



S M A R T

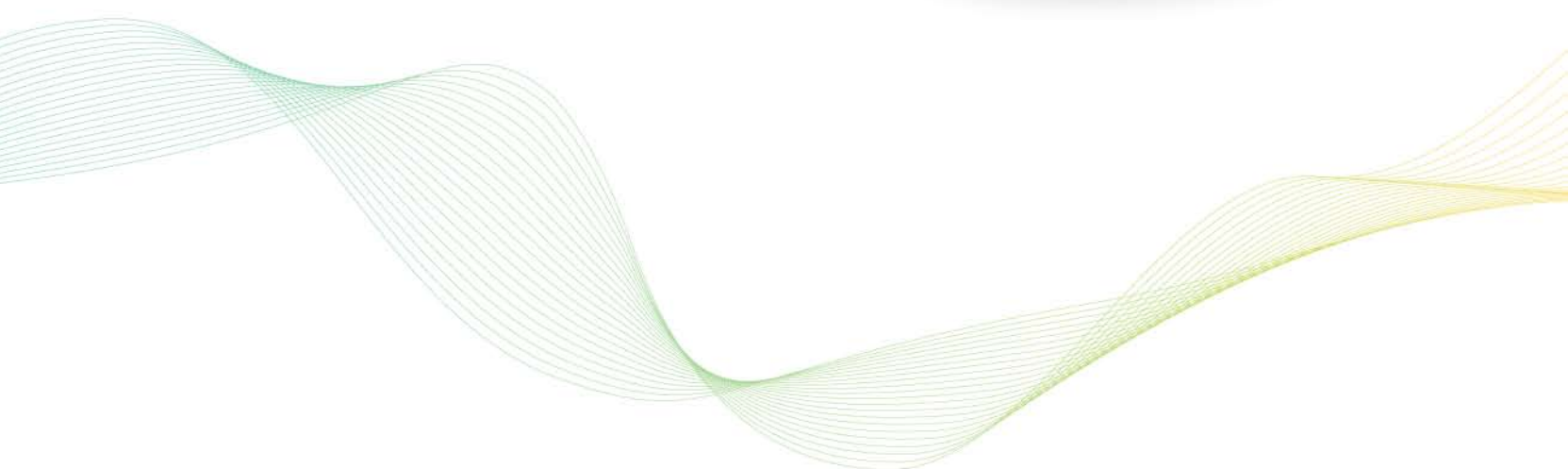
S O C I A L

S U S T A I N A B L E

A GLOBAL PIONEER FOR

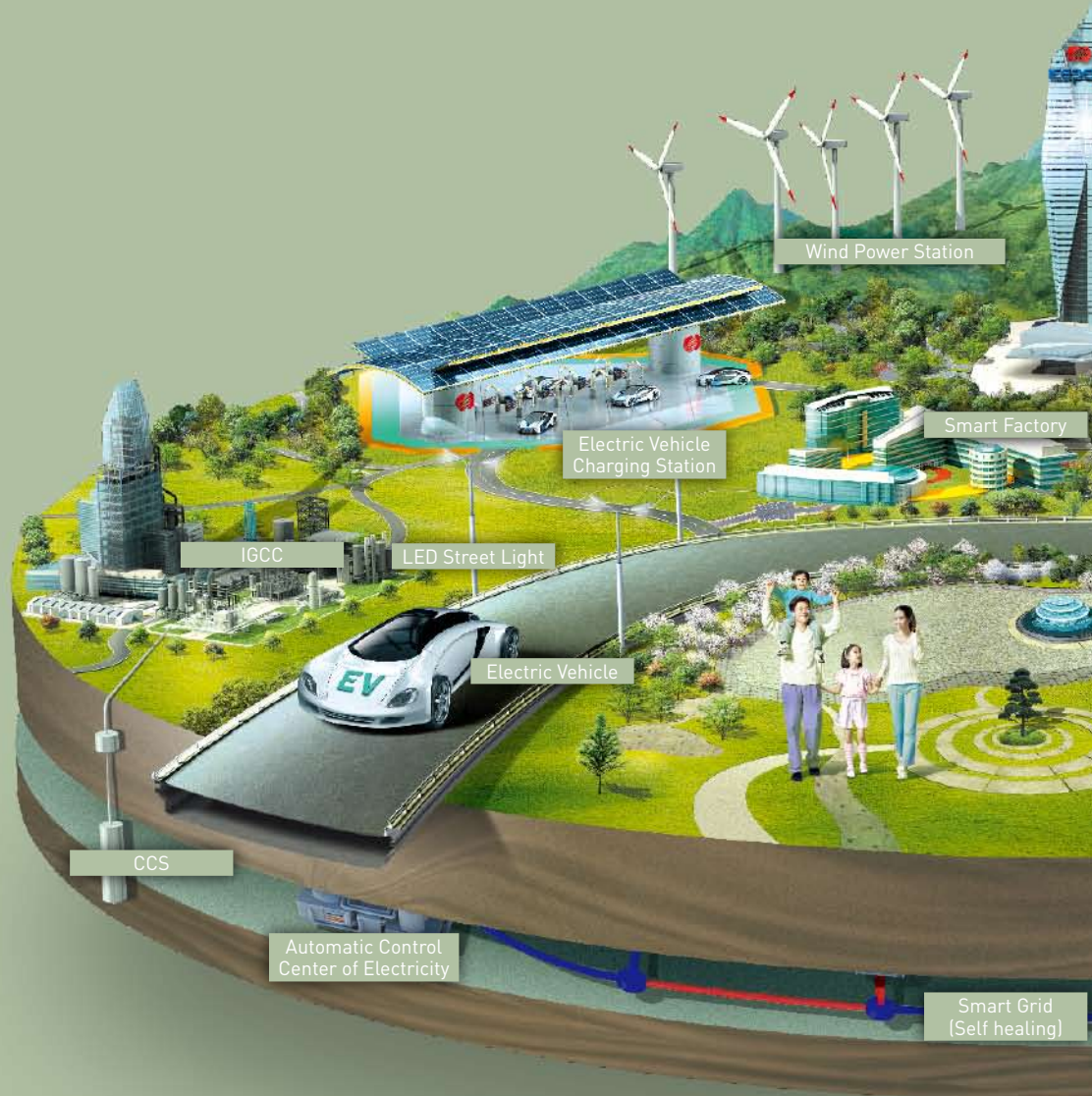
# A SMART GREEN UTOPIA

KEPCO Sustainability Report 2010



# SMART GREEN CITY GLOBAL TOP 5 ENERGY & ENGINEERING CO

With World-Class Quality and Technological Power,  
KEPCO Will Keep Moving toward a Greener Future.



## CONTENTS

01 KEPCO WAY • 12 CEO MESSAGE • 14 KEPCO NEW VISION • 16 2009 HIGHLIGHTS • 18 **APPROACH & SUSTAINABLE**  
45 KEY ECONOMIC INDICATORS IN 2009 • 46 **THINK GREEN FOR THE EARTH** • 47 ENVIRONMENTAL MANAGEMENT  
55 RESOURCE RECYCLING & HAZARDOUS SUBSTANCE CONTROL • 56 RESPONSE TO THE CONVENTION ON CLIMATE  
63 SOCIAL CONTRIBUTIONS • 65 RESPECT FOR HUMAN RIGHTS • 66 EMPLOYEE SAFETY AND WELFARE • 68 HUMAN  
79 AWARDS RECEIVED & INITIATIVES JOINED • 80 KEPCO GROUP COMPANIES • 83 POWER GRID MAP • 84 GLOBAL



# MPANY



**STRATEGIES** • 36 **THINK GLOBAL FOR VALUES** • 37 DOMESTIC BUSINESS • 41 OVERSEAS BUSINESS  
EXPECTATIONS • 48 ENVIRONMENTAL MANAGEMENT SYSTEM • 51 ECO-FRIENDLIER POWER SUPPLY CHAIN  
CHANGE • 57 GHG REDUCTION EFFORTS • 58 **THINK FOR A HAPPIER SOCIETY** • 59 SOCIAL RESPONSIBILITY FOR STAKEHOLDERS  
RESOURCE DEVELOPMENT • 69 **APPENDIX** • 70 THIRD PARTY REVIEW • 75 GRI INDEX • 78 FINANCIAL INFORMATION  
NETWORK • 86 NATIONAL & INTERNATIONAL MEMBERSHIPS IN ASSOCIATIONS • 87 GLOSSARY • 88 ADDITIONAL INFORMATION

## OVERVIEW

### KEPCO Sustainability Report 2010

This is the 6th Sustainability Report published after KEPCO joined the UN Global Compact in August 2005. With this report, KEPCO shares with stakeholders its efforts to achieve sustainability and its economic, environmental and social performance.

#### GUIDELINES

— This report is prepared in accordance with the GRI Guidelines 2006(G3) and based on materiality tests to collect the opinions of diverse stockholders. Financial information and guidelines in this report are in accordance with Korea Financial Accounting Standards.

#### COVERAGE

— This report contains quantitative performance data pertaining to the period from January 1 to December 31, 2009. Some of the non-quantitative descriptions also include data on performance prior to June 2010.

This report primarily covers KEPCO's sustainability management performance, but part of the Environment section includes the performance of six power generation companies, or GENCOs, wholly owned by KEPCO: Korea Hydro & Nuclear Power, Korea South-East Power, Korea Midland Power, Korea Western Power, Korea Southern Power and Korea East-West Power.

To ensure that all of the KEPCO group companies pursue sustainability management in a consistent manner, the GENCOs are already publishing their own sustainability reports, and all are the signatories of the UN Global Compact.

#### MAJOR CHANGES AND SCOPE

— No significant change in corporate size, ownership structure or business occurred in the reporting period. KEPCO faithfully incorporated all indicators set forth by the GRI Guidelines 2006(G3) in this report, and included contents of interests of stakeholders (p.77) as well. Key performance indicators for the past three years are also disclosed in the interest of improving sustainability management performance.

#### COMMITMENT TO CREDIBILITY

— In an effort to ensure the credibility of the report, KEPCO invited external experts to review its compilation, starting from the design stage. The data here in are verified by them in accordance with the AA1000AS (2003) principles (significance, completeness, reaction). The details of the review are found in the section entitled "Third Party Review"(P70).

#### DISTRIBUTION AND FEEDBACK

— This report is published both in Korean and English, and readers' feedback is accepted via mail, e-mail, or the KEPCO website. For any inquires concerning this report, please contact KEPCO through one of the contact points indicated below:



411, Yeongdongdaero, Gangnam-gu, Seoul 135-791, Korea  
Strategic Management Team, Corporate Planning Department  
Tel: 82-2-3456-3523 Fax: 82-2-3456-3598 E-mail: helios@kepcoco.kr

# KEPCO WAY IS ...

The principles upon which all employees base their thinking and behavior, and the management bases its decision making.




KEPCO declared the 'KEPCO Way' in the ceremony to celebrate the 49th anniversary of company foundation on June 28, 2010. This is a corporate credo that clarifies the core values necessary for employees to achieve the 2020 Vision.

We started out in 1961 as Korea Electric Company Ltd. and have flexibly adjusted our core values to stay in step with the times since then. Recently, however, our globalization drive and the rapidly-changing industrial environment have required us to reestablish and reinforce existing core values and establish a new corporate culture. Against this backdrop, we created the KEPCO Way, which has helped us enjoy greater success such as the export of a nuclear power plant to the UAE in late 2009. That experience has also been integrated into our corporate culture. The KEPCO Way reflects the opinions of employees at all levels and is composed of five core values: Global Excellence, Customer Respect, Performance Driven, Challenge & Innovation, and Social Responsibility.

The KEPCO Way is an augmentation of core values to reinforce our commitment to specialization, technology, a global mindset and innovative thinking. We intend the KEPCO Way to serve as the set of principles that all employees use to guide their thinking and behavior, while the management will use the KEPCO Way to inform their decisions. In the process, our unique corporate culture will continue to evolve.





# THE WAY TO THE WORLD

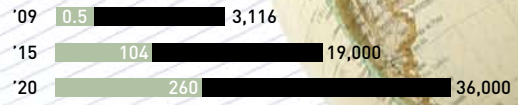
G L O B A L   E X C E L L E N C E

KEPCO's technological prowess has allowed the company to grow and achieve global excellence in the nuclear power renaissance. In December 2009, KEPCO signed Korea's first nuclear power plant deal with the UAE, enabling the country to join the ranks of the world nuclear power industry leaders, which include the US, Japan, France and Russia.



#### OVERSEAS BUSINESS PERFORMANCE AND TARGETS

■ Overseas Business Sales (Unit: US\$ 100 million)  
■ Installed Capacity of Overseas Projects (Unit: MW)







# THE WAY TO RESPECT

C U S T O M E R R E S P E C T

Backed by excellent technological capabilities, we are committed to meeting the needs and expectations of customers by providing stable supplies of electric power and strengthening the customer-centered sales system. Respect for the customer is a top priority, and we remained open minded and willing to listen to what customers have to say.





**CUSTOMER SATISFACTION  
OF PUBLIC ENTERPRISES**  
(Unit: Points)



Joeng-In Choi \_ Management Support Team, Seoul District Division



# THE WAY TO PASSION

P E R F O R M A N C E D R I V E N

KEPCO is an integrated energy provider based on green technologies. Our goal is to grow into one of the world's top 5 utility companies in size and profitability by 2020. As part of our efforts to achieve the goal, we are executing a smart grid-based green growth business and a nuclear power-centered overseas business. We will continue to advance in order to lead Korea into the era of US\$ 30,000 in per capita income.



MID- TO LONG-TERM  
SALES TARGETS  
(Unit: KRW Trillion)



Byung-Chun Baek \_ Gangdong Branch Office, Namseoul District Division

The background features a series of overlapping, wavy lines in shades of light green and yellow, creating a sense of movement and depth. In the bottom right corner, there is a small potted plant with green leaves and white flowers.

# THE WAY TO CHANGE

C H A L L E N G E & I N N O V A T I O N

Armed with passion and the ability to get things done, KEPCO is advancing toward sustainability by aggressively implementing innovative changes and creative ideas. We are also taking the lead in developing green energy for a better tomorrow. We remain committed to raising our operational efficiency to the global level by pursuing change and innovation in the interest of sustainable value creation.



MANAGEMENT INNOVATION SYSTEM

Methods for  
Innovation Activities

TDR  
(Tear Down  
& Redesign)

6σ  
(Six Sigma)

Delivery of Innovation  
Philosophies

Direct  
Communication







# THE WAY TO LOVE

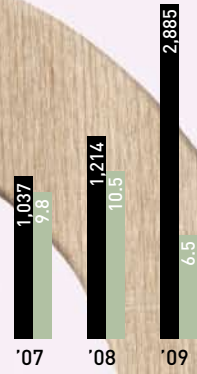
S O C I A L R E S P O N S I B I L I T Y

We at KEPCO believe we can grow together with all stakeholders, which leads us to sustainability management. Our goal is to grow KEPCO into a top-tier global energy group that leads green growth and fulfills economic, environmental and social responsibilities. The future we envision enables everyone to enjoy a happier life.



SOCIAL CONTRIBUTION AMOUNT AND  
PER CAPITA COMMUNITY SERVICE HOUR

■ Social Contribution Amount (Unit: KRW 100 million)  
■ Per Capita Community Service Hour (Unit: Hour)



## CEO MESSAGE

**KEPCO will continue to take the lead in creating a Brighter World through Light and a Happier World through Love, with the 2020 Vision of the “Global Top 5 Energy & Engineering Company.”**



Dear Stakeholders,

Let me first express my sincere gratitude to you all for your continuous support and encouragement toward KEPCO, which is striving to become a torch of hope for the world.

The year 2009 was the starting point for our export of nuclear power facilities. We completed a US\$ 18.6 billion order in the UAE amid a challenging global business environment. The massive project elevated Korea into the ranks of global top five producers of nuclear power plants, along with the USA and France. It also enabled KEPCO to secure a future growth engine and further solidify its position in the global power industry. I am very pleased to share with you such achievements in this Sustainability Report 2010.

As you may well know, KEPCO has driven the growth of the Korean economy for the past 49 years, by assuming the responsibility for ensuring a stable supply of electric power, the driving force of industrial development. Based on what has been achieved and our vision to be among the 'Global Top 5 Energy & Engineering Companies,' KEPCO is now writing a new chapter in its history by becoming a global energy company, leading low-carbon green growth through green technology development, and faithfully fulfilling our corporate social responsibilities.

Currently, the global economy is facing the new paradigms of green growth and corporate social responsibility. We are required to participate actively in global efforts to combat global warming for the continuous prosperity of all humanity, and through which to find a new opportunity for growth. KEPCO will continuously lead low-carbon green growth through the development of smart grid and green technologies, and faithfully fulfill our social responsibility as a corporate citizen.

Since joining the UN Global Compact in August 2005, KEPCO has deeply recognized the significance of sustainable growth based on the





# KEPCO NEW VISION

## 2020 NEW VISION

### GLOBAL TOP 5 ENERGY & ENGINEERING COMPANY



## 2020 New Vision & Mid- to Long-term Strategies

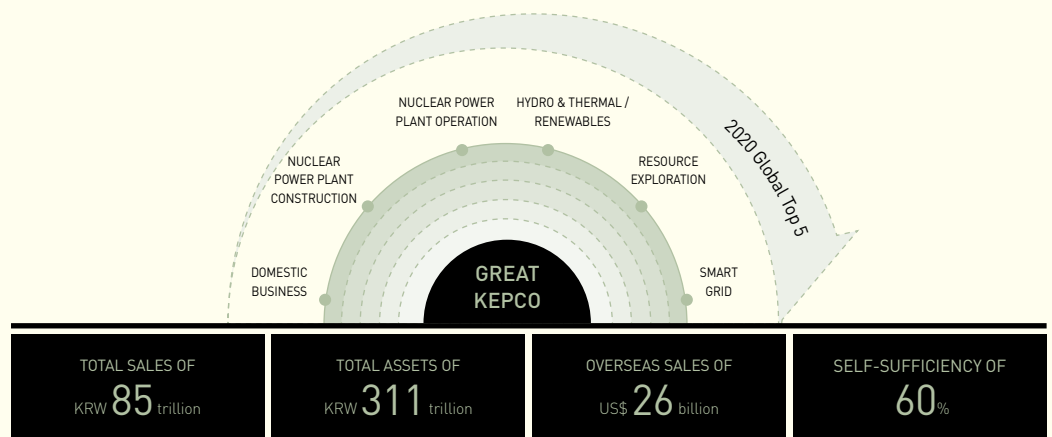
KEPCO established the 2020 New Vision in June 2009 as part of efforts to grow into a global energy group. With the New Corporate Vision and Mid- to Long-term Strategies in place, we are striving to maximize the synergy effect of the Group's existing businesses so as to become a leading company in global green growth. Four Mid- to Long-term Strategies are being pursued to achieve the vision of being among the Global Top 5 Energy & Engineering Companies: (1) Lead Green Technology, (2) Expand Business Markets, (3) Drive Global Business, and (4) Advance Innovation & Efficiency. To this end, we have identified 10 action items, and currently we are vigorously implementing the vision under the KEPCO Way and CEO's managerial motto.

### • 2020 MID- TO LONG-TERM STRATEGIC GOALS

ITEM	GLOBAL TOP 5	2020 GOAL	REMARKS
Scale (Annual Sales)	US\$ 76~247 billion	US\$ 85 billion	KRW 85 trillion
Profit (ROIC)	5~9%	More than 5%	
Global Markets (Overseas Sales)	40~80% of Total Sales	US\$ 26 billion	30% of Total Sales
Technology (No. of Best Technologies)	Technology Acquisition as Strategic Goal	25	



●  
**GOAL BY BUSINESS AREA**



**Five Overseas SBUs**

The establishment of the 2020 Mid- to Long-term Strategies in June 2009, was followed by a reorganization of overseas operations into five Strategic Business Units (SBUs): (1) Nuclear Power Plant Construction; (2) Nuclear Power Plant Operation; (3) Hydro, Thermal & New Renewable Power Generation; (4) Resource Exploration; and (5) Smart Grid. It was intended to achieve total sales target of KRW 85 trillion, overseas sales target of US\$ 26 billion and 60% of self-sufficiency ratio so as to grow into a Global Top 5 Energy & Engineering Company.

● **DEVELOPMENTAL PHASE BY 2020 GOALS**

ITEM	PRESENT ('09)	SHORT-TERM ('10~'12)	MID-TERM ('13~'15)	LONG-TERM ('16~'20)
<b>Global Ranking</b>	10th	9th	7th	5th
<b>Sales</b>	US\$ 29.1 billion	US\$ 47.7 billion	US\$ 56.2 billion	US\$ 84.5 billion
<b>ROIC</b>	1.7%	3%	5%	More than 5%
<b>Overseas Sales</b>	US\$ 0.5 billion	US\$ 4.3 billion	US\$ 10.4 billion	US\$ 26.0 billion
<b>Best Technologies (Cumulative)</b>	-	3	16	25

# 2009 HIGHLIGHTS

## 01

### KOREA'S 1ST NUCLEAR POWER PLANT EXPORT

In December 2009, KEPCO won a US\$ 20 billion project to build nuclear power plants in the UAE. The construction of four Korean Standard Nuclear Power Plant (APR1400) units in the UAE began in 2010 and first unit is scheduled for completion in 2017, and the final unit is to be finished by 2020.



## 02

### 2020 NEW VISION AND MID- TO LONG-TERM STRATEGIES

KEPCO announced a blueprint for a New Vision and Mid-to Long-term Strategies in June 2009, on the occasion of the company's 48th anniversary. The blueprint presents strategic goals and a roadmap for growing into one of the world's top five energy companies by 2020.



## 06

### PARTICIPATION IN THE DEVELOPMENT & OPERATION OF REAL ESTATE HOLDINGS

The Korean National Assembly passed a revision to the Korea Electric Power Corporation Act, thereby adding the development and operation of real estate holdings to the list of permissible business activities. The change was announced on April 12, 2009. This is a business in which KEPCO has long wanted to engage, and now that the legal basis is in place, the development and operation of real estate holdings project is advancing rapidly. It is expected to resulting in a 1% drop in electricity rates a year.

## 07

### FRONT-RUNNER IN SMART GRID AND GREEN TECHNOLOGIES

The 2020 Mid-to Long-term Strategies targets IGCC, CCS and six other green technologies for intensive research and development. The commercialization of these green technologies is projected to generate some KRW 2.9 trillion in new sales by 2020. In addition, KEPCO has participated in the Jeju Smart Grid Test Bed Project, for which construction work began in August 2009, in a bid to take the lead in developing a global standard for the smart grid.

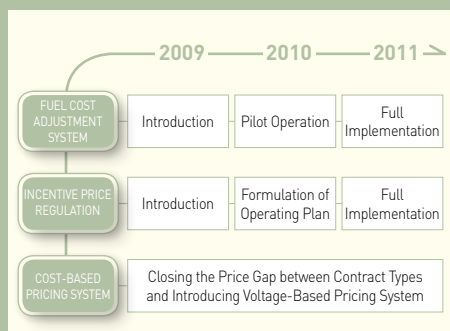




## 03

## FUEL COST ADJUSTMENT (FCA) SYSTEM

In December 2009, KEPCO and the Korean government jointly determined to introduce a fuel cost adjustment system and an incentive price regulation. The move is part of efforts to encourage reasonable consumption of energy and prevent energy waste. It also is in line with KEPCO's transparent innovations to adjust electricity rates.



## 04

## PERSONNEL AND ORGANIZATIONAL INNOVATION

KEPCO introduced an open competition-based job placement system and expanded the all-directional, performance-based placement system to maximize management efficiency and solidify the performance-based personnel management system. In addition, an integrated District Division was launched at the provincial level to turn organizational units based on function into profit centers.



## 05

## HIGHER MANAGEMENT EFFICIENCY FROM TDR PROJECTS

KEPCO carried out company-wide innovations in an effort to respond proactively to the changing business environment and grow as a sustainable operation fiscally, environmentally and socially. A total of 142 Tear Down & Redesign (TDR) projects, including one for compact substation model development, brought a financial return of approximately KRW 420 billion.



## 08

## HIGHER SELF-SUFFICIENCY RATIO FROM OVERSEAS RESOURCE EXPLORATION

KEPCO secured an annual supply of 1,040 tons of uranium after acquiring a 17% stake in Denison Mines Corporation in June 2009 and a 10% stake in Areva NC Expansion in December 2009. A 1.5% stake in Adaro Energy, meanwhile, provides 3 million tons of bituminous coal a year. As a result, KEPCO raised the self-sufficiency ratio from 3.5% in 2008 to 17% a year later.



## 09

## US\$ 2.5 BILLION POWER PLANT PROJECT IN SAUDI ARABIA

The KEPCO and ACWA Power International consortium won a contract to build and operate a 1,204MW power plant in Rabigh, Saudi Arabia. The consortium will build the heavy oil-fired power plant by 2013 and operate it for 20 years, through 2033.



## 10

## 'WIN-WIN' LABOR-MANAGEMENT COLLABORATION

The open communication and performance-driven policy at KEPCO is evolving into better practices for labor-management relations. A new Labor-Management Council was launched as a venue for discussing and reaching agreements on the basis of law and corporate principles. The Plan for Advanced Management of Public Enterprises was also established in the spirit that labor and management share a common destiny.

## OVERVIEW OF ELECTRIC POWER INDUSTRY

### Introduction and Development of Electricity in Korea

KEPCO as an electric power company has led the development of national economy and brought light of hope to the nation.

The electric power industry started in Korea when the first electric lamp was lit using a 7kW generator inside the Throne Hall at Gyeongbok Palace on March 6, 1887, eight years later after Edison invented the world's first light bulb in 1879. The first electricity for a private use in Korea was delivered on April 10, 1900. April 10th was designated as Electricity Day to mark the occasion.

Since then, the domestic electric power industry grew rapidly. On July 1, 1961, three electric companies (Chosun Electric, Kyungsoong Electric, Namsun Electric) were merged to create Korea Electric Company Ltd. (KECO). In 1964 when Korea's exports exceeded US\$ 100 million for the first time, KECO started unrestricted power transmission. On April 29, 1978, Korea's first nuclear power plant, Kori Unit 1, started commercial operation, marking a milestone in the domestic power industry. KECO was officially relaunched as Korea Electric Power Corporation (KEPCO) on January 1, 1982.

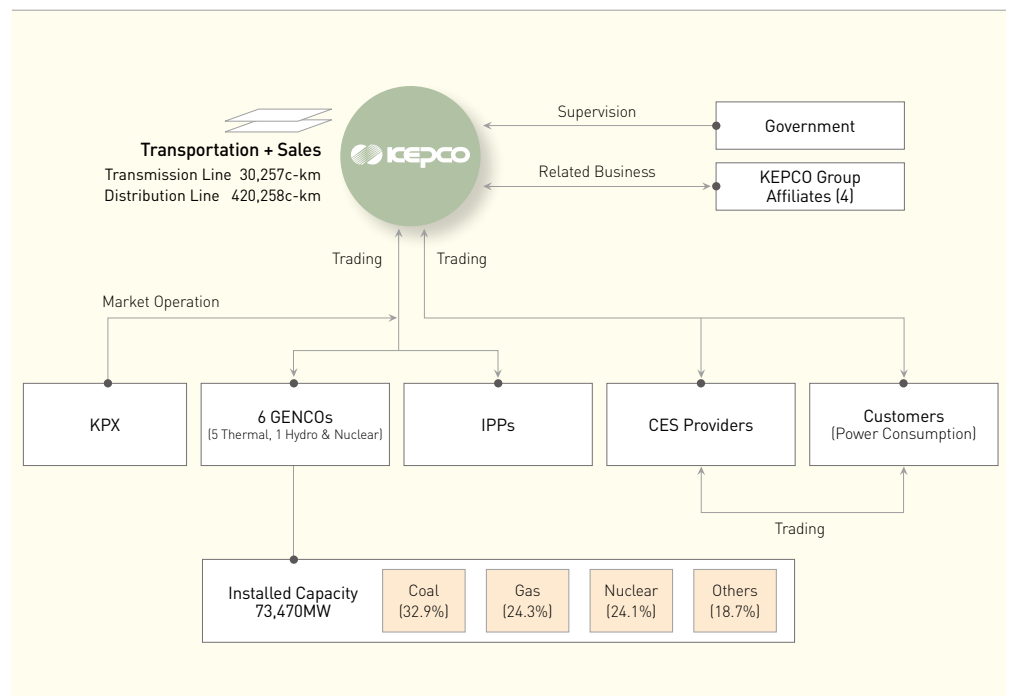
### Characteristics of Korea's Electric Power Industry

The electric power industry requires facilities on stand-by at all times because electricity is consumed immediately after being generated, and by nature, cannot be stored economically. The industry also needs a grid to distribute and transmit electricity. Korea highly depends on overseas markets for energy (97%) and its geographically-isolated grid system makes it impossible to import electricity from neighboring countries. In addition, long-distance transmission is required because production is concentrated in the south while most of the power is consumed in the northern part of the country. Furthermore, demand is very difficult to control, and considerable time and massive investment is required to secure supply capacity.

### Industry Structure

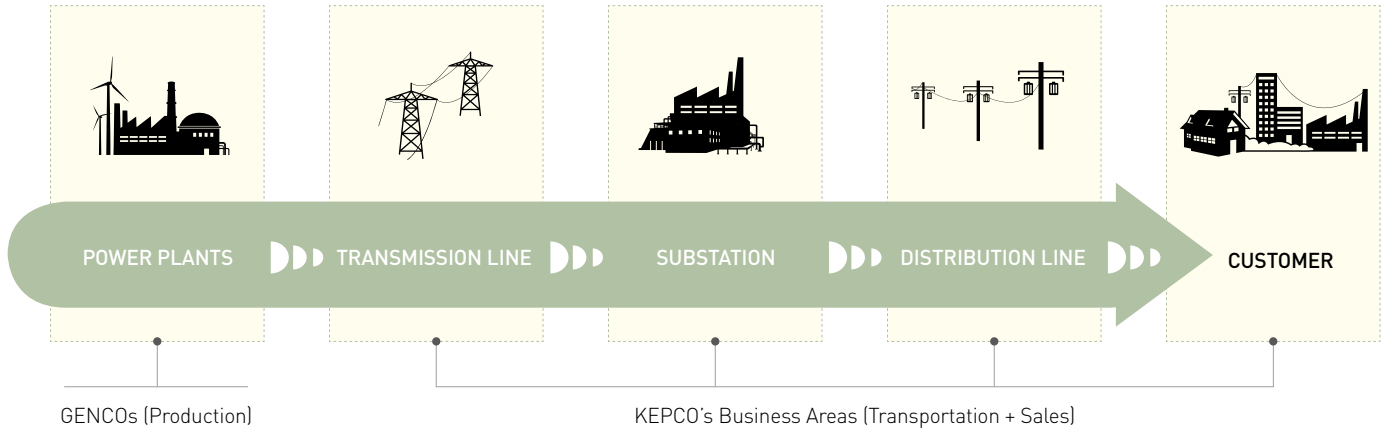
The six power generation companies (GENCOs), independent power producers (IPPs) and community energy system (CES) providers generate electric power and sell it to KEPCO on the Korea Power Exchange (KPX). KEPCO, in turn, sells electricity to general customers through the transmission and distribution network. Competition in the sales sector of the industry is increasing as large-volume customers (more than 30,000kW) are allowed to buy electric power directly from producers, and each CES provider is allowed to supply electric power in a specific district.

### STRUCTURE OF KOREAN ELECTRIC POWER INDUSTRY





WORK FLOW IN THE ELECTRIC POWER INDUSTRY



KEPCO's Role

KEPCO is a special corporation incorporated under the 'Korea Electric Power Corporation Act,' and classified as a market type public corporation under the Act on the Operation of Public Organizations. KEPCO buys electric power from six GENCOs on the KPX and sells it to general customers through the transmission and distribution network.

KEPCO'S MISSION



KEPCO'S TRACK RECORD

- 1887 Korea's first electric lamp was lighted in the Geoncheong-gung, Gyeongbokgung palace
- 1900 Hansung Electric lit three street lamps along Jongno street in Seoul (Korea's first lighting in the private sector)
- 1944 Completion of Supoong Hydro Electric Power Plant (600MW)
- 1953 Adoption of 1st Three-year Plan for Electric Power Development
- 1961 Announcement of Electric Business Act Founded as KECO (merger of three electric companies)
- 1964 Started unlimited transmission after national independence
- 1965 Announcement of Act on the Promotion of Electrification in Agricultural and Fishing Villages
- 1968 Installed generation capacity exceeding 1 million kW
- 1978 Completion of Kori Nuclear Power Plant Unit 1 (587MW)
- 1982 Re-launched as KEPCO



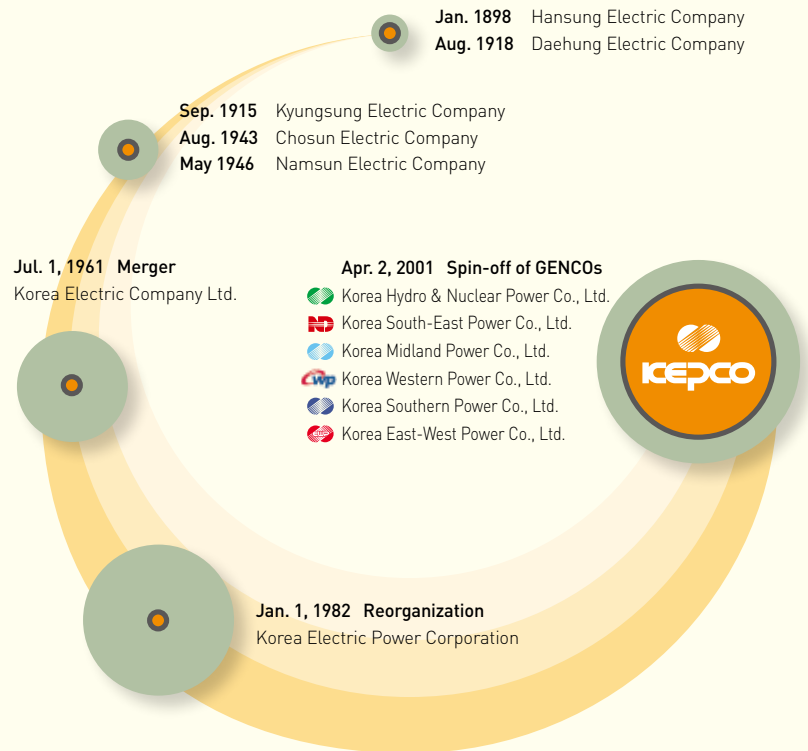
- 1989 Listed on Korea Stock Exchange
- 1993 Listed on New York Stock Exchange
- 1995 Won a contract to operate Malaya Thermal Power Plant in the Philippines
- 1997 Ground-breaking Ceremony for KEDO nuclear power plant
- 2000 Peak demand exceeding 40,000MW
- 2001 Spin-off of six GENCOs
- 2002 Completion of Ilijan Gas Combined-Cycle Plant, the largest in the Philippines



- 2005 Completion of voltage increase to 220V for distribution line  
Began power supply to Gaesung Industrial Complex
- 2006 Received the 'Edison Award'  
Launched an integrated District Division unit at a Provincial Level
- 2009 Nuclear plants exported to UAE  
Ranked No. 1 in the Government Performance Appraisal for 3rd consecutive year



KEPCO'S HISTORY



• KEPCO Overview

Company Name	Korea Electric Power Corporation
Headquarters	411, Yeongdongdaero, Gangnam-gu, Seoul 135-791, Korea
Foundation	July 1, 1961
Total Assets	KRW 70 trillion
Sales	KRW 33.7 trillion
Employees	20,294
Electricity Sold	394.5 billion kWh/year
Shareholders	Korea Finance Corp. [29.95%], Korean Government [21.12%], Foreigners [24.85%], Others [24.08%]
Investment	A total of 25 companies, including 6 GENCOs and 4 affiliates
IPO Markets	Korea Exchange (KRX) in 1989, New York Stock Exchange (NYSE) in 1994

• Installed Capacity and Power Generation by Generation Source in 2009

Unit: MW, GWh, %

Item	Thermal				Nuclear	Hydro	Alter-natives	Total
	Coal	LNG	Oil	Sub-Total				
Installed Capacity	24,205 (32.9)	17,850 (24.3)	7,048 (9.6)	49,103 (66.8)	17,716 (24.1)	5,515 (7.5)	1,136 (1.6)	73,470 (100.0)
Gross Generation	193,216 (44.6)	65,273 (15.0)	19,911 (4.6)	278,400 (64.2)	147,772 (34.1)	5,641 (1.3)	1,791 (0.4)	433,604 (100.0)



## GLOBAL TRENDS AND BUSINESS ENVIRONMENT

### Global Trends in the Electric Power Industry

KEPCO is now standing shoulder to shoulder with global utility companies by aggressively expanding overseas business and developing green technologies.

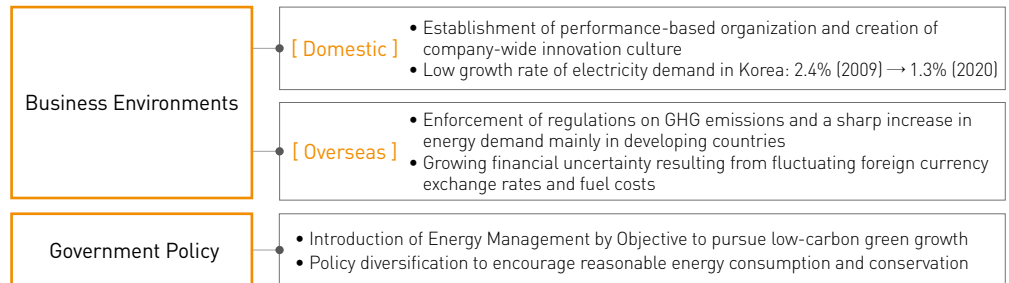
The trends in the global electric power industry can be summarized as diversifying business areas through horizontal and vertical expansion, developing a new market based on existing bases, and advancing into the green market. For example, E.ON, headquartered in Germany, has expanded its new & renewable energy business to the US and Russia, and UK-based EDF has strengthened its next-generation nuclear power plant business. The French GDF-Suez has dedicated itself to the construction of new & renewable energy generation facilities in collaboration with other electric power companies. In line with such global trends, KEPCO is increasing the synergy effect of the Group's businesses to diversify the overall portfolio, expand overseas business presence, and preemptively secure green technologies.

### Changes in Korean Business Environment

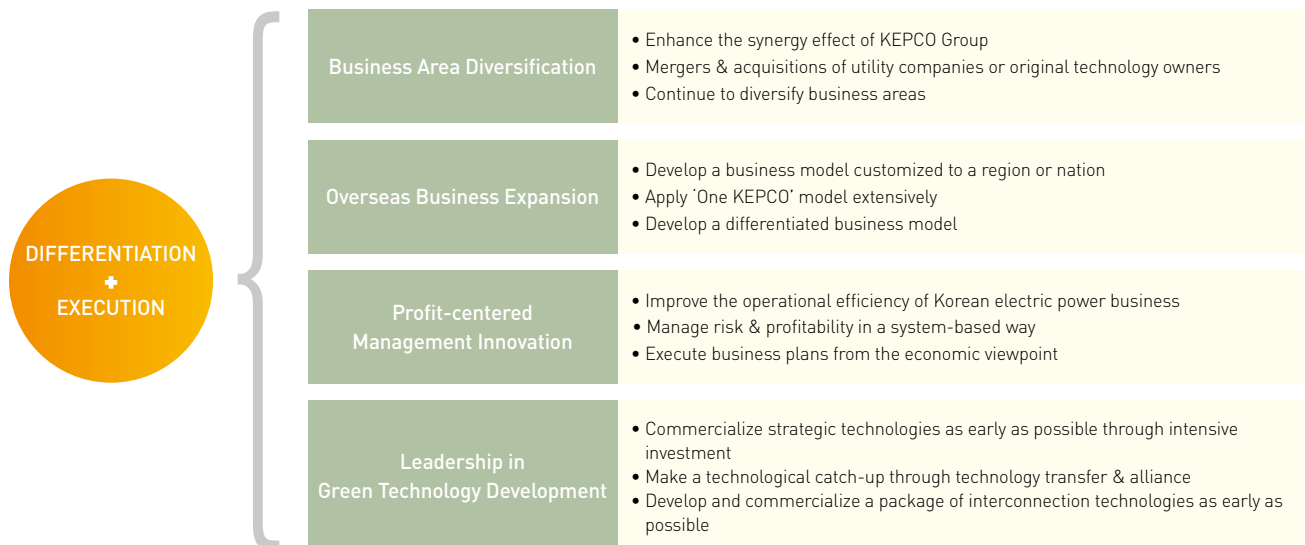
Korean electricity demand is expected to remain flat, with an annual growth rate of about 1% after 2020. With global efforts to reduce greenhouse gas (GHG) emissions, the energy industry is required to shift swiftly toward a low-carbon system. In addition, competition for resources is intensifying among nations, and stakeholders' demand for corporate social responsibility is soaring.

KEPCO will continue to respond proactively to such environmental changes to ensure sustainable growth, and fulfill social responsibilities as a public enterprise to grow along with stakeholders.

#### MAJOR BUSINESS ENVIRONMENTS



#### KEPCO'S ACTION PLANS



## GOVERNANCE & ORGANIZATION

### Board of Directors



### Remuneration of Directors

### CEO

### Audit Committee

**With an ethical and transparent decision-making system in place, KEPCO is further improving global competitiveness and leading the creation of fair society.**

The BOD consists of 15 members, including eight non-standing directors. Standing directors other than the CEO are appointed by the CEO among the nominees referred by the Nomination Committee who are then approved at the general shareholders' meeting. Non-standing directors are appointed by the Minister of Strategy and Finance with the referral of the Nomination Committee and the resolution of Steering Committee on Public Enterprises. The chair of the BOD is assumed by a non-standing director. To ensure the independence of the BOD, anyone who has a special interest in the company is banned from non-standing directorship. Therefore, the profiles of individual directors and BOD meeting minutes are made public on the KEPCO website ([www.kepcoco.kr](http://www.kepcoco.kr)). According to the Law on Management of Public Bodies, the tenure of directors is two years and can be extended by one year.

In 2009, the BOD met 16 times to address a total of 70 agenda items. Significant matters which were not on the agenda list were separately reported to the BOD. Thanks to those activities, KEPCO was selected as the best corporation in the Corporate Governance Evaluation for two consecutive years by Corporate Governance Service. If necessary, the BOD can invite experts or any person interested to hear their opinion, and any director who has special interest in a specific agenda is not allowed to vote on the agenda. In addition to the agenda, significant matters regarding economic, environmental or/and social performance are separately reported to the BOD pursuant to the articles of incorporation and the regulations of the BOD.

The directors are paid under a remuneration ceiling determined by a resolution at the general meeting of shareholders. The ceiling in 2009 was set at a total of KRW 1.8 billion, and actual remuneration paid to all BOD members for 2009 was KRW 1.1 billion. The remuneration of directors consists of a base salary, performance bonus and retirement allowance, and each non-standing director is paid KRW 36 million a year as an allowance for work activities.

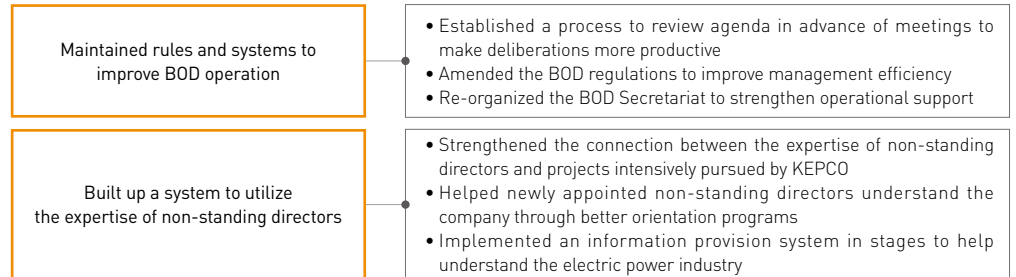
Standing directors other than the CEO are required to set management objectives and sign a pact with the CEO every year in accordance with Article 31 of the Law on Management of Public Bodies, and Article of 28.3 of Articles of Incorporation. Standing directors are evaluated by taking into consideration quantified performance on management objectives, the outcome of the Government Performance Appraisal, and their commitment to CEO's managerial motto. They are paid a performance bonus based on the outcome of their work performance evaluation. A discrepancy in performance bonus is approximately 9% of annual base salary. In the days to come, the performance evaluation of standing directors will be focused more on the actual execution of business plans, and the performance bonus gap will be wider in an effort to improve internal competitiveness. The work performance evaluation of non-standing directors is conducted by the Minister of Strategy and Finance two months before their tenure is expired, and their participation in & contribution to the BOD is a key indicator. The evaluation outcome is used to decide the extension of their tenure.

The CEO of KEPCO is referred by the Nomination Committee, consisting of non-standing directors and non-government members, approved by the resolution of the general shareholder's meeting, requested by the Minister of Knowledge Economy and finally, appointed by the President. The tenure of the CEO is three years. The CEO is appointed pursuant to related laws as well as through the deliberation of the BOD. All steps of the CEO appointment process and the meeting minutes of the Nomination Committee are disclosed on the KEPCO website ([www.kepcoco.kr](http://www.kepcoco.kr)). Following consultations with the Nomination Committee, the CEO signs a pact with the Minister of Knowledge Economy with respect to management objectives or key challenges to be achieved or addressed during his or her tenure. Every year, the progress made on the implementation of the pact is reviewed by the Performance Appraisal Board for Public Enterprises, which is composed of experts from various fields.

In December 2008, KEPCO established a committee comprised of three auditors who are responsible for independent audit and inspection of its business and accounting practices. Two of them are non-standing directors, and the chair is assumed by a non-standing director. One of the three auditors is an accounting or financial expert in accordance with the enforcement decree of the Commercial Act. In 2009, the Audit Committee convened a total of 12 times to vote on 18 agenda items, including audit fees of external auditors, and reported on a total of 14 issues. The work performance of the standing auditor is evaluated from the perspective of management method, execution and learning by the Performance Appraisal Board for Public Enterprises. According to the outcome of the work performance evaluation which is graded in six grades, a performance bonus is paid within a ceiling of 100% of the annual base salary.



EFFORTS TO STRENGTHEN THE ROLES OF BOD IN 2009



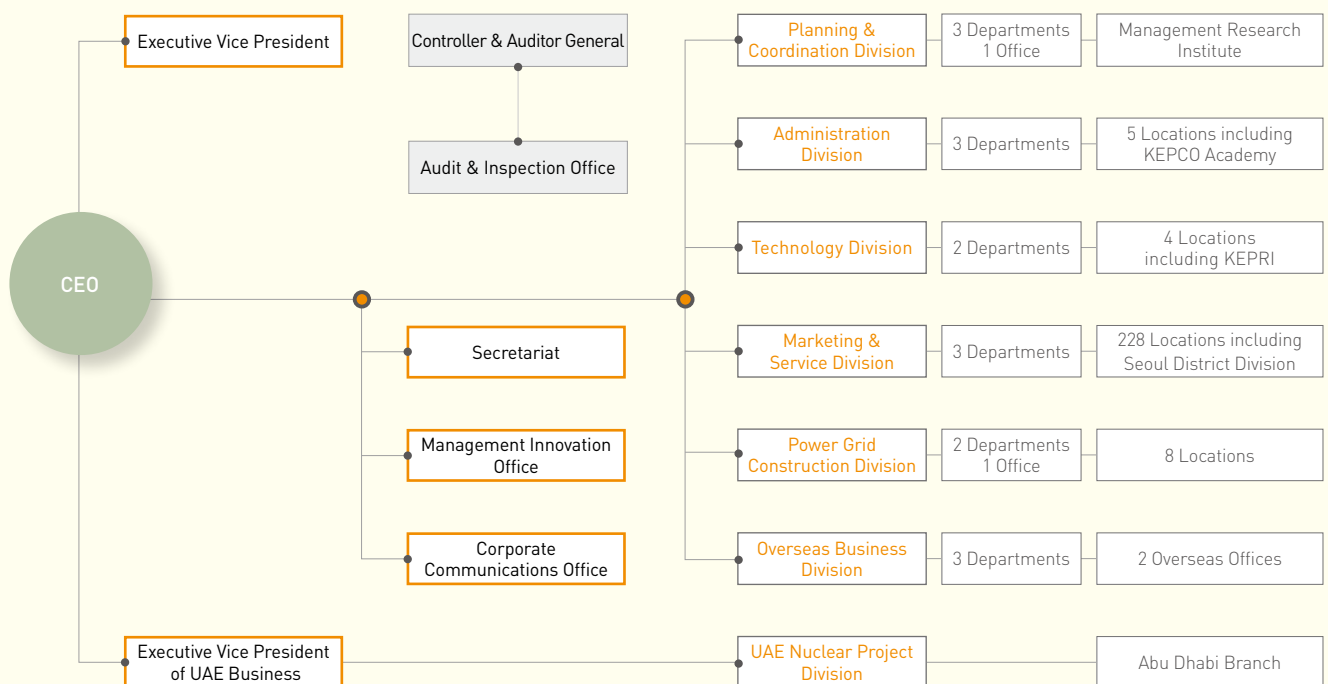
Organizational Structure

KEPCO has 21 departments/offices under 7 divisions at the Head Office. Operations nationally and globally span a total of 249 locations, including the Management Research Institute and other 10 special offices. Under Marketing & Service Division are 13 district divisions, 1 special office, 175 branch offices and 38 power transmission branch offices, while the Power Grid Construction Division oversees three construction district divisions and five construction branch offices. The Overseas Business Division is in charge of two overseas offices, while the UAE Nuclear Project Division has one overseas office.

In January 2009, the business units in charge of sales were reorganized into district divisions that integrate transmission, distribution and sales at the provincial level. With the launch of the integrated district divisions, the organization was streamlined from a combined total of 27 business divisions, district offices and power transmission district offices to 13 district divisions and the Jeju Special Office. The Head Office was also reduced from 24 departments/offices and 89 teams to 21 departments/offices and 62 teams. In addition, the number of distribution centers was cut from 37 to 14 by improving work processes and bolstering the organizations responsible for overseas business and green growth.

ORGANIZATIONAL CHART (As of May 2010)

\* 7 Divisions 21 Departments (Offices) 249 Locations



**MANAGEMENT  
INNOVATION**

**KEPCO is continuously executing innovation projects and advanced management plans, thereby raising management efficiency.**

In 2009, still-high foreign currency exchange rates and fuel costs were a major burden on KEPCO's financial structure. To overcome the difficulty, we carried out innovation projects based on the Tear Down & Redesign (TDR) and Six Sigma (6σ) concepts, and we organized CEO-led managerial workshop, field visits and training on theory. These efforts bore tangible results: we were able to lead the successful export of nuclear power plants to the UAE and became the only Korean public corporation among 96 to receive the highest mark ('S') in the 2009 Government Performance Appraisal conducted by Ministry of Strategy and Finance.

We executed a total of 142 TDR projects, including 33 for new technology & methodology development, 48 for investment & cost cutting, and 56 for process improvement. The total economic returns on this effort came to KRW 420 billion. In addition, 1,040 Six Sigma projects were conducted, aiming primarily at improving employees' work competencies, and the effort brought approximately KRW 56 billion in financial gains. Another 63 TDR projects and 406 Six Sigma projects were completed between January and late July 2010, while 40 TDR projects and about 1,000 Six Sigma projects are still in progress. Going forward, we will continue to make substantial progress in the currently ongoing innovation projects, creating a unique innovation model in the process.



**Advanced Management  
of Public Enterprises**

We executed diverse plans for advanced management in response to government policies to weather the global financial crisis and economic downturn that began in the second half of 2008. Approximately KRW 5 trillion was invested to help to revitalize the national economy, providing internships to 529 young persons, and procuring KRW 3.7 trillion worth of goods from small- and medium-size enterprises (SMEs). We also provided KRW 155.9 billion in 'Power Energy Loans' to financially ailing SMEs. Moreover, non-core business were transferred to outside entities and the workforce was reduced by 1,440 persons through voluntary early retirement and outsourcing programs, thereby elevating HR efficiency.

In the process, KEPCO fulfilled social responsibilities as a public enterprise and improved competitiveness by concentrating resources on core businesses.



## ETHICAL MANAGEMENT

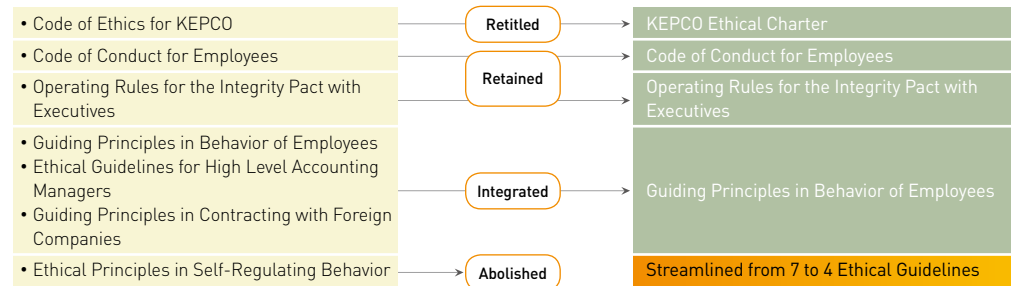


### KEPCO is striving to become one of the world's cleanest companies by achieving the goals stated in Clean Power-KEPCO 9.9.

The Integrity & Ethics Team was newly formed under the Audit and Inspection Office in January 2009 in an attempt to accomplish the ethical management goals of Clean Power – KEPCO 9.9. The team assumed all tasks related to ethical management and integrity, thereby strengthening the ethical management system. KEPCO was the first public enterprise to adopt a Code of Ethics, Code of Conduct, and other ethical guidelines, and we streamlined them from seven to four in December 2009. Meanwhile, we established or revised ethics and integrity guidelines 14 times in 2009 to ensure that they are followed to the letter. We also strove to prevent corruption preemptively by introducing a team-based joint monitoring program and greatly raising the ceiling of rewards for whistle-blowers to KRW 2 billion.

Furthermore, we shared the best practices of ethical management with members of the KEPCO Group companies, including six GENCOS, through top management (CEO) meetings, auditors' meetings and working-level meetings with other public enterprises such as KT. We also worked to share our ethical management and anti-corruption policy with external stakeholders through ombudsman activities. Our efforts earned us an award in the 1st Competition on Integrity Education hosted by the Anti-Corruption on Civil Rights Commission (ACRC), and KEPCO was named as the best organization in the anti-corruption policy evaluation for the fourth consecutive year. KEPCO was also ranked top among 474 organizations in the ACRC survey for external integrity. However, we ranked relatively low in the survey for internal integrity, causing our overall (that is internal and external) integrity ranking to fall sharply from the previous year. In order to restore our Clean KEPCO image, we are stepping up efforts to eradicate habitual irregularities that persist in the company and heighten work transparency and fairness.

#### KEPCO'S SYSTEM FOR ETHICAL GUIDELINES



#### Proactive Control on Corruption Risks

Any job or position prone to corruption is excluded from job rotation in an effort to proactively control opportunities of corruption. Jobs to be rotated are specified, particularly in the sectors of finance, procurement, transmission & substation, distribution, construction and quality inspection. In addition, any employee who received disciplinary measures for job-related irregularities such as bribery or embezzlement are strictly banned from being placed in positions to be rotated. In 2009, we introduced a regular monitoring system designed to do IT-based intelligent monitoring with regard to repetitive audit findings, abnormal transactions and various risk indicators.

#### Integrity & Ethics Training

KEPCO employees continued to receive training on integrity & ethics to foster a corporate culture of integrity. In February 2009, the Audit and Inspection Office provided an itinerant training program in 242 locations of operation in 46 regions across the nation. The KEPCO Academy also opened an integrity course for managers in charge of ethical compliance at various locations of operation. With a total of 19,511 employees taking integrity training on- & off-line, annual per capita training time rose 40.1% from 5.80 hours in 2008 to 8.13 hours a year later.

#### Actions against Corruption

KEPCO has four levels of disciplinary action to take with employees involved in corruption: (1) reprimand, (2) salary reduction, (3) suspension from duty and (4) dismissal. In line with the CEO's determined stand on stamping out corruption, we revised related rules and regulations to further tighten disciplinary measures against major violations. Any employee who receives a disciplinary measure is subject to a change in job position, and now disciplinary action will be taken against anyone who fails to report corruption. Reporting is required for embezzlement of sums as low as KRW 2 million, down from the previous KRW 5 million minimum.

## KEPCO ETHICAL CHARTER

We are truly proud that KEPCO has contributed to the development of the national economy and society by providing the best quality service and electric power to all customers. That pride and self-confidence is now being leveraged to make KEPCO a global power company that continues to grow and develop together with all stakeholders. To this end we are pursuing core values, which are 'Customer Respect,' 'Change & Innovation' and 'Profit Creation.'

We understand that fair and transparent operation, firmly grounded in corporate ethics, is essential for us to achieve that end. Therefore this Ethical Charter been adopted and all employees are required to follow it as the standard for correct right behavior and proper decision making.

First, we share the company's core values and vision, carry out our duties with the spirit of challenge and entrepreneurship, comply with all the laws, and perform tasks in a fair and faithful manner.

Second, we provide customers with the best quality service and electricity and respect all customers so as to pursue co-prosperity with customers.

Third, we make a healthy profit through business innovations and take the lead in enhancing corporate value and achieving sustainable growth.

Fourth, we respect each and every employee, give them an equal opportunity, create a pleasant and comfortable working environment and make them proud of our company.

Fifth, we adhere to Korean and overseas regulations and laws, abide by international agreements, protect the environment, and actively participate in public interest activities as a member of society so as to contribute to the development of the nation and society.

Enacted in  
Feb.1996

1st Revision in  
Dec. 2003

2nd Revision in  
Jan. 2005

3rd Revision in  
Dec. 2009

### ARTICLE 1 GENERAL RULES

- This Ethical Charter is the standard for correct behavior and proper decision making. It must be compiled with by all KEPCO employees in order to create a corporate culture based on fairness, transparency and business ethics.

### ARTICLE 2 BASIC ETHICS FOR KEPCO EMPLOYEES

- We share company's core values and vision, fulfill our duties and pursue personal and company growth through continuous self-development.
- We abide by all laws, perform tasks in a fair and faithful manner, make no unfair profit and strive to maintain personal dignity and the company reputation.
- We recognize that both labor and management are owners of our company and take the lead in pursuing joint growth and co-prosperity built on trust and understanding.

### ARTICLE 3 ETHICAL TREATMENT OF CUSTOMERS AND SUPPLIERS

- In the spirit of respecting customers, we always put customer value first and earn customers' trust by providing them with the best quality electricity and services.
- We respect the order of the market economy based on the principle of free competition and compete with others in good faith on the basis of mutual respect.
- We provide a fair chance to suppliers, perform tasks in a mutually equal position and seek win-win growth with suppliers by providing them with diverse kinds of support.

### ARTICLE 4 ETHICAL TREATMENT OF SHAREHOLDERS AND INVESTORS

- We make sound profits through efficient management and transparent performance so as to protect the returns to shareholders and investors.

- We pursue the sound growth and development of our company over the long term by enhancing corporate values through continuous changes and innovations.

- We disclose corporate information in a transparent manner, provide more opportunities to participate in the company decision-making process and help shareholders and investors exercise their rights.

### ARTICLE 5 ETHICAL TREATMENT OF EMPLOYEES

- We respect each and every employee, give equal opportunities to them according to their competence, and neither discriminate nor provide special treatment on the basis of gender, educational background, religion, age, or disabilities.
- We fully support employees efforts to develop themselves and grow into the professionals necessary for our company to succeed. We also create a work environment that encourages creative and empowered thinking and behavior.
- We establish a pleasant and safe work environment and strive to make employees proud of the company based on mutual trust and understanding.

### ARTICLE 6 ETHICAL TREATMENT OF THE NATION AND SOCIETY

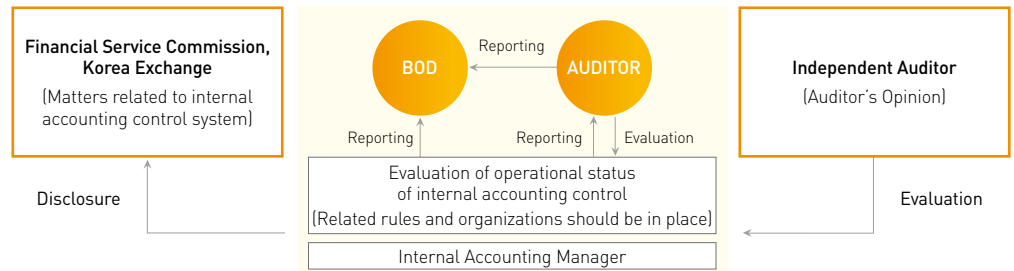
- We continuously grow and develop through reasonable and responsible management so as to contribute to the development of a nation and society and fulfill social responsibilities as a corporate citizen.
- We promote safety awareness to protect employees and customers in the spirit of respect for all people. Understanding the importance of protecting the environment, we comply with Korean and foreign environmental laws and regulations and endeavor to protect the environment and prevent pollution.
- We abide by Korean and foreign laws and regulations and international agreements, and we respect the culture of host countries and contribution to their economic development.



## RISK MANAGEMENT

We are adopting the IFRS to ensure systematic risk management and continue to improve our financial structure to strengthen business stability.

### OPERATING SYSTEM FOR INTERNAL ACCOUNTING CONTROL

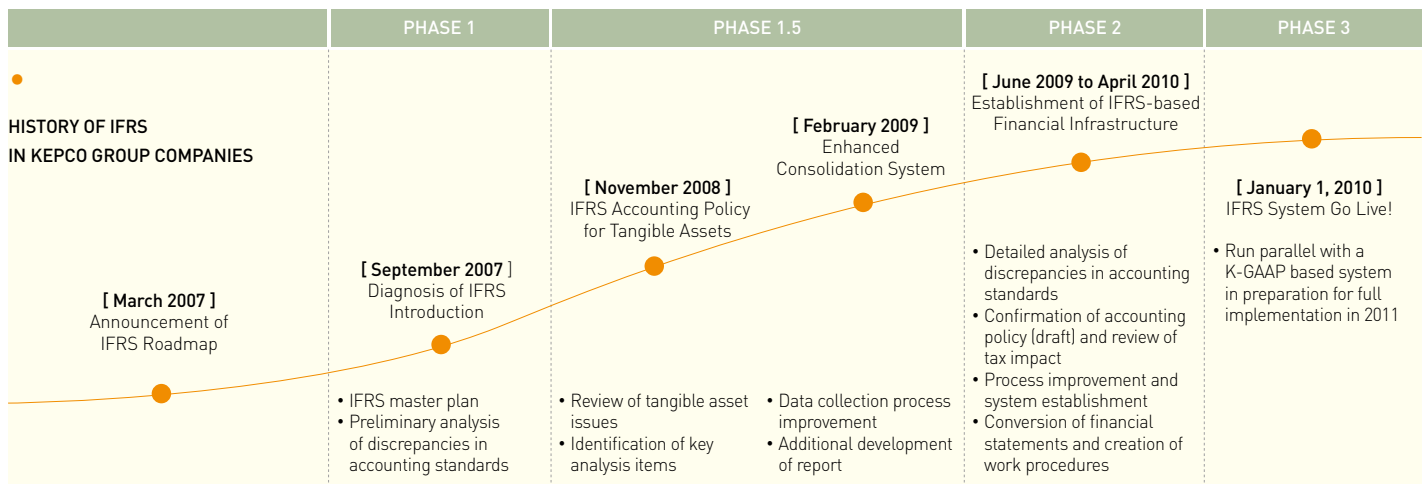


KEPCO has presented the Report on Operations of Internal Accounting Control System to the BOD and Auditor's Committee every fiscal year since the establishment of the Internal Accounting Control System in 2005 under the Act on Outside Audit of Stock Corporations and the US Sarbanes-Oxley Act. As a company listed in the New York Stock Exchange, KEPCO also submitted a Management's Report on Internal Control and Independent Auditor's Attestation Report on Internal Control to the US Securities & Exchange Commission to comply with the internationally accepted internal accounting control system. By doing so, we preemptively prevent errors or fraudulent accounting that may distort financial information, and continue to improve work processes through regular self-assessment.

In preparation for mandatory application of the International Financial Reporting Standards (IFRS) beginning 2011, KEPCO established a standard accounting policy at the group level in 2008 and is currently operating a group-wide financial system based on IFRS which was constructed from 2009 to April 2010. In addition, 11 group companies, including KEPCO, are in the progress of building a consolidated internal control system. KEPCO is fully prepared to anticipate and cope with future risks by effectively operating its financial information system where cost, accounting and finance are integrated based on the ERP system and IFRS-based internal control system.

### Debt Control Measures

As of late 2009, the debt of KEPCO amounted to KRW 28.9 trillion, with the debt-to-equity ratio of 70.3%, and the debt is expected to reach approximately KRW 42.0 trillion by 2014. The reasons behind a sharp increase in debt are lower-than-cost electricity rates, KRW 5-6 trillion in capital investment each year to ensure a stable supply of electricity, increasing overseas investment for the creation of new growth engines, and KRW 5-9 trillion in annual repayment of principle and interest. KEPCO will keep the debt ratio at a reasonable level by achieving a fair rate of return, improving operating income through a new fuel cost adjustment system, and adjusting investment projects in Korea.



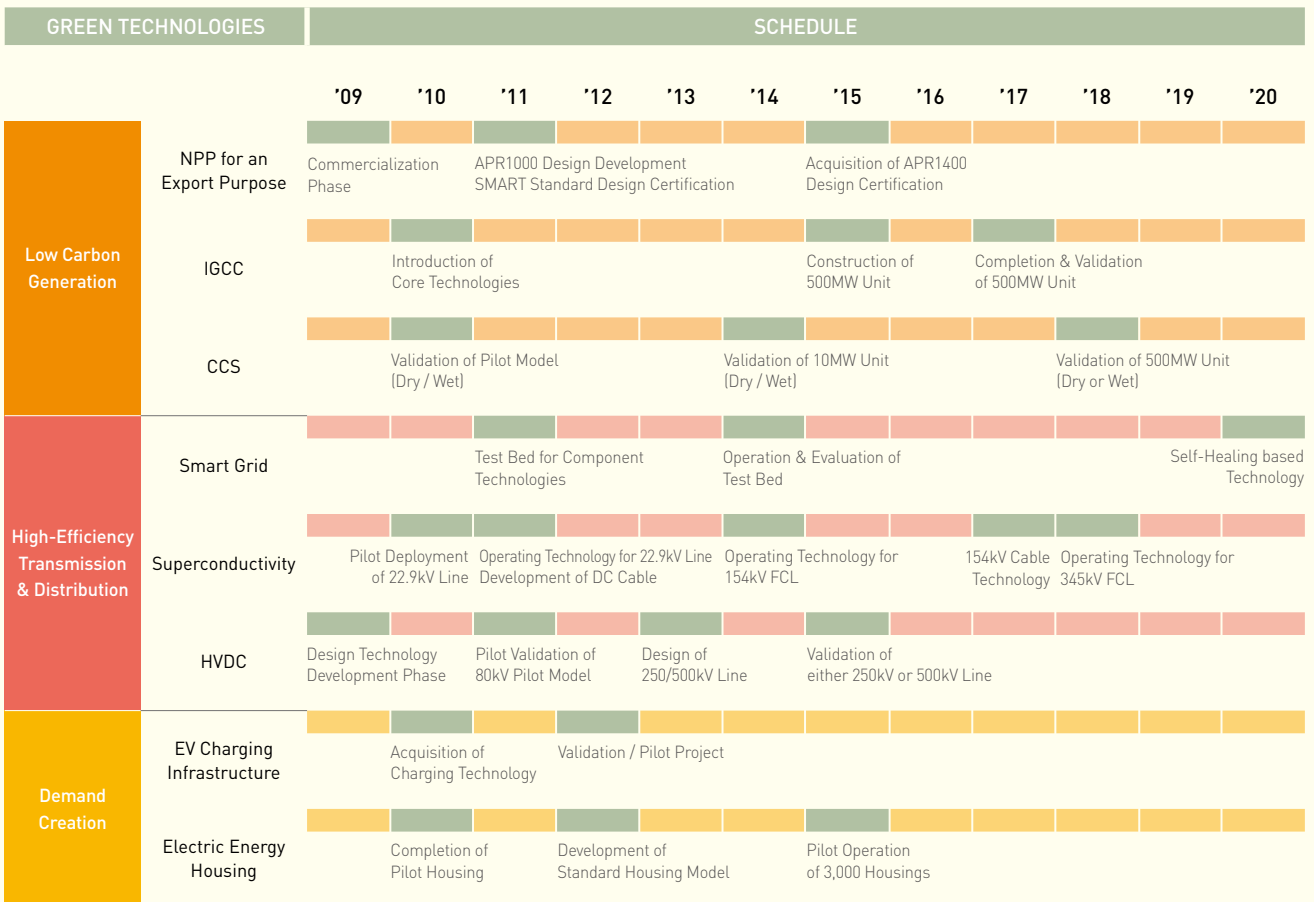
## RESEARCH & DEVELOPMENT

KEPCO is developing low-carbon green power technologies to reach for new horizons in the growth of the electric power industry.

In line with the 2020 Mid- to Long-term Strategies declared in June 2009, KEPCO formulated a development strategy for eight green technologies and set a target to achieve domestic sales of KRW 0.6 trillion and overseas sales of KRW 2.3 trillion by 2020, mainly through the early commercialization of these eight green technologies. To this end, KEPCO devised a roadmap for green technology development with a budget of approximately KRW 2.3 trillion by 2020.

For greater effectiveness, R&D was reorganized from two offices and six laboratories to two offices, four laboratories and one center, dedicated to the development of green technologies. In addition, the target progress rate for technology development was incorporated in the CEO management pact, and the R&D effort is intensively managed so that the eight green technologies are commercialized at the earliest possible time. The overall progress rate in 2009 was 8.15% and the action plans were carefully reviewed at quarterly Technology Development Strategy Meetings led by the CEO.

### ROADMAP FOR GREEN TECHNOLOGY DEVELOPMENT





Ground-breaking Ceremony for Superconducting FCL



MAJOR ACHIEVEMENTS IN GREEN TECHNOLOGY DEVELOPMENT IN 2009

IGCC	Design of test bed for 20t/d gasification process
CCS	Completion of 0.5MW dry-type CO <sub>2</sub> capture process (Hadong Power Plant Unit 3)
NPP for a Export Purpose	Development of APR1000 System Description
Smart Grid	Design of smart distribution FIED/communication equipment & AMI G/W function
Superconducting Fault Current Limiter (FCL)	Design for the application of superconductivity equipment to power grid and ground-breaking of pilot substation
Electric Vehicle (EV) Charging Infrastructure	Development of charging stand, high-speed charger, and battery-charging monitoring system

Patent Management Strategy

Awarded on the 45th Invention Day



R&D investment continues to soar, while the importance of having high-value patents keeps growing in the power industry. Against this backdrop, KEPCO formed the Patent Team in February 2009, which functions as a main control room for patent management at the group level. A patent management strategy was also devised to add value to the intellectual properties already owned by the company. To make it work, training was provided on the installation of patent management infrastructure; related rules and procedures were revised, and strategic technology transfer & acquisition projects are being conducted to create patent value. As a result, a total of 1,536 intellectual properties were acquired and 65 technology transfer projects launched in 2009, a 33% increase from the previous year.

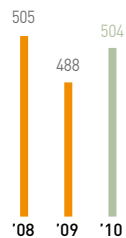


Gold Prize of Geneva Int'l Invention Show

Thanks to such efforts, KEPCO received the Presidential Award for the Best Patent Management Company on Korea's 45th annual Invention Day. In addition, two patented products, including a corona detector, were displayed at the prestigious Geneva International Invention Show, and both won the Gold Prize, paving the way for exploring overseas market opportunities. Going forward, we will acquire additional patents as quickly as possible in line with the development of the eight green technologies, and develop a business model for technology transfer to diversify revenue sources.

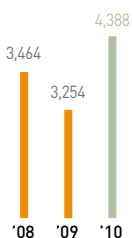
R&D Personnel

[ Unit: Person ]



R&D Investment Plan

[ Unit: KRW 100 million ]



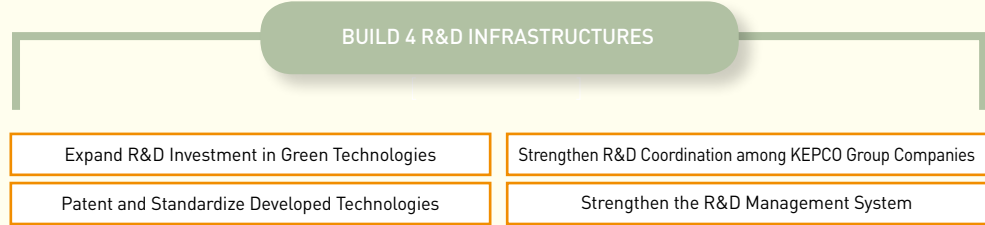
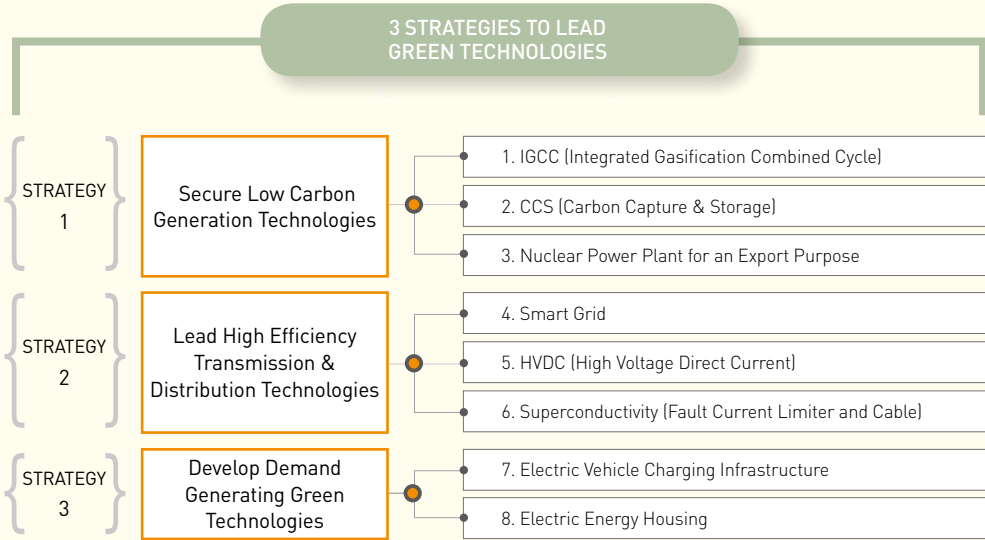
PATENT MANAGEMENT GOALS BY PHASE



• No. of Intellectual Properties and the Status of Technology Transfer

Item	2007	2008	2009	2010 Target
Possession (Cumulative)	1,273	1,416	1,536	1,686
Technology Transfer (KRW million)	502	398	1,526	1,700

MECHANISM FOR GREEN TECHNOLOGY DEVELOPMENT



## SUSTAINABILITY: OPERATIONAL MECHANISM

Giving better satisfaction and newer value to stakeholders is the constant goal of sustainability management at KEPCO.

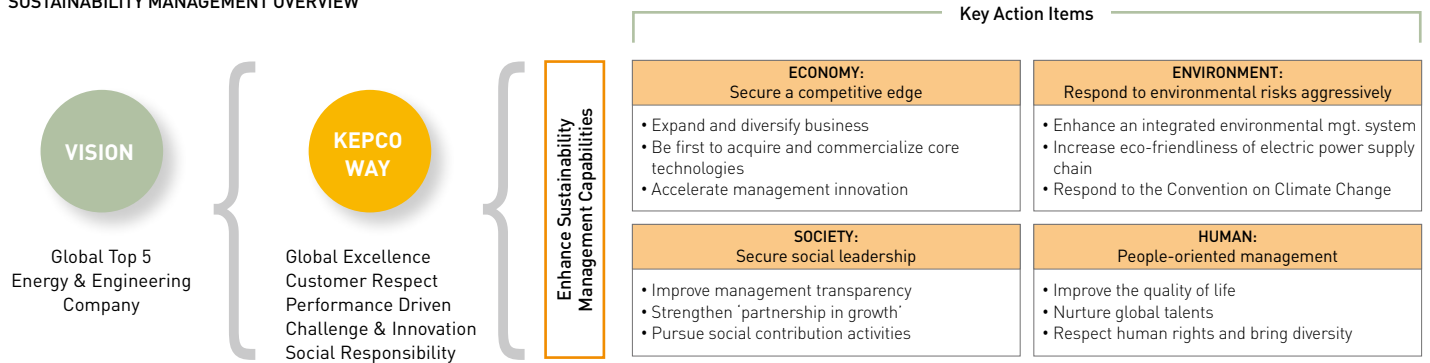
### Sustainability Management Framework

KEPCO set a sustainability management target called KS-GT 5 (KEPCO Sustainability Global Top 5) under the vision of 'Global Top 5 Energy & Engineering Company' by 2020, implementing 12 action items and 45 key performance indicators (KPI) covering economy, environment, and society. The 12 action items were mapped to the '2020 Mid- to Long-term Strategies,' adding momentum to our drive to realize the vision.

### Sustainability Management Organization

KEPCO has been operating a unit dedicated to Corporate Sustainability Management (CSM) since 2005 in order to implement policy more systematically. Moreover, 5 outside experts are invited to join CSM advisory committees for each area, seeking their advice with respect to sustainability management. Sustainability management activities are supervised by the Strategic Management Team under the Corporate Planning Department, and executed by 21 departments (offices) and 249 locations of operation nationwide. The 'KEPCO Development Strategy Forum,' comprised of 30 outside advisors, has been held since December 2008 as part of efforts to move sustainability management forward.

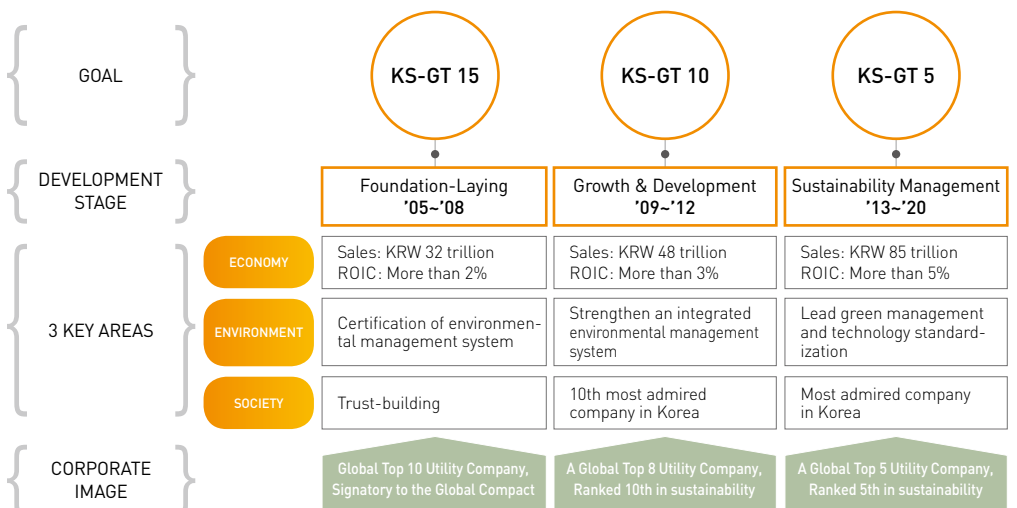
### SUSTAINABILITY MANAGEMENT OVERVIEW



### Development Phases of Sustainability Management

To become one of the global top 5 in the energy industry by 2020, KEPCO has set third development phases with regard to economic, environmental, and social issues, and is vigorously implementing sustainability management to accomplish set goals.

### DEVELOPMENT PHASES OF SUSTAINABILITY MANAGEMENT





## PRINCIPLES FOR KEPCO SUSTAINABILITY MANAGEMENT

KEPCO leads Korea's electric power industry. As such we are committed to corporate social responsibility, contributing to the sustainable development of the country, society and humanity. We hereby pledge to make KEPCO a world-class electric power company growing together with customers by pursuing sustainability management in the areas of economy, environment, society and human resources.



### ECONOMY: SUSTAINABLE GROWTH

- We secure a competitive advantage in the global market and build future growth engines based on a challenging spirit and creative, forward-looking thinking. We also raise corporate value by maintaining a sound financial structure.
- We continue efforts to raise operational efficiency to the global level by taking the initiative in innovation activities.
- We stay ahead in developing core technologies in the electric power industry through ongoing technological innovation, and are a leader in the development of the global electric power industry.



### ENVIRONMENT: ECO-VALUE CREATION

- We implement environmental management systematically to maximize environmental efficiency, and continue to increase energy use efficiency through proactive demand control.
- We strive to make the electric power supply chain eco-friendlier.
- We closely cooperate with other group companies to tackle climate change issues, thereby contributing to global environmental conservation and raising environmental value for future generations.



### SOCIETY: TRUST-BUILDING

- We perform all matters equitably according to moral and ethical values, and disclose business performance faithfully to enhance managerial transparency.
- We seek to growth with all stakeholders by ensuring mutual benefits for customers, suppliers, group companies, the government, society, shareholders and employees.
- We make KEPCO a respected company that fulfills social responsibility by engaging all employees in the practice of sharing management.



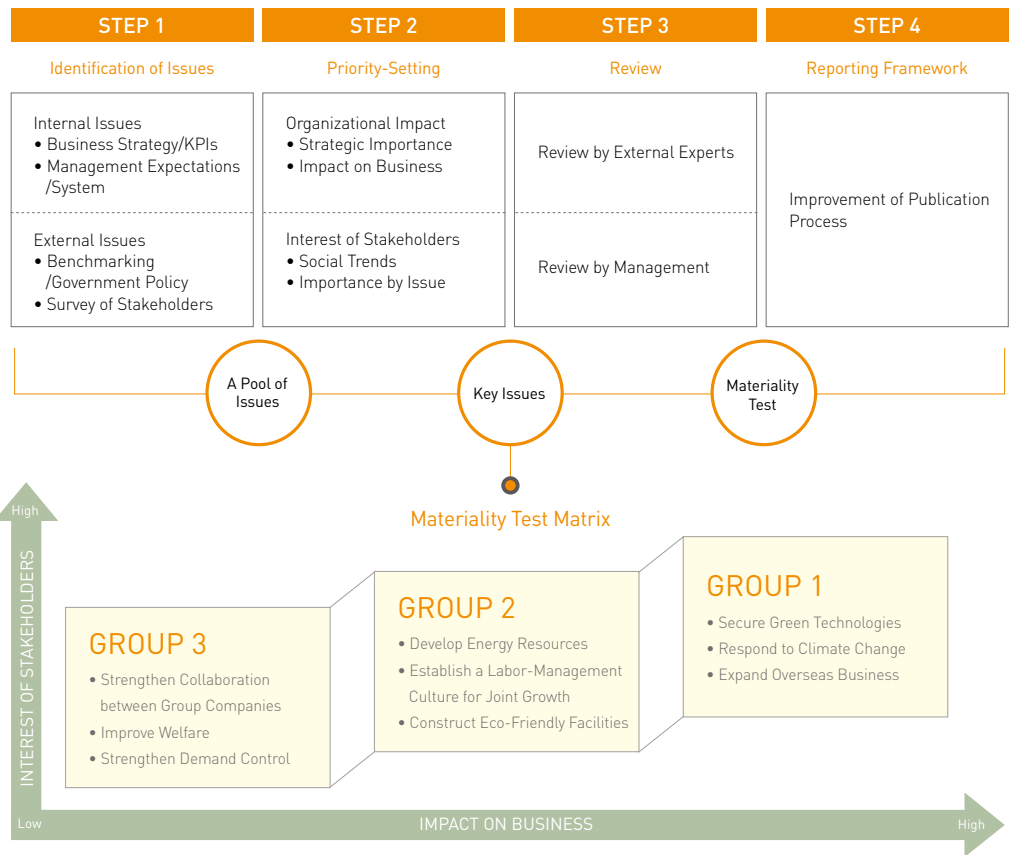
### HUMAN: PEOPLE-ORIENTED MANAGEMENT

- We continue to raise the quality of life of all employees by building a future-oriented labor relation, strengthening health and safety activities, and promoting employee welfare.
- We nurture human resource with global capabilities under the definition of KEPCO's Ideal Employee to continue strengthening our corporate competencies.
- We manage HR value by complying with the principles of respect for human rights & human diversity, gender equality, non-discrimination, prevention of forced labor and child labor and support of the socially vulnerable.

**Materiality Test Process**

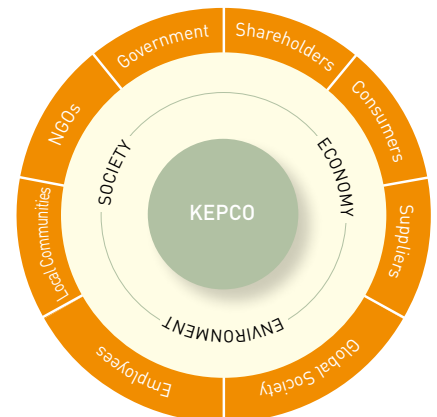
To draw up this Report, KEPCO identified stakeholders' areas of interest and their relative impact on the company. A sophisticated materiality test process was established to identify significant issues affecting the decision-making process with regard to economic, environmental and social issues. Accordingly we have made reporting a priority and adopted a structured approach toward significant issues.

Customers of KEPCO include electricity consumers in Korea and nations where we operate business, related organizations and companies. Customers are classified into shareholders, creditors, governments, civil groups, suppliers and employees, depending on their relationship with KEPCO and they may participate in the decision-making process in various ways such as by attending the general meeting of shareholders, joining committees and offering their opinions.



**STAKEHOLDERS GROUPS**

KEPCO's stakeholders have pointed out that the development of green technologies and proper response to climate change are challenges that must be met for sustainability. They have stressed the need to develop energy resources for the stable growth of the electric power industry going forward. Close labor relations and a culture for joint growth with group companies and SMEs have also been identified as important for stakeholders.

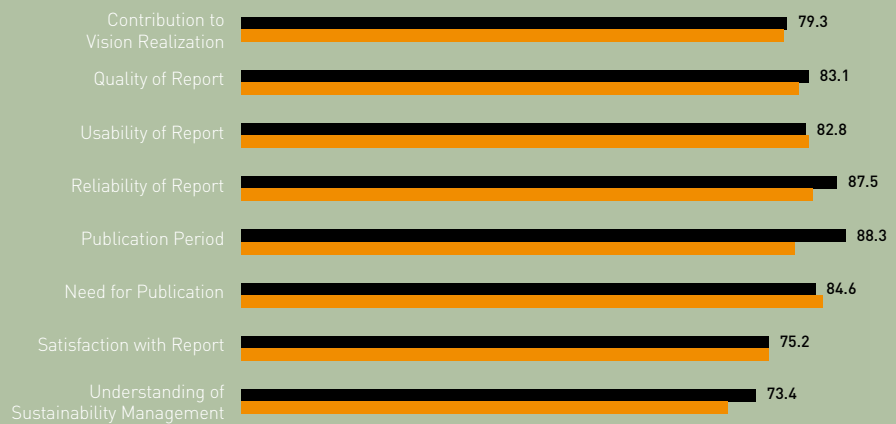


## SURVEY OF STAKEHOLDERS

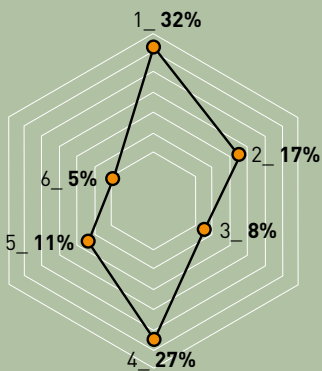
This Report is prepared in accordance with 2006 GRI guidelines (G3), and the opinions of internal and external stakeholders are reflected to bolster the objectivity and reliability of its findings, thereby building a consensus on sustainability management. Below are the results of a random survey of KEPCO employees, and their responses are reflected in the materiality test results.

### AWARENESS OF SUSTAINABILITY MANAGEMENT

■ 2010 ■ 2009

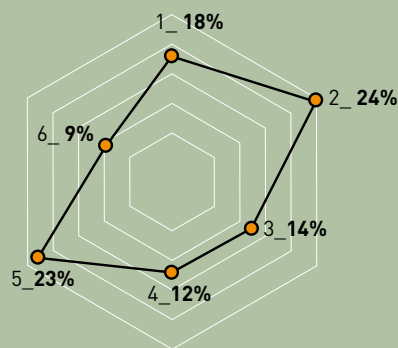


### MAJOR ISSUES IN ECONOMICS



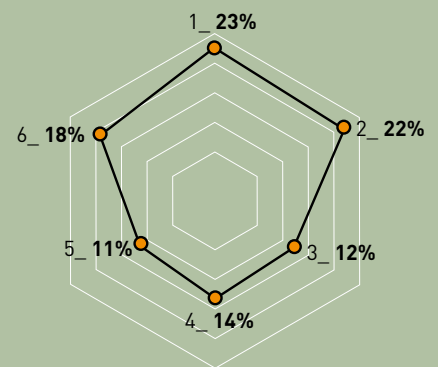
- 1\_ Secure Green Technologies
- 2\_ Develop Energy Resources
- 3\_ Diversify Businesses
- 4\_ Expand Overseas Business
- 5\_ Stabilize Power Supply
- 6\_ Collaborate with KEPCO Group Companies

### MAJOR ISSUES IN ENVIRONMENT



- 1\_Preserve Ecosystem
- 2\_Build Eco-Friendly Facilities
- 3\_Save Energy
- 4\_Environmental Management
- 5\_Expand New & Renewable Energy
- 6\_Strengthen Demand Control

### MAJOR ISSUES IN SOCIETY



- 1\_Ethical Management
- 2\_CSR Activities
- 3\_Joint Growth Management
- 4\_Human Rights Respect
- 5\_Welfare Improvement
- 6\_Close Labor-Management Relationship



## KEY PERFORMANCE INDICATORS

KEPCO has set 12 action items and 45 key performance indicators (KPIs) in three major areas of economics, environment and society in association with the Mid- to Long-term Strategies and Management Goals. In this report, we presented three-year performance results in order to help stakeholders understand the sustainability management activities of KEPCO.

Area	KPIs	Performance Results			Target	
		2007	2008	2009	2010	
ECONOMY	Business Expansion	Power Sales (100 million kWh)	3,686	3,851	3,945	4,080
		Transmission Lines (c-km)	29,526	29,929	30,257	30,842
		Substation Capacity (MVA)	228,249	237,300	247,786	255,746
		Distribution Lines (Thousand c-km)	401	410	420	429
		Overseas Business Sales (KRW 100 million)	2,216	5,074	5,640	6,178
		Overseas Installed Capacity (MW)	2,443	2,991	3,116	3,300
		Fuel Self-Sufficiency (%)	-	3.5	17	24
	Management Innovation	Labor Productivity (KRW million/Person)	282.7	0.2	209.5	328.9
		Capital Productivity (%)	9.31	0.01	6.34	10.46
		Debt-to-Equity Ratio (%)	49.1	63.3	70.3	84.7
		Outage/Blackout Hour (Minute · Customer/Year)	17.19	16.08	15.59	15.70
		Int'l Credit Rating (Moody's)	A1	A1	A2	A1(10.4)
	R&D	R&D Investment (KRW million)	2,493	2,326	2,256	4,389
		IPR (No. of cases)	1,273	1,416	1,536	1,686
		Progress of Green Technology Development (%)	-	-	8.15	29
ENVIRONMENT	Environmental Management	Energy Usage (TOE)	75,418	74,991	77,195	78,821
		Water Usage (Thousand tons)	1,053	963	1,025	1,160
		Waste Recycling Rate (%)	91.2	93.9	92.1	93
		Purchase of Environment-Friendly Products (%)	65.5	50.1	90.7	91.0
	Environment-Friendly Power Supply Chain	Urban Transmission Line Undergrounding Ratio (%)	97.4	97.7	97.8	98.3
		Distribution Line Undergrounding Ratio (%)	12.7	13.3	13.8	14.4
		T/D Loss Rate (%)	3.99	4.01	4.07	3.99
		Load Factor (%)	73.9	76.6	74.1	75.43
	Response to Convention on Climate Change	Demand Control (MW)	4,345	4,345	4,999	4,471
		Renewable Energy Generation (%)	0.37	0.36	0.34	0.5
		CDM Business (No. of cases)	4	8	9	11
		GHG Emissions (Thousands of tons of CO <sub>2</sub> )	2,387	2,195	1,977	2,000
SOCIETY	Management Transparency	Integrity as a Public Enterprise (Points)	9.56	9.52	8.82	9.5 or above
		E-Procurement Rate (%)	98.7	98.8	99.1	99.2
		Information Disclosure Rate (%)	93.0	93.3	89.1	90.0
		BOD Attendance Rate (%)	94.9	93.0	85.8	93.0 or above
	Partnership with Stakeholders	Customer Satisfaction as Public Enterprise (Points)	91.5	90.8	95.7	96.2
		SME Support (KRW 100 million)	230	202	170	231
		Purchase from SMEs (%)	75.0	76.0	66.3	66.5
		Supplier Satisfaction (Points)	88.3	93.3	94.5	95.5
	Social Contribution	New Job Creation (Persons)	1,159	472	92	135
		Social Contributions (KRW 100 million)	1,037	1,214	2,885	3,000
		Community Service Hours (Per capita)	9.8	10.5	6.5	8.0
	Quality of Life	Industrial Accident Rate (%)	0.014	0.005	0.025	Zero
		Satisfaction with Benefits (Points)	71.4	72.2	72.5	73.0
		Employee Turnover Rate (%)	0.2	0.2	0.1	0.2
	Global Talents	Education/Training Expenses (%)	0.2	0.16	0.15	0.16
Education/Training Hours (Per capita)		87.7	92.8	62.6	65.0	
Human Rights Respect	Employment of Women (%)	20.8	24.9	20.5	21.0	
	Employment of Disabled Persons (%)	2.3	2.3	2.4	2.5	

1. Overseas sales are expected to grow significantly from 2012 as facility construction or rehabilitation will boost sales over time.
2. The hours of outages/blackouts and T/D losses have already been lowered to the global standard, so we aim to keep them at the current level, considering benefits relative to investment costs.
3. We aim to maintain the highest level of integrity among public enterprises surveyed.
4. As for jobs, we are required to reduce the workforce by 2012 according to government's Plan for Advanced Management of Public Enterprises.
5. Demand control will be executed according to a government's demand control plan.

# THINK GLOBAL FOR VALUES

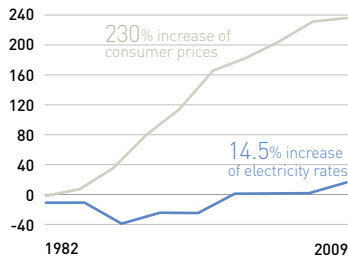
**The future envisioned by KEPCO starts from the ‘Smart Green Utopia.’**

KEPCO is looking for new growth opportunities within eight selected green technologies, including the smart grid, which will lead the electric power industry in the future. We are also working to raise the efficiency of domestic operations and maximize the value created by five overseas SBUs in order to elevate KEPCO into the ranks of the Global Top 5. KEPCO employees are passionate about and determined to achieve global excellence, helping KEPCO take the lead in the global green market and creating the future value of a sustainable company.

## DOMESTIC BUSINESS

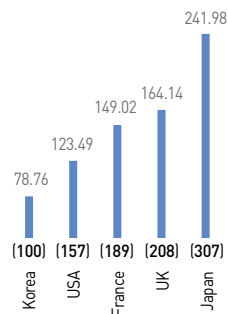
We are seeking the sustainable development of all stakeholders by providing high quality electricity and differentiated customer services.

Trend of Electricity Rates



International Comparison of Electricity Rates

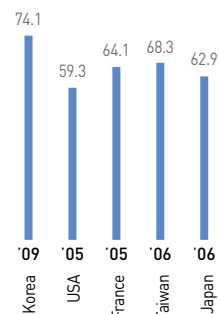
[ Unit: KRW/kWh ]



\* [ ] is a ratio relative to Korea

International Comparison of Load Factor

[ Unit: % ]



## SALES

The gradual recovery from the global financial crisis allowed electricity sales in 2009 to reach 394,475GWh, a 2.4% increase from 2008, and sales revenue stood at KRW 33.226 trillion, up 6.6% from the previous year. To improve on the lackluster showing in 2008, we cut costs by about KRW 1.4 trillion and increased electricity rates by 3.9% on average in June 2009 to reflect a fuel cost increase. Nonetheless, we posted a net loss of KRW 77.7 billion. However, operations are expected to turn around with ongoing cost reduction efforts and business innovation.

### • Sales Records

Item	Volume (GWh)		Amount (KRW 100 million)	
	2009	2008	2009	2008
Household	78,548	77,269	77,032	75,401
General Use	89,619	86,827	88,271	82,747
Education	6,465	5,783	5,403	4,544
Industry	207,216	203,475	152,706	134,772
Farming	9,672	8,869	4,074	3,759
Street Lights	2,955	2,847	2,264	2,064
Others	-	-	2,506	8,530
<b>Total</b>	<b>394,475</b>	<b>385,070</b>	<b>332,256</b>	<b>311,817</b>

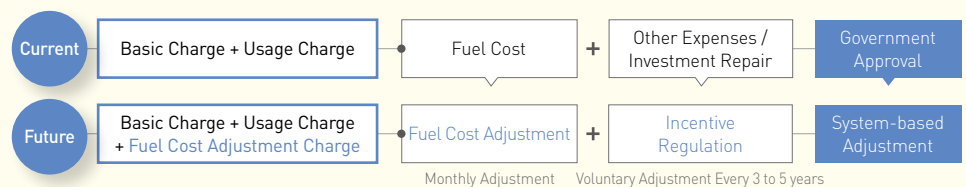
### • Cost Recovery Rate by Contract Type

Item	Household	General	Education	Industry	Farming	Street Lights	Midnight	Average
Cost Recovery Rate (%)	92.2	100.7	84.4	90.9	37.2	80.4	66.1	91.5

**ELECTRICITY RATE REVISION** A fuel cost adjustment system and incentive price regulation were drawn up in December 2009 to encourage prudent energy consumption and prevent energy waste. The new pricing system goes into effect from July 2011. In addition we will adopt a voltage-based pricing scheme by 2012 to make below-cost prices more realistic and close the price gap according to contract types. The intended result will be electricity rates that are more economically feasible and cost-based.

Consumer prices were 230% higher in 2009 than in 1982, when KEPCO was launched in the form of public enterprise. On the other hand, electricity rates rose only 14.5% during that same period. Continuous technology development and business innovation enabled us to keep electricity rates low internationally. However, a recent increase in bituminous coal prices and changes in foreign exchange rates were not adequately reflected in the rates being charged. To address this problem, KEPCO decided to revise the electricity pricing system in a more reasonable way in consultation with the government.

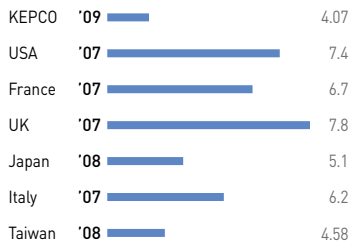
### REVISION OF REGULATION ON ELECTRICITY RATES



**LOAD FACTOR MANAGEMENT** Peak demand in 2009 surged 7.2%, far above the 5.8% average growth posted over the previous five years. The spike in demand was due to an abnormal cold wave during the winter, while average demand grew only slightly as a result to the economic downturn. Thus the load factor dropped from 76.6% in 2008 to 74.1% in 2009. Nevertheless, our load factor has remained at a world-class level when compared to that of major nations.



T/D Loss  
[ Unit: % ]



## TRANSMISSION AND SUBSTATIONS

KEPCO carried out a total of 105 projects, including the construction of the 345kV Shin-Paju substation, to cope with a rapidly growing electricity demand and ensure the stable supply of high quality electricity. In total, we extended transmission line by 602c-km and expanded the capacity of main transformers 9,620MVA in a timely manner. In addition, we extensively applied a process that allows local residents, experts and local governments to get involved in construction projects of all sectors to secure the objectivity and transparency of site selection. We also installed a 620Mvar power condenser to reduce T/D loss and improve the capacity factor and reliability of the power grid. Currently, we are planning to construct a second high-voltage, direct current (HVDC) transmission line connecting Jeju island to the mainland of Korea. Completion is set for December 2011.

In the meantime, we installed 3,087 lightning arresters on 154kV lines and are now constructing automatic fire extinguishers in the cable connection of urban underground utility tunnels to prevent large-scale failure. Another project now underway is to diagnose partial discharges in gas-insulated switchgear, measure the degradation of insulation in transformers and analyze insulation oil.

### • Transmission Lines

Unit: c-km

Item	1980	1990	2000	2007	2008	2009
765kV	-	-	595	755	755	755
345kV	2,044	4,935	7,281	8,284	8,310	8,552
Below 154kV	10,641	14,497	18,706	20,487	20,864	20,950
<b>Total</b>	<b>12,685</b>	<b>19,432</b>	<b>26,582</b>	<b>29,526</b>	<b>29,929</b>	<b>30,257</b>

\* Underground line is 2,871c-km (incl. HVDC underwater line)

### • Substations

Unit: MVA

Item	1980	1990	2000	2007	2008	2009
765kV	-	-	-	23,114	23,114	24,115
345kV	6,334	21,171	53,115	95,279	98,884	104,595
Below 154kV	12,774	30,514	72,585	109,856	115,302	119,076
<b>Total</b>	<b>19,108</b>	<b>51,685</b>	<b>125,700</b>	<b>228,249</b>	<b>237,300</b>	<b>247,786</b>
No. of Substation	378	319	483	669	693	715

\* The number of substations include 48 switchyards, and the number of unmanned substations is 566. A 'switchyard' is junction connecting the transmission and distribution system on a power plant site.

## DISTRIBUTION

With the wider use of high efficiency equipment and materials such as low loss cables and transformers, KEPCO recorded T/D loss of 4.07%, which is at the world-class level when compared with OECD countries. We also reduced blackout time per customer by 3% year-on-year from 16.08 minutes to 15.59 minutes through technological innovation such as new UPS methods, an advanced equipment diagnosis system and remote-controlled distribution centers.

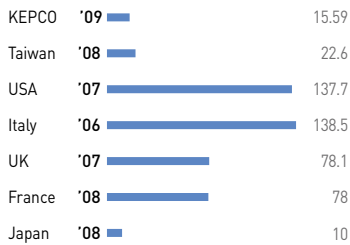
Furthermore, our new remote monitoring system for apartment complexes allows us to monitor peak load in real time and send customers a text message in the event of overload, preventing overload-induced failures of transformers owned by ultra-high-voltage customers. As a result, failures caused by customer facilities dropped by 16.3% in 2009 from a year earlier.

### • Distribution Lines

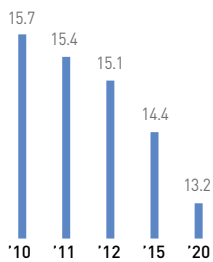
Item	1980	1990	2000	2007	2008	2009
Line Length (c-km)	122,919	231,263	351,264	401,485	410,015	420,257
Supports (Thousand Units)	2,029	3,905	6,439	7,895	8,053	8,219
Transformers (Thousand Units)	264	602	1,309	1,859	1,917	1,961

\* Mid- and high-voltage lines total 204,077c-km (Overhead: 175,943, Underground: 28,134)

**Blackout Hour per Customer**  
[ Unit: Minute · Customer/Year ]



**Target Blackout Hour**  
[ Unit: Minute ]



## ELECTRICITY QUALITY

KEPCO remains committed to supplying voltage as defined in the Electricity Business Act. We adjusted the transformer taps installed in 1,093 long-distance distribution lines with a voltage drop of more than 5%. Prior to the summer season, we also replaced 3,290km of lines that either lacked the necessary capacity or were outdated, and kept the rated voltage at 99.9% by monitoring to ensure the output voltage by substation bank remains constant. In the future, we will strictly maintain the rated voltage by installing transformers and separating the load in the event of an excessive voltage drop in low-voltage lines.

### • Voltage Margin (Article 18 of the Enforcement Regulation of Electricity Business Act)

	Standard Voltage	Holding Margin	
Electric Light (± 6%)	220V	220 ± 13V	207~233V
Motive Power (± 10%)	380V	380 ± 38V	342~418V

The goal by 2020 is to bring the annual blackout time per customer under 14 minutes. To this end, KEPCO sought to shorten failure recovery time significantly through predictive & preventive maintenance using advanced equipment (high frequency & thermal image diagnosis) and an IT-based recovery system. Moreover, we are developing advanced diagnostic equipment that accommodates the advantages of conventional diagnostic equipment for maintaining transmission & distribution lines. By doing so, we will attain a world-class black-out time per customer. In 2009, no regulatory violations were reported regarding the safe use of electricity by customers.

## CONSTRUCTION OF ADVANCED METERING INFRASTRUCTURE

Advanced metering infrastructure (AMI) based on electric power information technologies is becoming more important now that Korea has been named a 'smart grid leader.' Building a smart grid that conforms to the Korean electric power industry is also a key concern. To this end, KEPCO has been dedicated to securing core smart grid technologies and is at the forefront of the global standardization effort.

On top of the AMI, KEPCO is using high-speed power-line communication (PLC) technology, smart meters, and in-home displays (IHDs) to create added value and improve customer services. In 2009, our high speed PLC technology was registered with the International Organization for Standardization (Registration No.: ISO/IEC 12139-1), and it is now being applied to various projects.

These include deployment of AMI to 60,000 households nationwide; integrated electricity, water & gas metering in Seoul and Jeju; real-time monitoring of transformer overloads, and the 119 Safety Service for people with special needs. Once fully operational, the PLC-based AMI will enable real-time demand response from the consumer side, helping to reduce total energy consumption by approximately 5%.

### • Mid- to Long-Term Plan for Constructing AMI

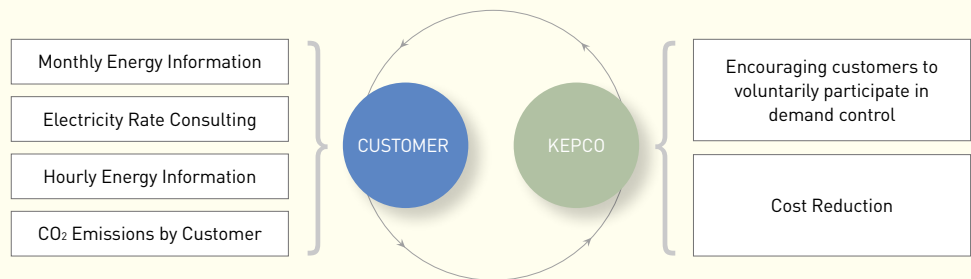
Year	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20
No. of Customers (10 thousand customers)	50	75	100	200	200	200	220	220	220	160	142
Deployment Rate (Cumulative)	3%	7%	13%	24%	35%	46%	59%	71%	83%	92%	100%



## CUSTOMER SERVICE

**SYSTEM IMPROVEMENT** KEPCO extended the Power Consumption Consulting Service (PCCS), which uses automated meter reading, to all 150,000 high-voltage customers to make bill payment more convenient and deal with complaints promptly. The PCCS provides customers with information on electricity usage, prices, and savings from load shifting, thereby encouraging smarter electricity consumption. The PCCS will be extended in stages to all low-voltage customers by 2020.

### ELECTRIC CONSUMPTION CONSULTING SYSTEM

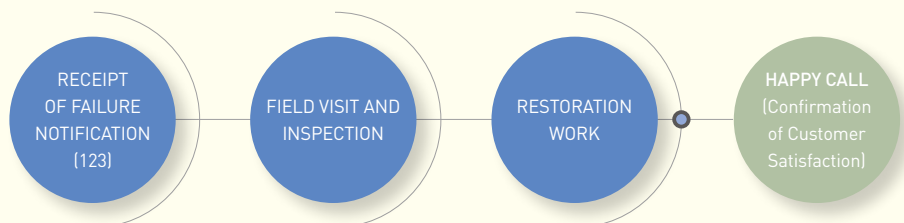


Meanwhile, we took steps to link the KEPCO Sales Information System to the Ministry of Public Administration network so that customer applications for a welfare discount at a Community Service Center are automatically registered in the KEPCO Sales Information System. For greater customer convenience, we send electricity bills in an SMS format. We have encouraged the use of the internet when applying for power service, and 17.3% of all applications were performed online in 2009. This approach will continue to be promoted as we go forward, with the ultimate goal being 'No Visits & No Paper.' As customer needs diversify, KEPCO works to improve the customer-friendliness of systems. In September 2009, we revised the supply contract by raising the minimum amount for billing from KRW 1,000 to KRW 2,000 to improve customer convenience and help prevent missed payments. Moreover, customers are now put limit for long-term inactive status after one year instead of two years with the aim of preventing fire and other accidents that could be caused by equipment that has been idle for a long time. Customers who reapply for power service within three years of contract termination are exempted from paying the installation fee. Our electricity bills also provide customers with information on their normal consumption patterns and offer energy-saving tips.

KEPCO will remain committed to improving systems and services by continuously identifying repeated customer complaints.

**EMERGENCY POWER RESTORATION** In the past, customers had to hire an electrician in the event of a power failure on their premises. The introduction of the KEPCO Power Aid Service (K-PAS) has changed that. KEPCO now is standing by 24 hours a day, 365 days a year to help customers who experience a power failure. They simply dial 123 (to reach the Call Center) to get their power restored quickly by KEPCO or a KEPCO contractor. This service has significantly reduced the time that power is out and minimizes inconvenience.

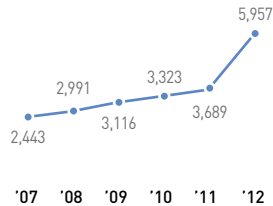
### PROCEDURE FOR K-PAS



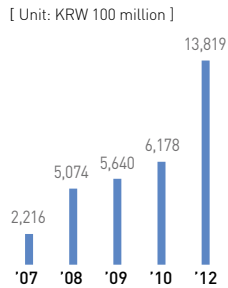


## OVERSEAS BUSINESS

Installed Capacity based on KEPCO's Stakes in Overseas Plants  
[Unit: MW]



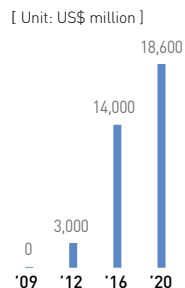
Sales of Overseas Projects in Operation  
[Unit: KRW 100 million]



Signing Ceremony for UAE Nuclear Power Plant Deal



Estimated Sales of UAE Nuclear Power Project  
[Unit: US\$ million]



KEPCO is moving out into the world and the future by creating new added value through vertical and horizontal diversification of overseas operations.

We are aggressively pursuing overseas electric power markets to become a leader in global green growth and achieve our vision of Global Top 5 Energy & Engineering Company by 2020.

During the global financial crisis in 2009, KEPCO won a contract to build nuclear power plants in the UAE, a first for a Korean company. The thermal and wind power plants we are operating in the Philippines and China have served as a stepping stone as we diversify our overseas business in eco-friendlier areas such as nuclear, hydro-electric and photovoltaic power generation; integrated gasification combined cycle (IGCC, a technology that turns coal into synthetic gas); and carbon capture & storage (CSS).

Our target is to raise the annual sales of our overseas business to US\$ 26 billion, or around 30% of total sales, by 2020. To this end, we are aggressively pursuing the nuclear power business and expanding our presence in green energy such as hydroelectric power and new & renewable power generation. In addition, vertical integration is being created within the KEPCO Group, ranging from resource exploration and transportation to sales. We are also working intensively on the commercialization of new technologies including the smart grid.

### • Overseas Business Status in 2009

Item	Installed Capacity (MW)	Remarks
Construction of Four Nuclear Reactors in the UAE	5,600	US\$ 18.6 billion of Contract Amount
Power Generation of Balkhash Power Plant in Kazakhstan	1,320	Total Project Budget of US\$ 4 billion (To be recovered from 30 years of electricity sales)
Power Generation of Neimenggu Wind Power Plant in China	428	Total Project Budget of US\$ 0.26 billion (To be recovered from 20 years of electricity sales)

## NUCLEAR POWER

In late December 2009, KEPCO won a US\$ 18.6 billion contract to build nuclear power plants in the UAE. This is the largest plant export in the history of Korea and a great achievement just 30 years after Korea started its first nuclear power generation in 1978.

The UAE nuclear power plant project is being conducted on a turnkey basis, with KEPCO responsible for designing, constructing and commissioning four 1,400MW reactors as well as providing the initial fuel supply. We are also seeking to provide operational support, maintenance and nuclear fuel after project completion, which would translate into revenue over the long term. This nuclear power export also helps strengthen the standing of Korea and raise the brand value of KEPCO, and we see it as an opportunity to play a leading role in the KRW 1,200 trillion global nuclear market.

### • Bird's Eye View of UAE Nuclear Power Plants



Ground-Breaking Ceremony for Al Qatrana plant in Jordan



Acquisition of stakes in Imouraren Mine in Niger



## HYDROELECTRIC, THERMAL AND NEW & RENEWABLE POWER GENERATION

In the thermal power generation segment last year, we had difficulty financing the power generation projects in Al Qatrana, Jordan and Rabigh, Saudi Arabia due to global financial crisis. However we managed to secure project financing by becoming Korea's first to use Islamic finance, confirming our rising capacity to execute overseas projects. In addition, we signed an agreement with Samruk Energy JSC, a government-run power company in Kazakhstan, to construct a 1,320MW coal-fired power plant in Balkhash, and project details, including electricity sales, are currently under negotiation.

Turning to the hydroelectric and new & renewable energy sector, we won a contract to build a 428MW wind power plant in Inner Mongolia. Once the plant goes into operation, our Chinese wind power generation capacity will be raised to 1,174MW, which will enable us to solidify our standing as the largest foreign wind power operator in the country and secure 450,000 tons of carbon credits. At the same time, KEPCO and Korea Export Import Bank formed a KRW 147 billion carbon fund to contribute to overseas CDM projects led by Korean companies.

Likewise we participated in overseas tenders for the transmission and distribution business. Bolstered by our world-class T/D loss and load factor, we are currently implementing 12 system construction and consulting projects in Africa and Asia. In the future we plan to seek large-scale engineering, procurement & construction (EPC) or build-own-operate-transfer (BOOT) projects in the transmission and distribution areas.

## RESOURCE EXPLORATION

KEPCO is heavily involved in overseas resource development projects to secure a stable supply of fuel for power generation, minimize the effect of fluctuating fuel prices on electricity rates, and create new revenue sources.

We acquired stakes in Indonesia's PT Adaro Energy TBK, the world's 5th largest coal exporter, in July 2009 to secure 3 million tons of bituminous coal annually and raise our coal self-sufficiency to 7.5 million tons a year. KEPCO also secured an annual supply of 300 tons of uranium by acquiring a stake in Canada's Denison Mines Corp. in June 2009. An additional 740 tons of uranium per year were acquired through the acquisition of the Imouraren mine in Niger in December 2009.

KEPCO aims to raise the self-sufficiency ratio to 60% for both bituminous coal and uranium by 2020 and achieve KRW 4.4 trillion in annual sales from the resource development business. We plan to acquire companies in order to get resource rights and expand our investment regions from Australia and Indonesia to North America for bituminous coals and from Canada and Africa to European and Central Asia for uranium. Furthermore, we will advance into the power generation fuel trading business to overcome geographical restrictions on resource development and maximize the value of the resources developed.

## SMART GRID

KEPCO is focused on smart grid projects to reduce greenhouse gas (GHG) emissions, improve energy efficiency and promote the use of new & renewable energy. 'Smart Grid' refers to an electric power grid that incorporates information & communication technologies to maximize efficiency for greater eco-friendliness.

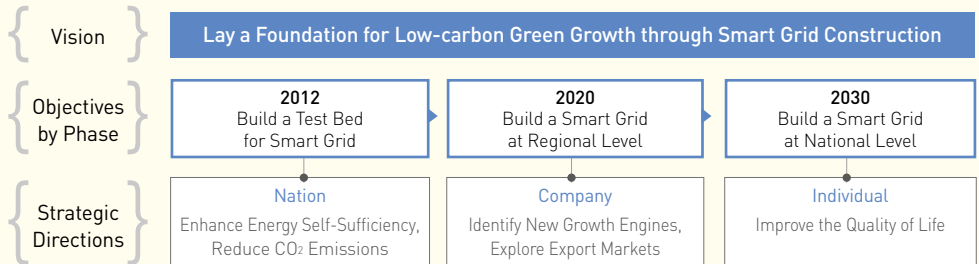
Korea was named a leader in the smart grid area at the Major Economies Forum on Energy and Climate in July 2009. At a national level, ground was broken for a smart grid test bed on Jeju island in August 2009, and a national roadmap for smart grids was announced in January 2010. KEPCO has participated in all five areas of the Jeju smart grid test bed project. We are working to operate an integrated control center as well as develop smart grid technology and service models, laying the foundation for building a smart grid befitting Korean conditions. KEPCO has set five directions with regard to smart grids: peak demand reduction, grid connection of new & renewable energy, smart power grid, new electric demand, and smart grid export.

Globally, KEPCO has already been recognized for smart grid platform technologies such as T/D automation. This technical expertise is now being leveraged to develop packages that combine smart grid component technologies and business models as a way to make inroads into the global smart grid market.

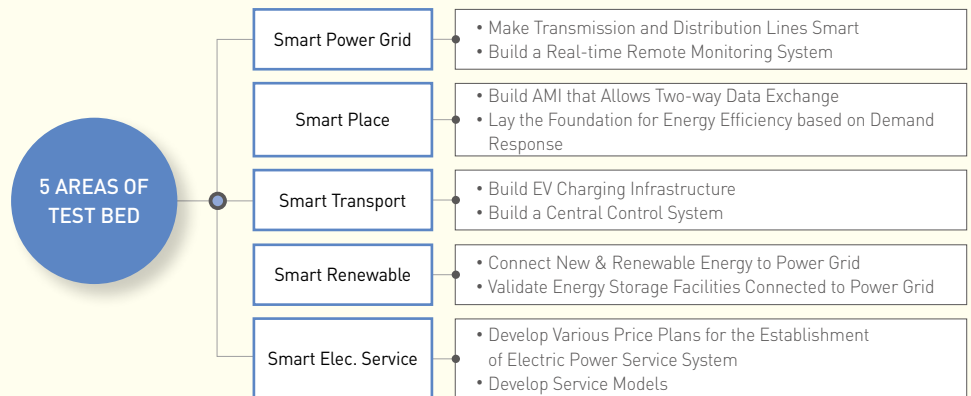
Ground-Breaking Ceremony of Jeju Smart Grid Test Bed



**NATIONAL ROADMAP AND STRATEGIC DIRECTIONS**



**SMART GRID TEST BED ON JEJU ISLAND**



**GAESEONG INDUSTRIAL COMPLEX**

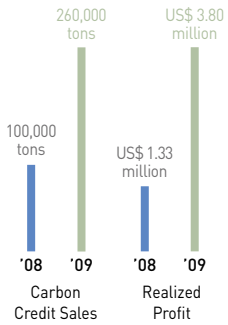
The Gaeseong Industrial Complex (GIC) is an inter-Korean economic cooperative project based on the combination of production inputs in which each of the Koreas has a competitive edge. KEPCO has supplied electric power to the GIC since March 2005 and constructed a 154kV substation named 'Pyongwha' (Peace) to respond to the growing demand of the GIC. Building on this experience, KEPCO will continue to play a key role in inter-Korean economic cooperation projects. As of late 2009, the number of customers in the GIC was 244 and contract power was 111,000kW.

**HISTORY OF GIC**

<b>March 16, 2005</b> Initial Transmission in North Korea	<b>July 27, 2005</b> Opening of Branch Office in Gaeseong	<b>December 21, 2006</b> Connection of South-North Korean Transmission Lines	<b>June 21, 2007</b> Completion of Pyongwha Substation
--	--	---	---

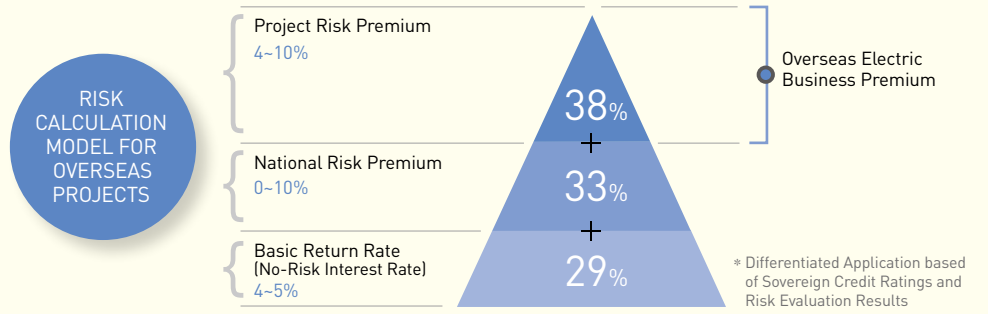


Sales of Overseas CDM Projects



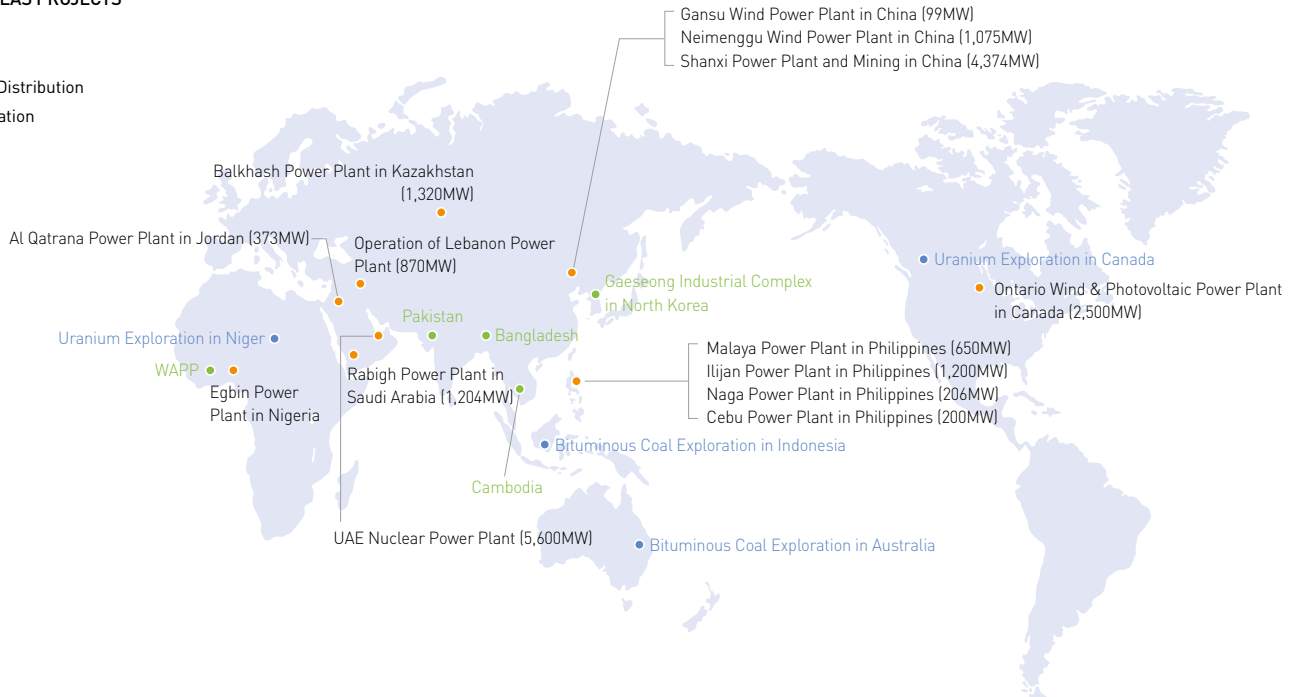
## BETTER CAPACITY FOR OVERSEAS BUSINESS

KEPCO stepped up efforts to strengthen internal capacity to ensure sustainable growth in the global market. For overseas projects, we operate a home-grown risk and profitability evaluation model in line with global standards, and share information acquired in the process of implementing overseas project via the Knowledge Hub System on the company intranet. We also hired global experts necessary for overseas projects, especially in the areas of international financing, international contracts, resource development and generation technology. At the same time, we strengthened the human network in the Korean and overseas energy industries and established a closer cooperative relationship with Korean EPC companies in an effort to expand the potential to win overseas projects.



## STATUS OF OVERSEAS PROJECTS

- Generation
- Transmission & Distribution
- Resource Exploration



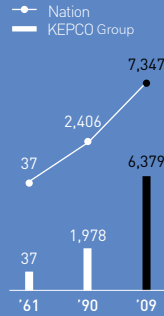


## KEY ECONOMIC INDICATORS IN 2009

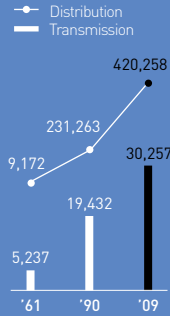
We are striving to raise corporate value and management efficiency to the global level through ongoing change and performance-based innovations for the benefit of stakeholders.

### ● BUSINESS SIZE

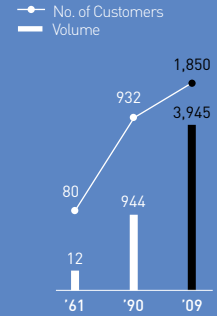
Generation Facilities  
[ Unit: 10,000kW ]



Transmission & Distribution Facilities  
[ Unit: c-km ]

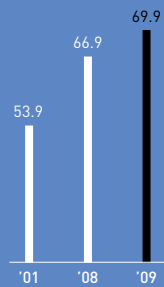


No. of Customers and Sales Volume  
[ Unit: 10,000 customers, 100 million kWh ]

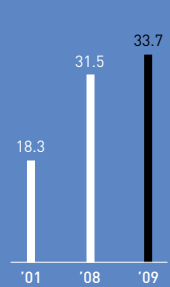


### ● FINANCIAL PERFORMANCE

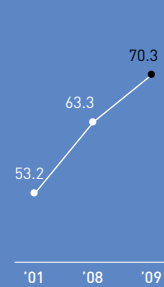
Total Assets [ Unit: KRW trillion ]



Sales [ Unit: KRW trillion ]

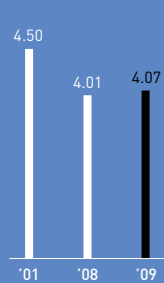


Debt-to-Equity Ratio [ Unit: % ]

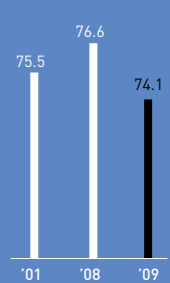


### ● MANAGEMENT EFFICIENCY

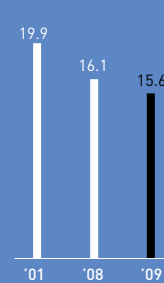
T/D Loss [ Unit: % ]



Load Factor [ Unit: % ]



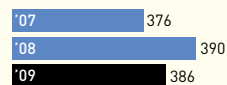
Black-out Time  
[ Unit: Minute · Customer / Year ]



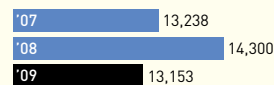
### DISTRIBUTION OF ECONOMIC OUTCOME

[ Unit: KRW 100 million ]

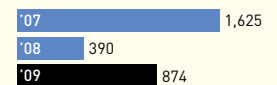
National Pension



Total Labor Cost



Allowance for Severance and Retirement Benefits



# THINK GREEN FOR THE EARTH

**KEPCO has remained committed to creating a greener and cleaner tomorrow.**

We are accelerating our development of green technologies that will enable us to create a brighter future, where nature and humanity can be in harmony and the current generation will prosper together with future generations. We are also doing our best to practice an eco-friendly corporate culture that encourages resource and energy conservation. KEPCO is taking the lead in creating a happier future based on green energy.

## ENVIRONMENTAL MANAGEMENT EXPECTATIONS

KEPCO is leading low-carbon green growth, putting the environment first in all business activities.



KEPCO, as a producer and supplier of electric power, the engine of national competitiveness, will comply with the Environmental Management Expectations stated below. With these Environmental Management Expectations in place, KEPCO will fulfill social responsibilities and strengthen environmental management capacity so as to achieve the vision of 'Global Top 5 Energy & Engineering Company.'

- **We will enhance eco-efficiency by implementing environmental management vigorously.**
  1. Comply with environment-related laws and regulations, and establish, operate and upgrade a globally-accepted environmental management system to accomplish environmental management goals.
  2. Provide proper education and training to ensure active participation of employees in environmental management activities and strengthen communication with stakeholders.
  3. Promote the reuse of resources and the use of eco-friendly products to reduce the environmental footprint and contribute to building a society that recycles resources to a high degree.
- **We will strive to make the power supply chain more environmentally-friendly, from production and transportation to sales and consumption.**
  1. Produce and supply electricity in an environment-friendlier way to improve the sustainability of our society.
  2. Construct and operate facilities in harmony with local communities, and improve the efficiency of operation and maintenance to minimize power loss.
  3. Carry out energy-saving activities such as load control and energy efficiency programs, enhance the efficiency of energy use at a national level.
- **We will understand and aggressively respond to climate change, a major environmental issue worldwide.**
  1. Play a leadership role in a joint response to climate change at the group level.
  2. Seek the use of eco-friendly energy, energy saving and equipment improvement to reduce GHG emissions continuously.
  3. Support activities to reduce indirect GHG emissions from the use of electric power through systematic power demand control and more efficient transmission and distribution.

With the importance of environmental management in mind, each and every employee, from the CEO down, is fully committed to complying with these expectations.

## ENVIRONMENTAL MANAGEMENT SYSTEM

KEPCO is taking the lead in creating environmental value through low-carbon power technologies and green growth business.

**BUILDING AN INTEGRATED ENVIRONMENTAL MANAGEMENT SYSTEM** In October 2007, KEPCO drew up a 'Mid- to Long-term Environmental Management Master Plan,' designed to conduct environmental management in a more systematic way in pursuit of sustainable development. The mid- to long-term goal of our environmental management is to enhance environmental management capacity so as to become a global top 5 in the energy & utility industry. To this end, we have executed strategies and action plans in the four areas according to the Environmental Management Master Plan.



●

### ROADMAP FOR INTEGRATED ENVIRONMENTAL MANAGEMENT

#### 2008

**Acquire ISO14001 at All Operation Locations**

- Roll out a SF<sub>6</sub> CDM Project
- Implement New & Renewable Projects in Earnest
- Acquire a Certificate of Designation Environmentally Friendly Company

#### 2009

**Lay the Foundation for Low-carbon Green Growth**

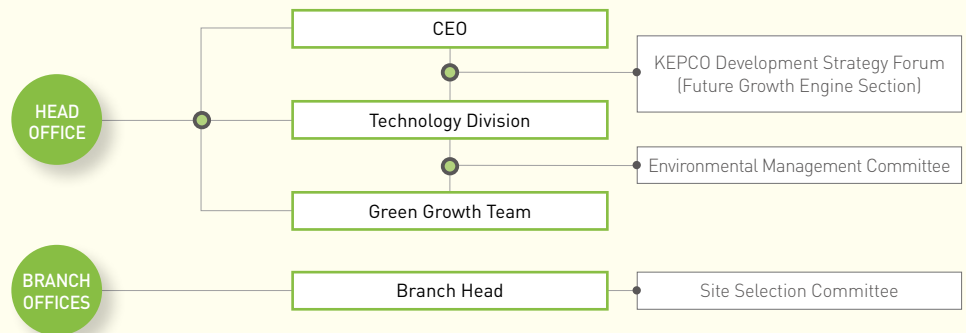
- Create Strategies for Low-carbon Green Growth
- Set a Target for CO<sub>2</sub> Reduction
- Get a Carbon Footprint Certificate

#### 2010

**Firmly Establish an Environmental Management System**

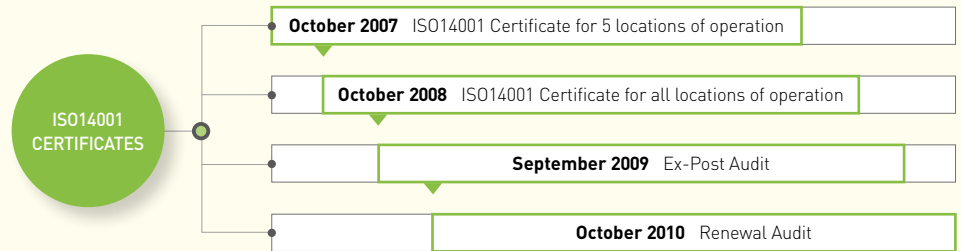
- Build an Environmental Accounting System
- Get a SF<sub>6</sub> CDM Project Registered with the UN
- Upgrade Energy Efficiency

**ENVIRONMENTAL MANAGEMENT ORGANIZATION** In 2006, KEPCO reorganized the Energy Policy Team and renamed it the Energy Environment Team, integrating the environmental activities performed by individual teams to build up an environmental management organization. In 2008, we formed the Environmental Management Committee to reinforce environmental management at the corporate level. In 2009, the Energy Environment Team was expanded and renamed the Green Growth Team, which is tasked with pursuing green growth systematically in line with the announcement of Korea's new national vision, 'Low-carbon Green Growth.' Importantly, we operate a Site Selection Committee, which allows local residents, councils, and governments to get involved in the process of selecting sites for transmission and substation facilities. This move has improved the objectivity and transparency of the site selection process.





**ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION** KEPCO obtained the Environmental Management System (ISO14001) Certification for five locations of operation in 2007 and then for all locations of operation in 2008, taking the lead in environmental management for the electric power industry. KEPCO also developed Environmental Management Manuals and Procedures, and provided on-/off-line environmental training to internalize environmental management capacity and raise environmental awareness among employees. We believe that such efforts will help us grow into a global green company.



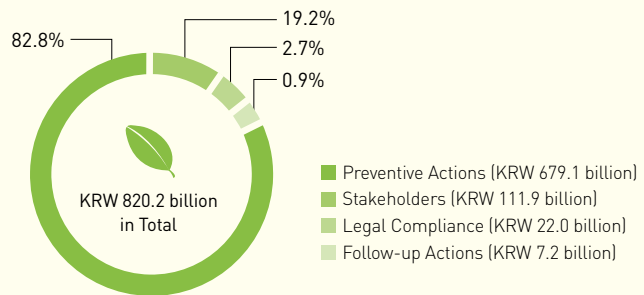
**BETTER ENVIRONMENTAL EFFICIENCY** In 2008, we revised our 'Energy Conservation Guidelines' in line with government policy to ensure more systematic and efficient energy use. We expanded the use of high-efficiency energy equipment and power-saving office appliances, and established an environmental management information system to improve the efficiency of energy use and raise energy-saving awareness.

Moreover, we are in the process of replacing 30% of our lighting system with high-efficiency LEDs. Project completion is set for 2012, and we are implementing a pilot project to the replace halogen and iridescent lighting first.

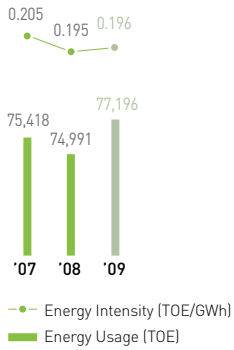
**ENVIRONMENTAL SPENDING** In 2009, total environmental spending calculated in accordance with KEPCO's environmental accounting system was KRW 820.2 billion, equivalent to 2.4% of total sales. Much of the outlay was intensively invested in the procurement of new & renewable energy equipment, construction of eco-friendly power facilities, and R&D for climate change response.

In 2010, the environmental accounting system will be firmly in place, allowing top management and stakeholders to use environmental accounting data in the decision-making process and improve environmental value.

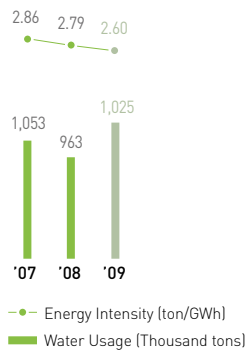
Environmental Spending  
[ Unit: KRW 100 million ]



Energy Consumption

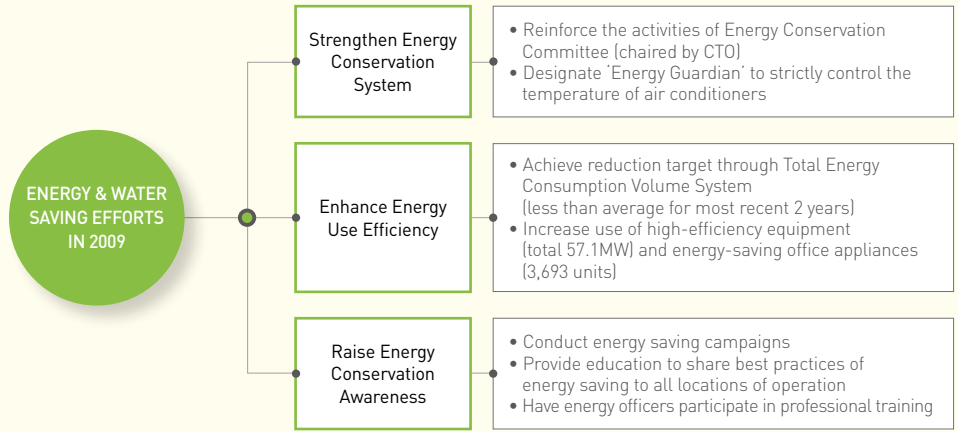


Water Consumption



**ENERGY & WATER CONSUMPTION REDUCTION**

In 2009, KEPCO consumed 77,196TOE of energy and 1,025,000 tons of water in total. Thanks to the wider use of high-efficiency equipment and more efficient use of facilities, we achieved the energy intensity (energy consumption/electricity sales) of 0.196TOE/GWh, which was a 0.001TOE/GWh lower than the target of 0.197TOE/GWh. Water intensity was 2.60 tons/GWh, down 0.19 ton/GWh from 2008, and no water was recycled; all was discharged.



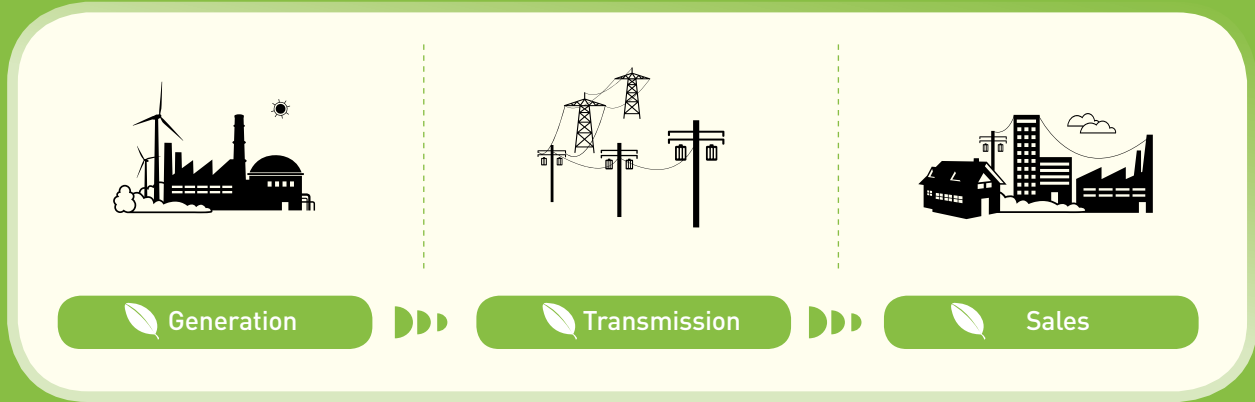
**ENVIRONMENTAL IMPACT OF COMPANY VEHICLES**

KEPCO took steps to mitigate the environmental impact of company vehicles. In 2009 the vehicle fleet totaled 3,153, down 13 vehicles from the previous year. Of these, 1,742 were passenger cars, and 1,419 (81.5%) of these cars were eco-friendly models such as light and hybrid vehicles. At least 80% of all newly purchased vehicles will be light or hybrid models. Fuel consumption for company vehicles in 2009 was 5,618,000 liters, and fuel economy was 7.85 km/ l, which was 0.97 km/ l lower than the figure for the previous year.

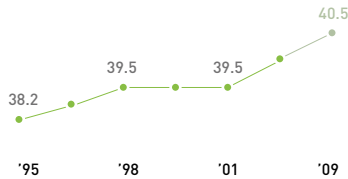
**Eco-Friendly Company Vehicles**

Item	2007	2008	2009
Passenger Cars (No. of Units)	1,747	1,741	1,742
Light Vehicles (No. of Units)	1,370	1,359	1,359
Hybrid Vehicles (No. of Units)	57	60	60
Eco-friendly Vehicles (No. of Units)	1,427	1,419	1,419
Portion of Eco-friendly Vehicles (%)	81.7	81.5	81.5

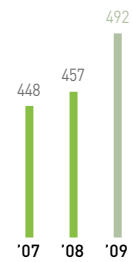
## ECO-FRIENDLIER POWER SUPPLY CHAIN



Thermal Efficiency of Thermal Power Plants  
[Unit: %]



CO<sub>2</sub> Emissions  
[Unit: kg/MWh]



## GENERATION

KEPCO established a consultative body attended by top management of GENCOs to ensure close collaboration among the generation, transmission and distribution sectors to make electric power supply chain eco-friendlier. KEPCO also incorporated the objectives of 'Environmental Management' in the management pact signed by the CEOs of KEPCO and the GENCOs, and evaluated the progress of the objectives every year to promote environmental management.

**ENVIRONMENTAL INVESTMENT** In 2009, GENCOs acquired the ISO14001 certificate for all locations of operation, and made environmental investments totaling approximately KRW 572.6 billion.

### • GENCOs' Environmental Investment in 2009

Unit: KRW 100 million

Name	KHNP	KOSEP	KOMIPO	WP	KOSPO	EWP
Amount	257	980	1,919	917	847	806

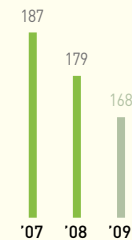
**CONSTRUCTION OF FACILITIES IN HARMONY WITH LOCAL COMMUNITIES** The GENCOs assess in advance how the construction or expansion of power plants will impact the natural environment and traffic. They also conduct ex-post environmental impact assessments covering five years after construction, reporting the results to the government every year.

**IMPROVED ENVIRONMENTAL EFFICIENCY** The GENCOs expanded the use of clean energy and operated systems to reduce emissions of SO<sub>x</sub>, NO<sub>x</sub> and dust from the power generation process. The GENCOs operate facilities that physically and chemically treat wastewater for reuse or discharge. Moreover 100% of the de-sulfurized gypsum generated from coal-fired power plants was reused in cement. Efforts like these help encourage recycling in society.

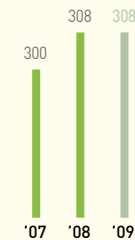
In 2009 we installed de-NO<sub>x</sub>, de-sulfurization and dust collecting facilities on every generator at the GENCOs to minimize air pollution. However, CO<sub>2</sub> emissions rose 7.6% year on year as more thermal power plants went into operation. Turning to water quality, chemical oxygen demand (COD) increased by 82% and suspended solids (SS) rose by 66%.

### [ Air Pollutant Emissions ]

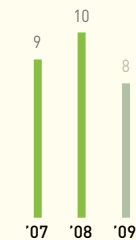
SO<sub>x</sub> [Unit: g/MWh]



NO<sub>x</sub> [Unit: g/MWh]

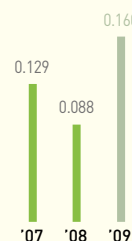


Dust [Unit: g/MWh]

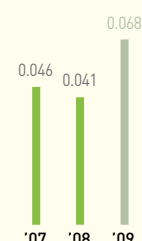


### [ Water Pollutant Emissions ]

COD [Unit: g/MWh]

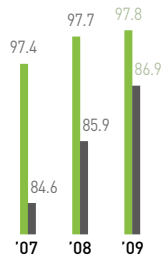


SS [Unit: g/MWh]



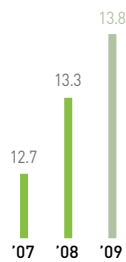


Underground Transmission Facilities  
[Unit: %]



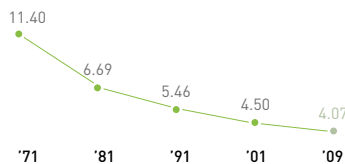
Legend:  
█ Downtown Undergrounding Rate  
█ GIS Substation Rate

Underground Distribution Facilities  
[Unit: %]



Legend:  
█ National Undergrounding Rate

T/D Loss  
[Unit: %]



## TRANSMISSION

Electric power transmission involves timely construction and efficient operation of the necessary infrastructure for delivering electric power, a driving force of national industry. KEPCO has worked to make power transmission as eco-friendly as possible.

**OBJECTIVE & TRANSPARENT SITE SELECTION PROCESS** We extensively applied the most advanced and scientific methods to increase the objectivity and transparency of the site selection process for transmission and substation facilities. We also have guaranteed local residents' participation in the site selection process for all construction projects starting from January 2009.



**ECO-FRIENDLY CONSTRUCTION OF ELECTRIC POWER FACILITIES** KEPCO expanded the use of eco-friendly equipment, materials and methods for the construction of electric power facilities. For example, we used helicopters and cableways to minimize forest degradation, and XLPE underground transmission cables with no risk of oil leaks to prevent environmental pollution.

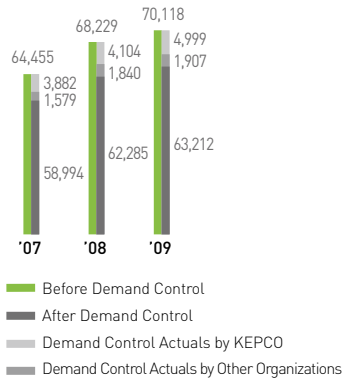
In the site selection process for transmission and distribution facilities, we conducted an environmental impact assessment and disclosed data covering both the construction and operation of the facilities. Studies on the impact to the natural landscape were included for transmission and distribution facilities to be constructed close to natural parks, wetland protection areas, and eco-system conservation areas. Since 2003, we have operated a committee dedicated to finding ways to increase the number of transmission & distribution lines underground. The transmission & distribution undergrounding project is underway with a target of burying all trunk lines in urban areas by 2015.

**EFFORTS TO LOWER T/D LOSS** KEPCO worked to lower T/D loss by upgrading T/D voltage, increasing T/D line capacity and using highly reliable equipment and materials, resulting in a world-best T/D loss of 4.07% in 2009. As a result, we cut generation costs (approximately KRW 280 billion for every 1%p of loss, as of 2009), reduced the need for additional facility construction, and made indirect contributions to GHG reduction.

**ELECTROMAGNETIC FIELD AND ECOSYSTEM PROTECTION** Unlike electromagnetic emissions, the electromagnetic field generated from electric power facilities travels only a short distance and weakens with the distance traveled. The intensity of the electromagnetic field measured directly below the transmission lines in Korea is extremely low, at only one-fifth of WHO's international guidelines and Korea's allowable level. KEPCO operates an electromagnetic field website ([www.emfsafe.kr](http://www.emfsafe.kr)) to address public distrust and controversy, and provide accurate information on the safety of electromagnetic fields. In addition we have continuously conducted research on this subject and collect opinions through various channels.

The total area of electric power facilities in ecosystem protection areas is 9,794km<sup>2</sup>, and we banned the construction of new transmission lines in designated ecosystem protection areas to help maintain biodiversity.

**Demand Control Actuals**  
[Unit: MW]



**TYPES OF DEMAND CONTROL**



**SALES**

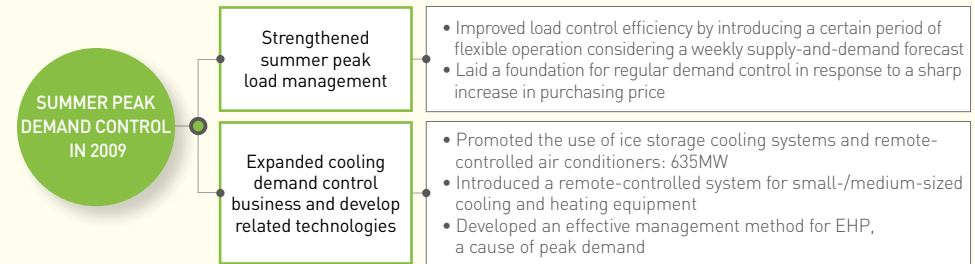
KEPCO has been committed to the stable supply of electric power through proactive and systematic demand control and endeavored to raise the efficiency of equipment, contributing to the nation's energy conservation policies.

Through demand control, KEPCO reduced or distributed 4,999MW during peak demand, a figure is equivalent to the construction of five 1,000MW nuclear units and covering 70% of the nation's total demand.

**Major Support Programs for Power Demand Control**

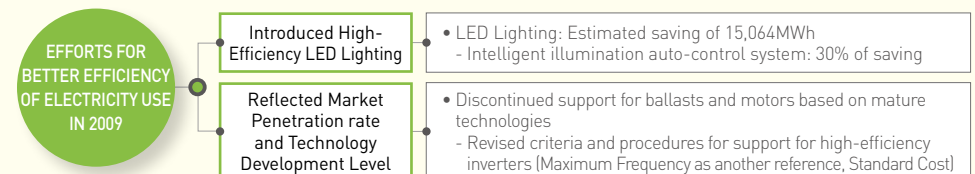
Item	Programs	Incentives
Load Control	• Demand control during the fixed period of time	• KRW 760-930/kW adjusted
	• Weekly forecast demand control	• KRW 350-580/kW adjusted
	• Emergency saving	• KRW 270/kW saved
	• Ice storage cooling system	• KRW 350-480 thousand/kW reduced
	• Direct load control	• Base subsidy (KRW 375/kW)+Control subsidy
Efficiency Improvement	• Remote-controlled A/C	• KRW 0.31-1.88 million (by model)
	• Peak demand controller	• KRW 1.50 million/unit
	• High-efficiency lighting device	• KRW 1,400-59,000/unit installed
	• High-efficiency inverter	• KRW 130,000-170,000/kW saved
	• High-efficiency transformer	• KRW 0.4-5.3 million (by capacity)

**EFFECTIVE MANAGEMENT OF PEAK DEMAND** KEPCO introduced a prior notice system in which a period of time and volume for demand control are determined and notified depending on weather and supply conditions. KEPCO also adopted the advanced concept of customer baseline load (CBL) to enhance the effectiveness of load control. Moreover, we encouraged customers to use small-scale ice storage cooling systems with an electric heat pump to curb cooling demand, and developed new technology-intensive demand control methods to ensure effective demand control. As a result, we managed to curb peak demand by 3,383MW in 2009.



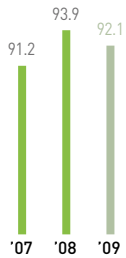
**HIGHER ELECTRICITY USE EFFICIENCY** As part of efforts to achieve low-carbon green growth, we expanded the use of new high-efficiency equipment such as LED lighting. In 2009, we started to introduce LED illumination and LED emergency lighting and expand an intelligent illumination auto-control system. We also strengthened our targeted marketing to integrate eco-friendly high-efficient devices in the design from the beginning of construction based on closer relationship with public enterprises in the construction industry. With the wider use of high-efficiency devices, we lowered power consumption by 207,974MWh, translating into a reduction of 88,087 tons in CO<sub>2</sub> emissions.

In the future, we will continue flexible demand control in connection with electricity reserve and establish a web-based system for regular demand control. We will also remain committed to the wider use of eco-friendly, high-efficiency devices.



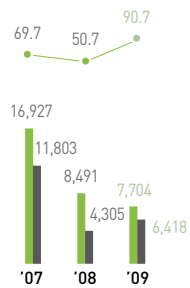
## RESOURCE RECYCLING AND HAZARDOUS SUBSTANCE CONTROL

Resource Reuse  
[ Unit: % ]



Purchasing Amount and Portion of Eco-Friendly Products  
[ Unit: KRW million, % ]

[ Unit: KRW million, % ]



— Purchasing Portion of Eco-Friendly Products  
 ■ Total Purchasing Amount  
 ■ Green Purchasing Amount

For a cleaner tomorrow, we are recycling resources and implementing green purchasing to minimize our environmental footprint.

**PROMOTION OF RESOURCE RECYCLING** KEPCO has continued to increase resource recycling so long as power supply stability remains unaffected. This is part of an ongoing effort to address global environmental issues, fulfill social responsibilities for environment preservation, and ultimately pursue sustainable growth for the nation and company. Most waste materials are from the transmission and distribution sector, and include concrete power poles, transmission towers, insulators and electric cable. They are highly valuable as resources. Currently we maintain a high (93.9%) recycling rate and will continue to find out new ways to recycle waste equipment and materials.

• Total Material Usage

Unit: Tons

Item	2007	2008	2009
Concrete	574,801	514,795	494,809
Metals	90,492	94,250	83,221
Ceramics	4,728	4,510	2,497
Electric Cables	46,267	45,410	36,428
Others	4,831	7,395	5,536
<b>Total</b>	<b>721,119</b>	<b>666,360</b>	<b>622,491</b>

• Wastes Generated and Recycled by Type

Unit: Tons, %

Item	Generation	Recycling	Recycling Rate
Concrete	223,641	223,641	100.0
Metals	38,873	38,873	100.0
Ceramics	6,637	6,637	100.0
Electric Cables	26,711	26,711	100.0
Others	2,890	2,890	100.0
<b>Total</b>	<b>298,752</b>	<b>298,752</b>	<b>100.0</b>

**GREEN PURCHASING** Purchasing eco-friendly products is a priority. In 2009, we purchased KRW 6.4 billion worth of eco-friendly products, accounting for 90.7% of total supplies. Going forward, we plan to give additional points to eco-mark labeled suppliers in the pre-qualification process and expand green purchasing in various ways.

**CONTROL OF PCBs** KEPCO organized an PCB Policy Consultation Committee attended by the Ministry of Environment (MOE), university professors and external stakeholders to discuss contributions to the R&D budget and development of treatment technologies in line with the goal of 'Complete Eradication of PCBs (poly-chlorinated biphenyls)' defined by both Stockholm Convention (May 17, 2004) and Korean Ministry of Environment. A separate team in the Head Office is also tasked with preventing the inflow of PCBs by researching efficient analysis methods, creating safety guidelines for disassembling large transformers, and performing quality inspections. In addition, we disposed of 90% of the waste transformers between January and July 2010 with the help of waste treatment companies. Once a transformer was targeted for disposal, we conducted an environmental impact analysis within 30 days.

## RESPONSE TO THE CONVENTION ON CLIMATE CHANGE

With the philosophy of valuing the earth, KEPCO is taking on climate change issues to become a leader in preserving the environment.

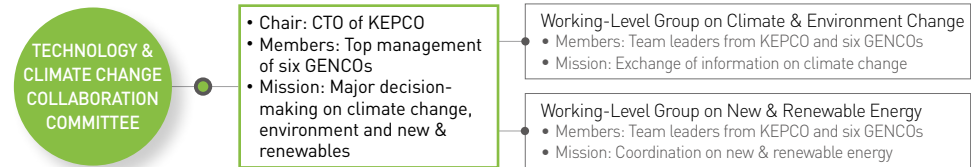
### DIRECTIONS FOR RESPONSE TO CONVENTION ON CLIMATE CHANGE



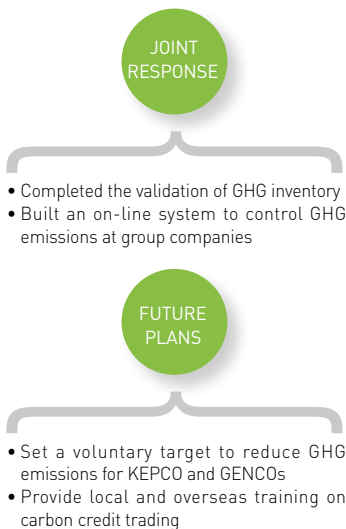
### MECHANISM TO TACKLE CLIMATE CHANGE

{ Vision }	Create New Growth Engines through Proactive Response to Climate Change			
{ Areas }	Strengthen Efforts to Reduce GHG Emissions	Secure Carbon Credits	Expand R&D Activities	Build Response Infrastructure
{ Action Items }	<ul style="list-style-type: none"> <li>Voluntary reduction target</li> <li>Low-carbon energy mix</li> <li>More efficient use of energy</li> </ul>	<ul style="list-style-type: none"> <li>CDM project development</li> <li>Registration of GHG reduction</li> <li>Carbon fund investment</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> capture and storage technology</li> <li>Fossil fuel substituting technology</li> </ul>	<ul style="list-style-type: none"> <li>GHG control system</li> <li>Joint response at a group level</li> <li>Stronger internal capacity</li> </ul>

### TECHNOLOGY & CLIMATE CHANGE COLLABORATION COMMITTEE



### JOINT RESPONSE TO CLIMATE CHANGE AT GROUP LEVEL



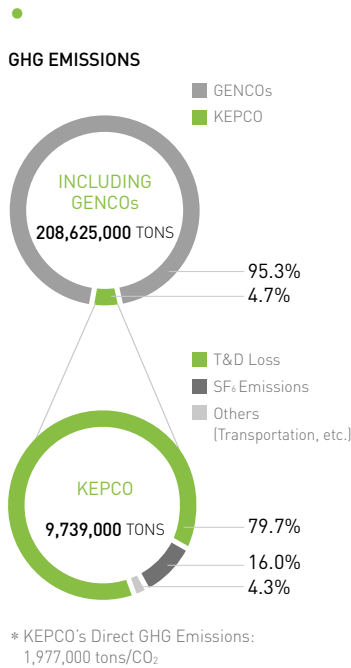
**JOINT RESPONSE AT THE GROUP LEVEL** When the Kyoto Protocol took effect in February 2005, Korea was categorized as a non-Annex 1 country. However, Korea can now be included among the Annex 1 countries under the post Kyoto climate regime, which becomes effective from 2013. The electric power industry accounted for approximately 27% of CO<sub>2</sub> emissions. If Korea is obliged to reduce GHG emissions, it will have a huge impact on KEPCO operations. Against this backdrop, KEPCO and the six GENCOS are considering the change as a new opportunity as well as an operational risk, and striving further to ensure effective response.

KEPCO and the GENCOS re-organized and expanded the existing Climate Change Collaboration Committee to form the Technology & Climate Change Collaboration Committee. This is part of efforts to be proactive in preserving the earth's environment and establishing a sustainable energy system in line with a changing energy paradigm (Jun. 2008). The Committee is chaired by the CTO of KEPCO and attended by top management of the GENCOS. Two working-level groups on climate and environment change, and renewable energy are in place under the Committee.

In July 2005, KEPCO and the GENCOS signed an agreement with the Korean government on the supply of renewable energy. The agreement called for a KRW 520.1 billion investment in renewable energy facilities with a 63MW output equivalent over 3 years (2006-2008). During the second term of the contract (2009-2011), we will invest a total of KRW 1,692.3 billion in facilities with a total capacity of 534MW. In addition, we are preparing for the Renewable Portfolio Standard (RPS), scheduled to take effect in January 2012 under Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy, which was revised in March 2010.



## GHG REDUCTION EFFORTS



### STRATEGIES FOR CDM PROJECTS



KEPCO is thinking beyond producing and consuming green energy. As such we are committed to reducing GHG emissions and developing green technologies.

GHG emitted by KEPCO and the six GENCOs can be mainly classified into two types: direct emissions, such as CO<sub>2</sub> from the use of fossil fuels during power generation and SF<sub>6</sub> emissions from switches in the transportation process, and indirect emissions from T&D loss.

In 2009, GHG emissions from the KEPCO Group, which includes the six GENCOs, totaled 208.6 million tons, 9.7 million tons of which came from KEPCO. KEPCO's emissions are mainly direct SF<sub>6</sub> emissions and indirect emissions from T&D loss.

In 2007, we established a GHG Emission Data System in accordance with international standards, and in October 2008 system reliability was verified through the 'GHG inventory' on emission statistics control and emission volume (KEMCO CDM Certification Office). For the first time as a public enterprise, we acquired a carbon footprint certificate from the Ministry of Environment, showing the CO<sub>2</sub> equivalent for GHG emissions from T&D lines. Meanwhile, KEPCO has been operating an online GHG control system at the group level in a bid to collect and provide accurate GHG emission data since February 2010.

In the T&D sector, we developed gas-recovery equipment to raise the recovery rate of SF<sub>6</sub> used for switch insulation to more than 98% by 2012, and we plan to set up a mandatory recovery rate from 2011.

Meanwhile, KEPCO is promoting the CDM business at home and abroad as a way to proactively cope with the Convention on Climate Change. For example our wind power business in China has brought a carbon credit of 450,000 tons. In Korea, we acquired a carbon credit of 120,000 tons per annum through the photovoltaic power generation by the Donghae Thermal Power Plant.



#### • GHG Emission Data System

Scope	KEPCO and Six GENCOs
Progress	<ul style="list-style-type: none"> <li>• Jan.~ May 2007: Developed and validated an emission data program</li> <li>• Sept. 2007: Set up the guideline for building up emission data</li> <li>• Oct. 2008: Validated GHG inventory</li> <li>• Feb. 2010: Built IT-based GHG control system at a group level</li> </ul>

**ECO-FRIENDLY TECHNOLOGY DEVELOPMENT** KEPCO possesses world-class carbon capture technology, enabling a reduction in CO<sub>2</sub> capture cost of more than 50%. Currently diverse R&D projects are underway to develop and commercialize CO<sub>2</sub> emission reduction technologies such as pulverized coal combustion, ultra-supercritical generation, fluidized bed combustion, de-sulfurization and 300MW IGCC.

#### • Core Technologies Developed for New & Renewable Energy

<b>Fuel Cells</b>	<ul style="list-style-type: none"> <li>• 5kW SOFC (solid oxide fuel cell) generation system</li> <li>• New concept metal-supported SOFC single cells</li> </ul>
<b>Wind Power</b>	<ul style="list-style-type: none"> <li>• Grid connection of offshore wind power generation under field test</li> <li>• Condition monitoring system for wind power plants</li> </ul>
<b>IGCC</b>	<ul style="list-style-type: none"> <li>• Operating technology of Korean-type IGCC plant</li> </ul>
<b>CCS</b>	<ul style="list-style-type: none"> <li>• Optimizing technology for dry CO<sub>2</sub> absorbent for power plant flue gas</li> <li>• Core technology for pre-combustion CO<sub>2</sub> capture for next-generation coal-fired power plants</li> </ul>
<b>Bio-technology</b>	<ul style="list-style-type: none"> <li>• 5MW bio gas turbine CHP (combined heat and power) generation system</li> <li>• Reclaimed land gas-fired MGT (micro gas turbine) generation system</li> </ul>

# THINK FOR A HAPPIER SOCIETY

**KEPCO is creating a happier tomorrow.**

Just as the heart produces and delivers blood through the arteries to drive and warm the body,

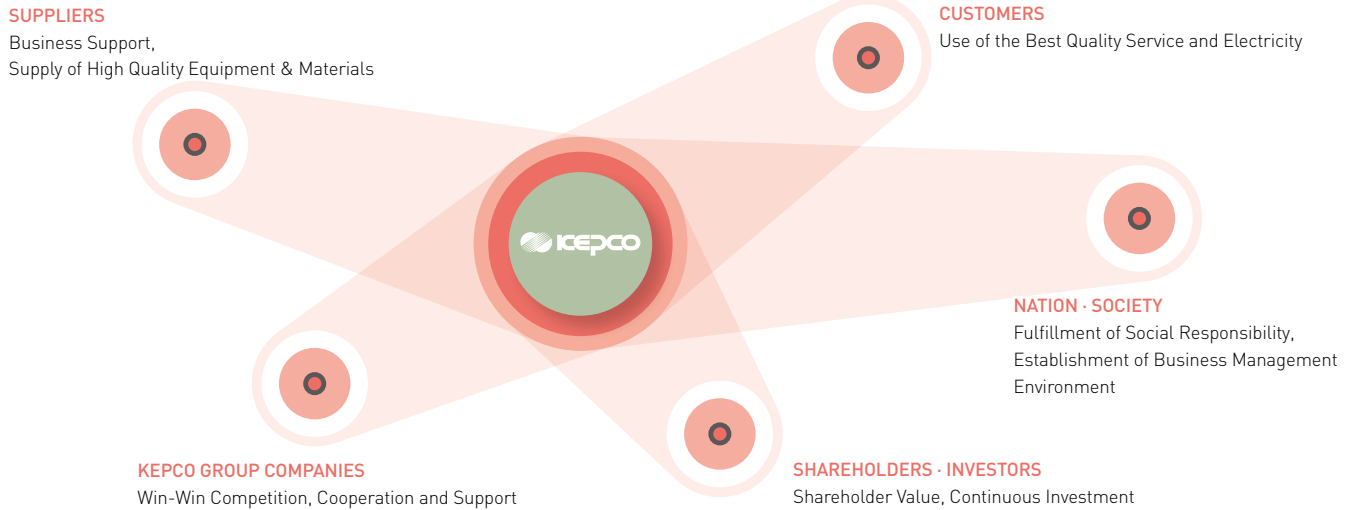
KEPCO produces and delivers electricity through its network to drive and warm the world.

As one of the most ethical and fairest corporate citizens, KEPCO is committed to becoming a precious workplace for employees and a warm-hearted neighbor in local communities.

With the philosophy of sharing life and human respect in mind, KEPCO is faithfully fulfilling responsibilities as a member of society.

## SOCIAL RESPONSIBILITY FOR STAKEHOLDERS

KEPCO is taking the lead in building a compassionate society by seeking joint growth with stakeholders.



### REALIZATION OF CUSTOMER SATISFACTION

KEPCO built a customer satisfaction management system to respond to a rapidly changing environment and drew up a mid-term customer satisfaction strategy in November 2009. We are also operating an integrated VOC (voice of the customer) system to foster a culture of respecting customers companywide.

The integrated system helped raise customer feedback 63% (2,600 cases a month) and in the future, we plan to develop a VOC indicator and introduce an alarm function to further strengthen the integrated VOC system.

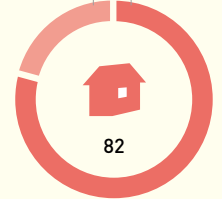
In April 2009, we introduced a service innovator to help us create new ideas, and expanded a field-based customer panel to promote field service innovation. Currently 65 'housewife panels' have been operated in branches across the country and the KEPCO Development Strategy Forum, which consists of 30 experts from various fields, is in operation. These activities help us to identify customer needs and better reflect customer opinion in our policies.

Separately from the government's Customer Satisfaction Survey of Public Enterprises, KEPCO has conducted a survey on customer satisfaction twice a year to ensure one of the best customer satisfaction levels in the country. We have devised our own service checklist, encouraged voluntary service improvement at customer contact points, and monitored telephone communication even in the transmission & distribution organizations. As a result, we have been ranked at the top in the government's customer satisfaction survey of public enterprises for 11 consecutive years.

#### STATUS OF CUSTOMER SATISFACTION ADVISORY COMMITTEE

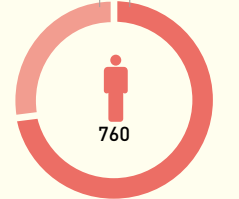
Branch Offices (Unit: No. of Branch Offices)

- Housewife Panel 65
- Advisory Committee 17

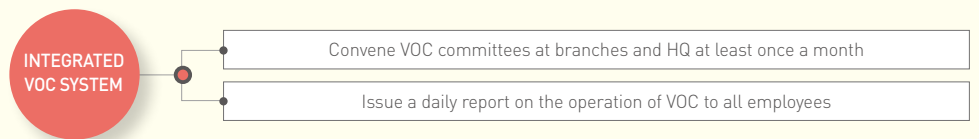
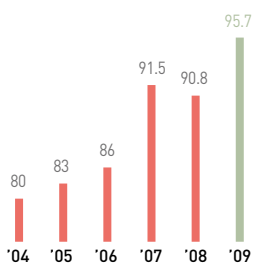


Members (Unit: Person)

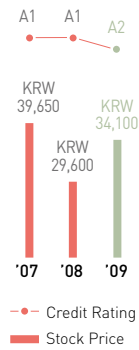
- Housewife Panel 549
- Advisory Committee 211



Customer Satisfaction Survey [ Unit: Points ]



Trend of Stock Price and (Moody's) Credit Rating



Status of Economic Value Distribution

Item	2007	2008	2009
Cash Dividend Rate (%)	1.8	-	-
Total Dividends (KRW 100 million)	4,670	-	-
Earning per Stock (KRW)	2,504	-4,742	-125
Interest Expense (KRW 100 million)	6,025	7,524	9,884

CEO-led NYSE Closing Bell Ceremony (October 2009)



Financial Supports for SMEs

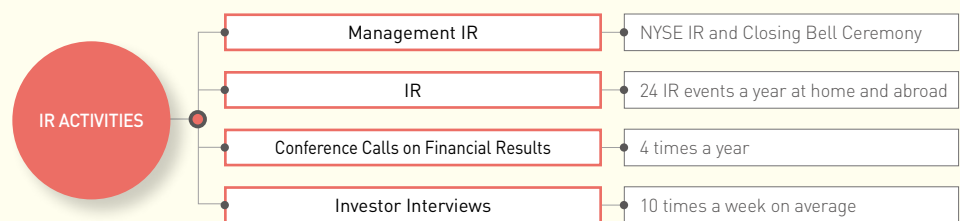
[ Unit: KRW 100 million ]

Supportive Areas	2008	2009
Joint R&D	52	44
Quality Competitiveness	12	15
Overseas Marketing	12	5
Information Technology Development	35	1
Heavy Electric Equipment Technology Development Fund Loan	91	105
<b>Total</b>	<b>202</b>	<b>170</b>

## SHAREHOLDER VALUE MANAGEMENT

KEPCO recorded the net loss of KRW 77.7 billion due to high fuel cost and economic instability in 2009, preventing a dividend payout to shareholders for the second straight year. By contrast, a payout rate of 20% had been maintained until 2007. However, our top management aggressively engaged in IR activities to let investors know our business status and build their confidence in KEPCO.

As a result, KEPCO was rated 'A1,' the same rating as the Korean government, by Moody's in April 2010. As of late 2009, the stock price of KEPCO stood at KRW 34,100, a 15% increase from late 2008.



## STAKEHOLDER RIGHT TO KNOW

KEPCO is committed to stakeholders' right to know and continues to improve the transparency of business operations. To this end, we make public key information in various ways, including management disclosure, integrated disclosure, corporate disclosure and information disclosure.

In 2009, a total of 352 requests were received for information disclosure and 314 of these were accepted, for a 89.2% disclosure rate. This was 4% lower than in 2008, but most of the refusals were about privacy information and trade secrets, or redundant requests.

### • Status of Information Disclosure Channels

Item	Disclosure Site	Item Disclosed
Management Disclosure	Website	26 items incl. affiliate transactions
Integrated Disclosure	ALIO System	36 items incl. management evaluation
Corporate Disclosure	DART System	295 items incl. sales performance
Kombinat Disclosure	DART System	21 items incl. kombinat status
Information Disclosure	Information Requester	Items individually requested

## WIN-WIN GROWTH WITH SUPPLIERS

KEPCO is strengthening mutually-beneficial collaboration with SMEs in attempts to improve global competitiveness and pursue 'win-win' growth. We supported 26 suppliers who attended the Hanover Messe in April 2009 and 26 suppliers who attended the Seoul International Electric Fair in October 2010. We also concluded 16 agreements to support R&D projects of suppliers.

In addition, we provided small- and mid-size suppliers with a total of KRW 130.6 billion (KRW 47.3 billion in network loans and KRW 27.8 billion in joint procurement loans) and helped 13 suppliers to adopt a 'single PPM' quality innovation system. Such efforts have earned KEPCO the top ranking in the government's Evaluation on Large-Small Business Win-Win Cooperation for three consecutive years.



**EXPANDED PUBLIC PROCUREMENT** We have made a priority of public procurement to SME suppliers to foster joint growth within the electric power industry. In 2009, we purchased products worth more than KRW 3.94 trillion from SMEs, which accounted for 66.3% of our KRW 5.95 trillion in total procurement expenditures. This effort received high marks, and we received a Presidential Award for the Excellent Company for Public Procurement in May 2009. Moreover we will stay the course in helping SMEs to grow by steadily increasing our spending on SME products.

**IMPROVED SUPPLIER SATISFACTION** We continuously improved our processes and systems, taking into consideration feedback from equipment and material suppliers, which resulted in higher supplier satisfaction. We created a work flow for supplier registration, offered quality consulting service to suppliers and hold regular 'Supplier CEO' meetings led by the KEPCO CEO. Thanks to such efforts, we achieved a supplier satisfaction rate of 94.5%, a 1.2% increase from 2008.

Demand continues to rise for respecting human rights at suppliers, and we have considered these rights in the bid pre-qualification (PQ) process. Now we give two additional points to companies who hire women and persons with disabilities. In 2009, we conducted 717 screenings on human rights, which accounted for 12.3% of a total 5,802 PQs. In time, we will give additional points for the employment of disadvantaged persons to promote their participation in society.

• No. of Screenings on Human Rights

Item	Actual			Target
	2007	2008	2009	2010
No. of PQs	6,221	6,289	5,802	6,104
No. of Screenings	541	789	717	682
Rate (%)	11.49	12.54	12.35	12.45

**FAIR CONTRACTING PROCESS** KEPCO has continuously improved the contracting process to eradicate the possibility of corruption and increase fairness as well as transparency. In 2009, we introduced individual participant ID in the electronic bidding to prevent rigging, and asked participants to submit a written promise of integrity and sign an integrity pact in international bidding. We also set up a system-based procedure to prevent late payment and standardized pre-qualification requirements at the corporate level to ensure fairer trading and improve customer satisfaction.



Award for the Excellent Company for Supporting SMEs (Nov. 2009)

**CONTRIBUTING TO THE NATION & SOCIETY**

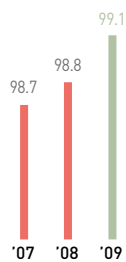
KEPCO is contributing to the nation and society by creating jobs and paying taxes. We support government policies on new employment and encourage the hiring of women and workers with disabilities. In 2009, KEPCO hired 92 employees and provided 529 internship amid a workforce reduction mandated by the Plan for Advanced Management of Public Enterprises. Meanwhile, the employee turnover rate remained around 0.1%, with a total of 27 employees leaving the company in 2009.

KEPCO got a tax refund of KRW 148.3 billion due to a net loss in 2009. We made no contribution to political parties or groups and received no grants from the government.

Even though the Korea Fair Trade Commission issued a warning to KEPCO regarding the abuse of business position in 2009, we voluntarily completed corrective action to address the problems prior to the KFTC ruling. In the meantime, we paid KRW 100.2 billion to compensate for land below transmission lines and plan to pay approximately KRW 130 billion every year for the same reason through 2030.

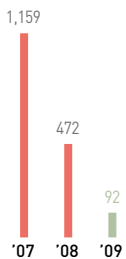
E-Procurement Trend

[ Unit: % ]



Status of New Employment

[ Unit: Person ]



Status of Tax Payment

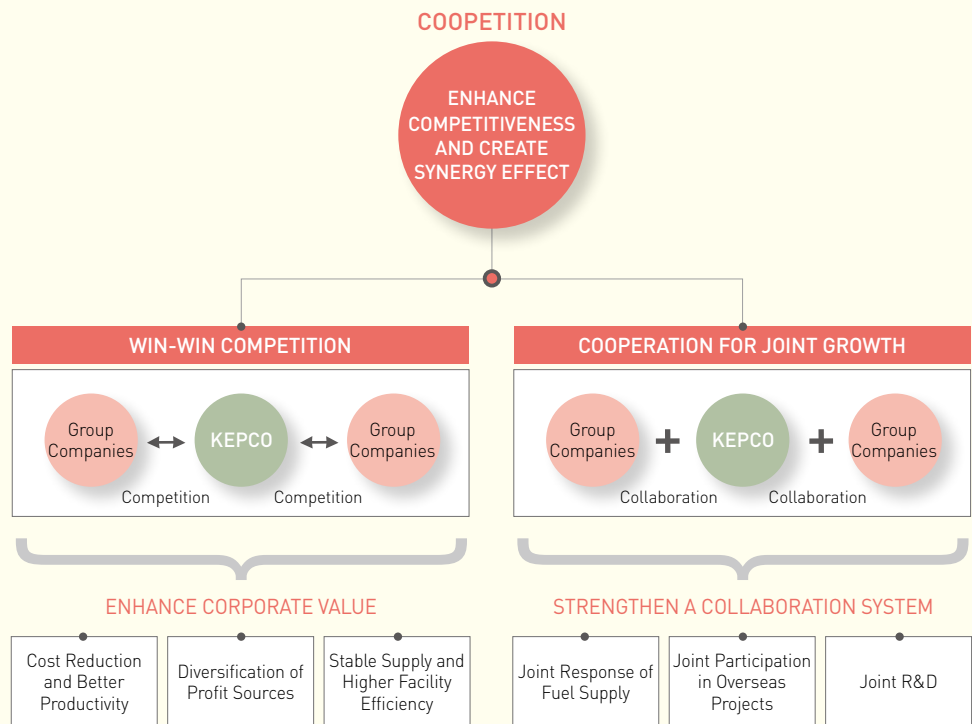
[ Unit: KRW 100 million ]

Item	2007	2008	2009
Internal Tax	4,869	845	-1,856
Local Tax	329	369	373
<b>Total</b>	<b>5,198</b>	<b>1,214</b>	<b>-1,483</b>

## JOINT GROWTH OF KEPCO GROUP COMPANIES

KEPCO Group companies pursue win-win competition based on decentralized, accountable management. They have established a collaborative system for domestic or overseas projects that require synergy within the electric power industry.

We are also seeking an economic supply of power generation fuels, closer R&D collaboration, joint participation in overseas projects and joint response against climate change to ensure a stable supply of electricity and enhance the capacity of all group companies. To encourage win-win competition, KEPCO has guaranteed autonomy, relegated responsibility as much as possible, and conducted operational performance evaluations.



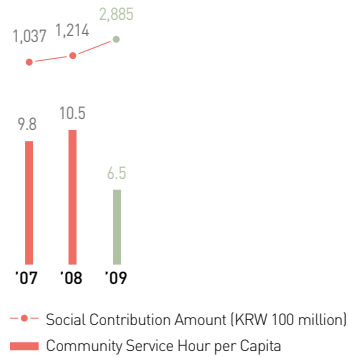
### • KEPCO Group's Joint Growth Efforts

Management Innovation at GENCOs	<ul style="list-style-type: none"> <li>• Identification of six core businesses to accomplish advanced management</li> <li>- Economic purchasing of power generation fuel, efficient execution of overseas projects, integrated operation of maintenance materials, establishment of ERP at group Level, integrated management of IPRs, efficient management of construction personnel</li> <li>• Belt-tightening at group level: KRW 831.7 billion in savings</li> </ul>
Stable Supply of Electricity	<ul style="list-style-type: none"> <li>• Completion of power plants as scheduled: 1,870MW</li> <li>• Higher Capacity Factor: 71.9% in 2008 → 74.6% in 2009</li> </ul>
Economic Purchasing of Power Generation Fuel	<ul style="list-style-type: none"> <li>• Consolidated purchasing of fuel: KRW 200 billion of saving</li> </ul>
Group CEO Meeting	<ul style="list-style-type: none"> <li>• Joint response and coordination on management issues, sharing of best practices</li> <li>• Management performance analysis to provide feedback on management performance</li> </ul>

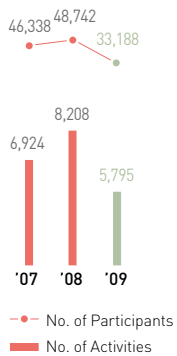
## SOCIAL CONTRIBUTIONS

KEPCO is a corporate citizen that values sharing and participation, lightening the world and growing communities through caring.

Social Contribution Amount and Community Service Hour per Capita



Status of KEPCO Community Service Group



**KEPCO COMMUNITY SERVICE GROUP** The KEPCO Community Service Group (CSG) was launched under the slogan of 'Bring Light to the World and Love to Our Neighbors' in May 2004. KEPCO CSG is currently composed of 270 sub-groups across the country, engaging in community service activities such as community caring, environment protection, and disaster relief. The KEPCO CSG has mainly focused on electricity-related community services, which are financed by funds voluntarily raised by KEPCO employees and matching grants provided by KEPCO (KRW 4.1 billion).

In 2009, the community service group carried out campaigns to find missing children, subsidized electricity tariffs to low-income households and established 'sisterhood' ties between one sub-group and one rural community, integrating community service activities in the corporate culture.

In the near future, we will join forces with related organizations for community service activities to create a synergy effect and promote sharing across the company.



**BASIC RIGHT TO ENERGY** KEPCO helps protect people's the basic right to energy by subsidizing electricity tariffs to the socially disadvantaged.

For low income households, we lifted power restrictions during the hottest (July-September) and coldest (December-February) seasons. If they are facing service suspension because of unpaid electricity bills, we install a current limiter to guarantee a minimum power supply. Discounted rates are offered to customers with disabilities, low-income families, and social welfare facilities. At the same time, we offer special electricity tariffs to large families to alleviate the progressive tariffs for residential use and for the household with more than three children to support the government's policy to raise the birth rate.

• Social Welfare Discount Rates for Electricity

Item	In Scope	Discount Rate (%)	Total Discount Amount (KRW 100 million)	
			2008	2009
Customers with Disabilities	Grade 1 to 3	20	541	564
Low-income Household	Households in the Lowest Income Bracket	20	252	274
Social Welfare Facilities	-	20	132	200

**DIVERSIFIED SOCIAL CONTRIBUTION PROGRAMS** With CSR in mind, KEPCO has incorporated social contribution activities in the corporate core values, making it a consideration in the decision-making process. Furthermore, doing community service at social welfare facilities is mandatory for employees at general manager level or higher to raise employee awareness of CSR. Each quarter, management and labor union officials have done community service together.

In 2009, we extended the concept of social contributions to cultural-related activities, holding the Hope/Love Sharing Concert 15 times and providing tickets to cultural events to approximately 3,000 children from low-income households. We also collected 1,180 blood donation cards in a company-wide blood drive and have operated a Health Care Service Group consisting of 13 company nurses.



**SOCIAL CONTRIBUTIONS OVERSEAS** We support social contribution programs in countries where KEPCO has a presence (the Philippines and China) to lay a groundwork for successful localization and improve the corporate image. We are also fulfilling CSR as a global company by sponsoring free medical services, scholarships, support for communities near power plants.

In the Philippines, KEPCO has been involved in a project to promote electrification in agricultural and fishing villages, a priority of the Filipino government. To accelerate progress, we support line extension from the on-grid side and photovoltaic power generation from the off-grid side.

KEPCO has continuously worked to provide fair opportunities to local workers in terms of employment and promotion, and we are committed to respecting human rights of employees in accordance with local laws and regulations.

• Philippines

Item	2008	2009
Medical Service	8 times (9,210 persons)	10 times (7,162 persons)
Scholarship	33 schools (7,210 students)	51 times (11,470 students)
Support for Power Plant Neighborhood	98 times (25,910 persons)	173 times (22,135 persons)

• China

Item	2009
Support for Power Plant Neighborhood	<ul style="list-style-type: none"> <li>• Taewon School for the Blind (CNY 35,000)</li> <li>• Relief fund for Heavy Snow-Hit Shaanxi Province (CNY 15,000)</li> </ul>

• Project for Promotion of Electrification in Agricultural and Fishing Villages in the Philippines

Item	Result
On-grid (Line Extension)	343 projects completed (as of Jan. 2009) and 133 ongoing (began in Nov. 2009)
Off-grid (Photovoltaic Power Generation)	212 projects completed (as of Aug. 2010) and 72 ongoing (began in Jan. 2010)

• Wages of Local Employees and the Ratio of Local Managers in the Overseas Business

Item	Country	2007	2008	2009
Legal Minimum Wage Initial Wage (KRW 10 thousand/month)	Philippines	16/47	19/32	23/44
	China	6/22	8/24	18/28
Ratio of Local Managers (%)	Philippines	47.2	43.8	47.3
	China	73.7	75.0	64.3

\* Philippines: 35 locals out of 74 employees in an assistant manager level or higher

\* China: 4 out of 6 employees in the Shaanxi project and 5 out of 8 employees in the Neimenggu wind power project

• Status of Local Employment

Item	2007	2008	2009
Philippines (Person)	276	277	305
China (Person)	152	27	-

\* Philippines: Local employment is growing as a result of the construction of Cebu Power Plant

\* China: Termination of local employment resulting from the end of the Wuzhi project in 2008

Support for Taewon School for the Blind in China



Free Medical Service in the Philippines



Academic Project in the Philippines





## RESPECT FOR HUMAN RIGHTS

KEPCO is a leader in promoting human rights and gender equality, eradicating discrimination of disabled persons and fostering a society which guarantees diversity.

**DISCRIMINATION ERADICATION** We have pledged not to discriminate on the grounds of gender, educational background, religion, age, and disabilities in Article 5 (Ethical Treatment of Employees) of KEPCO Ethical Charter. We also faithfully abide by ILO Convention No. 111 Concerning Discrimination in Respect of Employment and Occupation. None of our operations inside or outside Korea have a record of human rights violation or discrimination on grounds of gender and disabilities.

**GENDER EQUALITY** KEPCO is working towards gender equality in various ways such as eliminating discriminatory factors in terms of employment and promotion, and operating a Counseling Center for women employees. We have a quota for women employment, and 20.5% of all persons hired in 2009 were woman, raising the ratio of women in the workforce from 14.3% in 2008 to 14.6% in 2009. Moreover, the number of women employees with the rank of assistant general manager or higher rose from only 7 in 2000 to 75 in 2009. We strictly comply with ILO Convention No. 100 Concerning Equal Remuneration for Men and Women Workers for Work of Equal Value.

**PROTECTING MOTHERHOOD** KEPCO has various measures in place to help mitigate low birth rates and create a working environment that strikes a balance between family and work life.

With a growing number of employees on maternity leave, we have operated a system for using substitute workers and introduced a flexible working hour system to ensure time for child-raising. The head office has a daycare center to assist women employees.

**HUMAN RIGHTS EDUCATION** KEPCO provides education on human rights issues to irregular and newly-hired employees to foster a corporate culture based on respect for people and non-discrimination. In 2009, a total of 683 irregular and newly hired employees attended this education, and all employees has classroom or online training at least once a year. In addition, human rights education was given to all 486 counselors working in the branch offices through professional training or itinerant education. We will continue to provide training and education to ensure gender equality and respect for human rights.

**HIRING THE DISABLED AND PROTECTING IRREGULAR WORKERS** KEPCO hired 483 workers with disabilities in 2009, maintaining a 2.4% ratio of the disabled in the workforce. This is higher than the requirement defined in the Act on the Acceleration of Employment of the Disabled and Act on Vocational Rehabilitation. Workers with disabilities receive five additional points in the employment process.

At the same time, we give preferential treatment in hiring those who major in science and engineering to achieve a target set since 2004. The employment rate for workers in science and engineering was 66.7% in 2009. KEPCO has also provided equal treatment to irregular workers who perform the same tasks as regular workers in accordance with Act on Protection of Fixed-Term and Part-Time Workers and internal rules. As of late 2009, the number of irregular workers is 211, of which 78 are researchers.

**PREVENTION OF FORCED LABOR AND CHILD LABOR** KEPCO abides by the Labor Standards Act, ILO Convention No. 105 Concerning Abolition of Forced Labor, and the Labor Standards, one of the UN Global Compact's 10 Principles, and no operation has a record of forced labor.

**DEALING WITH EMPLOYEE GRIEVANCES** KEPCO built a system in 2009 to deal with employee grievances and improve the quality of their lives. With system also improves the transparency and objectivity of personnel management (Out of 104 grievances filed in 2009, 97 were accepted).

**CUSTOMER PRIVACY PROTECTION** We have implemented technical security measures such as web firewalls and system access control to protect customer privacy information and prevent illegal data leaks. We also provide regular education on the importance of privacy protection. We have no record of complaints regarding customer information leaks or privacy violations.

KEPCO Daycare Center



Employee Grievance System



## EMPLOYEE SAFETY AND WELFARE

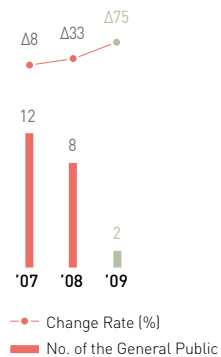
Conclusion of Collective Agreement



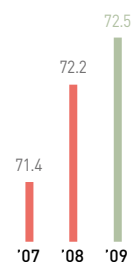
OHSAS18001 Certification



Status of Safety Accidents of the General Public



Satisfaction with Benefits  
[ Unit: Points ]



KEPCO conducts open management based on mutual trust and respect, and is enhancing employee satisfaction by ensuring a balance between work and life.

**ADVANCED LABOR-MANAGEMENT RELATIONSHIP** We believe in labor relations built on mutual trust and respect, revising the collective agreement in December 2009 in response to the government's policy for advanced labor-management relationships. We promoted communication between labor and management through the Labor-Management Council (5 times) and collective bargaining (4 times), and laid the foundation for mutual trust by delivering a presentation on company status 127 times at the branch level. KEPCO complies with ILO Convention No. 87 Concerning Freedom of Association and Protection of the Right to Organize and ILO Convention No. 98 concerning the Application of the Principles of the Right to Organize and to Bargain Collectively. In 2009, 16,108 (79.8%) employees out of a workforce of 20,177 belonged to the union. The collective agreement is renewed every two years and applied to all employees. Besides, key management information is provided to the labor union weekly to help build a consensus.

**SAFETY AND HEALTH MANAGEMENT** KEPCO convenes the Occupational Safety and Health Committee (117 times in 2009), which is composed of 10 labor and management representatives in accordance with the Occupational Safety and Health Act. We also strive to achieve the goal of zero industrial accidents and improve the health of all employees through field-based safety management. We established a systematic approach to safety management that applies Occupational Health & Safety Managements System 18001 standards for real-time response. In 2009 five employees were involved in industrial accidents (a 0.025% accident rate) and no cases of occupational illness were reported.

**CUSTOMER HEALTH AND SAFETY** In parallel with a public campaign on electrical safety, KEPCO is stepping up efforts to prevent accidents on construction sites. In 2009, we created and distributed animations on safety education for children and materials covering electrocution on the construction sites. Although the number of electrical accidents continuously drops, we will remain committed to safety management.

**HEALTH MANAGEMENT** We have operated a prevention-focused health management program to improve the employee health and ensure vitality in the workplace. The program is also applied to the families of employees. A total of 11,276 employees and 756 spouses took a blood test and thorough medical checkup in 2009. In addition, vaccinations against influenza and Type B hepatitis were provided, along with tests for Type C hepatitis. Soon, we will introduce a medical check-up system customized to specific age groups.

**BETTER BENEFITS** We are revitalizing our organization by addressing employee needs. We revised the guarantee and repayment schedule for the Livelihood Stability Loan, reducing the financial burden on employees by KRW 500 million a year. In addition, we introduced a welfare points accumulation system that allows employees to buy items for weddings and funerals. These activities boosted employee satisfaction with the benefits package to 72.5 points.

• Welfare Expense Actuals

Item	2007	2008	2009
Total Welfare Expense (KRW 100 million)	2,528	2,162	2,212
No. of Employees	21,004	20,881	20,170
Welfare Expense per Capita (KRW 10 thousand)	1,203	1,035	1,097

• Labor Union Membership Rate

Item	2007	2008	2009
Total No. of Employees	21,012	20,884	20,177
Membership [Person]	16,019	16,227	16,108
Membership Rate [%]	76.2	77.7	79.8

• Safety Accident Rate

Item	2007	2008	2009
Industrial Average (%)	0.72	0.71	0.70
No. of Victims at KEPCO	3	1	5
Accident Rate (%)	0.014	0.005	0.025

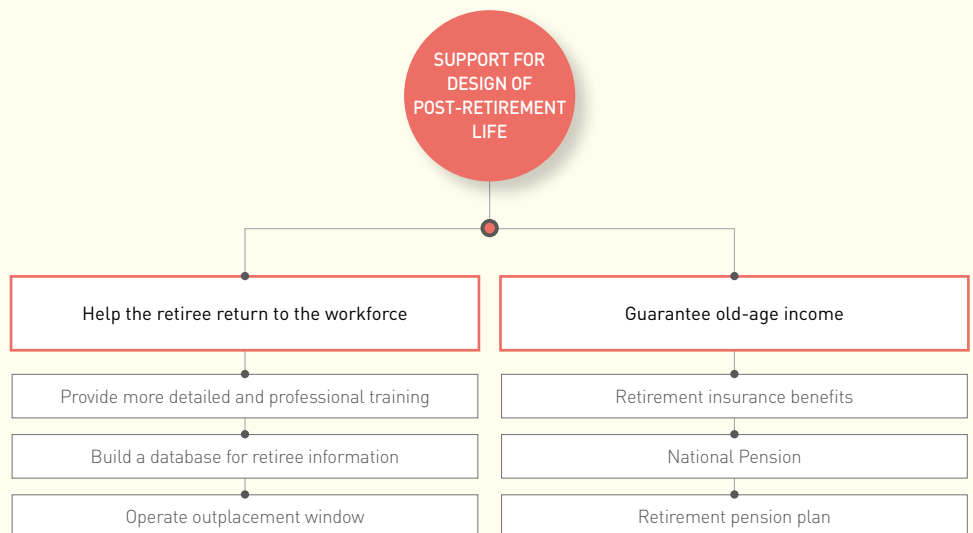
**REMUNERATION SYSTEM IMPROVEMENT** The demand for competence- and performance-based remuneration is growing as a tool for growth. Accordingly KEPCO created a mid- to long-term roadmap for a performance-based remuneration system and aims for fairness in performance assessment. Application of the performance evaluation results to base salary has been extended to the general manager level, and in the future, we plan to adopt a pay system that reflects job difficulty. Increases in base salary will also be linked to Management by Objectives. In the meantime, we are discussing with the labor union the introduction of a retirement pension scheme in the first half of 2011.

The average remuneration for standing directors other than the CEO was KRW 160.0 million a year, and the annual salary of employees was KRW 65.0 million on average in 2009. The annual salary of newly hired employees was KRW 23.810 million on average, which is 237% of the legal minimum wage of KRW 10.032 million, in 2009 (Excluding annual leave allowance and performance bonus).

• Average Annual Salary of Employees

Title	Average Annual Salary (KRW thousand)	Performance Bonus Rate (%)
Executives	CEO	194,004
	Standing Director	160,075
Working Level (Class 1 to 6)	65,051	19.9

**OUTPLACEMENT** Korean society is aging, and life after retirement is emerging as a social issue. In line with this, KEPCO has provided outplacement training consisting of seven programs that cover change management, asset management and business startup for employees slated for retirement. The programs are provided both on- and off-line to ensure accessibility and efficiency, significantly helping employees be prepared for their life after leaving KEPCO. A total of 123 retiring employees took this program in 2009.

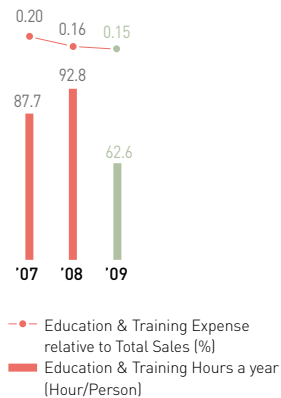


## HUMAN RESOURCE DEVELOPMENT

Workshop for the Newly Employed



Training Budget and Hours



Human resources who are passionate and initiative are a major driving force for KEPCO to rise to the Global Top 5.

**KEPCO'S IDEAL EMPLOYEE** We have defined the ideal employee by identifying basic competencies after considering the company's shared values and the outcome of an employee survey. These qualities were incorporated with company-wide competencies, leadership competencies and strategic job competencies. The ideal employee is described as 'being globally qualified, filled with passion, and able to get the job done.' Nine core competencies have been identified, including an achievement-oriented attitude, flexibility, and teamwork. Company-wide competencies are identified as execution, professionalism and collaboration.

**HRD ROADMAP** KEPCO set up a roadmap for nurturing the right people for global operations by 2020. To this end, we have devised a mid- to long-term plan for human resources development as part of efforts to secure talented people.

### HRD ROADMAP

### Global Right People

1st STAGE CURRENTLY	2nd STAGE BY 2015	3rd STAGE BY 2020
<b>Right People</b>	<b>Asia Top Right People</b>	<b>Global Right People</b>
Korea's representative public enterprise	Asia's representative company growing into a global company	Value-creating global company
→ Raise employee competence to the best level in Korea	→ Bring employee competence up to the global level	→ Internalize global competence

**EDUCATION AND TRAINING** KEPCO has created a talent pool dedicated to overseas projects to nurture global professionals, providing them with apprenticeship-based OJT and a year of full-time education (IB-MBA). In addition we are operating programs to enhance job competencies and improving the mentoring system.

Meanwhile, we have expanded our blended-learning, which combines on- and off-line programs to ensure efficient education and training. We have provided information on major training & education programs and feedback on performance through a training portal system.

### • Training Courses

Item	Internal Training		Professional Training	Total
	Classroom	Online		
No. of Courses	150	74	191	415
No. of Persons	14,500	53,601	5,344	73,445

**PERFORMANCE EVALUATION** KEPCO has evaluated the performance of all employees twice a year and paid a performance bonus based on the outcome of the evaluation (With the introduction of MBO, the evaluation will be done at the end of every year from 2010). We also adopted an open competition-based placement system that fills available positions with successful applicants via open competition. Any employee who is not placed in a position is required to take a six-month refresher training program. We also introduced an all-directional placement system that separates titles from positions so that a total of 89 employees were placed upwardly or downwardly in 2009.





## THIRD PARTY REVIEW



**Park, Wan Kyu**  
 Ph.D in Economics, University of Wisconsin-Madison  
 President, Korean Association of Public Finance  
 Chairman, Korean Postal Management Council (present)  
 Professor, Department of Economics, Chung-Ang University (present)

### PRIOR SUGGESTIONS

- Expand overseas business such as nuclear power plant and resource exploration
- Strengthen efforts for win-win growth with SMEs
- Build a self-assessment system for sustainability management

- **Strengthen Overseas Business Capacity**

Winning the UAE nuclear power plant deal was a great national achievement. It is highly commendable that KEPCO is using the project as an opportunity to bolster internal and external capacity as a way to make further inroads into the global market. In the same context, it is very meaningful that KEPCO raised the self-sufficiency rate for power generation fuel from 3.5% in 2008 to 17% in 2009, targeting 24% in 2010. However, when acquiring a controlling stake in other companies, KEPCO needs to be thoroughly prepared to manage the debt associated from raising capital. The associated risks as well as the rules and systems of host countries need to be analyzed in advance.

- **Create Follow-up Actions to Electricity Rate Revision**

I believe that revising electricity rates will help raise operating income and keep the debt-to-equity ratio at the appropriate level, helping to stabilize KEPCO operations. However, electricity is a commodity, and changes in electricity rates will affect the public psychologically. Therefore, KEPCO should further its efforts to explain to the public the unavoidability of the rate hikes while minimizing the negative effects by providing better customer service and offering low-income people with additional support.

- **Devise a Roadmap for Green Technology Development**

It is noteworthy that KEPCO has devised a roadmap for green technology development and an investment plan to support the roadmap, going forward with technology development systematically and effectively according to 2020 Mid- to Long-term Strategies. Furthermore, I expect KEPCO to draw up detailed action plans to ensure the roadmap is carried out fully, and a contingency plan to bolster implementation.

- **Pursue Win-Win Growth with Suppliers**

KEPCO has provided SME suppliers with financial support in the form of network loans and public procurement loans and helped 13 suppliers build their 'Single PPM' quality innovation system. These efforts are helping SMEs to grow along with KEPCO. KEPCO is also committed to improving the transparency of the contracting process by implementing individual identification for e-bidders and requiring the signing of an integrity pact. I hope KEPCO will continue to strengthen its 'win-win' approach with SMEs, thereby contributing to national economic development.



**Junki Kim**

Ph.D in Public Policy, Harvard University  
 Executive Director, The Korean Association of Public Enterprise  
 Dean, Office of International Affairs, Seoul National University (present)  
 Professor, Graduate School of Public Administration, Seoul National University (present)

#### PRIOR SUGGESTIONS

➤ Give a focus and top priority to sustainability issues

➤➤ Build KEPCO's unique social brand

➤➤➤ Emphasize environmental management with key management achievements in the front

- **KEPCO's vision is to become a 'Global Top 5 Energy and Engineering Company.' To this end, the company has adopted sustainable growth, eco-value creation, trust building and people-oriented management as principles for sustainability management, under the slogan of 'A Global Pioneer for a Smart Green Utopia.'**

Importantly, these goals are very specific and achievable. In addition, this report clearly shows the direction KEPCO has taken as a global utility company, adopting 12 action items and 45 key performance indicators while taking sustainable growth and the environment into consideration. It is also encouraging to see KEPCO standing out by developing strategies to lead eight green technologies and identified four areas of R&D infrastructure.

- **The comprehensive concept of social responsibility that KEPCO pursues and the developmental relationship between KEPCO and society members such as employees and local communities are described systematically in this report.**

I think they well reflect a specific and executable commitment to green growth and corporate social responsibility when compared to general discussions. I am convinced the commitment is achievable because it emphasizes the environment and respect for people. These are principles based on strategies to lead green technologies and elevate KEPCO's technological expertise still further, even though KEPCO has already recorded a world-class load factor, T/D loss and black-out hours.

When it comes to sustainable management strategies, KEPCO stands apart by developing unique sustainable strategies, unlike in the past when diverse strategies were all in a row. However, KEPCO still needs to create a unique 'social brand' that accommodates various activities and secure leadership which coordinates the activities of each area.

- **The current organizational units responsible for sustainability management need to be operated more productively to ensure consistent results.**

To this end, these units should be further solidified and those tasked with promoting sustainability should be more closely associated with the advisory committee. Also recommendable is the nomination of a Chief Sustainability Officer to supervise overall activities.



**Nam, Mee Jung**

MA, Graduate School of Social Development, Chung-Ang University  
 Committee Member, Presidential Commission on Sustainable Development  
 Co-Representative, Korea NGO's Energy Network (present)  
 Co-Representative, Korea Women's Environmental Network (present)

**PRIOR SUGGESTIONS**

- Analyze the gap between KEPCO and global companies and establish goals
- Publicize the need for electricity rate revisions, stressing the positive effect on the national economy
- Lead environmental and social performance to financial performance

● **I believe this, the 6th Sustainability Report, covers the objectives and reliably measures sustainability management performance at KEPCO. In particular, this year's report is better than previous editions in the following aspects:**

First, I think that KEPCO 2020 Vision is well reflected in the sustainability management strategies, and sustainability management areas, strategies & organizations are well associated. Second, it is significant for KEPCO, one of Korea's leading public enterprises, to strike a balance between the public interest and corporate profitability. The social and environmental performances described in this report reflect well the public interest performance of KEPCO, and they are properly in accord with economic performance. Third, it is commendable to have identified core issues through the materiality test and raised the objectivity and reliability of this report through third-party review.

● **This report is truly up to the global standard in terms of format and structure. However in terms of the contents or performance in this report, additional efforts should be made in the following respects:**

Economically, KEPCO should strive further to reflect performance by including organizational innovation, improved management efficiency, overseas business expansion and new growth engine creation into its corporate value, which is evaluated in capital markets. Most important is the implementation of value management at the group level so that the sustainability management performance of group companies is part of KEPCO's corporate value.

Environmentally, the impact of climate change must be measured for the entire KEPCO Group, and the results must be used to establish a system designed to improve environmental investment efficiency and maximize environmental performance outcome from the group perspective.

Socially, KEPCO should engage in internationally accepted management activities in the areas of labor, human rights, anti-corruption and ethics, given that overseas business continues to expand. In addition, building a global KEPCO brand is needed through borderless social contribution activities such as campaigns to combat disease or poverty in the undeveloped countries or remote areas of the world.

If above points are addressed, I strongly believe KEPCO will take the lead in sustainability management in which economic, environmental and social performance are in harmony.



**Yun, Taebeom**

Ph.D in Public Administration, Seoul National University  
 Special Research Fellow, Korea Independent Commission Against Corruption  
 Member of Research Board, Korea Association for Public Administration (present)  
 Professor, Department of Public Administration, Korea National Open University (present)

#### PRIOR SUGGESTIONS

- » Ensure a balanced sustainability management through intensifying social performance and ethical management
- »» Manage social performance as well as economic performance more systematically
- »»» Make systematic preparation for and respond to international standards such as ISO26000

- **Strengthen the Management of KPIs for Social Performance**

One of key purposes of a Sustainability Report is to execute balanced sustainability activities and report clearly resultant achievements in the areas of economy, environment and society. It is agreed that KEPCO has conducted a variety of sustainability activities and made tremendous progress. However, the focus of this Report is mainly on economic performance, therefore, the balance needs to shift toward social performance.

- **Use Ethical Management as Infrastructure for Sustainability Management**

Sustainability management can be accomplished in various ways. A cornerstone for sustainability management is 'ethical management.' The importance of ethical management has been already recognized in the OECD Ethic Round and UN Global Compact. Although KEPCO has engaged in various ethical management activities, it is recommended for KEPCO to use ethical management as infrastructure for sustainability management to get more meaningful results.

- **Improve Satisfaction Level through Communication with Stakeholders**

Proper 'communication' has been stressed as a key to sustainability management and 'reporting' is an effective method for communication. KEPCO identified the general public, local residents and companies as stakeholders through the materiality test and based on which came up with diverse action items. Thanks to such efforts, KEPCO well satisfied the requirements of sustainability reporting and continuously improved the satisfaction level of customers.

- **Respond to International Standards for Social Responsibility (ISO26000)**

ISO26000, the set of international standards for social responsibility, was confirmed in May 2010. By doing so, sustainability management activities conducted in various areas are internationally standardized within a single ISO26000 framework. In most parts such as governance, environment and ethics, ISO26000 is in line with the contents of this Sustainability Report. Therefore, KEPCO must respond to ISO26000 systematically to continue to play a responsible role at home and abroad.



**Jaemin Park**

Ph.D in Economics, The Ohio State University  
 Policy Advisor to Minister, Ministry of Science and Technology (MOST)  
 Committee Member, Presidential Committee on Education Innovation  
 Committee Member, Committee on Science and Technology, National Science and Technology Council (present)  
 Head & Graduate Program Chair, W. F. Miller School of Technology Management, Konkuk University (present)

**PRIOR SUGGESTIONS**

- Associate effectively KEPCO Vision with sustainability management strategies
- Build KEPCO's unique philosophy and brand for sustainability management
- Present higher standards for environmental management and social performance

● **Better Communication with Diverse Stakeholders**

This Report describes well the efforts and achievements made by KEPCO for sustainability management. It is proved that KEPCO is an exemplary model for green management to be followed by companies at home and abroad. Importantly, KEPCO checked management performance according to the UN Global Compact in a fair manner and had outside experts review it in an effort to make continuous improvement. This leadership and efforts were confirmed when KEPCO won the highest rating ('AAA') in the KoBex SM in November 2009.

● **Commitment to Social Responsibility**

Despite a difficult business environment in the global market, KEPCO made a great achievement in winning a US\$ 18.6 billion project to build nuclear power plants in the UAE. The deal is a proof of the technological competitiveness that KEPCO possesses as a leading company in the global energy industry as well as an event for KEPCO to assume greater social responsibility as one of Korea's leading enterprises. At this point, I am gratified to see KEPCO's determination and commitment to sustainability management in the process of reviewing this report. At the same time, this is an indirect opportunity for me to check the technological competitiveness and business achievements that KEPCO has made. In other words, I am confident that KEPCO kept its promise to "use world-class quality and technological power to keep moving forward to a better and greener future."

● **Lead Global Standards by Improving Environmental and Social Performances**

Now I request KEPCO as a leading global player set higher goals and strive to achieve them. In particular, I ask KEPCO to accomplish what no one has done so far in the environmental and social areas. I also expect that KEPCO will clearly present its own philosophy and brand under more innovative sustainability management strategies in the 7th Sustainability Report, to be published next year. In addition, I believe that KEPCO will come up with higher standards for environmental management and social performance. Through these efforts, I look forward to seeing KEPCO, a Global Top 5 Energy & Engineering Company, help to create a brighter world through light and a happier world through love as quickly as possible.



## GRI INDEX

Reporting Level: ● Fully ● Partially × Not Reported N/A

No.	Descriptions	Page	Reporting	Remarks
<b>● STRATEGY &amp; ANALYSIS</b>				
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy	12	●	
1.2	Description of key impacts, risks, and opportunities	21	●	
<b>● ORGANIZATIONAL PROFILE</b>				
2.1	Name of the organization	20	●	
2.2	Primary brands, products, and/or services	18	●	
2.3	Operational structure of the organization	20	●	
2.4	Location of organization's headquarters	20	●	
2.5	Countries where the organization operates	84	●	
2.6	Nature of ownership and legal form	19	●	
2.7	Markets served	18	●	
2.8	Scale of the reporting organization	23	●	
2.9	Significant changes regarding size, structure, or ownership	Front Cover	●	
2.10	Awards received	79	●	
<b>● REPORT PARAMETERS</b>				
3.1	Reporting period	Front Cover	●	
3.2	Date of most recent previous report	Front Cover	●	
3.3	Reporting cycle	Front Cover	●	
3.4	Contact point for questions regarding the report or its contents	88	●	
3.5	Process for defining report content	33	●	
3.6	Boundary of the report	Front Cover	●	
3.7	Limitations on the scope or boundary of the report	Front Cover	●	
3.8	Basis for reporting on joint ventures, subsidiaries, and other entities that can significantly affect comparability from period to period	Front Cover	●	
3.9	Data measurement techniques and the bases of calculations	Front Cover	●	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Front Cover	●	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Front Cover	●	
3.12	Table identifying the location of the Standard Disclosures in the report	75	●	
3.13	External assurance for the report	70	●	
<b>● GOVERNANCE, COMMITMENTS, AND ENGAGEMENT</b>				
4.1	Governance structure of the organization	22	●	
4.2	Indicate whether the Chair of the BOD is also an executive officer	22	●	
4.3	Number of members of the BOD that are independent and/or non-executive members	22	●	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the BOD	22	●	
4.5	Linkage between compensation for members of the BOD and executives and the organization's performance	22	●	
4.6	Processes in place for the BOD to ensure conflicts of interest are avoided	22	●	
4.7	Process for determining the qualifications and expertise of the members of the BOD	22	●	
4.8	Statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance	32	●	
4.9	Procedures of the BOD for overseeing the organization's identification and management of economic, environmental, and social performance	22	●	
4.10	Processes for evaluating the BOD's own performance, particularly with respect to economic, environmental, and social performance	22	●	
4.11	Precautionary approach or principle addressed by the organization	22	●	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	79	●	
4.13	Memberships in associations and/or national/international advocacy organizations	86	●	
4.14	List of stakeholder groups engaged by the organization	33	●	
4.15	Basis for identification and selection of stakeholders with whom to engage	59	●	
4.16	Approaches to stakeholder engagement	33	●	
4.17	Key topics and concerns that have been raised through stakeholder engagement	33	●	
<b>● ECONOMIC PERFORMANCE</b>				
EC1	Direct economic value generated and distributed	60	●	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	21	●	
EC3	Coverage of the organization's defined benefit plan obligations	45	●	
EC4	Significant financial assistance received from government	61	●	
EC5	Ratios of standard entry level wage compared to local minimum wage at significant locations of operation	67	●	

# GRI INDEX

Reporting Level: ● Fully ● Partially × Not Reported N/A

No.	Descriptions	Page	Reporting	Remarks
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	60	●	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	64	●	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	52	●	
EC9	Significant indirect economic impacts	61	●	
● ENVIRONMENTAL PERFORMANCE				
EN1	Materials used by weight or volume	54	●	
EN2	Percentage of materials used that are recycled input materials	54	●	
EN3	Direct energy consumption by primary energy source	50	●	
EN4	Indirect energy consumption by primary source	50	●	GENCOs' Performance
EN5	Energy saved due to conservation and efficiency improvements	49	●	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	50	●	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	54	●	
EN8	Total water withdrawal by source	50	●	
EN9	Water sources significantly affected by withdrawal of water	–	N/A	Used Tapped Water 100%
EN10	Percentage and total volume of water recycled and reused	50	●	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	53	●	
EN12	Significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	53	●	
EN13	Habitats protected or restored	–	N/A	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	53	●	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations	–	N/A	The entire nation is affected by operations
EN16	Total direct and indirect greenhouse gas emissions by weight	57	●	
EN17	Other relevant indirect greenhouse gas emissions by weight	57	●	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	57	●	
EN19	Emissions of ozone-depleting substances by weight	57	●	
EN20	NOx, SOx, and other significant air emissions by type and weight	52	●	
EN21	Total water discharge by quality and destination	52	●	
EN22	Total weight of waste by type and disposal method	55	●	
EN23	Total number and volume of significant spills	57	●	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention	55	●	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	50	●	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	52	●	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	55	●	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	–	N/A	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	50	●	
EN30	Total environmental protection expenditures and investments by type	49	●	
● LABOR PERFORMANCE				
LA1	Total environmental protection expenditures and investments by type	65	●	
LA2	Total number and rate of employee turnover	61	●	
LA3	Benefits provided to full-time employees	66	●	
LA4	Percentage of employees covered by collective bargaining agreements	66	●	
LA5	Minimum notice period(s) regarding operational changes	66	●	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	66	●	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	66	●	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	66	●	
LA9	Health and safety topics covered in formal agreements with trade unions	66	●	
LA10	Average hours of training per year per employee by employee category	68	●	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	68	●	
LA12	Percentage of employees receiving regular performance and career development reviews	68	●	
LA13	Composition of governance bodies and breakdown of employees per category	66	●	
LA14	Ratio of basic salary of men to women by employee category	65	●	

Reporting Level: ● Fully ● Partially × Not Reported N/A

No.	Descriptions	Page	Reporting	Remarks
<b>● HUMAN RIGHTS PERFORMANCE</b>				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	61	●	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	61	●	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights	65	●	
HR4	Total number of incidents of discrimination and actions taken	65	●	
HR5	Right to exercise freedom of association and collective bargaining	66	●	
HR6	Measures taken to contribute to the elimination of child labor	65	●	
HR7	Measures to contribute to the elimination of forced or compulsory labor	65	●	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights	65	●	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	64	●	
<b>● SOCIETY PERFORMANCE</b>				
S01	Programs and practices that assess and manage the impacts of operations on communities	48	●	
S02	Percentage and total number of business units analyzed for risks related to corruption	25	●	
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	25	●	
S04	Actions taken in response to incidents of corruption	25	●	
S05	Public policy positions and participation in public policy development and lobbying	–	N/A	Legally Prohibited
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions	–	N/A	Legally Prohibited
S07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	61	●	
S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	61	●	
<b>● PRODUCT RESPONSIBILITY</b>				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	53	●	
PR2	Total number of incidents of non-compliance with regulations concerning health and safety impacts of products and services	–	N/A	
PR3	Type of product and service information required by procedures	40	●	
PR4	Total number of incidents of non-compliance with regulations concerning product and service information and labeling	–	N/A	
PR5	Practices related to customer satisfaction	59	●	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	59	●	
PR7	Total number of incidents of non-compliance with regulations concerning marketing communications	–	N/A	
PR8	Total number of substantiated complaints regarding breaches of customer information protection	65	●	
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	–	N/A	

#### • Interests of Stakeholders

Descriptions	Page	Reporting	Remarks
<b>● ECONOMY</b>			
KEPCO Way	24	●	
Management Innovation and Advanced Management of Public Enterprises	24	●	
Mid- to Long-term Plan for Debt Management	27	●	
Plan for R&D and Commercialization of Core Technologies	28	●	
Efforts for Creation of Synergy Effect among KEPCO Group Companies	62	●	
Direction of Electricity Rate Revision	37	●	
Status of Smart Grid Project	42	●	
<b>● ENVIRONMENT</b>			
Establishment of a System to Respond to RPS	56	●	
Effect and Direction of Electricity Demand Control	56	●	
Impact and Managerial Direction of Electromagnetic field	53	●	
Status of Environmental Management System (ISO14001) Certification and Future Plan	49	●	
<b>● SOCIETY</b>			
Efforts to Advance Labor-Management Relationship	66	●	
Anti-Corruption Efforts at a Group Level	25	●	
Direction of Remuneration Reform	67	●	
Win-Win Growth with Suppliers	60	●	

## FINANCIAL INFORMATION

### • Statements of Financial Position

Unit: KRW 100 million

Account	FY2009 (As of Dec. 31, 2009)	FY2008 (As of Dec. 31, 2008)	FY2007 (As of Dec. 31, 2007)
1. Current Assets	43,170	42,304	36,897
(1) Quick Assets	41,265	40,036	34,642
(2) Inventory	1,905	2,268	2,255
2. Non-Current Assets	656,685	626,378	619,529
(1) Investment Assets	308,317	288,186	292,278
(2) Tangible Assets	333,465	319,412	310,181
(3) Intangible Assets	1,051	1,960	2,083
(4) Other Non-Current Assets	13,852	16,820	14,987
<b>TOTAL ASSETS</b>	<b>699,855</b>	<b>668,682</b>	<b>656,426</b>
1. Current Liabilities	80,875	78,755	69,839
2. Non-Current Liabilities	208,101	180,537	146,280
<b>TOTAL LIABILITIES</b>	<b>288,976</b>	<b>259,292</b>	<b>216,119</b>
1. Capital Stock	32,078	32,078	32,078
2. Capital Surplus	146,662	145,562	145,560
3. Capital Adjustments	△7,415	△7,415	△7,418
4. Accumulated Other Comprehensive Income (Loss)	5,234	4,068	795
5. Retained Earnings (Net Income)	234,320 (△777)	235,097 (△29,525)	269,292 (15,568)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>410,879</b>	<b>409,390</b>	<b>440,307</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>699,855</b>	<b>668,682</b>	<b>656,426</b>

### • Statements of Income

Unit: KRW 100 million

Account	FY2009 (2009.1.1~2009.12.31)	FY2008 (2008.1.1~2008.12.31)	FY2007 (2007.1.1~2007.12.31)
Revenues	336,857	315,224	289,839
Cost of Goods Sold	330,948	338,717	274,133
Gross Profit	5,909	△23,493	15,706
SG&A	11,596	13,099	12,406
Operating Income	△5,687	△36,592	3,300
Non-Operating Income	23,044	15,479	23,383
Non-Operating Expenses	18,561	23,949	7,846
Income before Income Taxes	△1,204	△45,062	18,837
Income Tax Expenses	△427	△15,537	3,269
Net Income	△777	△29,525	15,568

#### [ Total Assets ]

Unit: KRW 100 million

FY2009	699,855
FY2008	668,682
FY2007	656,426

#### [ Revenues ]

Unit: KRW 100 million

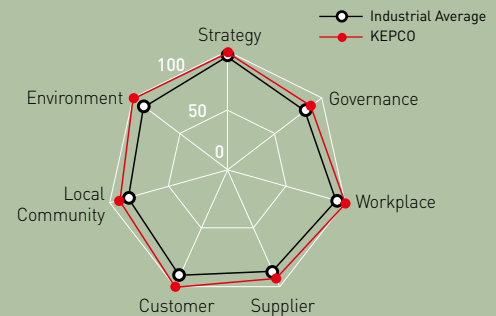
FY2009	336,857
FY2008	315,224
FY2007	289,839

## AWARDS RECEIVED AND INITIATIVES JOINED

### LIST OF AWARDS RECEIVED IN 2009

DATE	AWARDS	PRESENTER
Apr. 2009	Presidential Award for Single PPM Excellent Company	
May 2009	Presidential Award for Best Public Purchase Organization	
Jun. 2009	Best Corporate Governance Award	KCGS
Jun. 2009	Ranked first in 2008 Management Performance Evaluation conducted by the Government	MOSF
Aug. 2009	Best COP for 2nd consecutive year	UN Global Compact
Oct. 2009	Presidential Award for 22.9kV distribution voltage unification project	
Nov. 2009	Ranked top in the Win-Win Collaboration of Public Enterprises for 3rd consecutive year	MKE
Nov. 2009	Selected as the Best Call Center for 3rd consecutive year	KMAC
Dec. 2009	Acquired the top grade in the survey on customer satisfaction of public enterprises for 11th consecutive year	MOSF
Dec. 2009	Ranked top among a total 474 organizations in the survey on integrity of public enterprise	ACRC
Dec. 2009	Award for Advanced Management of Public Enterprises	MKE
Dec. 2009	Appreciation Plaque for the Chairmanship of Advanced Management of Public Enterprises	MKE

### THE HIGHEST GRADE IN THE KOBEX SM



KEPCO got AAA in Korean Business Ethics Index-Sustainability Management (KoBex SM) which was conducted by the Institute for Industrial Policy Studies in November 2009. In this survey, 92 private and public enterprises were evaluated in seven areas, including sustainability management strategy. KEPCO won full marks in the areas of sustainability management strategy, customers and the environment, while relatively low marks were received for governance and local communities. We will formulate action plans to improve these areas.

### MAJOR INITIATIVES JOINED

DATE	INITIATIVES
Jun. 2005	Transparent Society Pact between KICAC and the CEOs of 18 public enterprises
Jul. 2005	Renewable Portfolio Agreement with the Ministry of Commerce, Industry and Energy
Aug. 2005	Agreement to comply with the 10 Principles of UN Global Compact
Sept. 2005	Transparent Society Pact in the Electric Power Sector among 11 KEPCO Group companies and the representative of major electric power companies
Jan. 2006	Integrity Pact between KEPCO and business partners (1,579 companies/18,135 persons participated)
Jun. 2007	Agreement with private-sector organizations on business cooperation in the area of the environment (UNEP National Committee for Korea, Korea Green Foundation, Korea Women's Environmental Network)
Jul. 2009	Renewable Portfolio Agreement II with the Ministry of Knowledge Economy
Dec. 2009	Accession to UN Global Compact in Korea



## KEPCO GROUP COMPANIES



### Korea Hydro & Nuclear Power Co., Ltd. (KHNP)

- Installed Capacity: 18,256MW
- Power Generation: 148,971GWh
- Revenues: KRW 5,155 billion

Item	2007	2008	2009
Water Usage (Thousand tons)	3,209	3,138	2,747
GHG Emissions (CO <sub>2</sub> , Thousand tons)	-	-	-
Air Emissions			
SOx (tons)	-	-	-
NOx (tons)	-	-	-
Dust (tons)	-	-	-
Water Emissions			
COD (kg)	28,040	16,277	22,850
SS (kg)	4,546	8,136	4,390
Coal Ash			
Generation (Thousand tons)	-	-	-
Reuse (%)	-	-	-

KHNP is operating nuclear power plants as base load power plants and hydroelectric plants as peak load power plants. KHNP has currently 20 units in operation, including Kori Unit 1, which started commercial operation in 1978. KHNP is the world's 5th largest nuclear power company, responsible for approximately 34.1% of the national power supply. KHNP has recorded the capacity factor of higher than 90% for 10 consecutive years, starting in 2000. The capacity factor in 2009 was 91.71%, higher than the global average. As of late December, 2009, KHNP has 18,256.4MW of installed capacity, which breaks down as 17,716MW of 20 nuclear (97.0%) units and 537MW of 27 hydroelectric units (3.0%). Under the Basic Plan of Long-Term Electricity Supply and Demand, eight additional nuclear units with the combined capacity of 9,600MW (Shin-Kori Units 1 & 2, Shin-Wolsong Units 1 & 2, Shin-Kori Units 3 & 4, Shin-Ulchin Units 1 & 2) are under construction.



### Korea South-East Power Co., Ltd. (KOSEP)

- Installed Capacity: 8,965MW
- Power Generation: 60,411GWh
- Revenues: KRW 3,834 billion

Item	2007	2008	2009
Water Usage (Thousand tons)	6,388	8,306	8,499
GHG Emissions (CO <sub>2</sub> , Thousand tons)	37,058	43,620	51,951
Air Emissions			
SOx (tons)	14,765	13,095	18,291
NOx (tons)	36,666	35,153	35,225
Dust (tons)	838	970	986
Water Emissions			
COD (kg)	1,879	1,279	1,052
SS (kg)	1,073	690	468
Coal Ash			
Generation (Thousand tons)	2,032	1,902	2,097
Reuse (%)	85	72	50

KOSEP is operating the Samcheonpo Thermal Power Site and Yeongheung Thermal Power Site as base load plants. As of late December 2009, KOSEP has an installed capacity of 8,965MW, which includes 6,580MW for 10 bituminous coal units (73.4%), 922MW for 10 LNG combined cycle units (10.3%), 528.6MW for two oil units (6.7%) and 325MW for two anthracite units (3.6%). According to the Basic Plan of Long-Term Electricity Supply and Demand, Yecheon pumped-storage power plant Units 1 & 2 are under construction.



### Korea Midland Power Co., Ltd. (KOMIPO)

- Installed Capacity: 9,399MW
- Power Generation: 46,042GWh
- Revenues: KRW 3,716 billion

Item	2007	2008	2009
Water Usage (Thousand tons)	5,287	6,157	7,761
GHG Emissions (CO <sub>2</sub> , Thousand tons)	27,893	32,337	35,103
Air Emissions			
SOx (tons)	16,784	19,993	12,713
NOx (tons)	24,433	26,874	26,342
Dust (tons)	757	890	649
Water Emissions			
COD (kg)	889	1,158	1,605
SS (kg)	452	613	890
Coal Ash			
Generation (Thousand tons)	1,029	1,309	1,597
Reuse (%)	65	70	56

KOMIPO is operating the Boryeong Thermal Power Site and Seocheon Thermal Power Plant as base load plants. As of late December 2009, KOMIPO has the installed capacity of 9,399MW, which breaks down as 4,000MW for eight bituminous coal units (42.6%), 3,700MW for 23 LNG combined cycle units (39.4%), 400MW for two anthracite units (4.3%), 285MW for five oil units (3.0%) and 1,000MW for four pumped storage units (10.6%).

## GENCOs

Name	Main Business	No. of Employees	Capital (KRW 100 mil.)	KEPCO's Share (%)	Installed Capacity
Korea Hydro & Nuclear Power Co., Ltd.	Power generation & development	7,608	11,316	100	18,256MW
Korea South-East Power Co., Ltd.	Power generation & development	2,004	3,327	100	8,965MW
Korea Midland Power Co., Ltd.	Power generation & development	2,208	1,530	100	9,399MW
Korea Western Power Co., Ltd.	Power generation & development	1,862	1,760	100	8,885MW
Korea Southern Power Co., Ltd.	Power generation & development	1,928	2,309	100	8,780MW
Korea East-West Power Co., Ltd.	Power generation & development	2,056	3,074	100	9,504MW

## Affiliates

Name	Main Business	No. of Employees	Capital (KRW 100 mil.)	KEPCO's Share (%)	Other Shareholders
KEPCO Engineering & Construction Company, Inc.	Engineering service for power generation	1,861	76	77.9	Generals 20% KAERI 2.1%
KEPCO Plant Service & Engineering Co., Ltd.	Maintenance and repairs for plants	4,387	90	80	Generals 16% Employees 4%
KEPCO Nuclear Fuel Co., Ltd.	Nuclear fuel manufacturing	680	932	96.4	KAERI 3.6%
KEPCO Knowledge, Data & Network Co., Ltd.	Information and Telecommunications	1,201	640	100	



## Korea Western Power Co., Ltd. (WP)

- Installed Capacity: 8,885MW
- Power Generation: 45,728GWh
- Revenues: KRW 3,817 billion

Item	2007	2008	2009	
Water Usage (Thousand tons)	6,002	6,441	8,887	
GHG Emissions (CO <sub>2</sub> , Thousand tons)	34,334	33,441	33,621	
Air Emissions	SOx (tons)	15,431	12,372	11,739
	NOx (tons)	14,401	18,590	19,920
	Dust (tons)	976	797	728
Water Emissions	COD (kg)	1,928	1,920	18,460
	SS (kg)	1,473	1,565	16,868
Coal Ash	Generation (Thousand tons)	1,059	1,311	1,298
	Reuse (%)	67	68	71

WP is operating the Taeahn Thermal Power Site as base load plants. As of late December, 2009, WP has the installed capacity of 8,885.3MW, which includes 4,000MW for eight bituminous coal units (45.0%), 2,280MW for 21 LNG combined cycle units (25.7%), 1,400MW for four oil units (15.8%) and 1,200MW for four pumped storage units (13.5%). According to the Basic Plan of Long-Term Electricity Supply and Demand, the 718MW Gunsan combined cycle Unit 1 is under construction.



## Korea Southern Power Co., Ltd. (KOSPO)

- Installed Capacity: 8,779MW
- Power Generation: 54,658GWh
- Revenues: KRW 4,587 billion

Item	2007	2008	2009	
Water Usage (Thousand tons)	5,096	5,487	6,332	
GHG Emissions (CO <sub>2</sub> , Thousand tons)	32,891	30,720	36,461	
Air Emissions	SOx (tons)	6,959	7,874	7,624
	NOx (tons)	12,023	12,755	14,807
	Dust (tons)	455	417	440
Water Emissions	COD (kg)	1,681	2,022	1,833
	SS (kg)	885	745	920
Coal Ash	Generation (Thousand tons)	831	956	1,209
	Reuse (%)	57	50	51

KOSPO is operating the Hadong Thermal Power Site as base load plants. As of late December, 2009, KOSPO has the installed capacity of 8,779.4MW, which breaks down as 4,000MW for eight bituminous coal units (45.6%), 3,600MW for 24 LNG combined cycle units (41.0%), 745MW for 11 oil units (8.5%), 400MW for two pumped storage units (4.6%) and 33MW for 15 wind units (0.4%). According to the Basic Plan of Long-Term Electricity Supply and Demand, the 853MW Yeongwol combined cycle Unit 1 is under construction.



## Korea East-West Power Co., Ltd. (EWP)

- Installed Capacity: 9,509MW
- Power Generation: 50,777GWh
- Revenues: KRW 3,923 billion

Item	2007	2008	2009	
Water Usage (Thousand tons)	9,688	8,725	8,995	
GHG Emissions (CO <sub>2</sub> , Thousand tons)	35,575	38,693	41,271	
Air Emissions	SOx (tons)	17,215	17,394	18,031
	NOx (tons)	26,483	28,282	29,075
	Dust (tons)	569	700	646
Water Emissions	COD (kg)	10,755	12,231	19,370
	SS (kg)	6,488	4,466	4,179
Coal Ash	Generation (Thousand tons)	1,654	2,133	2,153
	Reuse (%)	71	69	66

EWP is operating the Dangjin Thermal Power Site and Honam Thermal Power Plant as base load plants. As of late December, 2009, EWP has an installed capacity of 9,503.8MW, which includes 4,500MW for 10 bituminous coal units (47.3%), 2,100MW for 17 LNG combined cycle units (22.1%), 1,800MW for six oil units (18.9%), 700MW for two pumped storage units (7.4%) and 400MW for two anthracite units (4.2%).

---

### KEPCO Engineering & Construction Company, Inc. (KEPCO E&C)

---

- Address: 2354 Yonggudaero, Giheung-gu, Yongin-si, Gyeonggi-do
- Website: [www.kepco-enc.com](http://www.kepco-enc.com)

KEPCO Engineering & Construction (KEPCO E&C) was founded in 1975 to attain self-sufficiency in design technology for nuclear, hydroelectric and thermal power plants. Since then, KEPCO E&C has grown into a world-class nuclear power plant design company. The Korean Standard Nuclear Power Plant OPR1000 and APR1400 are rated as top-tier nuclear power reactors in terms of economy and safety. KEPCO E&C has also enhanced the performance and economy of a standardized 500MW coal-fired power plant, and started commercial operation of an 800MW thermal power plant, an upgraded version of the 500MW model. In addition, KEPCO E&C's project management (PM) and construction management (CM) technology is considered among Korea's best. Recently, KEPCO E&C advanced into the highly potential environmental market with the world's first low-temperature desulfurization technology.



---

### KEPCO Plant Service & Engineering Co., Ltd. (KPS)

---

- Address: Migeumro 1, Bundang-gu, Seongnam-si, Gyeonggi-do
- Website: [www.kps.co.kr](http://www.kps.co.kr)

KEPCO Plant Service & Engineering (KPS) is an integrated plant service company, providing high-quality maintenance services for power plants, transmission & substations, and industrial facilities. KPS is responsible for commissioning maintenance of power plants under construction, and ordinary maintenance, planned outage and other repair & maintenance of power plants in operation, contributing to preventing unplanned shutdowns and improving the capacity factor. KPS also offers total maintenance services for transmission and substation facilities such as transmission facility maintenance, live wire maintenance, underwater HVDC cable and conversion facility maintenance, design, construction, supervision and safety service of electric power facilities.



---

### KEPCO Nuclear Fuel Co., Ltd. (KNF)

---

- Address: 1047 Daedukdaero, Yuseong-gu, Daejeon-si
- Website: [www.knfc.co.kr](http://www.knfc.co.kr)

KEPCO Nuclear Fuel (KEPCO NF) is a nuclear fuel cycle company, providing nuclear fuel design, manufacturing & engineering services. KEPCO NF is the world's only producer of nuclear fuel both for PWR and CANDU reactors. KEPCO NF has developed and commercially supplied PLUS7™ for Korean Standard Nuclear Power Plants (KSNP) and ACE7™ for Westinghouse models, helping to increase power plant output power and reduce nuclear fuel cycle cost, thereby raising the operational economy of nuclear power plants. To advance into the global market, KEPCO NF is carrying out a project to develop high-efficiency nuclear fuel with scheduled completion in 2010 and commercialization by 2016.



---

### KEPCO Knowledge, Data & Network Co., Ltd. (KDN)

---

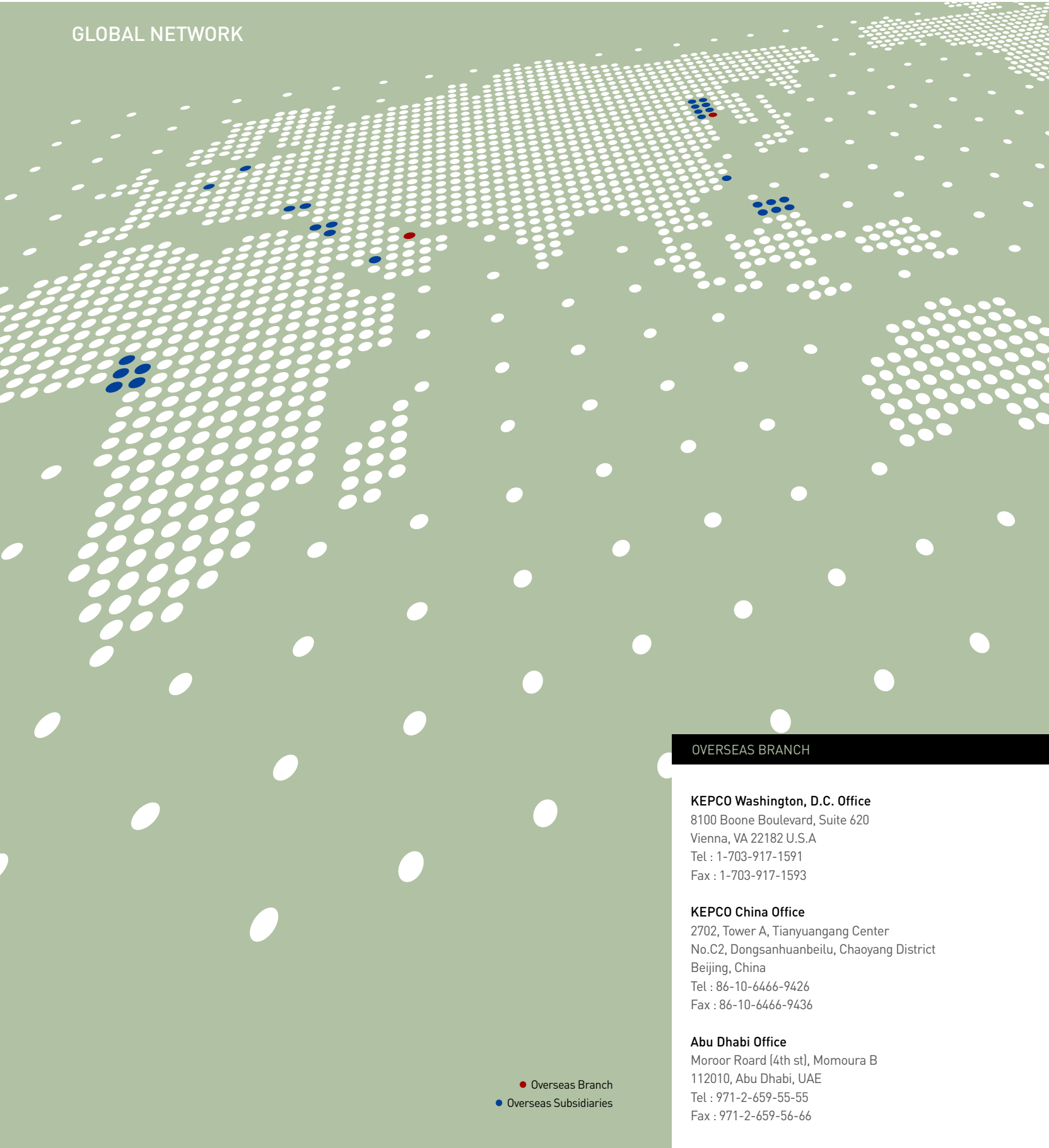
- Address: 1355, Seocho 2-dong, Seocho-gu, Seoul
- Website: [www.kdn.com](http://www.kdn.com)

KEPCO Knowledge, Data & Network (KEPCO KDN) was founded as a KEPCO IT provider in 1992. Since then, KEPCO KDN has offered total IT services ranging from generation, transmission & substations, and distribution to sales, growing into a global electric power IT company. KEPCO KDN has mainly engaged in the business of deployment/operation of information systems, automation of electric power IT, deployment and maintenance of IT infrastructure and consigned management of distribution facilities. KEPCO KDN is now striving to enhance PLC and RFID technologies with an aim to provide ubiquitous electric power services.





## GLOBAL NETWORK







# Global Network

## OVERSEAS SUBSIDIARIES

### **KEPCO International Hong Kong, Ltd.**

Supporting a power generation project in Malaya, Philippines

### **KEPCO Philippines Corporation**

Supporting a power generation project in Malaya, Philippines

### **KEPCO International Philippines, Inc.**

Supporting a power generation project in Ilijan, Philippines

### **KEPCO Ilijan Corporation**

Supporting a power generation project in Ilijan, Philippines

### **KEPCO Philippines Holdings, Inc.**

Supporting a power generation project in Naga, Philippines

### **KEPCO Salcon Power Corporation**

Supporting a power generation project in Cebu, Philippines

### **Salcon Power Corporation**

Supporting a power generation project in Naga, Philippines

### **KEPCO Asia International, Ltd.**

Supporting a power generation project in Cooper Mountain, Henan Province, China

### **KEPCO Gansu International, Ltd.**

Supporting the construction and management of a wind farm in Gansu, China

### **Gansu Datang Women Wind Power Company, Ltd.**

Supporting the management of a wind farm in Gansu, China

### **KEPCO Shanxi International, Ltd.**

Supporting a project combining mining and power generation in Shanxi, China

### **Gemeng International Energy Co., Ltd.**

Supporting a project combining mining and power generation in Shanxi, China

### **KEPCO Neimenggu International, Ltd.**

Supporting the construction and management of a wind farm in Neimenggu, China

### **Datang Chifeng Renewable Power Co., Ltd.**

Supporting the management of a wind farm in Neimenggu, China

### **KEPCO Lebanon SARL**

Operating a power plant in Lebanon

### **KEPCO Energy Resources Nigeria, Ltd.**

Managing the project to acquire a stake of the Egbin Power Plant in Nigeria

### **KEPCO Nigeria, Ltd.**

Managing the Egbin Power Plant boiler rehabilitation and O&M in Nigeria

### **KNOC Nigeria East Oil Co., Ltd.**

Supporting the Upstream Project in Nigeria

### **KNOC Nigeria West Oil Co., Ltd.**

Supporting the Upstream Project in Nigeria

### **Dolphin Property Ltd.**

Supporting the Upstream Project in Nigeria

### **Qatrana Electric Power Company**

Supporting a gas-fired thermal power plant in Al Qatrana, Jordan

### **KEPCO Middle East Holding Company**

Supporting a gas-fired thermal power plant in Al Qatrana, Jordan

### **KEPCO Australia Pty., Ltd.**

Supporting the Cockatoo, Moolarben mine operation

### **KEPCO Canada Energy, Ltd.**

Managing a uranium prospecting project in Cree East, Canada

### **Sylardus Holding B.V.**

Promoting a Turkish nuclear power project

### **Akkyu Electricity Production Company**

Operating a Turkish nuclear power project

### **Korea Imouraren Uranium Investment Corp.**

Managing a uranium prospecting project in Imouraren, Canada

### **KEPCO Netherlands B.V.**

Supporting a power generation project in Rabigh, Saudi Arabia

### **Rabigh Electricity Company**

Supporting a power generation project in Rabigh, Saudi Arabia

## NATIONAL & INTERNATIONAL MEMBERSHIPS IN ASSOCIATIONS

**1964**

Korea Standard Association  
Exchange of information on technological standards, including industrial standardization and quality management

**1975**

Korea Atomic Industrial Forum  
Exchange of nuclear technology at home and abroad

**1996**

Korean Institute of Electrical and Electronic Material Engineering  
Academic exchange and cooperation between industry and academia regarding electrical and electronic material engineering

**1965**

Korea Electric Association  
Promotion and development of electric industry

**1989**

Korea Electrical Engineering & Science Research Institute  
Basic research and nurturing of human resources with regard to electric power industry

**1998**

Association of the Electricity Supply Industry of East Asia and the Western Pacific  
Cooperation among electric power companies & experts of East Asia and the Western Pacific

**1969**

Korean Member Committee of the World Energy Council  
Enhancement of international relationship in the energy area

**1995**

Korean Society for Quality Management  
Exchange of information among quality management organizations to improve quality management activities

**2004**

Edison Electric Institute  
Protection of the rights of US electric power companies and provision of information on the electric power industry

**1995**

Korea Nuclear Society  
Technology development and academic exchange with regard to nuclear power

**2008**

Association of Edison Illumination Companies  
Technological exchange among electric power companies in North America

**2009**

Korea Invention Promotion Association  
Exchange of needs and trends of IPR market

## GLOSSARY

### Gas Insulated Switchgear (GIS)

A complex switching device which opens or closes an electric circuit which is insulated with sulfur hexafluoride (SF<sub>6</sub>) gas

### Community Energy System (CES)

A type of power business that generates electricity using a small-capacity generator and supplies electricity to users within the designated district directly without going through the power exchange market

### Base Load Generator

A generator which keeps running at a constant output due to little output adjustment according to demand control. Currently coal-fired thermal power generators and nuclear power generators are running as base load generators

### Emissions Trading System (ETS)

The system that sets the total quantity of greenhouse gas emissions of all advanced nations and imposes a certain amount of emission quotas. Countries exceeding the quota can purchase emission rights and those under the quota can sell emissions

### Load Factor

The ratio of average power as compared with the peak power during a given period. Used as the indicator representing the efficiency of power facilities

### Demand Control

All the activities to satisfy electricity demand at a minimal cost by changing customers' electricity use patterns. Load control and energy efficiency improvement are major methods for demand control

### Transmission & Distribution Loss

Electricity loss incurred while electric power flows from power plant to substation, transmission/distribution lines, and finally point of consumption, mainly due to resistance

### Renewable Portfolio Standard

Regulation that requires the increased production of energy from renewable energy sources

### Energy Intensity

Energy consumption per US\$ 1,000 of GDP

### Electricity Reserve Rate

Electric power in reserve against contingencies or to meet sudden surges in electricity demand

### Greenhouse Gas

Elements of air generated either naturally or artificially, which may contribute to global warming when there is an excessive increase of their proportion in the atmosphere. Refers to gases like carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), chlorofluorocarbon (CFC), nitrous oxide (N<sub>2</sub>O), and sulfur hexafluoride(SF<sub>6</sub>)

### Electric Quality

The quality of electricity provided is represented as black-out time, voltage & frequency margin and total harmonic distortion (THD)

### Electricity Effect Valuation System

A technique to select ideal sites for constructing transmission and substation facilities. Quantifies the effect of electricity on the natural, social and technology environment by using GIS and CAD and analyzes the weighted importance of the effect. Results are rendered in 3D images

### Self-Sufficiency Rate

KEPCO defines Self-Sufficiency Rate as the ratio of the amount of a given fuel secured to the amount of a given fuel required

### Ice Storage Cooling Facility

An advanced cooling system that stores ice or cold water by using off-peak electricity during the night and uses it for cooling during the day. Distributes the increasing cooling load to the night time zone and helps improve load imbalance between day and night

### Certified Emission Reductions (CERs)

CERs are carbon credits issued by the CDM Executive Board for emission reductions achieved by CDM projects

### Clean Development Mechanism (CDM)

An arrangement allowing industrialized countries with a greenhouse gas reduction commitment to invest in projects that reduce emissions in developing countries as an alternative to more expensive emission reductions in their own countries. CDM is the most widely accepted emissions trading means in the Kyoto Protocol in 1997

### c-km (Circuit Kilometer)

Length of one cable made up of three lines. One of the most generally used units for the length of transmission line

### Global Compact

UN Secretary-General Kofi Annan presented 10 universal principles in the areas of human rights, labor, the environment and anti-corruption, calling for business leaders to join an initiative called the Global Compact aimed at promoting business transparency and corporate social responsibility. The operational phase of the initiative was launched at UN Headquarters in July 2000

### Global Reporting Initiative (GRI)

A body of the United Nations Environmental Programme in charge of developing globally applicable guidelines for sustainability reporting

### SF<sub>6</sub> Gas

SF<sub>6</sub> gas is used as insulation medium for GIS. The impact of SF<sub>6</sub> gas on global warming is app. 25,000 times more than CO<sub>2</sub> thus, the use of SF<sub>6</sub> gas is expected to be banned

### TOE (Ton of Oil Equivalent)

Unit converted on the basis of the caloric value of 1 ton of oil

## ADDITIONAL INFORMATION

Sustainability Reports including this one and Annual Reports can be downloaded on the website of KEPCO. Additional information of the management of KEPCO is available on the websites below. Expressions such as forecast, expect and estimate is a description of the analysis of the future as of today. Therefore, for specific risk or uncertainty, please refer to Form 20-F.

Report	Website	Address
Business Report	Financial Supervisory Service's DART (data analysis, retrieval and transfer system)/company overview	dart.fss.or.kr
Form 20-F	US Securities and Exchange Commission	www.sec.gov
Annual Report	KEPCO homepage/Investor relations/management	www.kepco.co.kr
Statistics of Electric Power in Korea	KEPCO homepage/Investor relations/Investor resources/ Statistics of electricity	www.kepco.co.kr
Social Contribution	KEPCO homepage/Sustainability	www.kepco.co.kr
Management Information of Public Institutions	Public Institution Information Management System, the Ministry of Strategy and Finance	www.alio.go.kr

## CONTACT INFORMATION

For more detailed information on this report, please contact us at:  
Strategic Management Team, Corporate Planning Department, KEPCO  
411, Yeongdongdaero, Gangnam-gu, Seoul, Korea [zip code: 135-791]

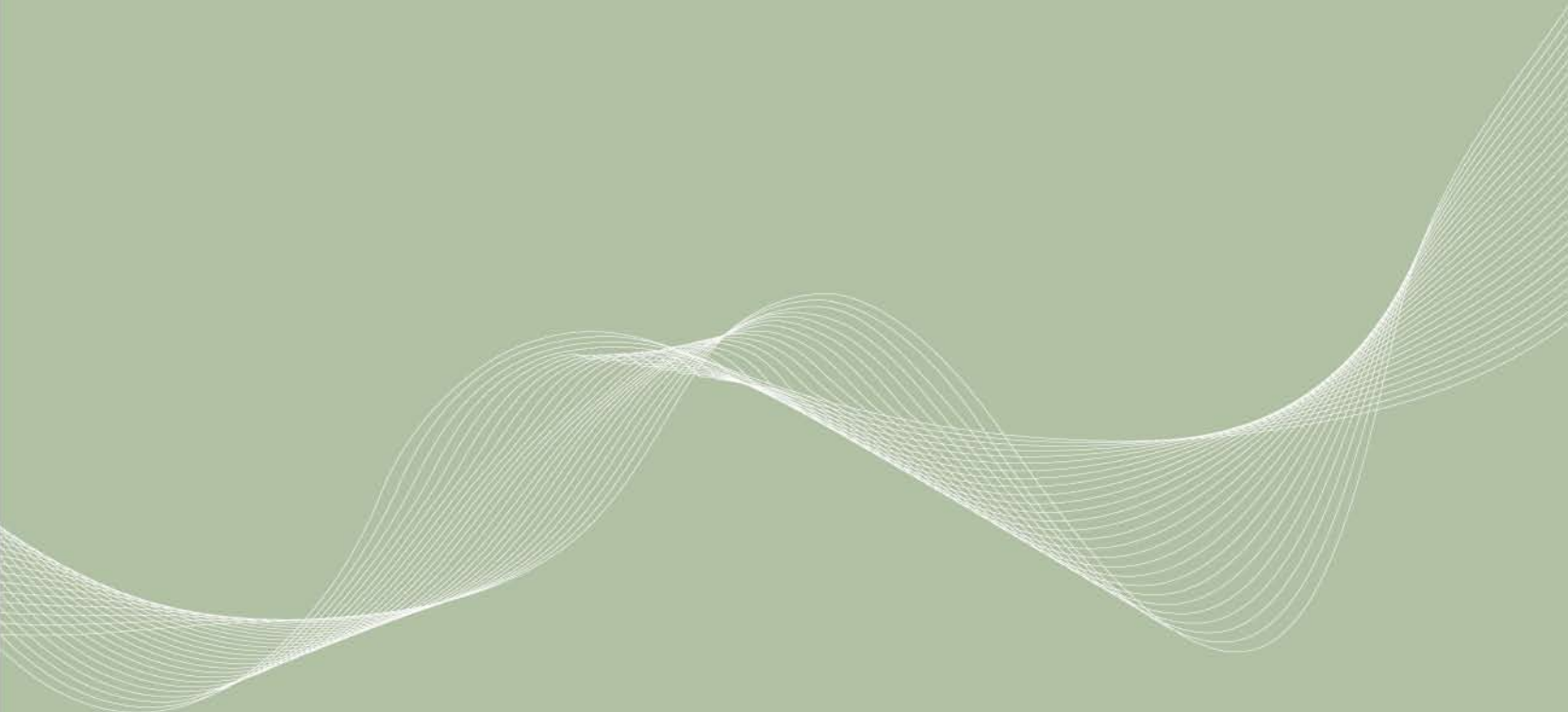
Tel: 82-2-3456-3523

Fax: 82-2-3456-3598

E-mail: helios@kepco.co.kr

### OTHER CONTACT POINTS

- Financial Information: General Accounting Team, Treasury Department (yuyong@kepco.co.kr)
- Ethical Management: Anti-corruption Team, Audit & Inspection Office (jjini96@kepco.co.kr)
- Environmental Management: Green Growth Strategy Team, Technology Division (vision21@kepco.co.kr)
- Social Contribution: Social Contribution Team, Corporate Communications Office (ogong@kepco.co.kr)



# Smart Green Utopia for Your Life

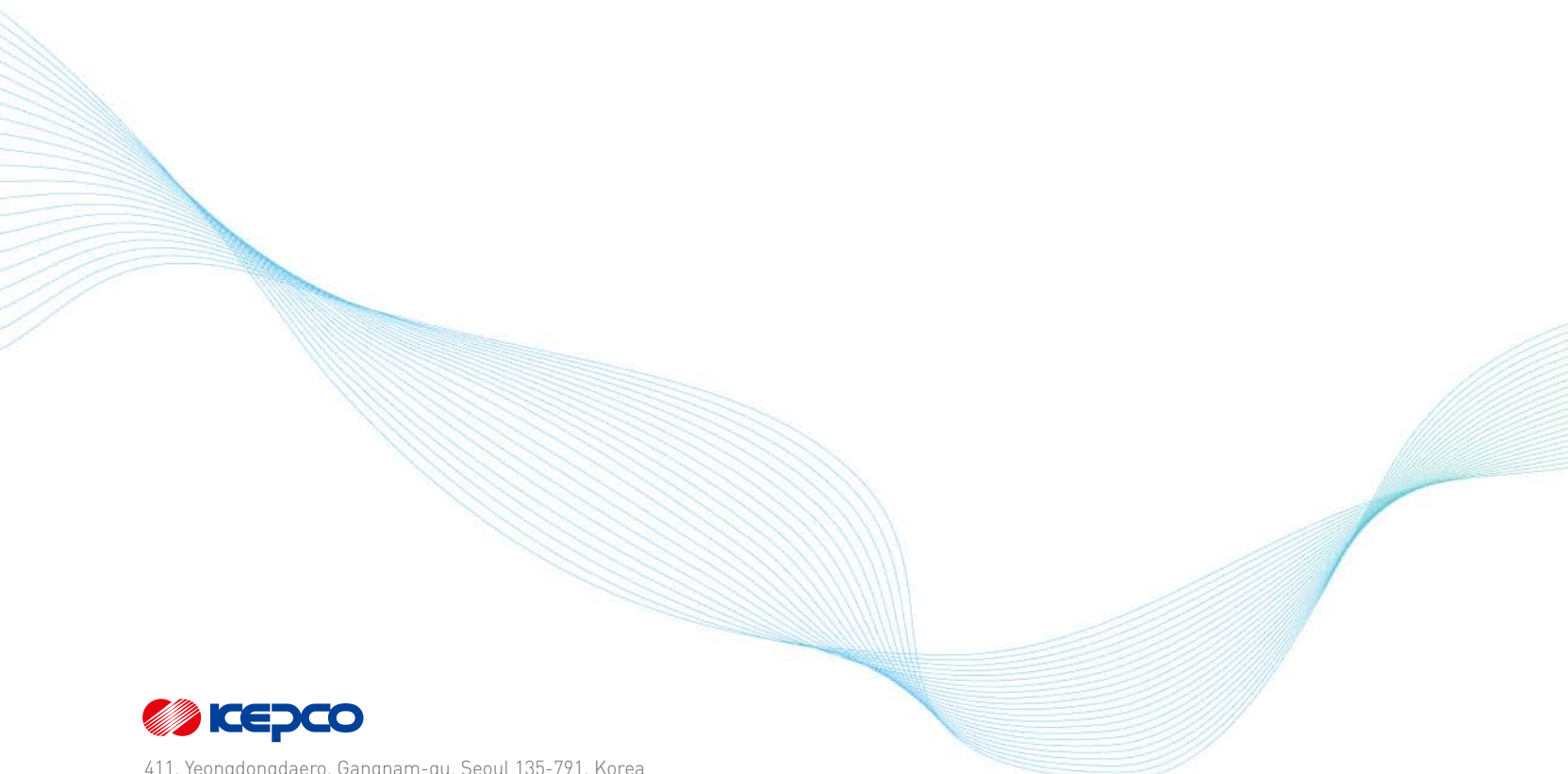
A brighter world through light, a happier world through love!

Based on passion and the spirit of challenge,

KEPCO is lighting the world through the light of hope.

We will lead you to Smart Green Utopia, opening a better future.





411, Yeongdongdaero, Gangnam-gu, Seoul 135-791, Korea  
TEL 82-2-3456-3114 [www.kepco.co.kr](http://www.kepco.co.kr)