program which received enthusiastic response from participants. Shin, a former teacher, who is a 「LH Dream-Level Teacher」 said, "I am very glad I can donate my talent from my long career in teaching" and expressed his hope that "I wish more projects can be developed so that retired seniors can contribute to the society with their experience, knowledge and know-hows." 「LH Dream-Level Teacher」 recruits retired teachers over 55 as senior employees and provides after school education to elementary students living in rental housing complexes. As of 2016, 23 retired teachers and 49 children of residents are participating in the program.



Evolving Happy House Applies LH Wireless IoT Smart Home



To dramatically improve residential environment of Happy House and reduce energy cost, LH has demonstratively built a 「Wireless IoT (Internet of Things) - combined Happy House Smart Home」. Happy Smart Home is an evolved version of Smart Home which forms wireless network among all IoT smart hub and devices via smartphone to enable access without networking cables or Wi-Fi that is an upgraded model applicable in all houses. It is expected to appeal to the young, smartphone-friendly generation and LH will be able to increase user convenience by receiving feedbacks from Happy Smart Home residents to advance Korean Smart Home technology.



LH Successfully Bids Descente R&D Center in Myeongji International New City



On August 25, 2016, in Busan-Jinhae Free Economic Zone Authority, LH signed a business contract with Busan-Jinhae Free Economic Zone Authority and Descente Korea to establish DescenteGlobal Shoes R&D Center in Myeongji International New City. The 5,200 pyeong (about 4.25 acres) DescenteGlobal Shoes R&D Center that will be built in Myeongji International New City, a core business district in Busan Jinhae Free Economic Zone, is a footwear research center with two floors and a basement containing shoe manufacture-related indoor and outdoor test facilities, material analysis lab, design lab and prototype lab. LH was able to successfully bid the center by cooperating with Busan Jinhae Free Economic Zone Authority after the letter of intent was submitted in October, 2015. Hereafter, LH will enhance the cooperating system with related organizations to win bids of top companies.



LH Smart City Secures Bridgehead to Entering Chinese Market



LH and China's CCUD (Center for Urban Development, Director General Li Tie), a NDRC (National Development and Reform Commission) affiliated organization, signed a 「MOU for Smart City Exchange and Cooperation」 agreement on July 29 at the '2016 China Smarter Cities International EXPO' held in the Exhibition Centre in Beijing. This contract has raised the exchange level from research stage to Smart City and solution development project discussion stage and has arranged the practical bridgehead to Smart City's exportation by establishing a cooperative relationship among forefront organizations executing real estate policy. In addition, due to increased demand in new town development in the rapid urbanizing China, LH and domestic IT · construction · energy companies' joint expansion opportunity to the Chinese market is expected.



LH Supplies 100 Thousand Rental Houses to Resolve Lease Turmoil



LH announced it will supply 96 thousand rental houses in 2016 to resolve the increasing lease turmoil. It is the biggest scale since 2013. Based on LH's financial stability with KRW 77 trillion in sales and decrease in debt burden by KRW 17 trillion during the past 3 years, LH hopes to achieve housing welfare by drastically raising rental house supply. Starting from resident applications in Gajwa, Seoul, Juan, Incheon, Sinseo, Daegu, 6,210 houses in the metropolitan area and 5,058 houses in the rural areas will be supplied to solve housing issue among the younger generation such as university students and newlyweds.



LH Holds Resolution Rally to Eradicate Corruption



LH held a 「LH Anti-Corruption Rally」 on June 7, 2016 in Jinju headquarters' main hall with CEO Park Sang-Woo and 1,000 employees taking part of the event. LH has confirmed its determination to eradicate corruption to leap forward as the best incorrupt public enterprise and to spread integrity within the organization, the rally took place in LH headquarters and 14 regional · project divisions. To secure · maintain credibility by establishing integrity, LH's employees resolved to ▲ eliminate corruption and take root a clean organizational culture ▲ abide by ethics charter and code of conduct ▲ refuse all money and valuables or lavish entertainment ▲ practice social responsibility and customer satisfaction.



LH Starts New City Export to India



On March 21, 2017, LH signed a MOU with Kalyan-Dombivli, Maharashtra, India to build a Smart City. Kalyan-Dombivli Smart City is the second Smart City designated in September, 2016, in accordance with India's Modi Government's 100 Smart City Mission, located near India's business capital Mumbai. Export of Kalyan-Dombivli Smart City is a cooperation between India's local government and LH. It is the first Smart City that Korea will build in India and by its successful construction, LH will set a foundation to seek joint expansion with domestic construction companies, city planning or IT-related industry's foreign development businesses.

Smart City

Talent Donation

Smart Home

R&D Center

Smart City MOU

Rental House

Rectitude

New City Export

SHARED VALUE

for Sustainability



Economic Value Creation

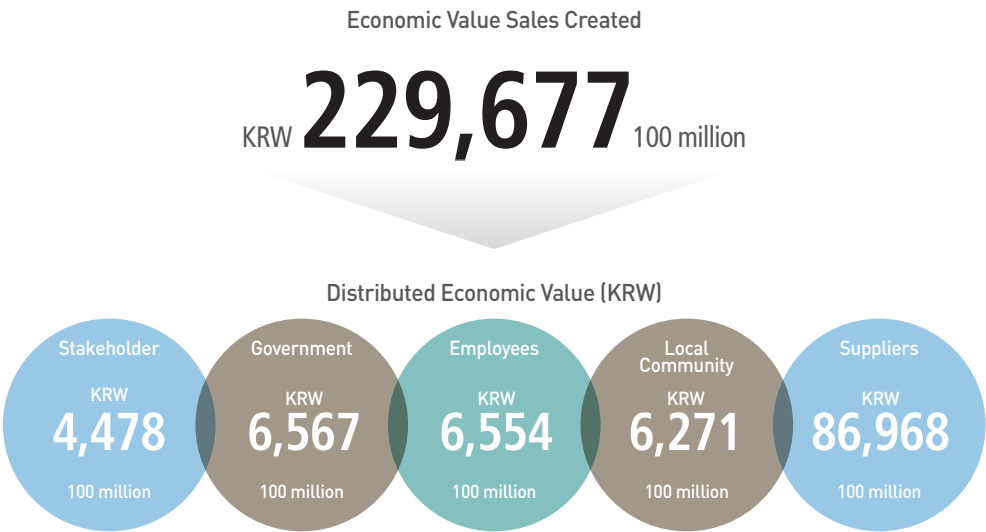
Stakeholders & Mutual Value

LH has been with the economic growth and history of Korea. We have contributed in residential stabilization by building public houses and new towns, created economic value by adequate land development and provision, leading national economic growth by taking initiative of expanding Social Overhead Capital (SOC). We are sharing the economic value with our many stakeholders.

LH Business Model

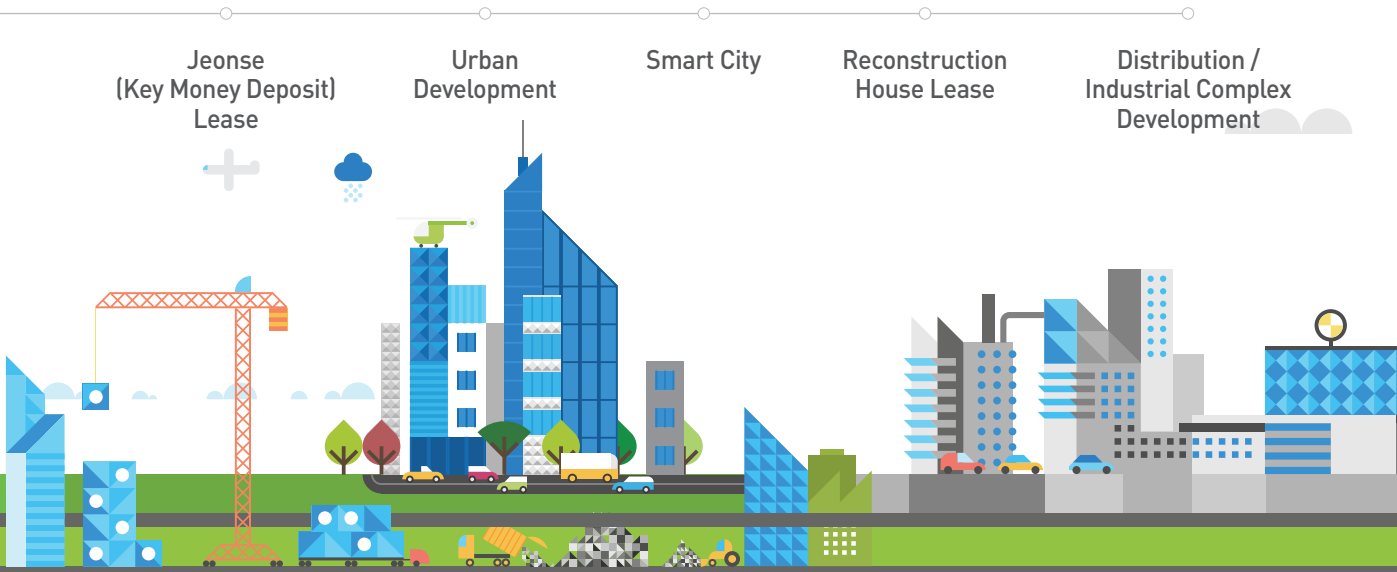


Value Distribution to LH Stakeholders in 2016



Specific Status of LH Stakeholder Value Distribution

Classification	Item	Sector	Unit	2014	2015	2016
Economic Value Created	Sales	Land Development, Housing Project, Housing Welfare, Subsidiary Business	KRW 100 million	212,419	237,572	229,677
Distributed Economic Value	Stakeholder	Dividend	KRW 100 million	681	1,515	4,478
	Government	Corporate Tax	KRW 100 million	1	1	6,567
	Employees	Wage and Benefits	KRW 100 million	5,527	6,116	6,554
	Local Community	Local Takes and Social Contribution	KRW 100 million	3,820	4,964	6,271
	Suppliers	Construction Cost	KRW 100 million	98,688	107,985	86,968



Service Value Creation

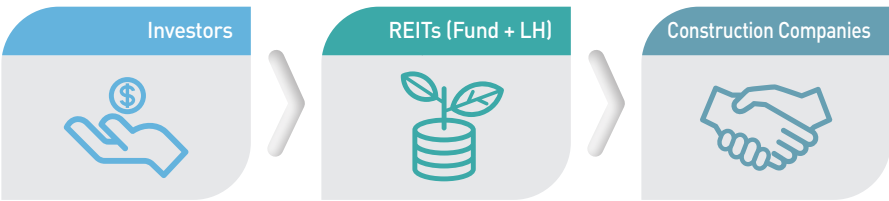
Enhancement of Public Service via LH Service Platform

LH Service Platform
LH is creating specialized services in cooperation with stakeholders and providing them to people.

Supplying Apartments by Utilizing Private Capital

Construction of rental housing with REITs, co-established by Housing Fund and LH, and participation of investors and construction companies

- Contributed in residential stabilization and vitalization of private construction sector

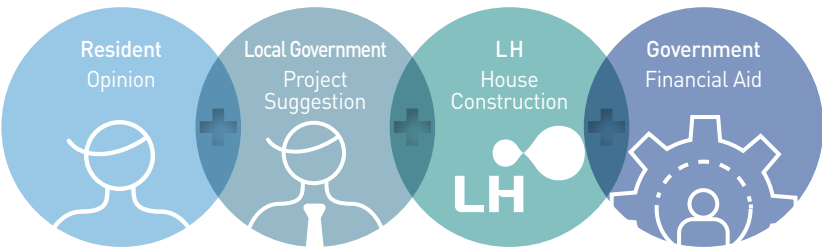


► Expansion of housing policy beneficiaries from working class (public rental, housing development) to middle class (New Stay) (30,000 units in 2016)

Town-Improving Public Housing Project

Cooperation among resident-local government-LH- government for the provision of rental housing and improving towns

- Bottom-up demand-customized project suggested by local government



► Over 150% annual average increase in supply and national expansion of project(1,170units in 2015 → 2,140 units in 2016)
Provision of first rental housing in 11 alienated local government[e.g. Baengnyeongdo island etc.]



Residential Life Service, 'LH Rainbow Service'

Provides creative and various residential life service to residents in cooperation with external organizations

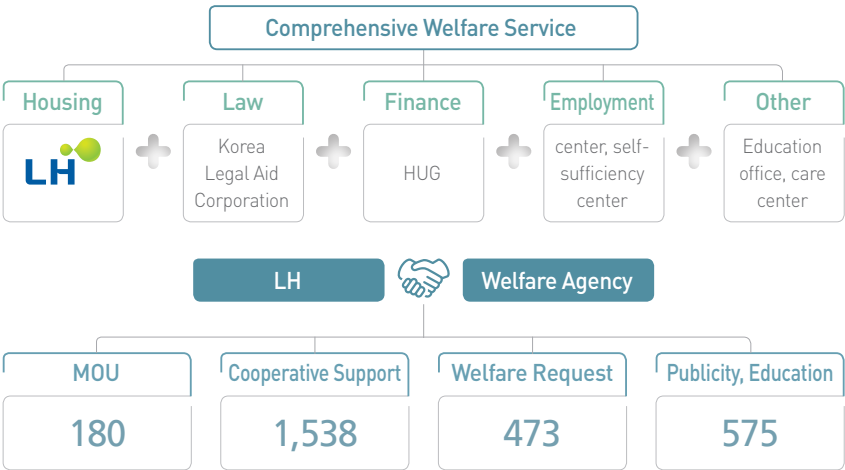


► Cultural performances in 437 complexes, 117 LH Happy Cars in 137 complexes in 2017

One-Stop Housing Support Service, My Home

Increase of housing as well as diversified welfare support through local government and public organization's collaboration

One-stop support in law · finance · employment information through cooperation with Korea Legal Aid Corporation, HUG, job center



► Provided customized housing to 6,143 households through My Home consulting

Social Value Creation

Hope Sharing Reflecting LH's Characteristic

LH's social contribution activities are divided into three areas "housing welfare area" to fulfill the needs of rental housing tenants, "job creating area" to support the financial independence of low-income class and "shared growth area" to enhance communication and harmonization with regions. As a corporate citizen, we promise to always bear in mind the value of sharing and engagement, and make greater effort to become the most widely-loved, reliable public organization.

Children

Establishment of LH Happy Dream Ground, a Local Childcare Center

Runs local childcare center within community facilities in public rental housing complex for childcare and education of low-income families (31 centers)

679 recipients

Mentoring Program for Rental Housing Residents' Children

Signed agreement with 17 universities to manage mentoring programs on education and emotional communication for rental housing residents' children

225 recipients

Happy Lunch for Children in Rental Housing

Provides free meal service (supports equipment · budget, food inspection) for children in 100 public rental housing complexes with employee volunteer programs

6,365 people

Teenagers

Support of Students' School Expense
Yearly subsidizes total KRW 450 million (1 million per person)

430 recipients

Senior Citizens

Senior Employee Recruitment

Improves resident satisfaction by creating jobs and volunteer work (environmental cleanup, keeping single elderly's company) for seniors

1,000 employees

Sharing Kimchi with Love Project

Shares kimchi and daily necessities to the single elderly, handicapped and disadvantaged class

8,350 recipients

Warm Winter Project

Provides remodeling service and briquettes to vulnerable groups

544 recipients

Adults

Support of Young Social Venture Start-ups

Provides start-up fund and education to reduce unemployment in the younger generation (15 teams, KRW 210 million)

35 recipients

Tenants' Joint Wedding

Held annually since 2004 (13ceremonies), organizes weddings and honeymoons

18 couples

Shared Vegetable Garden

Operates 2 gardens (14 thousand m² in Heungdeok, Yongin and 13 thousand m² in Yulha, Daegu)

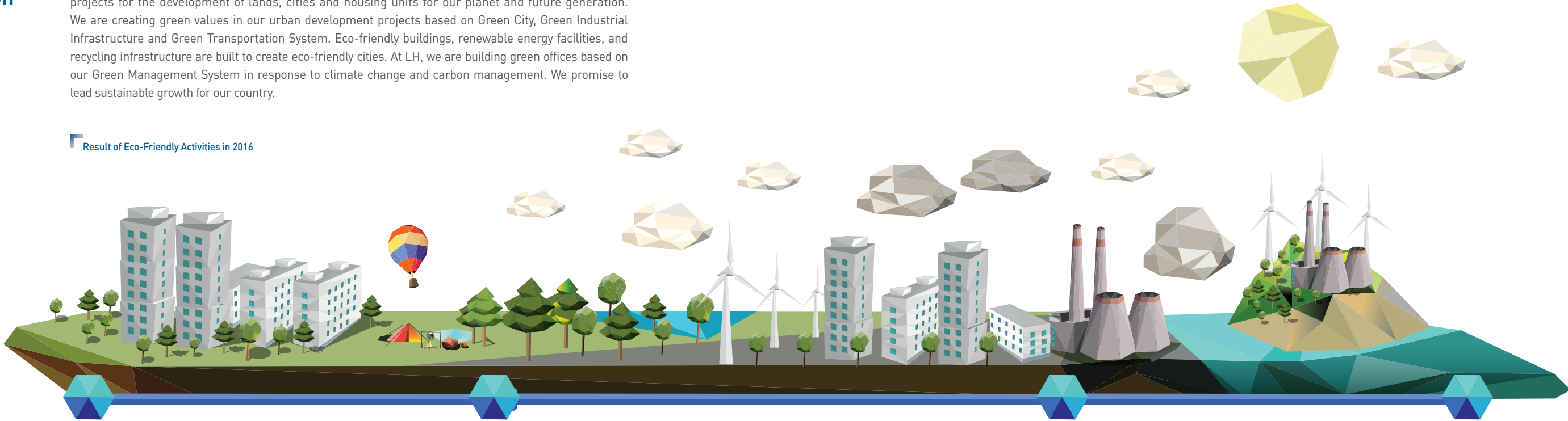
793 recipients

Environmental
Value Allocation

Value Sharing with Future Generation

Our “Eco-Friendly Value Sharing” is comprised of activities we undertake to create green values in our projects for the development of lands, cities and housing units for our planet and future generation. We are creating green values in our urban development projects based on Green City, Green Industrial Infrastructure and Green Transportation System. Eco-friendly buildings, renewable energy facilities, and recycling infrastructure are built to create eco-friendly cities. At LH, we are building green offices based on our Green Management System in response to climate change and carbon management. We promise to lead sustainable growth for our country.

Result of Eco-Friendly Activities in 2016

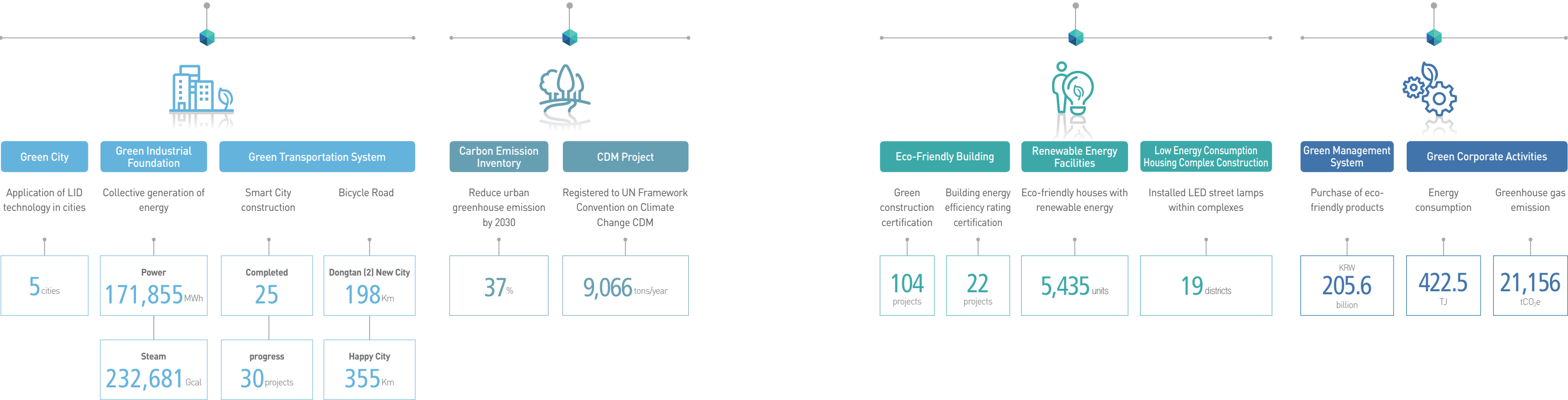


Building Eco-Friendly Urban Network

Preparing for Climate Change

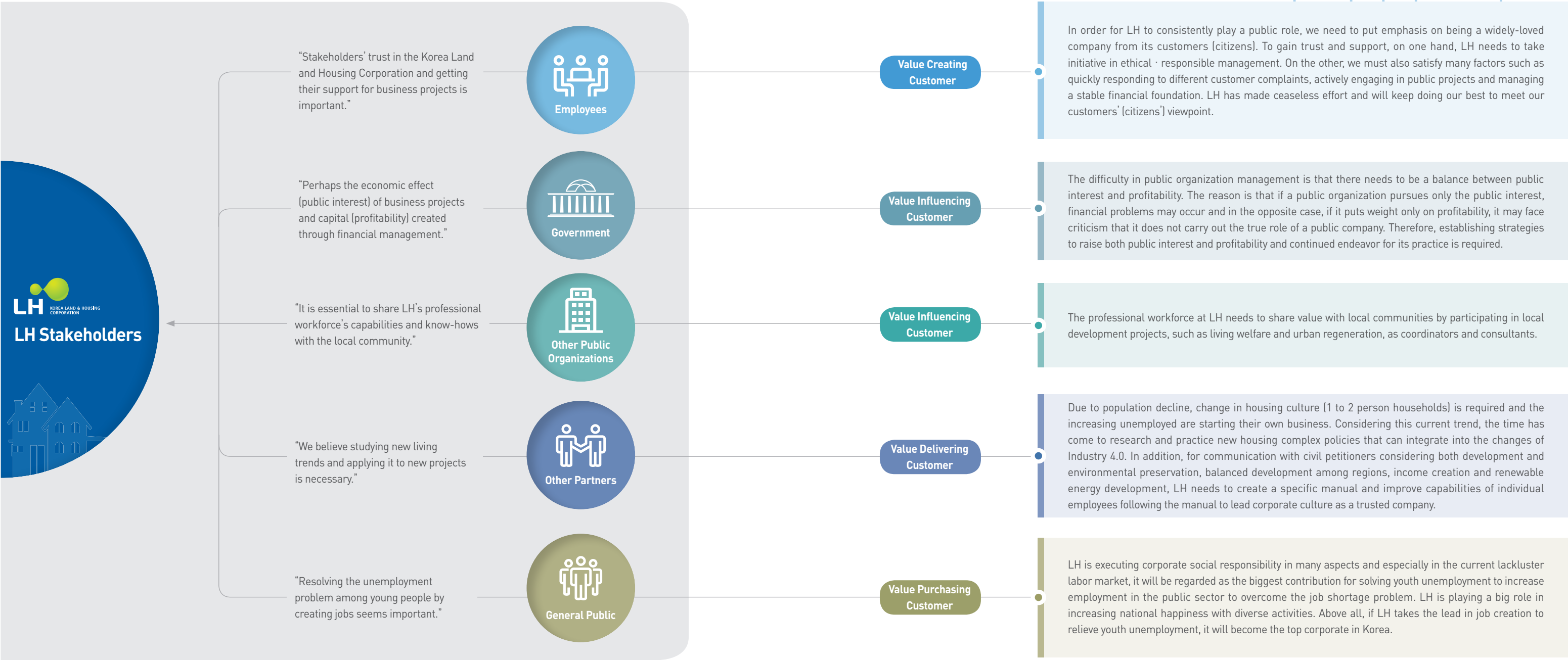
Eco-Friendly Corporate Culture

Utilizing Eco-Friendly Technology
and Constructing Facilities



Stakeholder Interview

The Korea Land and Housing Corporation has interviewed various stakeholders concerning LH's values to question what the most important factor to raise value as a sustainable organization and carry out social responsibility is.



MANAGEMENT

for Sustainability

Vision & Strategies

Governance

Risk Management

LH

Stakeholder Engagement

LH's Material Sustainability Issue

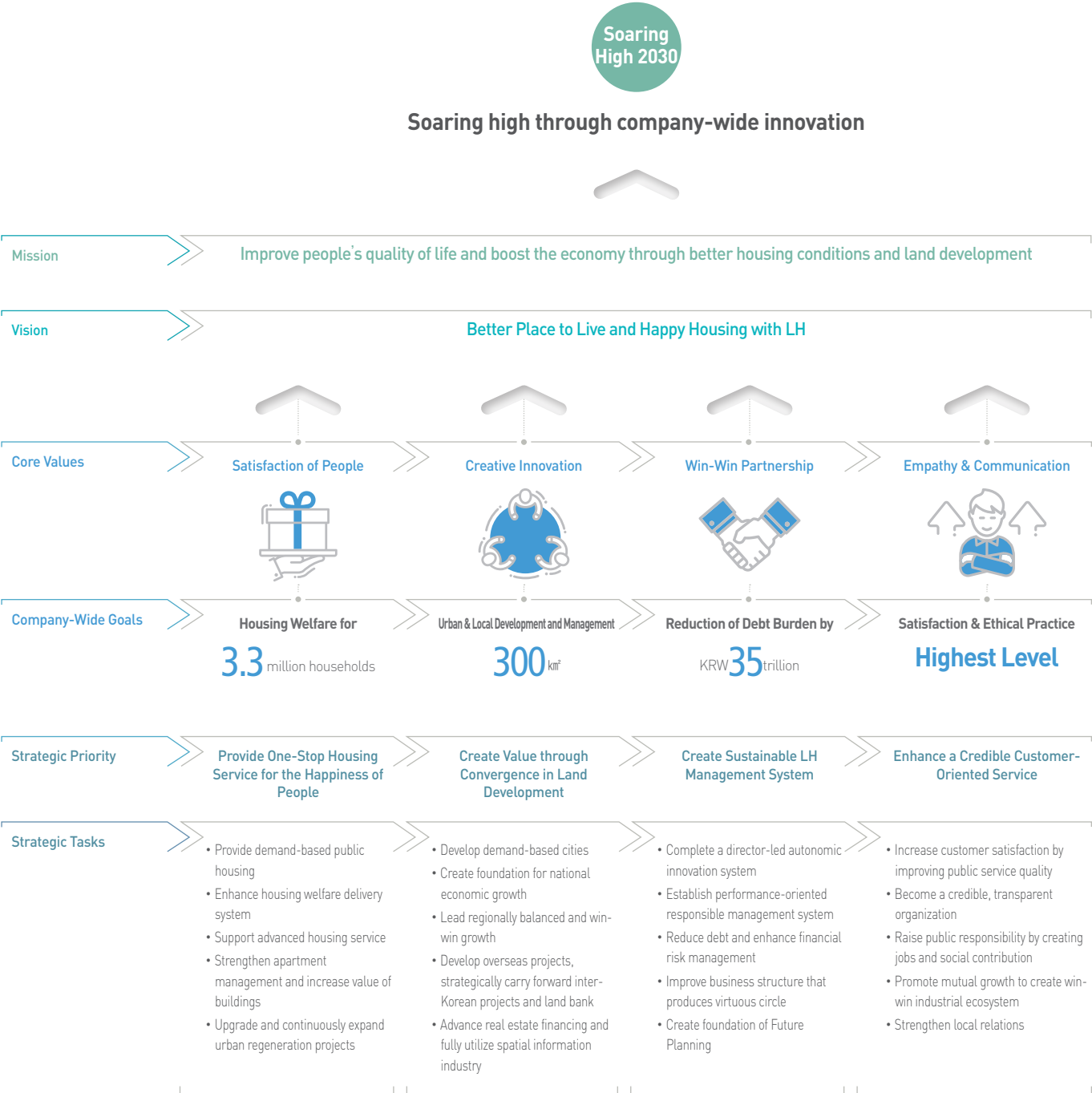


Vision & Management Strategies

Vision & Management Strategies

To actively cope with the changing domestic and foreign business environment, such as the Fourth Industrial Revolution, and to successfully support government policy, as well as to create a sustainable management structure through company-wide innovation, LH set our value and strategy system including mission, vision, core value, and company-wide management goals. We are sharing and practicing "Satisfaction of People", "Creative Innovation", "Win-Win Partnership", and "Empathy & Communication" to reach our purpose of establishment and realize LH's vision. Every year, LH checks and restores company-wide management goals and strategic tasks.

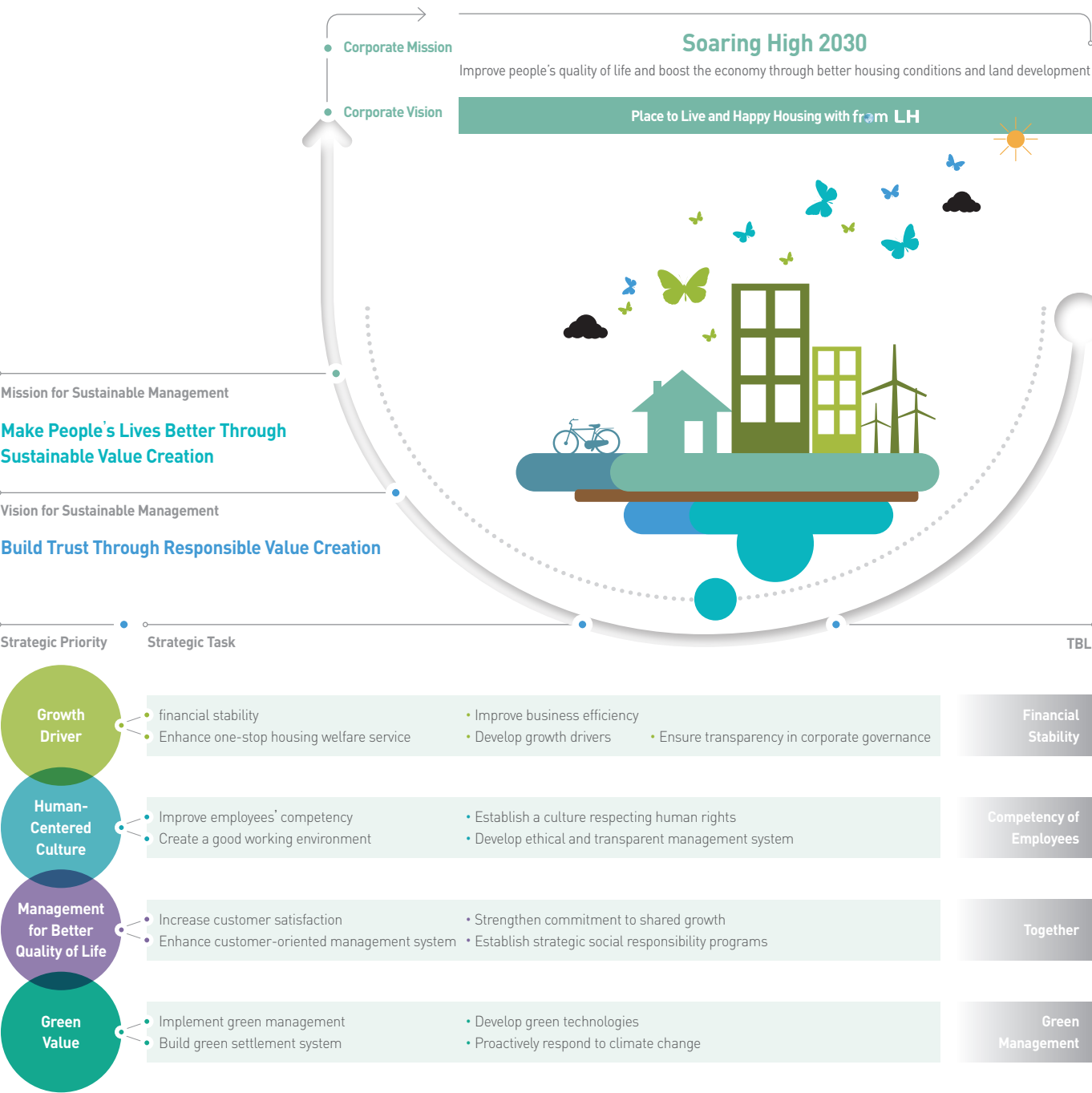
Vision & Management Strategies



Sustainable Management Strategies

With its incorporation in October 2009, LH set standards and procedures for ethical practice, customer satisfaction, quality control, environmental management, and risk management based on our "Sustainable Management Guidelines" and implemented them as a foundation for sustainable growth. Notably, to improve people's happiness and become a trusted LH, we are putting our best effort to focus on growth drivers, human-centered culture, management for better quality of life, and green value creation. LH will keep focusing our resources in management improvement by building a business structure that produces a virtuous circle and innovating business management. On the other hand, we will continue to fulfill our social and environmental responsibility as a corporate citizen.

Sustainable Management Strategies



Governance

Board of Directors (BOD) Composition

LH's Board of Directors (BOD) consists of fifteen members in total: seven executive directors and eight non-executive directors. It is chaired by the senior non-executive director to improve governance and rationally contain the management. In addition, candidates who share LH's vision, have thorough knowledge and experience in LH's area of expertise such as land · urban and housing, and abide by the law as well as having morality as a public officer, are named non-executive directors.

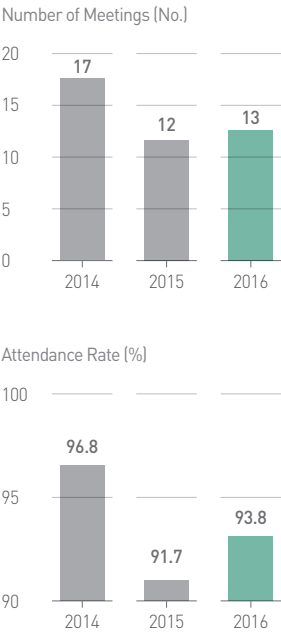
BOD Operation

The BOD adopts resolution by a majority vote of the current directors, and any director who has a stake in the items on the agenda in question cannot participate in voting. The BOD is held on a monthly basis and meetings can be called if necessary. In 2016, a total 13 BOD meetings were held to address 39 agenda items (29 items adopted, 10 items reported). The results of each BOD meeting are announced on our website and our information website for public companies (<http://www.alio.go.kr>). Meanwhile, we keep non-executive directors informed on our management practice in a timely manner to promote their understanding and participation, and arrange site visits and public relations activities.

Subcommittee Operation

LH established subcommittees and an audit committee under the BOD for in-depth review of the agenda delegated by the BOD or for matters that require preliminary review before any decision is made by the BOD. In 2016, LH held 11 subcommittee meetings to address 27 agenda items in advance.

BOD Operation Result



Evaluation and Compensation

Executive directors are compensated through a basic annual salary, incentive salary and retirement allowance. The incentive is paid according to the performance evaluation by the government. The president receives an incentive salary according to the management contract while other executive directors receive an incentive salary within 100% of their basic annual salary based on the performance review determined by the president.

Executive Directors

Name	Job Title	Gender
Park Sang-Woo	President	Male
Heo Jong-Deok	Standing Auditor	Male
Song Tae-Ho	Vice President	Male
Bang Seong-Min	Executive Director	Male
Yoo Dae-Jin	Executive Director	Male
Cho Hyeon-Tae	Executive Director	Male
Cho Seong-Hak	Executive Director	Male

Non-Executive Directors

Name	Position	Gender
Kim Seon-Nam	President of Gwangnam Ilbo	Male
Kim Seon-Yong	Vice President of Higen Motor	Male
Kim Geun-Yeong	Professor of Architectural Engineering at Kangnam University	Male
Kim Hyeon-Il	Visiting Professor of Journalism and Mass Communication at Dongguk University	Male
Cho Jin-Hyeong	Professor of Industrial Engineering at Kumoh National Institute of Technology	Male
Heo Jae-Wan	of Urban Planning · Real Estate at Chung-Ang University	Male
Won Ho-Yeong	Chairman of National Unification Advisory Council, Jinju-si	Male
Cho Man	Professor of KDI School of Public Policy and Management	Male

Risk Management

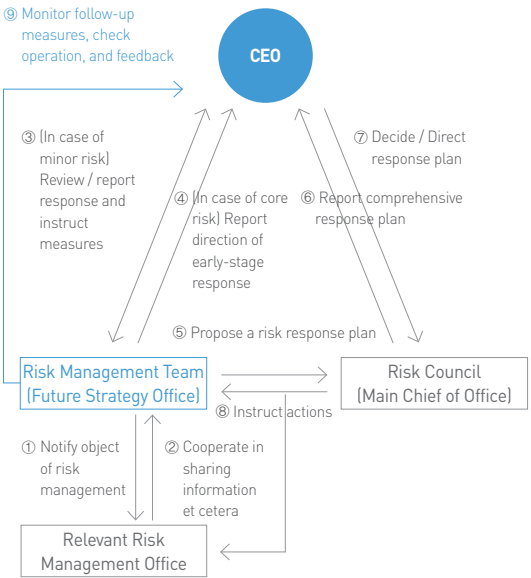
Risk Management System

At LH, we maintain a set of guidelines and procedures for managing potential risks to our business operation. These risks are classified into "Risk" and "Crisis". "Risk" refers to any kinds of threats, uncertainties, and loss of opportunities while "Crisis" indicates a situation where a risk has been escalated, causing a significant loss to our business operation and reputation. We identify and respond to these threats through either "Risk Management" or "Crisis Management". When dealing with company-wide risks, our Risk Management Team takes the initiative while project or support-related risks are managed by the risk manager of each division. Risk management is conducted through prompt response with the aim to minimize damage while taking appropriate follow-up measures to assess the risk management performance and identify the areas of improvement. In 2016, we have established a CEO-centered systematic risk management system that supports our future planning innovational efforts.

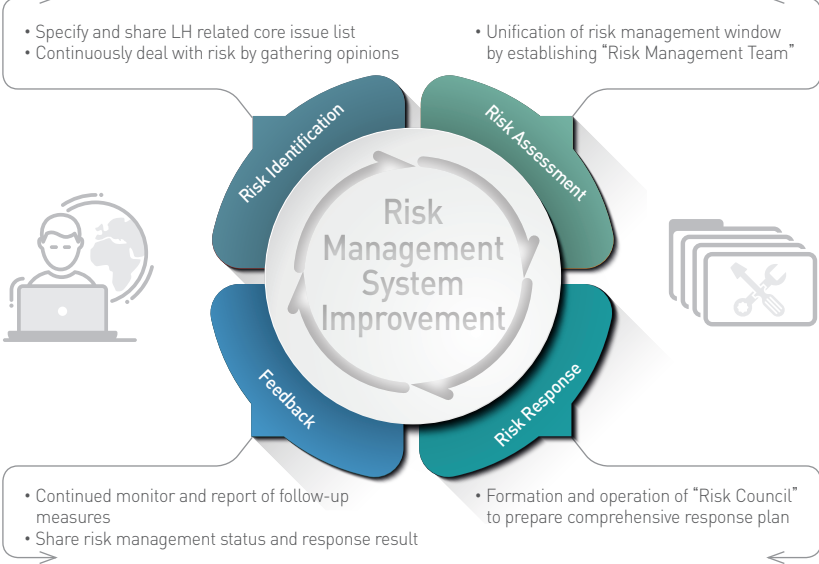
Types of Risks

Political Risk	• Limit in public housing land sales due to concern on excess housing provision
Competition Risk	• Intensified competition with local public companies due to expansion of local government's authorities
Business Risk	• Increased safety hazards (i.e. earthquakes) • Damaged reputation due to continued occurrence of defects
Financial Risk	• Possibility of loss followed by profitability decrease
Organizational Risk	• Government's constant attempt to reduce work force

Foundation of Risk Management Process



Improvement of Risk Management System



Relevant Organization

The Risk Management Committee is the supreme decision-making body in risk management, making decisions on LH's risk-related policies, strategies, and countermeasures. The president assumes the role of chairman, and the vice president serves as chief risk officer (CRO) of the committee. General Risk Management Team was organized under the committee and it has designated the heads of divisions, team managers and risk response staff as risk managers for prompt response to risks. Meanwhile, in case of crisis, the Crisis Management Division conducts analysis and plans countermeasures to monitor the status.

Stakeholder Engagement

Stakeholder Communication

At LH, we classify stakeholders into groups based on our value creation system. We maintain communication channels customized for the shared values of each group and areas of interest, and their input is fully reviewed during our decision-making process. We will continue to listen to our stakeholders and integrate their perspectives into our business priorities to meet their demands and expectations.

Communication Channels with Stakeholders

LH aims to fulfill its management goals through effective communication with its internal and external stakeholders. We make an effort to cut debts to ensure financial stability through communication with our internal stakeholders and lay the foundation for sustainable business through active communication with our external stakeholders.

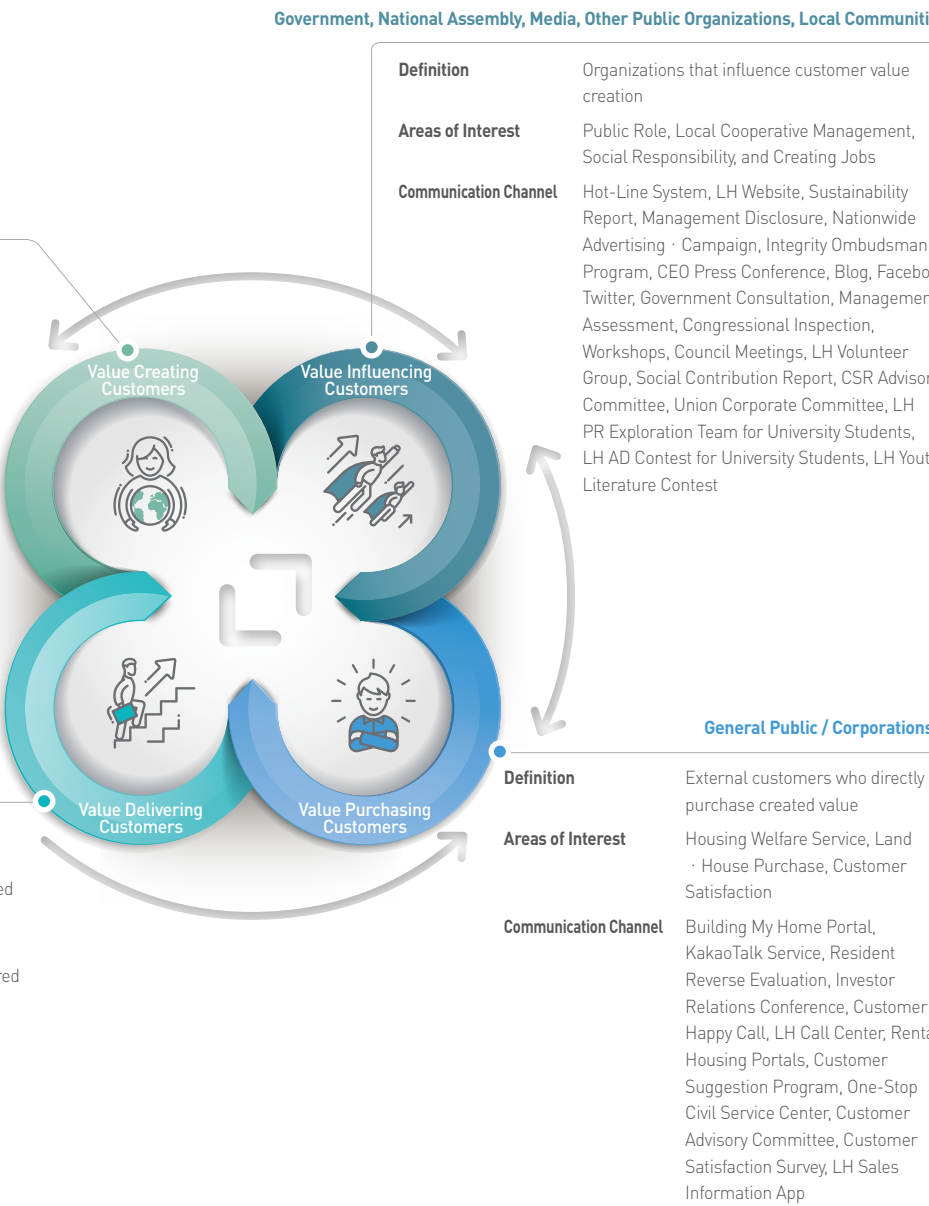
LH Communication System by Stakeholder

Employees / Labor Union

Definition Employees who create value for LH
Areas of Interest Vision, Pride, Pay, Financial Stability, Welfare, and Work Environment
Communication Channel Cyber & Group Training, Core Value Day, GpGgi Program, LH Family Camp, Couple Camp, Labor-Management Joint Workshop, Labor-Management Council, LH Coexistence Committee, Employee Satisfaction Survey, Growing Together Festival, Public Report Program, Suggestion Program, LH NEWS

Design Contractor / Construction Contractor / Other Partners

Definition Stakeholders who deliver created values
Areas of Interest Win-Win Partnership, Trust, Shared Growth, Performance Sharing Program, and Safety
Communication Channel Clean Coexistence Meetings, Shared Growth New Technology Festival, Overseas Urban Development Center, Shared Growth Center, Integrity Survey, Meetings with Suppliers



Communication Channels with Stakeholders

LH is putting forth a multilateral effort to share the corporation's vision and core value with our stakeholders. We operate communication channels that fits diversified stakeholders' characteristics and categorized stakeholders and created communication strategies by considering organization and business properties.

Stakeholder	Property	Value Type
People, Local Community	Engagement ○	Value Realization
	Influence ●	
Government, National Assembly, Local Government, Press	Engagement ●	Value Impact
	Influence ○	
Partners	Engagement ○	Value Delivery
	Influence ○	
Employees, Labor Union	Engagement ●	Value Creation
	Influence ●	

Organization Property

- Public function-centered
- Lead construction industry
- Public company developing and managing real estate

Business Property

- Produce public goods
- Fulfill government tasks
- SOC projects

* ● : High engagement and influence
○ : Low engagement and influence

Communication Direction by Value Type

Value Realization	Value Impact	Value Delivery	Value Creation
People Revitalize local economy by pushing ahead customer-oriented service innovation project service that meets people's needs	Local Community Revitalize local economy by carrying forward "Local Development is LH's Development" a local community-linked project	National Assembly, Government, Local Government Lead task performance by creating vital collaboration system	Partners Mutual development by creating a shared growth infrastructure through regular communication
Employees Raise productivity by establishing a communicating and collaborating organizational culture	Labor Union Develop bond between organization and labor union through genuine communication		

Classification	Stakeholder	Interest	Communication Strategy and Sharing Channel
External	Value Realizing Customer	• People • Local Community	• Customized service, public role • Local development, social responsibility
	Value Impacting Customer	• Government, National Assembly, Local Government • Press	• Fulfill tasks, create jobs • local development and urban regeneration, collaboration • Interest by issues
	Value Delivering Customer	• Partners	• Fair business handling, system improvement, mutual interest, open data
Internal	Value Creating Customer	Employees, Labor Union	• Communication, collaboration, sustainable management • Work environment and pride

LH created an effective and practical place of communication with stakeholders and pushed forward consistent effort to conversation, and as a result, is creating diverse synergy effects. LH will continue its bilateral communication with internal and external stakeholders and will actively reflect its result in our management.

LH's Material Sustainability Issue

STEP 1 Identify Sustainability Issues

* Trend : Externaleconomic, environmental, and socialtrends that affect LH
* Impact : LH'seconomic, environmental, and social impact on the external world

LH examines stakeholders' areas of interest and expectations that affect LH's business activities and makes a report on them to open transparently to stakeholders. The report contains the material issues that are identified through the materiality test based on the GRI G4, ISO 26000 relevance and materiality test process. In particular, the materiality test reflects the materiality of the information that affects stakeholders' decision-making and reflects the economic, environmental, and social impact of the issues on LH. The report also encompasses identified material aspects and boundaries so that stakeholders can assess the performance of the organization.

Media Analysis / Related Business Analysis / Trend & Impact Analysis / ISO 26000 Performance Assessment

Trend & Impact Analysis	We identified issues related to sustainability management by conducting a survey of LH employees on that topic in terms of trend, impact, and internal competency.
Benchmarking	We analyzed sustainability management reports of several local and international companies noted for outstanding performance in sustainability management and analyzed their outcomes based on the GRI reporting principles, through which we identified additional issues we should address.
Media Analysis	In order to objectively comprehend public awareness of issues related to LH's sustainability management, we analyzed 4,143 out of 21,031 media mentions and articles featured on major magazines and newspapers for the last three years from January 2014 to December 2016 and identified related issues including negative ones
Stakeholder Interview	We interviewed five experts who represent LH's stakeholder groups and reflected their demands and shared value in identifying core issues.
ISO 26000 Performance Assessment	We assessed the performance of LH's social responsibility based on ISO 26000 assessment tool, developed in supervision of the Ministry of Trade, Industry and Energy, and have deducted related issues on the vulnerable matters.

STEP 2 Stakeholder Engagement

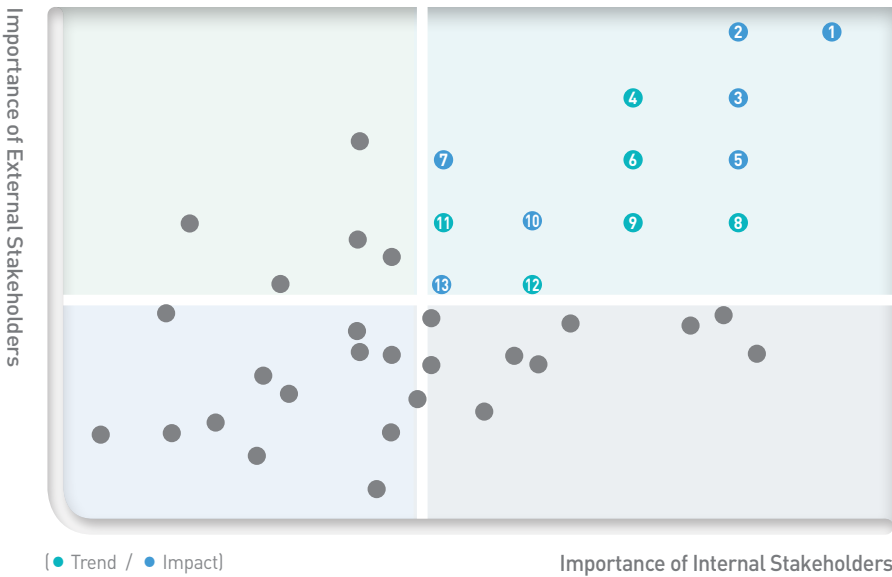
Prioritization Key Issues

Stakeholder Interview	In an effort to understand the impact of stakeholders on LH-related issues on sustainability management, we conducted a survey of our major stakeholder groups, including LH employees, suppliers, local communities, and customers with their legal, financial, and operational responsibilities and influence under consideration. The result of the survey of 1,569 internal and external stakeholders, which was held for five days from March 17 to 21, 2017, was utilized as a basic resource for the identification of core issues of the materiality test.
Materiality Test Result	Among the 42 relevant issues identified through Trend &Impact analysis, benchmarking, media analysis, and stakeholder engagement, we identified 13 core issues (6 in Trend and 7 in Impact) with 4.0 on average in materiality. We then made a report that contained the 13 core issues with emphasis on the issues with high average scores in materiality.

STEP 3 Review Validity and Appropriateness

Review by Internal Stakeholders	LH held a meeting in which the analytical process of material issues for sustainability management and its results were announced and core issues on sustainability management were discussed. We completed the review of the boundaries of our report and the appropriateness of the reporting period through meetings with internal employees in addition to official reporting sessions.
Review by External Stakeholders	The appropriateness of the report making process, including the identification of core issues, and the validity of the data were reviewed by external stakeholders through an external assurance agency.

Identification of Major Issues



Core Value
① Enhancement of financial soundness and profitability
② Reinforcement of service responsibility
③ Shared growth with partners
④ Social responsibility programs for local communities
⑤ Rearrangement of business structure and management innovation
⑥ Development and practice of housing stability task for the neglected class
⑦ Advancement of anti-corruption, ethical, and clean management
⑧ Vitalization of economy
⑨ Conflict among local communities
⑩ Operation of green management system
⑪ Customer-satisfying management
⑫ Efficient management of national land
⑬ Human rights of workers

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STRATEGIC FOCUS

for Sustainability



STRATEGY I
Growth Driver for Sustainable Value Creation
Management Efficiency & Stability
Reinforcement of Housing Welfare Service
Reinforcement of Competitive Advantages



STRATEGY II
Human-Centered Corporate Culture Based on Transparent and Ethical Practice
Human Resources-Respecting Culture
Labor & Management-Harmonizing Culture
Ethical & Transparent Culture



STRATEGY III
Quality of Life Improvement Through Social Responsibility
Customer Satisfaction Management
Shared Growth & Coexistence
Contribution to Local Community



STRATEGY IV
Green Value Creation for the Planet and Future Generation
Eco-Friendly Value Sharing
Response to Climate Change





STRATEGY I

Growth Driver for Sustainable Value Creation

Why is this strategy important for LH?

For us to maintain sustainable growth, it is essential to achieve our missions and goals based on efficient and stable business management and organizational operation. We recognize this as part of our growth drivers and focus on strengthening our fundamentals and generating creative ideas while improving the quality of service. We will continue to fulfill our responsibilities as a public corporation with stable financial structure and active development of growth drivers and help improve the quality of life by stabilizing the housing market for both current and future generations.

How is LH making its approach?

Since our integration, we have focused our efforts in reducing debts by taking a strong initiative in the debt reduction plan and restructuring process. Under this plan, we make sure our financial status remains strong in terms of our project management, sales force, management efficiency, asset disposal, and business model while creating a virtuous circle in our business structure to maintain stable business practice. In addition, we seek active participation from our employees by raising awareness in our initiatives and align our performance evaluation and incentive systems with this objective. Meanwhile, we are identifying emerging demands for safety and other aspects and taking preemptive measures. While stabilizing our supply of rental housing in accordance with the housing welfare policies, we are increasing the recipients of housing welfare service to include college students and newlyweds. Furthermore, we are reinforcing the level of innovation in industrial complexes and facilitating the development of bases to boost local economy and build foundations for economic growth and competitive advantages in land development.

LH's Promise to Enhance Growth Drivers



- ▶ Respond to the changes in macroeconomics more effectively and reflect improvements in our long and mid-term plan and financial management plan.
- ▶ Build more public rental housing units based on LH Housing Project Vision 2020
- ▶ Establish customer-oriented programs to reduce the burden on their housing cost
- ▶ Build a foundation for creative economy through public service roles in line with industrial welfare such as support in business establishment and corporate growth.
- ▶ Continue building parks with various themes that reflect social trends, and apply the model cases of safety in the development of new cities.

What are the achievements?



KRW **8.6** trillion

Debt burden reduction



Achieved top credit rating in public company sector

Credit rating



85,000 units

New rental housing

Management Efficiency & Stability

Management Stabilization Plan

Management Status

In response to the changing land and housing political paradigm and to overcome the limitation in the existing business approach and worsening financial structure, we are focusing our corporate-wide resources on stabilizing our business operation. With restructuring, diversification of business models, and full-scale sales efforts, as well as compliance with the government policies and management innovation, we are solidifying our fundamental and financial stability while slowing down the increase in debt as we realize financial improvement and business efficiency.

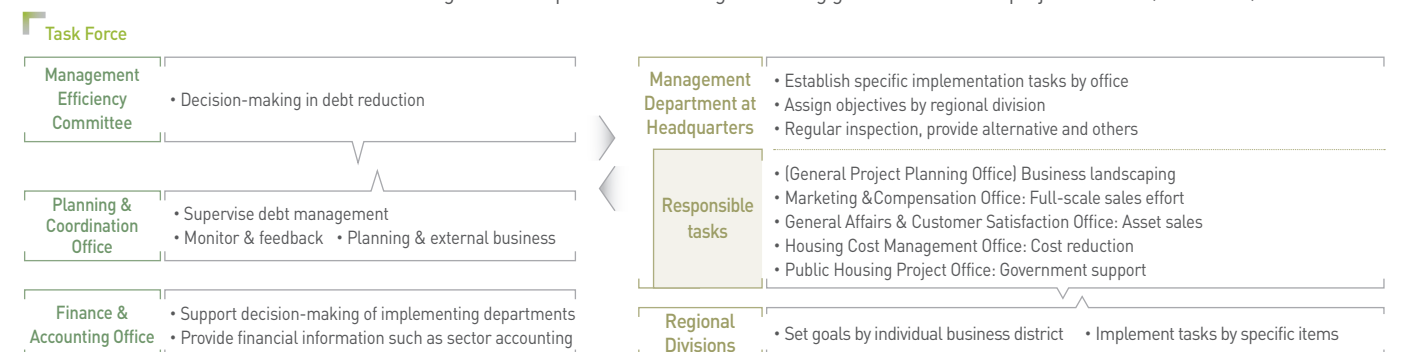
Debt Reduction Initiative Process

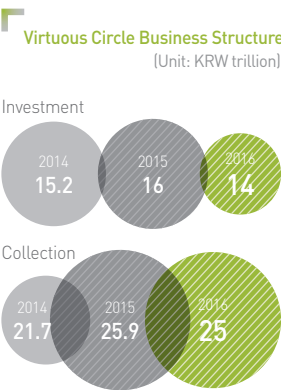
In response to the government's announcement of the 2-Stage Public Agency Normalization Directive in January 2015 with an emphasis on building a foundation and monitoring process for their financial sustainability, we are focusing on improving our financial stability and profit generation. This will achieve more efficient distribution of limited financial resources based on a virtuous circle of business model and consistent implementation of our debt reduction plan. For a corporate-wide approach in this matter, we have established an implementation process in line with the long and mid-term plan. We track our progress on a daily/weekly/monthly/quarterly basis and align our internal evaluation with the debt reduction initiative while increasing the incentive for better performance.



Task Force

At LH, we are reinforcing our decision-making process with the organization of a task force to build a foundation for debt reduction and strengthen our implementation capabilities. With the CEO as chairman, the Management Efficiency Committee is in charge of making decisions for continuous debt reduction activities while the Planning & Coordination Office takes up the role of generation management of debt reduction, business operation, and financial management, as well as long, mid and short-term plans. The headquarters implementation team establishes action plans by division and sets goals for regional headquarters while monitoring their progress and providing feedback. Meanwhile, the implementation team at regional headquarters is in charge of setting goals for individual project districts(work sites).





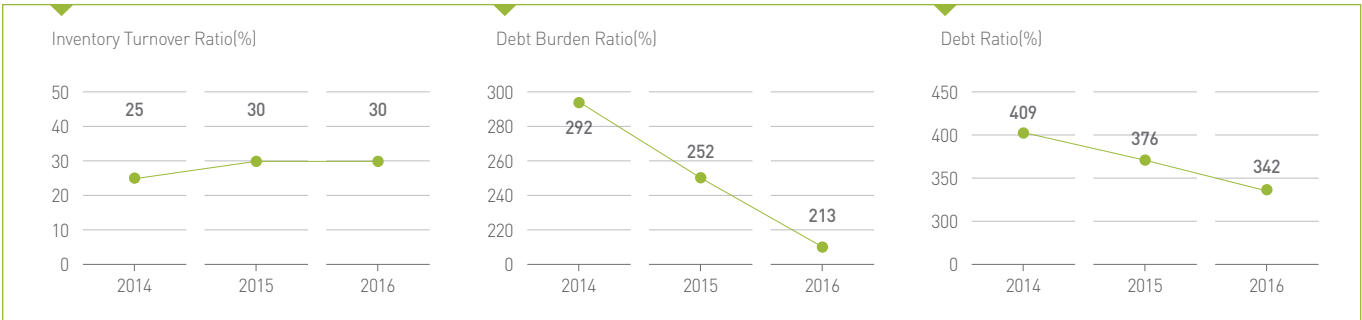
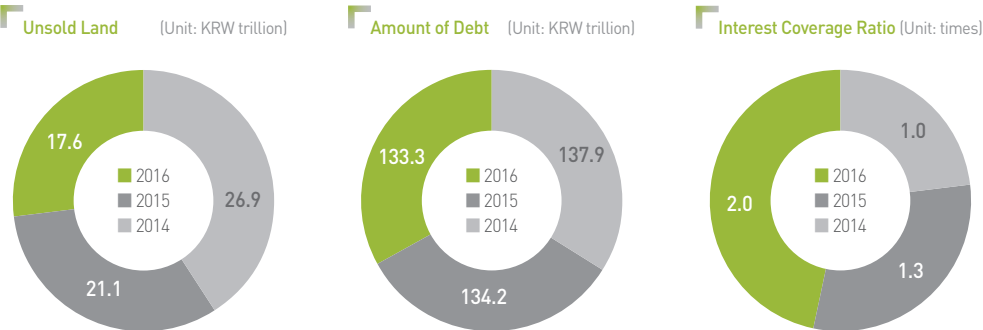
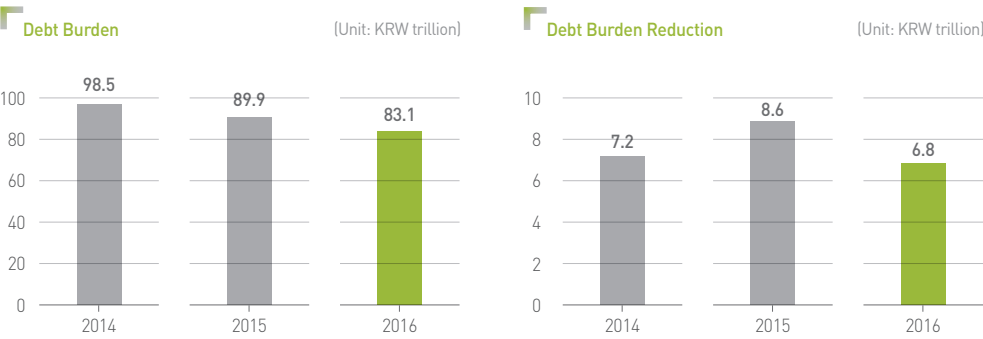
Stabilization of Management & Financial Conditions

Virtuous Circle of Business Structure

We introduced private financing and performed joint projects with private sectors, reducing our project costs successfully. By increasing the efficiency and productivity in business operation, we reduced the cost while constantly improving quality. On the other hand, we improved the way we collect payment by establishing a competitive sales goal system as well as making efforts to maximize profitability. We also focused on the sales of all our available assets, including long-term unsold land in order to reduce investment and increase the amount we collect. In 2015, we reached the virtuous circle of business structure for the first time since LH's foundation and have continued our effort to reduce debt in 2016 to enhance our financial soundness based on the virtuous circle of business structure for three consecutive years.

Debt Reduction & Credit Rating

After our long and mid-term financial management plan was established in June 2013, we planned debt reduction in line with the long and mid-term financial management plan in June, 2014. In compliance with the Public Corporation Bond Total Amount System, we reduced the limit of issuance by 50% and reinforced our business management system. In addition, we improved our sales objective management system and operated our sector accounting system to as part of our debt reduction plan. In 2016, our full-scale sales effort led to debt reduction and we have reached 122% in reduction than our initial goal. Furthermore, we have enhanced the stability of our financial structure by decreasing debt for three consecutive years and received the highest credit rating in the public company sector in 2016.



Debt Reduction Initiative Progress

Private Financing Business Model

We diversified business methods by reducing project cost and utilizing private capital to build a low-cost business structure with an optimum investment-return ratio. Diversification of business methods, a mutual success strategy with the private sector, is a business model which minimizes investment risk while maintaining the total project amount to carry out government tasks without any setbacks. In 2016, we accelerated business vitalization through early disposal of unsold land to REITs and construction of housing for sales in unconstructed land in partnership with the private sector. In addition, by executing a project to preserve the loss of rental housings with the profit from housing for sales built by the private sector, we reached our management goal without any debt increase. Also, we developed two new business methods: Land Support and Happy Housing REITs.

Type	Model	Business Method	Project District
Land	Joint Private Land Development	3 districts	District available for private participation in land development or public housing district
	Commissioned Development	67 constructions {23↑}	District available for complex development in connection with lots for sale
	Substitute Land Development	1 district	Urban development district which residents agrees to its substitute land development
	Housing Development REITs	10 blocks {4↑}	Unsold public housing or independent housing sites.
	Land Supporting REITs	1 district (new)	Business district close to urban area that can utilize New Stay
Housing	Joint Private Housing Construction	blocks {7↑}	Blocks unconstructed after approval that private sectors can participate in
	Public Rental REITs	56 Blocks {24↑}	10 year rental housing blocks available for REITs establishment
	Commissioned Construction	1 block	Block available for housing construction in connection with lots for sale
	Happy Housing REITs	2 blocks (new)	Happy Housing blocks available for REITs establishment
Combined	Land Development + Long-Term Rental	2 blocks {1↑}	Districts out of joint private housing development districts that are capable of long-term rental
	Housing for Sales + Long-Term Rental	4 blocks {2↑}	Districts out of joint private housing development districts that are capable of long-term rental

Enhance of Profitability Through Customized Sale Strategies

LH is the first public enterprise to introduce a sales performance competition system, “Sales Objective Management”, for the collection of payment through full-scale sales effort. In 2016, following 2015, we evolved our system. As a part of the evolution, we enhanced our goal by assigning additional sales goal to our yearly operation plan as well as advancing our index by adjusting our weighted and assessment value. As a result, we reached the highest net profit ever - KRW 2.2 trillion. This has led to KRW 5.5 trillion debt reduction through full-scale sales effort.

Cost Reduction through Efficient Management

Lately, we are facing tough challenges as our foundation for earning weakens due to a decrease in project profitability. We are also taking on more burden in building utility facilities as required by local governments, as well as donating land to build schools. However, the rent for low-income res-idents cannot be increased, causing more operating loss. In 2016, we greatly decreased the rate of cost to sales by company-wide cost reduction and improvement of business value. This is a result of implementing project profit and loss objective management system and creating groundwork for an onsite-centered profit and loss management. In addition, the entire company has improved our minds to enhance business value and reinforced incentives through internal assessment and rewards. There are cases of business value improvement of KRW 7.7 trillion through business value-improving meetings, and due to cost reduction we reduced KRW 1064.9 billion in debt in 2016.

Proactive Adoption of Segment Accounting

As part of our business innovation for overcoming the financial crisis, we adopted segment accounting and upgraded all aspects of our system from system operation to evaluation. A task force has been designated to secure the implementation capabilities, and the causes of debt have been fully analyzed by project, product, and function for take a more rational approach to our reduction plan. We use this system in our decision-making process for strategic projects and manage our progress through monthly reviews.

Generation and Distribution of Economic Value

Economic Performance and Financial Highlights

Classification	Sub-Classification	Sector	Unit	2014	2015	2016
Key Economic Performance	Sales	-	KRW 100 million	212,419	237,572	229,677
	Sales by Sector	Land Development	KRW 100 million	137,565	175,012	168,988
		Housing Project	KRW 100 million	61,982	49,023	45,743
		Housing Welfare	KRW 100 million	10,197	10,997	11,940
		Subsidiary Business	KRW 100 million	2,674	2,540	3,006
	Business Profit	-	KRW 100 million	11,119	14,712	31,757
	Net Profit	-	KRW 100 million	8,479	9,801	22,370
Interest Reduction	Interest Rate	Weighted Average Financing Rate	%	3.0	2.1	1.8
Summary of Financial Statement	Assets	Current Assets	KRW 100 million	921,981	871,677	867,724
		Non-Current Assets	KRW 100 million	794,216	827,218	855,493
		Total Assets	KRW 100 million	1,716,197	1,698,895	1,723,217
	Liabilities	Current Liabilities	KRW 100 million	363,662	481,937	517,447
		Non-Current Liabilities	KRW 100 million	1,015,146	859,948	816,021
		Total Liabilities	KRW 100 million	1,378,808	1,341,885	1,333,468
	Equity	Capital Stock	KRW 100 million	257,825	268,492	389,713
		Others	KRW 100 million	79,529	88,483	36
		Total Equity	KRW 100 million	337,390	357,010	389,749
Key Financial Indicators	Growth	Sales Growth	%	16.1	11.8	-3.3
		Net Profit Growth	%	19.3	15.6	128
	Profitability	Return on Asset	%	0.5	0.6	1.3
		Return on Equity	%	2.6	2.8	5.9
	Stability	Current Ratio	%	254	181	168
		Quick Ratio	%	30	22	23
		Debt-to-Equity	%	409	376	342
		Debt Burden Ratio	%	292	252	213
		Equity Ratio	%	19.7	21.0	22.6
	Productivity	Gross Value Added to Total Assets	%	2.9	3.5	4.5

Enhance of Housing Welfare Service

Stabilizing Housing Situation

Increase in the Supply of Rental Housing

In response to soaring Jeonse (lump-sum deposit) and increasing demand for housing supply for low-income families, we are increasing our supply of rental housing and creating a safety net for non-homeowners through welfare housing service tailored to the needs of service recipients. Our rental housing portfolio includes national rental housing, public rental housing, and permanent rental housing, depending on the demands and level of income. Increased supply helps improve the housing situation of socially vulnerable groups. In 2016, we provided rental housing based on income and expanded rental housing to 945 thousand units, which is a 75 thousand unit increase compared to the year before.

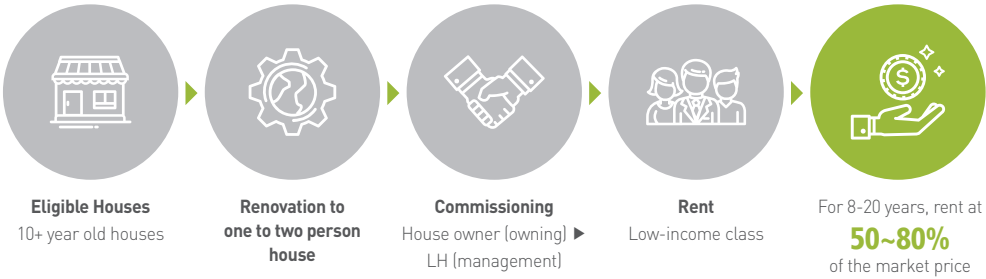
Types of Rental Housing Unit

Classification		Content
Permanent Rental Housing		Support housing stability for the underprivileged such as recipients or patriots and veterans
National Rental Housing		Support housing stability for non-housing low-income class (income same as or lower than the fourth income group)
Public Rental Housing		Rental houses that tenants can buy after renting for 5 to 10 years 50 year rental option, long-term Jeonse, and rental housing for foreigners
Buy-to-Let Housing		Multi-household houses purchased by LH and rented to low-income families
Jeonse Rental	Second Hand Housing	Jeonse houses LH sublets to low-income families at low rent
	Newlyweds	houses LH sublets to low-income newlyweds in urban areas
	Young Adults	Relieve low-income university students and job seekers' rent burden
	Adolescent Heads of Family	Jeonse housing for households headed by children, rental housing provided for the residential stabilization of children as the head of household

Supplying Rental Housing through Renovation

With the increase in one-person households (senior citizens, university students, etc.) and demand for rental housing, large scale rental housing construction reached its limit due to a lack of land in urban areas. Under these circumstances, we are renovating old houses “with their owners” and rent them afterwards in cooperation with the private sector. Recognizing that elderly house owners have difficulty financing renovation and have no experience in renting houses, we are leveraging our expertise and experience in construction and rental operation.

Renovated Rental Housing Model



Efficient Management of Deteriorated Housing

In 2016, we collaborated with public organizations to enhance energy efficiency of deteriorated rental housings. By signing a contract for "Improvement of Energy Efficiency of Low-Income Class" with the Korea Energy Foundation(KEF), KEF carried out constructions to improve energy consumption environment for the reduction of air conditioning and heating cost of the low-income class. LH replaced windows and doors and supplemented insulation in deteriorated constructed rental and purchased rental housings to reduce repair and maintenance expenses.

Housing Welfare

Provision of Happy Housing to Young Adults

To relieve housing expense burden of young adults, university students or recent graduates who have been somewhat excluded from previous housing policies, we selected residents to 9,827 Happy Housing units in 19 districts including Gajwa, Seoul. We expanded the qualifications to university students, recent graduates, and newlyweds to jobseekers(including reemployment), pre-newlyweds, freelancers, and young entrepreneurs for the housing stability of young adults without any blind spots in recipients. We are supporting the brighter future of young adults by providing Happy Housing in transportation-convenient places where companies and schools are closer and housing expenses are more affordable.

Ease of Housing Expense Burden of Low-Income Class

To ease the burden of low-income tenants' housing expenses and round sumpreparation, we have expanded the number of recipients through practical improvement of the system.We improved the different rate-applying section in Jeonse rental fees to double the benefit recipients of 0.5%~1% re-duction in rental fee. We have also increasedKRW 5 million in Jeonsefunding limits to relieve resi-dents' burden in gathering a large sum of money to pay the Jeonse rent.In addition, we supported reduction in residents' interest cost by substituting high-interest security deposit loan from non-monetary institutions, due to low credit rating, to low-interest Housing Fund.

Provision of Housing Benefit Service

In 2016, we have greatly increased housing benefit service in supporting monthly rent and fixing deteriorated houses. By expanding the rental housing survey committee, we increased the number of recipients from 800 thousand to 804 thousand households and 279 households (residents) who once lived in non-housing units such as slice rooms or vinyl greenhouses received upgraded housing benefit by "linking service" that recommends purchased rental and Jeonse rental. In case of owned houses, we supported housing repair cost of KRW 91.8 billion to 21 thousand units, an approximately double in increase compared to 2015.

Residential Support Service Tailored to Customer Needs

To meet the growing needs of living support service after moving in, LH has systematized a variety of housing lifestyle services. Thus, we established the 「LH Rainbow Service」, which is an integration of consumer-tailored housing service that corresponds to the changing housing patterns by life cycle in general from birth to growth, marriage, employment, children and the twilight years. LH will continue to competently provide customized service for residents through housing lifestyle services, create jobs so that all residents can make a happy residential space, and pioneer a new housing welfare.

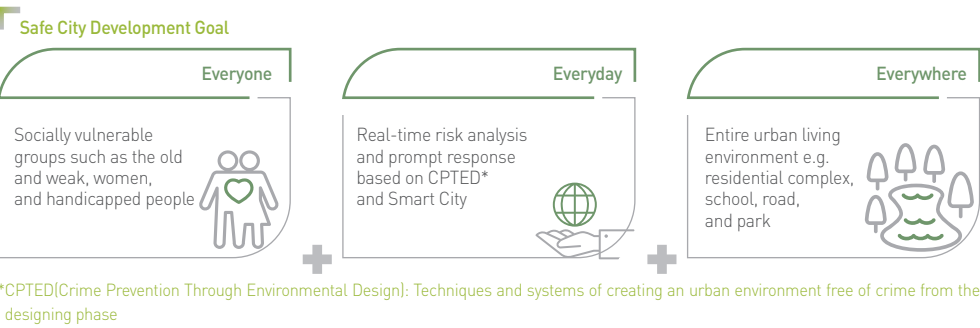


Reinforcement
of Competitive
Advantages

Competitive Advantages of Cities

Developing Safe City

There is an increasing social interest and demand in the safety of the residential environment, where there is no blind side from various dangers of urban life such as crime, accident, and disaster. At LH, we established a cooperation system with professionals in diverse fields and integrated safety technologies in all areas to create a system so that everyone staying in the city can enjoy a safe urban lifewhenever, wherever. First of all, we organized a safe city TFT and researcheda safe city construction plan in cooperation with the academic world. We also formed internal and external consensus to materialize safe cities by holding safe city forums and participating in industrial safety exposition. In addition, we set planning guidelines for improving our design and safety standards and increasing the safety for handicapped people and children.We also established guidelines for designing schools with a high level of safety, applying CPTED for the prevention of accidents and violence in schools as well as guidelines for making the residential environment safer with protective measures against fires, crimes, and accidents. We are planning to reinforce these guidelines and to reduce social cost while increasing the satisfaction of residents and competitive advantages.



Developing High Quality Specialized City

At LH, we are undertaking the development of a high quality, specialized city with its own identity. First of all, in terms of parks, we created customer-orienteddesign that, instead of the existing role as a resting space, reflects changes in social conditions such as the population structure or the changing leisure trend. We are also introducing a spatial program for designing a family-friendly theme park where everyone—including women, handicapped people, and senior citizens—can enjoy themselves while creating an urban community space that meets the trends with automobile campsite and places for companion animals. Due to the growing interest in traditional houses as part of the new housing culture, LH is building-high-class Hanok Village, an alternative to the uniformed apartment lifestyle, by combining its unique traditional identity with modern functionalities. LH established a master plan for a three-dimensional structure and floor planning to create the street network based on traditional village concept in DongtanHwaseongHanok Village. We also created a traditional culture theme zone to provide experiences in tradition and education by using the existing Hanok Village in Gimpo Han-gang Art Village, thus promoting Hanok’s vitalization.

Creating Economic Foundation

Creating Future-Oriented Innovative Industrial Complex

The Fourth Industrial Revolution is brought about a paradigm shift in industrial demands, from large scale manufacturing business to small and medium-sized high-tech convergence. At LH, we are actively responding to this change in demand and created innovative industrial complexes such as Pangyo Creative Economy Valley, Urban High-Tech Industrial Complexes, Specialized Local Industrial Complexes, to prepare for the Fourth Industrial Revolution beforehand and to follow through the preparations.

Pangyo Creative Economy Valley | To relieve space shortage in Pangyo Techno Valley and to create an ICT-centered high-tech industrial complex that supports businesses by its development stages, we developed the Pangyo region as a leading model in the Fourth Industrial Revolution innovation cluster. Rather than the conventional flat industrial complex structure, we are implementing an innovative master plan to support a smooth process from establishing a company to growth and reinvestment through different public support and private cooperation depending on corporate life cycle.

Urban High-Tech Industrial Complexes | Urban High-Tech Industrial Complexes are designated to a city to promote and develop knowledge-based, cultural, and information and communication and other high-tech industries. We plan to enhance competitiveness in industrial complexes and supply urbanized industrial complexes that are in accordance with convergence among industries, and have already implemented Urban High-Tech Industrial Complexes in major cities(11places). We will create an innovative industrial complex that prepares for the Fourth Industrial Revolution and expand its performances to key regions throughout the country.

Specialized Local Industrial Complexes | We are creating jobs and boosting local economy in line with the government’s master plan for promoting specialized industries and local development strategies. LH is carrying forward specialized local industrial complexes in 3 business districts by securing sufficient demand and financial support from local governments and completed KDI preliminary feasibility study in 2 districts and is proceeding with the business plan approval process.

Regeneration of Old Industrial Complexes | Industrial complexes that have lasted more than 20 years suffer from outdated infrastructure and supporting facilities. As a result, companies do not receive the support they need on time, causing their productivity to drop. LH serves as a project manager and supporting organization for reinforcing competitiveness to support the government to transform deteriorated industrial complexes to innovative through regeneration. We selected two locations as leading projects to promote regeneration and are carrying it out by using our customized project structure.

Boosting Local Economy and Development of Regional Base for Growth

LH has actively engaged in large scale, advanced regional base development projects that greatly impact regional development which is leading balanced development and vitalization of local economy. We created a platform where participants of local development ecosystem can connect · adjust · grow mutually (Regional Development Support Center, General Project Manager, Regional Development Evaluation Center) to establish a new regional development project promotion system. After moving the headquarters to Jinju Clty in 2015, we introduced a “Content Convergence in Regional Development” method that creates synergy with public institution’s relocation, which suggests a new momentum in regional development policies. In Free Economic Zone projects, we enhanced investment value by creating a sustainable business foundation by improving investment attraction operation system to vitalize investment. We are also continuously discovering new Free Economic Zone business districts. By maintaining a close relationship with the government and local governments we promote government’s development policies, secure the best project locations, and help local government’s demand-based regional development to create a local development system for shared growth.



STRATEGY II

Human-Centered Corporate Culture based on Transparent and Ethical Practice

Why is this culture important to LH?

Protecting individuals' rights, acknowledging their abilities and values, understanding colleagues and treating colleagues and stakeholders in a transparent and ethical manner are the fundamental values of every organization expected from the society. Lately, these values are often ignored: there is infringement of human rights causing vastly negative impact on our society and environment while many corporations are losing public trust and thus their sustainability in business. At LH, we promote human-centered culture to meet the expectation of people by supporting the most fundamental yet important values.

How is LH making its approach?

With transparent human resource management and ethical practice at our foundation, we set the highest priority in the quality of life and country's sustainable future while building trust with our stakeholders. To protect our employees' rights, we increased the flexibility in work schedules and improved our compensation and welfare system while preventing discrimination. We also focus on ensuring fair and productive HR management practice for more sustainable development of their expertise and competency. Our labor practice promotes a culture of open communication and trust in order to make individual employees and our organization grow together. We are implementing corporate-wide ethical management strategies and promote understanding through communication. With our commitment to raising more awareness in ethical practice, we are taking more active measures to prevent corruption and unethical conduct of our employees.

LH's Promise to Create Human-Centered Corporate Culture



- ▶ Create a reliable and performance-oriented corporate culture based on strong HR system.
- ▶ Continue to foster talented individuals with our constantly evolving training strategies.
- ▶ Reinforce internal control through RAS, expanded protection and reward for whistle-blowers, enhancement of joint responsibility, and focused inspection in corruption eradication committee's weak areas.

What are the achievements?



First Large Public Corporation to Introduce
Wage Peak System

Labor & Management-Harmonizing Culture



7.77 (Grade 4)

Overall Integrity Rating



Work Hour Option System
Varied Start/Finish Time System

Human Resources-Respecting Culture

Human Resources-Respecting Culture

Job Creation for Youth (304 people)

- Excess hire than government standards (4%) [5% higher than max. number of people]
- Exemption of document screening process/additional points to outstanding interns

Expansion of Senior (55 and up) Employment (1,000 people)

- Current job* + new job development (Afterschool guidance of elementary school students)
- * Housing management, rental work assistant, caretaking of socially vulnerable group

Social Participation Opportunities to Women with Discontinued Career (69 people)

- Carry out surveys targeted to rental complex residents, housing welfare centers in the capital area as base points

New Hire of Disabled Employees (58 people)

- Share job tasks and create opportunity for social engagement
- Employment in partnership with Korea Employment Agency for the Disabled

Flexible Employment

Identifying "LH Path-Finder" as an ideal candidate for our employees, we hire talented individuals who can work together to achieve our mission and vision in a fair and transparent manner. Even in difficult times, we recruited 119 new employees in 2016, based on their job performance level in accordance with our HR management plan and changes in business environment. We respect the diversity and human rights of our employees and do not discriminate based on their gender, age, religion, educational background and physical disability while ensuring full compliance with Labor Standard Act and International Labor Organization (ILO) on the prohibition of forced labor.

Employment Status

Classification		Unit	2014	2015	2016
Total Number of Employees	Regular	person	6,119	5,951	6,073
	Non-Regular	person	1,445	1,479	1,304
	Unlimited Contract Workers	person	232	293	437
Gender Equality	Ratio of Female Regular Employees	person	1,062[16.7%]	1,057[16.9%]	1,216[18.7%]
	Ratio of Female Managers	person	111[1.7%]	135[2.2%]	163[2.5%]
Socially Vulnerable Groups	Ratio of Physical Disabilities in Regular Employees	%	4.2	3.7	3.9
Job Creation	Youth Interns	person	318	310	304
	Senior Employees	person	2,000	1,000	1,000

Meanwhile, LH is increasing job opportunities for socially vulnerable groups to embrace equal opportunities and diversity in the workplace. In 2016, we hired 1,431 unemployed youth, senior citizens, women with discontinued career and other people from the socially vulnerable group.

Fair HR Management

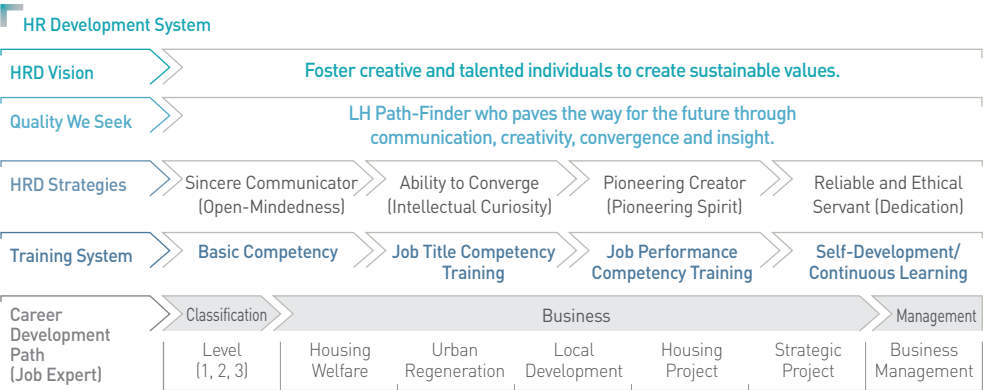
At LH, we established performance-based HR system and ensure equal opportunities and fair performance evaluation while preventing any discrimination based on their gender and disability. For employees with the same job grade, we apply the same wage and welfare benefits. Each employee is evaluated by others whose grade is higher, lower and the same for more objective performance evaluation and we have introduced Clean HR System which allows our employees to report any prohibited activities concerning promotion and resolve any irrational elements in our HR system. In 2016, we conducted a company-wide survey as part of an active internal communication and pushing forward HR innovation to establish a performance and competency-based, fair HR system. In addition, by reflecting the result, we created One-LH-oriented, integrated public company assessment and competency-centered appointment operating system.

Classification		Unit	2014	2015	2016
New Regular Recruits	Science and Engineering Majors	person	3	2	62
	Female	person	1	1	54
	Local Talent	person	2	4	52
	High School Graduates	person	-	1	31
Ratio of Female Manager		person	111	135	163
		%	1.7	2.2	2.5
Employment Status by Age Group	20s	person	271	233	406
	30s	person	2,168	2,026	1,893
	40s	person	2,010	1,880	1,904
	50s	person	1,905	2,105	2,307

Systematic Talent Development

HR Development Strategies

LH has declared a new vision and management strategy (Soaring High 2030) to create a foundation for sustainable management to respond to paradigm shift in policies that emphasizes demand-based qualitative growth following the changes in social and population structure and greatly decreasing large-scale development projects while enhancing housing welfare and urban regeneration policies. At LH, we are fostering and developing talent within our organization in order to proactively respond to changing business environment by establishing a new training system as well as setting a new standard and training plan for our employees.



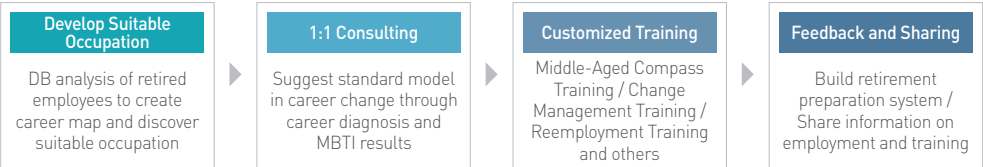
Customized Training Program

We customized our training programs based on the needs of employees by developing key expertise through the new training system as well as conducting training-demand surveys by employee and team and individual competency analysis. We have enhanced mobile and cyber training and introduced book-learning and “Doggaebi(interactive open learning program)” to create a continuous training system while establishing programs by position and career experience for more timely training performance to meet the demands of trainees. LH received a high satisfactory score of 94.2 by operating various demand-based customized training programs.

Core Project Expert Training Process | We developed 6 key core competences by analyzing future business development portfolio and conducted expert courses by competency and 481 employees completed the course.

Core Competency	Housing Welfare	Urban Regeneration	Local Development	Housing Project	Strategic Project	Management
58 courses	9	13	14	11	8	3
481 completion	60people	129people	90people	75people	93people	34people

Organic Connection between HRD and HRM | We promoted diverse, related-training courses for the efficient operation of work force to be in line with the expand in high school graduate employees, increased demand in lifelong education by career experience, increase of female workers and managers and rapid increase in the number of retiree-to-be. In 2016, the “Future Planning Support Center”, an organization to support of retiree-to-be’s transfer, was established to create a customized transfer support system and its performance was recognized to receive First Prize in Land and Transport Training Program Best Practice Contest.



LH University (Internal Training Institute)

LH University is the first 4 year university founded by a public corporation. With approval from the Ministry of Education, Science and Technology, it was established in 2012 in line with the government’s “Employment First & Training Later” policy to foster talented individuals and promote educational culture in a workplace. The university helps its students advance their theoretical understanding as well as gain experience in the field of land and housing while developing ethical and global mindset. There will be the first graduates in February, 2017 and the institute will set a new standard in internal training and talent development program while building a foundation to grow as a global corporate university that helps employees reach their full potential and realize their dreams.

Work-Life Balance

Balancing Personal and Professional Life

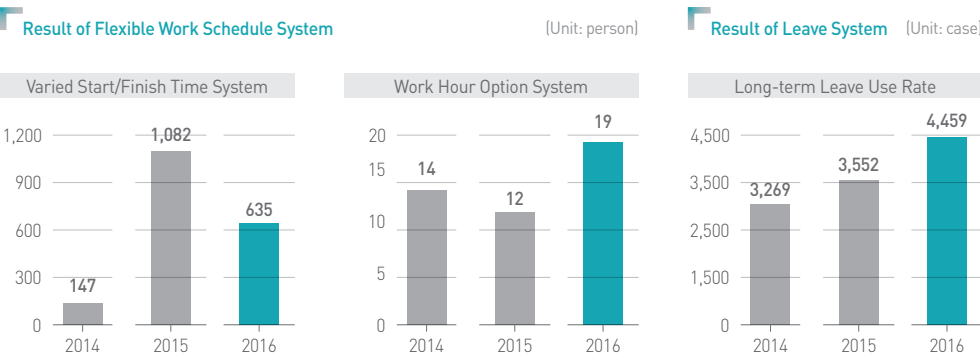
As we relocated our headquarters to Jinju, many of our employees had to move from their home and some of them took a temporary leave. We were concerned about the availability of human resources and their productivity and level of satisfaction being compromised. To help our employees balance their professional and personal life, we improved the flexibility in our working and leave system. In 2016, we implemented a demand-tailored flexible work system by improving the system and understanding employee’s needs through satisfaction surveys. There was a 36% increase in local division’s utilization of Varied Start/Finish Time System, which employees can freely choose work start and finish time by weekday. In addition, we improved the Work Hour Option System by abolishing the limit to reason of request or application period and reorganized the system by newly creating a office hour option system for employees to arrange work hours by weekdays.

Making Healthy Workplace

At LH, we are creating a healthier and more family-friendly workplace environment through such programs as maternity protection, gender equality and family harmony programs. With more effective guidelines for our maternity leave programs, three childcare facilities are currently available for female employees. In addition, we have strengthened our sexual harassment prevention system in nine areas including anonymous reporting and the punishment of violation based on independent analysis to create a better working environment for our employees. We held a workshop to boost the productivity of employees in emotional labor and reduce their work stress while organizing family support programs such as parent camp, family camp, and couple camp.

Securing Healthcare and Safety of Employees

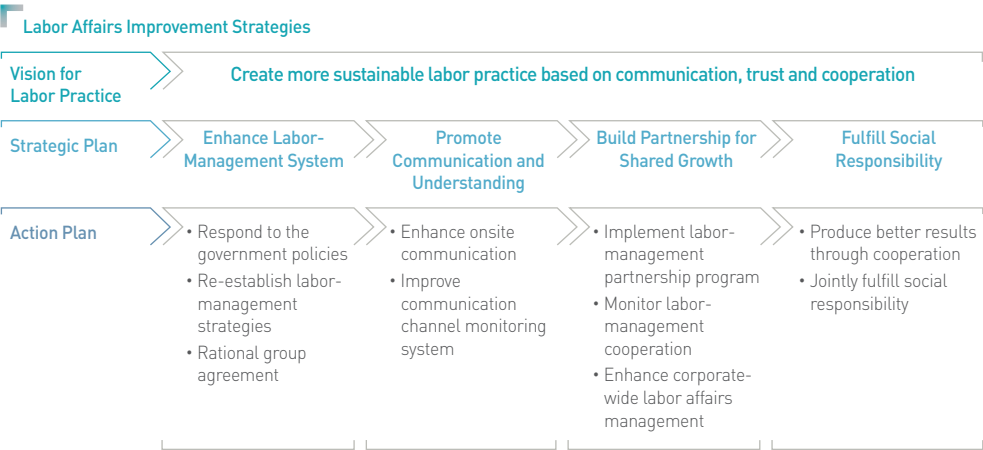
At LH, we established the Industrial Safety and Health Committee to implement guidelines for the safety and healthcare of our employees in compliance with Occupational Safety and Health Act, Labor Standard Act, and National Health Insurance Act. We also maintain the safety of our workplace according to the our internal safety and disaster prevention regulations while conducting Workplace Risk Analysis and Occupational Safety and Health Training on a regular basis. We also carry out a regular health checkup at least once a year and established the “Occupational Safety and Health Center” to improve the level of healthcare for our employees. Our obesity control program and stress counseling program are also available as part of our employee healthcare plan.



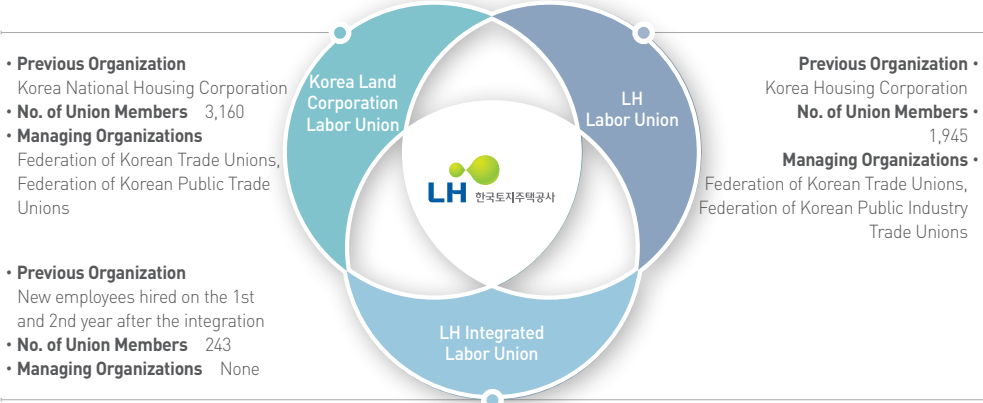
Labor & Management-Harmonizing Culture

Labor Affairs Improvement Strategies

At LH, we are creating a corporate culture which promotes mutual growth for both labor and management based on trust and cooperation. Under our long and mid-term plan for labor affairs improvement strategies, all our employees are working together to build a mutually beneficial labor-management relationship.



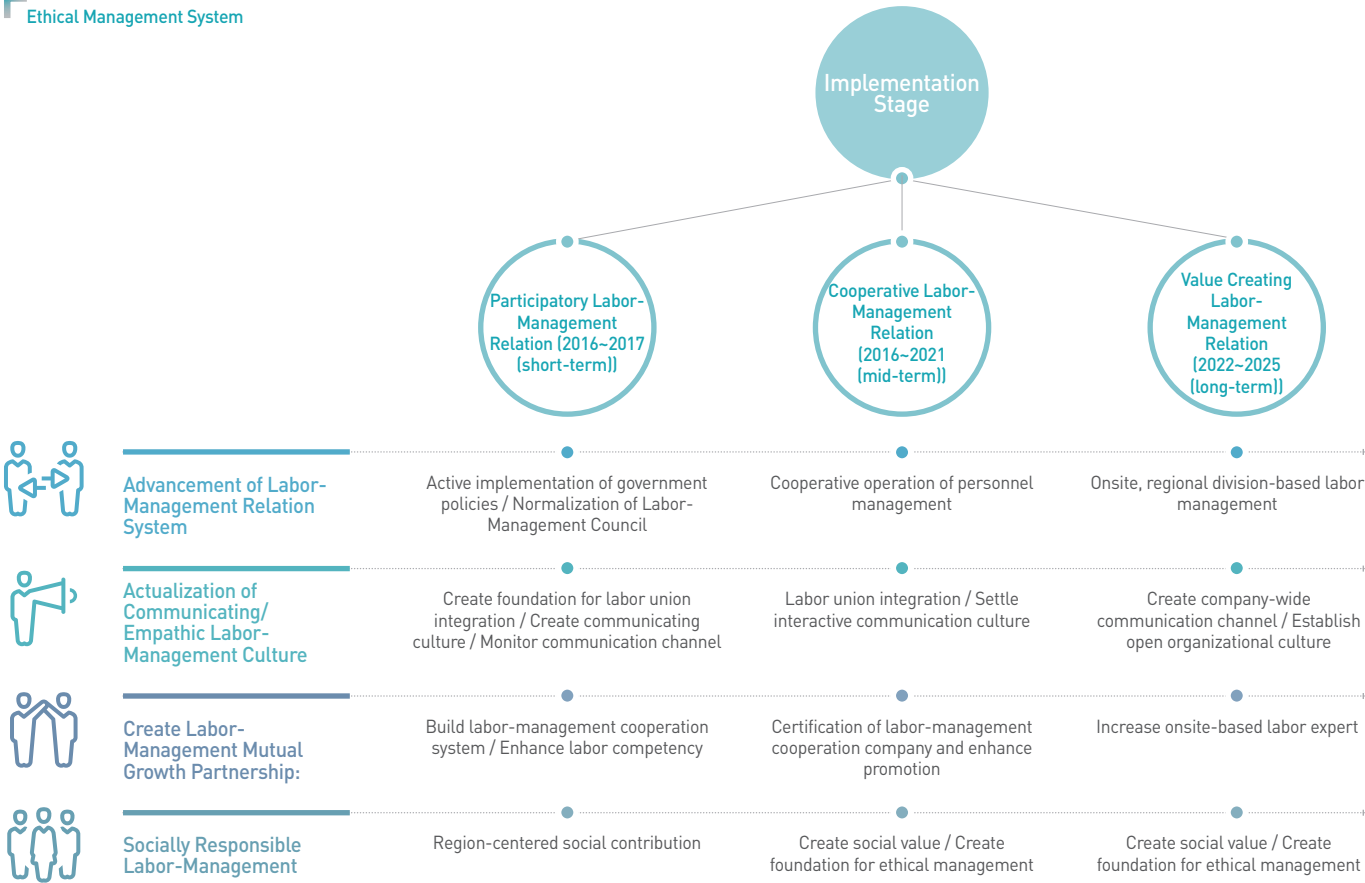
LH Labor Unions



Rational Labor-Management Relations

Our labor-management relations are based on the laws and principles as we meet demands if they are acceptable from the public perspective and improve any unfair labor practice through continuous monitoring. We acknowledge multiple labor unions as LH integrated union consisting of the employees employed the first and second year was established creating a new paradigm in our labor-management relations since the integration between Korea Land Corporation and Korea National Housing Corporation. At LH, we comply with the labor laws protecting the rights to organize and engage in collective action or collective bargaining. We also promote fair competition between unions to support new unions. In addition, we established the Standard Collective Agreement (Draft) and signed the uniformed working condition agreement to encourage lawful union activities and prevent conflicts to ensure fair labor practice. As a result, through enhanced labor-management partnership, we have reached "Zero Dispute for 29 Consecutive Years".

Ethical Management System



Labor-Management Communication

At LH, we promote more effective communication by screening channels based on their practicality. We verify the effectiveness of each communication channel and decide whether to maintain the channel or not. We are building a more efficient communication system by ensuring direct communication with the management, communication across generations and origins, and bottom-up communication. In this way, we enable our employees to deliver their opinions to the management.

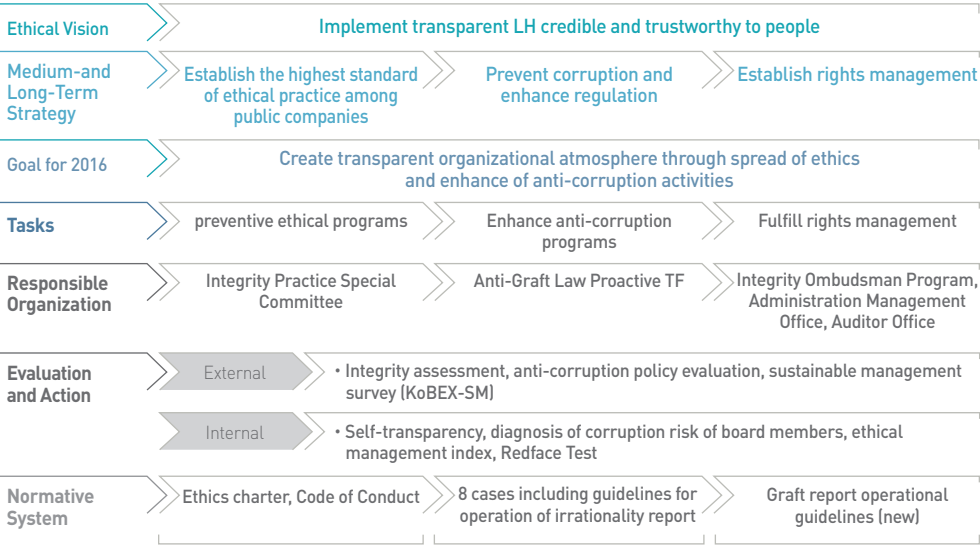
Classification	Cross-Communication within Labor Union	Direct Communication with CEO	Generation-Harmonizing Communication
Type of Communication	Putting oneself in other's shoes	Understanding and listening	Mutual respect
	• Enhance trust by considering the opponent's position for mutual consideration and understanding	• Change from formal communication to sincere, empathic communication	• Create a place for young employees' debate on management issues and offering suggestions
Main Channel	• Labor-management joint workshop	• Talk with the CEO ("Sohwa Talk-Talk"), monthly morning assembly	• Mutual Respect GpGgi Program
	• One-LH consultative group	• CEO employee family invite program	• "One Mind" events between cooperating teams
	• Labor-management "One Mind" athletic events	• Report reservation, memo report vitalization	• Young Future Creation Committee

Ethical & Transparent Culture

Ethical Management System

Strategies
Based on the high level of ethical standards, LH created a transparent and fair corporate culture to build an ethical management system so that all employees can conduct themselves and make decisions rightly. We fully comply with all applicable laws and regulations and treat every individual fairly with respect according to our ethical practice guidelines. In 2016, we enhanced our ethical management system to establish a transparent corporate culture.

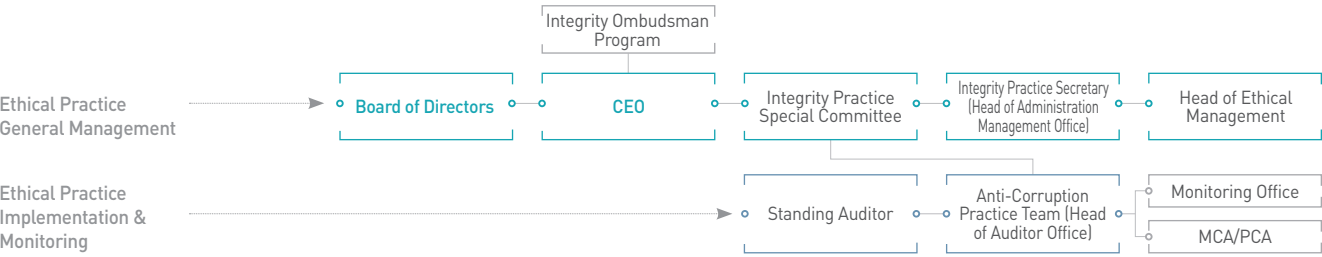
Ethical Management System



Organization

Our organization for ethical management practice is divided into the roles of general management and monitoring. For smooth promotion of transparent and ethical management, we have established the Integrity Practice Special Committee and also created the Integrity Practice Secretary and Anti-Corruption Practice Team to implement the committee's agenda and resolution in order to improve corporate-wide competency to implement transparent policies as well as to enhancing organizational transparency.

Ethical Management Organization



Creating Ethical Business Culture

For anti-corruption practice using a proactive prevention system, we are operating ethical training programs customized for LH. We provide camp and face-to-face training as well as offering 5 cyber transparency training courses so that all employees can get educated online. We also provided job training in evaluation assessment and Clean Evaluation Workshop for education in integrity-weak areas. By hosting mutual Clean meetings, we also put an effort in integrity training of partner companies. On the other hand, we organized company-wide regulations to develop and improve corruption blind spots and to further advance integrity in corruption weak areas such as assessment, contract, material selection in the construction field. In addition, we are vitalizing voluntary release of information on self-inspection results and enforcing secret inspections in corruption-vulnerable operations as well as operating special reporting season during the holidays, a corruption-vulnerable period, to provide eye-level transparent information to people and enhance

Ethical Culture Promotion Activities

Training Program & Activities

- Operation of Integrity Academy
- On/Off and Customized Integrity Training



inspection. To create a voluntarily-participating ethical and transparent culture, LH designated June 2 as Ethics Day and the first week of June as Ethics Week to award Integrity Mileage to participants in the daily programs to increase company-wide voluntary participation. Also, we will hold a Transparent & Ethical Management Idea Contest and reflect the best ideas in next year's ethics plan.

Anti-Graft Law

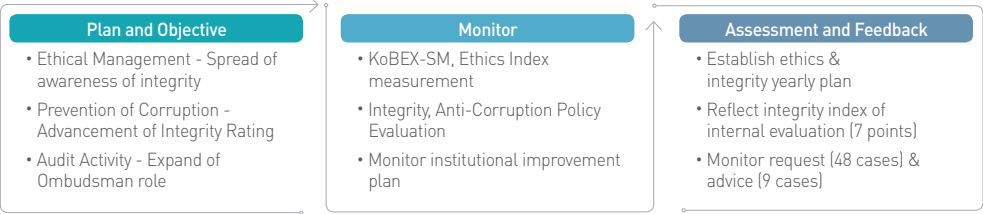
In 2016, we arranged for the early settlement of the Anti-Graft Law through parallel implementation of system maintenance and training. To carry this out, we created a Proactive Respond TF, an exclusive team, and improved our system and trained our employees and also increased publicity. In addition, we also executed training programs for our partner companies to spread the practice of Anti-Graft Law.

Form of Exclusive Team	Proactive Respond TF	Auditor Office	Administration Management Office	Planning & Coordination Office	Personnel Management Office	Administration Information Office	Laws & Suits Office
		General management of system	Code of Conduct	Budget risk	Disciplinary action, personnel affairs	Establish system	Legal advice
System Improvement	Revision of Company Rules	• Establish treatment guidelines for graft and bribery reports • Revision of employee's Code of Conduct, standards for tuition and technology review					
	Legal Consultation	• Designate exclusive lawyer, create regular legal consultation and counseling support system					
	Computer System	• Violation report, external lecture report system improvement					
Employee Training & Publicity	Employee Training	• Post CEO's Letter of Integrity(October), education tour in regional divisions (August to September), expert-invite training(September)					
	Legislation Promotion	• "Right Knowledge of Anti-Graft" and Code of Conduct pocketbook distributed to all employees • Upload Anti-Graft Law and Code of Conduct in smartphone application (LH Employee's Note)					
External Spread	Training Partner Companies	• Carry out training to all partner companies including onsite constructors and subcontractors					
	Person Consigned of Public Duties	• Post guidelines of person who is consigned of public duties on the website, and distribute brochures to all people					

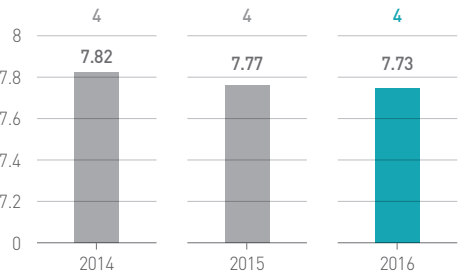
Ethical Management Result and Monitor System

At LH, we have strengthened our integrity monitoring process to manage our progress and performance. With pre-monitoring request process for the Integrity Ombudsman Program regarding ethical practice, we are using an external pre-monitoring system and securing the effectiveness of monitor system through systematic feedback efforts.

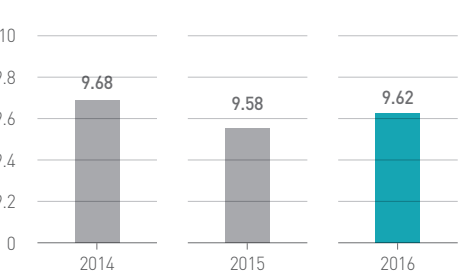
Anti-corruption Evaluation Result

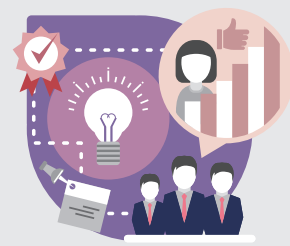


Civil Rights Commission Overall Integrity Rating (Unit: score)



Internal Integrity Rating (Unit: score)





STRATEGY III

Quality of Life Improvement through Social Responsibility

Why is this strategy important to LH?

Our business operation has a significant influence, either directly or indirectly, on our customers, partners, and local community as well as the general public. We recognize our responsibility to conduct our business in line with its consequence as the public trust, and our sustainability depends on it. Although each group of our stakeholders has different demands, we understand that our value sharing starts from identifying and meeting their needs and ultimately improve the quality of people's lives. The goal is to understand our stakeholders and fulfill our social reasonability and roles as a public corporation to earn their trust and respect.

How is LH making its approach?

The most important value we create for our customers is satisfying them with the products and services we deliver while stabilizing the housing supply in the market. To this end, we created a customer feedback process which serves as a platform for customizing our service and improving its quality. We also share our expertise and competitive advantages with our partners and public organizations as part of our contribution to our country's economic growth. Undertaking the tasks identified by our shared growth plan, we optimize our business practice to help small and medium-sized companies to develop their technological expertise. We also purchase their products while increasing their opportunity to participate to build a collaborative culture between public corporations and small and medium-sized private companies. It is also important for corporate citizens to fulfill its social responsibility and strengthen the support from local community. We are building trust and confidence in our social responsibility programs by improving the quality of living for our local residents and promoting the values of sharing and participation.

LH's Promise for Quality of Life Improvement



- ▶ Achieve best organization in customer satisfaction index by improving the quality of our service
- ▶ Protect the customer data and information by building separating networks
- ▶ Explore and develop tasks for shared growth in line with LH's business strategies
- ▶ Develop performance index for social responsibility program to build a foundation for sustainable future

What are the achievements?



87.8 score

Public-Service Customer Satisfaction Index (PCSI)



KRW **64,968** billion [59.2%]

Purchase from Small and Medium-Sized Companies



54,233 hours

Total Community Service Hours



KRW **9.4** billion

Social Responsibility Spending

Customer Satisfaction Management

Customer Satisfaction System

Strategies

We are striving to achieve the highest level of customer satisfaction for a public corporation under 2030 Business Management Goals as part of our corporate-wide management strategies. To this end, we have established long and mid-term customer satisfaction (CS) management plans and aligned our business practice with the focus on our customers to improve the quality of our service. Each year, we evaluate our customer service based on the result of Public-service Customer Satisfaction Index (PCSI) of the Ministry of Strategy and Finance and reflected it in our business plan.

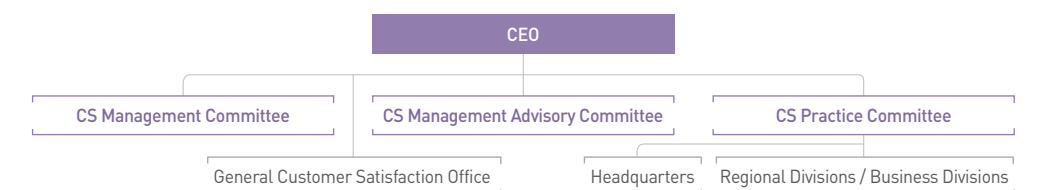
Customer Satisfaction Strategies



Organization

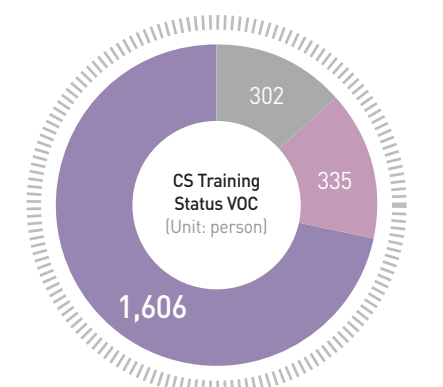
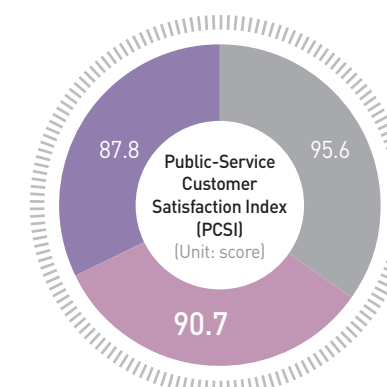
Our management organization for customer satisfaction includes the CS Management Committee, CS Management Advisory Committee and CS Practice Committee which report directly to CEO. The CS Management Committee establishes long and mid-term CS strategies and action plans while the CS Management Advisory Committee—consisting of academic institutes and consulting firms—proposes the plan for improvement and assesses the progress. Meanwhile, the CS Practice Committee, organized with practitioners, helps create a collaborative system between the worksites and the headquarters. In addition, CS leaders and managers are designated by the Administration Innovation Division to build the CS Management System while monitoring the progress and creating a performance incentive system to motivate our employees on CS service and practice.

CS Organization



Related Performance

- 2014
- 2015
- 2016



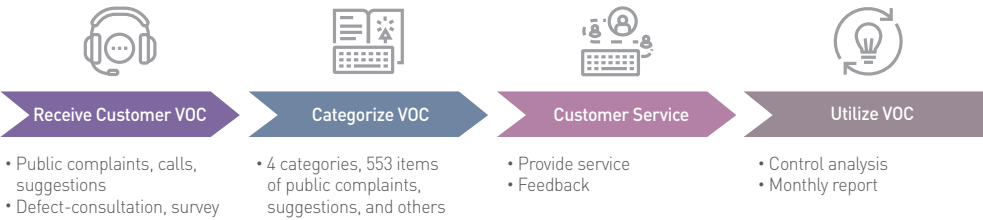
Number of VOC Handling Cases

	Unit	2014	2015	2016
Suggestion/ Regulatory Reform	case	324	457	522
Public Complaint	case	41,948	29,631	26,491
Call Center	case	216 million	239 million	229 million

Customer Communication

VOC Management Process

To integrate our VOC (Voice of Customer) management process including consultation, purchase and complaints, we have established a VOC process. Feedbacks from customers are collected in real-time through various communication channels for prompt response and review. In 2016, we integrated public complaint, suggestion, My Home, defect-consultation call center to VOC system and is analyzing it monthly to reflect the data in management.



Communication Channels

At LH, we always listen to our customers and provide both online and offline communication channels through which they can voice their complaints or suggestion for improvement while keeping them informed of the result of our review. We receive their suggestions on our business operation all year long and reward those selected. During the fact-finding process or investigation, we keep the identity and secrets of the reporters confidential for their protection.



Customized Service

One-stop Housing Welfare System

Since December 2015, we have operated the one-stop housing welfare information system "My Home" (<http://www.myhome.go.kr>) so people can access information about housing welfare. My Home is an upgraded version of the Rental Housing website service which provides information on public rental housing. We have integrated the government's housing policies in five key areas including Happy Housing, New Stay, Housing Allowance, and Fund Loan in addition to the information provided by the Rental Housing Portal about public rental housing (location, size, eligibility, rent), rental announcement, annual supply plan, and waiting list.

LH's Commitments

Serve our customers in a friendly, prompt, and efficient way and see things from their perspective.

Improve and correct any inconvenience we may cause to our customers and prevent their recurrence.

Always listen to our customers and reflect their input in our business practice.

Call Center and Consultation Center

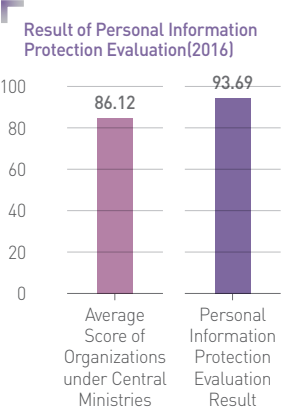
We established a call center and offline service center for those who cannot access the internet. We upgraded the LH Call Center to My Home Call Center and are providing information on rental housing residential information as well as consultation on general policies provided through My Home Portal including New Stay, Housing Allowance and Happy Housing. In addition, we are operating 42 My Home Call Centers nationwide with professional service representatives to provide more comprehensive offline consultation.

Mobile Web Service for Jeonse Rental

At LH, we are providing a mobile web service (mjeonse.lh.or.kr) on Jeonse rental so that many people can easily acquire and share information. Jeonse rental mobile web service is available to everyone via mobile devices and provides information on Jeonse rental housings for sale, news related to Jeonse and monthly rent, residency vacancy notices and legal information on lease free of charge. Residents can get information without difficulty to save time and cost that leads to improvement of customer satisfaction as well as reduction in social expenses.

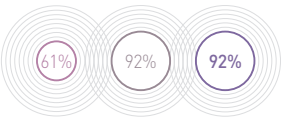
Information Security System

As cyber security threats and the risk of hacking continue to grow each year, the government is strengthening its security policies. In response to these security measures, we built an information security system and organized a task force to enhance our management system. We upgraded our response system to prevent security compromise and information security infrastructure while raising security awareness and monitoring performance as part of our four key strategies. We also designated an information security supervisor and security manager for each division. To increase the security awareness of our employees, we conduct an audit on information security and provide training programs while sharing information on security vulnerabilities and instructions on protecting personal information on PCs on the Cyber Security Day each month. In addition, we distributed the manual for personal information protection and protocol for the use and disclosing personal information and conducted training sessions. In each quarter, we perform "Personal Data Clean Day" to raise awareness in security related matters and a self-check program. In 2016, we achieved zero security-related accident following the last year and scored the "Excellent" rating for Personal Information Protection Evaluation as recognized by the Ministry of Interior for two consecutive years.



Innovation of Maintenance Work Process

Defect Handling Rate



Average Defect Fix Time



Product & Service Quality

Establishing Culture for Shared Growth and Fair Practice

At LH, we introduced "Customer Quality Evaluation Program" where customers participate in repair service to improve the quality of houses and service. The system allows tenants to evaluate the repair service of the construction company, and we use the results to reward and penalize the companies. As a result, we decreased the average defect fix time and improved defect fix rate from 74% in 2015 to 92% in 2016.

Safety of Housing Complex

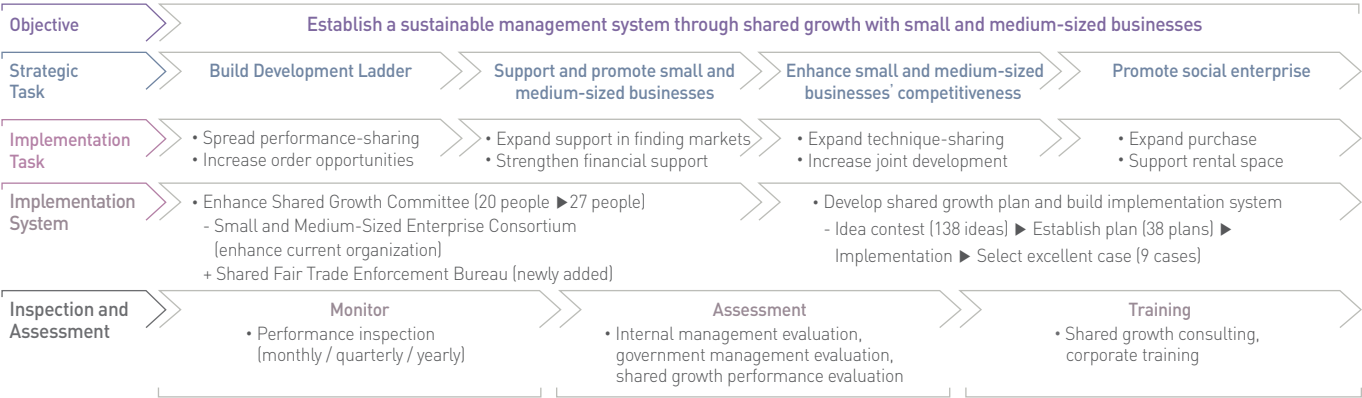
At LH, we are committed to improving the quality and value of our houses by increasing the safety in the designing phase. "LH Housing Complex Safety Guidelines" includes the design guidelines, explanation on relevant laws and regulations and concept and detail drawings by guideline. They are fully implemented to ensure the safety of the complex. In addition, we further enhanced our safety management system by establishing "Rescue Safety Center" as a facilities safety inspection team to prevent disaster and improve the quality instead of relying on external organizations for the safety of our facilities.

Shared Growth & Coexistence

Shared Growth System

Strategies

At LH, we established a shared growth system to promote the sustainable development of public corporations and small and medium-sized companies and contribute to the economic development of our country based on the government policies and organizational missions. Each year, we set our goals and missions and reflect them in our business plan while fulfilling our social responsibility through fair distribution of profit and business operation. In 2016, we established a new shared growth system that reflects business environment and characteristics.



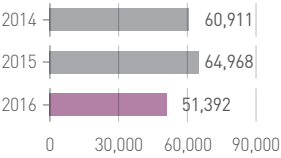
Organization

LH has established Shared Growth Committee to regularly track and support specific task’s process. The Small and Medium-sized Enterprise Support Group and task managing teams are in charge of securing the resources for shared growth through regular review and monitoring as well as feedback process. In addition, we have established an effective framework for cooperation and Shared Growth Center as a communication channel to collect feedback from small and medium-sized companies.

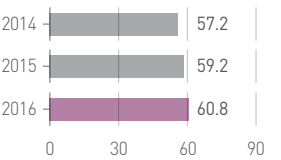
Shared Growth Evaluation for Public Organizations



Rate of Purchase from Small and Medium-sized Companies (Unit: KRW 100 million)



Ratio of Purchase from Small and Medium-sized Companies (Unit: %)



Progress in Shared Growth

Culture for Shared Growth and Fair Practice

At LH, we are creating a culture that promotes shared growth and fair practice by improving our system and supporting small and medium-sized companies. In 2016 as well, we carried out activities to enhance small and medium-sized businesses’ competitiveness by sharing technologies and increasing joint research and development. We increased the number of new technology contests and promoted quality improvement through technology exchange and development as well as sharing technology by joint development in energy-saving housings by utilizing Internet of Things(IoT). In addition, we increased support of technology development for small and medium-sized businesses and new product development with conditional purchase from 8 cases to 13. We also planned a Korean style New City and promoted a joint overseas expansion(KRW 12.3 billion in work design of New City in Bolivia).

Implementing Cooperation Development System

In 2016, we expanded growth drivers in small and medium-sized businesses by vitalizing benefit sharing system and increasing opportunities in obtaining orders. We expanded the application of joint venture with prime contractors and diversified benefit sharing model to cost-reduction type, technology-transfer type and so forth. In addition, we created an internal evaluation index so that the benefit sharing system could quickly settle. As a result, we saw 300% increase in benefit sharing compared to the average of 2 years.

Creating Ethical Eco-system for Construction Industry and Promotion of Social Enterprise

We increased the purchase of items from social enterprises and cooperatives to actively support competency enhancement of the companies. We created an institutional strategy to attract purchase by reflecting product and service procurement performance in internal evaluation. Meanwhile, we provided spaces for social enterprises by utilizing shopping arcades in rental housing complexes and operational basis in purchased rental housings. This has led to a 50.8% increase in purchase of social enterprises’ products compared to the year before, which is KRW 26.7 billion in result.

Contribution to Local Community

Medical Aid I Improved Health and Happiness of Low-Income Class

- KRW 100 million support from Gyeongsang National University Hospital
- Therapeutic support for incurable disease patients (21 people)
- Medical support for seniors in remote areas (3 times)
- Companionship for the single-elderly (131 people)

Cultural Experience I Happy Healing with LH

- Regular openings of LH Museum and Library
- Touring Children’s Museum (3 times, 1,500 visitors)
- Cultural performance viewing (i.e. music events) (2,500 people)
- Support of local lantern festivals and brook arts festivals

Training Support I Create Happy Studying Environment

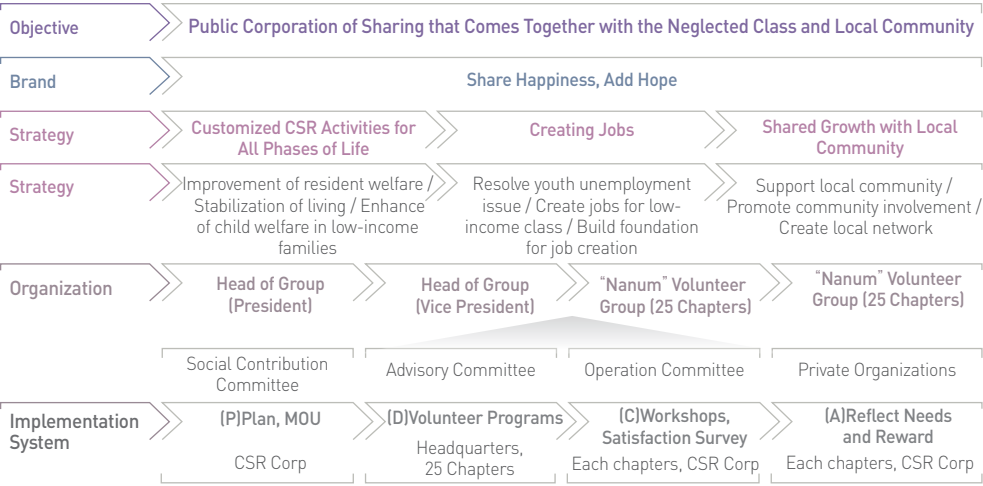
- National Land Education Youth School (10 times, 300 middle school students)
- Facility renovation of rural schools (3 places, KRW 150 million)
- Provide of PC and education to multicultural families (50 households)
- Education for multicultural families and migrated females (200 people)

Environmental Improvement I Increase Housing Happiness of Local Residents

- Creation of Jinju Ecological Park (4,000m²)
- Environmental improvement in crime-ridden districts (4 places)
- Renovation of decrepit facilities (7 places)
- Creation of gardens in welfare facilities (4 places)

Social Contribution System

As a corporate citizen that recognizes the value of sharing and caring, we dedicate our best efforts to fulfilling our social responsibility and building trust with the public. Based on our founding principles and areas of business, we created our social contribution system promoting the support and cooperation with our local community. At LH, we are actively pursuing our social contribution programs with our CSR Corp and 25 nationwide LH “Nanum” Volunteer Corp and organized CSR Advisory Committee which serves the role of monitoring its progress.



Social Contribution Activities

CSR Local Network

To pursue a systematic social contribution, LH signed agreements with local communities. In 2016, we signed “Love Nanum” agreement with 8 institutions including local governments and universities, as well as CSR agreement and Urban Regeneration support with Jinju City. In addition, we signed a contract with Gyeongsangnam-do Province for joint CSR activities.

Employee Involved Social Contribution

We improved the operation of “Nanum Fund” and diversified the types of employee volunteer programs. 50% of the Nanum Fund is available for employees to choose recipients and voluntarily donate and we increased social contribution rewards from 7 to 13. We diversified volunteer programs to family-participation type, healing type and others while holding CSR contests for employees to reward and support activities to the prize winners so that social contribution can be motivated.

Resident Involved Social Contribution

LH is carrying out CSR activities with local residents, such as in the medical field, cultural experience, training support, environmental improvement.

Result of Social Contribution

	Unit	2014	2015	2016
Donation Spending Result	KRW 100 million	67	72	94
Volunteer Time (Total)	hours	53,504	48,981	56,663
Volunteer Time (Per Person)	hours	11.6	10.0	10.4
Nanum Fund	KRW 100 million	3.3	3.3	3.2
Nanum Fund Fundraisers	people	4,968	4,938	5,129
Social Contribution Recipients	people	30,080	36,263	48,925



STRATEGY IV

Green Value Creation for the Planet & Future Generation

Why is this strategy important to LH?

We recognize our inevitable environmental impact when constructing housings and developing cities and to minimize it, we are pursuing green management based on the foundation to protect our future generation's rights to enjoy environmental values. We take necessary measures to protect our ecosystem and prevent air and water pollution and the production of waste materials while ensuring green values in every urban and construction project we undertake.

How is LH making its approach?

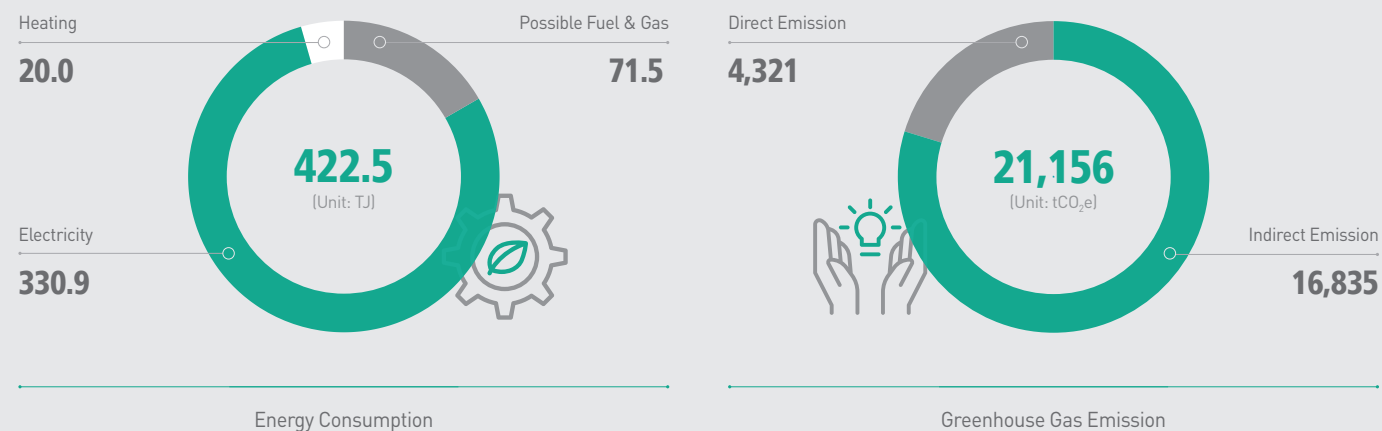
For the continuous creation of green values and sharing them with our stakeholders, we are building eco-friendly urban environment and houses. By building more energy efficient houses and creating a our own system of reducing greenhouse gas emission, we apply eco-friendly values in all our business practices to make cities safer and more sustainable. We are continuing our effort to share the green value that we produce with our country and future generations.

LH's Promise for Green Value Creation



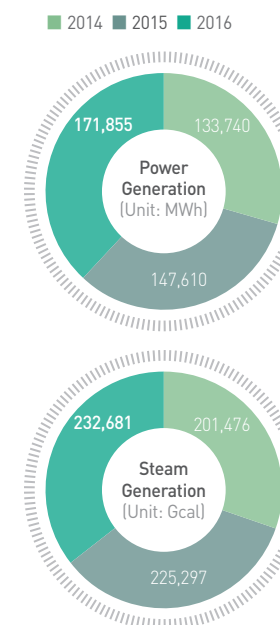
- ▶ Develop more renewable energy projects.
- ▶ Increase the use of LED lights in our urban development projects.
- ▶ Make more efforts in our R&D activities for new eco-friendly housing technologies.

What are the achievements?

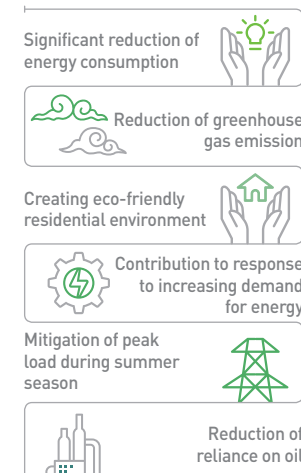


Eco-Friendly Value Sharing

Result of Collective Energy Projects



Effect of Collective Energy Projects



Green Value of Land and City

Building Green City

Green City refers to not only cities with eco-friendly buildings but also those harmonizing with the ecosystem and the ways of the nature. At LH, we are creating Green Cities in consideration of the natural circulation, the quality of life and sustainable future. As urbanization changes the use of lands causing flood and subsidence as well as the emission of contaminants, we increase the application of LID (Low Impact Development) in our development projects. LID is method of minimizing the impact on the circulation of water using the penetration and undercurrent from the source of rain water and designing to ensure that runoff penetrates soil, increasing the natural circulation and creating an eco- friendly drainage system. We held a conference with the Ministry of Environment and Korea Environment Corporation to analyze the monitoring result of Ochang Science Complex and learned that the entire complex had reduced the leakage by 46%. As a result, we decided to apply LID to five districts including Asan Tangeong, Godeok New City, Hanam Misa, and Hwaseong Bongdam 2, and Happy City to create a more effective water circulation system. We will continue our efforts to introduce LID to more development projects and create eco-friendly urban environment by reducing the effect of heat island and managing the source of contaminants through the penetration of rainwater into underground sources.

Creating Green Infrastructure

At LH, we are solidifying the foundation for sustainable growth through collective energy projects which supply energy production facilities when building industrial, commercial or housing complexes and contributing to the government's response to the increasing demands for electrical power. We built energy generation facilities such as combined heat and power plant, PLB (Peak Load Boiler), resource recovery facilities in certain residential, commercial and industrial complexes to supply the heat and electricity to a large number of users. These collective energy projects help mitigate the peak load during summer season while reducing greenhouse gas emission and reliance on oil. We also use non-polluting refrigerant instead of gas refrigerant which causes global warming to protect the ozone layer while helping improve the quality of air by promoting the use of LNG, operating contamination prevention facilities, and saving fuel.

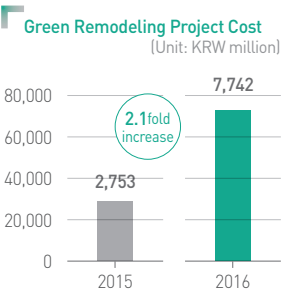
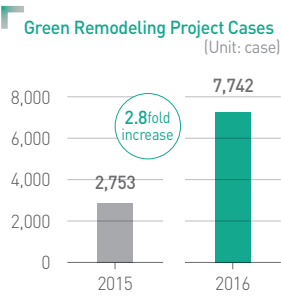
Implementing Green Transportation System

At LH, we built 198km of bicycle-friendly infrastructure in Hwaseong Dongtan New City 2 and used a new paving system specialized for the use of bicycle road to create a "Bicycle-Friendly City". The routes are networked by connecting wide lines, arterial lines, minor arterial lines and branch lines and it will be applied to more districts by monitoring its progress. We are building the Green Transportation System that increases the traffic flow and reduces greenhouse gas emission. At Smart City, traffic volume is measured to provide an intelligent transportation system and more convenient public transportation for residents. In addition, we are innovating our transportation system to create a safer and more convenient urban environment improving the quality of people's life.

Green Value in Houses and Buildings

Expanding Eco-Friendly Buildings

At LH, we extend our efforts to construct more eco-friendly buildings with higher energy efficiency by incorporating environmental factors in our construction process. Through Land & Housing Institute, we focus our resources in developing innovative design technologies in the areas of energy saving and residential space. In addition, we promote our efforts for adopting more sustainable construction practice through Green Building Certification and Building Energy Efficiency Rating Certification. Green Building Certification analyzes the environmental impact throughout the entire process including production of materials, design, construction, maintenance and waste disposal while Building Energy Efficiency Rating Certification certifies buildings with a high level of energy efficiency from design and construction stage to their completion. We introduce and promote these systems to encourage eco-friendly construction practice creating green value for low-carbon growth.



Green Remodeling

In 2016, the Green Remodeling project was transferred from the Korea Infrastructure Safety & Technology Corporation to LH. The Green Remodeling project reduces energy consumption of buildings and converts old buildings to new, energy-saving green buildings. To expand the project, we improved Green Remodeling project and carried out our operation to promote its policies. To improve the project, we upgraded the system by applying Green Building Certification and developed and supplied an energy simulation software. In addition, in terms of public relations, we carried out over 660 promotional activities yearly through diverse channels, such as advertisements and press reports, and also executed public relations of Green Building Conference (“Green Building Hanmadang”) and others to create nationwide sympathy. As a result, we reduced average energy use by 25% and 90% of our customers were satisfied with our project’s performance. By turning a sluggish project to the successful Green Remodeling project, we decreased the monthly maintenance cost of households by approximately KRW 45 thousand.

Supplying Renewable Energy Housing

At LH, we undertook various renewable energy projects including photovoltaic power, solar thermal water heating system, fuel cell, and small scale wind power generation to create more energy efficient residential complexes since 2006. In addition, we introduced renewable energy systems such as photovoltaic and solar thermal power in the environment plant facilities to reduce energy costs. As of 2016, we built 103,783 households with photovoltaic system in 152 districts and 12,053 households with solar thermal water heating system in 12 districts as well as 775 households with fuel cells and 327 households with small-scale wind power generation systemand 663 house-holds with geothermal power generation system.

Building Energy Efficient Complex

Based on the analysis on energy consumption pattern in school facilities, we established an energy saving plan and incorporated in the design of new school to reduce energy consumption using photovoltaic control awning, high windows for lighting and ventilation, auto power shutdown system, 1st grade energy efficient windows and energy generation and heating/cooling systems using photovoltaic and solar power thermal energy. We are creating more energy efficient complexes using various energy saving technologies including balancing valves and LED street lamps while improving the insulation of the top floor with green roof. By incorporating these energy saving technologies in 19 districts including Creative Economy Valley, we saved 658,861TOE[approximately KRW 210 billion/year] and decreased resident’s energy cost burden and supported the government’s energy policies as well.

Spreading Waste Recycling Technology

In response to the increasing need for more efficient recycling of waste materials, we are improving the efficiency of recycling facilities and the recycling of resources in housing complexes to reduce landfills and buried wastes by diversifying our efforts and applying new technologies in practice.



Food Waste-Recycling Biosystem

The Food Waste-Recycling Biosystem is a facility that self-ferments and disposes food waste within complexes to reduce it to 90% and recycles the by-product to compost. LH uses the indoors (within households) input, grinding, discharge process and the outdoors input process, the first ever to be approved by the Ministry of Environment, and proceeded trial applications in 4 complexes. As a result, we achieved effects such as reduction in waste collection fee, decrease in garbage by 90%, decrease of odor, and increase in recycling. In addition, we created a foundation for resource circulation system on the city level and spread it to other districts to improve urban environment.

INTRO for Sustainability		SHARED VALUE for Sustainability		MANAGEMENT for Sustainability		STRATEGIC FOCUS for Sustainability		APPENDIX	

Response to Climate Change

Carbon Emission Inventory

At LH, we manage carbon emission in terms of green areas including construction, renewable energy, transportation and natural resource using urban carbon emission inventory. Our employees can access the web-based LH carbon emission analysis system(<http://co2analysis.lh.or.kr>) to monitor the carbon emission in each area and we apply individual goals and financial analysis in the development process of CDM projects. We are incorporating Green City Carbon Emission Inventory in our urban planning and increasing the number of trial cities with the aim to reduce urban greenhouse gas emission by 37% by 2030.

CDM Projects

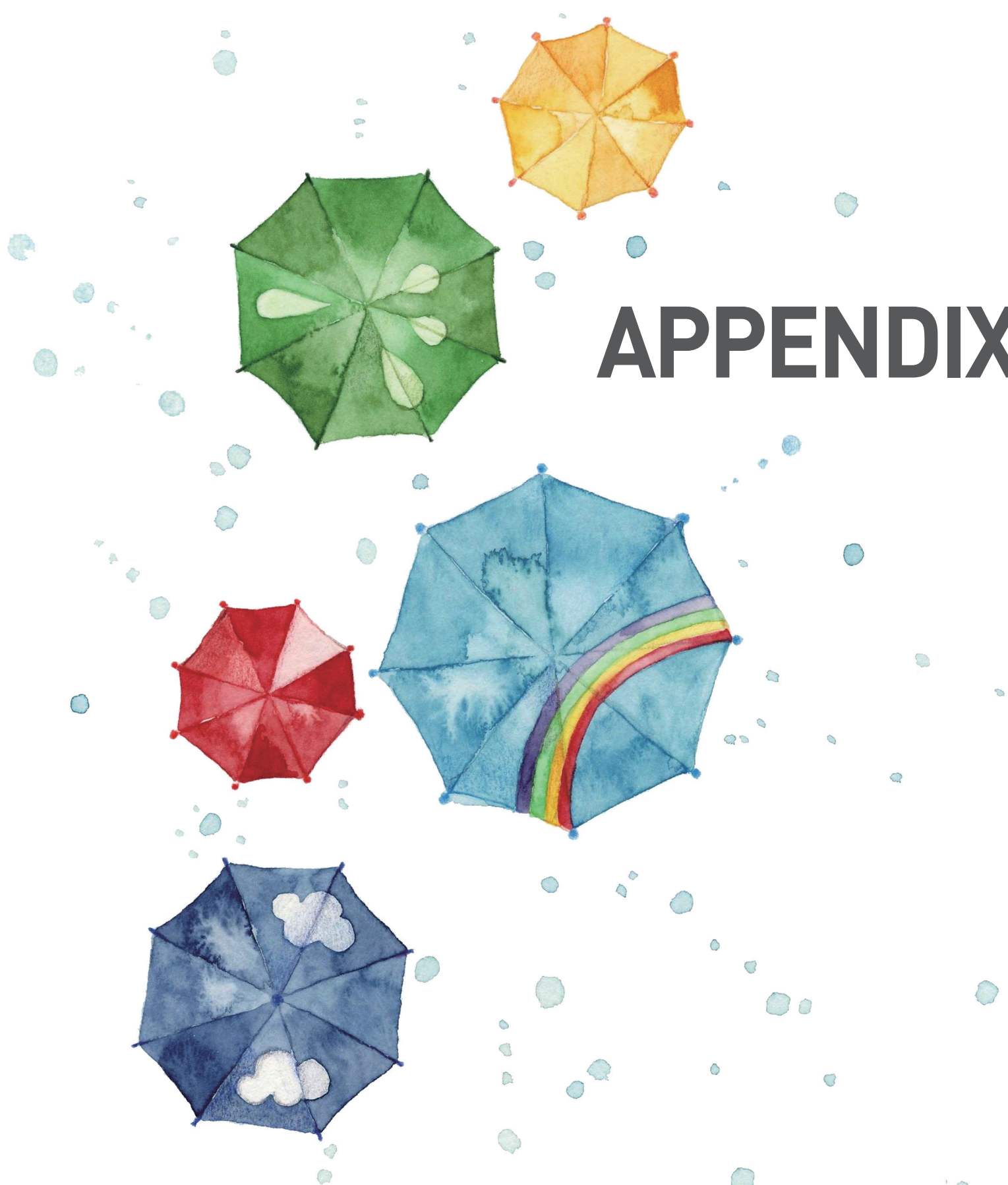
Since the registration of the Pyeongtaek Sosabeol Renewable Energy Project in the UNFCCC (United Nations Framework Convention on Climate Change) as the first land development district in the world, we have continuously developed CDM projects and registered them in the UNFCCC to earn carbon credits. In September 2011, we developed the greenhouse gas reduction through photovoltaic distribution in public rental housing complexes into CDM projects and completed the registration of "Korea Renewable Energy System Program CDM for Multi-unit Housing" in the UNFCCC in December 2012. Unlike a one-time project, the Program CDM allows individual projects using the same process to be registered in the UNFCCC. As a result, we expected to secure approximately 180,000 tons of carbon credits thanks to photovoltaic distribution projects we are undertaking; these carbon credits are equal to planting about 61 million pine trees. Currently, follow-up task such as carbon credit issuance and additional registration of CPA under Program CDM are in progress. The profit raised from CDM projects are being reinvested to related R&D. In 2016, we expanded the use of renewable energy, such as solar energy, to integrated energy supply facility and rental complexes and as a result acquired 9,000tCO₂. The Certified Emission Reduction from the UN for the supply of solar power, the first ever in the building category in Korea. We are planning to develop various renewable energy projects using photovoltaic, fuel cells, small wind power facilities, and geothermy.

Carbon Emission Reservation through CDM Projects in 2016

Nationwide National Rental Complex	Asan, Daejeon Energy Co.	Daejeon Energy Co
<ul style="list-style-type: none">National Rental Solar Energy CDM Project 22,000 unitsConvert to eco-friendly LNG 594,000 units	<ul style="list-style-type: none">Improvement of cooling-water pump operation method, installation of thermal storage tank and others<ul style="list-style-type: none">Acquired 5,433tCO₂ / per year	<ul style="list-style-type: none">Relieve of load during summer season by installing fuel cells<ul style="list-style-type: none">Reduction of fuel cost (KRW 900 million, 17,000tCO₂)
<ul style="list-style-type: none">Provided basis of acquiring approximately 321,000tCO₂		

Environmental Performance

		Unit	2014	2015	2016
Energy Consumption	Fossil Fuel	TJ	22.1	70.9	71.5
	Gas	TJ	20.8	-	-
	Electricity	TJ	230.1	331.7	330.9
	Heating	TJ	23.2	17.8	20.0
Greenhouse Gas Emission	Scop1	tCO ₂ e	3,434	4,235	4,321
	Scop2	tCO ₂ e	14,919	16,768	16,835
Water Usage	Clean Water Usage	ton	229,031	208,052	228,857
	Ratio of Recycling	%	20,278	15,410	22,300
Ratio of Water Recycling		ton	8.8	7.4	10.2
Waste Materials Generated & Recycled	General Waste Materials	ton	79.1	220.8	162
	Designated Waste Materials	ton	-	-	-
	Recycled Waste Materials	ton	45.8	21.9	122.2



APPENDIX

Third Party Assurance Statement

To the Readers of 2016 LH Sustainability Report

Foreword

Korea Management Registrations (KMR) has been requested by of Korea Land & Housing Corporation (hereinafter referred to as 'LH') to verify the contents of its Sustainability Report 2016 (the 'Report' hereafter). LH is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Assurance Scope and Standard

LH describes its efforts and achievements of the sustainability activities in the Report. KMR performed a Type 2, moderate level of assurance using AA1000AS (2008) of AccountAbility as an assurance standard. We evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI indices as below, where professional judgment of the practitioner of KMR's assurance team was exercised as materiality criteria.

The team checked whether the Report has been prepared in accordance with the 'Core Option' of GRI which covers the followings.

- Reporting Principles
- General Standard Disclosures
- Specific Standard Disclosures
 - Management Approach of each of following material aspects
 - Economic Performance: EC1
 - Indirect Economic Impacts: EC7, EC8
 - Energy: EN3
 - Products and Services: EN27
 - Water: EN10
 - Training and Education: LA10
 - Emissions: EN15, EN16
 - Local Communities: S01
 - Anti-Corruption: S04
 - Product and Service Labeling: PR5
 - Supplier Assessment for Impacts on Society: S010

Date and information on the outside factors such as LH's partners or contractors has been excluded from the assurance scope.

Our Approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, KMR's assurance team has carried out an assurance engagement as follows

- Reviewed sustainability related data and reporting process
- Reviewed materiality assessment procedure and method
- Reviewed sustainable management strategy and objective
- Reviewed stakeholder's engagement activities
- Interviewed people in charge of preparing the Report

Our Conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with LH on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data and information included in the verification scope are not presented appropriately.

Inclusivity

Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

- LH is developing and maintaining stakeholder communication channel in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder group left out during this procedure.

Materiality

Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

- LH is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

Responsiveness

Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

- The assurance team could not find any evidence that LH's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Core Option' of GRI G4.

Recommendation for improvement

KMR hopes the Report be actively used as a tool for communication with stakeholders and recommend the following for continuous improvements of the Report.

- LH has excellent short-term plans and performances but seems to lack preparedness in long-term strategies and tactics. It is recommended to reinforce the role of the control tower for long-term sustainable management and establishing systematic data collection as well as performance system of sustainable management.

Our Independence

With the exception of providing third party assurance services, KMR is not involved in any other LH business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

June 26, 2017

CEO Ki Ho Park

K. H. Park

GRI G4 Index

Index Number	G4 Description	Page
Strategy and Analysis		
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	4-5
G4-2	Provide a description of key impacts, risks, and opportunities	4-5, 27
Organizational Profile		
G4-3	Report the name of the organization	6
G4-4	Report the primary brands, products, and services	12-17
G4-5	Report the location of the organization's headquarters	6-7
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	6-7
G4-7	Report the nature of ownership and legal form	6
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	12-17
G4-9	Report the scale of the organization, including <ul style="list-style-type: none">- Total number of employees- Total number of operations- Net sales (for private sector organizations) or net revenues (for public sector organizations)- Total capitalization broken down in terms of debt and equity (for private sector organizations)- Quantity of products or services provided	6-7
G4-10	A. Report the total number of employees by employment contract and gender B. Report the total number of permanent employees by employment type and gender C. Report the total workforce by employees and supervised workers and by genders D. Report the total workforce by region and gender E. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors F. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	45
G4-11	Report the percentage of total employees covered by collective bargaining agreements	45
G4-12	Describe the organization's supply chain	28-29
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including <ul style="list-style-type: none">- Changes in the location of, or changes in, operations, including facility openings, closings and expansions-Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)-Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	2
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	27
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	69-71
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	69-71
Identified Material Aspects and Boundaries		
G4-17	A. List all entitles included in the organization's consolidated financial statements or equivalent documents B. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	35-38
G4-18	A. Explain the process for defining the report content and the Aspect Boundaries B. Explain how the organization has implemented the Reporting Principles for Defining Report Content	2, 30-31
G4-19	List all the material Aspects identified in the process for defining report content	2, 30-31

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Index Number	G4 Description				Page
Identified Material Aspects and Boundaries					
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows - Report whether the Aspect is material within the organization - If the Aspect is not material for all entities the organization(as described in G4-17), select one of the following two approaches and report either a. The list of entities or groups of entities included in G4-17 for which the Aspect is not material or b. The list of entities or groups of entities included in G4-17 for which the Aspect is material - Report any specific limitation regarding the Aspect Boundary within the organization				2, 30-31
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows - Report whether the Aspect is material outside of the organization - If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified - Report any specific limitation regarding the Aspect Boundary outside the organization				2, 30-31
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements				2
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries				2
Stakeholder Engagement					
G4-24	Provide a list of stakeholder groups engaged by the organization				28-29
G4-25	Report the basis for identification and selection of stakeholders with whom to engage				28-29
G4-26	Report the organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process				28-29
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns				28-29
Report Profile					
G4-28	Reporting period (such as fiscal or calendar year) for information provided				2
G4-29	Date of most recent previous report (if any)				2
G4-30	Reporting cycle (such as annual, biennial)				2
G4-31	Provide the contact point for questions regarding the report or its contents				2
G4-32	A. Report the ‘in accordance’ option the organization has chosen B. Report the GRI Content Index for the chosen option C. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be ‘in accordance’ with the Guidelines				2, 66-68
G4-33	A. Report the organization’s policy and current practice with regard to seeking external assurance for the report B. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided C. Report the relationship between the organization and the assurance providers D. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization’s sustainability report				2,64-65
Governance					
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts				26
Ethics and Integrity					
G4-56	Describe the organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics				44

Category: Economic

Aspects	Index Number	G4 Description	Page
Economic Performance	DMA		34-35
	G4-EC1	Direct economic value generated and distributed	38
Indirect Economic Impacts	DMA		34-43
	G4-EC7	Development and impact of infrastructure investments and services supported	39-43
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	39-43

Category: Environmental

Aspects	Index Number	G4 Description	Page
Energy	DMA		58
	G4-EN3	Energy consumption within the organization	58-59
Water	DMA		58
	G4-EN10	Percentage and total volume of water recycled and reuse	62
Emissions	DMA		58
	G4-EN15	Direct greenhouse gas (GHG) emissions [SCOPE 1]	58-59
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions [SCOPE 2]	58-59
Products and Services	DMA		34, 58
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	59-62

Category: Social

Aspects	Index Number	G4 Description	Page
Sub-Category: Labor Practice and Decent Work			
Training and Education	DMA		44
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	46-49
Sub-Category: Society			
Local Communities	DMA		52
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	57
Anti-Corruption	DMA		44
	G4-SO4	Communication and training on anti-corruption policies and procedures	50-51
Supplier Assessment for Impact on Society	DMA		52
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	56
Sub-Category: Product Responsibility			
Product and Service Labeling	DMA		52
	G4-PR5	Results of surveys measuring customer satisfaction	53

UNGC Membership & Support

ISO 26000

As a member of the UN Global Compact since June 2010, LH reports its fulfillment of the Global Compact’s ten principles.

Principle		Practices by LH	
Human Rights	Principle 1	Businesses shall support and respect internationally declared human rights	Creation and operation of basic principle on human rights protection [ethics charter]
	Principle 2	Businesses shall make utmost efforts to avoid involvement in human rights violations	
Rule of Labor	Principle 3	Businesses shall support freedom of association and endorse practical application of the right for collective bargaining	Fostering communication channel between labor and management
	Principle 4	Businesses shall exclude all kinds of forced labor	Labor and management collaboration program
	Principle 5	Businesses shall abolish child labor efficiently	Expansion of education for labor and management
	Principle 6	Businesses shall eliminate discrimination in employment and business	Observation of Labor Standards Act and employment rules
Environment	Principle 7	Businesses shall support preventive approach to environmental issues	Establishment of a system to reduce greenhouse gas emission
	Principle 8	Businesses shall perform measures to promote environmental accountability	Purchase of "Green Products"
	Principle 9	Businesses shall promote development and dissemination of eco-friendly technology	Building eco-friendly green cities
Anti-Corruption	Principle 10	Businesses shall be opposed to all kinds of corruptions including illegal acquisitions and bribes	Creation and operation of Ethical Standards and strengthened internal control system

International Organization for Standardization (ISO) provides guidance on how organizations can incorporate their awareness in social reasonability, the stakeholders’ involvement, key topics and issues in their business practice in ISO 26000. At LH, we manage the key topics and issues on social responsibility according to ISO 26000.

Key Topic	Issue	Article in ISO 26000
Organizational Governance	Decision-making processes and structure	6.2.3
Human Rights	Due diligence	6.3.3
	Human rights risk situations	6.3.4
	Avoidance of complicity	6.3.5
	Resolving grievances	6.3.6
	Discrimination and vulnerable groups	6.3.7
	Civil and political rights	6.3.8
	Economic, social, and cultural rights	6.3.9
	Fundamental principles and rights at work	6.3.10
Labor Practices	Employment and employment relationships	6.4.3
	Conditions of work and social protection	6.4.4
	Social dialogue	6.4.5
	Health and safety at work	6.4.6
	Human development and training in the workplace	6.4.7
Environment	Prevention of pollution	6.5.3
	Sustainable resource use	6.5.4
	Climate change mitigation and adaptation	6.5.5
	Protection of the environment, biodiversity, and restoration of natural habitats	6.5.6
Fair Operating Practices	Anti-corruption	6.6.3
	Responsible political involvement	6.6.4
	Fair competition	6.6.5
	Promoting social responsibility in the value chain	6.6.6
	Respect for property rights	6.6.7

Key Topic	Issue	Article in ISO 26000
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	6.7.3
	Protecting consumer's health and safety	6.7.4
	Sustainable consumption	6.7.5
	Consumer service, support, and complaint and dispute resolution	6.7.6
	Consumer data protection and privacy	6.7.7
	Access to essential services	6.7.8
	Education and awareness	6.7.9
Community Involvement and Development	Community involvement	6.8.3
	Education and culture	6.8.4
	Employment creation and skills development	6.8.5
	Technology development and access	6.8.6
	Wealth and income creation	6.8.7
	Health	6.8.8
	Social investment	6.8.9

Awards / Membership Status

Awards

Date	Organization	Award	Content
2016. 12. 30	Minister of Trade	Industry and Energy	Ministerial Commendation, Contribution in Free Economic Zone
2016. 12. 01	Mister of Land, Infrastructure and Transport	2016 Nationwide VE Contest - First Prize (Public Organization Category)	Provision of enterprise type rental housing in Juam, Gwacheon, Basic design VE of district construction
2016. 08. 19	Society of Korea Industrial and Systems Engineering	Appreciation Plaque	Contributed in development of Society of Korea Industrial and Systems Engineering
2016. 06. 02	World Bank (Korea Green Growth Trust Fund)	KGTF PARTNER AWARD - Appreciation Plaque	Appreciation of sharing knowledge and experience in green growth
2015. 12. 31	Ministry of Land, Infrastructure and Transport	Ministerial Commendation	Contribution in project approval of Happy Housing
2015. 12. 31	Ministry of Land, Infrastructure and Transport	Ministerial Commendation	Contributed to development of Land and Transport operation
2015. 12. 31	Ministry of Land, Infrastructure and Transport	Ministerial Commendation	Contribution in completion of Jeju Innovation City
2015. 12. 23	Ministry of Land, Infrastructure and Transport	Ministerial Commendation	Contribution in regeneration of living conditions in vulnerable regions in cities (Saetteul Village Project)
2015. 12. 09	The Herald Business	2015 Herald Business Green Housing Culture Award - Grand Prize (Ministerial Award)	Happy Housing Construction Project in Samjeon, Seoul district
2015. 12. 04	The Korea Economic Daily	2015 H2 Hankyung Residential Culture Award - Customer Satisfaction Category Grand Prize	Happy Housing Construction Project in Samjeon, Seoul district
2015. 12. 02	The Hankook-Ilbo	Green Housing Award - Green Smart Grand Prize (Hankook-Ilbo Presidential Award)	Result of making Sejong-si as a sustainable city based on U. City and increasing citizen's quality of life
2015. 10. 27	Ministry of Environment	2015 Korean Eco-Friendly Practice Award - Ministerial Commendation	Contributed in environmental preservation and eco-friendly consumption, production and promoting environment industry
2015. 10. 22	Aju Business Daily	2015 Aju Business Daily Housing Construction Award - Rental Housing Category Grand Prize	Happy Housing Construction Project in Samjeon, Seoul district

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Date	Organization	Award	Content	
2015. 09. 24	UN. HABITAT	Asian Urban Landscape Award	Wild Bird Park, Gimpo, Hangang	
2015. 08. 26	The Asia Economy Daily	The 10th Asian Construction Award - Housing Culture (Happy) Category Grand Prize	Happy Housing Construction Project in Samjeon, Seoul district	
2015. 05. 27	Moneytoday	2015 Korean Housing Service Award - Community Category First Prize	Happy Housing Construction Project in Samjeon, Seoul district	
2014. 12. 23	Ministry of Land, Infrastructure and Transport,	Ministerial Best Practice Contest - Second Prize	Enhance of organizational competitiveness	
2014. 12. 23	Ministry of Land, Infrastructure and Transport,	The 8th Korean Public Construction Award - Prime Minister Award	Children's Library in Seongnam, Pangyo	
2014. 12. 23	Minister of Land, Infrastructure and Transport,	Land and Transportation Best Practice Contest - Second Prize	Stability of people's housing and reduction of LH's debts	
2014. 12. 05	The Korean Society of Future Strategy	Preparation for the Future - Top Public Company	Top competency in preparation for the future	
2014. 11. 27	In association with Maehyung News, MBN, Architectural Institute of Korea, Korean Society of Civil Engineers	Korean Civil Engineering Construction Technology Awards - First Prize	Contribution in advancement of construction industry and development in construction technology	
2014. 11. 11	Ministry of Trade, Industry, and Energy	Contribution in New Technology Application - Presidential Commendation	Contribution in market support of new technology application	
2014. 11. 06	Gyeonggi Green & Agriculture Promotion Foundation	Gyeonggi-do City Kitchen Garden Contest - Participation Prize	Spread of green culture in daily lives	
2014. 10. 27	The Korean Institute of Landscape Architecture	7th Korean Landscape Award - Ministerial Commendation of Ministry of Security and Public Administration	Landscape policy category	
2014. 03. 26	Moneytoday	2014 Overseas Construction Award - Top Prize	Contribution in supporting construction overseas	
2014. 02. 21	Korea Housing Welfare Forum	Appreciation Plaque	Contributed in development of Korea Housing Welfare Forum	
Membership				
UN Global Compact		Korean Society of Transportation	Korean Society of Road Engineers	
Korea Planners Association		The Korean Institute of Power Electronics	Japan Society of Civil Engineers	
The Korean Housing Association		Korea Personnel Improvement Association	American Planning Association	
Korea Industrial Technology Association		Korea Water Resources Association	Architectural Institute of Korea	
The Korean Society for Noise and Vibration Engineering		Architectural Institute of Japan	Korean Association for Housing Policy Studies	
Korea Energy Engineer Association		American Concrete Institute	Urban Design Institute of Korea	
Korean Geotechnical Society		Korean Society of Civil Engineers	The Society of Air-conditioning and Refrigerating Engineers of Korea	
The Korean Institute of Illumination and Electrical Installation Engineers		Korea Electric Engineers Association	American Society of Civil Engineers Engineers	
The Korean Institute of Landscape Architecture		Korea Fire Safety Association	Social Corporation's Anti-Corruption and Transparency Pact Practice Council	
Korea Concrete Institute		International Contractors Association of Korea	Korea Institute of Ecological Architecture and Environment	
Korea Industrial Safety Association		The Japanese Geotechnical Society	Korea Construction Promotion Association	
Korean Society of Water and Wastewater		Korean Institute of Electrical Installation		

