



# KANGWON LAND

## SUSTAINABILITY REPORT 2014



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KANGWON LAND SUSTAINABILITY REPORT 2014



## About This Report

This report, which is the fifth Sustainability Report published by Kangwon Land, is designed to disclose Kangwon Land's performance and achievements in sustainability management for 2013 and 2014, to the public in the clearest and most transparent fashion possible so as to establish a relationship based on meaningful communication and trust between the company and stakeholders.

### Reporting Standard

The report was developed by conforming to the 'core' option of the G4 Guideline of the GRI (Global Reporting Initiative), which is the international standard for sustainability reports. The Core option means that the report was planned and composed based on information that is considered important both to Kangwon Land and to stakeholders.

### Reporting Period

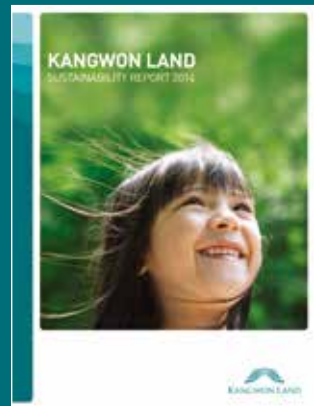
The report includes information about the performance achievements collected between January 1, 2013 and December 31, 2014, as well as certain performances posted up until February 2015 according to the importance of the information. Details of the quantitative performances include information for the three years from 2012 to 2014. Henceforth, Kangwon Land plans to publish sustainability report every year.

### Reporting Boundary

The report covers the entire area of Kangwon Land's management status and performance. Some of the performances of investment companies and subsidiary companies are included in the company introduction and the regionally connected business. As for partner companies and local communities, their performances are included in the sections on the promotion of partner companies' social responsibility and local community investment.

### Assurance

The report was verified by Det Norske Veritas and Germanischer Lloyd (DNV GL), to improve the accuracy and reliability of the report's contents. The supplementary points and improvements suggested by the DNV GL have been reflected in the report.



## Cover Story

Kangwon Land is leading the way in implementing sustainability management in order to realize new vision of 'an eco-friendly integrated resort that creates a happy leisure culture'. The cover design of the 2014 Sustainability Report, created using the graphic motif of CI to embody Kangwon Land's vision, expresses a desire to grow together with stakeholders and be happy together.



Kangwon Land's 2014 Sustainability Report was planned and drafted according to three management policies, namely, 'fair and transparent public management', 'creative management for the future,' and 'happy management that satisfies everyone'. Kangwon Land's sustainability management is operated organically by integrating three core management policies.

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## CEO Message



We will create an eco-friendly integrated resort that creates a happy leisure culture!

Ever since its establishment in 1998, Kangwon Land has continuously developed with the local community's interest and support, achieving balanced development between local regions and improving local residents' standard of living by promoting the economy of the abandoned mine region which has fallen below broader society standards both economically and socially

As a public company, Kangwon Land pursues public concern as well as profitability at the same time, and maintains a healthy balance by creating direct and indirect economic influences in the abandoned mine region, and by providing good-quality employment and social welfare to stakeholders including local residents.

Kangwon Land has now established its Vision 2030 in order to contribute to improving customers' quality of life and to make a new leap forward as a casino-centered integrated resort that creates a new leisure culture in harmony with nature. Please support our consistent and dedicated efforts to take a big step closer to the local community and our customers, under our new vision of 'an eco-friendly integrated resort that creates a happy leisure culture'.

I am pleased to disclose the company's achievements of the previous year to our stakeholders, on the occasion of the publication of our fifth Sustainability Report. This report mainly covers the company's performances in 2014 in the areas of trust, communication, expansion of public concern, sharing and coexistence according to Kangwon Land's principal management policies including public management, creative management, and happy management.

### **We pursue fair and transparent public management.**

Kangwon Land has reestablished the ethical management promotion system and strengthened its ethical practice capabilities as well as its internal regulations to be reborn as 'an honest leisure corporation that meets its obligations as a public company'. In addition, it has introduced and expanded the customers' 'gambling self-control system' and the electronic card system, and has heavily promoted responsible gambling within the business site to create a healthy gambling culture.

We have also expanded rehabilitation and healing programs for gambling addicts, including the opening of the social enterprise High1 Bakery. Kangwon Land will ensure that it meets and exceeds stakeholders' expectations in fair and transparent management activities according to the principles of integrity and ethics without compromise.

### **We will build creative management for the future.**

Kangwon Land has developed integrated connecting products designed to attract more Chinese tourists, while strengthening the service system for customer satisfaction to reinforce the resort's competitiveness. Along with the successful advance of the MICE (Meeting, Incentives, Convention, and Exhibition) business, we have also achieved outstanding triumphs by hosting large scale events such as conferences and workshops every year. We have accelerated our support for new businesses including the establishment of the High1 Choo Choo Park to build a solid tourism infrastructure around the High1 Resort and to promote the local community. Meanwhile, we will continue strengthening our efforts to secure future growth engines.

### **We realize happy management that satisfies everyone.**

The development of Kangwon Land has been consolidated with the satisfaction and happiness of our stakeholders. Last year we made tireless efforts to promote our stakeholders' happiness by performing diverse activities aimed at creating jobs and promoting the economy of local residents; reinforcing our partner companies' capabilities and promoting their social responsibilities; operating an eco-friendly resort; and expanding our social contributions to the local population. Firm in the conviction that our stakeholders' happiness is Kangwon Land's driving force, we will strive to implement social responsibility and sustainability management.

Furthermore, Kangwon Land's performance of sustainability management has been internationally recognized. The company has maintained status in the Dow Jones Sustainability Index (DJSI) for two consecutive years, and been selected as a Green Company by the Ministry of Environment. Kangwon Land promises you that, we, as members of a leading national integrated resort that makes an abandoned mining community prosperous and brings happiness and satisfaction to its customers, will fulfil our mission and social responsibilities in order to continue to develop as a corporation that is trusted and respected by our stakeholders.

Thank you for your support and cooperation. We look forward to your continuous encouragement.

할 승 희

CEO of Kangwon Land  
Hahm Seung Heui



## 2014 Highlights



### Appointment of Hahm Seung Heui as CEO

Hahm Seung Heui has been named the new chief executive officer, assuming his new role on November 14, 2014. The management goals for 2015 were established as an 'transparent and elegant eco-friendly resort' for Kangwon Land's new leap forward, the establishment of public concern activities, and the improvement of creativity.



### Company maintains its status in the DJSI for second consecutive year

In October 2014, Kangwon Land was externally recognized for its excellent sustainability management activities, becoming the first Korean resort business to maintain its status in the DJSI for second consecutive years.



### Opening of High1 Bakery

Kangwon Land's High1 Bakery, which was established to help rehabilitate gambling addicts, was officially launched after a trial run.



### Built the Water Park

On November 14, 2014, HIn August 2014, the construction of the Water Park for the High1 Integrated Resort was initiated, with a total budget of 167.2 billion. The water park will cover 30,287m2 and feature spa, indoor water rides, water slides, and many other amusement facilities.



### Acquisition of the ISO 50001 energy management system certificate

In December 2013, Kangwon Land became the first resort business in Korea to acquire the ISO 50001 certificate of international energy management for its entire business areas (hotel, casino, resort, and convention).



### Designation as a Green Company by the Ministry of Environment

Kangwon Land was designated as 2014 Green Company by the Ministry of Environment in recognition of its eco-friendly resort management including its advanced water purification system of purifying underground water in the abandoned mine, utilization of renewable energy, and improvement of energy efficiency.



### Winner of the Grand Prize for local community development at the Social Contribution Corporate Awards

Kangwon Land won the Grand Prize in the Local Community Development category at the 2014 Social Contribution Corporate Awards in recognition of its 'local-intimate type of social contribution' activities.



### Recipient of the Grand Prize for Health and Safety Activities from the Minister of Employment and Labor

Thanks to efforts to reinforce its partner companies' health and safety, including coexistence and cooperation program, support for risk assessment, and visiting educational program, Kangwon Land won the award of the Minister of Employment and Labor for Health and Safety Activities at the "conference of large companies excellent cases in safety, health, coexistence and cooperation" held by the Korea Occupational Safety & Health Agency (KOSHA).





# Economic Effects of Kangwon Land

Main performances of value distribution \*As of the end of December 2014 (unit: 100 million won)

Kangwon Land, as a public corporation established to vitalize the local economy in the abandoned mine region, generates indirect economic effects by distributing its economic achievements to shareholders, customers, employees, the local community, and the government. It pursues coexistence and prosperity with stakeholders by distributing the economic value originating from its business activities to tax payment, job creation and the improvement of social welfare in the abandoned mine community, and support for companies' growth in the abandoned mine region.



**Main Issues**

- Understanding customers' needs and reflecting them in policies
- Pursuit of customer satisfaction management
- Establishment of a healthy gambling culture

Results of customers' satisfaction survey **83.6** points

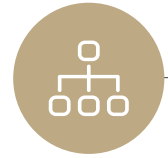
Budget for the establishment of a healthy gambling culture **112**



**Main Issues**

- Increase of shareholder value

Dividend **1,723**



**Main Issues**

- Profit generation of subsidiary companies

Investment in High1 Choo Choo Park **750**

Investment in High1 Sangdong Theme Park **434**

Investment in High1 Entertainment **647**

\* The abovementioned amounts of money were executed by Kangwon Land by 2014.



**Main Issues**

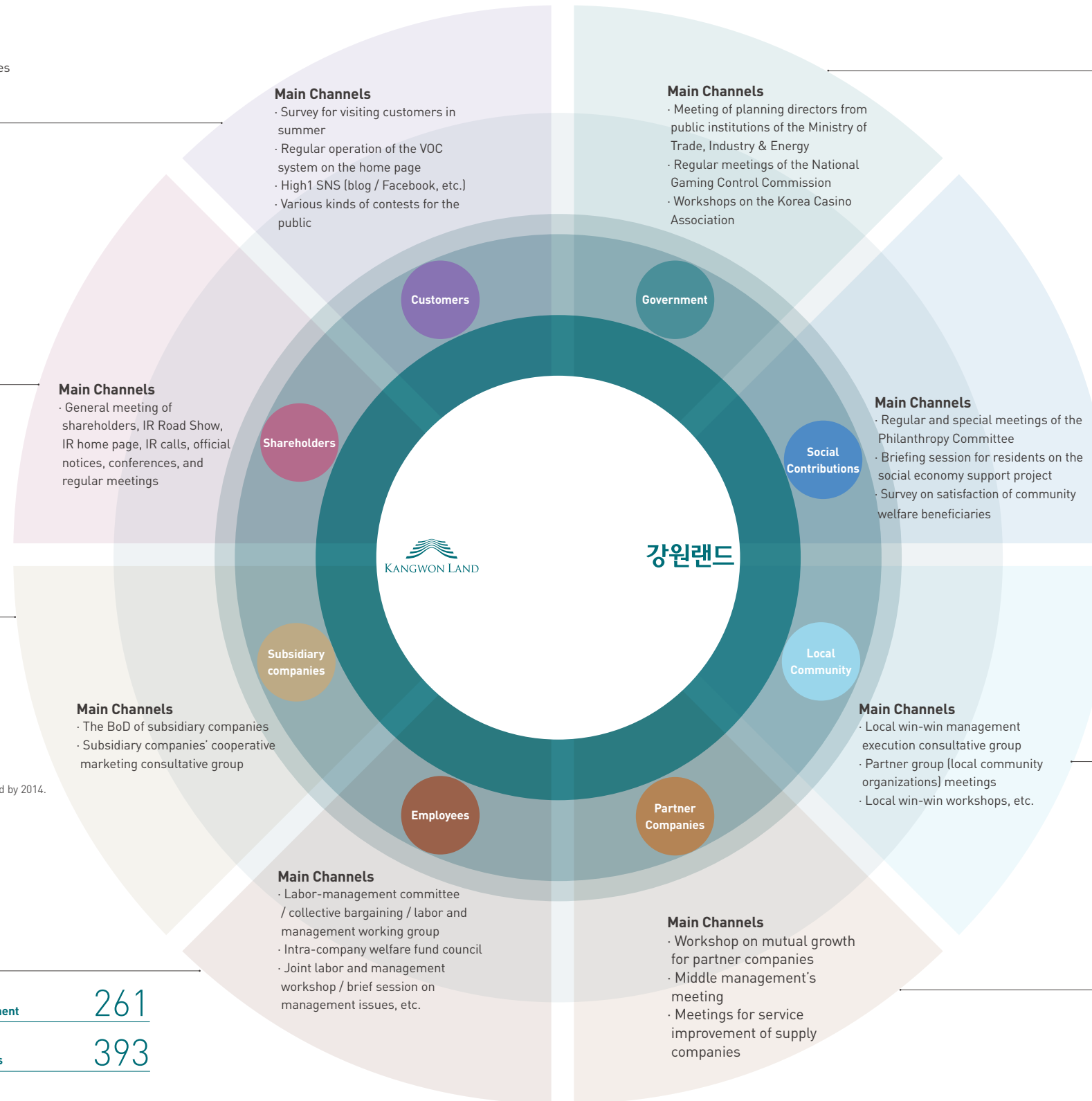
- Improvement of management and organization culture
- Establishment of a corporate culture of participation
- Establishment of a labor-management win-win culture
- Joint problem-solving activities

Total No. of employees **3,048**

Salary **2,201**

Severance payment **261**

Welfare benefits **393**



**Main Issues**

- Mutual exchange of information on industrial trends
- Minimization of government regulation



Corporate tax **1,366**

Development fund for the abandoned mine region **1,434**\*

Tourism promotion and development fund **1,417**\*\*

Individual consumption tax **700**\*\*\*

\* Kangwon Land donates 25% of its pre-tax profits for the economic revival of the abandoned mine region as its development fund. (The Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas)

\*\* The company contributes to the government's finances by paying a certain amount of money within 10% of casino sales, as its Tourism Promotion and Development Fund. (The Tourism Promotion and Development Fund. (The Tourism Promotion Act))

\*\*\* The company pays 4% of the casino sales as individual consumption tax, and 30% of its individual consumption tax as education tax. (The Individual Consumption Tax Act)

**Main Issues**

- Improvement of living standards of vulnerable social groups in the local community
- Contribution to vitalization of the community's economy



Community welfare **60**

Sharing culture **19**

Local events **19**

Local revitalization **10**

Educational scholarship **37**

Other supports **18**

**Main Issues**

- Reasonable resolution of local problems
- Mutual development with the community



Member stores for High1 Points **976**

Results of Points Usage for 2014 **197**

**Main Issues**

- Promotion of field management
- Sharing of achievements and mutual growth



Contracts in the abandoned mine region **739**

Job creation in the abandoned mine region **1,614** person





# 01

## INTRODUCTION

Kangwon Land, which was established with the goal of achieving locally-balanced development and improving the quality of life of the local residents aims to become an eco-friendly integrated resort that creates a happy leisure culture in accordance with core values of passion, trust, and change.

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# Overview of Kangwon Land

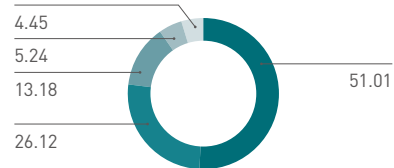


## Current status of shareholders

Base Date: December 31, 2014

- Public stock
- Foreigners
- National institutions
- Treasury stock
- Individual

Unit: %



## Shareholder Distribution in the Public Sector

Base Date: December 31, 2014

Institutions	shares (%)
Mine Reclamation Corporation.	36.27
Gangwondo Development Corporation.	6.11
Jeongseon-gun	4.90
Taebaek-si	1.25
Samcheok-si	1.25
Yeongwol-gun	1.00
Gangwon-do Provincial Office	0.23

※ The public sector holds over 51% of the shares as the casino business' public concern and efficiency (based on The Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas).

## 'Transparent and Elegant Eco-Friendly Resort'

Kangwon Land was established on June 29, 1998 as a casino and resort business based on The Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas. It provides the best facilities and services as an 'Transparent and Elegant Eco-Friendly Resort'.

Kangwon Land casino is the only casino wherein the admission of local Korean nationals is permitted legally, providing various accommodation facilities such as hotel rooms, golf-ten, and condominiums. In addition, it is equipped with tourist attraction facilities including ski resort, golf course, convention center, and observation gondola.

(unit : million won)

Company Name	Kangwon Land Inc.
CEO	Hahm Seung Heui
Total Assets	3,375,127
Total Sales	1,496,541
Operating Profit	513,172
Net Profit	359,349
No. of Employees	3,048
Address of Head Office	265, High1 Road, Sabuk-eup, Jeongseon-gun, Gangwon-do

## Main Functions and Roles

### Vitalization of the Abandoned Mine Region's Economy

To achieve balanced development between local regions and to increase residents' revenues in the abandoned mine region, by elevating the stagnant local economy of the abandoned mine region caused due to the decline of the mining industry.

### Promotion of Social Welfare in the Abandoned Mine Region

To implement various projects including establishment of the Philanthropy Committee, operation of the Kangwon Land Welfare Foundation, social volunteer group activities, and local cooperation projects among four neighboring cities and counties (Jeongseon-gun, Taebaek-si, Samcheok-si, and Yeongwol-gun).

### Establishment of a Wholesome Casino Culture

To establish and promote a healthy gambling environment and to conduct counseling and healing activities related to gambling addiction through the Gambling Addiction Center.

### Improvement of the Local Tourism Industry in the Abandoned Mine Region

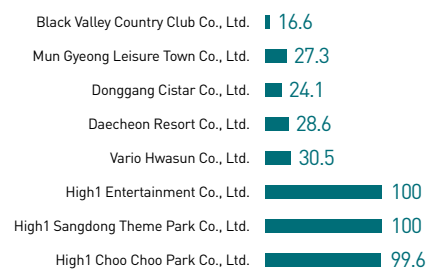
To develop the area as a tourism center by connecting with the abandoned mine region, and to improve the national competitiveness of the tourism industry.

## Current status of subsidiary companies

Base Date: December 31, 2014

- Shares of Kangwon Land

Unit: %



※ Kangwon Land has eight subsidiary companies, of which the largest shareholder is Mine Reclamation Corporation.

## Brand Structure

Kangwon Land's main brand is centered on High1 Resort and is composed of Kangwon Land Hotel, Convention Hotel, Kangwon Land Casino, High1 Ski, High1 C.C, High1 Hotel, Valley Condominium, Mountain Condominium, and Hill Condominium.

C.I



## Current status of facilities / Main functions and roles

<b>Hotels</b>	Kangwon Land Hotel (477 rooms), Convention Hotel (250 rooms), High1 Hotel (197 rooms), High1 Condominium (903 rooms)
<b>Casino</b>	200 table games and 1,360 machine games
<b>Golf</b>	High1 C.C 18 holes (public course)
<b>Ski</b>	High1 Ski (18 ski slopes, 6 ski lifts, 3 gondolas)

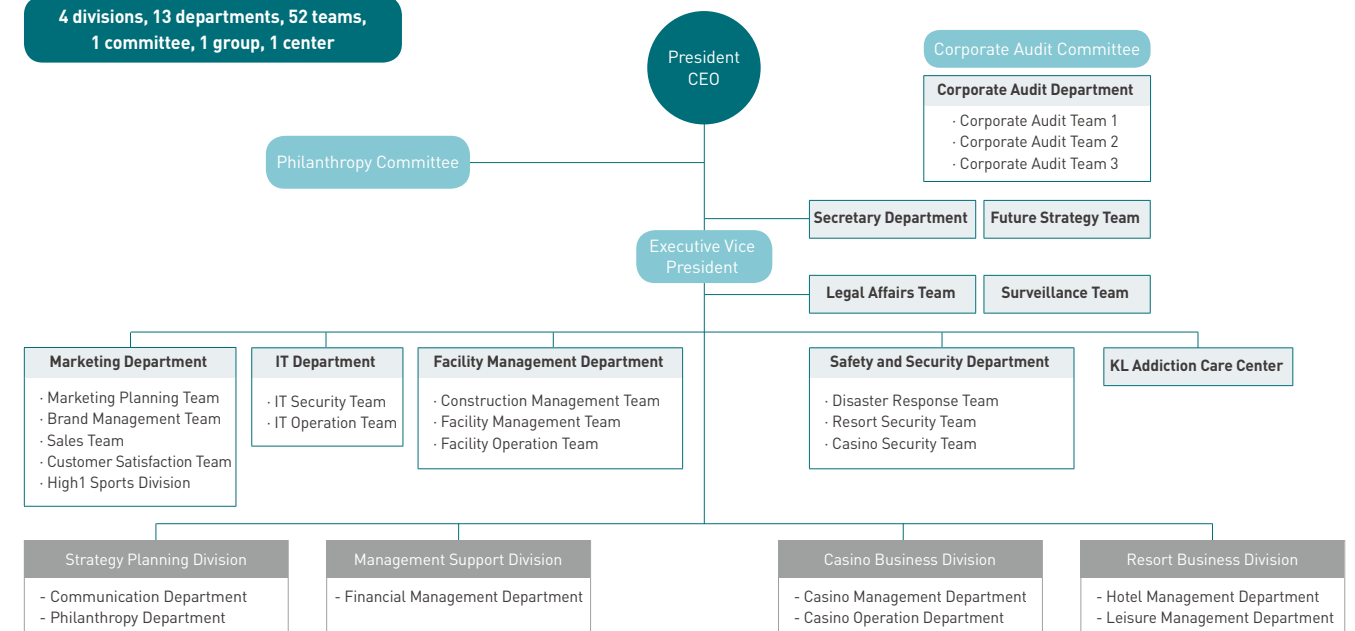
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## Organization Chart

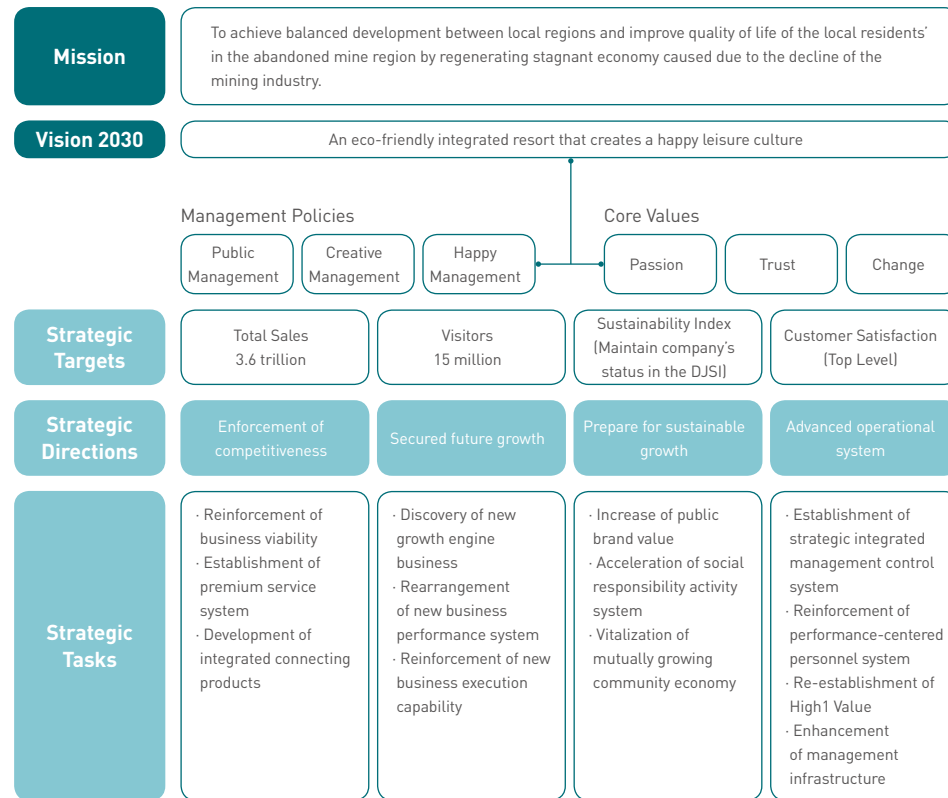
In February 2015, Kangwon Land reorganized its structure into 4 divisions, 13 departments, and 52 teams to strengthen social contributions, improve customer services, implement disaster countermeasures, and promote public communication. Under these organizational reforms, the Customer Satisfaction Team, Brand Management Team, Disaster Response Team, and Communication Department were all newly established, while the Future Strategy Team was rearranged under the direct supervision of the President/CEO to develop new projects and revenue models.

4 divisions, 13 departments, 52 teams, 1 committee, 1 group, 1 center



# Vision and Strategy

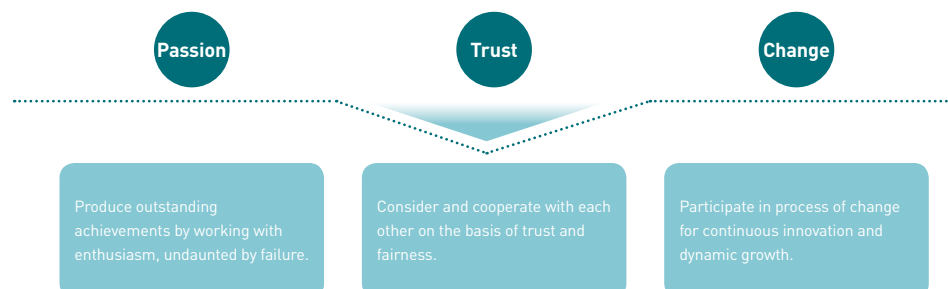
## New Management Strategy Structure



## Signification of Vision



## Core Values



## Sustainability Management Strategy

Kangwon Land has established sustainability management strategy that are connected with its management vision, and has been carrying out the necessary tasks to achieve the same. It aims to contribute to the sustainable development of the Korean society by executing sustainability strategy for continuous sales growth, amendment of social side effects, vitalization of the local economy in the abandoned mine region, and the realization of an eco-friendly resort.



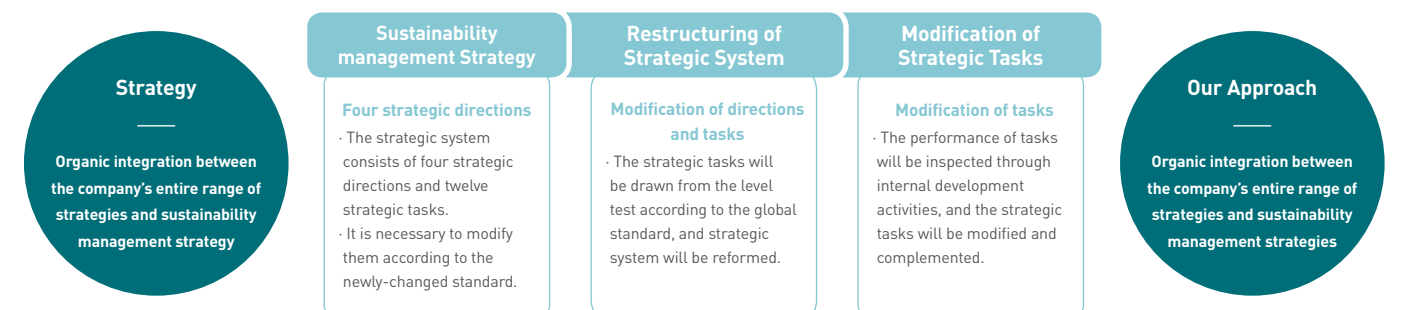
MEMBER OF  
**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

**Kangwon Land has maintained status in the DJSI for second consecutive years.**

Kangwon Land's sustainability management activities are internationally recognized as of 2014, as it has maintained its status in the DJSI for second consecutive years — a first for as a Korean resort business. Kangwon Land continues to strive for sustainability development through socially responsible management practices and environmental management practices as well as pursuing profit.

## Sustainability management Strategic System

Kangwon Land will reform sustainability management strategic system, which will relate to the company's entire range of strategy and management policies, and the trend of the resort and gambling industry in order to pursue strategic sustainability management. To that end, it conducts the level test according to the global sustainability management standard, draws strategic tasks from the result, and reflects them in internal improvement activities. The strategic tasks will be inspected and monitored on annual basis, and continuously modified and complemented.





# Establishment of Sound Governance



## Composition of Board of Directors

Kangwon Land's Board of Directors is composed of 15 directors including two executive directors, five non-executive directors, three audit members who are also external directors, and five external directors. Under the Board of Directors are the Corporate Audit Committee and the External Director Candidate Nomination Committee. Experts in the areas of economy, environment, and society will be appointed as the External Directors to contribute to the developmental performance of sustainability management by offering expert advice and proposals concerning management.

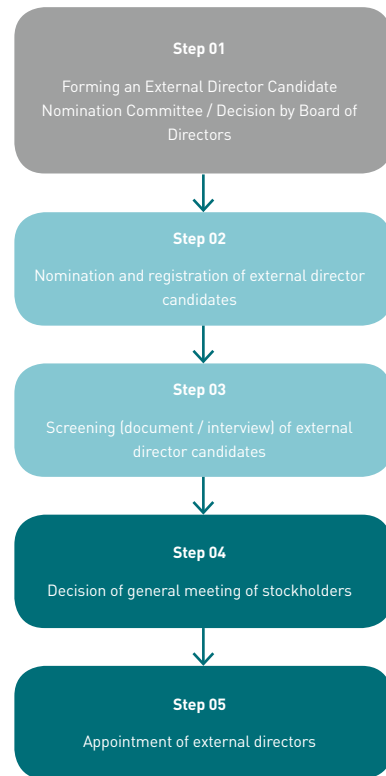
## Appointment Procedure and Term of Service of Directors

The appointment procedure and the term of service of the directors conforms to the Act on the Management of Public Institutions and the company's articles. Kangwon Land set up the Executive Director Nomination Committee, which is a non-permanent body and establishes regulations for the committee. The Executive Director Nomination Committee is formed and operated by the Board of Directors, and more than half of the members of the committee serve as external directors.

External directors form the majority of the members of the External Director Candidate Nomination Committee, which is a non-permanent body, to select external directors in a fair and independent manner. The external director candidates selected by the External Director Candidate Nomination Committee will be appointed through the general meeting of stockholders. The directors' term of service is three years from their appointment, and they may only serve one consecutive term of office.

The vice mayors of the abandoned mine region are appointed as directors to use the expertise of the non-executive and external directors and to encourage the cooperation of stakeholders.

### Appointment Procedure for External Directors



## Formation of the Board of Directors

As of March 2013

Members	Appointment	Name	Position
Executive directors	President/CEO	Hahn Seung Heui	· Previously worked as a prosecutor at District Prosecutors' Offices · Previously served as a member of the 16th National Assembly
	executive vice president	Kim Kyung-chung	· Formerly worked as an MBC Reporter · Previous Vice President of BR KOREA
		Park Byung-Chan	· Current Chief of the Coal Department, Ministry of Trade, Industry and Energy (MOTIE)
Non-executive directors		Myeong Soo-Hyeon	· Currently serving as the Tourism Promotion Team Manager of the Tourism Industry Bureau, Ministry of Culture, Sports and Tourism
		Won Myeon-Sik	· Currently serving as the chief of the Coal Area Promotion Division of the Mine Reclamation Corporation (MIRECO)
		Choi Joong-Hoon	· Currently serving as the Director of the Economy Promotion Bureau of Gangwon-do Provincial Office
		Jang Dae-Soon	· Currently serving as the Vice Mayor of Jeongseon-gun, Gangwon-do
		Park Soo-Hoon	· Previously served as the head of the Mine Dept., Ministry of Energy & Resources, and the Ministry of Knowledge Economy
Audit members who are also external directors		Jeon Hyeon-Cheol	· Currently engaged as an advisor with Anjin LLC
		Kim Ho-Beom	· Currently serving as the Vice Chairman of Gangneung-si Municipal Chapter of the National Unification Advisory Council
		Park Dae-Yin	· Currently serving as the Vice Mayor of Yeongwol-gun, Gangwon-do Province
External directors		Cho Jang-Hyeon	· Currently serving as the Vice Mayor of Taebaek-si, Gangwon-do Province
		Cha Dong-Rae	· Currently serving as the chief of the Coal Area Promotion Division of the MIRECO
		Choi Geyong-Sik	· Currently serving as the Chairman of the Joint Committee for Saving Gohan-eup, Sabuk-eup, and Nam-myeon
		Choi Seong-Cheol	· Currently serving as the Vice Mayor of Samcheok-si, Gangwon-do Province

## Evaluation and Compensation of the Board of Directors

The directors' compensation package is composed of a basic annual income, a management performance-based bonus, and severance pay. The total sum of a director's compensation is decided during a stockholder's general meeting in order to compensate his/her contributions to management

triumphs as well as to provide appropriate motivation. The Board of Directors bases decision regarding the performance-based bonus on the executive directors' annual management performance.

The bonus for executive directors consists of up to 50% of their basic annual income according to the decision of the Board of Directors, with their management performance in areas such as sales, operating profit, and current net income taken into consideration. The limit of the directors' compensation for 2014 was fixed as the level of the previous year to implement the government's normalization policy for public institutions. The executive directors were paid KRW 144.9 million in total.

### Details of Compensation Payment for External Directors and Audit Members\*

Basic Date: End of December 2014, Unit: thousand KRW

Members	No. of Persons	Total amount of compensation	Average amount of compensation per person
External Directors	3	14,049	4,683 [2,266/month]
Audit Committee Members or Auditors	2	13,596	6,798 [2,266/month]

\* 1) Period of Payment: October - December 2014 (Two external directors were appointed in November. Their salary was calculated by dividing starting from the first day at work.)  
2) As one of the three audit members is a public service employee, compensation is not paid to that person.  
3) The company does not grant a stock option.

### Details of Compensation Payment for Executive Directors

Basic Date: End of December 2014, Unit: thousand KRW

	Basic Annual Income	Bonus	Total
President/CEO	158,520	79,260	237,780
Executive Vice President	131,460	65,730	197,190
<b>Total</b>	<b>289,980</b>	<b>144,990</b>	<b>434,970</b>



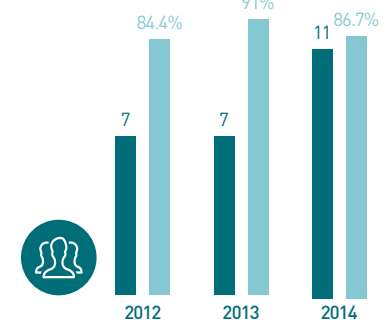
Kangwon Land's Board of Directors

## Audit Committee

Kangwon Land operates the Audit Committee, which is composed of three audit members who are responsible for monitoring independent management activities, audits of the internal accounting management system, and accounting audit; conducting anti-money-laundering activities; and handling violations of internal regulations. All of the members of the Audit Committee are external directors, but one audit member serves as an expert in accounting and finance in accordance with the Enforcement Decree of the Financial Investment Services and Capital Markets Act. The chief of the Audit Committee is elected from among those audit members who are also external directors. The company will continue to reinforce policy monitoring function by strengthening audit performances in order to maintain effective checks and balances of policies.

### Status of Board of Directors' Meetings

- Number of Board of Directors' Meetings
- Attendance Rate of Board of Directors (%)



### Current Status of Board of Directors' Major Decisions

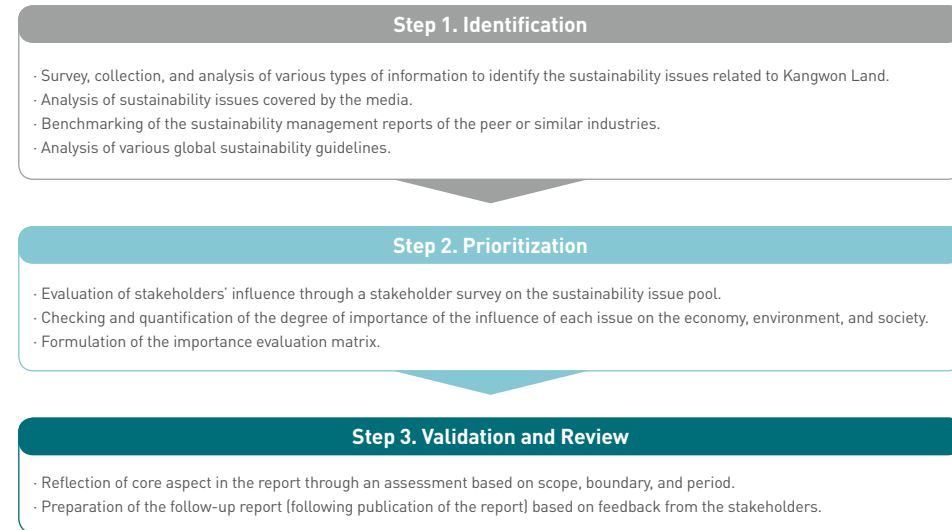
Meeting	Date	Agenda Items
122th	Feb. 2014	· Formation and operation of the Executive Director Nomination Committee · Regulations on salary payment and annual salary system
123th	Mar. 2014	· Supplementary revised budget for personnel expenses for 2013 · Change of investment in High1 Sangdong Theme Park / High1 Switch Back Resort for voluntary retirement · Additional investment in High1 Sangdong Theme Park / High1 Switch Back Resort · Revision of regulations related to the Executive Nomination Committee
125th	Mar. 2014	· Formation and operation of the Executive Director Nomination Committee · Formation and operation of the External Director Candidate Nomination Committee
126th	Apr. 2014	· Appointment of a person to act on behalf of the president/CEO · Extension of the delegation contract year for managing directors
127th	Jun. 2014	· Plans concerning the selection of attendees for the education program · Supplementary revised budget for employee benefits for 2014
128th	Sept. 2014	· Revision of rules related to improvement of reckless management · Modification of a part of the company's articles
129th	Sept. 2014	· Formation and operation of the Executive Director Nomination Committee · Convocation of the 18th special general meeting of stockholders · Revision of the personnel policy
130th	Oct. 2014	· Revision of the rules related to improvement of reckless management · Planning of appointment of directors
131th	Oct. 2014	· Supplementary revised budget for other investment (housing stabilization fund) for 2014
132th	Nov. 2014	· Appointment of the president/CEO and executive vice president · Revision of the personnel policy
133th	Dec. 2014	· Revision of the rules related to the wage and collective bargaining agreement for 2014 · Budget for the fiscal year 2015

# Materiality Assessment



Kangwon Land gathered and analyzed the opinions of the stakeholders through various channels and methods of analysis in order to select material aspect for the Sustainability Management Report. It also examined the interests of the stakeholders in each area of economy, environment and society by conducting a survey of stakeholders in order to consider and determine priorities with regard to sustainability management activities. The core issues were established by considering the relevant elements, such as international guidelines and regulations on sustainability, benchmarking, and media analysis, and by analyzing them comprehensively in order to assess the influence of sustainability issues on economy, environment, and society. The results of the evaluation of those material aspect are faithfully reflected in the Sustainability Management Report to meet the expectations of the company's stakeholders.

## Methodology of Materiality Assessment



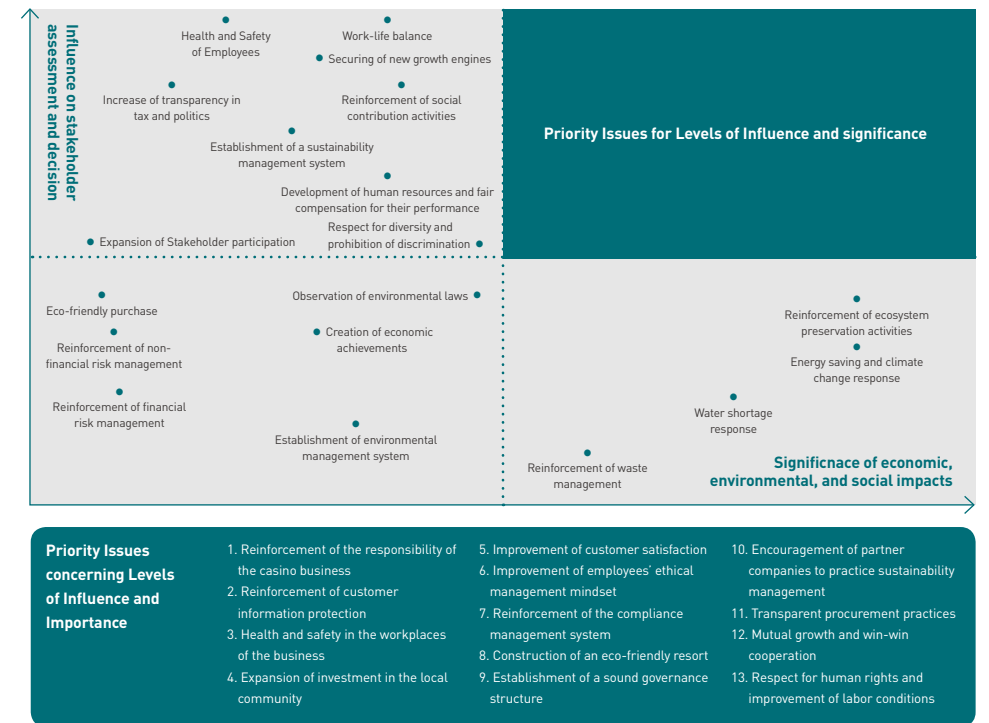
### Step 1 - Identification

Kangwon Land has conducted various tasks including reviews of the CEO's management policies and the internal performance report, media analyses, checking of sustainability issues of the global resort and gambling industry, and international standard analysis of sustainability to establish issues related to the company's sustainability management. As a result, a total of 32 relevant issues were identified.

### Contents of Main Analysis

<b>Internal Data</b>	Management policies, management goals for 2015, sustainability management strategies, business plans and evaluation.
<b>Media</b>	Analysis of 1,195 media articles related to sustainability management (out of 8,132 cases of media coverage of Kangwon Land in 2014) - Economy (43.5%) and society (49.5%) are the main focus of coverage.
<b>Benchmarking</b>	Comparison and analysis of excellent corporations in terms of sustainability management in the global resort and gambling industry → High-ranking issues include efficiency of resources, community relations, customer safety, ethical management, and labor practices.
<b>CSR Guideline</b>	Global international guidelines on sustainability such as the GRI G4 guidelines and ISO 26000, SASB, etc.
<b>Survey</b>	Global international guidelines on sustainability such as the GRI G4 guidelines and ISO 26000, SASB, etc.

### Step 2 - Prioritization



### Step 3 - Validation and Review

Core Issues	Boundary of Report					GRI Aspect	Contents
	Shareholders	Employees	Customers	Partner companies	Local community		
Establishment of sound governance structure	●	●				Governance structure	Establishment of sound governance structure
Improvement of employees' ethical management mindset				●		Ethics and integrity	Compliance management Ethical management
Reinforcement of law-abiding management system	●	●					
Transparent procurement practices							
Reinforcement of responsibility of the casino business		●	●		●	Customer health and safety	Responsible game culture
Improvement of customer satisfaction		●	●			Labeling of products and services	Improvement of customer services
Reinforcement of customer information protection						Protection of customers' personal information	
Health and safety in the workplaces of the business		●		●		Industrial health and safety	Pleasant workplace
Respect for human rights and improvement of labor conditions		●		●		Employment labor relations	
Construction of an eco-friendly resort		●			●	Energy, discharge, water for industrial uses, waste water and waste	Construction of an eco-friendly resort
Expansion of investment in the local community					●	Local community	Investment in the local community
Mutual growth and win-win cooperation						Evaluation of supply companies' labor practices	Promotion of partner companies' social responsibility
Partner companies' sustainability management		●		●	●		





# 02

## FAIR AND TRANSPARENT PUBLIC MANAGEMENT

Kangwon Land aims to become a trusted public corporation by fulfilling its corporate social responsibility through transparent and appropriate corporate activities. Furthermore, it will minimize the social side effects of the casino business by establishing a game environment consisting of wholesome leisure activities, and develop public management that helps to vitalize the local economy.

Compliance Management	21
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## Compliance Management

Status of education on integrity and ethics Unit: person



Education	2012	2013	2014
*High1 Forum	3,954	2,495	5,394
Sexual harassment prevention	2,754	3,329	3,364
High1 trainees	-	503	94
Education for temporary workers	1,400	962	1,276
**High1 Basic	2,721	2,678	738
**High1 Spirit	2,254	698	1,991
Education for promoted employees	243	59	66

\* High1 Forum: Lecture on business ethics delivered by a guest lecturer for all employees.  
 \*\* High1 Basic / High1 Spirit: Education for each position including the ethical education program.

### Opportunities and Risks

The regulations on fair trade and anti-corruption are becoming increasingly strict not only in Korea but all around the world. Kangwon Land will reinforce law-abiding management by observing the relevant laws and ethics to continue developing as a public corporation.

### Management Approach

Kangwon Land aims to prevent and minimize all kinds of risks caused by violations of regulations, by conducting regular surveillance of employees' practices and restructuring its internal policies and instructions, with a view to establishing law-abiding management as the prevailing organizational culture. Law-abiding management is operated as the fundamental principle that can be applied to the entirety of the company's management activities, and has been reinforced by expanding the internal audit team.

### Achievements and Directions

- Compliance Management Leadership
- Reform of Internal Regulations and Policies
- Reinforcement of Fair Management Practices

### Compliance Management Leadership

#### Top management Resolve to Implement Compliance Management

Kangwon Land's top management is aware that violations of the law can have negative consequences both internally and externally, and that corruption is not only a serious breach of the law but also an obstacle to national economic growth and social development. Corruption is both disadvantageous to the company's competitiveness and a risk element that can result in a loss of trust among stakeholders.

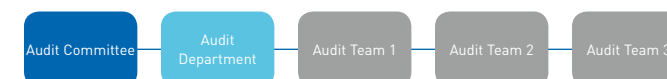
Kangwon Land's President/CEO Hahm Seung Heui emphasizes that all decision making should be performed in a fair, open, and transparent manner in the public interest, and that all employees should be schooled in the philosophy of public interest. Moreover, the CEO has reiterated that the company will take stern measures against acts of corruption such as accepting bribes and embezzling company funds. In particular, he has also expressed his determination to implement Compliance and anti-corruption management, stating, all businesses should transparently disclose to the public their process of selecting operators, and in the event of any doubts concerning a request, intervention or pressure from an external organization, an internal inspector will be appointed to investigate and reveal the truth.

#### Reform of the Law-abiding Management Structure

Kangwon Land has reformed ethical management organizational system in a drive to strengthen Compliance and ethical management performance system. The number of personnel involved in audit activities has been increased by 25, while the number of audit teams has been increased from two to three. Furthermore, Lee Do-hyeong, a former director of National Intelligence Service was appointed from outside as the director of Corporate Audit Department, and the position was raised to the status of an executive director.

Kangwon Land will also employ an inspection expert to reinforce preventive inspection and audit activities as well as daily audit activities to root out acts of corruption and other violations. Important ethical management agendas, violations, and audit results are regularly reported to and handled by the audit committee.

#### Compliance Management Organizational System



President/CEO Hahm Seung Heui's Lecture on Anti-corruption, Integrity, and Ethics



## Reform of Internal Regulations and Policies

### Revision of Kangwon Land's Code of Conduct and Personnel Policy

Under the company's code of ethics, Kangwon Land's executives and employees are prohibited from engaging in speculative entertainment activities and illegal actions in collusion with customers regardless of whether they take place inside or outside the place of business. The company has recently revised code of conduct to establish a sound family-based event culture, prohibiting the offering of money and/or valuables exceeding 50,000 won for family events.

Furthermore, along with the revision of the internal personnel policy, voluntary resignation is not allowed for employees who commit offenses related to corruption. A mandatory clause has been added to enable the company to remove an employee who is awaiting disciplinary action or suspected of corruption from the position and place him/her on the waiting list for appointments. Auditing of internal/external institutions is also ongoing. In addition, the relevant clause has been specified as follows: a person suspected of embezzling public funds or receiving money and/or valuables with an equivalent value of over 2,000,000 won will be reported to the relevant judicial agency and dealt with according to the company's regulation.

investment business of the entire company in order to assess project feasibility and economic efficiency and to prevent risk elements that may emerge in the future. The internal investment deliberation committee – whose vice chief is the company's executive vice president – was established to prevent reckless investments in projects and project insolvency in advance; and conducts deliberations on monthly registered projects including all projects entailing costs of over 100 million won, and on projects whose costs exceed the original budget. As regards construction contracts, the contract deliberation committee reduced the targets of its examination from 300 million won to 200 million won, while the daily audit should henceforth be performed by the audit department on all purchase contracts worth over 5 million won in order to reinforce the transparency and objectivity of contracted works.

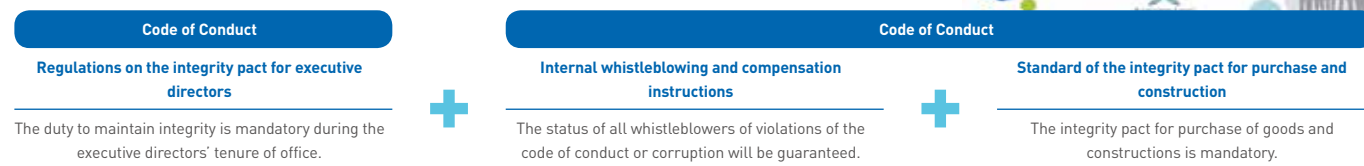
Furthermore, the company formed the social contribution deliberation committee to establish a quantified evaluation standard and improve the process, as there is a growing need to establish and implement a clear support standard for donations, support, and sponsorship connected with the company's social contribution strategies. The committee deliberates on contributions of over five million won, and advertising expenses and event expenses of over ten million won, to concentrate on support for agenda items that are necessary for wider society and for which it is possible to improve the promotion effect and the corporate image in the public interest. The priority support criteria for contributions include projects that are closely associated with the strategic direction for social contributions, public projects, and designated contribution organizations, while those for sponsorship include events that have an objective of public interest or a strong support effect.

## Reinforcement of Fair Management Practices

### Reinforcement of Transparency in Investments, Contracts, and Support

Kangwon Land has founded the internal investment deliberation committee to establish a preemptive and effective control system for the

### Guidelines on the Practice of Compliance Management



## CASE



Kangwon Land uncovered 14 previous and current employees who accepted bribes or embezzled company funds during the self-inspection conducted over a period of seven years from 2008 to 2014, and reported to the Yeongwol Branch Office of the Chuncheon District Prosecutors' Office six cases which impacted serious financial losses. Furthermore, a casino employee was dismissed according to 'principle of zero tolerance' due to the deliberate overpayment of chips on the gaming table. The employee intentionally paid an additional 110,000 won worth of chips to the customer whom conspired with on the game table in September 2014. The employee's corruption was exposed to a colleague and was passed on to the disciplinary committee after an internal audit.

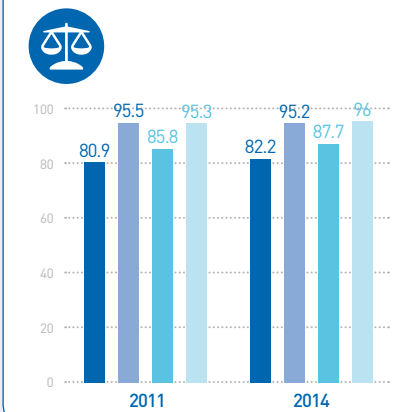
This case was revealed by a prompt report of another co-working dealer. Dealers are responsible for the primary monitoring on the gaming floor. Also, this case was investigated by the surveillance team in charge of secondary monitoring, which included checking of the image data Kangwon Land is actively realizing Compliance management and anti-corruption activities by bringing criminal charges against persons suspected of committing corrupt acts such as embezzlement and the acceptance of bribes, and by immediately dismissing staff members who commit irregularities regardless of the amount of money involved.

# Ethical Management

### Assessment of Employees' Ethical Awareness

Unit: Points  
 Target: all company employees (3,034 people)  
 Period: December 12 ~ 20, 2014  
 Method: Self-administered questionnaire survey (online)

- Recognition of Organizational Culture
- Recognition of Ethical Management
- Recognition of Practice of Ethical Management
- Personal Integrity Level



### Opportunities and Risks

Along with negative perceptions of the company as a gambling business, there is widespread negative public opinion concerning the reckless management of public institutions. Although employees are required to have a strong sense of ethics, their actual ethical practice is insufficient. Now, Kangwon Land shares the bonds of sympathy developed between members of the company, with a view to modifying the company with ethics and integrity, in line with the CEO's determination to weed out corruption.

### Management Approach

With all of its employees observing the regulations and corporate ethics and fulfilling corporate social responsibilities by conducting transparent and appropriate corporate activities, as a leisure company with integrity that performs its duty as a public corporation; Kangwon Land will become a public corporation that is trusted by the public and its stakeholders.

### Achievements and Directions

- Ethical Management Strategy
- Reinforcement of Practical Capabilities regarding Ethics and Integrity
- External Diffusion and Cooperation of a Culture of Integrity

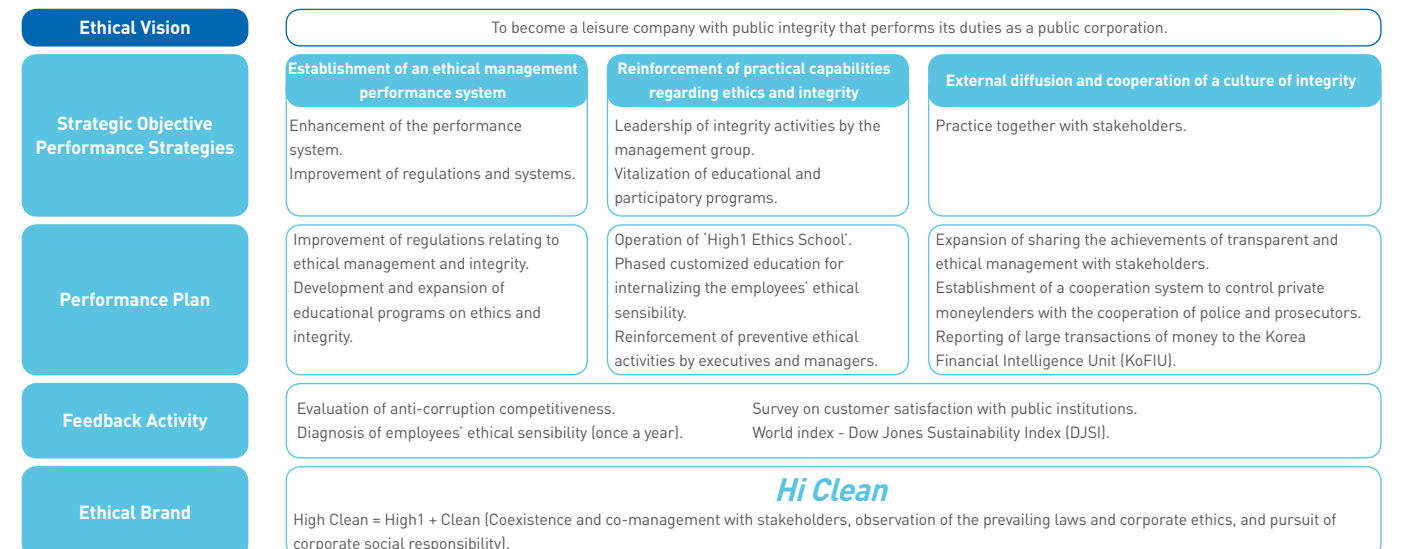
## Ethical Management Strategies

### Performance of Ethical Management Strategies

Kangwon Land, which regards the practice of ethical management as a top priority, aims to become a 'leisure company with public integrity that performs its duties as a public corporation', and has established three performance strategies to that end: establishment of an ethical management performance system, reinforcement of practical

capabilities regarding ethics and integrity, and external diffusion and cooperation of a culture of integrity. Kangwon Land will become a company that is trusted by its stakeholders by making sincere and consistent efforts to practice ethical management and by establishing a clean, transparent, and ethical corporate image.

### Ethical Management Strategy







## Reinforcement of Practical Capabilities regarding Ethics and Integrity

### Leadership of integrity activities by the management group

Kangwon Land's key executives and employees who carry out transactions or works that are vulnerable to corruption or other irregularities pledge to carry out their duties with integrity and to practice ethical activities by writing a pledge of integrity. The company selects and fosters 52 'High Clean Leaders' on the Nomination of heads of each team to play the role of an advance guard responsible for diffusing integrity education and ethical management activities throughout the entire company.

### Vitalization of educational and participatory programs

Kangwon Land operates High1 Ethics School to establish a wholesome corporate culture and organizational discipline. High1 Ethics School, which is a personality and ethical education program for employees, consists of an ethical education course customized for each phase and situation, a course designed to foster internal integrity lecturers, and ethical lectures by invited prominent figures. High1 Spirit, which is a common education course for all employees, consists of education programs customized for each position regarding the sharing of core values and the internalization of ethical sensibility, and practical capabilities. These customized educational programs help employees to share the value of integrity and promote awareness of integrity in the company.

### Measurement of Employees' Ethical Awareness

Improvement tasks concerning ethical management are drawn from the survey on the objective level of employees' ethical awareness and integrity. The results of the survey show that in all areas, except ethical management practice, the employees' level of ethical awareness and understanding has increased compared with 2011. Specifically, the employees are quite relaxed about their own individual sense of integrity and ethical awareness, yet are rather strict about that of the company, making it necessary to bridge the gap between the two. In addition, the company devised a number of tasks aimed at improving the effectiveness of the whistleblowing system, grievance settlement system, disciplinary action, and reward and punishment system, and at developing a detailed program of ethical management practices. These will be reflected in the drawing up of any future plans for the practice of ethical management.

## External Diffusion and Cooperation in the Integrity Culture

### Whistleblowing Center for ethics violations

Kangwon Land operates a whistleblowing system to prevent violations of the regulations and the code of conduct related to employees' work performances as well as non-employees' fraud behaviors. The report targets employees' violations of the code of conduct, including accepting bribes or entertainment, inflicting financial losses on the company or other parties using one's position, and requesting and influencing peddling. As for outsiders, behavior related to employee's unethical acts, the production or distribution of fake chips, cards, and checks, and the manipulation of game results will be reported. The whistleblower's identity will be protected according to the Act on the Protection of Public Interest Whistleblowers and compensation of up to one billion won per person will be paid depending on the severity of the irregularity.

#### Kangwon Land's Whistleblowing Center

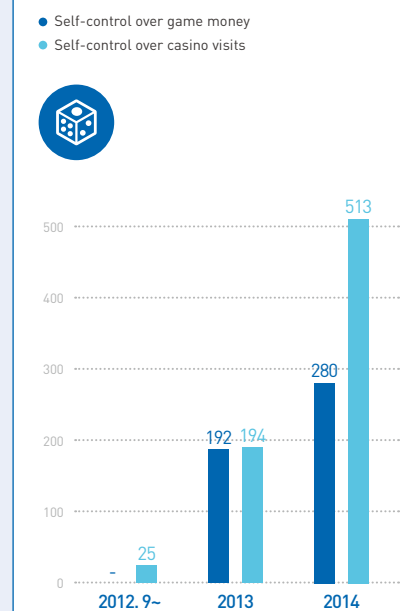


**Visit** | Whistleblowing Team in the Audit Department  
**Tel.** | +82-33-590-3068 Whistleblowing Team in the Audit Department (Weekdays 09:00-18:00)  
**Fax** | +82-33-590-3060 Whistleblowing Team in the Audit Department  
**Internet** | Home page (<http://kangwonland.high1.com>)

# Responsible Game Culture

## Current Status of Use of Self-Control System

Unit: Person



### Opportunities and Risks

Although a legal and sound game culture has a positive effect on tax payments, corporate profits, tourist attraction, and vitalization of the local economy, overindulgence in games has negative effects not only on the person but also on the family, society, and culture. Furthermore, it can have prejudicial side effects for society including a decrease of national productivity, an increase in crime, damage to families, and costly treatment expenses.

### Management Approach

Responsible gambling is one of the core elements of Kangwon Land's sustainability management. Kangwon Land minimizes the casino's side effects by establishing its game environment as a wholesome leisure activity, and is developing positive effects that contribute to the public finances, increase tax revenues, and create jobs.

### Achievements and Directions

- Establishment of a Wholesome Game Environment
- Prevention and Healing of Gambling Addiction
- Education on Wholesome Game Culture for Employees
- Investigation and Research on Gambling Problems

## Establishment of a Wholesome Game Environment

### Decrease of Gambling Addiction and Game Overindulgence through Introduction of the Electronic Card System

The electronic card system, which includes such functions as monitoring the frequency of customer's casino visit (monthly, quarterly, and yearly), game hours, and problem gambler self-diagnosis, was introduced in 2009, while the electronic card system game zone to which the self-loss limit system (restriction on daily purchase limit) is applied has been in operation since 2013. In addition, Kangwon Land carries out compulsory counseling and the compulsory issuance of electronic cards to protect the frequently visited customers. When a customer's frequency of visits reaches over 50 times, the card reader alarms automatically and requests the customer to restrict the entry of casino.

\* Electric Card Zone: A certain (fixed) amount of money will be charged on the electric card instead of the existing cash betting, and can be used for betting.

### Self-control System for Game Money and Casino Visits

Kangwon Land operates a self-control system that allows customers to control their casino game money and casino visits. The self-control system for game money allows a customer to place all means of cash payment – such as all money except the game money set by him/herself as game money for the day, credit card, and wallet – in a locker and retrieve them upon leaving the casino. However, when the customer leaves the casino, he/she cannot re-enter the casino on the same day. The self-control system for casino visits allows a customer to restrict the number of days to visit casino allows a customer to visit casino up to 15 days per month, and in any cases, modification or cancellation of the visit times is not accepted before the period expires. 15 days per month, and any modification or cancellation of the visit times is not possible before the period expires.



### Promotion and Campaign for Responsible Gambling

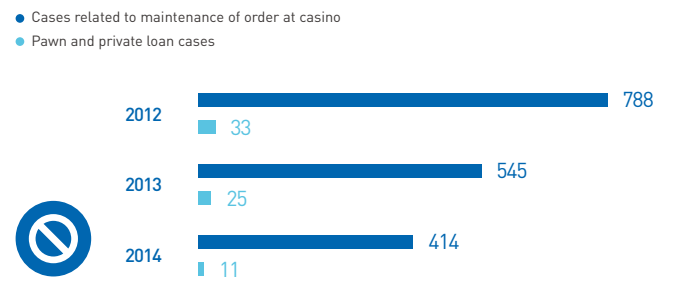
Kangwon Land has opened a counseling center in the casino entrance to provide customers with easier access to effective prevention. Various promotional materials such as wholesome game slogans and prevention comics are displayed in places where customers walk by regularly inside casino, and the company performs online and offline public service advertisements and campaigns. Leaflets in various languages (English, Chinese, and Japanese) are produced and distributed to promote a wholesome game culture and responsible gambling for national and international visitors at Kangwon Land. Moreover, the company continuously carries out preventive activities including the addiction prevention academy and open competitions regarding gambling addiction awareness among others.

### Control of Illegal Acts around the Casino

Kangwon Land monitors the casino and vicinity for illegal actions and uncovers offenses in cooperation with the Financial Supervisory Service, Gangwon-do Provincial Office, Jeongseon-gun Office, and Jeongseon Police Station. Although the number of illegal loan sharks and cases of illegal touting has been reduced due to a consistent crackdown, it seems that these days, such illegal activities have become systematized and hidden. Along with general control, Kangwon Land has deployed a special squad composed of about 40 people in internal and external areas that are vulnerable to illegal actions, to reinforce the presence patrols 24 hours a day in shifts.

When an illegal action is uncovered, the guilty party's access to the casino is limited, and an investigation by a judicial authority will be requested. The company is also promoting a crackdown on illegal private loans all year round using the electronic board and standing signboard in the resort, and has expanded the self-report reward system for customers.

### Results of crackdowns on internal and external illegal actions



### Currency Transaction Reports (CTR) at the Casino

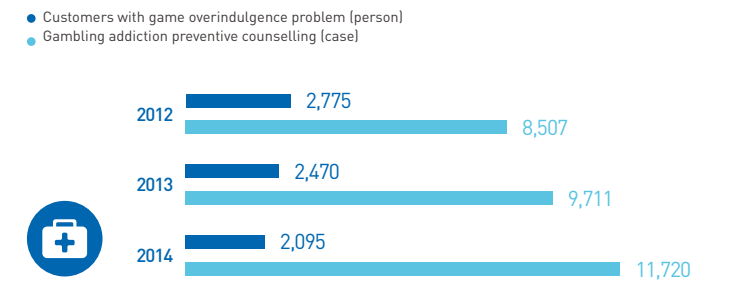
Kangwon Land abides by the Act on Reporting and Using Specified Financial Transaction Information to ensure that the casino is not used for such purposes as money laundering and the procurement of public blackmail funds. When transactions of chips worth more than twenty million won are detected at the casino, they are reported to the Korea Financial Intelligence Unit (FIU); and Kangwon Land also runs the Suspicious Transaction Report (STR), Currency Transaction Report (CTR) and customer identification systems according to the relevant regulations and industrial instructions.

### Prevention and Healing of Problem Gambling

#### Systematic Management based on Customer Analysis

Kangwon Land has operated the KL Addiction Care Center (KLACC) since its establishment in 2001 to respond proactively to problem gambling caused by the operation of the casino. As a result of continuous campaigns to control customers with a game overindulgence problem, the number of problem gamblers (customers who visit the casino over 100 days a year) has declined by over three hundred people each year, falling from 2,775 in 2012 to 2,470 in 2013, and to 2,095 in 2014.

### Prevention and healing of gambling addiction



#### Establishment of a preventive, healing, and rehabilitation system based on customer analysis

Level	Visit frequency	Countermeasures
 High Risk	<ul style="list-style-type: none"> <li>Over 100 days of visits to the casino per year</li> <li>Over 15 consecutive days of visits in two months</li> <li>Over 30 consecutive days of visits per quarter</li> </ul>	<ul style="list-style-type: none"> <li>Special control                             <ul style="list-style-type: none"> <li>Mandatory counseling, hospital care (for 9 months), vocational rehabilitation program (for 6 months).</li> </ul> </li> <li>Strong encouragement (person or family) to stop visiting the casino</li> <li>Establishment of an emergency support and crisis response system for customers in crisis</li> </ul>
 Low Risk	<ul style="list-style-type: none"> <li>50 - 99 days of visits to the casino per year</li> <li>Repeated requests for seat reservation using the ARS</li> </ul>	<ul style="list-style-type: none"> <li>Encourage the person to participate in the overindulgence prevention program</li> <li>Encourage use of the electric card</li> <li>Lead the person to join the self-control system for casino visits and game money.</li> </ul>
 Social Type	<ul style="list-style-type: none"> <li>10 - 49 days of visits to the casino per year</li> <li>Visits the casino for social and leisure purposes</li> </ul>	<ul style="list-style-type: none"> <li>Distribution of wholesome game guidelines</li> <li>Display of publicity materials regarding responsible gambling in the casino area</li> <li>Campaign for responsible gambling and wholesome games</li> <li>Encourage the person to join the self-control system for casino visits and game money.</li> </ul>
 One-time Type	<ul style="list-style-type: none"> <li>Fewer than 10 days of visits to the casino per casino</li> <li>Visits the casino for family leisure or out of curiosity</li> </ul>	<ul style="list-style-type: none"> <li>Encourage the person to join the self-control system for casino visits and game money.</li> </ul>



Campaign for a Wholesome Game Culture



### Operation of Program to Create a Wholesome Environment

The KLACC operates ten wholesome programs including 'Finding Seeds of Hope' to alleviate customers' overindulgence in games and to help them break their addiction to gambling, the Intensive Meditation, Motivation Strengthening Camp, the Family Healing Camp, the Women's Recovery Group, the Talent Contribution Program (Band of Hope), and the Self-help Anti-Gambling Addiction Group among others. In 2014, new programs such as Clinical Art Therapy and the Volunteers Program were introduced after reflecting customers' needs in the new programs.



Clinical Art Therapy Program



# CASE

## 3-Step Motivation Strengthening Program for Customers Suffering from Game Overindulgence

Since 2009 the KLACC has run the Motivation Strengthening Program to help customers who are afraid of returning to, or have lost the desire for, a normal social life due to game overindulgence, to recognize the scale and severity of their gambling problem and change their behavior. The Motivation Strengthening Program targets customers who stay at the casino for long periods and suffer from game overindulgence, and consists of three steps: Step 1) Finding the Seeds of Hope, which is a trekking activity; Step 2) Intensive Meditation (one night, two days); and Step 3) Motivation Strengthening Camp (two nights, three days). The Motivation Strengthening Camp, which was held under the theme of 'Initiate change by recognizing the problem' at the Supchewon in Dunnae-myeon, Heongseong-gun in 2014, enabled 18 customers suffering from game overindulgence to diagnose their situation objectively, recognize the need to change their attitude, and look back on their life. The center conducts various activities such as self-examination, evaluation of one's gambling problem, and lectures for customers who have been rehabilitated from gambling addiction to mitigate the effects of casino game overindulgence and to improve the participants' motivation to stop gambling.



# CASE

## KLACC's Band of Hope

The Love Life Concert was held on September 28, 2014 at the Sabuk Youth Encouragement Center to promote a wholesome game culture within the local community and to prevent problem gambling. The Band of Hope operated by the KLACC was invited to the concert to give an exciting performance. In addition, the Band of Hope is often invited to the Jumping Festival hosted by the Ministry of Culture, Sports and Tourism, and also gives performances all over the country.

The Band of Hope is composed of members who remain around the casino for a long time to reflect on themselves and communicate with the world through music during the healing process. While they gather at the rehearsal room twice a week to harmonize with each other and immerse themselves in music, they experience change by refraining from entering the casino and play music of 'hope'.



## Education on Wholesome Game Culture for Employees

### Necessity of Education on Wholesome Game Culture and the Related Program

The casino employees, as workers in the legal gambling industry, are required a stricter sense of social responsibility than other workers. Education on a wholesome game culture is provided as a type of courtesy education to help employees recognize the importance of addiction prevention, and to identify customers who are suspected of addiction and guide them to a preventive and healing process.

Kangwon Land provides training and education programs to help employees understand the risk of gambling addiction by explaining cases of customers who have recovered from addiction, and also invites experts on gambling addiction to explain the policy direction of gambling problems and to encourage employees' sense of social responsibility concerning the legal gambling industry. Furthermore, the company implements an institutional strategy by reflecting the education-related results in the assessments of the employees' performance and of the team in order to encourage the employees to pay attention to the education on wholesome game culture and to participate in the education positively.

Kangwon Land conducts education programs on wholesome game culture for employees such as collective education, small group education, online education, and field-customized education.

### Education on Wholesome Game Culture for Employees for 2014

Education	Frequency (No. of times)	No. of Participants	Contents
Collective Education	12	3,306	Prevention of problem gambling responsible gambling.
Small Group Education	11	467	Characteristics of problem gambling and understanding of customers
Online Education	3	2,831	Recognition of wholesome game culture and responsible gambling
<b>Total</b>	<b>26</b>	<b>6,604</b>	



Education for Trained Field Mediators (TFM)

### Field-Centered Monitors, Trained Field Mediators

Kangwon Land appoints Trained Field Mediators (TFM) from among the casino's employees to control the casino's adverse effects. The TFM, comprising 11 teams of 45 people, constitute an activity group run by semi-experts that conducts primary preventive activities. The TFM is also a unique field-centered monitoring system that, upon observing a customer or an employee in danger and judging that person's case to be serious, reports it to the KLACC's experts and intervenes according to the 'behavior identification guidelines'.

In 2014, the company ran a special education program on the status of casino customers' illegal financial uses and guidelines on the identification of customers in crisis, in order to reinforce the TFMs' capabilities.

## Investigation and Research on Gambling Problems

### Research on Gambling Problems

The KLACC operates a national and an international network to improve professionalism in the prevention and healing of gambling problems, holds international conferences, and conducts various research activities including the publication of research papers in the professional magazine of the casino user analysis and research society. Seven professional researchers carry out one-to-one research tasks, the results of which are used to establish and operate a wholesome game culture system at the casino. The results of the research on the "status and experience of casino customers' illegal financial utilization" conducted in 2013 was used as the basic data to establish the illegal finance control-related system in 2014.



Research Task Presentation of KLACC Professional Researchers







# 03

## CREATIVE MANAGEMENT FOR THE FUTURE

High1 Resort, as 'an eco-friendly integrated resort that creates a happy leisure culture', is equipped with diverse leisure and accommodation facilities that satisfy the customers' needs. The company runs an outstanding MICE business, and develops diverse tourism products aimed at the expanding Chinese tourists' influx.

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## Reinforcement of Competitiveness



### Leisure Sector

#### Opportunities and Risks

**Leisure Industry Trend** | Large integrated resorts equipped with diverse facilities have come under the spotlight as leisure patterns have switched from the simple accommodation and tourism category to the sojourn and recuperation category due to the rise in national income, adoption of the five-day working week, and a corresponding rise in family leisure activities. As the leisure industry produces greater forward-backward linkage effects compared to other industries, the development of the integrated resort contributes to job creation for local residents and revitalization of the local economy.

#### Management Approach

**Korea's Largest Comprehensive Resort** | High1 Resort, Korea's largest comprehensive resort in terms of its facilities and overall scale, comprises Kangwon Land Hotel (477 rooms), the first five-star hotel in Gangwon-do Province, the Convention Hotel (250 rooms), and the largest MICE facilities in Gangwon-do Province. In addition, the resort boasts the High1 Hotel (197 rooms) situated at the heart of a golf course amid a very pleasant environment whose average temperature range stays within 25°C even at the height of summer; and the High1 Condominium (903 rooms), which is equipped with Korea's best ski resort (18 slopes spanning 21km) and diverse auxiliary facilities.

#### Achievements and Directions

**New Construction of High1 'Water Park'** | Kangwon Land is currently building a Water Park to complete eco-friendly integrated resort. The Water Park will consist of water activity facilities designed in close connection with the existing facility, thereby differentiating it from rivals, in a bid for national and international recognition. With a total construction cost of 167.2 billion won, the Water Park will cover 58,000m<sup>2</sup> in total, making it the fourth largest facility in the Korean water park industry, while the indoor water activity space will be the second largest in Korea. It is estimated that the Water Park will be able to accommodate approximately 9,000 people at the same time. In June 2014, the company concluded a contract with the Dongbu Consortium, which won the bid for the construction contract on January 6, 2014, and construction work began on August 18. So far, 5% of the work has been carried out, including the removal of obstacles and engineering work.

#### Current status of Kangwon Land's Facilities

Unit: m<sup>2</sup>

<b>Kangwon Land Hotel &amp; Casino</b>	<ul style="list-style-type: none"> <li>- Kangwon Land Hotel: 72,040</li> <li>- Convention Hotel: 46,699</li> <li>- Casino: 12,792.95(permitted)</li> <li>- Parking Lot (including Festa Plaza) : 74,728</li> <li>- Unamjeong Pavilion and additional facilities: 5,062</li> </ul>
<b>High1 Hotel &amp; Golf Course</b>	<ul style="list-style-type: none"> <li>- Hotel: 19,296</li> <li>- Conference Hall / Gondola station: 4,952</li> <li>- Outdoor facilities: 350</li> <li>- Golf course: 1,080,000</li> <li>- Others: 18 holes, Par72, extension of the course: 6,583m</li> </ul>
<b>High1 Ski Resort &amp; Condominium</b>	<ul style="list-style-type: none"> <li>- Condominium: 195,156</li> <li>- Others: 18 ski slopes, area of the slopes: 947,000, total extension of the slopes: 21km, difference in elevation: 680m</li> </ul>



Ground-breaking Ceremony for the Water Park



Aerial View of the Water Park





**Resort's Synergy Effects** | High1 Resort offers visitors a unique opportunity to experience diverse leisure facilities by creating synergy effects and aims to provide the ultimate in customer satisfaction.

The resort is planning diverse facilities comprising skiing, golf, hotel, condominium, and casino and attracting more customers through expanded marketing channels with continuous marketing activities using large scale events.

In addition, the company is improving brand image as a comprehensive resort for expanded customer base by staging various events, cultural performances, and promotions together with the customers. It also conducts diverse marketing activities such as joint affiliate marketing with the global American channel AXN, the provision of coupons for customers, and the sale of social commerce products to attract customers during off-season, as well as staging events and performances for each category of visitor (families, couples, friends, etc.).

High1 Resort has established itself as a cultural complex by hosting national events and providing venues for concerts, cultural events,

and performances. High1 Resort's representative events such as the Fireworks Festival and Casa Cinema (regular performances, film screenings, and events) help to attract customers and to create brand promotion effects. In 2014, the resort held the Magical Experience Exhibition, Healing Talk Show, Mini Concert, and Sky Forest Path Walking Festival.

**Current status of High1 Resort's Participations in Events** As of December 2014

Events	Frequency (No. of times)	Spectators (No. of people)
Fireworks Festival	70	124,500
Casa Cinema	1,243	119,395
Regular Performance	576	84,016
Regular Cinema	615	19,409
Events and Performances	52	15,970



Casa Cinema's 'All That Dance'



2015 Happy New Year Concert



Music Fountain

## Hotel Sector

### Opportunities and Risks

**Hotel Industry Trend** | The hotel industry, as a representative service industry that is developing in response to the expansion of wealth resulting from economic growth and the increase of international exchange, is regarded as a 'chimneyless industry', a higher-value-added industry or a capital-intensive industry with a high employment effect. From 2002, the national five-star hotel market achieved an average annual growth rate of 3.9%, but has now entered the stage of maturity with a relatively low average annual growth rate of 2.0%. National major enterprises that operate five-star hotels are trying to advance into new business areas such as duty-free shops and the food service industry in a bid to secure new growth engines in response to the stagnation of the market.

### Management Approach

**Differentiated Facilities and Services** | High1 Resort, located on the plateau of the Baekdusan Mountain Range, offers excellent accommodation facilities and services ranging from five-star hotels to condos, to meet customers' diverse needs. The Kangwon Land Hotel (477 rooms), Convention Hotel (250 rooms) and High1 Hotel (197 rooms) have 924 rooms in total and 18 restaurants and cafes, while the Mountain Condominium, Valley Condominium, and Hill Condominium have 903 rooms in total. Kangwon Land's hotels and condominiums also have leisure and sports facilities including a ski resort and a golf course, as well as the casino, and provides customers with various types of cuisine (including Korean, Japanese, and Chinese) prepared with regional specialties, seafood and produce from Gangwon-do.

### Achievements and Directions

**Expansion of Convention Business by Attracting MICEs** | With the opening of the Convention Hotel in 2011, Kangwon Land entered the MICE (Meeting, Incentives, Convention, and Exhibition) business and now rivals competitors by holding large conferences. In 2013, the company staged 524 events including 28 large events such as the 2013 Conference & Civil Expo hosted by Korean Society of Civil Engineers (KSCE), which attracted 2,300 participants, and the Korean Society of Anesthesiologists' Conference, which was attended by 1,800 people. Kangwon Land is quickly developing into Asia's best integrated resort, having recently held the Human-Computer Interaction (HCI) Conference, to which about 2,000 people were invited, and other major academic conferences and company seminars including the Amway Seminar, which attracted 1,500 participants, in 2014.

**Marketing and Services to Attract Chinese Tourists:** Kangwon Land has signed an MOU with the largest Chinese tourism group, CTS, for joint marketing to attract tourists from the greater China region including China, Hong Kong, and Taiwan, and has conducted active marketing activities including a familiarization tour by inviting the personnel of Chinese airlines, travel agencies, and state enterprises, as well as forming a strategic partnership with a Chinese airline. As a result, the number of foreign guests who stayed in the company's condominiums and hotels exceeded 3,600 by October 2014, an increase of 8.6 times over the previous year.

The company provides its employees with education on different cultures to enable them to provide services and products that correspond to Chinese customers' characteristics and tastes, and has reinforced the quality of services through service communication language education, as well as expanding the shopping area like gift shop.



Convention Hall



## Casino Sector

### Opportunities and Risks

**Casino Industry Trend** | Despite the negative image of casinos, it is a global trend to foster the casino industry as a catalyst for, the development of tourism and the attraction of foreign currency and tourists; to prevent the outflow of national tourists while attracting foreign tourists; and to recover the local economy. Moreover, the global casino business is changing from a simple casino business based on gambling to a comprehensive entertainment business equipped with resort, theme park, and convention facilities.

### Management Approach

**Unique Casino with an Exclusive Area for Korean Nationals** | Korea currently has seventeen casinos of which only one (Kangwon Land) is open to Koreans. As such, it is impossible to compare Kangwon Land with other casinos open exclusively to foreigners in Korea in terms of operational conditions including main customers and regulations. In particular, Kangwon Land's monopoly of the market for domestic casino customers is protected by The Special Act on Assistance for the Development of Abandoned Mine Regions. Despite the global trend toward the development of casino businesses into integrated resort facilities, Kangwon Land is the only Korean casino resort that is equipped with other subsidiary facilities such as ski resort, golf course, and condominiums.

### Achievements and Directions

**Expansion of Exclusive Zones for Foreigners** | The number of foreign tourists in Korea is rising continuously, with foreign visitors accounting for about 1.2% of total Kangwon Land Casino customers in 2014. Notably, one in three foreign tourists are Chinese, and more and more Chinese tourists who visit hotels and ski resort also visit casino. Accordingly, international game zone was designated with eight game tables to attract more foreign tourists group.

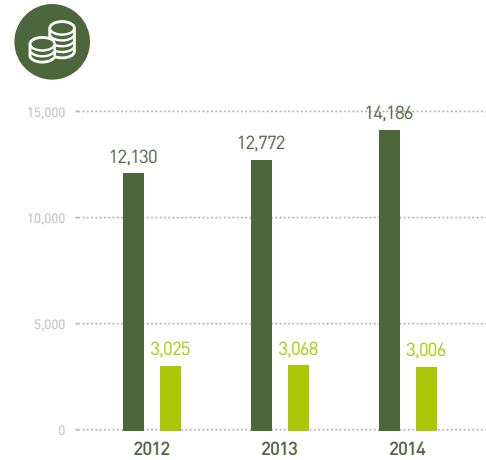
**Stabilization to Operate the Extended Casino** | Upon obtaining the approval and authorization of the Ministry of Culture and Tourism, Kangwon Land proceeded with a project to improve the casino business environment in 2013, extending by 86% compared with the previous business area. The company secured a new growth factor by increasing total number of casino games from 1,092 to 1,560; table games are from 132 to 200 and slot machine games are from 960 to 1,360, leading to expect a continuous increase in sales.



Interior view of the Casino

### Current Status of Casino Sales and Utilization

- Sales (one hundred million won)
- Attendance (one thousand people)



# Creation of Local Tourism Clusters



## Regionally Connected Business

### Opportunities and Risks

**Lack of Accessibility and Surrounding Tourism Infrastructure** | The completion of the project started in December 2000 to widen National Road 38 to four lanes in a move to invigorate the abandoned mine region and develop the tourism resources of the plateau has improved the accessibility of Gangwon-do's southern area. However, general accessibility still lags behind other resorts situated in the capital area. In addition, it lacks the restaurants, entertainments, and attractions – except in the integrated resort – needed to satisfy diverse needs. As these are not only problems of Kangwon Land but also of Gangwon-do Province in general, the local government should treat these problems from a macroscopic viewpoint, as Kangwon Land is establishing the local tourism clusters.

### Management Approach

**Tourism Cluster of the Abandoned Mine Region** | High1 Resort is establishing regionally connected businesses including High1 Sangdong Theme Park, High1 Choo Choo Park, Coal Mine Culture Tour Village, and High1 Administrative Area. The company has invested in five businesses since 2008 by establishing investment companies in four cities and counties (Jeongseon-gun, Taebaek-si, Samcheok-si, and Yeongwol-gun) in the abandoned mining region, in order to expand the

tourism infrastructures around High1 Resort and to lay a foundation for the economic independence of the local community. Accordingly, the company expects such investments to vitalize the local economy, produce a synergy effect that will result in the attraction of greater numbers of tourists, lead to the construction of tourism clusters in the abandoned mine region, and reinforce the resort's competitiveness.

### Achievements and Directions

**High1 Choo Choo Park** | The conversion of unused railroad lines into rail-bike rides and other businesses offers a high profit ratio due to the limited need for investment in consumables, after the initial investment. High1 Choo Choo Park, Korea's only railroad experience resort, integrates all kinds of railroad experience activities including Korea's first Incline Train, Korea's fastest Rail Coaster ride, Korea's only Switch Back Train (tourist train), and the Mini Train (Mini Steam Locomotive). High1 Choo Choo Park offers exciting and exotic railroad theme experiences that differentiate it from other resort facilities, such as the 16.5km-long unused railroad with the steepest gradient in Korea, Switch Back, Cable Railway, 16 Railway Tunnels, and 3 Way Stations, as well as local resources (Miin Falls, Simpo Canyon, Abandoned Mine Tunnel, Pumice Stone, and local traditional liquor).

Business	Contents	Location	Estimated Gross Investment (Unit : one hundred million won)	Amount invested by Kangwon Land (Unit : one hundred million won)	Share (%)	Year of Establishment
High1 Choo Choo Park	Construction of railroad experience resort consisting of incline railroad, rail bike, train park, and others	Dogye-eup, Samcheok-si	753	750	99.6% by Kangwon Land / 0.4% by the Korea Rail Network Authority	2010
High1 Entertainment	Games, animations, and contact (customer satisfaction) business.	Mungok-dong, Taebaek-si	3,461	647	100% by Kangwon Land	2009
High1 Sangdong Theme Park	Construction of 'emotional recuperation' theme complex consisting of wild flower garden, meditation and healing facilities, and rock condominium.	Sangdong-eup, Yeongwol-gun	555	434	100% by Kangwon Land	2009
Coal Mine Culture Tour Village	Construction of Mine Village consisting of exhibition hall, mine tunnel and coal wagon experiences.	Sabuk-eup, Jeongseon-gun	561	185	-	-

**High1 Entertainment** | Since establishment in 2009, High1 Entertainment has created a new digital lifestyle by conducting various projects including the development and publication of games, the production of animations, and a contact (customer satisfaction) center. The company is also striving to develop the local community through the cultural contents business by establishing E-CITY, a comprehensive cultural contents complex integrated with industry, academies, and research institutes in Taebaek-si. In addition, High1 Entertainment received an avid response from game users and children to the release of mobile games The King of Fighters M and Legends of War; and the EBS broadcasting of the TV animation Zack and Quack.



Rail Coaster at High1 Choo Choo Park





**High1 Sangdong Theme Park |** High1 Sangdong Theme Park, an emotional recuperation theme complex that integrates culture, story, training, and healing, was established by investing 100% of Kangwon Land's share to Yeongwol-gun, Gangwon-do. High1 Sangdong Theme Park (land area: 9,189m<sup>2</sup>) will be composed of various facilities including condominium with 52 rooms, theme park consisting of a community town, meditation garden, healing garden, and adventure maze garden, banquet hall, and restaurants, and will open in the second half of 2015.

**Coal Mine Culture Tour Village |** Kangwon Land is planning to build the Coal Mine Culture Tour Village, which will display the history and relics of Korea's coal mining industry and allow visitors to experience the coal mining facilities, in order to establish tourism infrastructures around High1 Resort and to revive the economy of the abandoned mining area. This project, with a gross investment of 56.1 billion KRW, will exploit the remaining coal mining facilities to create a mining relic exhibition hall, mine tunnel and coal wagon experiences, exhibition and experience of coal mining activities, and a shaft tower. In addition, it will become an educational and cultural venue focused on preserving and explaining the historical value of coal mining facilities. At present, the design work is on progress, with the opening of the facility scheduled for August 2016.



Switchback Train



**Voice of Stakeholder**

Corporate Management Planning Team  
of High1 Choo Choo Park  
Team Manager Choe Beom-Hoe

Kangwon Land, as a public corporation, emphasizes fairness and efficiency and provides the impetus for the development of abandoned mining area communities based on transparent and ethical management. In addition, it is making concerted efforts to develop projects and initiatives for the continuous growth and development of the local community. As such, the company was able to successfully develop and open the High1 Choo Choo Park.

High1 Choo Choo Park, Korea's first railroad theme park, consists of four rides and various accommodation facilities, and has been praised for its high levels of differentiation, creativity, and customer satisfaction. At the same time, the company needs to reduce customers' waiting time and strengthen its subsidiary and play facilities for families, and to promote the park prior to and after its opening. To that end, we are planning to complement those issues based on expert advice and success cases of Kangwon Land. Kangwon Land is striving to grow together with its affiliated companies including High1 Choo Choo Park and the community, and needs to make concerted efforts to develop continuous growth engines in the future.



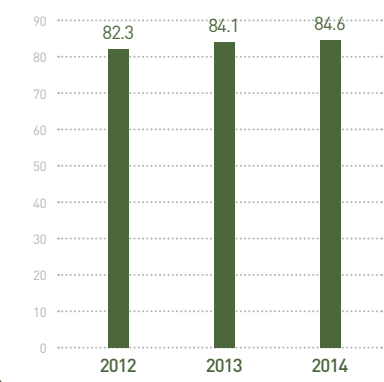
High1 Choo Choo Park

# Improvement of Customer Services



**Survey Results on Customer Satisfaction** Unit: Points

● Customers' Satisfaction



**Opportunities and Risks**

The demand for diverse and differentiated services is rising in line with the growth of the leisure industry. The number of visitors to High1 Resort is increasing continuously thanks to the increase in both national and international tourists and the escalation of marketing activities. Customers' demands for a wider range of contents – such as comprehensive resorts, sales through mobile devices, and improved customer services – are also rising.

**Management Approach**

High 1 Resort aims to provide the best customized service in the resort properties such as hotel, ski resort, golf range, and casino, making customers feel convenient. The company operates facilities and provides service based on CS Vision for 2015: Greater customers' satisfaction; Provision of a Distinguished Service Culture; and Establishment of the CS Organization System.

**Achievements and Directions**

- Establishment of the customer service system
- Expansion of customer communication channels
- Reinforcement of customers' personal information protection

## Establishment of the Customer Service System

**Establishment of the CS Organization System**

The company has expanded and reorganized marketing planning team and sales team to pursue customers' satisfaction management systematically. While the director of Marketing Department has been promoted to the status of an executive director to strengthen the customers' satisfaction management performance, the customers' satisfaction team and the brand management team have been reformed to enable the five sub-teams of the Marketing Department to integrate marketing planning and customers' satisfaction activities. The brand management team is in charge of media advertisement, the CI and BI designs, and the development of sub-brands, while the customers' Satisfaction Team is responsible for overall management and the improvement of customer services.

**Customer Contact Management**

Kangwon Land has completed third revision of the High1 Service Quality Index (SQI) to improve the quality of service provided by employees who come into contact with customers in the field and ability to handle the work and respond to needs. In this way, the company is optimizing the level of services by reflecting the characteristics of the work field for each point of contact.

The High1 Core Response Manual, which was published in 2014 with the participation of the company's CS leaders, is designed to help new employees, part-timers, interns, and other staffs on short-term contracts to understand and learn about customer service shortly and easily. The manual is applicable to various areas such as reservation, registration, sales, and concierge.



Barbecue on the Top of Hill at the Mountain Condominium





**Survey on Customer Satisfaction**

High1 Resort has improved communication with domestic and foreign customers via Customers Voice in order to raise the level of customers' satisfaction by identifying and analyzing customers' needs and systematically reflecting in the company policies. It also commissions an external organization to conduct a survey on customers' satisfaction in order to measure the quality of service offered by High1 Resort. The survey on customers' satisfaction is conducted as a field survey through service monitoring (including partner companies), telephone monitoring, and an FGI customers' satisfaction survey, and results are reflected in the employee evaluation to lay the foundation for customer-oriented CS management.

**Expansion of Customer Communication Channels**

**SNS Marketing and Communication**

High1 Resort has established the High1 Online Platform as a positive communication channel with customers. It also continuously renews and updates the official blog (High1 Story) and the UI integrated development of the Facebook and Twitter system in order to establish an effective marketing channel through Social Network Services (SNS). Thus, active communication with customers in real time allows the company understanding customers' needs, providing feedback on customers' inquiries, and sending customers promotional messages.

**Reinforcement of Customer Privacy Information Protection**

**Protection of Customers' Privacy Information**

The company has appointed Beak Hye-kyung (previously an executive

director at KT) as the Chief Information Officer (CIO) of the IT Department, which, along with sub teams – the IT Security Team and the IT Operation Team – is reinforcing customer privacy information protection.

High1 Resort has entirely improved customer information management system in a bid to minimize the risks to casino management performances and enhance the reliability of information security, and now prohibits the collection of resident registration numbers according to the revised Personal Information Protection Act.

The company has also made the coding of customers' privacy information mandatory, and restricts the collection of customers' resident registration numbers, which are registered in the resort management system. Thus, all of the personal information registered in the resort management system – including photos, mobile phone numbers, and credit card information – is coded, and a mobile phone certification server has been set up as a certification tool of personal identification to register customers as resort members. Furthermore, the collection of resident registration numbers is restricted on 13 businesses including the registration and management of resort membership, the management of persons with restricted entry to the casino, and the management of persons who receive counseling for problem gamblers. In addition, the authorization to check a customer's privacy information is given in three steps, to ensure that only the minimal amount of information required for customer identification purposes will be handled.

The information system access process has also been reinforced to prevent hacking and malicious system failure through the system operator. Access to the system can only be gained via the gateway equipment, and access to the administrator's account by IT-related partner companies' staff is also controlled.

**High1 SNS Channels**

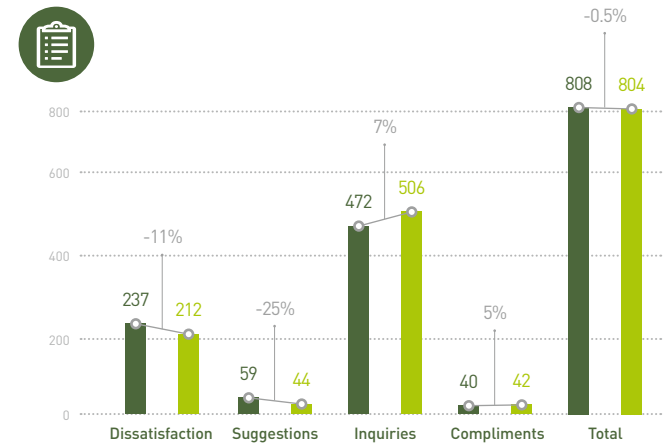
Name of Channels	Websites
Facebook	www.facebook.com/high1forcs
Twitter	twitter.com/high1story
Instagram (in English)	instagram.com/high1_resort
Weibo (in Chinese)	weibo.com/u/5186703462
Blog	blog.naver.com/high1blog
Mobile App	Installation through the App Store
KaKao Story	ch.kakao.com/channels/@high1resort
KaKao Story	www.youtube.com/user/highonestory



Winter Fireworks Festival

**VOC Types and Cases**

- 2013
- 2014
- Rate of Change



04

**HAPPY MANAGEMENT THAT SATISFIES EVERYONE**

Kangwon Land carries out 'stakeholder satisfaction management' from the stakeholders' point of view to ensure that all the various stakeholders of the company will be happy. The company aims to grow together with stakeholders by sharing values and exchanging diverse influences through communication and participation not only in the economic aspect, but also in the social and environmental aspects.

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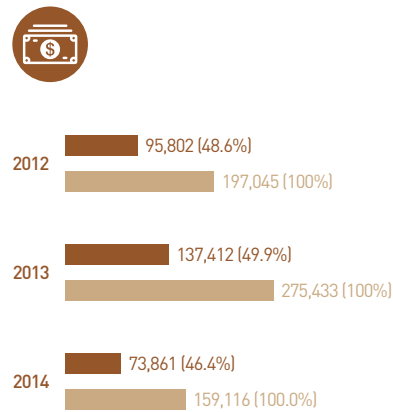


# Promotion of Partner Companies' Social Responsibility

## Current Status of Purchase Contracts with Companies in the Abandoned Mine Regions

Unit: millions KRW, %

- Contracts with Companies in the Abandoned Mine Regions
- Total Contracts



### Opportunities and Risks

Kangwon Land, which was partly established with the aim of fostering balanced local development and increasing the income of the local resident's, has established a unique relationship with partner companies. Due to characteristic of pursuing mutual growth with the local community, a more systemic approach and system are required in order to promote mutual growth with the partner companies.

### Management Approach

Kangwon Land is striving to contribute to the local community's economic revitalization by maintaining strong mutual relationships with partner companies. In particular, balanced value distribution is achieved by transforming locally-based partner companies into social enterprises. Moreover, we are constantly striving to share Kangwon Land's value by establishing cooperative relationships with our partner companies and thereby realizing mutual growth.

### Achievements and Directions

- Preference for local enterprises
- Reinforcement of partner companies' competitiveness
- Encouragement of partner companies' social responsibility

## Preference for Local Enterprises

### Preferential Policies for Enterprises in the Abandoned Mine Regions

Kangwon Land gives preference to local enterprises located in four cities and counties, namely, Taebaek-si, Samcheok-si, Yeongwol-gun, and Jeongseon-gun, when it comes to selecting purchase and service companies according to The Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas.

The company has specified that limited competitive tenders are allowed in seven contract areas relating to general service and goods purchase which are required for economic revitalization and creation of jobs in the abandoned mine regions, including facility management, driving and parking management, and industrial waste.

In addition, the company's contract regulations specify that private contracts in four areas including cleaning, laundry, guards and security are permitted in the event that a company located in an abandoned mine region purchases goods from local residents, or represents local residents and strives to create jobs for unemployed workers of the abandoned mines. Kangwon Land's entire annual contract money for construction, services, and goods amounts to about 1.5 trillion KRW; and the company promotes compulsory local contracts even for large construction works requiring advanced technical skills.

### Indirect Job Creation

Kangwon Land, as Korea's largest integrated resort corporation, contributes to the sound economic vitalization of the abandoned mine regions by creating jobs in the local community. The company selects partner companies by giving preference to local enterprises based in the abandoned mine regions in order to create jobs indirectly in the local community.

### Results of Job Creation

Unit: person

Method	Area	2013	2014	Changes
Outsourcing	Cleaning, security, laundry, etc.	1,853	1,916	71
	IT maintenance and management	20	20	-
Investment Business	Construction of High1 administration building	5,559	3,534	↓2,025
Partnership	Operation of High1 Bakery	11	16	5
	Social and economic support experts	2	4	2
Others	Support for traffic safety at ski resort in winter	110	110	-
	Environmental cleanup of slopes in summer	34	40	6

## Reinforcement of Partner Companies' Competitiveness

### Service Level Agreement (SLA) System

The Service Level Agreement (SLA) System has been fully adopted (following its pilot operation) in order to strengthen the standardization and competitiveness of partner companies' performance. In 2014, SLAs were signed with 27 companies for the provision of 33 services, and the corresponding evaluation system was successfully implemented.

The existing evaluation of partner companies' service quality is limited in terms of providing a reasonable and objective evaluation being dependent upon the capabilities of the staff concerned. Therefore, Kangwon Land established evaluation indicators for the SLA following discussion with the relevant personnel of partner companies in order to establish a fair and comprehensive evaluation system. The SLA indicators are divided into two categories, i.e. common indicators and indicators for each part; and the results are classified into five grades.

The service process indicators include upholding cleanliness, kindness, appearance, and proper dress, while the service result indicators include customers' satisfaction and minimization of customer complaints. In the case of a 'Grade A' evaluation result, the partner company's annual contract money limit is raised and it can extend contract for another year. Education on the SLA system manual is conducted seven times per year for partner companies and the personnel in charge of service management, to strengthen service competitiveness.



Workshop on the SLA for mutual growth

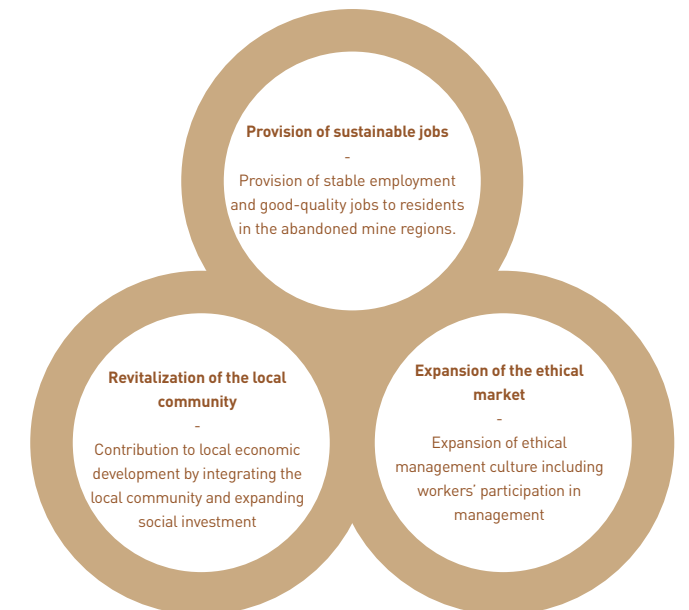
## Encouragement of Partner Companies' Social Responsibility

### Support for Partner Companies' Transformation into Social Enterprises

Kangwon Land, according to role as the first public corporation in Korea, is committed to creating mutual growth with partner companies by supporting their efforts to become social enterprises. Kangwon Land gives preference to local enterprises in the abandoned mine region with the goals of revitalizing the local economy, increasing revenues of local residents, and improving their quality of life. Therefore, Kangwon Land advises and guides those of partner companies that conclude a private contract with Kangwon Land to become social enterprises, in order to discourage them from focusing on excessive profit-seeking activities for shareholders or owners, while encouraging them to contribute to providing local residents with stable employment and improving quality of life.

In cooperation with the Gangwon Social Enterprise Network Group, Kangwon Land conducts visiting consulting services and provides information on the social enterprise certification requirements for partner companies that want to become social enterprises. As a result, five enterprises – including Taebaek Citizen's Company and Seokkwang Industrial Co., Ltd., which is responsible for the High1 Washing Factory – have applied to become social enterprises. Partner companies that complete the social enterprise certification will receive additional points in the SLA evaluation.

### Significance of Social Enterprise





**Management of Partner Companies' Labor Practices**

Kangwon Land makes efforts to ensure that employees of partner companies receive a proper salary above the minimum wage and that they are not exposed to safety incidents during work. Using the common indicators of the SLA, which was introduced in 2014, Kangwon Land evaluates partner companies' working conditions and work support capabilities. In detail, transparency regarding salary payment management, efforts to minimize industrial accidents, and provision of education on job competence are checked each month.

**Partner Companies' Industrial Safety Management**

Kangwon Land advises partner companies to sign the safety pledge and follow the prescribed safety regulations to nurture and internalize the safety awareness of their employees. Twenty-seven representatives of the partner companies have promised to observe the safety regulations in order to 'create safe, accident-free workplaces'.

Kangwon Land encourages partner companies to identify hazard factors and proposes ideas for strengthening safety awareness and capabilities. Thus, partner companies that carry out the security, management, and inspection works of the major resort facilities conduct the safety risk assessment by themselves and submit opinions on improvements of major risk factors so that safety measures such as facility repairs can be implemented after the conformity assessment.

As a result, corrective and necessary actions were performed in 112 priority cases according to the estimation of 411 hazard factors concluded by 27 partner companies. Furthermore, Kangwon Land was awarded Grade A in the evaluation of large companies' health and safety mutual cooperation programs conducted by the Korea Occupational Safety and Health Agency in recognition of health and safety efforts.

Roll-over accidents such as slips and falls at a ski resort in winter account for over 30% of the most common industrial accidents. The company has distributed safety boots to employees to prevent roll-over accidents, and has announced intention to focus on safety management in the winter season and strengthen the patrols.

Education programs on first aid and for requesting the services of a medical helicopter were provided for approximately 450 employees

of partner companies to improve emergency response capabilities. Employees who completed the education received a certificate of first aid education attesting to ability to administer first aid not only to customers but also to colleagues in the event of an emergency situation.



**Voice of Stakeholder**

Labor and Management Welfare Department of Kangwon Nambu Jumin Co., Ltd. General Manager Song Tae-Ho

Kangwon Nambu Jumin Co., Ltd. mainly provides labor services such as cleaning, decorating, and security. The company, having started out with around 120 people at the opening of Kangwon Land, currently employs about 800 people and is growing together with Kangwon Land in an intimate cooperative relationship.

As the company, which was established as part of the local residents' participation plan, has preferentially employed people who became unemployed due to the closure of the mine and members of families, as well as residents of the four cities and counties, it plays the role of a window to local employment in the abandoned mine region and assists economic revitalization, which is one of the purposes of the establishment of Kangwon Land. Kangwon Land conducts various programs aimed at win-win management with partner companies, most notably the industrial safety and education aspect, which stands out among programs and which, along with the introduction of the SLA system in 2014, has greatly improved employees' occupational safety. Kangwon Land has conducted education programs to prevent accidents and to improve the safety consciousness of partner companies' employees, and holds regular meetings and joint inspections with partner companies with the aim of improving safety management by measuring improvements of working environment, after reflecting the opinions of the partner companies.

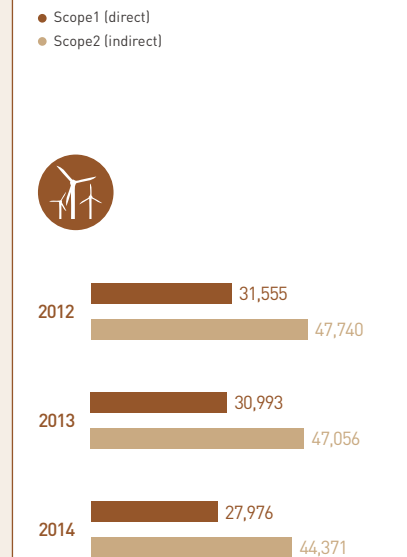
The main communication channel with partner companies is Kangwon Land's Partner Company Cooperation Team, and this relationship is maintained through continuous interviews and meetings for work on current issues, such as improving the partner companies' management, and discussions on work coordination. These are the basis of the driving force behind the stable management of the partner companies. I hope that as Kangwon Land supports the Partner Company Cooperation Team, which serves as a control tower in our relationship with local partner companies, sustainable growth between Kangwon Land and partner companies will continue in the future.



Industrial Safety Education for Partner Companies

# Creating an Eco-Friendly Resort

**Annual Greenhouse Gas Emissions** Unit: tCO<sub>2</sub>-eq



**Opportunities and Risks**

Due to prime location on the slopes of the majestic Taebaeksan Mountains, High1 Resort boasts a superb natural setting. However, as it is also located in the abandoned mine region, it has a social responsibility to clean and restore the surrounding natural environment, which has been polluted due to the discharge of mine water, mineral sediments, etc. resulting from the development of the coal mine. Internally, the company has tasked itself with increasing environmental efficiency in the use of energy and water generated by multiple utility facilities, and by limiting the volume of waste materials.

**Management Approach**

Kangwon Land aims to resolve energy problems by establishing an energy management system, and improving operational efficiency with regard to saving energy and minimizing greenhouse gas emissions. In addition, we are actively practicing green management by reducing food waste, establishing an eco-friendly environment, and introducing new and renewable energy sources.

**Achievements and Directions**

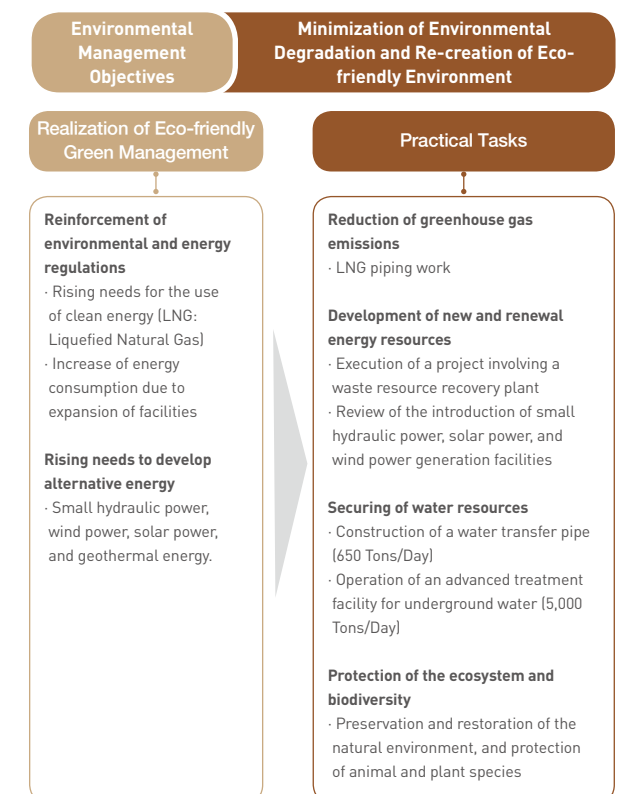
- Green management strategy
- Eco-friendly operation
- Management of energy consumption and greenhouse gas emissions

## Green Management Strategy

**Green Management System**

In recognition of Kangwon Land's efforts to implement preventive environmental management throughout entire business process and to make continuous environmental improvements based on employees' determination to practice green management, it was selected as a Green Company by the Ministry of Environment from January 2014 to January 2017.

Kangwon Land has formed environmental management policies aimed at establishing an eco-friendly resort, performed an energy diagnosis of the entire company, and acquired ISO 50001 certification for Energy Management System. In addition, the company has reduced both greenhouse gas emissions and energy and water consumption by making a series of concrete, feasible investments, including the installation of a comprehensive waste disposal facility, the relocation and expansion of the abandoned mine's water disposal plant, the securing of water, annual improvements of high-efficiency lighting, and continuous investments in new and renewable energy sources. High1 Resort strictly observes the government's environmental laws, thereby ensuring that there were no violations of the relevant environmental laws in 2013 and 2014.







## Eco-Friendly Operation

### Ensuring Water and Wastewater Management

High1 Resort is implementing various water management measures such as saving, treating, and recycling water to prepare for an increase in water consumption due to the extension of the resort and the construction of the Water Park. The resort operates two water reservoirs with a total capacity of 240,000 tons for diverse uses at the High1 Hotel, Casino Lake, fountain, wildflowers, High1 CC lawns, and clearing snow from the ski resort in winter.

The resort's daily throughput of wastewater from laundry has increased to 500 tons to treat the increase in volume of wastewater due to the expansion of the resort facility. The wastewater disposal plant at the laundry factory of Kangwon Land uses new 'Membrane' technology to purify wastewater. 200 tons of the daily water is discharged, while 300 tons is reused.

In addition, the underground water flowing out from the abandoned mines is purified using a reverse osmosis pressure treatment and is used for daily needs (except for drinking) and snow-removal work. In this way, Kangwon Land saves resources, preserves the water quality, and secures a stable water resource by reusing purified water.

### Saving of Water Resources

To save water, Kangwon Land uses showers instead of bathtubs, sensor faucets, water-saving showers, and lavatories which save water to prevent the depletion of water resources and excessive use of water. Business areas also carry out water-saving practices such as installing water gauges, optimized automatic detergent suppliers, and water-saving dishwashers.

The local streams affected by High1 Resort's activities include Dojicheon Stream, Seoburangcheon Stream, and Jijangcheon Stream, the latter being a Class 2 local stream where water quality has worsened due to the coal from coal mines, the leaching from the mines and pit mouth, household garbage, and wastewater. Hence, High1 Resort's Social Volunteer Group regularly carries out water purification activities at Jijangcheon Stream, and activities aimed at restoring the stream's natural ecology, including collecting rubbish from the stream and cleaning contaminated rocks.

### Waste Emission and Recycling

The volume of waste generated by High1 Resort has been increasing at a rate of about 5% per year in line with the expansion of business. The company divides waste into four categories – domestic waste, specified waste, medical waste, and waste for recycling – and manages them from generation to final disposal on a daily, monthly, and yearly basis.

The company also plans to establish a comprehensive selection center to improve the efficiency of waste resource selection. Currently, the selection process is operated by 19 personnel in 8 different business areas. In addition, we will improve the recycling rate of waste resources by further classification of domestic waste. High1 Resort is striving to minimize the amount of waste and is also converting waste into resources such as recycled soap (from spent cooking oil) and recycled animal feed (from food waste).

### Reduction of Food Wastes

As the food waste generated by High1 Resort, which is visited by over 5 million people each year, amounts to approximately 1,200 tons, the company has established food waste reduction plans to reduce and prevent environmental pollution and economic losses. The company also screens a promotional video on the reduction of food waste, and separation and discharge, in the main restaurants and all the guest rooms; conducts the S-Line Campaign to reduce meal leftovers; and awards prize money to the employees and teams that actively participate in the campaign.

The resort checks and further verifies food purchases and inspections, enabling it to greatly reduce the volume of food waste. By comparing the number of visitors to the restaurant with those of the preceding year, demand can be estimated in advance to minimize the wastage of food ingredients. The company also conducted a survey on food quality in order to improve the quality of taste and thereby minimize leftovers. Moreover, by installing a checking machine in the employees' canteen that allows employees to measure their leftovers themselves, we have encouraged them to reduce their leftovers and thereby reduce food waste. A notice with details of the current amount of leftovers is designed to alert employees to the importance of cutting down on food waste.

The company has also installed cold storage facilities for food waste to prevent decomposition and provides it for use as animal feed at local farmhouses. As a result, 800 out of 1,200 tons of food waste was composted while the remaining 400 tons were delivered to local farmhouses at our own expense to use as animal feed.

### Minimizing Use and Discharge of Pesticides at Golf Course

High1 Golf Course maximizes the use of wildflowers in landscaping to minimize the use of pesticides and fertilizers. The company has released freshwater snails, which are known to eat water algae and clean water naturally, in the pond at the Golf Course. The company also minimizes pollution through water plants' internal purification process by channeling nutrient salts generated from the course into the pond.

### Measurement of Indoor Air Quality

High1 resort does not release any toxic substances that damages the atmospheric environment. Also, indoor air is managed for multipurpose facilities according to the Indoor Air Quality Control in Public Use Facilities, Etc. Act.

As Kangwon Land comprises various multipurpose facilities including casino, hotels, and convention center, an external agency conducts annual assessment of the indoor air quality to ensure compliance with the Nominations as per the indoor air quality criteria for maintenance. Annual assessment report is submitted in January to the Municipal Government, in order to ensure a pleasant indoor environment for employees and customers alike.

The results of the assessment show that the entire resort, including the casino on the fourth floor, have achieved a pleasant level of indoor air quality well within the permissible level.



High1 Resort's Advanced Water Treatment Plant



Ecological Purification Activity in Jijangcheon Stream



Gallery at Golf Course



High1 CC Rounding



## Management of energy consumption and greenhouse gas emissions

### Energy Management System

High1 Resort obtained the ISO 50001 certification in Energy Management System (EnMS) in December 2013 and is implementing company-wide energy management.

The Energy Management System was developed to improve energy performance by improving energy efficiency and reducing energy consumption in accordance with internationally-standardized processes and techniques.

Since High1 Resort was designated as a subject of the greenhouse gas energy target management scheme in 2010, we have also been selected as the subject for the allocation of greenhouse gas emission permits by the Ministry of Environment. We have managed our greenhouse gas emissions and the company also operates the energy savers system in compliance with the regulation on the rationalization of public institutions' energy use, and implements energy transition and efficiency policies to save energy.

### Energy Saving and Reduction of Greenhouse Gas Emissions

Kangwon Land has installed two wastewater recovery systems (125RT of cooling load) at the Kangwon Land hotel and casino to minimize the external flow of energy and prevent the waste of energy, thereby achieving an annual saving of 150 million KRW. The company annually replaces a certain amount of lighting systems with LED systems (amounting to 51.7% so far), and has installed 122 inverters, thus saving 350 million KRW yearly.

In addition, the company has replaced one 10-ton boiler with five 2-ton boilers in order to eliminate energy waste factors and improve operational efficiency. As a result, the company reduced its CO2

emissions by 429 tons for a saving of 556 million KRW. Moreover, each business area uses clean LPG fuel as main source of energy to minimize air pollution, and conducts an assessment of greenhouse gas emissions, and a basic unit analysis and evaluation, in order to understand monthly energy consumption and establish annual greenhouse gas reduction target. Kangwon Land is now pursuing the introduction of LNG, as this could reduce CO<sub>2</sub> emissions by a further 15% in the future, and is working to minimize greenhouse gas emissions through regular energy-saving campaigns.

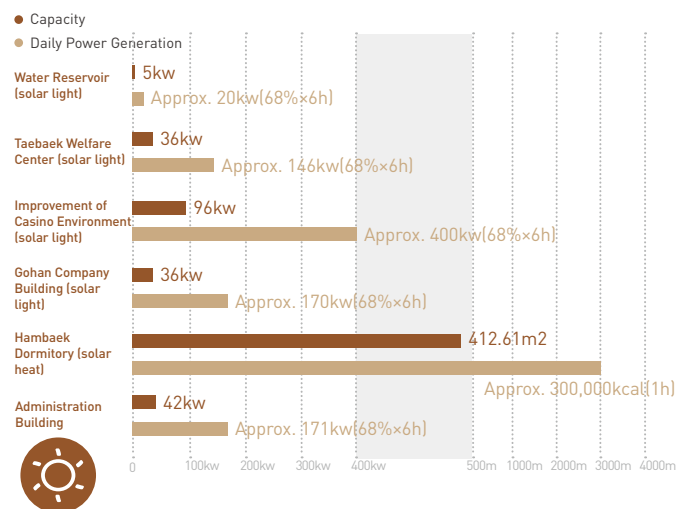
### Energy Saving Construction

As regards the design of new buildings and facilities, Kangwon Land aims to limit greenhouse gas emissions by maximizing energy efficiency and using renewable energy sources.

High1 Resort's administration building, which is scheduled for completion in 2015, obtained the preliminary certification for green building in 2013. The administration building acquired the best grade as a green building after a comprehensive evaluation of impact on the adjacent land, reduction of traffic load, energy saving and the use of sustainable energy resources, resource saving, water saving and recycling, and the indoor environment.

In addition, the company has received the preliminary certification (1st grade energy efficiency) for energy consumption and greenhouse gas emissions per unit area from the Korea Infrastructure Safety and Technology Corporation. Furthermore, a new and renewal energy geothermal heating system will be adopted for the Water Park in order to cut energy costs by 25% per year.

### Current Status of Installation and Operation of Solar Energy Generation at High1 Resort

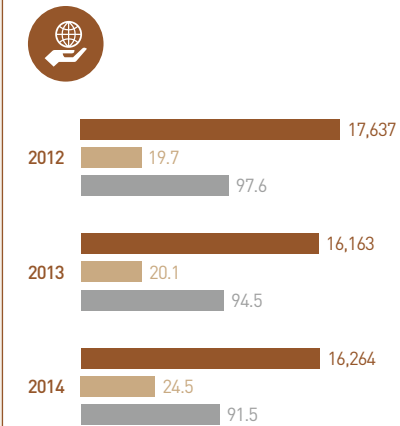


Green Company Certification

# Local Community Investment

### Result of Social Contribution

- Social Contribution Expenditure (millions KRW)
- No. of Voluntary Activities Hours (per employee)
- Participation (%)



### Opportunities and Risks

The abandoned mine region is subject to the aging society phenomenon due to an ongoing rise in the number of elderly people and the exodus of young people, and is quickly becoming "hollowed out" due to an outflow of population caused by the lack of jobs. Also, because of the relatively poor educational environment, local youth have fewer opportunities to experience various educational programs and culture.

### Management Approach

Kangwon Land is preparing a support system to create sustainable jobs in the abandoned mine regions and is pursuing the 'actualization of community-based social contributions' by providing customized welfare services that meet the needs of the local community. The company is also pursuing a qualitative expansion of employees' voluntary activities by reinforcing donations of talent.

### Achievements and Directions

- Realization of Community-based Social Contributions
- Closer - Customized Social Welfare
- Deeper - Reflection of Community Needs
- Farther - Improvement of Local Educational Environment
- Revitalization of the Abandoned Mine Region's Economy

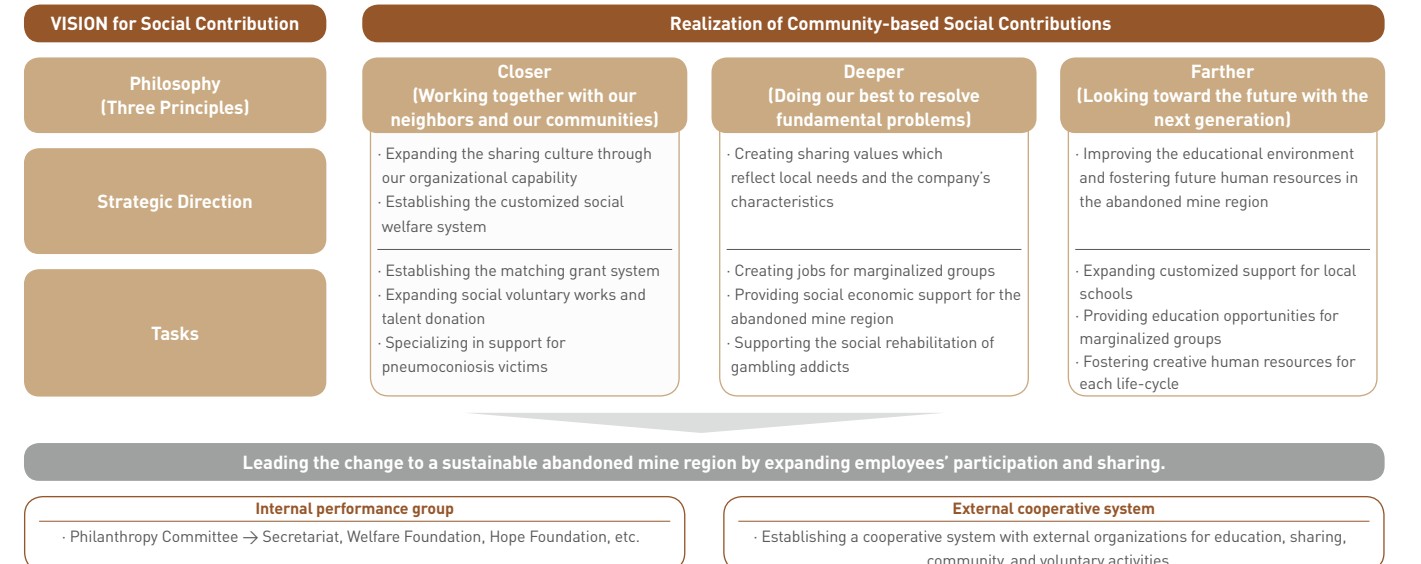
## Realization of Community-based Social Contributions

### Social Contribution Strategic System

Kangwon Land aims to contribute in revitalizing the local community and improving quality of life based on its vision of "realization of the community-based social contributions." Kangwon Land has established social contribution strategies based on three guiding principles, namely, 'closer, deeper, and farther'. The company carries out social contribution activities by striving to create more permanent jobs, establishing the basis for community self-reliance based on a gradual withdrawal of the company-led welfare support system, and seeking qualitative advancement.

Current Status of Social Contribution Expenditure per area Unit: millions KRW

Area	2012	2013	2014	
Closer	Local Welfare (Welfare Foundation)	6,000	6,000	6,000
	Sharing Culture	622	2,005	1,907
	Local Events Support	1,622	2,197	1,854
	Other Support	2,703	1,114	1,793
Deeper	Local rehabilitation	3,395	1,894	1,000
Farther	Educational scholarships	3,295	2,953	3,710
Total		17,637	16,163	16,264







## 'Closer' - Customized Social Welfare

### Expansion of the Sharing Culture Using Our Organizational Capability

Kangwon Land implements a matching grant policy in order to encourage employees to participate in voluntary social contribution activities and thereby form close ties with the local community. The company operates the High1 1004 (Angel) Fund to donate books to the local children's center through a matching grant. The employees' voluntary activity hours are converted to a corresponding amount of money that is donated to the social contribution project budget in order to support the funds required to build a toy library in the abandoned mine region.

In order to carry out social contribution activities in which customers can participate, the sale price of the ski season ticket (4,000KRW per ticket) is used as a social contribution project expense, and the company has also opened Asia's first ski school for the disabled.

### Donation of Employees' Talents to the Local Community

Voluntary group activities are focused on four cities and counties in the abandoned mine region in order to fulfil the company's community-based social contributions. In particular, the Theme voluntary group, which is composed of employees with specific talents, carries out distinctive activities such as music performances, free medical treatment services, and Judo classes, and regular activities are well received by local and neighboring communities.

Kangwon Land currently operates 87 voluntary groups including 26 Theme voluntary groups, 43 Team voluntary groups, and 18 Family voluntary groups. The Kkumteul voluntary group, comprising members

of the photography club, carries out various photography activities such as taking photographs of regional branch school students for the graduation yearbook, and portraits of seniors in the abandoned mine region. The Judo Sarang voluntary group, consisting of judo experts, provides Judo classes and personality education for Judo teams at Sabuk's elementary, middle, and high schools. Thanks to Judo Sarang's dedicated activities, a number of students have won various awards including a prize at the national Judo championship.

### Specialization in Support for Pneumoconiosis Victims

Kangwon Land is expanding the welfare and support for former miners who are pneumoconiosis patients at home. Although nursing home patients receive monthly financial support as disability benefit, temporary incapacity benefit, and nursing fees, home-based patients are not eligible for disability benefit, thus raising the need for support. Kangwon Land has carried out a survey on the actual status of home-based pneumoconiosis in Gangwon-do's southern area and has covered the costs of hospitalization, medical expenses, winter fuel allowance, and hearing aids, as well as supporting a pilot project for a psychological trauma recovery program. In total, the company has provided 942 million KRW in support to 4,063 people. Kangwon Land has also provided 510 million KRW of aid to 1,524 people through various regional welfare centers in other abandoned mine regions including Mungyeong-si, Boryeong-si, and Hwasun-gun, in addition to all efforts in Gangwon-do Province.



Kkumteul Voluntary Group



Judo Sarang Voluntary Group

## 'Deeper' - Reflection of Community Needs

### Support for Customized Employment for Marginalized Groups

Kangwon Land is committed to helping to resolve the problems resulting from the regional hollowing out by creating new jobs for marginalized groups and promoting revitalization of the local economy. Since 2009 the company has helped to create jobs locally by implementing the 'happy job project' for marginalized groups, including elderly people and the disabled in four cities and counties in the abandoned mine region.

Kangwon Land has provided approximately 1500 people with jobs (at a project cost of about 2.7 billion KRW) at 21 establishments over the last five years. In 2014, the company created jobs for 62 people by supporting the opening of six new places of business including Happy Job Establishment No. 22 'Taebaek Well-being Tofu' located in the Taebaek Jungang Market, and No. 23 'Taebaek Agricultural Specialty Product Market, which sells dried wild edible greens gathered by residents, local specialty produce, and seasonal foods.

### Support for Business Start-ups and Growth Corresponding to Regional Characteristics

Kangwon Land is supporting the community business (CB) project in which local residents adopt new business methods with the aim of resolving the local community's present problems, and generate and return local revenue by making use of dormant community resources (tourism, labor, raw materials, techniques, etc.).

The Souvenir Business Group, a representative CB project, has produced local souvenirs by developing stories about miners and the mines in Jeongseon-gun, one of the abandoned mine regions.

The Imagination Chocolate café produces and sells high value-added products combining chocolate, mining culture, and wildflowers with the help of local women whose careers have been interrupted. Furthermore, a number of other projects – such as the Sharing Joint Market, a local farmers' market; Donggang Woori Gangjung, which produces and sells gangjeong (Sweet Rice Puffs); and the Village

Energy Workshop, which produces and sells highly energy efficient braziers, stoves, and fan heaters – have been paying off. In 2014, 25 new jobs were created through the company's support of 200 million KRW to eight establishments.



### Voice of Stakeholder

Joint Committee for Saving Gohan-eup, Sabuk-eup, Nam-myeon, and Singong-eup  
Chairman Choi Geyong-Sik

The Joint Committee for Saving Gohan-eup, Sabuk-eup, Nam-myeon, and Singong-eup was established to protect the regional right to live from the government's unilateral policy of closing the mines at the end of 1980s. It was also a main agent in the establishment of the Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas in 1995, which provides the basis for the recovery of abandoned mine regions, together with the Government.

Kangwon Land contributes to the local finances by invigorating the local economy and attracting tourists, while preventing population outflow by creating jobs for local people. Indeed, by building up the tourism infrastructure and setting up a development fund for the abandoned mine regions, Kangwon Land serves as both a unique economic resource and a real source of support, for maintenance and development of the abandoned mine region.

However, the region's heavy dependence on Kangwon Land has produced many negative side-effects, the main problem being, that the region is not self-sufficient. High1 Resort's limited tourism attractions and facilities need to be complemented by incorporating history, culture, the ecological environment, as well as the beautiful surrounding, into the local tourism resources.

Under a policy for the development of community tourist attractions of the inhabitants' initiative, travel products need to be incorporated with the history, culture, and tourism resources, and new opportunities for travel and tourism around the region should be promoted through tourism promotion brochures and other sources of information. To that end, tourism expert groups and a local tourism center need to be established in the region.



Happy Job 'Taebaek Well-being Tofu'



Imagination Chocolate



## 'Farther' - Improvement of Local Educational Environment

### Customized Support for Schools

Kangwon Land is carrying out 'High1 Happy School' as representative education and culture project in the abandoned mine region, which suffers from a lack of proper educational and cultural infrastructure. High1 Happy School, which is a public contest type of project designed to promote innovation and change at selected schools in the abandoned mine region, supports change through consulting by educational experts.

In 2014, eleven schools that suggested autonomous practical tasks in the areas of creativity, personality, and careers were selected via a public contest in a bid to develop a school change model, and three schools that conducted their tasks well were designated as model schools. Bongyang Elementary School, which was supported as a model school in 2014, was also designated as an 'excellent school for children's safety' by the Minister of Gender Equality & Family, while Dogye Elementary School was designated as an 'Excellent Club in Gangwon-do Province' in recognition of student-centered clubs.

In 2014, Kangwon Land conducted a training program in which 90 teachers participated in order to strengthen local teachers' capabilities. We also provided financial support to 16 schools (up to 50 million won per school) through the performance of the contest project to improve the basic academic abilities of students. One notable example is Bongrae Middle School, located in Yeongwol-gun, which has run 'nature and ecology experience activities in the Hangang River basin' as part of curriculum for six years.

High1 Expedition, an international youth training program active since 2005, offers young people in the abandoned mine region, opportunities to experience a wider world. So far, 436 young local people have participated in projects for each subject.



### Voice of Stakeholder

Collaborative Educational Research Institute  
Head, Lee Gwang-Ho

The Collaborative Educational Research Institute, as an educational corporate body under the Ministry of Education, aims to connect teachers nationwide for sharing information on changes and reforms in schools, educational policies and welfare, and curriculum. The institute has conducted the Happy School project since 2008 in collaboration with Kangwon Land's Philanthropy Committee.

Under the sponsorship of Kangwon Land, we are currently implementing a project for school reforms targeting 96 elementary, middle, and high schools in the abandoned mine region. Under this project, a school submits plan for reform via a public contest. Professors and educational experts from Kangwon National University examine the plans and select a project for budget support, and the project is then conducted through consulting support services. The Happy School Project, which has been an ongoing project for seven years, is gradually seeing positive achievements as schools which used to voice concerns about the decreasing number of students are now recording an increase in students and an improvement in academic results.

Thanks to the Happy School's teacher training program both teachers and the sluggish classroom atmosphere in schools in the abandoned mine region have been transformed to one full of passion and inspiration. One of the biggest achievements of Kangwon Land's Happy School project, besides success in invigorating schools through innovation, is the changed educational atmosphere, which now allows children to explore and exhibit their abilities to heart's content.

We would like to study a model for bridging children's educational deficit resulting from a lack of parental care due to family circumstances, and to support their efforts for proper development, in cooperation with Kangwon Land's Philanthropy Committee.

## Revitalization of the Abandoned Mine Region's Economy

### Promotion of Local Usage of High1 Point

Kangwon Land runs the High1 Point System and promotes use locally in order to boost the independence of small businesses and individual proprietors, and to restore the vitality of the local economy and traditional markets. High1 Points are offered to customers of High1 Resort's casino, hotels and condominiums, and are accumulated according to the customers' use. Customers can use accumulated points as cash in local member store. Between the introduction of the system in 2004 and 2014 a total of 115.9 billion KRW of High1 Points was spent, and both the amount used and the number of member store increased every year, enabling the system to contribute to the revival of the local economy.

### Fostering of Locally-Customized Affiliates

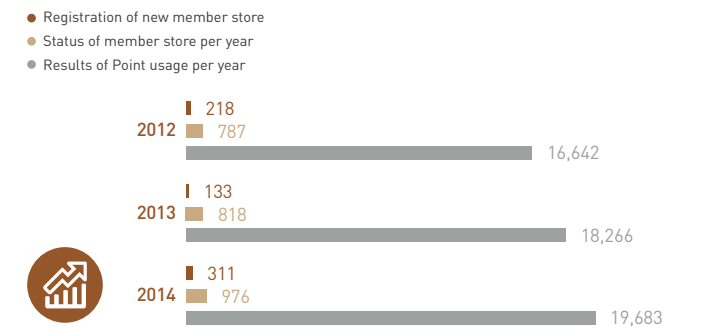
Kangwon Land is also contributing to the revival of regional characteristics and culture by expanding the scope of the High1 Point affiliates from restaurants, accommodation, and retailers to businesses specializing in Gangwon's regional specialties including Cirsium, wild edible greens, and beef. The company also selects and promotes restaurants serving tasty Buckwheat Crepe and Rice with Cirsium in collaboration with the traditional market in order to attract customers to the market. In future, Kangwon Land will operate a certification system for excellent affiliates, and offer incentives to help small business owners in the abandoned mine region to achieve financial independence and to revitalize the traditional market.

### Establishment of the Appropriate Use of the High1 Points System

Kangwon Land established the Local Usage System of High1 Points with the intention of revitalizing the local economy. However, as various inappropriate usages have been detected, the company has placed certain restrictions on member store, and established a system for preventing unjustifiable uses of the High1 Points system. Under the new regulation, the company may, in the event of deliberate unjustifiable use of the system by an affiliate, refuse to pay for a credit debt or claw back the money and cancel the affiliate contract. In order to prevent illegal cash-back transactions using the High1 Point and to promote the appropriate usage of High1 Points, the company has modified the system so that customers can only use the points with verification of name and validity verification via a mobile phone.

#### Current Status of Operation of High1 Points

Unit: number of member store, millions KRW excluding VAT

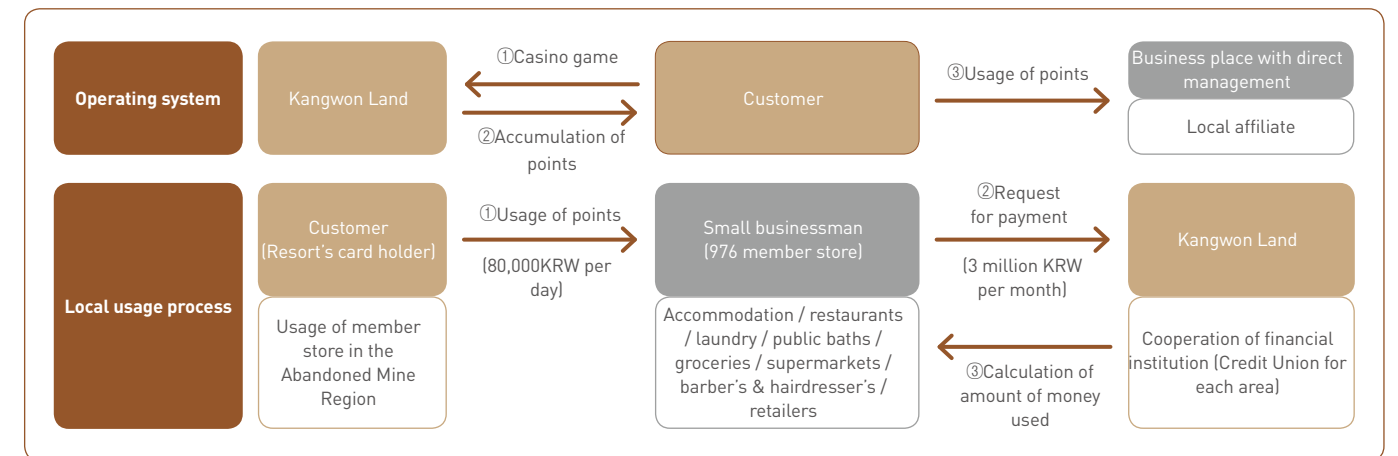


Dogye Elementary School's Samulnori (traditional percussion quartet) Club



High1 Expedition

### High1 Point System and Process



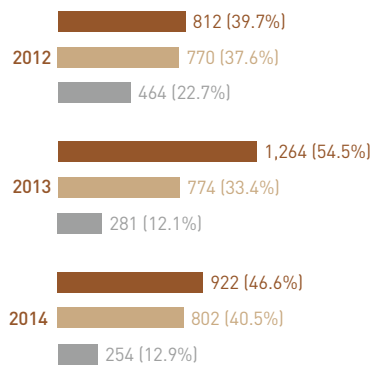


# Pleasant Workplace

## Current Status of Education Budget

Unit: millions KRW, %

- Internal Education
- External Education
- Online Education



## Opportunities and Risks

Establishing a working environment in which personnel can grow and develop their talents and work with pride in the company is as important as selecting the personnel. Kangwon Land has identified the most important issues as respect for human rights at work, industrial safety, and win-win labor-management relations. Furthermore, as there is widespread negative public opinion concerning the reckless management of public institutions and the excessive provision of welfare services, demand for the establishment of a performance-centered organizational culture to promote competitiveness is also rising.

## Management Approach

Kangwon Land operates diverse communication channels to handle complaints smoothly and to establish win-win labor-management relations. The company also runs the High1 Healing Center, a 24-hour counseling program designed to relieve stress caused by emotional labor, and regularly conducts a training program aimed at strengthening employees' disaster response capabilities in order to build a safer workplace. Furthermore, Kangwon Land has established an open recruitment system based on social equity for local human resources, women, and the disabled.

## Achievements and Directions

- Win-Win Communication Culture
- Advancement of Labor-Management Relations
- Industrial Safety and Health
- Open Recruitment and Capability Development

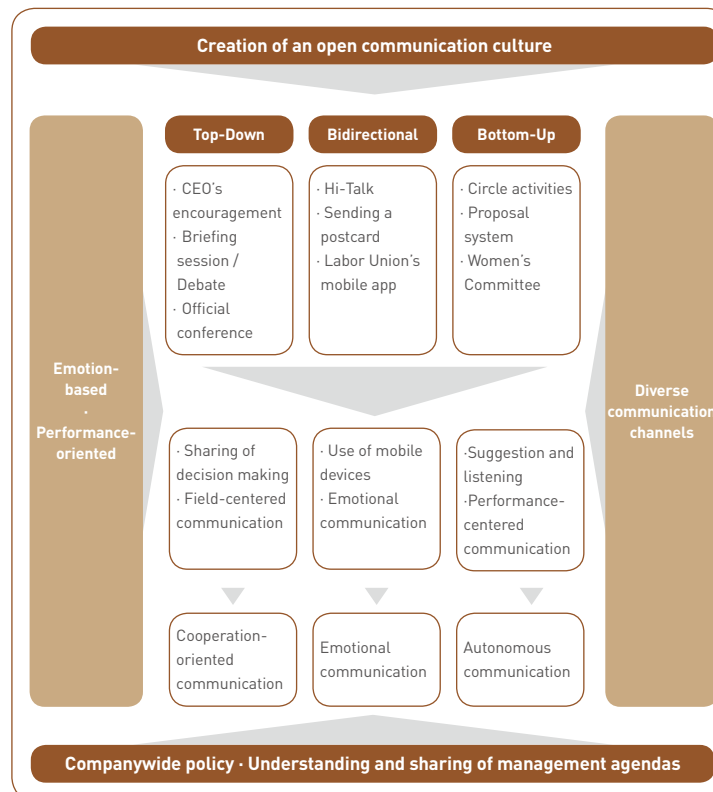
## Win-Win Communication Culture

### Diversification of Communication Channels

Kangwon Land has strengthened labor-management communication by establishing multilateral communication channels. The company has created an open communication culture by considering the characteristics of each class of employees and diversifying the communication paths. Bottom-up type of communication within the organizations includes circles for each department, a practice-centered proposal system, and a women's committee, while the bidirectional communication channel consists of mobile SNS Hi-Talk, sending 'High1 Love' postcards, and the Labor Union's mobile app.

### Complaint Counselling and Prevention / Diversification of Channels

Kangwon Land has established separate organizations for each type of complaint or difficulty, including a counselling center for complaints related to personnel affairs. As for complaints and difficulties that arise on a frequent basis, the company is striving to reinforce preventive efforts. In particular, regarding sexual harassment, where victims are mainly female and which accounts for 33% of all complaints and grievances, an internal lecturer visits each department separately to provide sexual harassment prevention education rather than cluster education.



## Collecting Opinions via a Survey of the Company's Entire Workforce

In 2014 Kangwon Land conducted a survey of employees' satisfaction levels with work, the company's welfare and education systems, and levels of communication and cooperation. As the results of the survey show a low level of satisfaction with the personnel system and communication, the company is reflecting employees' opinions in the performance tasks.

## Advancement of Labor-Management Relations

### Improvement of Reckless Management, and Agreement of Labor and Management

Kangwon Land's enterprise-type Labor Union, which was established in November 2000, has joined the Korean Public Service and Transport Workers Union. About 68% of the employees have joined the Labor Union and seven people are full-time members. Under the recent government policy to improve public corporations' reckless management, the union has negotiated a collective-bargaining agreement on workers' wages. As a result of intense bargaining and negotiations, including a one-day strike called by the labor union, labor and management have agreed to implement plans for the normalization of public institutions and has also finalized a collective wage agreement. The revised collective agreement includes reformation of the pay system, revision of the regulation on the annual salary system, and the addition of a new clause on the internal appraisal bonus. In addition, they have agreed to introduce a selective welfare benefits package, while abolishing the free support for children's college education expenses, hereditary succession of employment, and support for various expenditures incurred while offering congratulations and condolences, as well as reducing the pension for employees who are found to have violated the integrity pledge.

### Operation of Exclusive Organization for Labor-Management Cooperation

Kangwon Land has established an official exclusive labor-management organization to lead negotiations for efficient and reasonable agreements and thereby achieve the management's objectives. The company is also operating a task force team to improve the personnel system (settlement of promotion congestion), a labor-management mutual task force team to improve labor conditions for simple labors, and the Industrial Safety and Health Committee to reduce safety accidents. The exclusive organization draws up agreements in which the opinions of both labor and management are equally reflected, while the personnel system improvement TF prepares plans for improving the personnel system regarding a rank system, and fixed number for each position.



## Voice of Stakeholder

Kangwon Land's Labor Union  
President Cho Yong-Il

The government is implementing a policy aimed at improving reckless management practices as part of the normalization plans of public institutions. As Kangwon Land was selected as a target for the improvement of reckless management last year, both labor and management have experienced serious conflicts, reaching an agreement only after many snags. The experience of sharp conflict and tension has taught labor and management that extreme confrontations only serve to create more disadvantages than advantages for both parties.

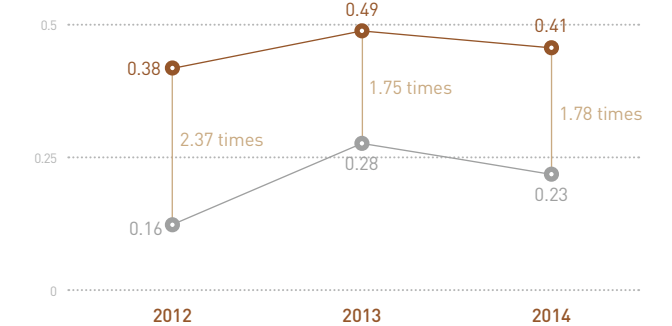
As Kangwon Land has been included as a target of the government's management assessment in 2015, there have been many changes in the performance and pay system. In order to maintain reasonable and productive labor-management relations amid such changes, the company needs to make efforts to share important management agendas and, to establish a cooperative system for the settlement of issues together with the labor force. Furthermore, many Kangwon Land workers suffer from serious stress caused by customers' abusive language, and sexual harassment due to the nature of the casino industry. Thus, it is vital that the company prepare fundamental solutions with the positive aim of easing employees' stress and improving psychological health.

## Safety Accidents Rate

(Unit: %)



- Same line of business
- Kangwon Land
- Comparison with the same line of business



Fire Drill



## Industrial Safety and Health

### Reinforcement of Disaster Response

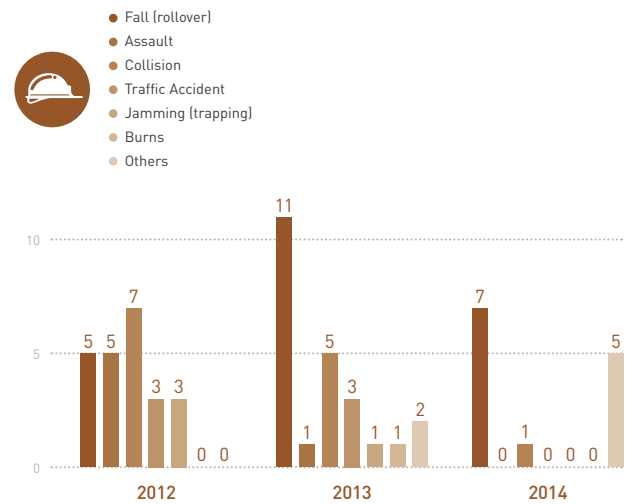
Kangwon Land has formed a disaster response team that is responsible for countermeasures against disasters such as fire, natural disasters, accidents, etc. The company also conducts periodic fire drills in cooperation with the Jeongseon Fire Station to check ability to respond to disaster situations. In addition, the personnel of ten departments participate in a drill four times each year which include situations such as emergency evacuations, firefighting, first aid, and procedures for handling emergency situations.

### Management of Emotional Labor Stress

As the level of stress among employees who work in the casino, hotel guestrooms, restaurants, cafés and bars is becoming increasingly serious, a counselling center for employees' mental health management has been run on a three-month trial basis since December 2014, and will be opened formally after an analysis of the trial period outcomes. The High1 Healing Center Mind 休 (Hue), which is a part of the Employee Assistance Program (EAP), carries out counseling and treatment services with experts regarding employees' work stress, interpersonal difficulties, and psychological problems.

Cases of Safety Accidents by Type

Unit: case



## Open Recruitment and Capability Development

### Open Recruitment

Kangwon Land recruits employees on the basis of aptitudes rather than educational background, including language ability, and certificates. The company also seeks stability of employment and prevents discrimination by promoting employees to unlimited contracts or permanent posts. The company gives initial preference to job applicants from the abandoned mine region, and strengthens social equity by expanding employment selection opportunities to vulnerable social groups including the disabled and recipients of the national basic livelihood.

### Capability Development

Kangwon Land has established a roadmap for each education course, divided into three steps – basic (common capability), intensive (work capability), and expert (leadership capability) – in order to systematically secure employees' capabilities. The company conducts training and education programs on banquet events, food and beverage services, and convention events, for administrative staff preparing for the busiest season in order to improve flexibility of workforce management, and to provide integrated multi-skills education for new employees in order to extend capabilities on the basis of rotating education. Furthermore, due to the increase in the number of Chinese visitors, the company now runs classes in Chinese, attracting a positive reaction among employees, as well as a short-term overseas training course that allows employees to study Chinese in China, in order to reinforce Chinese language learning within the company and the employees' proficiency in Chinese.

Current Status of Education Course Attendance

Unit: person

Education Period	2012	2013	2014
Within 1 day	8,780 (305.9%)	9,703 (328.6%)	11,488 (376.9%)
1~5 days	4,039 (140.7%)	1,445 (48.9%)	3,067 (100.6%)
1~4 weeks	727 (25.3%)	153 (5.2%)	531 (17.4%)
1~6 months	13,547 (472%)	12,586 (426.2%)	9,390 (308.1%)
Over 1 year	8 (0.28%)	7 (0.2%)	4 (0.1%)

\* Basic Number of Persons: Number of employees per year  
 \* ( ) is the percentage of the total number of company employees who attend the education course.

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## Economic Performance Data



### Condensed and Consolidated Profit and Loss Statement

Unit: millions KRW

Category	2012	2013	2014
Sales	1,296,191	1,361,287	1,496,541
Operating Profit	404,868	388,041	513,172
Net Profit	306,229	297,596	359,349

\* Statements of Connected Companies: Kangwon Land, High1 Entertainment, High1 Sangdong Theme Park, and High1 Switch Back Resort

### Condensed and Consolidated Statement of Financial Position

Unit: millions KRW

Category	2012	2013	2014	
Assets	Current Assets	1,165,451	1,080,402	1,371,825
	Non-current Assets	1,741,204	2,021,635	2,003,302
	Total Assets	2,906,655	3,102,037	3,375,127
Liabilities	Current Liabilities	518,388	570,217	624,517
	Non-current Liabilities	16,240	14,123	45,253
	Total Liabilities	534,628	584,340	669,770
Equity	Controlling Interests	2,372,027	2,517,399	2,705,080
	Non-controlling Interests	-	298	277
	Total Equity	2,372,027	2,517,697	2,705,357

### Current Status of Sales by Area

Unit: millions KRW

Category	2012	2013	2014
Casino	1,213,057	1,277,297	1,418,673
Hotel	25,956	25,488	24,379
Condominium	24,586	26,083	23,978
Golf Course	4,634	4,241	4,106
Ski Resort	24,663	23,798	21,155
Games, etc.	3,295	4,380	3,992
Operation of cable railway and railroad, etc.	-	-	258
Total	1,296,191	1,361,287	1,496,541

## Social Performance Data



### Current Employment Status

Unit: persons, %

Category	2012	2013	2014	Remarks	
Fixed Number of Employees	2,791	2,890	3,227		
Number of Employees	2,870	2,953	3,048		
Regular Retirement	11	10	12		
Voluntary Retirement (Voluntary Resignation)	(82)	-	(-)		
Unlimited Contract Workers	120	9	8	Promotion of unlimited contract workers in 2012 to permanent positions	
(Direct employment) Temporary workers	203	695	543		
Indirect Employees (outsourcing, dispatching, etc.)	1,611	1,615	1,678	4% increase	
New Full-time Recruits	Female	-	43		
	Disabled Persons	-	1		
	Local Personnel (noncapital region)	-	96	117	21 people increased
New Full-time Recruits	High School Graduates	-	12	36	3 times increased
	Specialized High School Graduates	-	-	-	
	Science & Engineering Major	-	20	21	
	Total	2	109	120	
	Interns	-	490	-	
Temporary Employment	Contract	-	-	1	
	Part-time	6	6	4	
	Regular Employees	17	22	21	
Total	23	518	26		
Total Number of Employees Category wise/Percentage in each Category	Number of Females / Percentage	1,030(35.9%)	1,147(38.8%)	1,124(31.3%)	
	Number of Female Team Managers or Higher / Percentage	-	1(0.03%)	1(0.03%)	
	Number of Disabled / Percentage	67(2.3%)	73(2.5%)	68(1.9%)	

### Current Status of Manpower by Region

Unit: persons, %

Category	Gangwon-do Province			Other Regions	Total	Gangwon region's residents' employment rate	
	The Abandoned Mine Region	Others	Sub-total				
Kangwon Land	Full-time employees	1,476	360	1,836	1,212	3,048	60%
	Temporary employees	236	136	372	171	543	69%
Partner Companies		1,638	20	1,658	20	1,678	98.81%

### Current Status of Contracts by Region

Unit: one million won, %

Category	2012	2013	2014	
Gangwon-do Province	The Abandoned Mine Region	95,802 (48.6%)	137,412 (49.9%)	73,861 (46.4%)
	Others	4,401 (2.2%)	4,434 (1.6%)	5,999 (3.8%)
	Sub-total	100,203 (50.8%)	141,846 (51.5%)	79,860 (50.2%)
Other Regions	96,842 (49.2%)	133,587 (48.5%)	79,256 (49.8%)	
Total	197,045 (100%)	275,433 (100%)	159,116 (100.0%)	

# Environmental Performance Data



## Current Status of Waste Disposal

Unit: ton

Category		2012	2013	2014
General Waste	Synthetic resin wastes, etc.	5,105	5,322	4,820
Specified Waste	Acid waste, etc.	78	103	196
<b>Total</b>		<b>5,183</b>	<b>5,425</b>	<b>5,016</b>

## Current Status of Waste Disposal for Recycling

Unit: ton

Category		2012	2013	2014
Domestic Waste		2,584	2,427	2,512
Waste Sorting		556	547	593
Percentage of Waste Sorting		22%	22.5%	23.6%

## Water Usage

Unit: ton

Category		2012	2013	2014
Top Water		1,312,625	1,284,463	1,626,140
Heavy Water		62,388	30,878	22,014
Underground Water		36,934	28,308	46,730
Purified Mine Water		683,156	711,639	716,685
<b>Total</b>		<b>2,411,569</b>		

## Pollutant Emissions for 2014

Unit: ton

Category		BOD	SS	TN	TP
Wastewater	Laundry Factory	0.09	0.11	0.36	0.07
	Hotel & Casino	0.76	1.42	3.78	0.24
Sewage	High1 Ski Resort	0.19	0.37	0.95	0.08
	High1 Hotel	0.07	0.10	0.20	0.03

## Chemical Usage

Category	Phase	2012	2013	2014
Water treatment chemicals	Solid phase (kg)	68,740	46,730	43,919
	Liquid phase(l)	31,980	35,208	79,310
Detergents for washing clothes	Solid phase (kg)	17,060	15,240	5,640
	Liquid phase (l)	101,742	37,800	37,800
Detergents for cleaning and kitchen	Solid phase (kg)	17,060	31,504	31,500
	Actual amount used (kg)	875	889	611
Use of pesticides	Active elements	277	320	201

\* As it was difficult to calculate the total amount of detergents for cleaning and kitchen work in 2014 due to the internal situation, the report uses a similar figure to that recorded in the previous year.



## Greenhouse Gas Emissions

Greenhouse Gas Emissions	Unit	2012	2013	2014
Scope1 (direct)	tCO2-eq	31,555	30,992	27,976
Scope2 (indirect)	tCO2-eq	47,739	47,055	44,370
<b>Total</b>	tCO2-eq	<b>79,294</b>	<b>78,048</b>	<b>72,347</b>

## Energy Consumption

Category	Unit	2012	2013	2014
Electricity	kw	102,390	100,924	95,165
LPG	ton	10,142	9,847	8,968
LPG for vehicles	ton	5.0	2.1	2.5
Diesel	kl	390	557	425
Petroleum	kl	210	169	157
Kerosene	kl	57	48	46
LNG	1,000 m <sup>3</sup>	39	35	14



# Independent Audit Report



## Attn: Shareholders and Board of Directors

### Kangwon Land Inc.

We, the auditors, have reviewed the financial statements of Kangwon Land including the current financial statements (as of December 31, 2014), all-inclusive income statements, statement of changes in equity, statement of cash flow, summary of significant accounting policies, and other explanatory information for the period ending on December 31, 2014.

#### Management's Responsibility for the Financial Statements

The management is responsible for preparing financial statements and describing fairly according to the Korean International Financial Reporting Standards. It is also responsible for the internal control performed by the management, as it was necessary to write the financial statements without any significant erroneous or deliberate misrepresentations in statement.

#### Auditors' Responsibility

The auditors' responsibility is to express our opinion on the applicable financial statements based on the result of our audit. We have performed the audit in compliance with the audit standard, which requires the auditors' compliance with ethical requirements, and have planned and implemented the audit to reasonably ensure that the financial statements do not contain any significant misinterpretations.

The audit includes the performance of the procedure for acquiring the audit evidences for the amount of money and disclosure in the financial statements.

The choice of the procedure depends on the auditor's judgment, such as the evaluation of a significant risk of willful or erroneous misinterpretation of the financial statement. Thus, when the auditors evaluate this kind of risk, they consider the internal control relating to the company's preparation of the financial statements and fair presentation in order to design the audit procedure in a way that is appropriate to the situation. However, this does not entail the expression of an opinion on the effectiveness of the internal control. Moreover, the audit includes an evaluation, not only of the overall remarks concerning the financial statement but also of the assessment of the suitability of the accounting principles applied by the management and the rationality of the accounting estimates concluded by the management in preparing financial statement.

It is the auditors' belief that the audit evidences that we acquired were sufficient and suitable for the basis of our final opinion on the audit.

#### Auditors' Opinion

In our opinion, the company's financial statements fairly state the details of both the financial results and cash flow of Kangwon Land for the period ending on December 31, 2014, based on the Korean International Financial Reporting Standards.

#### Other Details

Samjong KPMG LLC performed the audit on Kangwon Land's financial statements covering the fiscal year ending on December 31, 2013, which was described as the year of comparison. This audit report written by Samjong KPMG LLC on March 5, 2014 contains the expression of the auditors' opinion.

대표이사 김진호 

3F (Dongha Building), 2913, Nambusunhwan-ro (Daechi-dong), Gangnam-gu, Seoul  
February 12, 2015  
BDO Daejoo LLC

# Greenhouse Gas and Energy Verification Report



As Kangwon Land Inc. was designated as a subject of the greenhouse gas energy target management scheme, the Korean Standards Association, which is a verification body designated by the Ministry of Environment, has verified the statement provided by Kangwon Land.

#### Reasonable Level of Assurance

The verification of the target management scheme has applied a mean deviation of  $\pm 5.0\%$ , the standard for an importance evaluation as specified in the guidelines, to ensure the reasonableness of the verification result.

#### Subject of Verification

The statement presented by Kangwon Land and internal data and documents are the subjects of verification.

#### Basis for Verification

Verification was conducted according to the Guidelines on Greenhouse Gas Energy Target Management and Operations (made public by the Ministry of Environment), while the verification of any matters that are not defined in the guidelines are based on KS Q ISO 14064-1 and -3.

#### Importance Evaluation

As Kangwon Land has completed all the corrective measures recommended by the verification team, the importance evaluation is applied as 0%.

#### Limitations of Verification

The verification team has performed verification of the statements and relevant documents presented by Kangwon Land using sampling and complete enumeration methods. As the greenhouse gas emission information has numerous limitations, it may contain reasonable judgments because of the different views of interpretation of the guidelines. Therefore, the report might contain errors, omissions, or false statements that were not detected during the verification.

#### Verification Results and Overall Opinion

Kangwon Land has carried out corrective measures on the main issues identified by the verification team through documentary review and on-site inspection, and the team has confirmed those measures.

As no cases of nonconformance were found in the statement presented by Kangwon Land, and the required level of the guidelines has been satisfied, the verification team presents opinion as 'appropriate'.



March 17, 2015

Verification Body: Korean Standards Association  
Chairman and CEO: Baek, Soo-Hyun

# Independent Assurance Statement



## Introduction

DNV GL Business Assurance Korea Ltd. (hereinafter "DNV GL") is commissioned to carry out the assurance engagement of the 2014 Sustainability Report (hereinafter "the Report") of Kangwon Land Inc. (hereinafter "Kangwon Land"). This engagement focused on the information provided in the Report and the underlying management and reporting processes. Kangwon Land is responsible for the collection, analysis, aggregation and presentation of all information within the Report. DNV GL's responsibility in performing the work follows terms of reference and scope of work agreed. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and authentic. Kangwon Land's stakeholders are the intended recipients of the assurance statement.

## Scope of Assurance

This Assurance Engagement covered data and information presented only in the report. The scope of DNV GL's Assurance Engagement includes the review and assessment of followings:

- Evaluation of the reporting principles for defining the sustainability report content and the quality in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4.0
- Evaluation of adherence to Accountability principles provided in AA1000 Accountability Principles Standard (APS)2008 with a moderate level of assurance and Type1.
- Check of GRI 4.0 Disclosure option
- Visit to Headquarter of Kangwon Land

## Limitation

The engagement excludes the sustainability management, performance and reporting practices of Kangwon Land's suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Any financial information from Kangwon Land's annual report and company reporting on operations in 2014 or other sources are not included in the scope of the Assurance. Economic performances based on the financial data were cross-checked with internal documents and the audited financial statements. The aggregation and calculation process for building economic performances is reviewed and tested by the verification team. The baseline data for Environmental and Social performance are not verified, while the aggregated data are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

## Verification Methodology

The Assurance Engagement was planned and carried out in accordance with the DNV GL Verification Protocol for Sustainability Reporting (VeriSustain™ V.4.1) and AA1000AS(2008). As part of the verification, we challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In accordance with the Protocol, the Report was evaluated with regard to the following criteria: DNV GL has examined and reviewed documents, data and other information made available by Kangwon Land. We performed sample-based audits of;

- The process for determining the materiality of the contents to be included in the Report.
- The process for generating, gathering and managing the quantitative and qualitative data in the Report.
- The accuracy of data
- Principles of AA1000 Accountability Principles Standard(2008)
- Disclosure option of GRI G4.0



## Conclusion

In DNV GL's opinion, and based on the scope of this Assurance Engagement, the report provides a reliable and fair representation of Kangwon Land's sustainability strategy, policy, practices and performance in 2013~2014. The report is prepared "In accordance with Core option" of GRI G4.0. Further opinions with accountability principles are made below;

## Inclusivity

Kangwon Land has engaged with a wide range of stakeholders which are customers, government, local communities, business partners, employees, subsidiaries, and shareholders. The report includes a process to derive expectations and interests from internal and external stakeholders. Main issues were clearly represented in the report. In our view, the level at which the Report adheres to the principle of Inclusivity is 'Acceptable'.

## Materiality

Kangwon Land has formed a sustainability issue pool by analysing stakeholders' opinion, benchmarking, media research etc. The materiality of issue has been determined by screening relevant issues and considering those frequencies. The output of the process clearly brings out material issues. In our view, the level at which the Report adheres to the principle of Materiality is 'Good'.

## Responsiveness:

Kangwon Land monitors and reports performances of material issues drawn by the materiality assessment process in the report. The report includes financial (economical) and non-financial (social and environmental) performances. Kangwon Land states its vision and business strategies with the performances in the report. In our view, the level at which the Report adheres to the principle of Responsiveness is 'Good'.

## Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported to Kangwon Land's management. However, these do not affect our conclusions on the Report and are provided to encourage continual improvement.

- It is recommended that Kangwon Land operate the stakeholder engagement program as an ongoing process, in order to reflect external stakeholders' expectations and interests in balance with internal stakeholders'.

## Statement of Competence and Independence

DNV GL is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the verification process.

April 2015 Seoul, Republic of Korea  
In-Kyoon Ahn  
Country Representative  
DNV GL Business Assurance Korea



# Registered Committee and Groups/Award Records



## Major Awards

Name of Awards	Awarded to	Award Section
2013 Korea Best Brand Awards (Grand Prize)	JoongAng Ilbo Forbes	Resort
2013 Korea Global Leader	Maeil Business Newspaper	Service – Customer Satisfaction
2013 The Most Influential CEOs in Korea	TV Chosun	Social Responsible Management
2013 Creative Management Awards	JoongAng Ilbo	Sustainability Management
2013 Korea Creative Economy CEO Awards (Grand Prize)	Dong-A Ilbo	Sustainability Management
2013 Dow Jones Index Certification	RobecoSAM / Korea Productivity Center	Sustainability Management
2013 Socially Contributing Company Awards (Grand Prize)	The Korea Economic Daily	Social-Local Community Development
2013 Herald DongaA Lifestyle Awards	DongA TV, Herald Corporation	The Minster of Health and Welfare
2013 Korea Idea Management Awards	Korea Suggestion System Association	Public Corporation for Idea Management Award
2014 Dow Jones Index Certification	RobecoSAM / Korea Productivity Center	Sustainability Management
2014 Socially Contributing Company Awards (Grand Prize)	The Korea Economic Daily	Social-Local Community Development
2015 Creative Management Awards	JoongAng Ilbo	Innovation Management

## Memberships of Associations

Korea Employers Federation	Jeongjinhoe (Institutions and groups in Jeongseon-gun)
Kangwon Employers Federation	Saeumhoe (Social group in Sabuk-eup)
Institute of Internal Auditors Korea	Jeongmohoe (Institutions and groups in Gohan-eup)
Korea Suggestion System Association	Imokhoe
Gangwon Provincial Residents Association	Civil Mediation Committee, District Court in Yeongwol-gun
Green Company Council	Crime Victim Support Center of Yeongwol-gun
Korea Environmental Engineers Association	Yeongwol-gun Crime Prevention Committee, Ministry of Justice
Korea Arboretum-Botanical Garden Association	Civil Mediation Committee, District Court in Jeongseon-gun
Korea Personnel Improvement Association	
Korea Management Association	
Samcheok CCI (Chamber of Commerce and Industry)	

# GRI G4 Index/ ISO 26000



● Reported in total ● Reported in part ○ Not reported

Index	Contents	ISO 26000	Reported or not reported	Applicable section	Page nos.
<b>Strategy and Analysis</b>					
G4-1	A statement from the most senior decision-maker of the organization (i.e. CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	6.2/7.4.2	●	Message from the CEO	4-5
G4-2	A description of the key impacts, risks, and opportunities.	6.2	●	Reinforcement of Resort's Competitiveness	31-37
<b>Organizational Profile</b>					
G4-3	The name of the organization.	-	●		
G4-4	The primary brands, products, and services.	-	●		
G4-5	The location of the organization's headquarters.	-	●		
G4-6	The number of countries where the organization operates, and the names of the countries where either the organization has significant operations or which are specifically relevant to the sustainability topics covered in the report.	-	●		
G4-7	The nature of ownership and legal form.	-	●	Overview of Kangwon Land	12-13
G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	-	●		
G4-9	The scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capital broken down into debt and equity (for private sector organizations) - Quantity of products or services provided	-	●		
G4-10	a. The total number of employees according to employment contract and gender. b. The total number of permanent employees according to employment type and gender. c. The total workforce according to employees and supervised workers and according to gender. d. The total workforce according to region and gender. e. It reports whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. It reports any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	6.3.7	●	Current Status of Employment	57
G4-11	Percentage of employees covered by collective bargaining agreements.	6.4/6.4.3/ 6.4.4/6.4.5 6.3.10	●	Advancement of Labor-Management Relations	53
G4-12	Description of the organization's supply chain.	6.6.6	●	Promotion of Partner Companies' Social Responsibility	40
G4-13	Report of any significant changes that occurred during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: - Changes in the location or nature of operations, including facility openings, closures and expansions; - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); - Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	-	●	Overview of Kangwon, Promotion of Partner Companies' Social Responsibility	12, 40
G4-14	Reports whether and how the precautionary approach or principle is addressed by the organization.	-	●	Law-abiding Management, Ethical Management, Responsible Game Culture	21-22, 23-24, 25-29
G4-15	List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	4.7	●	Awards and Certifications	65
G4-16	List of memberships of associations (such as industry associations) and national or international advocacy organizations.	4.7	●	Memberships of Associations	65
<b>Identified Material Aspects and Boundaries</b>					
G4-17	A. List of all entities included in the organization's consolidated financial statements or equivalent documents. B. Reports whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	6.2	●	Overview of Kangwon Land	12-13
G4-18	A. Explanation of the process for defining the report content and the aspect boundaries. B. Explanation of how the organization has implemented the reporting principles for defining report content.	-	●		
G4-19	List of all the material aspects identified in the process for defining report content.	-	●		
G4-20	For each material aspect, the 'aspect boundaries' within the organization is reported, as follows: - Whether the aspect is material within the organization - If the aspect is not material for all entities within the organization (as described in G4-17), one of the following two approaches is selected and reported: a. The list of entities or groups of entities included in G4-17 for which the aspect is not material or b. The list of entities or groups of entities included in G4-17 for which the aspect is material - Any specific limitation regarding the aspect boundary within the organization	-	●	Importance Evaluation	18-19



Index	Contents	ISO 26000	Reported or not reported	Applicable section	Page nos.
G4-21	For each material aspect, the aspect boundaries outside the organization are reported, as follows: - Whether the aspect is material outside the organization - If the aspect is material outside the organization, the entities, groups of entities or elements for which the aspect is material are identified. In addition, the geographical location where the aspect is material for the entities identified is described. - Any specific limitation regarding the aspect boundaries outside the organization is reported.	-	●	Importance Evaluation	18-19
G4-22	Effects of any restatements of information provided in previous reports and the reasons for such restatements.	-	●	Report Overview	2
G4-23	Significant changes from previous reporting periods in Scope and Aspect Boundaries.	-	●	Creation of Local Tourism Clusters	35-36
<b>Stakeholder Engagement</b>					
G4-24	List of stakeholder groups engaged by the organization.	-	●		
G4-25	Basis for the identification and selection of stakeholders with whom to engage.	-	●	Economic Effects of Kangwon Land	8-9
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and stakeholder group	-	●		
G4-27	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. The stakeholder groups that raised each of the key topics and concerns are identified.	-	●	Importance Evaluation	18-19
<b>Report Profile</b>					
G4-28	Reporting period (such as fiscal or calendar year) for the information provided.	-	●		
G4-29	Date of most recent previous report (if any).	-	●	Report Overview	2
G4-30	Reporting cycle (such as annual, biennial).	-	●		
G4-31	Contact point for questions regarding the report or its contents.	-	●		
G4-32	A. The 'in accordance' option chosen by the organization. B. The GRI Content Index for the chosen option. C. The reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	-	●	Report Overview, GRI G4 Index, Third-Party Verification Statement	2 65-67 62-63
G4-33	A. The organization's policy and current practice with regard to seeking external assurance for the report. B. If not included in the assurance report accompanying the sustainability report, the scope and basis of any external assurance provided is reported. C. The relationship between the organization and the assurance providers. D. Reports whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	7.5.3	●	Third-Party Verification Statement, Establishment of Sound Governance	62-63 16-17
<b>Governance</b>					
G4-34	The governance structure of the organization, including committees of the highest governance body. Committees responsible for decision-making on economic, environmental and social impacts are identified.	6.2	●	Vision and Strategies	14-15
<b>Ethics and Integrity</b>					
G4-56	Description of the organization's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics.	6.6/ 6.6.1/ 6.6.2/ 6.6.3/ 6.6.5	●	Law-abiding Management, Ethical Management	21-22 23-24

Aspect	Economic Category	ISO 26000	Reported or not reported	Applicable section	Page nos.	
	<b>Generic Disclosure of Management Approach</b>	-	●	Economic Effects of Kangwon Land	8-9	
Economic Performance	G4-EC1	Direct economic value generated and distributed (EVG&D). Direct economic value generated (Revenues) / Economic value distributed (operating costs, employee wages and benefits, payments to providers of capital, payments to government (by country, community investments) / Economic value retained (calculated as 'direct economic value generated')	6.8/6.8.3/ 6.8.7/6.8.9	●	Economic Effects of Kangwon Land	8-9
	G4-EC2	Financial implications and other risks and opportunities for the organizations' activities due to climate change.	6.5.5	●	Management of Energy Consumption and Greenhouse Gas Emissions	46
Indirect Economic Impacts	<b>Generic and Aspect-specific Disclosures of Management Approach</b>	-	●	Economic Effects of Kangwon Land, Local Community Investment DMA	8-9 47	
	G4-EC8	Significant indirect economic impacts, including the extent thereof.	6.3.9/6.6.6/6.6.7/ 6.7.8/6.8/6.8.5/ 6.8.6/6.8.7/6.8.9	●	Economic Effects of Kangwon Land, Local Community Investment	8-9 47-51
Procurement Practices	<b>Generic and Aspect-specific Disclosures of Management Approach</b>	-	●	Promotion of Partner Companies' Social Responsibility	40, 57	
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	6.6.6/6.8/ 6.8.5/6.8.7	●	Promotion of Partner Companies' Social Responsibility	40, 57

Aspect	Environmental Category	ISO 26000	Reported or not reported	Applicable section	Page nos.	
Energy	<b>Generic and Aspect-specific Disclosures of Management Approach</b>	-	●	Construction of an Eco-Friendly Resort DMA, Management of Energy Consumption and Greenhouse Gas Emissions	43 46	
	G4-EN3	Energy consumption within the organization.	6.5/6.5.4	●	Energy Consumption	59
Water	<b>Generic Disclosure of Management Approach</b>	-	●	Construction of an Eco-Friendly Resort DMA, Management of Energy Consumption and Greenhouse Gas Emissions	43 46	
	G4-EN9	Water sources significantly affected by withdrawal of water.	6.5/6.5.4	●	Saving of Water Resources	44
G4-EN10	Percentage and total volume of water recycled and reused.		●	Water Usage	44	
Emissions	<b>Generic Disclosure of Management Approach</b>	-	●	Construction of an Eco-Friendly Resort DMA	43	
	G4-EN15	Direct Greenhouse Gas (GHG) Emissions (SCOPE 1).	6.5/6.5.5	●	Greenhouse Gas Emissions	59
G4-EN16	Energy Indirect Greenhouse Gas (GHG) Emissions (SCOPE 2)		●	Greenhouse Gas Emissions	59	
Effluents and Waste	<b>Generic Disclosure of Management Approach</b>	-	●	Construction of an Eco-Friendly Resort DMA	43	
	G4-EN23	Total weight of waste by type and disposal method	6.5/6.5.3	●	Current Status of Waste Disposal	58
G4-EN24	Total number and volume of significant spills		●	Pollutant Emissions	58	
<b>Sub-category of Social: Labor Practices and Decent Work</b>		<b>ISO 26000</b>	<b>Reported or not reported</b>	<b>Applicable section</b>	<b>Page nos.</b>	
	<b>Generic and Aspect-specific Disclosures of Management Approach</b>	-	●	Happy Workplace DMA, Promotion of Partner Companies' Social Responsibility DMA	52 40	
Employment	G4-LA1	Total number and rates of new recruits and employee turnover (by age, gender and region)	6.4/6.4.3	●	Current Status of Employment	57
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant location of operation	6.4/6.4.3/ 6.4.4	●	Improvement of Reckless Management, and Agreement of Labor and Management	53
	<b>Generic Disclosure of Management Approach</b>	-	●	Happy Workplace DMA	52	
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# KANGWON LAND

## SUSTAINABILITY REPORT 2014

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This report has been published in both Korean and English versions and can be downloaded from the home page.

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