

Birth of a happy city!

**Gyeonggi Urban
Innovation Corporation**
always by your side!



Gyeonggi Urban Innovation
Corporation

About this report

This Report is the first Sustainability Report of GICO. GICO publishes this Report to transparently disclose its sustainability management efforts and progress. This Report is based on the Global Reporting Initiative (GRI) Standards, focusing on important issues for business and key stakeholders to provide an effective sustainability report containing valuable information on the Corporation. GICO is committed to actively communicating with its stakeholders by providing meaningful contents.

Reporting Period, Scope and Boundaries of the Report

This Report contains sustainability management activities and performance conducted at the head office, Northern part HQ, and on-site project team in 2017 (from January 1~December 31, 2017). In the case of quantitative performance, GICO has included three-year data to identify the trends, and the Corporation has also included some important activities that will be performed in 2018. In particular, focusing on the management approach report on the important issues identified through the materiality assessment based on the GRI, GICO reported on the impacts on the stakeholders and the management methods.

Reporting Standards

This Report is based on the core method of the Global Reporting Initiative (GRI) Standards, a global standard for reporting sustainability management activities. The contents of the Report were prioritized based on the level of interest and influence through the stakeholder engagement and materiality assessment. The Corporation disclosed its management approach to the material aspect and reported related indicators. The financial, environmental and labor performances in the Report are based on domestic and international standards, and the units and measurement standards are explained in the form of notes in the Report.

Third Party Assurance

This Report has been audited by an independent audit corporation to ensure the credibility and quality of the Report. For details of the auditing results, please refer to the assurance statement attached in the Appendix.

Additional Information

Please do not hesitate to contact us if you have any comments or questions about the sustainability management activities of this report and GICO.

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CEO Message



2017 marked the 20th anniversary of GICO.

Based on the quantitative growth that the Corporation has achieved over the past 20 years, GICO will become a corporation that leads future cities and fulfills its social responsibility for the next 20 years.

Distinguished Stakeholders,

The year 2017 marked the 20th anniversary of GICO.

Based on the quantitative growth that we have achieved over the past 20 years, and based on the qualitative growth and shared growth to realize social value, GICO will become a corporation that fulfills its social responsibility for the next 20 years. Through continuous change and innovation and by responding to various changes in the external environment, such as entering the era of the "super-aged" society, increasing numbers of single-person or two-person households, paradigm change of urban regeneration, the advent of the "4th industrial revolution" and proliferation of the sharing economy, etc., GICO is committed to becoming a corporation indispensable to Korea and Gyeonggi-do.

To this end, GICO has adopted ISO 26000, the international standard for sustainability management, as a management principle, and has introduced "creating value for win-win cooperation, laying foundation for social responsibility, creating future of sharing and trust, striking balance between work and life" as a management principle to achieve management strategies.

First, GICO will prioritize value for win-win cooperation.

In order to create value for win-win cooperation, GICO establishes a win-win cooperation committee for mutual growth to create more than 88,000 jobs by 2022 by developing an industrial ecosystem. In addition, through socially responsible procurement, GICO plans to increase the procurement of products manufactured by disabled people, women and social enterprises and, if necessary, to expand opportunities for participating in the business.

By analyzing various customer complaints and establishing a process to reflect such customer feedback in the project, GICO prevents customer complaints in advance. And by providing clear product information, GICO helps customers to make reasonable choices.

Second, GICO will lay the foundation for social responsibility.

GICO implements human rights management practices at workplaces by conducting labor-management human rights management diagnostics. Through the oath on social responsibility and the performance management system, GICO will fulfill public responsibility as a public institution and produce results. Moreover, GICO always strives to perform its works fairly and transparently based on the ISO 37001, an international standard for anti-corruption that it has been the first to adopt among the local public institutions. GICO will realize a fair contract culture through fair contracts, and lead efforts to improve the contract culture so that no suppliers and local companies suffer damages through unfair contracts.

Third, GICO will create a future of sharing and trust

Up until now, the project has been operated by internal decisions made by Gyeonggi provincial government or GICO. However, GICO has introduced a new system (Resident's Voice Online) that allows residents to directly express their opinions on new business. In order to dispel concerns over the deteriorating air quality and the destruction of the surrounding natural environment caused by construction projects, GICO plans to establish an environment integration system to expand list of public information. In addition, as an effort to lead the Smart City movement, GICO will build an autonomous vehicle demonstration complex and help to enhance autonomous driving technology in Korea.

GICO seeks to provide a comfortable housing environment for vulnerable residents by expanding the residential environment improvement support project, and set a clear example befitting Korea where carbon reduction efforts should urgently be made following the Paris Agreement by expanding the new and renewable energy project. GICO will prepare a unified platform in preparation for increased inter-Korean exchanges and cooperation and for reunification of Korea; and at the same time, GICO will be ready to contribute to the development of the northern Gyeonggi area and the national development of a reunified Korea.

Fourth, GICO will create balance between work and life.

GICO will actively eliminate job discrimination and improve employment conditions to create better workplaces, and make efforts to hire irregular workers as regular workers in line with the government's policy. The Corporation encourages balance between the work and family life and implements a compulsory maternity leave system to resolve the low birthrate issue. In addition, GICO will contribute to the local community by educating the local residents through the program "GICO Real Estate Tutor" to enhance understanding of real estate in the local community and to provide various information on laws and taxes. Finally, GICO will focus on 3S (Standards, Sustainability, Sensibility) to create workplaces with zero accidents.

Through these promises, GICO will realize its vision, "Birth of a happy city, Gyeonggi Urban Innovation Corporation that is by your side!"

Thank you!

CEO, **Mr. Kim Yonghak**

2017 Highlights

GICO introduces its major sustainability management activities and performances made in 2017.

Announcing New Vision, "Birth of a happy city, Gyeonggi Urban Innovation Corporation that is by your side!" - celebrating our 20th anniversary

Marking the 20th anniversary, GICO announced a new vision of "Birth of a happy city, Gyeonggi Urban Innovation Corporation that is by your side!" which was generated through the new vision contest and management workshop for all employees.

Establish sustainable 2040 mid-to long-term business strategies pursuing social value

To prepare for the next 20 years, GICO has established mid-and-long-term management strategies based on ISO 26000 to strengthen quality growth, social responsibility and mutual growth. GICO is committed to reflecting social values in its strategies and project and implementing them accordingly.

Diversify communication channels with stakeholders

GICO is striving to grow together with its stakeholders through various communication channels such as the pledge for social responsibility, win-win cooperation committee, happy housing and welfare community in Gyeonggi-do, residents' council, safety consultation body, etc.

Achieve grade "A," the highest grade in management evaluation by the Ministry of Public Administration and Security

In line with the development of the nation and the new government policy, GICO has reorganized its strategies for improving customer satisfaction and integrity and made greater efforts to create jobs. All these efforts helped GICO achieve the highest grade in the management evaluation by the Ministry of Public Administration and Security.



Building a Corporate Culture of Communication and Trust

GICO is creating a corporate culture of communication and trust through various activities such as “GICO Harmony,” a small-scale horizontal organization, “GICO daddy and mommy,” a program for visiting schools of employees’ children, “Junior Board,” “Innovation activities,” and various systems to propose ideas (e.g. contest for new employees, helpful knowledge, ideas and proposals).

Improving Financial Status by Exceeding Debt Reduction Target

In order to reduce debt, GICO has improved business methods such as private joint ventures, consignment conversion of (jeonse) rental housing business, and agency development. These efforts have significantly reduced debt ratio from 194% at the end of 2016 to 161% by the end of 2017.

Enhancing Supply Amount to 10 Trillion KRW in Total for Three Years

Despite a recent downturn in the real estate market, by supplying customized houses and easing the sales conditions to resolve unsold housing issues, GICO has provided a total of 10 trillion KRW of real estate for three years, contributing to reduced debt and increased sales.

Continuing the Efforts to Expand the Rental Housing Supply

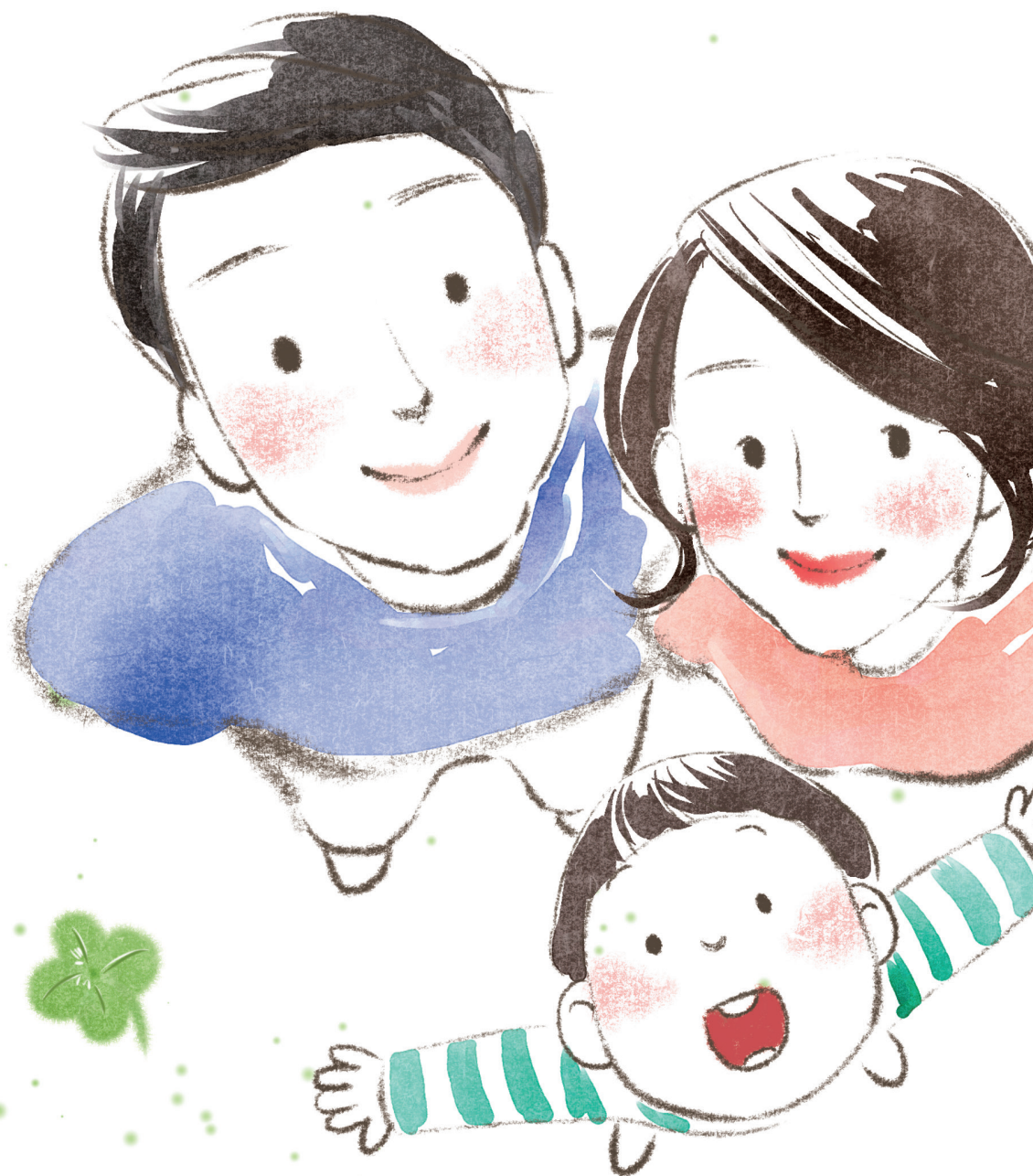
GICO is targeting the supply of 10,000 units of rental housing in Gyeonggi-do. By 2017, the Corporation had rented 1,055 units existing housing, 446 units of rebuilt housing and leased 8,356 homes on a deposit basis (jeonse), and supported jeonse of 99 housing units. And GICO has also supplied 769 units of energy conservation housing (“Sunny Housing”), 55 units of G-Housing (housing improvement), 271 units of the customized housing, homes for the severely handicapped and improved 21 toilets.



GICO Sustainability Overview

Birth of a happy city!

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Introduction of Gico

Overview of Corporation

Since its foundation in 1997, the Gyeonggi Urban Innovation Corporation has been committed to enhancing the welfare of its inhabitants and developing Gyeonggi-do with efforts such as residential area development, industrial complex construction, public housing and housing welfare projects.

 Name of Corporation	Gyeonggi Urban Innovation Corporation (GICO)	 CEO	Kim Yonghak
 Date of Incorporation	December 1, 1997	 Type of organization	Institution invested by Gyeonggi-do (100%)
 Purpose of Establishment	<ul style="list-style-type: none"> • Acquisition · development · reservation of land for residential land development and supply · lease management • Construction · improvement · supply · lease and management of houses and general buildings • Urban renewal projects and remodeling projects • Creation and management of amusement complexes such as tourist sites and resorts • Construction and maintenance of transportation related facilities such as roads and urban railways • Projects that can contribute to revitalization of local economy such as foreign trade, attraction of foreign capital, support for promotion of science and technology • Production and supply of construction materials • Establishment and management of sports facilities • Works consigned or entrusted by national or local governments 	 Sales	2.2241 trillion KRW
 Head office	46, Gwonjung-ro, Gwonseon-gu, Suwon-si, Gyeonggi-do, Republic of Korea (Gwonseon-dong)	 Number of employees	482 (prescribed number)
		 Main business place	Five regional offices including head office <ul style="list-style-type: none"> • Head Office: Suwon · Northern • headquarters: Uijeongbu City • Dasan New Town Project Team: Namyangju City • Gwanggyo Fusion Town Project Team: Suwon • Dongtan Godeok New Town Project Team: Hwaseong, Pyeongtaek City
		 Paid-in-Capital	1.5992 trillion KRW
		 Total assets	9.8 trillion KRW

Vision and Core Values

GICO has established a new vision, "Birth of a happy city- Gyeonggi Urban Innovation Corporation that is by your side!", which pursues social value. In order to achieve its vision, GICO has set its 20-year strategic goals by reflecting changes in the management environment. The Corporation has changed its strategic direction to a project that enhances public interest from a profitability-oriented project, and has established four strategic goals: customized housing welfare; sharing-based urban regeneration; leadership in smart city; and revitalization of local economies based on win-win cooperation. Based on its core values of creativity, customer, challenge and communication, GICO has shifted its focus from quantitative growth to qualitative growth, with "sustainability management with social responsibility and value as top priority."

GICO 2040 Mid-to long-term Management Strategies

Mission	"Creation of Bright Future of Gyeonggi-do and Happy Space for Gyeonggi residents"				
Vision	Birth of a happy city- Gyeonggi Urban Innovation Corporation that is by your side!				
Core Value	C Creative "Creation for the best"	C Challenge "Challenge to change"	C Communication "Trust-creating communication"	C Customer-first "Customer-oriented"	
Strategic direction (2040)	Customized housing welfare	Sharing-based urban regeneration	Leadership in smart city	Revitalization of local economies based on win-win cooperation	Sustainability management (ISO 26000)
Management Goals (2025)	Achievement of supplying housing support for up to 90,000 households	Urban regeneration activation index 100% (public subscription/ 24 cases of network)	Smart City Construction Index 100% (10km autonomous driving, 10MW renewable energy generation)	Creation of 300,000 jobs	Sustainability index top grade AAA

Major Achievements in Implementing Mid-to long-term Management Strategies

In 2017, GICO introduced social responsibility management (ISO 26000) celebrating its 20th anniversary, and established the "2040 mid-to long-term management strategies," reflecting social responsibility implementation and the future city development direction. By gathering opinions from all employees and encouraging participation of various stakeholders, GICO set a new vision, "Gyeonggi Urban Innovation Corporation that is always by your side!" GICO also has achieved various management goals such as job creation and debt reduction. Going forward, GICO continues to strive for social responsibility, stable residential welfare of the citizens and balanced development of Gyeonggi-do.

Establishment of Social Value-Oriented 2040 New Vision and Mid-to Long-term Management Strategies	<ul style="list-style-type: none"> Establishing social value-oriented 2040 New Vision (Gyeonggi Urban Innovation Corporation, always by your side!) Establishing 2040 mid- to long-term strategic goals reflecting social responsibility and future city development directions
Introduction of Social Responsibility Management (ISO 26000) System	<ul style="list-style-type: none"> Self-diagnosis of international standards for social responsibility (ISO 26000) → Identifying 20 action plans (GICO PROMISE) Win-win cooperation committee, analysis of human rights management, disclosure of environmental information, improvement of employment, etc. + division-wise implementation in 2018
Establishment of Bottom-up Approach to Vision and Strategy and Cooperation with Internal and External Stakeholders	<ul style="list-style-type: none"> Selection of new vision through public contests for all employees Operation of the Corporate Sustainability Management Team (TF) Collection of opinions of internal and external stakeholders
Leading National Tasks and Major Tasks of Local Governments such as Job Creation	<ul style="list-style-type: none"> Development of first job index, establishment of the GICO Jobs Committee and formation of TF Gyeonggi-do type happy housing, etc.
Improvement of Overall Management and Performance Management System to Achieve Management Goals	<ul style="list-style-type: none"> Decisions on business priorities, provincial government's policy-based business and sales checks Strengthening of management objectives reflecting management goals

Major Projects

GICO is implementing happy urban residential services to improve the residential life of the residents and efficient use of Gyeonggi-do, while conducting urban development activities and creating industrial complexes to revitalize the local economy. GICO intends to establish a management system focused on the province's residents and create a virtuous cycle business structure to promote economic growth in Gyeonggi-do.

New Town



- Gwanggyo New Town, 2nd Dongtan new town, Godeok new international town, and Gwanggyo new town

Urban Development



- Gwangju station area development, residential environment improvement project in Anyang Naengcheon district, urban development in Anyang, Indeokwon and Gwananggo, Goyang broadcasting valley, Goyang tourism and culture complex

Industrial Complex



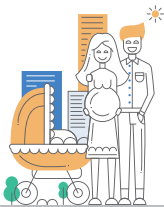
- Gwangmyeong-Siheung cutting-edge R&D complex, Pangyo 2nd Techno Valley, Pyeongtaek BIX (Yellow Sea FEZ), Yeoncheon BIX, Anseong complex for middle-sized company, Godeok industrial complex, Jeongok ocean industrial complex

Housing Projects



- Dasan new town (10 lots in Jingeon, 4 lots in Jigeum)
- Dongtan 2nd new town (A-89BL), Godeok new town (A-98BL), Gwangju station area (A-1BL), Wirye new town (A2-11BL)

Housing Welfare



- Happy housing in Gyeonggi-do, existing housing lease purchasing project, existing housing lease project, Security deposit subsidy for purchased rental housing and housing improvement project

Consigned Business



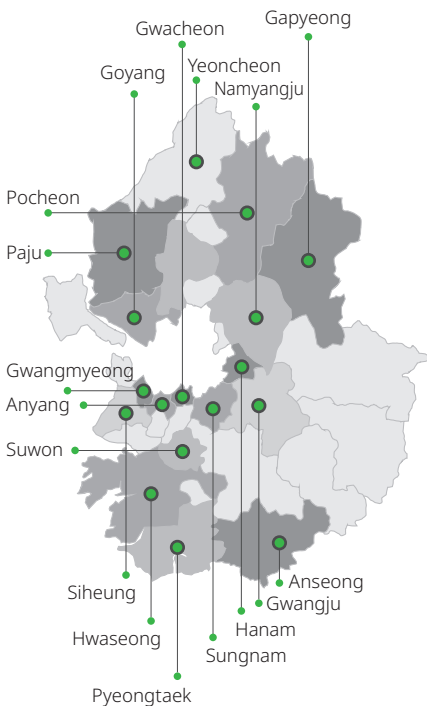
(Consignment of business)

- Gwacheon knowledge information town, government office building for Gyeonggi-do health and environment research center, Mt. Yeonin provincial park, design industrial complex in Gomorie, Pocheon, Pangyo industry university institute collaboration R&D center

(Consignment of compensational business)

- Hanam double track subway, substitute facilities of Camp Greaves, Pyeongtaek new renewable general industrial complex

Major project sites of GICO




※ Based on the projects conducted between 2015 and 2017


Creation of Economic Value

GICO creates economic value through major business activities and returns such value to the community and stakeholders. In 2017, GICO achieved sales of 2.2241 trillion KRW, operating profit of 611.2 billion KRW, and net income of 465.2 billion KRW.

(Unit: 100 million KRW)


Classification		2015	2016	2017	
Major economic performance 	Sales	25,000	27,521	22,241	
	Sector-wise sales	Land business	18,526	17,611	12,738
		Housing business	6,337	9,810	9,405
		Housing welfare	97	90	89
		Subsidiary business	40	10	9
	Operating income	528	1,939	6,112	
	Net income	712	1,951	4,652	

(Unit: 100 million KRW)

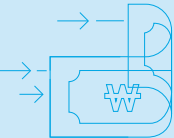
Classification		2015	2016	2017	
Value allocation to stakeholder 	Created economic value	Sales	25,000	27,521	22,241
	Shareholders	Dividend	500	320	540
	Government	Corporate income tax	784	221	602
	Employees	Salary and employee benefit	349	338	414
	Local community	Local tax and social contribution investment	286	256	200
	Partner company	Construction costs	6,099	8,014	9,098

Financial Status

(Unit: 100 million KRW)

Classification		2015	2016	2017	
Summarized statement of financial position 	Assets	Current assets	95,041	81,222	81,251
		Non-current assets	6,729	7,858	8,830
		Total assets	101,770	89,080	90,081
	Liabilities	Current liabilities	51,675	42,837	40,358
		Non-current liabilities	21,381	15,899	15,267
		Total liabilities	73,056	58,736	55,625
	Capital	Capital	15,992	15,992	15,992
		Others	12,722	14,352	18,464
		Gross capital	28,714	30,344	34,456

(Unit: %)

Classification		2015	2016	2017	
Key financial statement 	Growth potential	Net sales growth rate	-20.8	10.1	-19.2
		Growth rate of net income	-71.2	174.0	138.4
Profitability	Net profit margin of total assets	0.7	2.2	5.2	
	Net capital ratio	2.5	6.6	14.4	
Safety	Current ratio	183.9	189.6	201.3	
	Quick asset ratio	57.4	59.3	69.5	
	Debt ratio	254.4	193.6	161.4	
	Financial debt ratio	110.8	49.0	24.2	
	Ratio of net worth to total capital	28.2	34.1	38.3	
Productivity	ROI	20.43	9.25	4.21	

Corporate Governance

Number of meetings

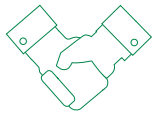
2017



18 times

Attendance rate

2017



80 %

Operation of Board of Directors

The board of directors (BOD) passes an agenda based on the affirmative vote of a majority of the directors, and a director who has a vested interest in the agenda is restricted from voting. The board meeting is held on a monthly basis, in principle, and extraordinary meetings may be held if necessary. A total of 18 board meetings were held in 2017, passing a total of 47 resolutions.

Performance in operating BOD

Classification	2015	2016	2017
Number of meetings (times)	14	16	18
Attendance rate (%)	85	82	80
Number of agenda (case)	39	48	47
Attendance rate of non-standing director (%)	83	77	77
Proportion that non-standing's opinion (%)	63	59	82

Standing directors

Name	Position	Sex
Kim Yonghak	CEO	Male
Lee Hongheun	Vice president (Head of Management Planning HQ)	Male
Kim Kibong	Head of Northern HQ	Male

Non-standing directors

Name	Position	Sex
Cho Cheonsik	Head of Gyeonggi-do Planning Office	Male
Lee Choonpyo	Head of Gyeonggi-do Urban Renewal Center	Male
Hong Hyeongpyo	Non-standing director of GICO (appointed)	Male
Lee Hyeonho	Non-standing director of GICO (appointed)	Male
Lee Jaedeok	Non-standing director of GICO (appointed)	Male
Nam Yunhee	Non-standing director of GICO (appointed)	Male
Jeon Byeongjik	Non-standing director of GICO (appointed)	Male
Kim Gwangyun	Non-standing director of GICO (appointed)	Male

Statutory auditor

Name	Position	Sex
Hwang Seongmin	Statutory auditor	Male

Risk Management

Risk Management System

GICO has established and operated a risk management system that responds to negative internal and external influences that hamper realization of sustainability management. In order to achieve sustainability management, risk management is divided into four categories: (1) Management risk management; (2) business risk management in response to changes in the business environment; (3) financial risk management in response to changes in funding and budgets; and (4) safety risk management in preparation for construction safety and disasters. First, based on the analysis of merits and de-merits of the Corporation, GICO establishes a mid-to long-term management strategy plan that comprehensively considers the competitors, the changes in customer needs, and changes in the economic environment that threaten the achievement of the mission and vision of the Corporation, and manages management risks from a long-term perspective. GICO also manages business risks by evaluating investment feasibility in response to changes in individual business environments and by examining the business feasibility and pre-sale performance of the projects underway. Finally, GICO manages financial risks based on the business feasibility of ongoing business and new business to manage the debt and profitability that may threaten the financial soundness, and we also manage safety risks related to accidents.

Organization in Charge

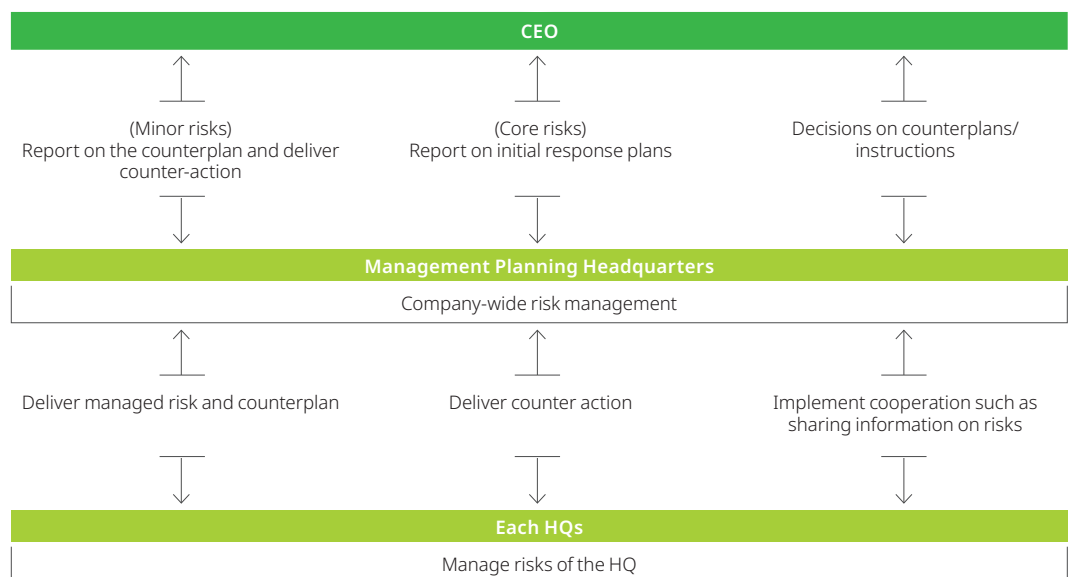
The Planning Division of the Corporation manages business risk by establishing mid-to long-term management strategies at company level every year based on the ongoing planning, and the Business Management Division manages business risks through examination of new business, evaluation of investment feasibility, and pre-sales performance checks. In addition, the Financial Management Division manages financial risks by establishing a mid- to long-term financial management plan for the next five years based on various scenarios that reflect changes in ongoing business and new business on a six-monthly basis based on management performance and financial results derived through management and business management. These are reviewed in advance through management meetings to enhance the rationality and the management efficiency.

Furthermore, the Safety Technology Division establishes a safety management plan every year to manage safety risks through seasonal on-site safety inspections, small-scale on-site safety management, safety mileage system for employees' safety activities, and precautionary training for disaster.

* Types of risks

- 1) Management risks: Risks due to changes in internal and external management environments of the company (Changes in central and local government policies, customer needs, and competitors, integrity and ethics)
- 2) Business risks: Risks due to changes in the business environment of the residential areas, industrial complexes, housing, and other businesses, and changes in business plans
- 3) Financial risks: Risks due to changes in investment, supply and collection of the continuing business, and increased funding burden and debt ratio resulting from new business
- 4) Safety risks: Threats that can arise from construction, disasters, and social major accidents

Risk Management Reporting System



Sustainability management system

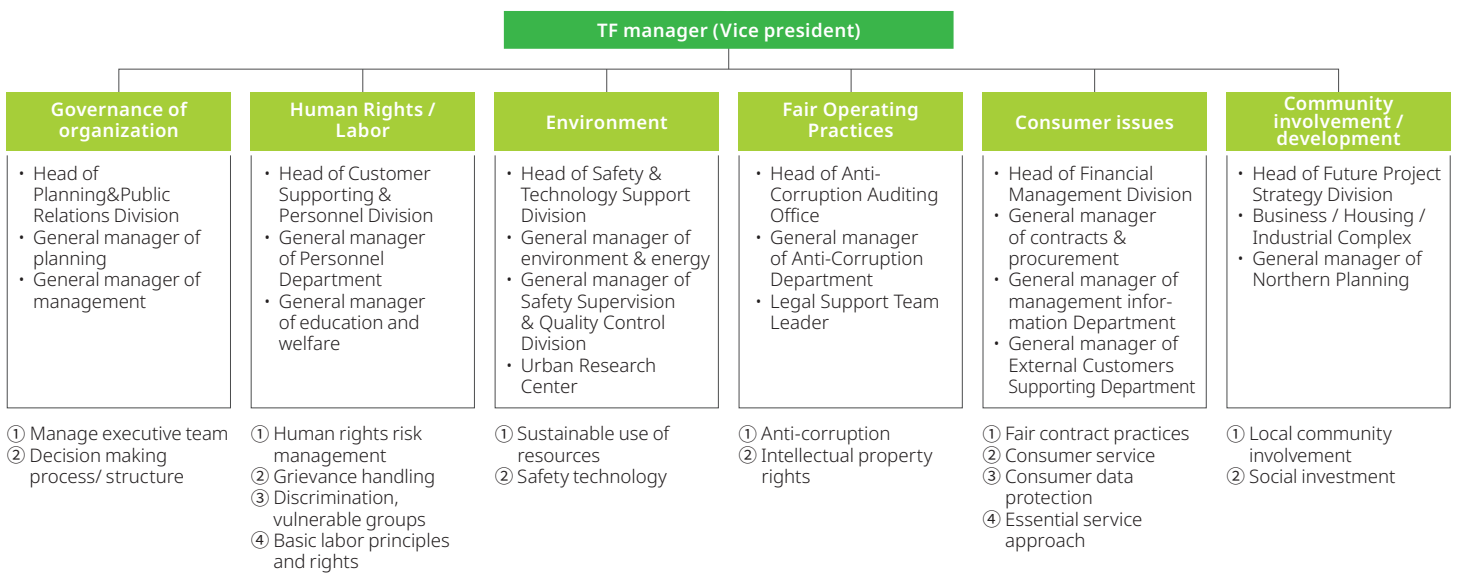
Strategy for Sustainability management

Marking its 20th anniversary, GICO introduced a sustainability management system in 2017 and announced a sustainable 2040 new vision. GICO also selected 20 initiatives based on ISO 26000, an international standard for social responsibility. In order to enhance sustainability of the Corporation through balanced growth of the economy, society and environment, GICO lays the foundation for social responsibility, prioritizes win-win cooperation, maintains a harmonious balance between work and life, and creates a future of sharing and trust.

GICO's Sustainability management Vision

Mission	"Birth of a happy city, Gyeonggi Urban Innovation Corporation, always by your side"										
1 GICO Promise We prioritize value for win-win cooperation.	Forming a Win-Win Cooperation Committee to expand stakeholder engagement	+	Creating jobs by creating an industrial ecosystem (88,000 in 2021)	+	Promoting socially responsible procurement (Increase procurement from companies owned by women and the disabled + credit for social responsibility)	+	Product information responsibility for rational choice of consumers				
2 GICO Promise We lay the foundation for social responsibility.	Human rights management system (Diagnosis of human rights management by site, 18 years for GICO ⇒ 20 years for partner companies)	+	Revise performance management system based on social responsibility	+	Obtain ISO 26000, an international standard for anti-corruption, for the first time among the local corporations (2018)	+	Gyeonggi residents PLUS Oath ceremony for social responsibility	+	Realize a fair contract culture (Equal position of the parties to the contract)		
3 GICO Promise We create a future of sharing and trust.	Residents' proposal of new business (Residents' Voice Online)	+	Environment integration system (Disclose environmental information: expand the items, all the sites and partner companies)	+	Expand the renewable energy business (Increase 300% for the next five years compared to the past 10 years' cumulative performance)	+	Business supporting residential environment improvement Expand (300% in 20 years)	+	Autonomous driving test complex (Smart city)	+	Roadmap on future strategic business in preparation for the era of reunification
4 GICO Promise We create balance between work and life.	Implement Safety 3S to stop accident of the workers (Standards, Sustainability, Sensibility)	+	Convert irregular workers to regular workers to improve the quality of jobs	+	Establish new business opening to the local community (Smart office)	+	Balance between work and family life (Mandatory paternal leave of 5 days ⇒ 10days)	+	Local community training program (GICO real estate tutor)		

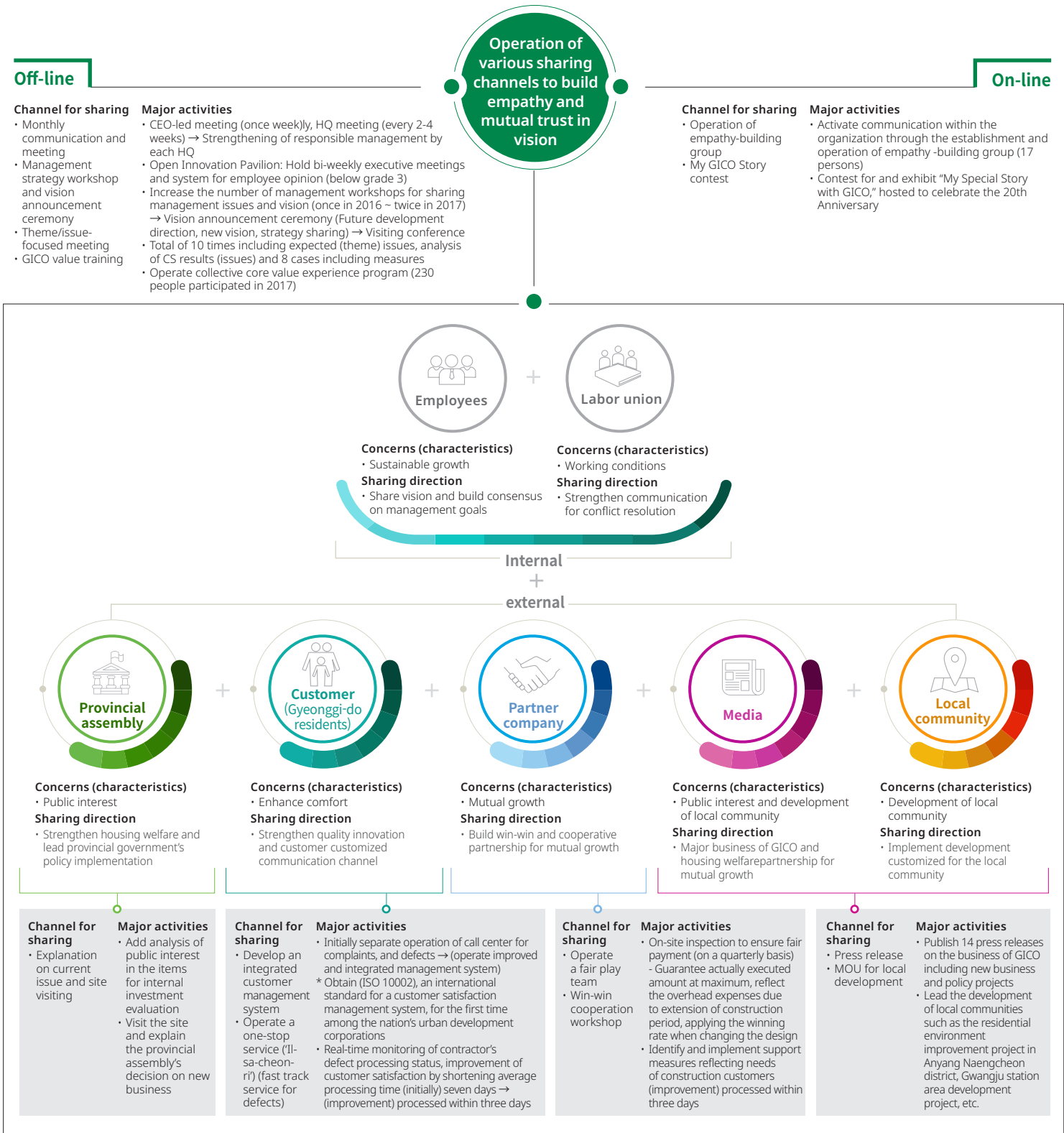
Organization chart for sustainability management



Stakeholder engagement

Definition of Stakeholder of GICO

GICO defines employees, labor unions (internal), provincial assembly, local communities, media, partner company, customers and residents (outside) as seven major stakeholders and shares vision and core value. In addition, GICO has identified the expectations and concerns of the stakeholders and created customized communication systems that take into account shared values and areas of interest.



Materiality Assessment



Trend & Impact* Analysis

GICO identified issues related to sustainability management of GICO by conducting surveys of the employees in terms of trend/impact/internal competency.

* Trend: External economic, environmental and social trends affecting GICO
* Impact: Economic, environmental and social impact of GICO

Media Analysis

In order to objectively understand the external awareness of GICO's sustainability management-related issues, GICO analyzed 939 out of 18,813 news articles published over the past three years from January 2015 to December 2017 and identified the relevant issues including negative issues.

Benchmarking

Based on the GRI Reporting Principles, we analyzed the sustainability management performance of companies that excelled in sustainability management among domestic and foreign companies and identified additional issues that need to be addressed by Gyeonggi-do construction companies

Stakeholder Interview

GICO interviewed specialists who represent the stakeholder groups in order to more closely understand requests and shared values of stakeholders and consider them when identifying the key issues.

GICO identifies the expectations and concerns of stakeholders that affect the Corporation's business activities and takes into consideration the factors that have an important impact on the organization and discloses them to stakeholders in a transparent manner. GICO conducted the relevance and materiality test presented in the GRI Guidelines and ISO 26000, and reported focusing on the issues identified. GICO has identified the importance of information that reflects significant economic, environmental and social impacts and may influence stakeholders' decision-making, and reflected this in its materiality assessment result. GICO also reports on critical aspects and its boundaries so that the stakeholders can evaluate the performance of the organization.



Stakeholder Survey

In order to understand the impact of sustainability management-related issues of GICO on the stakeholders, GICO conducted surveys of key stakeholders, taking into account the relationship between the management of GICO and influence.

Materiality Assessment Result

GICO identified 13 key issues (including seven trends, and six impacts) with an average of more than 4.0 materiality out of 40 related issues identified through trend & impact analysis, benchmarking, media analysis and stakeholder participation. GICO has laid out the contents of the Sustainability Report with a focus on the 13 key issues identified, and highlighted the issues with high materiality average score.



Step 3.
Review of validity and appropriateness

Review by Internal Stakeholders

GICO held a briefing session to discuss key issues of sustainability management and to disclose analysis process to identify important aspects of sustainability management and its outcomes. In addition to the official reporting sessions, GICO has held meetings with internal personnel from time to time to review scope, boundaries, and period of reporting and completed the review.

Review by External Experts and Third-party Assurance

This Report was reviewed by external stakeholders through an external assurance agency on the appropriateness of reporting process and the validity of data, including selection of core issues.

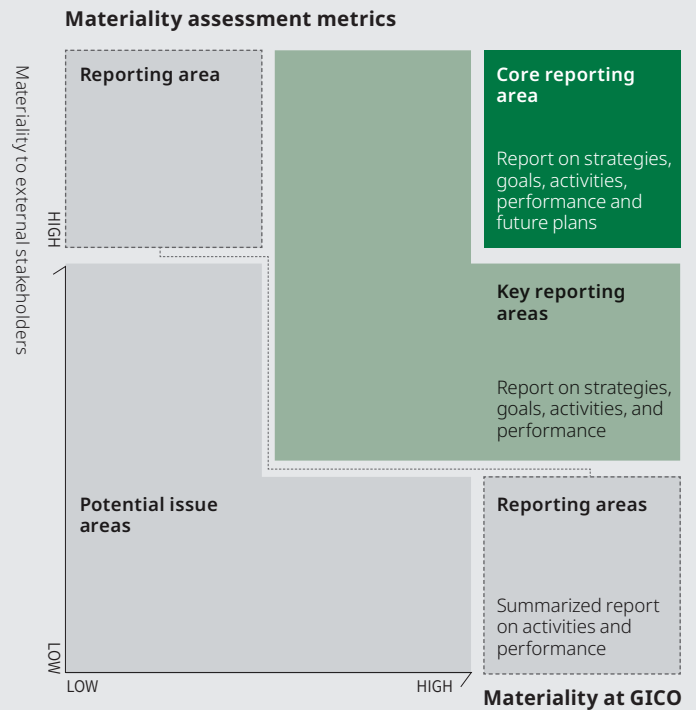


Table of contents reflecting important issues GICO SUSTAINABILITY ISSUES

	Importance	
① Strengthen service accountability (responsibility for housing supply)	4.50	GICO Sustainability Overview
② Strengthen anti-corruption and ethical management system	4.30	⑫ Secure soundness in governance
③ Work-life balance	4.30	GICO Promise 1. We prioritize value for win-win cooperation.
④ Secure social support for the organization's business performance	4.25	① Strengthen service accountability (responsibility for housing supply)
⑤ Secure financial soundness and profitability	4.20	④ Secure social support for the organization's business performance
⑥ Efforts to enhance customer satisfaction	4.15	⑥ Efforts to enhance customer satisfaction
⑦ Management efficiency (management innovation / business adjustment)	4.15	⑧ Increase the importance of mutual growth with partner companies
⑧ Increase the importance of mutual growth with partner companies	4.10	GICO Promise 2. We lay the foundation for social responsibility.
⑨ Promotion of housing stability and welfare for the underprivileged	4.10	② Strengthen anti-corruption and ethical management system
⑩ Lead the balanced development of local communities	4.10	⑤ Secure financial soundness and profitability
⑪ Create an environmentally friendly organization culture	4.10	⑦ Management efficiency (management innovation / business adjustment)
⑫ Ensure soundness in governance	4.05	GICO Promise 3. We create a future of sharing and trust.
⑬ Operate a green management system	4.05	⑨ Promotion of housing stability and welfare for the underprivileged
		⑩ Lead the balanced development of local communities
		⑪ Create an environmentally friendly organization culture
		⑬ Operate a green management system
		GICO Promise 4. We create balance between work and life.
		③ Work-life balance

* On a scale of 5

GICO Promise 1

We **prioritize** value for
win-win cooperation.



22 GICO, reaching out to people

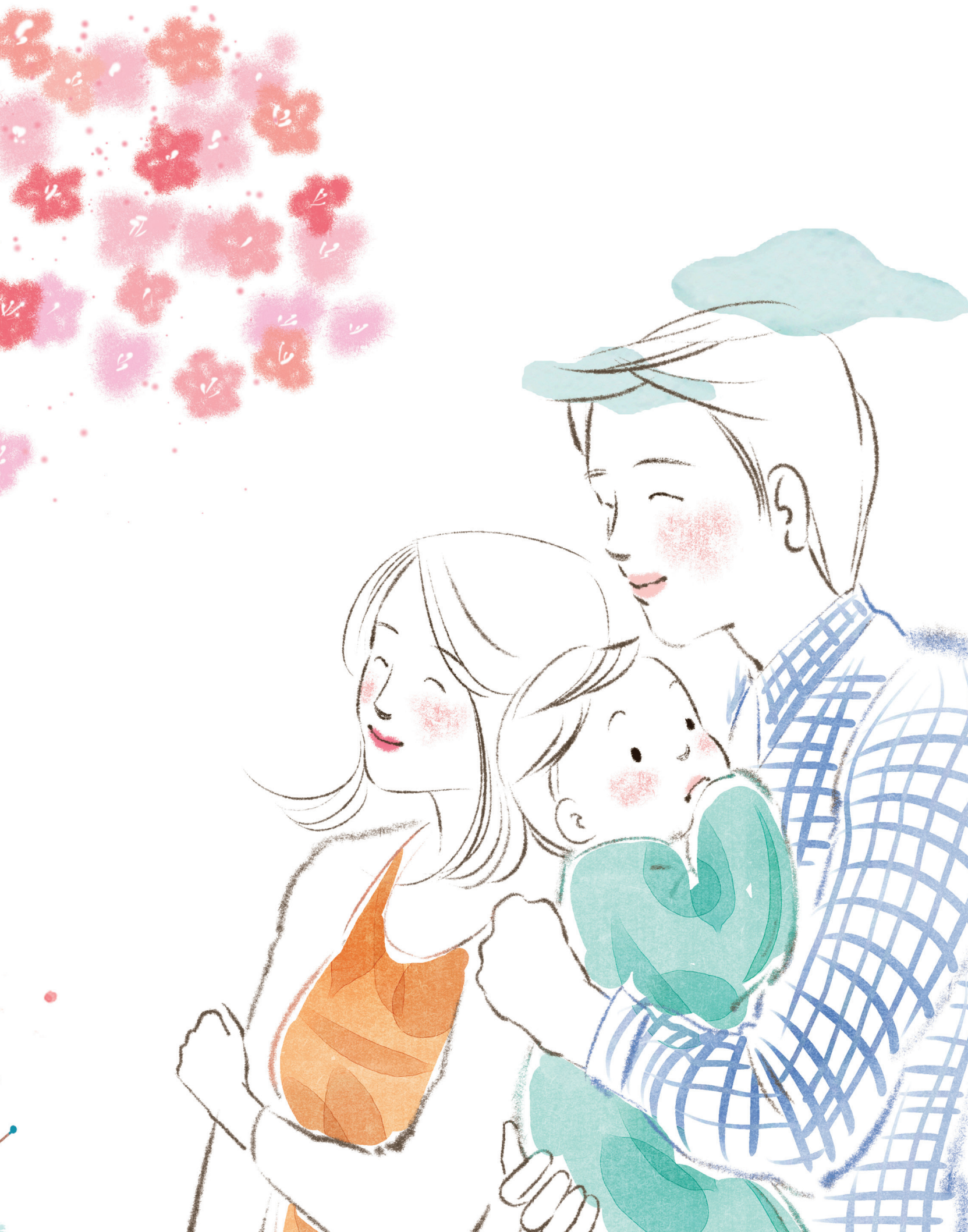


27 GICO, growing together



34 GICO, developing together with
the corporates





GICO, reaching out to people



Importance

As GICO's housing welfare policies are strengthened, the role of GICO and social expectations are increasing. Provision and management of products and services that customers are satisfied with are required to contribute to strengthening the residential stability of the Gyeonggi residents. GICO aims to impress the customers by strengthening customer business systems befitting the needs of various customer groups, changing residential trends, and the local community environment.



Promotion strategy

Achieve the highest level of customer satisfaction

Customer-oriented management	Strengthen CS activities	Strengthen employees' CS capabilities	Actively provide information
<ul style="list-style-type: none"> Host event celebrating the 20th anniversary with customers Strengthen the evaluation linkage of customer satisfaction survey results 	<ul style="list-style-type: none"> Strengthen division-wise CS activities Strengthen customers and residents' engagement in business 	<ul style="list-style-type: none"> Strengthen CS education centered on customer contact points Conduct campaign for the strengthened CS Mindset 	<ul style="list-style-type: none"> Provide required information on contract customers online Reorganize website from customers' point of view and open various communication channels



Approach

- Goal — Achieve the highest level of customer satisfaction
- Institution — Customer Satisfaction Survey, Win-Win Cooperation Committee, Resident's Voice Online
- Dedicated organization — Customer Supporting&Personnel Division, Planning&Public Relations Division, Future Project Strategy Division
- Evaluation — Investigation by the Ministry of Public Administration and Security, relative evaluation of achievement by external member, mystery shopping type phone survey, etc.



Future plan

- Establishment of precautionary process for customer complaints
- Establishment of Smile call center that satisfies customers and employees
- Strengthening CS improvement initiative of each division
- Improvement of CS Mind by improving BSC indicators
- Campaign for employees' CS mind-building
- Contribution to media and increasing press release



Major performance



Be grade "A",
the highest grade in
 management evaluation by the Ministry
 of Public Administration and Security



Stabilize the operation of integrated
 customer management system,
E-UM Center



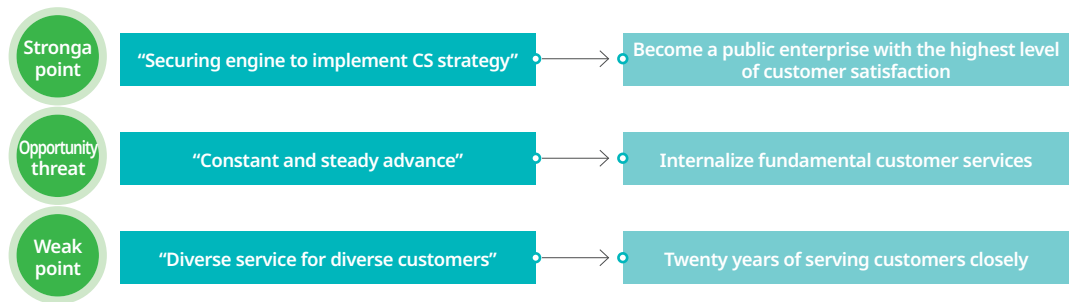
Launch **Win-Win
 Cooperation Committee**
 for communication with stakeholders

Customer satisfaction management system

CS strategy

GICO implements a mid- to long-term CS master plan to realize customer-oriented management and improve customer satisfaction. GICO has enhanced the residents' and the people's credibility in the Corporation. It achieve this by being the best organization for customer satisfaction by carrying out customer-oriented business and strengthening service to the people. Through the CS environmental analysis, the Corporation has set up its master plan vision, "Refresh basic services based on customer's voice and strengthen customer satisfaction activities," and promoted its CS management.

GICO CS environment analysis



CS Master plan and CS direction

CS Vision	Refresh basic services based on customers' feedback and strengthen customer-satisfaction activities			
CS Activities	Slogan	CS activities for CS (Communication without misunderstanding, appropriate service)		
	SI	Realize communication service paying attention to the VOC		
CS Core Value	Proactive attitude	Use communication channel	Integrate VOC	Share Know-how
	CS Target	Jump to the public enterprise with the highest level of customer satisfaction		
Direction	Internalize fundamental customer services		Twenty years with customers, close to the customers	
	Strategic initiatives	Customer satisfaction survey of its own/ CS strategy meeting for immediate feedback and division-wise education on CS activities –evaluation ---award+ establish CS circle of feedback/build consensus on and spread of CS management mindset		Contest for customers, carry out volunteer activities, customer camp, concert, experience culture, diversify customer communication channel (consultation via text messages, and chatting), establish strategic plan to digitalize an integrated call center

International standard (ISO 10002) based customer management

GICO got ISO 10002 certification, the customer satisfaction management system, in November 2016 for the first time among the nation's public institutions, and renewed its certification in November 2017. Customer satisfaction management system has been improved through the evaluation of customer complaints management system, basic principle of grievance handling, and customer-oriented approach. In particular, the Corporation has provided systematic customer services by reexamining nine principles of customer complaints: openness, accessibility, responsiveness, objectivity, cost, confidentiality, customer-centered approach, responsibility and continuous improvement. In addition, GICO started to set up the E-UM Center, which is part of the efforts to sophisticate system infrastructure to reflect the voice of customers, in 2015, opened it in 2016 and stabilized and improved it in 2017. Through the E-UM Center, GICO has efficiently handled complaints, which have increased according to residents' movement into new towns and apartment houses.



Customer satisfaction management system certification

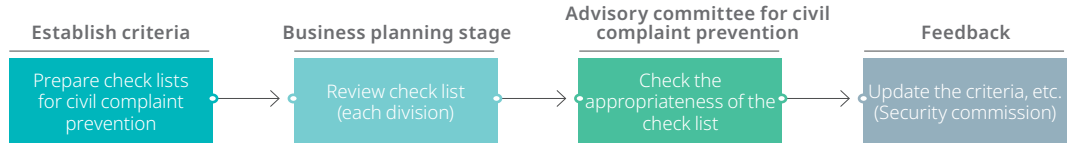
Promise 1

- GICO, reaching out to people
- GICO, growing together
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- GICO, valuing the environment
- GICO, balancing work and family life
- GICO, respecting all people

Establish process to reflect customer needs in advance

GICO has set out the "Guidelines to prevent civil complaints," to reflect customer needs and complaints in an active and preemptive manner. GICO prevents civil complaints by proactively responding to anticipated complaints at the planning stage based on the Guideline to prevent civil complaints, and take supplementary actions.

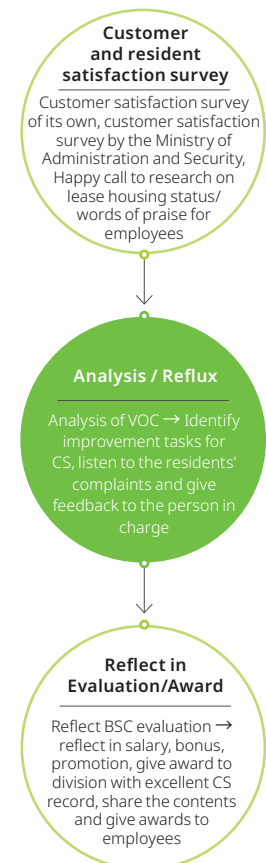
Civil Complaint Prevention Work Flow



Customer Satisfaction Virtuous Circulation System

GICO has set up a virtuous cycle system of customer satisfaction evaluation, task identification, and performance evaluation to select CS improvement tasks and promote CS activities throughout the company. In particular, GICO analyzes improvement points for each customer to draw out tasks and strengthens internal evaluation (BSC) to achieve these goals. In addition, GICO provides information on leasing and sale to customers and draws up detailed plans for prompt business operations, reflecting them in its management activities.

Virtuous cycle system of customer satisfaction



Strengthen the customer satisfaction process starting from voice of customers (VOC)

In order to improve customer convenience and service satisfaction, the CS coordinator and the relevant divisions have a unified CS strategy. In addition, CS strategy meetings are held for each customer group (rental, sales, and development) to identify improvement tasks and identify customer needs. In order to ensure effective CS activities, customer satisfaction score is reflected in the evaluation, and the customer satisfaction activities are reviewed on a regular basis through analysis of CS status.

Major CS improvement tasks

Division	Main customer	Major CS improvement tasks
5 supporting divisions including Planning and PR Division	GICO's customers Local residents	- Lead customer satisfaction improvement by improving BSC - "Thank Customer" using thank you cards
Housing Welfare Division	Rental housing customers	- Enhance customer satisfaction using research on actual conditions of the residents - Provide real-time consultation service on rental housing
Home Business Division	Customers for apartment Partner companies (construction company/service provider)	- Deliver presentations on landscape plans to potential occupiers before completion of construction - Service providing information to prospective customers
Future Strategy Division, Industrial Complex Division and Northern Planning Division	Customers for land Partner companies (construction company/service provider)	- One-on-one advance information service on simple procedures and land contracts, etc. - Provide [customized compensation service] to improve satisfaction of the compensated customers
10 business departments including Gyeonggi-do Happy Housing Team, Security Commission and Urban Renewal Division	Partner companies (construction company/service provider)	- Operate "Fair play team" to improve unfair practice - Introduce [One & One Rule] in the business meeting, implement [visiting meeting] - Operate a "One stop service for restoration of public facilities"
Compensation Division	Customers to be compensated	- Promote visiting compensation service to reduce customers' inconveniences

E-EM Center Operation Performance

(Unit: case)

Classification	2015	2016	2017
Number of cases received	1,663	8,937	31,370

Customer satisfaction using integrated customer management system (E-UM center)

In December 2016, GICO integrated its VOC processing system, which was divided into centers for civil complaints, defects, and an E-UM Center to actively reflect the voices of customers. In addition, in order to enhance accessibility of customers who have difficulty in using the Internet, GICO plans to expand the size of the call center.

Strengthen communication with customers

Real-time communication with customers based on social trends (SNS)

Blog (NAVER Blog)

- Total cumulative visitors: 7.5 million (approx. 920,000 increases compared to the previous year)
- Total posts: 246 cases (One case per day - as of the end of December 2017)
- Diversify blog contents
 - Plan to celebrate the 20th anniversary: Commemorating GICO, etc.
 - GICO-related planning: Major issues in house journal, GICO meeting through sand art, etc.
 - Publication of business: Volunteer activity "G-UM," announcement on housing purchase, etc.

Facebook

- Number of Facebook friends: 8,205 (about 1,000 people increases compared to the previous year)
- ※ Increase inflow rate through implementation of self-event : reach 39,990 times through the events over nine occasions, with 8,145 participating comments
- Total of 230 posts (as of the end of January 2018)
- New multi-format trendy contents including image card, image clip (gif), rolling image, video, etc. journal, GICO meeting through sand art, etc.

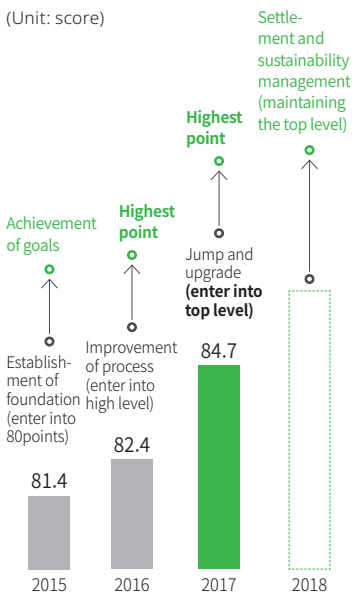
Customer-oriented information provision

GICO has established information provision and PR strategies in order to provide customers and local residents with the information they want in a prompt and convenient manner. In addition, in order to enhance real-time communication, GICO has provided fast and intimate information and communication by utilizing features of each SNS media, and the Corporation has attracted more visitors through engagement events and content diversification.

Necessary information	Information on contracts	Information on business	PR for images	
Implementing strategy	Resolve issues by providing information in an intuitive and prompt manner	Allow more residents to enjoy the benefits of GICO projects!	GICO works for the benefit of Gyeonggi residents!	
Major achievements	Briefing sessions, conferences <ul style="list-style-type: none"> • Visiting customers to explain the business • Collect comprehensive feedback from local residents 	Mail, homepage <ul style="list-style-type: none"> • Pre-emptively provide information to customers • Reorganize in line with job policy 	SNS (Blog, Facebook) <ul style="list-style-type: none"> • Implement event of its own –enhance inflow • Manufacture multi-format trendy contents 	Media/new media <ul style="list-style-type: none"> • Sophisticating (reportage) • Diversification (increase press release) • Focus on promoting the corporate image of GICO

Customer Satisfaction Score

(Unit: score)



Publicize Housing Welfare Policy

Gyeonggi Happy House, which is the representative housing welfare model of Gyeonggi-do, was publicized through various media such as radio and magazines, as well as SBS and OBS.

Publicize brand using media	Publicize using magazines taking into account the interests of customers
<ul style="list-style-type: none"> • Familiarization tour) invite journalists of provincial assembly and provide public information hall tour • Presentation) road show for domestic major economic daily newspapers • Reportage) reportage for interview & press release 	<ul style="list-style-type: none"> • 'Reportage + PR' utilizing magazine considering customer targets such as newly married couples and college graduates. <ul style="list-style-type: none"> ▶ Four major magazines including Woman Sense, Living Sense, CINE 21
Mainly at commuting hours considering local community and users	Repeat exposure to strengthen brand identity
<ul style="list-style-type: none"> • Publicize in 'Shinbundang Line' for 1st presale of rental housing <ul style="list-style-type: none"> ▶ operate 4 stations (Gangnam, Yangjae, Pangyo and Gwangyo) 4 vehicles and 'G-Bus' operated in Gyeonggi-do 	<ul style="list-style-type: none"> • Happy house of Gyeonggi in the 1st half (rental housing) • Manufacture advertisement and conduct PR (124 times)

Publicize Happy Housing of Gyeonggi-do

Implement Customer Satisfaction Survey of its own

In order to listen to customer's opinions directly, GICO conducted a customer satisfaction survey of its own, which is not limited to external evaluation. GICO conducted a telephone survey of 5,000 customers regarding development, sales, leasing, and compensation, and evaluated overall satisfaction on the product, caring attitudes of employees, etc.

Supplement the external customer satisfaction survey	Implement customer satisfaction survey of its own
<ul style="list-style-type: none"> • It is difficult to confirm departmental /division-wise customer satisfaction with a limited customer group • Limitations due to sample survey based on register of customers 	<ul style="list-style-type: none"> • Can identify excellent/ weak department by score → Actively encourage CS activities by reflecting BSC evaluation (3 points) • Possible to investigate all customers

Promise 1

• **GICO, reaching out to people**

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Reflect Customer Opinion in All Processes of Planning - Creation - Moving in

GICO formed Supporting TF in order to collect opinions from Dongtan and Dasan New town residents and to unify the channels to implement a variety of housing support plans (administration, traffic, security, infrastructure, etc.) in line with the needs of residents. GICO operates a housewife “prosumer” system to reflect the opinions of residents in the whole processes of planning, creation and moving in. The Corporation also strives to improve quality and sales by developing customized demand. GICO is actively responding by forming a business consultation body composed of customers, GICO, local governments and experts.

Case of reflecting customer opinion in all processes of planning - creation - moving in

Main program	Areas in which the residents' opinions are reflected
Operation of housewife prosumer program	Reflect housewife's practical ideas and customer needs through the whole cycle of developing the housing
Residents' engagement in park specialty design	Plan to develop neighborhood park near Gwangju station area business site: eco model specialty design
Home Business Division	Provide information regarding changes in business plan (development/implementation plan, etc.) and collect opinions from the prospective tenants
Survey demands on Godeok residential land Seojeong-ri station area	Develop plans that can appeal to the actual client through surveys on demand (business scale, preferred type of business, etc.) before making public offering to private sector
Consultative body for Dongtan lake park	Expand communication with tenants and discuss reasonable solutions for civil complaints and concerns
Conference for prospective tenants	Prevent defects through cross-checks among the business sites at Dasan Jingeon B4 block/ Spread and share the best cases
Improvement of residential environment	Safety check and evaluation of deterioration/improve residential environments of public rental housing in Gongdo, Anseong through the visiting medical service.

Accountability for products and services

Implement Product Information Accountability System

Even though the real estate transaction involves a large amount of money, mistakes can possibly be made due to differences in the quantity of information between the seller and the customer. In addition to contracts, GICO prepares manuals and business systems to provide important information, containing detailed information on harmful factors such as aversion facilities and improvements. Through the product information accountability system, GICO aims to prevent unwanted contracts due to misjudgment from being concluded and to increase satisfaction on contracts through detailed explanations.

Conduct Preemptive Repair Service and Safety Check

GICO implements Il-sa-cheon-ri'(fast track service for defects) for public housing, and provides services for 17,051 households in 23 villages. GICO also contributes to the housing welfare of the residents through environmental improvement projects such as rental housing safety management and crime prevention. In addition, the Corporation carried out a safety inspection in the rainy season through the improvement of industrial complex management services to check slope stability, drainage, structural stability, and management status of unsold land.

Opinion on safety check for each business site and actions taken

Classification	Business site	Major opinion	Actions taken	Management unit
High-level risks	Kimpo Yangchon	Unlawful cultivation on the retaining wall inside the district	Notification to management unit	Gimpo city
	Pyeongtaek Hyeongok	Destruction of ULVAC side sign	Notification to management unit	Pyeongtaek city
	Yeongcheon Baekhak	Destruction of road traffic light (1070-6Do)	Notification to management unit	Yeongcheon city
Mid-level risks	Paju Dangdong	Safety concerns due to the trees on the reinforced retaining wall	Notification to management unit	Paju city
	Yeongcheon Baekhak	Status of reinforced retaining wall, deterioration of efflorescence	Notification to management unit	Tenant
	JANGAN High-tech	Concerns over inundation of muddy water at the site returned by Johnson Matthey	Internal action	GICO
Others	Anseong Wongok	Erosion of lower part due to the unsettlement of plant on the slope	Notification to management unit	Anseong city
	All areas	Unlawful cultivation and waste dumping at the unsold land	Internal action	GICO

GICO, growing together



Importance

GICO was established with a purpose of contributing to the construction of a livable community and the improvement of the welfare of the residents through residential land, industrial complex, housing and urban development projects. GICO is committed to taking the lead in strengthening the competitiveness of Gyeonggi-do and creating jobs by boosting the economic growth of Gyeonggi-do.



Promotion strategy

Enhance public function as a public construction company through harmonization of public interest and profitability

Contributing to the local economy and leading development of local society	Leading balanced development of local communities	Providing affordable housing and land	Providing convenience facilities focusing on customers
<ul style="list-style-type: none"> Return profits from development and management to the local community Expand network system among competent authorities including local governments R&D connected to policy 	<ul style="list-style-type: none"> Efforts to implement policy to realize balanced development of the South and the North of Gyeonggi Implement policy related to creation of new growth hub of Gyeonggi 	<ul style="list-style-type: none"> Reasonable standard for provision based on public interest Control business (cost) in a thorough and close manner Establish transparent and fair contract system 	<ul style="list-style-type: none"> Promote the construction of urban park and greenery park Create special space for community activities Continuously implement the business diversification strategies



Approach

- Goal** — Enhancement of role as a public construction corporation through harmonization of public interest and profitability
- Dedicated organization** — Housing Business Division, Safety&Technology Support Division, Urban Regeneration Division, Regional Cooperation Division, Planning&Public Relations Division, Housing Welfare Division, Dabok House Project Division, Industrial Complex Division, Future Project Strategy Division, Northern Planning & Coordination Division, Urban Research Center
- Evaluation** — Rational housing supply, business diversification, new technology & product development
- Reflux** — Feedback from residents, partner companies and local governments



Future plan

- Continuously expand the Happy house of Gyeonggi-do purchase/ lease supply
- Secure new business such as public housing project · Promote sale + rental housing package business
- Promote housing finance business including public lease REITs
- Explore new business focused on the newly inaugurated government's project tasks such as urban regeneration new deal project
- Continue the business to foster new growth hub including Techno Valley
- Construct new industrial complex (logistics complex) in Gyeonggi-do



Major performance



Supply affordable public housing and Construct 10,000 units of Happy house of Gyeonggi



Restructure business and re-establish business goals focusing on Realization of Social Value



Establish Cooperation System among local governments and Return of profits to Local Community



Promote New Growth Hub for balanced development of Gyeonggi

Promise 1

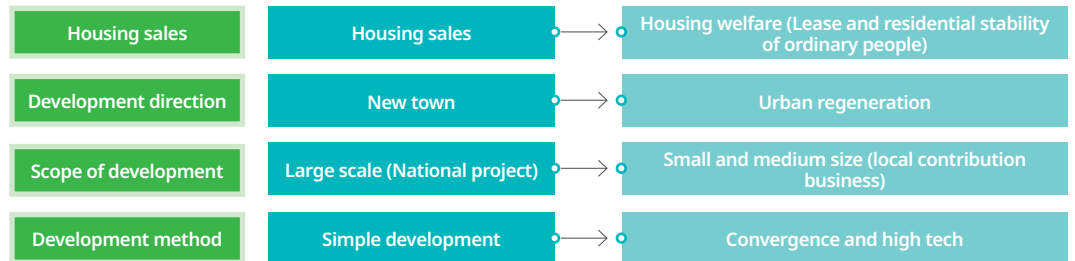
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GICO, growing together

Restructuring business focused on realization of social value

GICO re-established its business goals to realize sustainability and social value. GICO has reflected ISO 26000, the international standard for social responsibility, in its management strategy for the first time among local development corporations in the metropolitan area. GICO is committed to developing together with Gyeonggi-do by implementing qualitative growth, social responsibility and mutual growth for the next 20 years.

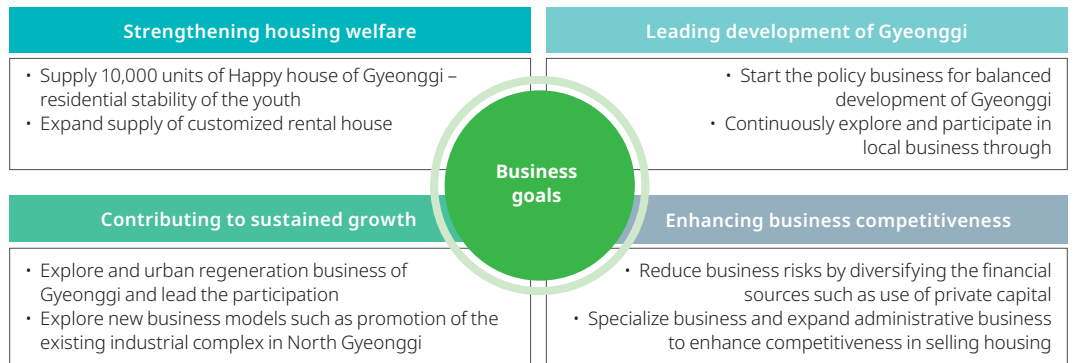
Restructuring business focused on realization of social value



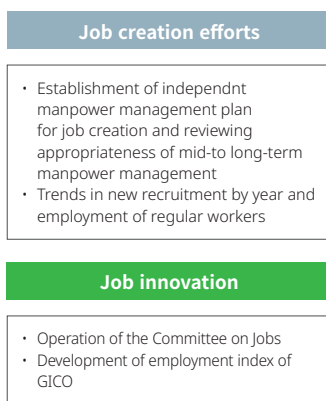
Restructuring business focused on realization of social value

GICO re-established its business goals for sustainability management and checked its business portfolio to achieve business goals. GICO analyzed internal and external environment and established a strategy for each business, and based thereon the Corporation strives to fulfill its social responsibilities by executing business in a stable manner.

Re-establishing mid-to long-term business goals for sustainability management



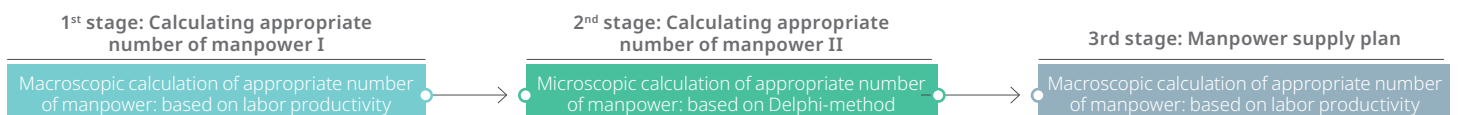
Job creation system



Strengthening Gyeonggi's Competitiveness by Creating 88,000 jobs

GICO aims to create 88,000 jobs by 2021 to strengthen competitiveness of Gyeonggi-do and to develop together with the local community. To this end, GICO has strengthened its capabilities in residential welfare and urban regeneration business in connection with the business of GICO, and created jobs through the social economic activation plan and established a work system centered on jobs. In particular, GICO actively promotes policy businesses such as high-tech industrial parks and techno-valleys that have a largest effect on creating jobs, strengthening future competitiveness of Gyeonggi-do and strengthening foundation for job creation.

Analytic method calculating the appropriate amount of manpower required for job creation

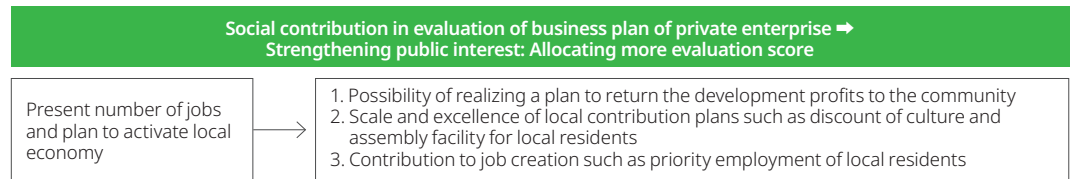


Efforts to contribute to the local economy

Return Profits to the Local Community Through Improvement of Residents' Conveniences

GICO strives to revitalize the local economy through the return of development profits to the local community. The Corporation is building sport complex facilities in Gwanggyo New Town and providing convenience facilities for local residents. In addition, GICO enhances residents' convenience by installing Gwanggyo station square, shelter and flower garden, strengthening soundproofing facilities, and anti-glare facilities in Gwanggyo complex. In Dongtan New Town 2, GICO plans to return excess profits to the local community by evaluating social contribution plans through public contests. GICO strives to create jobs through activities such as discounts on facility use fees for local residents and priority recruitment of local residents.

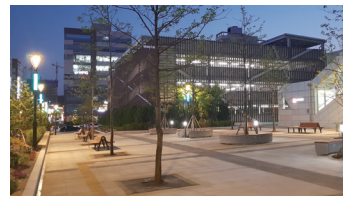
Return to local community through change of business method



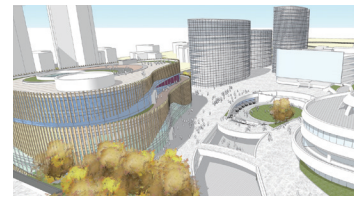
Efforts to return to local community



Suwon complex sports facility



Gwanggyo station square



Library for local community

Long-term Public Rental Housing and Local Community Facilities for Return to Local Community

Regarding Residential Environment Improvement Project in Anyang Naengcheon District, in addition to the 97 households with converted rental housing, 91 households with long-term public rental housing have been additionally secured to contribute to the settlement of displaced people, and local community facilities that local residents can use together were built. As such, GICO has returned the development profits through an athletic culture education center, a sharing shop (Nanum gage), and a sharing cafe.

Residential Environment Improvement Project in Anyang Naengcheon District



Athletic culture education center



Sharing shop



Sharing cafe

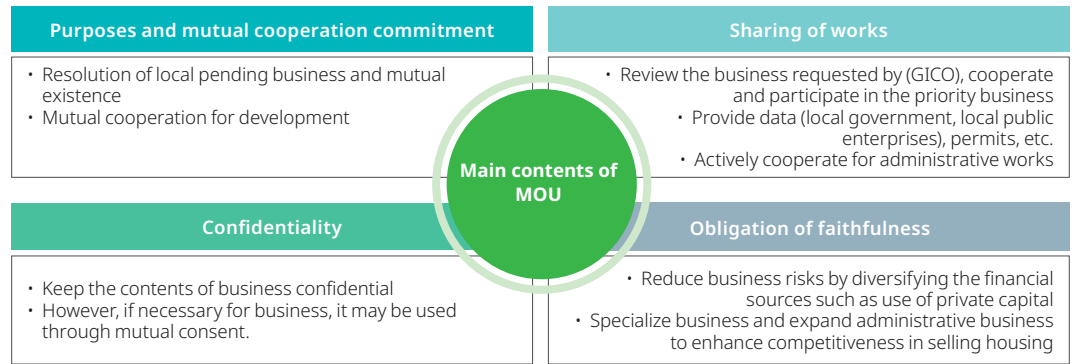
Establishment of Cooperation System with Local Governments

GICO established a cooperative framework with local governments to promote customized projects in Gyeonggi-do and is expanding the signing of basic agreements to actively participate in the long-cherished business of the area. Since the signing of the first basic agreement in 2015, it has been expanded to pending projects such as urban development projects.

Promise 1

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Main contents of MOU with local governments



Performance in signing contracts

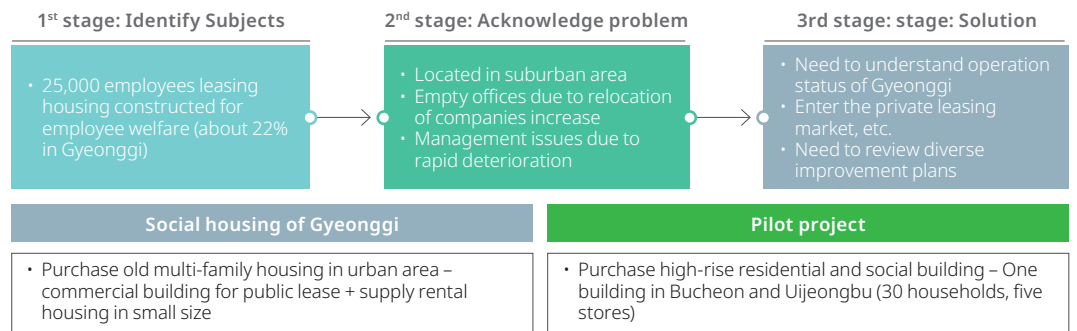
Local governments	Business	Estimated amount (100 million)	Permit from provincial assembly
Gwangju city	Gwangju station area	4,318	2015 Nov.
	Anyang Indeokwon	2,141	2016 Nov.
Anyang city	Anyang gwanyango	1,646	2016 Nov.
	Anyang Naengcheon (Residential Environment Improvement Project)	3,271	2017 May
Gwangmyeong city	Gwangmyeong residential complex	2,829	2018 Mar.
Goyang Urban Management Corporation	Daegok station area	18,854	2019 Under planning

R&D for policy business

Policy Advice and Proposal to Strengthen Linkages with Social policies of Gyeonggi-do

GICO proposed the necessity of social housing and analysis of the existing employee leasing system, which is part of the social housing of Gyeonggi-do, adopted as a joint task of Gyeonggi-do and the Provincial Assembly in June 2017.

Propose policy for social housing of Gyeonggi-do



Road map and joint research on Gyeonggi-do project

GICO reviews the business conditions and strategies for new business according to changes in the policy trends of the central government and the local governments, and establishes a direction befitting to the industrial pattern and development needs of the local community. In addition, GICO plans to establish a mid- to long-term strategy through cooperation among three metropolitan areas in accordance with the urban regeneration paradigm to carry out small-scale maintenance projects as a public developer and act as commissioners of a consortium in the future. In addition, GICO proposed a development basic plan for 10 land sites returned by the U.S. Army in three regions in North Gyeonggi area to Gyeonggi-do.

Engaged in efforts for balanced development of local communities

Development of balanced development between North and South Korea

GICO has established a comprehensive and systematic network centered on the underdeveloped regions, and is preemptively promoting balanced development by identifying local business. In particular, GICO conducted a “Win-Win Cooperation Tour” to establish a road map including development conditions for each local government and mid- to long-term development plans, and established regional development strategies.

Current status in balanced development and business to develop new growth hub

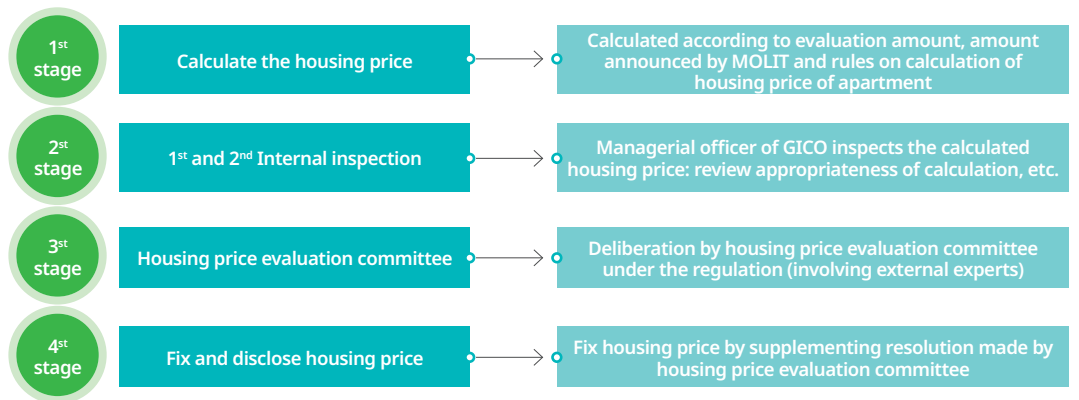
Name of project and region	Period	Note
Balanced development of the South and the North of Gyeonggi	Yeoncheon Baekhak Industrial Complex	2016-2021 GICO
	Pocheon Gomorie Design Industrial Complex	2015-2022 Under consideration on participation
	Goyang Tourism & Culture Complex	2004-2018 GICO, Gyeonggi-do
	Goyang Broadcasting Valley	2016-2022 GICO, Gyeonggi-do
New growth hub (Techno Valley, etc.)	Ilsan Techno Valley	2018-2023 Gyeonggi-do, Goyang city, GICO
	Gwangmyeong Siheung High-tech R&D complex	2017-2022 GICO
	Pangyo 2nd Techno Valley	2015-2019 GICO, LH, Gyeonggi-do, Seongnam city
	Yangju Techno Valley	2018-2025 Under consideration
	Guri, Namyangju Techno Valley	2018-2026 Under consideration
	Gwacheon Knowledge Information Town	2011-2021 Consigned to Gwacheon city
	Anseong SME General Industrial Complex	2017-2021 GICO, Anseong city, KBIZ

Supply housing, land and facilities at affordable prices

Supply of Affordable Public Housing for Non-Homeowning Residents

Away from the unilateral supply by the suppliers, GICO realizes customized housing welfare that promptly supplies a variety of housing responding to the needs of each income class. In particular, according to the rules on housing supply, GICO supplies housing to the customers in the right place at the right time. In addition, in order to improve residential welfare of Gyeonggi residents, GICO tries to stabilize the residents' housing needs through various methods such as the Rental Housing, Rental News, Happy house of Gyeonggi-do and business supporting rental deposit, etc.

Housing price evaluation committee



Promise 1

- GICO, reaching out to people
- **GICO, growing together**
- GICO, developing together with the corporates
- GICO, creating economic value
- GICO, clean and transparent
- GICO, advancing with Gyeonggi
- GICO, valuing the environment
- GICO, balancing work and family life
- GICO, respecting all people

Reduction of Housing Expenses for Low-income Families

GICO provides affordable rental apartments to ease the burden of housing expenses for ordinary residents and 10-year rental apartment and rental apartment on an installment program at a price 85~95% lower than market prices. In addition, GICO constructs '10,000 units of Happy house of Gyeonggi-do' for residential stability of young people and provides housing at prices 60 ~ 80% lower than the surrounding market prices.

Progress in supply of Happy house of Gyeonggi-do

Progress	Main contents
Secure land site for 10,000 units of Happy house	10,605 units in 35 districts (7,217 units in southern part and 3,388 units in northern part)
Approval of project and groundbreaking	Approve project for 5,021 units in 25 districts and commence construction for 1,749 units in 11 districts
Commence gradual occupancy	Gradual occupancy of 10,000 units starting from Jinan, Hwaseong1 (16 units)

Financial Support Business related to Happy House

In order to reduce housing expenses of non-homeowner residents, GICO is providing loan interest support and a loan guarantee fee exemption system. As of November 2017, there were 333 households that had received about 75 million KRW. GICO plans to reduce housing expenses of about 7.7 billion KRW over 10 years.

Financial Support Business related to Happy House

Loan interest support business	Loan guarantee fee exemption for (Support) loan
<ul style="list-style-type: none"> • Support deposit (jeonse loan) and loan interest to the tenants of Happy house • Support loan interest upon giving birth after moving in (100% for 2 babies) • Sign consignment contract with Gyeonggi-do 	<ul style="list-style-type: none"> • Exempt loan guarantee fee of the tenants of Happy house • Sign contracts with (6) financial institutions handling (Support) loan • Develop e-system for Happy house

Happy House Customer-oriented Customized System

GICO has developed an online system that can offer subscription service at any time and place to remove inconveniences of the subscribers. It was introduced at the time of the 2nd offering of Happy Houses (Dasan A2, Suwon Youngtong). It allowed the subscribers to apply for subscription without visiting the site for subscription, improving customer accessibility and increasing work efficiency. In addition, for Anyang Happy House, GICO has improved the system so that the customer can convert lease deposit and monthly rent, and improved the convenience by implementing "visiting contract service" for private rental housing.

Improvement of Quality through Joint Public Housing Project with Private Sector

By implementing joint projects with private construction companies, GICO has improved the quality and reduced the financial burden of the Corporation by using investment ratio settlement method. Joint project has improved the accountability of the constructor and promoted active and flexible implementation of the project to provide quality apartment at an affordable price. In addition, GICO uses private brands to improve sales performance, and expands its rental housing construction capacity through public offering of 'sales + rental housing' package.

Joint project with private construction company for high quality nature & realization

Reduce financial burden of GICO <ul style="list-style-type: none"> • Reduce financial burden of GICO according to investment ratio settlement method 	Prompt and flexible decision-making <ul style="list-style-type: none"> • Improve accountability of constructor through joint project and implement business in a proactive and flexible manner
Improve image of apartment with qualitative construction <ul style="list-style-type: none"> • Realize high quality apartment at an affordable price through active consultation between joint constructors 	Reduce risks with increase in construction amount <ul style="list-style-type: none"> • Construction amount will not be increased thanks to the responsible construction based on proposed design



Happy house public information hall



Inner parts of Happy house

Provide customer-oriented convenience facilities

Create Community Space for Communication of Tenants and Community Culture

GICO sets up a space for residents' community in the Happy house of Gyeonggi-do and promotes the construction of the Happy house silver welfare center for the elderly. In addition, in order to provide a community space, GICO changed the rooftop of the purchased rental house into a garden and created a desirable community culture through master lease of commercial building, contributing to revitalization of community activities.

Space for community of residents

Classification	Dasan Jingeon A2	Suwon Gwangyo	Anyang Gwanyang	Hwaseong Jinan
Main target	Newly married couples	Newly married couples	Newly married couples	Beginners, college students
Specialized space for residents	Suwon Gwangyo + α	Communal kitchen, living room, laundry, day-care center, fitness center, etc.		Communal kitchen, living room, laundry
		Unmanned delivery, seasonal warehouse, separate warehouse, public warehouse, car-sharing		Unmanned delivery, locker
Convenience for local community	National day care center Public rental mom café	National day care center Public rental mom café	(local council) Multi-purposes space	-
	Operated by constructor	Suwon Gwangyo + α Co-working space, association, social enterprise	-	-

Urban Parks and Green Areas

In order to expand parks and green areas in the city and to create a pleasant urban space, GICO implements special design of changing the upper part of covered section of Gyeongui-Jungang line into a park, and created an eco-park and viewpoint of urban waterfalls in Gwangju station area and Dasan New Town to build a large-scale, eco-friendly waterfront. In addition, GICO performed eco-restoration projects in Yongchu Valley in Mt. Yeonin to develop eco-friendly sightseeing spots and spaces to explore.

Business diversification strategy and new business expansion

Customized Urban Development Project according to Characteristics of Each Region

GICO explores and promotes localized blue-chip businesses together with the local governments such as Goyang, Gwacheon, Yongin, Ansan, and Hwaseong. In addition, the Corporation is continuing to explore new businesses with Yangju, Gapyeong, Yeoncheon, Uijeongbu, Paju, Dongducheon, Yeoncheon, Guri and Namyangju to realize a balanced development between the northern and the southern regions of Gyeonggi.

Promotion of New Industrial Complex (logistics complex) in Gyeonggi-do

GICO has explored a public logistics complex project that reflects the characteristics of each region in order to revitalize the industry and economy in Gyeonggi-do. Currently, Pangyo 2nd Techno Valley, Gwangmyeong Siheung Hi-tech R & D Complex and Yeoncheon BIX General Industrial Complex are underway, and in Yeosu, Yangpyeong, Yongin and Pyeongtaek area, studies for new industrial parks and analysis of their feasibility are also underway.

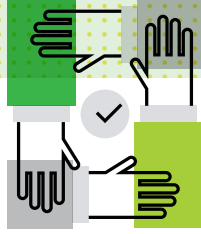
Southern part of Gyeonggi

(Ansan) Implement public housing project related to the government's housing welfare road map (Nov. 2017)
(Yongin) Implement station area development project, core hub and self-sufficient city in the southern part of the metropolitan area (Hwaseong, Goyang, Gwacheon, etc.)
Implement self-sufficient cities such as the 4th industries (urban development project) in consultation with the local government

Northern part of Gyeonggi

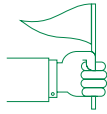
(Yangju) Basic contract for mutual cooperation, contract for business implementation
(Gapyeong, Yeoncheon) Consult urban development project centered on station area

GICO, developing together with the corporates



Importance

In the rapidly changing global business environments such as development and diversification of technology, it is important for a company to establish a network with various stakeholders in order to sustain the growth. GICO will realize residential stability of Gyeonggi-do residents through mutual growth with partner companies contributing to regional economic development.



Promotion strategy

Conflict resolution and successful completion of business through communication and cooperation between business partners

Establishing a culture of win-win cooperation	Focusing on stakeholders' engagement	Fair selection of suppliers	Cooperation for technology development
<ul style="list-style-type: none"> • Hold CEO briefing for win-win cooperation • Revitalize socially responsible procurement • Strengthen support for SMEs 	<ul style="list-style-type: none"> • Form Win-win Cooperation Committee • Operate safety council to strengthen capacity for construction safety 	<ul style="list-style-type: none"> • Improve Proposal Evaluation Committee system • Operate Fair bidding TF 	<ul style="list-style-type: none"> • Promote GICO's technology development project with private sector • Publicize and promote the use of method of new technology



Approach

- Goal — · Conflict resolution and successful completion of business through communication and cooperation
- Institution — · Participation rate of local construction subcontractor, etc.
- Dedicated organization — · Customer Supporting & Personnel Division, Financial Management Division, Planning & Public Relations Division, Safety&Technology Support Division
- Evaluation — · Cases of cooperation with partner companies, participation rate of local construction subcontractors, etc.
- Reflux — · Feedback from collaborative institutions



Future plan

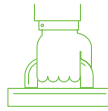
- Operating a Win-win Cooperation Committee for mutual growth and establishing implementation system
- Reflecting opinions of stakeholders based on ISO 26000 and improving business
- Continuously identifying opportunities for applying excellent new technology and strengthening education
- Improving unfair contract practices in bidding, contracting, suspension and design changes
- Introducing and implementing CP (Fair Trade Compliance Program)



Major performance



Conduct Corporate Conference including meetings of Win-Win Cooperation Committee and Safety Council, etc.



Enhance Transparency by giving penalty for pre-contact and disclosing examination process



Expand the procurement from SMEs, people with severe disabilities, and expand the participation rate of local companies

Pursuing mutual growth

Conduct CEO Briefings for Win-win Cooperation

GICO held a CEO breakfast meeting with local partner companies that are conducting construction of more than 5 billion won in order to listen to suggestions and opinions for win-win cooperation and mutual growth. GICO has shared social responsibility and vision of sustainability management (ISO 26000) through the oath and announcement of "sustainability management and win-win cooperation".

Efforts to build culture of win-win cooperation

Conduct inspection for 'fair play' to improve unfair practices

- Inspect fair payment conditions by visiting the contractor's office (once per quarter), eliminate corruption factors in advance, and improve unfair relations between the parties to the contract
- Check on fair transactions at 34 sites (housing complex and residential sites) → Review whether it is possible to claim overhead charges due to delayed construction including interruption in construction due to the delay in compensation

Promote Socially Responsible Procurement

GICO enhances public procurement rates every year with the aim of promoting socially responsible procurement through expansion of public procurement from social enterprises, enterprises operated by the disabled and women. However, the proportion of procurement from social enterprises is not high due to the nature of the Corporation. GICO plans to gradually increase procurement from social enterprises by operating the "One Division One Social Enterprise Procurement System."

Strengthen support for SMEs

Procurement from SMEs

GICO preferentially uses SMEs for the purchase of services, goods, and construction services, and allocates more than 50% of the total annual purchasing amount.

Purchasing value from SMEs

2017

SME products



Purchasing rate
66.15%

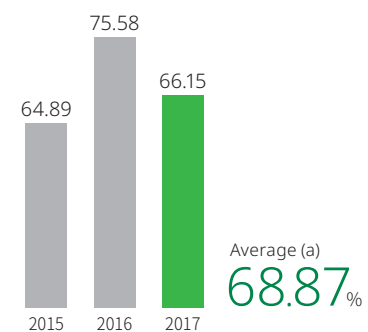
Purchasing value
333,976,427,000 KRW

Total purchasing value
504,906,499,000 KRW

Average purchasing rate in the past three years from SMEs

SME product purchasing rate

(Unit: %)



Fairly subcontract the construction of Gyeonggi provincial government building and sign win-win contract with local companies

Expansion of Participation of Local Companies in Gyeonggi-do

GICO is involved in Local Win-win TF for construction of new government building of Gyeonggi-do, and operates a TF to construct fair subcontracting system and win-win cooperation system for the government building of Gyeonggi-do. As a result, the ratio of local companies reached 91.55%, which enabled win-win management through participation expansion of local companies. In addition, GICO strongly encourage the local companies to participate in the bidding by adding the phrase "Recommend local subcontractors to actively participate" around the year.

Promise 1

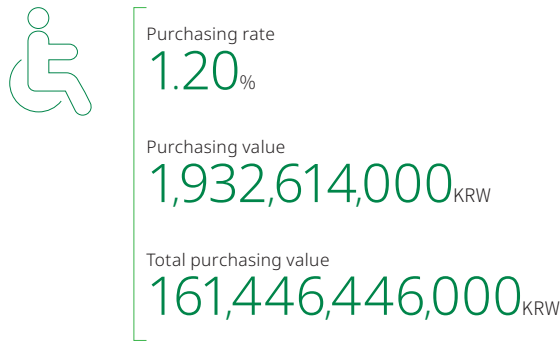
- GICO, reaching out to people
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- GICO, respecting all people

Purchase of products for severely disabled persons

GICO allocates more than 1% of the cost of goods and services to the product produced by severely handicapped people. In 2017, GICO achieved a purchasing ratio of 83.33% over the previous year. GICO plans to continue its support including purchasing of products to help socially underprivileged people such as the disabled to achieve economic self-reliance.

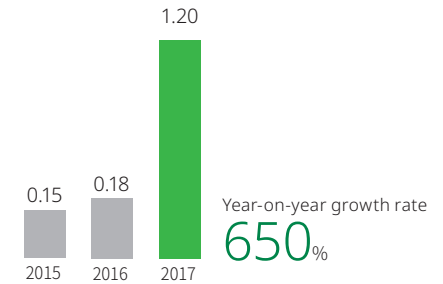
Purchasing value from the severely disabled

Products made by the severely disabled in 2017



Average purchasing rate in the past three years from the severely disabled

SME product purchasing rate (Unit: %)

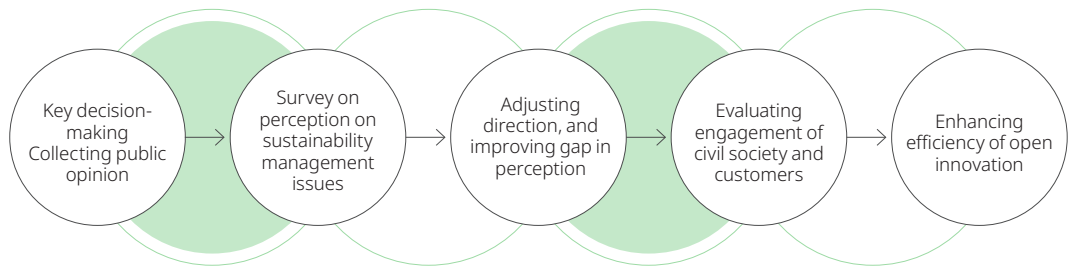


Strengthen support for SMEs

Procurement from SMEs

GICO preferentially uses SMEs for the purchase of services, goods, and construction services, and allocates more than 50% of the total annual purchasing amount.

Role of Win-win Cooperation Committee



Operation of safety association

GICO conducts on-site discussion of the safety council in order to enhance efficiency of work and strengthen construction safety capability through information sharing and technology exchange. GICO has presented safety policy trends and excellent safety management cases through the operation of regional councils at each business unit, and has built a consensus on safety with partner companies. In addition, the Corporation conveys the safety management policies directly to a safety manager, maximizing the operation efficiency, and prevent accidents by providing opportunities for communication with the workers including subcontracted daily workers.

Transparent and fair selection of supplier

Operate Proposal Evaluation Committee

GICO organizes and operates a Proposal Evaluation Committee with external members upon evaluating offering public project to private enterprises, and evaluating statement of qualification (SOQ) and technical proposal (TP) to enhance fairness and transparency in the selection of suppliers. In addition, the Proposal Evaluation Committee improved the quality of evaluation by improving the casting method of the Committee members, and evaluated participants of consortium when evaluating a private consortium for apartment house.

Evaluate participants upon evaluating the private consortium

As is

- Formal involvement of consortium participants
- Lack of specific responsibility including reprimand
- Evaluate the consortium organizer only (considering equity of organizer and participants)

Improvement

- Improvement of quantified measurement method
 - Financial status · Credit rating: Evaluates both the organizer and the participants
 - Performance of the project: Evaluate best performance among the members
- Limitation on application (participation) qualification
 - Limitation on minimum construction capacity
- Document agreement between consortium members
- Clarify R&R between consortiums

Current status in balanced development and business to develop new growth hub

Classification	Evaluation of private enterprises	Evaluation of design, construction business management services	
		SOQ	TP
Before change	About 15 members (internal members: about 40%)	7~10 people (internal members: 50~70%)	
After change	About 15 external members	7~10 people (external members)	

Enhance Transparency in Bidding · Contracting

In order to enhance the transparency of the bidding and contracting process, GICO operates a "Prior Contact Penalty System" and discloses examination process (CCTV). GICO has set the criteria for reason for deduction, score and period for various cases to prevent misunderstanding in the evaluation process and to strengthen the fairness. The meeting of the Committee is recorded, and the waiting room of the people subject to the evaluation is aired to guarantee transparent bidding. Also, in case of project constructing government building of Gyeonggi-do, GICO established a separate TF to ensure fairness and transparency in a bid for technical proposal of detail design.

Technology development jointly with the partner companies

Implement Technology Development Jointly with Private Enterprise

GICO has promoted technology development projects through cooperation with the SMEs in order to realize mutual growth and shared economy. The Corporation continues to implement win-win management as a public corporation through continuous promotion of joint technology development with private enterprises.

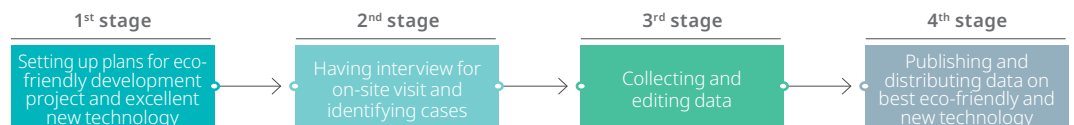
Performance in joint technology development with private enterprises

Name of company	Name of project	Note
Samjung Steel Co., Ltd.	Valve opening and closing method the louver-type sound-proofing panel	Patent registered (Patent No. 1700394)
LMH Korea Co., Ltd.	Embedded magnetic holding door lock	In the process of registering patent

Promotion of New Technology and New Method through System Improvement and Publicity

In order to provide an opportunity for companies holding excellent new technology to freely publicize it, GICO expands a "Visiting presentation for new technology" and reinforces internal promotion by establishing an "In-house MIS New Technology Bulletin." In addition, GICO has introduced incentives by revising the compensation standards for invention to promote technology development of GICO as well as partner companies. In particular, the Corporation has conducted on-site training and field trips to identify the excellent cases of applying eco-friendly new technologies, and to disseminate them both inside and outside the Corporation. As such, GICO has promoted use of new technology and methods.

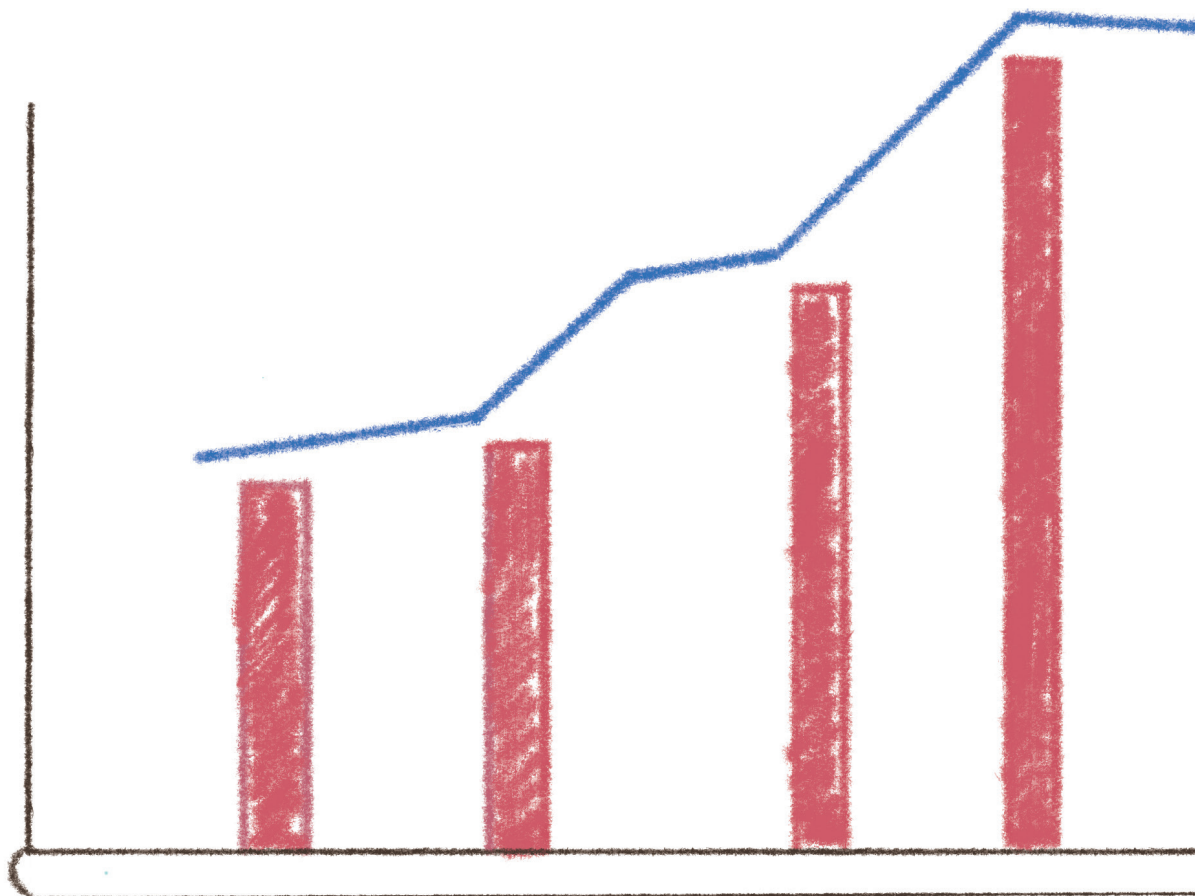
"Go! Find! Share!" centered on eco-friendly and new technology

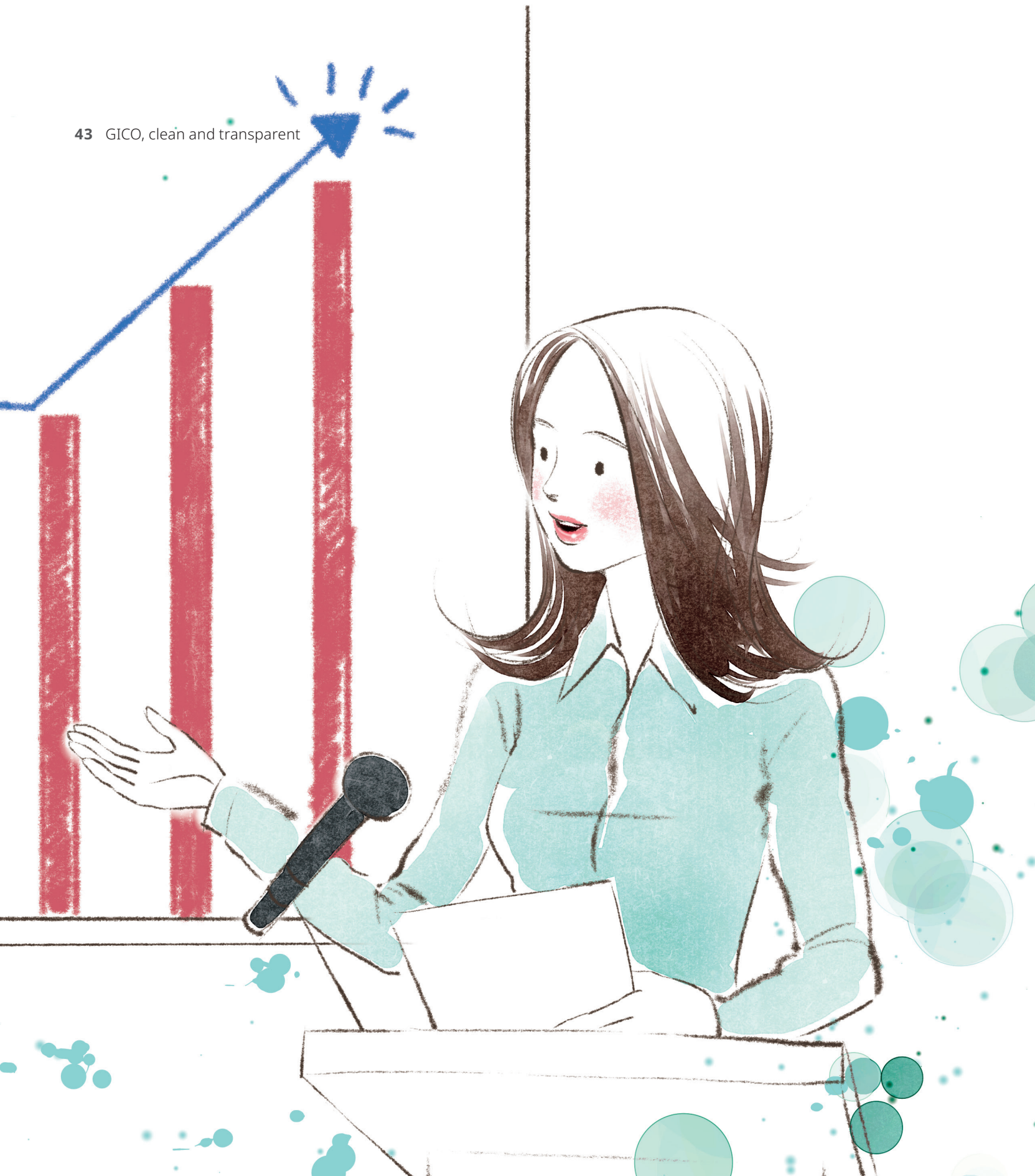


GICO Promise 2

GICO will **build** the foundation for **social responsibility.**

40 GICO, creating economic value





GICO, creating economic value



Importance

According to an announcement of the Ministry of Public Administration and Security in 2017, the debt ratio of local public enterprises has decreased to 50% in 11 years since 2005, resulting in a significant improvement in financial structure. GICO also reduced its debt-to-equity ratio by exceeding the target debt ratio proposed by the Ministry of Public Administration and Security.



Promotion strategy

Secure new growth engines by maintaining continued financial soundness

Improve profit structure	Efficient asset management	Strengthen financial soundness
<ul style="list-style-type: none"> Continue to explore new businesses Continue to reduce business cost and enhance business feasibility Mitigate risks through periodic performance and project management Strengthen procedures for verifying new business feasibility 	<ul style="list-style-type: none"> Manage idle funds Continue to secure low-interest financing environment Operate corporate bond at appropriate level Thoroughly manage in-house fixed assets 	<ul style="list-style-type: none"> Thoroughly manage mid-to long-term finance Strengthen debt management related to debt ratio proposed by the Ministry of Public Administration and Security Prepare countermeasures to recover long-term bonds Promote financial business utilizing private capital



Approach

- Goal — Securing new growth engines through sustained financial soundness
- Dedicated organization — Financial Management Division
- Evaluation — Efforts to find new businesses and the results of the provincial assembly's decisions, performance in business expenses and budget cuts, performance in managing finance on the monthly basis, and performance in idle fund operations
- Monitoring — Establish mid-to long-term financial management plan for the 1st and the 2nd half, respectively shopping type phone survey, etc.



Future plan

- Hold regular sales review meeting and adjust bottom-up goals
- Explore best business district and actively pursue resolution on new business from provincial assembly
- Check investment capacity in the changed debt-to-equity ratio (230% → 250%)
- Establish stretched target and overachieve the goals through continuous performance management
- Expand consultation with the Ministry of Land, Transport and Maritime Affairs for smooth borrowing of funds
- Continue to manage application time and amount for new issuance of corporate bonds



Major performance



Expand the contracts to **18** in order to strengthen cooperation between local governments for new revenue sourcing



Cost reduction of **107.4** billion KRW through proactive business management



Reduce amount of unsold units to **55.7** billion KRW within the industrial complex through proactive promotion

Profit Structure Improvement and Efficient Asset Management

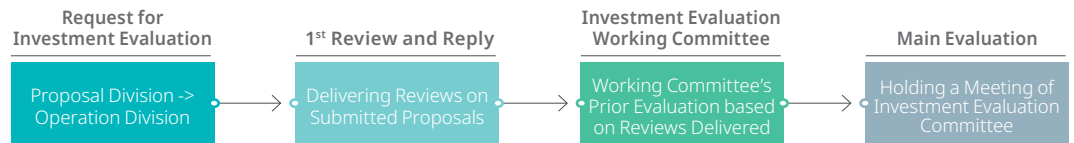
Budget Reductions through Efficient Business Management

GICO is re-establishing new project strategies to respond in a timely manner to changes in the business management environment and is reducing budgets through strict budget examination including expense reduction plans, design value engineering, efficient operation of integrated management items, and so forth.

Strengthening Feasibility Studies of New Projects

As objective verifications need to be strengthened due to active implementation of new projects and diverse types of projects, each of the operation improvements set by the Investment Evaluation Committee is precisely defined to be carried out.

Operation Improvements set by the Investment Evaluation Committee



Cases of reducing costs through active administrative measures while proceeding with projects

Details of Cost Reduction	Reduced Costs
Reducing costs for water quality improvement and maintenance when handing over the waterfront park of Goyang Tourism & Culture Valley to Goyang City	14.8 billion KRW
Reducing construction costs through discussions with authorities related to Yeoncheon BIX and by utilizing blasted rock debris	3.4 billion KRW
Reducing construction costs through active discussions with relevant authorities on the project of extending Bukbu Expressway (near the new town of Dasan)	48 billion KRW
Reducing costs by changing construction methods in building Pangyo Knowledge Industrial Center	5 billion KRW
Reducing costs related to the construction of soundproof walls along with the Gyeongbu (Seoul-Busan) line near Godeok housing sites	3.3 billion KRW
Reducing costs by placing an integrated order, not a separate one, for the construction of Gyeonggi Provincial new office building and Hybrid Town	1.6 billion KRW
Reducing costs by selecting borrow pits near Pyeongtaek BIX and reviewing the shortage of soil volume	4.3 billion KRW
Reducing costs by making a contract on a project to improve the junction connected to National Highway No. 38 (Pyeongtaek BIX)	6.7 billion KRW
Reducing costs and securing a disposable land through a rational calculation of detention basin capacity near Gwangju station area	10.1 billion KRW

Analysis of Monthly Financial Balances and Fund Operations

GICO came up with seven fund management and operation plans in total in 2017 in order to precisely manage funds. As for the continuing business area, fund-operating resources have been secured by anticipating daily, weekly and monthly fund balances as there is an increasing need to efficiently operate surplus funds surging due to the continuous collections of housing payments. GICO has also maximized interest earnings based on long-term fund operations by selecting a bank that provides the largest interest rates after calling nine of its banks for a tender for the largest interest rate. There were 79 times of fund operations or 1.5 times per week in 2017. GICO could achieve considerable interest earnings by calling for bids from nine of its banks for the largest interest rate.

Management and Operation of Appropriated Public Bonds

GICO has come up with fund management basic plans in order to secure a financial buffer for issuing public bonds within the debt reduction target, to manage available funds for smooth payments of loans, and for temporary loan limits, and to secure liquidity for smooth investments in confirmed new businesses and housing welfare businesses. In addition, GICO is closely looking at the current balance, repayments, loans and so forth by analyzing monthly fund balances based on 2017 operation plans and returns on investment plans. On a quarterly basis, GICO is establishing fund management and public bond operation plans to analyze fund balances that reflect future earnings and expenses and are examining public bonds and other financing plans to actively manage fund balances.

Improving Financial Structure through Sales Increase

GICO improved its financial structure by exceeding the existing target by providing 2.6691 trillion KRW of real estate in 2017.

Upwardly-Adjusted Supply Target Management for Sales Increase

	Residential Areas	Industrial Complexes	Housing	Others	Total
Target Establishment	1.2438 trillion KRW	364.3 billion KRW	749.2 billion KRW	111.0 billion KRW	2.4683 trillion KRW
1 st Adjustment	1.3595 trillion KRW	235.2 billion KRW	763.8 billion KRW	173.6 billion KRW	2.5321 trillion KRW
2 nd Adjustment	1.5363 trillion KRW	231.3 billion KRW	763.8 billion KRW	115.0 billion KRW	2.6464 trillion KRW

↓

Providing 2.6691 trillion CRAW worth of real estate in 2017 (exceeding the initial target by 108%)

Promise 2

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Strengthening Financial Soundness

Reducing Debt Ratio Exceeding the Debt Reduction Target set by the Ministry of the Interior and Safety

With 834.6 billion KRW in debt, GICO has first achieved the goal of bearing less than 1 trillion KRW in debt since 2005. As of the end of 2017, the debt ratio was recorded at 161%, decreasing by 33% from 194% at the end of 2016, and 651.4 billion KRW of financial liabilities were reduced. GICO could enhance its financial soundness through repayments to reduce debts and un-issuing of long-term bonds (public bonds) based on qualitative cash flows. Its financial liabilities were flawlessly redeemed at maturity. Moreover, GICO has not issued public bonds since 2014 thanks to the creation of and investments in qualitative cash flows for operations and recorded a business balance surplus of 1.4863 trillion KRW by collecting 3.808 trillion KRW in 2017.

Handling Long-Term Accounts Receivable and Long-Unsold Assets

By considerably resolving the most unsold real estate from the completed industrial complexes, GICO could decrease the amount of accounts receivable by 55.7 billion KRW compared with the previous year to 174.2 billion KRW as of the end of 2017. Out of the unpaid balance of 15.2 billion KRW arising from the foreign investment zone in Oseong, Pyeongtaek, GICO collected 5.9 billion KRW after discussing with the Ministry of Trade, Industry and Energy. And GICO will put its effort into collecting the remaining balance through continuous discussions. As for unsold inventory assets, GICO is working hard together with the sales division to come up with new measures and active promotion plans to sell them. Regarding the residential areas, GICO is promoting sales through customized land reforms (changes in residential site plans, subdivisions, and so forth). In the case of industrial complexes, GICO is planning to sell out the real estate there by extending the payment terms, decreasing the contract deposits by 5% and changing their usage.

Extending Businesses that Utilize Private Capital

In order to alleviate the financial burdens of GICO and to expand the availability of rental housing for houseless people, GICO carried out its 1st REITs (Real Estate Investment Trusts) at Dasan Jingeon B1 and Dasan Jigeum A2 to supply public rental houses. After passing votes of the board of directors and the provincial assembly in October and December, 2017, respectively, the construction will start in December, 2018. The ground-breaking of Dasan Jigeum A3, Jinjeon A3 and Dongtan 2A93 is planned to start within this year. Thanks to the introduction of a new financial method of REITs, it is expected to ease GICO's financial burdens as it could collect land expenses early, while it does not have to incur construction costs.

1st REITs for Public Rental Housing

Category	Project Area	Construction Outline		Project Cost	Feasibility	Investment
		Housing Types	# of Households			
1 st REITs	Dasan Jingeon B1	Pubic Rental for 10 Years	651	202.7 billion KRW	NPV (44.9 billion KRW) IRP (5.48%)	51.6 billion KRW: 10.3 billion KRW (GICO) 41.3 billion KRW (Fund)
	Dasan Jigeum A2	Pubic Rental for 10 Years	961	232.0 billion KRW		
Total			1,612	434.7 billion KRW	-	-

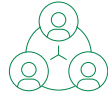
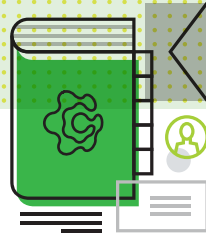
Financing Structure

Category	Total	Investment		Financing		Security Deposit
		Housing & Urban Fund	GICO	Fund	Private	
Ratio	100%	8.01%	1.99%	19.00%	34.92%	36.08%

Supporting Government Subsidy and Borrowing from the Housing & Urban Fund to Carry Out the Housing Welfare Project

The public housing project operator borrowed 268.5 billion KRW in total in 2017 from the Housing & Urban Fund. It became possible to expand the housing welfare projects of Happy Housing (Ddabok House) and purchased rental housing through the loans (17.8 billion KRW and 12.7 billion KRW respectively) from the Housing & Urban Fund.

GICO, clean and transparent



Importance

For sustainable growth of a company, ethical management should be the very basis. Corruption and irrationality could cause deterioration of business management and violation of human rights and have a negative effect on society and the environment. Therefore, stakeholders are pressuring their organizations to be more transparent and ethical. GICO, as an ethical corporation, is sincerely complying with laws and regulations in order to win its stakeholders' trust and is carrying out its work based on ethical standards.



Promotion strategy

Establishment of Integrity Ecosystem as Corporate Culture

Creating a Transparent Ecosystem	Eliminating and Improving Corruption Risks	Establishing a Transparent Organization Culture	Improving GICO's Credibility
<ul style="list-style-type: none"> Imposing strict punishment for those involved in corruption (illegal activities) Reporting corrupt practices and operating a whistleblower protection system Encouraging integrity competition within organizations 	<ul style="list-style-type: none"> Securing objectivity by expanding private participations Proactively managing risks Understanding and improving areas where integrity level drops and reasons why it drops 	<ul style="list-style-type: none"> Reasonable standard for provision based on public interest Control business (cost) in a thorough and close manner Establish transparent and fair contract system 	<ul style="list-style-type: none"> Resolving hierarchical culture and unfair practices Securing customer trust and preventing damages



Approach

- Goal** — Establishment of Integrity Ecosystem as Corporate Culture
- Institution** — Operation guidelines for processing and handling reports on corrupt practices and for protecting whistleblowers
 - Detailed rules on a Code of Conduct for GICO employees
 - Guidelines for handling reports on improper solicitations and briberies
- Dedicated organization** — Anti-Corruption Department, Auditing Department
- Evaluation** — Conducting periodic achievement inspections (by team, on a quarterly basis) and internal business management evaluations
- Reflux** — C (Pre-audit) → A (Measures) → P (Plans) → D (Implementation)



Future plan

- Increasing internal integrity level by improving internal customer satisfaction
- Supplementing and enhancing integrity & anti-corruption policy measures
- Establishing an anti-corruption business management system (ISO 37001) at a global level



Major performance



Ranked **2nd** (out of 30 organizations) in terms of internal integrity level in the integrity evaluation conducted by the Anti-Corruption & Civil Rights Commission



Received a rating of "excellent" in anti-corruption policy evaluation for **TWO** consecutive years



External integrity level in areas of making and managing policy contracts increased sharply from 7.91 to **9.33**

Promise 2

- GICO, reaching out to people
- GICO, growing together
- GICO, developing together with the corporates
- GICO, creating economic value
- **GICO, clean and transparent**
- GICO, advancing with Gyeonggi
- GICO, valuing the environment
- GICO, balancing work and family life
- GICO, respecting all people



Integrity Level, "Finding Onsite Answers"

Integrity · Ethical Management Culture Proliferation

Managing Performance Related to Social Responsibility and Holding a Proclamation Ceremony

GICO has taken an oath of social responsibility internally and externally for all of its employees and partner companies to be aware of the importance of social responsibility and to practice social responsibility. In addition, GICO has set in motion a plan to carry out open innovation by gathering internal and external opinions, established visions and strategies considering social value and vitalized social innovation support group networks. In particular, by applying the concept of social responsibility to all performances related to the economy, society and the environment, GICO is working hard together with its citizens to make GICO happy and sustainable.

Anti-Corruption Integrity Improvements and How to Implement Them

- Regarding the way to improve integrity levels
- Maintaining the ascending momentum of internal integrity levels: improving internal integrity levels by increasing internal customer satisfaction
- Preparing a plan to improve external integrity levels: supplementing and improving integrity/anti-corruption policy activities
- Regarding the way to set up an ethical management system
- Actively and preemptively responding to internal and external anti-corruption and integrity environment: establishing an anti-corruption business management system (ISO37001) at a global level

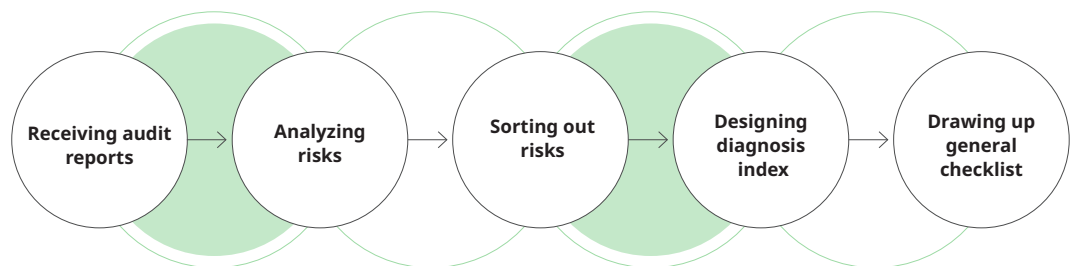
Proliferation of Integrity and Ethics Culture by Realizing a Fair Contract Culture

GICO has deleted and corrected all hierarchical definitions and unfair parts included in contracts, agreements, and so forth. Moreover, it is sticking to principles of mutual respect and trust when signing contracts with customers and partner companies. In particular, GICO is realizing transparent and fair contracts through changes in its recognition of fair trade and we are taking the lead in creating an integrity and ethics culture.

Managing Ethical Risks by Operating a Self-Inspection System

GICO is strengthening preliminary and preventive audit functions by developing specific and quantified self-inspection and correction tables for each audit part. In addition, GICO has identified repeated issues internally and externally raised by GICO and other corporations and other issues that could give rise to future risks.

Anti-Corruption Integrity Improvements and How to Implement Them

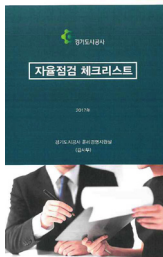


Conducting Diagnostics of Human Rights between Labor and Management throughout All Workplaces

GICO, as a public corporation, is complying with relevant laws including a prohibition on discrimination and is conducting preventive training on sexual harassment. Furthermore, GICO has developed a human rights index and we are conducting diagnostics of human rights between labor and management for sustainability of its employees and partner companies. GICO also pledges to promote human rights by publicizing violations of human rights, regularly providing preventive training, establishing a Human Rights Counseling Center and setting standards to save and protect victims.

Developing Self-Inspection Checklist

Usage



- As a primary filtering function when carrying out tasks
- As a function in keeping unfair and mistakenly ordered tasks in check
- As a preliminary and preventive audit function → Used for Urban Regeneration HQ's general audit (Nov. 13 ~ 24, 2017)

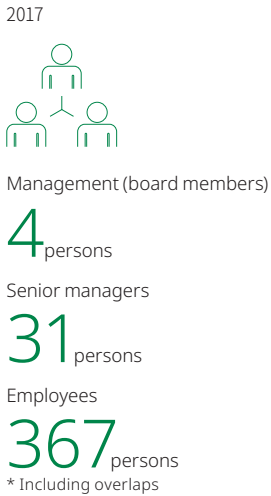
No. of Reports on Irrationalities
(Unit: Case)

Year	Total	Types			
		Irrationalities	Civil Complaints	Compliments	Others
2017	6	3	1	2	0
2016	24	2	21	0	1
2015	5	3	2	0	0

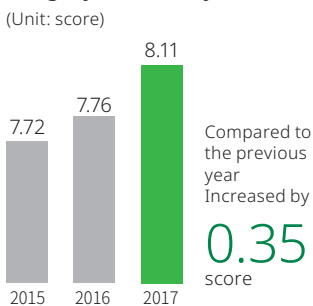
Per-capita hours spent on ethical management training



Status of ethical management training taken by each type of employee



Integrity level survey result

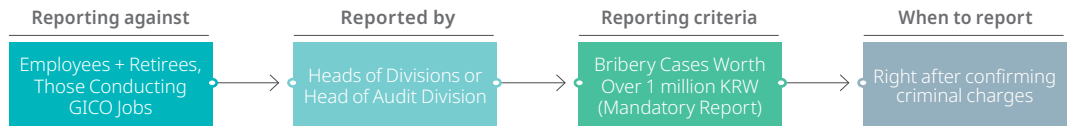


Strengthening internal control activities

Planning to Obtain ISO 37001, an Anti-Corruption Business Management System at a Global Level

GICO is aiming to obtain ISO 37001, an international standard for an anti-corruption business management system, in order to achieve the goal of ethical management that is linked to the GICO-wide strategic target. GICO has also supplemented relevant internal systems by setting and operating a reporting system on corrupt activities, vitalizing an audit ombudsman operation, reporting corrupt activities and protecting reporters and managing risks based on the self-inspection system operation. Regarding illegal activities of its employees, GICO has implemented a zero-tolerance policy and has strengthened regulations on and punishments for work-related crimes.

Regulations on reporting work-related crimes



Providing Integrity Trainings for Each Type of Employees

GICO's integrity training sessions are not voluntary but mandatory for every type of employee, and more than 80% of the employees have completed training courses, gaining a perfect score on the integrity training index set by the Anti-Corruption & Civil Rights Commission. In addition, a fair competition system (disclosing ordering plans and status of private contracts) is implemented in order to secure transparency and objectivity when signing contracts and hiring people. It is also stipulated that more than a half of the interviewers should be outsiders when recruiting people. GICO has entrusted Gyeonggi-do with conducting written tests for employment.

Received a Rating of "Excellent" in Evaluation of Anti-Corruption Policy

GICO has received a rating of "excellent" in the evaluation of anti-corruption policy conducted by Anti-Corruption & Civil Rights Commission among over 256 public institutions including central administrative organizations, local governments and so forth for two consecutive years. Such an achievement was possible thanks to GICO members' participation outcomes and good incentives based on the system of promoting internal integrity. GICO will strive for the creation of an integrity ecosystem.

Major outcomes of integrity and anti-corruption business management

Category	Unit	Goal	Outcomes	Achievements + Outcome Analysis
Integrity Level (Anti-Corruption & Civil Rights)	Grade	3	3	100% improved compared to the previous year (grade 4 -> grade 3)
Ani-corruption policy (Anti-Corruption & Civil Rights)	Grade	1	2	Received a grade of "excellent" for two consecutive years (for the first time among the nation's urban development corporations)
Completion of training courses on a prohibition of bribery	%	80	82	Sharp increase of 102% in the internal integrity level by 0.18 points (2nd place/30 organizations)
Inspection of the implementation of the Code of Conduct	No. of Times	8	8	Sharp increase of 100% in the external integrity level related with contracts and contractual management (7.91 -> 9.33)

Precautionary Program to Prevent Corruption

GICO is strengthening precautionary audit activities by conducting comprehensive audits on a regular basis, special audits to improve vulnerable parts, and spot audits without prior notice. And in order to address difficulties in reporting corrupt activities, the Integrity Report Center (reporting irrationalities, waste of budget and violations of public interests) within the website, hotline to the person in charge of the Code of Conduct (reporting corrupt activities, bribes, unfair job requests and others) and Counseling Center on the Prohibition of Bribery (interpreting laws related with the prohibition of bribery and helping provide answers and advice to questions raised) are being operated. In addition, the Red Whistle "Help Line," an anonymous reporting system, has been established to protect whistleblowers while facilitating their access.

GICO Promise 3

Cultivating the **Future** of **Sharing and Trust**

48 GICO, advancing with Gyeonggi

52 GICO, valuing the environment





GICO, going with Gyeonggi



Importance

As a company's business management and activities have economic, social and environmental effects on a local community, what has been stressed is the importance of social responsibility that should be accepted by a corporate citizen. And, instead of carrying out simple social service activities, social contribution activities that are in line with the features of a company's business are being requested. Especially, as expectations that public corporations should take social responsibility have been heightened, GICO is planning to help develop Gyeonggi and realize the happiness of the residents by accepting its social responsibilities and roles for the local community beyond its mission in order to win the hearts of the residents.



Promotion strategy

Strengthening Social Responsibility based on the Corporation's "Business"

Contributing to the development of the local economy	Taking care of the underprivileged	Strengthening social responsibilities for the underprivileged	Hiring more underprivileged persons
<ul style="list-style-type: none"> Giving development gains and operating profits back to the local community Discovering specialized social contribution activities 	<ul style="list-style-type: none"> Strengthening housing welfare for the underprivileged Supporting paid facilities 	<ul style="list-style-type: none"> Continuing to expand systematic social contribution activities Conducting social contribution activities based on features of businesses for the underprivileged 	<ul style="list-style-type: none"> Strengthening the policy of creating jobs for the underprivileged Coming up with policies to support SMEs



Approach

- Goal — Providing mutually-benefiting public services through communication with the local community
- Institution — Local service activities, joint research with locally based research centers, social enterprise product purchases
- Dedicated — Regional Cooperation Division organization
- Evaluation — Outcome of returning development gains to and the local community, local government policy activities, and so forth
- Monitoring —
- Reflux — The local community and relevant organizations, institutional feedback



Future plan

- Strengthening practical support for the underprivileged based on the corporation's businesses by forming the GICO Social Contribution Activities Advisory Committee
- Strengthening cooperation with organizations specializing in social welfare
- Reflecting opinions from beneficiary organizations for practical support
- Endeavoring to improve GICO's major projects and to continue to discover new businesses
- Reviewing strategies to create more jobs for mutual growth with the underprivileged



Major performance



Operating a Voluntary Service program for employees under special conditions (employees having infants to raise, disabled employees and others)



Participating in Mutual Growth with the Local Community TFT for the construction of the Gyeonggi new office building (endeavoring to increase the ratio of local subcontractors)



Establishing Improvements to increase the purchasing performance for social enterprises

Contributing to the local community based on features of GICO

Driving System for Social Contribution Activities

GICO has established and is operating a system to promote social contribution activities in order to be the most reliable corporation by assuming social responsibilities. To this end, the corporation is carrying out three tasks of residential environment, education/culture and social welfare under the goal of “Marking the 20th Anniversary, Social Contribution Activities to Communicate with Locals based on Business Areas.”

Social Contribution Activities Map

Marking the 20th Anniversary, Social Contribution Activities to Communicate with Locals based on Business Areas		
Residential Environment	Education & Culture	Social Welfare
<ul style="list-style-type: none"> • Customized improvement project • Sunny Housing, G-Housing • Dreaming Study Room, G-UM • Overseas (Laos) donations and voluntary services • Bright Home, paving way to school 	<ul style="list-style-type: none"> • Scholarship project • Sponsoring cultural performances for the low-income bracket • Kid cultural experience • Visiting cultural performances • Supporting various experience activities and events 	<ul style="list-style-type: none"> • Hope-Growing Fund (Matching Grants) • with GICO (voluntary services connected with divisions) • GICO & Heartist • Participating in voluntary service, donation and contribution activities for the local community

Social Contribution Activities based on Features of a Construction Corporation's Businesses

GICO is expanding its sharing management by conducting overseas voluntary services for poor and underdeveloped nations. After building a middle school in Xieng Khuang, Laos, the poorest country in Asia, some 3,000 middle school students, who dropped out of school due to more than 20 kilometers of walking to school, would benefit from the newly built school. Meanwhile, in order to make Gyeonggi safer, GICO is carrying out various social-contribution activities based on its businesses such as the “Bright World Campaign,” replacement of CCTVs in public rental houses at once, installing street lights and CCTVs around vulnerable schools in suburban areas, and replacing old elevators and fluorescent lights in older rental housing.

Expanding Projects to Improve and Support the Residential Environment

GICO has carried out a project of “Dreaming Study Room” and has so far supported the renovation of 100 local community child centers. As for the vulnerable social groups (the elderly, the disabled, and children), projects of remodeling congregate houses have been implemented to recently launch the “7th Local Community Child Center of Peace” in Ansan. In further expanding programs to support the underprivileged, GICO is planning to vitalize new programs of renovating houses for the severely disabled and improving restrooms for the low-income bracket.

Project of Renovating Houses for Those in Poor Housing Conditions

Program Name	Main Details
G-Housing	Remodeling outdated houses in poor conditions
Sunny Housing	Renovating aged houses that need to save energy costs
Dreaming Study Room/G-UM	Remodeling congregate houses including local community child center for the underprivileged
Bright World Campaign	Creating safe environment by improving lights for houses (LED lights) and ways to schools (street lights) and by installing CCTVs
Hope-Growing Fund	Matching employees to low-income grandparent-headed families to support them
GICO & Heartist	Providing fun to those employees conducting voluntary services by making fans, soaps and needlework with their families
House Renovation	Renovating houses for the severely disabled to improve their residential environment



Dreaming Study Room

Promise 3

- GICO, reaching out to people
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- **GICO, advancing with Gyeonggi**
- GICO, valuing the environment
- GICO, balancing work and family life
- GICO, respecting all people

Supporting Education & Culture Programs

GICO is carrying out programs for teenagers from low-income families in order to nurture future-generation talents and to foster their emotions. Through an idea contest held by GICO, support for education and culture activities programs as social contributions for those living in rental houses have been expanded.

Education/Culture Activities Program

Program Name	Main Details
Dream UP Talk Concert	Holding a scholarship ceremony through a talk concert instead of having a generalized one
Hope Sharing Concert	Providing the low-income bracket with opportunities of attending cultural performances and sponsoring them
Listen to My Story	Supporting hospital fees, treatment fees, residential costs, tuition, etc., through recommendations made by Red Cross volunteers
Thank You Camp	Going camping with low-income families out of the rental housing customers and partner companies
Sharing Bread of Love	Baking and delivering bread to social welfare facilities related with children, the elderly and the disabled

Expanding the Sharing Culture in the Local Community

GICO is implementing a project of sharing affection through contributions made by individual employees. Through the "Hope-Growing Fund"(matching grants on a ratio of 1:2 between the corporation and employees), 90 low-income grandparent-headed families have been supported. And 224 GICO employees have donated 108 million KRW and supported 238 households for the past three years. Moreover, individual employees are donating their personal used-goods in the last week of each month to the Goodwill Store, a company that creates jobs for the disabled; and 243 GICO employees have so far donated 5,203 items of clothes and general goods. By continually carrying out a project of providing "Green PC of Love," GICO has been donating all PCs used for more than five years to social welfare organizations in Gyeonggi.

Contribution Activities for the Local Economy

Vitalizing the Local Economy by Normalizing Long-Stagnant Businesses

GICO has contributed to the local economy by vitalizing halted projects such as the Gwangmyeong-Siheung Techno Valley Construction project and the residential environment improvement project in Anyang Naengcheon district. The project of constructing Gwangmyeong-Siheung Techno Valley was initially designated as a Roosting Place project district with a size of about 5.2 million pyeong (or 17.19 km²) in 2010. But the project was cancelled in 2014 due to lack of financial resources from the Korea Land and Housing Corporation (LH) and experienced some difficulties resulting in delays of the local development. GICO has successfully normalized the project seven years after the initial designation by creating a techno valley where manufacturers, logistics, and houses are comprehensively intertwined. In addition, the residential environment improvement project in Anyang Naengcheon, which was initially designated in 2007, was handed over from LH and has contributed to vitalizing the local economy after normalizing it based on project method changes and multifaceted reviews.

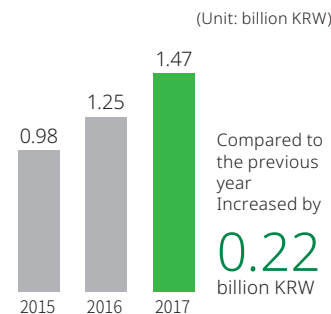
"Online Resident Thought," a Window for Residents to Propose New Projects

GICO is carrying out the "Online Resident Thought" program through which local residents find and suggest appropriate new projects. Ideas on new projects regarding urban development/urban regeneration/ industrial complex are submitted through the website and go through evaluation processes of the win-win cooperation committee before being implemented. By actively encouraging local citizens to participate in the local development processes, GICO is planning to increase acceptance and satisfaction level and to develop customized projects that satisfy local residents.



Voluntary Service for Sharing Briquettes of Love

Social Contributions for the Past Three Years



Developing New Community Models

GICO has been cooperating with social enterprises for community projects to vitalize the local economy. GICO has constructed and provided places in rental houses for social enterprises for free and built up a cooperative system with private experts to vitalize the community. GICO has constructed, provided and generally managed spaces for residents to work in and is playing its role as a “platform” by planning and operating activities for local residents such as business start-up training, counseling, flea markets, cooking lessons, and so forth.

Finding and Implementing Special Programs through Customer Participation

Based on customer participation, various social contribution activities are implemented. For the 2nd idea contest regarding social contributions, 328 items were submitted, increasing by 8.2 times over the first one. 19 of them received awards and these submitted ideas will be actively reflected in GICO's plan for project implementation.

Providing On/Offline Information on Housing and Welfare

GICO has set up an online information service system considering customer accessibility in order to provide information for residential housing stability. Through the website, GICO is providing information on housing sales and rental houses from customers' viewpoints and is planning to establish an integrated call center to optimize the customer touch point system. Through the integrated system to handle civil complaints, GICO could build up more efficient measures to respond to local complaints (surged to 20,225 cases in 2017 alone from 10,630 cases in 2015 ~ 2016). GICO is also striving to provide good and timely information by discovering various channels including SNS, text message and others (texting system, 1:1 chatting service) in order to provide more information on affordable housing. For those who are not likely to have online access, offline information service is being expanded. GICO is sending out a customized newsletter for the local community; providing housing welfare information through postal mails; operating a counseling center for housing welfare information; providing information on development projects; running a promotion hall to immediately respond to customer questions; and operating model houses to increase customers' understanding and subscription rates.

Providing Online/Offline Information on Housing and Welfare

Online Information Service	Offline Information Service
<ul style="list-style-type: none"> • Website: providing information on housing sales and rental houses from customers' viewpoints • Call Center: One-stop call center in line with the expansion of housing welfare projects • E-UM Center: Integrated system to take care of civil complaints in order to optimize customer accessibility 	<ul style="list-style-type: none"> • Information Letter: Customized newsletters and postal mails for the local community • Counseling Center: Operating THE “My Hometown Rental Support Center” • Promotion Hall: Operating a promotion hall to provide information on development projects • Model House: Operating model houses and increasing customers' understanding

Improving the Local Community Environment

GICO has conducted a Win-Win Cooperation Tour to ten local governments in the northern part of Gyeonggi-do to address the sluggishness of the region. GICO wanted to identify regionally significant projects by establishing a comprehensive and systematic network in the northern part of Gyeonggi that falls behind other areas due to poor development conditions. Discussions on pursuing projects with Yangju, Gapyeong, Yeoncheon, Uijeongbu, Paju, Dongducheon and others have been made. GICO is planning to nurture regionally specific businesses such as Yeoncheon BIS (Euntong industrial complex) and Pocheon Gomo-ri design industrial complex (global fashion) to realize a balanced development between the northern and the southern parts of Gyeonggi. The corporation is developing lagging regions and contributing to the balanced regional development by creating a basis for future-oriented tourism complexes such as Goyang tourism and culture complex and Goyang broadcasting valley.

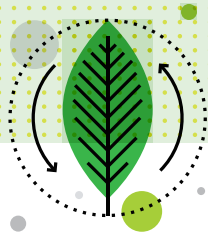
Vitalizing Local Communities

GICO has signed an agreement with the Ministry of Gender Equality and Family to donate 32 Million KRW of operating costs for rental houses every year. By grafting government projects, operating costs for communal child care places for newlyweds have been reduced. As a result, 12.8 billion KRW of operating costs for 40 years could be saved to be used for projects to vitalize communities. In addition, GICO will contribute to the vitalization of the local economy by creating relevant jobs in eight test complex districts.



Creating a Brighter Home

GICO, valuing the environment



Importance

It has been an important issue not only for the nation but also for the whole world to reduce greenhouse gas and environmental pollution and to improve resource and energy efficiencies. In order to strengthen national competitiveness, smart technology needs to be further developed and the green industry should be nurtured as a new growth engine in order to grow both the economy and the environment in balance. To this end, GICO is working hard to create a resource-recycling society by developing eco-friendly cities, increasing the nation's energy independence rate through development of smart cities, contributing to environmental preservation and vitalizing green product purchases.



Promotion strategy

(Environment) Developing eco-friendly cities, (Renewable Energy) Improving energy independence rate and contributing to environmental preservation, (Green Products) Endeavoring to create resource-recycling society

Establishing and practicing eco-friendly business management systems	Eco-friendly design and construction	Introducing new and renewable energy and endeavoring to save energy	Endeavoring to purchase more green products
<ul style="list-style-type: none"> Establishing and operating eco-friendly business management systems Creating TFT for environment and energy Systemizing and strengthening environmental regulations (standards) 	<ul style="list-style-type: none"> Creating eco-friendly urban environments Carrying out new projects for low-carbon green growth Actively introducing eco-friendly materials 	<ul style="list-style-type: none"> Expanding the introduction of new and renewable energy Introducing equipment to save energy 	<ul style="list-style-type: none"> Improving the recognition of green products and systems Setting and achieving the goal of purchasing green products



Major performance



Approach

- Goal** — (Environment) Developing eco-friendly cities, (Renewable Energy) Improving energy independence rate and contributing to environmental preservation, (Green Products) Endeavoring to create a resource-recycling society
- Institution** — Environmental Effects Evaluation, Mandatory System for Combustible Waste, Emergency Reduction of Find Dust
- Dedicated organization** — Safety & Technology Support Division
- Evaluation** — Outcomes of Environmental Effect Evaluation, documents related to ISO certification evaluation, external customer satisfaction and others
- Reflux** — Eco-friendly development reflecting improvements, environmental preservation and resources circulation, introduction of new and renewable energy



Future plan

- Setting norms for calculating costs for environmental effects evaluation and for PQ (prequalification)
- Providing training to nurture experts on environment/energy/green product purchases
- Gradually expanding the introduction of solar power facilities (5MW by 2021)
- Installing and establishing EV charging infrastructure for apartment homes



Out of all local governments, being the first to operate a system that is stronger than the government's measures for Emergency Reduction of Find Dust



Establishing Pangyo Autonomous Vehicle Smart Complex based on smart technology



Being the first construction corporation to establish a Resources-Recycling System by enforcing the reuse of combustable waste



Making Training Plans to nurture experts on environment and energy

Green Business Management System

Organization in Charge of Driving Green Business Management

GICO has established an expert organization that plays a role as GICO's control tower in managing environment and energy areas. Through the control tower, GICO is planning to conduct overall management of environment and energy areas and to systemically comply with policies and tighten regulations.

Roles of the Organization in Charge of Environment/Energy

Environmental Effects Evaluation	Environmental Basic Facilities	New & Renewable Energy	Setting and Improving Norms
<ul style="list-style-type: none"> • Making eco-friendly plans • Preserving the environment/ Reducing risks 	<ul style="list-style-type: none"> • Ordering and supervising the construction of basic facilities • Reducing environmental pollutants 	<ul style="list-style-type: none"> • Introducing new and renewable energy • Expansion and system improvements 	<ul style="list-style-type: none"> • Environment/energy norms • Providing training on the environment

Establishing an Eco-Friendly Business Management System (ISO 14001) based on International Standards

GICO is complying with environmental policies and minimizing effects on the environment while carrying out all business. In order to identify what effects the organization and its businesses would have on the environment, environmental aspects related to important environmental effects are considered when formulating the environmental goals of each division. Laws and industrial standards and policies that are directly applied to environmental aspects of the organization and its product services are considered before conducting businesses. While trying to receive ISO 14001 certification, GICO has been improving the environment by saving energy throughout the corporation and purchasing green products in order to encourage its employees to implement eco-friendly business management.

Status of Receiving Environmental Management Certification (ISO 14001) and Complying with Sustainability Management

- ISO 14001 (Environmental Management): initially received in 2012 (Renewal 1/3Y, After the renewal 1/Year)
- Inspection Status: June 14 ~15, 2017 (two days, Inspector: Korea Productivity Center Quality Assurance)
- Inspection Details: Analyzing and improving environmental effects, complying with regulations, endeavoring to minimize the creation of pollutants, and so forth
- ISO 26000 (Sustainability Management) Announcement and Vision Declaration (December 2017)
- Environment-related Declaration 1: Establishing an integrated system for comprehensive management of the environment (disclosing the expansion of self-regulating items)
- Environment-related Declaration 2: Establishing plans to expand the introduction of new and renewable energy (5MW by 2021)

Tightening Standard for Emergency Reduction of Fine Dust

GICO is operating a stricter system to reduce fine dust, compared with the government's measures on emergency reduction of fine dust. Manuals on GICO's emergent reduction countermeasures to cut down on the creation of fine dust were drawn up in February 2016. GICO has drawn up its own manuals and signed an agreement with Gyeonggi-do on voluntary reduction.

Drawing up Manuals on Tightened System Operation and Signing an Agreement on Voluntary Reduction

Classification	By the government	By GICO	
		Emergency Reduction	Fine Dust Warnings
Issuing Warnings	Emergent Reduction	Emergency Reduction	Fine Dust Warnings
Warning Conditions	<ul style="list-style-type: none"> • For the present day, PM2.5 50$\mu\text{g}/\text{m}^3$ (on average) • For the next day, PM2.5(3 hours) over 50 $\mu\text{g}/\text{m}^3$ 	Same as the left column	<ul style="list-style-type: none"> • For the present day, PM10 over 300 $\mu\text{g}/\text{m}^3$ (2 hours) • For the next day, PM2.5 over 180 $\mu\text{g}/\text{m}^3$ (2 hours)
Countermeasures	The Alternate-Day-No-Driving System/ Construction Reduction	Same as the left column	Same as the left column

Standards for Issuing Fine Dust Warnings

Classification	Good	Normal	Bad	Very bad	Note
PM2.5	0~15	16~50	51~100	101 or more	Emergent Reduction: issued on the next day
Warnings			Emergent Reduction	Warning/Emergent Reduction	Fine Dust Warning: issued on the present day

Promise 3

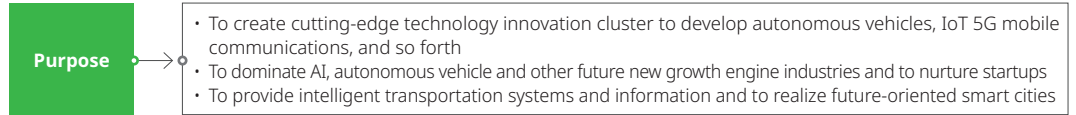
- GICO, reaching out to people
- GICO, growing together
- GICO, developing together with the corporates
- GICO, creating economic value
- GICO, clean and transparent
- GICO, advancing with Gyeonggi
- **GICO, valuing the environment**
- GICO, balancing work and family life
- GICO, respecting all people

Creation of Eco-friendly Smart Cities

Pangyo Zero City Autonomous Vehicle Demonstration Complex

GICO is planning to construct smart cities by leading the 4th industrial technology in order to secure a new growth engine and create jobs for future industry. In particular, GICO is striving to connect the autonomous vehicle demonstration complex in Pangyo to the 4th industrial revolution in order to secure GICO's new growth engine and is also working hard to set up detailed standards to realize renewable energy, safety, and eco-friendly cities.

Pangyo Zero City Autonomous Vehicle Demonstration Complex



Direction	Autonomous Vehicle Infrastructure	Autonomous Shuttle Test Operation	Industrial Ecosystem Vitalization
Task	<ul style="list-style-type: none"> • Preparing autonomous vehicle service platform • Creating high-technology demonstration venues 	<ul style="list-style-type: none"> • Establishing a public transportation operation system • Suggesting future public transportation models 	<ul style="list-style-type: none"> • Creating an autonomous vehicle test place within the complex • Nurturing future new growth industries

Applying Eco-Friendly Designs

GICO has established an autonomous vehicle demonstration complex (Pangyo Zero City Autonomous EV Demonstration Complex) for the first time in the nation in order to lead low-carbon green growth. Eco-friendly autonomous EVs are curbing the recent issue of highly concentrated fine dust and are minimizing the emission of CO2 in order to alleviate global warming and to prevent the depletion of fossil fuels. GICO has also realized a leading ecological park model by creating habitats of cypress trees, white oak trees, zelkova trees, and other trees, as well as wetlands, experience playgrounds and so forth through landscaping designs specialized for an ecological park as an urban development project in the Gwangju station area. In the new town of Dasan, a large, water-friendly place has been created by expanding the size of artificial waterfalls. In the 2nd new town of Dongtan, streams, waterfalls and other water-friendly environments have been created by applying a water-circulating system.

Using Eco-Friendly Construction Methods

GICO has received an award from the Minister of Land, Infrastructure and Transport for constructing a new housing complex by applying renewable/eco-friendly construction methods, not the outdated ones applied to existing apartment homes, to a suburban housing complex in Daljeon, Gapyeong. By adopting the method of constructing semi-passive homes (energy-saving) and the wooden-structure method (eco-friendly), GICO has made it possible to keep the temperature at 20 degrees inside the homes and to drastically reduce energy consumption to 5L/□, compared with 12L/□ of new apartments. In case of the construction of Gyeonggi new provincial office, GICO has optimized the size of windows, used highly-performing insulation and improved the performance of obtaining glass solar heating to save energy, resulting in GICO receiving the third-grade performance in zero-energy building construction. The corporation has also secured 60.2% of energy self-sufficiency rate by actively introducing new and renewable energy.

Energy Consumption and Resources Recycling

Classification	2015	2016	2017
Energy Consumption (TOE)	289	304	301
Waste Generation (tons)	36	36	36
Water Consumption (tons)	7,637	10,582	10,142
Rate of Recycling Waste (%)	64	67	24



2017 Award Ceremony for Promotion of Eco-Friendly Technologies and Consumption



The 15th Anniversary of Launching the Day of New Technology in Construction

Green Building and Energy Efficiency Grade Certification

GICO has received Green Building Certification for constructing public houses and schools. For seven housing project sites, the corporation has gained Grades of Excellent ~ Good. In terms of energy efficiency, the corporation has gained 1st grades for the seven sites.

Green Building Certification – Public Houses

Classification	Wirye A2-2	Dasan Jingeon B2	Dasan B4	Dasan S1	Dasan A4	Dasan B5	Godeok A9
# of households	1,413	1,186	1,615	1,685	1,394	491	755
Period	Apr., 2015 ~ June, 2017	Apr., 2015 ~ Nov., 2017	Apr., 2015 ~ Nov., 2017	Dec., 2015 ~ June, 2018	Jan., 2017 ~ June, 2019	Feb., 2017 ~ June, 2019	Feb., 2017 ~ June, 2019
Green Building Certification	Excellent Green 2, Reserve	Good Green 3, Reserve	Good Green 3, Reserve	Good Green 3, Reserve	Good Green 3, Reserve	Good Green 3, Reserve	Excellent Green 2, Reserve
Energy Efficiency Grade	1 st Grade 43.4%, Reserve	1 st Grade 46.3%, Reserve	1 st Grade 46.3%, Reserve	1 st Grade 44.5%, Reserve	1 st Grade 27.3%, Reserve	1 st Grade 44.7%, Reserve	1 st Grade 41.5%, Reserve

Green Building Certification - Schools

Classification	Dongtan 24 th Elementary School	Dongtan 11 th Middle School	Dongtan 26 th Elementary School
Construction Period	May, 2015 ~ Aug., 2017	Feb. 2016 ~ Mar. 2018	Nov. 2016 ~ Oct. 2019
Green Building	General	General	General
Energy Efficiency	1 st Grade, 15.2%, Reserve	1 st Grade, 18.2%, Reserve	1 st Grade, 21.2%, Reserve

Efficient Use of Resources and Energy

Expanding the Introduction of Solar Photovoltaic Power Generation Facilities

After setting a goal of expanding the introduction of new and renewable energy, GICO launched its new Environment & Energy Division in January 2017. In order to increase the rate of consuming new and renewable energy, GICO has set goals at 1.5% for residential areas, 1.2% for urban development and 0.5% or more for industrial complexes and logistics. Furthermore, the corporation has expanded the use of new and renewable energy to those buildings and/or houses that are not legally obliged to consume certain rates and to public rental homes. The corporation has established and is carrying out plans to install new and renewable energy as shown in the following table.

Plans to Generate New and Renewable Energy

Launching Plans to Install New and Renewable Energy (June 2017): 5MW (2017 ~ 2021)				
2017 (Outcome)	2018 (Plan)	2019 (Plan)	2020 (Plan)	2021 (Plan)
0.5MW	0.9MW	1.3MW	1.3MW	1MW

Nurturing Experts in Environment/Energy Areas

In order to systematically carry out businesses in environment and energy areas, 11 professional training exercises have been conducted. Thanks to such training, employees could be equipped with professional knowledge in responding to issues related to the environment and energy.

Job Training in the Environment and Energy

Classification	Commissioned Training (3 cases)	Self Training (4 cases) Field	Field Trips (2 cases)	Publication of Casebooks (2 cases)
Training Courses	<ul style="list-style-type: none"> Environment Effects Evaluation (2 times/year) New and Renewable Energy (3 times/year) ISO 14001 Internal Evaluation (in October) 	<ul style="list-style-type: none"> Proper System Operation (in April) Site Inspection Feedbacks (in August) Energy Saving (in June) New and Renewable Energy Policy (in December) 	<ul style="list-style-type: none"> Museum SAN Green City (in May) Energy Valley Bitgaram (in November) 	<ul style="list-style-type: none"> Eco-Friendly and New Technology (in December) Environmental Impact Evaluation (in Feb. 2018)

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Supplying the 1st Zero-Energy Houses for Sale

GICO completed the construction of the suburban zero-energy housing demonstration complex in Daljeon, Gapyeong in December 2017. It is the first zero-energy housing for sale, and world-class construction technology was applied thanks to an agreement signed with Canada's EEEA on technical support.

Location	Project Period	Technology Applied for Energy Independence	
Construction Size	85m ² or less	Passive (Super-E)	<ul style="list-style-type: none"> • Super External Insulation System, Highly-Performing Windows + External Awnings • Preventing Condensation and Tightening Hermetic Seals
# of Households/Size	13/230m ²		
Technical Support	Canada EEEA Secretariat	Active (Net Zero)	<ul style="list-style-type: none"> • Applying Solar Photovoltaic/Geothermal Heat, Waste-Heat-Recycling Ventilation System • Using Certified Tools and Materials with High Energy Efficiency
Constructor	DreamsiteKOREA		

Dasan New Town Energy Innovation Park/Gwanggyo Photovoltaic Power-Reserving Apartment Demonstration Project

GICO has created an energy-innovation park by installing facilities that generate power to run the park as seen in the case of converging photovoltaic power and new industries within the sports park in the new town of Dasan. The project of constructing the park was led by an LG Electronics consortium. The park is able to generate 204kw of photovoltaic power and has electric power storage & its management system and five smart-bench places. As for the rental housing in Gwanggyo, energy-related business costs were saved through solar photovoltaic power-reserving structures and facilities. Up to 100kw of electricity could be generated through solar photovoltaic structures installed in apartment homes.

Location	Project Period	Project Cost	When to Select the Constructor	Ground-breaking	Constructor	Installation Details
Within the sports park in the new town of Dasan	2016 ~ 2018	1.17 Billion KRW	June, 2017	October, 2017	LG Electronics Consortium	<ul style="list-style-type: none"> • 204kw of Photovoltaic Power, Storage and Management System, Smart Benches (in five places)
Silver rental housing in Gwanggyo	2016 ~ 2018	0.21 Billion KRW	February, 2017	July, 2017	SEOUL PhotoVoltaic	<ul style="list-style-type: none"> • Power Generation: 100kw of photovoltaic Power at Apartment Houses • Reserving Structures: Substruction, Support Fixtures, Empty Conduits

Eco-Friendly Construction Methods and Resources-Recycling System Establishment

Applying Eco-friendly Construction Methods

GICO has adopted semi-passive housing construction methods to create a renewable and eco-friendly new housing complex, resulting in GICO receiving the best award (of the Minister of Land, Infrastructure and Transport) in the small and low-rise housing part at the 21st Livable Residential Apartment Contest (hosted by: the Ministry of Land, Infrastructure and Transport, Mael Business Newspaper). GICO has optimized the size of windows, used highly-performing insulation and improved the performance of obtaining glass solar heat to save energy for Gyeonggi new provincial office, which is presently under construction, and has become the 1st in the nation to receive the third-grade performance in zero-energy building construction.

Establishing a Resources-Recycling System

GICO has become the 1st construction corporation to enforce the recycling of reusable combustible waste that was all incinerated at high cost in the past. Though this obligatory process, the corporation could reduce incinerated waste, alleviate fine dust and heat island effect and save about 46% (20~30% for combustible waste) of costs compared with the previous waste-disposing expenditures. Furthermore, GICO has reduced unnecessary waste of resources by using recycled aggregates, mixed slag, recycled asphalt concrete, etc., and has expanded the rate of using recycled resources.



Building Completion Ceremony for Sample House in Zero-Energy Demonstration Complex

Reusing Combustible Waste

Classification	Previous (incineration of all waste according to the existing guidelines)	Improvement (changes in guidelines and ordering methods)
Ordering Method	Service for Disposing Combustible Waste	Service for Recycling Combustible Waste
Volume/Cost	30% of Wood Waste + 100% of Combustible Waste, 250,000 KRW/Ton	20~30% of Combustible Waste, 135,000 KRW/
Qualification	General (Mid-Sized) Incineration Disposal Business	General (Mid-Sized) Recycling Business
Disposing Method	Incineration	Waste Solid Fuel/Recycled Goods

Reusing Combustible Waste

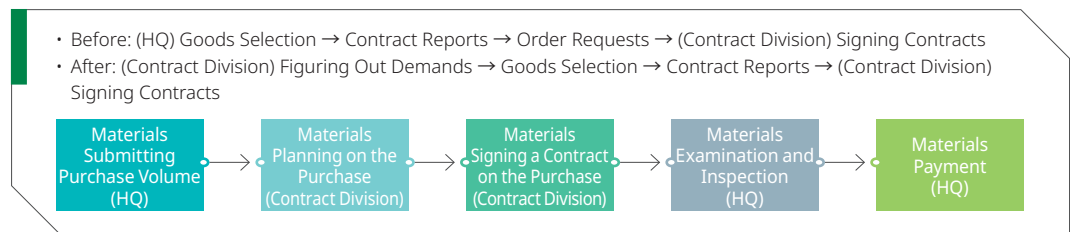
Classification	Recycled Aggregates	Mixed Slag (Godeok Residential Site 1-3)	Recycled Asphalt Concrete			Asphalt Reforming Materials	
			Dasan	Dongtan	Godeok	Godeok	Dongtan
Volume	35,340m ³	22,214m ³	22,032m ³	17,421m ³	11,491m ³	204,138kg	36,254kg
Outcome	550,000,000 KRW	244,353,000 KRW	917,612,000 KRW	803,650,000 KRW	520,577,000 KRW	445,021,000 KRW	113,125,000 KRW
Usage	Replacing Soft Ground	Road Sub-Base	Road Sub-Base		Low-Noise Paving		

Usage and Purchase of Eco-Friendly/Green Products

Outstanding Usage of Green Products

GICO received an award (June 2017) from the Ministry of Land, Infrastructure and Transport for outstanding use of recycled aggregates and presented the case before an international seminar. Moreover, GICO became the first local public corporation to promote the purchase of green products and increase related performance by improving the materials-purchasing system based on boosting the purchase plans/system (process) and the provision of expert training to promote the purchase of eco-friendly products at the Korea Eco-Friendly Contest in 2017 (hosted by the Ministry of Environment). By providing expert training for more employees to purchase green products, GICO is endeavoring to help workers responsible for making orders of products to recognize the importance thereof and to understand and comply with government policies. GICO is also striving to encourage them to voluntarily purchase more green products (resulting in receiving an award as an excellent division in purchasing green products).

Green Products Comprehensive Purchase System



녹색제품 구매제고 전문교육

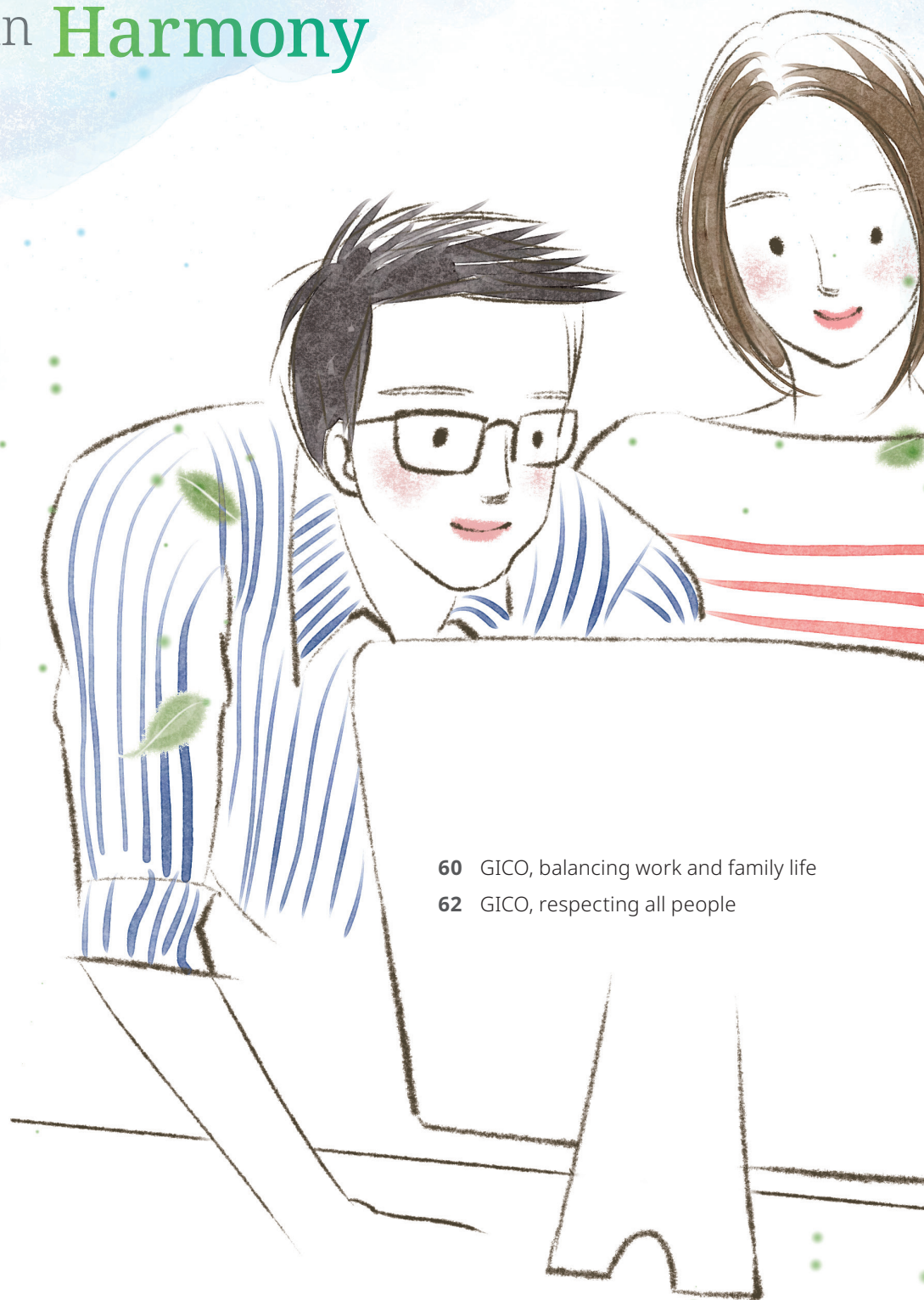
	Classification	Details	Note
Training	Improving the awareness of the persons in charge of making orders	Holding workshops for those in charge of making contracts and orders	April 2017
	Understanding and complying with government policies	Implementing expert training regarding green products	July 2017
Award	Endeavoring to promote voluntary purchase	Issuing awards to outstanding divisions for purchasing green products	July 2017

Green Products Purchasing Value

Classification	2016		2017		Notes (Compared with the previous year)
	Goal	Outcome	Goal	Outcome	
Purchasing Rate	45.0%	39.7%	45.0%	49.17%	9.5%
Purchasing Value	14.9 Billion KRW		16.3 Billion KRW		1.4 Billion KRW

GICO Promise 4

Balancing Work & Life in Harmony



60 GICO, balancing work and family life

62 GICO, respecting all people



GICO, balancing work and family life



Importance

For a company to continue to grow, it is important to create a happy and pleasant work environment where employees can balance work and family life. GICO is fully aware of social issues such as employment without discrimination, diversity and fair opportunities, gender equality, win-win labor/management relations, employee' safety and health and so forth □ and is making every effort to improve on these aspects.



Promotion strategy

Expanding a joyful corporate culture by leading the system of balancing work and life

Expanding staggered commuting hours	Joyful childcare leave	Future of sharing and trust	Work and life balance
<ul style="list-style-type: none"> Implementing customized staggered commuting hour system for employees on each day 	<ul style="list-style-type: none"> Taking childcare leave even during the period of assessing personal performance 	<ul style="list-style-type: none"> Promoting annual leave + awarding outstanding division + expanding leave for child education + providing comp time 	<ul style="list-style-type: none"> Implementing programs for practical support for pregnant employees



Approach

- Goal** — · Strengthening corporate competitiveness by creating a new win-win labor/management culture
- Improving career opportunities by properly changing irregular positions to full-time ones
- Institution** — · Labor/management council, collective agreement and others
- Dedicated** — · Customer Supporting & Personnel Division organization
- Evaluation** — · Performances of holding labor/management joint events, improving corporate culture, enhancing various committees, and so forth
- Monitoring** — · Forming general communications channel, holding meetings



Future plan

- Introducing staggered commuting hours by day, expanding the system of choosing preferred working hours
- Promoting annual leave by introducing hourly leave
- Introducing the goal-managing system to promote paternity leave
- Amending regulations on evaluating personal performance not to discriminate against employees when they take childcare leave
- Obtaining Gyeonggi family-friendly certification and gaining the participation of the Ministry of Employment and Labor



Major performance



A Record of No Labor/Management Disputes for 20 Years Since GICO's Foundation



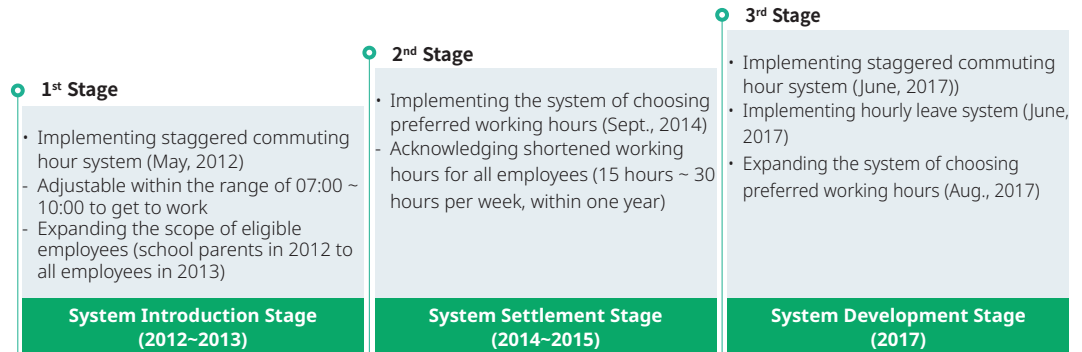
Awarded the 'Family-Friendly Certificate' for being an outstanding corporation implementing a family-friendly system

Creating a Healthy Workplace

Implementing a Flexible Working System

GICO has continued to improve institutions to promote a flexible working system. By going through stages of introduction (2012~2013), settlement (2014~2015) and development (2017), GICO tried to improve working flexibility in order to reflect various needs and personal situations of employees.

Main Details on Each Stage of Flexible Working System



Balancing Work and Family Life

GICO operates a family-friendly system for employees to balance work and life and to alleviate burdens arising from childbirth and childcare in the low birthrate era. GICO is operating its staggered commuting hour system (customized for each of the employees and self-chosen commuting hours), promoting parental leave even during the period of assessing personal performances, encouraging the use of annual leave to guarantee sufficient breaks (promoting annual leave + awarding outstanding divisions + encouraging leave for child education + providing comp time and others) and conducting programs for pregnant employees. There has been an increase in the use of the staggered commuting hour system by employees (50 of them in the 1st Q to 60 of them in the 4th Q). And the satisfaction rate is standing as high as 95%.

Strengthening Safety Activities for Employees

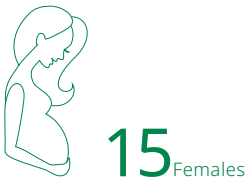
GICO is holding joint labor/management meetings of the Industrial Safety and Health Committee, once per quarter in order to secure health and safety of employees. By providing medical checkups for employees, GICO is helping employees to stay healthy and to properly conduct jobs. In addition, GICO has improved the capacity of handling mass casualty incidents by conducting mock drills to verify the system of responding to disasters and by holding fire drills with private and public organizations to handle the collapse of multi-condensed buildings and fires.

Status of Childcare Leave

2017



Back-to-Work: 100%



Back-to-Work: 100%

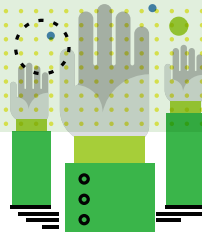
(Unit: people)

Classification	2015	2016	2017
Male	4	3	5
Female	21	17	15
Total	25	20	20



Signing MOUs to Tighten Safety Inspections

GICO, respecting all people



Importance

Issues related to human rights such as banning of discrimination on gender equality, freedom of collective bargaining, child labor, forced labor, rights of indigenous people and so forth have continued to arise. There is a growing international consensus that an organization is responsible for protecting rights of an individual person that are affected by labor. GICO is striving to protect the rights of employees, partner companies, customers and local residents that affect the working environment.



Promotion strategy

Strengthening Corporate Competitiveness by Creating a New Win-Win Labor/Management Culture

Advancing Labor/Management Relations

- Re-establishing mid/long-term strategies for win-win labor/management relations
- Complying with government policies
- Conducting labor/management joint training

Realizing Communication-based Corporate Culture

- Forming general communications channels
- Introducing the system of managing on-site labor/management relations
- Conducting labor/management joint events

Realizing Communication-based Corporate Culture

- Collecting opinions from meetings
- Improving internal employees' satisfaction

Realizing Communication-based Corporate Culture

- Placing employees on top priority
- Guaranteeing cooperative activities
- Improving unfair institutions



Approach

- Goal — Establishing a system of achieving the corporate vision by efficiently managing human resources
- Institution — Personnel regulations, performance management and rewarding system
- Dedicated — Customer Supporting & Personnel Division organization
- Evaluation — Surveying employees' acceptance and satisfaction of personnel regulations, surveying demand for training, internal customer satisfaction
- Reflux — Briefing sessions for employees, satisfaction surveys



Future plan

- Making plans on employment to achieve the rate of mandatory recruitment of young people
- Launching and operating the Committee on Jobs
- Settling the advanced labor/management relations system
- Settling labor-oriented labor/management culture
- Vitalizing labor/management relations based on communications
- Operating open communications channels
- Introducing on-site labor/management relations



Major performance



Conducting **34** training courses in **4** areas of the comprehensive plans by reflecting the results of surveying demand for training



Operating lifelong learning courses considering life-designing plans, vitalizing the system of selecting **22** in-house instructors



Operating **140** evaluation indexes including the task of improving individual performance assessment

Contributing to Creating Decent Jobs

Improving Employment System to Change Irregular Positions to Regular Ones

In order to create awareness of the government policy of changing irregular positions to permanent ones and to collect opinions on how to operate human resources, GICO has formed and has been operating TTF for the management of irregular positions and the committee for the deliberation of changing into regular positions. Moreover, GICO transferred eight contractual workers to unlimited-term contract positions in 2016 through a stepping stone program (dispatched position → contract position → unlimited-term contract position) to help irregular workers to be gradually shifted to permanent positions. And the corporation has formed a committee to deliberate changing irregular positions to regular ones and held three relevant meetings thus far. At the same time, regulations have been prepared to give additional points for hiring regular workers. working flexibility in order to reflect various needs and personal situations of employees.

Socially Balanced Employment

Hiring the underprivileged has been stipulated in the regulations. Through the system of hiring recommended skilled talents, outstanding high schools graduates are recommended for recruitment. And, thanks to the job probation system, those trainees that have completed the probation period are qualified to take an experienced-worker recruitment test. For the socially vulnerable category (job applicants, the disabled, immigrants, North Korean defectors, etc.), additional points are given for their written tests and career papers and separate experience-competing tests are conducted for their preferential employment. Currently, 27 job applicants, 20 disabled people, one immigrant and one North Korean defector have been hired, resulting in GICO fulfilling the mandatory recruitment rate set by relevant laws and strengthening social responsibilities.

Expanding the Number of Female Employees

GICO is prohibiting any discrimination against gender in terms of employment, education, compensation, etc., and has continued to strive for gender equality by expanding the employment of females and the ratio of female managers. Even if many of the initial positions were male-dominant at the beginning as large-sized residential site development projects were mainly implemented, the ratio of female workers has been growing thanks to new recruitment and expansion of female positions.

Nurturing Talents

Strategy for Nurturing Talents

GICO has set a training goal of nurturing city designers that create the corporate future value and established an action strategy for core value to nurture city designers that create happy places. And the corporation is also providing training customized for each position, fostering core talents and improving various institutions. Through 34 courses in four areas, employees can enhance their common capacities, leadership and job-conducting abilities. Self-directed learning is made possible thanks to tuition support and self-development cost support.

Customized Training programs

GICO is providing training programs customized for each position by surveying training needs and discovering necessary capacities. As many as 451 employees completed training of a total of 35,525 hours and 92% (annually) of them finished compulsory hours of training last year.

Status of Childcare Leave

Classification	2015	2016	2017
# of total employees (people)	435	511	519
# of irregular employees (people)	10	19	20
Ratio of females (%)	14.9%	16.4%	17.0%
Ratios of female team heads or above (%)	3.3%	5.3%	6.5%
Ratio of the disabled (%)	4.6%	4.4%	4%
Average consecutive working years (year)	9 years and 1 month	8 years and 6 months	9 years and 2 months
Retirement rate (%)	1.15%	0.78%	3.67%

Gender Status of Working-Level Employees and Senior-Level Employees

2017



405 Males

Total: 488 employees
Managers (grade 1 ~ 3): 100 males



83 Females

Females (ratio): 17.0%
Managers (grade 1 ~ 3): 7 females

Employment Status

(Unit: people)

Classification	2015	2016	2017
Full-time new employment	4	3	5
Contractual new employment	21	17	15
Total	25	20	20

GICO's Major Training

Training name

Long-term training service

Short-term training service

GICO VALUE

OJT for the newly-hired

Leadership training

Training for those promoted

Other collective training

Cyber training

Training details

• Training at graduate schools of SNU, Korea Univ., Hanyang Univ., KDI, KAIST and others to nurture next-generation leaders

• Short-term training service provided by specialized organizations to obtain professional knowledge of job positions

• Understanding and enhancing GICO core value and talents

• Introductory training on basic culture and knowledge for newly hired employees

• Training to strengthen leadership capacities for executives, managers, team heads and others

• Training to understand and strengthen capacities needed for those to be promoted to grade 3~4

• Legal training (integrity, sexual harassment prevention), safe quality training and others

• Gyeonggi Human Resource Development Center, Human Resources Development Center of the Ministry of Land, Infrastructure and Transport, the Korean Professional Engineers Association, Audit and Inspection Training Institute, etc.

Promise 4

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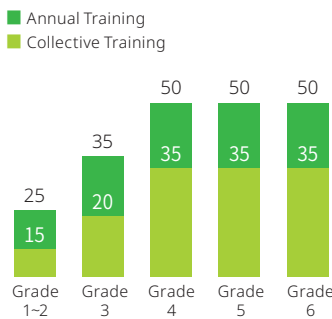
Employment Status by Gender and by Position

(Unit: people)

Rank (grade)	Total	Male	Female
Executives	4	4	0
Grade 1	7	7	0
Grade 2	23	22	1
Grade 3	77	71	6
Grade 4	180	151	29
Grade 5	84	5	26
Grade 6	77	57	20
Researchers	4	4	0
Experts	32	31	1
Others	31	19	12

Training for Each Position

Mandatory Training Hours (Unit: hours)



Rates after reflecting assessments, promotions, annual salaries

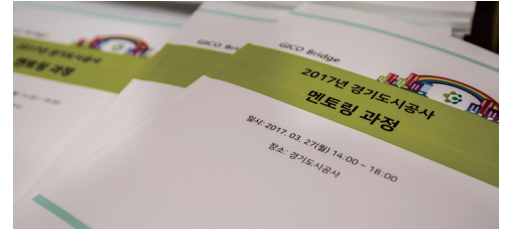
Classification	Assessment	Promotion			Annual Salary (Grade 3 or higher)
		Grade 3 or higher	Grade 4 or higher	Grade 5 or higher	
Performance evaluation	BSC	45%	20%	10%	50%
	Working score	45%	55%	50%	50%
Other evaluation	Multi-faceted	10%	15%	10%	-
	Experience	-	10%	20%	-
	Training	-	-	10%	-

Career-Development Training

GICO is conducting lifelong learning courses based on a plan for lifetime designs for employees, who have worked for the corporation for 10 years, to find a way of balancing their works and lives and is also providing training for those who are about to retire to smoothly adapt to society and to actively design their lives after retirement. Those employees who are about to retire are financially supported with 5 Million KRW and 2 Million KRW one year and two years, respectively, before their retirement for training tuition fees.



Introductory Training for New Employees



Mentoring Programs

Forming Performance-Oriented Corporate Culture

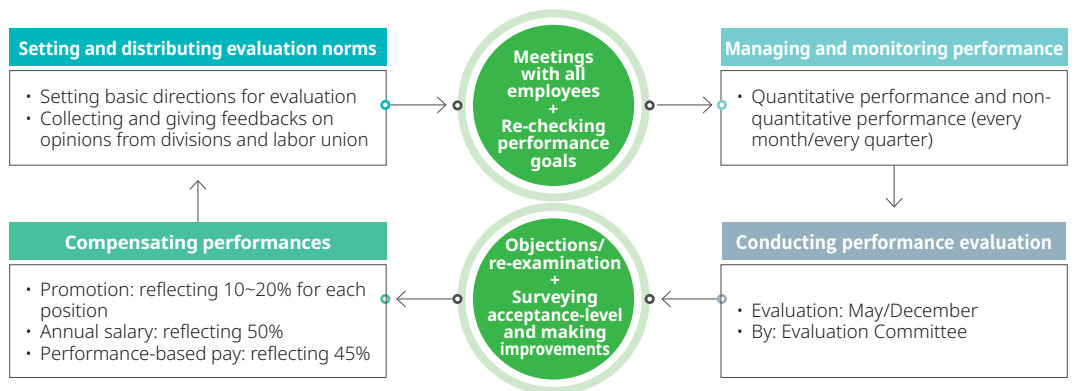
Strengthening the Appropriateness of Regulations on Personnel Management

GICO is implementing stable and predictable personnel management by stipulating major personnel norms (employment, promotion, transference, etc.) in relevant regulations. GICO operates a swift and proper personnel system by amending relevant regulations to respond to changes in the business management and in upper bodies' policies. In addition, the system for responsible business management has been established through the stipulation of procedures for selecting executives in order to secure fairness and the system of managing executives' performances. When hiring employees, a blind recruitment is used to ensure an employment culture without discrimination. In order to guarantee equal opportunities and to recruit outstanding people, an open competitive employment system is implemented to hire capable and skilled applicants. At the same time, the principle of managing employees' promotions has been stipulated and consistency and predictability have been enhanced to abolish the seniority system and paternalism, to ensure performance-oriented promotion evaluation, to prevent authorities over personnel affairs from being abused, to operate a promotion system based on a compulsory participation process and to increase employees' acceptance level.

Establishing Virtuous Circle Relations between Performance and Compensation

By carrying out 140 evaluation indexes including innovative tasks of each division and consolidating internal and external evaluation indexes, GICO was placed 3rd and graded 'A' in the business management evaluation from the Ministry of Public Administration and Security. Moreover, the corporation has also increased customer satisfaction by greatly expanding relevant indexes. GICO took the top spot in the anti-corruption policy evaluation by conducting self surveys on integrity, expanding related points and making relative assessments to improve distinctions. Through the goal-oriented and performance-based compensation system, GICO is trying to boost the morale of employees.

Diagram of the Virtuous Circle Performance Management System



Creating Win-Win Labor/Management Culture

Win-Win Labor/Management Relations



Signing Ceremony of a Collective Agreement on Wages

GICO is taking the lead in creating jobs and complying with various government policies to respond to the increase in the expectations of win-win labor/management relations and the strengthening of corporate competitiveness through cooperation between labor and management internally, and to deal with increasing social responsibilities and roles and political, economic and social uncertainties externally. In order to systematically pursue the strategy for win-win labor/management relations, GICO has made mid/long-term plans after hearing opinions from outside experts, the labor union, the management, employees and others and established a system through which labor/management representatives, committee members, working-level employees and others can share their opinions and concerns. Thanks to this win-win strategy, GICO could carry out social contribution activities, launch a labor/management joint voluntary service team to conduct voluntary activities and improve the personnel system for compliance with government policies (stipulating employment of visually impaired persons, complying with guidelines for changing into regular positions, and forming and holding a committee for the deliberation of changing into regular positions). GICO has also tried to have advanced labor/management relations settled by conducting its own labor/management joint training for the first time after the labor union was formed.

Re-establishing a Strategy for Win-Win Labor/Management Relations

Labor/management vision	Strengthening corporate competitiveness by creating new win-win labor/management culture	
2 nd strategic task	Advancing labor/management relations	Realizing corporate culture based on communications
6 implementation tasks	Taking social responsibilities as a public corporation	Vitalizing the corporation through labor/management communications
	Settling advanced labor/management relations	Operating open communications channels
	Settling employee-oriented labor/management culture	Introducing on-site system for managing labor/management relations
	Complying with government policies	Establishing a general system for communicating with employees
Performance index	Conducting labor/management joint training	Holding events and activating communications channels
	Collecting opinions, appointing employees with grades 3-4 as committee members	Vitalizing the personnel grievance handling committee



Launching GICO Open Innovation Hall

Labor/Management Culture based on Communications and Sympathy

GICO is carrying out a number of activities including open innovation and system operation (improving corporate culture and personnel system and having discussions) for the realization of a smooth corporate culture based on labor/management communications, meetings with employees to enhance intimacy, labor/management meetings three times per year to share and discuss issues, Junior Board, talks with CEO and others. In order to vitalize the on-site system of managing labor/management relations, GICO has designated people in charge of personnel for each of the divisions to provide an open personnel counseling service at any time and implemented customized counseling services after conducting prior surveys (224 people) to realize a rational personnel system. For the establishment of a plan to conduct job-performance evaluations reflecting employees' opinions, a briefing session for all employees (once per year) and customized briefing sessions that come for employees (seven times per year) are implemented.

Implementing an Institution to Guarantee Fair Competition When Hiring People

The participation of external interviewers has been expanded and strengthened to fairly recruit people. For making and marking written tests, it has been stipulated that external experts should hold a majority of the participants. And, in the case of oral tests, it has been obligated that two-thirds or more of the interviewers should be external experts in accordance with the amended regulations on personnel implementation. In order to secure fair competition and transparency, GICO's personnel regulations have been amended in accordance with guidelines on local public corporation's employment of visually impaired persons. Thanks to such endeavors, GICO could secure transparency and objectiveness and realize fair competition when hiring people.

APPENDIX



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Third Party's Assurance Statement

To the Readers of 2017 Gyeonggi Urban Innovation Corporation Sustainability Report:

Foreword

Korea Management Registrar Inc. (hereinafter "KMR") has been requested by of Gyeonggi Urban Innovation Corporation to verify the contents of its 2017 Sustainability Report (hereinafter "the Report"). Gyeonggi Urban Innovation Corporation 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.

Scope and standard

Gyeonggi Urban Innovation Corporation describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a Type 2, moderate level of assurance using AA1000AS (2008) as an assurance standard. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below, where professional judgment of the team was exercised as materiality criteria.

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

- GRI Reporting Principles
- Universal Standards
- Topic Specific Standards
- Management approach of Topic Specific Standards
- Procurement Practices: 204-1
- Anti-corruption: 205-1, 205-2
- Anti-competitive Behavior: 206-1
- Labor/Management Relations: 402-1
- Occupational Health and Safety: 403-1, 403-2, 403-3
- Training and Education: 404-1, 404-2
- Diversity and Equal Opportunity: 405-1
- Non-discrimination: 406-1
- Human Rights Assessment: 412-2
- Local Communities: 413-2
- Supplier Social Assessment: 414-1
- Customer Health and Safety: 416-1
- Marketing and Labeling: 417-2, 417-3

This Report excludes a data sand information of joint corporate, contractor etc. which is outside of the organization, i.e. Gyeonggi Urban Innovation Corporation, among report boundaries.

Our approach

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

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder 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 Gyeonggi Urban Innovation Corporation 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 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

- Gyeonggi Urban Innovation Corporation is developing and maintaining stakeholder communication channels 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 Gyeonggi Urban Innovation Corporation 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.

- Gyeonggi Urban Innovation Corporation 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 Gyeonggi Urban Innovation Corporation'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 standards.

Recommendation for improvement

We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

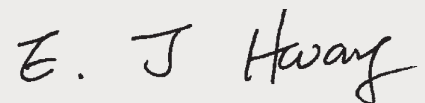
- We expect Gyeonggi Urban Innovation Corporation's sustainability report to become a representative communication channel with stakeholders. In the short term, the organization is advised to set priorities and respond to detailed needs of stakeholders. In the mid to long term, it should establish social responsibility as part of the corporate culture so that strategic sustainability can affect all business decision making processes of its members.

Our independence

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

July, 17th, 2018

CEO Eun Ju Hwang



GRI STANDARDS INDEX

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	102-7	Organization sizes	10	
	102-8	Information on executives and employees	63	
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	102-10	Major changes in the organization and the supply channels	-	No major changes
	102-11	Precautionary principles and approaches	15	
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	205-1	Evaluations on business place corruption risks	44-45	
	205-2	Notices and drills on anti-corruption policies and procedures	44-45	
Anti-competitive Behavior	103	Management Approach	34	
	206-1	Legal countermeasures against anti-competition activities, monopolies and other unfair businesses	-	No violations
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	402-1	Minimum periods of informing changes in the business operation	63-65	

Topic	Disclosure		Assurance	
			Page	Omissions/Comments
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	403-3	Employees that have high rate or high risk of developing job-related diseases	60-61	
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	404-1	Average training hours per employee	63-64	
	404-2	Programs to strengthen employee capacities and to support position change	63-64	
Diversity and Equal Opportunity	103	Management Approach	62	
	405-1	Governance organization and employee diversity	63-65	
Non-Discrimination	103	Management Approach	65	
	406-1	Discrimination cases and countermeasures to correct them	-	No discrimination cases
Human Rights Assessment	103	Management Approach	63-64	
	412-2	Training for employees on business-related human rights policies and procedures	63-64	
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Supplier Social Assessment	103	Management Approach	34	
	414-1	New partner companies that have been screened through social effects evaluation	34-37	
Customer Health and Safety	103	Management Approach	22	
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Marketing and Labeling	103	Management Approach	22	
	417-2	Cases of violating legal regulations and autonomous regulations for information on and labeling of products and services	-	No violations
	417-3	Violations of regulations on marketing communications	-	No violations

Award

Awarded year	Classification	Awarded by	Awarded for
2015	Official commendation (Ministry of Public Administration and Security)	Ministry of Government Administration and Home Affairs	Reducing debts of a local public corporation
2015	Official commendation (Ministry of Land, Transport and Maritime Affairs)	Ministry of Land, Infrastructure and Transport	Commendation to mark the 12th Landscaping Day
2015	Others	Ministry of Employment and Labor	Best prize for presenting outstanding cases of implementing a business agreement at a contest in 2015
2015	Official commendation (President)	Ministry of Government Administration and Home Affairs	Promoting joint purchases
2015	Official commendation (Ministry of Environment)	Ministry of Environment	Vitalizing the use of recycled aggregates
2015	Official commendation (Ministry of Public Administration and Security)	Ministry of Government Administration and Home Affairs	Conducting activities for safety culture
2017	Official commendation (Ministry of Land, Infrastructure and Transport)	Minister of Land, Infrastructure and Transport	Contributing to the development of construction technology
2017	Official commendation (Ministry of Environment)	Minister of Environment	Promoting eco-friendly technology and relevant consumption
2017	Official commendation (Ministry of Land, Infrastructure and Transport)	Ministry of Land, Infrastructure and Transport	Presenting outstanding cases of using recycled aggregates and recycled goods at a contest in 2017
2017	Official commendation (Gyeonggi-do)	Gyeonggi-do	Contributing to the development of local communities

GYEONGGI URBAN INNOVATION CORPORATION
SUSTAINABILITY REPORT 2017



Birth of a happy **city!**

**Gyeonggi Urban
Innovation Corporation**
always by **your side!**

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