

# Kangwon Land Sustainability Report 2011



Growing Together with  
Our Community

### **Purpose of the Report**

As the second report published by Kangwon Land, the 2011 Sustainability Report relays its efforts and achievements in building a sustainable society. The report assimilates Kangwon Land's major management status, economic profitability, social responsibility, and environmental soundness from an integrated perspective to aid in all stakeholders' understanding. Kangwon Land will collect stakeholders' opinions through this report and actively reflect them on its management to create new stakeholder value and pursue sustainability management more actively.

### **Structure of the Report**

This report is divided into sections on sustainability in general (including ethics), business, society, and environment; in particular, the society section is further divided into shareholders, customers, partner companies, employees, and community to report from the stakeholders' perspective. The report was prepared by a TFT (Task Force Team) consisting of 13 personnel from related departments.

### **Reporting Criteria and Assurance**

This report follows the GRI (Global Reporting Initiative) G3.1 reporting guidelines. The indexes and units used in this report employ the Korean accounting standards, and the contents are based on publicly disclosed data. This report underwent third-party assurance to ensure comprehensiveness, materiality, and objectivity. The assurance statement is available on page 59.

### **Reporting Period and Scope**

This report covers the activities and performance of domestic business sites during the period January 1 ~ December 31, 2010. Some parts include plans and new management policies for 2011. This is the second report to be published since 2010; in the future, the report will be published biennially.

### **Additional Information**

Other information regarding sustainability management is available at Kangwon Land's homepage (<http://www.high1.com>) and ALIO, the public institutions' information system (<http://www.alio.go.kr>). For other requests or inquiries, please contact the following:



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# Kangwon Land Sustainability Report 2011

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To our valued stakeholders:

Thirteen years after taking its first step as the hope and the growth engine of the Southern Gangwon-do region, Kangwon Land is taking a big leap forward to become "Asia's Top Four-Season Integrated Family Resort."

On September 1, 2011, Kangwon Land launched the largest convention hotel in the country, making new history in the convention industry by bringing together scenic natural environment, tourist resources, and resort in one place. Kangwon Land is committed to becoming a "sustainable" company that brings joy to customers, energy to the community, and hope to employees. In this time of change and huge steps, all the employees are making their best efforts to renew our image and heighten trust. Shifting the focus from the casino business in the past is aimed at not only changing our image but also continuing to create future value for the company. We are persistently pursuing internal and external innovation to meet this goal.

First, we are building operations, management, and service programs that are guaranteed to delight the customers. We believe delight is achieved not by large investments but by small considerations and efforts. We strive to develop various programs to serve the customer and improve resort operations; for this, we fully support employees in improving their job skills and expertise. We believe that Right Path management is the foremost condition to bring joy to customers and earn their trust. Kangwon Land abides by the regulations and strives for transparent management to fulfill its corporate social responsibility to its various stakeholders including customers as well as the country and lead the trend of sound leisure culture. We shall continue our efforts for true ethical management through various institutional and executive efforts including the casino correspondence system that ensures zero difference, prohibition of any kind of illicit request and good offices and requirement of Integrity Contract Pledge when entering into no-bid contracts.

Kangwon Land is enhancing win-win cooperation with the community according to the purpose of its establishment. It has strived to bring energy to the economy through locality-oriented management policies such as expanding employment for local residents, supporting local partner companies, purchasing farm produce from the local region, and operating the High 1 Point system. From a broader perspective, we are spearheading the move to invigorate the local industry through phased investment in the Southern Gangwon-do

area and undertaking various social contribution activities to enhance the welfare of the underprivileged groups such as those suffering from coal workers' pneumoconiosis in the abandoned mines area.

Meanwhile, we are drawing the blueprint for mutual growth with the community through the development of the Hub & Spoke tourist complex that connects South Gangwon-do. In addition, we are actively implementing greenhouse gas reduction and energy conservation measures, realizing the green resort wherein man and nature come into harmony as the new growth engine.

In 2010, acquiring the ISO 14001 certification was undertaken as a major project as part of building an environmental management system; High1 Resort's new building also acquired an eco-friendly building certificate by expanding renewable energy facilities. Kangwon Land will continue to participate actively in the government's low-carbon, green growth policy and build a new paradigm for an eco-friendly, green resort.

We believe this huge leap forward is hinged on employees' aspiration and communication. We firmly believe that when employees, partner companies, and community truly understand each other and share one hope, we can accomplish the tasks ahead of us and take the next step. Kangwon Land will devote itself to building a management environment wherein constituents and stakeholders trust and communicate with each other to move together toward a better future.

In this second report, Kangwon Land reports its major performances to the stakeholders. We hope for continued trust and support in our efforts to pursue change and innovation as a sustainable corporation. We recognize that the full support of our shareholders, customers, and community is what enabled us to come this far and offer our sincere gratitude on the occasion of publishing this report.

Thank you.

October 15, 2011 CEO Choi Hung Jib

최 흥 집





# 2010 HIGHLIGHTS

## 10th Anniversary of Kangwon Land and Its Leading Role in the Local Economy

On October 28, 2010, Kangwon Land celebrated its 10th anniversary as the only casino open to Korean citizens. For the past 10 years, Kangwon Land has stayed true to its founding purpose of contributing to the local economy and employment and directly recruiting local residents and inducing partner companies to have 96% of their staff come from residents of the abandoned mines area.

## High1 Resort is the Number 1 Brand Among Domestic Leisure Companies

Kangwon Land's High 1 Resort ranked 1st in brand power among domestic leisure companies. High1 Resort will provide world-class service by systemizing customer satisfaction management and improving its facilities and service as a four-season family-oriented resort.

## High1 Resort Declares the "First Year of Energy Conservation"

Kangwon Land declared 2010 as its "First Year of Energy Conservation" and implemented large-scale energy conservation measures. It introduced the interval operation of individual heaters, operation limits during peak hours, and stopping air conditioning in-between seasons and implemented various efforts to save fuel and energy such as design change at the newly built condo lighting system and replacing lights at the main hotel and casino with high efficiency lamps.



## Opening Ceremony for the Expanded High1 Resort Condo



Kangwon Land is undertaking various strategies to prepare for the era of 10 million customers by 2020 as a four-season integrated family resort. With the recent expansions, the Hill Condo with 7 buildings (343 rooms) and Mountain Condo with 3 buildings (157 rooms) were constructed above the existing Valley Condo, and High 1 Condo has secured more than twice as many rooms from 403 to 903.

## Kangwon Land Stock Price Reaches All-time High of KRW 29,300

On December 9, 2010, Kangwon Land's stock price reached KRW 29,300, the highest ever since the company's public offering in October 2001. Thanks to improved earnings since 2008, the stock price rose sharply in 2010, the highest price ever in 9 years. It can be regarded as the market's reevaluation reflecting Kangwon Land's mid- to long-term growth strategy toward building an integrated family resort by opening the Convention Hotel and improving the casino environment.



## High 1 Resort Wins Grand Prize at the Social Contribution Corporate Awards

High 1 Resort won the Third Korean Social Contribution Grand Prize at "The COMPANY of Korea 2010 Awards" held by the Korean Customers' Forum. Kangwon Land has continued efforts to fulfill its purpose of establishment to contribute to the local economy by contributing to society and gained recognition for its locality-based social contribution that focuses on communication with the community.

## High 1 Resort's Whistleblowing Reward set to KRW 1 billion Maximum



Kangwon Land's reward for whistleblowing has been set to a maximum of KRW 1 billion since September 2010. The subject of whistleblowing is the unethical behavior of both employees and outsiders, and the new boost to the reward money is expected to contribute to a more transparent ethical management.

## Donated the Largest Casino Jackpot Prize Money to KAIST

On May 17, 2010, Kangwon Land's slot machine hit the jackpot with the largest prize money in Korean casino history. Mr. An Seung-pil, the winner of the prize, donated the full amount to KAIST. With the first case of the jackpot money being donated, Kangwon Land made a hand-painting for Mr. An and displayed it at its casino and offered many benefits as a token of appreciation, including free use of Kangwon Land's hotel, golf club, 50% discount at the condos, and 50% discount for ten years at Kangwon Land facilities.



## High 1 Resort Starts Pilot Operation of Electronic Cards System

In January 2010, Kangwon Land agreed to the phased implementation of the electronic card system beginning with a pilot operation through discussion and collaboration with the National Gaming Control Commission. Based on the results of the pilot operation, the electronic card system will be expanded beginning 2012. It is expected to enable us to manage and control casino entry records and recommend counseling to prevent and cure gambling addiction more efficiently.

## Accomplished "Zero difference" between dropped money and counted money

On September 8, 2010, Kangwon Land achieved zero difference between dropped money at game tables in casino and counted money at the counting room for the first time. Based on an order to prevent money-related accidents such as employee embezzlement, Kangwon Land has eliminated every surveillance camera blind spot and introduced CMS, which checks the correspondence between the amount of money dropped and counted every day. It is the first casino system of its kind in the world. Today, Kangwon Land's CMS money correspondence system and surveillance system have reached global standards.

## Company Overview

Kangwon Land was established on June 29, 1998 as a casino and resort according to the Special Act on Assistance to the Development of Abandoned Mines-Neighboring Areas to invigorate the economy of the old mines area and enhance national competitiveness in tourism. Public institutions such as the Mine Reclamation Corp., under the Ministry of Knowledge Economy, Gangwondo Development Corporation, and municipal government own 51% of Kangwon Land's shares, enabling Kangwon Land to maintain government-level credibility as well transparency and fairness in its development and business operations.

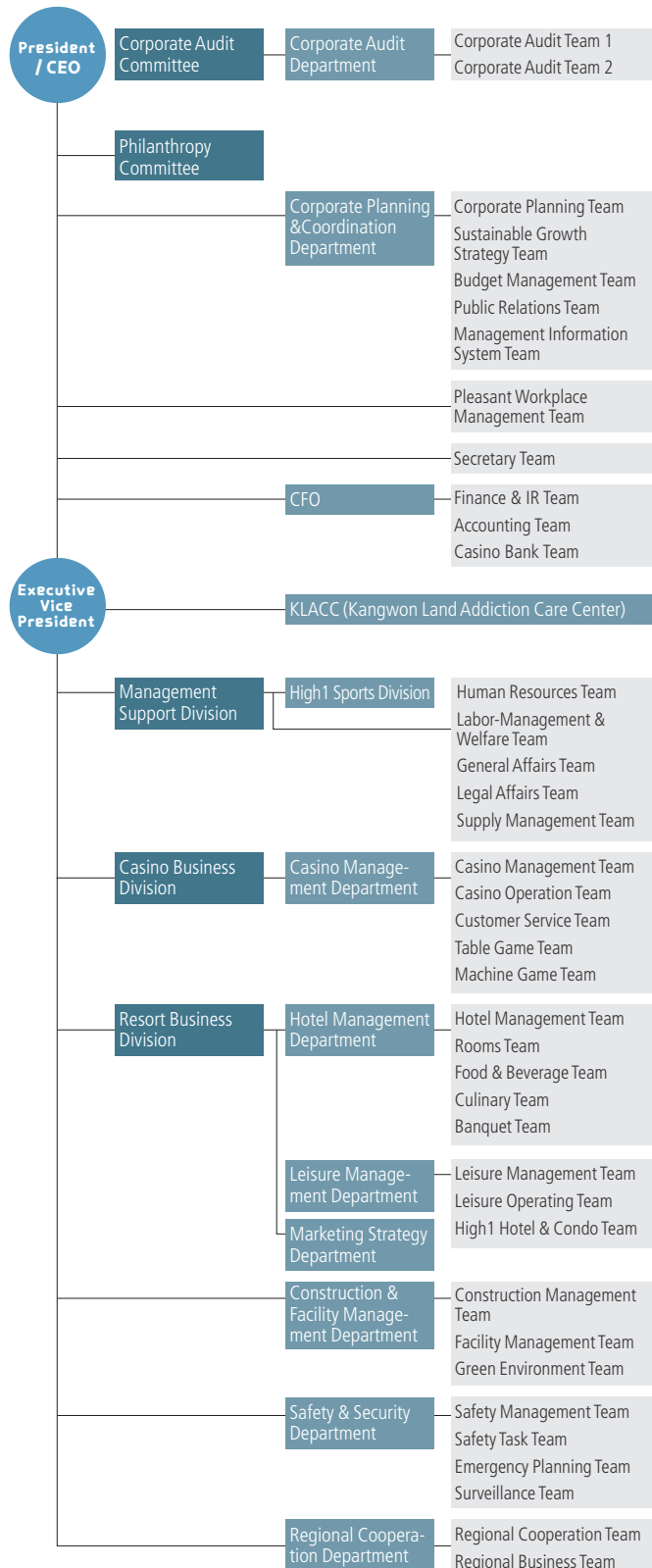
Kangwon Land strives for mutual growth with the community by creating jobs for the local residents, making preferred purchases of local goods, fostering linked businesses within the region, supporting local small vendors, expanding the provincial funds, and contributing to the economic prosperity of the community and income of the residents. In addition, Kangwon Land established the Social Contribution Committee with a view to enhancing the welfare of the abandoned mine region, operating a welfare foundation and volunteer group to further win-win cooperation with the community and making its best efforts to minimize social side effects by operating the KLACC (Kangwon Land Addiction Care Center), which provides counseling and treatment for gambling problems, and strictly observing the law. In June 2007, Kangwon Land launched the High 1 brand, which strives to be Asia's top integrated family resort. Thus, Kangwon Land secured the newest high-class resort facilities, and it is transforming the Southern Gangwondo region into a new tourism complex through regional linked businesses.

### Company Overview

Company Name	Kangwon Land Inc.
Date Established	June 29, 1998
CEO	Choi Hung Jib
Total Assets	KRW 2,609,744,946,466 (As of the end of 2010)
Sales Volume	KRW 1,313,682,568,171 (As of the end of 2010)
Number of Employees	3,198
Business Scope	Casino, hotel, condominium, ski, golf, other leisure activities
Address	424 Sabuk-ri, Sabuk-eup, Jeongseon-gun, Gangwon-do, Korea

## Organizational Structure

As of August 2011, Kangwon Land consists of 3 divisions, 10 offices, 41 teams, 1 center, and 1 group and Kangwon Land Welfare Foundation as a separate organization. The ski team was founded in June 2002, the ice hockey team, in September 2004, and the judo team, in October 2007. At the recent organizational restructuring, the Happy Workplace Operation Team, Sustainable Growth Strategy Team, Green Environment Team, and Safety Mobile Team were established for strategic sustainable operations in various aspects.



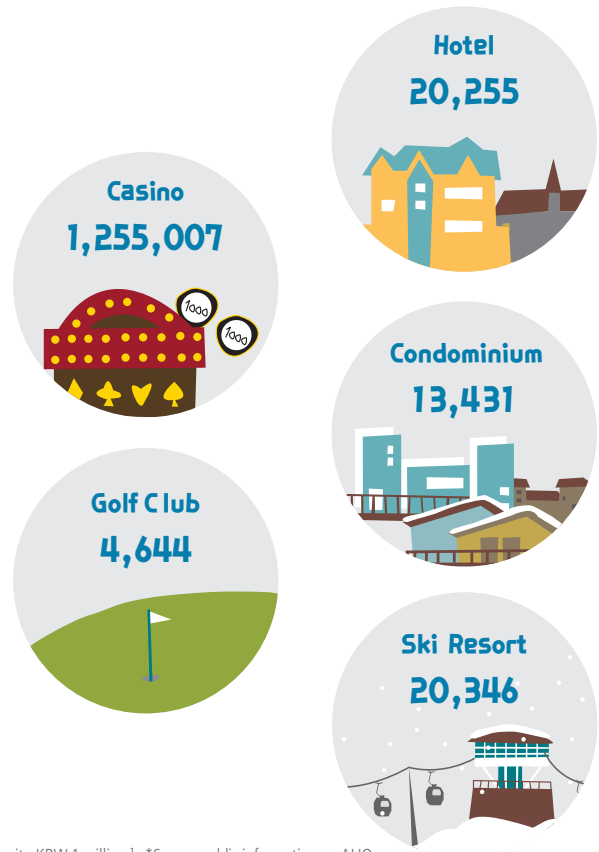
## Major Businesses

Kangwon Land actively pursues not only the casino business but also the general leisure business dubbed High1 Resort and creates a new tourism and leisure culture with the goal of building an international family-oriented general resort. Kangwon Land's business scope includes the casino, hotel, golf club, condominium, ski resort, and overseas businesses; the company strives to take the leading role both domestically and internationally in each business sector.

**Casino Sector** | The casino business receives attention for its role as a catalyst for tourist development, attracting foreign exchange and tourists. Many countries have been actively fostering the business since the 2000s. Moreover, the casino business is transforming from mere gambling to a total entertainment industry. The domestic casino market was strictly regulated in the early years but was changed to a tourist business in 1994, and it has developed ever since. Currently, there are 17 casinos in operation in Korea, and Kangwon Land is the only casino where Korean nationals may enter according to the Special Act on Kangwon Land Hotel & Casino.

**Non-casino Sector** | With the 5-day workweek and increased national income, family leisure activities have increased. As the leisure pattern has changed from simple tourism to stay-and-rest form, large resort complexes with various facilities are becoming more popular. Kangwon Land launched the High 1 Resort in 2007, seeking to be a family-oriented general resort by providing various entertainment and high-class facilities and service. The resort business creates a chain effect to related industries such as construction, hotels, sports, passenger transport, interior business, and high-tech business, and this in turn contributes to creating jobs for the local residents and invigorating the local economy. In particular, Kangwon Land has launched the project of building the Southern Gangwon-do tourist belt that connects Jeongseon, Taebaek, Yeongwol, and Samcheok, with High 1 Resort at the center. In addition, with the opening of the convention hotel in 2011, Kangwon Land will make full use of the superb natural environment and existing general leisure facilities to secure its position as a global convention destination and create even more synergy for the local tourism industry and economy.

## Sales by Business Division



[ unit\_KRW 1 million ] \*Source public information on ALIO



CONVENTION HOTEL • CASINO • HOTEL



Golf • Hotel • SKI • CONDOMINIUM

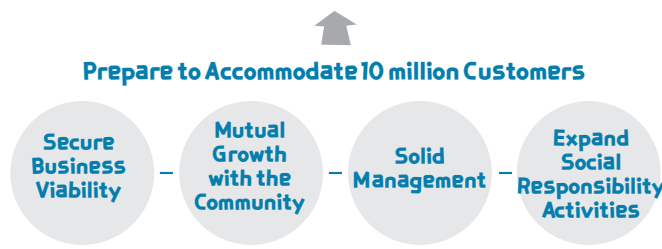


## 2. Vision and Management Innovation

### Growth Strategy

With the vision of becoming "Asia's Top Four-Season Integrated Family Resort," Kangwon Land is pursuing diverse strategies for sound management and mutual growth with the community to prepare to accommodate 10 million incoming customers by year 2020. Kangwon Land is nearing the completion of a general resort complex, newly constructing the convention hotel, condominium, water park, and High 1 plaza, improving the complex scenery, and expanding four-season tourist attractions. In addition, Kangwon Land is enhancing the professional management system, securing global competitiveness by fostering human talents while practicing community-based social contribution activities through sharing and volunteerism. Kangwon Land will fulfill its social responsibilities as a company providing public goods through active support in sports and by preventing addiction to gambling.

#### Achieve Asia's Top Four-Season Integrated Family Resort



**Secure Business Viability** | Kangwon Land aims to build Asia's top resort complex with creative and differentiated facilities and service while expanding the four-season, family-oriented features connecting the tourist facilities of the region. In the casino business, Kangwon Land will further enhance its competitiveness through customer-oriented casino operations and by changing to a resort-centered casino business. To secure the momentum for future growth, Kangwon Land will establish a mid- to long-term resort master plan, strategically foster the MICE business, and continue to identify new sources of revenue.

**Mutual Growth with the Community** | Kangwon Land has strived to build a communication system based on trust for mutual growth with the community. Kangwon Land will build an integrated discussion channel in the old mines area and continue its efforts to expand communication with the local residents. In particular, to build a basis for mutual growth with the community, Kangwon Land will expand the operation performance of the High 1 Resort to the regional linked businesses and promote integrated marketing by building a complex of local tourism resources. Kangwon Land will spearhead activities to improve the quality of life of the local community by expanding and supporting local industrial infrastructure, enhancing its role in the public goods projects, and improving the living conditions of the old mines area.

**Solid Management** | Kangwon Land is implementing measures to improve the organizational structure such as renovation of the corporate culture and innovation and standardization of the work process to enhance internal capabilities and promote a sound labor-management culture. With the strategy of improving the organization's performance through human assets development, Kangwon Land makes efforts in cultivating global human assets; it is expanding work expertise training to cultivate experts in each field. Kangwon Land will make all-out efforts to enhance the trust of the stakeholders through fair and strict reward and punishment and prevention of accidents by aligning the work system and raising awareness and building a transparent and upright organizational culture, never wavering from the Right Path Management.

**Expanding Social Responsibility Activities** | Having strived to fulfill its social responsibility as a public company and a member of society, Kangwon Land will continue to expand social contribution activities, provide support to ensure the successful hosting of the Pyeonchang Olympic Winter Games, and practice community-based social contribution. To foster a healthy gaming atmosphere, we will expand a gambling addiction prevention and treatment institution and provide higher-quality prevention and treatment for gambling addiction. In addition, in response to rising expectations regarding the environment, we will build a clean resort and a high-energy conservation system, realizing eco-friendly, green management.

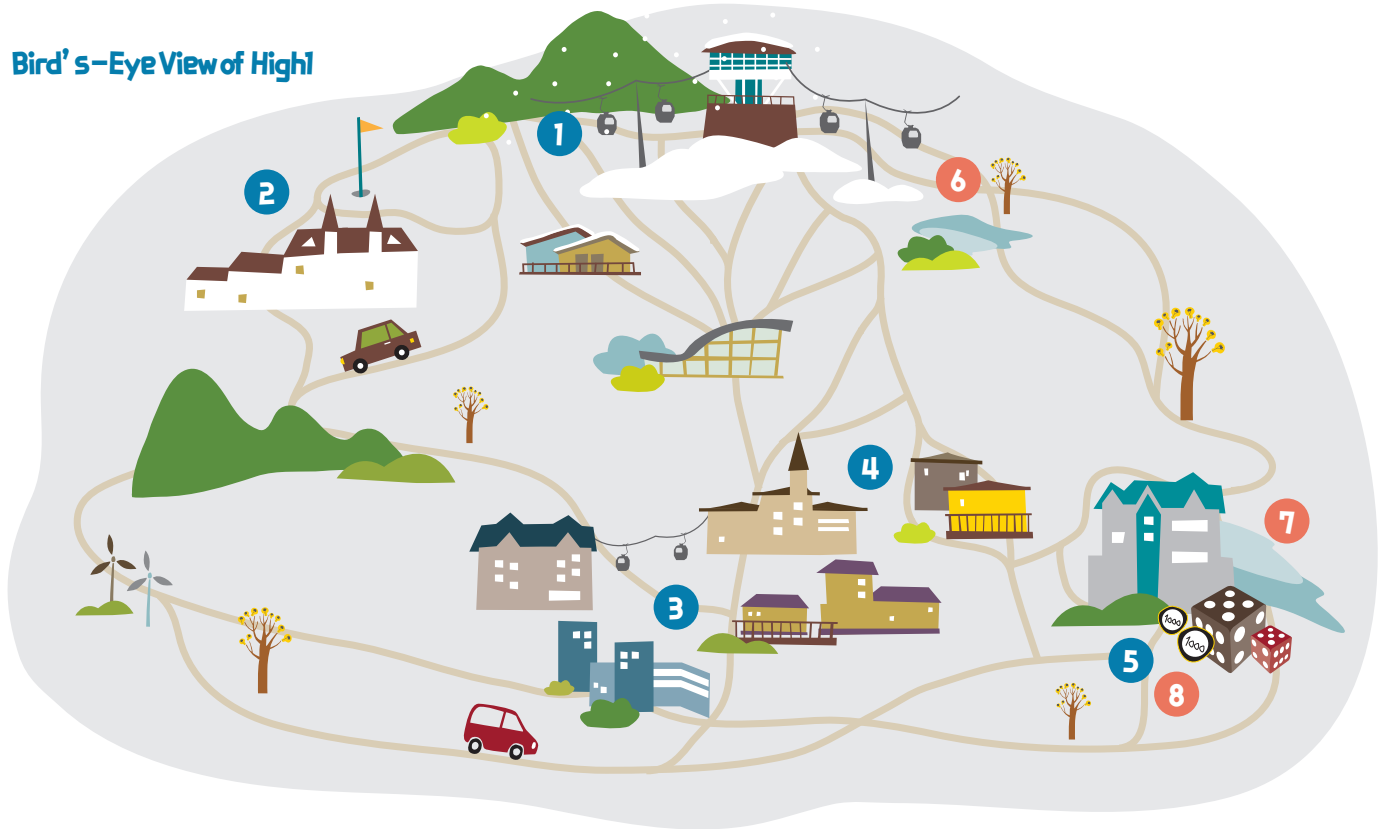
### Core Values

To realize the vision of "High 1 Resort that offers beautiful four seasons and various entertainment and high-class facilities and service," Kangwon Land has identified passion, trust, and devotion as the standard of thinking and action that each individual must live by in their relationship with work, colleagues, customers, and society.

<b>Inspiration to the Customer</b>	Complete the resort that is loved by customers by providing differentiated facilities and service.
<b>Energy to the Community</b>	Mutual growth based on communication and trust with the community in the abandoned mines area, which is the basis of Kangwon Land's survival.
<b>Hope to the Employees</b>	Build a happy workplace wherein employees are the owners of the company and each employee can realize his/her dreams.



## Bird's-Eye View of High1



### Management Spirit

Kangwon Land's management spirit lies in establishing the exemplary leader model. Kangwon Land's leader model expresses the core value and leadership of human assets that lead Kangwon Land in relationships with colleagues, superiors, and juniors and with customers and society.

#### A Leader Who Sets an Example and Takes Responsibility

Makes quick and prompt decisions and takes responsibility for the outcome.

**My position within the core value and leadership |**

Colleagues/ Seniors and Juniors, Customer/ Society, Work

#### A Leader who is Modest and Supportive

Heightens expectations of employees, encouraging them to take on challenges and eliminating obstacles for them.

**Keywords for Core Value |** Devotion, Trust, Passion

#### A Leader Who Listens and Serves

Listening to the sound of your devotion do my serve.

**Keywords for Exemplary Leader |** Example Responsibility, Listens, Serves, Modest Supportive

### Businesses Currently in Operation

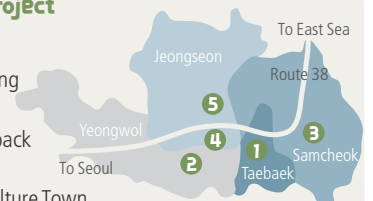
- 1 High1 Ski Resort
- 2 High1 Hotel, High1 C.C
- 3 Hill Condo, Valley Condo
- 4 Additional Building at Mountain Condo, Mountain Condo, Unamjeong Restaurant
- 5 Kangwon Land Hotel, Kangwon Land Convention Hotel, Kangwon Land Casino

### Business to be Launched in the Future

- 6 High1 Sky Trekking Route (Connecting 4 cities and counties)
- 7 Water World, High1 Plaza
- 8 Improvement of environment around the casino, Improvement of complex scenery, Theme park renovation

### Regional Development Project

- 1 Taebaek\_ Taebaek E-city
- 2 Yeongwol\_ High1 Sangdong Theme Park
- 3 Samcheok\_ High1 Switchback Resort
- 4 Jeongseon\_ Coal Mine Culture Town
- 5 Jeongseon\_ High1 Complex Town





# 3. Communication with the stakeholders

## Definition and Category of Stakeholders

Kangwon Land has identified its stakeholders as those that have the most impact on its management activities and those that have the potential to have material impact. Such stakeholders are shareholders, customers, employees, local community, government, and NGOs..

## Communication Status with the Stakeholders and Major Areas of Interest

Kangwon Land makes efforts in enhancing stakeholders' trust through differentiated communication activities and reflects their suggestions and opinions on its management operations.

	Subcategory	Communication Channel	Major Interests
 <b>Shareholders</b>	Large shareholders holding public securities	Board of directors, General shareholders' meeting, Public announcements (ALIO)	Transparent and fair management activities
	Shareholders holding private securities	General shareholders' meeting, Investor Relations	Increasing shareholder value
 <b>Customers</b>	Customers using the casino	Customer satisfaction center, Explaining the admittance limits and checking the number of days, entered, Explaining the rules of the game and giving a demonstration, Leaflet on using the facilities, Homepage	Transparent operations Service quality
	Customers using the resort	Customer satisfaction center, Leaflet on using the facilities, Customer satisfaction survey	Expanding amenities, Facilities usage satisfaction rate
 <b>Partner Companies</b>	Raw materials suppliers within the region	Meeting with partner companies, Issues mediation meeting	Win-win cooperation Mutual growth
	Construction companies and service contractors	Meeting with contractors	
 <b>Employees</b>	Executives and employees	Labor-management council, Conversation with the CEO, Operations meeting, Intranet, Labor-management joint workshop, Complaints system, Committee of Industrial Safety & Health	Promoting labor-management cooperation, Sound organizational culture
	 <b>Local Community</b>	5 cities and counties in former mine areas	Regional Development Committee, Regional Issues Resolution Committee, Working-level meeting of community organizations, Various business briefings
 <b>Government</b>	Organizations for local development	Gangwon Development Conference, Development Forum for Abandoned Mines Areas, Regional academy, Volunteer group for multiple villages	Contribution to the community
	Education and culture & arts organizations	Bookstart movement, Supporting Happy School, Art in Village, Shoes of Hope donation project	Promotion of local culture & arts
	Organization supervising public companies' management policy	Implementation of advancement policies for public institutions, Compliance with regulations on the operation of public organizations	Supervision of public companies' management activities
 <b>NGOs</b>	Organization supervising tourism and gaming	Licensing of tourism and casino business, Tourism fund, Casino control guideline, Admittance limitation system	Regulation and monitoring of business operations
	Monitoring organ for public companies' operations	National Assembly Standing Committee and its inspections, Regular and special audits by auditors	Regulation and monitoring of public companies' management activities
	Organization for the prevention and treatment of gambling addiction	Link with hospital treatment, Consultation with external experts, Support for related organizations, Rehabilitation support	Minimize social side effects
 <b>Related Groups and Associations</b>	Environmental organizations	Environment protection events for resort surroundings, Ecosystem tour events, Industry-academe environment council	Soundness of the resort environment
	Domestic and foreign organizations related to tourism business	Related associations and various expert cultivation programs	Promotion of the tourism industry and substitute industry
Academic institutions related to tourism/regional development policies	Symposiums and forums on regional policies, Policy efficacy study outsourcing		
 <b>Media</b>	National/Gangwon-do media	Reports on management and operation policies in connection with regional issues	Reports on social issues

# 4. Materiality Analysis Process

## Reporting Process

The 2011 Sustainability Report was prepared according to the GRI 3.1 performance index, and the report contents were selected according to materiality, stakeholder engagement, sustainability background, and completeness as the GRI reporting principles. In addition, the ISO 26000 was taken into account to reflect the recent sustainability trend. Review by a third party was conducted, with the statement included in the report to enhance reliability further and published after the briefing with the executives.

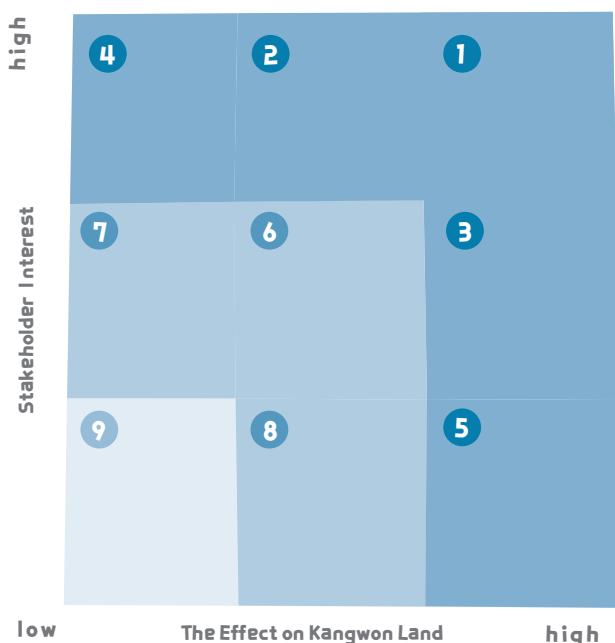
### Reporting Process

<b>1. Select Report Content_</b> Analysis of material issues, Deciding table of contents	<b>2. Preparing the Report_</b> Reflected GRI 3.1, ISO 26000 guidelines
<b>3. Verification_</b> Third-party review, Briefing with the executives	<b>4. Publishing of the Report</b>

## Materiality Analysis

Kangwon Land conducted a materiality analysis for the focused control of issues in which stakeholders have high interest and issues that have high potential impact on its management activities and reflected them on the report and decided the table of contents according to the analysis results.

### Materiality Analysis Matrix



### 4 Steps in Identifying Material Issues

#### Phase 1 Creating an Issue Pool Regarding Sustainability Management

Taking into account recent trends in sustainability management and Kangwon Land sustainability issue analysis, an issue pool of 16 categories and 79 subcategories was defined.



#### Phase 2 Analysis of External Material Issues

External material issues were prioritized through media analysis (domestic media coverage 2009.01.01-2011.05.31), benchmarking of companies in the same industry and guideline analysis (GRI 3.1, ISO 26000, UN Global Compact).



#### Phase 3 Analysis of Internal Material Issues

Internal material issues were prioritized by analyzing Kangwon Land's performance index, management philosophy, and internal reports.



#### Phase 4 Mapping of External and Internal Issues

The material issues matrix was drawn by mapping the materiality analysis derived from phase 2 and phase 3.

### Evaluating Material Issues

#### High

- 1 Preventing Gambling Addiction, Employee Corruption, Abandoned Mines Special Act, Ethical Management (5)
- 2 Energy Management, Establishing a Healthy Gaming Culture (2)
- 3 Customer Satisfaction Rate, Training and Education, Employee Satisfaction, Functions / Events, Marketing, Labor-Management Relations (6)
- 4 Responding to Climate Change, Abiding by Regulations, Water Resources Management, Anti-Corruption, Social Volunteer Group, Scholarships (6)
- 5 Management Results, Communication with the Community, Communication Among Employees, Casino Business, Non-Casino business (Hotel, Resort, Ski, Golf, etc.), Construction (Resort, Casino), Reputation Management (7)

#### Medium

- 6 Customer Service, Customer Complaints, Partner Company Conflicts, Community Conflicts, Invigorating the Local Economy (5)
- 7 Pollution Prevention, Admittance Limitations, Culture & Arts projects, Operation of Social Contribution Activities, Employee Health and Safety, Employee Welfare, Corporate Governance (7)
- 8 Customer Health and Safety, Local Partnership, Sports Teams (3)

#### Low

- 9 Health of Local Residents, High1 Point, Audits, Organizational Restructuring (4)

\*34 issues such as "other issues" and those with 0 stakeholder interest or business impact were excluded from the 79 issue pool, thereby leaving the 45 issues above.

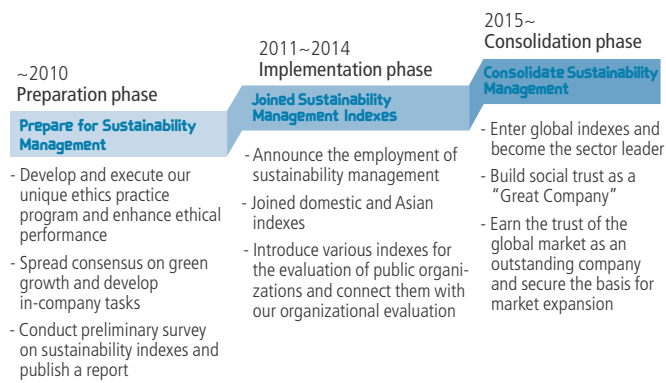
# 5. Sustainability Management System

Kangwon Land strives to realize sustainable growth, creating win-win value with the stakeholders through transparent management activities based on trust and cooperation. The company has undertaken various management operations such as realizing sustained growth in sales, diminishing social side effects, expanding social contribution, and creating a green resort. In addition, it has practiced ethical management, green management, and social contribution based on the coordination of the departments in charge of each sector; it plans a more systematic approach by establishing a corporate-wide sustainability management organizational structure. In 2010, Kangwon Land saw the need to introduce sustainability management and published those performances in its first sustainability report. Kangwon Land will secure the engine for future growth through sustainability management and create value for sustainable future growth by ensuring transparency befitting the global standards.

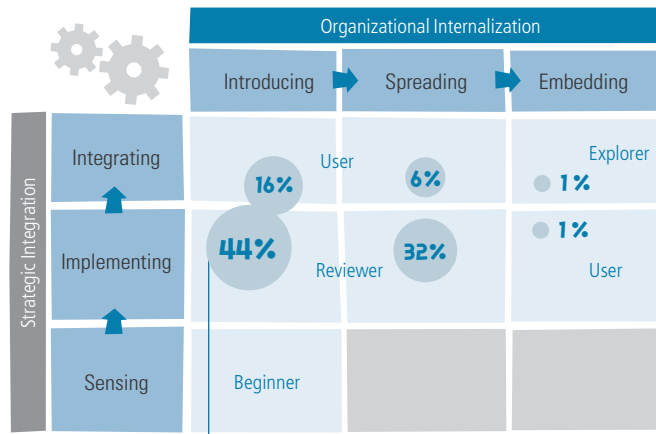
## Goal and Strategy for Sustainability Management

To take a leap forward as an outstanding company that enjoys the trust of the global market, Kangwon Land will steer sustainability management in three stages - preparation, implementation and stabilization - until the year 2015.

### Sustainability Management Implementation Plan by Phase



As interest in sustainability management increases, related activities increase, and win-win cooperation and green growth getting selected as a national project in the context of the G-20 Summit, Kangwon Land strives to meet the requirements for sustainability management. While undertaking various management activities such as continued growth in sales volume, diminishing social side effects, expanding contribution activities, and building a green resort, Kangwon Land has started reporting its performances through the publication of the sustainability report since 2010. The Kangwon Land 2010 Sustainability Report, as the first report to be published, recorded a 93% compliance with the reporting guideline (GRI G3) and received a B+ rating during the third-party verification (Seoul School of Integrated Sciences & Technologies). In the 2010 report, 9 items were not included; thus, Kangwon Land saw the urgent need to build a system for data collection and management, and it is building an internal management system for sustainability tasks and systematic and integrated management of sustainability management indexes.



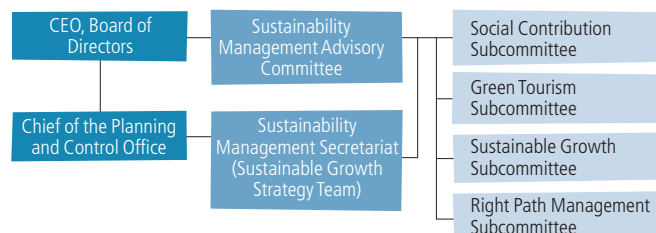
### Kangwon Land's Position

Right Path management\_ Code of Ethics / Whistleblowing system / Public notices  
 Corporate social responsibility\_ KLACC / Social Contribution Council / Win-win management / Local partnership  
 Green management\_ Eco-friendly resort / Green Growth TFT / Biodiversity

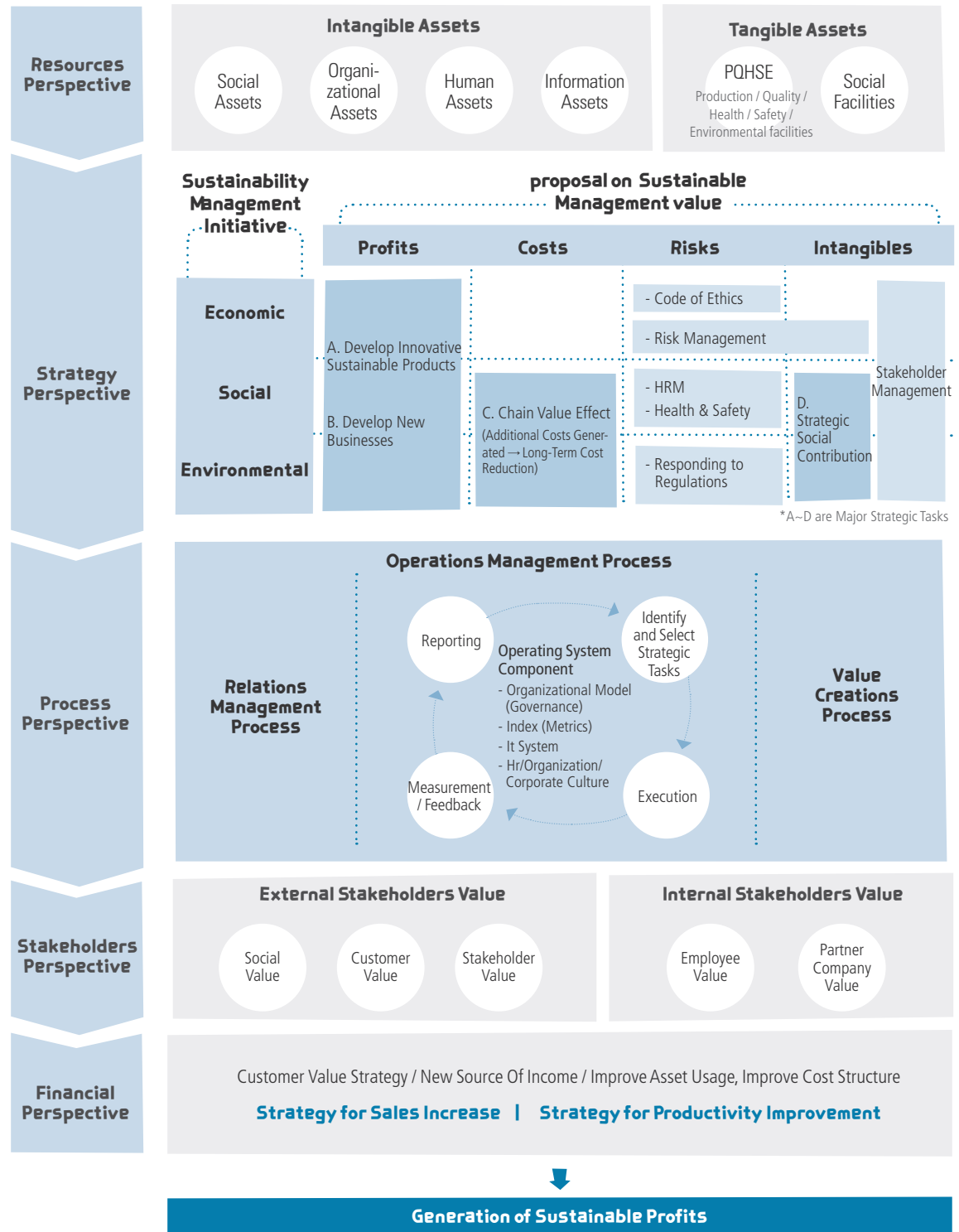
\*Level diagnosis according to the Korea Chamber of Commerce reports (62)  
 <Please refer to the Donga Business Review Issue 40>

**Sustainability Management Consultation Meeting |** Kangwon Land has established an interim Sustainability Management Consultation Meeting in September 2010 to review the sustainability and feasibility of the sustainability tasks identified and to assist in decision making. The Consultation Meeting consists of 3~5 consultants in the economic, social, and environmental sectors, working subgroups, and secretariat; non-scheduled working subgroup meetings that review tasks and quarterly scheduled meetings that deliberate on the tasks are held. The Consultation Meeting's execution efficiency is enhanced through prior work coordination with the Social Contribution Council, KLACC, and welfare fund's external advisors system.

### Structure of the Sustainability Management Consultation Meeting (Draft)



**Sustainability Management Implementation Diagram**



# 5. Sustainability Management System (Implementation Performance)

## Business Performance

### Invigorating the Local Economy

Kangwon Land has advanced as a four-season family-oriented general resort complex, pursuing the mutual growth of the local community and the company. Kangwon Land aims for maximum ripple effect on the local economy by operating the local development council, which discusses local issues and helps form a consensus, employing locals, supporting partner companies, and establishing subsidiaries. In particular, the High1 Point system that Kangwon Land has been operating to enhance customer service and vitalize the local economy reached KRW 94.68 billion in 2010. Kangwon Land renovated the High 1 Point operating policy and system, introduced the ID verification system, opened the High1 Point Mall, and introduced the non-scheduled admittance of new affiliates. In addition, with a view to building a hub-and-spoke tourist complex, Kangwon Land is steering a regional linkage project with 5 abandoned mine areas in Southern Gangwondo, creating jobs for the local residents and bringing life to the economy.



Sabuk Coal Cultural Festival

### Transparent Management Culture

Kangwon Land established the Code of Ethics (June 2003) that employees must observe for transparent Right Path management. The Ethics Council and Audit Council consisting of the Executives' Council under the direct supervision of the CEO are in charge of control and training on ethical management. To expand social responsibility in practice and foster a transparent, fair management system Kangwon Land signed the Building a Transparent Society Agreement with the stakeholders including partner companies in June 2006; in 2009, all employees signed the Integrity in Work Pledge, thereby strengthening the company's anti-corruption policies. In particular, the whistleblowing system was introduced in October 2010 to prevent employees' unethical behavior and implemented the disclosure of good offices and requests, integrity mileage system, and mandatory signing of the "Integrity Contract Pledge" when entering into no-bid contracts.



Korea Safety Award

### Customer Surprise Management

Kangwon Land always strives to delight and surprise customers by operating facilities and providing service in the shoes of customers and from their perspective. Kangwon Land established the CS Vision 2015 and CS steering roadmap and makes utmost efforts to provide differentiated service. In particular, CS Leaders are selected to enhance customer satisfaction. The High 1 Service Quality (SQ) was established in 2008, setting standards for quantified and evaluable service monitoring and criteria for outstanding employees. Kangwon Land continues to improve its services by identifying improvement tasks and establishing implementation plans based on the independently developed Customer Service Index (CSI). During the year 2010, Kangwon Land focused on customer-oriented service, listening to customer complaints through online and offline channels, introducing the VOC system, and enhancing the CS training.



High 1 New Year Ceremony

### A good place to Work in

Kangwon Land introduced a new system in 2011 to enhance employees' capabilities so that reasonable human resources management system and efficient operation of manpower are assured. In the aspect of human resources development, Kangwon Land provides training support focusing on cultivating human talents equipped with general capabilities, work-related expertise and leadership, and overseas language studies and foreign language courses. In 2010, Kangwon Land selected human talents within the company and helped them acquire graduate and doctor's degrees in their relevant work fields. Kangwon Land operates both general and flexible benefits to enhance employee welfare and value, listens to and solves employee complaints through the Grievance Committee, and fosters a corporate culture that respects the individuality and value of each employee. The expert counselors at the Miwon Counseling Center and counselors at each department provide counseling to prevent sexual harassment at the workplace. In 2010, a training program was conducted to enhance the counselors' qualifications.



## Environmental Performance

### Joined the 2011 DJSI Asia-Pacific Regional Index

As a result of these efforts, Kangwon Land joined the DJSI Asia-Pacific Index in 2011 in recognition of its being an economically, socially, and environmentally sustainable company according to international evaluation standards. DJSI (Dow Jones Sustainability Index) is the index operated jointly by Dow Jones Indexes, the world's largest financial index provider, and SAM, which is based in Switzerland. By joining the Asia-Pacific Index wherein only the top 24% (156 companies) among the 600 that undergo assessment are included, Kangwon Land will implement phased sustainability improvements by benchmarking foreign leading companies and take proactive measures against changing international business conditions such as environmental regulations and climate change agreement.



### Environmental Management and Preserving Biodiversity

Kangwon Land's goal for environmental management is minimizing environmental destruction and eco-friendly recreation, and the Energy Committee was established to implement environmental management more effectively. The company's efforts for energy conservation during 2010 include the interval operation of individual heaters, operation limits during peak hours, and stopping of air conditioning in-between seasons. More than 27% of high-efficiency products such as LED were employed in 2010, preceding the government guideline of 2012 and obtaining tangible results in energy conservation. In addition, the acquisition of ISO 14001 certification was undertaken as a major project during 2010 as part of building an environmental management system. While expanding renewable energy facilities such as solar and wind power, Kangwon Land High1 Resort Condo acquired a Green Building certificate from the Korea Institute of Energy Research. Kangwon Land is located within the Baekdudaegan mountain range, spearheading various efforts to promote and protect the environmental value of the area through programs such as cultivating forest guides, Baekdudaegan eco school, and sharing of wildflower seeds.



Greenhouse Gas Meeting

## Social Performance

### Fostering a Healthy Game Culture

Kangwon Land operates the KLACC (Kangwon Land Addiction Care Center) to respond proactively to gambling addiction that inevitably occurs in the course of casino operations, minimize the negative side effects, fulfill its social responsibility, and foster a healthy gaming atmosphere. KLACC operates a mandatory counseling program that requires customers coming to the casino continuously during a certain period to take gambling addiction tests and counseling to prevent gambling addiction. The number of cases of counseling given during 2010 was 7,065; the treatment expenses subsidized by Kangwon Land reached KRW 221.98 million, and treatment for direct family members in collaboration with expert institutions and groups numbered 101 cases. In particular, an addiction prevention academy is operating for youths, local residents, and persons working in the industry. In 2010, youth education was conducted 70 times, and 3,667 persons participated in the addiction prevention academy held 14 times, with prevention campaigns conducted in liaison with various local events as well as at the on-site counseling center.

### Strategic Social Contribution

Great social responsibility is expected of Kangwon Land, being a business established pursuant to the Abandoned Mines Special Act and owing to the nature of its business. Kangwon Land has strived to fulfill its social obligations as a member of the community and a corporate citizen. According to Kangwon Land's social contribution mid- to long-term road map, 2011 is the year of strategic implementation of social contribution projects. Kangwon Land has expanded its contribution to the community through various activities such as regional cooperation and support programs, High1 Volunteer Group, and welfare foundation coordinated by the Social Contribution Council launched in 2008 for the purpose of contributing to local economic and social development. In 2010, Kangwon Land executed KRW 19.7 billion for social contribution costs that account for 1.5% of sales (3.5% of operating profits), with employees' volunteer activities reaching 19.7 hours per capita. In recognition of such efforts, Kangwon Land won the grand prize at the Korea Social Contribution Award from 2007 to 2009 and won The Company Korea 2010 award during the Korean Consumers' Forum in 2010.

### Win-win Management with Partner Companies

Kangwon Land regards partner companies as valuable companions, and it has strived to breathe life into the local economy and help enhance economic independence. Currently, 28 partner companies and 1,438 workers are providing their services; Kangwon Land operates win-win cooperation programs including management support and technology transfer. In addition, Kangwon Land pursues equity in wage raise rate and benefit items, monitors the salary to ensure that appropriate wages are paid at the partner companies, provides the same discount rate when partner company employees use the business facilities, and operates a welfare program.

**Board of Directors** | Currently, Kangwon Land's board of directors consists of 2 executive directors, 10 outside directors, and 5 non-executive directors, for a total of 17 directors. The board is chaired by the CEO. Under the board of directors are the Audit Committee, Outside Director Recommendation Committee, and Executive Director Recommendation Committee.

Board of Directors			
	2008	2009	2010
Executive directors	6	2	2
Non-executive directors	8	6	6
Outside Directors	Outside directors who are members of the Audit Committee	-	3
	External directors	6	6
	Subtotal	6	9
Total	20	17	17

\*There are 5 external directors during the first half of 2011

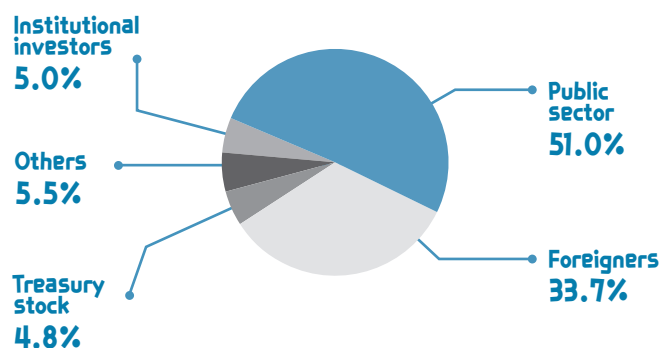
At the 10th general shareholders' meeting held on March 26, 2008, Kangwon Land changed its bylaws to establish an Outside Director Recommendation Committee, a non-standing committee. When the need arises to elect an outside director at the general or extraordinary shareholders' meeting due to a vacancy, it is instituted to select a committee member according to the commercial law and the company bylaws. Meanwhile, Kangwon Land has established the Audit Committee to oversee auditing; it consists of 3 auditors who are outside directors nominated by decision at the general shareholders' meeting. Regarding the evaluation and compensation for directors and management level, the board of directors decides annually the performance remuneration of the full-time directors (CEO/managing director) based on their management performance.

**Meeting of the Board of Directors**

	2008	2009	2010
Meetings held	9	8	7
Average attendance(persons)	13.9	12.8	14.7
Average attendance rate (%)	79.6	75	86.5

**Shareholders** | According to Clause 2, Article 11 of the Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas and Article 13 of its enforcement ordinance, 51% of Kangwon Land's shares are owned by public entities to enhance public good and efficiency

**Shareholder Distribution**



**Public Sector**

[ unit\_ shares, % ]

	2009	Shares ratio
Mine Reclamation Corp.	77,040,000	35.01
Gangwondo Development Corp.	14,124,000	6.60
Jeongseon-gun (county)	10,486,000	4.90
Taebaek-si (city)	2,675,000	1.25
Samcheok-si (city)	2,675,000	1.25
Yeongwol-gun (county)	2,140,000	1.00
Total	109,140,000	51.01

\* As of December 31, 2010



# 7. Risk Management

Kangwon Land operates a specialized system to respond effectively to strategic, managerial, financial, and environmental risks related to management. The potential risks that may arise due to rapidly changing business conditions are classified as management risk, financial risk, environmental risk, and safety risk and are managed proactively.



**Management Risk |** To develop the ability to respond to changes in external conditions, Kangwon Land established a mid- to long-term business management system; it continues its efforts to complete the “four-season family-oriented resort complex.” Kangwon Land is improving the quality of the casino and resort by newly constructing the Convention Hotel, building the High1 Plaza, initiating the Water World project, improving the casino environment, and enhancing the complex scenery and is also making efforts for a second leap forward, connecting abandoned mine areas centering on High1 Resort and constructing a tourist belt in the Southern Gangwon-do region. As a public institution, it is especially important for Kangwon Land to continue to provide value to the stakeholders. Kangwon Land prepares for management risks by operating task force teams by current agenda such as the 2015 Growth Strategy TFT, FIS General Assembly Preparation TFT, and Green Growth TFT.

**Financial Risk |** Kangwon Land carries out stable financial management based on the principle of management without loans. First, to minimize cash flow risks, the cash flow master plan was established, increasing stability and profitability in applying funds. In addition, to respond appropriately to potential risks, financial risks are divided into market risks, credit risks, liquidity risks, and operation risks and systematically managed.

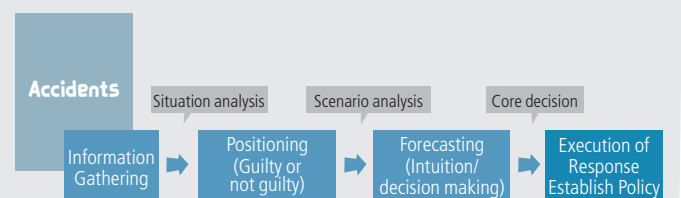
**Environmental Risk |** Kangwon Land executes optimal measures to respond to public environmental policies. It has been taking long-term and effective measures for issues concerning global warming and national & regional ecosystems that are gaining more attention day by day. In particular, Kangwon Land newly organized the Green Environment Team for the purpose of reducing buildings’ greenhouse gas emissions and the energy target management system, strictly abiding by government guidelines.

**Safety Risk |** To prevent risks caused by natural disasters and safety & accidents and accidents involving customers, Kangwon Land is newly inspecting its control system and establishing active risk management plans. In 2011, the Safety Mobile Team was established through organizational restructuring to prevent accidents via facilities maintenance and by managing a response system for accidents involving customers and other emergencies.

**Risk Management Organization |** Kangwon Land monitors potential risks from many aspects, and it is further strengthening its risk management activities. Internal audits by the Audit Committee and external audits by external accounting firms are conducted regularly, with the Green Environment Team launched in September 2011 to respond effectively to environmental issues and ecosystem of the region. On the other hand, through the newly established Safety Mobile Team, Kangwon Land is strengthening its monitoring and control of safety-related risks such as natural disasters and accidents.

**Risk Management Process |** Kangwon Land continues to monitor potential risks, and it is implementing strategies for a company-wide, quick response so that it can specialize its risk management system and enable efficient response.

## General Process of Risk Response



### 1. Establishment of Risk Control Center

We plan to establish a company-wide control system wherein status analysis, decision making, and site control can be carried out simultaneously in case a crisis occurs. We are integrating the currently dispersed reporting structure and building a comprehensive control system that will enable quick reporting and response and on-site supervision.

### 2. Specialized risk response

We are appointing/cultivating specialized core personnel for each type of risk instead of depending on the number of manpower and conducting regular inspection on response readiness through mock exercises.

**Risk Management Performance |** In November 2011, Kangwon Land won the Prime Minister’s Prize at the Korean Safety Awards. This award selects winners after strict on-site assessment and evaluation performed thrice in 5 months, and Kangwon Land was recognized as a company that enhances the value of safety in the course of business operations and practices not only fire prevention but also safety control in its daily activities. Kangwon Land was also recognized for its activities against gas leak accidents, having won the Ministry of Knowledge Economy’s Prize at the Korea Gas Safety Awards.



## MATERIAL ISSUES

With the publication of its second sustainability report, Kangwon Land feels an even stronger sense of responsibility to continue to create value for the stakeholders and realize green management for tomorrow. Kangwon Land is taking steady steps toward more innovative customer satisfaction management, more transparent management culture for a workplace that balances work and life, and more active and leading role in social contribution activities as a member of society.



Employee Satisfaction



Environmental  
Management & Convention  
on Biological Diversity



Healthy Game Culture



Customer Satisfaction Management



Transparent Management Culture



Social Contribution



Vitalizing the Local Economy



Win-win Management

## Healthy Game Culture

Kangwon Land operates the KLACC (Kangwon Land Addiction Care Center) to respond proactively to gambling addiction that inevitably occurs in the course of casino operations, minimize the negative side effects, fulfill its social responsibility, and foster a healthy gaming atmosphere. In addition, an addiction prevention academy is in operation for youths, local residents, and persons working in the industry.



### Vision

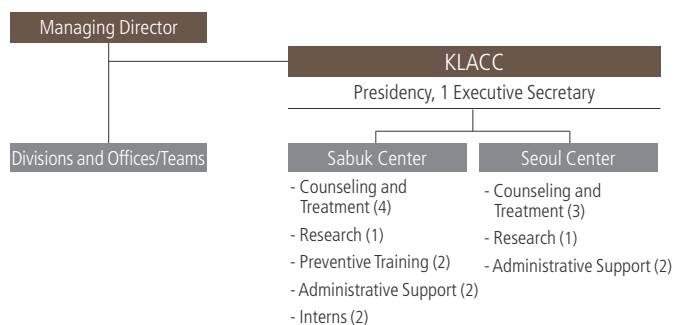
Kangwon Land strives to foster a healthy gaming atmosphere by proactively and actively dealing with the negative side effects of the gambling industry. The company has been operating the KLACC (Kangwon Land Addiction Care Center) since September 25, 2001 to help prevent and treat gambling addiction that inevitably occurs in the course of casino operations, minimize the negative side effects, and fulfill its social responsibility.

### Organization

The KLACC consists of the Sabuk Center and Seoul Center where 19 personnel are performing their duties.

### Major Duties

Befitting its reputation as Korea's best gambling addiction institution, KLACC provides preventive counseling, diagnosis, treatment support linked with specialized hospitals, and rehabilitation support services and promotes the prevention of gambling addiction to foster a healthy gaming atmosphere. KLACC undertakes various efforts in research, study, training, and institution for the prevention and treatment of gambling addiction through active exchanges with overseas specialist institutions.



### Vision

- Leading expert institution for the prevention and treatment of gambling addiction.

### Mission

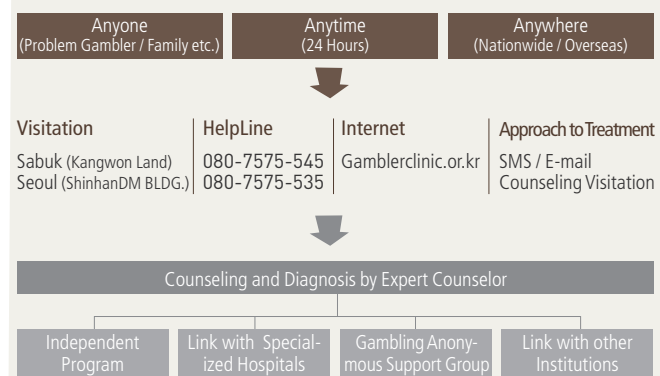
- Undertake responsibility as a public company by minimizing gambling addiction.
- Warn of the risks of gambling addiction to foster a healthy gaming atmosphere.

### Object

- Actively deal with the issue of gambling addiction that inevitably occurs in the course of casino operations and minimize the negative side effects.



### Major Duties of KLACC



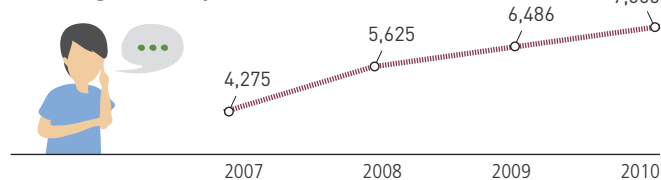
Operation Flow of Prevention and Treatment for Gambling Addiction (One-Stop Service)

Diagnosis	<p><b>Gambling Addiction Counseling and Classification According to Diagnosis</b></p>	<p><b>NODS</b> : Based on the DSM-IV criteria for pathological gambling  <b>K-SOGS</b> : For clinical diagnosis developed by the American Psychiatric Association  <b>GA Test</b> : Gambling anonymous group  <b>Simple Behavioral Signs Detection Guide (KPGBI)</b> : Developed at KLACC for monitoring  <b>Personality Assessment Inventory (PAI)</b> : Developed by the Korea Psychological Service</p>		
	<p><b>Independent Counseling and Treatment Program</b></p> <ul style="list-style-type: none"> <li>- Evaluation and management of financial crisis / Family member training and therapy P/G</li> <li>- Cognitive-behavioral therapy(self-control, anger management, stress management) strategies to prevent relapse</li> </ul>	<p><b>Focused Treatment Program for Problem Gambling</b></p> <ul style="list-style-type: none"> <li>- Applies the Alberta Alcohol and Drug Abuse Commission's Program (3~6 Sessions)</li> </ul>	<p><b>Family Therapy Program</b></p> <ul style="list-style-type: none"> <li>- Family therapy camp (Twice A Year, 1 Night and 2 Days)</li> <li>- Year-round family treatment program (Once/Week, 5 Weeks)</li> </ul>	
Treatment	<p><b>Residential Treatment Institution</b></p> <p>Vision Training Center</p>	<p><b>Treatment at Psychiatric Hospital (10 weeks)</b></p>		
	<p><b>Treatment Program Linking Specialist Institutions</b></p> <p>Psychiatric Hospital                  Gambling Anonymous Group                  Institutions Including Short-Term Family Solution Center</p>	<p><b>Inpatient Treatment</b></p> <p>Drugs, Individual and Group Therapy (KRW 6 Million for 3 Months, Extendable Twice)</p>	<p><b>Outpatient Treatment</b></p> <p>Drugs, Family and Individual Therapy (15 Weeks, KRW 1.5 Million, Extendable Once)</p>	
	<p>Psychiatric Hospital                  Gambling Anonymous Group                  Institutions Including Short-Term Family Solution Center</p>	<p>Seoul National Hospital, Kangbuk Samsung Medical Center, Chung-Ang University Hospital, Maya Hospital, 20 locations including Wonju Christian Hospital</p>		
	<p><b>Residential Treatment Institution</b></p> <p>Vision Training Center</p>	<p><b>Social &amp; Psychiatric Rehabilitation Program</b></p>		
Rehabilitation	<p><b>Residential Treatment Institution</b></p> <p>Vision Training Center</p>	<p><b>Social &amp; Psychiatric Rehabilitation (4 weeks)</b></p> <ul style="list-style-type: none"> <li>- Emotion management and self-exploration</li> <li>- Social skills training</li> <li>- Situation handling and problem solving</li> <li>- Maintaining recovery</li> </ul>	<p><b>Vocational Rehabilitation (Half Year)</b></p> <ul style="list-style-type: none"> <li>- Training expenses of up to KRW 500 thousand</li> <li>- Living expenses of up to KRW 300 thousand</li> </ul>	
	<p>Follow Up</p>			

**KLACC's Performance**

KLACC operates a mandatory (preventive) counseling system wherein customers frequenting the casino over certain periods are required to take gambling addiction evaluation and counseling for the prevention of gambling addiction. For long-stay customers, KLACC recommends voluntary request for admittance limitation; for those who want to return home, KLACC encourages them to do so as soon as possible to minimize their vulnerability to addiction.

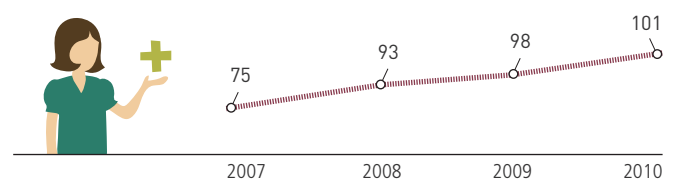
Counseling Provided by Year



**Treatment in Connection with Specialist Institutions and Groups**

KLACC provides treatment and rehabilitation service in collaboration with treatment facilities for individuals who come to the center and their immediate family and require professional help.

Treatment Cases



Treatment Expenses Assistance

	Cases	Amount(KRW 1k)
2008	78	256,452
2009	59	237,783
2010	56	221,975

Traveling Expenses for Returning Home

	Cases	Amount(KRW 1k)
2008	858	48,770
2009	2,083	120,427
2010	3,258	195,480

### Addiction Prevention Education

Since April 2007, KLACC has been conducting education for preventing various addictions including the Internet in the 4 cities and counties of the abandoned mine region and middle schools and high schools in Seoul. KLACC gives group lectures and individual counseling to warn of the dangers of online games and cyber gambling to which youths are easily exposed. Lecture tours are held for adults in remote areas, with the addiction prevention academy in operation for employees and individuals working in the casino industry.

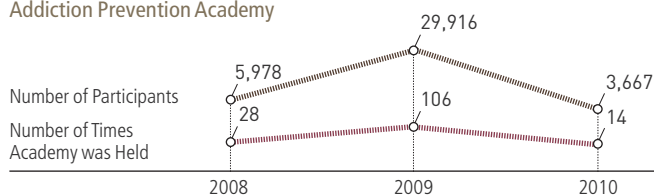
Addiction Prevention Education for Youths

	Seoul				4 Cities and Counties (abandoned mine area)		Total
	Elementary School	Middle School	High School	Others	High School	Middle School	
Total (persons)	2 (2,014)	33 (9,738)	30 (15,061)	2 (100)	3 (274)	-	70 (27,187)

Lecture Tours for Addiction Prevention

Zone	Round	Date	Venue	Participants
Gyeongsang Province	1	2007.05.01	Yeungnam University	210
	2	2007.05.01	Keimyung College University	220
Chuncheong Province	3	2007.07.03	Daejeon YWCA	50
	4	2007.07.03	Chungnam National University	150
Gyeongsang Province	5	2007.11.29	Busan Women's College	50
	6	2007.11.29	Gyeongsang National University	60
	7	2007.11.30	Handong Global University	100
Gangwon Province	8	2008.05.01	Samcheok City Hall	250
Chuncheong Province	9	2008.09.22	Korea Nazarene University	70
Jeolla Province	10	2008.09.23	Howon University	100
	11	2008.09.24	Chonbuk National University	80
Total			11 tour rounds	1,350

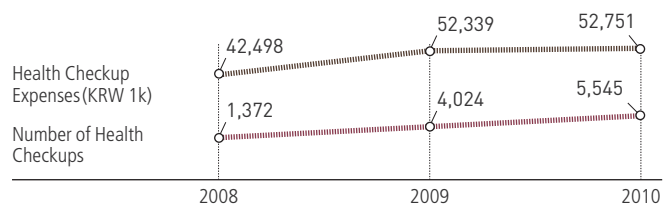
Addiction Prevention Academy



### Addiction Prevention Activities

KLACC conducts free health checkups to prevent addiction and provide motivation to get treatment and prevents addiction through various activities such as direct promotion and counseling at the customer point-of-contact and conducting joint campaigns through the addiction prevention promotion network.

Free Health Checkups



Joint Campaigns Conducted through the Addiction Prevention Promotion Network

Date	Place	Supervision	Details
2009.09.23	Materials inspection lot	TRM	Distributed promotional materials (Handkerchief with message of hope)
2009.10.15	Mindungsan Mountain Silver Grass Festival	Youth Patrol	On-site prevention promotion and distributing promotional materials
2009.12.19	Mountain Ski House	Youth Patrol	
2010.01.15	Mountain Valley Ski House	TRM	Distributed 1,000 copies of brochures*
2010.01.19	Mountain Valley Ski House	TRM	
2010.01.27	Taebaek Snow Festival venue	Youth Patrol	Distributed 1,500 copies of brochures*
2010.02.26	Daeboreum Festival venue in Samcheok city	Samcheok Health Center, Youth Patrol	
2010.04.23 ~ 2010.04.25	Danjong Culture Festival	Youth Patrol, Yeong Wol Health Center	Distributed 2,000 copies of brochures*
2010.05.12	Yonsei University	Do! Dream!	Distributed 1,500 copies of brochures*
2010.05.25	Kyung Hee University	Do! Dream!	Distributed 1,500 copies of brochures*
2010.07.30 ~ 2010.08.01	Cheongryangri Station	KORAIL	B-boy and rock band performance, hosted by popular comedian
2010.10.30 ~ 2010.10.31	Daejeon Station	KORAIL	B-boy and rock band performance, hosted by popular comedian
2010.11.06 ~ 2010.11.07	Busan Station	KORAIL	B-boy and rock band performance, hosted by popular comedian
2010.11.13 ~ 2010.11.14	Dongdaegu Station	KORAIL	B-boy and rock band performance, hosted by popular comedian
2011.04.30	Danjong Culture Festival Venue of local festival	Do! Dream!	B-boy and rock band performance, hosted by popular comedian
2011.05.24 ~ 2011.05.26	Saekyung College	Do! Dream!	Distributed 1,500 copies of brochures*

\*On-site counseling booth, promoted KLACC

## Customer Delight Management

Kangwon Land established the CS Vision 2015 and CS steering road map; it makes all-out efforts to provide differentiated service. During the year 2010, Kangwon Land focused on customer-oriented service, listening to customer complaints through online and offline channels, introducing the VOC system, and enhancing CS training.

### Customer Policy / Principle

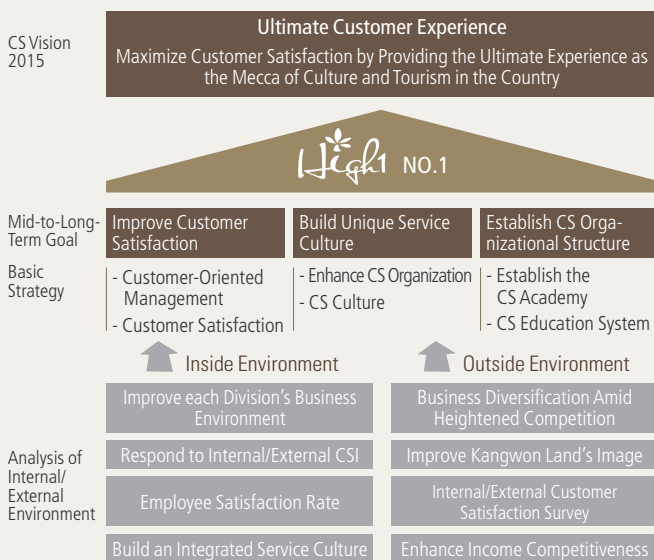
Kangwon Land established the CS vision “High 1 Resort, provider of the best vacation service”; it pursues the maximization of customer delight based on best service and sincerity in caring for customers. In 2006, Kangwon Land built the customer satisfaction management system and customer service charter, established the CS department, strengthened its VOC system, and built a service training system and the performance evaluation system for smooth communication with customers and improved service and satisfaction rate. Kangwon Land also makes efforts in building an integrated customer management process, enhancing employees’ service capabilities and improving its reputation for the customer.



### CS vision for Customer Delight and Customer Satisfaction Management System

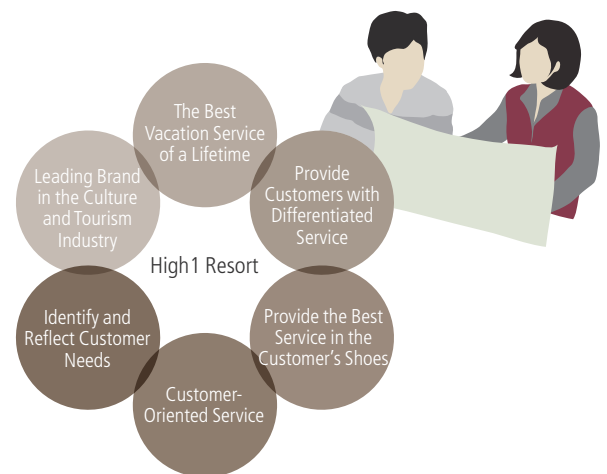
Based on the 3 mid- to long-term goals of increasing customer satisfaction, building a unique service culture, and establishing the CS organizational structure, Kangwon Land established the CS Vision 2015; it devotes itself to realizing customer delight management by operating the facilities and providing service from the customers’ perspective. With the establishment of the High 1 Resort Customer Service Charter and the CS road map, Kangwon Land strives to provide differentiated service, shunning conventional service and marketing. Since 2010, Kangwon Land has been implementing unique, differentiated, high-class service with the goal of building the best four-season family-oriented resort.

#### CS Vision Overview



#### Summary of the CS Vision

#### “High1 Resort : Provider of the Best Vacation Service”

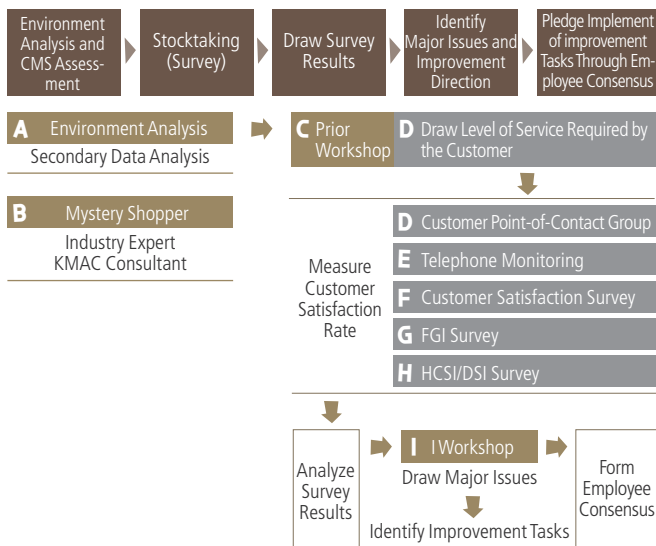




### Operating the CS Leader System to Enhance Customer Satisfaction

Kangwon Land selected and cultivated 29 CS leaders at the point-of-contact departments and introduced various CS programs with the goal of enhancing external customer service and internal employee satisfaction. A CS Leader identifies CS improvement tasks and discusses implementation methods, establishes annual CS training programs, records and shares CS activities through CoP, and draws CS ideas. In addition, monthly CS Leader Workshops are held to share methods and ideas on improving the point-of-contact service, analyze and make presentations on the Voice of Customers, provide CS related assistance in projects supervised by the company, and share employee teaching skills and methodology. CS training is also held at the respective departments, and assistance is provided to the ski resort every winter, always striving to enhance the satisfaction of internal and external customers.

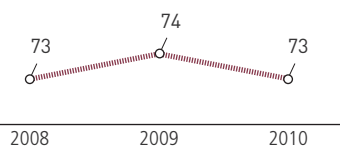
#### Customer Satisfaction Survey Methodology



### Service Quality Index (SQI) for the Enhancement of Service Quality

In 2008, the High1 Service Quality(SQ) was established with a view to practicing customer satisfaction management and improving service quality. SQI sets the standards for quantified and valuable service monitoring and for outstanding employees. Kangwon Land independently developed a customer satisfaction survey model based on which it measures/manages CSI (Customer Satisfaction Index) and conducts service monitoring and telephone monitoring based on the service standards. In addition, the internal satisfaction survey is conducted among the employees to improve CSI, and improvement tasks and implementation plans are drawn based on the survey results to bring forth continued and practical service improvement.

Kangwon Land's Annual Customer Satisfaction Index



### Customer Complaint Response System

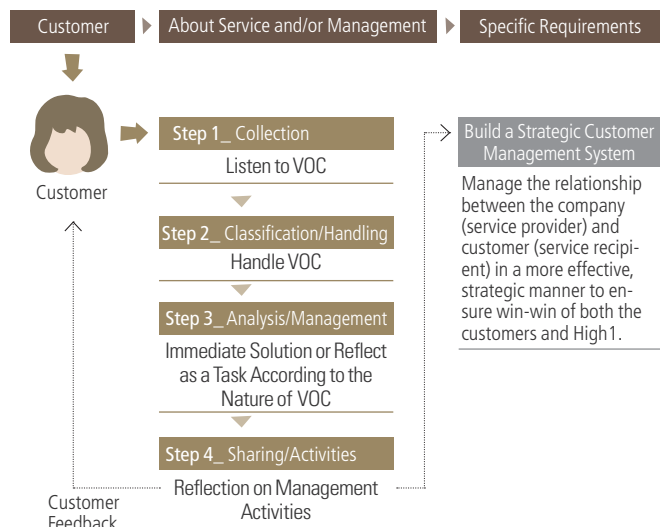
Understanding that open communication with the customer is most important to strengthen customer satisfaction management, Kangwon Land actively utilizes online and offline channels to maintain close communication with customers. To collect and respond to customer questions and complaints effectively, Kangwon Land makes use of online channels such as homepage and e-mail as well as offline channels such as phone, fax, visitation, on-site, and VOC box. Customer opinions collected through these channels are dealt with via phone, SMS, or e-mail.

### Enhancing the VOC System

Kangwon Land operates the VOC system with the conviction that "Hearing what the customers have to say is free, but what is obtained is valuable, and 80% of service innovation comes from the voice of customers." The VOC system is operated by 2 administrators and 34 personnel responsible for the VOC system at each team. The service status is managed, and answers are promptly provided based on the receipt/handling of complaints, commendations, suggestions, and insurance requests on a real-time basis. The received VOC is converted into a database and used in service improvements and supplementation of weak points, and service recovery measures are established based on such data. The statistical data is provided to all the departments, and the handling process is shared throughout the departments. The VOC report is published each quarter; during the busy season, the supervising executives directly manage the VOC status on a weekly and daily basis. Thanks to the introduction of the VOC system, precise analysis on customer preferences is now possible, and Kangwon Land is implementing a customer-oriented service process that reflects the actual needs of the customers.

#### VOC Management Structure

Voice of Customer | Accumulated Communication Message Between High1 Resort and the Customer



### Training to Enhance Customer Satisfaction

Kangwon Land conducts customer service training for all employees as well as specialized programs customized for each business division. In particular, the CS Leader Capability Enhancement program for CS leaders and CS Lecturer is operated.



Common Curriculum	- All Employees - Common Service Training and Specialized Service Training For Each Business Division
CS Leader Capability Enhancement	- CS Leaders - Capability Enhancement Program that Aims at Increasing the Value of CS Leaders
CS Lecturer Training	- In-Company Lecturers - Drawing out Customized Service through In-company Lecturers

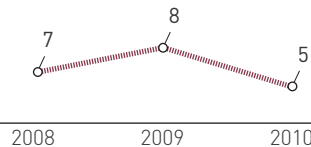
Annual CS Training	2009	2010
Training Costs(KRW 1k)	186,100	110,517
Recipients	791	387

### Material Lawsuits

Kangwon Land strives to comply with business regulations and laws and responds to lawsuits in an active, responsible manner. Eight lawsuits were instituted in 2009, and 5, in 2010, involving cases such as compensation lawsuit against the ski resort (1 case), compensation lawsuit against the casino, and access limitation verification.

Compensation Lawsuit Against Ski Resort (2009 Gahap 62061)	2009. 3. 4. The parents of the customer who was injured while snowboarding filed a lawsuit against the company
Compensation Lawsuit Against Casino (2009 Meo14834)	A customer who was playing a game at the casino was injured through negligence and filed a lawsuit against the company
Compensation Lawsuit Against Casino (2010 Gahap 108499)	A lawsuit was filed on grounds of allowing a betting amount that exceeded the limits

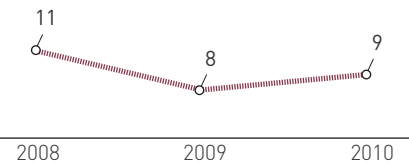
Number of Litigations



### Happy Customers Event

Kangwon Land holds a variety of "Happy Customers Events" each year to bring joy and happy memories to customers at High 1 Resort and actively implements customer satisfaction and customer-oriented management.

Events



#### Customer Events Held in 2010

10 Summer Event (April ~ October)	Weekend Concerts, Mime Concert, Children's Festival, World Cup Cheering, Hangawi (Korean Thanksgiving) Festival, High1 Star King Audience : 32,022
World Cup Cheering Event (June)	12th Korea vs. Greece, 17th Korea vs. Argentina, 26th Korea vs. Uruguay Audience : 6,200
Summer Night's Concert (6months)	6 concerts (Popular Korean Artists) Audience : 10,200
Cool Summer Concert (July ~ August)	Open concert (Idol Groups and Various Artists) Audience : 12,000
Pop Orchestra (August)	Seoul Pops Orchestra's Gangwon-do Concert Audience : 1,000
Sky Route Trekking (October)	Pokpo Parking lot ~ Dorong-i pond ~ High1 Hotel Courses Divided into Beginners and Advanced Additional Event: Treasure Hunt, Postcard Writing etc. Audience : 2,000
10/11 Fireworks Festival (Dec. ~ Feb.)	Kangwon Land Hotel Lake Park, Every Saturday Audience : 22,000
Sunrise Event	Audience : 1,500
Others (Year)	Banners, Flyers and Other Promotional Materials

**9 Events in all**  
**KRW 2,346,912,000 in Expenditure**  
**87,122 Participants**



## Transparent Management Culture

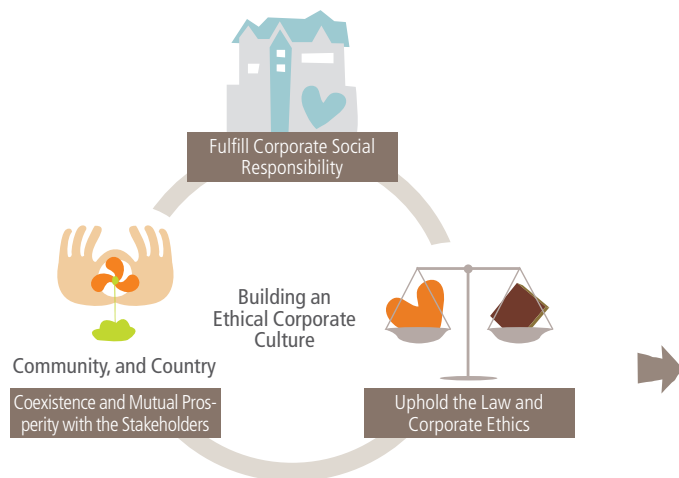
Kangwon Land established the Code of Ethics (June 2003) that employees must observe for transparent Right Path management; the company is strengthening its monitoring and education in ethical management. In particular, the whistle blowing system was introduced in October 2010 to prevent employees' unethical behavior for the firm execution of the anti-corruption policy of the company.



### Ethical Management Vision

Kangwon Land has announced its vision for ethical management, which seeks to fulfill its corporate social responsibility to the shareholders and customers, employees.

Ethical Management Vision



### Code of Ethics

Based on the management principles of vitalizing the local economy, maximizing customer delight, and putting shareholders' interest first, Kangwon Land strives to uphold the law and corporate ethics. Furthermore, Kangwon Land abides by the Code of Ethics to fulfill its social responsibility and for coexistence and mutual prosperity with its stakeholders including customers and shareholders.

Established in June 2003, the Code of Ethics consists of 39 articles and supplementary provisions such as fostering and maintaining a comfortable working environment (Art. 2), relations with stakeholders such as the customer, shareholders, and competitors (Art. 5), protecting company property (Art. 4), prohibiting unethical or illegal behavior (Art. 5), and responsibility to the country and society (Art. 6). In 2011, Kangwon Land's Code of Ethics was partially amended, taking into account the noncompliance cases and inquiries received by the Audit Office and in accordance with the revisions of the standard code of ethics of related public institutions.

- Management that Puts Shareholders' Interest First
- Fair and Transparent Right Path Management
- Maximizing Customer Delight
- Vitalizing the Local Economy



## Entities for Ethical Management

At Kangwon Land, the Executives' Committee which is under the direct supervision of the CEO takes on the role of the Ethics Committee, establishing ethical management guidelines and supervising implementation measures. The Secretariat is responsible for the overall supervision of ethical management activities, conducting self-diagnosis of the ethics measures being implemented, assessment of the company's level of ethical management, organizational evaluation, and implementation status report and reporting the results. The Audit Committee assumes responsibility for enforcing basic discipline, promoting the whistle blowing system and voluntary reporting. The Human Resources Team is in charge of establishing criteria for disciplinary measures such as One-Out system and Social Volunteer Order, whereas the Sustainable Growth Strategy Team implements company-wide ethics practice activities and fosters an ethical corporate culture by enhancing communication among employees and management.

### Ethical Management Organizations



**Anti-Corruption Policy** | In June 2006, Kangwon Land signed the Building a Transparent Society Agreement with the stakeholders including partner companies; in 2009, all employees signed the Integrity in Work Pledge as per the agreement between labor and management, thus strengthening Kangwon Land's anti-corruption policies.



Integrity Contract Lecture

## Ethical Management Program

**Internal Accounting Control System** | Kangwon Land has an internal accounting control system in place. In 2009 Kangwon Land restructured the internal control system to reflect the changes in the work process and for the efficient operation & evaluation of the control system and ensures transparent, fair accounting control.

**Whistle-Blowing System** | The whistle blowing system (launched on Oct. 1, 2010) is operated to prevent employees' unethical actions and accidents that can ruin the company's image as well as inflict financial losses by enforcing stronger monitoring of the company's activities. The purpose is to make known the management's commitment to ethical management and foster a clean organizational culture and a healthy gaming atmosphere. This system includes not only employees but outsiders as well; the guarantee that the identity will be protected and the large award amount enhances its effectiveness. The implementation and training on the whistle blowing system is proving to be effective not only for detecting unethical acts but for preventing them as well.

Introduced : Oct. 1, 2010; Reports made : 7 cases in 2010 (measures completed)

### Reward Criteria

Reporting others' acceptance of bribery	Up to twice the amount of the bribe
Voluntary Reporting of One's Own Acceptance of Bribery	Intentional Act: Reduce Level of Disciplinary Action Unintentional Act: Up to 20% of the Received Amount

### Reward when Reporting Results of Increased Profits or Reduced Losses for the Company

Amount Involved	Payment Criteria
Less than KRW 10 million	Up to 20% of the amount involved
KRW 10 ~ 100 million	KRW 5 million + 10% of the amount exceeding KRW 10 million
KRW 100 ~ 1 billion	KRW 15 million + Up to 8% of the amount exceeding KRW 100 million
KRW 1 ~ 2 billion	KRW 80 million + Up to 6% of the amount exceeding KRW 1 billion
Over KRW 2 billion	KRW 100 million + Up to 4% of the amount exceeding KRW 2 billion

\* In case increase in profit or reduction of losses continues, the award is based on the forecast profit/loss for up to 1 year.

Apart from bribery or profit/loss, when a report is made on an unethical behavior, compensation is made according to the grade decided by the Compensation Committee or the level of disciplinary measure taken against the individual as the subject of the report.

	Grade 5 (reprimand)	Grade 4 (probation)	Grade 3 (salary cut)	Grade 2 (suspension)	Grade 1 (dismissal)
Reward	KRW 1 million	KRW 2 million	KRW 3 million	KRW 5 million	KRW 10 million

### Active Ethical Management Activities

**Integrity Contract System** | Kangwon Land has been enforcing the operation guideline for the Job-Related Integrity Contract since December 29, 2006 for executive directors and management-level directors. There have been no cases of violation of fair competition or anti-trust regulations found during the reporting period, and neither have contributions been made to politicians with a view to influencing the terms of competition. The Purchasing & Contract Team that is in charge of the Integrity Contract system monitors whether the subject executives and directors are complying with various regulations related to their integrity obligations. In addition, measures for uprooting wrongful requests during purchasing and signing contracts are in operation. These include the establishment of rules and guidelines in signing contracts (institutional aspect), full implementation of the electronic bidding system (process aspect), and ethics awareness education and self-check for the Purchase & Contract Team and personnel in charge of placing orders (integrity education aspect).

#### Active Ethical Management Activities in 2010 (Details of the Integrity Contract System)

As part of its efforts to actively implement ethical management actively, measures to prevent good offices are in operation.

- Disclosure of Good Offices/Requests
- Integrity Mileage System
- Integrity Watch Group and Display of Integrity-Related Posters
- Integrity Self-Check and Guidelines on how to Make a Refuse (to be implemented)
- Mandatory Signing of the "Integrity Contract Pledge" when Entering into No-bid Contracts

**Executing Ethical Practice Guidelines Related to Partner Companies** | Kangwon Land has in place a win-win management policy that gives preference to local companies according to the contracting sub-regulations to contribute to the economic development of the abandoned mines region.

#### Human Rights Guidelines for Partner Companies

Kangwon Land has established a guideline for respecting the rights of partner companies in the course of investment and procurement. The guidelines are as follows:

- Assure Partner Companies' Autonomy in Management and Human Resources Management, Abiding by the Ministry of Employment and Labor's Guidelines.
- Encourage Succession of Employment for Employment Stability.
- Apply the Same Wage Increase Rates and Benefits to All Partner Companies.
- Ensure Appropriate Wages - Supervision is Necessary so that Labor Costs are set Above the Bidding Rate.
- Apply Employee Discount Rates when they use Kangwon Land Facilities.
- Provide Welfare Packages such as Training Suits and Season Ski Passes.
- Outsource Consulting to Help Partner Companies Improve Their Operations.

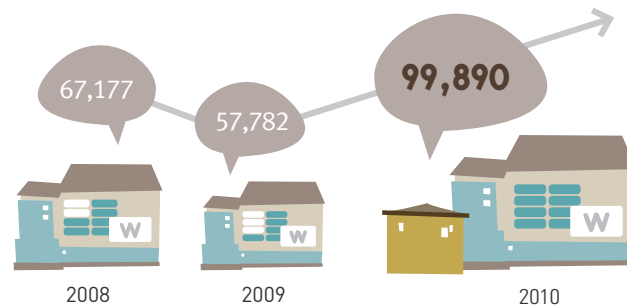
**Rules and Efforts Regarding Partner Companies' Integrity Contracts** | Besides the general provisions when signing a contract with partner companies for construction/services/goods, Kangwon Land has installed the "Special Clause on Integrity Contract," "Precautions when Bidding for an Integrity Contract," and "Confidentiality Pledge". The integrity contract prohibits a bidder that signed -- or will sign -- the contract from providing any money/favor directly or indirectly for any reason in return for winning the contract or, regarding the execution of the contract, when that bidder has submitted the integrity contract. In case an unfair act has occurred, the bidder in question will be excluded from future bids for 1 or 2 years. In addition, in July 2011, Kangwon Land held a Local Partner Companies' Briefing Session with partner companies and Kangwon Land employees to foster ethics awareness.



Integrity Contract lecture

#### Outsourcing Amount to Partner Companies

[ Includes Manpower and Unit Price Services / unit\_ KRW 1 million ]



## Ethical Management Education

Kangwon Land is enhancing the ethical management education program for its employees to foster ethical management further. In January 2011, the ethical management pledge and ethical awareness education were executed among employees in charge of contracting, with 89 employees in charge of bidding contract and accounting participating; thus further heightening their awareness of ethical management. In July 2011, 79 internal employees and 20 partner company employees participated in the Local Partner Companies' Briefing Session held to raise integrity awareness and foster an atmosphere of win-win cooperation; this provided an opportunity for the participants from both Kangwon Land and partner companies to heighten their win-win cooperation mindset and promote Kangwon Land's commitment to ethical management.



### Online Ethical Management Education

	2008	2009	2010
Total Number of Online Education Recipients (persons)	-	3,028	2,867
Online Education Hours(h)	-	60,560	57,340
Total Number of Offline Education Recipients (persons)	91	2,854	-
Offline Education Hours(h)	182	5,708	-

**Ethics Campaign "High Clean" |** "High Clean" is a campaign designed to internalize the ethics practice and enhance execution capacities by selecting execution themes close to everyday activities and sharing model cases through public contests. Since 2010, Kangwon Land has been posting educational contents in the High Clean board within its intranet (HighNuri) every day so that all constituents will naturally open their eyes to corporate ethics; it encourages self-motivation and participation through various campaigns. The High Clean campaign is taking root as Kangwon Land's unique ethics practice program.

**Bringing more Traffic to the Ethics Board |** The HighNuri ethics board shares knowledge and information on practicing ethics and serves as a discussion forum. For 2011, Kangwon Land is preparing to outsource the operation of the board to an expert company to increase operation efficiency and encourage the internalization of ethical management by providing various contents.

**"Ethical Behavior Q&A" on the Move |** Kangwon Land produced an ethical education content and visits each team to conduct ethics counseling and education. Kangwon Land expects the "Ethical Behavior Q&A" to become a means of sharing ethical dilemma cases and handling them in an easily understandable language, ultimately contributing to employees' ability to handle dilemmas and make ethical decisions.



Ethical and Responsible Management of the Administrator

**Assessment Process for Ethics Awareness |** Kangwon Land has developed an ethics self-assessment program with the goal of enhancing the sense of ethics, so that employees may look at their own sense of ethics and communicate more actively with each other. In August 2010, the ethical behavior self-assessment survey was conducted with the voluntary participation of the employees. At the survey where 13.5% of the employees participated, areas requiring improvement have been identified such as the socially accepted amount that is not excessive as a normal present or awareness of the fact that employees are the company's valuable asset. These findings were reflected on Kangwon Land's ethical management policy based on which basic education on the Code of Ethics was further strengthened.

**Information Security |** Kangwon Land has a security regulation to protect customer information, corporate secrets, and company information from all sorts of threats and to prevent the illegal leak of private and corporate information. The regulation defines in detail the employees' security obligations, the department and individual responsible for supervising the management of customer information, documents, information system, and facilities as well as the scope of work and authority. In addition, all employees sign a confidentiality oath to protect customer information and trade secrets for the duration of their employment, whereas partner companies that have won a contract with Kangwon Land are required to write a confidentiality pledge regarding information on the bidding/contract and information on the company and trade secrets acquired in the course of executing the contract.



## Employee Satisfaction

In 2011, Kangwon Land introduced a new system to enhance employee competency to establish a reasonable human resources management system and secure efficient human resources management. Kangwon Land fosters a working atmosphere that respects the employee's value and individuality by strengthening job skills training to secure employees' global competitiveness, including operating a flexible benefits package to enhance their welfare and value and the Grievance Committee.



### HR Philosophy and Exemplary Model of Human Talent

**Specialized Professional |** Kangwon Land boasts of a human resources pool consisting of the best in their respective fields. Human talents specializing in casino, hotel, ski resort, golf club, and condominium are Kangwon Land's greatest asset. All members of Kangwon Land are top professionals in their field and are responsible for their work scope, complementing each other. The professional expertise being advocated by Kangwon Land is accomplished through passion for work and continued self-development.

**Human Assets that Have a Warm Heart Toward People |** Kangwon Land was established based on the national need for, first, realizing economic renaissance to the abandoned mines region, and second, realizing balanced development of the national territory. All members of Kangwon Land must understand and practice the company's founding philosophy, which is not simply making profits but contributing to regional development. Each constituent is putting his/her efforts to develop a global resort complex and return the fruits of the company's performance to society with the talent that he or she has.

**Model of Exemplary Leader and Human Asset |** The professional that strives to be the best within the context of his/her relationship with the company vision, strategic tasks, colleagues, work, and customers.

**HRM System and Policy in 2011 |** Kangwon Land's goal regarding the 2011 HRM policy is to establish a reasonable human resources management system and secure efficient human resources management. Kangwon Land will cultivate human talents with global competitiveness by introducing and executing a new capability-enhancing system.

Diagram of the Vision for Human Assets

#### Model Leader

Example, Responsibility	Modest, Supportive	Listens, Serves
Leader who Sets an Example and Takes Responsibility	Leader who is Modest and Supportive	Listens to the voice of customers and serves them with a sincere heart
Makes quick and prompt decisions and takes responsibility for the outcome	Heightens employees' expectations, encourages them to take on challenges, and eliminates obstacles for them	

#### Model Human Asset

Strives for the Best	Values Teamwork	Sense of Ownership
Professionalism	Teamwork	Ownership
Becomes the best at his/her job through perseverance and effort	Accomplishes goal through mutual respect and cooperation	Serves the customer and society with pride and affection

#### Core Value

Passion	Trust	Devotion
Not giving in to failure, puts one's heart in one's work, and delivers outstanding performance	Considerate of and cooperates with others as one would with oneself	Moves customers' hearts through out-standing service and contributes to society by practicing service and sharing



## Cultivating Human Talents

Education | Kangwon Land's slogan on human resources development is "The education period is from prior to recruitment to the time of retirement." Kangwon Land operates a human resources management system that combines that of a public corporation according to its founding background and requirement to generate public goods with cutting-edge management system fit for a large-scale resort complex. Since employees are experts in various fields, Kangwon Land focuses on human resources development that hones those expert skills.

### Employee Competency Required at High1 Resort



#### Leadership Competency

- Competency required of current and future leaders to fulfill their role as a good leader
- Used in leadership cultivation
- Position holders and manager level
- Number of competencies: 5

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#### Core Competency

- Competency that Kangwon Land expects all employees to internalize to realize its visions and strategies
- Means of spreading, sharing, and dispersing the corporate culture
- All employees
- Number of competencies: 4

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#### Job-Specific Competency

- Competence required of the employee for the successful execution of his/her job according to the nature of the work
- Used in selecting the right person for the job and strengthening job skills
- Person executing the given job
- Number of competencies: 4

Human Talents Cultivation Status | To secure job competency that meets global standards, Kangwon Land supports employees taking up overseas language studies and foreign language courses to help them acquire global competitiveness. In 2010, Kangwon Land selected human talents within the company and helped them acquire master's and doctor's degrees in their related work fields while operating programs such as first-hand benchmarking of leading companies in their respective fields and overseas studies in collaboration with other institutions. Native foreign language teachers provide language courses to help employees enhance their foreign language skills. Other education and training programs in operation include service training for all employees for the standardization of the service provided, CS Leader training, cultivating CS lecturers, supporting domestic diplomas, common job training, commissioned job training, E-MBA, and education for the newly promoted.

### Resource Usage

	2008	2009	2010
Education and Training Expenses (KRW 1k)	1,545,000	1,997,469	2,034,520
Ratio of Education and Training Expenses Compared to Labor Costs(%)	0.84%	1.02%	1.29%
Training Expense per Capita(KRW 1k)	507	644	636
Training Hours	365,648	416,435	373,267
Training Hours per Capita	120	134	117

### Cultivating Core Human Talents / Enhancing Key Competency

#### Cultivate Talents Who are Ready for Global Competition

##### Expansion & Operation of Mid- to Long-Term Overseas Study Program

- Operate a Global Talents Cultivation Program through Partnerships with Overseas Educational Institutions.

##### Expanded Investment to Enhance Foreign Language Skills

- Native English Speakers are Employed Year-Round, and Japanese / Chinese Courses have been Newly Opened.
- Operates an expert English course to prepare for the FIS general assembly and to operate the Convention Hotel

##### Introduced the Smart Learning System

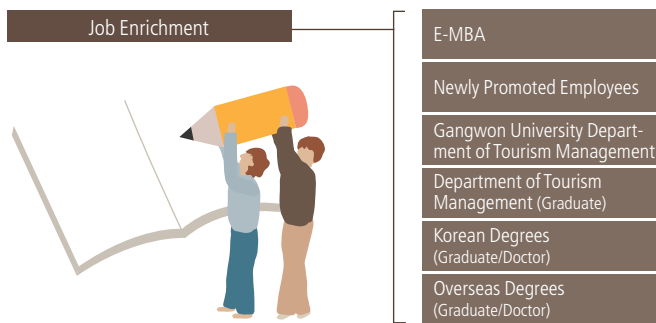
- Introduced a New Learning System that uses the Smart Phone for more Convenience and Efficiency

##### Support for Independent Training Conducted in the Field and Strengthened the Consulting Function

- More Active use of the HRD Council's Functions
- Opened a Consulting Window by Designating Coordinating Personnel according to Business Division and Sector

**Strengthening Leadership |** Kangwon Land operates a variety of education programs that enhance job expertise and expand job enrichment for those employees and executives who must take on a leadership role. It supports employees acquiring diplomas from domestic MBA courses, graduate school of tourism, and Gangwon University’s tourism management department and makes efforts in securing international competitiveness and cultivating appropriate and competent leaders through the E-MBA course and training program for newly promoted employees.

**Leadership Training**



**Fair Evaluation and Compensation**

**Performance Management System |** Kangwon Land’s performance management system is designed to enable the fair evaluation of employees and executives according to individual and organizations’ efforts and performances. The performance management system is divided into organizational evaluation and personal evaluation, which have mutual effect both directly and indirectly.

	Evaluation Index Items
Company-Wide Common Index	Social volunteerism, training, adoption/implementation of suggestions, internal/external customer satisfaction/ review and assessment of business plan
Department’s Unique Index	KPI (Meeting the sales goal, cost reduction, etc.)

Organizational evaluation consists of KPI (Key Performance Indicators) for performance assessment according to the organization’s characteristics, common items that all employees can participate in such as practicing corporate social responsibility through volunteer activities, participating in training for self-learning and character cultivation, suggestions that contribute to system improvement and creative management, and internal/external customer satisfaction.

**Evaluation of Volunteer Activities |** The evaluation of volunteer activities includes not only volunteerism by group or team for helping senior citizens living alone, the disabled, and low-income families, but also environment-friendly activities such as protecting wildlife and preserving nature and cultural assets. The ERP system has been established for the systematic management of the activities, and the details are used as promotion material.

**Evaluation of Education Activities |** The education activities evaluation reflects the participation rate in the required and selective courses when evaluating the department. Required education includes programs on corporate ethics and those dealing with corporate culture such as ethical management and sexual harassment prevention, which are conducted regularly. Selective courses include those that provide opportunities for self-development such as E-MBA, distance education (e-learning, book-learning), cyber training, commissioned job training, common job competency training, and in-company language courses, which are included in the organizational evaluation.

**Performance-based Evaluation and the Promotion Points System |** The results of organizational evaluation have direct and indirect influence on individual evaluation, and they are linked to the individual’s work evaluation, performance compensation, and promotion. As for the direct influence, in the case of the head of the department (office/team), his or her performance evaluation is the same as the evaluation grade received from the organizational evaluation, and the compensation level is set differently according to the evaluation grade. With regard to indirect influence, the total number of points allocated to a department is determined by the grade received at the organizational evaluation, and individual employees get their grade within the total points depending on their contribution and the difficulty of the job.

To ensure that candidates have at least the minimum qualification required for promotion to the next level, those that satisfy certain qualifications are eligible to take the promotional exam. Instead of the conventional notion of promotion according to seniority, the candidate’s performance contribution and efforts for self-advancement are reflected. It has recently been decided that work evaluation results, education results, and reward and punishment shall be converted into points, and that, when these points reach the level required for promotion, final decision is made after the review by the Human Resources Development Committee.



Education for Enhancing Management-Level Competency

## Enhancing Employee Value

**Employee Welfare** | Kangwon Land operates both general and flexible benefits. It supports stable living conditions and induces work motivation by operating a dormitory, providing home loans, childcare, and tuition support, and operating the company labor welfare fund, employee stock ownership plan, and cooperative credit association. Other benefits include support for family occasions (such as weddings or funerals), regular medical exams and comprehensive physical exams, and employee accident compensation. The benefit package launched in 2004 allows employees to select benefits according to their preferences and needs, and it is operated in the form of a corporate deferred payment debit card.

**Grievance Committee** | The grievance committee is operated for the purpose of upholding employees' individuality and value and building a pleasant working atmosphere by listening to and addressing employees' grievances. The committee consists of 5 representatives each from labor and management who establish operation guidelines for employee complaints such as work-related difficulties and complaints, gender discrimination such as sexual harassment, customers' sexual harassment, verbal abuse, or assault. In addition, the Grievance Counseling Office handles complaints and sexual harassment issues. Employees may visit and submit the complaint in person orally or in writing or by mail, phone, fax, or company e-mail. The grievance personnel listens to the complaint and solves the issue within 10 days and notifies the employee of the result.

**Sexual Harassment Counseling** | Expert sexual harassment counselors and counselors at each department provide counseling to prevent sexual harassment at the workplace and ensure a safe working environment. There are 23 counselors (including expert counselors) who receive sexual harassment cases at the departments, provide counseling, and conduct prevention training and preventive activities (monitoring). Kangwon Land established a guideline for sexual harassment to help build a society without sexual harassment. Expert counselors and department counselors receive expert training programs as well.

### Contents of the Sexual Harassment Prevention Training



Contents	Training Institution
Capability Enhancement of Sexual Harassment Counselors(2007.03)	Korea Sexual Violence Relief Center (KSVRC).
Enhancing Counseling Abilities and Expert Knowledge(2008.12)	W. Insights
Improvement of Counselor Qualifications(2010.06)	Conflict Management Institute

**Number of Sexual Harassment Cases Handled** | Sexual harassment prevention education is conducted once a year for all employees, with the department-level prevention education held on a quarterly basis under the department counselor's supervision strengthened.

Year	2008	2009	2010
Number of Times	-	1	1



## Balancing Life and Work

Kangwon Land devotes itself to family-oriented management, providing various benefits and systems for all constituents. The welfare center is equipped with swimming pool, squash court, gym, and library and is open to employees; they can take yoga, bodybuilding, and swimming classes. Since 2004, the flexible benefits plan has been implemented, enabling employees to select benefits according to their preferences and needs. In addition, Kangwon Land expanded the discount benefits for using the summer retreat, condos, and trains, making efforts to build a working environment that balances work and life.

## Environmental Management & Convention on Biological Diversity

Guided by the environmental management goal of minimization of environmental destruction and eco-friendly recreation, Kangwon Land set out to acquire ISO 14001 certification as a major project for 2010 as part of establishing the environmental management system and obtained tangible results with respect to energy conservation such as establishing the Energy Committee and installing energy-efficient facilities and products. In addition, Kangwon Land spearheads the movement to promote and protect the environmental value of the region by operating various biodiversity protection programs.



### Environmental Management Code of Practice

Article 38 of Kangwon Land's Code of Ethics provides for environmental management, based on which it is actively undertaking executive measures.

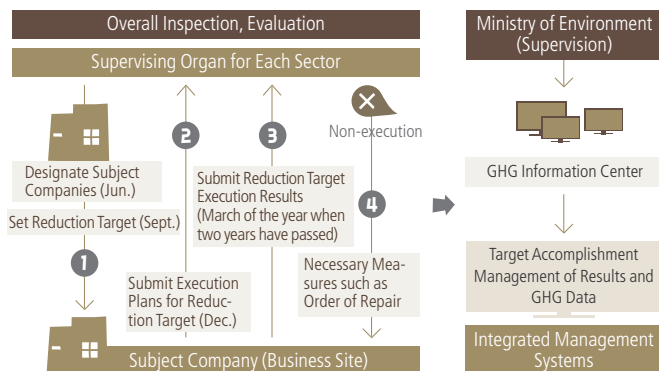
Kangwon Land Code of Ethics Article 38 (Environmental Protection and Eco-Friendliness)  
Maintain Interest and Efforts to Preserve a Clean Environment.

1. Comply with the Environment Protection Regulations and Actively Participate in the Movement to Protect the Environment.
2. Install and Maintain the Facilities Required to Prevent Pollution and Improve the Environment.
3. Protect the Living Environment Around the Business Sites and do our best to Ensure a Pleasant Environment for the Local Residents.

### Environmental Management Policy

**Green Management |** At a time when natural disasters caused by global warming and economic recession pose threats to the business environment, the condition for survival is to adjust to the changes and generate profits. Kangwon Land sees the dire need for environmental management to contribute to society and continue its business in keeping with the changing times, and it is establishing development plans to become a first-class green resort by securing competitive edge through the expansion of the green business sector and transforming itself according to the paradigm of green management.

**Buildings' GHGs and Energy Target Management System |** Under the buildings' greenhouse gas and energy target management system, the business sector and government agree on the target for greenhouse gas emissions, energy consumption, and energy efficiency, and the incentives and penalties help businesses reach the target more efficiently. Unlike the voluntary agreement, this system makes the execution mandatory and verifies the performance, which can be more effective in reducing greenhouse gas emissions. In 2010, Kangwon Land participated in the pilot project for the buildings' greenhouse gas and energy target management system and completed the energy and greenhouse gas inventory; it is currently negotiating reduction targets with the government.

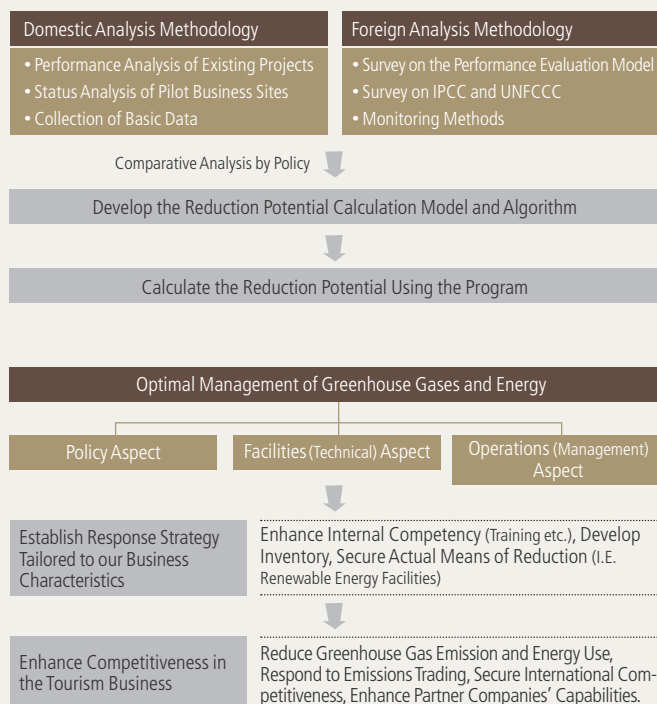


**Expansion of Renewable Energy Facilities and ESCO Business |** Kangwon Land is building the basis for the green business by expanding its renewable energy facilities to reduce greenhouse gas emissions and secure market viability. Despite the initial investment barrier, Kangwon Land is aware of the importance of introducing renewable energy as a key solution given the fact that the issue of energy depletion and environmental degradation is gaining considerable attention. In the ESCO business, when an energy user wants to improve the existing energy using facilities but is hindered by technical/financial burdens, the energy service company (ESCO) participates in the project of installing energy saving facilities by providing technology and capital and takes back the investment through savings in energy cost. Kangwon Land plans to contribute to greenhouse gas reduction through projects such as installing high-efficiency lighting, replacing old boilers, installing waste heat recovery facilities, and installing heating & air conditioning / power facilities. Expanding the renewable energy facilities and ESCO business will enable Kangwon Land to respond to fluctuating oil prices and climate change regulations, secure new resources for rapid future growth, and assume a leading role in the green growth movement and win greater trust from the citizens.

## Mid-to-long-term Strategy and Detailed Response Strategies

With the goal of realizing a green resort through the optimal management of greenhouse gases and energy, Kangwon Land will enhance its competitiveness in the resort business and spearhead the green growth movement through mid to long-term measures. In the policy aspect, since Kangwon Land was designated as a participant in the pilot project for the energy target setting system, inventories have already been completed, and currently negotiations are in progress with the government on the reduction target. In the facilities (technical) aspect, Kangwon Land is currently employing high-efficiency products or facilities such as efficient lighting, LNG fuel, and wood pellet boiler and plans to expand the solar power facilities. In the operations aspect, Kangwon Land is reviewing the installation of a supervising organization, education, and business viability of introducing renewable energy. Kangwon Land's eco-friendly management activities and investments are not just expenditures in response to regulations but will be directed toward enhancing Kangwon Land's attraction as a tourist destination through marketing. Through these mid-to-long-term strategies, Kangwon Land will change its business operations to realize sustainability management and meet future business requirements that emphasize the environment and ultimately enhance its competitiveness and spearhead the green growth movement.

### Vision Structure

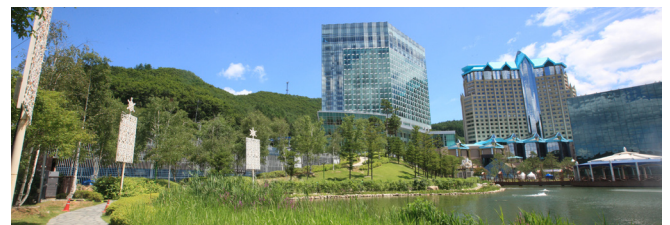


## Major Environmental Management Activities

The goal of Kangwon Land's environmental management is minimization of environmental destruction and eco-friendly restoration. Kangwon Land executes environmental management in various sectors such as construction, facilities maintenance, and operations.

**Construction\_ Minimization of Environmental Destruction and Environment - Friendly Restoration** | Since Kangwon Land engages in the leisure business, which is based on the local natural environment, there are cases wherein the environment is destroyed inevitably, due to construction, for example. Considering the nature of the business, Kangwon Land aims to minimize environmental destruction and restore the natural environment in an eco-friendly manner. In addition, Kangwon Land reduces the heat source, increases the use of renewable energy during the construction and operation of buildings, and increases the flexibility of energy sources to include solar, wind, and hydroelectric power. Kangwon Land also restored the cut land surfaces that were made during resort construction and built an eco-friendly slope using spontaneous plants instead of imported grass.

**Facilities Maintenance\_ Green Resort** | Environment-friendly standards are applied to facilities maintenance as well. To control the water quality of the lake within the resort, water is drawn from Mureung Dam and continually circulated; the water grade has maintained a grade of 1 or 2 since 2010. Waste treatment is commissioned to an expert contractor, with more than 27% of high-efficiency products such as LED employed in 2010 ahead of the 2012 deadline of the government guideline and tangible results achieved in energy conservation. In addition, acquiring the ISO 14001 certification was undertaken as a major project during 2010 as part of building the environmental management system.



View of the Resort



**Operations\_ Green Purchasing, Reducing Exhaust from Transportation Vehicles** | In 2010, Kangwon Land signed an MOU with the government for the pilot project of greenhouse gas and energy target management system. Thus, Kangwon Land developed a greenhouse gas inventory from 2007 to 2010, and it is currently discussing reduction levels with related authorities such as the Ministry of Environment. In 2010, various activities focusing on energy conservation were undertaken to reduce energy consumption and increase energy efficiency such as rationing based on license plate, free dress code during summer, and warm biz campaign in the winter. In addition, more than 40% of business vehicles were replaced with compact cars and hybrid cars, all transport vehicles were equipped with DPFs, and a campaign against leaving cars running idle was launched for the first time in the resort industry.

### Environmental Management Organizations and Their Role

Kangwon Land launched the Green Growth Committee to change its management paradigm to green management. The Green Growth Committee consists of 1 director-level chairman, 6 members at the team leader level, and 10 assistant administrators. The committee convenes 3~4 times a year wherein greenhouse gas reduction and energy saving targets and plans are established and quarterly reports are prepared to be used in improving and adjusting the measures. The Green Growth Committee designates "hunters" who make sure environmental management strategies are implemented at the department level. The Ski Resort Meeting was maintained even after the resort was completed to maintain and supervise eco-friendly landscaping.



Greenhouse Gas Meeting

### Environmental Education

The ecosystem of Southern Gangwon-do has high environmental and ecological value. Kangwon Land's resort is located near the Baekdudaegan mountain range. Keenly aware of the importance of the environment, Kangwon Land makes sure from the development stage that its growth does not harm the environment. In addition, Kangwon Land is undertaking ecological projects so that local residents and youths may realize the importance of the environment and enhance their understanding of the environment around the Baekdudaegan mountains.

**High1 Forest Guide Training Program** | Since 2008, Kangwon Land has been conducting forest guide training programs jointly with Taebaek Forest to cultivate expert personnel. The forest guide training program provides education on the theory and practice of vegetation in the locality for residents of the abandoned mines area and contributes to heightening appreciation of the local ecosystem and creating jobs by linking them with volunteer groups and related institutions.



**High1 Baekdudaegan Eco School** | In collaboration with Taebaek Forest, Kangwon Land held the 2010 Baekdudaegan Eco School Camp. This is a program held at the Baekdudaegan Nature School located in Jeongseon-gun with the goal of heightening understanding of and interest in the forest for the youths in the abandoned mines area. The Eco School Camp program consists of forest experience, natural dyeing, wood crafts, spotting of wild animal trails, and sampling of foods from the mountain villages.

### Preserving the Ecosystem and Biodiversity

Today, preserving and restoring the natural environment and protecting wild fauna and flora are considered a necessity for humanity's survival rather than simply protecting nature as an object. In addition to the forest guide training program and Baekdudaegan Eco School, Kangwon Land makes efforts in preserving the surrounding ecosystem by supporting threatened environments. In March 2010, 100 people from the local volunteer groups and High1 Volunteer Group installed birdhouses for migrant birds in the nearby forest, and year-round monitoring is conducted. In April, Kangwon Land invited local residents to a tree planting event and distributed saplings and wild flower seeds. In December, Kangwon Land undertook various activities such as feeding wild animals that can't find food due to heavy snowstorms, repairing the food basket, and making a leaflet introducing the wildlife of the area, reminding resort customers of the value of the environment.



Feeding Wild Animals



## Social Contribution

Kangwon Land carries great social responsibility, being a business established according to the Abandoned Mines Special Act and owing to the nature of its business. Kangwon Land has strived to fulfill its social obligations as a member of the community and a corporate citizen through locality-based social contribution. Under the supervision of the Social Contribution Committee established in 2008, Kangwon Land has been expanding its contribution to the local community by providing assistance to the abandoned mines area and through the activities of the High1 Social Volunteer Group and Welfare Foundation.

### Philosophy and Vision of Social Contribution

Closer, deeper, further.... These are the 3 principles of Kangwon Land's social contribution, based on which the company strives for a happy future with the community. Kangwon Land aims to fulfill its social responsibilities as member of the community and a corporate citizen by staying close to the neighbors and neighborhood, doing its very best to solve fundamental issues, and looking further ahead in the coming generations and the future.

#### Vision

Locality-oriented social contribution

#### Mission

Social responsibility activities that search for hope and alternatives

#### Value

Contribution to the development of the community and the country as a responsible corporate citizen through volunteerism that works hard for the happiness of the family, neighbors, and region, through investments that will foster the independence of the region and strategic social contribution that brings hope and creates future value

#### Social Contribution Mid-to-Long-Term Roadmap

Phase 1: Donation-based social contribution (~2004)	- Damage recovery after Typhoon Rusa - Establishment of Kangwon Land Welfare Foundation - Launch of Kangwon Land Social Volunteer Group
Phase 2: Sincerity-based social contribution (~2007)	- Forest fire recovery in Yangyang-gun - Recovery after Typhoon Ewiniar - Recovery support after oil spill in Taean
Phase 3: Strategic social contribution Major awards	- Launching of the First and Second Social Contribution Committees. - Support for swine flu vaccination and overcoming droughts - High1 SarangAe energy campaign
Phase 4: CSR management	- ISO 26000 certification - CSR Committee - Stabilization of socially responsible management
Phase 5: Global CSR	- Leader of domestic CSR network - Implement global social contribution activities. - Establish a global CSR foundation



#### Major Awards

Sharer of the Month (Ministry of Health & Welfare), 1st prize at the Volunteer Groups' Grand Festival (July 2011)

2011 Social Contribution Corporate Awards (Open Management Research, Inc.)

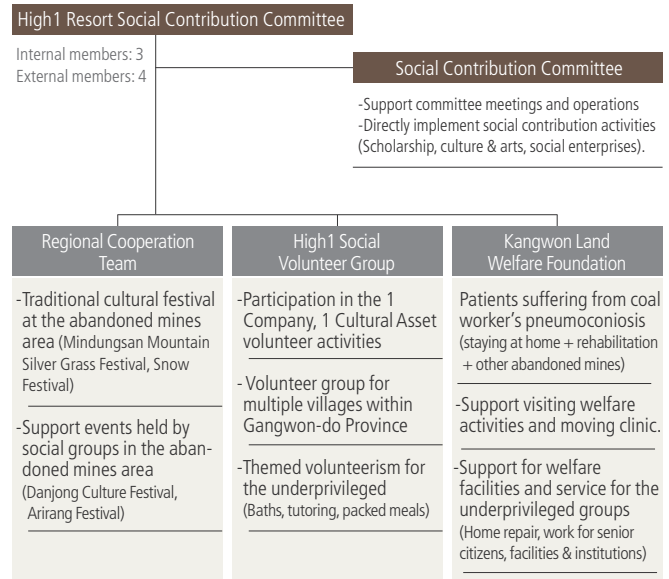
The Company of Korea 2010(Korean Consumers' Forum)

Grand prize at the National Social Contribution Corporations Awards (2007~2009 Open Management Research Institute)

Won grand prize at 1 Company, 1 Cultural Asset Guardians (volunteer work) (2009 Governor of Gangwon Province)

Grand prize at the Management of Sharing Awards (2008 Korea News and Broadcasting Research Institute)

#### Implementation Structure and Organization



**Social Contribution Committee** | The Social Contribution Committee was launched in June 2008 for a more systematic, expert social contribution program to fulfill the great social responsibility of Kangwon Land as a public company established through the Special Act on the Abandoned Mines Area and its nature as a public company. The committee consists of up to 15 persons including 1 chairman and vice chairman each; as of July 2011, there are 3 internal members and 4 external members.

**Committee's Role**



Control Tower	<ul style="list-style-type: none"> <li>-General advisor, review evaluation of project plans (budget)</li> <li>-Strategy plans tailored to the social contribution philosophy and vision</li> </ul>
Coordinator	<ul style="list-style-type: none"> <li>-Management of social contribution performances, evaluation, and reporting</li> <li>-Coordination of the Welfare Foundation's projects</li> </ul>
Cooperator	<ul style="list-style-type: none"> <li>-Execution of key projects (education &amp; culture / invigorating the region) and PR</li> <li>-Cooperation between experts' areas and manual</li> </ul>

**High1 Social Volunteer Group** | Ever since the High1 Social Volunteer Group was launched in April 2004, 76 volunteer groups have been planning and undertaking various voluntary activities. In 2011, it has been restructured as the Theme Volunteer Group, Team Volunteer Group, and Family Volunteer Group. Major regional linkage programs include Happy Money Matching Grant (since 2008) wherein the employees' volunteer time is converted into KRW 2,000 per hour and used to provide support for the underprivileged in the Gangwon-do area, the Gangwon-do Group Home Book Donation, and High 1 Angel Matching Grant (since 2009) wherein the money collected is used in holding camp programs. In addition, a blood donation program called High 1 Volunteer Day as well as invitation events for the underprivileged during the month of May as the Family Month in Korea and sharing Kimjang (kimchi) and yeontan (briquettes) are operated.

**Kangwon Land Welfare Foundation** | The Kangwon Land Welfare Foundation is a social welfare corporation that directly assists underprivileged groups in the 7 cities/counties in the abandoned mines area. The Welfare Foundation implements various projects for underprivileged groups including support for those suffering from coal worker's pneumoconiosis, children's welfare, home repair and employment, and capability enhancement of the regional welfare projects.

**Major Projects**



**Education & Scholarships**

**Happy School Support Program**

- Annual lunch money, school trip fee, school athletic club, and scholarships
- As a support program for schools in the abandoned mines area, it provides assistance from basic environment improvement to long-term program for change.

**High1 Bookstart**

- Bookstart packs (Bookstart pack, Bookstart plus pack, Bookstart treasure box pack)
- 68 executing institutions in Gangwon-do Province
- Subsidizes expenses for the executing institution, training and meeting of the volunteers
- It is a social cooperative child care program that promotes intimacy between a baby and the rearer through books and aims to enhance the local cultural welfare through various programs.



**Culture & Arts Projects**

**Shoes of Hope Donation Fest**

- Sharing sneakers of hope campaign**
- Make and donate High1 Hope Sneakers
- Sneaker donation campaign for citizens and youths
- Shoes of Hope Donation Fest\_ Drawing sneakers, exhibitions**
- Global programs\_ High1 Library of Hope project**
- In this program hosted jointly by High1 Resort, Seoul City, and Korean National Commission for UNESCO, sneakers are donated to poor children overseas. The goal is to foster global social contribution projects and spread the spirit of sharing within society.

**Dream Plus**

- Send culture & arts teachers elementary schools in the abandoned mines area to teach children Gugak(Korean traditional music), theater, art, and music after school
- Provide the children of the abandoned mines area the opportunity to learn various culture and arts subjects to contribute to society and enhance the company's image as a socially responsible corporation.



**Fostering Social Enterprises**

**High1 Bakery Social Enterprise**

- Prevention and treatment program for gambling addiction
- Operation of the bakery academy (in tandem with the program for local residents)
- Building bakery production facilities (production and sales), incorporation, acquiring certification as a social enterprise
- Help gambling addicts return to society and create an opportunity for job creation by establishing a circulation structure.

**Renewable Energy Social Enterprise**

- Supporting the establishment of social enterprises in the renewable energy sector
- Distributing wood pellet boilers
- Supplying wood pellets and conducting regular inspection
- Building wood pellet production facilities and acquiring certification as social enterprise
- Bring energy to the economy of the abandoned mines area and create good jobs, while contributing to the prevention of global warming through the distribution of renewable energy



Local Welfare(Welfare Foundation)

Support for Patients Suffering from Coal Worker's Pneumococ- niosis (staying at home + rehabilitation + other abandoned mines)	Home repair including roofs, walls, heating and toilets Support coal worker's pneumococionosis associations, local welfare facilities Find and support coal worker's pneumococionosis patients living in the abandoned mines area to lighten their financial burden and contribute to social welfare.
Visitation and Mobile Treatment Support	<b>Mobile treatment:</b> oriental herbal medicine, ophthalmology, dental, and aging-associated diseases <b>Supplements:</b> dentures, gold crown and bridge, excluding dental implants <b>Medical expenses:</b> assistance for inpatient treatment Mobile baths, packed lunches Help build a healthy society by addressing the issue of blind spots in medical care and by expanding medical support for marginalized groups through a mobile clinic service.



Regional Cooperation Team

Support for Traditional Cultural Events and Festivals of the Local Region	Providing support for the major culture festivals in the aban- doned mines area Danjong Culture Festival, Mindungsan Mountain Silver Grass Festival, Taebaek Snow Festival The goal is to invigorate the economy of the 4 cities and coun- ties in the abandoned mines area, realize harmony among the local residents and improve the quality of life.
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Volunteerism

Emergency Relief and Support for Marginalized Groups

Disaster relief projects both domestically and overseas (typhoon, flood, drought, earthquake, international aid, etc.)
Support programs to help low-income groups
The goal is to bring hope and realize the spirit of sharing with our neighbors suffering from catastrophes.



Other Support Programs

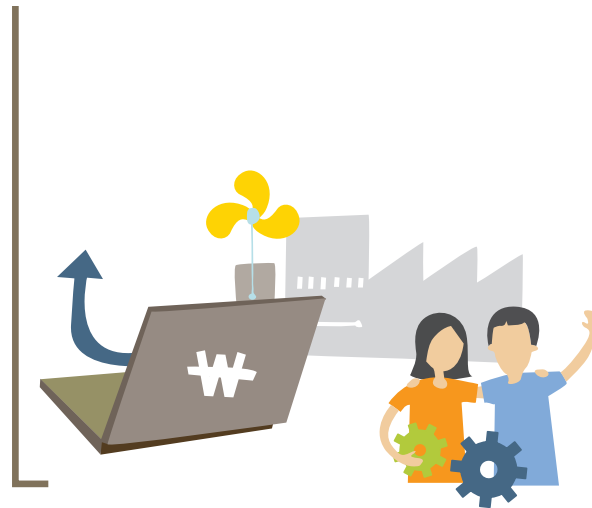
Ecosystem Support	Cultivation of forest guides, Eco-School, threatened environments
Energy to the Disabled	Korea Adaptive Ski Association, IT Competitive Exhibition
Other Support	Symposiums, military camps with sisterhood ties, sponsorships



1. Delivering the Bookstart vehicle
2. Ecosystem protection activity \_ Save Jijang Creek
3. Free eye care by the Welfare Foundation
4. Culture & Arts project Delivering Shoes of Hope overseas (Nepal)
5. High1 Dreamplus art camp

## Revitalizing the Local Economy

Kangwon Land strives for the mutual development of the company and local community by operating the Regional Development Committee, employing local residents, supporting local partner companies, and establishing subsidiaries. Kangwon Land will continue to contribute to vitalizing the local economy by implementing regional linkage projects with 5 abandoned mine areas in Southern Gangwon-do.



### Community Revitalization Policy

First founded as a casino for Koreans under the Special Act for the Promotion of the Abandoned Mine Zone, Kangwon Land has grown to become an all-season family resort complex. Following its object of establishment, Kangwon Land strives to maximize the economic benefits for the community by not only hiring locals and supporting local businesses but also setting up a subsidiary company in the abandoned mine region.

### Promotion of Regional Cooperation

**Regional Development Council** | The Regional Development Council is in operation to share the common vision and information for mutual growth between the company and the community.

Category	Established	Operation	
Gohan, Sabuk, Nammyeon Regional Development Council	'09.06.23	2 Representative meetings	Public council and co-op related to local issues, Centers on Jeonson-gun
Taebaek Term of Agreement Council	'09.08.21	1 Representative meeting	City council on the terms of agreement, Centers on the city of Taebaek, current issue task force
Gohan Regional Current Issue Council	'10.03.09	Meetings, 2 Working-group meetings	Issues related to building the Gohan staff dormitory, Centers on Gohan co-op
Regional Social Agency Workers Meeting	'10.05.27	7 meetings (4 in Jeonson, 3 in Taebaek provincial boundary)	Regional current issues and information sharing, Centers on the workers from social agencies

Regional offices and social agency meetings: 14 times, Participating in regional major events: 21 times  
Reports on regional current issues and major trend: 126 items

**Local Use of High1 Point System** | The High1 Point system has been implemented since 2004 to enhance customer service and revitalize the regional economy by providing each participating store with a KRW 2 million subsidy per month. Since 2010, the mobile security certification system has been introduced, and the High1 Point Mall has been in operation as a pilot operation of an online mall for local products as well as a preventive measure for the illicit use of the system. Applications for new participating stores are frequently accepted to provide equal opportunity to all pertinent businesses; at the same time, the operation policies are being reorganized to eliminate possible illicit use. Such effort will continue to improve and institutionalize the High1 Point system as a means of contributing to the regional economy.

Occurrence and Usage of High1 Point		Unit_ million KRW		
	2008	2009	2010	
Amount Generated	109,945	98,198	94,682	
Amount Used	107,641	91,631	91,134	
Rate of Use	97.9%	93.3%	96.3%	
Amount Expired	3,149	3,716	2,952	

The calculation of the amount used is based on Kangwon Land and local use.



**Revitalizing Regionally Connected Business** | Upon completion of the resort complex including the Casino Hotel, golf course, and ski resort according to its early master plan, Kangwon Land was in need of a new growth engine. Likewise, following its prime objective, it required a stronger drive to pursue regionally connected businesses to revitalize the local economy. Since 2005, regionally connected businesses have been in operation in 5 abandoned mine regions south of Gangwon province through twice the collaboration of researchers, local residents, and government in consultation with an expert organization.



MOU Ceremony for fostering the substitute industry in the abandoned mines area

#### Current Status of Regionally Connected Business

| Unit: billion KRW |

Category	Content	Expense
E-City (Moongok-dong, Taebaek)	In 2009, High1 Entertainment, Inc. was established to operate the game and animation businesses. It effectively creates jobs through the publishing and development of games, production, and investment in animation and establishment of game academy and contact center.	3,461
Sangdong Theme Park (Sangdong, Yeongwol)	The original concept has been modified from a motor sport family resort to a garden theme park for retreat.	380
Mine culture tour village (Sabuk, Jeongson)	As a famous culture and tourism site, the village includes mine culture experience, outdoor exhibit, 650 mine, coalfield park to show the history, and artifacts from the mining days.	561
Switchback Resort (Samcheok provincial boundary)	Using the switchback railroad, the resort is set to open in March 2014; it consists of a range of facilities such as High1 train (tour rail), railbird, mine experience, and ecological park.	615
High1 Complex Town (Gohan, Jeongson)	It contributes to the enhancement of the local economy by creating cultural and commercial sites such as Kangwon local product stores, open-air café, and multi-purpose plaza.	475
Total investment	Includes the external investment fund	5,492

**Hiring the Local Labor** | During its hiring processes, Kangwon Land provides preferential treatment to the local candidates over non-locals with equal qualifications by adding 10% extra points. Since 2007, the employment of local labor has increased consistently; in fact, in 2010, the number of local employees has reached 2,010, demonstrating its effort toward win-win management for the people in the region.

	2007	2008	2009	2010
Employment of Locals	1,918	2,030	1,986	2,010
Local Subcontractors	1,059	1,078	1,101	1,247

**Realizing Community-Based Win-win Management** | To support and participate in the development of the region, Kangwon Land has instituted community-based management policies. Its detailed plan includes community-based management, operation of traffic control during peak season, support for local restaurants, and local purchase of small sum goods. These plans have been drawn up and realized to create jobs and contribute to the local economy.

| unit: million KRW |

	2007	2008	2009	2010
Priority Purchase of Local Food Supplies	26,095	24,269	17,823	19,382
Hiring Local Businesses for the Construction of Buildings	4,718	54,172	4,664	7,976
Outsourcing Local Businesses	63,628	67,177	57,782	99,890
Local Use of High1 points	2,988	10,921	13,500	12,136
Expense for Social Contribution	2,382	6,160	11,545	15,709
Donation to the Welfare Foundation	6,700	14,500	4,400	4,000
Investment Support for the Substitution of the Dead Mine Industry	23,000	35,300	-	3,000
Housing Stability Fund	6,366	6,131	5,163	3,423

#### Expenditure for Social Contribution

| unit: million KRW |





## Win-win Management

Recognizing partner companies as valuable companions, Kangwon Land has strived to vitalize the local economy and help enhance economic independence. Kangwon Land operates win-win cooperation programs including management support and technology transfer. In addition, Kangwon Land monitors the salary to ensure that appropriate wages are paid at the partner companies and provides the same level of benefits as those enjoyed by Kangwon Land employees.



### Mutual Growth with Win-win Cooperation

With the revitalization of the regional economy as its prime object, Kangwon Land designates the companies established by the local residents or former miners as local subcontractors to supply material and labor. These companies are considered partners in stimulating the local economy and increasing its economic independence. The local subcontractors of Kangwon Land mainly consist of suppliers of labor, food, and materials. To carry out the responsibility of local partnership and foster the autonomy of the partners, the subcontractors receive equal benefits as Kangwon Land in education and other welfare besides the basic purchase contracts.

#### Unit Service

Jeongson	Area of Service
Kangwon Tour Agency	Staff Transportation (Taebaek A)
Kospia, Inc.	Staff Cafeteria (Hambaek Building)
Evergreen, Inc.	Snow Cleaning Equipment (zone 1)
Taego Machinery, Inc.	Snow Cleaning Equipment (zone 2), Maintenance Equipment
Shinpoong, Inc.	Quarantine and Deodorization (zone 1)
Taebaek	
Sky Travel Agency	Staff Transportation (Taebaek B)
Youngam Express, Inc.	Staff Transportation (Jeongson), Customer Transportation
Daewon Hwaro Barbecue	Staff Cafeteria (Baekwoon Building / High1 Hotel)
Citizen Environment	Site Waste Treatment
Taebaek Quarantine Public Corp.	Quarantine and Deodorization (ski condominium)
Yeongwol	
Yeongwol Environment Public Corp.	Quarantine and Deodorization (zone 2)
Seoul	
Yijo Catering Service, Inc.	Staff Cafeteria (Main condominium)

Jeongson	Area of Service	Number of Persons
Kangwon South Residents, Inc.	Cleaning (Hotel), Security	669
Woori Residents, Inc.	Cleaning (Ski Condominium)	222
Seokwang Industry, Inc.	Laundry Plant, Facility Management (Baekwoon Building), Outskirt Management	173
Gohan Sabuk Namyoon Youth Residents, Inc.	New Condominium Security	58
Daewoon, Inc.	Valet Parking	27
Hanwoori, Inc.	Facility Management (Hambaek Building), Facility Management (Condominium)	99
Samsung Environment Engineering, Inc.	Commission for Wastewater Treatment	10
Jeongson Recycling Center Ltd., Inc.	Recycling Waste Treatment	18
Nara Environment Development, Inc.	Commission for Snow Water Treatment Facility	10
3.3 Memorial Foundation	Operation and Management of Puri Building	3
Sabuk Co-op Corp.	Commission for the Conservation of Coal Relics	4
Kangwon OS, Inc.	Member Transportation	11
Other Regions		
Taebaek Taebaek Development, Inc.	Parking Management	31
Seoul Woori Enterprise, Inc.	Facility Management (Main Hotel)	77
Busan Wonbong Inc.	Facility Management (High1 Hotel)	21
Jeju Roxanne Evergreen, Inc.	Golf Course Management	5
Total		1,438

Kangwon Land has established standard wages for labor contracts with the subcontractors to implement objective, consistent wage policies and address the existing problems of alienating subcontractors due to wage gaps. Starting 2011, Kangwon Land applies its own rate of wage increase in estimating the labor cost for the contract. It also tries to secure fairness in private contracts and competitive bids while enhancing collaboration between its own staff and the subcontractors through various cooperative programs.

## Outline of Win-win Cooperation and Sustainable Management Activities

**Kangwon South Residents, Inc.** | Kangwon South Residents, Inc., was established as a social enterprise with the local residents as shareholders. Its objective was to increase the local employment as recommended by a research on the "measures for the participation and accommodation of the local residents." To fulfill its role and responsibility as a social enterprise, the company's community support committee works together with the social volunteer group of Kangwon Land, making monthly visits to senior homes and elderly people living alone to provide various care services. The company also supports various community events and festivals.

**Seokwang Industry** | Seokwang Industry was established as a joint investment from the National Federation of Mine Laborers and the Korean Coal Association; it has carried out businesses in the community to help former miners and residents in need since 2005. At least 99% of the employees of the company are former miners and their children. Instead of paying dividends to shareholders, the company spends its operating income on social welfare by reaching out to the people in need such as patients of pneumoconiosis through the Coal Public Foundation.

**Woori Residents, Inc.** | Woori Residents, Inc., one of the subcontractors of Kangwon Land, is a social enterprise established through the participation of the local residents as shareholders. It follows the principles of preferential hiring of low-income family and local unemployed or their family, separation of shareholders, and management and return of profits to the community. Setting as its most important management goal the win-win and harmonious existence with the community through local hiring, the company pays minimum dividends to shareholders and returns most of its profits to the welfare of staff and the community. It also endeavors to increase its competitiveness and technology in the hotel/condominium maintenance business instead of remaining as a mere business subcontractor based on local consideration.

**Gohan. Sabuk. Nammyeon Youth Residents, Inc.** | Gohan. Sabuk. Nammyeon Residents, Inc., was incorporated by three regional youth groups representing the "3.3 Spirit," which became the basis for the special act to secure the rights to decent living for the abandoned mine regions. It practices the preferential hiring of the local recipients of welfare, the second highest class, and children of abandoned mine laborers. It also makes efforts to boost local autonomy through job creation and sponsorship of various local events.

## Win-win Cooperation Program with Subcontractors

**Management Support Program** | Kangwon Land carries out bi-annual service training for the employees of subcontractors along with regular/ irregular service training and safety training for subcontractor companies. The content of the service training includes image-making for customer service and complaint prevention. These trainings help the workers enhance the competitiveness and work skills required in the service industry while promoting a safe working environment as well as respect for the human rights of the customers, all employees of Kangwon Land, and the subcontractors.

**Technology Training** | Kangwon Land carries out training for the employees of the subcontractors on the usage and maintenance of equipment at least once a year. Frequent trainings and tests are also held when new equipment or chemicals come into the worksites to create a safe working environment for everyone.

**Work Efficiency** | Kangwon Land promotes work efficiency for the subcontractors by supporting them with a total of 41 pieces of equipment. Vehicle support is in place according to the areas of service as well as the provision of staff cafeteria. It also carries out joint benchmarking on competitors or exhibitions to increase competitiveness in close partnership with the subcontractors.

**Facility Management** | Kangwon Land holds weekly meetings with subcontractors and discusses the works in progress in each area of service to maintain a cooperative work system. Other efforts to reinforce the partnership with subcontractors are made, such as annual sporting event, outstanding staff award for each subcontractor at quarterly meetings, and recognition of excellence in service during the anniversary and year-end event.



Service training for partner company employees

## Economic Performance



In 2010, Kangwon Land recorded sales volume of KRW 1.3137 trillion and operating profit of KRW 571.2 billion as well as the highest quarterly sales during the fourth quarter. Through these performances, Kangwon Land is contributing to vitalizing the entire region through production, income, added value, and employment.

## Environmental Performance



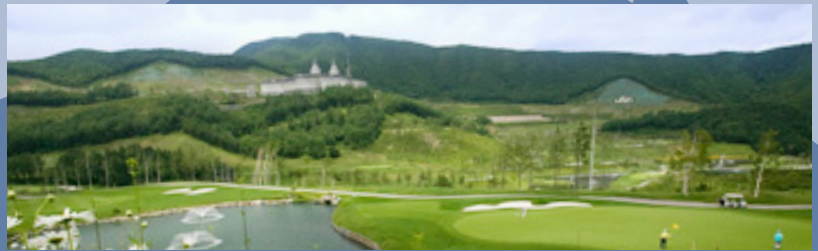
Located in the Baekdudaegan mountain range, Kangwon Land is building a green resort, caring for and preserving the natural environment and utilizing it as a tourism resource. Kangwon Land declared the year 2010 as the "First Year of Energy Conservation," and it is making efforts in various aspects for increased energy efficiency and conservation management and replacing with new eco-friendly energy.

## Social Performance



Since the launch of the Social Contribution Committee, Kangwon Land has continued to support the abandoned mines area and Gangwon-do area, spending KRW 19.7 billion in social contribution activities or 1.5% of its sales in 2010. Employees' volunteerism has become part of the corporate culture as well, with the average volunteer hours per capita reaching 19.7 hours in 2010.





## PERFORMANCES

The year 2010 was a test of corporations' strategy and active response due to the global economic uncertainty and emergence of various environmental issues. Kangwon Land makes all-out efforts in strengthening its system and strategic base for sustainable value creation through the upgrade of customer service and facilities to global standards, comprehensive overhaul of the education program, stronger enforcement of the anti-corruption policy for Right Path management, and establishment of the Energy Committee for effective environmental management.

## Economic Performance

		2008	2009	2010
Assets	Current Assets	616,681	1,063,891	1,105,888
	Non-Current Assets	1,459,735	1,322,645	1,503,857
	Total Assets	2,076,415	2,386,535	2,609,745
Liabilities	Current Liabilities	403,414	486,576	493,627
	Non-Current Liabilities	41,629	10,245	14,990
	Total Liabilities	445,042	496,821	508,617
Capital	Capital	106,970	106,970	106,970
	Capital surplus	127,928	127,928	127,928
	Capital Adjustment	△ 109,014	△ 152,660	△ 145,707
	Other comprehensive income (accumulated)	△ 36,417	△ 2,940	△ 580
	Retained Earnings	1,541,905	1,783,416	2,012,516
	Total Equity	1,631,373	1,889,715	2,101,127
	Liabilities and Total Equity	2,076,415	2,386,535	2,609,745

\*Source: Kangwon Land Sales Report, end of March 2011

### Sales

2008	1,149,283
2009	1,206,659
2010	1,313,683

[ unit\_ million KRW ]

### Operating Income

2008	470,762
2009	465,032
2010	571,210

[ unit\_ million KRW ]

### Total Assets

2008	2,076,415
2009	2,386,535
2010	2,609,745

[ unit\_ million KRW ]

	2008	2009	2010
Sales	1,149,283	1,206,659	1,313,683
Cost of Goods Sold	475,983	514,498	494,108
Gross Profit	673,300	692,160	819,574
Selling, General and Administrative Expenses	202,538	227,129	248,364
Operating Income	470,762	465,032	571,210
Non-Operating Income	41,810	67,863	55,126
Non-Operating Expenses	66,455	23,978	70,653
Gross Earnings	446,116	508,917	555,683
Income Tax Expenses	136,862	118,916	133,898
Net Income	309,255	390,000	421,785

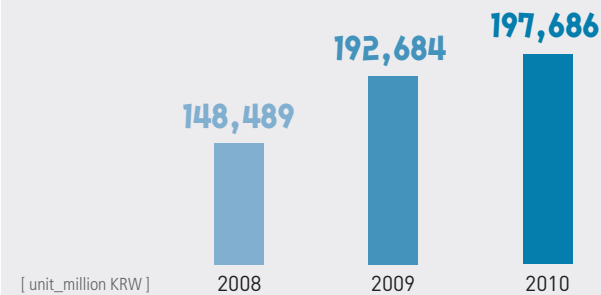
\*Source\_ Kangwon Land Sales Report, end of March, 2011

	2008	2009	2010
Current Ratio	152.87	218.65	224.03
Debt Ratio	27.28	26.29	24.21
Ratio of Equity	78.57	79.18	80.51
Level of Dependence on Debt	0.87	0.00	0.00

	2008	2009	2010
Sales to Operating Income Ratio	40.96	38.54	43.48
Sales to Net Income Ratio	26.91	32.32	32.11
Equity to Net Income Ratio	19.32	22.15	21.14



## Total Dividends for Shareholders



## Contribution to the Community

Kangwon Land makes direct contribution to the regional economy through the purchase of local foods, outsourcing of local businesses, social contribution expenses and donations to the Welfare Foundation, local use of High 1 Points, and support for investment businesses to substitute mining and housing stability fund. In particular, the social contribution committee was established in June 2008 to increase the contribution to the abandoned mine regions and Gangwon Province. In 2010, it made direct contribution of KRW 160.6 billion and other indirect contributions such as productivity effect of KRW 2.0125 trillion, income effect of KRW 321.2 billion, added value effect of KRW 1.0694 trillion, net indirect tax effect of KRW 154.1 billion, and employment effect of 20,876 jobs. Based on these figures, Kangwon Land is esteemed to have made substantial contribution to the revitalization of the regional economy in Gangwon province including the abandoned mine regions.

## Direct Contribution

[ unit\_million KRW ]

	~2003	2004	2005	2006	2007	2008	2009	2010	2011 (1/2)	Total
Preferential Purchase of Local Food Supplies	39,856	15,905	18,840	21,549	26,095	24,269	17,823	19,382	3,193	186,912
Construction Orders to Local Contractors	212,054	12,362	8,411	10,893	4,718	54,172	4,664	7,976	86	315,336
Outsourcing Local Businesses	40,734	31,941	36,137	53,136	60,458	64,673	57,628	97,797	104,988	547,492
Local Use of High1 Points	-	1,877	3,620	4,361	2,988	10,921	13,500	12,136	2,567	51,970
Social Contribution Expenses	8,752	1,014	3,405	4,246	2,382	6,160	11,545	15,709	2,293	55,506
Donation to Welfare Foundations (est. 2003)	4,018	3,132	6,500	6,500	6,700	14,500	4,400	4,000	5,000	54,750
Supporting Businesses to Substitute Mining	-	-	25,000	-	23,000	35,300	20	-	-	83,320
Housing Stability Fund (Local Residency)	14,732	6,291	5,068	8,711	6,366	6,131	5,163	3,582	883	56,927
Total	320,146	72,522	106,981	109,396	132,707	216,126	114,743	160,582	119,010	1,352,213

\* Reference\_ page 48 of High1 Handbook

## Indirect Contribution\_ Economic effect

[ unit\_billion KRW ]

	2003	2006	2009	*2010
Production Effect	9,891	11,974	18,183	20,125
Income Effect	1,641	1,911	2,918	3,212
Added Value Effect	5,101	6,338	9,621	10,694
Net Indirect Tax Effect	720	912	1,382	1,541
Employment Effect (Persons)	10,089	12,319	18,816	20,876

\* Compound Annual Growth Rates (CAGR) for 2003~2009 have been applied for each category.

## Tax Payment

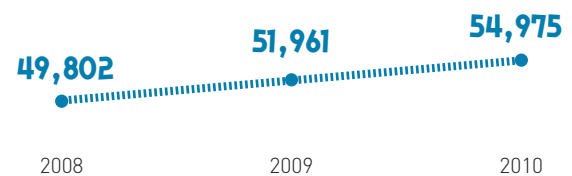
[ unit\_million KRW ]

	2008	2009	2010
Basis of Assessment	518,934	569,955	602,864
Calculated Tax Amount	129,706	125,368	132,606
Tax Deduction	446	6,462	7,638
Surtax	0	0	0
Settled Tax Amount	129,259	118,907	124,968

\* Reference: An open-access information system for public organizations (ALIO)

## Average Wage per Employee

[ unit\_thousand KRW ]



\* Compound Annual Growth Rates (CAGR) for 2003~2009 have been applied for each category.



\* 15th Extraordinary Shareholders' Meeting

## Use of Energy and Resources

Kangwon Land practices effective and ethical environment management through the use of high-efficiency equipment for energy efficiency, management of energy-related strategic aims, and other energy saving efforts across the company. It declared the year 2010 as the first official year of energy saving and made efforts in many aspects including the effective management of fossil fuel, electricity, gas, and water for reduced energy use as well as investigation of and transition to eco-friendly energy.

Use of Resources	2008	2009	2010
Fossil Fuel (TOE/year)	8,890.5	8,396.4	8,756.7
Fossil Fuel (million KRW)	8,945	6,514	8,170
Electricity (Kwh)	76,913,305	74,888,595	77,138,869
Electricity (thousand KRW)	6,343,376	6,719,947	7,073,466
Gas (m <sup>3</sup> )	2,919,324	2,738,948	2,817,086
Gas (thousand KRW)	8,945,347	6,514,783	8,170,568
Water (m <sup>3</sup> )	1,266,394	1,066,460	1,221,190
Water (thousand KRW)	2,726,542	2,927,878	2,613,235

### Direct Energy Consumption of Primary Energy

	2008	2009	2010
Indoor kerosene (kl)	49	54	49
Diesel (kl)	426	446	418
Gasoline (kl)	149	241	260
LPG (kl)	12,750,583	12,053,074	12,586,124
Total (kl)	12,751,207	12,053,815	12,586,851

### Indirect Energy Consumption of Primary Energy

	2008	2009	2010
Electricity (Kwh)	7,138,869	74,888,595	76,913,305
Total	7,138,869	74,888,595	76,913,305

## Water Management

For the stable supply of water and its efficient use, Kangwon Land currently carries out various measures including the construction of related facilities. In terms of water quality control, it has independent wastewater treatment facility and meets the reinforced standards above the legal standards. After the wastewater has been subjected to final treatment, it is reused for landscaping and toilet purposes. In 2010, the amount of such reuse was 116,565m<sup>3</sup> or 16.7% of the total amount of water waste, with 408,020m<sup>3</sup> of water resource recycled.

	2008	2009	2010
Total Amount of Water Intake per Source (m <sup>3</sup> )	1,266,394	1,066,460	1,221,190
Total Amount of Reused and Recycled Water (m <sup>3</sup> )	-	-	116,565
Amount of Waste water to Recycling Ratio	-	-	16.7%

**Securing Water Resource and High-Temperature Water Supply** | To prepare for long, dry seasons due to global warming and climate changes and to secure stable water supply for High 1 Resort and other facilities, Kangwon Land examines various measures of securing water supply and puts them into practice. Requiring approx. 3 million tons of water, Kangwon Land recognizes the need to optimize the increasing cost of water and tries to secure water sources and recycle mine water. Kangwon Land is using the Mureung Dam water source, which constitutes about 15% of the use, for multiple purposes while using the underground water from shafts and inclined shafts and securing underground water from section 1070. Meanwhile, the new volume for groundwater treatment facility has been added to reduce the water cost, with the high-temperature water treatment facility completed and currently in operation.



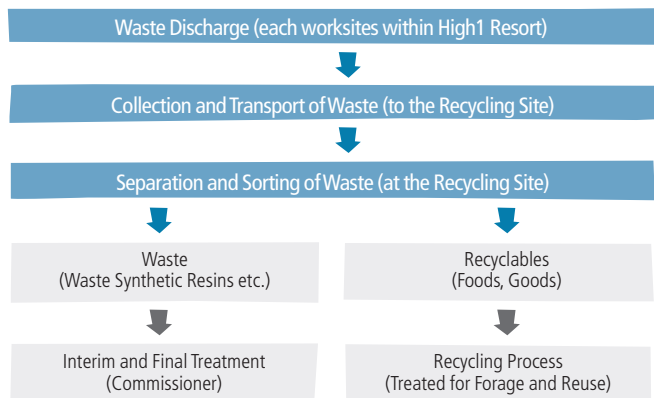
Water Supply Dam behind Valley Condo



Water Supply Dame behind Dongwon Tanjwa

## Waste Treatment

**Recycling and Waste Treatment Process** | With the development of civilization and industrialization, the problem of environmental pollution is worsening. All employees of Kangwon Land are aware of this problem, and they actively take part in waste reduction. The waste collected from all worksites is transported to the designated recycling site, separated into waste and recyclables (by 19 commissioned staff), and subjected to final treatment. Recycled food waste is used as forage for farming, and recycled goods are being sold on commission.



	2008	2009	2010
Total Weight of General Waste (Ton)	6,965	4,284	4,140
Total Amount of General Waste (thousand KRW)	1,960,466	1,349,381	867,020

## Management of Toxic Chemicals and Indoor Air

In the air quality management aspect, Kangwon Land minimizes the emission of harmful substances. In 2010, 6 hybrid cars were introduced to be used for employee mobility; in 2011, all diesel vehicles owned by Kangwon Land were equipped with DPFs. Every year, Kangwon Land has its indoor air quality inspected by an expert institution to maintain air quality that meets the guidelines and submits the measurement report to the municipal government (Jeongseon-gun).

- Criteria for Maintenance Standards (5 criteria)



- Criteria Recommendation Standards (5 criteria)



## Energy Reduction Activities and Achievement

Kangwon Land has been practicing energy reduction by improving energy efficiency in its major facilities and forming the Green Growth committee. In the facilities aspect, efforts for energy conservation in 2010 include interval operation of individual heaters, operation limits during peak hours, and stopping of air conditioning in-between seasons. Kangwon Land implemented fuel and energy saving projects including design change for over 37% of the lighting system in the Hill Condo, expanded Mountain Condo buildings, and Convention Hotel and in-installing more energy-efficient lamps at the main hotel and casino. In addition, the Green Growth Committee has been formed within the company to provide major action plans every quarter and designate "energy guards" for idea development, implementations, and appraisals on the energy saving efforts.

In 2010, Kangwon Land's energy requirement increased considerably compared to 2009 due to the opening of the new condominium. Through rigorous efforts and improvement in facilities, however, the company has achieved its own energy saving aim, exceeding that of the previous year by 2 points. Its activities and ideas for energy reduction were recognized and awarded by Korea Energy Management Corporation in 2010. Kangwon Land has actively implemented guidelines for the rational use of energy and continued its effort and investment to increase energy efficiency. These efforts are proven effective in the general performance evaluation, exceeding the previous year by 18 points and raising expectations for Kangwon Land to receive recognition as an outstanding organization in energy use.

Kangwon Land anticipates continuous increase in energy use due to the opening of the Convention Hotel and growth in the current businesses. Nevertheless, energy reduction efforts will be carried out through active improvement in facilities, investment in new renewable energy source, and ESCO business. Moreover, it is committed to establishing an energy saving culture in the daily lives of all employees through reinforced leadership and policies.

### Energy Save Aim Management Evaluation in 2010

		Points
Energy Aim Management (70%)	Saving Effect (TOE)	5278.27
	Average	117.24
Implementation of Guidelines (20%)	Implementation Ratio	97.2
	Average	97.2
Investment Effort (10%)	Investment Ratio	9
	Average	9
General Performance Evaluation (100%)	Aim Management System	82.07
	Implementation Ratio	19.44
	Investment Effort	0.90
	Total	102.41

\* Aim Management System Evaluation in 2009: 114.87 points / General Evaluation: 84.12 points

Energy Saving Performance			
	2008	2009	2010
Energy Used per Unit Area (kgoe/m <sup>2</sup> .year)	83.3	52.1	46.4
Energy Reduction through Reduction Activities (kgoe/m <sup>2</sup> .year)		Δ 31.2	Δ 5.7
Energy Cost per Unit Area (thousand KRW / m <sup>2</sup> .year)	50.1	28.1	27.9
Cost Reduction through Reduction Activities (thousand KRW / m <sup>2</sup> .year)		Δ 21.9	Δ 0.2

### Hosting and Action Plans of the Green Growth Committee

Major Item	Major Implementation
Prohibition of Unnecessary Energy Use	Banning and compulsive collection of individual electric heaters, Inspection of lighting for rational use
Limited Operation of Electronic Displays and Landscaping Lighting	Limited hours of display: 19:00 – 23:00
Observing the Optimal Indoor Temperature	Observance of over 28°C in summer
Observing the indoor temperature guideline for the service industry	Observance of 25 °C inside the Casino
Limited Operation of Individual Air Conditioners During the Peak Time for Electricity	Operation suspension: 11 :00~12:00, 17:00~ 18:00 2h/day, 15-min. suspension every 45 min. (Putting an electric suspension timer)
Promotion and Action Plan for Observing the Indoor Temperature Guideline	Putting up promotional electronic displays and posters

### Energy Guards Performance

Major Activities	Incentive Granted for Energy Guards
Encouraging instructions from the Energy Saving Committee	Additional points during the year-end personal evaluation
Departmental observance of indoor temperature guideline and energy reduction	Workshop opportunities for knowledge building
Idea search related to energy saving	Provision of meeting expenses, etc.

Department in charge: General affairs / assigned energy guards: total of 41 staffs

**Installation of New Renewable Energy Facilities |** Securing renewable energy sources such as solar and wind energy has become vital to reducing the emission of carbon dioxide from fossil fuel and creating a future eco-friendly energy market. To realize energy independence and secure infrastructure for the green industry, Kangwon Land plans to expand the facilities for new renewable energy. In 2011, it will reinforce the propagation and technological development of new renewable energy, aiming to reach 5% of the total energy use in compliance with the governmental policy.

### Expected Effect

The possible energy sources for Kangwon Land are sunlight, solar heat, wind, small hydro power, and waste. Producing and consuming clean energy will be an effective measure to cope with the climate change and secure a stable energy source. The expansion of facility for new renewable energy is considered a practical measure to follow environmental regulations such as the implementation of target management and carbon trading (securing credits). In response to this, Kangwon Land plans to utilize the new renewable energy source as tourist attraction in an effort to enhance its public image and credibility through generating customers and pursuing eco-friendly businesses.

**Switching to Eco-Friendly Energy (LNG) |** Following The United Nations Framework Convention on Climate Change (UNFCC), which decided on the voluntary reduction of greenhouse gas emission, Korea has targeted a 30% reduction in estimated emission (BAU) and designated <National Action Plans for the Greenhouse Gas Reduction Goal> as one of the seven agendas for green growth in 2010. In keeping with the government policy of low carbon green growth, Kangwon Land strives to reduce the energy cost of fossil fuel and electricity by switching to eco-friendly energy.

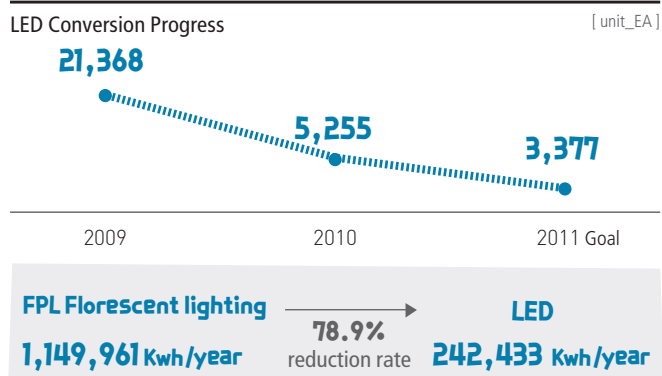
### Expected Effect

In the course of its fuel switching initiative to LNG, Kangwon Land allocated project investment costs to the 2012 budget, giving momentum to the switch to low-carbon, green energy.

Through the fuel conversion project, Kangwon Land has been able to reduce carbon dioxide emission by 15% (3,248 tons). Likewise, it expects to save KRW 900 million in annual fuel expenses by using LNG, which has higher thermal efficiency than LPG. These outcomes will help the company minimize environmental pollution and improve its image as an eco-friendly company. Through the use of LNG, Kangwon Land expects to lay the groundwork for supplying natural gas, thereby contributing to the development of the Gohan and Sabuk regions.

**Switching to High-Efficiency Lighting |** In compliance with Article 18 [compulsory use of high efficiency equipment] of the governmental guideline (Prime Minister Guideline No. 2009-4 (07.07.2009) "guideline for the rationalization of energy use in public institutions," i.e.), to convert 30 % of the lightings into LED lighting by 2012, Kangwon Land is carrying out the conversion of lightings and is planning to complete it one year ahead of the deadline by the first six months of 2011.

In November, 2011, 5% of the lightings were converted into LED lighting. Although the first plan was to switch from general florescent lighting to LED, due to delays in governmental as well as KS certifications, the plan was modified to switch from Down Light FPL florescent lightings to LED. As a result of this conversion, 25 million KRW has been saved per year in the cost of lighting maintenance (1~2 per year → once every 5 years).



## Certification of Green Building

According to Clause 4, Article 65 of the Building Code, the "Green Building Certification System" is applied to buildings that follow the green building certification standards throughout the entire process such as examination of location, selection of material and construction, maintenance, and termination. The system evaluates the reduced use of energy and resources, reduction of waste, comfort and balance with the surroundings, and other elements that affect the environment to certify the environmental quality level of buildings. Kangwon Land intends to acquire green building certification for all future constructions. In March 2011, its High 1 Resort Condominium has been certified as an outstanding green building by the Korea Institute of Energy Research.

The assessment for certification is carried out in 4 areas (land use and transportation, energy/resource, environmental management, ecosystem, indoor environment) and 40~50 items with two levels: outstanding and most outstanding. High 1 Resort Condominium consists of the Mountain Annex Building and the Hill Condominium, and it has been certified to be outstanding in most categories including eco-friendly landscaping, ecological value and environmental balance, energy saving, and natural ventilating system.

### Total Amount of Expenditure and Investment in Environmental Protection

	2008	2009	2010
Total Investment on Environment	1,178	2,073	8,266
Investment on Environmental Facilities	516	527	6,415
Purchase of Green products	-	769	601
Environmental Protection Performance	651	777	1,250

\*The investment on environmental buildings not included.



## Compliance with the Law

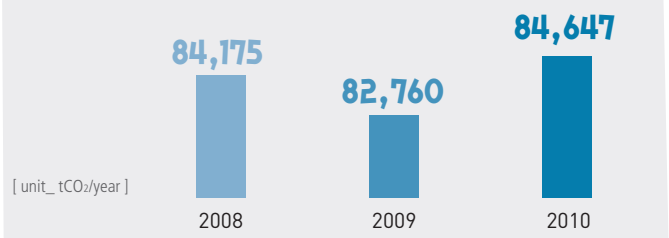
**Observance of Environmental Regulations on Facility Management** | Kangwon Land fully observes national and international laws and guidelines related to the environment especially in the areas of construction waste management, with more detailed categorization than the general standards.

**Observance of Environmental Regulations on Construction Management** | Kangwon Land fully observes the environmental regulation on construction management and seeks to acquire green building certification for all future constructions according to Clause 4, Article 65 of the building law.

## Response to Climate Changes

To contribute to the low carbon, green growth policy and reduction of greenhouse gas emission, Kangwon Land has established an environmental management system, and it has carried out energy saving policies. In addition, it intends to expand its green safety net by establishing effective measures in response to the inevitable reinforcement of the government's environmental regulation in pursuit of low carbon, green growth. In 2010, a companywide committee was formed to carry out effective strategizing and implementation actively in the areas of reduction in greenhouse gas emission and energy saving measures.

### Amount of Greenhouse Gas Emission



### Activities on the Reduction of Greenhouse Gas Emission

**Joining the greenhouse gas reduction program (GERP)**\_ Kangwon Land has been practicing the management of greenhouse gas emission reduction by joining the greenhouse gas reduction program in July 2011 and participating in its 1st workshop in August. GERP supports companies that have a management target for greenhouse gas and consume massive amounts of energy by providing various services related to greenhouse gas reduction. It also builds the energy saving network among the staff to improve ESP within buildings and enable the operation of a concrete support program.

**Energy Management System (EnMS)**\_ To involve all employees in systematic planning and actions related to energy saving and efficiency improvement, Kangwon Land has employed EnMS, the standardized measure of energy management. In 2011, a companywide integrated energy management system was established and operated in time for the opening of the Convention Hotel. The system allows the real-time monitoring and control of energy use through a central watch system. Kangwon Land plans to develop an internationally accredited greenhouse gas management program in linkage with the ERP system in 2011. In addition, Kangwon Land is preparing to acquire ISO 50001 certification for the introduction of the energy management system.

**Joining the Greenhouse Gas Reduction Council for the Tourism Industry**\_ The council consists of 10 or more private-sector companies in the tourism industry. Members share information on new measures and cases of greenhouse gas reduction during monthly meetings and cooperate to improve performance on greenhouse gas reduction and target management.



## Employment

Number of Employees per Type		[ unit_persons ]		
		2008	2009	2010
Total		3,321	3,220	3,198
Regular		3,045	3,099	2,976
Contract		276	121	222

Average Duration of Employment		[ unit_year ]		
		2008	2009	2010
Total		5.3	6.2	6.6
Men		5.5	6.4	6.8
Women		4.9	5.8	6.1

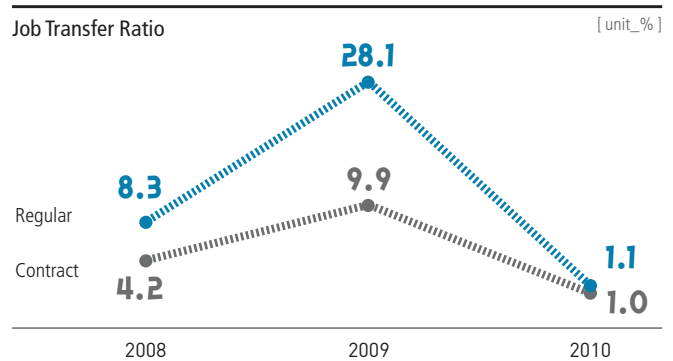
Average Salary of Employees		[ unit_thousand KRW ]		
		2008	2009	2010
Total		49,801	51,961	54,975
Executives	Head of Operation	-	225,361	225,761
	Executive Director	-	187,022	187,422
	Non-Executive Director	-	26,400	26,400
	Audit Committee	-	26,400	26,400
Starting Salary for Entry Level	Men	26,707	27,474	29,293
	Women	26,707	27,474	29,293

New Employment (Regular Type)		[ unit_persons ]		
		2008	2009	2010
Total		269	226	52
Women		94	91	17
Disabled		2	1	2
Science & Engineering Majors		35	37	14
Aged		6	1	4

Employment of Youth Interns		[ unit_persons ]		
		2008	2009	2010
Total		166	130	112

\* Started in 2009

Retirement		[ unit_persons ]		
		2008	2009	2010
Retired from Regular Position		135	311	34



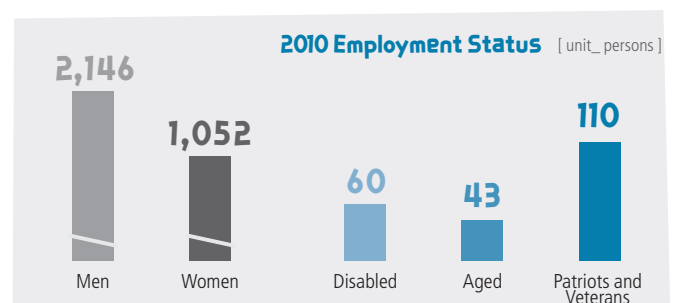
## Variety

Gender Ratio		[ unit_persons ]		
		2008	2009	2010
Men		1,968	2,042	2,146
Women		1,077	1,057	1,052
Women Among the Executives		0	0	1

\* 1 female non-executive director employed in 2010

Human Resource Development for Women		[ unit_% ]		
		2008	2009	2010
Total		35.5	34.1	32.9
Director or Equivalent		0	0	0
Ratio of Women Among New Employees		34.9	40.3	32.7

Minorities Among Employees		[ unit_persons ]		
		2008	2009	2010
Disabled		47	51	60
Aged		33	87	43
Patriots and Veterans		117	113	110



## Safety and Health

**Industrial Safety and Health Committee** | Kangwon Land promotes the safety and health of its employees by preventing accidents and creating a pleasant work environment. For this purpose, it has established the industrial safety and health committee wherein important issues are reviewed and decided collectively by labor and management. Five people each from labor and management make up the committee to draw up and carry out the committee's operational regulations on issues such as prevention of work accidents, education of employees on safety and health, and assessment and improvement of the work environment. The committee meeting is held every quarter.

**Safety and Health Education** | To prevent safety accidents and improve productivity, Kangwon Land has drawn up a plan to educate newly hired employees as well as the person in charge of the details such as the speaker, time, and method of education. For the health management of employees through the early detection and prevention of various diseases, Kangwon Land commissions an agency to carry out complete medical examination for all employees. Furthermore, as a preventive measure for employees' musculoskeletal diseases, an evaluation of the harmful factors of the musculoskeletal system and emotional labor was conducted in 2009. Based on the related law, such evaluation is carried out every three years to promote a pleasant work environment.

### Status of Safety and Health Education

	2008	2009	2010
Recipients of Safety and Health Education	3,321	3,220	3,195
Total hours	79,704	77,280	76,680
Completion Rate (%)	100	100	100

**Safety and Health Activities** | Kangwon Land commissions an expert institution to inspect the working environment regularly so that a pleasant working environment is maintained. A thorough medical exam is provided to all employees in collaboration with an examination institution to manage the health of its employees through the early detection and prevention of diseases. In addition, Kangwon Land undertook the "Assessment of elements detrimental to the musculoskeletal system and emotional labor" in 2009, which is conducted every three years according to regulations to foster a pleasant working environment.

**Prevention of Safety Accidents** | For the prevention of accidents and their recurrences, several years' accident cases have been analyzed and used to establish an education plan as well as preventive measures tailored to each department. The facilities involved in accidents have been inspected and corrected immediately.

### Prevention of Safety Accidents

	2008	2009	2010
Occurrence of Safety Accidents	34	30	20
Corrective Measures Taken After Safety Accidents	34	30	20

**Medical Examination of Employees** | All employees of Kangwon Land and their dependents over 40 years old are subjected to the medical examination (every year for non-office workers and every two years for office workers.) Likewise, employees and one of their direct family members receive complete general medical examination fully paid by the company for health management with early detection and prevention of diseases. The examining agency is commissioned collectively with the labor union, and the examination includes basic checkup, complete blood tests, cancer index test, and equipment test (ultrasound, CT, MRI, endoscopy for stomach and colon, bone density, cardio pulmonary function system, etc.)

### Complete General Medical Examination

	2008	2009	2010
Number of People Examined	3,841	4,168	4,461
Examination Ratio (%)	74.8	80.9	83.7
Cost (thousand KRW)	767,879	833,414	891,971

**Operation of the medical room** | Within Kangwon Land, a medical room with 4 nurses operates for 24 hours. Constant health management including emergency care is carried out, with specific health advice provided to those who have been diagnosed with a disease based on medical examination.

### Use of the Medical Office

	2008	2009	2010
Employees	6,112	5,104	5,040
Customers	913	1,002	945
Subcontractors	2,432	1,150	1,465
Total	9,457	7,256	7,450

**Assessment of the work environment** | Every year, a work environment assessment expert is called in to assess the level of noise, dust, lighting, electromagnetic waves, and heavy metal in worksites including offices. Corrective measures follow the assessment to create a pleasant working environment.

### Status of Assessment of the Work Environment

	2008	2009	2010
Organization	Wonjin Institute for Occupational and Environmental Health	Korea Institute of Occupational Health	Korean Industrial Health Association
Duration	June 20 ~ 21	June 12 ~ 13	June 18 ~ 19
Location	15 Worksites	24 Worksites	33 Worksites
Result	Satisfactory Except Bunjin Worksite	Satisfactory	Satisfactory

## Future Plan |

**Facility Management Service Certification\_** In January 2010, Kangwon Land has acquired service certification in facility management (ISO9001) and environment (ISO4001). It has been working together with local facility management subcontractors such as Seokwang Industry, Inc., and Hanwoori, Inc., by systematically modifying the work procedures and manuals according to the guidelines of the international standards (ISO). As a result, they have been awarded certification after the modifications were reviewed by the Korea Productivity Center during the evaluation of environmental impact and other aspects.

**Securing Stability Through Safety Inspection\_** In September 2011, Kangwon Land concluded a business agreement to exchange technology with Korea Infrastructure Safety Corporation. This agreement has enabled the systemization of facility safety inspection and proper maintenance as well as the reinforcement of the safety system to prevent disasters. As a result, over 4 million customers can safely use all of the resort facilities. Korea Infrastructure Safety Corporation carries out regular or emergency inspection and inspection on facilities prone to natural disasters. It also gives advice on problems related to maintenance and construction.

## Employee Welfare Program

For the current year, Kangwon Land spent KRW 12.54 billion (0.95% of sales) on benefits. In July 2010, an employee satisfaction survey was conducted to enhance employee awareness and satisfaction; a benefits board and a Q&A board were also operated, and a benefits guidebook was published. Operated in the form of a corporate deferred payment debit card, the flexible benefits program introduced in 2004 allows employees to select benefits according to their preferences and needs. The company's benefits operation standard is currently being revamped to provide employees with what they need most effectively. Kangwon Land will further enhance its field-oriented benefits program while identifying welfare issues that meet employees' requirements and improving its welfare system.

### Welfare Expenditure in 2010 [ unit\_thousand KRW ]

	Amount		Amount
Housing Support	3,582,000	Summer Resort	166,573
Clubs	77,719	Condominium	562,295
Tuition Fees	1,768,611	Clothing	1,076,772
Medical Expenses	481,928	Life / Family Events	247,945
Medical Examination	891,971	Gifts	3,680,875
<b>Total Welfare Expense Paid by the Company</b>			<b>12,536,689</b>

\*Welfare expenditure to sales ratio in 2010: 0.95%

### Employee Satisfaction with the Welfare Program [ unit\_persons ]

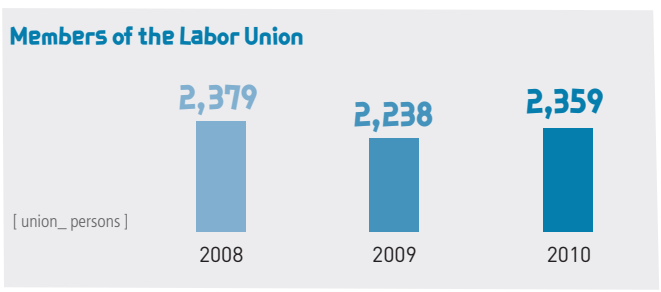
	2008	2009	2010
Level of Awareness	-	14.5	23.5
Satisfaction Rate	-	3.39	3.68

## Establishment of Cooperative Labor and Management Relationship

Since its establishment in 2000 up to 2005, the labor union in Kangwon Land has carried out negotiation with a plan for a strike in phases such as collective negotiation, applying for conciliation, voting on conciliation action, and wearing ribbons. Since 2006, however, labor and management negotiation has been carried out based on trust without a conciliation process. This is the outcome of the company's efforts to establish a more cooperative labor-management relationship by eliminating unreasonable labor practices and maintaining a more sound and pragmatic labor and management culture through continuous communication. Such efforts are being pursued through bi-annual labor and management workshops as well as bi-annual fellowship retreats and other social events.

Since 2006, Kangwon Land has been able to reach negotiations without any dispute for 5 consecutive years while implementing wage freezes for 2 consecutive years in 2009 and 2010. These were possible through the mutual effort between labor and management following the governmental guidelines (for wage increase). In spite of the record-high economic performance, the same amount (400%) has been paid for the year-end bonus. Kangwon Land will continue to comply with the government's public organization advancement policies and endeavor to establish a win-win culture between labor and management through mutual understanding of social responsibilities.

**Current Status of the Labor Union |** First established on June 6, 2000, Kangwon Land's labor union currently has 2,367 members (75% of employees) as of July 2011. The labor union is composed of a union head, 22 standing members of the executive committee (5 full-timers, 17 part-timers), and 41 representatives. Members are made up of all employees below senior level who are not in charge of audit, human resource, labor service, general administration, secretarial work, public relations, planning, accounting, purchase, and safety management. When important issues arise such as divestitures, divisions, and mergers, management notifies labor one month in advance following the enforcement of the related law and submits the issues for collective negotiation.



**Labor and Management Council** | The operation of the labor and management council is based on laws related to worker participation and increased cooperation through which workers and employers work together to increase the welfare of the workers and ensure the healthy growth of the company. The council is made up of 7 people each from labor and management including the representative. Regular council meetings are held every quarter with discussion, decision, and reporting for each issue, whereas temporary meetings are held when necessary.

Regular Meetings for the Labor and Management Council		[unit_%]		
		2008	2009	2010
Number of Meetings Held		4	4	4
The rate of Attendance	Employer	92.9	100	100
	Workers	100	100	100

**Development of Labor and Management Experts** | To secure the best labor service, Kangwon Land fosters labor and management experts. Job trainings for acquiring professional knowledge and skills are in place, including the expansion of commissioned training courses and benchmarking of companies with outstanding labor and management relations. In addition, analysis on work problems and cases studies are being conducted followed by work improvement to promote advanced labor service and employees' full satisfaction.

### Trainings for Enhancement of Work Skills

1. Training on year-end tax adjustment	Jan. 6th
2. Lecture on the issues of labor union law	Jan. 20th
3. How to respond to the revised labor law	Feb. 23rd
4. Strategizing process for the wage collective bargaining for 2010	Mar. 26-30th
5. Information concert for the staff in charge of wage, tax Adjustment, and 4 major insurances	Mar. 26th
6. Training on health management	May 24th -28th
7. Training on payroll tax management and 4 major insurances	Jul. 21st -23rd
8. Training on health management	Sep. 12th
10. Guest lecturer on year-end tax adjustment preview	Oct. 12th
11. Training on health management	Nov. 24th – 26th
12. Training on health management	Dec. 15th – 17th
13. 2011 Hot Issue: Integrated collection of 4 major insurances	Dec. 23rd

### Outsourced Training for Labor-Management Experts

	2008	2009	2010
Trainees	14	12	10
Training Hours	224	256	154

## Respecting Employees' Human Rights

**Grievance Committee** | The objective of the grievance committee is to promote respect for employees and create a pleasant working environment by effectively addressing the grievances of employees. The committee is made up of 5 people from each side of labor and management to provide guidelines for employees' personal difficulties such as sexual harassment, gender discrimination, and responsive measures for sexual, verbal, and physical harassment from customers. The grievance center is open to all employees to address specifically these difficulties and sexual harassment.

**Center for Sex-Related Complaints** | Kangwon Land has sexual harassment counseling specialists and designated counseling staff per department to foster a safe working environment for all employees. A total of 23 counseling staff (including 2 specialists) handle sexual harassment grievances and carry out counseling, preventive education, and preventive activities (monitoring). Moreover, they provide guidelines to eliminate sexual harassment from the workplace. On the other hand, trainings are held for the professional development of the specialists and counseling staff. All employees go through annual preventive education, with additional education per department provided every quarter coordinated by the counseling staff.

### Trainings for Sex-Related Counseling Staff

Time	Content	Trainer Institute
March 2007	Enhancement of Counseling Qualification	Korea Sexual Violence Relief Center
December 2008	Reinforcement of Counseling Competency and Development of Professional Knowledge	W. Insights
June 2010	Enhancement of Counseling Qualification	Conflict Management Institute

### Number of Sexual Harassment Grievances Handled

	2008	2009	2010
Total	-	1	1

**Policy of Respecting the Rights of Subcontractors** | In compliance with the guidelines from the Ministry of Employment and Labor, Kangwon Land ensures the independence of the subcontractors in management and human resources and induces buyouts for stable employment. It applies the equal rate or category on wage increase and welfare program for each subcontractor for fair practices, with the labor fee set by the subcontractors above the bidding rate to ensure that proper wages are paid. Furthermore, employees of subcontractors are eligible for the same staff discount rate at Kangwon Land facilities as well as free sportswear and ski season tickets. For 2011, the company plans to hire a consulting service to improve subcontractor management, which in turn will promote more effective win-win management.

## Service Responsibility

**Compliance with the Law and Protection of Customer Information** | Kangwon Land complies with the regulations in areas such as sales activities, organization and staffing of casino business, immigration control, management of game equipment, and method of sales as stipulated in the sales regulation (Article 36) of the enforcement decree of the tourism promotion law and regulation for the casino business in abandoned mines. Moreover, it has come up with its own terms for the casino business according to the monopoly regulation and fair trade act. Article 7 of the terms (access control and ban on games) stipulates the detailed guidelines for controlling or limiting the access of casino customers to establish a healthy game culture.

### Promoting the Protection of Personal Information

Kangwon Land appoints a CPO (Chief Privacy Officer) to establish policies on the protection of personal information and comply with governmental guidelines.

Customer satisfaction survey on public organization: Kangwon Land carries out an annual customer satisfaction survey through a specialized agency for purposes of internal assessment and improvement of customer services. After assessing the customer satisfaction index on 4 categories (product quality, delivery quality, environmental quality, social quality), a few issues such as improvement of convenience for customer facilities and construction of diverse facilities have been identified, and the process of improvement was carried out accordingly.

**Compliance with Marketing Communication Regulations** | Kangwon Land complies with Item 1, Clause 5, Article 28 of the tourism promotion law on the regulation of promotional activities and various marketing communications of the casino business.

## Public Policy

**Cooperation with Public Policy** | Since March 2008, Kangwon Land has implemented governmental policies on the advancement of public organizations in 6 stages to enhance their management efficiency and competency. Due to the nature of the casino business, the company is under the control of the Ministry of Culture, Sports, and Tourism, and it voluntarily promotes the prevention of expansion of excessive speculation and addiction. It also observes its responsibilities faithfully as a public organization by purchasing from small medium businesses, supporting traditional markets, promoting the protection of personal information, surveying customer satisfaction for public organization, actively hiring youth interns, and practicing national energy policies.

### Implementing Policies on the Advancement of Public Organizations

Kangwon Land strives to enhance its management efficiency and competency by complying with the government's innovation policies based on advancement plans for public organizations.

#### Management Efficiency

Large-scale restructuring followed by the 4th advancement plans for public organizations

#### Streamlining the organization:

6 Divisions / 14 Sections / 52 Teams / 1 Center / 2 Groups / 1 Research Institute  
3 Divisions / 9 Sections / 37 Teams / 1 Center / 1 Group (Board decision on April 17, 2009)  
13.5% Reduction of Employees: 3,227→2,791 Persons (Board decision on March 26, 2009)

#### Disposal of Assets

Disposal of investment company shares followed by the 5th advancement plans for public organizations

**Guidelines:** Dispose of 49% of the public sector shares of Moonkyeong Leisure Town, Inc., Black Valley CC, Inc.

Shares owned by Moonkyeong Leisure Town, Inc.: 30.0% (KRW 1.8 billion)

Shares owned by Black Valley CC, Inc.: 16.6% (KRW 1.5 billion)

**Details:** The board's decision on the disposal of investment share: March 26, 2009  
Moonkyeong Leisure Town, Inc.: Disposal of 14.7% (KRW 8.820 billion) in progress  
Black Valley CC, Inc.: Disposal of 6.6% (KRW 9.036 billion) in progress

### Recognizing the jurisdiction of the ministry of culture, sports, and tourism and making voluntary efforts

| Kangwon Land strives for the healthy operation of the casino to prevent the expansion of excessive speculations. Some of its efforts to reinforce healthy gaming include the operation of game zone for foreigners only, observing the limited access to the casino, reduced operation of high stake betting machine, and implementation of electronic card. The expansion of the addiction control center along with the reinforced operation of various healing programs also contributes to such efforts. On the other hand, it tries to create a multiple culture space by improving the environment of the casino and providing all-year-round leisure complex and culture space through the Convention Hotel.

### Fulfilling its Responsibilities as a Public Organization

| Kangwon Land has been observing its responsibility as a public organization by purchasing goods from small~medium businesses and supporting traditional markets. At least 92% of its goods are purchased from small~medium businesses. Since 2009, it has been using the Onnuri Gift Certificate and increasing its amount to revitalize traditional markets. In 2009, about KRW 40 million worth of Onnuri Gift Certificates have been used; this amount increased to KRW 63 million in 2010.

#### Goods Purchased by Kangwon Land from Small~Medium Businesses

[ unit\_billion KRW ]

	2008	2009	2010
Small Medium Businesses	603 (91.9%)	602 (92.8%)	460 (92.1%)
Major Businesses	53 ( 8.1%)	46 ( 7.2%)	39 ( 7.9%)



## Fair Trade

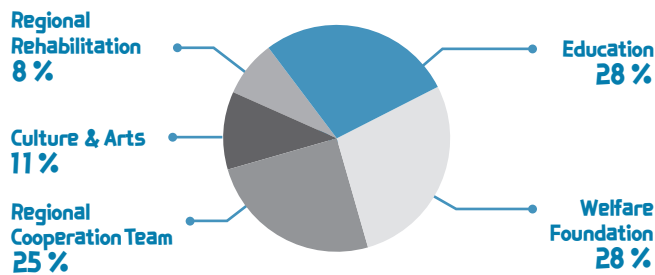
**Compliance with the Monopoly Regulation and Fair Trade Act** | In compliance with the monopoly regulation and fair trade act on the casino business, Kangwon Land follows the terms on the customers of casino. The terms are always displayed in accessible places, and it observes the regulations on gaming and betting activities, payment of the prize, customers' obligation, and strict control of access and game participation.

## Social Performance

### Social Contribution Performance

	2008	2009	2010
Social contribution expenditure (based on the budget) billion KRW	160	170	200
Social contribution expenditure (based on the execution) billion KRW	107	159	197
Sales to social expenditure ratio(%)	1.2	1.7	1.5
Operating profit to social expenditure ratio(%)	3.8	4.8	3.5

### Ratio for major projects of social contribution



\* The diagram shows the average ratio for the last 3 years (2008-2010) of social contribution performance. The regional cooperation team includes social work, environment, and the disabled.

### Regional Operation of Social Contribution Projects

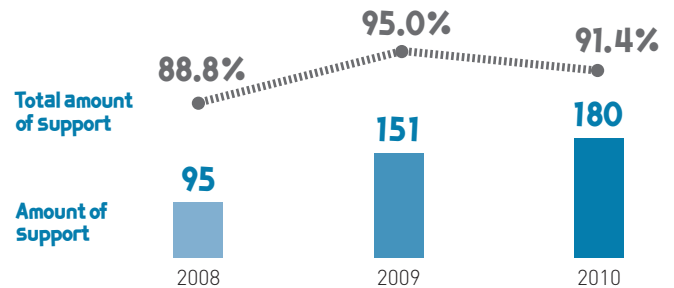
[ unit\_billion KRW ]

Kangwon Land has launched the social contribution committee in June 2008 to contribute to the economic and social development of the abandoned mine regions and Kangwon province. The committee has realized positive outcomes for the regions.

	2008	2009	2010	Total
Abandoned Mines	89	131	129	349
Kangwon Province	6	20	51	77
Country wide	8	3	8	19
World wide	2	5	8	15
Others	2	0	1	3
Total	107	159	197	463

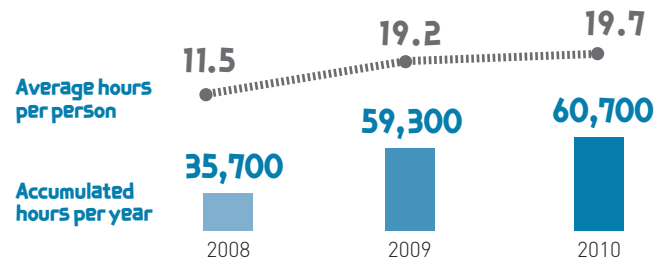
### Contributions to the Kangwon regions (including abandoned mines)

[ unit\_billion KRW ]



### Employees' Social Contribution Activities

With voluntary community activities being part of the company culture, the employees of Kangwon Land have contributed 19.7h per person as of the end of 2010.



### Make up of High1 Social Volunteer Group



39teams Team volunteers	17teams Family volunteers	20teams Theme volunteers
----------------------------	------------------------------	-----------------------------

### Yearly Activities of High1 Social Volunteer Group

	2008	2009	2010
Participants (persons)	8,969	12,536	12,648
Average Hours of Participation (h)	11.5	19.2	19.7
Participation Rate (%)	82.7	98.5	80.8

\* Social volunteer group first established in April 2004

# APPENDIX

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GRI Content Index	60
Awards and Certifications	64
Communication Sheet	65

# INDEPENDENT REVIEW STATEMENT

## Ahn Yun-gi

Division leader/Senior business analyst at  
POSRI Green Growth Research Division

National Environmental Management Awards  
panel member

Member of the Presidential Committee on  
Green Growth, Green Growth, & Industry  
Subcommittee



We live in an age of global economy, and sustainability that pursues continual improvement of management performance -- taking into account issues in economy, environment, and society -- is emerging as the new ideology and innovation direction of the global economy. In particular, sustainability that demands strategic response to the stakeholders is rising as the key in management strategy and decides whether a business will last.

The Kangwon Land Sustainability Report 2011 aptly reflects the aim of sustainability, describing in a systematic manner how the company is pursuing sound growth together with the stakeholders whose scope is expanding in tandem with the company's business diversification.

Looking at the structure of the report, one can see that Kangwon Land has strategic understanding of the process of collecting the stakeholders' opinions, analyzing them, and drawing sustainability issues from them. Constructing and reporting according to the key material issues can be understood to be the result of Kangwon Land's effort to resolve sufficiently what piques the stakeholders' curiosity. This translates into the reliability of Kangwon Land's sustainability management strategies and activities.

Content-wise, the company's efforts to delight the customers, build a good place to work in, and add vitality to the local community as well as considerations for biodiversity and environment and commitment to mutual prosperity with partner companies were evident throughout the report. In particular, reconstructing the economy of the abandoned mines area in an eco-friendly direction is in keeping with the current administration's policy of "Ecosystem Development" since the company is contributing to balanced national development.

Nonetheless, the following efforts should continue if Kangwon Land is to advance as the top leisure company both domestically and globally:

First, based on understanding that sustainability relies on trust from the stakeholders, a description of the survey groups -- however general -- that were targeted in the process of identifying material issues is necessary. Second, in order for the reporting system of this year's report to be appreciated fully, quantified performances of each material issue should be included together with the economic, environmental, and social performances linked with those performances. Third, an independent review is a good way of ensuring the objectivity of the report. Note, however, that the more desirable approach would be to acquire third-party assurance. In particular, measurement, report, and verification are quickly emerging as the new greenhouse gas reduction methodology in the Post-Kyoto regime. If we are to consider the fact that third-party conformity assessment will soon become a major management methodology, Kangwon Land should consider introducing third-party assurance as soon as possible. Fourth, a survey on the financial implications of all its sustainability management activities is necessary. Recently, GRI has started talks on integrating the financial report and non-financial report. Since the target is the end of 2012, Kangwon Land should prepare for a methodology of assessing the economic or financial implications of its major economic, environmental, and social activities.

Sustainability management is a radical turning point in strategic management, and it demands a new corporate model. Therefore, moving one step forward from merely using Kangwon Land's sustainability-related issues and activities for promotion purposes should be understood as a management risk. There is also a need for systematic, efficient response to each management risk. By doing so, Kangwon Land will grow as the top leisure company not only within the country but globally as well.

Ahn Yun-gi

Division leader, POSRI Green Growth Research Division



● Full Reporting ● Partial Reporting ○ Omitted N/A Not Applicable

Indicators	Index Number	Description	Reported	Page	Note
<b>Profile Disclosures</b>					
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization.	●	2	Message from the CEO
	1.2	Description of key impacts, risks and opportunities.	●	2	Message from the CEO
Organizational Profile	2.1	Name of the organization.	●	6	Company Overview
	2.2	Primary brands, products and/or services.	●	6, 7	Company Overview
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	●	6	Company Overview
	2.4	Location of organization's headquarters.	●	6, 7	Company Overview
	2.5	Number of countries where the organization operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	6, 7	Company Overview
	2.6	Nature of ownership and legal form.	●	6	*1
	2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	●	6, 7	Company Overview
	2.8	Scale of the reporting organization.	●	6	Company Overview
	2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	6, 7	Company Overview
	2.10	Awards received in the reporting period.	●	64	Awards and Certifications
Report Parameters	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	Cover	Report Overview
	3.2	Date of most recent previous report (if any).	●	Cover	Report Overview
	3.3	Reporting cycle (annual, biennial, etc.)	●	Cover	Report Overview
	3.4	Contact point for questions regarding the report or its contents.	●	Cover	Report Overview
	3.5	Process for defining report content.	●	11	Materiality Test Process
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	Cover	Report Overview
	3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	Cover	Report Overview
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations.	●	Cover	Report Overview
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	Cover	Report Overview
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	●	Cover	Report Overview
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	Cover	Report Overview
	3.12	Table identifying the location of the Standard Disclosures in the report.	●	60–63	GRI Content Index
	3.13	Policy and current practice with regard to seeking external assurance for the report.	●	Cover	Report Overview
Governance, Commitments and Engagement	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	16	Corporate Governance
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	16	Corporate Governance
	4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	●	16	Corporate Governance
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	16	Corporate Governance
	4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements) and the organization's performance (including social and environmental performance).	●	16	Corporate Governance
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	16	Corporate Governance
	4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	●	16	Corporate Governance
	4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation.	●	12, 13	Sustainability Management System
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities and adherence or compliance with internationally agreed standards, codes of conduct and principles.	●	12	Sustainability Management System

● Full Reporting ● Partial Reporting ○ Omitted N/A Not Applicable

Indicators	Index Number	Description	Reported	Page	Note
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	●	16	Corporate Governance
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	17	Risk Management
	4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	15	Entered DJSI Asia-Pacific Index
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	64	Awards and Certifications
	4.14	List of stakeholder groups engaged by the organization.	●	10	Communication with the Stakeholders
	4.15	Basis for identification and selection of stakeholders with whom to engage.	●	10	Communication with the Stakeholders
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	10	Communication with the Stakeholders
	4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting.	●	10	Communication with the Stakeholders

\*1 Public institutions such as Mine Reclamation Corp., under the Ministry of Knowledge Economy, Gangwondo Development Corporation, and municipal government own 51% of Kangwon Land shares, enabling the company to maintain government-level credibility as well as transparency and fairness in its development and business

Economic					
Economic performance	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	●	46, 47	Economic Performance
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	34, 35	Environmental Management & Convention on Biological Diversity
	EC3	Coverage of the organization's defined benefit plan obligations.	●	54	Employee Welfare Program
	EC4	Significant financial assistance received from government.	●	6	*1
Market presence	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	●	52	Average Salary of the Employees
	EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation.	●	40, 41	Social Contribution
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	40, 41	Social Contribution
Indirect economic impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	40, 41	Social Contribution
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	46, 47	Economic Performance

\*1 Public institutions such as Mine Reclamation Corp., under the Ministry of Knowledge Economy, Gangwondo Development Corporation, and municipal government own 51% of Kangwon Land shares, enabling the company to maintain government-level credibility as well as transparency and fairness in its development and business

Environmental					
Materials	EN1	Materials used by weight or volume.	●	48	Environment Performance
	EN2	Percentage of materials used that are recycled input materials.	●	48	Use of Energy and Resources
Energy	EN3	Direct energy consumption by primary energy source.	●	48	Use of Energy and Resources
	EN4	Indirect energy consumption by primary source.	●	48	Use of Energy and Resources
	EN5	Energy saved due to conservation and efficiency improvements.	●	49, 50	Energy Reduction Activities and Achievement
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives.	●	49, 50	Energy Reduction Activities and Achievement
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	●	49, 50	Energy Reduction Activities and Achievement
Water	EN8	Total water withdrawal by source.	●	48	Waste Treatment
	EN9	Water sources significantly affected by withdrawal of water.	●	48	Waste Treatment
	EN10	Percentage and total volume of water recycled and reused.	●	48	Waste Treatment
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	●	34, 35	Environmental Management & Convention on Biological Diversity
	EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	●	34, 35	Environmental Management & Convention on Biological Diversity



● Full Reporting ● Partial Reporting ○ Omitted N/A Not Applicable

Indicators	Index Number	Description	Reported	Page	Note
Emissions, effluents and waste	EN13	Habitats protected or restored.	●	34, 35	Environmental Management & Convention on Biological Diversity
	EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	●	34, 35	Environmental Management & Convention on Biological Diversity
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	○	34, 35	Environmental Management & Convention on Biological Diversity
	EN16	Total direct and indirect greenhouse gas emissions by weight.	●	48	Use of Energy and Resources
	EN17	Other relevant indirect greenhouse gas emissions by weight.	○	48	Use of Energy and Resources
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	51	Response to Climate Changes
	EN19	Emissions of ozone-depleting substances by weight.	N/A	-	Not Applicable
	EN20	NOx, SOx and other significant air emissions by type and weight.	●	49	Management of Toxic Chemicals and Indoor Air
	EN21	Total water discharge by quality and destination.	●	48	Waste Treatment
	EN22	Total weight of waste by type and disposal method.	●	49	Waste Treatment
	EN23	Total number and volume of significant spills.	●	49	Not Significant
	Products and services	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII and percentage of transported waste shipped internationally.	N/A	-
EN25		Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	N/A	-	Not Applicable
Compliance	EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation.	●	49, 50	Energy Reduction Activities and Achievement
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	N/A	-	Not Applicable
Transport	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	51	Compliance with the Law
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations and transporting members of the workforce.	●	49, 50	Energy Reduction Activities and Achievement
Overall	EN30	Total environmental protection expenditures and investments by type.	●	51	Certification of Green Building

Social: Labor Practices and Decent Work					
Employment	LA1	Total workforce by employment type, employment contract and region, broken down by gender.	●	52	Employment
	LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region.	●	52	Employment
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	54	Employee Welfare Program
Labor/management relations	LA4	Return to work and retention rates after parental leave, by gender.	●	54	Establishment of Cooperative Labor and Management Relationship
	LA5	Percentage of employees covered by collective bargaining agreements.	●	54	Establishment of Cooperative Labor and Management Relationship
Occupational health and safety	LA6	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	53	Safety and health
	LA7	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	●	53	Safety and health
	LA8	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region and by gender.	●	53	Safety and health
	LA9	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	53	Safety and health
Training and education	LA10	Health and safety topics covered in formal agreements with trade unions.	●	31	Human Resource Development
	LA11	Average hours of training per year per employee by gender and by employee category.	●	31	Human Resource Development
	LA12	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	○	32	Fair Evaluation and Compensation
Diversity and equal opportunity	LA13	Percentage of employees receiving regular performance and career development reviews, by gender.	●	52	Variety
Equal remuneration for women and men	LA14	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	●	52	Employment
Employment	LA15	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	●	-	Out of 95 employees who applied for maternity leave, 95 have returned to work in 2010

● Full Reporting ● Partial Reporting ○ Omitted N/A Not Applicable

Indicators	Index Number	Description	Reported	Page	Note
<b>Social: Human Rights</b>					
Investment and procurement practices	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	●	55	Respecting Employees' Human Rights
	HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening and actions taken.	●	55	Respecting Employees' Human Rights
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	●	31	Human Resource Development
Non-discrimination	HR4	Total number of incidents of discrimination and corrective actions taken.	●	55	Respecting Employees' Human Rights
Freedom of association and collective bargaining	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and actions taken to support these rights.	●	55	Respecting Employees' Human Rights
Child labor	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor and measures taken to contribute to the effective abolition of child labor.	N/A	-	Not Applicable
Forced and compulsory labor	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor and measures taken to contribute to the elimination of all forms of forced or compulsory labor.	●	54	Establishment of Cooperative Labor and Management Relationship
Security practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	●	55	Respecting Employees' Human Rights
Indigenous rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	●	40, 41	Vitalizing the Local Economy
Assessment	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	●	55	Respecting Employees' Human Rights
Remediation	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	●	55	Respecting Employees' Human Rights
<b>Social: Society</b>					
Local communities	SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs.	●	40, 41	Vitalizing the Local Economy
Corruption	SO2	Operations with significant potential or actual negative impacts on local communities.	●	27	Ethical Management Program
	SO3	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	●	29	Ethical Management Education
Public policy	SO4	Percentage and total number of business units analyzed for risks related to corruption.	●	27	Ethical Management Program
	SO5	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	28, 56	Active Ethical Management Activities, Public Policy
Anti-competitive behavior	SO6	Actions taken in response to incidents of corruption.	●	28	Active Ethical Management Activities
	SO7	Public policy positions and participation in public policy development and lobbying.	●	28	Active Ethical Management Activities
Compliance	SO8	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	●	25	Material Lawsuits
Local communities	SO9	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes.	●	20-22	Healthy Game Culture
	SO10	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	20-22	Healthy Game Culture
<b>Social: Product Responsibility</b>					
Customer health and safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures.	●	24	Customer Delight Management
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	●	24	Customer Delight Management
Product and service labelling	PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	●	24	Customer Delight Management
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	25	Material Lawsuits
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	25	Kangwon Land's Annual Customer Satisfaction Index
Marketing communications	PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	●	56	Service Responsibility
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes.	●	56	Service Responsibility
Customer privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	29, 56	Information Security, Compliance with Protection of Personal Information
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	25	Material Lawsuits

Awards			
No.	Award	Date	Institution
1	Minister of Strategy and Finance's citation at the 2011 Social Contribution Corporate Awards	2011.10	Hankyung Newspaper
2	Green Construction Industry Awards, leisure industry sector	2010. 9	JoongAng Ilbo
3	The Company of Korea 2010, Social Contribution grand prize	2010. 2	
4	2009 Brand of the Year (Ski Resort)	2009. 9	Korean Customers' Forum
5	1st place in KCSI (Korean Customer Satisfaction Index) (Ski Resort)	2009.9	KMAC
6	2009 Award for IR activities, Internet/Entertainment sector	2009.6	
7	The Company of Korea 2009, Management Innovation grand prize	2009.4	
8	High1 Resort selected as the ski resort people want to visit the most	2008.12	KoLe
9	1st place at KNPS (Korea Net Promoter Score) (Ski Resort)	2008.12	KMA
10	Social Contribution Corporation, Culture and Arts sector (2nd consecutive year)	2008.11	
11	2008 Human Resources Management Award	2008.10	
12	High1 Ski Resort winning 1st place in customer preference for 2nd consecutive year	2008.2	Korea Gallup
13	Grand prize at the Management of Sharing Awards	2008.2	
14	2007 Social Contribution Corporate Awards, Regional economic development sector	2007.10	

Certifications (as of 2011)			
Year	Organization	Year	Regional Association
1999	Korea Employers Federation	2004	Yeongwol Court Civil Conciliation Committee
2000	Institute of Internal Auditors	2005	Crime Victim Support Center in Yeongwol
2001	Korea Chamber of Commerce & Industry	2005	Ministry of Justice Crime Prevention Committee, Yeongwol Regional Council
2001	Korea Personnel Improvement Associate	2006	Jeongseon-gun Court Civil Conciliation Committee
2004	Korea Productivity Center	2006	Living Safety Association
2005	Gangwon Employers Federation		
2007	Korea Listed Companies Association		
2007	Samsung Economic Research Institute		
2011	Korea Suggestion System Association		



## We Value Your Opinion

Kangwon Land strives to disclose faithfully its activities on sustainability management through this report. We would love to hear your opinion to improve our report further.

Please send your feedback to: Fax (82+33-590-3260), E-mail (sustainability@high1.com)

### 1. In which group do you belong?

- Shareholder     Customer     Partner Company     Employee     Community  
 NGOs     Government agency     Research Institute, Academia     Other

### 2. Which section of the report are you most interested in? (Multiple Answers Allowed)

- Introduction to Kangwon Land     Code of Ethics     Efforts for the Community  
 Efforts for Customers     Efforts for Partner Companies  
 Efforts for Employees     Efforts to Make a Cleaner Environment  
 Efforts to Create More Value

### 3. What needs to be improved in the next report? (Multiple Answers Allowed)

- Introduction to Kangwon Land     Code of Ethics     Efforts for the Community  
 Efforts for Customers     Efforts for Partner Companies  
 Efforts for Employees     Efforts to Make a Cleaner Environment  
 Efforts to Create More Value

### 4. Please rate your satisfaction with this report.

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
- I am generally satisfied with the report.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
- The report is easily understandable.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
- The content of the report is reliable.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
- The design expresses Kangwon Land effectively.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
- I can trust Kangwon Land.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### 5. Please state any further comments on the Kangwon Land's Sustainability Report.

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# Kangwon Land Sustainability Report 2011

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