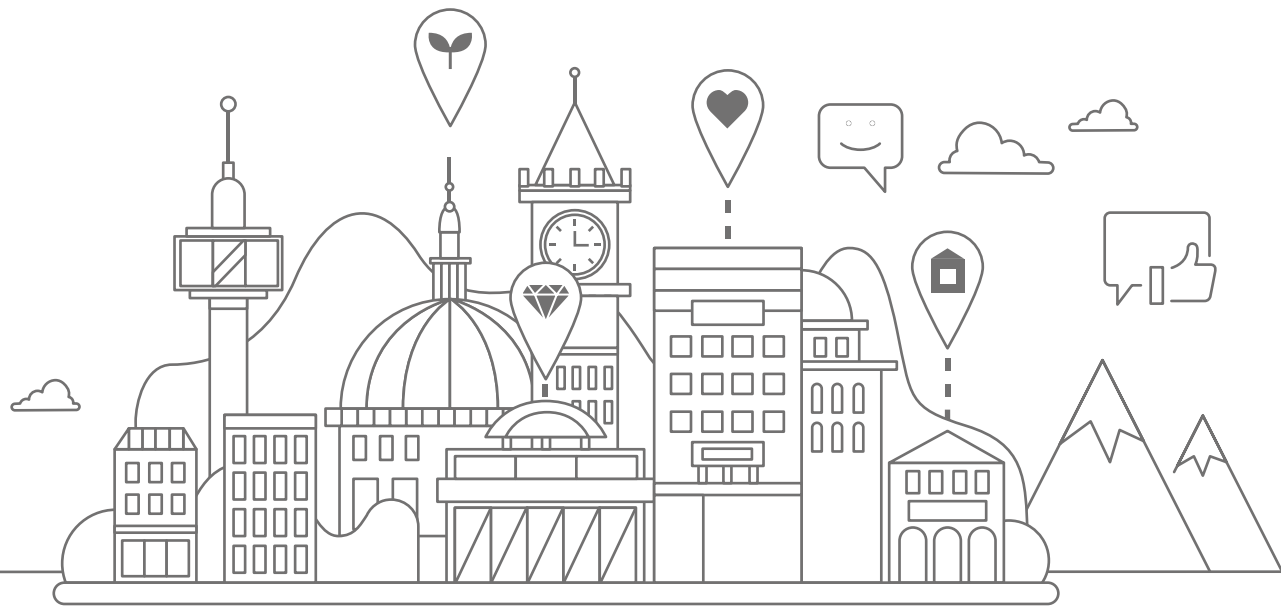


Harmonizing Human Beings with Nature

LH Sustainability Report 2019-2020





About this report

Report Overview

Korea Land and Housing Corporation (LH) publishes this report on a yearly basis to share and communicate with stakeholders the economic, environmental and social results it has achieved through sustainable management. In this eighth Sustainability Report, we have linked our sustainability strategies with related major business issues to make it easy for readers to understand how matters of importance to our stakeholders are reflected in our sustainability practices.

Reporting Period and Scope

This report covers sustainability activities and results achieved by our headquarters and our regional divisions over two years (Jan 1, 2018 ~ Dec. 31, 2019). As for our major quantitative performance, we have provided three-year data to illustrate the trend. Finally, concerning our main projects, we have also included some of our achievements accomplished in 2020 in this report.

Reporting Principles

This report has been compiled in accordance with the Core Option of the Global Reporting Initiative (GRI) Standards.

Reporting Assurance

In order to ensure the accuracy and reliability of the data, this report has been verified by KOSIF, an independent verifier. Matters and opinions related to verification are provided on pages 102-103.

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Message from the CEO



“

We hope this report acts as an effective communication channel for enhancing trust and expectations of our stakeholders. We hope for your continued interest in and support for LH in the future as well.

”

My name is Changheum Byeon, and I am the CEO of Korea Land and Housing Corporation.

Over the past half-century, LH has helped develop the country's economy and improve the quality of life of its citizens by striving to maintain housing stability and make the most efficient use of land. Recently, we have been taking the lead in carrying out core policy projects, such as our Housing Welfare Roadmap, Urban Regeneration New Deal, the third multiple mega New Towns development, increasing the housing supply to the capital area, and so forth, creating results the public can actually feel. In recognition of our endeavors and results, we were rated Grade A for three consecutive years (2017~2019) in the management evaluation of public institutions in Korea.

We would like to extend our immense gratitude to our stakeholders for your enduring support and encouragement, which have enabled us to meet expectations in this rapidly changing environment, both at domestic and international level. At LH, we will continue to faithfully pursue our own mission and meet the public expectations and to carry out the following measures to be a sustainable corporation that grows together with its stakeholders.

“We will create new value by establishing new growth engines and discovering regional potential.”

We will not only improve existing business processes but also develop new convergence business models to establish ourselves as a platform provider that cooperates and works together with varied entities. In particular, as a public developer, we will help address regional issues and contribute to balanced national development through customized regeneration and development projects for old urban districts and deteriorating regions. At the same time, we will take the initiative in carrying out smart city, industrial complex, social rental housing and overseas projects in order to play a key role in helping domestic construction companies and technology providers to move into overseas markets and in facilitating international cooperation and exchanges.

“We will pave the way for the creation of a win-win business ecosystem and the realization of an innovative and inclusive nation.”

As the public sector organization with the largest fiscal expenditure, we will take the lead in revitalizing the economy and creating jobs by implementing projects as planned. While strengthening shared growth with contractors, service providers and vendors through constant innovation of the practice of construction industry, we will also strive to support SMEs and venture companies in establishing market channels for their technologies and products and to nurture key socio-economic actors. We will provide various types of customized rental housing in line with people's life cycles and income levels, and work with local governments and communities to establish an autonomous housing welfare system. We will also strive to address blind spots in housing welfare, such as housing vulnerable groups plus those living beneath the minimum housing standards.

“We will become a corporation that the public trust and love by being a leader in achieving social value.”

We will strengthen fairness and transparency throughout our procurement and contracting processes and in doing businesses in varied areas, and realize communication-based business management by carefully listening to and reflecting feedback from the public through various channels. We will also put our utmost efforts into realizing 0(zero) fatal accident frequency rate at our construction sites by placing our top priority on life and safety and building a swift and efficient disaster-response system. In order to respond to climate change, which threatens the sustainable development of humankind, we will play a leading role in expanding green remodeling, increasing zero-energy housing and cities and establishing renewable energy infrastructure.

In the hopes that this report, which covers LH's endeavors related to sustainable management, will serve as a communication channel to enhance the trust and expectations of our stakeholders, we ask for your continued interest and support.

Thank you.

CEO of Korea Land and Housing Corporation
Changheum Byeon

변창흠

LH Highlights



Created Balanced Regional Development and Delivered Practical Results to the Public

- Opened support centers for balanced regional development to provide expertise and human resources on regional development
- Discovered housing welfare blind spots and provided relevant support through 'My Home Center Outreach' program
- Attained Grade A rating for three consecutive years in the management evaluation of public institutions in Korea from 2017 to 2019



Realized Social Value and Expanded Job Creation

- Became the first public corporation to develop and introduce indicators to measure social performance and strived to propagate the results
- Gave additional points for outstanding young entrepreneur companies in bid evaluation and expanded private contracts with social enterprises
- Prompted the creation of a total of 154,000 jobs in 2019



Contributed to the Improvement of People's Lives through Urban Regeneration

- Laid the groundwork for performance creation by taking the largest role in Urban Regeneration New Deal project contests for three consecutive years
- Contributed to urban revitalization by renovating deteriorated houses in old downtown areas
- Broke ground for 'Gwangmyeung Neobudae Public Rental Housing,' the first Urban Regeneration New Deal project, in December, 2019



Strengthened Global Businesses through New Southern Policy

- Advanced into overseas markets through a project of developing a Korean-style industrial complex on a 680,000 pyeong (approx. 2.25 km²) site in Yangon, Myanmar
- Operated 'One Team Korea,' a support channel for domestic companies to move into overseas markets, and created jobs both at domestic and international level
- Secured new growth engines and strengthened LH's competitive edge



Realized Green Growth by Systemically Implementing Zero-Energy Projects

- Created minimum-energy-consuming cities to help expand the eco-friendly energy initiative
- Established a residential complex accommodating 2,389 households by developing the first high-rise and zero-energy housing model in Korea
- Reduced energy costs by 71%, energy-use by 20% and CO₂ emissions by 38%



Endeavored to Guarantee People's Rights to Housing and Strengthen Housing Safety for the Public

- Built a leading and publicly-driven model to renovate small tiny housings as housing assistance for the underprivileged
- Helped 376 persons from 163 families affected by forest fires in Gangwon-do
- Reduced rents for commercial properties by up to 50% to overcome COVID-19 and delivered lunchboxes to the underprivileged



Developed New Convergence Business Models Practical for the Public

- Established Campus Innovation Parks* that link the innovative capacities of universities with startups, related industries, and housing welfare
- Selected Gangwon Univ., Hannam Univ. and Hanyang Univ. ERICA to utilize idle properties as cutting-edge industrial complexes
- Promoted publicness, beneficiality and profitability of old public buildings by investing in their renovation




Built Regional Cooperation Networks and Platforms

- Established 'Gyeongnam, Together with LH', a consultative group in which LH and 18 cities and counties in Gyeongnam participate
- Implemented six cooperative projects based on business proposals from local governments and problem solving ideas from LH
- Addressed regional issues and created a win-win ecosystem through the Gyeongnam Social Innovation Platform**

* Campus Innovation Park: A project of establishing facilities for business tenants, residential buildings and cultural facilities within unused space at universities


** Social Innovation Platform: A cooperative platform through which citizens can make direct proposals related to their local issues and the private/government/public sectors work together to address them

Strengthening Our Sustainability Management System




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LH's Core Values of Sustainability Management

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LH's Sustainable Management Strategy

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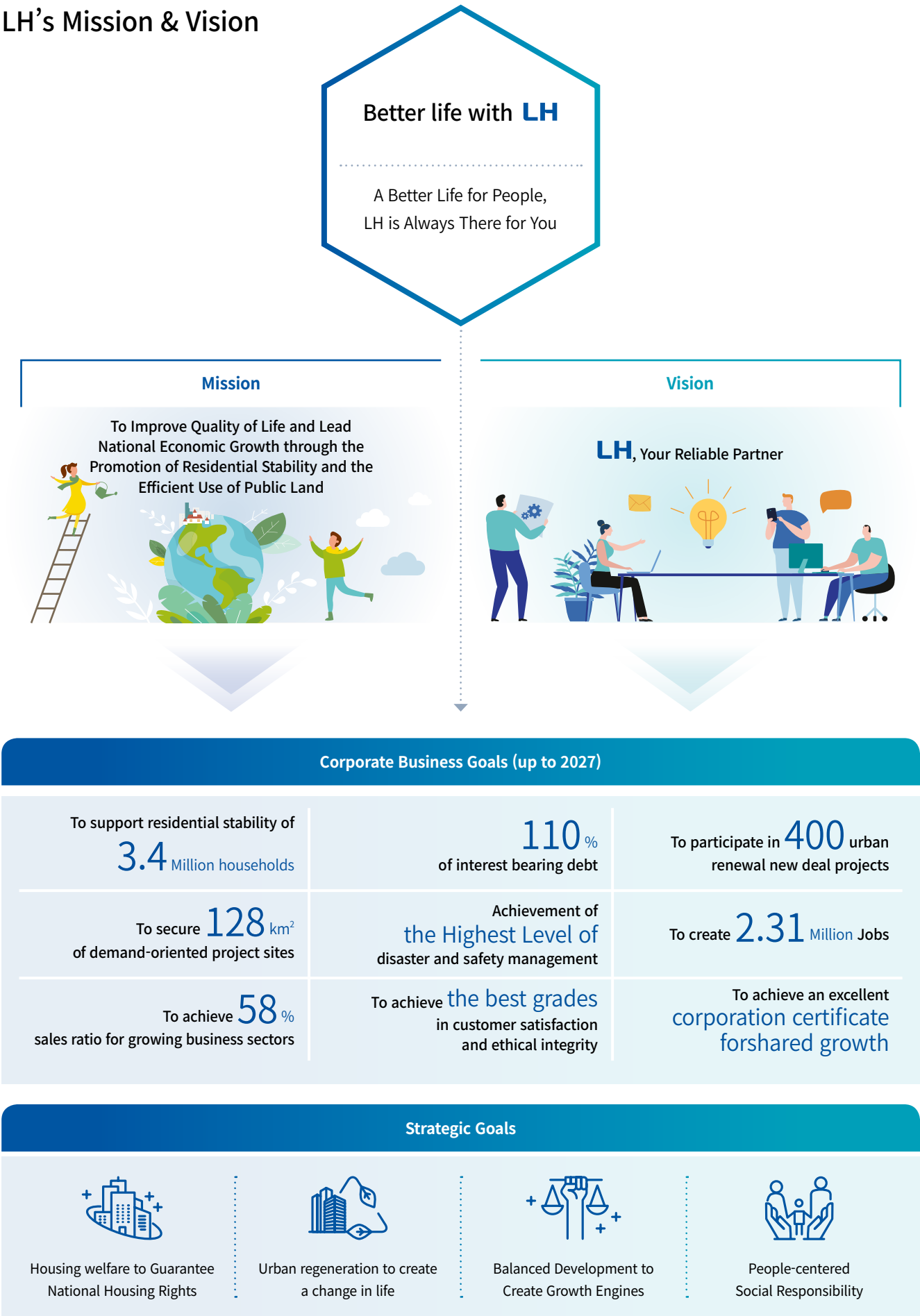


LH SDGs Compass

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LH’s Mission & Vision



LH’s Core Values of Sustainability Management

Better life with LH & Sustainability

LH established a new sustainable management system in 2020 in order to strengthen our public role and focus on social responsibility. Based on this system, we will create economic, social and environmental value, and take the lead in improving the quality of life for citizens, helping to develop the national economy and achieving sustainable growth.












LH’s Sustainable Management Strategy

LH’s Strategic System for New Sustainable Management



LH SDGs Compass


SDGs		LH's Definition of SDGs		Programs Connected to LH		Major Goals	
						Major Goals for 2023	Major Goals for 2025
	Eradicating Poverty in All Communities	Providing customized rental housing for the vulnerable and housing support for areas affected by disasters	Supporting seasonal cooling and heating expenses for the vulnerable	Expanding the supply of housing linked to social enterprises			
	Boosting sustainable agriculture	Creating urban farms by utilizing idle land	Creating urban farms	Strengthening housing projects for those returning to farming areas			
	Realizing healthy and safe housing welfare for healthy and safety	Establishing a housing welfare platform to enhance housing support for each life stage and income level	Establishing security-guaranteed apartments for the public	Expanding smart home technology			
	Creating an inclusive and fair educational environment	Providing ethics education/competency-enhancing training for all employees, expand the construction quality master system and nurture more experts	Preparing a systemic training foundation for construction engineers	Nurturing and expanding experts in managing apartments			
	Achieving gender equality and strengthening competencies in the public sector	Realizing social equity in employment by hiring talented female and disabled workers as well as those from relocated areas	Establishing and achieving social equity in employment goals	Increasing the number of people in the social equity employment bracket			
	Providing sustainable water and manage sanitation	Building eco-friendly, future energy apartments	Coming up with measures to manage recycled water	Expanding ways of utilizing recycled water when building houses			
	Providing sustainable energy	Returning electricity saved during peak hours	Expanding fuel cell businesses for eco-friendly future energy	Realizing zero-energy models			
	Creating jobs for the public	Establishing a cooperative restart platform with local governments for job creation	Expanding social venture support for middle-aged people	Helping create jobs for residents of rental houses			
	Establishing infrastructure for balanced development	Establishing a regional government-support platform for balanced development	Gradually introducing and enhancing platforms for balanced regional development	Expanding regional development projects customized to local governments			

LH is planning to help create public value, discover new growth opportunities and address social issues by carrying out programs in which our business's core strategies are well harmonized with the SDGs, and by achieving major goals. As we hope to continue to implement SDGs, we are committed to being a public organization that assumes responsibility for both regional and global issues.

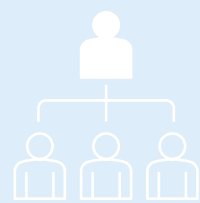
SDGs			LH's Definition of SDGs		Programs Connected to LH		Major Goals	
							Major Goals for 2023	Major Goals for 2025
	Providing opportunities for the underprivileged and helping ensure their dignity		Supporting job growth and providing more housing for the underprivileged			Enhancing welfare housing projects for the elderly	Addressing social stratification by improving welfare and safety facilities	
	Revitalizing local communities and realizing sustainability		Expanding participation in Urban Regeneration New Deal policies and new projects and implementing town-renovating public housing projects			Drawing up plans for the development of a multi-dimensional city	Revitalizing town communities by utilizing idle spaces	
	Paving the way for voluntary virtuous cycles by fulfilling social responsibility		Coming up with measures to improve construction work environments, strengthen safety welfare, and enhance fair trade			Introducing an advanced ordering system to innovate the practice of the construction industry	Coming up with a plan to enhance safety controls for vulnerable workers	
	Preserving the environment to respond to climate change		Creating a city with low fine dust levels and establishing 'Greenbin,' a smart city in which citizens participate			Developing technologies to reduce fine dust	Systemizing and expanding infrastructure to respond to the intense heat and fine dust	
	Implementing green welfare to provide healthy residential environments		Creating urban parks and restoring ecological streams within the areas of old public facilities that have undergone eco-friendly regeneration			Expanding the application of the LH green academy	Expanding demonstrative Designs of Urban Park Models	
	Protecting the natural environment to preserve ecosystems		Reducing greenhouse gas emissions by developing new technologies in response to environmental changes			Devising a plan to reduce greenhouse gas emissions	Developing and putting eco-friendly technologies into practice	
	Establishing the right institutions to realize an inclusive society		Protecting human rights, strengthening procedures to address human rights violations, and laying the groundwork for a governance system in which citizens participate			Establishing business plans focusing on public interests and social values	Sharing and spreading social values and results created in the public and private sectors	
	Joining sustainable consultative groups and initiatives		Participating in UNGC and urban regeneration strategy forums			Devising a plan to participate in global initiatives and conferences	Managing and attending consultative groups and initiatives related to each of the projects	




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LH’s Current Status

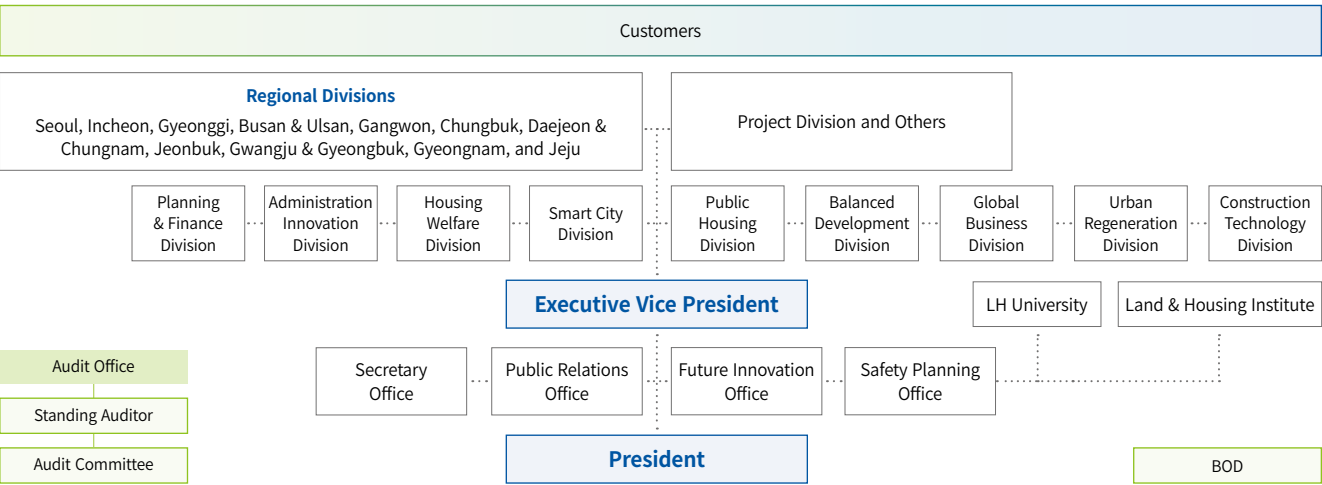
LH, as the people’s reliable partner, is acquiring, developing, reserving and supplying land, constructing, supplying and managing housing, developing cities and carrying out housing welfare projects for those in low-income brackets. This is all being done in order to improve the quality of life of citizens and lead the development of the national economy through the realization of a stable housing supply for the public and the efficient utilization of territory.

 Organization	Korea Land and Housing Corporation
 Establishment Date	October 1, 2009
 Headquarters	19 Chungui-ro, Jinju-si, Gyeongsangnam-do, Republic of Korea
 CEO	Changheum Byeon
 Responsible Ministry	Ministry of Land, Infrastructure and Transport
 Legal Basis for Establishment	Legal No. 9706, Act on Korea Land and Housing Corporation
 Ownership	Government (86.64%), Korea Development Bank (11.15%), The Export-Import Bank of Korea (2.21%)
 Investors	Korea Housing Management Co., Ltd., LH Housing Welfare Information Co., Ltd., LH Building Management Co., Ltd. and Others

As of December 31, 2019

 Total Assets KRW 176 Trillion (2019)	 Total Capital KRW 33 Trillion (2019)
 Sales KRW 20 Trillion (2019)	 Employees 9,455 People

LH’s Organization



History

2009 <ul style="list-style-type: none">LH launched 	2010 <ul style="list-style-type: none">Became the first public company to employ senior citizens 	2012 <ul style="list-style-type: none">First residents of Bogeumjari Housing units moved inOpened LH Land and Housing University 	2015 <ul style="list-style-type: none">Relocated the headquarters to Gyeongnam Innovation CityFirst residents of Happy Housing moved in 	2017 <ul style="list-style-type: none">Supplied 1 million rental unitsExported the first Korean smart city 	2018 <ul style="list-style-type: none">Became the largest job creator in the public sector (SDG 8)Became the first public company to develop indicators to measure social performanceProclaimed LH's social value vision 	2019 <ul style="list-style-type: none">Marked the 10th anniversary of the foundation of LHSupported 233 housing units for residential stabilization (SDGs 1,10)Started first overseas projectWon the 'Grand Prize' in the social value creation contest for public organizations 
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LH Network



Introduction of LH's Businesses

Housing Welfare to Make People Happy

While developing land and building housing, the most important thing that LH considers is the happiness dreamed of by the people who will reside there. By constructing residential spaces customized to demands of different life cycles, LH is planning to realize warm housing welfare that provides happiness to the public, not just homes.

Public Housing

that Is Evolving into the Type of Place Where Everyone Wants to Live

LH has contributed to the housing security of the people by building and supplying public housing. We have so far constructed 2.7 million units (renting 1.51 and selling 1.19). We will continue to increase the supply of rental homes where people can reside for extended time periods at low rental costs as well as homes for installment purchase at affordable prices.

Realization of Warm Homes

Starting with the first rental apartment in Gaebong-dong in 1972, LH's provision of rental housing has reached the one million mark. The company is now planning to draw up a blueprint for Korean housing welfare.

- | | |
|----------------------------------|---|
| • Construction of Rental Housing | We construct and provide rental homes for those in different income brackets, including long-term rental housing (50 years and 30 years) where people with low incomes can reside at affordable prices, and public rental housing (10 years and 5 years), which is under a lease-to-own system. |
| • Public Sales Housing | By constructing and supplying small-sized homes for people from diverse socio-economic backgrounds, we are helping ordinary citizens to realize their dream of acquiring their own homes at an affordable price while also contributing to the housing price stabilization. |

Housing Welfare Support

to Set Up a Ladder of Hope for Housing Stability

We have detailed housing welfare support networks in place so as to ensure that nobody is left behind due to a lack of information on the use of various housing welfare services. Through My Home Centers installed nationwide, we are providing integrated information on housing benefits, public rental homes, housing loans and others and customized, one-stop consulting services.

Housing Welfare Roadmap to Set Up a Ladder of Hope for Housing Stability

As a core organization in carrying out the government's Housing Welfare Roadmap, we are providing customer-oriented, comprehensive housing support, and implementing socially integrated residential policies.

- | | |
|---|---|
| • Providing Houses for Houseless People and Actual Residents | The government is planning to supply one million public homes (850,000 for rent and 150,000 for sales) around the capital and other large cities to maintain housing stability for people without houses and actual residents. LH is to provide 75%, or 748,000, of the housing units. |
| • Supporting Residences Customized to Residents from Each Life Cycle and Income Bracket | We are preparing a housing ladder for the public by providing customized rental homes that reflect the specific demands of people from each life stage and income bracket, including specialized rental housing for the young, newlyweds, and aged families to actively respond to low fertility rates and the aging society. |

Housing Life Support Service

through Rental Housing Platform

Having entered the era of one million rental homes, our housing units are evolving into good places to raise kids, to healthily and conveniently enjoy retirement, to increase the income of residents and create jobs for regional economies, and to share and communicate with local communities through rental housing platforms in which residents and residential life services are combined.

Improving Quality of Life of Residents and Creating Optimal Values

We are providing a number of living support services to improve the quality of life of residents, and to enhance their welfare instead of merely supplying them with housing.

- Community Residential Cafe, DIY Handicraft Workshop
- Creating Jobs by Hiring Senior Staffers, Silver Carriers, Housework Helpers
- Caring Service, Co-Parenting, After-School Programs
- Culture Rainbow Library, Sports Facilities
- Sharing Economy Secondhand Market, Car-Sharing

Urban Regeneration for Everyone to Enjoy Life

When a city is revived, its competitiveness increases. This leads to the creation of more jobs. When jobs are created, the dreams and hopes of locals are also revived. Through the Urban Regeneration Project to Restore Cities and Bring Dreams and Hopes to Locals, LH imbues cities with new life.

Leading Role in Urban Regeneration New Deal Project

to Revive Towns and Create Jobs Again

LH is taking the lead in implementing the government's Urban Regeneration New Deal project to boost urban competitiveness and improve quality of life. By holding project contests and connecting urban renovation and other existing projects with the New Deal project, we are renewing old towns and residential areas. We are also working hard to develop and participate in business models for local communities to enhance urban vitality, improve quality of life, create jobs and invigorate social economies.

Types of Urban Regeneration New Deal Projects

- Saving My Town
- Housing Support
- General Neighborhood
- Central City
- Economy Foundation

Types of LH Urban Regeneration Projects

- Low-Rise Residential Area Management
- Renovation Project Supplement
- Station Area Renovation
- Farming and Fishing Village Welfare
- Public Property Utilization
- Innovative Space Creation

Enhancement of the Economic Vitality of Old Towns

to Increase Their Regional Competitiveness through the Establishment of Regional Growth Bases

By actively restoring old industrial complexes in declining urban areas and developing station areas that are old but possess outstanding site factors into regional growth bases, we are endeavoring to invigorate regional economies and achieve balanced development. We are also developing and utilizing state-owned land with good facilities and social and cultural infrastructure already in place to lay the foundation for regional economic revitalization and urban growth.

Renovating Old Structures to Create New Value

We are renewing old public buildings and renovating long-neglected structures to prevent social waste while also proving the value of public rental houses by utilizing them. By carrying out our Green Remodeling Project of converting existing structures into energy-saving green structures, we are helping to reduce greenhouse gas emissions, create jobs and improve residential environments.



Growth Engines for the National Economy of the Future

The best way of anticipating the future is to be the one who creates it. In order to respond to the 4th Industrial Revolution and maximize the effect of job creation, we have established smart cities, innovative industrial and research complexes, free economic zones, and much more, to establish a basis for the growth of the national economy. We are also creating future growth engines by expanding our economic territory and exporting new towns overseas, inter-Korean businesses, and other projects.

Creation of a Smart City

which Changes Residential Space Paradigms through ICT Convergence

LH has defined the smart city as a future urban model and is creating smart cities by applying ICT convergence and eco-friendly technologies to provide efficient urban functions and various services including safety, living convenience, environmental conservation and others. We are also helping create future growth engines by preparing ICT-related startup spaces, nurturing smart-city startups and growing related businesses.

New Convergence Technologies to Create Smart Cities

- Addressing issues arising from energy, transportation, the environment and elsewhere by applying ICT-convergence technologies to cities
- Saving energy by expanding renewable energy for eco-friendly cities and turning food waste into resources through smart recycling
- Preventing traffic accidents, crime and disasters by establishing special smart safety systems for new cities

Project of Establishing Industrial Complexes

to Create Future Growth Engines in the Era of the 4th Industrial Revolution

To respond to paradigm changes following the advent of the 4th Industrial Revolution, LH has created innovative and cutting-edge industrial complexes where businesses, support, residences, and welfare and other facilities converge to provide support for companies throughout their life cycles, from their initial stage to the growth stage, so as to help them develop into future growth engines.

Project of Establishing Free Economic Zones

to Create Global Economic Hubs for the Future Northeast Asia

LH is executing projects to create free economic zones in Cheongna and Yeongjong in Incheon, Myeongji in Busan, and other places as well, so as to establish Korea's brand image of a business-friendly nation. Based on our business's capacity to attract investment and create complexes where residences, commerce, logistics and finance intertwine, we are establishing the best hubs for international businesses, tourism, and logistics, taking into consideration the business environments and living conditions of foreign investors.

- **Cheongna International City:** a city of business complexes, with a focus on international businesses and tourism
- **Incheon Yeongjong Sky City:** a city of airline logistics, industrial complexes, tourism, and leisure
- **Busan Myeongji District:** a new city of marine logistics and international businesses in Northeast Asia

Project of Exporting New Towns Overseas

to Create New Growth Engines for the National Economy

LH is the only organization in the world providing comprehensive services related to the construction of new towns, including planning, construction, supply, residences, follow-up management, legal institutions, and so on. Based on our expertise in new town construction, which has helped successfully address housing problems over short time spans, our world-renowned ICT, and our eco-friendly technologies, we have defined Korean-style town export models and actually exported them to help tackle residential issues in emerging nations and to lay a new basis for national economic growth.

Status of Overseas Town Exports

- **New Town in Abdullah, Kuwait** (Total project cost of KRW 4.4 trillion, won a contract worth KRW 43.3 billion to establish MP)
- **Smart City in Santa Cruz, Bolivia** (56,000 ha)
- **Kalyan-Dombivali, India** (2.5 Million m²)

Inter-Korean Cooperation Project

to Draw up a Blueprint for a Future Reunified Korea

LH completed the 1st-stage project for establishing an industrial complex in Gaeseong with a size of around 3,300,000 m², laying the foundation for mutual prosperity by combining technologies and capital from the South and manpower and land from the North. Through the Gaeseong industrial complex project, into which the first large-scale investment was made, we created a business cooperation model for the mutual growth of the two Koreas. In accordance with future government policies, we are going to actively implement the following stages to transform the economic map for a reunified future Korea.

Regional Development for Mutual Growth

As time passes, the value and use of land changes. The achievement of a national mission to enhance the value of land by brightening its value and using it more efficiently. Under the value of shared growth and cooperation, LH is taking the lead in realizing the dream of balanced national land development in line with regional features and demands.

Drawing up the Big Picture for the New Millennium Nation

Establishing the City of Sejong, which is built around Public Administration Complexes

LH is constructing Sejong city, which is built around public administration complexes, to implement Korea's central administrative functions. We are building a city where people and nature are in harmony: a self-sufficient, premium new town where education, public administration, culture and industry are all in balance.

7,290 m², 200,000 Houses, 52 Administrative Bodies, 500,000 People

- | | |
|----------------------------|---|
| • Construction Goal | The purpose of establishing a city built around public administration complexes is to address side effects arising from excessive concentration in the capital area, to contribute to balanced national development and to boost competitiveness. The new city, as a complex town into which central administrative bodies and their subsidiaries are to be relocated to conduct administrative functions for the public, is being constructed around Sejong Special Autonomous City. |
| • Relocated Bodies | 36 central administrative bodies (18 HQs and 18 subsidiaries) in the capital area and 15 national research institutes completed relocation to Sejong city in three phases from 2012. |

Leading Balanced Regional Development for Evenly-Shared Growth

Constructing Innovative Cities

LH has completed the construction of nine innovative cities nationwide, in line with our project of relocating public organizations to regional districts for balanced regional development. We are working hard to secure regional growth engines by nurturing industrial clusters centered on innovative cities after coming up with development strategies customized to regional features through cooperation among relocated public organizations, regional universities, research centers, companies, and local governments.



- 1 **Gangwon Innovative City** | Size of 3,585,000 m² with 31,000 people
- 2 **Chungbuk Innovative City** | Size of 6,899,000 m² with 39,000 people
- 3 **Jeonbuk Innovative City** | Size of 9,852,000 m² with 28,000 people
- 4 **Jeonnam Innovative City** | Size of 7,361,000 m² with 49,000 people
- 5 **Gyeongbuk Innovative City** | Size of 3,812,000 m² with 26,000 people
- 6 **Daegu Innovative City** | Size of 4,216,000 m² with 22,000 people
- 7 **Ulsan Innovative City** | Size of 2,991,000 m² with 20,000 people
- 8 **Gyeongnam Innovative City** | Size of 4,093,000 m² with 37,000 people
- 9 **Jeju Innovative City** | Size of 1,135,000 m² with 5,000 people

National Land Management System


for the Optimal Utilization of National Land

- | | |
|---------------------------------------|--|
| • Land Bank | The Land Bank, which is a national land supply and demand management system, fulfills various functions and roles in surveying land supply and demand, setting up a plan for reserving public land, supplying public land, collecting loans, studying and analyzing reservation suitability, establishing data on land reserves, supporting land reserve policy research, etc. |
| • Land Informatization Project | LH is seeking to better utilize land resources by establishing systematic land and housing information and providing relevant services. We provide information on prices (officially assessed land value) of land, houses and other real estate, houses for installment purchase, and land use regulations for individual plots nationwide through the real estate information portal site 'On-Nara Real Estate Portal.' |
| • Land & Housing Institute | Land & Housing Institute is the best research institute in Korea in the field of land and housing. It is working hard to create new growth engines based on on-site R&D related to settling up policies, discovering new business opportunities and supporting business management. |

Endeavors to Implement Sustainability Management



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Governance

Composition of the BOD

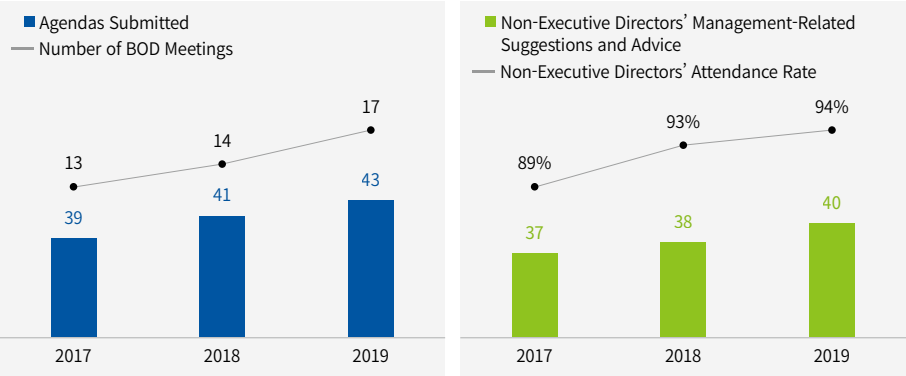
The BOD is LH’s supreme decision-making body, where LH’s basic business management policies and other major economic, environmental and social issues are deliberated on and decided. The BOD consists of 15 members in total, including 7 standing directors and 8 non-executive directors. It is chaired by a senior non-executive director to improve governance and rationally keep the management in check. Non-executive directors must have thorough knowledge and experience in LH’s areas of expertise, such as land, city and housing, and abide by the law, while also having the moral standing to act as public officers.

Standing Director			Non-Executive Director		
Name	Position	Gender	Name	Experience	Gender
Changheum Byeon	CEO	Male	Jaegoon Lee	Visiting Professor from Sungkyunkwan University	Male
Jeongdo Heo	Standing Auditor		Jeongho Kim	Secretary General of International e-Sports Federation of Disabled Persons	Male
Gyeonghoon Baek	Executive Vice President		Seokin Youn	Vice-Chairperson of the Hope Institute	Male
Choongmo Jang	Vice President, Administration Innovation Division		Sangjin Lee	Executive Director of SeilOne, Accounting Corporation	Male
Changwon Seo	Vice President, Housing Welfare Division		Mira Choi	Senior Attorney of Dasom, Legal Firm	Female
Byeonghong Han	Vice President, Smart City Division		Mihyeon Jang	Head of Gender & Space	Female
Hyeokrye Gwon	Vice President, Public Housing Division		Seonggyou Ha	Head of Korea Housing Management Institute	Male
			Sookhui Jeon	CEO of Wise Architecture	Female

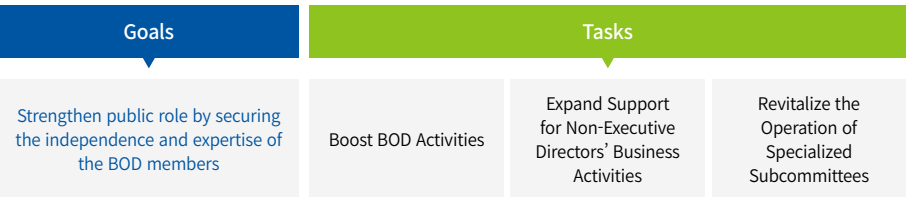
BOD Operation

The BOD adopts resolutions through a majority vote of current directors to secure fairness, and to enhance transparency, any director who has a stake in an item on the agenda in question cannot participate in voting. The BOD is convened on a monthly basis, and special meetings can be called if necessary. Meanwhile, we have been keeping non-executive directors informed of our management practices in a timely manner to promote their understanding of LH’s business activities and current status and to encourage their active participation. We also actively arrange site visits and public relations activities for them.

BOD Operation Result



2020 BOD Operation Goals



BOD’s Major Resolutions



Operation of Specialized Subcommittees

LH is boosting the operation of specialized subcommittees mainly comprised of non-executive directors to keep the management in check. We are also encouraging non-executive directors with expertise in areas of social value to participate in these areas to reflect social value, and we are striving to increase female representation by assigning over 30% female members to each subcommittee.

Classification	Composition	Expertise	Major Deliberations
Ethical Management	Three Members in Total One Male, Two Females	• Human Rights Protection • Financial Accounting • Gender-Sensitive Construction	Deliberating on revisions for advancing low-ranked employees and their wages
Major Businesses	Three Members in Total Three Males	• Smart City • Social Value • Residence and Urban Regeneration	Deliberating on plans for business operation, budget and financing, and others
Win-Win Development with Local Communities	Three Members in Total Two Males, One Female	• Social Value • Social Economy • Construction	Deliberating on plans to construct a multi-cultural library in Jinju innovation city

Evaluation and Remuneration

Standing directors are compensated via a basic annual salary, performance-based pay and retirement allowance. The performance-based pay is based on their performance evaluation results. The president receives his performance-based pay according to the management contract, while the performance-based pay for other standing directors is within 100% of their basic annual salary range and is determined in accordance with the performance evaluation method set separately by the president.

Status of Remuneration for Directors

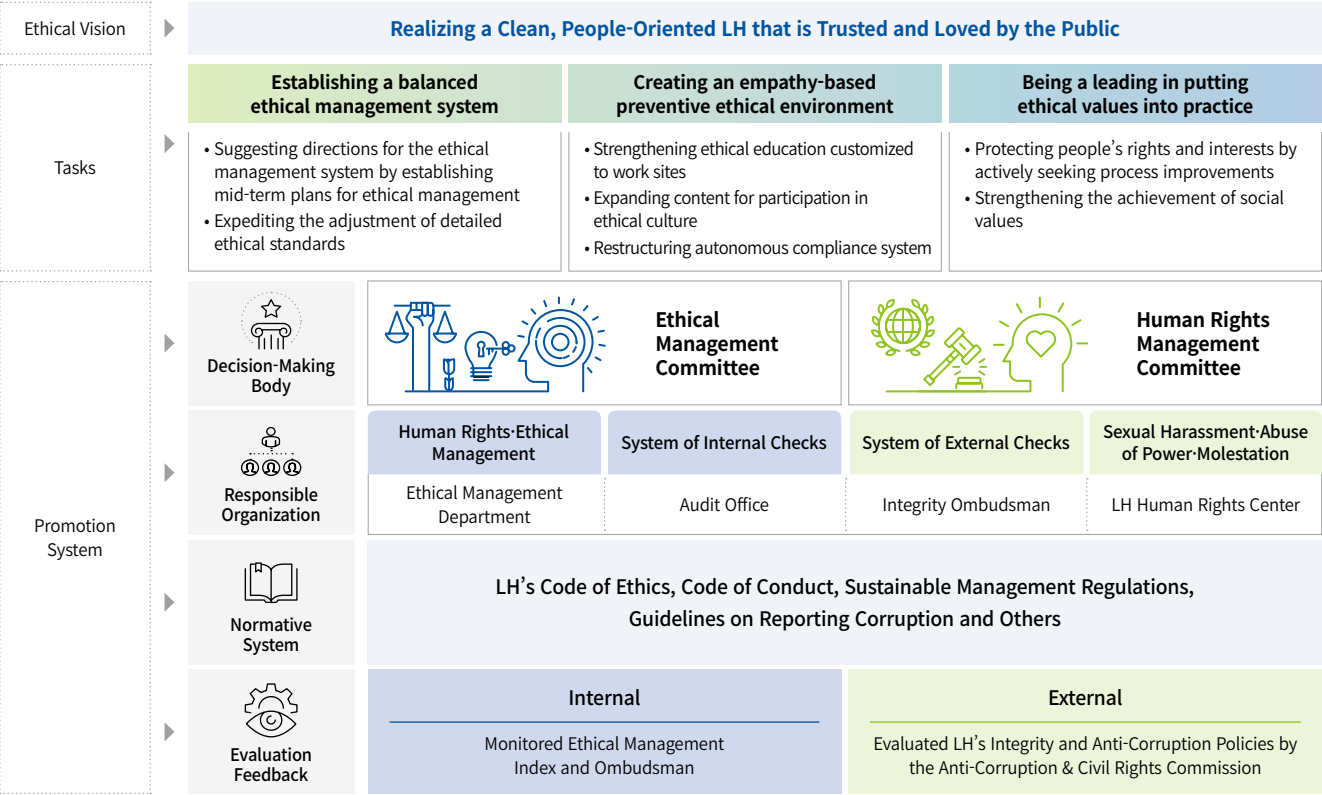
Classification		Unit	2017	2018	2019
Standing Executives	President	KRW Thousand	116,766	123,030	123,753
	Standing Auditor		93,411	98,424	99,000
	Standing Director		93,411	98,424	99,000
Non-Executive Director			30,000	30,000	30,000

Ethical Management

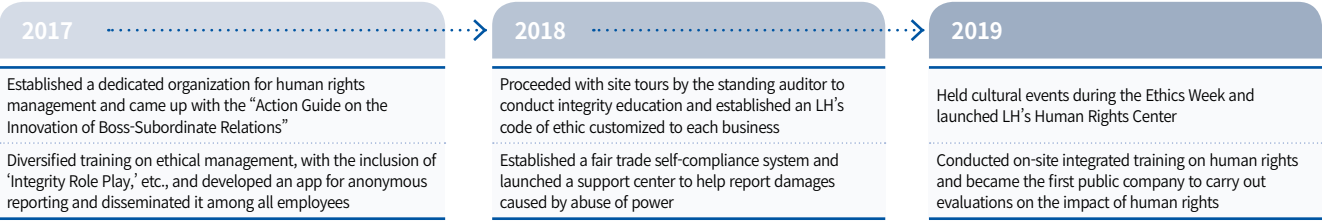
Ethical Management System

LH recognizes that the establishment of transparent and fair ethical management is essential for becoming people’s reliable partner that is trusted and loved by the public. Moreover, we have put in place an ethical management system in which the consideration of integrity and fairness are core values. Through this system, we have set the tasks of establishing balanced ethical management, creating an empathy-based preventive ethical environment and putting ethical values into practice. We are also pushing forward with ethical management to achieve LH’s ethical vision.

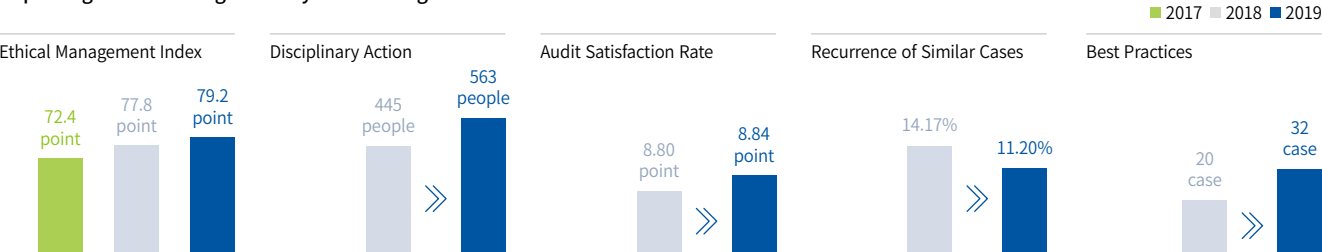
Ethical Management Vision and Strategy Diagram



Major Achievements in Ethical Management



Improving Ethical Management by Establishing a Culture of Preventive and Autonomous Internal Control



Fair Trade Self-Compliance Program

In the interest of economic fairness, LH has introduced its 'Fair Trade Self-Compliance Program,' which is an internal compliance system, and is providing supervision to ensure that fair trade principles are complied with while also striving to observe related laws. In addition, we are planning to spread an autonomous fair-trade compliance culture throughout the corporation by continuously preventing and responding to legal violations against fair trade. Based on our Fair Trade Self-Compliance Program, we will continue to take the lead in disseminating compliance with fair trade among all of our employees.

Operating System for Fair Trade Self-Compliance Program

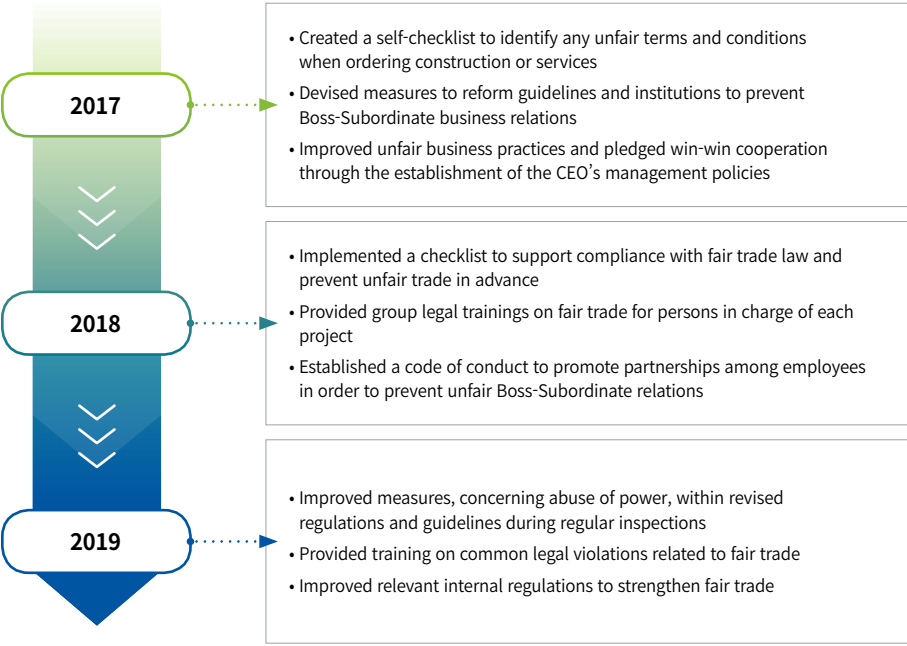
With its strong intention to respect the law, LH has established a system of operating specific self-compliance programs led by a self-compliance manager who controls all related divisions.

Organization	Supervised by	Roles
Self-Compliance Manager	Executive Vice President	• Supervising divisions subjected to the self-compliance program
Overall Supervision of the Program	Administration Management Office	• Assisting the Self-Compliance Manager in conducting his duties • Managing the Self-Compliance Program • Issuing and distributing self-compliance manuals
Program Support	Legal Affairs Office	• Overseeing responses to fair trade laws • Providing advice and counseling on fair trade laws • Supporting relevant laws and company policies related to the Self-Compliance Program (providing education and others)
	Audit Office	• Conducting preventive inspections on a regular basis • Operating a system to report damages caused by abuses of power • Investigating and handling such reported cases and protecting reporters



Meetings on Fair Trade Performance Reports

Status of Operating the Program



Risk Management

Risk Management Process

LH is responding to various risk factors arising from business activities by defining relevant standards and procedures to keep internal and external risks in check and categorizing them into ‘risk management’ and ‘crisis management.’ As for risk management, corporate-wide risks are controlled by the general risk management team and risks related to projects and support are handled by the risk managers of each division. The purpose of risk management is to minimize damages by ensuring a quick response when accidents arise, and to make improvements by devising follow-up measures after handling accidents.

Risk Types

LH divides risks into the categories of finance, sales, business, policy and reputation, and has a dedicated division for each to monitor risk levels at all times and carry out step-by-step response strategies according to the monitoring results.

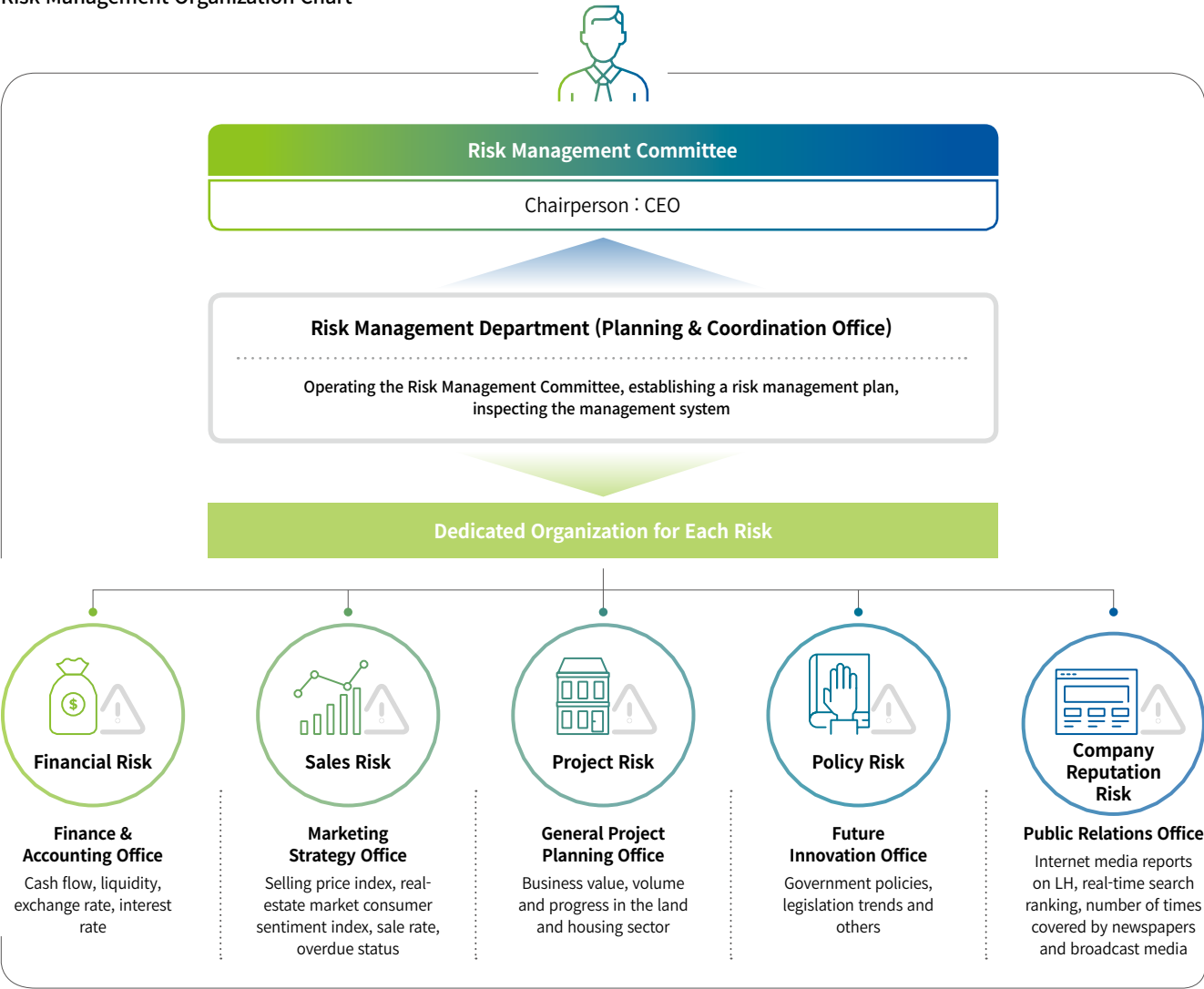
Status of Risk Management

When a dedicated division is designated to handle each of the perceived and selected risks, it works with the general risk management division to exchange efficient information on core risks.

Core Risks (Dedicated Division)	Definition of Risks	Core Risks and Management
 Financial Risk (Finance & Accounting Office)	Risks of Hampering or Threatening LH's Achievement of Its Financial Goals	<ul style="list-style-type: none">• Selecting and managing core financial risk indexes such as cash flow fluctuation risk, liquidity risk, asset value fluctuation risk, profit & loss fluctuation risk, etc.• Setting a hurdle rate for individual indexes and coming up with and managing a risk response plan for each stage
 Sales Risk (Marketing and Compensation Planning Office)	Risk of Failing to Make Planned Sales Due to the Sluggish Real Estate Market	<ul style="list-style-type: none">• Estimating and managing comprehensive risk indexes by applying the sales price index and the real estate consumer sentiment index as benchmarks for external factors and by utilizing the default rate index and selling rate index as internal factors• Setting a hurdle rate for comprehensive risk indexes and coming up with and managing a risk response plan for each step
 Project Risk (General Project Planning Office)	Risk of Failing to Stably Manage Projects for Land and Housing Policies	<ul style="list-style-type: none">• Selecting and managing core indexes on projects including business volume, business feasibility, business progress, etc.• Setting a hurdle rate for each of the core risks and coming up with and managing a risk response plan for each step
 Policy Risk (Future Innovation Office)	Risk of Shrinking and Deteriorating Businesses Due to Government Real Estate Policies and Public Corporation Policies	<ul style="list-style-type: none">• Measuring and managing the possibility of risks such as reduction of business volume, deterioration of business feasibility due to government real estate policies and public corporation policies• Managing risks arising from changes in governmental policy trends and the business environment by collecting data and holding regular briefings
 Reputation risk (Public Relations Office)	Risk of Declining Brand Value Due to Cases that Damage Company Reputation	<ul style="list-style-type: none">• Estimating media index by taking into account Internet media reports on LH, real-time search rankings, and the number of appearances in newspapers and on broadcast media• Devising and managing a system to respond to reputational risks in normal times and at times of crisis in accordance with the level of the reputation risk index

Risk Management System

Risk Management Organization Chart



Risk Management Activities and Results

Real-Time Monitoring of and Prompt Responses to Each of the Major Risks

Finance	Sales	Project
<ul style="list-style-type: none">• Sensed the signal of a continuous drop in the base interest rate	<ul style="list-style-type: none">• Sales-Risk Index for the first half of 2019: ‘Attention,’ failed to achieve the land collection performance goal	<ul style="list-style-type: none">• Home Housing Business Volume Index: ‘Danger’• Abroad Launching Vietnam Development Project
<ul style="list-style-type: none">• Issued strategic bonds• Established strategies for operating residual funds	<ul style="list-style-type: none">• Established corporate-wide sales promotion strategies (September, 2019)	<ul style="list-style-type: none">• Operated a corporate-wide emergency consultative group• Risk Management Committee (July - August, 2019)
<ul style="list-style-type: none">• Interest costs of KRW 8 Billion• Earnings rate of 2.07%, above the market average of 1.53%	<ul style="list-style-type: none">• Exceeded sales goal (107%)• Sale Proceeds of KRW 16.7 Trillion	<ul style="list-style-type: none">• Exceeded goal (102%)• Devised measures to find and control risks

Stakeholder Participation

Defining Stakeholders

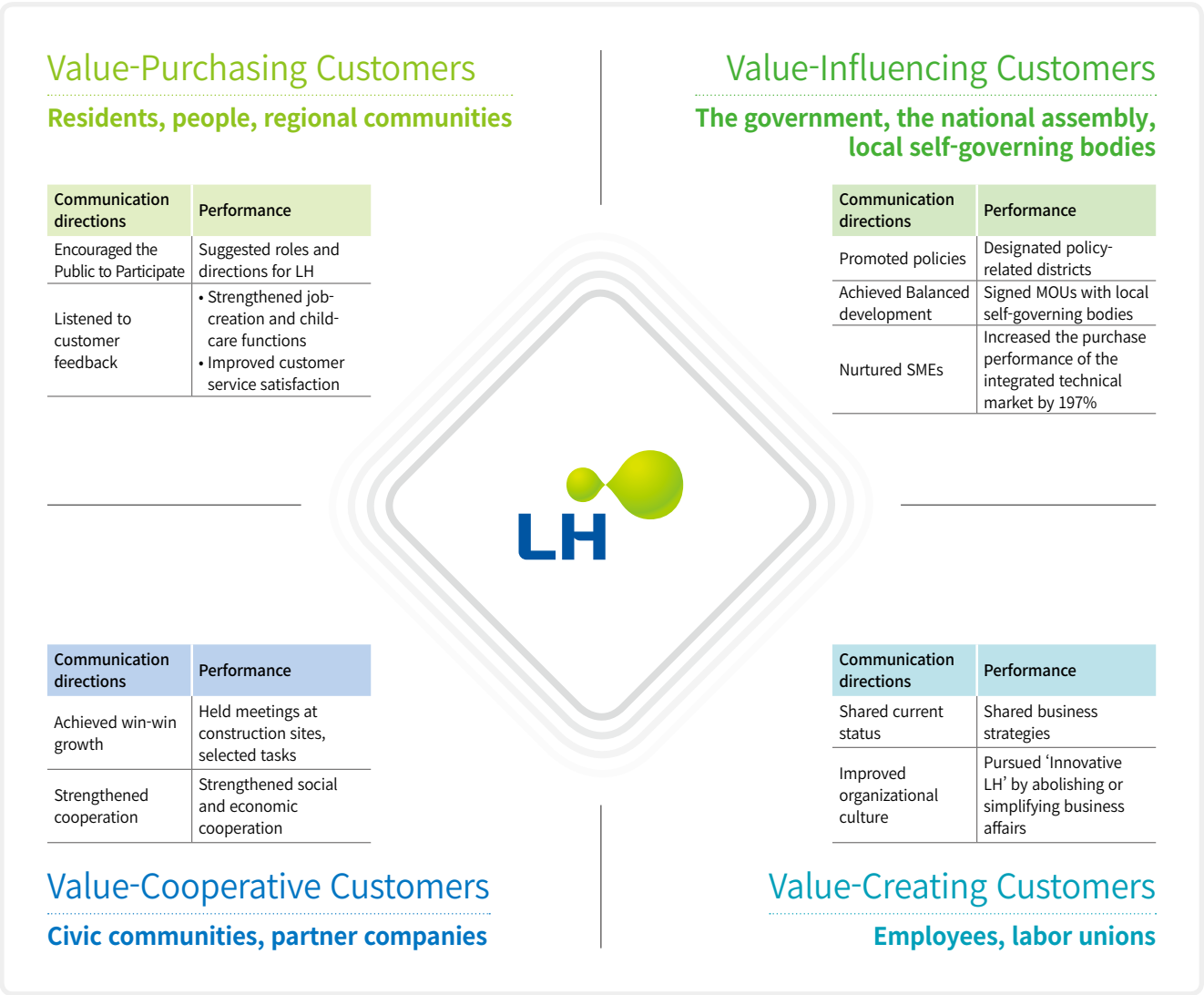
In order to ensure smooth communication with its continuously diversifying stakeholders, LH is reassessing its major stakeholder areas in relation to the company’s unique features and projects, and is using this as a foundation to define its main stakeholder groups. At the same time, we have defined our stakeholders based on a value-oriented group system to share our vision, strategies and core values with our stakeholders from all sectors.

Strengthening Communication Channels with Stakeholders

Diversifying Communication Channels

LH is encouraging stakeholders to communicate with the company by establishing various channels catered to the needs of each stakeholder group so that we can actively listen to their opinions while running our businesses. In addition, we are also operating exchanges and interactive online and offline communication channels for our stakeholders to identify their matters of interest. Opinions collected from such channels will be reflected in the implementation of sustainable management. We will continue to carry out communication-led business management while carefully listening to the feedback of our stakeholders.

Communication Channels for Each Stakeholder Group and Relevant Results



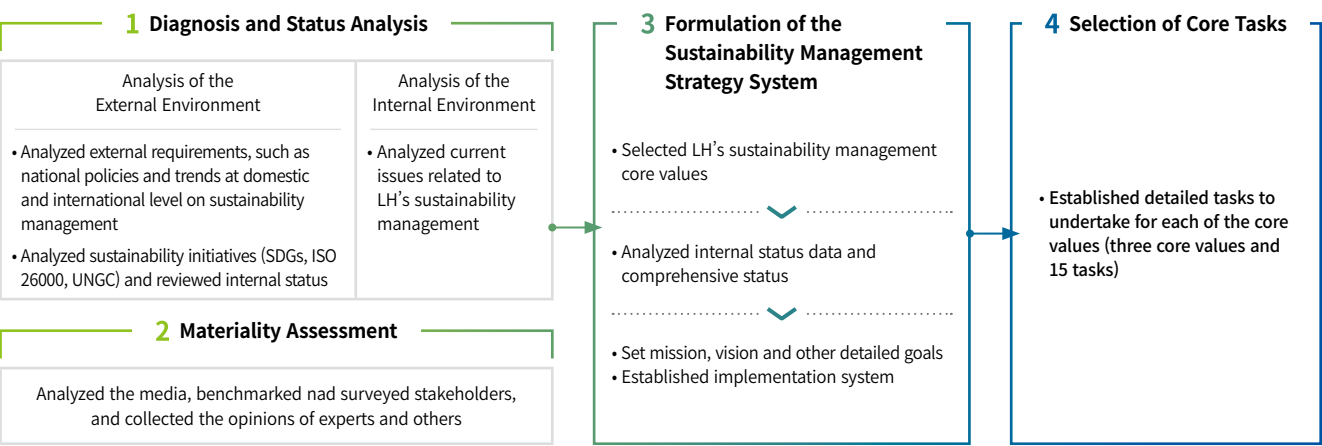
Materiality Assessment

Sustainability Management Strategy System and Materiality Assessment

LH has come up with systematic goals and established detailed tasks by linking our 2020 sustainability management core issues with sustainability management strategy systems. We will work hard to systematically carry out and internalize sustainability management by realizing such core values in actively responding to sustainability management issues at domestic and international level, creating value through innovation, achieving win-win growth through inclusion, and fulfilling environmental responsibilities.

Process of Establishing a Sustainable Management Strategy System

LH has conducted internal status analyses, interviews with employees, and benchmarking to establish a sustainable management strategy system and draw up strategic tasks. And we have also come up with 15 long- and mid-term tasks to pursue.



Drawing up Core Issues through a Materiality Assessment

LH has conducted a materiality assessment in order to secure consistency and connectivity with strategic systems, and to efficiently reflect elements of the business environment that affect sustainability management and the various interests of stakeholders. Based on the evaluation results, we have come up with core and general issues and transparently released them in the report.

Process of Drawing up Core Issues

In order to compile an issue pool related to sustainable management, we have analyzed international standard indexes, researched media, performed benchmarking and studied internal data. As a result, we were able to establish a pool of 39 issues related to sustainability management (3 economic issues, 2 governance issues, 2 fair operation practice issues, 2 supply chain issues, 2 consumer issues, 1 stakeholder issue, 2 community participation and development issues, 13 environmental issues, 9 labor issues and 3 human rights issues). After collecting opinions from our stakeholders and consulting with expert analysts, we narrowed the list down to ten final core issues.

1

Dealing with the Pool of Issues Regarding Sustainable Management

2

Conducting the Materiality Assessment

3

Drawing up Core Issues and Drafting the Report

Analyzing Internal Issues

Analyzing External Issues

Media Research

Benchmarking

• Major business status, business performance report and other internal materials, previous year's sustainable management issue list

• Global standard indexes: Analyzing global standard indexes such as GRI Standards, ISO26000, UN SDGs, DJSI, etc., related to sustainable management

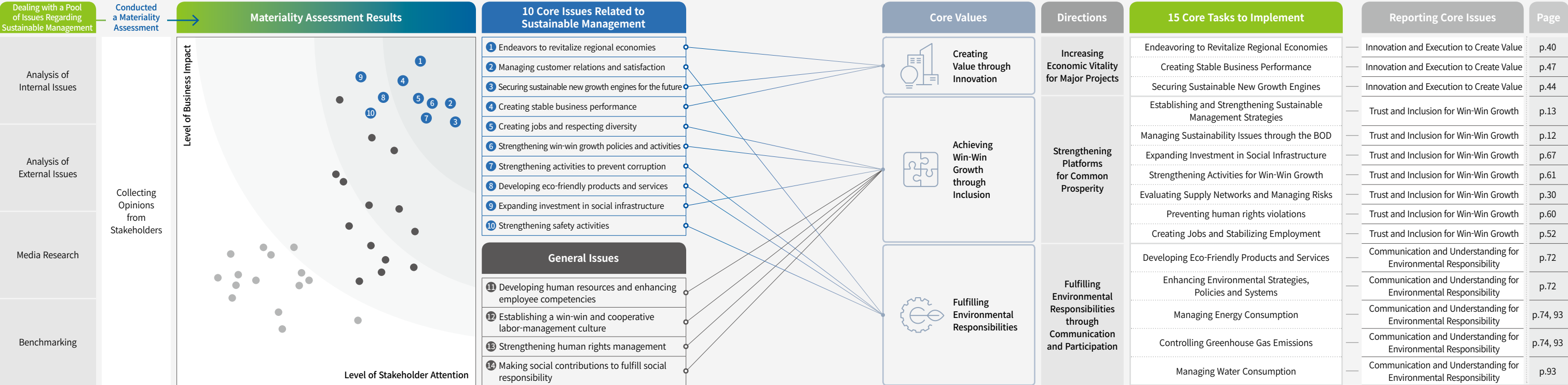
• Analyzing 13,362 issues related to the economy, the environment and society out of 38,944 news articles from January, 2017 to December, 2019

• Identifying Issues by analyzing sustainability reports of advanced companies in the construction and public sectors

LH has defined major stakeholder areas connected to the company's features and projects as follows and conducted a survey on stakeholder groups to determine stakeholder interest in sustainability management activities and relevant issues.

Classification	Definition	Stakeholders	Matters of Interest
External	Value-Purchasing Customers	Customers who create production value directly through purchases	The public, regional communities
	Value-Influencing Customers	Entities that influence the creation of customer value	The government, the National Assembly, local self-governing bodies
	Value-Cooperative Customers	Stakeholders who cooperate in the process of creating production value	Civic communities, partner companies
Internal	Value-Producing Customers	Internal employees who produce value for LH	Employees, labor union

The ten core values of LH's 2019-2020 sustainability management, selected through the materiality assessment, are linked with 15 mid- and long-term tasks of sustainability management strategic systems. We have drafted this report based on such issues and have included details on not only core issues but also potential ones in this report.



CORE ISSUES

1

Innovation and Execution to Create Value

38

- » Endeavoring to revitalize regional economies
- » Securing sustainable new growth engines for the future
- » Creating stable business performance



2

Trust and Inclusion for Win-Win Growth

50

- » Creating jobs and respecting diversity
- » Developing human resources and enhancing employee competencies
- » Establishing a win-win and cooperative labor-management culture
- » Strengthening human rights management
- » Strengthening win-win growth policies and activities
- » Making social contributions to fulfill social responsibility
- » Expanding investment in social infrastructure



3

Communication and Understanding for Environmental Responsibility

70

- » Developing eco-friendly products and services
- » Strengthening activities to prevent corruption
- » Strengthening safety activities
- » Managing customer relations and satisfaction



Core Issue 1

Innovation and Execution
to Create Value

1

Background for Selection of Core Issues

LH's business management has both direct and indirect effects on local communities. If we don't clearly understand and deal with these effects, we could lose our credibility, which, in turn, could become a risk factor that would affect our ability to carry out activities related to housing stability and territory development. We will work hard to become a public corporation that invigorates local economies and improves the quality of life for locals by actively showing care for their concerns and creating value. We will discover regional issues by establishing close cooperative networks and push forward customized projects to meet their needs. In addition, we will maintain financial stability through the stabilization of our business management, identify new projects and services and continue to look for growth opportunities.

Crisis and Opportunity Factors

The uncertain global economic situation is leading to economic deterioration at home, affecting LH's endeavors to create economic value. Our vision, 'LH, Your Reliable Partner,' is especially sensitive to the domestic capital market and business fluctuations.

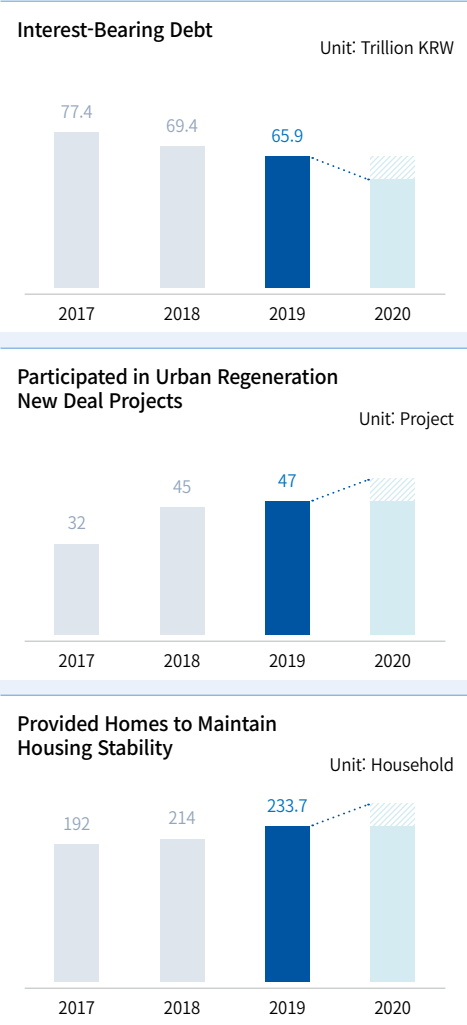
Under these circumstances, it is very essential for us to help revitalize the economy in cooperation with local communities and secure new growth engines for sustainable growth.

By boosting local SMEs and making use of idle land, LH has continued to plan and carry out activities to reinvigorate regional economies. We have also achieved stable business management through the development of new projects. We will continue to fulfill our responsibility to the nation, local communities and people's lives while seeking innovative projects so as to create stable business results for the public.

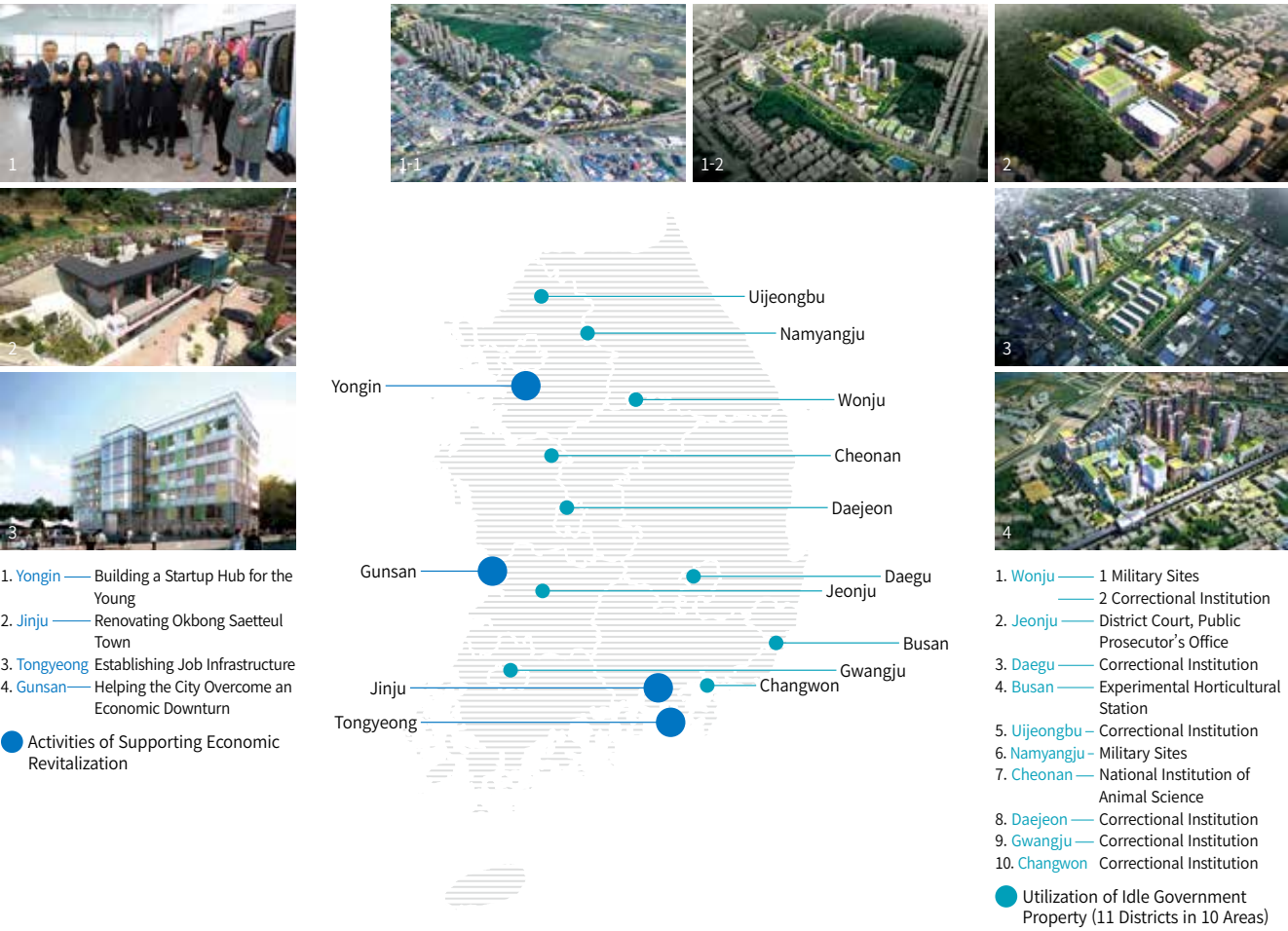
Acquired World's First
Internationally-Recognized
Smart City Certification

Achieved Grade A Rating
for Three Consecutive
Years in the Management
Evaluation of Public
Institutions in Korea.

Implemented Campus
Innovation Park Projects



LH's MAP for Regional Economic Revitalization



Core Issues

Endeavoring to Revitalize Regional Economies

Developing Sustainable Urban Regeneration Models

LH has developed urban regeneration models to help town-based companies and social enterprises produce continuous profits and to maintain local communities by implementing projects in which private companies and government bodies work together and young people participate. Such projects are sustainable, self-reliant, local regeneration models that not only physically renew local communities but regenerate them socially as well after the projects are complete. By continuously developing urban regeneration models over the long term, we hope to carry out practical urban regeneration projects that the public can experience and to reinvigorate local economies by developing old towns into innovative spaces.

Private-Public Collaboration | Project to Nurture Social Economy Organizations

- Forming an agreement between the Ministry of Land, the Committee on Balanced Development, LH, and the Shinhan Hope Foundation
- Designation of four pilot districts, including Okbong and Jinju
- Implementing child-care programs and job-creation projects to enhance self-support
- Cooperative projects (LH + Gyeongnam Social Enterprise Support Center)

Projects of Involving Young People | Projects to Support Regeneration and Nurture Experts

- Contesting ideas on regeneration projects and the revitalization of social economy organizations
- Expansion of regional revitalization with the participation of youth
- Supporting young innovators who directly plan and implement sustainable urban regeneration projects (4 teams, 19 people)

Job Creation through Urban Regeneration New Deal Projects

LH is planning to develop the old shipbuilding site in Tongyeong into a global landmark for tourism and culture to help overcome the crisis triggered by the downturn in the shipbuilding business and to develop a tourism hub. To this end, we opened ‘Tongyeong Restart Platform’ in a renovated building of a closed shipbuilder in December 2019. The Platform will work as a public startup-support center to help locals find jobs and start their own businesses, which will, in turn, bring vitality back into the sluggish economy of Tongyeong.

Status and Performance of Tongyeong Restart Platform

Space for Supporting Startups

Eighteen Startup Labs

Customized Training for Local Communities

Twelve School Projects

- Revitalizing the regional economy and establishing job-creation infrastructure in Tongyeong
- Providing office space for 18 companies, creating 107 jobs, recruiting 824 participants for training
- Becoming the only public corporation to win an award certificate for two consecutive years from the Presidential Committee on Jobs

▶ Nurturing businesses customized to the region and helping create jobs by regenerating a closed shipbuilding site

Groundbreaking Ceremony for Urban Regeneration Eoullim Center at Cheonan Station Area

Recognizing that transportation conditions were outstanding around Cheonan Station and that there were abundant idle land plots and a large floating population, LH decided to renew the Cheonan Station area into a cluster for future strategic industries. In this regard, we held a groundbreaking ceremony for urban regeneration at Eoullim Center near Cheonan Station on December 26, 2019. The cluster was built into a complex where research, startups, job creation and residences converged. Local universities and private companies are planning to move into the industrial facilities as well. We believe that with the construction of 150 compact Happy Housing units and other convenient facilities that combine residential and office functions, the cluster is going to revitalize regional commercial districts and maintain housing stability for young people.

Urban Regeneration Models and New Projects

New Models

Expanding spatial scope and connecting regeneration and renovation projects (15 models), systemizing such projects by renovating unoccupied houses and regenerating industrial complexes

New Projects

- Revising laws to introduce innovation districts and acknowledged projects
- Swiftly implementing projects and strengthening the functions of regeneration bases (7 places designated)




Opening Ceremony for Tongyeong Restart Platform





Groundbreaking of Urban Regeneration Eoullim Center


Securement of Regional Growth Engines by Recreating Functions of Abandoned and Old Public Properties

LH has been renewing long-abandoned and old public properties to give a boost to relevant regions. Recreating the functions of these public places, we changed Cheongju Tobacco Plant into a cultural space, Gwacheon Postal Service Hospital into public housing, Cheonan’s Namdong-gu District Office into a convergence place, and Seoul’s Dongjak-gu District Office into a new base for the original town.

Preservation and Culture

Urban Revitalization

Recreation of Space

Win-Win Base

Cheongju Tobacco Plant

- Preserved historic features of abandoned buildings
- Provided cultural and leisure spaces for citizens
- Art museums, public squares, cultural services, etc.

Gwacheon Postal Service Hospital

- Renovated dangerous, neglected facilities
- Stabilized the housing market in the capital area through the supply of public housing
- Enhanced urban beauty

Dongnam-gu District Office, Cheonan

Dongnam-gu District Office and public facilities

Happy Dormitory + Knowledge Industry Center

Dongjak-gu District Office, Seoul

- Relocated and reestablished public buildings in the old Yeongdo Market
- Took over and developed the old public premises → Enabling market vendors to re-enter the market



air view of the Cheongju Tobacco Plant Cultural Space



Groundbreaking Ceremony of Gwacheon Postal Service Hospital Renovation Project

Creation of Revitalized Cities by Regenerating Urban Industrial Areas

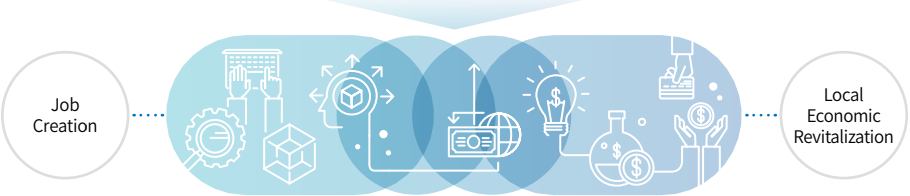
LH is implementing projects to regenerate old industrial complexes to address the sluggish urban growth that comes with the aging of industrial complexes and manufacturing areas and the restructuring of industries. We are also planning to enact a special law for the systematic management of urban industrial complexes and for policy support. By doing so, we will lay the groundwork for the implementation of sustainable urban regeneration projects, and we plan to help create jobs and invigorate regional economies.

Implemented Projects to Revitalize Old Industrial Complexes

- Implemented projects of regenerating industrial complexes and creating revitalized areas as core bases
- Enhanced urban revitalization by converging and developing industrial and supportive functions and by establishing bases for innovative growth

Devised measures to support and manage industrial areas

- Proposed the 「Special Act on the Management and Revitalization of Urban Industrial Areas」 and implemented demonstration projects
- Established management tools, laid the groundwork for providing policy support, and strengthened LH’s role as a public developer



Creation of a Venture Hub Space in a Vacant Shopping Mall in Yongin

LH took over vacant floor space that had gone unsold for several years at Geneve Mall in Dongbaek, Yongin, through a business agreement with the Yongin municipal government, and renovated them into a ‘Startup Hub for the Young’ to help reinvigorate the regional economy. By providing 51 office spaces for free and applying flexible rental terms, we were able to create 230 jobs and lower the vacancy rate from 44% to 15%. We will continue to develop the mall into a public space where various values and jobs for the young are created to reinvigorate the local economy.

Revitalization of Old Towns through Projects to Renovate Street Houses with Public Participation

Most of the housing in Incheon's Seokjeong district had long been left old and unoccupied, and a renovation project was urgently needed. However, this had come to nothing several times due to complications related to rights and duties and the high burden placed on locals. After offering our full support and participation, we successfully broke ground in November 2019, and plan to have residents begin moving in in 2022.

Problems	Efforts to Overcome the Problems	Realization of Public Participation Models
<ul style="list-style-type: none">• Aging of cooperative and lack of executive ability• Lack of technical ability, information and capital• Lack of security → Financing difficulties	<ul style="list-style-type: none">• Migration plan (Using LH's buying, leasing, etc.)• Funding support• Promise to purchase unsold housing	<ul style="list-style-type: none">• LH's first project renovating street houses (7,401m², 293 houses)• Supplying affordable Happy Housing units in old towns (108 homes)• Carrying out a project to leave traces of old towns

Establishment of Housing Development REITs to Help Rural Returners Settle Down

The REIT project for rural returners provides houses at affordable prices through the establishment of REITs. It was established to respond to the demands of gradually-increasing rural returners and to create detached housing complexes customized to rural areas. Through this project, we are able to help those who want to return to farming areas to settle down by alleviating their housing burdens while also revitalizing rural economies and achieving balanced regional development through an influx of population. At the same time, we are implementing a package project by grafting a rural returner REIT project, which has been difficult to complete due to lack of business feasibility, onto a promising housing development REIT project. In order to respond to the decline of rural towns and decreases in population, we are carrying out a project to provide public housing customized to those who want to return to rural areas.

Established Package Models of Housing Development REITs for Rural Returners

Details	Rural returner REIT projects lacking business feasibility + Housing development REITs with promising business feasibility	
Results	Signed an agreement with Gurye and Uiseong-gun (around 60 housing units) for a pilot project of developing houses for people returning to rural areas (December, 2019)	
Agreement Details	<div>LH<ul style="list-style-type: none">• Developing REIT project models• Sharing risks• Selecting a licensee</div>	<div>Gurye-gun, Uiseong-gun<ul style="list-style-type: none">• Securing and obtaining approval for business sites• Supporting settlement and other matters for migrants</div>

Carrying out a project of providing public housing customized to those returning to rural areas and shared with the rural communities

Directions	Making a yard plan customized to demand and building energy-saving eco-friendly houses	Revitalizing town communities by installing community facilities	Providing profit-making facilities by remodeling closed schools within relevant districts
Results	Announced contests on and made basic designs for detached public rental housing units in Boseong Woongok (18 housing units) and Sangju Yangjeong (20 housing units) (in August, 2019)		

Allocation of value for revitalizing the local economy

LH conducts community contribution investment and allocation of economic value of its partner companies every year to revitalize the local economy. In 2019, 520.9 billion won was invested in community contribution and 78,99.6 billion won was paid through the implementation of core projects. We will consequently participate in the economic revitalization and mutual development of all regions.

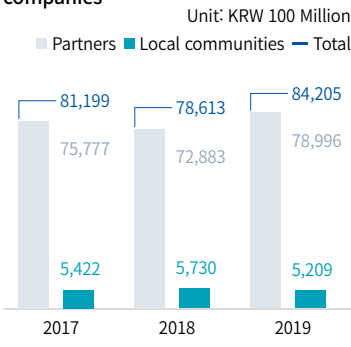


Groundbreaking Ceremony of Project to Renovate Street Houses in Incheon's Seokjeong, which LH Participated in



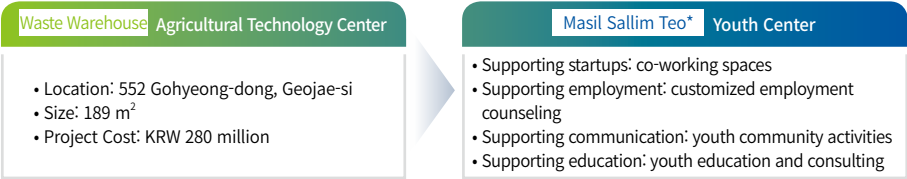
Business Agreement Ceremony of REITs Projects for Those Returning to Rural Areas

Regional economic revitalization Investment and allocation of economic value of its partner companies



Revitalization of Youth Communities and Regions through the Repurposing of Idle Spaces

We are repurposing idle spaces owned by local governments into key bases for regions to reinvigorate local and youth communities. ‘Youth Center,’ the remodeled Agricultural Technology Center, which had been used as a waste warehouse, was launched in July 2020 and is now supporting employment and startups.



Geojae Youth Center Aerial View

* Masil Sallim Teo (Local Dialect Preservation Site): a word from the local dialect, 'masil,' and 'sallimteo,' which means preservation of the local community

Developing Unused State-Owned Land into Central Spaces for Revitalizing Local Economies

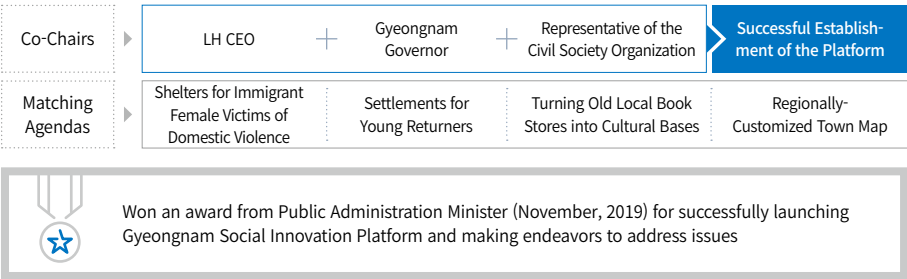
The government adopted a new land development system by amending the State Property Law in March 2018 to convert long-idle and unused state-owned land into central spaces for local communities and economies. A governmental meeting was held to identify measures for economic revitalization in January 2019, and 11 project sites (6.93 million m²) on state properties suggested by LH were selected for development. We established 1.36 million m² of innovative growth space to support new growth and nurture startups and venture companies. We also secured 31,000 public housing units for young people and newlyweds. It is expected that these endeavors will induce new production worth KRW 37.2 trillion and create jobs for 20,500 people. We will continue to efficiently develop national properties to support innovative growth and reinvigorate local economies.

Helping Overcome the Economic Downturn in Gunsan

LH has provided rental-fee support to help overcome the economic downturn in Gunsan, where the GM-Korea factory was closed in May 2018. By decreasing rental fees by 55% for those companies using rental land in the state-owned industrial complex, we have provided KRW 1.4 billion worth of support in total. We have renewed our agreements with three companies that defaulted on rental fees and will allow them to pay their arrears in installments. In addition, we have frozen rental fees and security deposits for some 8,300 households for two years to ease the financial burdens of those living there. We aim to be a public corporation that comes up with prompt measures, including the reduction of rental fees, to swiftly respond to potential regional economic slowdowns.

Creation of a Win-Win Ecosystem to Address Regional Issues through Gyeongnam Social Innovation Platform

LH has pursued win-win development with local communities through the Gyeongnam social innovation platform. This platform is a cooperative platform where locals can suggest their own agendas related to local issues, and such issues can be addressed together between the private and public sectors. We have successfully established the platform through a joint endeavor with the local government and civil society organization.



Core Issues

Securing Sustainable New Growth Engines for the Future

Strengthening the Global Competitiveness of Smart Cities

LH is conducting various activities to enhance its global status. We are laying a foundation for exporting Korean-style smart cities internationally. In order to establish a global network, we signed an MOU with BSI for joint research and participated in the WSCE (World Smart City Expo) to win an export contract worth KRW 107.7 billion. Through proactive global activities such as these, we became the first public organization in Korea to win an award in the digital innovation division at the Smart Expo in Barcelona, in November 2019.

Current Status of Overseas Projects



Breaking Ground on the Korea-Myanmar Economic Cooperative Industrial Complex, the First of Its Kind among ASEAN Members

LH signed an agreement for a joint venture with Myanmar’s construction and housing department (DHUD) and Global Sae-A Co., Ltd., to lay the foundation for establishing an industrial complex to promote economic cooperation between Korea and Myanmar in August 2019. The two nations will be able to reach mutual growth, as it will allow Myanmar to address its extreme urbanization issue and Korea to offer a good opportunity for companies that wish to advance its business in overseas markets. Through strong trust and cooperation, we will turn the Korea-Myanmar Economic Cooperative project into the most successful industrial complex in Asia, creating a bridgehead for our government’s New Southern Policy.



Signing an agreement on the establishment of a joint venture between LH and Myanmar



Groundbreaking ceremony for the Korea-Myanmar Economic Cooperative Industrial Complex

Exporting the First Korean Smart City to South Saad Al Abdullah New City, Kuwait

LH signed a preliminary agreement with the Kuwait Public Authority for Housing Welfare (PAHW) in January 2019 for a project to develop a new town in Al-Abdullah. In order to build a smart city, worth KRW 22 trillion, in an area of around 19.5 million pyeong (64.46 km²), we drew up a specialized master plan for the establishment of a new town customized to the country in question. We plan to actively adopt smart-city technologies from relevant domestic companies in order to help them advance into foreign markets. To this end, we formed the ‘Joint Overseas Expansion Committee to Kuwait’ to support domestic companies as they move into foreign markets and set strategies in each of the public, private, and marketing sectors.



An Aerial View of the smart city in Al-Abdullah, Kuwait



Appointment of the General Planning Division for the New Town in Al-Abdullah, Kuwait

Process of Exporting Smart City to Kuwait

Signed a Preliminary Project Agreement (January, 2019)

Stated the Participation of Domestic Companies

Discussed Project Structures (February, 2019)

Held Workshops Twice (The Kuwaiti Government – LH)

Established an SPV (2021)

Carried out the First-Stage Project

Smart Industrial City in Hưng Yên, Vietnam

LH signed a strategic MOU to cooperate with Hưng Yên, located in the southeastern part of Hanoi, Vietnam, in developing a smart city. We have so far secured tenant demand of 121% for a pilot industrial complex that we will break ground on in 2020. The smart city, as a new project platform in line with the 4th industrial revolution, is a growth engine which will have a great effect on future businesses. This project will function as a bridgehead for the development of more Korean-style new towns in Vietnam. In addition, we expect this project to give us a chance to gain global recognition for Korea’s smart-city technology and know-how and to play an important role in the sustainable development of the Vietnamese economy.



An Aerial View of Smart Industrial City in Hưng Yên, Vietnam



Signing of an MOU to Cooperate in Developing Smart City

The First Global G2G-Based Industrial Complex Standard Project Model

- **Myanmar** Investing in land, establishing infrastructure and others
- **Private Sector** Participating in joint projects, moving into the industrial complex
- **Government** EDCF, providing companies with support to advance into the market
- **LH** Establishing and managing the JV and building the industrial complex

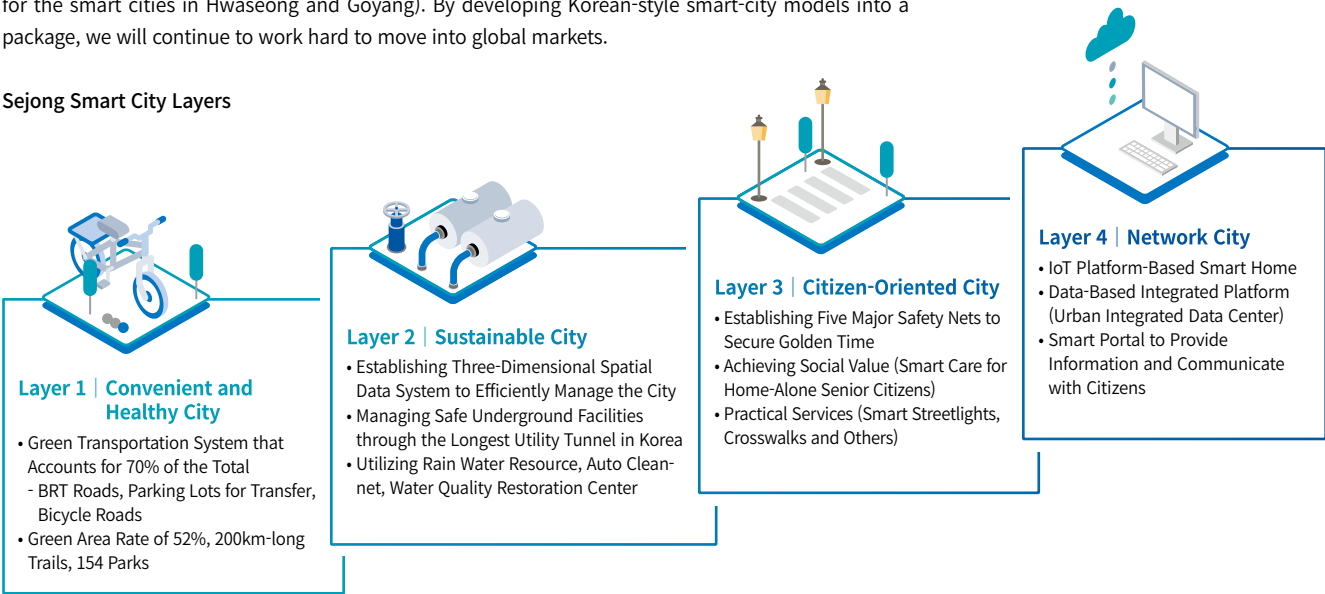
‘One Team Korea,’ a Cooperative Channel to Support Domestic Companies

- **KOTRA** Providing information and consulting services
- **Korea Technology Finance Corporation and Others** Issuing guarantees to financial institutions
- **Financial Institutions** Supporting financing for companies to move into overseas markets
- **Human Resources Development Service of Korea** Working as an outplacer

The First Company in the World to Gain ISO 37106 Certification, for the Smart City in Sejong

LH became the world’s first company to gain the international certification ISO 37106 for the smart city it built in Sejong. As a long-term project to create an administrative complex town by 2030, we are planning a three-step implementation process to respond to changes in technologies and global paradigms. Starting with the international certification for the smart city of Sejong, we are planning to gain additional global certificates for other smart city projects nationwide (i.e., additional certificates for the smart cities in Hwaseong and Goyang). By developing Korean-style smart-city models into a package, we will continue to work hard to move into global markets.

Sejong Smart City Layers



Implementing Campus Innovation Park Project

Korea’s youth employment rate stands at 43%, which is lower than the OECD average of 54%. As it is expected that the gap will become severely widened due to the decrease in employment capacities of existing businesses, LH is planning to lay the groundwork for the establishment of new businesses in order to boost national competitiveness and create jobs. To this end, we have come up with the ‘Campus Innovation Park Project,’ which is a model to build R&D-based cutting-edge urban industrial complexes by utilizing idle properties within universities in cooperation with relevant universities. Linking innovative capabilities of universities with the foundation and growth of new businesses, this project is designed to provide spaces and various convenient infrastructures for companies.

Results of Implementing Campus Innovation Parks



Campus Innovation Park

Campus	Scale	Industry
Kangwon University	67,000 m ²	Biohealth & Energy
Hannam University	21,000 m ²	Mechanical, Chemical, ICT
Hanyang University	187,000 m ²	Suppliers and Smart Manufacturing

Core Issues

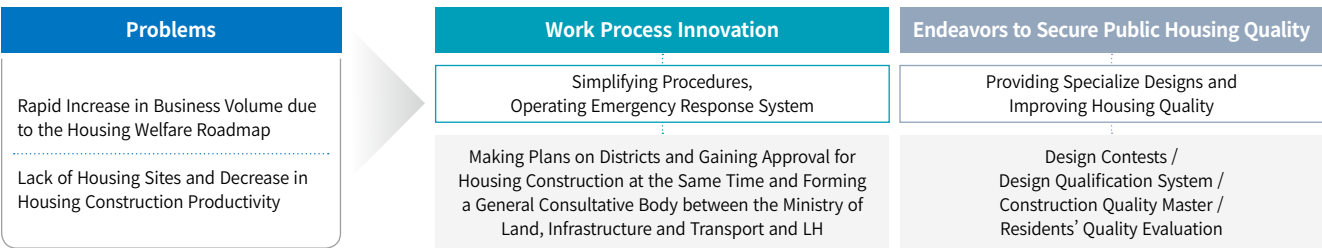
Creating Stable Business Performance

Achieving Business Goals through Strategic Implementation

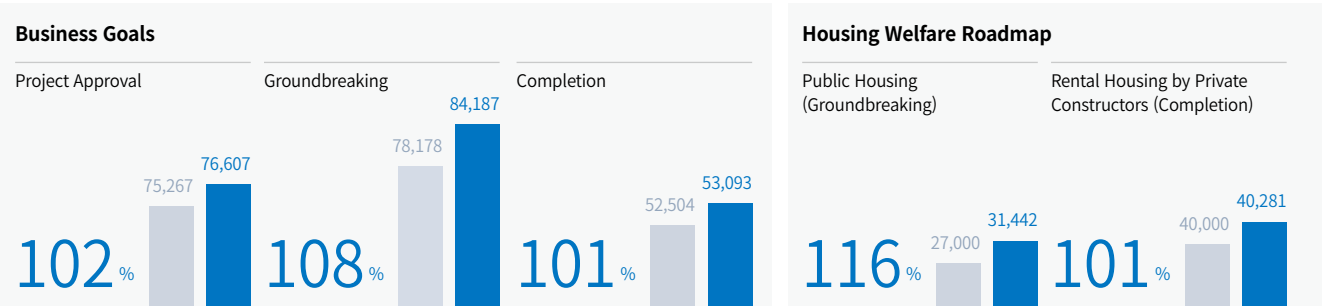
LH has successfully executed national policies and achieved corporate-wide business goals by establishing and implementing systematic business strategies. We have guaranteed the right to housing of groups such as the homeless, SME employees, and disadvantaged groups in need of housing, as well as supporting local governments and private companies by starting new deal projects. In addition, we were able to create a foundation for further developing the nation by advancing into overseas markets and realizing innovative, regional growth. By making endeavors for safety, fairness and shared growth and thoroughly managing projects, we have been able to secure the trust of the people.

Achieving the Goal of Constructing Public Housing as Part of the Housing Welfare Roadmap

Even under difficult business circumstances, LH has strived to fulfill the policy of the housing welfare roadmap and stabilize residence rights for the housing poor by achieving the business goal of providing 210,000 housing units.

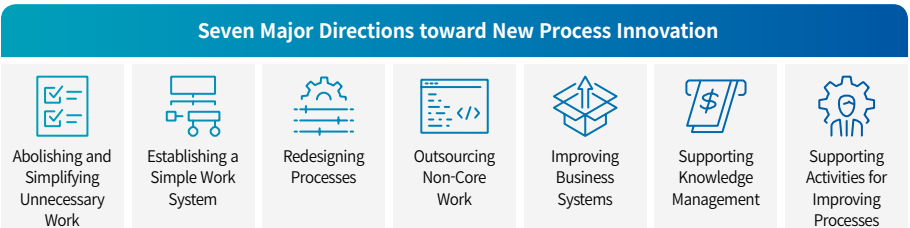


Achieving Business Goals and Housing Welfare Roadmap



Establishing and Implementing ‘New Process Innovation’

We have recognized the need to handle increased workloads within limited time and improve analog and vertical work practices following changes in internal and external business circumstances including the revision of the public institution law, expansion of our roles in fulfilling residential welfare and achieving urban regeneration, and implementation of the 52hour working week. Therefore, we established and implemented ‘Innovative LH’ and ‘New Process Innovation’ in April and December 2019 respectively. Through our endeavors to improve such institutions and practices, we could reduce the time needed for maintenance by 24%; we introduced the automated contract renewal system and successfully carried out other relevant tasks.



Rated Grade A for Three Consecutive Years in the Management Evaluation of Public Institutions in Korea

LH gained Grade A rating for three years in a row in the 2019 management evaluation of public institutions in Korea survey conducted by the Ministry of Strategy and Finance for our outstanding index results on realizing social value and improving financial affairs, and for non-index results on other major projects. Based on values on innovation & implementation, trust & cooperation, and empathy & impression, we will continue to work hard to create practical results throughout our projects including implementing the housing welfare roadmap, the urban regeneration new deal, balanced regional development, and so forth.

Securing Financial Soundness by Maintaining Interest-Bearing Debt at the Lowest Level

By pursuing long-term & mid-term financial management plans throughout the corporation, we reshuffled our financial structure to keep the interest-bearing debt at the lowest level in 2019. Furthermore, we continued to secure financial soundness by reducing interest-bearing debts, liabilities and debt ratio for six consecutive years since 2014 despite the fact that we made the largest investments in the public sector.

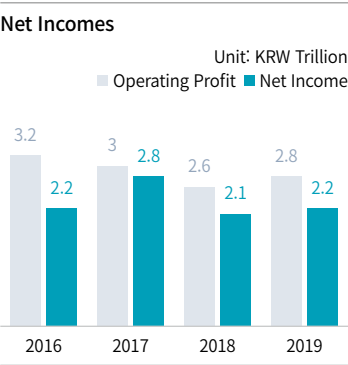
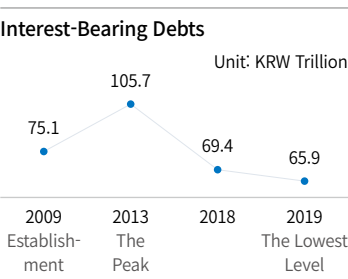
Achieving Current New Income of around KRW 2 Trillion for Four Consecutive Years and Paying out the Biggest Dividends as a Public Organization

LH achieved current net income of around KRW 2 trillion for four consecutive years by creating stable business performance and paid out the largest dividends among the public institutions, contributing KRW 1.279 trillion (dividends of KRW 452.4 billion, corporate tax of KRW 826.6 billion) to the national finance.

Starting the Construction of the First Urban Regeneration New Deal Project

LH started the construction of ‘Gwangmyeung Neobudae Public Rental Housing’ as the first urban regeneration new deal project in December 2019. The project of regenerating Gwangmyeung Neobudae is intended to improve residential welfare and create jobs by renovating old houses in the original downtown areas with poor residential environments, and providing affordable housing and living SOC (Social Overhead Capital). We are planning to provide municipal daycare centers, startup support centers, public malls and parking lots by 2023 to encourage young persons to move in and rejuvenate the city. Beginning with the groundbreaking for the Gwangmyeung Neobudae project, we are expecting early starts of 35 urban regeneration new deal projects by 2020.

Regeneration Project for preventing Gentrification



Dividend Payments

Unit: KRW 100 Million

Classification	2017	2018	2019
Dividends (the Government + Other than the Government)	5,521	3,890	4,524



Groundbreaking Ceremony for the Urban Regeneration New Deal Project in Gwangmyeung Neobudae

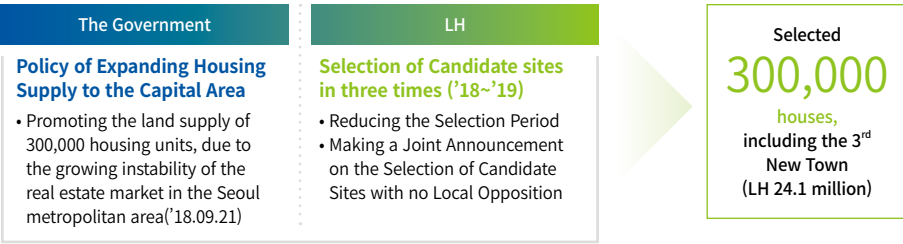


An Aerial View of the Urban Regeneration New Deal Project in Gwangmyeung Neobudae

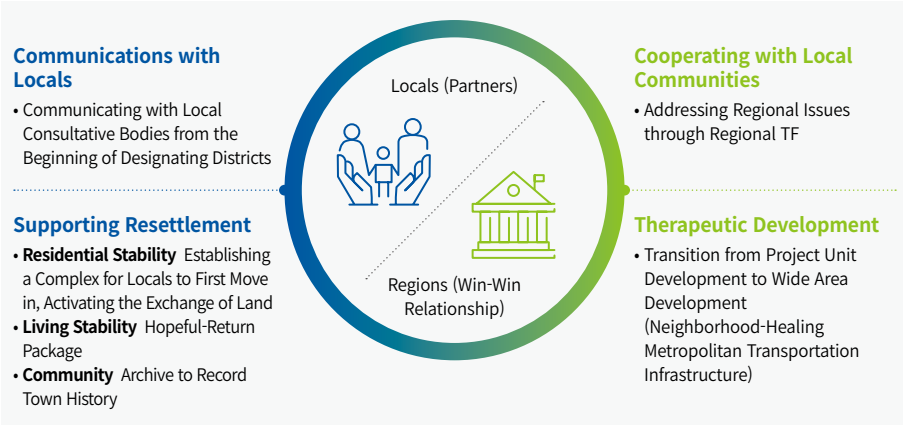
Contributing to the Government Policy by Promptly Securing New Housing Sites

In line with the government policy of expanding housing supplies and ever-changing social trends, we are working hard to take the lead in establishing new towns. By selecting candidate sites in cooperation with the government and local self-governing bodies, we have helped stabilize the housing market and introduced ‘Empathy-based Project Innovation’ into which the opinions of locals are incorporated. As such, the paradigm of urban development has changed from a unilateral direction to an interactive one. We have so far successfully completed the designation of 12 districts with an area size of 7.75 million pyeong (25.6 km²).

Securing Candidate Sites to Meet Demand



Empathy-based Project Innovation



Suggesting LH’s Platform Models

We have new platform models in cooperation with various entities to meet and provide service needs for the public. By sharing and expanding our platform vision both at domestic and international level, we expect that we can play further expanded roles and provide the best service.



Ceremony of Signing a Business Agreement on Establishing a Platform for Supporting Balanced Regional Development and Local Governments

Core Issues 2

Trust and Inclusion for Win-Win Growth

»2

Background to Selecting Core Issues

LH is aware of increased demand for shared growth and win-win relationships in the public sector. In order to respond to such requests, we are planning to create a cyclical ecosystem of win-win cooperation based on trust. We are also striving to establish a sound ecosystem for the construction industry by supporting a number of partner companies to boost their competitiveness, and maintaining cooperative relations with them. Moreover, we are creating new jobs in both public and private sectors by establishing job-creating infrastructure through support for startups and SMEs. By doing so, we are fulfilling our responsibilities for leading innovative growth.

Crisis and Opportunity Factors

Any deterioration of confidence and trust between local communities and our employees would serve as a dangerous element in our efforts to provide residential stability and national land development. As such, we are planning to invest in various forms of infrastructure and improve fair conditions for our employees to improve the support base for LH. Through a culture of respecting diversity within the corporation, we believe we can ensure a more stable business environment, organizational culture, and creative thinking. In this way, we will be able to enhance work efficiency, which, in turn, will lead to the development of excellent human resources for the corporation and the increase of satisfaction for our employees.



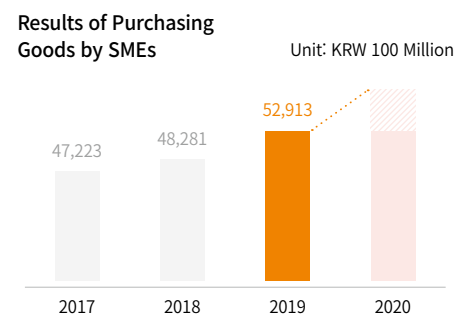
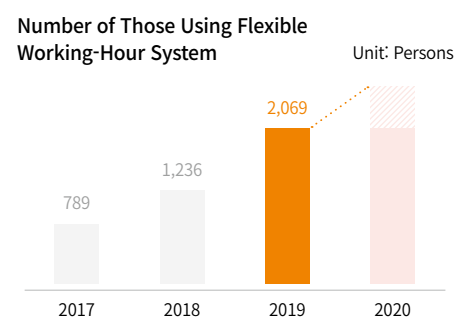
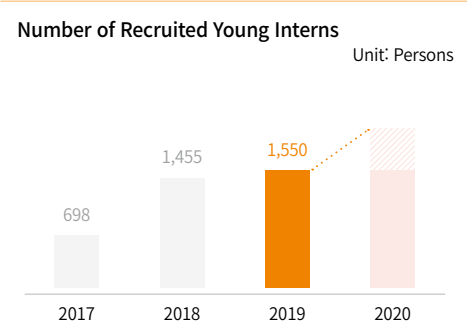
Becoming the First Public Organization to Conduct Human Rights Effect Evaluation



Strengthening Dedicate Organizations for Win-Win Growth



Establishing LH's Advisory Group for Human Rights and Center for Human Rights



LH 2019 Job-Creating Performance



Expanded Employment

Total of 10,100 Persons

Expanded Direct and Indirect Employment

Supported Startups (Self-Reliance)

Total of 387 Teams

Completed Startup Support for Young and Middle-Aged Persons

Increased the Number of Female Managers

Total of 343 Persons

Nurtured Competency-based Female Talents

LH's Core Issues for Sustainable Management

- 1 Creating Jobs and Respecting Diversity p. 52
- 2 Developing Human Resources and Enhancing Employee Competencies p. 55
- 3 Establishing a win-win and cooperative labor-management culture p. 57
- 4 Strengthening Human Rights Management p. 60
- 5 Strengthening Win-Win Growth Policies and Activities p. 61
- 6 Making Social Contributions to Fulfill Social Responsibilities p. 64
- 7 Expanding Investment in Social Infrastructure p. 67



Core Issues

Creating Jobs and Respecting Diversity

Establishing LH Roadmap for Job Creation

Marking the third year of setting a roadmap plan for job creation, we have come up with improvements of “LH Good Job Plan Season 3.” While the previous plan was for creating short-term jobs through our projects, we are now taking firm steps toward creating sustainable jobs and enhancing the decision-making system. To this end, we have expanded and reformed relevant goals and main strategies and identified new tasks. In addition, we have put in place a more reasonable and reliable method to measure job-related indexes based on quantitative and qualitative improvements and supplements. We are planning to create 76,000 jobs over the next five years (2019~2023).

LH Good Job Plan Season 3

Vision	Decent Jobs, Shared Hopes with LH			
Four Major Goals	Innovator Enhancing Business Management for Job Creation	Fosterer Fostering Businesses for Job Creation	Creator Creating Decent Jobs	Supporter Supporting Decent Jobs
Eight Major Strategies	① Enhancing Business Management Focusing on Creating Jobs	② Innovating Private Sector's Job-Creating Ecosystem	③ Nurturing Related Industries by Utilizing Features of Each Business	④ Establishing Job Infrastructure for Innovative Startups
	⑤ Creating Jobs through Residential Service	⑥ Vitalizing Social Economies	⑦ Supporting Various Classes to Start Their Own Businesses	⑧ Nurturing Talents to Meet Demand
Fifty Major Tasks to Implement	• Decision-Making System, etc., for Job Creation (13 tasks)	• Nurturing Smart Cities and Eco-Friendly Industries etc. (14 tasks)	• Expanding Jobs for the Underprivileged etc. (13 tasks)	• Employment Programs for Skilled Construction Workers etc. (10 tasks)

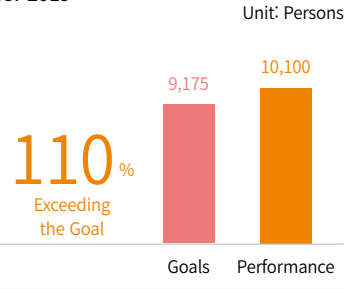
Leading the Economy by Creating the Largest Number of Jobs among all Public Institutions

LH is taking the initiative in creating jobs in the private sector by utilizing the features of our projects. Through our own projects including residential welfare, urban regeneration, etc., with the largest fiscal expenditure executed in the public sector, we were able to provide jobs for 185,000 persons in 2018 and 154,000 persons in 2019 (including 10,100 hired both directly and indirectly) and were selected as an outstanding public organization regarding innovation in 2018. We are planning to designate five districts including Namyangju Wangsuk, and Hanam Gyosan to establish a third new town and are expecting to provide 390,000 jobs within the urban support facility site (6 million m²).

Status of Creating and Supporting Jobs for 2019

Classification		Goals	Performance	Achievement
Job Creation	Direct Employment	4,158 Persons	4,560 Persons	110%
	Indirect Employment	5,017 Persons	5,540 Persons	110%
Spaces for Startups		346	405	117%
Social Enterprises		159	663	417%
Supporting Startups		333 Teams	387 Teams	116%
Nurturing Talented Individuals		890 Persons	1,830 Persons	206%

Performance of Creating Jobs for 2019

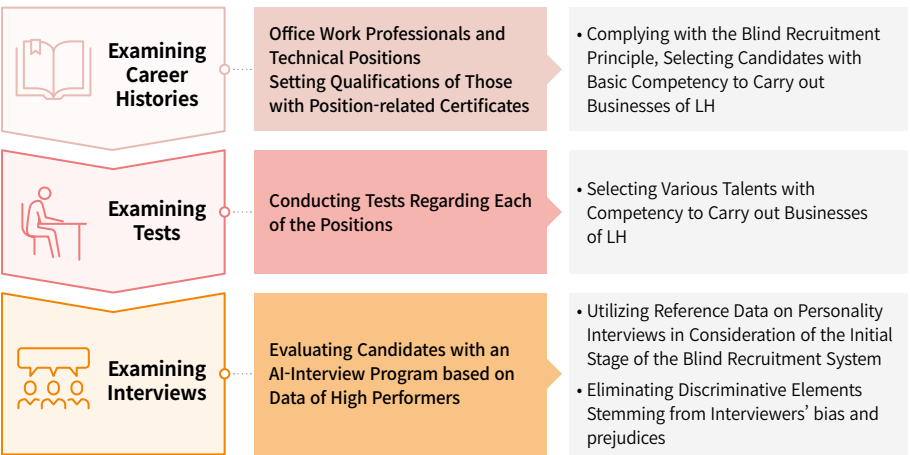


Selected as Best Job Companies by the Ministry of Employment and Labor

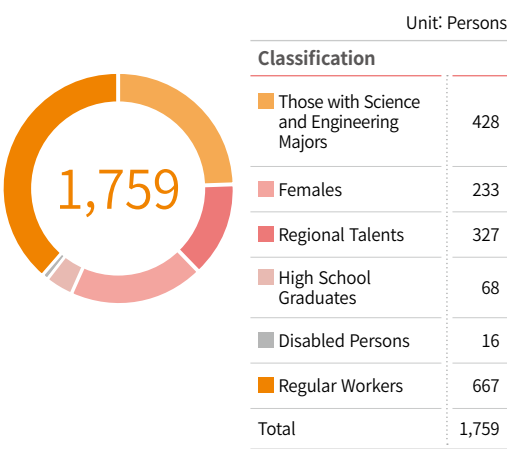
Excluding Discriminative Elements and Recruiting Talents based on Their Business Competency

When recruiting talents, we are implementing a competency-based blind recruitment system to hire outstanding human resources through fair procedures without discrimination based on gender, religion, age, education and other irrational reasons. In the process of recruiting employees, we are blocking off any personal information that would let us identify the person so as to realize fair employment without bias and discrimination. We have also reflected improvements in each of the selection stages to ensure competency-based recruitment without any discriminative elements.

Improvements at Each Stage



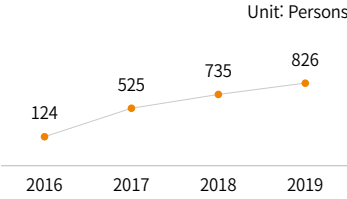
Status of Open Recruitment for 2019



Status of New Recruitment for 2019

		Unit: Persons	
Classification	Unit	Newcomers (5 th and 6 th Grades)	Unlimited Contract
Gender	Male	422	76
	Female	230	98
	Total	652	174
Age Brackets	Under 30s	584	124
	30s~50s	68	46
	Over 50s	0	4
Total		652	174

Status of Recruiting Newcomers for 2018 and 2019



Endeavors to Achieve Zero Level of Temporary Positions

LH has recognized and implemented measures to respond to conflicts between regular and non-regular workers and discrimination among employees that can be derived from the existing workforce structure. As we are aware that the conversion into regular positions will serve as an opportunity for the growth of the corporation, we are striving to change temporary positions into full-time ones through transparent procedures. As a result, we were able to offer 1,715 irregular workers full-time positions in 2018. We will continue to achieve a zero level of irregular workers and create decent jobs for the stability of employment.

Expanding the Recruitment of Young Interns by Discovering Proper Positions for Younger Persons

When hiring young interns, we have discovered suitable positions in relation to urban regeneration new deal projects, social enterprises and LH's other main businesses. By creating new jobs not only from the existing positions but also from newly created ones, we were able to expand the recruitment of young interns.

Ongoing Implementation		New (Discovering Positions Suitable for Younger Persons)		Total
Experience + The Disabled	Overseas Infrastructures	Urban Regeneration New Deal Projects	Social Enterprises	
615 Persons	8 Persons	260 Persons	15 Persons	
5 Months (Working for LH)	7 Months (Dispatched Abroad)	5 Months (LH Training + Local Governments)	5 Months (LH + Social Enterprises)	898 Persons

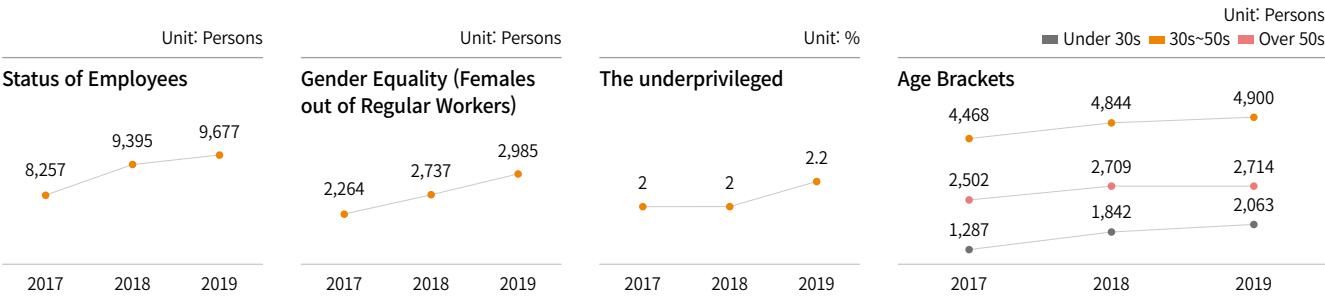
Strengthening Support for Those Vulnerable to Unemployment including the Disabled and the Elderly

By actively utilizing our projects, we are continuously discovering and providing jobs customized to the disabled, senior citizens, and those vulnerable to unemployment.

Caring Staffers	Helpers for Home-Along Senior Citizens
<ul style="list-style-type: none">Increasing the Number of Housekeeping Service Staffers (Twice), Developing new positions including ICT care managers and others (1,793 persons)	<ul style="list-style-type: none">Responding to social issues such as dying alone by hiring disabled persons to become chatting friends for home-alone senior citizens (64 persons)

Respecting Diversity within the Organization

LH is increasing the number of female workers and expanding the employment of the underprivileged to respect diversity of our employees and realize gender equality.



Solving Discrimination against Temporary Workers Converted into Regular Employees

Perceiving the potential for discrimination against temporary workers who have been converted into regular employees as to their wages and promotions, we have come up with follow-up measures after their position conversions. In other words, we have prepared promotion and wage systems that are similar to those of other employees, to improve treatment for those whose jobs have been converted into regular positions. Through such endeavors, we were able to moderate the seniority system while increasing performance-based compensation by paying differentiated wages in accordance with competency and performance.

General Issues

Developing Human Resources and Enhancing Employee Competencies

Establishing a Plan on Developing Human Resources

In order to achieve LH's vision and mission and to nurture innovative human resources that will take responsibility for LH's future, we have defined the right talents for the corporation and established relevant strategies. We are thoroughly implementing core tasks by coming up with four major HRD strategies.

Strategies on Developing Human Resources

HRD Vision	Nurturing Creative Talents that Will Create the Organization's Future Value			
Right Talents for the Corporation	LH Path Finder that Explores the Future based on Communications & Creativity and Convergence and Insight			
Strategic Goals	Nurturing LH Path Finder that Lead Changes in Businesses		Establishing a Platform for Knowledge Businesses on Land, Housing and Residential Welfare	
HRD Strategic Tasks	Nurturing Business Experts	Establishing Voluntary Learning Groups	Expanding Open Education	Nurturing Instructors and Expanding Training Facilities
Core Tasks	<ul style="list-style-type: none">Establishing Institutions on Business ExpertsJob Expertise Academy	<ul style="list-style-type: none">Reforming Voluntary Learning SystemVitalizing Voluntary Learning	<ul style="list-style-type: none">Discovering New Education FieldsCarrying out Education Businesses	<ul style="list-style-type: none">Nurturing In-house InstructorsExpanding Training Facilities



Special Lecture by CEO for New Employee

Newly Establishing Training Specializing in Core Businesses

In order to nurture disciplined and creative talents and to improve employees' satisfaction with training, we are carrying out various training programs. In particular, we have improved and newly established training programs to boost competency related to expertise on core businesses. As such, we have worked hard to improve employees' job-related knowledge, competency and expertise by actively utilizing newly changed training programs.

Status of Improving and Newly Establishing Training Programs

Classification	Details	Performance
Introduced On-Site Social Learning	Introduced Creative Learning by Designing Site & Discussion-based Training Programs	54 Persons Completed Programs on Residential Welfare and Urban Regeneration
Introduced Institutions on Business Experts	Established Career Process Steps for Six Major Business Areas Made Discussion and Training Evaluation Mandatory, Extended Favor to Those with Certificates	Added New Programs including PM, Information Management, etc. 406 Persons Completed 20 Programs
Nurtured In-house Instructors	Introduced Demo-Lecture Evaluation ▶ Strengthened the Norm of Selecting In-house Instructors Supported Instructors to Improve Their Competency through Commissioned Education by External Organizations	Selected 22 Professional Instructors and 17 General Instructors 42 Persons Completed the 3rd Course on Nurturing In-house Instructors
Opened Professional Subjects	Opened Education Programs Customized to LH Businesses at Local Universities	Opened 'Professional Courses in the Department of Construction and Safety Technology (Master)' at Gyeongsang University
Supported the Acquisition of Professional Certifications	Expanded Online Training Courses to Help Employees Acquire Job-Related Certificates Opened Collective Training Programs for Technical Experts Invited Renowned Instructors to Maximize Training Effect	Operated Online Certificate Training Programs (328 Programs with a Total of 2,399 Persons Attending)



Business Agreement Ceremony on the Training of Construction Safety Professionals

Establishing New Institutions and Programs to Nurture Job-related Experts

After sorting out capabilities required for employees into each of our business areas, we are operating programs to nurture experts in six major areas including residential welfare, urban regeneration, regional development, housing projects, and etc. By supporting the different capabilities of employees, we are able to foster experts within the corporation. As many as 406 persons completed 20 programs in 2019.

Status of Business Experts Who Completed Programs on Core Projects for 2019

Classification	Residential Welfare	Urban Regeneration	Regional Development	Housing Project	Strategic Projects	Business Management	Mixture	Total
Number of Programs	2	4	5	2	6	1	-	20
Number of Persons Completing	39	114	68	44	61	18	62	406

Reforming Voluntary Training Programs

We have reformed voluntary training programs to create more creative working environments by encouraging voluntary training of employees. ‘Learning and Honing’ is a platform through which employees communicate with each other by voluntarily becoming learners or instructors anytime. Through this platform, the training needs of various employees could be harmonized with goals of the corporation.

Status of ‘Learning and Honing’ Platform

Town Hall Meetings	Job Training	Learning Clubs	Pop-Up Training	Learn-Together, Enjoy-Together
Addressing Current Issues through Discussion	Intensive Learning	Continuous Learning though Learning Clubs	Regular Learning by Small Groups	Satisfying Intellectual Curiosity in Various Areas

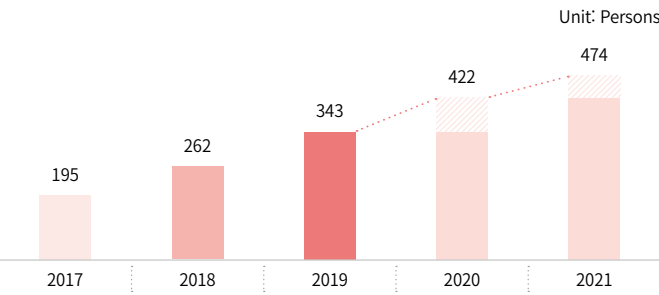


Future Vision Workshop

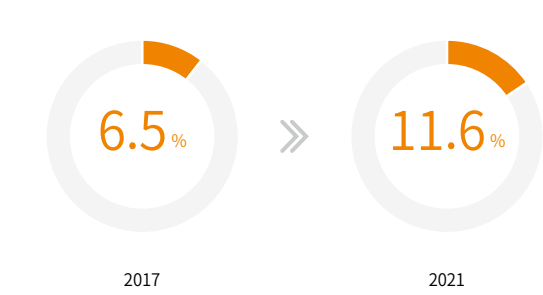
Expanding Number of Female Managers and Nurturing Female Employees

LH is expanding the number of competent female managers based on their performance and competency in accordance with the plan on the expansion of numbers of female managers. At the same time, we are promoting female leadership by increasing the number of female trainees for the special course of WILL (Woman In LH Leaders) to nurture female managers. We became the first public organization out of 35 to appoint a female Executive Vice President.

Results of and Plans for Expanding Number of Female Managers



Results of and Plans for Expanding Number of Female Managers



General Issues
Establishing a win-win and cooperative labor-management culture

Leading Social Value as a Public Organization based on Outstanding Labor and Management Relations

LH, as a public corporation, is trying to realize social value in order to fulfill our social responsibilities. Therefore, we have set goals pursued by both employees and the management in four areas including job creation, human rights, safety, and social contributions. We are also working hard to carry out various practical activities to win empathy and trust of the public.

Labor-Management Common Goals for Realizing Social Value

Conditions	Internal Environment		External Environment	
	Forming and Sharing a High Degree of Consensus with Employees Will of the CEO and the Union Head to Conduct Actions		Receiving a Positive Evaluation on LH's Roles in Providing Residential Welfare Expecting Practical Results for the Public	
Endeavors	Spreading Consensus		Involving Stakeholders and Expanding Contests	
	Bottom-Up Method (Involving All Divisions) Providing 23 Training Events on Social Value		Idea Contests, Public Consensus Committee Innovative Hackathon, Construction Culture Innovation Center	
Labor-Management Common Goals	Job Creation	Human Rights	Safety	Social Contributions
	• Strengthening Fairness when Recruiting • Improving Quality of Jobs	• Preventing Harassment within the Corporation • Protecting the Weak and Vulnerable	• Strengthening Institutions on Safety and Health • Innovating the Management of Construction Sites	• Expanding the Involvement of Employees • Spreading Sharing Culture
Endeavors	• Ordinary Employees Introducing AI Interviews Developing New Jobs • Those Converted into Regular Positions Raising Basic Annual Salaries of Each of the Jobs • Openly-Recruited 6th-Grade Employees Setting Step-by-Step Ways of Promoting Them	• Right to Discontinue Work • Outreach for Psychology Counseling • Dispatching On-Site Investigators	• Remodeling Safety and Health Centers • Expanding Training on Emergency Treatment • Installing Smart Safety Devices • Improving Work Sites • Expanding Training on Safety	• Increasing Social Contributions by Conducting Work-related Common Activities by Employees and the Management
Performance	Recruiting 1,380 Persons, the Largest Number in History Improving Treatment for Converted Employees	Supporting Subsidiaries by Setting up Operation Standards	Reducing Serious Accidents by 67 % (9 Cases ▶ 3 Cases)	2019 Korean Consumer Award 'Realizing Social Value' Winner

Social Contributions Made Jointly by Labor and Management in Relation to LH Businesses

Labor-Management Agreement	Improving Institutions	Expanding Culture	Specialized Businesses	Disaster Relief
Establishing Labor-Management Common Plans	Social Contribution Consultation	Conducting Employee-Led Activities	Customized Programs	Supporting Sufferers
Establishing and Implementing Annual Social Contribution Plans with between Labor and Management	Setting Guidelines on Social Contribution Work, Establishing a Donation Deliberation Committee	Family Service Groups (41 Families), Overseas Outreach (Two Nations), Sharing and Outreach Award (41 Awardees)	Setting Programs for Each of the Age Brackets including Children, the Young, the Middle-Aged and the Elderly	Forest Fire in Gangwon (Donating 320 Relief Kits, Temporary Accommodations at LH Training Institute in Sokcho and KRW 100 Million)

Complying with Labor-Management Laws

LH has established legitimate Labor-Management Relations based on Laws and Principles and continues to improve irrational practices. We are complying with domestic labor laws that ensure three major labor rights including the right to organize, the right to collective bargaining and the right to collective action. In addition, we have signed the first single agreement after integrating labor unions to lay the basis for stable labor-management relations.

Strengthening the Management of Labor Risks

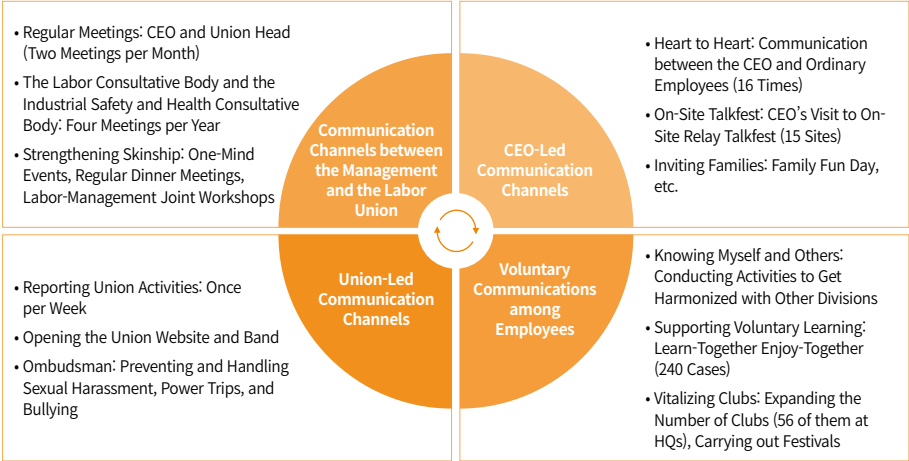
Thanks to changes in internal manpower structures and the labor environment, there is a rising potential for new conflicts arising among stakeholders. Externally, the volume of national policy projects has sharply increased, resulting in a lack of sufficient human resources. To deal with such issues, we have come up with measures to reasonably address conflicts for the purpose of proactively managing potential risks.

Performance of Strengthening the Management of Labor Issues

Endeavors	>	Strengthening Monitoring <ul style="list-style-type: none">Identifying Complaints and Problems of EmployeesIn-Depth Interviews and Outside Consultations	Activating Communication Channels <ul style="list-style-type: none">Operating Hotlines (The Management – The Labor Union’s Executive)	Enhancing the Management <ul style="list-style-type: none">Operating Labor Union and Hands-on Division TFT43 Preliminarily Consulted Cases out of the BOD Agendas
		Innovating the Organization, the Operation of Human Resources and the Personnel System		
		Improving the Capacity of Implementing National Policy Projects <ul style="list-style-type: none">Strengthening Local AutonomyDelegating On-Site Authority	Operating On-Site Manpower System <ul style="list-style-type: none">Dispatching Manpower to Relevant Regions FirstExpanding the Right of Autonomy to Personnel	Rationally Conducting Personnel Management <ul style="list-style-type: none">Improving Promotion SystemSupplementing the Principle of Rotation

Enhancing Labor-Management Communication

LH is striving to establish a communication system to reflect the integration of labor unions, the expansion of businesses and human resources and changes in our communication environment. By setting a number of communication channels, we are helping our employees and the management to communicate with each other and work together in harmony.



General Issues

Strengthening Human Rights Management

Actively Improving Systems for Human Rights Management

LH has been actively improving its systems for implementing human rights management in order to form a consensus and expand awareness of the need for human rights protection throughout the corporation. To this end, we have established the ‘LH Human Rights Center,’ an independent organization dedicated to human rights, and formed the ‘LH Human Rights Advisory Group,’ which is composed of outside experts. In addition, we have enacted our ‘Guidelines on Ombudsmen and Preventing Harassment within the Corporation,’ and are the first public company to conduct human rights impact assessments. We will continue to actively pursue human rights management by building human-friendly business management systems.

LH’s Human Rights Center	LH’s Human Rights Advisory Group
Newly Establishing an Independent and Dedicated Organization to Prevent and Address Human Rights Violations such as Sexual Harassment, Power Trips, and Bullying within the Corporation	Appointing Five Outside Experts including Professors, Attorneys and Labor Attorneys on Human Rights as the Advisory Group
Unifying Reporting, Counseling and Investigating Windows into One	Strengthening Expertise in Preventing Human Rights Violations and Efficiently Relieving Victims

Improving Preventive Measures against Human Rights Violations within the Corporation

Sexual Harassment within the Corporation	Bullying within the Corporation
<div>Developing Counseling Channels</div> <div><div><div>• External Agreement</div><div>Counseling Agreement with ‘Korean Women’s Calls’</div><div>- Enhancing Expertise in and Efficiency of Counseling</div></div><div><div>• Open Counseling</div><div>Opening a Center to Take Care of Sexual Harassment Problems</div><div>- Sharing Ombudsman Procedures within the Corporation (Five Cases in 2019)</div></div></div> <div><div>Preventive Activities throughout the Corporation</div><div><div>• Education</div><div>Education Customized to Managers to Prevent Sexual Harassment</div><div>- Providing Leading Roles and Supporting Efficient Dissemination</div></div><div><div>• Promotion</div><div>Providing Periodic Leaflets and Card News</div><div>- Promoting Ways of Protecting Victims and Preventing Secondary Victims</div></div></div>	<div><div>• Establishing Standards</div><div>Enacting Guidelines on Preventing Harassment within the Corporation and Appointing an Ombudsman</div><div>- Bullying Behaviors, Reporting and Handling Procedures, Secondary Victim Prevention, Operating Grievance Counseling Organizations (Six Cases in 2019)</div></div> <div><div>• Penalties</div><div>Establishing Standards for Determining Punishment to Severely Punish Harassment within the Corporation</div><div>- Eradicating Harassment within the Corporation by Setting the Highest Level of Punishment (Maximum Penalties: Expulsion, Dismissal)</div></div>

LH’s Organization Dedicated to Human Rights

Education on Human Rights

We are conducting regular training for employees throughout the corporation on the prevention of human rights violations within the corporation. In order to prevent sexual harassment and bullying within the corporation and to properly handle such cases when they occur, we have grievance counselors to provide relevant training. In addition, we are encouraging all employees including top officials to take training courses on the prevention of sexual harassment.

Status of Integrity Training for Employees

	Unit: Persons		
Classification	2017	2018	2019
Number of Those Subjected to the Completion of Training	6,455	9,111	9,003
Number of Those Completed Training	7,162	7,620	8,540
Completion Rate (%)	82.60	83.60	94.86

Status of Participating in Training on the Prevention of Sexual Harassment

	Unit: Persons (%)		
Classification	2017	2018	2019
Total Employees	7,321(95)	8,598(96)	8,910(98)
Top Officials	6(100)	7(100)	6(86)
Irregular Workers	143(100)	286(50)	411(92)

Core Issues

Implementing Win-Win Growth Policies and Activities

Establishing Strategic Systems for Win-Win Growth

LH has established strategic systems for win-win growth to reflect changes in the business management environment based on values of trust toward win-win relationships. By developing total support systems for SMEs in areas of finance, technology, markets, employment, startups, etc., we are willing to support the growth of SMEs based on a firm culture of win-win growth. To this end, we have established the Win-Win Growth Implementation Committee to check and support the current status of implementing detailed tasks. The SME Cooperation Group and divisions responsible for the tasks are both dedicated to realizing win-win relationships by monitoring the status and giving feedback, so as to secure our capability of implementing win-win growth.



Business Agreement Ceremony on the Win-Win Growth Committee

Win-Win Growth Implementation System

Goals	Establishing Sustainable Management Systems through Win-Win Growth			
Strategies	Establishing a Transparent and Fair Order		Improving the Competencies of SMEs	
Tasks	Eliminating Unfair Practices	Setting up a Fair Trade Culture	Supporting the Growth of SMEs	Creating a Virtuous Cycle Ecosystem for Startups
	11 Tasks including the Enhancement of Payment System Management	13 Tasks including the Enhancement of Communications and the Protection of the Weak in the Construction Sector	19 Tasks including Support for Market, Finance and Job Creation	7 Tasks including Support for Startups and Expansion of the Performance-Sharing System

Leading the Fair Trade Culture

We are establishing a transparent and fair order by improving unfair practices and promoting fair trade culture. To spread the fair trade culture, we have built up our own fair trade exemplary models to increase the number of those eligible for advance payment regardless of relevant contractual terms and to expand the payment rate. In addition, we have deleted 17 unfair articles by examining the entire 419 regulations of LH, resulting in eliminating risky elements of our business environment in advance.

Customized Programs for the Growth of Companies

By categorizing the growth processes of SMEs and venture companies into four steps — namely, foundation, takeoff, growth and stabilization — we are providing programs customized to each of the steps for the growth of such companies.

Step 1 Foundation	Step 2 Takeoff	Step 3 Growth	Step 4 Safety
<div>• LH’s Project of Establishing Steppingstone for Young Entrepreneurs</div> <div>• LH’s Social Venture Incubating Center in Dongtan 2</div>	<div>• Cooperation between LH and Korea Technology Finance Corporation</div> <div>• LH’s Job Fair for Partner Companies</div> <div>• Benefit Society for Young Employees</div> <div>• Projects for Developing New Products and Technologies</div>	<div>• Cooperative Loans for Win-Win Growth</div> <div>• Housing for SME Workers</div> <div>• Housing to Support Regional Strategic Businesses</div> <div>• Malls for Technically Innovative Partner Companies</div>	<div>• Expanding the Dissemination of Smart Factories</div> <div>• Purchasing Goods of SMEs</div> <div>• Contesting New Technologies</div>

<div>Award Certificate from the Win-Win Growth Committee in the “Public Sector for Construction Cooperation Promotion” for 2019</div> <div>Award Certificate (Organization and Employees) from the Prime Minister in the “Contest for Promoting Pubic Purchases and Innovative Procurement” for 2019</div> <div>Award Certificate (Employees) from the Prime Minister in the “Sector for Promoting Industrial Technologies (Promoting the Commercialization of New Technologies” for 2019</div>

Developing a Support System for Win-Win Growth with Social Enterprises

LH has built up support systems for social enterprises and is expanding the purchase of goods and services from social enterprises in order to take the lead in achieving social value through win-win growth together with them. We are working hard to create an ecosystem for win-win growth with social enterprises, to help and nurture them and establish infrastructure for their growth. Typically, we launched the project of cleaning LH rental homes together with social enterprises in 2019, leading us to winning the best example (the top place) in the first contest for creating social value as a public organization.

Vision	Decent Jobs, Hopes to Share with LH		
Goals	Taking the Lead in Realizing Social Value though Win-Win Growth with Social Enterprises		
Strategies	Creating an Ecosystem for Win-Win Growth and Cooperation	Establishing Infrastructure for the Growth of Social Enterprises	Helping and Supporting the Foundation of Social Enterprises
Tasks	<ul style="list-style-type: none">Improving Residential Environment through Residential Service CooperationNurturing Partner Companies to Supply Public Housing	<ul style="list-style-type: none">Expanding Purchases through Institutional ImprovementsSupporting Growth PlatformsDiscovering Cooperative Projects	<ul style="list-style-type: none">Fostering Social Economies Customized to DemandNurturing Talents and Connecting with Local Job Creation

Building up Partnerships with Social Enterprises

LH is striving to create jobs in connection with social economies and our own business features. To this end, we are establishing cooperative systems to nurture social enterprises as our partners for providing residential welfare services and public housing. We have expanded the service of cleaning the interiors of rental homes with social enterprises and tenants. We are also carrying out a social housing project with social cooperatives to construct rental houses by utilizing LH-owned land.

Implementing the Service of Cleaning the Interiors of Rental Houses



Nurturing Social Enterprises as LH's Partner Companies for Public Projects

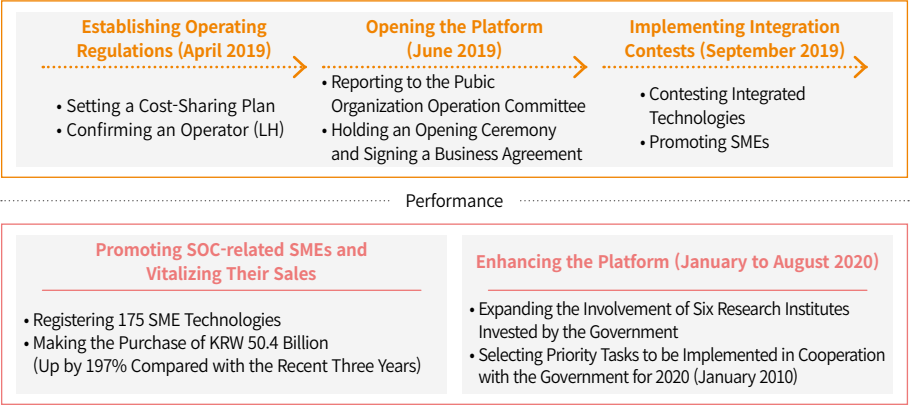
Residential Welfare Service		Providing Housing	
Daycare Service	Multifunctional Residential Community Facilities 'Daycare Sharing Nest' (Misa, Hanam)	Cooperative Type	Participation of Cooperatives in Housing Construction and Operation (Byeollae, Namyangju)
Cleaning Service before Moving in	Implementation of Cleaning Service from Social Enterprises by Hiring Tenants (36 Companies, 126 Complexes)	Land Leasehold	Constructing and Supplying Rental Houses by Social Economic Organizations (Jowon, Suwon)
Landscaping Service	Educating Gardeners and Managers of Kitchen Gardens and Maintaining Outside Spaces	Sharing Type	Grafting Common Facilities Operated by Social Enterprises onto Rental Housing (Yangwon, Seoul)
Job Counseling	Providing Job Counseling Services for the Underprivileged in Terms of Employment from Social Cooperatives	Saetteul Town Project	Renovating Homes, Improving Residential Conditions and Operating Town Restaurants

Opening a Market Platform for Integrated Technologies of SOC Public Organizations to Support SMEs

The market platform of integrated technologies of SOC public organizations has been established for the purpose of commercializing and promoting innovative technologies of SMEs and of supporting them from the stage of technical development to the stage of procurement as a one-stop solution, making it different from other existing platforms. The platform is expected to lay the groundwork for the innovative growth of SMEs as each of them is able to promote their technologies and materials to public organizations. LH, as a leading organization of the SOC consultative body, is planning to hold technical contests, introduce a system of verifying new technologies and products and continue to expand support by adding cooperative contents together with SOC public organizations.



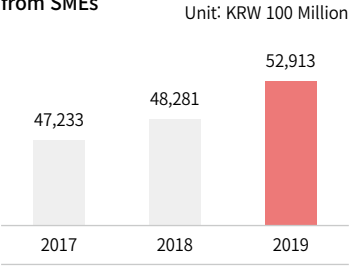
Opening Ceremony of the Market for Integrated Technologies of SOC Public Organizations



LH, Selected as an Organization of Merit in the Public Procurement Sector for Two Consecutive Years for Endeavors to Nurture SMEs

LH was selected as a public organization of merit in the public procurement for two consecutive years by winning a presidential citation for our endeavors to expand the public procurement of goods from SMEs and nurture innovative SMEs in 2018. LH received another citation from the Prime Minister in the contest of promoting public procurement in 2019. As the top organization in procuring goods made by SMEs, we signed an agreement with the Ministry of SMEs and Startups to actively support and nurture SMEs and their foundation to introduce a pilot system for procuring technologies and products manufactured by SMEs. As a result of such endeavors, we purchased SME products worth KRW 11.3 billion in 2018, the largest ever as a public organization, and KRW 14.7 billion in 2019.

Outcome of Purchasing Goods from SMEs



LH-Supporting Social Venture Companies

WingWing	Producing a Platform in which Citizens Participate by Turning Ways of Community Lives into Contents
Beret	Eco-Friendly Up-Cycle Design Brand, Bcicletta
NeulChan	Artists' Collaboration Brand, The Second Art
Gyeol	Up-Cycling Interior Products Using Waste Wood by the Hearing-Impaired
Soventures	Sharing Experiences of Social Entrepreneurs and Providing Platform Education Service
TUMPURE	Eco-Friendly Tumbler Washer and Healthy Salad Café
WaCanoe	<ul style="list-style-type: none">Seomjingang River CanoeExperience-Tourism Company WaCanoe
Doggy Life	Abandoned Dog Dutch Coffee
Jinju Meteorite Bread	Producing and Selling Local Tourism Product of Jinju Meteorite Bread
Beescity	Urban Beekeeping Honey, Wax Products and Education Service
Wear Doc	IoT Products for the Health of Your Back
WISH	Creating Jobs for the Elderly Producing and Selling Chocolate Bars



JUMP UP 5060



Social Venture Companies

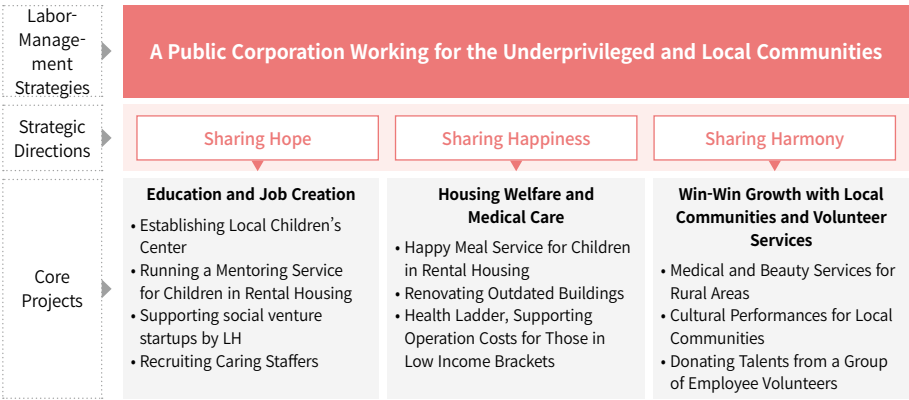
General Issues

Making Social Contributions to Fulfill Social Responsibility

LH’s Unique Social Contributions

LH is making its own, unique social contributions by utilizing features of its businesses. We have enhanced the efficiency of social contribution activities by operating a group of social contribution volunteers, which is a dedicated team for making social contributions, and 75 sharing and Volunteer groups. In addition, we have a social contribution performance index and an incentive system for award outstanding divisions and employees to encourage our employees. This is our way of encouraging our employees to actively participate and spread the sharing culture.

Social Contribution Systems



Opening ceremony of Wraparound Care for Parents from Purchased and Rental Housing

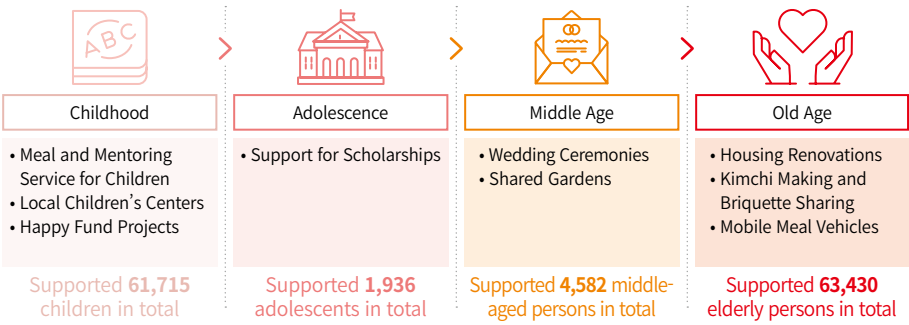


Starting Ceremony of Wraparound Care Staffers

Social Contributions for People in Every Stage of Life

LH is making social contributions customized to each stage of life, from childhood to senescence. For those in their childhood, we are running local children’s centers by utilizing idle facilities in rental apartments nationwide and are supporting scholarships for children from rental housing to alleviate the burden of school expenses. In addition, we are hosting wedding ceremonies every year for couples who cannot afford a wedding on their own, and we are carrying out house renovation services to provide comfortable residential environments for the underprivileged.

Social Contributions Customized to Each Stage of Life



Status of LH’s Happy Dreaming Local Children’s Centers

As of April 2020

Yonghaejigu-ro, Mokpo-si, Jeollanam-do, Republic of Korea
Keungol-gil, Nam-gu, Daegu, Republic of Korea
Waseoksunhwan-ro, Paju-si, Gyeonggi-do, Republic of Korea
Gwanggyomaeul-ro, Suji-gu, Yongin-si, Gyeonggi-do, Republic of Korea
Byeollae-ro, Namyangju-si, Gyeonggi-do, Republic of Korea
Masanhappo-gu, Changwon-si, Gyeongsangnam-do, Republic of Korea
Ogeum-ro, Deogyang-gu, Goyang-si, Gyeonggi-do, Republic of Korea
Garam-ro, Paju-si, Gyeonggi-do, Republic of Korea
Arisu-ro, Hanam-si, Gyeonggi-do, Republic of Korea
Hyangnam-eup, Hwaseong-si, Gyeonggi-do, Republic of Korea
Guseong-ro, Gilheung-gu, Yongin-si, Gyeonggi-do, Korea
Gaenggogae-ro, Chungju-si, Chungcheongbuk-do, Korea
Bijeon-ro, Pyeongtaek-si, Gyeonggi-do, Korea
Soyanggang-ro, Dong-myeon, Chuncheon-si, Gangwon-do, Republic of Korea
Yeonyang-ro, Buk-gu, Gwangju, Republic of Korea
Daehak-ro, Nonsan-si, Chungcheongnam-do, Republic of Korea
Sora-myeon, Yeosu-si, Jeollanam-do, Republic of Korea
Hwasambuk-ro, Jeju-si, Jeju-do, Republic of Korea
Jisu-myeon, Jinju-si, Gyeongsangnam-do, Republic of Korea



English Academies for Children of LH Tenants



Happy Companionship with LH

Happy Dining Table for Children and Mentors & Kids

‘Happy Dining Table’ is a typical form of social contribution made by LH that provides safe foods to children from LH rental housing during school vacations when meal services are discontinued. We provided meals for 53,584 children in total as of 2019. ‘Mentors & Kids’, a program where university student mentors provide learning advice and future career consulting services every week by to child mentees, won the Korean Human Award and the Health & Welfare Minister’s Prize for the best example of a kid-mentoring project for the underprivileged.



Happy Dining Table to Provide Meals for Children in Rental Apartments



Mentors & Kids, a Mentoring Service for Children

Housing Welfare Scholarship for Adolescents

LH has been implementing a project of support for housing welfare scholarships since 2012. Every year, we select housing welfare scholarship students from among our tenants after receiving recommendations for priority students in need of scholarships. We select not only students with good scholastic performance, but also those with talent in webcomic production, art, sports, welding and other areas to help them make their dreams come true as well. We have so far donated KRW 2.25 billion for 1,936 students and are continuing to increase the number of beneficiaries and the total amount of the scholarships.



Housing Welfare Scholarship Award Ceremony

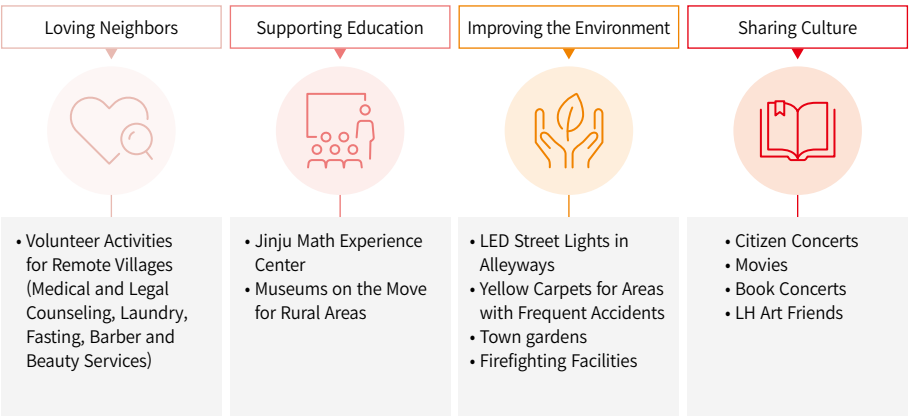
Social Contributions for Different Regions

Stressing companionship with each region, LH is carrying out social contributions that reflect local features. We have continued to renovate dilapidated and old housing for those in low income brackets and are implementing the Saetteul Town project in urban areas with poor residential conditions. In addition, renovation of dilapidated housing and medical volunteering, such as health consultations, are provided in tandem in what can be called a “total volunteering” encompassing both rural medical care and beauty services. Furthermore, we are working hard to prevent the exclusion of any of our neighbors by arranging performance and concerts with citizens and providing PCs for multi-cultural families. We will continue to make social contributions for locals to experience.



Citizen Concerts

Social Contributions Customized to Different Regions



Museums on the Move

Disaster Relief Activities

To help neighbors suffering from disasters, LH’s sharing and volunteer groups have come up with spontaneous and efficient systems for damage restoration They helped repair flooded homes in Yangcheon-gu, Seoul, in 2010; repaired flood damage in Gonjam in 2011; and repaired damages caused by Typhoon Bolaven in 2012. They also helped with restorations after the 2017 earthquake in Pohang and provided temporary residential space. We dispatched a support workforce to the site of the Gangwon-do forest fires in 2019, and also donated KRW 100 million along with our emergency relief kits.



Supporting Renovation of Old housing



Disaster Relief Activities by LH's Sharing and Volunteering Groups

Renovation Support for Dilapidated Housing

LH’s sharing and volunteering groups are conducting volunteer activities to provide support for education infrastructure in Hung Yên, Vietnam. In 2018, they constructed the Phu CUNG kindergarten and provided class rooms, libraries, restrooms and other facilities. They also provided 500 books to Thung Tieu hoc Phu Thinh elementary school and conducted various classes related to Korea. In 2019, they established a library and donated education tools for Phu Thinh elementary school. In order to build cooperative partnerships with those countries that we advanced into, we are planning to establish education infrastructure and make social contribution activities for developing nations in Southeast Asia.



Constructing Children’s Libraries



Donating Talents

Watching Sports with Local Children

LH’s ‘Love Home-Run Day’ is a social contribution activity that give the chance to watch a professional baseball game to kids attending local children’s centers in 18 cities and counties in Gyeongnam. By making an agreement with the pro baseball team NC Dinos, we invited 1,124 and 1,536 kids to a baseball stadium in 2018 and 2019, respectively. We will continue to create social value for the public by holding invitation events for culturally deprived children who have few opportunities to watch sports games.



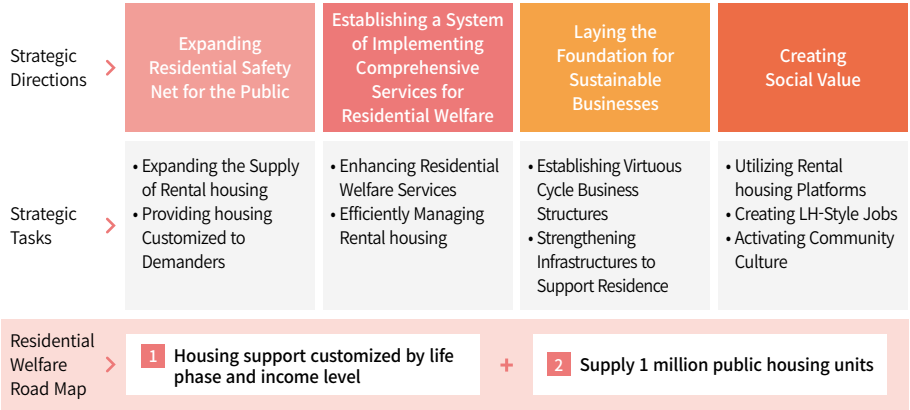
LH's Love Home-Run Day

Core Issues

Expanding Investment in Social Infrastructure

Establishing LH’s Residential Welfare Strategy Linked to Residential Welfare Roadmap

LH is aware of the issues including the increase of housing prices and residential burdens placed on those in the low income bracket due to income bipolarization, and of the need to expand the supply of rental housing customized to changing demands in each of the life cycles. So, we, as a robust residential partner of the public, have come up with the ‘LH residential welfare strategy’ and are implementing it to expand the residential safety net for the public by supplying rental housing customized to each of the lifecycles and each of the income levels, so as to embrace various people vulnerable to residential conditions.

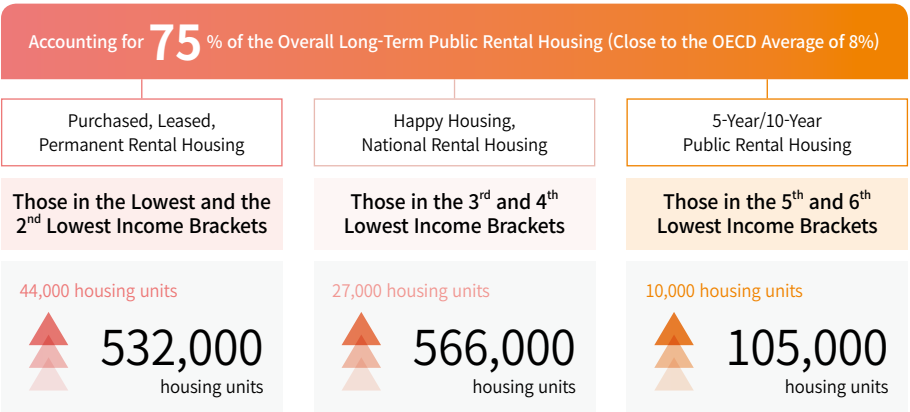


Appointing a Youth Ombudsman for Housing Welfare

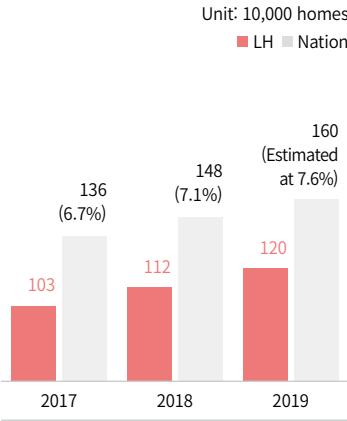
Expansion of Rental Housing Customized to Each Stage in Life and Income Level

LH is improving residential stability by supplying rental housing customized to demands of the young, newlyweds, the old and the underprivileged. We supplied a total of 123,000 homes in 2018, up 48% year-on-year, and a total of 103,000 homes in 2019. We increased the housing supply for priority groups such as the young, newlyweds, and the old, providing 75,000 of such housing units in 2019, up by 28% compared with 2018.

Establishing Tight Residential Safe Net by Operating and Managing 1.203 Million Public Rental Homes



Total Stock of Long-Term Public Rental housing (%)



Creation of a Newlywed Hope Town to Address Low Fertility Rate

In line with government measures to address the low birth rate, LH has been implementing a project of creating ‘Newlywed Hope Towns.’ Wirye (508 homes) and Pyeongtaek Godeok (891 homes) were designated as pilot districts in November, 2018, to help solve the issue of the low fertility rate. Newlywed Hope Towns will be optimized for childbirth and childcare through the design of complexes and development of floor plans specialized for newlyweds, and the establishment of one-stop childcare facilities, or ‘comprehensive childcare centers.’ We will continue to work hard to successfully implement the Housing Welfare Roadmap and help address the issue of the low fertility rate.



Guarantee of Housing Rights for Homeless Children and Those Living beneath the Minimum Housing Standards

In October 2019, the government announced and implemented ‘measures to improve housing support to guarantee housing rights for children’ in order to realize inclusive housing welfare by addressing blind spots in child housing welfare. LH has succeeded in developing new models that can guarantee the residential rights of children by working together with local governments and central government bodies after identifying the problems of children suffering from insufficient housing security. Recognizing that the low usage rate of such programs by the homeless is due to them not knowing about their existence, or how to apply for them, we expanded the LH Friend’s Visiting Counseling Services to address the issue.

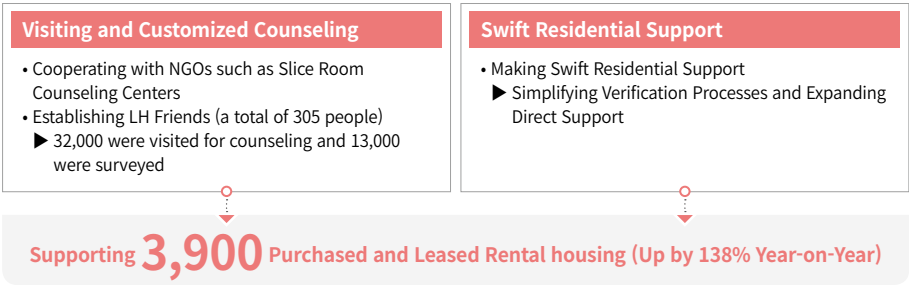


Business Agreement Ceremony to Support End-of-Protection Children

‘House with My Room’ for Children Suffering from Housing Poverty

Problems	Cooperation with Organizations	Performance
A whole family living in a semi-basement or a single room	Ministry of Land and Transportation Establishing customized homes for multi-child families	1+1 pubic remodeling <ul style="list-style-type: none">• Remodeling into two rooms or more after purchasing one-room studios.• Supplying housing for multi-child families – Jeongwang-dong, Siheung-si
92% of the permanent rental homes are under 26 m²	Local Governments Approving constructions and selecting residents	Integrating households in permanent rental housing <ul style="list-style-type: none">• Remodeling two 26 m² housing into one 52 m²• Supplying housing for multi-child families – Doosan 3, Daejeon
Need to support evictees from youth shelters	Ministry of Welfare Placing jobs and managing cases	Strengthening support for end-of-protection children <ul style="list-style-type: none">• Close support to arrange real estate contracts by house-finding helpers• Providing built-in appliances• 1,329 purchased and leased rental homes

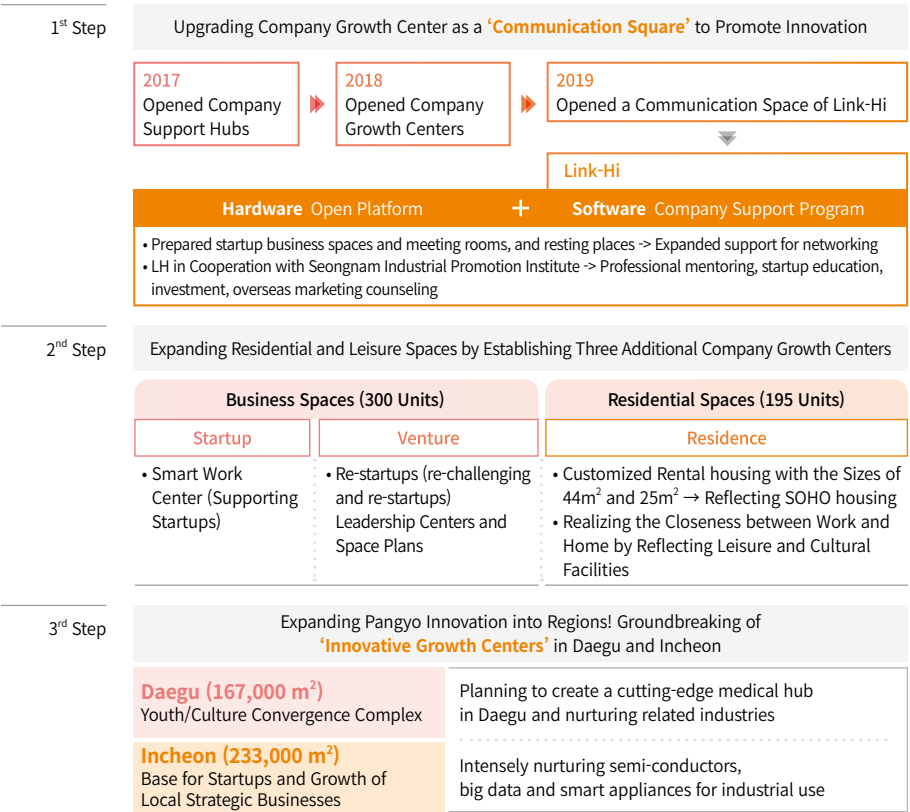
‘Visiting Counseling’ for Rough Sleepers



Enhanced Startup Ecosystems and Innovative Growth Bases for All Regions

LH is running a platform for balanced regional development and leading innovative growth to help all regions grow on their own. In particular, we have created 300 additional work space units, including smart work centers, re-startups, etc., and 195 leisure and cultural facilities. We also laid the groundwork for the creation of decent jobs and provided startup spaces in regional focus cities by expanding the innovative startup ecosystem of Pangyo 2 Valley to various other regions through local innovative growth centers in 2020.

Enhancing Startup Ecosystem of Pangyo 2 Valley and Expanding it into Regional Bases for Innovative Growth



Pangyo Company Growth Center

* Innovative Growth Center: It is a landmark with the convergence of migration spaces, support programs, cultural spaces and residential spaces as a three-stage company growth center.

Coming up with a Plan to Renovate Small Tiny Housings Related to Urban Regeneration

LH has come up with a plan to renovate small tiny housings in response to structural problems of small tiny housings including semi-basement, rooftops, and small-sized study rooms and the government’s measures to strengthen residential support for rough sleepers.

Problems	Renovation Plans	Results
<ul style="list-style-type: none">• Public Rental Housing Deposit Burdens• Urban Renovation Insufficient Measures for Migration• Rental Business for Affordable Small Tiny Housings Up to only Five Years• Upgrading Housing Increase of Rental Fees	<p>Drawing up a Plan on a Project of ‘Embracing Residents Living in Small Tiny Housings’</p> <ul style="list-style-type: none">• Meeting the Demands of Small Tiny Housings Residents Implementing complicated development in connection with self-reliance, employment and other support services• Supporting re-settlement through cyclic development Creating temporary residential facilities first (including hospitals, churches and others)• Spreading new business models nationwide Planning to gradually renovate 10 major doss homes nationwide	<p>Creating economic ecosystem for local communities to stand on their own feet and supporting social safety net for the underprivileged</p>



Core Issues 3

Communication and Understanding for Environmental Responsibility

3

Background for Selecting Core Issues

Business activities carried out by LH have a considerable impact on customers and neighboring local communities. Therefore, we are planning to carefully listen to opinions, suggestions and complaints of our customers to reflect them in our overall business management. In addition, we have established green management systems and are taking the lead in developing eco-friendly housing and technologies to assume environmental responsibilities required from companies. We will carry out business activities that consider environmental effects on the overall supply channels so as to take responsibility for the environment and future generations by minimizing environmental effects that could occur when implementing projects.

Crises and Opportunities

While an increasing number of companies are turned away by the public due to their unfair and discriminative treatment, LH is trying to prevent unfair practices and corruption that could take place within its organization, and is working hard to protect the rights and interests of its stakeholders. Because of the features of construction work that develops housing and cities, we cannot exclude the possibility of negative effects on the environment. Therefore, we are working hard to develop and introduce eco-friendly technologies so as to prevent environment-damaging elements that can occur while implementing our projects.



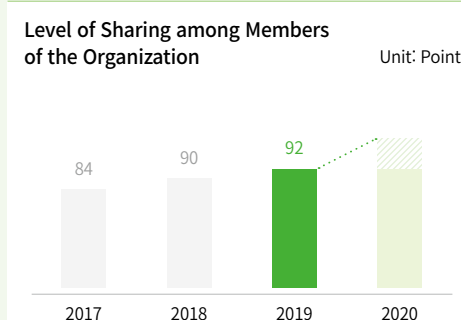
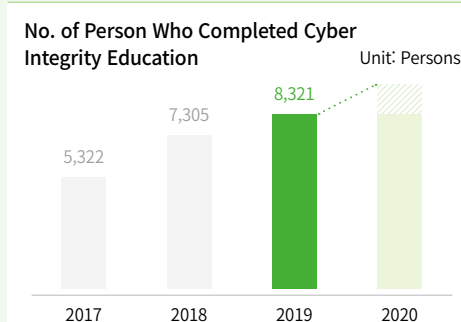
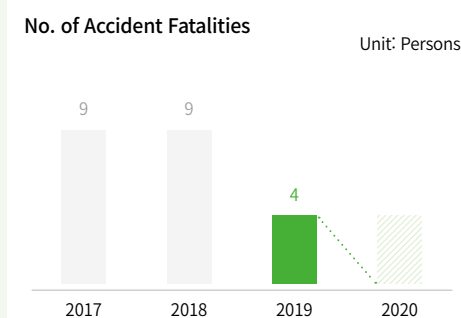
Developing Technology of Turing CO₂ into Resource and Relevant Patent



1st Grade in the Evaluation of Anti-Corruption Measures in 2018



Creating Eco-Friendly Residential Models

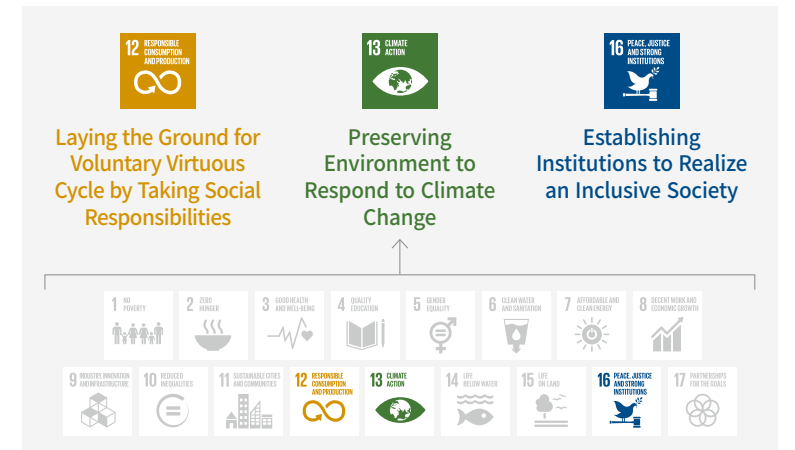


LH's Activities to Respond to Climate Change



LH's Sustainable Management Core Issues

- 1 Developing Eco-Friendly Products and Services p. 72
- 2 Strengthening Activities to Prevent Corruption p. 77
- 3 Strengthening Safety Activities p. 79
- 4 Managing Customer Relations and Satisfaction p. 82



Core Issues

Developing Eco-Friendly Products and Services

Internalizing LH’s Environmental Management Vision

Since negative effects companies would impose on the environment are increasing, companies are striving to address this issue in accordance with the Paris Climate Agreement of 2015. LH is also aware that housing construction and urban development of a construction business pose a great threat to the global environment. Therefore, we have established our environmental management vision to become a public corporation that continues to create green values and contributes to the happiness of future generations. By minimizing environmental effects that can occur while carrying out our business activities, we will take responsibility for caring for the Earth and future generations.

LH’s Environmental Management Vision and Strategic Tasks

Vision	Creating Beautiful Living Bases that are Made Together, Protected Together and Enjoyed Together		
Strategic Directions	Environmental Preservation Based on Good Governance	Environmental Management Close to Ordinary Lives	Developing Eco-Friendly Technologies and Providing Energy
Strategic Directions	• Creating Eco-Friendly housing Sites • Strengthening the Participation of and Cooperation with Locals	• Improving Living Environments • Climate Change Countermeasures for the Public	• Developing Eco-Friendly and Resource-Cycling Technologies • Utilizing Eco-Friendly Future Energy

Pursuing the Creation of Eco-Friendly housing Sites by Introducing Low-Impact Development (LID)

LH has established cooperation with related organizations to address various environmental issues arising from rapid urbanization. When developing new public housing sites, we applied ‘Low-Impact Development,’ which is to maintain natural water cycle systems before the development. Therefore, it is possible to preserve existing natural features to the maximum as rainwater penetrates into, is filtered into, and flows into the ground instead of being leaked out when developing housing sites.

LH	Korea Environment Corporation
Making a Plan and Implementing a Project to Apply Low-Impact Development	Establishing Common Guidelines on and Promoting Performance of Administrative and Technical Support to Apply Low-Impact Development

Expanding Eco-Friendly Facilities for Public Housing to Discover Green Values

LH is gradually expanding the establishment of eco-friendly facilities for public housing to improve energy welfare for ordinary people. We provided 100% LED lighting for all households and installed solar power facilities on the rooftops of new long-term rental housing, resulting in installing power generation facilities for 66,072 homes in 2018~2019.



Business Agreement Ceremony to Respond to Climate Change



Installing Solar Power Facilities for Rental Housing

Creating Eco-Friendly Residential Spaces by Using Green Technologies

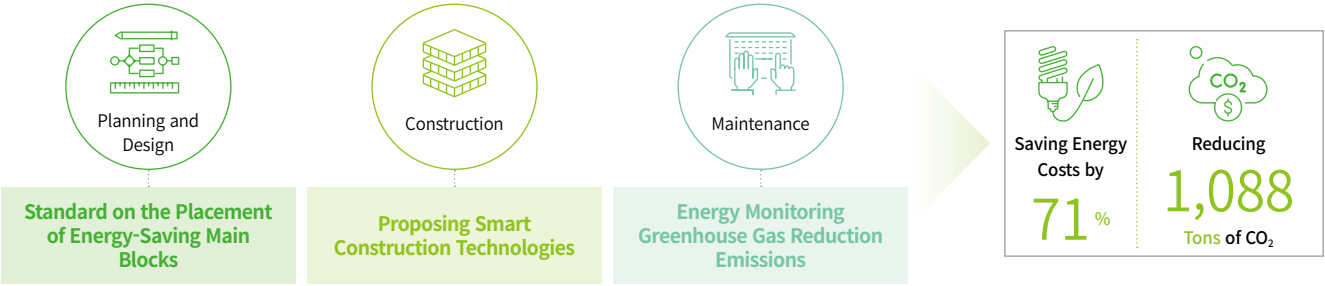
LH is focusing on how to create safe, comfortable and sustainable cities without causing environmental burdens. To this end, we constructed eco-friendly residential spaces based on green technologies, resulting in creating various social values such as new business development and energy-use reduction within cities.

Zero Energy Cities	Renewable Energy Usage	Results		
Creating Cities that Consume the Minimum Energy (Guri Galmae, Seongnam Bokjeong 1) Preemptively Responding to the Government’s Eco-Friendly Energy Expansion	Supplying Hydrothermal Cooling and Heating Energy for Rental Housing in Daeim, Gyeongsan (Used as Constant Heating Source for Water System)	Energy Consumption	Cooling and Heating Costs	Emissions
		Reduced by 20 %	Reduced by 50 %	Reduced by 38 %

Development of Standard Zero Energy Housing Models for Long-Term Rental Housing

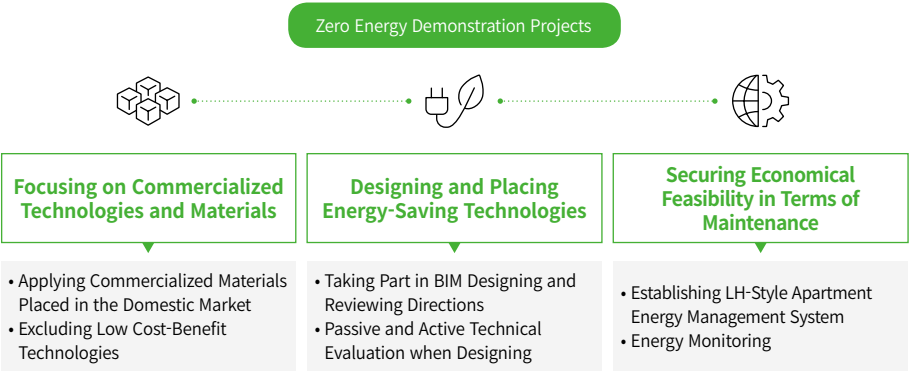
Public housing of AA10-2BL in Geomdan, Incheon, which is being constructed as a zero energy demonstration complex, became the first long-term public rental housing to obtain ‘a zero energy building certificate’ in Korea. Zero energy buildings are ones that maximize insulation functions to minimize energy consumption and use new renewable energy (solar power and others) to minimize the required amount of energy. Based on the demonstration project, we are planning to develop ‘long-term rental housing zero energy designs and guidelines and widely-used models’ and establish the ‘LH zero energy housing roadmap’ in 2020 to further improve energy welfare for residents to experience.

Zero Energy Housing Standard Model Process and Expected Effects



Conducting Super Upper Zero Energy Demonstration Project

We have strengthened energy welfare by carrying out zero-energy skyscraper demonstration projects, with 2,389 homes in three complexes. In doing so, we are taking the initiative in creating residential complexes that are respectful of people so that all residents can spend less and enjoy more convenient lives.



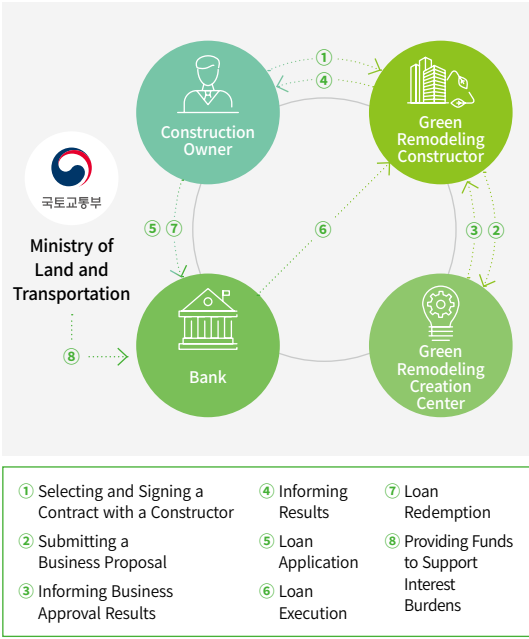
Energy-Saving Activities

In accordance with the government’s 「policy on rationalization of energy-use for public organizations」, we have established corporation-wide energy-saving measures and are actively implementing them. We maintain proper indoor temperatures (over 28°C in summer and 18°C or lower in winter) and limit the operation of cooling & heating and ventilation facilities. And we also turn off office lights during lunch time and use LED light fixtures and high-efficiency office products to save energy under ordinary working conditions. In addition, we use hybrid and other eco-friendly vehicles for business and operate car-full systems and shuttle buses to directly save energy that is consumed while our employees are traveling and commuting.

Green Remodeling

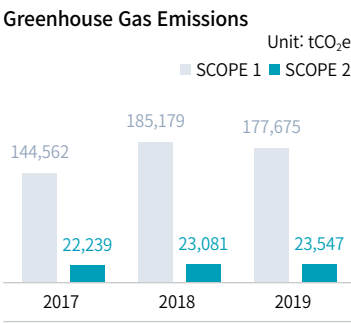
Green Remodeling (GR) is a policy project to improve the energy performance of existing old buildings by over 20% through the reduction of greenhouse gas emissions. Being designated as a green remodeling creation center, LH has been carrying out the project since 2016. To convert old buildings into green buildings, we provided support for construction costs and business planning (design consulting, status evaluation of old buildings) and helped increase the energy efficiency of many buildings through the expansion of support for private buildings. Based on this project, we are expecting to lower greenhouse gas emissions that cause global warming, and the use of fossil fuels that cause fine dust.

Green Remodeling Process

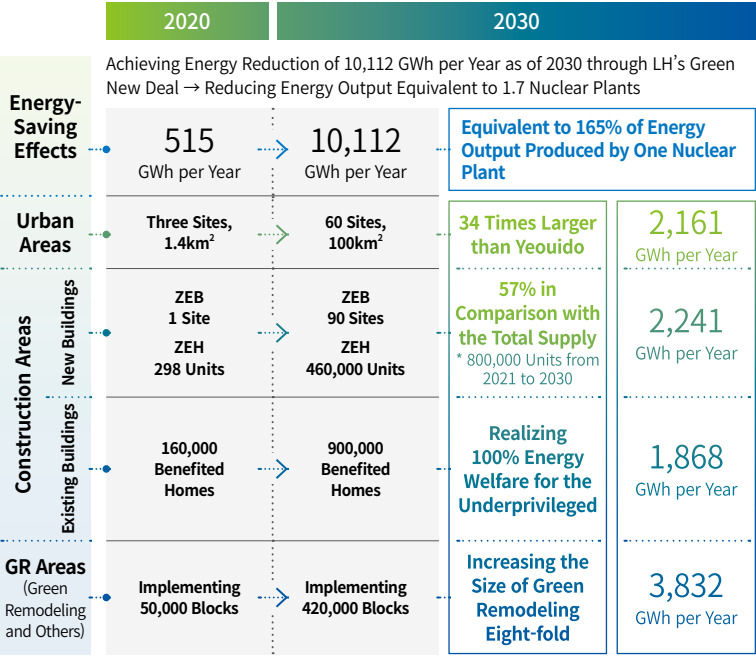


CDM Project

We registered the new renewable energy project in Sosabeol district in Pyeongtaek in terms of the United Nations Framework Convention on Climate Change (UNFCCC) for the first time in the world as a housing site development district in 2009 and are securing carbon credits by discovering CDM projects. We expect to secure carbon credits worth around 160,000 tCO2e by reducing greenhouse gas emissions through the project of providing solar-generation facilities by 2030, which will have the same effect as planting 61 million pine trees. We are planning to continue to carry out related projects while preparing the issuance of carbon credits as to registered projects and the convertibility when implementing the Paris Climate Agreement later on.



LH’s Green New Deal 2030 Roadmap and Energy-Saving Effects



Effect of Saving Electricity Costs and Management Fees

It is expected that we will save electricity costs and management fees by leading the construction of eco-friendly housing including the application of sunlight generation and LED lights, sales of electric power generated by emergency power generators, the construction of zero energy detached housing, and so on.

Effect of Saving Electricity Costs and Management Fees in 2018-2019

Classification	Performance in 2018	Performance in 2019
Applying Sunlight Generation and LED	Reducing Electricity Costs by KRW 2.8 Billion per Year	Reducing Electricity Costs by KRW 4.5 Billion per Year
Zero-Energy Detached Housing	-	Effect of Saving Cooling and Heating Costs by 71% Compared with Ordinary Housing (Saving KRW 420,000)



Zero-Energy Detached Housing

Coming up with Comprehensive Measures to Manage Fine Dust

We have come up with ‘LH’s Comprehensive Measures to Manage Fine Dust’ in four major areas including the strengthening of infrastructure to protect lives of the underprivileged, reduction plans for construction sites and vehicles, reduction plans when designing cities and R&D regarding responses to fine dust. At the same time, we launched an urban climate environment research center under LHI (Land & Housing Institute) in 2019 to boost our capability to respond to climate change. We are expecting to take the lead in developing technologies and conducting researches to proactively tackle urban climate change.



Smart Clean Bus Platform

LH’s Comprehensive Measures to Manage Fine Dust

1 Strengthening Infrastructure to Protect Lives of the Underprivileged

- Improving Ventilation Functions for Households
- Installing Facilities to Reduce Indoor Fine Dust in Community Centers
- Expanding Indoor Playgrounds

2 Measures to Reduce Fine Dust Emitted from Construction Sites and Vehicles

- Strengthening the Management of Construction Sites
- Operating Dust-Absorbing Cleaning Vehicles and Facilities for Washing Wheels
- Installing Misting for Reducing Fine Dust
- Expanding Eco-Friendly Vehicles and Running Alternative No-Driving System

3 Measures to Reduce Fine Dust when Designing Cities

- Establishing Charging Infrastructure for EVs and Hydrogen-Fueled Vehicles
- Supplying New Renewable Energy
- Expanding Urban Forests
- Introducing Smart Clean Bus Platform
- Introducing Clean Road Systems

4 R&D on Fine Dust

- Coming up with Comprehensive R&D Plans on Fine Dust
- Developing New Technologies on Fine Dust

Endeavors to Continuously Preserve the Environment Together with Local Communities for Locals to Experience Better Lives

Managing Water Quality

Installing ICT-based Sensors in the Water Systems Flowing into Cities (Geomdan, Incheon) → Possible to Check Water Contamination and Water Leakage in Advance

Creating Parks

Creating Parks that Citizen Directly Participate in and Manage (Children Park in Donam, Daegu)

Ecological Restoration

Project of Preserving Environment in Cooperation with a Local Government (Hadong-gun) – Restoring Habitats of Small Living Things, Restoring the Vegetation Base of Damaged Land

Winning the Award of the Minister of Environment
Winning the Best Award in the Part of the Natural Environment for the Project of Restoring the Vegetation Site of Small Living Things in Terraced Field in Hadong in 2019

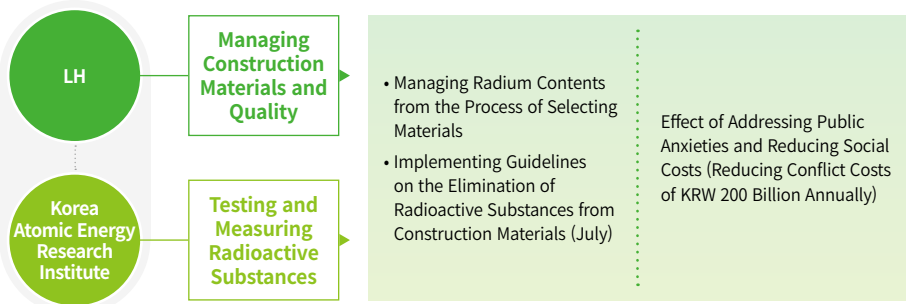
Reducing Greenhouse Gases through the Development of New Technologies in Response to Climate Changes

As global warming is accelerating, there is an urgent need to come up with national measures to reduce greenhouse gases. In response to these circumstances, LH has developed a basic technology of converting CO2 emitted from its cogeneration plants into resources and completed registration of the patent. The technology is to convert CO2 into high value-added substances by capturing and dividing the gas and we are planning to commercialize the technology in 2022.

Implementing Guidelines on the Reduction of a Radioactive Substance (Radon) from Construction Materials

LH, as a corporation leading the construction industry, is closely connected with residential spaces and living safety for the public. Therefore, we are working hard to eliminate dangerous elements arising from ordinary lives of the people. Aware that issues related to radon continue to be reported amidst the lack of national standards on radioactive substances, we have established and implemented guidelines on the reduction of radioactive substances (radon) from construction materials for the first time in Korea.

Process of Establishing Guidelines of the Reduction of Radon and the Effects



Expanding Smart Recycling System for Zero Food Waste

Since KRW 2 trillion is spent on disposing of 7.3 million tons of food waste annually, we consider the cost as a national loss. We also figured out that core technologies related to food waste handling systems are mostly imported. So, we have established the 'Smart Recycling System' to convert food waste into resources by implementing R&D projects connected with residential demands. Through the recycling system, food waste is crushed in the sink and discharged into the basement where it is turned into manure that is to be used for the production of organic crops.



Background	Need to Come up with National Measures on Greenhouse Gases Increase of Costs when Purchasing Carbon Credits by LH
R&D	LH Researchers + KIST Researchers ▶ Capturing and Dividing CO ₂ Converting into High Value-Added Substances
Results	Registering a Patent for the Basic Technology of Capturing and Dividing CO ₂ Reducing Greenhouse Gases + Replacing Imported Technologies

Core Issues Strengthening Activities to Prevent Corruption

Improving Institutions in Areas Vulnerable to Corruption

LH has strengthened anti-corruption activities by analyzing areas vulnerable to corruption and improving relevant institutions. As for the bidding process, we are preventing improper solicitation by fully controlling the entry of bidders during the evaluation period. We have established Internet-based real-time broadcasting and recording systems throughout the whole evaluation processes to improve the transparency of evaluation procedures. In addition, we have increased the number of reasons for restricting corrupt companies from five to 22. With regard to corruption, when selecting restaurants at construction sites, we are not operating on-site restaurants in principle — so as to block any involvement of our employees from the beginning.

Conducting Ethical Education Customized to Sites

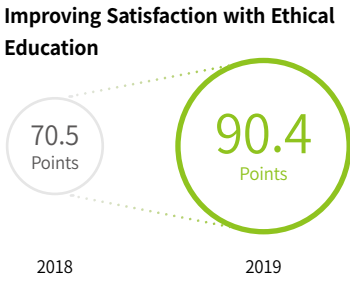
We are improving our employees' understanding of ethical management and encouraging them to internalize ethical awareness through a project of conducting intense ethical education customized to sites. In particular, we have carried out on-site ethical education to overcome limits of space and time by visiting construction sites. In addition, we have published integrated teaching materials on human right cases to increase the employees' capability of responding to ethical matters. In 2018, we increased per-capita ethical education hours from 11 to 21, conducted on-site ethical and cultural education for overseas employees and diversified education methods by opening cyber ethical education courses and holding plays and concerts.

Launching Clean and Incorrupt Junior Board

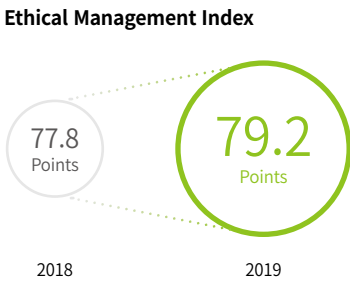
LH launched the 'Clean and Incorrupt Junior Board' to listen to opinions on corruption and irrationalities from the viewpoints of new employees and those hired within less than the past four years in 2019. We appointed 24 members of the 'Clean and Incorrupt Junior Board' out of those recruited from 2016 to this year. These members are expected to conduct various activities including coming up with ideas to set up a plan for anti-corruption, nurturing integrity instructors, and expanding anti-corruption and integrity for one year. To become a more incorrupt corporation, we will actively reflect various ideas suggested by the Board members.

Introducing Compliance Programs to Prevent Unfair Trade and Enhance Self-Correctional Measures

By appointing the Executive Vice President in charge of the overall business management as a compliance manager, we have introduced a compliance program to prevent unfair trade and enhance self-correctional measures. By doing so, we have conducted collective training on fair trading for those in charge of each of the divisions, established cyber education courses related to fair trade, and reviewed the checklist of corrupt behaviors when making construction and service contracts. Furthermore, we set up supervision systems to monitor fair trade and inspect irrational trade on a regular basis. We will continue to actively improve internal checking and supervision systems to strengthen anti-corruption activities.

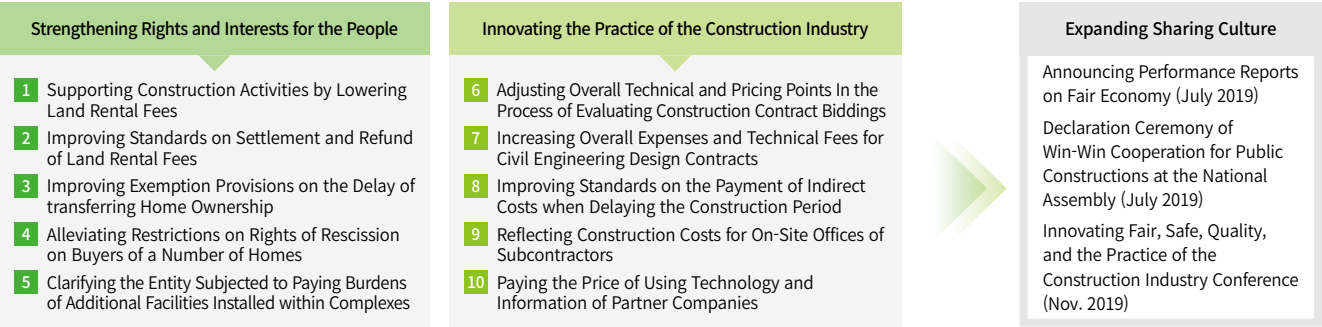


Launching LH Clean and Incorrupt Junior Board



Leading People-Oriented Fair Culture

LH is working hard to achieve a fair economy in the public sector as part of our efforts toward leading the realization of ethical values. We are also endeavoring to lead a people-oriented fair culture beyond the development fame of a fair economy. To this end, we have identified 10 main fair tasks in two areas including the strengthening of rights and interests for the public and the innovation of the practice of the construction industry. We have thus become the leader in expanding fair culture for the public by reporting and sharing relevant results and carrying out fair economy practices.



Expanding Sharing Culture

Announcing Performance Reports on Fair Economy (July 2019)

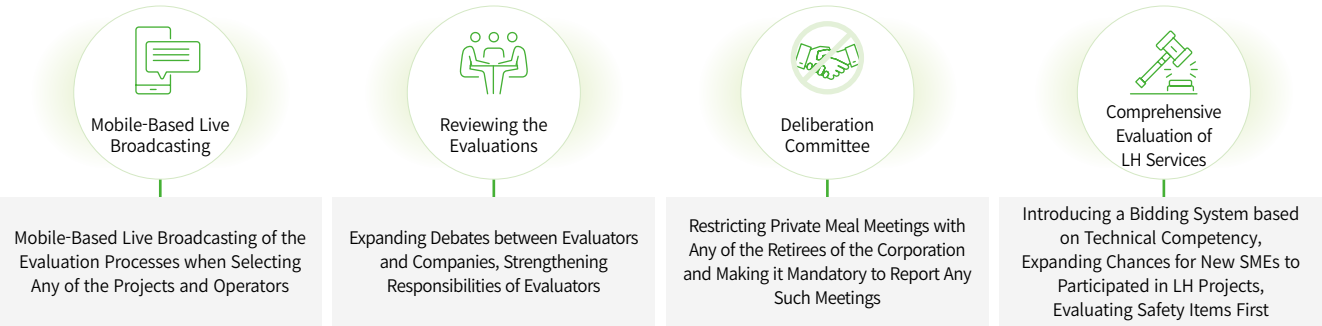
Declaration Ceremony of Win-Win Cooperation for Public Constructions at the National Assembly (July 2019)

Innovating Fair, Safe, Quality, and the Practice of the Construction Industry Conference (Nov. 2019)

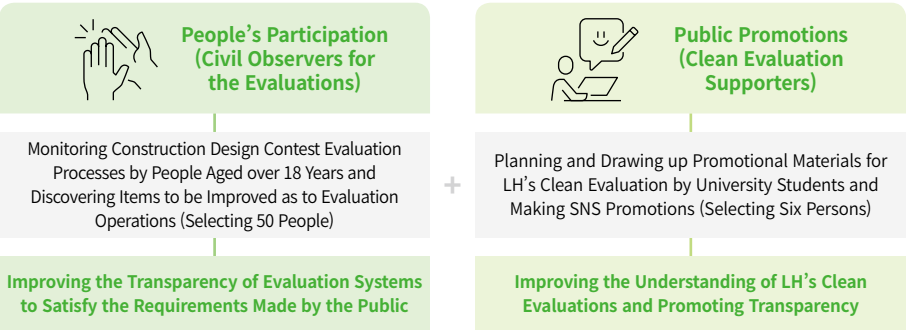
Strengthening Transparency when Making Technical Evaluations

We have become the first public organization to provide mobile-based real-time broadcasting throughout the entire process of selecting all projects and operators for transparent screenings and evaluations. This system is designed to prevent contact between bidders and examiners and enables participants to watch the evaluation processes taken by CCTV within the evaluation venue simply through using smartphones. In addition, we have enhanced evaluation systems to make fair evaluations by appointing a deliberation committee. Furthermore, we are improving transparency of technical evaluations based on the clean evaluations conducted by the public.

Strengthening Fair Evaluations



Clean Evaluations Together with the Public



Core Issues
Strengthening Safety Activities

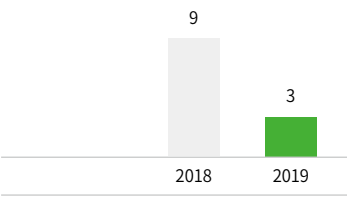
Pursuing Corporation-Wide Safety Management

LH has come up with measures to improve safety management systems by analyzing its projects, people's requests, and business environment following changes in policies. Even as 'public safety' matters were reflected in the existing value systems, elements threatening safety continue to increase, requesting us to strengthen safety matters. Therefore, we have re-defined our vision and core values, established new business goals related to 'safety,' and come up with safety management systems to reflect 'safety' in the overall business management, clarifying our commitment in terms of the enhancement of people's safety.

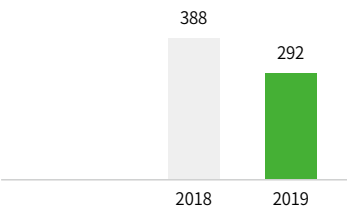
Setting New Safety Management Goals and Establishing Master Plans

Vision	LH, Your Reliable Living Partner			
Core Values	Win-Win	Innovation	Tomorrow	Human-Oriented
Establishing New Business Management Goals	Achieving the Best Level of Disaster and Safety Management among the Public Corporations			
	Setting Goals for Safety of Employees and Residents and Security of Customer Information by Reflecting LH's Business Features			
Strengthening Strategic Tasks	Setting 'the Strengthening of the Public Safety' as the Top Priority Strategic Task			
	Strengthening Public Safety and Disaster Response (Five Tasks to Implement)		Strengthening Future-Oriented Information Security Systems (Two Tasks to Implement)	
Establishing Master Plans for Safety	Strategic Directions	Leading Organization in Taking Responsibility for Disasters	Discovering Services for Residents to Experience	Strengthening Capability of Managing Safety
		Promoting Ecosystem for Disaster Businesses		
		Converged Technologies for Disaster Safety	Safety Customized to the Underprivileged	Monitoring & Reduction Technologies
				Contributing to Smart Safety Businesses

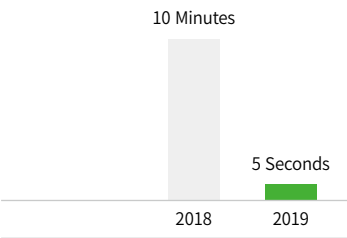
Deadly Disasters at Construction Sites
Unit: Case



Residents' Safety Accidents
Unit: Case

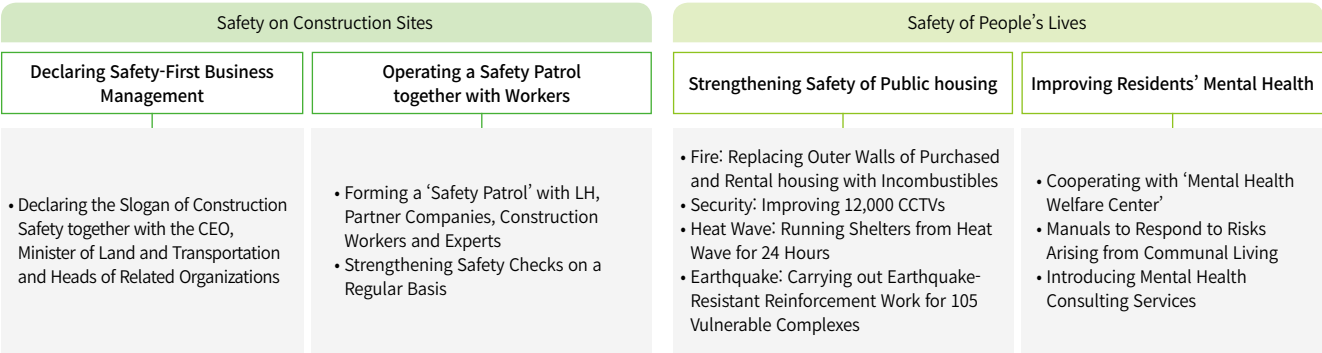


Time Taken for Disseminating Disaster Information



Safety-First Business Management for People's Lives and Properties

LH is aware that the number of safety accidents at large-sized construction sites nationwide is on the rise and the safety of residents living in rental housing is continuously threatened due to fires, arson, etc. Accordingly, we declared our commitment to safety-first business management with a sense of mission to protect people's lives and properties and are working hard to improve facilities and take care of residents' mental health.



Strengthening Safety Checks to Create Safe Work Environments

Considering safe work environments as an important value we have strengthened safety checks to protect the safety and health of workers on construction sites. Due to frequent industrial disasters and poor working conditions arising from features of the construction business, the image of 3D jobs immediately comes to mind when thinking about construction work. By improving the work environment of construction sites where safety accidents frequently occur, we were able to reduce major accidents and deadly disasters by 67%. We will continue to work hard to create a safe work environment for workers.

Endeavors to Enhance Safety Checks

Work Approval System



Approving Construction Work after Checking if Safety Measures are Set When Performing the Five Most Dangerous Jobs

▲ Smart Hard Helmet (Camera + Two-Way Radio + GPS)

Safety Patrol



Heteronomous Regular Inspection
▶ Frequent Autonomous Traveling for Safety Inspection

▲ Intelligent CCTV and Monitoring (Monitoring Workers in Dangerous Areas in Real Time and Warning against Abnormalities)

Smart Safety Equipment



Introducing Smart Equipment to Prevent 'Falls,' the No. 1 Cause of Accidents

Winning the Presidential Award as the Best Organization for Eradicating Safety-Related Corruption

The government has declared long-lasting safety issues to be a form of corruption in 2019, and thereafter established a new subcommittee for public organizations in the pan-government anti-corruption council to request 43 public organizations, including LH, to inspect safety matters. As a result, we conducted inspections for the purpose of eradicating corruption related to safety matters at construction sites and rental housing over seven months from April to October 2019, and held a safety conference to collect opinions from domestic safety experts. In addition, we introduced best overseas practices regarding safety management in accordance with the actual circumstances of Korea, strengthened safety training for foreign workers, adopted 3D safety education systems and improved various safety systems for preventing fall accidents. In recognition of such endeavors, we won the presidential award after being selected as the best organization out of four in terms of “safety and anti-corruption performance.”



Winning the Presidential Award for Eradicating Safety-Related Corruption



Holding a Conference on Safety Matters

Conducting Safety Inspection

Inspecting Safety Responsibilities

Safety-First Management Responsibilities Leading the Construction Safety

Inspecting Safety-Related Corruption

Illegally Obtaining Safety Budgets
Safety Ignorance Practices

Inspecting Safety Matters at Construction Sites

Preliminary Safety Evaluation System
Actual Conditions in Terms of Managing Materials

Inspecting Safety of Residential Assets

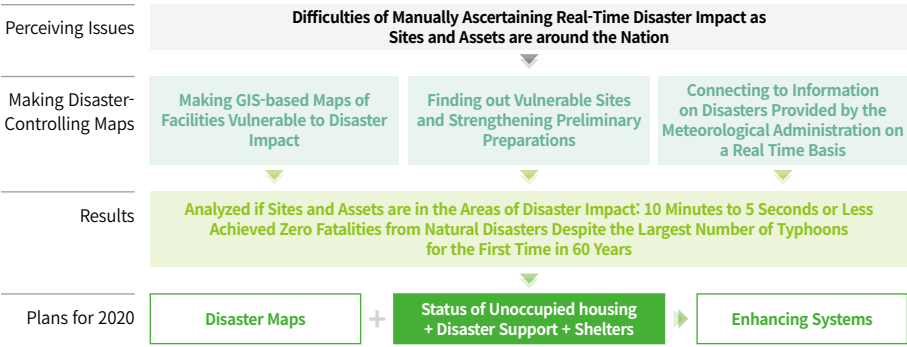
Precise Safety Inspection Reality of Conducting Fire Inspection

Winning the Presidential Award as the Best Organization for Eradicating Safety-Related Corruption

Analyzing Disaster Impact through the Establishment of Disaster Management Information Systems

As one of the government’s national projects, the establishment of an integrated disaster management system is required, and the need to expand disaster technology infrastructures following the 4th Industrial Revolution is increasing. As such, we are implementing a disaster management system roadmap to respond to diversified situations arising from construction sites and rental housing nationwide. By establishing scientific and systemic disaster-control information systems, we are able to spontaneously determine the disaster impacts and drastically reduced the time for retrieving information on disasters from 10 minutes to 5 seconds.

GIS-based Disaster Map System



Establishing LH’s Own Systems to Support the Response to Disasters as Each of the Stages



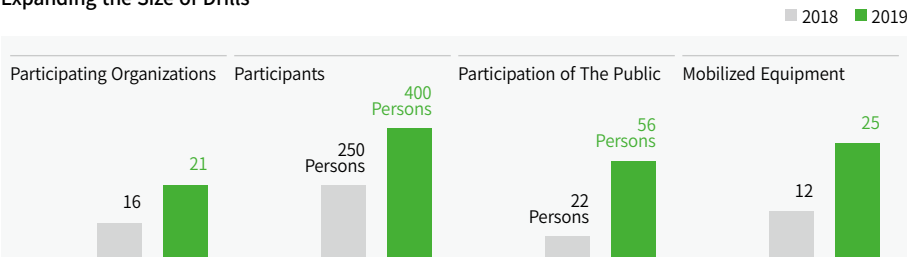
Responding to Disasters Together with People

LH has planned and implemented disaster-response drills together with the government, local governments and the people. By doing so, we could encourage people to actively participate and establish practical disaster-responding systems. As a result, we were selected as the best organization in terms of conducting disaster-response safety Korea drills by the Ministry of Land and Transportation in 2019 and won an award from the Prime Minister. In addition, we were also selected as an outstanding organization out of all 54 public corporations for clarifying the roles as an organization in times of disasters and for actively encouraging those vulnerable to disasters to take part in drills as the result of evaluating safety Korea drills organized by the Ministry of Public Administration and Security.



Disaster-Response Safety Korea Drills

Expanding the Size of Drills

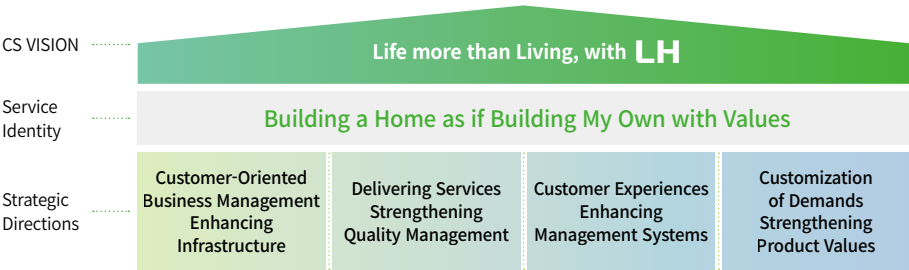


Core Issues

Managing Customer Relations and Satisfaction

Systems of Improving Customer Satisfaction

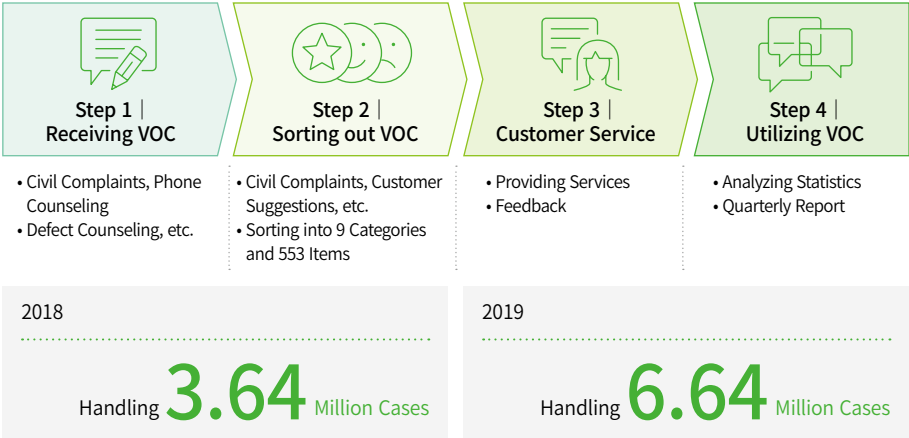
LH has set its own management strategies and is striving to become ‘the best organization in terms of customer satisfaction,’ as one of the management goals for 2030. To this end, we are planning to maximize the creation of customer value by coming up with mid- and long-term CS management strategies based on customers’ viewpoints, and conducting projects focusing on customers. Based on the result of the ‘Public Organization’s Customer Satisfaction Index (PCSI)’ produced by the Ministry of Strategy and Finance every year, we evaluate the excellence of our customer services and reflect the results in the establishment of strategies later.



Customer Communication Channels

We are carefully listening to the valued opinions of our customers and collecting them through various channels. Customer service issues, items to be corrected and improved and others comments can be submitted through our website, mail, in-person visits, and by phone. Customers will be notified of results after they are reviewed through our VOC management process. We receive customer suggestions on overall business management every year and present rewards for suggestions that we adopt. Regarding reports made by customers, we are guaranteeing and protecting the personal information and identities of reporters in fact-confirming and investigation processes.

VOC Management Process



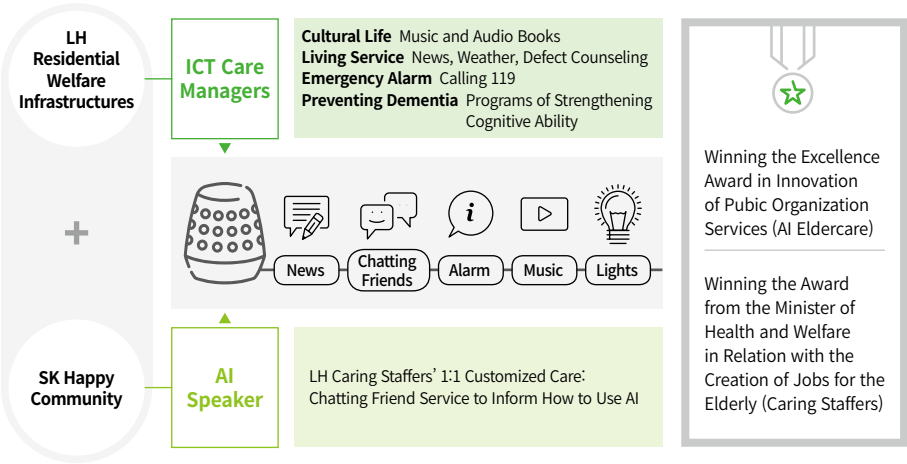
Introducing LH’s Own First Intelligent Eldercare Service

As many as 62% of the residents in permanent rental housing are living alone, and 46% of them are aged over 65 years, raising the chances of dying alone and the risk of developing dementia. As such, we have first developed smart caring services equipped with cutting-edge ICT in cooperation with SKT for 500 senior citizens living in solitude in permanent rental housing on a preferential basis. By doing so, we successfully saved three elderly persons in emergency situations at night, highlighting the issue of those left in social blind spots and improving the efficiency of caring work.



Agreement Ceremony of Intelligent Eldercare

AI Eldercare Services



ICT Care Manager



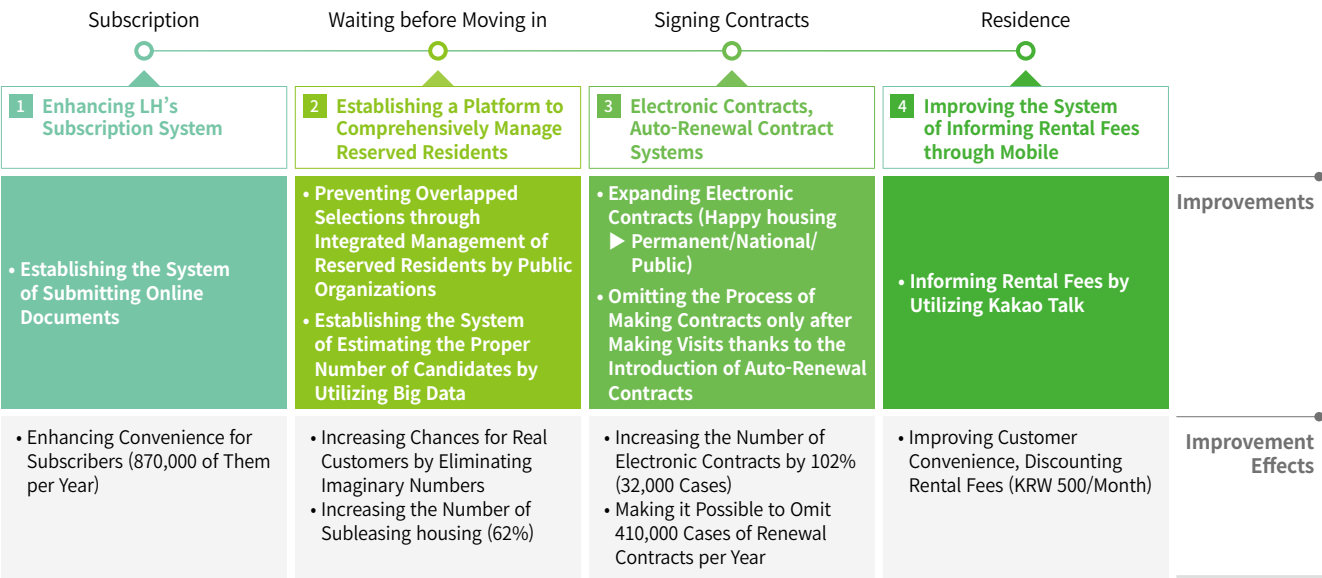
119 Emergency Relief

Reducing the Waiting Time before Moving in by Linking the Residential Welfare System and the Defect Handling System

LH has set up an online ‘defect-handling work process’ by connecting the residential welfare system with the defect handling system to efficiently manage the construction price and to improve customer satisfaction. Thanks to this process, it has become possible to make a simple online settlement and to make an automatic transfer on the next day as for relevant housing. We are expecting to reduce the waiting time from 85 days to 45 days thanks to the connection with WiSECOTIS system and systemic information management. We will continue to improve work processes and customer convenience by enhancing information systems.

Improving Entire Processes of Rental Housing

We have improved the entire processes of rental housing, from the subscription to the operation to improve convenience for 870,000 people including subscribers on a yearly basis. By establishing systems for submitting online subscription documents and estimating the proper number of candidates based on big data and by expanding electronic contracts and introducing auto-renewal contracts, we could omit the process of drawing up contracts after only making a visit to the site and improve the convenience from the viewpoints of customers.



Community Protection Measures

Following the arson and murder case involving a mentally disordered resident living in a rental home in April 2019, the seriousness of public safety has become a major topic of debate. As such, we have come up with measures to protect the lives and safety of residents living in national rental housing. To protect individual and communal lives, we have supported emergency residence by replacing the complex and rewarding righteous people. In addition, we have made in-depth deliberations to find more fundamental solutions and come up with measures to protect communities.

Supporting Emergency Residence	Residential Support 1Replacing Complexes for 12 Households, Rental Fee Relief for Two Years, Supporting Moving Costs and Cleaning Costs when Moving in Rewarding Righteous People Rewarding Apartment Management Office Workers for Their Contributions to Saving Residents (First Rewarded People Outside LH)	
Fundamental Concerns	Legally Impossible to Force Antisocial Residents to Move out	Importance of Swiftly Responding to Crises and Keeping Mental Health Stable
Establishing Measure of Protecting Communities	Measures of Responding to Risks of Communal Lives <ul style="list-style-type: none">Managing Special Complaints including Mentally disordered PersonsConnecting to and Getting the Police and Other Organizations Involved in Emergencies	Establishing Systems for Professional Organizations to Provide Joint Responses <ul style="list-style-type: none">Cooperating with ‘Mental Health Welfare Center’Mental Counseling, Sharing Management Cases, Connecting to Medical Treatment

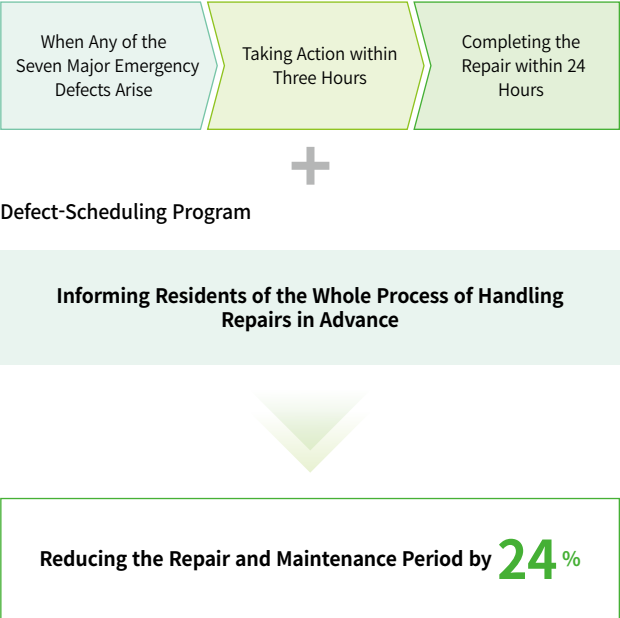
Establishing One-Day Repair System and Introducing a Scheduler for the Repair

After finding out that most of the complaints out of maintenance-related VOCs are about repair quality and relevant processes, we have come up with measures to improve such matters. In order to improve repair quality, we have selected seven major defects (leaks, heating breakdown, electricity interruption, reverse-flow of sewer, freezing and bursting, deadline cuts, dangerous defects) and have come up with the ‘One-Day Repair System,’ to get them repaired within 24 hours. In addition, we have introduced ‘Repair Scheduler’ which is a 1:1 information service and reinforced defect call center personnel to give thorough information from professional counselors and address complaints arising from the defect-handling processes.

Coming up with Improvements when Responding to Defects

Problems	Improvements
Repair Companies <ul style="list-style-type: none">Lack of Standards for Handling Emergency DefectsPassive Response of Repair Companies	Strengthening Standards for Repair Processes <ul style="list-style-type: none">Defining Standards for Handling Emergency DefectsPaying Realistic and Rational Prices for Emergency Calls and Repairs
Purchased Rental House Management Office <ul style="list-style-type: none">Work Blanks during Holidays and NightsLack of Ability to Handle the Site on Their Own	Strengthening the Capability of Management Offices <ul style="list-style-type: none">Placing Watch-Keeping Workers during Holidays and Nights, EmergencyRecovery Equipment Purchase-Preparation
Defect-Responding Systems <ul style="list-style-type: none">Insufficiency of Defect-Handling SystemsFrequent Conflicts over Compensation for Damages	Improving Defect-Responding Processes <ul style="list-style-type: none">Developing Defect-Handling Mobile AppRationalizing Standards for Compensation for Damages

One-Day Repair System



Preventing Repeated Accidents and Improving Relevant Institutions to Secure Safety

The Ministry of Land and Transportation made it mandatory to get work approval before starting hazardous engineering work at public construction sites in its ‘comprehensive measures to prevent fall accidents at construction sites’ in April, last year. As such, LH introduced work approval system before starting hazardous engineering work at our construction sites to reduce the number of disaster victims from construction sites. By doing so, we checked 4,400 cases if they have safety measures in advance to create safe work environments. At the same time, we also introduced Safety Call by which workers can report unsafe work environments by themselves to secure the safety of workers involved in dangerous work. By improving programs for elderly persons, females and foreign workers relatively vulnerable to safety, we could reduce the disaster rate of those vulnerable to safety by 28%.

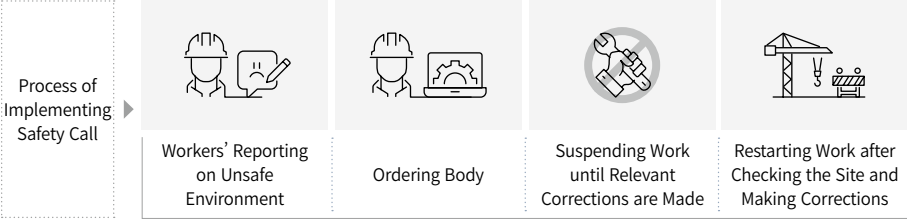


Slogan Declaration of Construction Safety

Implementing Prior Work Approval System

Engineering Works Subject to Prior Work Approval	Work Approval Process
<ul style="list-style-type: none">Five Major Hazardous Works (High Place Work, Excavation Work, Sealed Space Work, etc.)Works Causing Repeated Deadly Accidents for the Past Five Years	<ol style="list-style-type: none">1 Requesting Work Approval2 Checking Work Safety in Advance3 Work Approval4 Training Workers on Safety Measures5 Starting Work

Current Status of the Introduction of Safety Call



Programs for Protecting the Safety Vulnerable

<div>Older Workers</div> <ul style="list-style-type: none">Extending the Break Time for Older Workers in Hot/Cold Weather	<div>Female Workers</div> <ul style="list-style-type: none">Providing Shelters for Female Workers for Them to Have Pleasant Rests (Separate Shower Booths and Wash Rooms)	<div>Foreign Workers</div> <ul style="list-style-type: none">Disseminating Booklets Translated into Six Languages on Safety MeasuresDeveloping a Portable Language-Translating Device	<div>All Workers</div> <ul style="list-style-type: none">Establishing Communication Platforms (Kakao Talk) between Workers ↔ Ordering BodySafety Whistle Campaign
10 to 15 Minutes in Every 14 to 17 Hours	Reserving 20% of the Lounge for Female Workers (Mandatory Design)	Six Languages (China, the Philippines, Vietnam, Cambodia, Thailand, Mongolia)	Making 1,548 Kakao Talk Friends Suggesting Opinions of Ordering Bodies (31 Cases) Suggesting Opinions of Workers (104 Cases)

Appendix



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Economic Data

Condensed Financial Statements

		Unit: KRW 1 Million		
Classification		2017	2018	2019
Assets	Current Assets	84,456,310	81,009,381	75,530,453
	Non-Current Assets	89,226,557	92,323,708	100,984,623
	Total	173,682,867	173,333,089	176,515,076
Liabilities	Current Liabilities	52,901,713	53,844,048	52,401,548
	Non-Current Liabilities	78,030,597	74,225,206	74,278,483
	Total	130,932,310	128,069,254	126,680,031
Capital	Capital	29,388,728	30,782,458	33,463,842
	Others	13,358,729	14,473,161	16,363,120
	Owners of the Parent Company	42,747,457	45,255,619	49,826,962
	Non-Controlling Shareholders' Equity	3,100	8,216	8,083
	Total	42,750,557	45,263,835	49,835,045

Summary of Consolidated All-Inclusive Income Statement

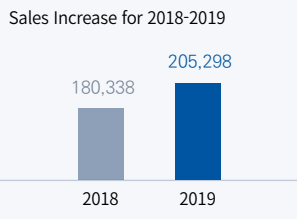
		Unit: KRW 1 Million		
Classification		2017	2018	2019
Sales		23,559,413	18,033,828	20,529,771
Cost of Sales		19,938,848	14,697,762	17,086,315
Gross Profit		3,620,564	3,336,066	3,443,456
Sales and Administrative Expenses		619,136	722,466	660,710
Operating Profit		3,001,429	2,613,600	2,782,746
Other Profit		737,015	954,706	984,901
Other Expenses		515,828	345,122	454,981
Other Profit (Loss)		-3,852	-5,989	-11,701
Financial Revenue		229,290	267,970	193,290
Financial Cost		469,963	692,225	712,295
Profit (Loss) from Associates and Joint Ventures		23,795	3,266	-17,112
Net Profit on Continuing Operations before Income Tax		3,001,886	2,796,206	2,764,846
Income Tax Expense (Profit)		212,974	719,467	520,128
Current Net Income		2,788,912	2,076,739	2,244,717
Other Comprehensive Income		83,184	-71,191	29,428
Total Comprehensive Income		2,872,096	2,005,548	2,274,146
Current Net Income Attributable to Owners of the Parent Company		2,788,975	2,076,657	2,245,375
Current Net Income Attributable to Non-Controlling Shareholders' Equity		-63	82	-657

Sustainability Performance

Economic Performance

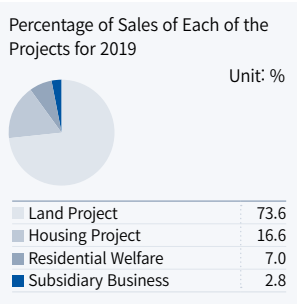
Creating Economic Values

		Unit: KRW 100 Million		
Classification		2017	2018	2019
Sales		235,594	180,338	205,298
Operating Profit		30,014	26,136	27,827
Current Net Income		27,889	20,767	22,447



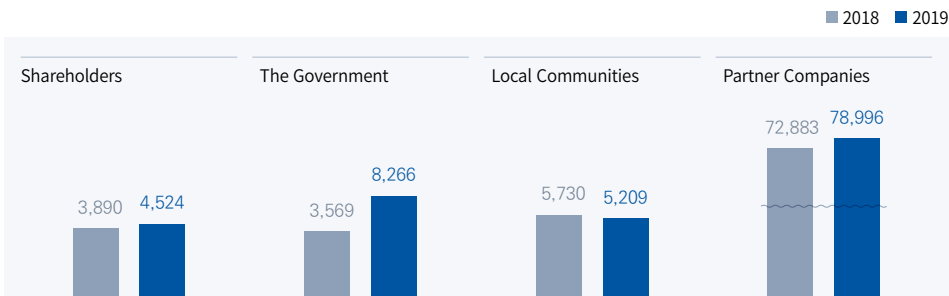
Sales of Each of the Projects

		Unit: KRW 100 Million		
Classification		2017	2018	2019
Land Project		175,325	120,557	151,170
Housing Project		43,820	41,139	34,076
Residential Welfare		13,005	13,865	14,411
Subsidiary Business		3,444	4,777	5,641
Total		235,594	180,338	205,298



Distributing Economic Values

		Unit: KRW 100 Million		
Classification		2017	2018	2019
Shareholders	Dividends	5,521	3,890	4,524
The Government	Income Taxes	5,599	3,569	8,266
Local Communities	Local Taxes, Social Contributions	5,422	5,730	5,209
Partner Companies	Construction Payments	75,777	72,883	78,996
Dividend Rate (%)		20.00	18.76	20.00
Employees	Total	5,048	5,973	6,583
	Wages	4,715	5,489	5,922
	Severance Payments	80	216	382
	Welfare Expenses	253	268	279

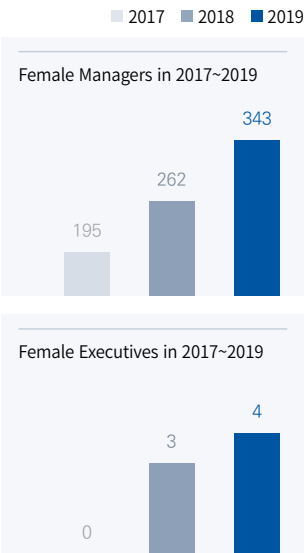


Sustainability Performance

Social Performance

Workforce State

								Unit: People	
Classification			2017		2018		2019		
Total Employees			8,257		9,395		9,677		
By Employment Type	Regular Workers		6,448		6,641		6,995		
	Irregular Workers		143		587		465		
	Indefinite Contract Workers		1,666		2,167		2,217		
By Gender	Males		5,928		6,289		6,419		
	Females		2,329		3,106		3,258		
	Female Managers		195		262		343		
	Female Executives		0		3		4		
By Age	Aged less than 30		1,287		1,842		2,063		
	Aged between 30s and 50s		4,468		4,844		4,900		
	Aged over 50s		2,502		2,709		2,714		
New Recruits (Including Executives and Privileged Positions)	Classification		Regular Workers	Indefinite Contract Workers	Regular Workers	Indefinite Contract Workers	Regular Workers	Indefinite Contract Workers	
	By Gender	Males	345	2	257	123	434	76	
		Females	186	0	175	196	233	98	
		Total	531	2	432	319	667	174	
	By Age	Aged less than 30s	479	0	378	88	589	124	
		Aged between 30s and 50s	50	2	44	228	73	46	
		Aged over 50s	2	0	10	3	5	4	
		Total	531	2	432	319	667	174	
	Turnover Status	By Gender	Males	175		209		235	
			Females	17		68		74	
Total			192		277		309		
By Age		Aged less than 30s	12		69		95		
		Aged between 30s and 50s	22		70		49		
		Aged over 50s	158		138		165		
		Total	192		277		309		
Total Turnover Rate		%	2.3		3.0		3.2		
Voluntary Turnover	People	88		169		181			
	Turnover Rate (%)	1.1		1.9		2.0			
Retirement Status			192		277		309		
Gender Equality	Female Regular Workers		2,264 (27.9%)		2,737 (31.1%)		2,985 (32.4%)		
	Female Managers		195 (6.5%)		262 (8.3%)		343 (9.2%)		
Vulnerable Populations	Rate of the Disabled People out of the Regular Workers (%)		2.0		2.0		2.2		



Open Recruitment Status

Classification		2017	2018	2019
Science and Engineering		328	249	428
Females		186	175	233
Local Talents		203	184	327
High-School Graduates		75	42	68
The Disabled		13	14	16
Regular Workers (General Positions)		531	432	667
Total New Recruits (Including Executive and Privileged Positions)				
Regular Workers (Indefinite Contract Workers) Total New Recruits		2	319	174

Education Performance

Classification		2017	2018	2019
Instructors for Employee Education		81,465	112,685	143,020
Integrity Education	No. of Those Subject to the Completion of the Education	6,495	9,111	9,003
	No of Those Who Completed the Education (Excluding Overlapping People)	5,576	7,620	8,540
	Rate of Completion (%)	85.9	83.6	94.86
Harassment Prevention Education	Total Employees	Participants	7,321	8,598
		Participation Rate (%)	95	96
	Officials	Participants	6	7
		Participation Rate (%)	100	100
	Irregular Workers	Participants	143	286
		Participation Rate (%)	100	50

Hours of Education

Classification		2017	2018	2019
Hours of Education	Total Hours of Education	809,504	934,724	918,225
	Per-Capita Education Hours	98	99	95

Performance of Operating Maternity Protection Programs

Classification		2017	2018	2019
No. of Employees who Took Parental Leaves	Males	49	58	76
	Females	194	214	236
	Total	243	272	312
Parental Leaves before and after Child Birth		74	88	73
Shortened Working System during the Child-Rearing Period		30	43	65
Returning Rate after Taking Parental Leave (%)		98.80	96.70	98.50

Sustainability Performance

Social Performance

Status of Joining the Labor Union

Unit: %			
Classification	2017	2018	2019
Joining Rate	77.33	97.20	99.28

Status of Employees Affected by Disasters (Internal Employees)

Unit: %			
Classification	2017	2018	2019
Disaster Rate	0.07	0.11	0.18
Death Rate per Ten Thousand Employees	0	0	0

Status of Disasters out of Ordered Constructions (Outsourced)

Unit: %			
Classification	2017	2018	2019
Disaster Rate	0.38	0.62	0.57
Death Rate per Ten Thousand Employees	1.60	2.79	0.73

Performance of Purchasing Goods made by SMEs

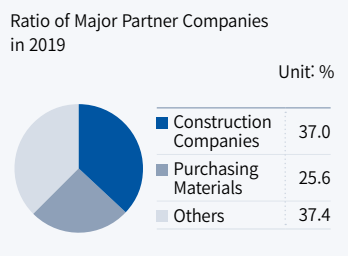
Unit: KRW 100 Million			
Classification	2017	2018	2019
Purchase Amount	47,233	48,281	52,913

Status of Partner Companies

Unit: Company			
Classification	2017	2018	2019
Construction Company	805	1,381	2,936
Purchasing Materials	1,438	1,615	2,034
Others	1,528	1,908	2,965
Total	3,771	4,904	7,935

*Features of Supply Chains: LH's Major Partner Companies

Status of Partner Companies in 2017~2019



Environmental Performance

Green Products Purchasing Amount and Rate

Unit: KRW 100 Million, %			
Classification	2017	2018	2019
Total	4,123	4,225	3,858
Green	2,790	3,410	3,281
Rate	67.70	80.70	85.10

Energy

			Unit: TJ	
Classification		2017	2018	2019
Consumption	Fossil Fuel	0.046	0.058	0.03
	Urban Gas	2.46	2.53	2.34
	Electricity	43.84	43.38	44.88
	Heating	9.41	9.18	8.02
	Total	55.756	55.148	55.27

Performance of Implementing Carbon Credits*

Unit: 10,000 tCO ₂ eq			
Classification	2017	2018	2019
Quota	9	15	9
Emissions	17	21	20

*Emission Coefficient and Methodology: Applying "Guidelines on Emission Report and Certification of Greenhouse Gas Emission Trade"

Greenhouse Gas Emissions

Unit: tCO ₂ e			
Classification	2017	2018	2019
Scope 1	144,562	185,179	177,675
Scope 2	22,329	23,081	23,547

Water Consumption

Unit: Ton			
Classification	2017	2018	2019
Water Supply	92,248	96,082	109,662
Reuse	28,586	16,611	6,556
Reuse Rate (%)	30.99	17.29	5.98

Results of Realizing Social Values

Summary of Measuring Social Value Performance

We set up the standards (December, 2018) for measuring social value performance in cooperation with research institutes and experts to objectively assess the increased performance of achieving social values. By practicing social values and sharing measured cases, we have spread the standard to a number of public organizations. By supplementing the process of measuring the performance, we are planning to further utilize the standard as strategic decision-making tool.

System of Measuring Social Value Performance


We could establish the standard for measuring social value performance by connecting with major projects and social value elements. And it has been made possible to objectively check the performance by measuring the invested resources and the performance as a currency unit.



Detailed Statement on Measurement of Social Value Performance (Based on Results)


Unit: KRW 100 Million

Social Value Realization Part	2019 (A)	2018 (B)	Increase or Decrease (A-B)
Total	56,897	50,980	5,917
Residential Stability	37,119	31,981	5,138
Win-Win Cooperation	16,028	15,967	61
Creating Decent Jobs	344	276	68
Sustainable Environment	1,218	1,104	114
Strengthening Safety for the Public	2,047	1,504	543
Contributing to Local Communities	141	148	△ 7




Residential Stability

We have created the results of social values worth KRW 3.7 trillion by saving residential costs and moving costs thanks to the operation of public rental housing and by supporting rental fees for disaster-hit areas and operating the ‘Rainbow Caring Service.’




Win-Win Cooperation

We have created the results of social value worth KRW 1.6 trillion by preferentially purchasing products of SMEs, supporting finance and technical development for SMEs and improving capabilities of construction workers.




Creating Decent Jobs

We have created the results of social value worth KRW 34.4 billion by creating jobs customized to each of the life cycles and establishing startup environments for social enterprises, the young and middle-aged persons.




Sustainable Environment

We have created the results of social value worth KRW 121.8 billion by purchasing eco-friendly green products, reducing greenhouse gases thanks to the installation of solar-power generation facilities and LED lights and endeavoring to protect endangered species and preserving the environment.



Strengthening Safety for the Public

We have created the results of social value worth KRW 204.7 billion by renovating and repairing dangerous facilities of rental housing to enhance residential stability and endeavoring to enhance safety at construction sites, establish safety systems and strengthen construction safety.



Contributing to Local Communities

We have created the results of social value worth KRW 14.1 billion by carrying out social contribution projects, operating land and housing museums and holding concerts for locals.

GRI Index

Universal Standards

GRI Standard	Official Notices	Page	Note
Organization Profile			
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102-3	Location of the HQs	18	
102-4	Business Places	18-19	
102-5	Ownership Features and Legal Type	18	
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102-7	Size of the Organization	18	
102-8	Information on Executives and Employees	18, 53, 90	
102-9	Supply Chains of the Organization	61-63	
102-10	Significant Changes in the Organization and Supply Chains	-	No Significant Changes
102-11	Preliminary Prevention Principles and Access	30-31	
102-12	External Initiatives	99	
102-13	Association Membership	105	
Strategies			
102-14	Instructions of the Highest Decision Maker	5	
Ethics and Integrity			
102-16	Value, Principles, Standards	28, 60, 77-78	
Governance			
102-18	Governance	26-27	
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Stakeholders' Participation			
102-40	List of a Group of Stakeholders in Relation with the Organization	32-33	
102-41	Rate of Workers Eligible for a Collective Agreement	-	
102-42	Finding out and Selecting Stakeholders	32-33	
102-43	Stakeholders' Participation Methods	32-33	
102-44	Core Subjects and Concerns Suggested by Stakeholders' Participation	32-33	
Reporting Practices			
102-45	List of Subsidiaries and Joint Ventures included in the Organization's Consolidated Financial Statements	-	2019 Audit Report, 19p
102-46	Defining the Boundary of Repot Contents and Topics	34-35	
102-47	List of Major Topics	34-35	
102-48	Correcting Data of the Previous Report	-	N/A
102-49	Change of Reporting	-	N/A
102-50	Reporting Period	About this report	
102-51	Latest Reporting Date	About this report	
102-52	Reporting Cycle	About this report	
102-53	Inquiries on the Report	About this report	
102-54	Reporting the Way of 'Correspondence' Set by the Organization	About this report	
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Topic-specific Standards

Topics	GRI Standard		Official Notice	Page	Note
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Economic Performance	GRI 103 : Management Approach	103-1	Explanation of the Material Topic and its Boundaries	38	
		103-2	Management Approach and its Components	38	
		103-3	Evaluation of the Management Approach	38	
	GRI 201 : Economic Performance	201-1	Direct Economic Value Generated and Distributed	48, 89	
Indirect Economic Impacts	GRI 103 : Management Approach	103-1	Explanation of the Material Topic and its Boundaries	38	
		103-2	Management Approach and its Components	38, 50	
		103-2	Evaluation of the Management Approach	38, 50	
	GRI 203 : Indirect Economic Impacts	203-1	Infrastructure Investments and Services Supported	40-46, 67-69	
		203-2	Significant Indirect Economic Impacts	40-46, 67-69	
Anti-Corruption	GRI 103 : Management Approach	103-1	Explanation of the Material Topic and its Boundaries	70	
		103-2	Management Approach and its Components	70	
		103-2	Evaluation of the Management Approach	70	
	GRI 205: Anti-Corruption	205-2	Communication and Training about Anti-Corruption Policies and Procedures	77-78	
Environmental Performance (GRI 300)					
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		103-2	Management Approach and its Components	70	
		103-3	Evaluation of the Management Approach	70	
	GRI 302: Energy	302-01	Energy Consumption within the Organization	74, 93	
Water	GRI 103 : Management Approach	103-1	Explanation of the Material Topic and its Boundaries	70	
		103-2	Management Approach and its Components	70	
		103-3	Evaluation of the Management Approach	70	
	GRI 303: Water	303-1	Water Consumption by Suppliers	93	
		303-3	Water Recycling and Reuse	93	
Effluents	GRI 103 : Management Approach	103-1	Explanation of the Material Topic and its Boundaries	70	
		103-2	Management Approach and its Components	70	
		103-3	Evaluation of the Management Approach	70	
	GRI 305: Effluents	305-1	Direct Greenhouse Gas Emissions (Scope 1)	93	
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Social Performance (GRI 400)					
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	GRI 401: Employment	401-1	New Employee Hires and Employee Turnover	53-54, 90	
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GRI Index

Topic-specific Standards

Topics	GRI Standard	Official Notice	Page	Notes
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		103-2	Management Approach and its Components	50
		103-3	Evaluation of the Management Approach	50
	GIR 404 : Training and Education	404-2	Programs for Upgrading Employee Skills and Transition Assistance	55-56
		404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	-
Human Rights Assessment	GRI 103 : Management Approach	103-1	Explanation of the Material Topic and its Boundaries	50, 60
		103-2	Management Approach and its Components	50, 60
		103-3	Evaluation of the Management Approach	50, 60
	GRI 412 : Human Rights Assessment	412-2	Employee Training on Human Rights Policies or Procedures	60, 91
Local Communities	GRI 103 : Management Approach	103-1	Explanation of the Material Topic and its Boundaries	50, 70
		103-2	Management Approach and its Components	50, 70
		103-3	Evaluation of the Management Approach	50, 70
	GRI 413 : Local Communities	413-1	Operations with Local Community Engagement, Impact Assessments, and Development Programs	64-66
		413-2	Significant Actual and Potential Negative Social Impacts Identified in the Supply Chain	79-81
Customer Health and Safety	GRI 103 : Management Approach	103-1	Explanation of the Material Topic and its Boundaries	70
		103-2	Management Approach and its Components	70
		103-3	Evaluation of the Management Approach	70
	GRI 416 : Customer Health and Safety	416-1	Evaluation of Health and Safety Impacts on Goods and Services	82-85

ISO 26000 and UNGC

ISO 26000

The ISO is defining guidelines on an organization’s recognition of social responsibilities and stakeholders’ participation and on ways of integrating relevant core subjects and issues and socially responsible behaviors within an organization in ISO 26000. In accordance with ISO 26000, we are taking care of core subjects and issues.

Core Issues	Issues	ISO 26000 Relevant Items	Core Issues	Issues	ISO 26000 Relevant Items
Organizational Governance	Decision-Making Processes and Structure	6.2.3	Fairness	Anti-Corruption	6.6.3
	Due Diligence	6.3.3		Operating Practices	6.6.4
	Human Rights Risk Situations	6.3.4		Fair Competition	6.6.5
Human Rights	Avoidance of Complicity	6.3.5		Promoting Social Responsibility in the Value Chain	6.6.6
	Resolving Grievances	6.3.6		Respect for Property Rights	6.6.7
	Discrimination and Vulnerable Groups	6.3.7	Customer Issues	Fair Marketing, Factual and Unbiased Information and Fair Contractual Practices	6.7.3
	Civil and Political Rights	6.3.8		Protecting Consumers' Health and Safety	6.7.4
	Economic, Social and Cultural Rights	6.3.9		Sustainable Consumption	6.7.5
	Fundamental Principles and Rights at Work	6.3.10		Consumer Service, Support, and Complaint and Dispute Resolution	6.7.6
Labor Practices	Employment and Employment Relationships	6.4.3		Consumer Data Protection and Privacy	6.7.7
	Working Conditions and Social Protection	6.4.4		Access to Essential Service	6.7.8
	Social Dialogue	6.4.5	Participating in and Developing Local Communities	Education and Awareness	6.7.9
	Health and Safety at Work	6.4.6		Community Involvement	6.8.3
	Human Development and Training in the Workplace	6.4.7		Education and Culture	6.8.4
	Prevention of Pollution	6.5.3		Employment Creation and Skills Development	6.8.5
Environment	Sustainable Resource Use	6.5.4		Technology Development and Access	6.8.6
	Climate Change Mitigation and Adaptation	6.5.5		Wealth and Income Creation	6.8.7
	Protection of the Environment, Biodiversity and Restoration of Natural Habitats	6.5.6		Health	6.8.8
				Social Investment	6.8.9

UN Global Compact

LH joined the UN Global Compact in October 2005 and is working hard to comply with the 10 principles in four major areas including human rights, labor, environment and anti-corruption.

Classification	Indicators		LH’s Activities
Human Rights	Principle 1.	A company should support and respect human rights declared internationally,	Enacting and Operating Basic Regulations (Ethics Charter) on the Protection of Human Rights
	Principle 2.	and actively avoid getting involved in human rights infringements.	
Labor Rules	Principle 3.	A company should support the actual recognition of the freedom of association and the collective bargaining,	Operating Dialogue Channels between Labor and the Management
	Principle 4.	exclude all types of forced labor,	Labor-Management Cooperation Programs
	Principle 5.	efficiently eradicate child labor,	Expanding Training Participated Jointly by Labor and the Management
	Principle 6.	and abolish discrimination when hiring workers and carrying out business.	Following the Labor Standard Act and Employment Rules
Environment	Principle 7.	A company should support preventive approaches toward environmental issues,	Establishing the System of Reducing Greenhouse Gases
	Principle 8.	implement measures to promote environmental responsibilities,	Purchasing Green Products
	Principle 9.	and promote development and expansion of eco-friendly technologies.	Creating Eco-Friendly Green Cities
Anti-Corruption	Principle 10.	A company should oppose all types of corruption including illegal acquisition and bribes.	Enacting and Operating Ethics Regulations, Strengthening Internal Control Systems

Greenhouse Gas Verification Statement

Tier 1,2 Heating Value, Emission Coefficient and Conversion Coefficient and Other Parameters

Heating value, emission coefficient, and others used to calculate emissions are checked to verify if they were proper, and relevant results are stated. Whether or not the emission coefficient suggested in the submitted 「monitoring plan」 is used, whether or not the subject actually uses fuel and others suggested in the submitted 「monitoring plan」, etc., may be included.

Serial Number	Business Site Name	Details	Examiners
000	Korea Land and housing Corporation HQs	Heating values, emission coefficients and conversion coefficients, and other parameters were all in accordance with guidelines. Net heating values of LPG vehicles were applied. The use values of propane gas for vehicles were set at a unit use. The recent steam emission coefficient of Murim Powertech was applied.	Jang Sang-Rye, Jang You-Ri
002	Korea Land and housing Corporation's Asan Energy Project Team	<p>Parameters applied to the active data were all properly used in accordance with guidelines.</p> <p>1. In case of LNG for cogeneration facilities, the nation's own emission coefficient and heating values in Tier 2 were applied in consideration of the increase of emissions in the future. For other fixed combustions and moving combustions, heating values and emission coefficient in Tier 1 level were applied.</p> <p>2. In case of using indirect-emission outside electricity, the nation's own electricity emission coefficient was applied according to guidelines.</p> <p>3. In case of SF6, emission volume was estimated by applying the same value after receiving rated capacity from the manufacturer, Hyosung.</p> <p>4. As for the emergency generators and firefighting pumps, emission volume was calculated by reflecting their design values.</p> <p>5. Other emission activities were also applied in accordance with stipulated guidelines.</p>	Jang Sang-Rye, Jang You-Ri
003	Korea Land and housing Corporation's Daejeon Energy Project Team	<p>Parameters applied to active data were all properly applied in accordance with guidelines.</p> <p>1. In the case of gas fuel combustions for cogeneration facilities, the nation's own emission coefficient and heating values in Tier 2 were applied in consideration of the increase of emissions in the future. For other fixed combustions and moving combustions, heating values and emission coefficient in Tier 1 level were applied.</p> <p>2. In the case of using indirect-emission outside electricity, the nation's own electricity emission coefficient was applied according to guidelines.</p> <p>3. In the case of SF6, emission volume was estimated by applying the same value after receiving rated capacity from the manufacturer, Hyosung.</p> <p>4. As for the emergency generators, emission volume was calculated by reflecting their design values.</p> <p>5. Other emission activities were also applied in accordance with stipulated guidelines.</p>	Jang Sang-Rye, Jang You-Ri
005	Korea Land and housing Corporation's Busan and Ulsan Regional Divisions	The remaining 13 project divisions are the same as follows: Heating values, emission coefficients and conversion coefficients, and other parameters were all in accordance with guidelines on the system of managing greenhouse gas energy goals. As we found an error in applying emission coefficients from some business sites, we issued 'inconsistency.'	Jang Sang-Rye, Jang You-Ri

Tier 3 Heating Values, Emission Coefficients and Conversion Coefficients and Other Parameters

Heating value, emission coefficient, and others used to calculate emissions are checked if they were proper, and relevant results are stated. Whether or not the emission coefficient suggested in the submitted 「monitoring plan」 is used, whether or not the subject actually uses fuel and others suggested in the submitted 「monitoring plan」, and whether the development processes and results as for Tier 3 were accurate may be included.

Serial Number	Business Site Name	Details
002	Korea Land and housing Corporation's Asan Energy Project Team	As it is providing warm water to nearby expropriated areas, the calculation was made by applying the methodology of guidelines on steam emission coefficients. Currently, the heat is sold to individual buildings not by a sole seller, it is impossible to anticipate energy sales for each of the management companies. Therefore, we did not state whether individual management companies were in accordance with guidelines.
003	Korea Land and Housing Corporation's Daejeon Energy Project Team	As it is providing warm water to nearby expropriated areas, the calculation was made by applying the methodology of guidelines on steam emission coefficients. Currently, KEPCO (the branch in Deokyuseong, HQS in Chungnam, Sejong, and Daejeon) as the management company near the expropriated area is included.

Verification Opinion

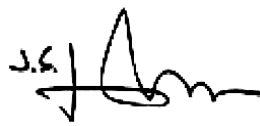
LH has commissioned DNVGL Business Assurance Korea Co., Ltd. to undertake verification of 'greenhouse gas emissions and energy use statement' of LH. And DNVGL Business Assurance Korea Co., Ltd. has conducted rational verification in accordance with "guidelines on verification for the operation of greenhouse gas credits" and "guidelines on report and certification of greenhouse gas credits."

- **Reporting Period of the Statement Subjected to the Verification:** 2019
- **The Company Subjected to the Verification:** Korea Land and housing Corporation (Address: 19, Chungui-ro, Jinju-si, Gyeongsangnam-do, Korea, Korea Land and housing Corporation)
- **Restriction of the Verification:** For this verification, we have applied the sampling method in accordance with verification plans for statements and related data, information and relevant systems provided by LH. When applying standards and methods that are not clearly stipulated in "prescribed guidelines", we had to use our own verification guidelines and our own decisions, resulting in possible verification errors.
- **Discovered Important Exceptions:** Not Applicable
- **Verification Opinion:** Proper
- DNVGL Business Assurance Korea Co., Ltd. has confirmed that "the statement of greenhouse gas emissions and energy use" drawn up by LH in 2019 was properly collected, made and reported in accordance with guidelines.
- LH's "greenhouse gas emissions and energy use" in 2019 were confirmed as stated in greenhouse gas emission and energy consumption in this Report 4. Verification Conclusion 2) Verification.
- LH's greenhouse gas emissions and energy consumption in 2018 include the error stated in the item 3 above, and are satisfying less than the materiality norms (0.0% or lower than the company norm of 5.0%)

April 24, 2020

Verifier: DNVGL Business Assurance Korea Co., Ltd.

CEO Lee Jang-Seob



3rd Party’s Verification Statement

To the management and stakeholders of LH

Korea Sustainability Investing Forum (hereinafter, the Verifier) was commissioned to verify LH’s Sustainability Report 2019~2020’ (hereinafter the Report) as a 3rd party and is submitting its verification opinion as follows:

Responsibility and Independence

The Verifier does not have any interests with LH, which would, otherwise, have an effect on independence and fairness of the verification except for the work of providing a 3rd party verification service.

Verification Standard

The Verifier has conducted the verification based on the following verification norms:

- Based on AA1000AS (2008), Type 1 Verification Method and Moderate Level
- Based on AA1000APS (2008), Application of 3 Main Verification Principles of Comprehensiveness, Materiality and Responsiveness
- Compliance with Core Options of GRI Standard Guidelines

Verification Procedures and Suggestions

The Verifier has reviewed the overall documents first after requesting the government’s management evaluations; various disclosed and officially announced data and evidentiary materials in relation to the details stated in the Report. Then, the on-site verification¹⁾ has been conducted in a very limited way. Various environmental, social and economic data and others were confirmed their consistency and matching with collected data. And a number of claims in the Report were confirmed by checking relevant interviews and evidentiary materials so as to secure the reliability of the verification. We have checked if the financial data included in the Report was properly retrieved from the financial statement made official in the pubic organizations’ management information disclosure system ‘ALIO (<http://www.alio.go.kr>)’, and we have also checked if the information on greenhouse gas was matched with the verification opinion from a professional organization. Errors found during the verification process or corrections made for improperly stated contents have been reviewed and confirmed through the final version of the Report. Regarding the reporting boundary of the Report, data and information on the outside of the organization (Ex: partner Companies) was excluded from the verification scope. We are clearly stating here that the results may be different if an additional verification is conducted in the future. The verification opinion has been drawn up for the management and stakeholders of LH. However, we are clearly stating that we do not have any reparation or common liabilities for any consequences after an individual or an organization makes decision based on the opinion.

Verification Result and Opinion

The Verifier has confirmed that the Report was made in accordance with Core Option of the GRI Standard. At the same time, we have not found anything that would lead us believe there is a significant error in the information disclosed through Universal Standards and Topic specific Standards provided by LH.

The opinion of the Verifier on the principles suggested in AA1000 (2008) is as stated in the following:

• Inclusivity

LH is engaging its stakeholders by defining and identifying them as value-oriented group systems. LH is collecting major interests and opinions by dividing its stakeholders into value-purchasing customers (residents and people), value-affecting customers (the government and the National Assembly), value-cooperating customers (civil societies and partner companies), and value-creating customers (employees and labor unions). The Verifier has confirmed that any of the important stakeholders was not omitted.

• Materiality

LH has come up with a pool of 39 issues related with sustainability by analyzing international standard indexes, researching the media, benchmarking and reviewing internal materials and then drawn up 10 core issues. The Verifier has confirmed that core issues were selected through materiality evaluation processes and haven’t found any of the important issues was omitted.

• Responsiveness

The Verifier has confirmed that LH makes a report on activities and resultss of matters that would affect stakeholders in line with the results of drawing up important issues. We have not found any evidence that important issues are not stated or improperly stated.

Recommendations

The Verifier makes the following recommendations for LH to build up and enhance its corporation-wide competence of sustainable management and to improve reliability of the Sustainability Report:

LH is highly recognized for setting mid & long-term tasks to achieve the goal of reducing greenhouse gases and establishing comprehensive measures to respond to greenhouse gas credits as it considers the response to climate crisis as an importance matter. We would like to recommend that LH not only responds to the goal of reducing greenhouse gases but also sets and manages its own objective for converting into a low carbon company.

LH is also recommended to secure balance of the Report by reporting positive and negative views on the main issues to strengthen communications among various stakeholders.

May 27, 2020

Korea Sustainability investing Forum
Chairperson **Kim Young-Ho**



1) Due to COVID-19, we had to precede with the verification based on interviews with a responsible person from the consulting organization that handled LH’s Sustainability Report and materials submitted.

Awards and Membership

Awards

Date	Organizers	Awards
2020.02.25	Korea Management Association Consulting	2020 The most respected company in Korea (among public construction corporations)
2020.01.15	Ministry of the Interior and Safety	2019 The presidential prize for safety inspection
2020.01.15	Ministry of the Interior and Safety	2019 An award from the prime minister for safety Korea drills
2019.12.31	Ministry of the Interior and Safety	The presidential prize for eradicating corruption in the safety sector
2019.12.16	Ministry of the Interior and Safety	An award from a contest for selecting outstanding cases in terms of behavior manuals to apply on-site measures
2019.12.11	Ministry of Employment and Labor	Top prize in a contest for creating social value by public organizations
2019.12.06	Korea Society of Pubic Enterprise	Excellent Prize in a public organizations’ service innovation contest
2019.11.27	Korean Intellectual property Office	2019 Award from the Minister of Trade, Industry and Energy at the Korea Invention and Patent Competition
2019.11.21	The Institute of Internal Auditors	2019 Selected as an outstanding organization (for integrity and ethics)
2019.11.13	Ministry of Trade, Industry and Energy, Korean Agency for Technology and Standards	The presidential award in social value creation at the 45 th national quality management contest
2019.11.12	Minister of Trade, Industry and Energy	An award for contributing to saving energy, improving energy efficiency and developing the nation
2019.08.07	Korea Consumer Association	2019 Korean consumer prize (for realizing social values)
2019.05.02	Child Fund Korea	An award for child welfare (from the mayor of Daejeon
2019.03.05	Ministry of Strategy and Finance	2018 Selected as an outstanding organization for ‘Innovative cooperation and citizens’ engagement’ by the Ministry of Strategy and Finance
2019.02.25	The Institute of Internal Auditors	The top prize and innovative award for internal inspection
2019.01.29	Job Committee under the Presidential Office	2018 Korean Job Merits
2018.12.06	Ministry of Trade, Industry and Energy	The presidential award at a contest for promoting new technology commercialization
2018.12.04	Korea Management Association Consulting	2018 Korea’s Management Best award (for the social value leader in Korea)
2018.11.23	Ministry of Environment	Best award at the natural environment contest
2018.11.07	Ministry of SMEs and Startups	The presidential award at a contest for promoting public purchasing
2018.11.02	Association of Public Institution Auditors of Korea	An award as an outstanding public organization (best prize for management efficiency)
2018.06.25	Ministry of Employment and Labor, Job Committee under the Presidential Office	2018 Best Korean job creator
2018.05.25	Ministry of the Interior and Safety	An award from the prime minister for the management of national disasters
2018.04.12	Ministry of Employment and Labor, Korea Employment Agency for Persons with Disabilities	2018 An award from the Minister of Employment and Labor as a trusted company for hiring the disabled
2018.02.07	Ministry of Employment and Labor	An award from the Minister of Employment and Labor at a contest for making unbiased and blind recruitments

Memberships

Gaesong Industrial Complex Business Association	Kuwait Branch Office	Korea Smart Grid Association
Gyeongnam MECENAT Association	Korea Auditors Association	The Korean Society of Safety
The Gyeongsangnam-do Museum Association	Korean Society of Steel Construction	Korean Energy Engineers Society
Institute for Social Responsibility Public Sector Institutions	Korea Development Institute	Korea Hot Spring Association
The Korea Logistics Forum	Korea Institute of Construction Engineering and Management	Korea Personal Improvement Association
Korea Nurses Association	Korea Landscape Council	Korea Electric Engineers Association
Korea Construction Promotion Association	Korea Public Organization Audit Council	Korea Power Exchange
Architectural Institute of Korea	Korean Society Public Enterprise	Computational Structural Engineering Institute of Korea
Korea Spatial Information Society	Korea institute for Structural Maintenance and Inspection	The Korean Institute of Landscape Architecture
Korea Society of Transportation	Korea Management Association	The Korean Association of Landscape Architecture
Korea Planning Association	Korea Society of Road Engineers	The Korean Institute of Illuminating and Electrical Installation Engineers
Korea Emergency Planner Association	Korea Road Association	Korea Housing Service Society
Korea Institute of Industrial Engineers	Korea Library Association	The Korean Housing Association
Korea Industrial Safety Association	Korea Institute of Urban Planners	Korean Association for Housing Policy Studies
Korean Society of Water and Waste Water	Urban Design Institute of Korea	The Korean Association of Small Business Studies
The Society of Air-Conditioning and Refrigerating Engineers	Korea Urban Regeneration Association	Korean Geotechnical Society
The Korean Institute of Electrical Engineers	Korea Association of Real Estate Investment Trusts	Korea Research Institute for Local Administration
Korea Electric Association	Korean Museum Association	The Korean Regional Development Association
Korean Society Civil Engineers	Korean Society of Hazard Mitigation	Earthquake Engineering Society of Korea
Korean Society of Environmental Engineers	Korea Disaster Prevention Association	Korean Academic Society of Occupational Health Nursing Association
Urban Regeneration Strategy Forum	Korean Institute of Building Information Modeling	Korea District Heating and Cooling Association
Carbon Credit Market Council	Korea Industrial Technology Association	Korea Concrete Institute
Korea Chamber of Commerce in Vietnam	Korean Production and Operations Management Society	Korea Land Compensation Management Association
Korean Construction Council in Vietnam	Korea Productivity Center	Korea Statistics Promotion Institute
Korea Real Estate Finance & Investment Forum	Korea Institute of Ecological Architecture and Environment	Korea Quality Management Institute
Seoul Association for Public Administration	Korea Association of Ecological Restoration	Korea Institute of Public Administration
Institute for Global Economics	Korea Service Management Society	Korean Society of Environment and Ecology
Smart City Association	Korea Association of Registered Mechanical Engineering	Korean Society of Environment Impact Assessment
Smart Modular Forum	Korea Association of Air Conditioning Refrigerating and Sanitary Engineers	International Contractors Association of Korea
Wise Report	Korea Fortress	Open Geospatial Consortium
UN Global Compact Network Korea	Korea Fire Safety Institute	Urban Land Institute
Korean Institute of Power Electronics	The Korean Society Noise and Vibration Engineering	The Institute of Internal Auditors
Jinju Chamber of Commerce & Industry	Korea water Resource Association	Korea Public Organization Audit Council



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