



2015 KANGWON LAND SUSTAINABILITY REPORT

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## ABOUT THIS REPORT

As the 6<sup>th</sup> integrated Sustainability Management Report published by Kangwon Land, this report is designed to communicate and develop with interested parties the visions, strategies, and activities for sustainability management in a more transparent manner.

### Report standard

In compliance with internationally verified report standards, this report included GRI G4 "Core" in option, which is an international guideline for sustainability reports; it was written based on the <IR> framework from the International Integrated Report Committee.

### Reporting period

This report presents the achievements of sustainability management from the 1<sup>st</sup> of January to the 31<sup>st</sup> of December 2015. Depending on the importance of issues, some achievements made until February 2016 are partially included. Quantitative achievement is reported with 3 years' worth of data from 2013 to 2015 to aid in understanding of the trends.

### Report scope

This report extracts key issues by assessing the materiality and includes the current management situation and achievement in the entire area of business. Some information contents of investment companies and affiliated companies are reported in sections on company introduction and community-related business, and achievements involving partner businesses and the local community have been delineated in each area of fulfillment of corporate social responsibility and investment in the local community depending on the range of Kangwon Land's influence.

### Report verification

This report underwent verification by a third-party DNV to increase precision and credibility of contents and added supplementary and improvement materials as suggested by the verification agency.

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# CEO Message

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



## Dear Stakeholder,

I am very pleased to present the 6<sup>th</sup> Sustainability Management Report published this year. Thank you for all your interest and encouragement.

Since the establishment of the 「Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas」 (Special Act) in 1995, Kangwon Land has been pursuing economic revitalization in abandoned mining areas. With the commencement of 'Small Casino' in 2000 as a trial, Kangwon Land is now enjoying constant growth by operating a resort complex along with the only casino that permits admission to locals. Furthermore, investments in abandoned mine region are made using the consistent profits generated by Kangwon Land, which is taking further steps to play a role in the development of the nation's tourism industry.

Reflecting its professional characteristics, Kangwon Land is an unique special company that pursues public interest and national interest. In order to overcome the innate limitation and to escape from the negative image projected by gambling business, Kangwon Land prioritizes the eradication of corruption unlike other companies. Last year, such these efforts were recognized, with Kangwon Land ranking 2<sup>nd</sup> in the '2015 Corruption Prevention Policy Evaluation' conducted by the Anti-Corruption and Civil Rights Commission and emerging as an 'excellent institution' after languishing at the bottom in the past. From now on, as a public enterprise, we aim to maintain citizens' trust in us, fulfill our mission, and have an upright culture take root within the company.

## We are striving to be a sustainable Kangwon Land.

With 10 years left before the "Special Act" expires, domestic and foreign changes in the management environment have not necessarily always been favorable to Kangwon Land. In a situation where other areas insist on permitting the admission of locals' in new casinos, Kangwon Land will need to grow its innate competitiveness to become 'South Korea's Eco-friendly integrated resort' in the future. To achieve this, we are pursuing not only external development but also sustainability at the same time as new growth engines that can contribute to the local community. The 'Mining Culture Sightseeing Village', which utilized the resources and history of the abandoned mine region, and the 'Water Park' that can be enjoyed in all seasons are under construction; such is expected to contribute to our financial soundness as an eco-friendly resort complex. Apart from this, by cooperating with the local community and local government, the 'City Restoration Project' through urban regeneration is being propelled, and we will contribute to the development of abandoned mine region via locally customized businesses depending on the characteristics of each abandoned mine region.

Environmental management is a crucial element when it comes to companies pursuing sustainability management. Kangwon Land, an area surrounded by the remarkable beauty of nature, will strive to preserve the natural environment of Gangwon Province while responding to climate change. For this, environmental management is actively being pursued, such as expanding and operating new renewable sources of energy for the reduction of greenhouse gases. From now on, Kangwon Land will consistently pursue eco-friendly management, aim for the coexistence of natural environment of Gangwon Province and the resort, and endeavor to be a public-interest entity that helps address environmental problems at the global stage.

## We will lead a happy leisure culture.

Kangwon Land is striving to become a resort where customers can relax and enjoy by providing various services and packages. At the same time, efforts have been made for safe hygiene management in business areas. During national crisis situations like MERS in 2015, we have efficiently responded to the diffusion of MERS by establishing safety management and proactive disaster response infrastructure. Kangwon Land always tries to listen to the views of customers to help inconveniences during their pleasant stay at the resort. Moreover, Kangwon Land provides various cultural experiences connected to the abandoned mine region to provide customers an enjoyable time. We will continue to develop various cultural themes, which are preferred by customers.

Kangwon Land is striving to minimize the social side effects that inevitably follow the casino business by measures such as operating an addiction management center to create a wholesome gaming environment; Prevention of other gambling addictions and various healing activities are also vigorously carried out. We will work hard to contribute to resolving the gambling addiction problem on a national scale by establishing and systemizing Kangwon Land's own know-how in resolving this issue.

## We will always strive for the promotion of abandoned mine region.

Reflecting on the purpose of establishment of Kangwon Land, the company persistently endeavors for the development of the abandoned mine region. Win-win cooperation is being pursued for such by encouraging partner businesses to be social enterprises to have autonomy. In addition, by escaping from the existing dimension of temporary dispensation, social responsibility is being fulfilled by inducing a virtuous cycle system through investment in the local community. Kangwon Land injects vitality into the lives of local residents and strives to create an environment where there is balance in life as the objectives of social contribution and responsibility are carried out.

As a result of fulfilling our corporate social responsibility with the vision of 'South Korea's Eco-friendly integrated resort' as a public enterprise, we accomplished the feat of being included in the world index of Dow Jones Sustainability Indices for 3 consecutive years since 2013. This implies that Kangwon Land's competitiveness as a globally sustainable company was once again recognized externally, and it is meaningful in the sense that public confidence has increased. I believe such accomplishment was made possible by your consistent interest and encouragement as interested parties. I would like to express my gratitude to all of you once again, and I will work closely and passionately with you with open ears and sincerity for a better future.

I sincerely ask for unwavering encouragement and interest.

Thank you.

할승희

CEO of Kangwon Land  
Hahm Seung Heui



# 2015 / 2016 Highlights



## Included in the Dow Jones Sustainability Indices World for 3 consecutive years

Kangwon Land made it to DJSI world for 3 consecutive years as the first in the national resort industry to have done, so earning global recognition for its outstanding sustainability management and activities.



## 2<sup>nd</sup> Grade (Excellent) in the 2015 Anti-Corruption Policy Evaluation

Acknowledged for its efforts for ethical management, Kangwon Land was rated 2<sup>nd</sup> grade (excellent) in the '2015 Anti-Corruption Policy Evaluation'.



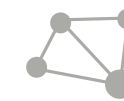
## Ability-Oriented recruitment

Since 2015, Kangwon Land has been ensuring equal employment opportunity by evaluating candidates according to the 'National Competency Standards (NCS)', which focuses on actual working ability rather than judging by their so-called 'specs'.



## Relocation of the new head office

After its completion in 2015, the new head office was successfully relocated to the Gohan area. As an eco-friendly building, it was certified 1<sup>st</sup> grade in energy efficiency and green standard for energy and environmental design.



## Proceeded with the linkage of 4 abandoned mine cities into a tourism cluster

Kangwon Land started to proceed with the construction of a tourism cluster that connects 4 cities/districts in the abandoned mine region (Samcheok, Yeongwol, Jeongseon and Taebaek) in order to revitalize the local economy.



## Organization of the PyeongChang 2018 Olympics and Paralympic Winter Games Supporting TF

For the successful hosting of the PyeongChang 2018 Olympics and Paralympic Winter Games, Kangwon Land organized the PyeongChang 2018 Olympics and Paralympic Winter Games Supporting TF.



## Promotion of 'City Restoration Project'

We are actively supporting the successful promotion of the city restoration project for the sustainable development of the abandoned mine regions.



## Won the Minister of Health and Welfare Award in the 2015 National Sharing Grand Award

In the '2015 National Sharing Grand Award' jointly hosted by the Ministry of Health and Welfare, KBS and Community Chest of Korea, Kangwon Land won the Minister of Health and Welfare Award for its community-oriented social contribution efforts.



## Joined the National Council on Problem Gambling (NCPG)

In March 2015, Kangwon Land joined the National Council on Problem Gambling (NCPG), an international research center for responsible gambling, to research on responsible gambling and addiction prevention programs.



## Joined the UN Global Compact

Kangwon Land joined the UN Global Compact in May 2016, and it is trying to adhere to the 10 principles on human rights, labor, environment and anti-corruption.



# Overview of Kangwon Land

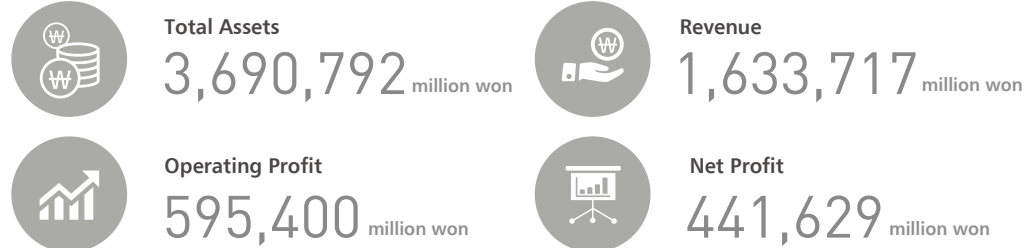
## About Kangwon Land

### South Korea's leading Eco-friendly integrated resort that leads a happy leisure culture

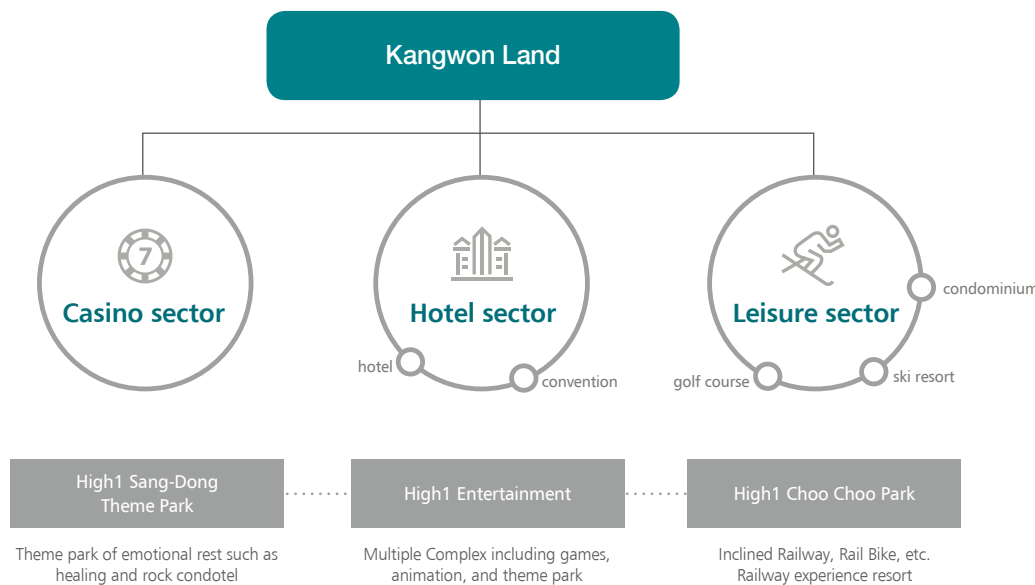
Pursuant to the 「Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas」, Kangwon Land was established in June 1998, and it has been operating its casino and resort businesses at the national level for the development of abandoned mine region and improvement of the nation's competitiveness in the tourism industry. Kangwon Land, which is emerging as the center of Korea's tourism industry with its natural tourist attractions and tourism business in nearby areas, will faithfully fulfill its roles as the only casino in Korea that permits locals' admission and a promotional district of abandoned mine region by settling a wholesome gaming culture and leading a happy leisure culture.

#### General situation

<b>Company Name</b>	Kangwon Land, Inc.	<b>Organizational Type</b>	Public organization
<b>CEO</b>	Hahm Seung Heui	<b>Establishment Basis</b>	「Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas」 (1995.12)
<b>Industry</b>	Casino and resort	<b>Number of Employees</b>	Three Thousand four hundred sixty seven people
<b>Date Established</b>	1998. 06. 29	<b>Headquarters Address</b>	265, High1 Road, Sabuk-eup, Jeongseon-gun, Gangwon Province



## About the business



## Brand Structure

#### Current status of operating facilities

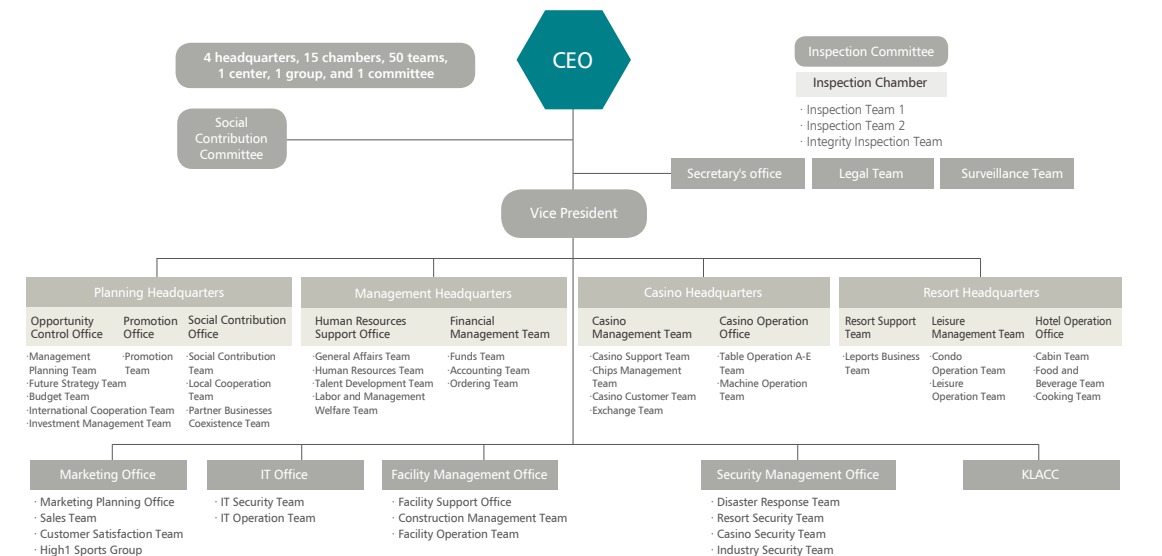
<b>Casino</b>	200 Tables, 1,360 slot machines
<b>Hotel</b>	Kangwon Land 477 rooms, Convention Hotel 250 rooms, High1 Hotel 197 rooms, High1 Condo 903 rooms
<b>Ski Resort</b>	High1 Ski Resort (3 gondolas, 6 ski lifts, 773 snowplows, 2 ski houses)
<b>Golf Resort</b>	High1 C.C 18-hole (Par 72, extended course 6,519m)

Kangwon Land's brand system has a topography of high summits and flatland naturally connected under the sky, with leaves as their motif. Centered on High1 Resort as an eco-friendly resort with its natural tourist attractions, the system consists of Kangwon Land Convention Hotel, Kangwon Land Casino, Kangwon Land Hotel, High1 Ski Resort, High1 C.C, High1 Hotel, High1 condo.



## Organization Chart

In order to respond actively to changes in the domestic and foreign management environment and pursue consistent development even after the expiration of the Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas in 2025, Kangwon Land carried out organizational reform, today, it has 4 headquarters, 15 chambers, 50 teams, 1 center, 1 group, and 1 committee. The operational organization was converted to center on the service function to provide touching service in particular to customers and to enhance the competitiveness of the resort both in and outside Korea, at the same time, the marketing capabilities of all areas were reinforced. Based on organizational system and function with internal stability, Kangwon Land seeks to grow as an internationally competitive integrated resort corporation.

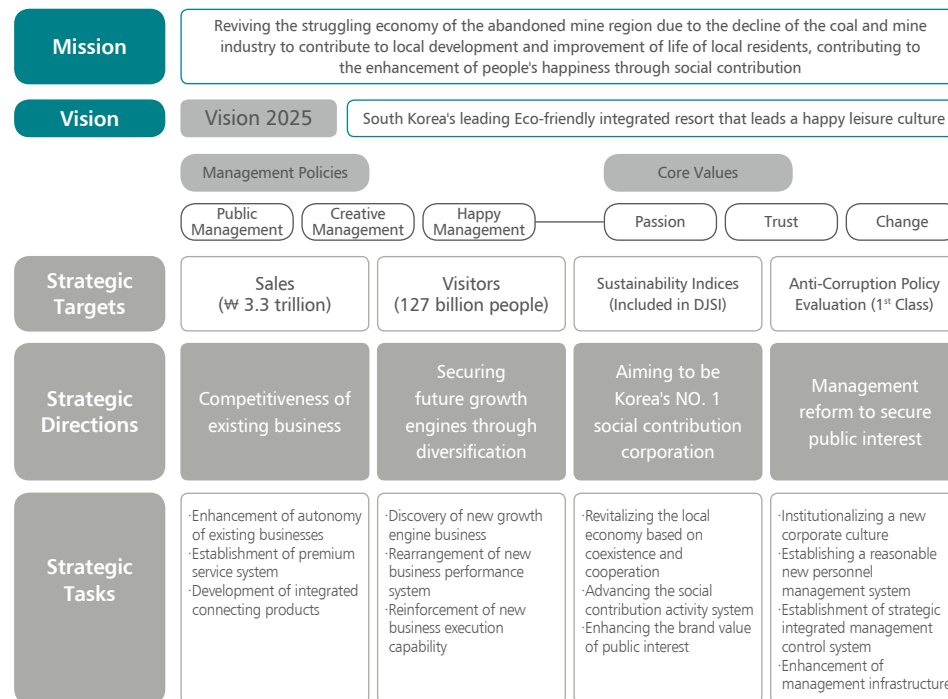


# Vision and Strategy

## Management Strategy

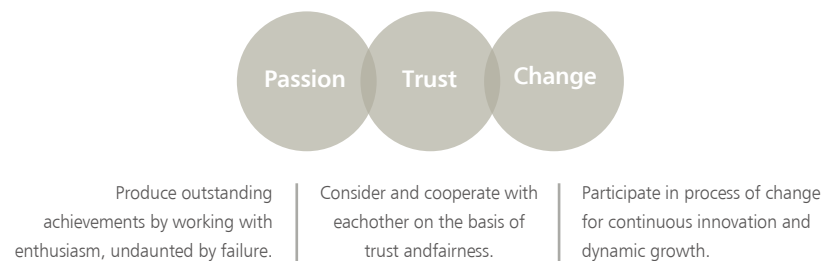
Kangwon Land is a nationwide enterprise run by the government and Gangwon Province for the development of an abandoned mine region and enhancement of national competitiveness. We plan to grow as Korea's leading eco-friendly integrated resort that leads a happy leisure culture through fair and transparent public management, creative management that prepares for the future, and happiness management that satisfies everyone.

### Management Strategy Map



## Core Values

3 Core Values -- Passion, Trust, and Change -- for fulfilling VISION 2025 are suggested as a common behavior model and a standard that must be shared and adhered to by all employees and executives. They are shared values for Kangwon Land's future and the standard for behavior that must be observed by individuals in relationships among work, co-worker, customer, and society.



## Sustainability Management Strategy

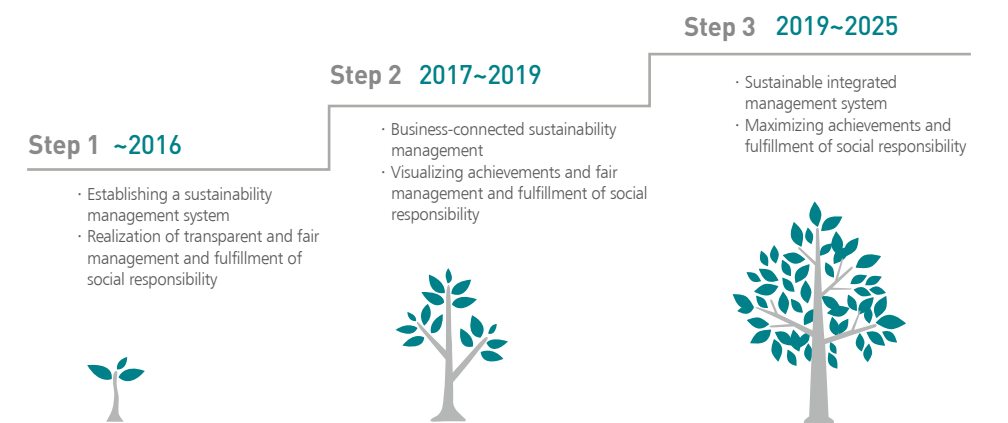
Kangwon Land established the direction for sustainability management strategy and 3 core driving strategies by connecting management policies and sustainability management vision to fulfill the enterprise mission. We will realize well-balanced development among various stakeholders and create value by fulfilling 15 specific tasks under the driving strategy.



Kangwon Land's efforts for sustainability management have paid off, with Kangwon Land included in the Dow Jones Sustainability Indices (DJSI) World -- which are the typical indices for sustainability evaluation -- for 3 consecutive years. We are the first domestic resort business and public institution to have achieved this feat, with the superiority Kangwon Land's sustainable management having been confirmed internationally.

## Sustainability management Roadmap

We established the system and foundation for sustainability management to maximize sustainability and value creation of business. With ethical management and social responsibility fulfillment as the starting point, we are planning to complete Kangwon Land's original sustainable management system by gradually connecting with enterprise business strategies, etc.



# Value Chain

Kangwon Land is committed to sharing its economic value generated from management activities with stakeholders. From now on, we will share sustainable product, service and value to stakeholders.



<b>FINANCIAL CAPITAL</b> (Unit: ₩ 1 million)	Assets <b>3,690,792</b> Liabilities <b>693,037</b> Capital <b>2,997,755</b>
<b>HUMAN CAPITAL</b> (Unit: ₩1,000)	Number of Executives and Employees <b>3,467</b> people Public Welfare Expenses <b>16,959,728</b> Wage <b>216,535,241</b> Education Expenses Per Person <b>871</b>
<b>SOCIAL CAPITAL</b> (Unit: ₩ 1 million)	Purchasing Price of Small and Middle Enterprises <b>179,300</b> Cooperative Company Incentive <b>183</b>
<b>NATURAL CAPITAL</b>	Greenhouse Gas Emissions <b>71,205</b> tons

**Business Development**

Kangwon Land continuously develops growth engines for sustainable management. We aim to satisfy customers and develop the local community at the same time through future business that corresponds to our enterprise mission and vision.

**Marketing**

We focus on establishing an enterprise marketing strategy so that the planned business could be promoted as intended. We enhance long-term customer satisfaction by receiving and reflecting customer needs through various communication channels, like VOC and SNS, in the marketing process.

**Tourism/Leisure Service**

We are providing differentiated services by actively utilizing Kangwon Land's resort facilities. From casino to Haneul-gil Untangodo. We provide various services with entertainment and educational factors. Moreover, we are forming a cozy and clean environment for rooms so that customers could stay comfortably.

**Corporate Social Responsibility**

Kangwon Land is actively fulfilling its social responsibilities. In order to minimize the social side effects associated with the characteristics of our business, we provide support in various fields from gambling addiction prevention activity to training talented athletes for local residents' health and balanced life. Moreover, we have adopted enterprise-level environment management so that we could contribute to the improvement of global environment problems.

**Promotion of the Local Community**

Kangwon Land has made continuous efforts to revive the local community. We aim to establish a healthy local community by providing both material and moral support to neglected and poor local neighbors. Moreover, we are actively making social contribution by investing in the local community, so that we can establish the foundation for its autonomous development.

<b>FINANCIAL CAPITAL</b> (Unit: ₩ 1 million)	Sales <b>1,633,717</b> Operating Profit <b>595,400</b>
<b>HUMAN CAPITAL</b>	New Employment <b>442</b> Education Time Per Person <b>113</b> hours
<b>SOCIAL CAPITAL</b>	Social Contribution Time Per Person <b>23</b> hours
<b>NATURAL CAPITAL</b>	Reduction of Greenhouse Gas Emissions <b>1,770</b> tons



# Main Activities of Sustainability Management

## HISTORY

### 1994~2000

#### Enactment of the Special Act and Establishment of Kangwon Land

- 1994** Proclaiming the enactment of the 「Balanced Regional Development and Fostering of Local Small and Medium Enterprises Act」
- 1995** Proclaiming the enactment of the 「Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas」 (based on casino for locals)
- 1996** Announcement of 'Designated Zone of Coal and Mine Region for Development Village' (Ministry of Construction and Transportation)  
Announcement of designating 'Abandoned Mine Area Promotion' (Ministry of Commerce and Industry)
- 1997** Announcement of 'Development Plan for the Development Promotion Zone of Abandoned Mine Area' (Gangwon Province)  
Selection of object region for casino business
- 1998** **Establishment of Kangwon Land (Inc.)**
- 2000** Opening of 'Small Casino' Hotel

#### Performance and Achievements in Sustainability Management



### 2001~2009

#### One Step Forward for the Recovery of Abandoned Mine Region

- 2001** Establishment of Korea Gambling Addiction Center
- 2003** Listing on KRX
- 2004** Change in approval of casino business operation by the Ministry of Culture and Tourism (increasing 32 tables)

- 2007** 2007 Social Contribution Company Award, grand prize in local economy development division
- 2008** 2008 Korea Talented People Management Award  
2008 Share Management Award  
Social Contribution Company grand prize in culture and arts division for 2 consecutive years
- 2009** The COMPANY of Korea 2009 Management Innovation Award (management innovation, trusted corporation, social contribution division)  
2009 IR 1<sup>st</sup> Place (IR Award in the Internet and entertainment division)  
2009 Brand of the Year Award (ski resort division)

### 2010~2012

#### Walking on a Sustainable Path

- 2010** Initial publication of Sustainability Management Report  
Opening of High1 resort expanded condo
- 2011** Revision of 「Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas」
- 2012** Inclusion in DJSI Asia-Pacific Indices for 2 consecutive years (selected as the best corporation)

- 2010** The Company of Korea 2010 Social Contribution Award  
Sustainability Management Award, Minister of Strategy and Finance Award
- 2011** Korea Idea Management Award (public enterprise division)
- 2012** Consumer-selected Best Brand Award (resort division)  
Creative Management that Made Korea Shine Award (Sustainability Management)  
2012 Social Contribution Company Award, grand prize in local community development division  
Korea Idea Management Award (public enterprise division award for 2 consecutive years)

### 2013~

#### Leaping Toward a Larger and Greener World

- 2013** Opening of extended casino operation-site (increasing 68 tables, 400 machines)  
Inclusion in DJSI World Indices (for the first time among domestic resort businesses and public institutions)  
Acquiring Energy Management System "ISO50001" (for the first time among domestic resort businesses)
- 2014** Designated as 'green company', selected as 'eco-friendly green resort' (Ministry of Environment)  
Groundbreaking ceremony of "Water World" construction  
Inclusion in 'DJSI World Indices' for 2 consecutive years
- 2015** Inclusion in 'DJSI World Indices' for 3 consecutive years
- 2016** Joining the UN Global Compact

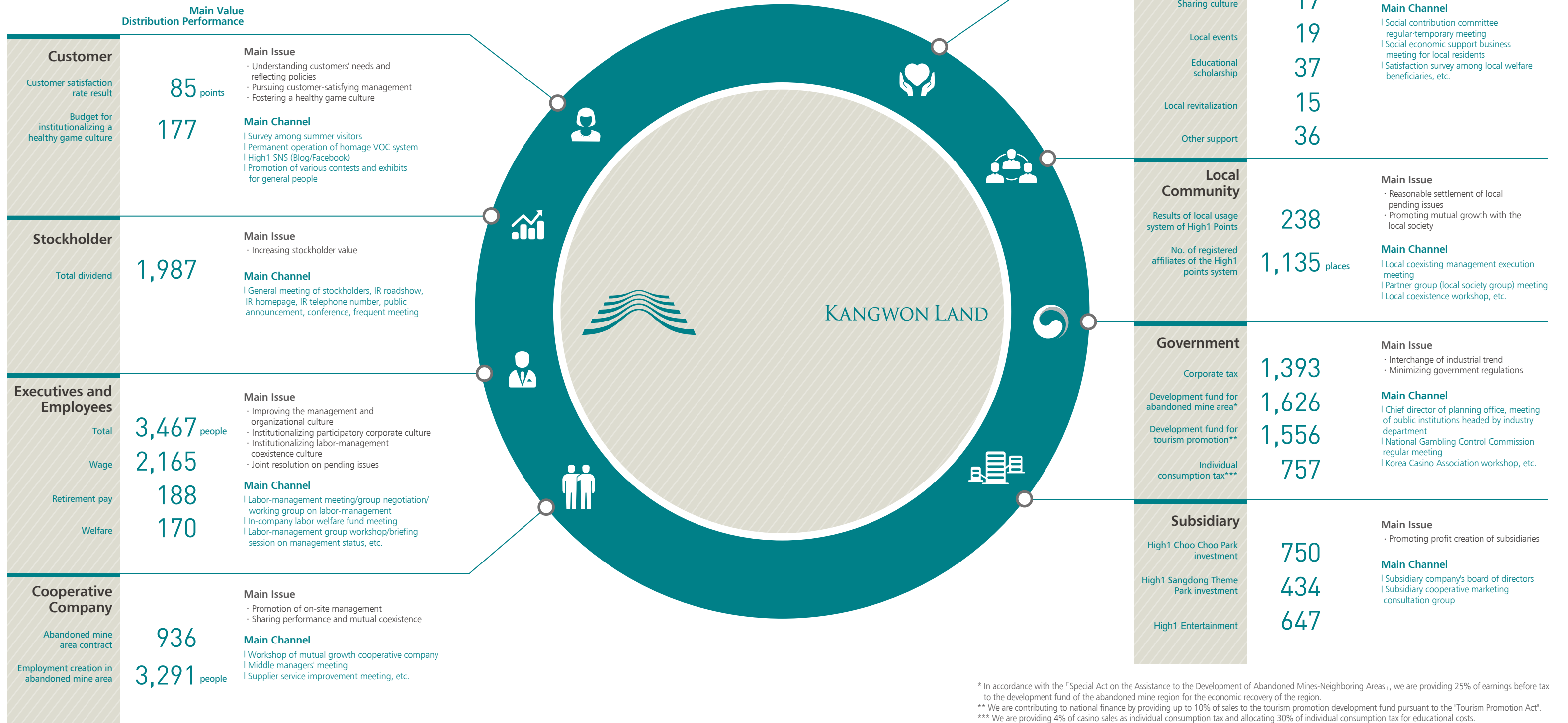
- 2013** Consumer-selected Best Brand Award (resort division for 2 consecutive years)  
Selected as Korea Global Leader Company (service-customer satisfaction division)  
Creative Management that Made Korea Shine Award (Sustainability Management for 2 consecutive years)  
Lifestyle Award (local community welfare support division)  
Korea Idea Management Award (public enterprise division award for 3 consecutive years)  
Green Planet Award (company division)
- 2014** Minister of Employment and Labor award for excellent cases of safety and health activities  
Social Contribution Company Award (local community development division for 4 consecutive years)
- 2015** Korea Meteorological Award weather information utilization division administrator award  
2015 Share People Award, Minister of Welfare award



# Participation of Stakeholders

Kangwon Land is making efforts to establish a stakeholder participation system and realize sustainable management in various fields, such as economy, society, and environment, by understanding the main opinions through various communication channels. Moreover, we are building trust by reflecting -- on the management activities -- stakeholders' main opinions if they significantly affect the economy, society, and environment.

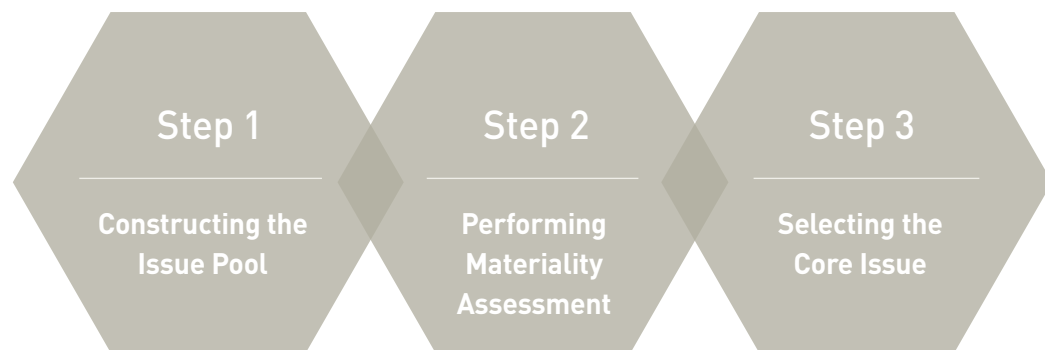
(as of end of Dec. 2015 / unit: ₩ 100 million)



# Materiality Assessment

Kangwon Land prepared the report faithfully based on the 4 principles suggested by the Global Reporting Initiative (GRI): 'substantiality context', 'seriousness', 'participation of stakeholders', and 'completeness'. In particular, we deduced Kangwon Land's recent issues through global standardized analysis and benchmarking of advanced corporations in the process of choosing the report's contents. We also selected the issue based on survey and interviews targeting internal/external stakeholders.

## Materiality Assessment Process



### Kangwon Land Internal/external analysis

In order to acquire knowledge of issues related to Kangwon Land's sustainable management, we proceeded with the analysis of external guidelines including GRI, media analysis, benchmarking, and stakeholder interviews as well as an examination of internal resources including the management strategy and CEO's New Year address.

### Impact Evaluation

Management strategy, Business plan, CEO Message, Internal resources

We examined internal management strategies, business plans, and New Year addresses in order to evaluate Kangwon Land's impact on business operation and stakeholders' decision making.

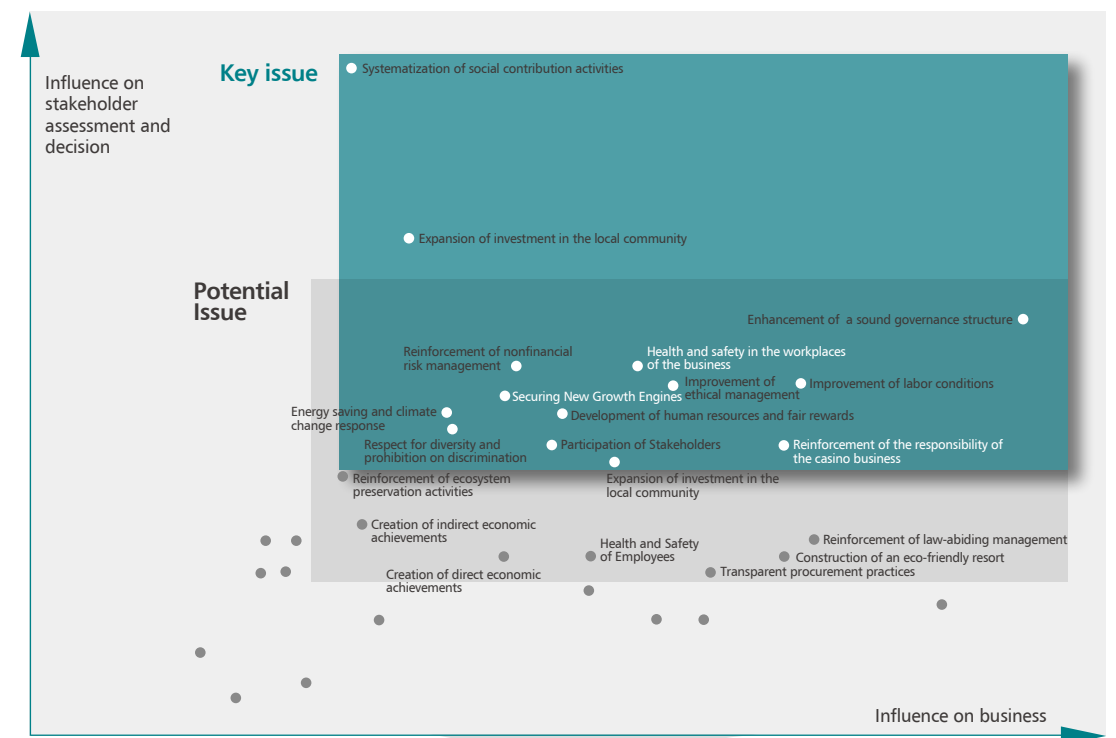
### Relevance Evaluation

Media analysis, Global benchmarking, GRI G4, DJSI

To figure out stakeholders' interest and relevance to sustainability management, we performed media analysis, benchmarking of advanced corporations, GRI examination, etc.

In the process of evaluating the impact and relevance on the 35 issues, we deduced the relative importance vis-a-vis each issue. This has been reflected in the determining process of reporting level and method of Kangwon Land sustainable management reports.

## Result of Materiality Assessment



Core Issues	Reporting Boundary					GRI Aspect	Contents
	Shareholder	Executives & Employees	Customers	Partner Businesses	Local Community		
Health and safety in the workplaces of the business		•		•		Customer health and safety	Establishing an Advanced Safety and Health System
Securing New Growth Engines	•					Economic performance	Creating Value through a New Growth Engine
Reinforcement of the responsibility of the casino business		•	•		•	Customer health and safety	Reinforcing the Responsibilities of Game Businesses
Energy saving and climate change response		•			•	Energy, discharge, water for industrial uses, waste water and waste	Creating a Clear and Clean Place of Business
Systematization of social contribution activities					•	Local community	Developing the Local Community through Social Contribution Activities
Expansion of investment in the local community					•	Local community	Developing the Local Community through Social Contribution Activities
Encouragement of partner companies to practice sustainability management*		•		•	•	Evaluation of supply companies' labor practices	Realizing a Virtuous Cycle Partnership through win-win cooperation
Expansion of investment in the local community		•	•			Labeling of products and services Protection of customers' personal information	Satisfying Customers through the Realization of Customer Values
Participation of Stakeholders	•	•	•	•	•	Participation of Stakeholders	Participation of Stakeholders
Enhancement of a sound governance structure	•	•				Governance structure	Sound and Transparent Governance
Improvement of ethical management	•	•		•		Ethics and integrity	Gaining Stakeholder Trust Based on Transparency and Fairness
Reinforcement of nonfinancial risk management	•					None	Reinforcing risk management
Development of human resources and fair rewards						Training and Education	Healthy and Lively Organizational Culture
Improvement of labor conditions		•		•		Diversity and Equal Opportunity	Healthy and Lively Organizational Culture
Respect for diversity and prohibition on discrimination							

\* cooperation issue is reported additionally due to its importance



# Strategic Focus & Approach

01

## Creation of Basis for Continuous Growth

Kangwon Land is leaping toward a broader future by securing a new growth engine. We will be creating a sustainable growth foundation for an 'Eco-friendly integrated resort that leads a happy leisure culture' by adopting eco-friendly management at the enterprise level.

22 Creating Value through a New Growth Engine

26 Creating a Clear and Clean Place of Business





# Creating Value through a New Growth Engine



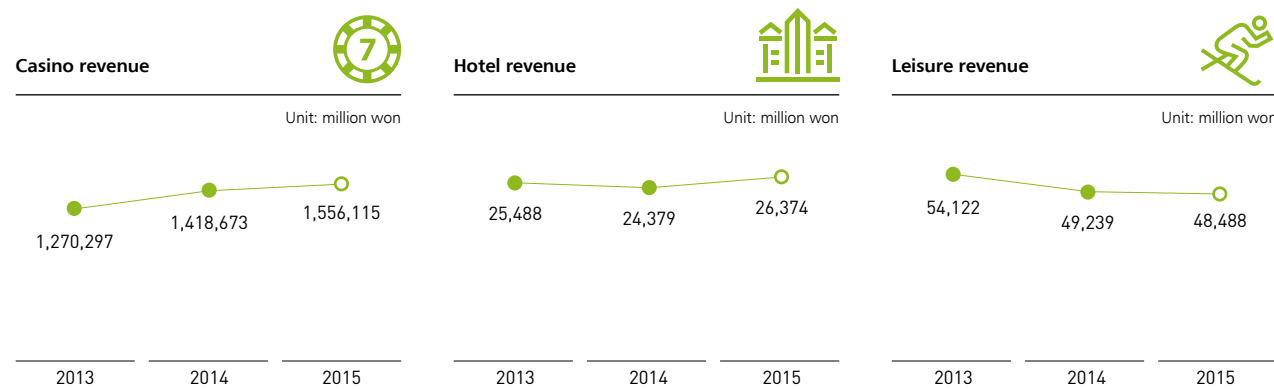
## Why is it important?

In order for a corporation to achieve long-term growth, it is crucial to establish the groundwork for sustainable growth. With the privileges from the 「Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas」-- which has an expiration date – to expire, too, Kangwon Land has to explore new growth engines for its sustainable profitability even after 2025 when the law expires and improve its profit structure in order to develop its future value and competitiveness.

## Our Approach

Kangwon Land, under its vision of becoming 'Korea's No.1 Eco-friendly integrated resort', has laid the groundwork for sustainable growth and established a future-oriented management system. And finally multipronged effort to discover energy for long-term growth is under way. In addition, we aim to pursue our mission by promoting new business that boosts the growth of local communities.

## Performance



## Our Strategy

- Building a four-season resort complex
- Creating a new food culture
- Sophistication of the business portfolio

## 2015 Highlight

- Opening High1 Adventure
- Providing horseback riding experiences in the mountains
- Hosting the 'Cocreation for good community' forum
- Expanding four season MICE

## 2016 Focus

- Extending the operation of the JTYS Package
- Selecting and executing the resort traffic network maintenance project
- Reinforcing R&D on "Creative Agri-science"
- Hosting 'Cocreation for good community' forum

## Building a Four-Season Resort Complex Waterpark

Kangwon Land is investing various efforts into becoming a four-season eco-friendly integrated resort, and pursuing an eco-friendly waterpark project in a bid to expand its contents. This project is designed to expand the interior portion of the waterpark so as to reduce the impact of weather conditions on its usage, as well as to supply warm water to its outdoor facilities. In addition, the project will boost competitiveness by establishing new facilities such as a European-style theme spa and other exciting attractions for people of all ages. It is expected to create synergy with other resort facilities at the time of the Waterpark's grand opening in 2018.



Aerial View of the Waterpark

## Creating a New Food Culture Laying the foundations for activating tourism in abandoned mine regions

### JTYS Package

We have created an extensive tourist zone that connects four cities(Jeongseon, Taebaek, Yeongwol, and Samcheok), in order to encourage and promote active tourism in abandoned mine regions. As a result of operating the JTYS All-day Picnic Bus from summer to early fall 2015, some 2,161 tourists were found to have used the bus line connecting Kangwon Land with the Jeongseon traditional market, Taebaek Mountain, Yeongwol East River, and Samcheok Jangho harbor. It was selected by the Korea Tourism Organization as an excellent national tour package. From now on, Kangwon Land is planning to develop various consumer-friendly contents, including a driving tour course and its map, and thereby contribute to the sustainable growth of local communities.



Korea Tourism Organization  
Selected as excellent domestic travel package **2,161** visitors  
Route connecting Jeongseon 5-day Market, Mt. Taebaek, Youngwol East River, and Samcheok Jangho Port.

## Coal Mine Culture Tour Village Project

This project entails the construction of a Coal Mine Culture Tour Village in the Sabuk area using the actual features and characteristics of abandoned coal mines. The project will create a space where visitors can experience the history of the coal industry by restoring real mining facilities. In particular, it is focused on preserving the value of the relics of the coal industry through the Coal Artifact Exhibition, a mine shaft and tram-ride experience, and a mining exhibition and experience among other attractions. In 2015, safety reinforcement work was carried out for the construction of a mine shaft, and the potential for UNESCO registration was also considered. Once the Culture Village is completed, it is expected to provide educational opportunities for historical enlightenment and to establish itself as another major theme park for Kangwon Land visitors, creating synergy with the Waterpark.



Coal Mine Culture Tour Village Air View

## City Restoration Project

We are initiating the City Restoration Project with the aim of boosting the growth momentum of the Kangwon region, which has fallen behind due to the decline of the mining industry. The City Restoration Project is more than just a city redevelopment plan, or mere physical maintenance; rather, it aims to revitalize local communities not only by improving its physical facilities, but also by making sophisticated improvements in the fields of society, economy and culture, with the local residents at the core of it all. More specifically, the 'Cocreation for good community' forum attracted empathy, support and cooperation from the key players, including local residents and the local government. Moreover, we are continuously pouring effort into creating a promotional organization composed of city restoration experts, local administrative authorities, and local citizens, and collecting the diverse opinions of such stakeholders. And, by commercializing the unique cultures of the abandoned mine region in accordance with the aforementioned approach, we are plan to play a major role in vitalizing the local economy and generating synergy by connecting the abandoned mine regions to Kangwon Land. We are also looking forward to an advance in the community sentiment stemming from the active participation of local citizens and stakeholders.



## Creative Agri-science

We are pursuing a creative agriscience business aimed at developing Gangwon Province's old mining regions by creating new forms of agriculture. The core mission of this project is to discover and cultivate high added-value organic crops through a combination of Kangwon-do's regional distinctiveness and cutting-edge national science technology. Prior to its initiation, we researched Southern Kangwon's wild plant ecosystem and conducted organic crop exploration feasibility studies in 2015. In addition, an analysis of the adjacent soil, watercourse, and minerals has led to a reevaluation of the region's value as a place for raising organic crops, subsequently raising the possibility of utilizing the abandoned mine region as a storage facility for organic products. We are currently implementing a production system for the large-scale cultivation of organic crops, and researching new ways of growing each crop while maintaining homogenous quality. The potential link between the organic cultivation industry and the tourist industry is being investigated and readied for implementation. Creative agriscience is expected to serve as a base for a self-propelled tourist industry of the local community, and thus the engine of Kangwon Land's development.



Creative Agriscience Platform Setting Design

## Sophistication of the Business Portfolio

### Casino

Kangwon Land is the only casino in Korea open to local residents, but proposals regarding the construction of a new local casino are repeatedly being tabled. Therefore, Kangwon Land is steadily discussing business development with global casino and resort industries with a view to discovering new business opportunities inside and outside the country. In November of this year, Kangwon Land invited Chinese art culture experts and sought advice on mine-related culture contents development and event planning, and discussed the results of an inspection of the resort facilities, Haneul-gil and the Coal Mine Culture Tour Village. Henceforth, we plan to devote unceasing efforts to building a base for new business development by looking at the resort industry from a wider perspective and successful benchmarking.



Meetings with Global Enterprises

### Hotel

#### Expansion of MICE Business

We are concentrating on holding MICE\* that encompass not only hotel accommodation but also the hosting of various events and conferences as a conference hall. In order to overcome Gangwon Province's geographical limitations, differentiating efforts are being made continuously with the forte of the natural environments and special facilities. In particular, to differentiate it from the downtown MICE, demands regarding the complex MICE item linked to seasonal tourist attractions are being excavated along with the related markets. In addition, MICE marketing networks have been expanded in order to reinforce the medium- to long-term MICE infrastructure. In 2015, we devoted all our energy to maintaining overseas MICE by attending the MICE Korea Annual Meeting and the Gangwon Province MICE Union Meeting, and joining the Boao Forum for Asia.

\*meeting, tourism, convention, exhibition



MICE

#### Establishing Differentiated Hotel Facilities

##### Landscape & Amenities Improvements

As a means of providing customers with a new surprise element, views of the resort's accessways - Sabuk, Gohan, etc. - have been enhanced as they determine the visitors' first impression of the resort. The walls of the Sabuk accessway construction site have been covered, sewage bill board materials replaced, and the investment review of the ten assignments for environmental improvement completed. Thus, Kangwon Land's distinctive atmosphere has been fostered by creating a customized view. In 2016, fulfilling the designated assignments, Kangwon Land plans to approach its visitors as a space embedded with unique characteristics, and to offer greater mobility and freedom of movement by reinforcing the traffic network inside the resort. Upon completion of the Waterpark and the Coal Mine Culture Tour Village, optimal means of transportation will be introduced for easy and convenient movement between the parking lot and the many operating facilities. To achieve this, linkage between the resort facilities and the Best Practice of national and international resort transportation are being analyzed. Later on, when the new transportation system is fully established, Kangwon Land is expected to be upgraded in its degree of completion as a customer-oriented resort with heightened transportational convenience.



Sabuk Accessway Screen Replacement

Traffic Network Reinforcement

#### Lake Park Remodeling

We are promoting the creation of an all-season park by remodeling the existing Lake Park. By actively making use of unused facilities, we plan to provide an all-year-round attraction by building connections with nearby facilities, and by improving the landscape views of the park and its surroundings. In 2015, the park's nighttime view was improved by planting seasonal edible flowers along with newly installed lighting equipment. We also plan to offer new environmental enjoyment by comprehensively remodeling the Lake Park as well as carrying out minor view upgrades.

#### Skating Rink & Sledding Slope Improvements

Kangwon Land operates the Lake Park as a skating rink and a sledding slope during wintertime. An artificial freezing system was implemented in order to maintain the safety and quality of the rink, and its efficiency was enhanced by turning an originally unused piece of land into the skating rink. It is all the more significant in that new infrastructures - such as snow sculptures - have been exploited for the greater enjoyment of the customers.



### Leisure

#### High1 Adventure

We established 'High1 Adventure' under the themes of experience and education, by actively utilizing forest. Using the surrounding natural environment of Kangwon Land, we created graded experience facilities that encourage the mental and physical development of youth. In addition, by designing an adventure course connecting mountains with High1's Haneul-gil we have contributed to strengthening local youth's cooperative and challenging spirit.



High1 Adventure Air View

#### Healing Theme Resort

We have expanded the 'Healing Theme program' to enable simultaneous enjoyment of the natural environment and culture by designing a highlands hiking trail under the theme of the mining region's history, holding trekking events and culture concerts and, most especially, differentiating the resort from others by reinforcing its slopes and emphasizing the natural views by planting wild flowers. Following the successful test operation of the Daisy Trail Cart Tour, we are now planning to expand its operation to a larger-scale Cart and Chairlift Tour targeting group customers.

#### Vitalizing Sports Events

We are planning to provide new attractions by utilizing Valley Condo's Mureung Dam and slopes, which are unused in the summer seasons. Introducing sports that benefit from Kangwon-do's natural environments, such as water skiing and pedal boats, will build up Kangwon Land's comparative advantage as a summer recreation area. Also, we are channeling efforts into pursuing sports that are unique to Kangwon Land by utilizing nearby infrastructures such as Haneul-gil. For example, we signed business agreements with the related organizations including the Korea Forestry Service, Korea Racing Authority, and Kangwon Youngdong University in May 2015, in order to support horseback riding in the mountains. In November 2015, visitors to the resort were provided with a free mountain horseback trekking experience under the title of 'Mountain Horseback Riding Public Experience'. In winter, wintertime sports events were held amid Gangwon Province's distinct climate and environment. In March 2015, six winter sports games - snowmobile riding, snow shoeing, traditional snow shoeing, traditional skiing, cross country skiing, and mountain skiing - were test operated on the resort's unused golf courses and ski slopes. Henceforth, we plan to conduct surveys on sports experiences and provide even more diverse winter activities based on the results of these surveys.



Mountain Horseback Riding

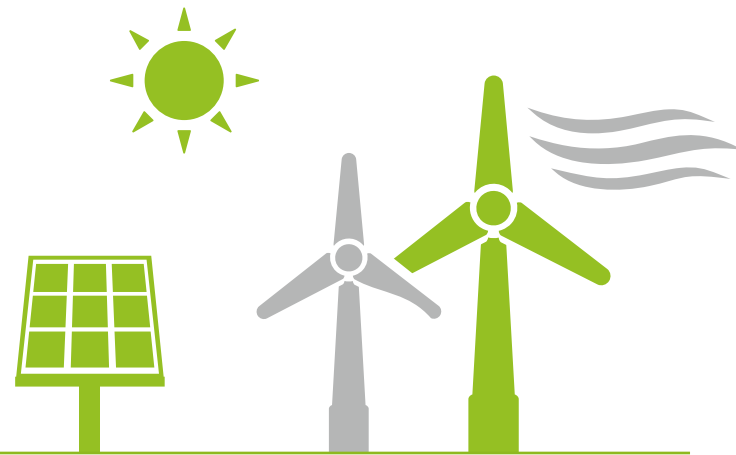
Snow Activities

**Voice of Stakeholder** Mine Reclamation Corp.  
Mr. Lim Dae Seong

To develop and secure the national competitiveness of abandoned mine regions, Kangwon Land has completed national tasks and established its position as an essential company for local Gangwon Province communities. Also, the casino and resort businesses are increasing their profitability every year, and the generated profits are being extensively used for both the public and the national good in various ways. With the know-how accumulated from running the business, Kangwon Land founded a subsidiary company and maximized its profits by engaging in non-casino businesses, playing a key role in revitalizing the mine region's economy. I hope Kangwon Land will develop into a company that sets standards for not only Taebaek, Samcheok, Jeongseon, and Yeongwol, but for other former mining regions like Munkyeong and Daecheon as well. I also expect Kangwon Land to pursue balanced growth of the national economy and strive to become the country's No.1 company.



# Creating a Clear and Clean Place of Business



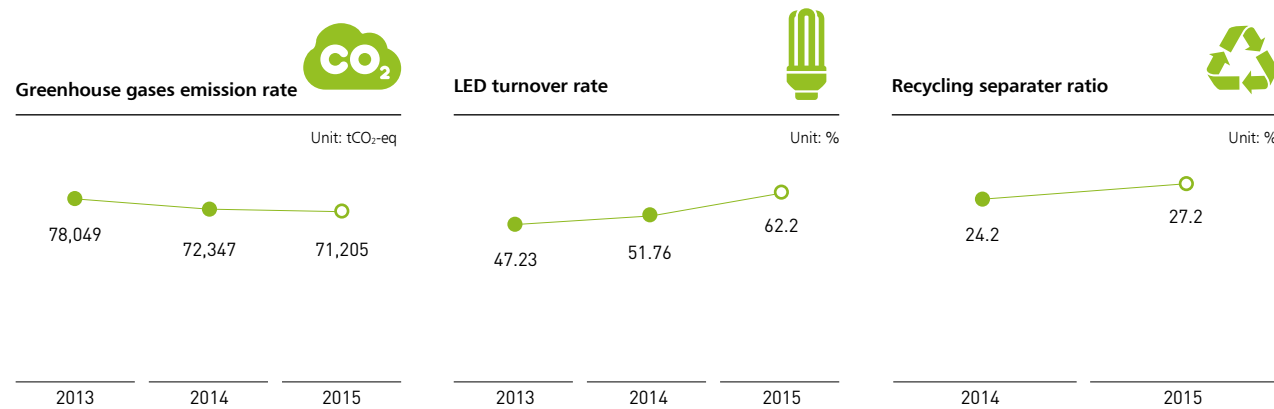
## Why is it important?

Corporate responsibility for the environment is a very important element of sustainability management. Interested parties in modern society are highly interested in voluntary efforts of companies designed to contribute to resolving environmental problems. Moreover, as global warming becomes an increasingly important social issue, pre-emptive measurement of climate change is directly connected to a company's reputation. Along with the introduction of greenhouse gas emission rights in South Korea, the reduction of such gases is now on the transnational agenda, the importance of which is anticipated to increase.

## Our Approach

Kangwon Land, an Eco-friendly integrated resort that blends well with the natural environment, is systematically developing eco-friendly activities under its environmental management strategy. As a representative environmental management activity in 2015, wood-pellet boilers started to operate full-swing, and a waste-integrated collection facility was created to increase recycling rates, which is a major environmental issue. Furthermore, in step with government policies aimed at tackling climate change, the use of renewable energy is gradually increasing, and LED lights are being regularly improved and updated as part of the drive for energy saving in diverse areas.

## Performance



## Our Strategy

- Eco-friendly Management System
- Eco-friendly operation
- Management of energy and greenhouse gases

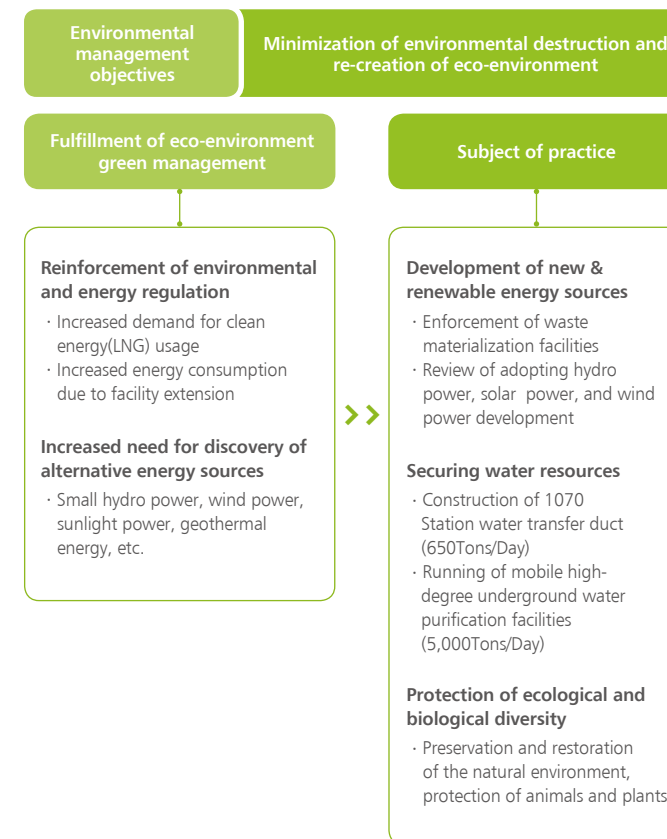
## 2015 Highlight

- Creation of a waste integrated collection facility
- Full-scale operation of wood-pellet boilers
- Certification of 'Excellence' of Green Edifice of High1 Resort
- Expansion of ecological environment preservation activities
- Annual improvement of highly-efficient lights (LED)

## 2016 Focus

- Minimization of waste generation and increase of recycling
- Increase of renewable energy generation
- Extension of endangered animals restoration activities

## Eco-friendly Management System



Based on the environmental management objective of 'minimizing environmental destruction and re-creating an eco-friendly environment', we intend to practice eco-friendly Green Management. For this purpose, a promotion strategy with major contents including the development of renewable energies and the protection of ecological and biological diversity was established and is being executed.

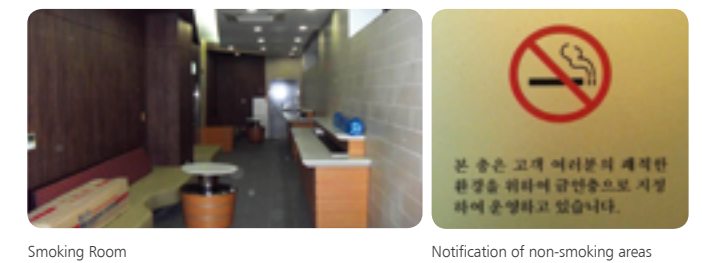
## Eco-friendly operation

### Waste Management

For systematic waste management, Kangwon Land strictly segments the take-in, take-out and disposal of wastes step by step in order to manage waste generation and the disposal of waste by type. Furthermore, by establishing the Integrated Selection Center, recycling was maximized via a total selection process of recyclable materials. Such efforts led to an increase of the recycling separator ratio from 24.2% to 27.2% compared to last year, and 40 tons of annual recyclable materials were additionally collected. By separating household waste more specifically in the future, we plan to minimize the amount of waste while simultaneously increasing waste recycling.

## Indoor air quality management

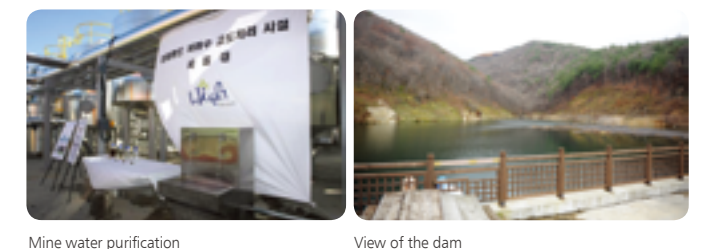
To provide a pleasant indoor environment to Kangwon Land's customers and executives and staff, indoor air quality is being managed according to the Law on Indoor Air Quality Management of Multiuse Facilities. To objectively understand indoor air quality, it is measured on an annual basis, and the recommended standard is followed to effectively manage indoor air quality. In addition, all buildings are designated no-smoking areas, and there are separate smoking rooms in casino areas to block the in-flow of harmful substances. The results of an investigation of 10 pollutants in 2015 revealed that the level of pollutants is lower than the acceptable standards, and the results are publicized every January by the local government in a transparent manner. Furthermore, the frequency of air quality measurement has been increased to twice a year to ensure more stringent management.



## Water resources management

Kangwon Land is striving to actively participate in the national water resource saving campaign in consideration of its water scarcity problem due to its geographical location. In 2015, water resource management measures were established in preparation for increased water usage, and a second reservoir (total capacity: 240,000 tons) was autonomously used to supply the necessary water. In order to effectively deal with wastewater from laundry, which has increased due to the extension of the resort, the daily handling capacity was increased to 500 tons, and, by adopting new wastewater technology called the 'membrane method\*', the water for laundry was provided. Additionally, water originating from abandoned mines is purified with the reverse osmosis pressure method for daily water usage and cleaning of the ski resort. By changing the equipment in which water from the lawn plaza can be used for heavy water, the water re-usage rate has been increased as well. In addition to this, the re-usage of water resources has been extended to various parts of the resort to save water, and thus water has been secured by improving the water situation inside the province.

\* Membrane method: process of separating unnecessary substances from wastewater and accepting only pure water. It is effective not only for water purification but also for recycling



Mine water purification

View of the dam

### Ecological conservation activities

Kangwon Land minimizes the ecological impact of its business, and carries out ecological conservation activities to restore the damage to the ecosystem caused by the former mining industry. On this year's 'Tree-planting Day', Kangwon Land participated in the 'Planting My Own Tree' event with the Eastern Local Korea Forestry Service, which aims to restore trees damaged due to the establishment of the resort, and planted 200 fir trees and 300 rowan trees. Moreover, to protect the native ecosystem from exotic plants, Kangwon Land has signed up for the 'Removal of Ecosystem Disturbing Exotic Plants' program with the Ministry of Environment, and removed 400kg of malignant exotic plants (lactuca serriola) from a 30,000m<sup>2</sup> plot of land. The resort has also pushed for the restoration of endangered species such as parnassius bremeri bremer and the Manchurian trout with Jeongseon County and Wonju Regional Environmental Office, and promised to provide a substitute habitat for endangered species. Starting with the restoration of species that were endangered in the aftermath of the mining industry, we plan to persistently carry out ecosystem preservation activities in the future.



Tree planting



Removal of exotic plants that disturb the local ecosystem



1 Agreement to Remove Exotic Plants that Disturb the Ecosystem

### Food waste reduction

The annual food waste produced by Kangwon Land amounts to approximately 1,280 tons, and is anticipated to increase as the number of visitors increases. In order to prevent environmental pollution and economic loss from such waste, food waste reduction measures, such as reducing the amount of leftover food, have been established. Publicity videos on waste reduction and separate discharge of waste have been distributed in restaurants and other facilities that generate a large amount of food waste. Leftover food is also minimized by only using necessary food ingredients after comparing the number of customers and their food preferences.



S-Line Campaign

Storage refrigerators have been set up to prevent food waste from rotting, and such waste was given to local farms for use as food for livestock. As a result, 789 out of 1,280 tons of food waste were composted, and the remaining 496 tons were used as livestock food in local farms in 2015.

### Usage of harmful materials and minimization of emissions

Since the deterioration of soil's self-purification capacity and ecosystem changes are caused by harmful materials generated by the business, they are managed according to the related regulations such as the Soil Environment Conservation Act. The use of chemicals, detergents, and agricultural pesticides is minimized, and the soil pollution level is regularly checked by an outside expert to ensure objectivity. This year's investigation of soil pollution suggested that the level of pollution and the emission of harmful materials meet the appropriate standard.

To conserve the soil ecosystem and minimize pollution, such acts as creating ecological ponds for ampullarius insularus and planting aquatic plants to naturally purify nutrient salts are being carried out to develop eco-friendly ecosystem management.

### Management of energy and greenhouse gases

The international standard for energy management (ISO 50001, energy management system) was adopted and verified by an external agency in 2015 to reduce energy and greenhouse gas emissions. Standardized processes and techniques were also applied in every area of our work, and the regulation regarding the rationalization of public institutions' energy consumption is abided by.

ISO 50001 System Map



ISO 50001 certificate

After being designated as a business for energy target management system and the allocation of greenhouse gases emission rights by the Ministry of Environment, a more eager approach has been pursued to counter the tradable greenhouse gases permit system, such as by adopting more new renewable forms of energy. Approximately 1,770 tons of greenhouse gases were reduced last year by such actions, while the business grew.

### Eco-friendly architecture

Not only for architecture and construction, but Kangwon Land also optimizes the usage of energy and resources to operate after construction by utilizing new renewable energies to lead for idea of eco-friendly buildings. Thanks to such efforts, the Green Architecture Certificate was awarded in case of Head office in 2015 for its decreased traffic load, energy saving, and usage of sustainable energy sources. Moreover, Kangwon Land's efforts to create eco-friendly architecture were recognized nationally with a first-class honor of energy efficiency for efficient energy usage per area unit by the Korea Infrastructure Safety and Technology Corporation.



Certificate of Green Architecture

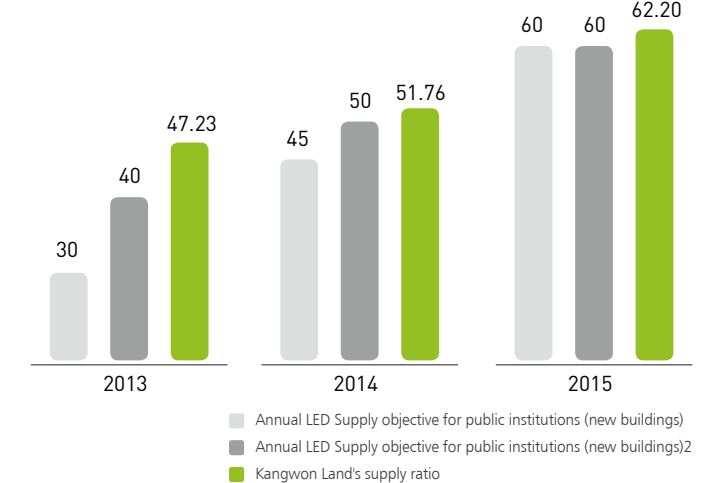
### Energy saving activities aimed at reducing greenhouse gas emissions

Kangwon Land submits its energy objectives and plan for saving energy and reducing its greenhouse gas emissions to the government every year, following the 'Guidelines on Rationalization of Public Institutes' Energy Fulfillment'. To reduce energy use more effectively, the Energy Saving Promotion Committee and Energy Hunter systems are operated. As part of the supply business of LED lights for public institutions, Kangwon Land changed the lighting of all its buildings to LED lights. 62% of the light was changed, which exceeds the government's objective in the 2015 standard, and next year's target is to change 70%.

Amount of light installation per business unit and current situation and LED supply

	Installation amount(light)	LED lamp(light)	Normal lamp(light)	LED converted(%)
Indoor and outdoor lights	193,532	98,963	94,569	51.14
Emergency exit lights	5,222	3,915	1,307	74.97
Light installation(2014)	198,754	102,878	95,876	51.76
October 2015 standard	198,754	123,684 [20,806]	75,070	62.2

Kangwon Land LED Supply Status Compared with Public Institutions' Target



The progress of greenhouse gas reduction is measured on a monthly basis by analyzing energy usage in each business unit; and LPG, a clean fuel, is used as the main energy source. The second waste heat recovery equipment has been activated to minimize the amount of heat emitted by the buildings, and 1,459 tons of energy was re-produced, and 1,441 tons of greenhouse



Wood-pellet boilers



Waste heat recovery equipment

## SPECIAL CASE

### Wild Animal Feeding Campaign

The High1 Resort Service Team conducts a wild animal feeding campaign in hilly areas every year with Wonju Regional Environmental Office. This year, winter food (alfalfa, mineral blocks) that is difficult to obtain was provided to wild animals, and by conducting consistent activities on an annual basis, we plan to position this as Kangwon Land's representative eco-friendly event of the winter.



Wild animal feeding events



Wild animal feeding





02

## Happy Leisure Culture

We are making utmost efforts to create a business place that is safe and healthy for all customers, staff, and executives.

Moreover, Kangwon Land seeks to minimize the social side effects by spreading a wholesome game culture for all people and to contribute to the regional economy.

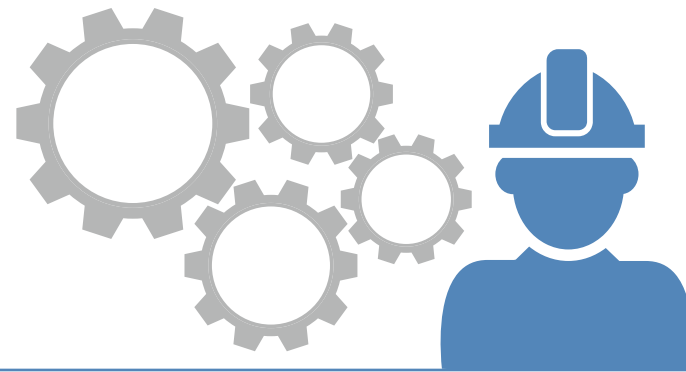
32 Establishing an Advanced Safety and Health System

36 Satisfying Customers through the Realization of Customer Values

40 Reinforcing the Responsibilities of Game Businesses



# Establishing an Advanced Safety and Health System



## Why is it important?

As the industry has various types of visitors, regardless of age and gender, the safety of the business sites and working environment should be the first priority. Society's perception that safety accidents at business sites are man-made calamities caused by a lack of good management is rising, and safety accidents heighten customers' anxiety as well as financial/non-financial losses. Along with greater interest in safety, governmental management, supervision and regulations are being strengthened.

## Our Approach

In accordance with our belief that competitiveness is directly related to maintaining the health of both our customers and our employees and establishing safe business sites, Kangwon Land prepares for factors that could cause safety accidents. In particular, in close cooperation with the relevant organization, we focus on preventing accidents at all our business sites. Furthermore, we have established an environment where our employees can work safely, and enhanced their physical and psychological health.

## Our Strategy

- Enhancement and Proliferation of the Safety System
- Anticipative Management on Safety
- Realizing a healthy service industry

## 2015 Highlight

- Civil-Public-Military-Police joint forest fire extinction and counterterror training exercise
- Model operation of the Healing Center
- Training in casino business site risk management

## 2016 Focus

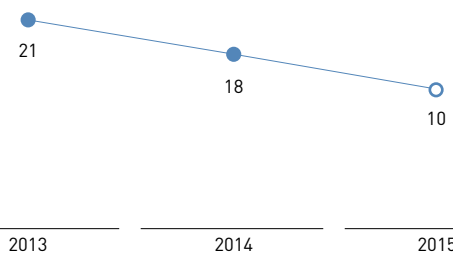
- Expansion of the Health Improvement Center's operations
- Promotion of the permanent Counseling Center's 'Healing Camp'

## Performance

Number of industrial accidents



Unit: number of registration



Improvement of dangerous facilities in the 2015 safety inspection.



**278** number of registration

## Enhancement and Proliferation of the Safety System

### Enhancing Control Tower for Disaster Response

#### Mid-to long-term promotion strategy for disaster prevention

In order to efficiently respond to potential risks within our business sites, we established the counter disaster unit and improved our education and training manual. We have fostered greater safety awareness by checking various risk factors in advance and establishing counter measures. Moreover, we have enhanced the efficiency of safety management by applying measures to recommended improvements. We will conduct a survey of our employees in the future to strengthen their awareness of disasters, and systematically analyze the various types of disaster to provide solutions in accordance with each business site.

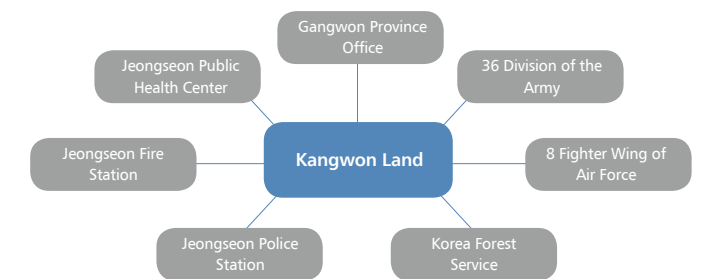
Vision	Securing sustainability management system base through the establishment of an enterprise-wide disaster response system
Mission	Formation of a high value and Eco-friendly integrated resort through the establishment of a disaster response system
Promotion Strategy	<b>Enhancement of disaster response control tower function</b> - Establishment and stable operation of a comprehensive situation room - Disaster response control tower function
	<b>Establishment of disaster prevention and response system</b> - Establishment of disaster prevention system - Strengthening of pre-safety inspection - Expansion of education and training on disaster prevention at the enterprise level

In order to strengthen the role of the Disaster Response Control Tower, we formed the risk management team, an enterprise-wide disaster response organization, and conducted quarterly meetings on the operation of the organization to continuously manage and supervise the situation. In 2015, we switched the managing department of the duty situation room from the general affairs team to the disaster response team to improve its operation, and assigned 12 people to 24 hours-three shifts. Moreover, we established a system that enables a quick early response to hazardous situations by revising the manual on behavioral know-how on disaster prevention and response procedures.

## Joint Inspection of Risk Situations based on Cooperation

Kangwon land, which has the largest public facilities in Gangwon province, faces the risk of massive loss of life and assets in the event of a disaster such as fire or an act of terror. Accordingly, we have conducted a Civil-Public-Military-Police joint forest fire extinction exercise and counter-terrorism training to enhance our early response capacity in hazardous situations and to strengthen close cooperation among the relevant organizations.

### Cooperation system among relevant organizations



We conducted a forest fire extinction and rescue training exercise in close cooperation with Jeongseon Fire Station and the Korea Forestry Service using fire trucks and helicopters. Moreover, we thoroughly checked the emergency reporting and early response system by conducting biochemical terror suppression, removal of explosives, and patient evacuation training in cooperation with a military-related organization. By cooperating with the relevant organizations on the joint use of resources, we laid the foundation for real-time human and material resource management. In addition, we perfectly prepared our response procedure for a state of national emergency with the joint training.



Forest Fire Extinction Training

Counterterrorism Training

In order to secure smooth corporate operation during the peak season, we rearranged the reservist and civil defense training schedule in cooperation with the relevant organizations so that our employees could focus on customer greetings. This enabled both stable and efficient business operation and a 100% rate of reservist and civil defense training.

### Reservist-Civil Defense Completion Status

		Subject (people)	Attendance (people)	Attendance Rate(%)
Work Civil Defense	Basic Education (1 <sup>st</sup> ~4 <sup>th</sup> Year)	689	689	100
	Emergency Summon Training (More than 5 <sup>th</sup> Year)	500	500	100
Work Reservist	Reservist Education Training	297	297	100

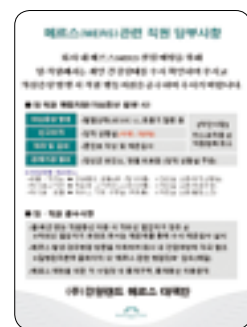
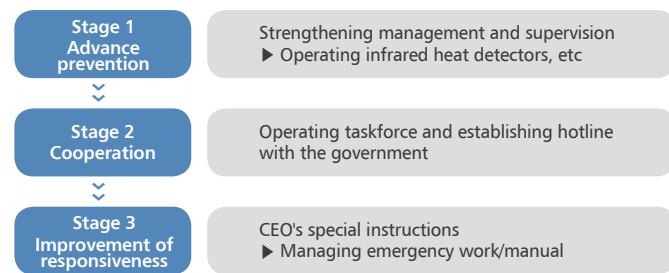


## Advancement of the Disaster Response Infrastructure

We prepared for the proliferation of MERS in summer 2015 at the enterprise level and established the MERS taskforce. Moreover, we prepared a response guide for strict prevention activities and established an enterprise-wide disaster response system by keeping our finger on the pulse of the disease and forming a cooperation system among the relevant organizations.

As one of our prevention activities, we fumigated all business sites with an EPA-approved sterilizer. We also installed additional infrared heat detectors and prevented people infected with epidemics from entering our business sites by means of education and inspection. Also, we constantly checked infrared non-contacting thermometers and hand sanitizers, and expanded their installation in major business sites with many customers.

### Anti-MERS System



Anti-MERS Guideline

## Anticipative Management on Safety Enterprise Safe Management Activities

A daily average of 8,500 people enter the Casino and 2,500 people are there at any one time. As such, we run constant patrols and have strengthened surveillance in order to prevent disturbances and cheating within the business site. Moreover, we have enhanced enterprise safety awareness to protect our customers from diverse epidemics and terror, and conducted education and training to enhance our ability to react to such situations.

We also reinforced our surveillance of safety accidents or illegal activities caused by the operation of the casino in the nearby region. We also implemented the 'Casino Safety Management' to assure safety in the nearby area and conducted 21 safe-keeping activities in 2015.

We carried out high-level joint training to prepare for a casino emergency situation, with the participation of the CEO and top executives in May 2015. We have set situations that are likely to occur, such as customer disturbances, suicide attempts by fire, etc. to show oppression skills and construction demonstration, and conducted training on first aid for cases of cardiac arrest, CPR, fire extinction, customer evacuation, etc. In the event of a major emergency, we have provided consistent trained activities to enhance our employees' responsiveness and awareness of such situations.



Casino Safety Management

Casino Risk Management Training

In order to secure our customers' safety, we run patrols by car and foot in vulnerable areas, and carry out safety inspection, control, assistance, and happy-call services whenever there is an annual event. Moreover, we supplemented matrix by situation for a rapid response in emergency, and provide 24 hours customer safety through job training and virtual-situation training. In practice, we have been able to rescue people through various accident prevention and emergency measures, and save lives by rapidly administering emergency first aid.

### Resort Accident Prevention and Emergency Measure Training



Kangwon Land will establish a comprehensive situation room to systematically implement the duties of the control tower as the resort expands in the future, and to rapidly collect data and achieve an efficient disaster response. We are also planning to set a standard model for efficient disaster response, including a field management and support system. Moreover, we will improve the enterprise-wide disaster-safety network and establish a mobile situation management solution to simultaneously report the situation to various organizations and enable optimum direction

## Enhancing Safety Inspection and Supervision of Facilities

We carried out disaster prevention inspections of vulnerable areas in order to prepare for natural disasters such as typhoons or landslides, and man-made disasters like fire. We identified 39 risk factors during the second half of 2015, and applied successful follow-up measures to 27 factors. Furthermore, in preparation for the annual peak season, thawing season and rainy season, we enhanced the inspections of our safety facilities.

### 2015 Second Half Disaster Prevention Safety Inspection Status

Unit: number of measures

	July	August	September	October	November	December
Inspection Date	23~24	24~25	24~25	28~29	27~30	29~30
Number of Inspections	8	6	5	6	7	7
Completed /In Progress	4/4	5/1	3/2	5/1	6/1	4/3

We strengthened the safety inspection system by implementing such measures as 'One-on-one site responsibility inspection with real-name' by which a manager is designated to assume responsibility for inspection and take the necessary measures. In practice, we were able to successfully inspect risk factors throughout the entire resort, including 3 hotels and 4 condos, in the second half of 2015. With this inspection, we not only improved 278 dangerous facilities but also assisted the creation of a safe and healthy resort image of Kangwon Land.

### Measures Taken on Recommendations of the 2015 Safety Inspection (11.24~12.15)

Unit: number of measures

Room Sector	Repair of Handrails	104
	Installation and Repair of Descending Life Line	115
	Safety Facilities(Mesh)	3
Others	Fire Extinguishers/Emergency Lights	37
	Supplementation of Electric Devices and Facilities	19
<b>Total</b>		<b>278</b>



Safety Inspection of Vulnerable Facilities

## Realizing a Healthy Service Industry Healthcare for Executives and Employees

In order to promote the psychological and physical health of our executives and employees, we expanded the 'comprehensive assistance system' for workers that was implemented last year.

In order to prepare for injuries that occur during work and boost our employees' general physical health, we continuously operate a medical room, enabling more than 9,000 inner/outer annually to recover from injuries. Moreover, through the 'Health Promotion Center', more than 2,000 employees received physical therapy and relief for muscular skeletal disease. Furthermore, we assisted special health examinations in cooperation with the Green Cross Medical Foundation and more. In 2016, we are planning to operate the 'Health Promotion Center' in order to provide more professional support for our employees' health.

We operated the High1 Psychological Counseling Center from December 2014 to March 2015 for the psychological health of our 'emotional workers'. Even though it was a short period of time, 1,073 employees received psychological therapy, and we are now planning to run a psychological counselling center in 2016 based on its success. Moreover, we will provide an optimal counseling system by establishing the 'Healing Camp' program, which aims to heal the physical and psychological health of employees who are tired of emotional labor, and to help them recover their psychological stability.

We also employ 30 in-house sex counseling agents, 4 sexual harassment lecturers, and 2 professional sexual harassment counselors who provide a sex counseling service to handle sexual problems and worries. Moreover, we have developed and conducted sexual harassment prevention education for all our employees.

## Managing the Working Environment and Industrial Disasters

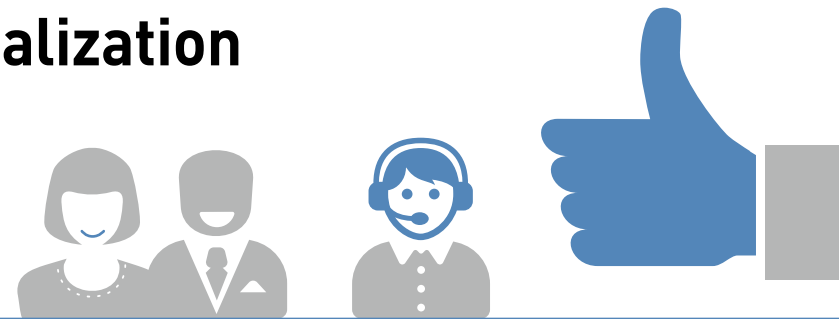
We transferred our headquarters to the Gohan region in September 2015 and created a more favorable working environment. Along with the general working area, we prepared rest spaces for our employees, including a lounge, shower stalls, and a book cafe.

Furthermore, as a result of our concerted efforts to secure the health and safety of our employees and executives, the number of industrial disasters declined by 8 from the previous year. We will continuously check not only our customers' safety but also our headquarters so that we can reduce industrial disasters involving our employees and executives.

### No. of Industrial Accidents

	2013	2014	2015
No. of Industrial Accidents	21	18	10

# Satisfying Customer through the Realization of Customer Values



## Why is it important?

The influence of customers as an indisputable element of a company's sustainable profit-making is growing, and their satisfaction is a fundamental factor behind sustainable growth. As customers' needs are becoming ever more sophisticated, the key to strengthening competitiveness is active communication with customers coupled with a quick response to their needs. Although the diverse communication channels have improved in terms of their speed and various quantifiable aspects of communication, thereby enabling easier identification of customers' needs, the level of expectation regarding Kangwon Land's response is increasing as well.

## Our Approach

Kangwon Land has not only equipped itself with various customer communication channels, but also actively tries to resolve customers' problems and complaints through effective communication. In particular, we focus on providing a high-quality service by establishing a set protocol to raise service efficiency and efficacy at the problem-solving stages. Furthermore, we are taking customer satisfaction to the next level by inventing various new contents and investing in better facilities.

## Our Strategy

- Customer service system
- Strengthening our customer service capability
- Communication with Customers
- Customer satisfaction enhancement activities

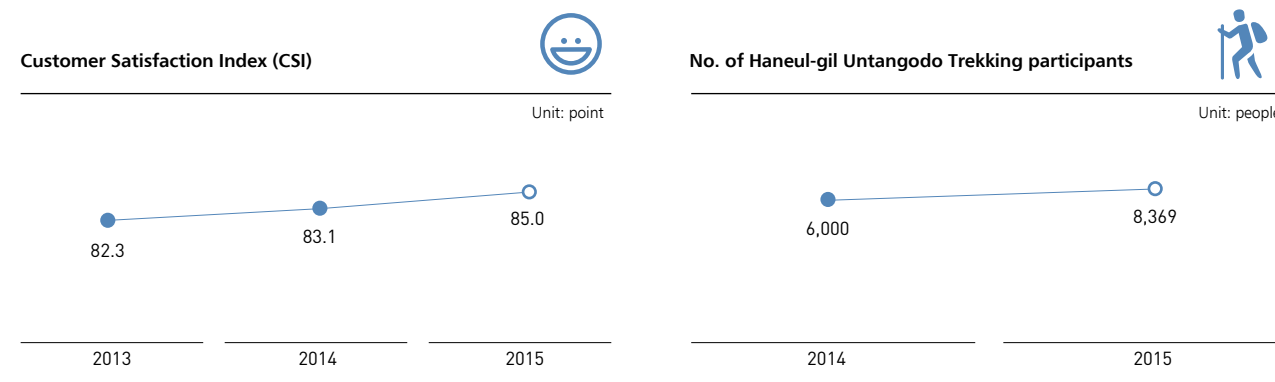
## 2015 Highlight

- Construction of a "One-Stop Customer Complaint Processing Model"
- Drawing up of black consumer counterplans
- Creation of story-telling contents
- Expansion of customer communication channels

## 2016 Focus

- Establishment of customer satisfaction infrastructure
- Expansion of the Haneul-gil Trekking Festival
- Expansion of healing contents and events in the slack season

## Performance



## Customer Service System

We are trying to raise customer satisfaction by making our customer service system more sophisticated. We strived for greater service efficiency by creating the Customer Satisfaction Team and a specific process to deal with diverse customer complaints and questions. Furthermore, we are actively reflecting customers' opinions collected through various communication channels in our business operations, and monitoring customer satisfaction with data gathered from both internal and external investigations.

### Customer Satisfaction Scale

	2013	2014	2015
CSI (Customer Satisfaction Index)	82.3	83.1	85.0
PCSI (Public-service Customer Satisfaction Index)	84.1	84.6	84.7

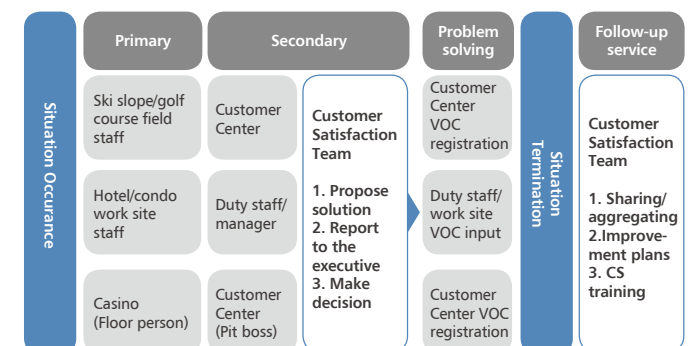
## Operating the Customer Satisfaction Committee

The Customer Satisfaction Committee was established in May 2015 as the principal agent for resolving customer dissatisfaction. The committee, composed of the vice CEO as its head, executive directors as its members, and the Customer Satisfaction Team manager as its assistant administrator, took appropriate measures after setting customer dissatisfaction deduced from field investigations as its agenda. A total of six committee meetings were held in a year, enabling the improvement of inconvenient facilities and the establishment of customer service-related regulations.

## Establishing a One-Stop Customer Complaint Processing Model

We constructed a 'One-Stop Customer Complaint Processing Model' to handle customer dissatisfaction promptly. From proposing ways to resolve dissatisfaction at the site to providing CS training, we made it possible to flexibly and effectively deal with similar situations in the future. In addition, by sharing the customer response manual throughout the company, we standardized the field service and effectively handled customer dissatisfaction.

### One-Stop Processing Model



## Setting Black Consumer Counterplans

Recently, the staff's physical and mental health has been deteriorating due to a rise in the number of 'black consumers' who file complaints and ask for excessive compensation with malicious intentions. Also, there have been cases in which the response to customers who have made justifiable complaints was delayed. As a result, after collecting and analyzing its black consumer data from each business area, Kangwon Land established the 'Black Consumer Counterplan System'. Moreover, we enacted situational response scripts and the 'Black Consumer Business Facilities Usage Restriction Guidelines' to enable the staff to provide an improved service in similar situations in the future.

## Practicing the Customer Compensation Standard

We are continuously trying to make the process of handling customer distress a more amiable task. As a part of that, we prepared the 'Company-wide Customer Compensation Standard Proposal' which provides systematic compensation in customer dispute cases. In this way, we are making considerable efforts to resolve secondary dissatisfaction caused by the absence of standardized compensation guidelines and delays caused by the limited authority of the field staff.

## Strengthening Our Customer Service Capability

### Customer Service 1:1 Coaching

We implemented 'Customer Service 1:1 Coaching' to objectively assess and improve the service level of staff members that engage in direct communication with customers. After experts closely observed the CS staff's response patterns, they provided 1:1 and group feedback based on their observations. The staff's customary behavior was improved as a result of the service coaching, and the staff expressed a high level of satisfaction at 87%.

### 2015 Customer Service 1:1 Coaching Satisfaction Scale

Satisfaction with coaching/mentoring program	87% (7 people)
Strongly recommend it to other staff members	87% (7 people)
Willing to continuously participate in advanced program	84% (6 people)

## Customer Satisfaction Leader

We enhanced customer satisfaction by expanding the role of the 'Customer Satisfaction Leader' from a part of the marketing team to a company-wide organization. 45 Customer Satisfaction Leader, skilled communicators with strong leadership skills, attended monthly workshops where they collected field staff's opinions on customer service and shared CS goals company-wide. The expansion of our Customer Satisfaction Leader is meaningful in that it has strengthened our customer service capability by enabling faster handling of customer's needs.



Customer Satisfaction Leader



## Communication with Customers

### Operating High1 Partners

Aside from external customer satisfaction evaluations, we are running 'High1 Partners', a group of online & offline customer panels. High1 Partners attended quarterly meetings where they shared their thoughts on the resort and ideas for development, as well as posting opinions online. This enabled us to collect customers' dynamic and honest opinions, and we further expect to contribute to improving customer satisfaction by providing opportunities to directly communicate with customers.



High1 Partners Meeting

### Expansion of Customer Communication Channels

Kangwon Land has expanded its communication channels in order to better listen to what customers have to say. In particular, we opened 'suggestion boxes' to offer those who have difficulty accessing the internet a quick and easy means to file complaints. Also, we holistically managed the Customer Suggestion VOC System so that complaints could be registered with the VOC system directly at the site.

#### Current VOC Figures

	number of Registration	Major contents
Complaints	675	Customer Response Operation of work site Business site facilities/environment
Questions	396	Room reservation(hotel/condo) Operation of business sites
Recommendations	104	Operation of work site Work site facilities/environment
Compliments	107	Customer Response Work site facilities/environment

In particular, we are actively utilizing SNS to publicize various events and share reviews.

#### SNS Communication Status

Unit: people

	2014	2015	Year-on-year
Blog	225,194	1,622,477	620% ↑
Facebook	87,817	124,930	42% ↑
Twitter	11,205	47,105	320% ↑
KaKao Story	1,279	2,483	94% ↑
Total	325,495	1,796,995	450% ↑

In October 2015, we began publishing 'Kangwon Land Story(Magazine)' and thus communicating with various stakeholders about major business issues. In addition, we made sure that customers conveniently receive all the necessary information by distributing community issues and event calendars.

#### Kangwon Land Story(Magazine)



## Customer Satisfaction Enhancement Activities

### Creating Kangwon Land Holistic Contents Creating Storytelling Contents

As one of the daily outdoor contents designed for the enjoyment of customers, we constructed the Haneul-gil through maintenance of Untangodo. Also, we created certain spots along the Haneul-gil that tell the history of Kangwon Land and the local community, transforming it into a walking trail with storytelling contents. Based on such features, Kangwon Land annually hosts the 'Haneul-gil Untangodo Trekking Contest' which, with the addition of a cultural art factor this year, saw an increase in terms of the rate of participation over last year. A survey of Haneul-gil Untangodo visitors' satisfaction and visit frequency showed that the majority would be willing to visit it again. From now on, we plan to continuously provide community-related services by creating more events and trails using the Haneulgil Untangodo.

#### Haneul-gil Untangodo Cultural Art Trekking Results

	Unit	2014	2015
Hosting	Number of times	2	4
Participation	Number of people	6,000	8,369

### Expanding High1's Main High-class Events

Kangwon Land is trying to raise the quality of its cultural contents by applying an cultural art factor to existing facilities. In this way, Kangwon Land is becoming a landmark for the local community as well as a cultural venue. In the new year of 2015, the 'New Year Fireworks Festival' and the 'New Year Concert' were successfully held, attracting 1,000 and 900 participants, respectively.



New Year Fireworks Festival

New Year Concert

The 'High1 Cool Summer Festival' held in July attracted an average of 3,700 people per day for a total of 7,400 people over two days. In August, 9,600 people participated in the 'High1 DJ Festival & Concert' and spent an enjoyable summer vacation.



High1 Cool Summer Festival



High1 DJ Festival & Concert

In autumn, we hosted the '2015 UNESCO Heritage of Korea Festival', which included an invitational performance of the Kwanno Mask Play. We also held 'Harmony Trekking' in September and October by actively utilizing the Haneul-gil and the Mountain Condo, allowing 3,419 and 2,550 participants, respectively, to enjoy healthy culture. In October, we had an opportunity to publicize the distinctive Korean culture to 9,000 people from the global community through the 'With High1 Kangwon K-Pop Concert'.



2015 UNESCOHeritage of Korea Festival



Harmony Trekking

With High1 Kangwon K-POP Concert

In December, 1,600 customers attended the 'High1 Dream Concert' in the Convention Hall. During the Christmas season, we intend to provide a meaningful vacation by hosting the 'High1 DJ & Hiphop Party'. Furthermore, we operated the all-time favorite 'High1 Winter Kingdom' and 'High1 Fireworks Show' until the beginning of the year 2016, and provided opportunities for customers' participation by handing out gifts through the Wintertime Guerrilla Lottery event.



High1 Dream Concert

High1 DJ & Hiphop Party



High1 Fireworks Show

In 2016, we plan to expand the specialized contents of Kangwon Land even further. As an example, we are planning the 'World Magic Festival' under the publically popular theme of "Magic". In addition, we plan to hold new festivals, by integrating the existing fountain show with the fireworks show, in total 73 times. What's more, as an extension of the concert, which was highly popular this year, we plan to hold the 'Music Festival' and the 'High1 DJ Club Party' together with a broadcasting company. We also plan to hold regular performances of 'Magical', a highly developed form of gala musical, and "Humanity Concerts" designed to provide information, fun and passion all at the same time.

## Sophistication of Customer-oriented Infrastructure

### Improving Customer Movement Convenience

In order to improve human traffic and convenience, we implemented various resort infrastructure improvement processes. By installing customer information systems around the resort and standardizing traffic inducing signage, we were able to eliminate complications in the main customer traffic lanes and enhance access to important information.

### Clean Campaign & Clean Rooms

In order to provide a pleasant room environment, we began operating the 'Clean Campaign'. All guest rooms have a quota for the number of people staying and prohibit smoking and we appointed a certain number of rooms as 'Clean Rooms' and restricted cooking in those rooms, thereby eliminating ventilation problems. With the launch of this campaign, we issued a customer announcement to prevent any inconvenience, and encouraged the use of 'Clean Rooms' by providing food court discount coupons to those who wished to use them.

### Expansion of Customer-oriented Game Facilities

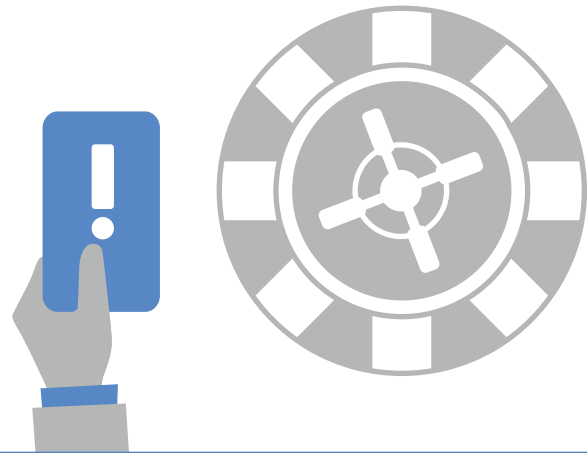
In order to provide a fully customer-oriented gaming environment, we are continuously replacing any outdated game machines. In addition, we expanded the number of tables to reduce waiting time.

	Unit	2013	2014	2015
Number of outdated machine replacements	number of machines	400	94	172

※ For 2013, it did not replace old machines but acquired 400 new ones in accordance with the approval of change in casino business (number of machines: 960→1,360)



# Reinforcing the Responsibilities of Game Businesses



## Why is it important?

Kangwon Land operates its casino business for the public interest, but due to its nature, there are risks of certain social side effects such as gambling addiction. Not only the casino itself, but the formation illegal lending and borrowing around the area, should not be excluded from these risks. In light of this, the company's responsibility for protecting the public interest and making concerted efforts to create a wholesome gambling culture is gradually increasing.

## Our Approach

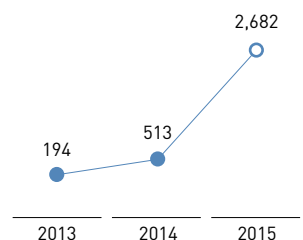
Kangwon Land endeavors to minimize the negative effects of speculation businesses as well as to establishing a healthy wholesome culture that customers can enjoy free from harm. The Addiction Management Center conducts diverse kinds of promotional and educational programs for responsible gambling, and provides preventive/healing programs that are appropriate for each customer who is potentially exposed to gambling addiction. Kangwon Land is also striving to contribute to resolving the serious gambling addiction problem at the national level by developing and improving its own know-how regarding responsible gambling.

## Performance

Number of members who signed up to the Self-control System for Casino Visits



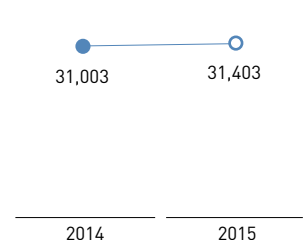
Unit: people



Customers who participated in wholesome games



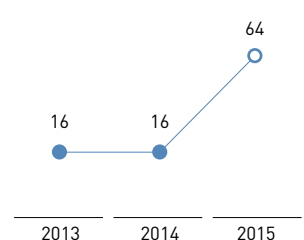
Unit: people



Electric Card Zone



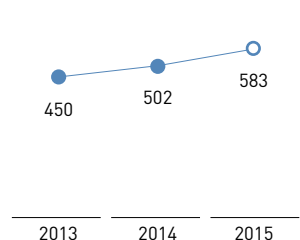
Unit: number of items



Machines for small sums of money



Unit: number of items



## Our Strategy

- Systemization of responsible gambling
- Expansion of a wholesome gaming culture
- Activities to minimize social side effects
- Education on gambling addiction prevention for employees

## 2015 Highlight

- Activation of a self-control system for access days
- Expansion of a wholesome gaming infrastructure
- Establishment of a step-by-step promotion system centered around movement routes
- Improvement of the results of the program for prevention, curing, and rehabilitation from gambling addiction

## 2016 Focus

- Expansion of education on gambling addiction and consulting program
- Expansion of infrastructure for the establishment of a wholesome gaming culture
- Expansion of research on gambling addiction through academic-industrial co-operation

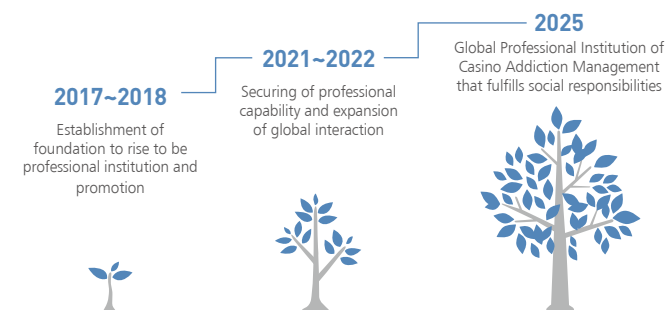
## Systemization of responsible gambling

Kangwon Land drew four assignments to materialize the 'Global Professional Institution of Socially Responsible Casino Addiction Management'. Moreover, stages of improvement were set after dividing the roadmap into 3 steps in order to secure the capability to systematically establish responsible gambling.

### Strategy for responsible gambling

<b>Performance goal</b>	Effectively cope with gambling addiction arising from the casino to contribute to the protection of users and the establishment of a wholesome gaming culture	
<b>Particular business</b>	Gambling addiction prevention business for customers	Gambling addiction prevention business for employees
<b>Performance goal for each business</b>	Improvement of responsible gambling to decrease number of indulgent customers	Creation of a wholesome gaming industry by reinforcing responsibility awareness for employees
<b>Execution assignment</b>	<ul style="list-style-type: none"> <li>• Laying the foundations for responsible gamblers to establish a wholesome gaming culture</li> <li>• Reinforcement of promotional activities aimed at the general public</li> <li>• Upgrading businesses where gambling addiction is a risk Prevention/healing/rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>• Reinforcement of employee-participation program to create a wholesome gaming culture</li> </ul>

### Medium- and long-term roadmap for responsible gambling



## Expansion of a wholesome gaming culture

### Expansion of infrastructure for wholesome gaming

Preventive infrastructure for gambling addiction was expanded centered around the gambling field to establish a wholesome gaming culture. Previously, the number of seats in the Electric Card Zone was increased from 16 to 64, while the number of seats at electronic tables was increased from 96 to 144 to enable users to gamble only within the amount of money charged on their electronic card. Furthermore, in an effort to decrease excessive betting, the share of machines for small sums of money was increased while machines for large sums of money were decreased. As a result, wholesomeness was augmented as the Electric Card Zone rose by 300% compared to last year, and the share of machines for small sums of money increased by 6%.

## Increase of research on gambling problems

Kangwon Land extended its research to resolve gambling problems not only within the resort, but at the nationwide level as well. Kangwon Land signed up for academic-industrial co-operation with Kangwon Tourism College and jointly implemented gambling addiction education and academic research. Kangwon Land also joined the 'NCPG(National Council on Problem Gambling)' to contribute to resolving global gambling addiction problems, and attends symposia and seminars annually to actively conduct research. The results of the research studies will be used in the establishment of Kangwon Land gambling addiction prevention programs and facilities, and are expected to contribute to solving the gambling addiction problem on a national scale.



Academic-industrial co-operation with Kangwon Tourism College



Joining of NCPG

## Management of addiction prevention for college students

To seek solutions by adopting a wider approach to the gambling addiction problem, the 'Dudurim' promotion committee for college students has been operated since 2009. Many college students who are interested in the problem discussed solutions to gambling addiction and enthusiastically developed promotional activities. 2015 saw the formation of the 7th 'Dudurim' team, and thirty college students successfully lived up to their role as honorary ambassadors.



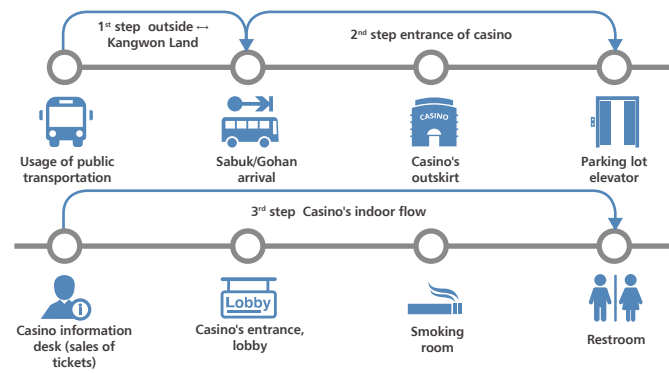
Dudurim Commencement Ceremony

## Promotion of responsible gambling and campaign

Promotional activities to expand a wholesome gaming culture aimed at the general public are being widely carried out. Both those with casino experience and those without it were targeted to maximize the promotional effects. In particular, those with experience were surveyed beforehand to assess their level of awareness of gambling addiction problems, and guidelines on wholesome gaming as well as an addiction prevention and healing program were offered in accordance with the survey result. Kangwon Land will continue to play a leading role in establishing a wholesome gaming culture through its promotional activities.



Daily activities to prevent addiction



Booklets are available at the entrance and exit of the casino as part of our responsible gambling promotional efforts to constantly remind customers of the gambling problem. In 2015, 93,550 guidelines for wholesome gaming and 33,000 comic books designed to seize attention were distributed, making us a leader in raising public awareness of gambling addiction problems.

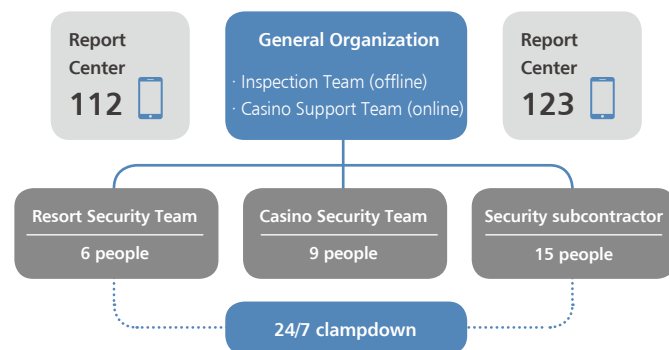


Addiction prevention promotional campaign Banner of casino entrance

Reinforcement of response to illegal activities around the casino

In order to eradicate illegal lending and borrowing around the casino, we jointly established the surveillance system with the National Gaming Control Commission, Financial Supervisory Service, Gangwon Province Office, Yeongwol-Ji Regional Office, Jeongseon-gun County Office, and Jeongseon/Taebaek Police Office. Moreover, new guidelines were established to disable illegally traded money from flowing in as part of our effort to create a wholesome casino gaming environment. As a result of these efforts, 65 cases of illegal activities within the casino were clamped down on and eradicated in 2015.

Reinforcement of internal organization system for eradication of illegality



※ Closing time clampdown on soliciting (everyday 05:40~06:20)  
 ※ Operation of casino's Special Control Team : Occasionally operated annually

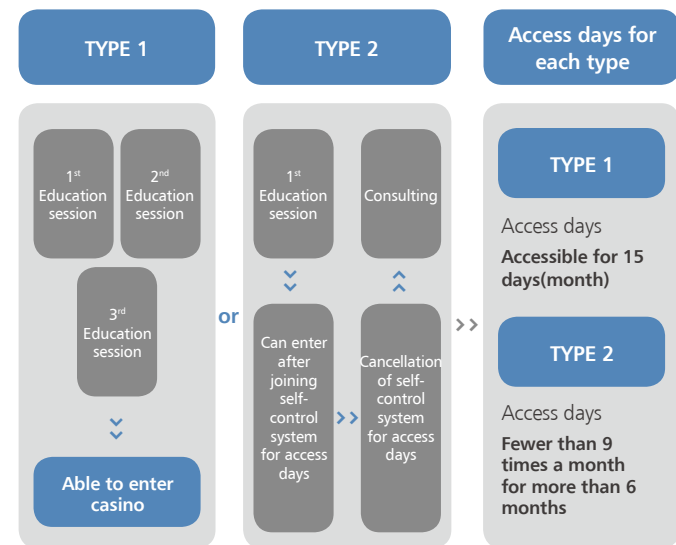
Activities to minimize social side effects

In order to minimize the social side effects of speculation businesses, Kangwon Land has developed and is operating its own program of indulgence prevention. This is not a unified version of the existing program; rather, this aptly takes into account the degree of indulgence of each customer and his/her needs in order to devise self-control system for access days and a preventive program.

Reinforcement of customized self-control

For customers who risk exposure to indulgence to be able to voluntarily restrict themselves from entering the casino and practice responsible gambling, a self-control system for access days is under operation. Additionally, a compulsory education program called '15-15' is there for customers who enter the casino on 15 consecutive days within a 2-month period. This year, for more effective addiction prevention, the existing consulting program and self-control system for access days will be implemented together as a customized and comprehensive self-control system. In this way, Kangwon Land aims to induce change in casino users' actions by adequately adjusting the number of compulsory education and self-controlling access days. As a result of this enforcement, Kangwon Land has improved the ability of potentially indulgent users to control themselves, since a record total of 2,682 people joined the system for access days.

Self-controlling system for access days and method of connecting it to consulting system



\*Able to select between Type 1, 2

Status of joining self-control system

	Unit	2013	2014	2015
No. of indulgent casino users	people	2,470	2,095	2,106
No. of users who joined the self-control system on entrance days	people	194	513	2,682

Indulgence prevention based on experience and sharing

The Addiction Management Center operates programs sharing their experiences and lifestyle, such as the 'Band of Hope', 'Support Meeting for Women', and '3-Stage Motivation Reinforcement programs'.

Category	Thema
Band of Hope	Program to prevent chronic gambling through music activities or alternative activities
Support Meeting for Women	A type of happy, women-endorsed gathering where women exchange positive emotions such as pleasure, gratitude, and happiness
3-Stage Motivation Reinforcement program	Seeking a turning point in their life via 'Finding Seeds of Hope' trekking and exploring the wisdom of life through the 'Humanities pilgrimage'



Programs such as 'Danbi Gathering' which is designed to allow participants to share their concerns about quitting gambling and engage in cultural and community service activities, were largely enforced. Diverse programs such as a once-a-month meeting session, a healing program, and cultural activities were improved to enable customers at risk of addiction to air their feelings, and help them to resolve the issue of indulgence. In 2015 alone, number of customers joining the Danbi Meeting increased by 69.2% from last year's figure, enabling them to become part of the solution to the indulgence issue.

- Healing program (12 times)**
  - Ego-development through the 12 stages of the healing program
- Cultural activities (3 times)**
  - Experience of positive emotion via healthy leisure activities
  - replacing daily and cognitive habits related to gambling with leisure activities ▶ increase of healing effect via healing-through-music program
- Workshop (3 times)**
  - Decrease of major factors of recurrence which are emotional isolation and negative feelings
  - Prevention of recurrence and community training
- Volunteer work**
  - Increase of pride via volunteer work ▶ distribution of Kimjang from 60 long-stay customers

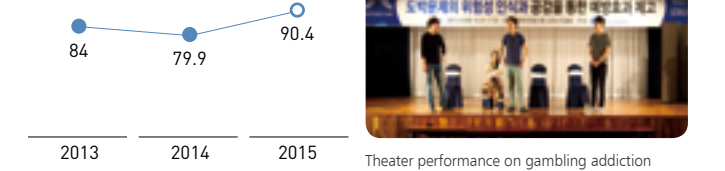
We are operating a cure program from a long-term perspective even after resolving the gambling addiction problem of customers so that it does not recur. We hosted a large-scale homecoming day by improving the existing family cure camp, which is a small-scale, focused program. We set aside time for customers and families to relieve themselves of stress and troubles caused by stopping gambling, which is a difficult journey. By operating deep and diverse programs, we were able to secure 5 times' more customer participation compared to the previous year in 2015.

To step further, a tool was developed to measure the effectiveness of the programs and to come up with ways to improve the effectiveness of activities on gambling addiction. Kangwon Land intends to actively use the results of the analysis to improve programs regarding gambling addiction prevention in the future.

Education on gambling addiction prevention for employees

People working in the casino industry are in effect employed in legal speculation businesses, and are expected to have a sense of awareness and social responsibility. Kangwon Land provides systematic gambling addiction prevention education for its employees to enable them to improve their awareness of gambling addiction and immediately respond to customers with a gambling addiction by spotting them in the field in advance. In 2015, an education system offering customized prevention education for entire group and employees of different characteristics was established, and online mobile education was enabled via the e-learning system. Moreover, efforts were made to increase employees' level of understanding of the gambling addiction problem by holding a theater performance.

Level of satisfaction with education



Theater performance on gambling addiction

Furthermore, the 'Trained Field Mediators (TFM)' program is being conducted, in which employees themselves participate in the issue of gambling addiction prevention in order to forestall the negative impact of the casino's adverse effects, and to minimize blind spots of surveillance. In 2015, 45 people completed education to strengthen their capability as 3rd Trained Field Mediators (TFM), and contributed to creating a wholesome gaming environment.



Trained Field Mediators (TFM) launch ceremony



# 03

## Local Development

Kangwon Land is carrying out social contribution activities in order to revitalize the economy of the abandoned mine region and to strengthen self-sustainability.

Moreover, we will create economic and social value through win-win cooperation, which enables growth and development with cooperative companies, and to communicate with various stakeholders.

46 Developing the Local Community through Social Contribution Activities

50 Realizing a Virtuous Cycle Partnership through win-win cooperation





# Developing the Local Community through Social Contribution Activities



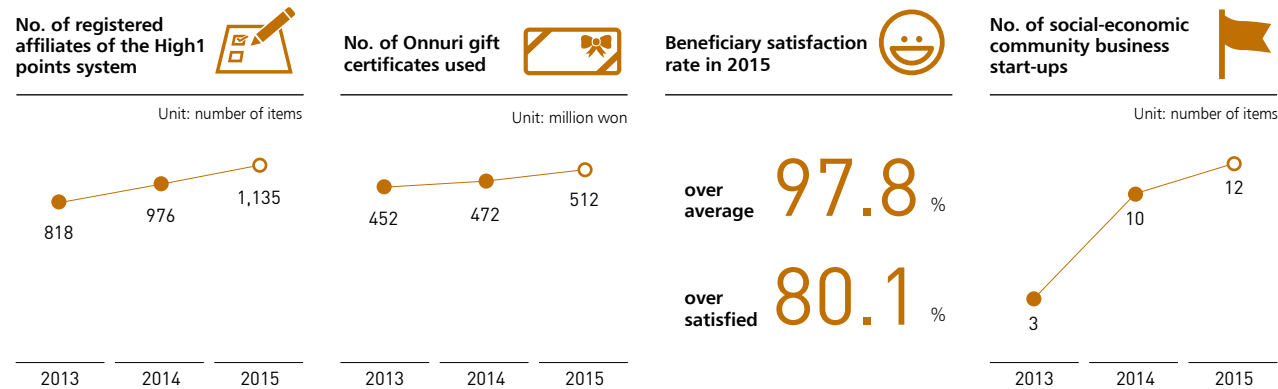
## Why is it important?

The business activities of corporations directly affect local community positively and negatively, and the importance of corresponding social responsibility is inclining. Corporations should go beyond temporary social contribution activities and fulfill their social responsibility by establishing a self-sustainable base for society. Especially, public institutions should focus on fulfilling their social responsibility toward the local community and the purpose of their establishment in order to attain the level of social responsibility expected by the public. Furthermore, we should maintain a relationship of trust with the public, and continuously compete for efforts in order to promote national development and public happiness and well-being.

## Our Approach

Kangwon Land invests its operating revenue in the local community, which has suffered from recession since the departure the mining industry, in order to vitalize and develop it. Our mission reaches beyond social contribution activities, and is aimed at strengthening the local community's ability to develop by itself in the long term. Moreover, we are making efforts to become Korea's number one socially-contributing corporation not only by providing local support but by making nationwide social contributions as well.

## Performance



## Our Strategy

- Advancement of the social contribution activity system
- Self-development of the local community
- Education/Welfare/Cultural support in the Local Community

## 2015 Highlight

- Establishment of the social contribution deliberative committee
- Carrying out of a beneficiary satisfaction survey
- Improvement of the High1 points system and increase in number of registered affiliates
- Expansion of economic assistance to abandoned mine areas

## 2016 Focus

- Expansion of local investment-type social contributions
- Cultivation of social trust through enhanced social responsibility
- Initiation of nationwide social contribution activities

## Advancing the System of Social Contribution Activities

### Social Contribution Promotion Strategy

Ever since its foundation, Kangwon Land has continuously carried out social contribution activities in order to vitalize the economy of the abandoned mine region. We are carrying out strategic social contribution activities under the cooperation between social contribution and core competence based on our strategic mission. We are also planning to expand the scope of our beneficiaries and implement nationwide social contribution activities which may benefit the nation. Based on these factors, we are initiating social contributions appropriate to our business characteristics and environment, and making efforts to implement strategic social contribution programs.

### Vision Realizing Local Contact Social Contribution

#### 3 Broad Principles

<b>Closer</b> To our neighbors, to our region	<b>Deeper</b> Making concerted efforts to solve fundamental problems	<b>Further</b> We aim for the next generation and the future
• Establishing a customized social welfare system • Expansion of a sharing culture that utilizes organizational capacity	• Establishing shared value which reflects need and characteristics of the region	• Improving the weak education environment of the abandoning mine area • Growing future leaders in the long-term perspective

Leading the change to create a sustainable abandoned mine region with the participation of employees and executives, and sharing

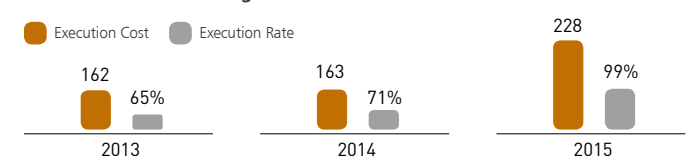
## Operating Social Contribution Committee and Deliberative Committee

In order to achieve objectivity and transparency in the planning phase of our social contribution business and to effectively implement selected business, we operate the 'Social Contribution Committee' and the 'Deliberative Committee'. We have increased the number of external members to 6 so as to enhance public confidence and the professionalism of the committee, expanded the number of meetings to 11, and strengthened deliberation.

Moreover, we have integrated existing the dual operating system of the 'Deliberative Committee on Contribution Execution' and the 'Deliberative Committee on Sponsor-Support-Event', as well as establishing the 'Social Contribution Deliberative Committee', which is composed of 7 members including the committee chair or vice-president, execution board member, and the head auditor of the social contribution team, and was convened 24 times in 2015. We also secured the objectivity of the budget evaluation criteria and transparency in the execution of contribution and advertising costs.

By expanding the operation of the Social Contribution Committee and Deliberative Committee, we were able to cut our budgets, which enabled us to allocate more funds for purposes in the public interest, and achieved a record budget execution rate of 99%.

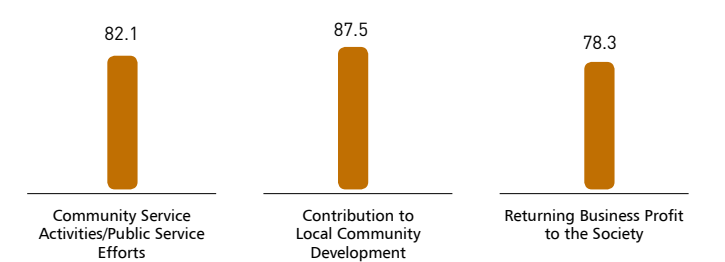
### Social Contribution Budget Status



## Improvement of Effectiveness based on Beneficiary Satisfaction Survey

In order to objectively evaluate the effects of our social contribution activities, we conducted the beneficiary satisfaction survey. In particular, we checked not only the satisfaction rate of beneficiaries but also that of our internal volunteers so as to enhance effectiveness. According to the results of our first beneficiary satisfaction survey in 2015, more than 80% of the beneficiaries were satisfied with our social contribution activities. Moreover, social volunteer groups recognized the importance of social contribution activities as the host, and understood that they are participating in social contribution work. Kangwon Land will conduct further satisfaction survey with a view to improving our social contribution strategy by carrying out comparative analyses by time/item in the future.

### Social volunteer group's Recognition Rate (184 Respondents)



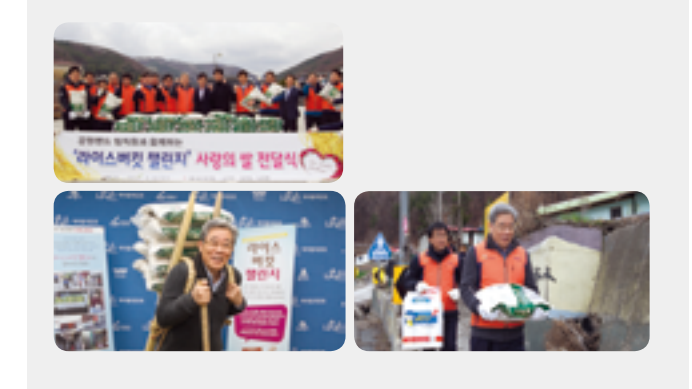
### Satisfaction with Social Contribution / No. of Beneficiaries (2,772 Respondents)



## SPECIAL CASE

### Rice Bucket Challenge

Thirty people including chief executives of Kangwon Land and social volunteer group visited 100 families of unfortunate neighbors in the abandoned mine region, delivering 100kg of rice to them in April 2015. Representative Hahm Seung Heui spent valuable time talking to the elders while delivering 50kg of rice donated in a rice bucket challenge held last March and 50kg of rice matched by the host of the challenge.

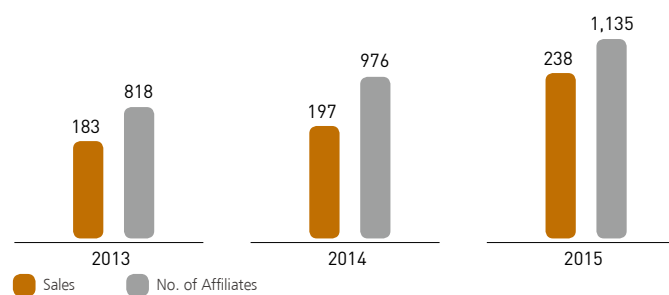


## Self-development of the local community

### Vitalizing the Economy of the abandoned mine region

We implemented the local High1 points usage system to improve the settlement environment of the abandoned mine region and vitalize the economy of local small businessmen. In order to vitalize the local economy and expand affiliates, we have eased the existing registration process and requirements. Moreover, by preventing the negative use of High1 points and providing education aimed at enhancing customer satisfaction, we have not only increased the number of affiliates but also the amount of sales through quality improvement.

Status of increasing sales and No. of affiliates Sales | Unit: ₩ 100 million No. of Affiliates | Unit: Number



As one of the methods of assisting the local traditional market and small local businessmen, we have expanded the use of Onnuri gift certificates. In 2015, 20% of Kangwon Land's operational budget was distributed in the form of Onnuri gift certificates to encourage employees' active use of traditional markets.

Status of Onnuri gift certificate use in traditional markets

	Unit	2013	2014	2015
Usage	million won	452	472	512

**Voice of Stakeholder**  
CEO of Yoonganae-Hanwoo-Maeul  
**Yoon suk hee**

We are one of the affiliates of the High1 points system. We were able to increase our sales by allowing customers through certification process, to freely use points within the limit. At the beginning of our registration, the person in charge of the High1 points system visited us in person and informed us of the operational contents. Also, we were able to receive a lot of help because they actively received opinions on improvements, even after our registration. Through these efforts, we were able to easily understand and access the system, which might otherwise be viewed as relatively complicated. We have higher hopes for 2015 as the surrounding environment of the Gohan traditional market, where our affiliate is located, has improved. The street of wall paintings, with the topic of 'Miner's Day', was formed in order to emphasize the characteristics of the abandoned mine region, and if the whole work is completed, the Gohan traditional market will be even more splendid. We hope that improvement of the surroundings in this way could lead to the vitalization of the traditional market. We look forward to Kangwon Land not only improving the points system but also to its leading the development of the traditional market.

## Community Business

In order to enhance the sustainability of the local economy, we are implementing a social-economic assistance business, which allows local residents to participate from the beginning of the start-up. The social-economic assistance business comprises 3 stages : the development of human resources, community business, and growth support. To begin with, elementary education on start-ups is provided through the 'development of human resources' stage. In the 2<sup>nd</sup> stage, we support start-ups by choosing a 'community business' through a special contest. After the foundation of the business for two years, we support it for a maximum of 3 years in the 'growth support' stage. Twelve new businesses were selected in 2015 as we developed a subject and stage-customized human resources development program and expanded the range of community business start-up support.

One good example of a successful social-economic assistance business is 'East River Pasque Flower Village', which was founded in 2012. Under our growth support program, we organized a village experience program as a product after its foundation, established the 'Donggang River Pasque Flower Village Tourism Cooperative Society', and thereby revived the community spirit of the village. The participants vitalize the economy of the abandoned mine region by personally designing start-ups and participating in them until the running phase. Furthermore, it has brought back community spirit.

### Community Business Start-up Support Process



## Supporting the Employment of Vulnerable Groups

Kangwon land runs the 'Hopeful Job Business' program, which assists the economic activities of neglected and vulnerable people within the local community. In 2015, we provided jobs that are led by local residents and participants, whereas before we mainly provided simple and expendable jobs. In practice, local residents personally participated in the Gohan traditional market wall-painting street project and the High1 Untangodo attraction making project. Through their participation, the residents not only created economic value but also received an opportunity for self-realization and fulfillment by boosting their motivation for personal achievement. Moreover, we enhanced participants' self-esteem and willingness to work by providing jobs to vitalize the local economy, rather than providing simple task-based jobs as previously.

	Unit	2013	2014	2015
No. of Participants	people	89	95	55
Financial support	1 million	293	462	226

## Happy Job Business

In addition to 'Hopeful Job Business' program, We provide a maximum of 50 million for personnel and operational expenses for business items and selected 6 new businesses in 2015. The 'Cheongnyeongpo Bicycle Business Site'(YeongWol), 'Oxygen Hue-dream Café'(Taebaek), and 'Chives over Flower'(Samcheok) are the main examples of successfully established 'happy job' businesses. We are making efforts to form a sustainable base by supporting businesses even after their foundation and by providing field trip opportunities to visit outstanding job examples of the region.

## Supporting Multicultural and Disabled Persons

Kangwon Land promotes multicultural support businesses so that multicultural families can settle stably in Gangwon Province without feeling neglected. We provided education on basic capacity enhancement for multicultural families and opportunities for local residents to understand similarities and differences between them. Through our activities, we were able to create a momentum for expanding the broad-mindedness of society regarding racial/cultural/environmental differences. Moreover, we are providing social-cultural assistance for socially disadvantaged and neglected groups of Gangwon's local community. Especially, in the case of the 'Hope Travel Adding Happiness for the Disabled', which was initiated in 2010, we provided a chance for a 3-day-trip to Jeju island for disabled people and their family.

## Education/Welfare/Cultural support in the Local Community

### Education Sector

With the target of growing future leaders, we are running a local leader program for middle school to university students by stages. We offer subsidies for tuition and living expenses for impoverished middle/high school and university students through the High1 scholarship. Moreover, we are supporting education and career counseling in order to eliminate the education gap between regions, and promoting the science experience camp 'Creative Science Academy' and the global visit program 'High1 Expedition'. We expanded the eligibility for the 'High1 Expedition' to middle school students earlier this year, and so far a total of 64 high school and 60 middle school students have had the privilege of exploring global advanced culture.

Despite our efforts to grow leaders, there is a possibility of psychologically negative influences on the youth of the nearby region due to the characteristics of our business. Accordingly, we are sending social workers to schools in the abandoned mine region to ensure that children develop healthy and stable emotions. We are planning to expand the number of schools that social workers visit and thereby promote the healthy growth of local youth. These efforts have been evaluated as having raised the standard of the local education environment while providing an inter-resident communication forum with the topic of education. Other than this, it is focusing on education and scholarship within the community, engaging in autonomous assignment promotion in schools (Happy School), debate camp for the improvement of academic ability, sports talent nurturing, etc.

## Welfare Sector

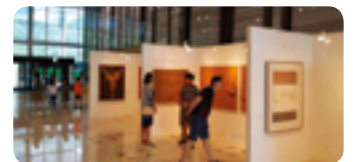
The members of the High1 Sports Team have been donating their talents to boost the physical activities of local youth. In practice, the High1 Judo team provided a lecture for elementary and middle school teams and provided opportunities for many students to enjoy physical activities. In May 2015, we conducted the 'Happiness Sharing N Campaign' in cooperation with the Ministry of Health and Welfare and the Korea National Council on Social Welfare. We donated a part of the revenue from selling High1 Ski seasonal passes to the Korea Adaptive Ski Association and the Gangwon Province Sports Association(GWSAD) for the Disabled through the campaign. In recognition of these efforts, we received awards from the GWSAD among others, and have been recognized of our achievements by various external entities. Moreover, as a core area of the Kangwon Land Welfare Foundation's project, patients suffering from pneumoconiosis are being supported; they are given recovery and medical support as well as support for stability of life, thus, the foundation is reinforcing welfare benefits in the abandoned mine region, which was the center of industrialization in the past.

## Culture sector

We are providing various cultural benefits to the residents of the abandoned mine region who are relatively less culturally privileged compared to the inhabitants of major cities. As a part of the Visiting Cultural Concert, we carried out a 'pops concert', which is a road show, in eight cities and 'Exhibition Invitation of 12 Painters in Gangwon Province'. These events energized inter-resident communication and entertained not only residents of the nearby region but also visitors to our resort. In addition, Kangwon Land is striving to enhance the local residents' quality of life and competence by sponsoring the area's representative festival as well as culture & art and supporting the region's academies.



Pops Concert



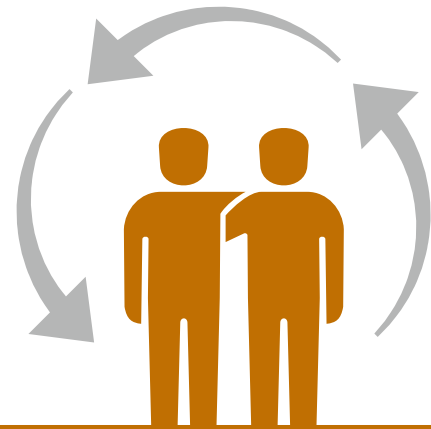
Exhibition Invitation of 12 Painters in Gangwon Province

**Voice of Stakeholder**  
President of the Korea Association of School Social Workers  
**Cho Sung Shim**

With the assistance of Kangwon Land, the Korea Association of School Social Workers has been sending school social workers to the abandoned mine region, mainly to the Gohan region, since 2010, thereby helping children to acquire emotional health and stability. Although the establishment of Kangwon Land has led to economic growth in the region, factors that can have a negative affect on the healthy growth of children inevitably exist. In order to protect local children in advance, provide a safe environment, and support children's healthy growth, we dispatch school social workers to the region. Correspondingly, we have supported children's stable psychological and emotional development by establishing a sound education environment to help students adapt to school, and by connecting mentors and mentees between elementary and high school students, and between middle-high school and university students. We hope that local governments and civic organizations will expand their participation and support in a drive to establish a safe and healthy growth environment for students of the abandoned mine region.



# Realizing a Virtuous Cycle Partnership through win-win cooperation



## Why is it important?

Strategic partners are those that fulfill business development together with the company. As such, the company can realize sustainable growth by practicing corporate social responsibility through win-win cooperation with its partners. In addition, the creation of a virtuous cycle environment where communication and development with stakeholders are made possible, by operating a win-win cooperation program that contributes to vitalizing the community economy, is becoming a new social issue.

## Our Approach

Kangwon Land promotes the stable operation of its partners by supporting efforts to improve their capabilities and their working environment, and continuously collects their opinions through meetings. In addition, we are pursuing business transparency and the public interest in a bid to promote sustainability management with our partners. From now on, we plan to continue maintaining win-win partnerships with our partners in a bid to grow and develop hand in hand them.

## Our Strategy

- Expansion of a Culture of win-win Cooperation
- Supporting partners' sustainability growth
- Strengthening of our partners' competitiveness

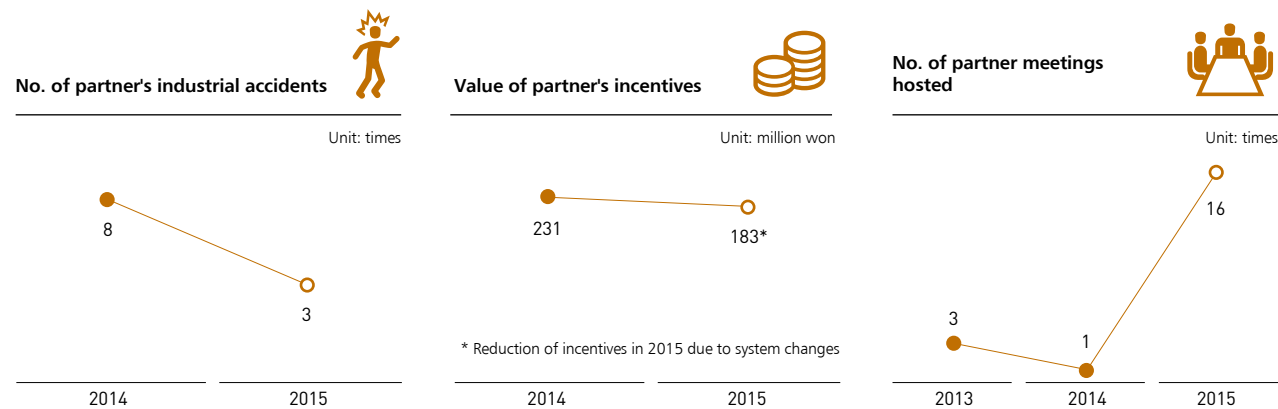
## 2015 Highlight

- Reinforcement of private contract guidelines
- Partners' acquisition of social enterprise certification
- Development and implementation of a Service Evaluation Style of Benefit Sharing System
- Support for wage rises of partners' employees

## 2016 Focus

- Expansion of establishment of partners' code of ethics
- Encouragement of employment of local residents through reinforcement of private contract guidelines

## Performance



## Expansion of a Culture of win-win Cooperation

Kangwon Land, under its system for promoting the 'accompanied realization of Asia's No.1 resort by strengthening competitiveness and reliability,' is systematically pursuing win-win cooperation with its partners. Having faced a new decade of sustainable development in 2015, we have improved existing systems in keeping with the current situation and operated an organization in charge to spread the coexistent cooperation culture. Especially, we are planning to realize socially responsible management based on a relationship of coexistence with Residents, Inc., which was financed and established by local residents and workers of abandoned mines.

## Strengthening Communication with Partners

To promote win-win cooperation with its partners, Kangwon Land aims to provide communication channels of various forms and levels and operate the related systems more effectively. The forms are largely composed of hierarchical meetings and win-win cooperation workshops. Field meetings are utilized as monthly opportunities to provide required information for the company's operation and to improve real work processes by listening to employees' difficulties in their work relationships. Furthermore, we provide opportunities for communicative cooperation by holding the win-win cooperation workshop, which allows 1:1 matching between the relevant Kangwon Land department and the corresponding department of a partner.

### Operation of partner communication channels

	Unit	2013	2014	2015
Field meetings (monthly)	times	-	-	12
Middle manager meetings	times	2	1	2
Head meetings	times	1	-	2
<b>Total</b>	<b>times</b>	<b>3</b>	<b>1</b>	<b>16</b>



### Voice of Stakeholder

Head of Department in Woorijumin Corp.  
**Park Doo Won**

Woorijumin Corp. has been providing a cleaning-related human service. We create jobs in the local community by employing community residents, and also discover ways to realize accompanying development by continuously cooperating with Kangwon Land. To link the department concerned with the corresponding partner, we operate hierarchical communication channels for employees, middle managers, etc. Also, we discuss future business directions by regularly hosting coexistent workshops and repeatedly stating the problems faced by the partners. In particular, measurement of the working environment as practiced by Kangwon Land has been of great help in improving the staff's working environment. A cooperative relationship with Kangwon Land is both the foundation and an energy source for our partners' growth. Even from now on, please try to gather wisdom that can be used to create a business environment where everyone grows together.

## Supporting Partners' Sustainability Growth

### Reinforcing Private Contract Guidelines

In order to secure business transparency and the public interest of our abandoned mine region business partners, Kangwon Land has reinforced its private contract guidelines. To secure the appropriateness of the private contract guidelines before enacting the changed guidelines, we held three meetings in the second half of 2015 and sought legal advice. The newly established private contract guidelines comprise 7 articles, including limiting the holder's stock retention rate to 3% and obliging the submittal of external audit reports when signing a contract. Since then, our partners have operated their business under the reinforced private contract guidelines, and expanded their employment of local residents.

### Partner private contract guidelines

Qualification Criteria	Major Contents
Job Creation	Rate of employment of abandoned mine region residents of 70% or more
Regional Base	70% or more of stockholders are residents of abandoned mine region as stock holders 100 or more abandoned mine region residents as stock holders
Resident Autonomy	Restriction of stock (with voting rights) holdings of more than 3%
Public Interest	Including social responsibility in the articles of incorporation, checking execution record
Transparency	Submittal of external audit record Attendance of 1/3 or more external personnel and the labor representative on the board of directors

### Private Contract's local residents of cooperative companies under optional contract

Community residents (Co., Ltd.)	Employment by region (names)						Abandoned mine region employment rate
	Jeong seon	Tae baek	Young wol	Sam cheok	Others (Gangwon-do)	Others (Non Gangwon-do)	
Gangwon Nambu Jumin Co., Ltd.	313	342	32	98	-	-	100%
Woori Jumin Co., Ltd.	178	27	2	10	2	2	98%
Cheongnyeon Jumin Co., Ltd.	70	8	2	4	-	2	97%
Seok Kwang Industry Co., Ltd.	145	14	1	1	-	-	100%
<b>Total</b>	<b>706</b>	<b>391</b>	<b>37</b>	<b>113</b>	<b>8</b>	<b>12</b>	<b>98%</b>

### Encouraging Partner's Corporate Social Responsibility

As a necessary factor for partnership, we emphasized the industrial safety related index in the Service Level Agreement. As a result of reinforcing industrial safety, it was shown that the partners' industrial accidents decreased 63% year-on-year. Also, we included the ethical management index in the Service Level Agreement in order to enhance our partners' awareness of ethical management. Furthermore, we have signed ethical management contracts with 4 business partners and emphasized the obligation to adhere to the code of ethics to all of our partners. In December 2015, 31 out of a total of 34 areas established a code of ethics; other cooperative companies are currently establishing their code of ethics as well.



## Strengthening Our Partners' Competitiveness

### Financial Support

#### Wage Rise for Employees of Our Partners

Kangwon Land has reorganized its wage cost design criteria for partners that pursue sustainability management over a certain standard. We applied the Korea Foundation of Small and Medium Business's 'production part occupational average wage' to calculate the default wage. Through such efforts, we reinforced our social responsibility for indirect employment by increasing wage-style expenses by 11.3% on average.

Status of Wage Increase/Decrease of employees of our partners Unit: 1 thousand won (excluding retirement payment)

Category	Janitor		Security guard		Facility managing staff	
	Increase/decrease	Ratio	Increase/decrease	Ratio	Increase/decrease	Ratio
Monthly salary	257	12.21%	223	9.34%	309	12.38%
Annual salary	3,082		2,671		3,704	

#### Supporting Partner Medical Checkups and Improving Welfare

After considering the results of last year's field meeting, we are supporting medical checkups for our partners' employees and their family to the same degree as our own employees. And we can confirm that the health of our partners' employees is being actively taken care of.

Moreover, by increasing the individual's days of use and operation period of the cooperative companies' summer rest and recreation center support, the cooperative companies' welfare policy was improved. As a result, our partners' employees' satisfaction with the summertime rest center has increased by 0.6 points compared to last year, and we are trying to continuously enhance their satisfaction with our partners' communication.

## Support for Strengthening of Partners' Capabilities

### Service Evaluation Style of Benefit Sharing System

We expanded the sharing of benefits on service quality levels between Kangwon Land and our partners by changing the existing suggestion type of benefit sharing system to the Service Evaluation Style of Benefit Sharing System. It is meaningful in that we have established a benefit sharing model unique to Kangwon Land by detailed classification of the previous concept of Service Level Agreement as well as the characteristics of the service industry. From now on, Kangwon Land plans to pay incentives to those of its partners that receive high grades in customer satisfaction evaluations, while imposing penalties on those who fail to satisfy the evaluation criteria of the Service Level Agreement. By linking the Service Evaluation Style of Benefit Sharing System with the Service Level Agreement, a synergy effect is expected to take place in our partners' customer services.

### Supporting Partners' Change to Social Enterprise

In 2013, Kangwon Land signed contracts with 7 partners to support their conversion to a social enterprise, and we are supporting them with excellent case benchmarking, customized education, and consulting. In April 2015, Gangwon Nambu Jumin Corporation passed the social enterprise certification process of the Ministry of Employment and Labor by successfully redistributing more than two thirds of its profits to staff welfare and the local community. As a result, we were able to achieve our partner's transformation into an exemplary social enterprise that leads the way in communal job creation and social responsibility.

#### Partner Social Enterprise Transform Supporting Process



### Partner Field Support

In the peak summer and winter periods in 2015, we visited all of our partners to provide refreshments and support their work tasks. Additionally from the partner daily field support activity, we were able to check our employees of partners working environment and form a sense of closeness and solidarity with them.



## SPECIAL CASE

### Moon Mi Suk, CEO of Taebong Industrial

"Thanks to Kangwon Land's improvement of its partners'welfare policies, I was able to take medical checkups at lower prices and cure my cancer at an early stage as a result. I feel very thankful for this."

# We will show more love for our local region's agricultural products.

**Kangwon Land's policy of Priority System of Purchasing Region Agricultural Product**

For the mutual growth of Kangwon Land and the local region, 68 types of agricultural products, including apples, grapes, strawberries, etc., produced in our region, are being purchased as top priority; thus contributing to the expansion of our local farms' market and profit.







# Management Report

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Transparency and Fairness

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# A Healthy and Lively Organizational Culture

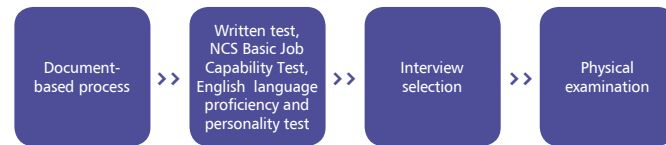
## Open recruitment and development of talents

### Extension of open recruitment and social balance

Breaking away from the practice of recruiting employees based on their qualifications an evaluation process based on the 'National Competency Standards (NCS)' was adopted with the focus on assessing an individual's capabilities. Especially in the writing test, knowledge and capabilities regarding the job were assessed to verify the candidates' practical performance. Currently, a job-tailored management process is under development, and is scheduled for application in the overall management of human resources in the future, from NCS recruitment up until retirement.

Furthermore, the objective of local talent recruitment is pursued to contribute to job creation in local communities. As a result of abiding by the rule of primarily hiring talents from abandoned mine region without gender discrimination, 50% of 48 newly recruited talents in the second half of 2015 were local people, and the gender imbalance achievement was also eased up.

### New talent recruitment process



### Voice of Stakeholder

Kangwon Land's employee  
**Shim Hong-Eun**

Shim Hong-Eun is a new talent selected by the ability-oriented recruitment process based on the National Competency Standards, which were adopted in 2015. Under the normal recruitment process, time and costs were squandered unnecessarily due to differences in the demands of job-seeking and hopeful businesses. However, in the case of Kangwon Land, efficient job application was possible since the preparation for needed job that was announced in advance was sought after, and even after being recruited, the job-seeking process was based on work. Moreover, the sections on personal background were reduced, so I personally could sense the fairness and transparency of Kangwon Land's recruitment process. As a member of Kangwon Land, my understanding of the overall work was broadened by experiencing tasks from various departments based on the rotation of duties. With the knowledge and responsibility I accumulate through this process, I will strive with loyalty and a sense of ownership to become a contributory elite not just for Kangwon Land, but also for the local community.

## Needs-reflected talent development

The improvement of executives' and employees' capabilities is supported through a talent training system and a diverse educational infrastructure based on capability-centered career management. Processes related to major job competences and self-development are carried out by conducting customized education. In particular, the demands of executives and employees are actively reflected in the composition of the programs, and education content is differentiated step-by-step and in each domain. In addition, the education process has been extended to 23 fields, and lecture hours are dispersed; consequently, employees have been able to complete their education more 113 hours.

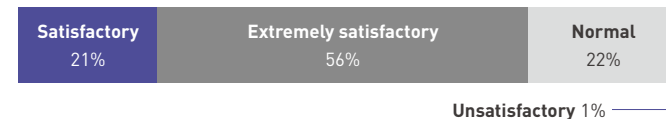
### Current situation of talent development education

	Unit	2013	2014	2015	
Number of trainees	Executives	people	19	4	157
	Department managers	people	1,172	618	1,551
	Deputy general managers/managers	people	5,665	5,877	9,716
	Below assistant manager	people	16,722	16,538	31,241
Education fee per person	1,000 won	956	815	870	
Time spent on education per person	hours	116	93	113	
Level of satisfaction	%	-	40	75	

## Establishment of online education system

The merits of the existing education process, such as learning about the management system, were actively used to adopt an education portal called 'e-campus system'. Not only an online method, but a mobile method was also adopted to create an environment of efficient learning at the times most convenient to the user. As a result, the overall education processes - such as education application and register management - were efficiently managed to improve learning autonomy. Furthermore, the capabilities of all employees were analyzed and individual capability development guidance and a recommended reading list were provided. According to the level of satisfaction with the education and needs research in 2015, employees' satisfaction with the system increased greatly compared to last year, and the level of satisfaction with online education in particular reached 77%.

### Employees' satisfaction with the e-campus system



Online education system

## Pleasant Workplace

### Sound balance between work and family, and improvement of employees' quality of life

A work and family type of benefit package has been established to raise the morale of employees. Flexible working and annual paid leave are strongly encouraged, and a fixed time for leaving the office is set every Wednesday to discourage a culture of long working hours. Furthermore, weekly working hours for pregnant employees were reduced for their protection, and the maximum period of maternity leave was extended to three years in an effort to lessen the burden on executives and employees.

As part of our efforts to improve inefficiency in the existing benefit package system, a selective welfare system that awards welfare points to individuals was integrated to increase efficiency in improving the quality of life.

### Benefit package system

**Support for childbirth and infant care**

- Creation of convenient nurturing environment

**Improvement of quality of life**

- Creation of healthy working conditions
- Improvement of long hour working culture

**Customized welfare**

- Creation of healthy family and working environment
- Support for convenient life after retirement

### Support for scheduled regular retirees

The company supports education to find a new job and plan retired life, and a safe level of preparation time for scheduled retirees. In the standard of first half 2015, diverse kinds of external education - depending on individual objectives, such as technical or farming skills - was provided for scheduled retirees for 3 months to support their life after regular retirement for executives and employees.

## Labor-management culture of communication and cooperation

Index goal	<b>To achieve improvement in labor-management through communication and cooperation</b>	
Promoted strategy	Establishment of advanced labor-management relationship	Expansion of cooperative partnership
	Activation of win-win communication culture	Improvement of labor productivity for both company and employees

### Vitalization of labor-management communication

As the need for labor-management harmony and coexistence increases, various labor-management cooperative programs are prepared to broaden the opportunities for labor-management communication. This was a great opportunity to create mutual bonds of sympathy and trust after labor-management benchmarked against workshop and other institutions. From now on, labor-management communication channels from diverse angles and bonds of sympathy will be created to ensure amicable communication between workers and managers.



CS Leader Workshop

### Current situation of labor-management members

	Unit	2013	2014	2015
No. of people subject to joining union	persons	2,497	2,463	2,795
Percent of union members	%	68	69	77

## Advancing labor-management relations

Labor-management discussions took place to logically review and respond to current major issues such as the normalization of lax management, the introduction of a salary peak system, and the issue of permitting Korean nationals to enter the casino, etc. For example, in 2015, regulations were revised or enacted within the company. Furthermore, a briefing session on the salary peak system and meetings were held and online education was provided to inform both labors and managers of the current situation faced by Kangwon Land, and to smooth any differences of opinion. Apart from this, promotional materials were produced and distributed to promote clear understanding and endorsement of the salary peak system. As a result of these efforts, the reformed management proposals were settled in accordance with the labor-management agreement, and conflicts in the process could were minimized.

### Current operational situation of labor-management communication channel

	Unit	2013	2014	2015
Joint labor-management conference	times	4	4	4
Labor-management executives' joint workshop	times	1	2	4
Labor-management harmony Hanmadang	times	1	2	4



Labor-management harmony Hanmadang



## Human Rights Management

### Introduction of human rights management

Based on the management policies of 「public interest management」, 「creativity management」, and 「happy management」, efforts are being made to establish an organizational culture that respects diversity without discrimination of gender, university background or age. Along with efforts to increase public interest in the local community, human rights management was adopted to diffuse the culture of respecting human rights in all work areas, and to protect the human rights of the wider group of interested parties. For the better management of human rights, Kangwon Land joined the 'UN Global Compact' in May 2016, which binds signatory companies to the promise to fulfill their corporate social responsibility, and abide by principles in the following four areas: human rights, labor, environment, and anti-corruption.

### Diffusion of a culture of respect for human rights

Endeavors are being made to guarantee the basic rights of executives and employees such as non-discrimination in recruitment, a safe working environment, and the accompanying growth. The Integrity Mileage and Incentives system is being operated for executives and employees so as to reward morally excellent workers, and there are plans to expand an education program designed to improve employees' ethics sense in the future to attain zero-level immoral acts.

Furthermore, aid activities were made by opening up an exclusive window for predicament, and efforts to improve the rights and interests of Female Committee, who constitute a relatively minority, are being made by forming a Female Committee. In addition, effect evaluation of human rights is done when propelling for each business, and not only are management activities based on such an evaluation, but management achievements are systematically analyzed and shared with the interested parties.

Efforts are made to improve not only the inner organization of Kangwon Land, but also the working environment of its partner businesses. By operating the Service Level Agreement, which is a service standard regulation, efforts to cooperate and coexist, such as improving the wages and treatment of the employees of partner businesses, are being made. Furthermore, activities that support and respect the diversity of minority classes in the local community, such as assisting disabled people and providing aid to hope multicultural families settle in Korea, are carried out.

### Prevention of sexual harassment and support for counselling to deal with sexual predicament

Kangwon Land has autonomously developed and implemented compulsory online education to prevent sexual harassment. Furthermore, each department is equipped with a system that deals with counselled sexual predicament. In the event of a complaint about sexual harassment, the case is first filed with the appointed counsellor of the relevant department, and if it turns out to be serious, then the case is reported to the head of the department, who then submits it to the grievance committee for handling.

### Reinforcement of human rights of female employees

Despite the exponential increase of females entering the workplace, infrastructure and systems that ensure women's rights have not kept up with the trend accordingly, and as a result, many female employees are faced with problems such as work-family imbalance and gender discrimination. In order to resolve this issue, a committee composed of then members was established in February 2015 to protect and enhance the rights and interests of female employees, and to vitalize cooperation and communication between employees. The Female Committee is striving to resolve and help female employees' issues, such as sexual harassment by customers, and to increase the recruitment of women and enhance their rights. In addition, measures were introduced to resolve conflicts between males and females, improve their understanding of each other, and create a corporate culture that promotes female talents and gender equality. The Female Committee held a conference on 8 occasions in 2015 to request improvement of the disadvantages women face after returning from childbirth and infant care leave, and also strived to enhance the rights and interests of females, such as by preparing a female mentoring program in the area of female talent development education. The Female Committee plans to keep working hard to establish a sound working environment favorable to females' career development and self-realization.



Female Committee

### Aid reinforcement for human rights and future plans

Kangwon Land is implementing relief measures for human rights violations through various channels, including a predicament resolution system for executives and employees. Furthermore, Kangwon Land also strongly encourages partner businesses to adopt human rights management via human rights education and partner business workshops in order to contribute to the prevention and resolution of human rights violations. Finally, Kangwon Land also plans to consistently strive to consolidate interest in and willingness to implement human rights management in the future, such as by establishing and proclaiming the Human Rights Charter.

## Sound and Transparent Governance

### Organization and Role of the Board

The board of directors, which is the company's supreme decision-making body, determines the strategies and policies for the main issues of economy, society, and environment, and assumes the role of checking and supervising all business activities. The board is composed of 2 executive directors, 5 non-executive directors, and 8 non-executive external directors. Kangwon Land is making concerted efforts to reach and apply responsible decisions through the board's deliberation, legislation, and check and balance functions.

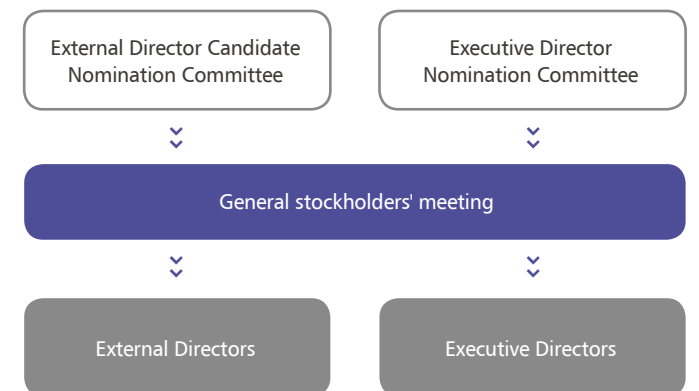
#### Formation of the Board of Directors

(March, 2016 standard)

Members	Appointment	Name	Position
Executive Director	President/ CEO	Hahm Seung Heui	16 <sup>th</sup> Member of the National Assembly (Former) A prosecutor at the central investigation unit of the Supreme Prosecutors' Office (Former)
	Executive vice president	Kim Kyung-Chung	MBC Reporter (Former) Vice-president of BR Korea (Former)
Non-executive directors		Choi Gwang-Kook	Chief of the Department of Coal and Mining Industry, Ministry of Trade, Industry, and Energy (Present)
		Lee Seung-Hoon	Head of the Tour Promotion Team of the Ministry of Culture, Sports, and Tourism (Present)
		Won Myeon-Sik	Chief Director, Coal and Mining Area Promotion, Mine Reclamation Corporation (Present)
		Oh Won-Jong	General Manager of Gangwon Province Economic Development Bureau (Present)
		Yoon Seong-Bo	Vice-County Governor of Jeongseong-gun (Present)
Audit members who are also external directors		Park Soo-Hoon	Vice-President of (Inc.) Independent Power Producer Association (Former)
		Jeon Hyeon-Cheol	Advisor of Deloitte Anjin LLC (Former)
		Kim Ho-Beom	Vice-Chairman of the National Unification Advisory Council, Gangneung-si Municipal Chapter (Present)
External directors		Cho Jang-Hyeon	Vice-Mayor of Taebaek-si (Former)
		Kim Sang-Il	Vice-County Governor of Youngwol-gun (Present)
		Choi Geyong-Sik	Chairman of the Joint Promotion Committee of Gohan, Sabuk, Nam-myeon Recovery Committee (Present)
		Han Seung-Ho	Vice-Mayor of Samcheok-si (Present)
		Cha Dong-Rae	Chief-Director, Coal and Mining Area Promotion, Mine Reclamation Corporation (Former)

### Appointment of the Board

The board of Kangwon Land is appointed by voting procedure at the general stockholders' meeting. Executive directors are selected from among the candidates recommended by the Executive Director Nomination Committee. External directors are also appointed from among the candidates recommended by the External Director Candidate Nomination Committee, a non-permanent committee, to ensure fairness. We enhanced transparency by stating that the External Director Candidate Nomination Committee should have at least a 1/2 majority as external directors. In 2015, we established the External Director Candidate Nomination Committee, which is composed of 3 external directors, 1 largest shareholder, and 1 representative of the company for the recommendation of candidates for external directors.



### Operation Results of the Board

A total of seven board meetings were held in 2015, during which the board discussed such issues as reckless management, investment deliberation, etc. Kangwon Land enhanced the efficiency of the board members in making decisions on the agenda by registering information related to corporate management in the system, and managing and operating them. Specifically, the board discussed the reduced salary work-share program, and set more strict deliberation standards of the Investment Deliberation Committee.

	Unit	2013	2014	2015
<b>No. of Board Meetings</b>	times	7	11	7
<b>Decided/Reported Items</b>	cases	18/13	24/14	18/12
<b>Amendment Decision Rate</b>	%	18	20	18
<b>Attendance Rate of the Board</b>	%	88	74	73
<b>Non-Executive Members' Attendance Rate</b>	%	92	79	80

**Main agenda of board**

Number	Date	Agenda
134 <sup>th</sup>	Jan.2015	<ul style="list-style-type: none"> <li>Organization and management of External Director Candidate Recommendation Committee</li> <li>Amendment of organizational rules</li> </ul>
135 <sup>th</sup>	March 2015	<ul style="list-style-type: none"> <li>ConVOCation of 17th regular general shareholders' meeting</li> <li>Determination of the maximum limit for directors' salary in 2015</li> <li>Appointment plan of directors and auditing members</li> <li>Approval of financial statements, consolidated financial statements, business reports of FY 2014</li> <li>Amendment to organizational rules</li> </ul>
136 <sup>th</sup>	March 2015	<ul style="list-style-type: none"> <li>Bonus for executive directors</li> <li>Bonus for full-time executive directors</li> <li>Amendment to salary policy and annual salary system policy</li> <li>Amendment to organizational rules</li> </ul>
137 <sup>th</sup>	June 2015	<ul style="list-style-type: none"> <li>Business plan for improving the environment of resort entrance road</li> <li>Establishment of investment business deliberation standards</li> <li>Amendment to rules related to half-day annual leave system</li> </ul>
138 <sup>th</sup>	Sept. 2015	<ul style="list-style-type: none"> <li>Propelling Coal Mine Culture Tour Village construction business</li> <li>Change in Water World construction business plan</li> </ul>
139 <sup>th</sup>	Oct. 2015	<ul style="list-style-type: none"> <li>Amendment to personnel policy</li> <li>Amendment to standards of Deliberation and Audit Committee</li> <li>Amendment to rules related to execution of the reduced salary work-share program</li> </ul>
140 <sup>th</sup>	Dec. 2015	<ul style="list-style-type: none"> <li>Amendment to rules related to 2015 wage and group agreement</li> <li>Organization and management of External Director Candidate Recommendation Committee</li> <li>Budget of FY 2016</li> </ul>

**Independent Operation of the Board**

In order to guarantee professionalism and maintain fairness in the operation of the board of directors, we operate the Executive Director Candidate Recommendation Committee, External Director Candidate Recommendation Committee, and Audit Committee. The Executive Director Candidate Recommendation Committee and The External Director Candidate Recommendation Committee serve the function of recommending candidates for the position of executive director. The Audit Committee is composed of 3 auditing members who effectively check and balance the activities of the management and the board. All 3 auditing members are external directors, and an accounting or finance specialist is appointed as one of the auditing members, in accordance with the Enforcement Decree of the Financial Investment Services and Capital Markets Act, to make the auditing function more professional. The Chief of the Audit Committee is appointed with the agreement of the Audit Committee.

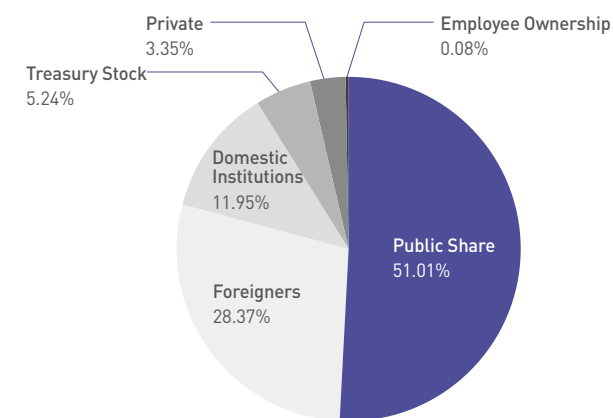
**Evaluating and Compensating the Board**

In order to compensate the contribution of the board to the management and motivate them, the general stockholders' meeting determines the total amount of compensation. If an external director is currently appointed as the chief of a local government subsidiary body, monthly compensation is not provided in accordance with the Act on the Management of Public Institutions. Moreover, the executive

director receives a maximum of 50% of the basic annual as the bonus, based on the decision of the board, after comprehensively considering the company's operational performance. In 2015, we froze the limit of director compensation in order to meet the expectations of the government's Public Institution Normalization Policy.

**Ownership Structure and Legal Form**

Kangwon Land's shareholders are composed of private equity, public shares in the Mine Reclamation Corporation, Gangwon Province Development Corp., Jeongseon County, Samcheok City, and Youngwoel County, foreigners, and domestic institutions. In accordance with Article 11 of the 「Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas」, public shares consist of more than 51% of Kangwon Land's total share for the publicness and efficiency of the casino business.



**Status of Subsidiaries companies and Affiliate companies**

Kangwon Land owns shares in 8 companies in total, including (Inc.)High1 Entertainment, (Inc.)High1 Choo Choo Park and (Inc.)High1 Sangdong Theme Park.

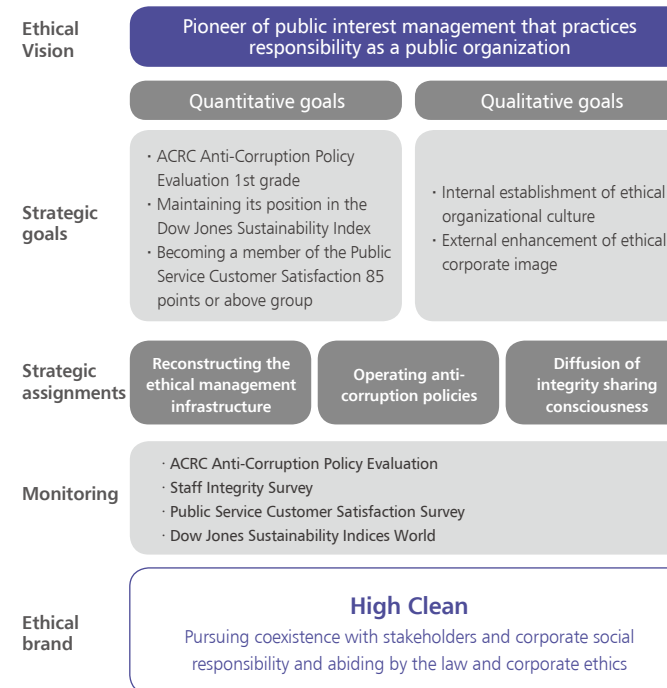
(Based on 2015.12.31)

Category	Companies	Shares
Subsidiaries companies	(Inc.)High1 Entertainment	100%
	(Inc.)High1 Choo Choo Park	99.6%
	(Inc.)High1 Sangdong Theme Park	100%
Affiliate companies	(Inc.)Donggang Cistar	24.1%
	(Inc.)Daecheon Resort	28.6%
	(Inc.)Vario Hwasun	30.5%
	(Inc.)Black Valley CC	16.6%
	(Inc.)Mungyeong Leisure Town	27.3%

# Gaining Stakeholder Trust Based on Transparency and Fairness

## Revitalizing the Ethical Management Propelling System

### Ethical Management System



Based on the CEO's strong will, we are operating an ethical management system to fulfill the ethical vision of becoming the 'pioneer of public interest management that practices responsibility as a public organization'. We are practicing the 3 core assignments we have selected, like reconstructing ethical management infrastructure, operating anti-corruption policies, integrity sharing, and consciousness diffusion.

To reinforce the ethical management infrastructure and spread the culture of ethical management, we established the "Incorrupt Culture TF Team" as an exclusive division and enhanced ethical management executing ability. In addition, we put effort into drawing specific improvement solutions as well as the staff's attention and practice regarding mediocre items in last year's "Anti-Corruption Policy Evaluation" results.

	2013	2014	2015
ACRC Anti-Corruption Policy Evaluation Score	5 <sup>th</sup> grade	5 <sup>th</sup> grade	2 <sup>th</sup> grade

**Ethical Management Organization Chart**



**Operating an Ethical Management Committee**

As the final decision-making party of anti-corruption ethics policies, the Ethical Management Committee is composed of the vice CEO as the chairperson, head auditor (consultant), 4 directors of the headquarters, Incorrupt Culture TF Team leader, and 5 High Clean leaders. In 2015, two rounds of Ethical Management Committee were held through which the pledge to perform ethical management was signed and revisions of regulations related to ethics were made.



Inauguration ceremony of the Ethical Management Committee

Ethical Management vows

**Operating the 'Highclean' Council**

We actively engaged in departmental anti-corruption activities by examining sites vulnerable to corruption and suggesting ways of improvement through the 'Highclean' Council founded in August 2015, with 1 or more member from each department. 55 High Clean leaders strengthened their will for ethical management and shared amendments to the ethical code of conduct with the entire company. Moreover, we classified business tasks with high potential to receive corrupt requests into different ranks and developed preliminary prevention activities by task. This way, by establishing an ethical code of conduct based on the work characteristics and corruption-vulnerable fields, we enhanced the positive impacts of the High Clean Council.



## Strengthening Anti-Corruption and Integrity Infrastructure

### Strengthening the Ethical Code of Conduct

In order to prevent ethical risks, we actively reflected our work characteristics and expanded affected areas as part of amending the ethical code of conduct. By reinforcing the code of conduct, we are putting effort into establishing an ethical management culture by maintaining 5 amendments including specifying the staff's guidelines, restricting corrupt requests by staff, and receiving corrupt profits. In the future, we plan to establish the Charter of Ethics to pursue the prevention of corruption further.

### Whistleblowing Center for ethics violations

We implemented the 'Helpline' system to revitalize reports on corruption and at the same time protect personal information. Prior to this, we set related regulations and provided education for the stable operation of the Whistleblowing Center for ethics violations. Since its establishment in March 2015, we have handled 19 reports in 9 months; from May to August, we filed reports of authority abuse cases through the Anti-Corruption and Civil Rights Commission's 'Customer Tyranny Report System'.



Promotion of Whistleblowing Center

### Revitalizing the Anti-Corruption Citizen Inspector System

We implemented the 'Anti-Corruption Citizen Inspector System' to enhance the professionalism of anti-corruption activities. Three experts in law, ethics, and administration, who were appointed as the first anti-corruption citizen inspectors, practiced their role of monitoring irrational systems and reporting corruption in Kangwon Land. Furthermore, we held two Anti-Corruption Civic Inspector regular meetings wherein we established guidelines for system operation, reported major activities for the Anti-Corruption and Civil Rights Commission's anti-corruption policy evaluation, and evaluated corruption-prone field improvement assignments. We also actively took in suggestions from the citizen inspectors and their rectification requests to revitalize the Anti-Corruption Citizen Inspector System.

#### Main Rights of an Anti-Corruption Citizen Inspector

<b>Audit Request Right</b>	Right to request audit/revision/suggestion on corruption-prone fields
<b>Public Announcement Request Right</b>	Right to request publicly the activity results of anti-corruption citizen inspectors
<b>System Improvement Request Right</b>	Right to request system improvement of business tasks
<b>Interview Request Right</b>	Right to request a staff interview when needed for work
<b>Meeting Request Right</b>	Right of the head inspector to hold a meeting

## Integrity Activities of Participation and Practice

### High Clean DAY

We declared the 'High Clean DAY' to enhance the staff's ethical management consciousness and foster a company-wide ethical culture. The staff completed the anti-corruption oath and recited the integrity resolution to promise to become an example of eliminating conventional corruption and building a fair society through frugal living. This shows that Kangwon Land is putting various efforts into understanding and practicing ethical culture.



Ceremony of High Clean DAY

Pledge of Anti-corruption-integrity

### Implementing Integrity Mileage and Incentives

In order to encourage active participation in anti-corruption activities by the entire staff, we implemented the integrity mileage and incentives system. We established a specific scoring system and granted integrity mileage according to achievements in autonomous system improvement assignment, integral ethics education, participation in integrity ethics activities, and revitalization of corruption reports. For those with high integrity mileage, we individually gave prizes at the end of the year, and they were reflected as extra personnel points.

## Expanding staff integrity education

We enhanced integrity education for the staff by reflecting the CEO's strong anti-corruption will. We invited authorities and held 3 ethical management seminars for the entire staff. In particular, the CEO himself held a seminar on the war against corruption to enhance the staff's ethical consciousness.

In addition, we provided education to 12 high-level executives on "the competitiveness of integrity" and "practice of integrity ethics for the public" in order for them to demonstrate integrity leadership. Additionally, we held 'spirit training' targeting administrative position chiefs or those with higher administrative ranks. From now on, we will lead the improvement of the staff's ethical consciousness by providing various ethical education programs.

#### Record of 2015 Integrity Education

Courses	Subjects	Contents	Number of People
High1 Authority Seminar	Entire Staff	· War Against Corruption (Hahm Seung Heui, CEO of Kangwon Land)/Analyzing the Anti-Corruption Policy Evaluation results and ethical management strategies (Park Jae Young, former ACRC vice president) – total of 3 times	3,573
High ranking post integrity education	Executives	· Subject: CEO and all executives · Education: Competitiveness of Integrity (1 <sup>st</sup> ), Practicing Integrity Ethics for Public Interest (2 <sup>nd</sup> )	12
Integrity Message	Entire staff	· Spreading CEO's ethics and integrity: integrity message video, e-message, etc.	Entire staff
Spirit Training	Administrative position chiefs or above	· Administrative position chiefs or above · Individual ethics and typical ethical dilemma cases · Preliminary training (online)/ Main training (9.5 hours) / After training (KL eCampus Assignment)	750 (21 disparity)
Basic education	Deputy section chiefs or below	· 7 hours of ethical code of conduct/public reporting system	2,470
Ethics Integrity Knowledge Education	Promoted Staff	· Anti-corruption consciousness enhancement training	64
Anti-corruption consciousness enhancement training	Part-time	· Including corporate ethics education in part-time service introductory courses	1,214

## Compliance Management

In order to reinforce preliminary administration of legal risks, we strategically established legal support systems including expanding legal support service through law-abiding management activities. We selected our legal advice organization, changed our operating system, expanded participation of the legal team in main business tasks, and strengthened the preliminary review of contracts. Through such efforts, the rate of lawsuit wins improved by 5% in 2015 compared to that of the previous year; thus wielding the effect of preventing conflicts.

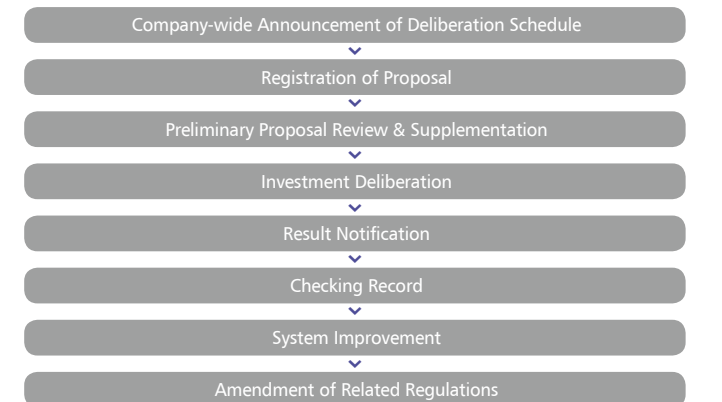
### Improving the Anti-Money Laundering Program

In order to contribute to the stable operation of the casino's anti-money laundering system, We expanded the reporting frequency to 30 times per year by shortening the reporting period of suspicious trades and large-sum cash transactions and enhanced reporting speed through daily monitoring. In the future, we plan to respond to the anti-money laundering system's holistic evaluation by providing external education from authorities including the Korea Banking Institute and Korea Insurance Institute.

### Establishing the Rational Investment Deliberation System

In order to create an environment where rational deliberation on investment is possible, we revitalized the operation of the Internal Investment Deliberation Committee newly founded in February 2015. As for investment projects involving more than 50 billion won, we are verifying validity through an Investment Deliberation Committee that includes external experts as well. As a result, we were able to reduce risks on existing investment businesses and preliminarily block out businesses with low potential. Even for eligible business proposals, we cut down unnecessary budget by administering possible risk factors and budget wastage factors. In 2015, we convened the Internal Investment Deliberation Committee 15 times and proceeded with deliberation on 59 items. 800 million won of the executing budget was calculated to have been reduced in all from 12 approved business projects.

#### Investment Deliberation Committee Operational Process



Kangwon Land is fulfilling its legal duty in order to satisfy its founding purpose. We are operating the casino business with a public purpose, so we are returning a large part of our profit to society through various methods. In particular, we are trying to devote ourselves to public interest by fulfilling our duty as taxpayer to the nation and the provincial government of Gangwon Province. In 2015, we faithfully paid 619.9 billion won in taxes that include national tax, local taxes, and funds. This is 38% of our entire profit, and the tax burden ratio is continuously increasing.



### Contribution to Public Finance

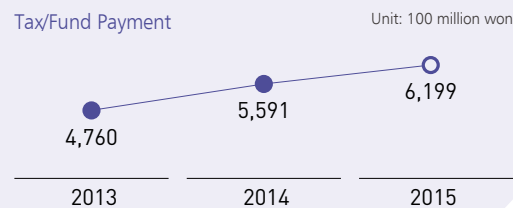
Kangwon Land's profit is directly related to the revitalization of abandoned mine regions and enhancement of the national tourism industry. Since Kangwon Land's tax payment is deemed more important than that of any other company, we are actively trying to fulfill our taxpaying duty. First of all, we are reflecting each year's law amendments to report and pay the exact amount at the exact time period. In addition, if an amendment is related to the convenience of Kangwon Land visitors, we made quick announcements so that use of facilities is not affected. Especially, we made a preliminary announcement regarding the increase in entrance fee and tax rate of slot machine prize money due to the amended individual consumption tax in 2015.

We are contributing to various funds other than national tax and local taxes. We are paying 25%\* of our earnings before tax every year to the Abandoned Mine Region Exploration Fund for the revitalization of abandoned mine region economies. In addition, we are paying around 10%\*\* of the casino revenue to the Tourism Development Fund under the Tourism Development law for the revitalization of the national tourism industry. Moreover, since Kangwon Land is operating a gambling industry for a public purpose, we are trying to resolve addiction problems with a strong sense of responsibility. In order to contribute to resolving the nationwide addiction problem, we are paying 0.35%\*\*\* of our casino revenue every year for addiction prevention and treatment under the 「National Gambling Control Commission Law」.

\* Earnings before tax × 25%: Abandoned mine fund

\*\* Revenue × around 10%: Tourism fund

\*\*\* Revenue × around 0.35%: Addiction prevention and treatment fund



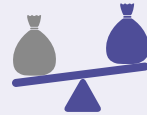
Kangwon Land is publicly sharing its tax audit report to communicate with various stakeholders. When the expected tax rate and the actually paid one have differences in the process of paying corporate tax, we specify it in the audit report and publicize it regularly to enhance the transparency and accuracy of taxpaying processes.

In addition, every part of the financial statement including assets and liabilities and income and expense possesses appropriateness on its own, and we are faithfully fulfilling our taxpaying duty without using indirect means to ease the tax burden.

### Tax Report



### Managing Tax Risks



By predicting the effects of the new corporate accounting guidelines on Kangwon Land, we are trying to reflect these facts on stakeholders' decision making. In addition, we are enhancing reliability and accuracy in tax adjustment processes and accounting processes through the internal accounting management system. By setting restricting variables in the internal system, we are preventing violation of regulations or breach of reliability of financial information by curbing unreported costs. Not only that -- we are also managing tax payment reports to keep the appropriate storage and maintenance regulations.

Kangwon Land is faithfully undergoing regular tax investigations and actively responding to prevent inappropriate charging cases. For actual instances, we reclaimed amounts of inappropriate taxation through tax appeal system processes. In addition, we are actively talking with related organizations to reduce the excessive burden due to increased tax rate and creation of inappropriate taxation like leisure tax.

## Reinforcing Risk Management

### Reinforcement of response to integrated risk Management system

Due to the dramatic change in the management environment, various risks that can wield significant impact on management activities occur within and outside of the corporation. To respond preemptively to risks, Kangwon Land established a risk monitoring system and improved the prevention function in advance and the professionalism of risk management. Moreover, with regular monitoring and systematic evaluation system, risks in areas vulnerable to corruption are diagnosed and internally managed. In addition, by establishing a comprehensive risk investigation system, follow-up management of inspection activities is reinforced and constantly improved by the internal control system.

### Financial Risk

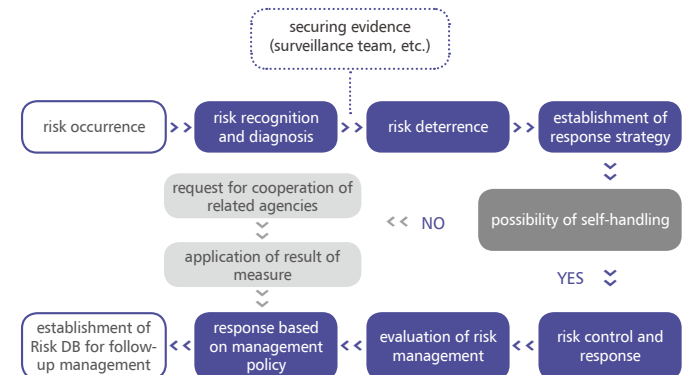
Kangwon Land mainly classifies financial risks into market risk, liquidity risk, and operational risk to cope with such.



### Non-financial risk

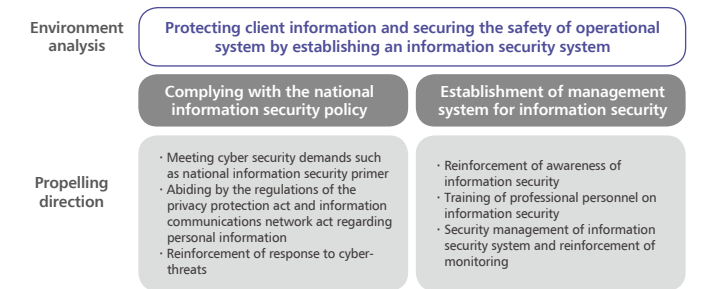
Management of each operational risk is done in a systematic manner by categorizing non-financial elements affecting corporate management into general corporation, information protection, environment, disaster and safety, and corruption. Non-financial risk is comprehensively managed by monitoring potential risk and operating a prevention system in advance and by establishing a response system for risks.

### Process of Risk Management



## Reinforcement of information activities

### Management system for information security



Kangwon Land has established the propelling direction in a multifaceted manner for businesses that have connection with Kangwon Land, and it proactively prevents information leak not only for companies but also for clients by raising executives' and employees' awareness of information security and by enhancing the professionalism of personnel.

### Improvement of capability to respond to cyber-crisis in a multifaceted manner

Cyber-attacks were categorized into infection with malicious code, external intrusion attempt, and leak of internal information to secure a response system for each category. In an effort to respond organically to cyber crisis, prevention, detection, and analysis activities are ongoing in cooperation with the Ministry of Trade. Furthermore, separation work of company network and changes of firewall for the establishment of resolute communication network are being driven. Education on cyber-crisis management and response is provided for executives and employees to improve their response capabilities.

### Management of information security

An organization exclusive for IT security was newly founded in compliance with the national information security policy and for systematic security management. Moreover, employees' professionalism was reinforced by offering professional education on information security. As a result, the professionalism and excellence of Kangwon Land's information security were confirmed, with Kangwon Land winning the competitive exhibition event held by the Ministry of Trade for three consecutive years.

### Protection of personal information

Kangwon Land strictly complies with the 「Privacy Protection Act」 to prevent leak of clients' personal information in advance. Through the record monitoring system of handling the transactor's personal information, access record management was reinforced, and this eliminated in advance elements that posed threats to security; the control system of personal information keeping in the company's PCs was established. In addition, a regular inspection system on the current situation of personal information keeping in PCs was established mainly to focus on securing safety, such as encoding personal information files. As a result of such efforts, Kangwon Land's score in the Ministry of Government Administration and Home Affairs' evaluation of public institutions' management of privacy was raised from 84.2 to 90.8.



## Crisis and opportunities of Kangwon Land

Kangwon Land analyzes the environmental change of related industries both inside and outside South Korea to seize future opportunities. Kangwon Land actively responds to future changes by analyzing the newly emerging trend of the management environment in the ever-changing industry of casino and resort and identifying threats and opportunities. In particular, 6 trends that can affect Kangwon Land's sustainability management were chosen to analyze pertinent issues, and these are being actively applied to management activities.

Risk	Nature of Risk	Potential Impact	Kangwon Land's response
 <p>Monopolistic competitive market</p>	<ul style="list-style-type: none"> <li>As the only casino in the country where locals can enter, it should be established based on a 'Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas'.</li> <li>Ways of permitting casino in Jeju, Busan, and Incheon using foreign capital were discussed several times.</li> </ul>	<ul style="list-style-type: none"> <li>In case of switching to the monopolistic competitive market, the possibility of profits declining exits due to loss of Kangwon Land's differentiation.</li> <li>In case of the expiration of the 'Special Act on the Assistance to the Development of Abandoned Mines-Neighboring Areas' in 2025, current profitability should be constantly maintained via Kangwon Land's intrinsic businesses.</li> </ul>	<ul style="list-style-type: none"> <li>Under the vision of 'South Korea's Representative Eco-friendly integrated resort Leading a Happy Leisure Culture', new businesses are being developed to strengthen competitiveness.</li> <li>Even after entering the new competitive market, prior preparations are made to maintain current profitability consistently.</li> </ul>
 <p>Increase of safety accident</p>	<ul style="list-style-type: none"> <li>Management of safety of facilities should be compulsory when it comes to running the casino and resort.</li> </ul>	<ul style="list-style-type: none"> <li>If incidents occur due to gambling addiction within the casino, it runs counter to the establishment purpose of public interest; thus possibly wielding a negative impact on business.</li> <li>The resort offers outdoor activities for customers where the possibility of casualties is highest.</li> </ul>	<ul style="list-style-type: none"> <li>The Addiction Management Center is operated to identify customers with potential gambling addiction in advance, with an effective addiction prevention program established.</li> <li>Review and training on the entire process are carried out such as establishing a step-by-step response system to prevent disasters and negligent accidents, with the crisis management organization activated.</li> </ul>
 <p>Demand for responsibility on casino</p>	<ul style="list-style-type: none"> <li>Interest in developing the speculation business into wholesome leisure was heightened at the national level.</li> <li>Social side effects such as decrease of citizens' productivity and increase in crime, etc., should be actively managed.</li> </ul>	<ul style="list-style-type: none"> <li>The effect of gambling addiction prevention program should be demonstrated by a national-scale campaign and reinforcing programs focusing on effectiveness.</li> <li>There is a possibility of Kangwon Land's negative image being formed due to an increase of soliciting acts and illegal activities.</li> </ul>	<ul style="list-style-type: none"> <li>By actively supporting gambling addiction prevention/healing/rehabilitation, execution power with regard to decreasing the number of customers with gambling addiction is improved, and employee participation in the creation of a wholesome gaming culture is expanded.</li> <li>Cooperation of related agencies and local communities is reinforced to strengthen the surveillance system for illegal activities.</li> </ul>
 <p>Increasing demand for environmental risk management</p>	<ul style="list-style-type: none"> <li>Kangwon Land is constructing resorts using the natural environment.</li> <li>Since the importance of climate change is increasing in the global agenda, the uncertainty of objective management of greenhouse gases and emission trading system has increased.</li> </ul>	<ul style="list-style-type: none"> <li>In case of damage to the natural environment caused by resort operation, there may be negative impact on the operation of public institutions.</li> <li>With the greenhouse gases emission trading system enforced in 2015, huge uncertainty exists in the current market where the emission trading system culture has not taken root. Negative impact can be anticipated when more greenhouse gases than the given quota are emitted, adding to the financial burden.</li> </ul>	<ul style="list-style-type: none"> <li>For the restoration of the local community's natural environment damaged by the abandoned mining industry, tree planting and removal of exotic plants activities are done proactively. Moreover, habitat provision was promised for the restoration of endangered species with the cooperation of related agencies.</li> <li>Since its designation as a greenhouse gases emission trading company, more efforts are made to activate new renewable energies to reduce greenhouse gases.</li> </ul>
 <p>Demand for reinforcing information security</p>	<ul style="list-style-type: none"> <li>Personal information protection is a necessary element for retaining the relationship of trust with clients, and its importance is increasing daily.</li> <li>In case of cyber-attack, the possibility of leak of not just clients' information but also companies' internal information exists, and the importance of this issue has grown due to the characteristics of public institutions.</li> </ul>	<ul style="list-style-type: none"> <li>Possibility of virus and infection and even hacking of program always exists when accessing the Internet from company PCs.</li> <li>Since cases of internal information leak from public institutions frequently occur, it is difficult to say that we are safe from related attacks. Since there are harmful websites that target specific companies with innovative hacking techniques, incidents of internal information leak should always be monitored and dealt with.</li> </ul>	<ul style="list-style-type: none"> <li>An emergency response team that prepares against cyber-attack and national cyber-crisis is operated, and a cyber-crisis situation is prevented in advance via the installation of an information security system or information security management activities.</li> <li>Through cooperation with the Cyber-Security Center from the Ministry of Trade, 24/7 surveillance task on cyber-attacks is being accomplished, and immediate incident investigation is conducted upon detection of changes or other signs in the main system of the company.</li> </ul>
 <p>Extension of ultra-low interest rate</p>	<ul style="list-style-type: none"> <li>Reserved profits are constantly invested in lucrative products for social philanthropic activities and investment in the local community.</li> <li>Since the 2008 Foreign Exchange Crisis, investments in high risk, high return products are decreasing; more investments are made in low-risk deposit products, but profitability is not good.</li> </ul>	<ul style="list-style-type: none"> <li>In case of consistent investment in normal deposit products, the actual interest rate is approaching negative considering the normal inflation rate. If such persists, practical loss will be incurred, and securing capital for investment in the local community -- which is the purpose of Kangwon Land's establishment -- can be difficult.</li> </ul>	<ul style="list-style-type: none"> <li>Advice from external experts is sought to respond to the external environment and market changes due to the deterioration of capital usage environment in the era of ultra-low interest rate. Risk from changes of the economic environment at the macroscopic level is identified systematically, and diverse investment products are reviewed based on the analysis of the global financial market and products.</li> </ul>

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# Consolidated Balance Sheet

18<sup>th</sup> Class: 2015. 12. 31 Present  
17<sup>th</sup> Class: 2014. 12. 31 Present  
16<sup>th</sup> Class: 2013. 12. 31 Present

## Kangwon Land, Inc., and Dependent Businesses

Unit: ₩ 1 million

Item	18 <sup>th</sup> Class	17 <sup>th</sup> Class	16 <sup>th</sup> Class
Assets			
I. Current Assets	1,750,420	1,371,826	1,080,402
Cash and Cash Equivalents	105,718	101,995	166,943
Trade Receivables and Other Receivables	4,941	5,359	7,221
Inventories	1,622	1,205	1,493
Other Current Financial Assets	1,622,461	1,252,743	891,771
Other Current Assets	15,678	10,524	12,973
II. Non-Current Assets	1,940,372	2,003,302	2,021,635
Investment Equity Security	53,072	52,803	72,791
Fixed Assets	1,353,561	1,387,585	1,385,719
Intangible Assets	2,535	3,214	3,649
Deferred Tax Assets	159,379	161,757	141,657
Other Non-Current Financial Assets	358,138	382,689	395,653
Other Non-Current Assets	13,687	15,254	22,167
Total Assets	3,690,792	3,375,127	3,102,037
Liabilities			
I. Current Liabilities	664,600	624,517	570,217
Trade Payables and Other Liabilities	100,038	104,328	110,931
Accruals	421,357	376,217	329,653
Accrued Income Tax	83,165	82,071	76,474
Other Current Financial Liabilities	715	6,450	5,897
Other Current Liabilities	59,326	55,450	47,262
II. Non-Current Liabilities	28,437	45,253	14,123
Trade Payables and Other Liabilities	249	373	696
Net Defined Benefit Liabilities	21,224	44,308	12,149
Other Non-Current Financial Liabilities	6,551	537	834
Other Non-Current Liabilities	412	36	74
Total Liabilities	693,037	669,770	584,340
Capital			
I. Majority Interest	2,997,494	2,705,081	2,517,399
Capital	106,970	106,970	106,970
Share Premium	127,784	127,784	127,784
Consolidated Retained Earnings	2,935,281	2,641,994	2,456,118
Other Consolidated Capital Items	(172,542)	(171,668)	(173,474)
II. Non-Controlling Interest	261	277	297
Total Capital	2,997,755	2,705,357	2,517,696
Total of Liabilities and Capital	3,690,792	3,375,127	3,102,037

# Consolidated Statement of Comprehensive Income

18<sup>th</sup> Class: 2015. 12. 31 Present  
17<sup>th</sup> Class: 2014. 12. 31 Present  
16<sup>th</sup> Class: 2013. 12. 31 Present

## Kangwon Land, Inc., and Dependent Businesses

Unit: ₩ 1 million

Item	18 <sup>th</sup> Class	17 <sup>th</sup> Class	16 <sup>th</sup> Class
I. Revenue	1,633,717	1,496,541	1,361,287
II. Cost of Goods Sold	759,646	722,298	726,092
III. Gross Profit	874,071	774,244	635,195
IV. General Administrative Expenses	116,967	117,711	132,763
V. Development Fund for Abandoned Mine Region	161,704	143,360	114,390
VI. Operating Income	595,400	513,172	388,041
VII. Non-Operating Income	3,738	5,917	2,896
VIII. Non-Operating Expenses	48,022	48,156	20,340
IX. Finance Income	42,751	45,237	41,537
X. Finance Expenses	254	252	6,418
XI. Profit or Loss from Investment Equity Security	269	(19,983)	(11,903)
XII. Income Before Income Tax Expenses	593,883	495,935	393,813
XIII. Income Tax Expenses	152,254	136,586	96,217
XIV. Consolidated Earnings	441,629	359,349	297,596
Net Profit of Majority Interest	441,645	359,364	297,599
Net Loss of Non-Controlling Interest	(16)	(15)	(3)
XV. Other Comprehensive Income	23,097	(23,688)	841
Items not Reclassified as Net Income	23,969	(25,493)	1,773
Change in Equity Securities Share	(0.6)	(4)	(16)
Re-measurements of Net Defined Benefit Liabilities	31,635	(33,601)	2,323
Income Tax Effect	(7,665)	8,112	(534)
Items Subsequently Reclassified as Net Income	(873)	1,805	(932)
Available-for-Sale Financial Assets Valuation Gain (Loss)	(1,151)	2,381	(1,230)
Income Tax Effect	279	(576)	298
XVI. Gross Comprehensive Income	464,726	335,660	298,437
Total Comprehensive Income of Majority Interest	464,742	335,676	298,440
Total Comprehensive Loss of Non-Majority Interest	(16)	(15)	(3)
XVII. Earnings Per Share			
Basic and Diluted Earnings Per Share	0.002	0.002	0.001



# Consolidated Statement of Changes in Equity

18<sup>th</sup> Class: 2015. 12. 31 Present  
17<sup>th</sup> Class: 2014. 12. 31 Present  
16<sup>th</sup> Class: 2013. 12. 31 Present

## Kangwon Land, Inc., and Dependent Businesses

Unit: ₩ 1 million

Item	Capital	Share Premium	Consolidated Retained Earnings	Other Consolidated Capital Item	Non-Controlling Interest	Total
2014/1/1 (Beginning of Prior Period)	106,970	127,784	2,456,118	[173,474]	297	2,517,696
Consolidated Comprehensive Income						
Consolidated Earnings (Loss)	-	-	359,364	-	[15]	359,349
Other Comprehensive Income						
Re-measurements of Net Defined Benefit Liabilities	-	-	[25,488]	-	[0.3]	[25,489]
Capital Change in Equity Method	-	-	-	[4]	-	[4]
Available-for-Sale Financial Assets Valuation Gain	-	-	-	1,805	-	1,805
Total Consolidated Comprehensive Income	-	-	333,876	1,800	[15]	335,660
Transaction with Equity Holders						
Change in Ownership Share of Subsidiaries	-	-	-	5	[5]	-
Annual Dividend	-	-	[147,999]	-	-	[147,999]
2014/12/31 (End of Prior Period)	106,970	127,784	2,641,994	[171,668]	277	2,705,357
2015/1/1 (Beginning of Period)	106,970	127,784	2,641,994	[171,668]	277	2,705,357
Consolidated Comprehensive Income						
Consolidated Earnings (Loss)	-	-	441,645	-	[16]	441,629
Other Comprehensive Income						
Re-measurements of Net Defined Benefit Liabilities	-	-	23,970	-	[0.03]	23,970
Capital Change in Equity Method	-	-	-	[0.6]	-	[0.6]
Available-for-Sale Financial Assets Valuation Gain	-	-	-	[873]	-	[873]
Total Consolidated Comprehensive Income	-	-	465,615	[873]	[16]	464,726
Transaction with Equity Holders						
Change in Ownership Share of Subsidiaries	-	-	-	-	-	-
Annual Dividend	-	-	[172,328]	-	-	[172,328]
2015/12/31 (End of Period)	106,970	127,784	2,935,281	[172,542]	261	2,997,755

Item	Capital	Share Premium	Consolidated Retained Earnings	Other Consolidated Capital Item	Non-Controlling Interest	Total
2013/1/1 (Beginning of Prior Period)	106,970	127,784	2,309,798	[172,526]	-	2,372,027
Consolidated Comprehensive Income						
Consolidated Earnings (Loss)	-	-	297,599	-	[3]	297,596
Other Comprehensive Income						
Change in Equity Securities Share	-	-	-	[16]	-	[16]
Re-measurements	-	-	1,789	-	[0.008]	1,789
Available-for-Sale Financial Assets Valuation Gain and Loss	-	-	-	[932]	-	[932]
Total Consolidated Comprehensive Income	-	-	299,388	[948]	[3]	298,437
Transaction with Equity Holders						
Annual Dividend	-	-	[153,068]	-	-	[153,068]
Paid-in Capital Increase of Dependent Businesses	-	-	-	-	300	300
Total Transaction with Equity Holders	-	-	[153,068]	-	300	[152,768]
2013/12/31 (End of Prior Period)	106,970	127,784	2,456,118	[173,474]	297	2,517,696

Item	Capital	Share Premium	Consolidated Retained Earnings	Other Consolidated Capital Item	Non-Controlling Interest	Total
2014/1/1 (Beginning of Period)	106,970	127,784	2,456,118	[173,474]	297	2,517,696
Consolidated Comprehensive Income						
Consolidated Earnings (Loss)	-	-	359,364	-	[15]	359,349
Other Comprehensive Income						
Actuarial Losses	-	-	[25,488]	-	[0.3]	[25,489]
Capital Change in Equity Method	-	-	-	[4]	-	[4]
Available-for-Sale Financial Assets Valuation Gain	-	-	-	1,805	-	1,805
Total Consolidated Comprehensive Income	-	-	333,876	1,800	[15]	335,660
Transaction with Equity Holders						
Change in Ownership Share of Subsidiaries	-	-	-	5	[5]	-
Annual Dividend	-	-	[147,999]	-	-	[147,999]
2014/12/31 (End of Period)	106,970	127,784	2,641,994	[171,668]	277	2,705,357

# Consolidated Cash Flow Statement

18<sup>th</sup> Class: 2015. 12. 31 Present  
17<sup>th</sup> Class: 2014. 12. 31 Present  
16<sup>th</sup> Class: 2013. 12. 31 Present

## Kangwon Land, Inc., and Dependent Businesses

Unit: ₩ 1 million

Item	18 <sup>th</sup> Class	17 <sup>th</sup> Class	16 <sup>th</sup> Class
I. Cash Flow of Operating Activities	574,982	510,413	424,407
1. Cash from Operating Activities	686,036	622,459	509,710
(1) Consolidated Earnings	441,629	359,349	297,596
(2) Adjustment	222,577	237,360	172,222
(3) Increase and Decrease of Assets and Liabilities	21,830	25,750	39,892
2. Receiving Interest	45,056	31,489	43,000
3. Payment of Income Tax	[156,110]	[143,535]	[128,303]
II. Investing Activity Cash Flow	[398,949]	[427,373]	[193,316]
1. Cash Inflow from Investing Activities	1,703,276	923,301	1,165,610
Decrease in Other Current Financial Assets	1,693,286	885,595	1,160,506
Decrease in Other Non-Current Financial Assets	9,883	37,165	4,313
Decrease in Other Non-Current Assets	58	272	768
Disposal of Fixed Assets	45	209	23
Disposal of Intangible Assets	3	60	-
2. Cash Outflow from Investing Activities	[2,102,225]	[1,350,674]	[1,358,926]
Increase in Other Current Financial Assets	1,703,105	695,497	886,113
Increase in Other Non-Current Financial Assets	358,710	574,701	364,941
Acquisition of Fixed Assets	40,394	80,191	102,944
Acquisition of Intangible Assets	16	284	1,075
Increase in Other Non-Current Assets	-	-	3,853
III. Cash Flow of Financing Activities	[172,328]	[147,999]	[152,768]
1. Cash Inflow from Financing Activities	-	-	300
Paid-in Capital Increase	-	-	300
2. Cash Outflow from Financing Activities	[172,328]	[147,999]	[153,068]
Annual Dividend	172,328	147,999	153,068
IV. Cash and Cash Equivalents Increase (Decrease)	3,704	[64,959]	78,323
V. Basic Cash and Cash Equivalents	101,995	166,943	88,641
VI. Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents	19	11	[22]
VII. Cash and Cash Equivalents as of Year-End	105,718	101,995	166,943

## Balance Sheet

18<sup>th</sup> Class: 2015. 12. 31 Present  
17<sup>th</sup> Class: 2014. 12. 31 Present  
16<sup>th</sup> Class: 2013. 12. 31 Present

Unit: ₩ 1 million

Item	18 <sup>th</sup> Class	17 <sup>th</sup> Class	16 <sup>th</sup> Class
Assets			
I. Current Assets	1,736,168	1,349,602	1,032,979
Cash and Cash Equivalents	103,417	93,386	129,278
Trade Receivables and Other Receivables	4,831	5,133	6,925
Inventories	1,622	1,205	1,493
Other Current Financial Assets	1,610,901	1,240,396	884,614
Other Current Assets	15,397	9,482	10,669
II. Non-Current Assets	1,951,892	2,030,860	2,072,451
Investment Equity Security	167,751	187,077	190,346
Fixed Assets	1,253,601	1,284,799	1,327,018
Intangible Assets	31	42	63
Deferred Tax Assets	159,379	161,757	141,657
Other Non-Current Financial Assets	357,637	382,184	395,143
Other Non-Current Assets	13,491	15,000	18,224
Total Assets	3,688,060	3,380,462	3,105,430
Liabilities			
I. Current Liabilities	662,837	619,817	568,327
Trade Payables and Other Liabilities	98,751	100,059	109,557
Accruals	421,308	376,180	329,474
Accrued Income Tax	83,165	82,071	76,474
Other Current Financial Liabilities	545	6,450	5,897
Other Current Liabilities	59,069	55,057	46,925
II. Non-Current Liabilities	27,781	44,469	13,140
Trade Payables and Other Liabilities	249	373	520
Net Defined Benefit Liabilities	20,568	43,524	11,342
Other Non-Current Financial Liabilities	6,551	537	834
Other Non-Current Liabilities	412	36	74
Total Liabilities	690,618	664,287	581,467
Capital			
I. Capital	106,970	106,970	106,970
II. Share Premium	127,784	127,784	127,784
III. Retained Earnings	2,935,190	2,653,051	2,462,643
IV. Other Capital Items	(172,503)	(171,630)	(173,435)
Total Capital	2,997,442	2,716,175	2,523,963
Total Capital and Liabilities	3,688,060	3,380,462	3,105,430

## Statement of Comprehensive Income

18<sup>th</sup> Class: 2015. 12. 31 Present  
17<sup>th</sup> Class: 2014. 12. 31 Present  
16<sup>th</sup> Class: 2013. 12. 31 Present

Unit: ₩ 1 million

Item	18 <sup>th</sup> Class	17 <sup>th</sup> Class	16 <sup>th</sup> Class
I. Sales	1,630,977	1,492,291	1,356,906
II. Cost of Sales	754,752	713,324	718,287
III. Gross Profit	876,225	778,968	638,619
IV. General Administrative Expenses	110,637	109,290	125,665
V. Development Fund for Abandoned Mine Region	161,704	143,360	114,390
VI. Operating Income	603,885	526,318	398,564
VII. Non-Operating Income	3,528	5,712	2,880
VIII. Non-Operating Expenses	66,881	75,858	46,463
IX. Finance Income	42,410	44,478	40,736
X. Finance Expenses	227	247	6,371
XI. Income Before Income Tax Expenses	582,714	500,402	389,346
XII. Income Tax Expenses	152,254	136,586	96,217
XIII. Earnings	430,460	363,816	293,129
XIV. Other Comprehensive Income	23,136	(23,604)	741
Items not Reclassified as Net Income	24,009	(25,409)	1,673
Re-measurements of Net Defined Benefit Liabilities	31,674	(33,521)	2,207
Income Tax Effect	(7,665)	8,112	(534)
Items Subsequently Reclassified as Net Income	(873)	1,805	(932)
Available-for-Sale Financial Assets Valuation Gain (Loss)	(1,151)	2,381	(1,230)
Income Tax Effect	279	(576)	298
XV. Gross Comprehensive Income	453,595	340,212	293,870
XVI. Earnings Per Share			
Basic and Diluted Earnings Per Share	0.002	0.002	0.001



## Statement of Changes in Equity

Unit: ₩ 1 million

Item	Capital	Share Premium	Retained Earnings	Other Capital Items	Total
2014/1/1 (Beginning of Prior Period)	106,970	127,784	2,462,643	(173,435)	2,523,963
Gross Comprehensive Income					
Prior Period Earnings	-	-	363,816	-	363,816
Other Comprehensive Income					
Re-measurements of Net Defined Benefit Liabilities	-	-	(25,409)	-	(25,409)
Available-for-Sale Financial Assets Valuation Gain and Loss			-	1,805	1,805
Total Gross Comprehensive Income	-	-	338,407	1,805	340,212
Transaction with Equity Holders					
Annual Dividend	-	-	(147,999)	-	(147,999)
2014/12/31 (End of Prior Period)	106,970	127,784	2,653,051	(171,630)	2,716,175
2015/1/1 (Beginning of Period<)	106,970	127,784	2,653,051	(171,630)	2,716,175
Gross Comprehensive Income					
Earnings	-	-	430,460	-	430,460
Other Comprehensive Income					
Re-measurements of Net Defined Benefit Liabilities	-	-	24,009	-	24,009
Available-for-Sale Financial Assets Valuation Gain			-	(873)	(873)
Total Gross Comprehensive Income	-	-	454,468	(873)	453,595
Transaction with Equity Holders					
Annual Dividend	-	-	(172,328)	-	(172,328)
2015/12/31(End of Period)	106,970	127,784	2,935,190	(172,503)	2,997,442

Item	Capital	Share Premium	Retained Earnings	Other Capital Items	Total
2013/1/1 (Beginning of Prior Period)	106,970	127,784	2,320,909	(172,503)	2,383,161
Gross Comprehensive Income					
Prior Period Earnings	-	-	293,129	-	293,129
Other Comprehensive Income					
Re-measurements of Net Defined Benefit Liabilities	-	-	1,673	-	1,673
Available-for-Sale Financial Assets Valuation Gain and Loss			-	(932)	(932)
Total Gross Comprehensive Income	-	-	294,803	(932)	293,870
Transaction with Equity Holders					
Annual Dividend	-	-	(153,068)	-	(153,068)
2013/12/31 (End of Prior Period)	106,970	127,784	2,462,643	(173,435)	2,523,963
2014/1/1 (Beginning of Period)	106,970	127,784	2,462,643	(173,435)	2,523,963
Gross Comprehensive Income					
Earnings	-	-	363,816	-	363,816
Other Comprehensive Income					
Re-measurements of Net Defined Benefit Liabilities	-	-	(25,409)	-	(25,409)
Available-for-Sale Financial Assets Valuation Gain			-	1,805	1,805
Total Gross Comprehensive Income	-	-	338,407	1,805	340,212
Transaction with Equity Holders					
Annual Dividend	-	-	(147,999)	-	(147,999)
2014/12/31(End of Period)	106,970	127,784	2,653,051	(171,630)	2,716,175

## Cash Flow Statement

18<sup>th</sup> Class: 2015. 12. 31 Present17<sup>th</sup> Class: 2014. 12. 31 Present16<sup>th</sup> Class: 2013. 12. 31 Present

Unit: ₩ 1 million

Item	18 <sup>th</sup> Class	17 <sup>th</sup> Class	16 <sup>th</sup> Class
I. Cash Flow of Operating Activities	581,804	516,729	432,140
1. Cash from Operating Activities	693,209	629,176	518,260
(1) Earnings	430,460	363,816	293,129
(2) Adjustment	238,803	242,694	185,161
(3) Increase and Decrease of Assets and Liabilities	23,946	22,666	39,970
2. Receiving Interest	44,765	31,107	42,178
3. Payment of Income Tax	(156,169)	(143,554)	(128,298)
II. Investing Activity Cash Flow	(399,445)	(404,621)	(229,556)
1. Cash Inflow from Investing Activities	1,691,256	917,112	1,060,187
Decrease in Other Current Financial Assets	1,681,413	880,034	1,056,253
Decrease in Other Non-Current Financial Assets	9,810	36,897	3,910
Disposal of Fixed Assets	33	180	23
2. Cash Outflow from Investing Activities	(2,090,701)	(1,321,734)	(1,289,743)
Increase in Other Current Financial Assets	1,692,006	685,000	810,000
Increase in Other Non-Current Financial Assets	358,680	574,701	364,396
Increase in Equity Securities Share	-	27,574	47,220
Acquisition of Fixed Assets	40,012	34,458	68,124
Acquisition of Intangible Assets	3	1	3
III. Cash Flow of Financing Activities	(172,328)	(147,999)	(153,068)
1. Cash Inflow from Financing Activities	-	-	-
2. Cash Outflow from Financing Activities	(172,328)	(147,999)	(153,068)
Annual Dividend	172,328	147,999	153,068
IV. Cash and Cash Equivalents Increase (Decrease)	10,031	(35,892)	49,516
V. Basic Cash and Cash Equivalents	93,386	129,278	79,762
VII. Cash and Cash Equivalents as of Year-End	103,417	93,386	129,278

## Social Performance Data

### Current Employment Status

Unit: persons, %

Category	2013	2014	2015
Fixed Number of Employees	2,890	3,227	3,482
Number of Employees	2,953	3,048	3,467
Regular Retirement	10	12	10
Voluntary Retirement (Voluntary Resignation)	-	(-)	-
Unlimited Contract Workers	9	8	8
(Direct employment) Temporary workers	695	543	155
Indirect Employees (outsourcing, dispatching, etc.)	1,615	1,678	1,702
Female	43	46	116
Disabled Persons	1	-	4
Local Personnel (noncapital region)	96	117	381
New Full-time Recruits			
High School Graduates	12	36	145
Specialized High School Graduates	-	-	-
Science & Engineering Major	20	21	112
Total	109	120	442
Interns	490	-	-
Contract	-	1	7
Temporary Employment			
Part-time	6	4	9
Regular Employees	22	21	14
Total	518	26	30
Total Number of Employees Category wise/Percentage in each Category			
Number of Females / Percentage	1,147(38.8%)	1,124(31.3%)	1,099(31.2%)
Number of Female Team Managers or Higher / Percentage	1(0.03%)	1(0.03%)	2(0.06%)
Number of Disabled / Percentage	73(2.5%)	68(1.9%)	79(2.2%)

### Current Status of Manpower by Region

Unit: persons, %

Category	Gangwon Province			Other Regions	Total	Gangwon region's residents' employment rate
	The Abandoned Mine Region	Others	Sub-total			
Kangwon Land	1,775	526	2,301	1,166	3,467	66.4%
Partner Companies	53	19	72	91	163	44.2%
	1,623	26	1,649	24	1,673	98.6%

### Current Status of Contracts by Region

Unit: one million won, %

Category	2013	2014	2015
Gangwon Province			
The Abandoned Mine Region	137,412 (49.9%)	65,226 (24.5%)	93,601 (53.0%)
Others	4,434 (1.6%)	6,060 (2.3%)	9,244 (5.2%)
Sub-total	141,846 (51.5%)	71,286 (26.8%)	102,845 (58.2%)
Other Regions	133,587 (48.5%)	195,149 (73.2%)	74,015 (41.8%)
Total	275,433 (100%)	266,435 (100%)	176,860 (100%)

\* Data created inconsistencies due to the error throughout gathering

## Environmental Performance Data

### Current Status of Waste Disposal

Unit: ton

Category	2013	2014	2015
General Waste Synthetic resin wastes, etc.	5,322	4,820	4,838
Specified Waste Acid waste, etc.	103	196	132
Total	5,425	5,016	4,970

### Water Usage

Unit: ton

Category	2013	2014	2015
Top Water	1,284,463	1,626,140	1,764,903
Heavy Water	30,878	22,014	27,939
Underground Water	28,308	46,730	47,985
Purified Mine Water	711,639.0	716,685.0	610,124
Total	-	2,411,569	2,450,951

### Greenhouse Gas Emissions

Unit: tCO<sub>2</sub>-eq

Category	2013	2014	2015
Scope1 (direct)	30,992	27,976	26,234
Scope2 (indirect)	47,055	44,370	44,970
Total	78,048	72,347	71,205

### Pollutant Emissions for 2015

Unit: ton

Category	BOD	SS	TN
Wastewater			
Laundry Factory	0.19	0.10	0.33
Hotel & Casino	0.57	0.91	3.73
Sewage			
High1 Ski Resort	0.14	0.26	0.73
High1 Hotel	0.03	0.05	0.15

### Current Status of Waste Disposal for Recycling

Unit: ton

Category	2013	2014	2015
Domestic Waste	2,427	2,512	2,606.2
Waste Sorting	547.0	593.0	632.5
Percentage of Waste Sorting	22.5%	23.6%	24.3%

### Chemical Usage

Category	Phase	2013	2014	2015
Water treatment chemicals	Liquid phase( t )	368,750	494,520	479,140
	Solid phase(kg)	43,825	44,060	45,650
Detergents for washing clothes	Liquid phase( t )	35,208	79,310	79,660
	Solid phase(kg)	15,240	5,640	14,205
Detergents for cleaning and kitchen	Liquid phase( t )	37,800	37,800	58,882
	Solid phase(kg)	31,504	31,500	16,536
Use of pesticides	Actual amount used(kg)	889	611	631
	Active elements	320	201	212

### Energy Consumption

Category	Unit	2013	2014	2015
Electricity	kw	100,924	95,165	96,450
LPG	ton	9,847	8,968	8,305
LPG for vehicles	ton	2.1	2.5	3.8
Diesel	kl	557	425	425
Petroleum	kl	169	157	168
Kerosene	kl	48	46	41
LNG	1,000 m <sup>3</sup>	35	14	4

### Expense and Investment Amount on Environment Protection

Unit: 1 million won

Category	2013	2014	2015
Total investment on environment	352.80	1,094.30	917.04
Investment on environment facilities	321.8	353.30	369.04
Purchase of green products	31	741	548



# Independent Audit Report

## Kangwon Land Inc.

### Attn: Shareholders and Board of Directors

We have audited the financial statement of Kangwon Land, Inc. The relevant financial statement consists of the present financial statement as of 2015.12.31 and 2014.12.31, statement of comprehensive income for the two terms ending on the same date, statement of changes in equity, cash flow statement, summary of major accounting policy, and other explanations.

#### Management' 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 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 corporate financial statement fairly indicates, in compliance with IFRS, the financial performance and cash flow of the two reporting periods ending on the same date as Kangwon Land, Inc.'s present financial status as of 2015.12.31 and 2014.12.31.

#### Other Details

Kangwon Land, Inc.'s financial statement for FY that ends on 2015.12.31 has to be audited based on previous auditing standards.

3F (Dongha Building), 2913, Nambusunhwan-ro (Daechi-dong), Gangnam-gu, Seoul

February 25, 2016BDO Daejoo LLC

대표이사  권 장 시 

# 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 Materiality Assessment as specified in the guidelines, to ensure the reasonableness of the verification result..

#### Subject of Verification

We proceeded with verification of the statement, internal data, and documents provided by the subject and found that the verification institution and management firm are maintaining their fairness.

#### Basis for Verification

We carried out verification based on the guidelines for Emission Trading Verification, Greenhouse Gas-Energy Target Management Operation, etc.; for items other than those defined in the guidelines, we performed verification based on KS Q ISO14064-1 and -3.

#### Materiality Assessment

As Kangwon Land has completed all the corrective measures recommended by the verification team, the Materiality Assessment is applied as less than 5%.

#### 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 10, 2016

Verification Body: Korean Standards Association

Chairman and CEO: Baek, Soo-Hyun

# Independent Assurance Statement

## Introduction

Kangwon Land, Inc Kangwon Land(hereinafter referred to as "Kangwon LandKangwon Land") commissioned DNV GL Business Assurance Korea Ltd. (hereinafter referred to as "DNV GL"), part of DNV GL Group, to undertake independent assurance of the 2016 Kangwon Land Sustainability Report (the "Report"). The directors of Kangwon Land have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of Kangwon Land in accordance with the terms of reference. DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

## Scope of assurance

The scope of assurance included a review of sustainability activities and performance data over the reporting period 1<sup>st</sup> January to 31<sup>st</sup> December 2015. This included:

- Evaluation of the principles for defining the sustainability report content in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4.0
- Verification of disclosures to check the Report is prepared 'In accordance' with the GRI Guidelines G4 (Core option) (Verification on aggregated level of data and activities that refers to the period between January and December in 2015)
- Evaluation of the process for determining material aspects for reporting and the management approach to material issues and the process for generating, gathering and managing the quantitative and qualitative data in the Report.

## Limitations

The engagement excludes the sustainability management, performance and reporting practices of Kangwon Land's associated companies, subsidiaries, suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as Kangwon Land's website. These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for Environmental and Social performance are not verified, while the aggregated data at the corporate level 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.

## Basis of our opinion

We performed our work using DNV GL's assurance methodology VeriSustain™<sup>1</sup> The VeriSustain protocol is available upon request at [www.dnvgl.com/assurance/reporting/verification.html](http://www.dnvgl.com/assurance/reporting/verification.html), which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000). We applied the limited level of assurance. The audit was carried out in May 2016. The site visits were made to Kangwon Land. We undertook the following activities as part of the assurance process:

- 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;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system and associated reporting systems as they relate to selected content and performance data;
- reviewed the outcomes of stakeholder consultation report and the materiality assessment report.

## Opinion and Observation

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly describe the adherence to the Principles for defining report content in GRI G4 nor is prepared 'in accordance' with GRI G4 Core option. The verification team has observed that there is general awareness of sustainability context across all different levels of the organization. Further opinions with regards to the adherence to the following Principles are made below;

### Stakeholder Inclusiveness

Kangwon Land has identified internal and external stakeholder groups such as Customer, Shareholder, Social Responsibility, Government, Local Communities and Employees. Kangwon Land has identified key issues and effects on each other, through various channels with stakeholder at company and business unit levels.

### Sustainability Context

The Report covers the performance of the key issues under the context of sustainability. Especially, the report covers Kangwon Land's impact and contribution at the aspects of economic, environmental and social, depending on the geographical context of the closed mine area in Gangwon Province.

### Materiality

The Report presents the material assessment process. The relevant issue pool was formed from internal (management strategies, etc.) and external sources(GRI guideline, media research, industry peer group benchmarking and interview with stakeholders), and key issues were selected in terms of the business impact and external stakeholders interest.

### Completeness

The Report covers sustainability aspects of economic, environmental and social impacts. Kangwon Land discloses information on its activities and decisions on the key sustainability issues for the reporting period.

### Accuracy and Reliability

Any errors and misstatements identified during the engagement were corrected prior to the Report being published. Data and information contained in the report has been described as an accurate and reliable way on the basis of sample checked, other reported information and other available evidence.

## Opportunity for improvement

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

- Kangwon Land has measured the management performance of the sustainability management strategy based on the long-term sustainability management roadmap and the performances have been continuously improved. It is recommended to allow a continuous check on the direction and roadmap for sustainability by presenting performances with the short-term and long-term quantified targets for important sustainability indicators.

## Competence and Independence

DNV GL Business Assurance is part of DNV GL Group and a global provider of certification, verification, assessment and training services, helping customers to build sustainability management performance. Our environmental and social assurance specialists are present in over 100 countries. The assurance work was performed by independent team which meets DNV GL's competence requirements. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

30 May 2016 Seoul, Korea

In Kyoon Ahn

Country Representative  
DNV GL Business Assurance Korea Ltd.



<sup>1</sup> The VeriSustain protocol is available upon request at [www.dnvgl.com/assurance/reporting/verification.html](http://www.dnvgl.com/assurance/reporting/verification.html)



# Memberships in Groups and Associations / Awards

## Memberships in Groups and Associations

(Corp.) Korea Employers' Federation	Korea Casino Association	Wonju Zone Green Company Council
Gangwon Environment Engineer Federation	(Corp.) Korea Ski Resort Business Association	NCPG
Samcheok CCI (Chamber of Commerce and Industry)	Korea Listed Companies' Association	(Corp.) CONSortium of CERTs
Gangwondo Tourism Association	Korea Semi-Professional Judo Association	Transparent Society Practice Network
(Inc.) Korea Exchange	(Corp.) Institute of Internal Auditors Korea	UN Global Compact
(Corp.) Korea Golf Course Business Association	Korea MICE Association	
(Corp.) Kangwon Employers Federation	Korea Golf Course Business Association Gangwon Council	

## Awards

Date	Name of Award	Presenting Institution
Feb. 2015	2015 Dow Jones Sustainability Indices World	DJSI
Mar. 2015	Innovative Management Division of Creative Management that Made Korea Shine	Korea JoongAng Daily
Jun. 2015	Administrator Award in Meteorology Information Utilization Division	Korea Meteorological Administration
Oct. 2015	Minister of Health and Welfare Award in Sharing People Awards	Ministry of Health and Welfare

# UN Global Compact

Kangwon Land drafted its 2015 Sustainability Management Report while complying with the 10 principles of Global Compact on human rights, labor, environment, and anti-corruption. In order to promote fulfillment of corporate social responsibility, UN Global Compact suggests the standard for combining corporate strategy with the 10 principles on human rights, labor, environment, and anti-corruption sector.

By becoming a member of the UN Global Compact in 2016 as a start, Kangwon Land will continuously report its fulfillment of the 10 principles on human rights, labor, environment, and anti-corruption through the Sustainability Management Report. We will not only fulfill the principles of UNGC but also expand our activities to various stakeholders to diffuse UNGC principles throughout society.



Kangwon Land joined the "UN Global Compact," a UN-level international convention on corporate social responsibility. It complies with the 10 principles on the 4 pillars: human rights/labor/environment/anti-corruption.

10 Principles of the UN Global Compact			Page	Reported Contents
Human Rights	1	Businesses should support and respect the protection of internationally proclaimed human rights.	56-58	A Healthy and Lively Organizational Culture
	2	Businesses should make sure that they are not complicit in human rights abuses.	58	A Healthy and Lively Organizational Culture
Labor	3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	57	A Healthy and Lively Organizational Culture
	4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	56-57	A Healthy and Lively Organizational Culture
	5	Businesses should uphold the effective abolition of child labor.	56-57	A Healthy and Lively Organizational Culture
	6	Businesses should uphold the elimination of discrimination with respect to employment and occupation.	56-57	A Healthy and Lively Organizational Culture
Environment	7	Businesses should support a precautionary approach to environmental challenges.	27	Creating a Clear and Clean Place of Business
	8	Businesses should undertake initiatives to promote greater environmental responsibility.	26-29	Creating a Clear and Clean Place of Business
	9	Businesses should encourage the development and diffusion of environment-friendly technologies.	27	Creating a Clear and Clean Place of Business
Anti-Corruption	10	Businesses should work against corruption in all forms, including extortion and bribery.	61-63	Ethical Management/Compliance Management

# GRI G4 Index

● Full ○ Half ○ Not N/A: Not Applicable

Aspect	G4 Indicator	Standard Information	Reporting Level	Page	
<b>Strategy and analysis</b>	G4-1	Statement from the most senior decision-maker	●	4-5	
	G4-2	Provides a description of Key impacts, risks, and opportunities	●	66	
<b>Organizational Profile</b>	G4-3	Report 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 names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	●	8-9	
	G4-7	The nature of ownership and legal form	●		
	G4-8	The markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	●		
	G4-9	Scale of the organization	●		
	G4-10	Total workforce	●	76	
	G4-11	The percentage of total employees covered by collective bargaining agreements	●	56	
	G4-12	The organization's supply chain	●	51	
	G4-13	Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	●	8, 50	
	G4-14	Whether and how the precautionary approach or principle is addressed by the organization	●	40-43, 61-63	
	G4-15	List Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	82	
	G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	●	82	
	<b>Identified Material Aspects And Boundaries</b>	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	●	8-9
		G4-18	The process for defining the report content and the Aspect Boundaries	●	
G4-19		List all the material Aspects identified in the process for defining report content	●	18-19	
G4-20		For each material Aspect, report Aspect Boundary within the organization	●		
G4-21		For each material Aspect, report the Aspect Boundary outside the organization	●		
G4-22		The effect of any restatements of information provided in previous reports, and the reasons for such restatements	●	2	
G4-23		Significant changes from previous reporting periods in the Scope and Aspect Boundaries	●		
<b>Stakeholder Engagement</b>	G4-24	List of stakeholder groups engaged by the organization	●		
	G4-25	Basis for identification and selection of stakeholders with whom to engage	●	16-17	
	G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by 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	●	18-19	
<b>Report Profile</b>	G4-28	Reporting period such as fiscal or calendar year) for information provided	●		
	G4-29	Date of most recent previous report (if any)	●	2	
	G4-30	Reporting cycle such as annual, biannual)	●		
	G4-31	Provide the contact point for questions regarding the report or its contents	●		
	G4-32	Report the 'in accordance' option the organization has chosen	●	2, 80-81, 83-85	
	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	●	59-60, 80-81	
<b>Governance</b>	G4-34	Report the governance structure of the organization, including committees of the highest governance body	●	10-11, 59-60	
<b>Ethics and Integrity</b>	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	●	60-63	

# GRI G4 Index

## ECONOMIC CATEGORY

Aspect	G4 Indicator	Standard Information	Reporting Level	Page
<b>Economic Performance</b>	DMA		●	16-17
	G4-EC1	Direct economic value generated and distributed	●	16-17
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	16-17, 29
<b>Indirect Economic Impacts</b>	DMA		●	16-17, 46
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	●	16-17, 46-49
<b>Procurement Practices</b>	DMA		●	50
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	●	50, 76

## ENVIRONMENTAL CATEGORY

<b>Energy</b>	DMA		●	26
	G4-EN3	Energy consumption within the organization	●	77
	G4-EN6	Reduction of energy consumption	●	29
<b>Water</b>	DMA		●	26
	G4-EN9	Water sources significantly affected by withdrawal of water	●	27
	G4-EN10	Percentage and total volume of water recycled and reused	●	27
<b>Biodiversity</b>	DMA		●	26
	G4-EN13	Habitats protected or restored	●	28
<b>Emissions</b>	DMA		●	26
	G4-EN15	Direct greenhouse gas(GHG) emissions (Scope 1)	●	26-29
	G4-EN16	Energy indirect greenhouse gas(GHG) emissions (Scope 2)	●	77
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	●	77
<b>Effluents and Waste</b>	DMA		●	26
	G4-EN23	Total weight of waste by type and disposal method	●	77
	G4-EN24	Total number and volume of significant spills	●	77
<b>Overall</b>	DMA		●	26
	G4-EN31	Total environmental protection expenditures and investments by type	●	77

## SOCIAL SUB-CATEGORY : LABOR PRACTICES AND DECENT WORK

Aspect	G4 Indicator	Standard Information	Reporting Level	Page
<b>Employment</b>	DMA		●	56
	G4-LA1	Total number and rates of new recruits and employee turnover (by age, gender and region)	●	76
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant location of operation	●	57
<b>Occupational Health and Safety</b>	DMA		●	32
	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	●	57
	G4-LA6	Types and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities (by region and gender)	●	35
<b>Training and Education</b>	DMA		●	56
	G4-LA9	Average hours of training per year per employee, by gender, and by employee category	●	56
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	57
<b>Supplier Assessment for Labor Practice</b>	DMA		●	50
	G4-LA14	Percentage of new suppliers that were screened using labor practice criteria	●	51

## SOCIAL SUB-CATEGORY : SOCIETY

<b>Local Communities</b>	DMA		●	46
	G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	46-49
<b>Anti-Corruption</b>	DMA		●	46
	G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	●	62
	G4-S04	Communication and training on anti-corruption policies and procedures	●	62

## SOCIAL SUB-CATEGORY : PRODUCT RESPONSIBILITY

<b>Customer Health and Safety</b>	DMA		●	40
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	●	40-43
<b>Product and Service Labeling</b>	DMA		●	36
	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and services subject to such information requirements	●	41
	G4-PR5	Results of surveys measuring customer satisfaction	●	36
<b>Customer Privacy</b>	DMA		●	65
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	65



# KANGWON LAND

SUSTAINABILITY REPORT 2015

## Contact and Feedback on Report

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

**Homepage** | [kangwonland.high1.com](http://kangwonland.high1.com) / [www.high1.com](http://www.high1.com)

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