



Harmonizing Human Beings with Nature

2016 LH Sustainability Report

About this Report

Report Overview

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

Reporting Period, Scope and Boundary

This report is prepared based on the sustainability data covering January 2015 to December 2015. We also provide the data from 2013 to illustrate certain achievements and changes in progress. All currencies and units of measure are specified separately. This report covers the headquarters and regional headquarters, and there has been no material change in corporate scale, organizational structure, and ownership structure.

Reporting Principles & Assurance

This report adopts the Core option of the Global Reporting Initiative (GRI) G4 guidelines and sets its boundary according to the prioritized material aspects. It was verified by an independent outside third party to ensure its reliability and accuracy, and the detailed results are provided in pages 66 and 67.

Additional Information about the Report

More information can be found on our website. Please contact us for any questions or comments regarding this report.

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CEO Message



Greetings to our valued stakeholders

LH has achieved record high sales through our consolidated efforts and unwavering commitment to fulfill our vision. At the same time, we have overcome barriers that arose from the previous year's government initiatives such as normalization of management and public organization reform. The Happy House Project highlights the success of our public projects as the opening ceremony was held in Samjeon district and additional Happy Houses were developed using sites in the Baran district of Hwaseong-si that had remained unsold for a long period of time. We have expanded My Home service to a nationwide scale to further promote housing welfare. LH can now be considered to be not only a development company, but also a service provider of an integrated housing welfare solution. The Creative Economy Valley project is also continuing to show achievements in Pangyo.

We would like to sincerely express our greatest gratitude to our stakeholders. Our achievements could not have been possible without your enduring support along the way.

Instead of settling on our previous achievements, LH has taken proactive initiatives to accomplish sustainable management by focusing on the environmental changes and needs of society. For financial stability and debt reduction, our continuous efforts are set on supply and sales while seeking new opportunities for long-term growth. We are showing our ongoing commitment toward residential stabilization by establishing more rental houses such as Happy Houses. To further promote welfare, we have set up personalized residential housing services that provide leasing and housing allowances for the benefit of a larger community. Furthermore, we are unwavering in our commitment to promote a more sustainable foundation of land development for our next generation by incorporating eco-friendly architectural methods that make our city environments even more beautiful.

We are initiating our scheme to enhance our management system to become a more reliable public company. In addition, we are continually improving our auditing system to prevent corruption. Securing transparency and integrity are essential when pursuing public projects. Therefore, we focus on ethical management that promotes work ethics and a corruption-free working environment. We have introduced an objective HR system that assesses employees based on their competence and performance. We will continue to foster a working culture that values great teamwork and working relationships.

LH will strive to contribute to the community while advancing our business performance to give maximum value to our stakeholders. For a successful new era in Jinju, we plan to invite our partner companies to Jinju to generate more employment opportunities in order to fulfill our endeavor of local economic development. Meanwhile, we will continue "Local Harmonization Business" to strengthen cooperation with local communities.

LH will continue to show the enduring dedication to the society by reinforcing the strength that we have established thus far and improving our weaknesses. As a public company, we will make sure to always incorporate the Ten Principles of UNGC to fulfill our responsibilities. We would like your continued interest and support for our future endeavors of achieving a sustainable business with distinguished performance.

Thank you.

April 2016

Park Sang-woo
CEO of LH

박상우

LH Sustainability Highlights



1 LH opens the door for "Jinju Era, Thousand Years of Sustainable Future"

On June 30, 2015, we held the opening ceremony for our new corporate building after moving into the Gyeongnam Innovation City. As one of the major public companies in South Korea and a leading developer of the Innovation City project, we announced our plan of developing Jinju Innovation City as an example of promoting balanced economic growth in the nation. We will open the door for the "Jinju Era, Thousand Years of Sustainable Future" that goes beyond the 5 year progress after our operation in the Seoul Metropolitan Region, which lasted for more than 50 years. We are also planning to reinvent Jinju as a "Hub of Korea's Real Estate & Housing Welfare One-stop Service" to provide a total information solution based on our extensive experience and expertise in the industry.

2 "AA" with all three credit rating agencies, the highest rating among public companies

Since we declared our emergency management system in June 2013, we have made tremendous efforts with all resources to stabilize our business operation. All our executives and employees took strong initiative as they gave up some of their wage and welfare benefits and enacted company-wide efforts to take advantage of sales diversifying business opportunities and reduce business cost. As a result, we managed to cut our debt by KRW 12.7 trillion, and entered a positive business circle where we can carry out state projects without difficulties. In September 2015, S&P raised our credit rating to AA-, and all three credit rating agencies increased our rating to AA, which is the highest rating among public companies.

3 First moving-in of Happy Housing

A total of 847 households have moved in as part of the first Happy Housing districts in Songpa Samjeon, Seocho Naegok, Guro Cheonwang, and Gangdong Gangil. The Happy Housing project is to build public rental houses for college students, the newly employed, and newly married couples in locations with convenient public transportation or close proximity to workplaces. The rent is 20-40% cheaper than the market price, and residents can live there up to 10 years. Currently, about 77,000 households in 128 places nationwide have been secured, and the service will be available in the future to job applicants or those who are planning to marry.

4 Energy saving eco-friendly house design

We held the 3rd House Design & Technology Contest to develop new and practical energy-saving house design techniques and key technologies, and create LH eco-friendly housing models as part of the energy-saving government policies in the construction industry. We will incorporate the 76 key technologies and passive design techniques we discovered through the contest into our design and technological standards to take our expertise in apartment building design to the next level. The contest will continue to be held to help us find new ways to improve and innovate construction.

5 Award for excellence in quality and construction standards

We awarded construction companies based on their worksite management and quality control in 2015. We selected 17 construction companies that undertook projects with a total of KRW 10 billion or higher as "Excellent Construction Companies," and 12 companies in the categories of electricity, communication, and landscape whose projects with a total of less than KRW 10 billion as "Companies with Excellent Quality". We also selected 36 companies in 11 categories including reinforced concrete, plastering, and interior works as "Excellent Professional Companies" to promote the government's policy to support small and medium-sized companies and facilitate their entry into the market. We are helping construction companies maintain strict quality control and improve the construction quality of housing complexes to increase our customers' satisfaction.

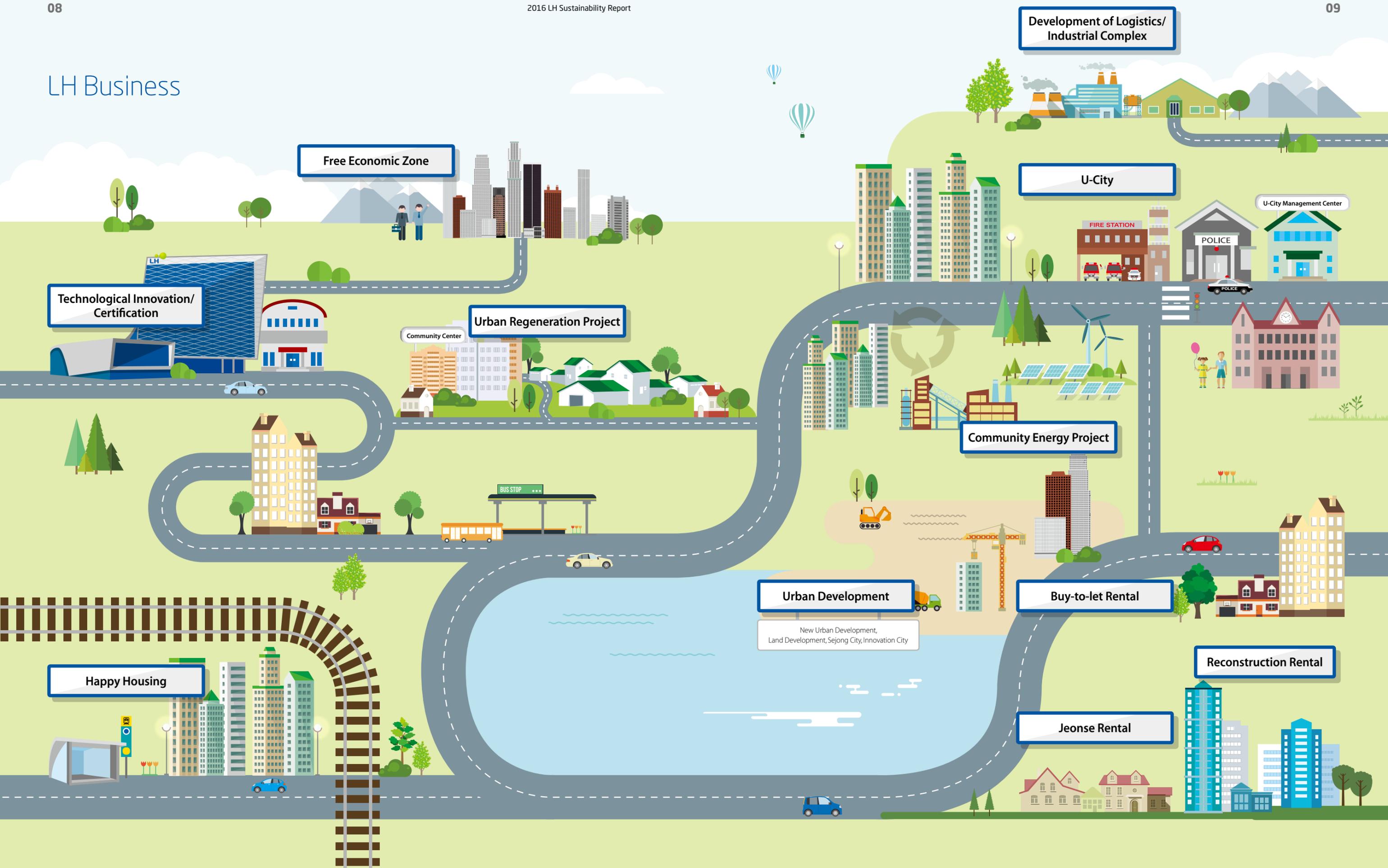
6 Partnership for building the foundation to secure sustainable growth

We joined the "Private & Public Joint R&D Project" organized by the Small and Medium Business Administration (SMBA) to enhance the collaborative efforts and partnership with small and medium-sized companies as part of our key model projects for sustainable growth. On July 24, 2015, we entered the agreement for raising the "Private & Public Joint R&D Fund" with the Small and Medium Business Administration and Foundation for Collaboration of Big and Small Companies to support the R&D initiatives of small and medium-sized companies. We are expecting to introduce new technologies needed for our urban development and building houses, save costs, and improve quality while helping small companies to grow through financial support and securing sales channels.

7 Social responsibility program "LH Local Harmony Project"

To fulfill our social responsibility as the largest public company in Korea, we have organized various local community events for citizens in Jinju City and Gyeongnam Province. We donated KRW 30 million worth of Onnuri Gift Certificates to "Happy World" to boost the local economy and delivered household goods and gift certificates to low-income families for Chuseok (Korean Thanksgiving Day) in Jinju. At the Jayu Market, we gave away shopping baskets to citizens and held the "Traditional Market" campaign to encourage people to visit these markets. Meanwhile, about 500 people from Gyeongnam Province and 600 employees from LH made kimchi with 20,000 cabbages and donated to people in need as part of the "LH and Gyeongnam Province Kimchi Sharing Campaign". We also donated 100,000 briquettes for low-income families in Jinju and Gyeongnam as part of the "Relay Briquette Delivery Volunteer Campaign". In addition, we are engaging in social responsibility programs that focus on communication and partnership with local communities by creating a marketplace for local agricultural products and holding music concerts for local residents. We will continue to fulfill our social responsibility and collaborate with local communities to boost the economy.

LH Business



01

Sustainability Overview



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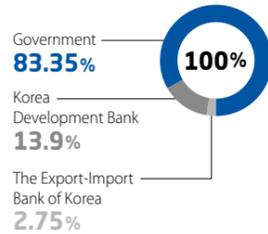
Introduction to LH

LH Profile

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

(As of December 2015)

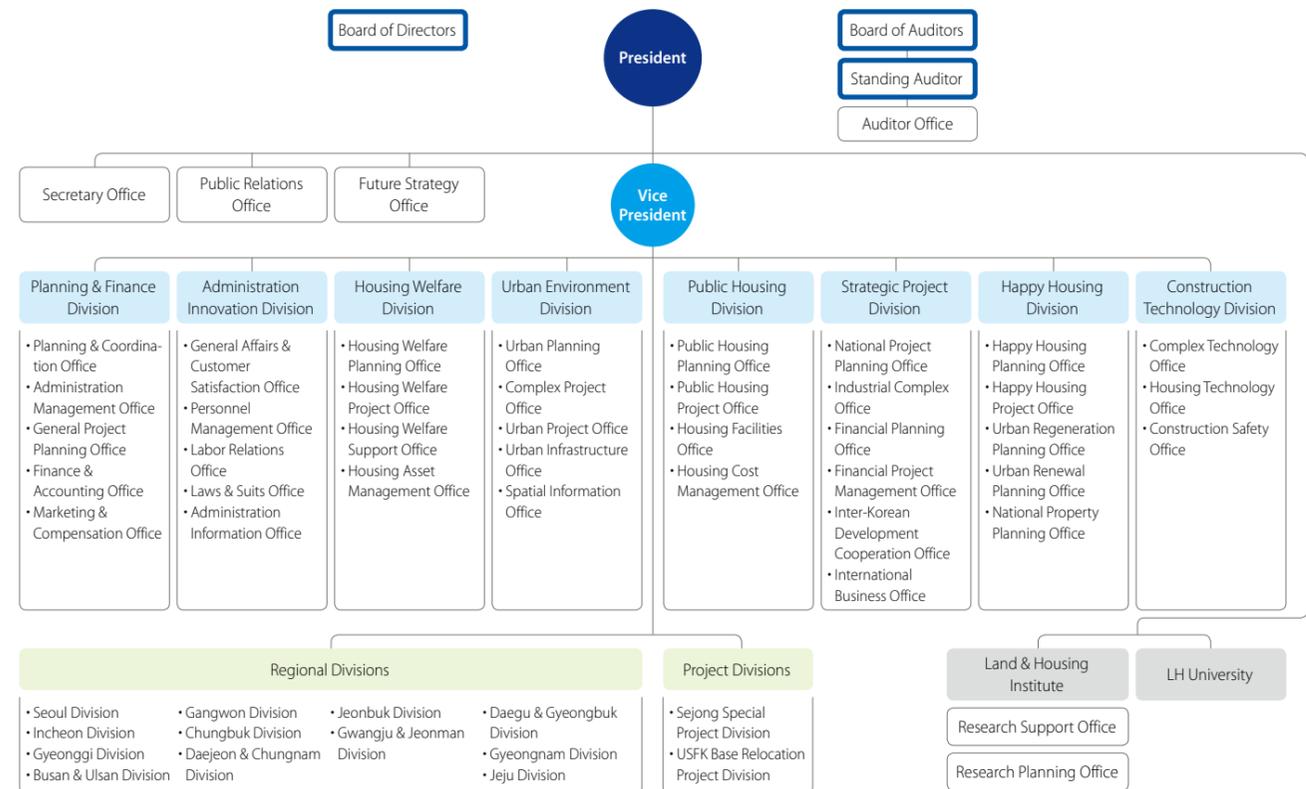
Ownership Structure



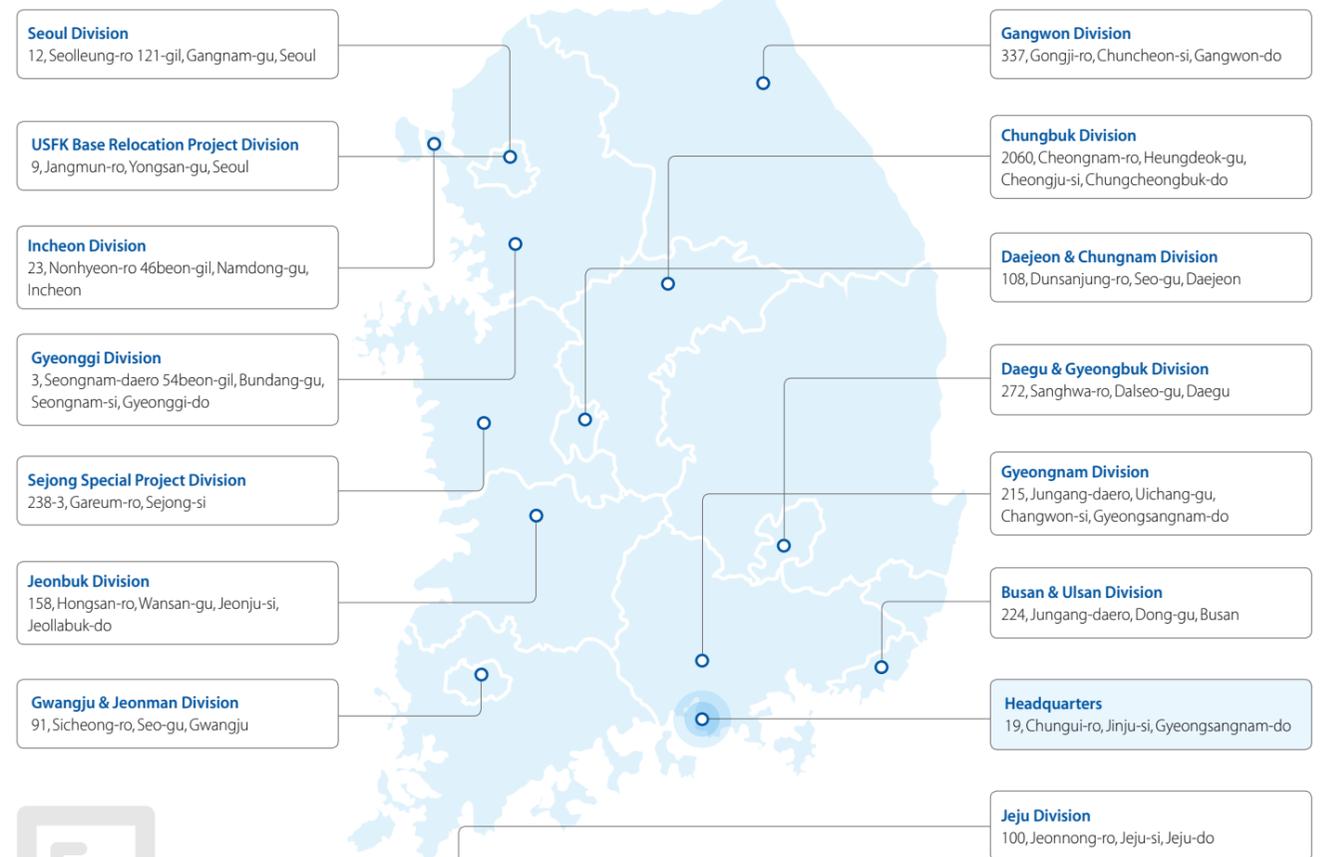
Organization	Korea Land and Housing Corporation	Relevant Government Office	The Ministry of Land, Infrastructure and Transport
CEO	Park Sang-Woo (as of April 2016)	Organization Type	Public company (quasi-market type)
Date of Incorporation	October 1, 2009	Capital	KRW 26.8 trillion
Basis of Incorporation	Korea Land and Housing Corporation Act No. 9706	Sales	KRW 23,7572 trillion
Headquarters	19, Chungui-ro, Jinju-si, Gyeongsangnam-do, South Korea	Number of Employees	6,498

Organization

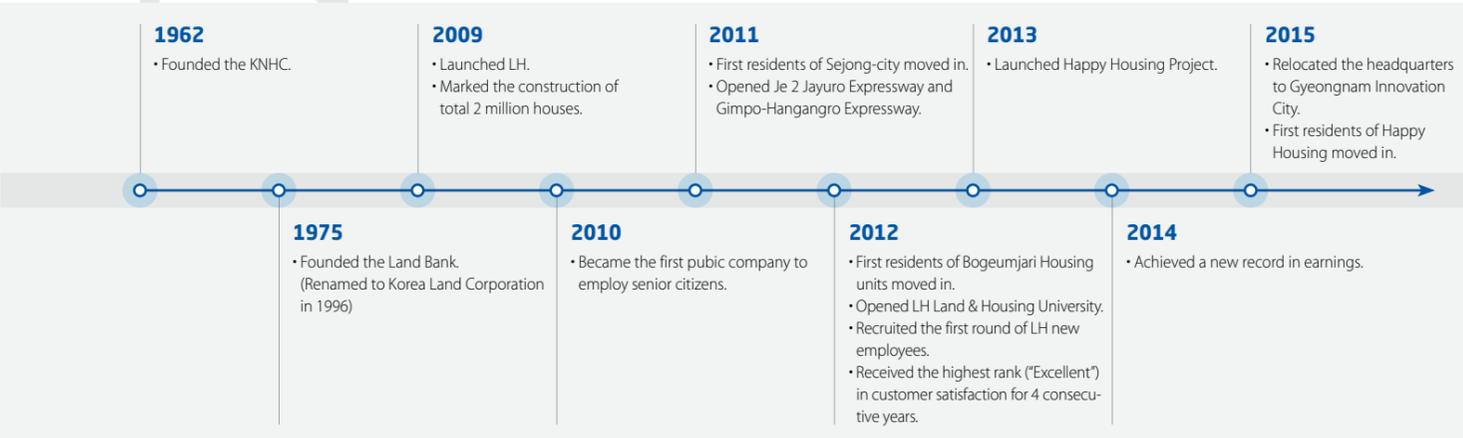
LH's organization consists of 8 divisions, 1 research institute, 42 offices, 1 university, 12 regional divisions, and 2 independent divisions. The headquarters was reorganized from 5 divisions and 3 sub-divisions into 8 divisions with a horizontal structure to reinforce the responsibility of the executive directors and ensure more effective response to changes in the business environment.



LH Network



History

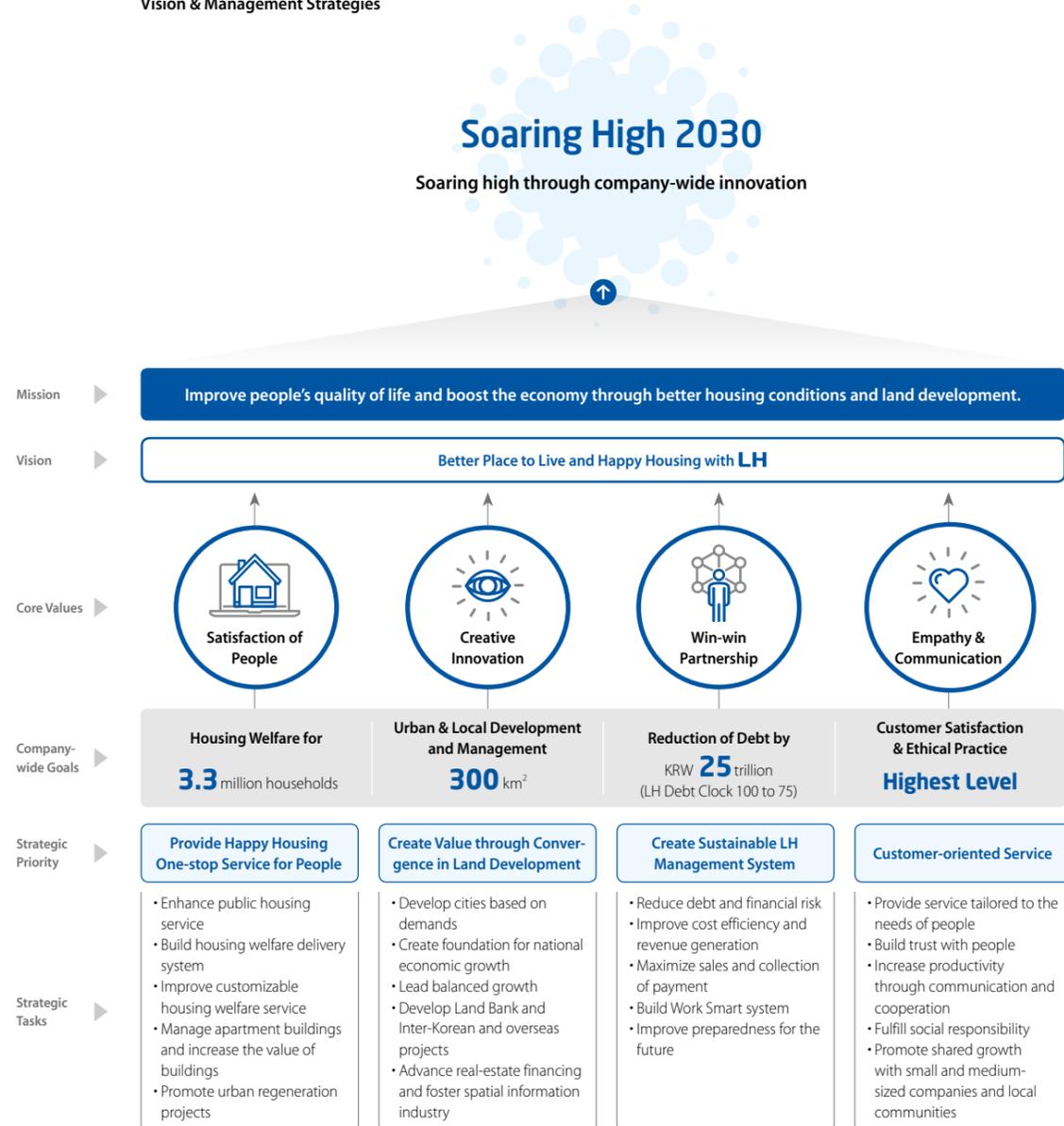


Vision & Strategies

Vision & Management Strategies

We have set a new vision, core values, company-wide goals, and business strategies in response to changes in the business environment including the development paradigm, housing welfare policies, and relocation of our headquarters and to pave the way for the future as a public company. With "Better Place to Live and Happy Housing with LH" as our new vision, we established "Satisfaction of People," "Creative Innovation," "Win-win Partnership," and "Empathy & Communication" as core values to support our missions and vision.

Vision & Management Strategies



Sustainable Management Strategies

With its incorporation in October 2009, LH set standards and procedures for ethical practice, customer satisfaction, quality control, environmental management, and risk management as part of our "Sustainable Management Guidelines" and implemented them as a foundation for sustainable growth. In addition, we established strategies to achieve our missions and vision for sustainable management, focusing on growth drivers, human-centered culture, quality of life, and green value creation. By building a more efficient business structure and innovative business management, we are focusing our resources in stabilizing our business operation and maximizing our economic performance while fulfilling our social responsibility as a corporate citizen and protecting our environment.

Sustainable Management Strategies



Governance

Board of Directors (BOD) Composition

The Board of Directors (BOD), as the highest decision-making body, reviews and approves basic management policies and key management decisions including economic, environmental, and social issues. The BOD consists of seven executive directors and eight non-executive directors, and it is chaired by the senior non-executive director. To ensure transparency in the appointment process and improve members' qualification and expertise, the non-executive directors are named by the Minister of Strategy and Finance among the candidates recommended by the Nominating Committee after the review and vote by the Steering Committee of Public Institution in accordance with the Act on the Management of Public Institutions.

Executive Directors		
Name	Job Title	Gender
Park Sang-Woo	President (Head of Corporation)	Male
Heo Jong-Deok	Standing Auditor	Male
Hwang Jong-Cheol	Vice President / Executive Director, Planning & Finance Division	Male
Song Tae-Ho	Executive Director, Administration Innovation Division	Male
Shin Dong-Cheol	Executive Director, Housing Welfare Division	Male
Park Soo-Hong	Executive Director, Urban Environment Division	Male
Cho Seon-Hak	Executive Director, Public Housing Division	Male

* As of April 2016

Non-executive Directors

Name	Job Title & Organization	Gender
Chae Duk-Seok*	Chairman of K-Reits & Partners	Male
Kim Seon-Yong	Vice President of Higen Motor	Male
King Seon-Nam	President of Gwangnam Ilbo	Male
Kim Chan-Gil	Chairman of the Korea Housing Managers Association	Male
Yun Ju-Sun	Vice Chairman of Korea Institute of Urban Planners	Male
Wi Seung-Cheol	Examiner of Gyeonggi-do City Planning Construction	Male
Park Won-Gyu	Chairman of Dongjak District Council	Male
Kim Geun-Yeong	Professor of Urban Engineering at Kangnam University	Male

* Senior Non-executive Director (Chairman)

BOD Operation

The BOD adopts resolution by a majority vote of the current directors, and any director who has a stake in the items on the agenda in question cannot participate in voting. The BOD is held on a monthly basis and may call a BOD meeting if necessary. In 2015, a total 12 BOD meetings were held to address 40 agenda items (28 items adopted, 12 items reported). The results of each BOD meeting are announced on our website and our information website for public companies (<http://www.alio.go.kr>). Meanwhile, we keep non-executive directors informed on our management practice in a timely manner to promote their understanding and participation and arrange site visits and public relations activities.

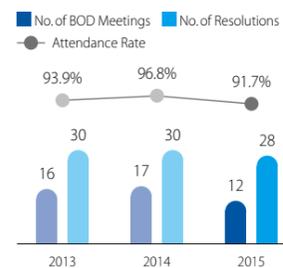
Subcommittee Operation

LH established subcommittees and an audit committee under the BOD for in-depth review of the agenda delegated by the BOD or for matters that require preliminary review before any decision is made by the BOD. In 2015, LH held 6 subcommittee meetings to address 17 agenda items in advance.

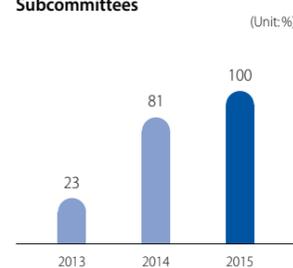
Evaluation and Compensation

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

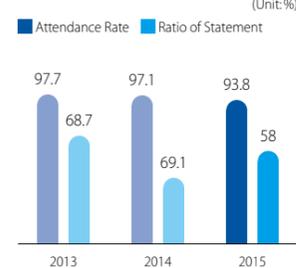
BOD Activities



Rate of Preliminary Review by Subcommittees



Non-executive Directors' Activities



Risk Management

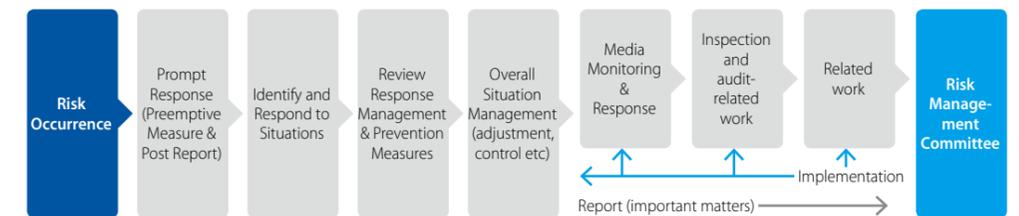
Risk Management System

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

Types of Crisis



Risk & Crisis Management Process



Relevant Organization



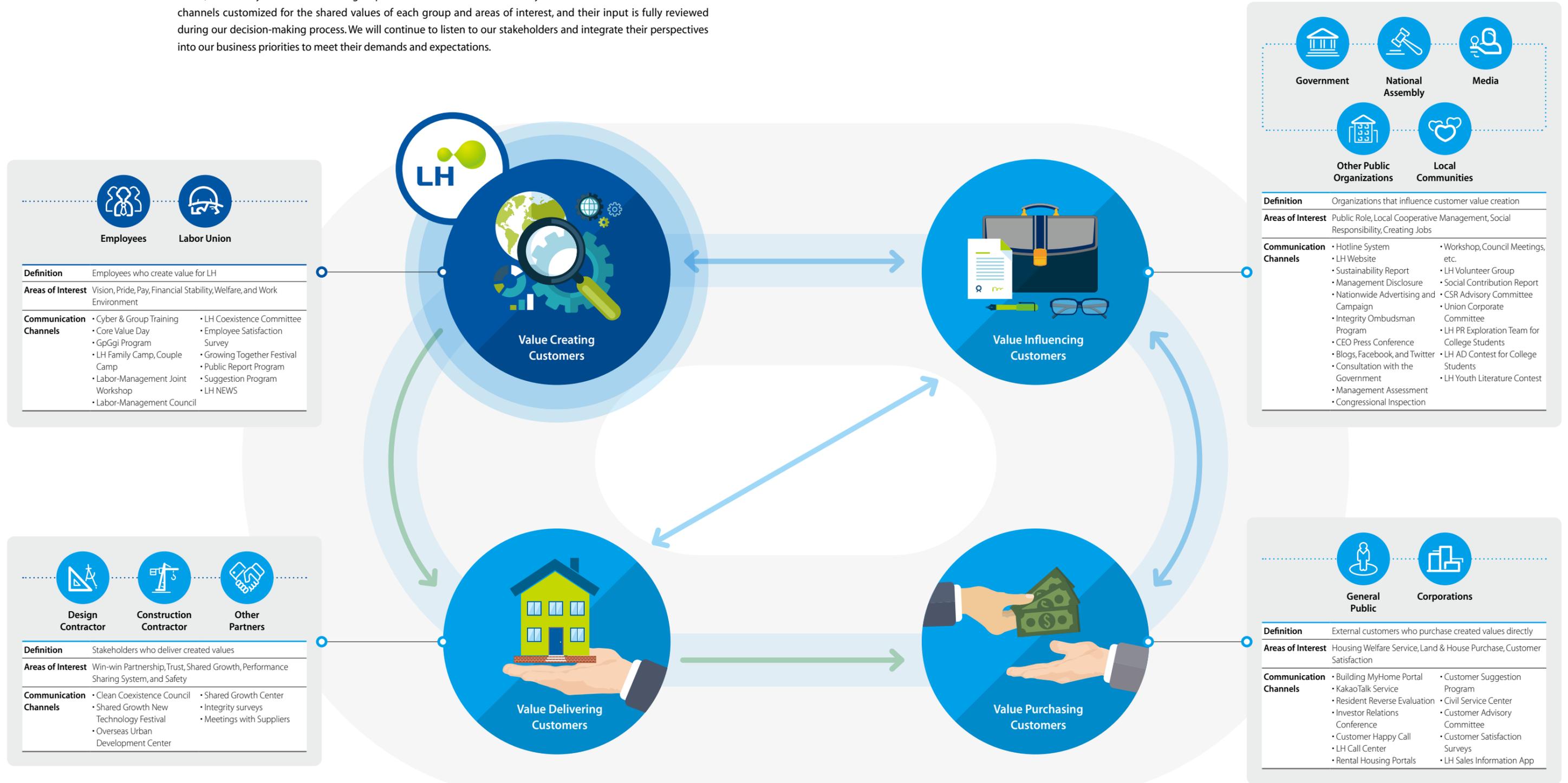
Relevant Organization

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

Stakeholder Engagement

Communication Channels with Stakeholders

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



Stakeholder Engagement

Interviews with Stakeholders



Value Creating Customers
Assistant Manager of LH Complex Technology Office
Kim Young-Il

Considering all of the economic, social, and environmental aspects is critical for LH to maintain its sustainability. However, I recognize eco-friendly urban development and the welfare of employees as the two most important matters for us to handle. Environmental issues caused by worsening environment and climate changes are also affecting our sustainability. At LH, we are diversifying our efforts to making our development more eco-friendly by incorporating LID (Low Impact Development) in our practices and minimizing

environmental impact such as the heat island effect, underground eco-system, and climate change. However, these measures are only implemented in limited districts such as Asan Tangeong and Godeok since they are still new, and we are faced with numerous challenges due to a lack of guidelines, awareness of residents, and verification of their effect. It is necessary to advance and optimize the LID-based system while developing other innovative techniques to respond to environmental risks more effectively. At the same time, we need to understand and resolve the difficulties that employees are facing and move forward into the "Era of Jinju". In 2015, to facilitate the relocation of our headquarters to Jinju and provide support for employees in terms of housing and leisure activities, we ensured that employees were assigned to dorm rooms on time, installed fitness facilities in the office building, and established daily sports training programs. However, some employees are still having a tough time adjusting to our new environment. The company needs to monitor their work environment and mental status and work together with them to find solutions through open communication and involvement.



Value Influencing Customer
Manager of Korea Workers' Compensation & Welfare Service
Kim Jung-Rye

On September 3, 2014, forty civic groups, local and public organizations, and job groups founded the Transparent Society Network, which will serve the roles of private and public governance to make our society more transparent and ethically sound. Korea Workers' Compensation & Welfare Service and LH worked together as part of the preparation committee and participated in ethical practice programs. The people's expectations for transparent and ethical public service are higher than ever, but the laws, systems, and awareness of the public sectors tend to fall short. The result of the corruption awareness survey shows some improvement when compared to 69.4% in 2014. 57.8% of the respondents, however, consider that there is corruption in the public sectors while only 3.4% of the public officials agree, showing a strong gap in their perspectives.

The people's expectations for ethical and transparent society will continue to grow, and LH needs to take a stronger initiative to spread ethical work culture and eliminate unethical practices that threaten the safety of the people and environment. We also need to take political measures to protect public finance. As government-wide anti-corruption measures are needed more than ever, I hope that LH leads the efforts to promote ethical working environments. At Korea Workers' Compensation & Welfare Service, we promise our full cooperation in this endeavor and realize substantial outcomes that meet the public's expectations.



Value Delivering Customer
Site Manager of Lotte Engineering & Construction
Moon In-Hyo

As the social responsibility and roles of a public corporation are becoming more important to the people, LH needs to focus on their approach to ensure mutual success with its stakeholders, particularly its partners. In this economic and social climate where construction companies face tough challenges, LH needs to build a foundation for shared growth with its partners to the extent that is reasonable, rather than seeking ways to cut project budgets for its financial soundness.

To that end, it is positive to see that LH is undertaking the incorporation of efficient work process and consideration of the site conditions with support from the Design Review Committee and establishing the guidelines for a review system to help companies sustain their business operation without taking major losses due to competition.

I hope that LH will continue to improve its partner evaluation and fostering system to ensure mutually beneficial arrangements with its partners. It will also be good if successful bid rates and performance costs reflect more realistic values during the design phase to promote shared growth and create more sustainable values.



Value Purchasing Customer
Pulmonology Dept. of Seoul National University Bundang Hospital Nurse
Jung Bok-Hee

I got to know about LH through the apartment it was selling. I liked its eco-friendly environment and convenient infrastructure, and that it included a park where children can play, a school, and playground. As housing conditions have become a primary focus for our society, housing welfare is extremely important and requires more urgent measures. In this regard, LH needs to diversify its housing welfare service and ensure that more people can enjoy the benefits so as to help improve the quality of living.

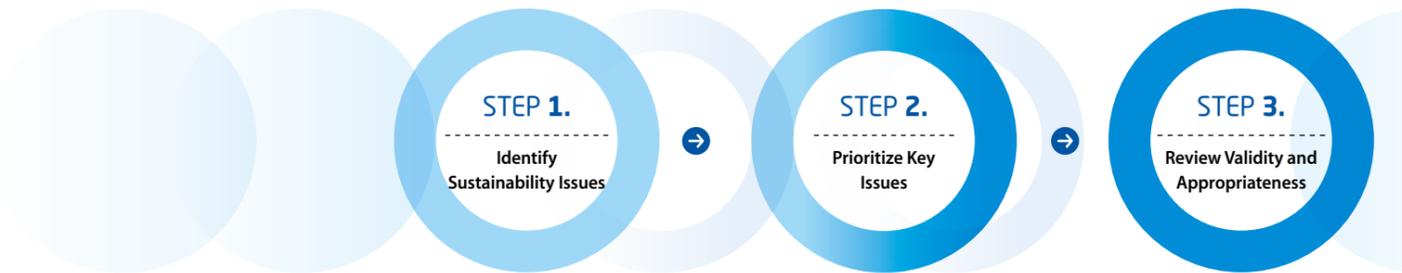
On the other hand, it is the only organization that can succeed in these kinds of roles. Although it is important for a company to seek financial gain, it is LH's duty as a public corporation to fulfill its social responsibility and create social values. There are things that only LH can do, and I hope it will do its best to make that happen. It is also important to support vulnerable people for their housing situation and ensure that housing welfare is available to more people such as college students, recipients of livelihood programs, low-income families, and middle class families while stabilizing the housing market and Jeonse price for all social classes through supply of houses and rental service. LH also needs to take the initiative in creating a more eco-friendly urban environment. It should develop its own business model to create a new kind of housing value that private companies simply can't provide. I hope that LH will continue to build trust and earn respect from people as they expand its businesses in these areas.



Materiality Test

Process of Identifying Material Issues & Result

At LH, we are reviewing how our sustainability practice affects our organization and stakeholders on a regular basis. We disclose the progress we make in our annual Sustainability Report and conduct materiality tests in the planning stage to give our stakeholders more focused insights into our practice.



In order to select sustainability issues in a more balanced manner, we have identified material issues based on their relative importance through media analysis, relevant organization benchmarking, review on international standards and internal materials, and T/F interviews.

We have conducted surveys on our stakeholders to confirm the importance of the issues we identified through internal and external environment analysis. Through a series of process, we prioritized 13 material issues based on the level of stakeholders' interest and influence on our business operation.

The level of reporting and boundary of material issues are subject to our internal review to determine their relevance and the level of influence. In addition, our external stakeholders review the appropriateness of reporting process and the validity of data.



Material Issues	GRI G4 Aspect	Aspect Boundary		Page
		Internal	External	
1 Enhancing financial soundness and profitability	Financial performance		Government	26-29
2 Reinforcing anti-corruption and ethical practice	Anti-corruption		Government, partners, customers, NGO, and the public	42-43
3 Building trust with customers	-		Customers	46-49
4 Raising awareness in shared growth with partners	Analysis on the supplier impact to society		Partners	50-51
5 Promoting social responsibility programs with focus on the business	Local community		Local community	52-55
6 Implementing policies for improving housing conditions	Indirect impact on economy	Head-quarters, domestic divisions and regional divisions	Government and local community	30-33
7 Undertaking projects for improving the competitive advantages in land	Indirect impact on economy		Government and local community	34-35
8 Enhancing customer satisfaction	Product and service labeling		Customers	46-49
9 Creating and distributing financial values	Financial performance		Government, partners, and local community	29
10 Reinforcing expertise of human resources	Training and education		-	39
11 Building eco-friendly urban environment	Energy, industrial water, emissions, product and service		Local community and NGO	56-64
12 Carrying out tasks for stabilizing business management effectively	-		Government and the public	26-28
13 Enhancing brand power and awareness	Product and service labeling		-	46-49

02

Strategic Focus for Sustainability

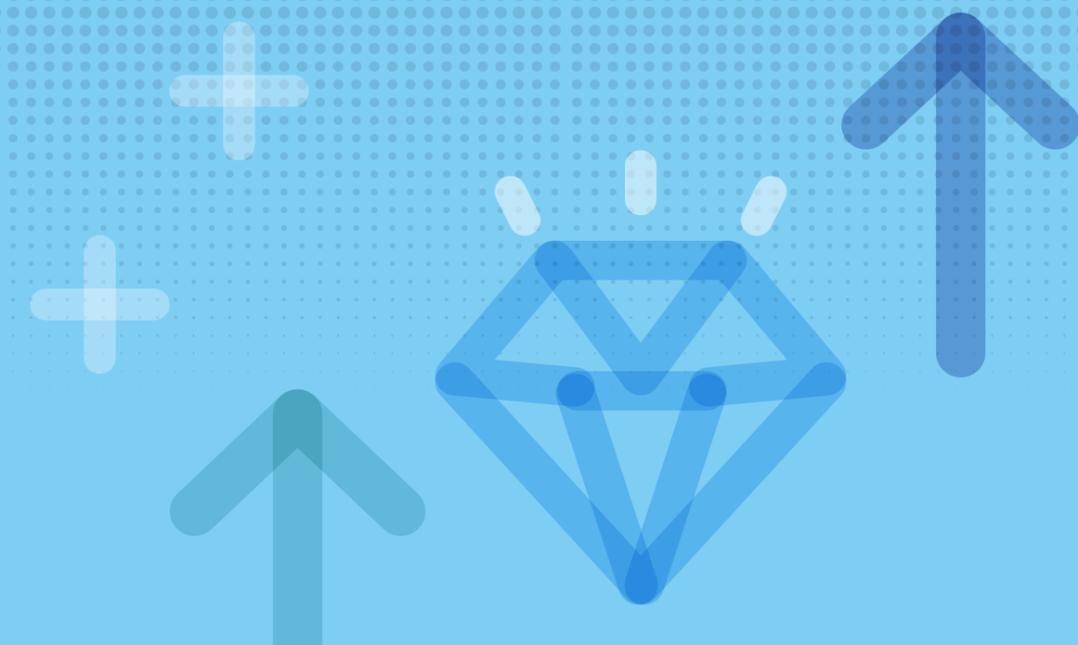


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Strategic Focus for Sustainability

STRATEGY I

“Growth Driver” for Sustainable Value Creation



Why is this strategy important to LH?

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



How do we make our approach?

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



What are the achievements?



Debt cut by KRW **8.6** trillion



Credit rating (S&P) increased to **AA-**



New rental housing units **81,000**



LH's Commitments

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

Management Efficiency & Stability



Business Stabilization Plan

Business Status

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

Debt Reduction Initiative Process

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

Debt Reduction Initiative Process

Implementation Goal	Build a foundation for sustainable growth through business innovation and restructuring.		
Performance Objectives	Implement a debt reduction process	Achieve the debt reduction goals	Build a foundation for debt reduction
Action Plan	<ul style="list-style-type: none"> Plan debt reduction through performance and risk analysis. Reinforce the business management process to reduce debt. Manage risks and conflicts. Deal with financial risk through Financial Risk Management System (FRM) 	<ul style="list-style-type: none"> Align business to long and mid-term plan. Increase the private financing model. Improve profitability through an objective management system and customized sales strategies. Launch corporate-wide cost reduction campaign. Sell more assets through continuous development of new assets and performance management. 	<ul style="list-style-type: none"> Enhance segment accounting system through strategic decision-making. Align financial data with debt reduction plan through segment accounting. Reinforce the responsibility in the management system through financial improvement evaluation by division. Comply with the public corporation total debt amount management system.

Task Force



Task Force

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

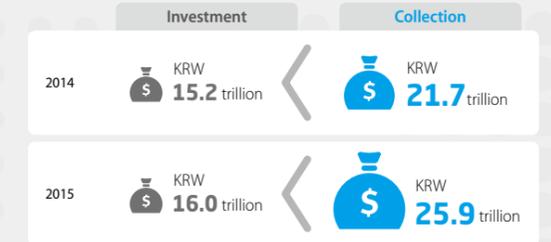
Management Efficiency & Stability
Housing Welfare Service
Competitive Advantages

Stabilization of Management & Financial Conditions

Virtuous Circle of Business Structure

We introduced private financing and performed joint projects with private sectors, reducing our project costs successfully. By increasing the efficiency and productivity in business operation, we reduced the cost while constantly improving quality. On the other hand, we improved the way we collect payment by establishing a competitive sales goal system as well as making efforts to maximize profitability. We also focused on the sales of all our available assets, including long-term unsold land in order to reduce investment and increase the amount we collect. At LH, we are enhancing our financial soundness based on the virtuous circle of business structure for two consecutive years with continuous debt reduction efforts.

Virtuous Circle of Business Structure

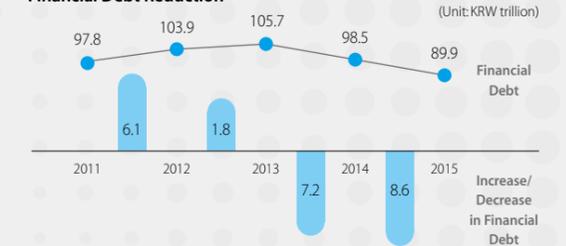


Financial Debt Reduction & Credit Rating

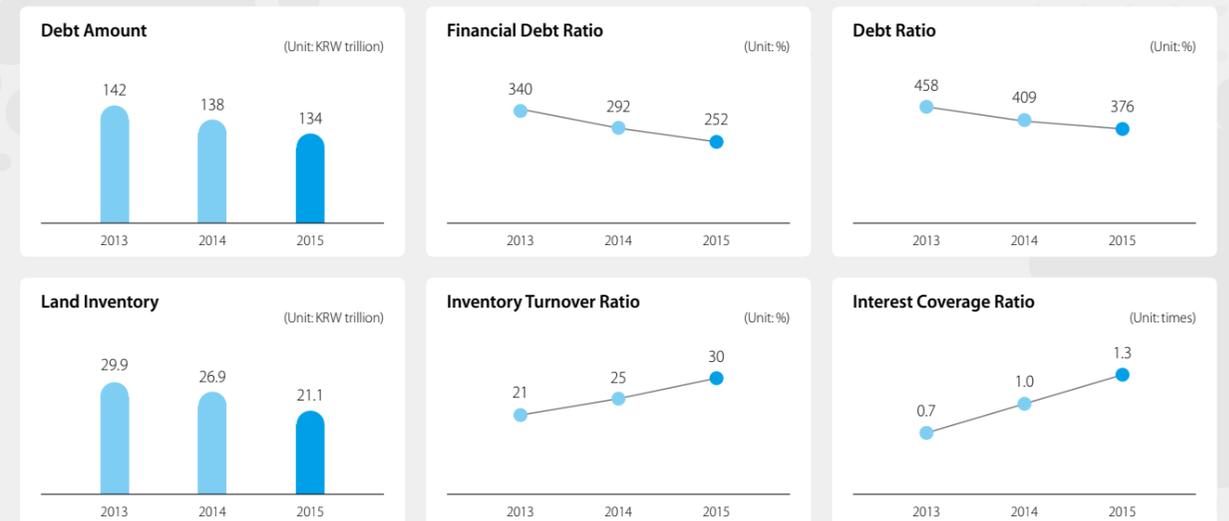
After our long and mid-term financial management plan was established in June 2013, we planned debt reduction in line with the long and mid-term financial management plan in June, 2014. In compliance with the Public Corporation Bond Total Amount System, we reduced the limit of issuance by 50% and reinforced our business management system. To maximize our sales resources, we improved our sales objective management system by incorporating a private competition system as part of our debt reduction plan.

Since we introduced our debt reduction plan 2 years ago, we managed to reduce our debt by KRW 15.8 trillion and received the AA credit rating, the highest rating among quasi-market public companies, from all three credit rating agencies including S&P in 2015.

Financial Debt Reduction



International Credit Rating



Debt Reduction Initiative Progress

Private Financing Business Model

Thanks to our efforts to diversify private financing business models and restructure our business based on the market demands, we were able to build a low-cost business structure with an optimum investment-return rate. We developed business models that promote mutual success with private sectors while maintaining the total project amount as we reduce project cost through their diversification. In 2015, we reduced our project cost by KRW 575.1 billion through private financing and cut project cost by KRW 1,139.5 billion with REITs, which covers land acquisition cost through private financing as part of our debt reduction plan.

Type	Model	Business Method	Project District(Block)
Land	Joint Private Land Development	Develop land jointly with private developers.	1 in 2014 → 3 in 2015 (increase by 2)
	Commissioned Development	Substitute private financing with land.	27 in 2014 → 44 in 2015 (increase by 17)
	Land Substitution Development	Substitute compensation cost with land.	1 in 2014 → 1 in 2015
Housing	Joint Private Housing Construction	Build public rental housing jointly with private developers.	2 in 2014 → 7 in 2015 (increase by 5)
	Public Rental REITs	Build rental housing through REITs private financing.	3 in 2014 → 7 in 2015 (increase by 4)
	Commissioned Construction	Substitute a part of private financing with land.	1 in 2015 (new)
Combined	Land Development + Rental Housing	Include rental housing in joint private land development projects.	1 in 2015 (new)
	Housing for Sales + Rental Housing	Include rental housing in joint private housing development projects.	2 in 2015 (new)

* Real Estate Investment Trusts (REITs): Indirect investing organization that raises a fund from investors and distributes return.

Customized Sale Strategies

LH is the first public enterprise to introduce a sales performance competition system, "Sales Objective Management", for the collection of payment through full-scale sales effort. In 2015, we evolved our system and evaluation indicators to enhance our goals and reached KRW 28.3 trillion in sales with KRW 24.7 trillion in collection. To maintain momentum in sales, we focus on 8 key tasks. We identified these 8 tasks including quality, demands, and prices of unsold land through a cause analysis. As a result, the amount of land unsold for at least 3 years has been reduced by KRW 3.7 trillion, thanks to the sales promotion strategies of each factor.

Cost Reduction through Efficient Management

Lately, we are facing tough challenges as our foundation for earning weakens due to a decrease in project profitability. We are also taking on more burden for utility facilities as required by local governments, as well donating land for building schools. However, the rent for low-income residents cannot be increased, causing more operating loss.

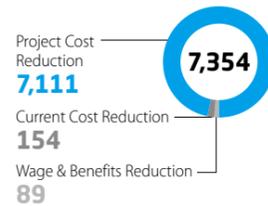
LH's CEO is leading the cost reduction campaign across the entire corporation as we review 157 tasks by division on a regular basis. We are also incorporating continuous value engineering through land and housing project processes in our cost reduction efforts while maintaining high quality. Our employees also take a cut in current cost, wage, and welfare benefits.

Proactive Adoption of Segment Accounting

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

Cost Reduction through Management Efficiency

(Unit: KRW 100 million)



Management Efficiency & Stability

Housing Welfare Service
Competitive Advantages

Generation and Distribution of Economic Value

Economic Performance & Financial Highlights

Classification	Sub-classification	Sector	Unit	2013	2014	2015
Key Economic Performance	Sales	-	KRW 100 million	183,000	212,419	237,572
		Land Development	KRW 100 million	108,922	137,565	175,012
	Sales by Sector	Housing Project	KRW 100 million	61,155	61,982	49,023
		Housing Welfare	KRW 100 million	8,844	10,197	10,997
		Subsidiary Business	KRW 100 million	3,807	2,674	2,540
		Operating Profit	-	KRW 100 million	8,295	11,119
	Net Profit	-	KRW 100 million	7,108	8,479	9,801
Interest Reduction	Interest Rate	Weighted Average Financing Rate	%	3.2	3.0	2.1
Summary of Financial Statement	Assets	Current Assets	KRW 100 million	970,046	921,981	871,677
		Non-current Assets	KRW 100 million	763,429	794,216	827,218
	Total Assets	KRW 100 million	1,733,475	1,716,197	1,698,895	
	Liabilities	Current Liabilities	KRW 100 million	392,928	363,662	481,937
		Non-current Liabilities	KRW 100 million	1,029,673	1,015,146	859,948
	Total Liabilities	KRW 100 million	1,422,602	1,378,808	1,341,885	
	Equity	Capital Stock	KRW 100 million	238,923	257,825	268,492
		Others	KRW 100 million	71,916	79,529	88,483
	Total Equity	KRW 100 million	310,874	337,390	357,010	
	Key Financial Indicators	Growth	Sales Growth	%	(0.5)	16.1
Net Profit Growth			%	(41)	19.3	15.6
Profitability		Return on Asset	%	0.4	0.5	0.6
		Return on Equity	%	2.3	2.6	2.8
Stability		Current Ratio	%	247	254	181
		Quick Ratio	%	26	30	22
	Debt-to-Equity	%	458	409	376	
Productivity	Financial Debt Ratio	%	340	292	252	
	Equity Ratio	%	17.9	19.7	21.0	
Gross Value Added to Total Assets	%	2.6	2.9	3.5		

Value Distribution to Stakeholders

Classification	Item	Unit	2013	2014	2015
Economic Value Generated	Sales	KRW 100 million	183,000	212,419	237,572
Shareholders	Dividend	KRW 100 million	1,228	681	1,515
Government	Corporate Tax	KRW 100 million	0	1	1
Employees	Wage and Benefits	KRW 100 million	5,634	5,527	6,116
Local Community	Local Taxes and Social Contribution	KRW 100 million	3,337	3,820	4,964
Suppliers	Construction Cost	KRW 100 million	115,662	98,688	107,985

Housing Welfare Service



Stabilizing Housing Situation

Increase in the Supply of Rental Housing

In response to soaring Jeonse (lump-sum deposit) and increasing demand for housing supply for low-income families, we are increasing our supply of rental housing and creating a safety net for non-homeowners through welfare housing service tailored to the needs of service recipients. Our rental housing portfolio includes national rental housing, public rental housing, and permanent rental housing, depending on the demands and level of income. Increased supply helps improve the housing situation of socially vulnerable groups. In 2015, we supplied the most rental housing units through diverse options such as Happy Housing and Housing Welfare since the buy-to-let and Jeonse rental service started with 81,000 new rental housing units, which is a 27% increase from the last year.

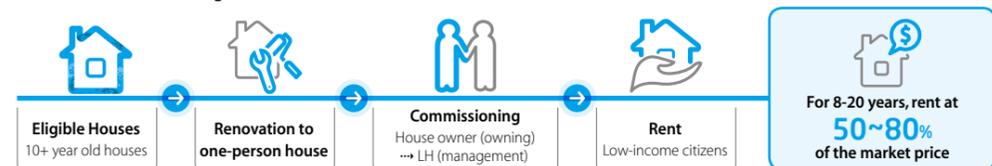
Types of Rental Housing Unit

Permanent Rental Housing	• Low-rent housing that is available as a permanent residence
National Rental Housing	• Rental housing for people who want to own a house
Public Rental Housing	• Rental houses that tenants can buy after renting for 5 to 10 years • 50 year rental option, long-term Jeonse, and rental housing for foreigners
Buy-to-let Housing	• Multi-household houses purchased by LH and rented to low-income families
Low-income Families	• Jeonse houses LH sublets to low-income families at low rent
Newlyweds	• Jeonse houses LH sublet to low-income newlyweds in urban areas
Jeonse Rental	• Rental houses designed to support college students from low-income families
College Students	• Rental houses designed to support college students from low-income families
Children as Head of Household	• Jeonse housing for households headed by children, rental housing provided for the residential stabilization of children as the head of household

Supplying Rental Housing through Renovation

With the increase in one-person households (senior citizens, college students, etc.) and demand for rental housing, large scale rental housing construction reached its limit due to a lack of land in urban areas. Under these circumstances, we are renovating old houses "with their owners" and rent them afterwards. Recognizing that elderly house owners have difficulty financing renovation and have no experience in renting houses, we leveraged our expertise and experience in construction and rental operation. LH supports financing at a low interest rate (1.5%) up to KRW 200 million and manages the renovation process, including designing and the selection of construction companies, while providing services in selecting tenants and collecting rent. With our active promotional efforts and increase in house owners' interest, 358 house owners participated in this program compared to 80 house owners in 2015. As a result, the house owners enjoy a stable income during their senior years while increasing the supply of rental housing for low-income families.

Renovated Rental Housing Model



Management Efficiency & Stability
Housing Welfare Service
Competitive Advantages

Focus Business 1 Happy Housing Project

Q What is the purpose of this project?

A Happy Housing is a public rental housing project that rents houses to college students, newlyweds, and those newly employed in a location with convenient public transportation or a close proximity to the workplace or schools. The project is designed to improve the housing situation of people by extending the benefits under the government's housing policies to more people. It helps improve the quality of living by creating social benefits such as reducing the housing cost for younger people, commuting time, and traffic congestion.

Q What progress has been made?

A LH is planning to supply a total of 140,000 housing units, using the land for public use, urban regeneration, and the land owned by public corporations. The locations are selected by local governments and residents in prior consideration of transportation and the residential environment. In addition, various convenience facilities are built around Happy Housing projects, such as parks, cultural spaces, public childcare centers, and a small library to make the place more culturally vibrant with improved communication, welfare, and public lifestyle. This also creates jobs for local residents with the establishment of social companies and business startup and employment centers. In 2013, 6 locations in Seoul, 1 location in Gyeonggi, and 7 locations in the Seoul Metropolitan Area were designated as trial districts. In 2014, 9 locations (6,230 units) in Seoul Metropolitan Area and 10 locations (7,095 units) outside Seoul were selected to ensure that the housing supply is more evenly distributed across the country. In October, 2015, the first Happy Housing tenant moved in Songpa Samjeon District in Seoul, and we secured various locations (20 locations including Ulsan), thanks to the local governments' participation in the policies.

Project Summary

Classification	Description
Purpose of Supply	Stabilize housing situation and improve welfare for younger generations.
Eligible Tenants	College students, newly married couples, and newly employed people
Housing Size (Area for Exclusive Use)	45m ² or less
Main Location	Location with convenient transportation and commuting distance

Roles of Happy Housing

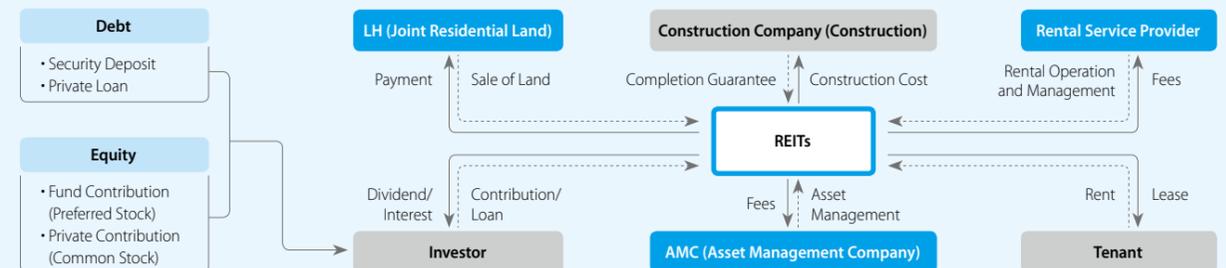


Focus Business 2 New Stay Project

Q What is the purpose of this project?

A New Stay Project is a part of the government's "Housing Innovation Policy for Middle Class" announced in January 2015. This is a housing rental service where the Public Housing Fund and private investors establish REITs together, and REITs purchase LH's land, construct private rental houses and then operate the rental business.

Project Structure



Q What progress has been made?

A New Stay Project is a housing rental service that supplies high quality rental houses in convenient locations with the creativity of the private sector, satisfying both project developers and tenants. LH selected project developers in 3 districts in Hwaseong Dongtan 2, Wiryu, and Gimpo Hangang in April 2015, and private developers were selected for 9,200 units in 10 districts. With the Special Act on Private Rental Housing taking effect in December 2015, more private developers will join the project, thanks to greater access to project loans and tax benefits.

Housing Welfare

Reducing Housing Cost

Jeonse Rent Security System

Tenants of Jeonse rental houses (monthly rent for security deposit) need to deposit additional fund for monthly rent for 12 months, which causes extra burden on their housing cost. LH introduced the Jeonse Rent Security System, which substitutes the 9 month rent with the payment guarantee. The service can be joined using the inclusive security system. The fixed rate applies regardless of the tenant's credit rating while LH bears the guarantee fees. As a result, 5,000 tenants reduced their housing costs by KRW 9.6 billion in 2015.

Rent-Security Deposit Conversion System

With the increased application of the Rent-Security Deposit Conversion System, we are helping tenants reduce their housing costs. The previous system only allows conversion from rent to security deposit; in the new system, tenants can switch to both ways. As a result, a total of 18,447 households benefited from the system while 691 households either used the security deposit reduction program or rent increase program.

Improving Residential Environment

Due to increasing heating and maintenance costs (e.g. replacement of windows and insulation materials) in old buy-to-let houses, LH selects and recommends from the supplies under the "Energy Efficiency Improvement Project" by Korea Energy Foundation to improve the residential environment for tenants. In 2015, we included tenants of permanent rental housing for the program in addition to those of buy-to-let rental housing. As a result, a total of 7,102 households were selected under the program. Each tenant saved KRW 200,000 in heating costs per year.

Residential Support Service Tailored to Customer Needs

Housing Welfare Governance

To improve the quality of housing welfare for the tenants of rental housing, LH established housing welfare governance for each residential complex. LH also provided housing welfare service through the senior citizen welfare program, created jobs, and education programs for youth. In 2015, we expanded this governance to a regional scale and introduced external resources to promote the participation of local communities and provide a more beneficial residential support service. Building upon our role as a coordinator, LH uses efficient resource distribution to ensure the successful implementation of housing welfare service.

On-site Housing Welfare Service

LH signed an MOU with Seongbuk District Office to provide on-site housing consultation service for more than 200 welfare recipients and people with disabilities. Earning a favorable response in 2015, we are planning to formalize the program by creating LH booths at the Housing Welfare Festival next year. Our "On-site Housing Welfare Service" was recognized for its performance and won the Green Construction Award (Ministerial Award from the Ministry of Land, Infrastructure and Transport) in the Housing Welfare Category by the 7th Asia Today.

Creating Jobs for Tenants

The delivery pick-up service using the security office compromises security performance while reducing the quality of delivery service. To resolve this, we implemented the "Silver Delivery Service within Rental Housing Complex" to create jobs for senior citizens, using idle space as a delivery base. As a result, 20 senior employees were able to earn KRW 300,000 per month, and we will continue to create more secure jobs for senior citizens.

Rental Housing Energy Efficiency Project Reduction of Heating Cost per Household



Result of Welfare Service Tailored to Customer Needs



(The 7th Asia Today Housing Welfare Category)

Management Efficiency & Stability
Housing Welfare Service
Competitive Advantages

Result of Housing Stabilization

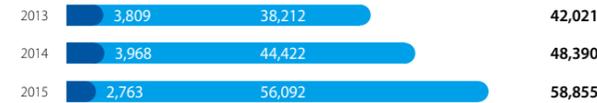


New Housing Supply

Project Approval

(Unit: housing unit)

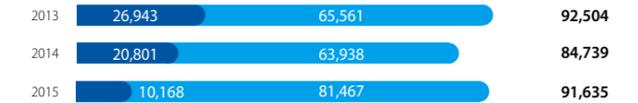
Public Sale Rental Housing



Housing Supply

(Unit: housing unit)

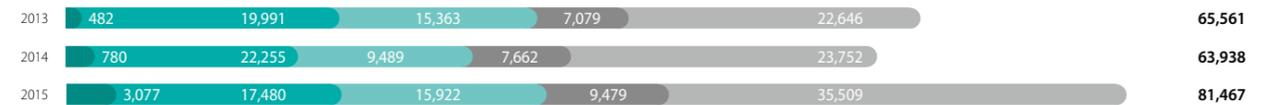
Public Sale Rental Housing



New Rental Housing Supply

Permanent Rental National Rental Public Rental and Others Buy-to-let Jeonse Rental

(Unit: housing unit)



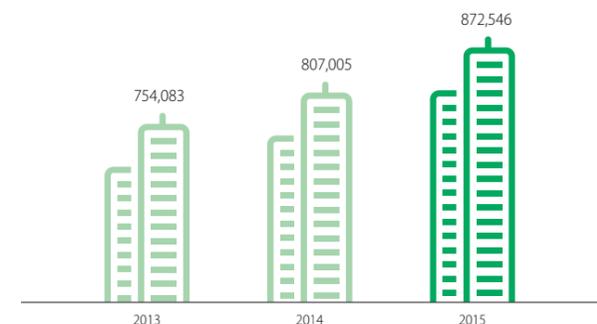
Classification	2013	2014	2015
Permanent Rental Housing	482	780	3,077
National Rental Housing	19,991	22,255	17,480
Public Rental Housing and Others	15,363	9,489	15,922
Buy-to-let Housing (including bankruptcy, urban maintenance)	7,079	7,662	9,479
Jeonse Rental Housing			
Low-income Families	14,283	15,889	25,251
Newlyweds	3,905	3,542	4,624
College Students	3,713	3,650	4,923
Children as Head of Household	745	671	711
Total	65,561	63,938	81,467



Rental Housing Supply

Number of Rental Housing Units

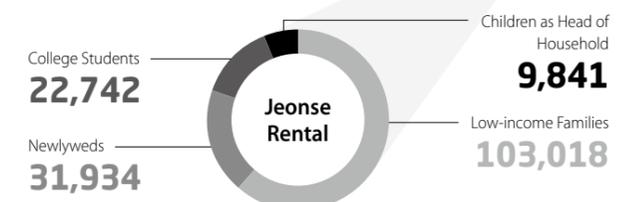
(Unit: housing unit)



Supply by Type Accumulative

(Unit: housing unit)

Permanent Rental National Rental Public Rental and Others Buy-to-let Jeonse Rental



Competitive Advantages

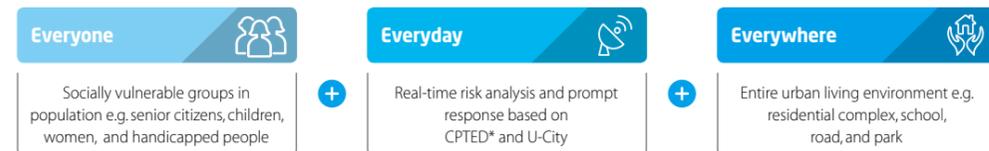


Gaining Competitive Advantages through Urban Development

Developing Safe City

There is an increasing demand and interest in the safety of the residential environment, where there is no blind side from crime, accident, and disaster. At LH, we have established a cooperation system and integrated safety technologies to make each city a safer and better place to live. To achieve this goal, a safe city TFT was organized with the establishment of a cooperation system that includes various research activities, forum for developing a safe new city, and participation in industrial safety exposition, raising awareness in city safety. In addition, we have set planning guidelines for improving our design and safety standards and increasing the safety for handicapped people and children. We also established guidelines for designing schools with a high level of safety, applying CPTED for the prevention of accidents and violence in schools as well as guidelines for making the residential environment safer with protective measures against fires, crimes, and accidents. We are planning to reinforce these guidelines and reduce social cost while increasing the satisfaction of residents and competitive advantages.

Safe City Development Goal



* CPTED (Crime Prevention Through Environmental Design): Techniques and systems of creating an urban environment free of crime from the designing phase

Developing High Quality Specialized City

At LH, we are undertaking the development of a high quality, specialized city with its own identity. We recognize the need for change, and so we are creating parks that can meet the social trends for leisure activities and demands of tenants. We are also introducing a spatial program for designing a family-friendly theme park where everyone—including women, handicapped people, and senior citizens—can enjoy themselves while creating an urban community space that meets trends with automobile campsite and places for companion animals.

Due to the growing interest in traditional houses as part of the new housing culture and alternative to the apartment lifestyle, LH is building Hanok Village, combining its unique traditional identity and functionalities with modernity. LH established a master plan for a three-dimensional structure and floor planning to create the street network based on traditional village concept in Hwaseong Dongtan Hanok Village. We also created a traditional culture theme zone to provide experiences in tradition and education by using the existing Hanok Village in Gimpo Hangang Art Village, thus improving the quality of the city.

Management Efficiency & Stability
Housing Welfare Service
Competitive Advantages

Creating Economic Foundation

Creating Future-oriented Innovative Industrial Complex

The industrial paradigm that used to focus on manufacturing and large-scale development is shifting to small and mid-scale development projects in technology-centric, advanced, and specialized areas. Recognizing the need for a corporate environment in cities that can reflect the characteristics of prospective sectors, we are building a creative economic eco-system and boost local economy with Pangyo Creative Economy Valley, Urban High-Tech Industrial Complexes, and Specialized Local Industrial Complexes.

Pangyo Creative Economy Valley

“Pangyo Creative Economy Valley” is developing Pangyo areas as a creative economic eco-system by creating more space for expansion and improving its infrastructure. With an innovative master plan for creating jobs and promoting growth and communication, we are building a multi-dimensional city in line with corporate life cycles, rather than with the flat structure associated with the conventional industrial complex.

Urban High-Tech Industrial Complexes

Urban High-Tech Industrial Complexes are designated in a city to promote knowledge-based, cultural, and information and communication industries. We have selected 12 urban high-tech industrial complexes nationwide, using the Pangyo Creative Economy Valley as a model to create a foundation for building a creative economic eco-system.

Specialized Local Industrial Complexes

We are creating jobs and boosting local economy in line with the government’s master plan for promoting specialized industries and local development strategies. LH has secured sufficient demands and financial support from local governments while conducting a KDI preliminary feasibility study to develop our three project locations into national industrial complexes.

Regeneration of Old Industrial Complexes

Industrial complexes that have lasted more than 20 years suffer from outdated infrastructure and support facilities. As a result, companies do not receive the support they need on time, causing their productivity to drop. LH serves as a project manager to support the government policies and gain competitive advantages to transform outdated industrial complexes, and we selected our two target locations using our customized project structure.

Boosting Local Economy and Development of Regional Base for Growth

We are supporting more balanced economic growth of our country by creating new economic foundations in regional bases. The relevant laws have been revised to promote investment in the Free Economic Zone Development Project, creating a foundation for sustainable growth and increasing value with the market-oriented investment environment. To create local economic bases for sustainable growth, we selected new project locations, including Myeongji in Busan as a preliminary location, Yeongcheon High-Tech Park in Gyeongbuk and Danbong in Donghae, carried out a feasibility study, and secured financial support from local governments.

In response to the shift of the government policies from central government-led development to local government-led development, we have created a business opportunities development system with local governments to strengthen the relationship for shared growth. We also established a local development support center to plan and support local development while exploring locations for development through the incubating system. By maintaining a close relationship with the government and local governments, we promote the government’s development policies while securing the best project locations and helping local governments to meet demands as part of our sustainable growth development strategies.

Master Plan of Pangyo Creative Economy Valley



Strategic Focus for Sustainability

STRATEGY II

“Human-centered Corporate Culture” based on Transparent and Ethical Practice



Why is this strategy culture important to LH?

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



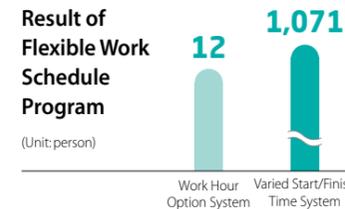
How do we make our approach?

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



What are the achievements?

【 HR-centered Practice 】



【 Fair Labor Practice 】



First Large Public Corporation to Introduce Wage Peak System

【 Ethical & Transparent Practice 】



Overall Integrity Rating **7.77** (Grade 4)



LH's Commitments

- ✓ Create a reliable and performance-oriented corporate culture based on strong HR system.
- ✓ Continue to foster talented individuals with our constantly evolving training strategies.
- ✓ Implement anti-corruption practice.

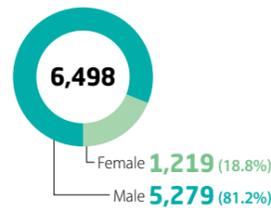
HR-centered Practice



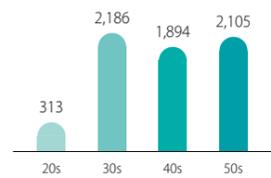
Flexible Employment

Identifying "LH Path-Finder" as an ideal candidate for our employees, we hire talented individuals who can work together to achieve our mission and vision in a fair and transparent manner. In 2015, we recruited 10 new employees based on their job performance level in accordance with our HR management plan and changes in business environment. We respect the diversity and human rights of our employees and do not discriminate based on their gender, age, religion, educational background and physical disability while ensuring full compliance with Labor Standard Act and International Labor Organization (ILO) on the prohibition of forced labor.

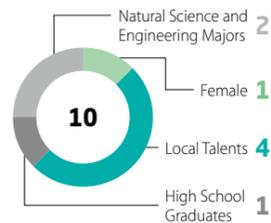
Employment Status - Gender Ratio (Unit: person)



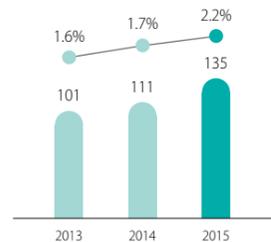
Employment Status - Age Ratio (Unit: person)



New Regular Recruits (Unit: person)



Ratio of Female Managers (Unit: person)



Employment Status

Classification	2013	2014	2015	
Total Number of Employees	Regular	6,495	6,366	6,188
	Non-regular	326	1,445	1,479
	Unlimited Contract Workers	168	250	310
Gender Equality	Ratio of Female Regular Employees	1,225(18.9%)	1,243(19.5%)	1,219(19.7%)
	Ratio of Female Managers	101(1.6%)	111(1.7%)	138(2.2%)
Socially Vulnerable Groups	Ratio of Physical Disabilities in Regular Employees	4.9%	4.0%	4.0%
	Youth Interns	546	318	350
Creating Jobs	Senior Employees	3,000	2,000	1,000
	Workers in Short-term Employment	102	2,274	603

Meanwhile, LH is increasing job opportunities for socially vulnerable groups to embrace equal opportunities and diversity in the workplace. In response to the increase in aging population and poverty of senior citizens, we have hired senior citizens (55 years of age or older). In 2015, 1,000 senior employees were assigned to social welfare services including tenant research and support for senior citizens living alone.

Fair HR Management

At LH, we established performance-based HR system and ensure equal opportunities and fair performance evaluation while preventing any discrimination based on their gender and disability. For employees with the same job grade, we apply the same wage and welfare benefits. Each employee is evaluated by others whose grade is higher, lower and the same for more objective performance evaluation and we have introduced Clean HR System which allows our employees to report any prohibited activities concerning promotion and resolve any irrational elements in our HR system. The first and second grade promotion applicants can promote their job performance and achievement using the "PR Plaza" which any employees can access and leave their comments as part of our efforts to ensure more reliable and fair evaluation. We have increased the number of female managers and established a goal to reduce the time it takes for female employees to get a promotion since 2014. As a result, the ratio of female managers keeps increasing each year.

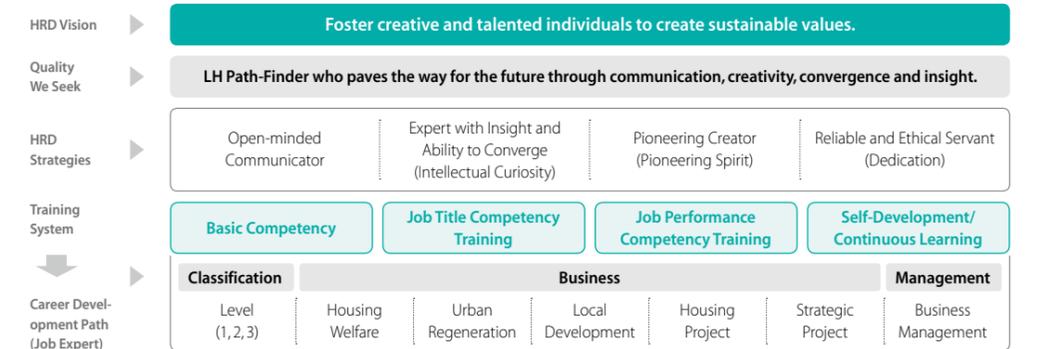
HR-centered Practice
Fair Labor Practice
Ethical & Transparent Practice

Talent Development System

HR Development Strategies

Due to changes in the social and population structure, the political paradigm is shifting to demand-based qualitative growth and large-scale development projects become less prevalent while there is an increasing demand for housing welfare and urban regeneration policies. We have declared Vision 2030 with aim to create a foundation for sustainable growth. At LH, we are fostering and developing talent within our organization in order to proactively respond to changing business environment by setting a new standard and training plan for our employees.

HR Development System



Fostering Core Talent

At LH, we established various training courses in line with our training strategies to develop our human resources. To strengthen our management strategies for resolving management issues and future business development, we have created 11 training programs in such areas as debt reduction, promotion, new growth driver, business strategy, new business model and technology as well as 40 training programs in 4 key areas including housing welfare, business and technology, fundamental job task and specialized expertise. In addition, we support our employees to get qualified for Housing Welfare Agent to improve their expertise in housing welfare.

Customizing Training Program

We customized our training programs by identifying the needs of employees and the demands for job training by team while developing the key expertise through competency analysis. Rather than focusing on theoretical training, we have implemented more practice-based training programs as well as programs in a more advanced level. We also introduced mobile and cyber training, and interactive open learning program known as "Doggaebi" as part of our continuous training system while establishing programs by position and career experience for more timely training performance to meet the demands of trainees.

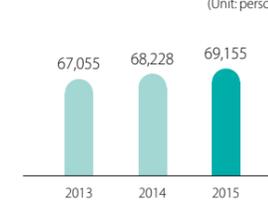
LH University (Internal Training Institute)

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

Training Cost per Person (Unit: KRW 1,000)



Number of Trainees (Unit: person)



Training Program by Position

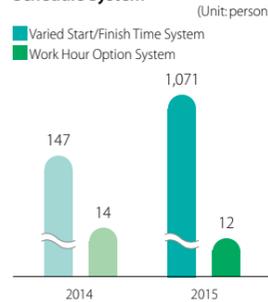
Executive Officer	Breakfast Forum(Economy, ICT, Humanities, History, etc)
Promoted	Key Competency Development for Grade 2 and 3 Promoted
Grade 6 or Less	Practical Knowledge, Teamwork and Customer Satisfaction Improvement
Employees without College Degree	Land & Housing University (First 4 Year Degree Course for Public Corporation)
Privileged Position	Understanding Public & Personal Affairs, Organizational Loyalty Improvement
Dispatched Position	MOT Competency Improvement, Mobility Service Competency Improvement

Training Program by Career Experience

Employees in their 10 - 15th Year	Health, Parental Education, Financial Planning
Employees in their 15 - 25th Year	Financial Planning, Business Startup & Reemployment, Health
Employees in their 25 - 30th Year	Financial Planning, Business Startup & Reemployment, Farming Business
Potential Retirees (including Wage Peak System)	Job Transfer, Business Startup, Retirement and Change Planning

Work-Life Balance

Result of Flexible Work Schedule System



Balancing Personal and Professional Life

As we relocated our headquarters to Jinju, many of our employees had to move from their home and some of them took a temporary leave. We were concerned about the availability of human resources and their productivity and level of satisfaction being compromised. To help our employees balance their professional and personal life, we improved the flexibility in our working and leave system. We added more types to our Varied Start/Finish Time System for employees living in Seoul Metropolitan Areas and lifted the limitation on the reasons and terms of our Work Hour Option System to increase their flexibility. In addition, we have introduced a time-based leave system so our employees can use their leave based on time instead of day and defer their unused annual leave to the next year. As a result, we helped our employees improve the quality of life as 1,071 employees used the flexible work system in 2015, a significant increase from last year's 147 employees while 38% of the leave usage was based on time.

Result of Leave System



Making Healthy Workplace

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

Securing Healthcare and Safety of Employees

At LH, we established the Industrial Safety and Health Committee to implement guidelines for the safety and healthcare of our employees in compliance with Occupational Safety and Health Act, Labor Standard Act, and National Health Insurance Act.

We also maintain the safety of our workplace according to the our internal safety and disaster prevention regulations while conducting Workplace Risk Analysis and Occupational Safety and Health Training on a regular basis. We also carry out a regular health checkup at least once a year and established the "Occupational Safety and Health Center" to improve the level of healthcare for our employees. Our obesity control program and stress counseling program are also available as part of our employee healthcare plan.

Best Practice

First Large Public Corporation to Introduce Wage Peak System

At LH, we organized a task force to introduce the Wage Peak System by taking a corporate-wide initiative through open communication. The management openly communicated with employees through regional division presentation, special conversation with all employees, and an emergency management meeting while we discussed the ways to reach an agreement through the labor communication channel and joint labor-management council. With the decision from the union for public benefit, we were able to introduce the system on August 28, two weeks earlier than expected.



HR-centered Practice
Fair Labor Practice
Ethical & Transparent Practice

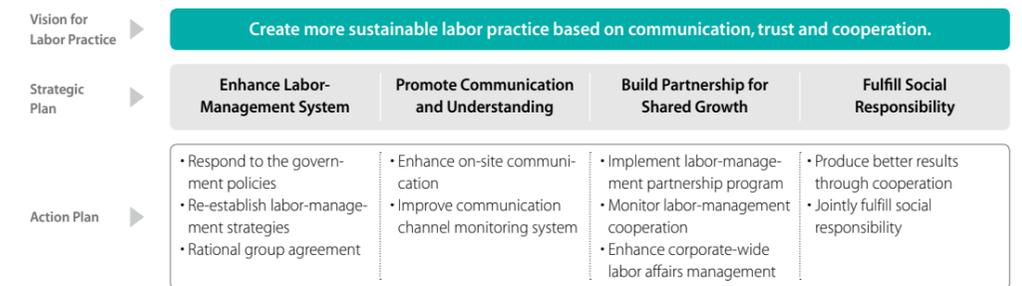
Fair Labor Practice



Labor Practice Strategies

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

Labor Affairs Improvement Strategies



LH Labor Unions



Number of Labor Union Members



Rational Labor-Management Relations

Our labor-management relations are based on the laws and principles as we meet demands if they are acceptable from the public perspective and improve any unfair labor practice through continuous monitoring. We acknowledge multiple labor unions as LH integrated union consisting of the employees employed the first and second year was established creating a new paradigm in our labor-management relations since the integration between Korea Land Corporation and Korea National Housing Corporation.

At LH, we comply with the labor laws protecting the rights to organize and engage in collective action or collective bargaining. We also promote fair competition between unions to support new unions. In addition, we established the Standard Collective Agreement (Draft) and signed the uniformed working condition agreement to encourage lawful union activities and prevent conflicts to ensure fair labor practice.

Labor-Management Communication

At LH, we promote more effective communication by screening channels based on their practicality. We verify the effectiveness of each communication channel and decide whether to maintain the channel and are building a more efficient communication system by ensuring direct communication with the management, communication across generations and origins, and bottom-up communication. In this way, we enable our employees to deliver their opinions to the management.

Ethical & Transparent Practice



Ethical Management System

Strategies

At LH, we ensure that all our decision making processes and conduct reflect the highest level of ethical standards based on transparent and fair corporate culture. We fully comply with all applicable laws and regulations, and treat every individual fairly with respect according to our ethical practice guidelines.

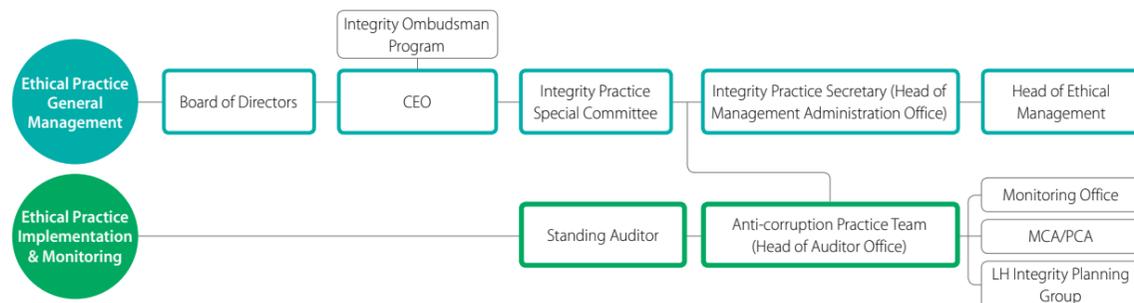
Ethical Management System



Organization

Our organization for ethical management practice is divided into the roles of general management and monitoring. The Integrity Practice Special Committee and the Integrity Practice Secretary which report directly to CEO were organized to implement ethical policies corporate-widely, and increase the level of ethical practice.

Ethical Management Organization



- HR-centered Practice
- Fair Labor Practice
- Ethical & Transparent Practice

Creating Ethical Business Culture

For anti-corruption practice using a proactive prevention system, we are operating ethical training programs customized for LH. With five new programs for ethical practice, we offer online training for all the employees along with one-on-one CA (Clean-up Agent, On-site Integrity Leader) sessions in 24 locations nationwide as part of our on-site training plan. We have established or reinforced our demotion system, group responsibility system, and incentive deduction system while setting a bribe return and report system, and an integrated reporting center "Green Light" as part of our anti-corruption efforts.

At LH, we are also working hard to create ethical culture which encourages participation of all our employees. We established the 2nd day of June and the 1st week of June as Ethics Day and Week, and reward participants with miles under One Case per Day Program to promote employees' voluntary participation. We also organized a contest for ideas on ethical management, where we collected ideas from 466 employees. The winning idea, "Ethical Login System", will be reflected in our ethical management plan next year. We mandated the Redface Test, which had been prepared to raise more awareness of those who are dispatched or on short-term employment to include the relevant employees, in order to check their understanding in the code of ethics and promote our ethical culture.

Ethical Culture Promotion Activities



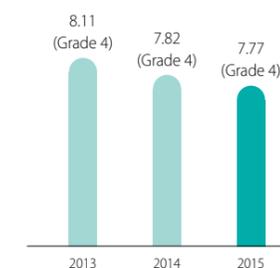
Performance & Monitoring

At LH, we have strengthened our integrity monitoring process to manage our progress and performance. With pre-monitoring request process for the Integrity Ombudsman Program regarding ethical practice, we are using an external pre-monitoring system while reinforcing our ethical management system in response to external evaluations such as sustainability evaluation, anti-corruption measure evaluation and integrity survey from Civil Rights Commission. We scored 7.77 for our Overall Integrity Survey in 2015 which is slightly lower than the previous year (7.82 in 2014). We promise to further improve our ethical practice and build our reputation as an ethical public corporation by taking necessary anti-corruption measures and addressing our vulnerability in five key areas, as well as carrying out various activities including the outside participation of disciplinary committee and status check of subcontractors.

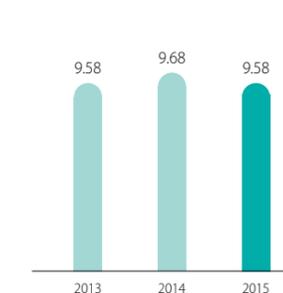
Sustainability Survey



Civil Rights Commission Overall Integrity Rating



Internal Integrity Rating



Anti-corruption Evaluation Result



Strategic Focus for Sustainability

STRATEGY III

“Quality of Life Improvement” through Social Responsibility



Why is this strategy important to LH?

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



How do we make our approach?

The most important value we create for our customers is satisfying them with the products and services we deliver while stabilizing the housing supply in the market. To this end, we have created a customer feedback process which serves as a platform for customizing our service and improving its quality.

We also share our expertise and competitive advantages with our partners and public organizations as part of our contribution to our country's economic growth. Undertaking the tasks identified by our shared growth plan, we optimize our business practice to help small and medium-sized companies to develop their technological expertise. We also purchase their products while increasing their opportunity to participate to build a collaborative culture between public corporations and small and medium-sized private companies.

It is also important for corporate citizens to fulfill its social responsibility and strengthen the support from local community. We are building trust and confidence in our social responsibility programs by improving the quality of living for our local residents and promoting the values of sharing and participation.



What are the achievements?

[Public-service Customer Satisfaction Index]



Public-service Customer Satisfaction Index

90.7
(Grade A)

[Shared Growth]



Purchase from Small and Medium Companies

KRW **6,496.8** billion
(59.2%)

[Contribution to Local Community]



Total Community Service Hours
54,233 hours



Social Responsibility Spending
KRW **7.2** billion



LH's Commitments

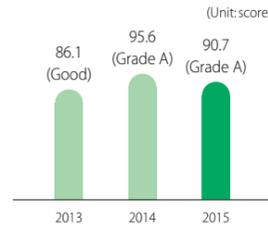
- ✓ Maintain Grade A in customer satisfaction index by improving the quality of our service.
- ✓ Protect the customer data and information by building separating networks.
- ✓ Explore and develop tasks for shared growth in line with LH's business strategies.
- ✓ Develop performance index for social responsibility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

Customer Satisfaction



Customer Satisfaction System

Public-service Customer Satisfaction Index (PCSI)



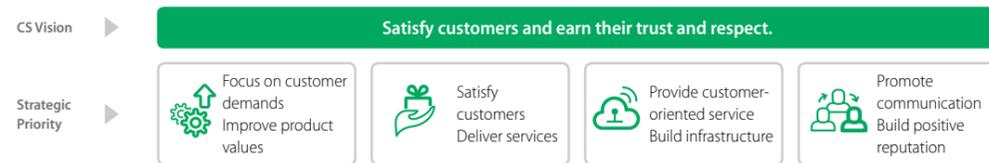
Strategies

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

CS Training Status



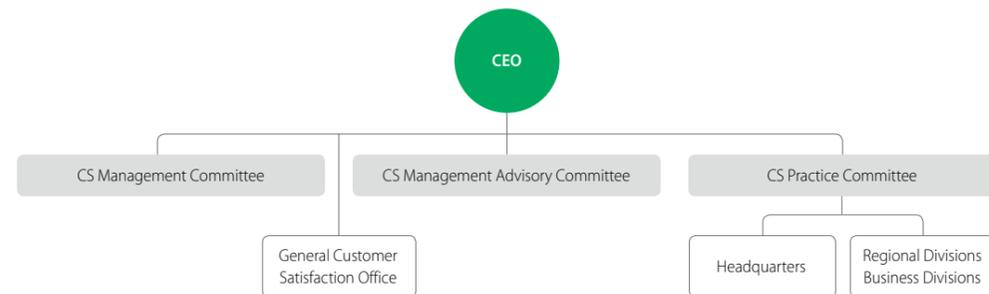
Customer Satisfaction Strategies



Organization

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

CS Organization



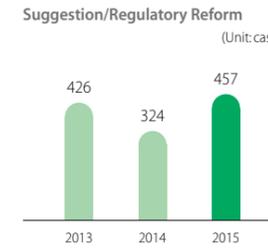
Customer Satisfaction
Shared Growth
Contribution to Local Community

Customer Communication

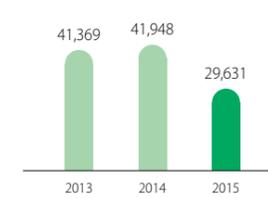
VOC Management Process

To integrate our VOC (Voice of Customer) management process including consultation, purchase and complaints, we have established a VOC process. Feedbacks from customers are collected in real-time through various communication channels for prompt response and review. Complaints and suggestions we identify through the VOC system are shared with relevant divisions for their reflection in LH's long and mid-term strategy planning.

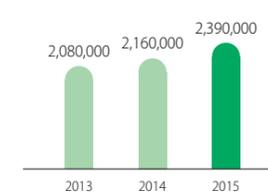
Number of VOC Handling Cases



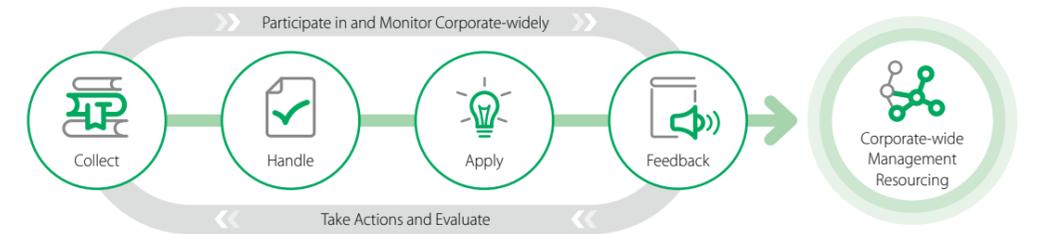
Public Complaint



Call Center



VOC Handling Process



Communication Channels

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

LH's Commitments

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

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

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



Customer Communication Channels



Customized Service

One-stop Housing Welfare System



My Home Portal

In December 2015, we launched the one-stop housing welfare information system “My Home” (<http://www.myhome.go.kr>) so people can access the information about housing welfare. My Home is an upgraded version of the Rental Housing website service which provides information about public rental housing allowing people to more easily access the information spread across the Ministry of Land, Infrastructure and Transport, LH, Korea Housing & Urban Guarantee Corporation and local governments according to their needs. We have integrated the government’s housing policies in five key areas including Happy Housing, New Stay, Housing Allowance, and Fund Loan in addition to the information provided by the Rental Housing Portal about public rental housing (location, size, eligibility, rent), rental announcement, annual supply plan, and waiting list.

We have established a call center and offline service center for those who cannot access the internet. We have upgraded the LH Call Center to My Home Call Center and provide the information on general housing policies provided through My Home Portal including New Stay, Housing Allowance and Happy Housing. In addition, we are operating 36 My Home Call Centers nationwide with professional service representatives to provide more comprehensive offline consultation.

Mobile Web Service for Jeonse Rental

As the number of rental housing units reached 100,000 and the supply cannot keep up with increasing demands, we have launched the Jeonse rental mobile service to help tenants share information. The Jeonse rental housing system allows tenants to choose the house they want to rent, and LH arranged the contract and re-rents to the tenants. Despite its popularity, as the market trend is shifting to monthly rent, people are having a difficult time finding the Jeonse houses. With the Jeonse Rental Mobile Web Service, anyone can search rental listings, read news and rental announcements, and look up legal information on rental housing free of charge by using their mobile devices. It helps tenants to save their time and cost while increasing the level of customer satisfaction.

Information Security System

As cyber security threats and the risk of hacking continue to grow each year, the government is strengthening their security policies. In response to these security measures, we built an information security system and organized a task force to enhance our management system. We upgraded our response system to prevent security compromise and information security infrastructure while raising security awareness and monitoring performance as part of our four key strategies; we also designated an information security supervisor and security manager for each division. To increase the security awareness of our employees, we conduct an audit on information security and training program while providing instructions on security vulnerabilities and personal information protection on PC on the Cyber Security Day each month. In addition, we distribute the manual for personal information protection and protocol for the use and disclosing personal information and conducted training sessions 14 times in 2015. In each quarter, we perform “Personal Data Clean Day” to raise awareness in security related matters and a self-check program. In 2015, we achieved zero security accident following the last year and scored 94.25, an “Excellent” rating, for Personal Information Protection Evaluation as recognized by the Ministry of Interior.



Product & Service Quality

Establishing Culture for Shared Growth and Fair Practice

At LH, we introduced “Tenant Reverse Evaluation Program” where customers participate in repair service to improve the quality of houses and service. The system allows tenants to evaluate the repair service of the construction company, and we use the results to reward and penalize the companies. In 2015, we conducted the evaluation on 32 apartment complexes with 26,148 units for a total 51 times (1st and 2nd).

We held LH Customer Quality Award to present awards to companies, staffs and managers with superior performance and issue a letter of warning to the companies responsible for material defects and poor workmanship and increase the penalty system for tender qualification. We conducted service training programs for the staffs in contact with customers to ensure that each customer receives prompt, professional, friendly and courteous service. They include maintenance service managers, CS managers from our suppliers and purchasers and they were trained on dealing with customers, conversational skills, mind reading and importance of communication. In 2015, we conducted 4 training sessions in 5 regions and 549 people completed the training, and 104 of them were qualified as excellent managers. As a result, we managed to reduce the maintenance period from 24.4 days to 9.5 days by 14.9 days and increase the completion rate from 61% to 92% by 31%p, thanks to our process innovation. We expect to raise more awareness among construction professionals when it comes to the overall maintenance work process.

Innovative of Maintenance Work Process



Safety of Housing Complex

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

Housing Complex Safety Guidelines

	Crime Safety	Fire Safety	Living Safety
Key Issues	<ul style="list-style-type: none"> Restrict access of outsiders. Install guard offices, lights and CCTVs Design to ensure natural monitoring 	<ul style="list-style-type: none"> Design in consideration of fire prevention and evacuation Plan the accessibility of fire engines Install air safety mats and descending life lines 	<ul style="list-style-type: none"> Prevent accidents by installing safety rails Prevent slip and door pinching Separate the traffic of pedestrians, bicycles and vehicles
Safety Design for Zero Accident	<ul style="list-style-type: none"> Apply the vehicle entry control system in Seoul Metropolitan Areas. Install the playground monitoring system. 	<ul style="list-style-type: none"> Install fast response smoke detectors Design the disaster announcement system in parking lots Adjust the height of life lines and install platform 	<ul style="list-style-type: none"> Change the material for living room lights (reinforced glass to acryl) to reduce fall damage Prevent electric shock with safety outlet

Shared Growth



Shared Growth System

Strategies

At LH, we established a shared growth system to promote the sustainable development of public corporations and small and medium-sized companies and contribute to the economic development of our country based on the government policies and organizational missions. Each year, we set our goals and missions and reflect them in our business plan while fulfilling our social responsibility through fair distribution of profit and business operation. In 2015, we selected 32 action tasks with 4 strategic goals and completed 30 of them. We will continue to strengthening our corporate-wide shared growth system in line with our business plans and goals while developing tasks for shared growth that distinguish us from other organizations.

Shared Growth Strategies



Organization

At LH, we hold quarterly meetings and occasional unscheduled meetings with Shared Growth Committee as a central coordinator to track and support the progress. The Small and Medium-sized Enterprise Support Group and task managing teams are in charge of securing the resources for shared growth through regular review and monitoring as well as feedback process. In addition, we have established an effective framework for cooperation and Shared Growth Center as a communication channel to collect feedback from small and medium-sized companies.

LH's Commitments

Deliver our best efforts to create a sustainable management system to pave the way for our future. Achieve the following goals to create a sustainable corporate ecosystem and ensure cooperation with small and medium-sized companies for creative economy.

- ✔ Recognize small and medium-sized companies as our partners for sustainable future and provide support through continuous communication and system improvement.
- ✔ Help small and medium-sized companies to gain a competitive edge in the global market through technological support and increase in the sales channel.
- ✔ Promote communication among participants and prevent unfair practice while complying with laws and regulations to create a more sustainable culture for shared growth.
- ✔ Create new values for shared growth, recognizing the growth of small and medium-sized companies as our own. With these missions as our top priority, we promise to put our best efforts in achieving the goals for shared growth and sustainable future with small and medium-sized companies.

Customer Satisfaction
Shared Growth
 Contribution to Local Community

Progress in Shared Growth

Culture for Shared Growth and Fair Practice

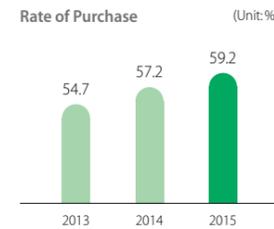
At LH, we are creating a culture that promotes shared growth and fair practice by improving our system and supporting small and medium-sized companies. In 2015, we reduced the license fees for our technological development support projects and improved our payment system for supplies under trial operation conditional contract to help small and medium-sized companies maintain financial stability. In addition, we reduced the land size for the Innovation City Cluster to help small and medium-sized companies move in. We also supported the test-bed for new technology for reducing the noise between floors while increasing the opportunities for them to undertake projects by including their expertise and reliability in addition to the construction capacity when selecting sub-contractors.

Building Foundation for Shared Growth

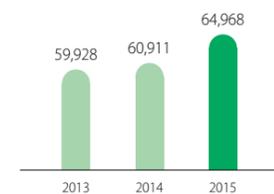
As the industrial complex plan for Pangyo Creative Economy Valley has been approved, we expect to see the construction of Public Knowledge Industry Center (KRW 140 billion) and Enterprise Support Hub (KRW 290 billion) in 2017 while supporting small business startups and their growth. In addition, we signed the agreement for private and public joint investment at an amount of KRW 6 billion and financed KRW 1 billion for two corporate proposal tasks and one demand research task. If successful, the technologies will be purchased. We expect to improve quality while reducing cost, and small and medium-sized companies can secure their sales channels as well as financing for their technological development. These efforts will further enhance the cooperation between public corporations and small and medium-sized companies.



Purchase from Small and Medium-sized Companies



Total Purchase Amount (Unit: KRW 100 million)



Implementing Cooperation Development System

At LH, we are complying with our purchase quota of small and medium-sized companies under the government policies by designating the public purchase support manager. In 2015, we purchased KRW 6,496.8 billion from small and medium-sized companies, exceeding our target of KRW 6,289.1 billion. With The Green, we are operating an exhibition center to promote 12 new technologies and materials and 12 new NEP certified products while providing an opportunity to promote 33 technologies from small and medium-sized companies by organizing a festival for technological innovation as part of the share growth plan.

We established "Construction Technology Center (<http://sjj.lh.or.kr/>)" to help small and medium-sized companies to promote their technologies with strong financial and technological impact and excellent performance and quality in real-time. At the Construction Technology Promotion Room, companies can register their eco-friendly products certified for environmental protection, excellent recyclability (GR), new technologies in transportation, fire-prevention, electric power and technological development products such as NET, NEP and EPC certified materials and processes for the purchase from public organizations (mandatory). We review and purchase the listed products and encourage the use of superior construction technologies of small and medium-sized companies.

Creating Ethical Eco-system for Construction Industry

We are reinforcing the role of overseeing our payment process by promoting advanced payment system and fair business practice. We implemented Labor Cost Split Management System with banks to promote our payment confirmation system while applying restrictions on companies which delay payment to their workers as part of our efforts to prevent delay in paying labor cost. As a result, the number of delayed payment cases reduced by 70% in 2015, and the second trial system will be implemented in 2016 followed by corporate-wide full implementation in 2017.

We implemented special inspection programs to prevent violation of our subcontract regulations and uncovered 20 violation cases in 10 construction sites while strengthening our surveillance and preventive measures against unfair practice through a workshop for staffs from Unfair Subcontract Resolution Center. In addition, we held the Clean Council for Share Growth 16 times in 8 regional divisions nationwide and collected 50 feedback reports from 315 attendees including the site supervisors. Their feedback will be implemented in our organizational operation after review.

Contribution to Local Community



Social Contribution System

Strategies

As a corporate citizen that recognizes the value of sharing and caring, we dedicate our best efforts to fulfilling our social responsibility and building trust with the public. Based on our founding principles and areas of business, we created our social contribution system promoting the support and cooperation with our local community.

Social Contribution Strategies



Organization & Foundation

At LH, we are actively pursuing our social contribution programs with our CSR Corp and 25 nationwide LH Sharing Volunteer Corp and organized CSR Advisory Committee which serves the role of monitoring its progress.

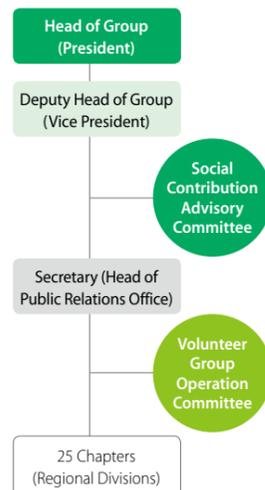
Voluntary Resource Procurement of Employees, Nanum Fund

Our social contribution activities consist of employees' voluntary involvement and service to local community based on LH Sharing Volunteer Corp. Our employees voluntarily donate from their monthly wage within 1-50 accounts (KRW 1,000 per account), and LH donates the same amount to match their donation. The fund is donated for the relief efforts of national disaster and social issues or used as a financial resource for LH Sharing Volunteer Corp, In 2015, 4,968 employees (79%) donated KRW 340 million.

Increasing Employee Involvement

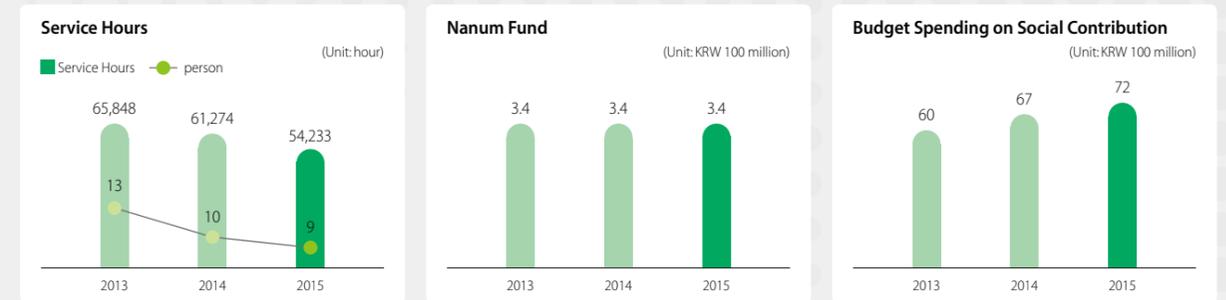
To encourage more employee involvement, we are managing the performance indicator for their social contribution such as One Brand per Division Campaign and Level of Social Contribution Efforts based their social service hours while introducing an incentive system through which we reward our teams or individual employee for their social contribution efforts. In addition to our corporate-wide social contribution efforts including LH Happy Loan, School Meals for Children, and Sharing Love and Filling Happiness Campaigns, each regional and business division develops their own social contribution campaigns such as bathing, distribution of food, and donation of talent. In 2015, we completed a total of 54,233 hours in community service with 9 hours per employee.

LH Volunteer Group



Customer Satisfaction
Shared Growth
Contribution to Local Community

Result of Social Contribution



2015 Key Activities



- ① Kimchi Sharing Campaign
- ② Joint Wedding
- ③ Serving Meals during School Vacation
- ④ Sharing Briquettes
- ⑤ Keeping Winter Warm
- ⑥ Vegetable Garden Sharing
- ⑦ Child Mentoring
- ⑧ Eco-Friendly Communities
- ⑨ Scholarship Fund for Rental Housing Families
- ⑩ Local Childcare Center
- ⑪ Yeolin Concert
- ⑫ Keeping Warm Campaign
- ⑬ Sharing of Rice
- ⑭ Tteokguk for Lunar New Year
- ⑮ Donation for Korean Thanksgiving Day

LH's Social Contribution Activities

- Improving Housing Welfare
- Creating Jobs
- Enhancing Shared Growth

Our social contribution activities are divided into areas of housing welfare for fulfilling the needs of rental housing tenants, creating jobs and shared growth through cooperation with other organizations. As a corporate citizen that promotes the value of sharing and social involvement, we promise to fulfill our social responsibility and continue to earn trust from the people.

ROK Air Force Education & Training Command

Helped to local communities through private and military cooperation and mutual support.

- Signed One-Company-One-Barrack exchange agreement and held "New Year Musical Concert for Jinju Citizens."
- More than 800 citizens in Jinju attended the event.
- 50 people from vulnerable groups were invited.

Gyeongsang National University Hospital

Provided medical service for children and senior citizens from low-income families in Jinju and Gyeongnam.

- Raised Happiness Fund (KRW 50 million).
- Provided medical support and operated 6 patients with incurable disease.

Local NGO

Formed cooperative relationships with local NGOs.

LH provides support and sponsorship while local NGOs select recipients.

- Donated 100,000 briquettes for 334 low-income families. (Sharing Briquettes of Love HQ)
- Sponsored Jinju Namgang Lantern Festival. (Jinju Culture & Art Foundation)
- Renovated houses for 3 independence patriots as part of the celebration of the 70th anniversary of Independence. (Love Korea Foundation)

Jinju City

Organized social contribution campaign in cooperation with local governments.

Jinju City selected the recipients and supported local farmers.

- Donated KRW 30 million in Onnuri Gift Certificates for 300 households.
- Installed heating facilities for 40 households for the winter season.
- Donated 20,000 cabbages of Kimchi for 6,000 low-income families.
- Organized a local trading market for 7 times.

Youth

Adolescents

Adults

Senior Citizens

Local Childcare Center

Established local childcare centers within the public rental housing complex to provide childcare service and education for low-income families.

Number of Operating Facilities	Number of Social Workers Employed	Number of Recipients
29	57	638

Scholarship Program for Tenants

Provided scholarship for college students from low-income families so they can focus on their education.

Total Annual Scholarship	Annual Scholarship per Person	Number of Recipients
KRW 350 million	KRW 130 million	270

Joint Wedding for Tenants

Organized wedding ceremonies and honeymoon for rental housing tenants, multi-cultural families, and local residents.

Number of Weddings Annually	Number of Recipients
12 (accumulative)	300

Senior Employment

Employed senior citizens for providing care for senior citizens living alone and facilities maintenance in the rental housing complexes.

Number of Senior Citizens Employed
1,000

Child Mentoring Program for Rental Housing

Provided mentoring programs on education and career counseling for children from low-income families in collaboration with local colleges.

Collaborating Colleges	Number of Children
17	277

College Students Social Venture Support

Developed venture business model and provided education and consulting to solve the crisis of youth unemployment.

Supported Teams	Financial Support	Number of Recipients
12	KRW 180 million (KRW 15 million/team)	35

Meals for Children in Rental Housing Complex

Provided meals for children living in public rental housing complexes with employee volunteer program.

Number of Complexes	Number of Cooks Employed	Number of Recipients
105	210	3,139

Community-Type Social Corporation

Supported the establishment of community-type social corporation for creating jobs for rental housing tenants and providing social services.

Number of Corporations	Number of Job Recipients
31	257

Strategic Focus for Sustainability

STRATEGY IV

“Green Value Creation” for the Planet & Future Generation



Why is this strategy important to LH?

As we recognize our inevitable environmental impact during our business operation, we embody environmental values and protection of the rights for our future generation as our guiding principles to minimize such impact to our planet. We take necessary measures to protect our ecosystem and prevent air and water pollution and the production of waste materials while ensuring green values in every urban and construction project we undertake as part of our environmental responsibility and mission.

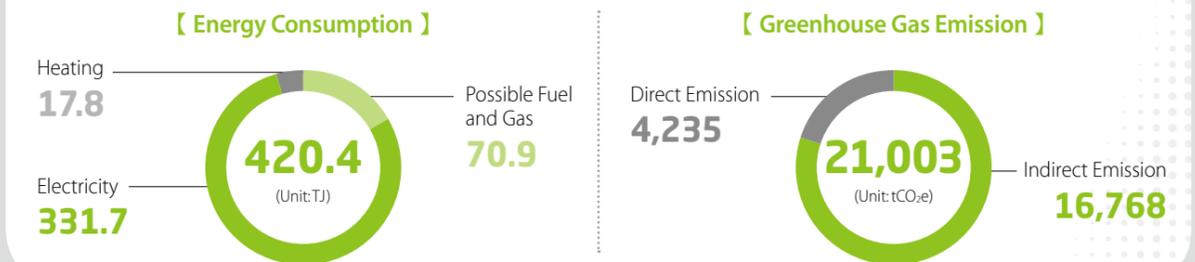


How do we make our approach?

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



What are the achievements?



LH's Commitments

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

Eco-friendly Value Sharing



Eco-friendly Value Sharing
Response to Climate Change

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



Green Value of Land and City

Building Green City

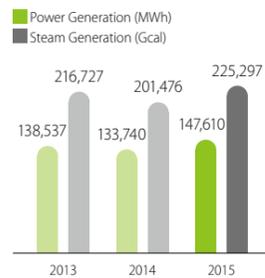
Green City refers to not only cities with eco-friendly buildings but also those harmonizing with the ecosystem and the ways of the nature. At LH, we are creating Green Cities in consideration of the natural circulation, the quality of life and sustainable future.

As urbanization changes the use of lands causing flood and subsidence as well as the emission of contaminants, we increase the application of LID (Low Impact Development) in our development projects. LID is method of minimizing the impact on the circulation of water using the penetration and undercurrent from the source of rain water and designing to ensure that runoff penetrates soil, increasing the natural circulation and creating an eco-friendly drainage system. We held a conference with the Ministry of Environment and Korea Environment Corporation to analyze the monitoring result of Ochang Science Complex and learned that the entire complex had reduced the leakage by 46%. As a result, we decided to apply LID to four additional districts including Asan Tangjeong, Godeok New City, Hanam Misa, and Hwaseong Bongdam 2 to create a more effective water circulation system. We will continue our efforts to introduce LID to more development projects and create eco-friendly urban environment by reducing the effect of heat island and managing the source of contaminants through the penetration of rainwater into underground sources.

Creating Green Infrastructure

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

Result of Collective Energy Projects



Effect of Collective Energy Projects



Implementing Green Transportation System

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

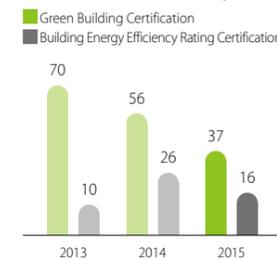
Green Value in Houses and Buildings

Expanding Eco-friendly Buildings

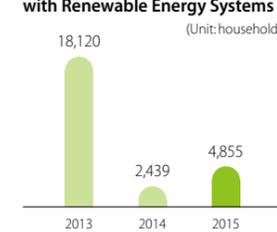
At LH, we extend our efforts to construct more eco-friendly buildings with higher energy efficiency by incorporating environmental factors in our construction process. Through Land & Housing Institute, we focus our resources in developing innovative design technologies in the areas of energy saving and residential space.

In addition, we promote our efforts for adopting more sustainable construction practice through Green Building Certification and Building Energy Efficiency Rating Certification. Green Building Certification analyzes the environmental impact throughout the entire process including production of materials, design, construction, maintenance and waste disposal while Building Energy Efficiency Rating Certification certifies buildings with a high level of energy efficiency from design and construction stage to their completion. We introduce and promote these systems to encourage eco-friendly construction practice creating green value for low-carbon growth.

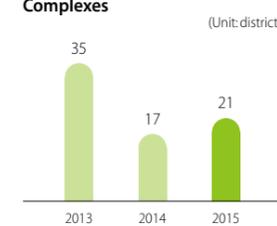
Certification Status (Unit: case)



Number of Housing Units Built with Renewable Energy Systems (Unit: household)



Number of Energy Efficient Complexes (Unit: district)



Supplying Renewable Energy Housing

At LH, we have undertaken various renewable energy projects including photovoltaic power, solar thermal water heating system, fuel cell and small scale wind power generation to create more energy efficient residential complexes since 2006. In addition, we introduced renewable energy systems such as photovoltaic and solar thermal power in the environment plant facilities to reduce energy costs. As of 2015, we built 112,166 households with photovoltaic system in 157 districts and 12,053 households with solar thermal water heating system in 12 districts as well as 775 households with fuel cells and 327 households with small-scale wind power generation system.

Building Energy Efficient Complex

Based on the analysis on energy consumption pattern in school facilities, we established an energy saving plan and incorporated in the design of new school to reduce energy consumption using photovoltaic control awning, high windows for lighting and ventilation, auto power shutdown system, 1st grade energy efficient windows and energy generation and heating/cooling systems using photovoltaic and solar power thermal energy. We tested new energy saving technologies including triple layered glass using low cost, high efficiency Passive+Active technology and smart LED system in Pyeongtaek Godeok District and managed to save 22% of the cost. We are creating more energy efficient complexes using various energy saving technologies including balancing valves and LED street lamps while improving the insulation of the top floor with green roof. By incorporating these energy saving technologies in 18 districts including Shiheung Eungae, we saved 472,851TOE (approx. KRW 330 billion/year) and supported the government's energy policies.

Spreading Waste Recycling Technology

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

Result of Waste Recycling Technology



* MBT (Mechanical Biological Treatment): waste recycling facility that combines a sorting process with a form of biological treatment.

LH's Green Value



Green Management System

At LH, we assess the environmental impact of all our decision making and work process in terms of organizational operation and management activities. Each division considers the impact of their organizational activities when setting their environmental goals, and we are implementing our Green Purchasing plan for more eco-friendly practice along with corporate-wide energy saving efforts.

In addition, we apply stringent industrial standards and the environmental aspects of our organization, products and services in our Environmental Assessment, Preliminary Disaster Inspection, and ISO14001 Certification to create more eco-friendly value.

Energy Saving Activities

At LH, we use eco-friendly hybrid vehicles for our business operation and established energy saving campaigns such as carpooling, Vehicle Days, and shuttle bus for the transportation of our employees. Furthermore, we implemented corporate-wide energy saving plans under the government's "Guidelines for Rationalizing Energy Consumption of Public Organizations." We are maintaining our indoor temperature at 28°C in summer and 18°C in winter while limiting the operation of air-conditioning and ventilation systems. We also turn off the lights in our offices during lunch hours installed LED lights and other more energy efficient office equipment as part of our daily energy saving plan.

Eco-friendly & Energy Efficient Office Building



LH Office Building

In 2015, we moved our office building to Jinju Innovation City. Designed with "Thousand Years Old Tree" as its motif, our new office building is intelligent and eco-friendly with renewable energy systems such as photovoltaic system and wind-power generation system, as well as green roof and certified the first grade in energy efficiency.

With use of highly efficient PF (Phenolic Foam), triple-coated Low-E glasses, and awning in the direction of Southwest for blocking the sunlight as part of the passive design, we minimized the energy consumption of the building while installing highly efficient energy systems and LED lights. In addition, we introduced renewable energy systems such as photovoltaic, geothermy, solar and wind power generation systems which take care of 15% of the entire energy consumption while incorporating BEMS (Building Energy Management System) in our energy monitoring system. The annual energy consumption of our office building is estimated at 134.8kWh/m² which is one third of other buildings' 500kWh/m² and it is the first building with a total floor area of 100,000m² or more (LH Office Building: 109,520m²) to reduce the standard first grade building's energy consumption by 55% (300 → 134.8kWh/m²-year).

Meanwhile, the building is equipped with a water recycling system which allows us to use recycled water for landscaping, restrooms, and cleaning while installing water-saving facilities in our rooftop park and other areas as part of our environmental value creation plan.

Minimizing Environmental Impact

At LH, we use Geographical Information System to manage the information about our ecosystem and biodiversity and preserve habitats to protect endangered species. In addition, we apply strict regulations and guidelines to our waste disposal process for every construction project we undertake and discharge all water into the local sewage treatment facilities to minimize environmental impact.

Response to Climate Change



Carbon Emission Inventory

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

CDM Projects

Since the registration of the Pyeongtaek Sosabeol Renewable Energy Project in UNFCCC (United Nations Framework Convention on Climate Change) as the first land development district in the world, we have continuously developed CDM projects and registered them in UNFCCC to earn carbon credits. In September 2011, we developed the greenhouse gas reduction through photovoltaic distribution in public rental housing complexes into CDM projects and completed the registration of "Korea Renewable Energy System Program CDM for Multi-unit Housing" in UNFCCC in December 2012. Unlike one-time project, the Program CDM allows individual projects using the same process to be registered in UNFCCC. As a result, we expected to secure approximately 180,000 tons of carbon credits thanks to photovoltaic distribution projects we are undertaking; these carbon credits are equal to planting about 61 million pine trees. Currently, the carbon credit issuance and additional registration of CPA under Program CDM are in progress. The revenue we generate through our CDM projects is invested in our R&D projects in renewable energy sectors and we are planning to develop various renewable energy projects using photovoltaic, fuel cells, small wind power facilities and geothermy.

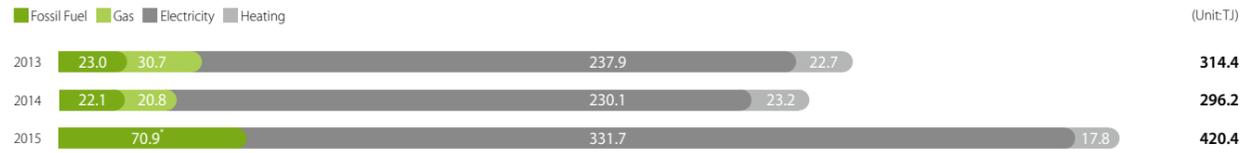
Carbon Reduction through CDM Projects

 <p>Pyeongtaek Sosabeol Renewable Energy Project (Photovoltaic and Solar Power) CDM</p>	 <p>Public Rental Housing Photovoltaic CDM</p>	 <p>Multi-unit Housing Renewable Energy Program CDM</p>
<p>96,000 tons/21 years (UN Registration: February 2009)</p>	<p>24,000 tons/10 years (UN Registration: September 2011)</p>	<p>180,000 tons/20 years (UN Registration: December 2012)</p>

Environmental Performance



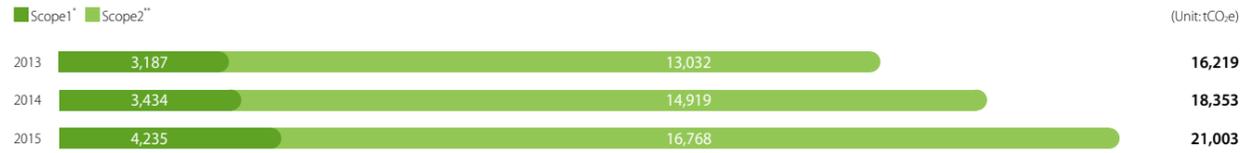
Energy Consumption



* Refers to the value combining the consumption of possible fuel and gas.



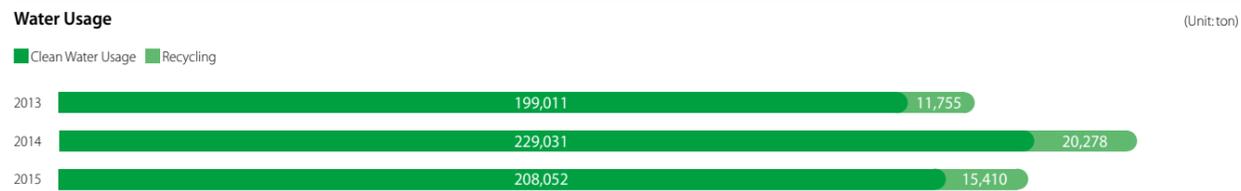
Greenhouse Gas Emission



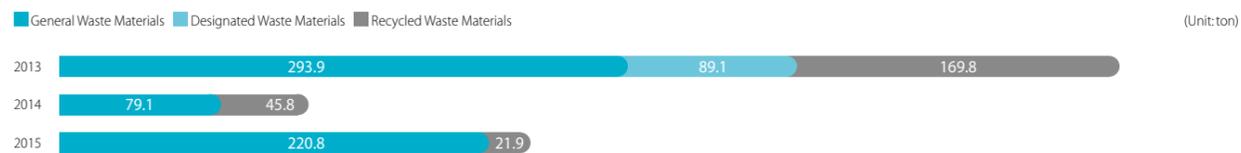
* Scope1: fuel for heating the office building and work sites (fixed), fuel for vehicles (mobile)
 ** Scope2: electricity used by the office building and construction sites



Water Usage and Recycling



Waste Materials Generated & Recycled



Appendix

Third Party Assurance Statement	66
GRI Content Index	68
UNGC Membership & Support	70
ISO 26000	71
Awards / Membership	72

Third Party Assurance Statement

To: The Stakeholders of LH

Introduction and objective of work

MCSR Co., Ltd. (the 'assurance provider' hereafter) has been engaged by Korea Land and Housing Corporation(LH) to conduct an independent assurance of its 2016 Sustainability Report (the 'Report' hereafter). This assurance statement applies to the related information included within the scope of work described below. The information and its presentation in the Report are the sole responsibility of the management of LH. The assurance provider was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

Assurance standard and scope of work

The assurance process was conducted in line with the requirements of the Assurance Standard AA1000AS (2008) Type1 assurance. GRI G4 guidelines and ISO 26000 were also used. The scope of work included:

- Data and information included in the Report for the reporting period;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyze and review the information reported;
- Evaluation of the Report against the main principles of the AA1000 Assurance Standard (2008);
 - Inclusivity - Materiality - Responsiveness
- Evaluation against GRI G4 'In Accordance' Criteria;

The moderate level of assurance has been applied.

Methodology

As part of its independent assurance, the assurance provider undertook the following activities:

- Interviews with relevant personnel of LH;
- Review of documentary evidence produced by LH;
- Audit of performance data;
- Site visits;
- Review of data and information systems for collection, aggregation, analysis and review;
- Review of stakeholder engagement activities;

Our work was conducted against standard procedures and guidelines for external assurance of sustainability reports.

Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- LH has established appropriate systems for the collection, aggregation and analysis of relevant information. The information and data included in the Report are accurate, reliable and free from material mistake or misstatement;
- The Report properly reflects the organization's alignment to and implementation of the AA1000 Assurance Standard (2008) principles of Inclusivity, Materiality and Responsiveness in its operations. Further detail is provided below;

Inclusivity

LH has processes in place for engaging with range key stakeholders including employees, customers, business partners, community, and government. LH has undertaken a number of formal stakeholder engagement activities.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that LH has identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns.

Responsiveness

LH has integrated material sustainability issues into organization's strategy and operation. The Report properly reflects the organization's response to the material issues which are defined through process for identifying material issues.

- Based on our work, it is our opinion that the Report has been prepared in accordance with the 'Core Option' of GRI G4. Further detail is provided below;

General Standard Disclosures

The assurance provider reviewed General Standard Disclosures, and believes that the Report meets the Core Option requirements of General Standard Disclosures.

Specific Standard Disclosures

The assurance provider reviewed Material Aspects, DMAs and Indicators, and believes that the Report meets the Core Option requirements of Specific Standard Disclosures.

Key areas for ongoing development

The following is a recommendation which does not affect our conclusions on the assurance statement. Based on the work conducted, we recommend LH to consider the following:

- Each project area of the report reflects the positive aspects of the performances that LH achieved regarding the sustainability issues. However, in order to maintain the balance of the report, it is recommended to also include deriving issues having poor performances, and efforts for resolving such issues;
- In order to integrate the material issues recognized from the stakeholders engagement into the corporate sustainability strategy, it is recommended to organize and operate a highest organization system such as a sustainability committee(CSR committee);

Statement of independence, impartiality and competence

No member of the assurance team has a business relationship with LH. We have conducted this assurance independently, and there has been no conflict of interest. The assurance team consists of the best experts equipped with sufficient knowledge and expertise in the relevant areas.



AA1000
Licensed Assurance Provider
000-171

March 2016

Hyun Lee, CEO, IMCSR Co., Ltd

Hyeran Kim, Expert Adviser

Jiwan Kim, Expert Adviser

GRI Content Index

Index Number	G4 Description	Page	Assurance
Strategy and Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	4-5	● 66-67
G4-2	Provide a description of key impacts, risks, and opportunities.	4-5, 17	● 66-67
Organizational Profile			
G4-3	Report the name of the organization	12	● 66-67
G4-4	Report the primary brands, products, and services.	8-9	● 66-67
G4-5	Report the location of the organization's headquarters.	12-13	● 66-67
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	12-13	● 66-67
G4-7	Report the nature of ownership and legal form.	12	● 66-67
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	8-9, 18-19	● 66-67
G4-9	Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided	12-13	● 66-67
G4-10	A. Report the total number of employees by gender. B. Report the total number of permanent employees by employment type and gender. C. Report the total workforce by employees and supervised workers and by gender. D. Report the total workforce by region and gender. E. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. F. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	38	● 66-67
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	41	● 66-67
G4-12	Describe the organization's supply chain.	18-19	● 66-67
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: - Changes in the location of, or changes in, operations, including facility openings, closings, and expansions - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) - Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	2	● 66-67
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	17	● 66-67
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	70, 71	● 66-67
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: - Holds a position on the governance body - Participates in projects or committees - Provides substantive funding beyond routine membership dues - Views membership as strategic	72	● 66-67
Identified Material Aspects and Boundaries			
G4-17	A. List all entities included in the organization's consolidated financial statements or equivalent documents. B. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	12-13	● 66-67
G4-18	A. Explain the process for defining the report content and the Aspect Boundaries. B. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	21	● 66-67
G4-19	List all the material Aspects identified in the process for defining report content.	21	● 66-67
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: - Report whether the Aspect is material within the organization - If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: a. The list of entities or groups of entities included in G4-17 for which the Aspect is not material or b. The list of entities or groups of entities included in G4-17 for which the Aspects is material - Report any specific limitation regarding the Aspect Boundary within the organization	21	● 66-67
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: - Report whether the Aspect is material outside of the organization - If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified - Report any specific limitation regarding the Aspect Boundary outside the organization	21	● 66-67
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	2	● 66-67

Index Number	G4 Description	Page	Assurance
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	2	● 66-67
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization.	18-19	● 66-67
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	18-19	● 66-67
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	18-19	● 66-67
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	18-20	● 66-67
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	2	● 66-67
G4-29	Date of most recent previous report (if any).	2	● 66-67
G4-30	Reporting cycle (such as annual, biennial).	2	● 66-67
G4-31	Provide the contact point for questions regarding the report or its contents.	2	● 66-67
G4-32	A. Report the 'in accordance' option the organization has chosen. B. Report the GRI Content Index for the chosen option (see tables below). C. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	2, 68-70	● 66-67
G4-33	A. Report the organization's policy and current practice with regard to seeking external assurance for the report. B. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. C. Report the relationship between the organization and the assurance providers. D. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	2, 66-67	● 66-67
Governance			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	16	● 66-67
Ethics and Integrity			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	42-43	● 66-67

Category: Economic

Aspects	Index Number	G4 Description	Page	Assurance
Economic Performance	DMA		24-25	● 66-67
	G4-EC1	Direct economic value generated and distributed	29	● 66-67
Indirect Economic Impacts	DMA		24-25	● 66-67
	G4-EC7	Development and impact of infrastructure investments and services supported	30-35	● 66-67
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	30-35	● 66-67

Category: Environmental

Aspects	Index Number	G4 Description	Page	Assurance
Energy	DMA		56-57	● 66-67
	G4-EN3	Energy consumption within the organization	64	● 66-67
Water	DMA		56-57	● 66-67
	G4-EN10	Percentage and total volume of water recycled and reused	64	● 66-67
Emissions	DMA		56-57	● 66-67
	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	64	● 66-67
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	64	● 66-67
Products and Services	DMA		56-57	● 66-67
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	58-63	● 66-67

GRI Content Index

Category: Social

Aspects	Index Number	G4 Description	Page	Assurance
Sub-Category: Labor Practice and Decent Work				
	DMA		36-37	● 66-67
Training and Education	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	39	● 66-67
Sub-Category: Society				
	DMA		44-45	● 66-67
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	52-55	● 66-67
	DMA		36-37	● 66-67
Anti-corruption	G4-SO4	Communication and training on anti-corruption policies and procedures	42-43	● 66-67
	DMA		44-45	● 66-67
Supplier Assessment for Impacts on Society	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	50-51	● 66-67
Sub-Category: Product Responsibility				
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Product and Service Labeling	G4-PR5	Results of surveys measuring customer satisfaction	46-49	● 66-67

UNGC Membership & Support

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

Principle	Practices by LH	Page
Human Rights	Principle 1 Businesses shall support and respect internationally declared human rights. Creation and operation of basic principle on human rights protection (ethics charter)	38, 42-43
	Principle 2 Businesses shall make utmost efforts to avoid involvement in human rights violations.	
Rule of Labor	Principle 3 Businesses shall support freedom of association and endorse practical application of the right for collective bargaining. Fostering communication channel between labor and the management	40-41
	Principle 4 Businesses shall exclude all kinds of forced labor. Labor and management collaboration program	
	Principle 5 Businesses shall abolish child labor efficiently. Expansion of education for labor and management	39-40
	Principle 6 Businesses shall eliminate discrimination in employment and business. Observation of Labor Standards Act and employment rules	38
Environment	Principle 7 Businesses shall support preventive approach to environmental issues. Establishment of a system to reduce greenhouse gas emission	
	Principle 8 Businesses shall perform measures to promote environmental accountability. Purchase of 'Green Products'	56-64
	Principle 9 Businesses shall promote development and dissemination of eco-friendly technology. Building eco-friendly green cities	
Anti-corruption	Principle 10 Businesses shall be opposed to all kinds of corruptions including illegal acquisitions and bribes. Creation and operation of Ethical Standards and strengthened internal control system	42-43

ISO 26000

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

Key Topic	Issue	Article in ISO 26000	Page
Organizational governance	Decision-making processes and structure	6.2.3	16
	Due diligence	6.3.3	
	Human rights risk situations	6.3.4	
Human rights	Avoidance of complicity	6.3.5	
	Resolving Grievances	6.3.6	36-38, 40
	Discrimination and vulnerable groups	6.3.7	
	Civil and political rights	6.3.8	
	Economic, social and cultural rights	6.3.9	
	Fundamental principles and rights at work	6.3.10	
	Employment and employment relationships	6.4.3	
Labour practices	Conditions of work and social protection	6.4.4	
	Social dialogue	6.4.5	39-41
	Health and safety at work	6.4.6	
	Human development and training in the workplace	6.4.7	
	Prevention of pollution	6.5.3	
The environment	Sustainable resource use	6.5.4	56-64
	Climate change mitigation and adaptation	6.5.5	
	Protection of the environment, biodiversity and restoration of natural habitats	6.5.6	
Fair operating practices	Anti-corruption	6.6.3	
	Responsible political involvement	6.6.4	
	Fair competition	6.6.5	42-43, 50-51
	Promoting social responsibility in the value chain	6.6.6	
	Respect for property rights	6.6.7	
	Fair marketing, factual and unbiased information and fair contractual practices	6.7.3	
	Protecting consumers' health and safety	6.7.4	
Consumer issues	Sustainable consumption	6.7.5	
	Consumer service, support, and complaint and dispute resolution	6.7.6	44-49
	Consumer data protection and privacy	6.7.7	
	Access to essential services	6.7.8	
	Education and awareness	6.7.9	
Community involvement and development	Community involvement	6.8.3	
	Education and culture	6.8.4	
	Employment creation and skills development	6.8.5	
	Technology development and access	6.8.6	52-55
	Wealth and income creation	6.8.7	
Health	6.8.8		
Social investment	6.8.9		

Awards / Membership

Awards

Award	Organization	Year
2015 Korean Housing Service Award, Community Category - First Prize	Moneytoday	2015
The 10th Asian Construction Award, Housing Culture Category - Grand Prize	The Asia Economy Daily	2015
2015 Asian Urban Landscape Award - Grand Prize	UN-HABITAT	2015
2015 Aju Economy Housing Construction Award, Rental Housing Category - Grand Prize	Ajunews	2015
2015 Korean Eco-friendly Practice Award - Ministerial Commendation	Ministry of Environment	2015
Green Housing Award - Green Smart Grand Prize (Hankook-Ilbo Presidential Award)	The Hankook-Ilbo	2015
2015 H2 Hankyung Residential Culture Award, Customer Satisfaction Category - Grand Prize	The Korea Economic Daily	2015
2015 Herald Business Green Housing Culture Award - Grand Prize (Ministerial Award)	The Herald Business	2015
2015 Disaster Response Safe Korea Training - Top Organization	Central Safety Management Committee	2015
Construction Disaster Response - Top Organization/Prime Ministerial Commendation	Ministry of Employment and Labor	2015
Korea's Most Influential CEO in 2014, Corporate Social Responsibility Category	TV Chosun	2014
The 1st Gyeonggi-do City Kitchen Garden Contest- Participation Prize	Gyeonggi Green & Agriculture Promotion Foundation	2014
2014 New Technology Application Contest, New Technology Product Distribution Category - Meritorious Organization	Ministry of Trade, Industry and Energy (MOTIE) and Korean Agency for Technology and Standards (KATS)	2014
Top Public Corporation for Preparation for the Future	Ministry of Strategy and Finance	2014
Public Rental Housing REITs Best Practice Contest - Second Prize	Ministry of Land, Infrastructure and Transport	2014
Housing Welfare Organizations - Presidential Commendation	Presidential Office	2013
The 38th Censorship Award for Civil Defense Corps Anniversary - First Prize	Ministry of Security and Public Administration	2013
The 13th Natural Environment Award - Grand Prize	Ministry of Environment	2013
Human Resource Development Organizations - Top Organization	Ministry of Education	2013
VE Contest, Public Category - Second Prize	Ministry of Land, Infrastructure and Transport	2013
Ministerial Best Practice Contest - Competition Prize	Ministry of Land, Infrastructure and Transport	2013
Job Creation Support - Ministerial Commendation	Ministry of Employment and Labor	2013
Land and Transport Operation - Ministerial Commendation	Ministry of Land, Infrastructure and Transport	2013
Revision of Housing Construction Act - Ministerial Commendation	Ministry of Land, Infrastructure and Transport	2013
NIS Management Practice Commendation	National Intelligence Service	2013
Korean Management Award	Korea Management Association	2013
Technological Innovation Management Award - Second Prize	Korea Software Industry Association	2013
Highest Grade in KoBEX-SM (2 consecutive years)	The Institute for Industrial Policy Studies (Ministry of Trade, Industry, and Energy)	2013
UNICEF Child-Friendly Management - Best Practice	Unicef & Save the Children	2013
2013 Korean Shared Growth Conference, Shared Growth Corporation Category	Sedaily	2013
Most Ethical Corporation in Korea (2 consecutive years)	The Korean Ethics Studies Association, Sisa Journal	2013
Sarang Nanum Social Contribution Award	ChosunBiz	2013
2013 CSR Leadership Award for Shared Growth	JTBC	2013

Membership

UN Global Compact	Korean Network on Anti-corruption and Transparency	Korean Society of Civil Engineers	Architectural Institute of Korea
Korea Planners Association	Korea Institute of Ecological Architecture and Environment	The Korean Institute of Illumination and Electrical Installation Engineers	Korean Association for Housing Policy Studies
The Korean Housing Association	Korea Construction Promotion Association	The Korean Institute of Landscape Architecture	Urban Design Institute of Korea
Korea Industrial Technology Association	Korean Society of Transportation	Korea Concrete Institute	The Society of Air-conditioning and Refrigerating Engineers of Korea
The Korean Society for Noise and Vibration Engineering	The Korean Institute of Power Electronics	Korea Industrial Safety Association	Korea Electric Engineers Association
The Korean Society for Noise and Vibration Engineering	Korea Personnel Improvement Association	Korean Society of Water and Wastewater	Korea Fire Safety Association
Korean Geotechnical Society	Korea Water Resources Association	Korean Society of Road Engineers	International contractors Association of Korea
Korean Association of Air Conditioning Refrigerating and Sanitary Engineers	The Korean Institute of Electrical Engineers	Korea Ubiquitous City Association	Korea Smart Grid Association
Korea Electric Association	Korea Electrical Contractors Association	Korea Association for ICT Promotion	The Korean Society for Elevator Engineering
Architectural Institute of Japan	Japan Society of Civil Engineers	The Japanese Geotechnical Society	American Society of Civil Engineers
American Concrete Institute	American Planning Association		



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